

CONFIDENTIAL OFFERING MEMORANDUM

926–928 W. Hamilton Street, Allentown PA



Example Rendering of Potential Use

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926-928 W. Hamilton Street

Prime Corner Redevelopment Opportunity Located Within the Neighborhood Improvement Zone (NIZ)

High-Visibility Urban Flagship Location

Commanding corner presence on Allentown's premier commercial corridor

30' x 230' Oversized Parcel

Extraordinary lot depth rarely found in downtown settings

Adjacent to Maple Street Parking Deck

Built-in parking infrastructure for customers and employees

\$1.4+ Billion in Surrounding Investment

Institutional-grade development on all sides

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Executive Summary

Exceptional Urban Redevelopment Opportunity

926–928 W. Hamilton Street presents a rare oversized corner parcel in the heart of downtown Allentown's Neighborhood Improvement Zone (NIZ). Positioned directly across from the redeveloping PPL Tower and steps from Archer Music Hall, the PPL Center arena, and the Da Vinci Science Center, this property sits squarely within the city's most dynamic growth corridor.

The site benefits from extraordinary scale, institutional surroundings, and one of Pennsylvania's most powerful economic development incentives. Arena events occur approximately 1 of every 3 nights, driving continuous foot traffic and visibility to the location. The property is surrounded by 1,500+ residential units and 14,000+ office workers, creating a built-in customer and workforce base.

1

Rare Downtown Footprint

30' × 230' deep lot with prime corner visibility along W. Hamilton Street

2

NIZ District Location

Tax-advantaged structure with direct adjacency to Maple Street Parking Deck

3

Massive Built-In Audience

1,500+ residential units, 14,000+ office workers, and arena event traffic

4

Flexible Development Potential

Suited for luxury showroom, flagship retail, mixed-use, or experiential brand location

This property is ideally suited for a luxury automotive showroom, flagship retail concept, mixed-use redevelopment, or high-visibility experiential brand location.

Property Overview

Site Details

Property Specifications

Address: 926–928 W. Hamilton Street

Parcel Dimensions: Approximately 30' × 230'

Configuration: Three-story mixed-use structure

Access: Frontage on Hamilton Street + rear access

Parking: Direct adjacency to Maple Street Parking Deck



The extraordinary lot depth offers flexibility rarely found in downtown settings. This scale combined with corner prominence creates a development platform with multiple configuration possibilities, from adaptive reuse to ground-up construction.



Multi-Level Showroom

Expansive vertical retail or brand experience space across multiple floors



Vertical Mixed-Use

Office or residential components above retail, with integrated parking access



Rear Service Access

Dedicated service and delivery entry from the rear of the deep parcel



New Construction

Full demolition and ground-up flagship build potential on the oversized parcel

Few urban parcels offer this level of scale combined with corner prominence.

Understanding the Power of the NIZ

Created by Pennsylvania state legislation in 2011, the Neighborhood Improvement Zone is a special taxing district encompassing approximately 128 acres in downtown Allentown. It is not a tax abatement or tax credit program. Rather, it is a sophisticated redirection mechanism that transforms on-site economic activity into a financing tool for capital improvements.

How the NIZ Works

Under the NIZ structure, certain state and local taxes generated within the district can be redirected to help pay debt service on eligible development projects. Rather than tax revenue leaving the site and disappearing into general funds, eligible NIZ tax revenue can be certified and transferred to support debt service tied to approved capital improvements.

In practical terms: the economic activity generated by a qualifying project can help finance the project itself.

This mechanism has driven more than **\$1.4 billion in investment** into downtown Allentown and fundamentally reshaped the urban core—transforming vacant lots and aging structures into modern office towers, residential communities, entertainment venues, and mixed-use destinations.

The 80/20 Split

Typically, **80%** of the certified tax revenue generated by a project is allocated to the developer's debt service.

The remaining **20%** is retained by the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA).

Key Distinction

The dealer pays their **normal tax liability**. The NIZ captures those tax dollars to serve as a subsidy for capital improvements—not a reduction in taxes owed.

Eligible Tax Streams Captured by the NIZ

The breadth of tax categories eligible for capture under the NIZ is substantial—and particularly favorable for high-revenue commercial operations. The following state and local tax streams generated within the district can be redirected to support debt service on approved capital projects:



Sales & Use Tax

State sales tax on vehicle sales, parts, and services



Corporate Net Income Tax

Profits generated at the NIZ location



Employer Withholding Tax

Payroll taxes from employees working on-site



Personal Income Tax

Including passthrough entity income

Gross Receipts Taxes

Applicable utility and business receipts taxes generated within the zone

Local Earned Income Tax (EIT)

Earned income tax from employees working at the site

Business Privilege Tax (BPT)

Local tax assessed on gross sales volume—a powerful stream for high-ticket retail

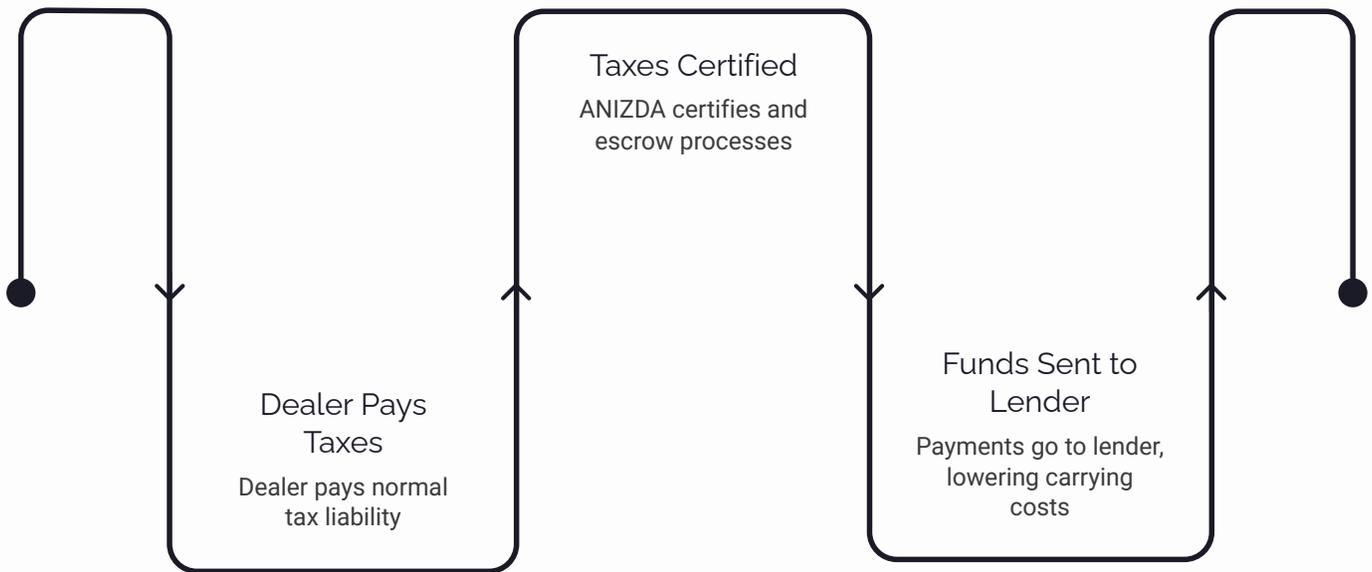
Liquor, Malt Beverage & Local Service Taxes

Additional specialty streams depending on business structure and ancillary operations

- ☐ **Construction Phase Bonus:** Even before a showroom opens, the payroll and sales taxes paid by construction contractors working on the site are captured to help pay the project's debt. The tax benefit begins from day one of construction.

The Core Benefit: Debt Service Subsidy

The NIZ is **not** a tax abatement or credit program – the dealer pays their normal tax liability. However, the NIZ captures those tax dollars to serve as a **subsidy for capital improvements**. This distinction is critical: the business operates and pays taxes normally, but the economic engine it creates is redirected to finance the very building it occupies.



Once certified, funds are sent by an escrow agent directly to the dealer's lender, effectively reducing the dealer's carrying costs for the building.

Mortgage/Loan Repayment

A portion of the taxes generated by the showroom is used to pay the principal and interest on the debt incurred to build it.

Direct Payment to Lender

Once certified, the funds are sent by an escrow agent directly to the dealer's lender, effectively reducing the dealer's carrying costs for the building.

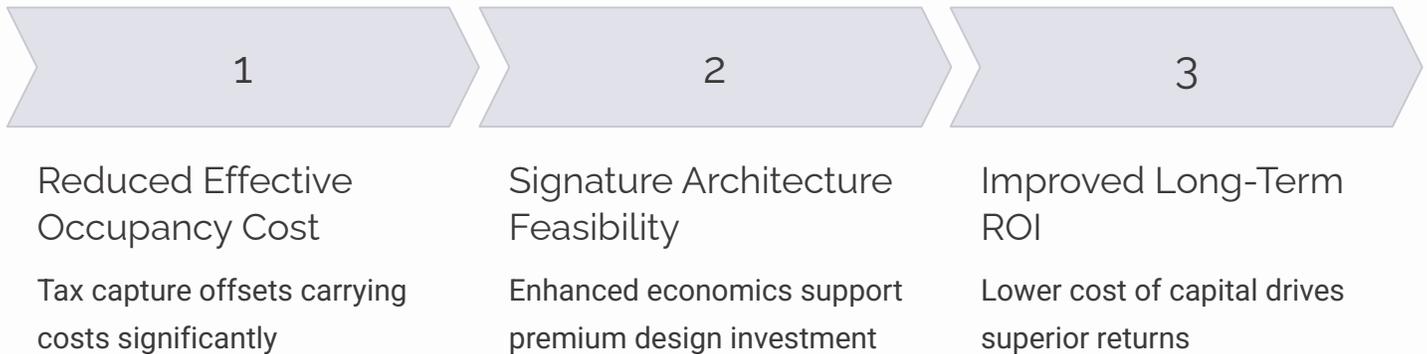
The 80/20 Split

Typically, **80% of the certified tax revenue** generated by the project is allocated to the developer's debt service, while the remaining 20% is retained by the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA).

Why a Luxury Automotive Brand Fits An Urban Flagship Opportunity

Luxury automotive retail is uniquely positioned to benefit from both the visibility and tax structure of the NIZ. A high-end dealership or boutique showroom at this location would generate significant tax activity across multiple categories – sales tax revenue, corporate or passthrough income tax, payroll and employer withholding taxes, and ancillary revenue streams.

Under the NIZ framework, much of this tax activity may be captured and applied toward debt service for qualifying improvements. The result is a fundamentally different economic equation for development.



In essence, the success of the dealership can help finance the dealership.



High-Value Tax Streams for a Car Dealer

Because car dealerships often involve high-ticket sales and highly compensated staff, they are ideal candidates for the NIZ. The volume and diversity of tax generation makes luxury automotive one of the strongest use cases for this incentive structure.



Sales and Use Tax

A luxury dealer generates significant state sales tax (**6%**) on vehicle sales and parts, all of which can be captured for debt repayment.



Employer Withholding & Payroll Taxes

The high salaries of sales managers and service technicians result in substantial payroll tax generation, which is a major driver of NIZ funds.



Corporate Net Income Tax

Profits generated at the NIZ location contribute directly to the debt service fund.



Local Taxes

Includes the **Business Privilege Tax (BPT)** on sales volume, the **Local Service Tax (LST)**, and the **Earned Income Tax (EIT)** from employees.



Construction Phase Taxes

Even before the showroom opens, the payroll and sales taxes paid by construction contractors working on the site are captured to help pay the project's debt.

Market Positioning

Downtown Allentown: A Destination Urban Core

The NIZ has catalyzed a transformation of the central business district. This is no longer a traditional downtown corridor – it is a **mixed-use, high-traffic destination environment**. The area now features major corporate office presence, 1,500+ new residential units, hotels, restaurants, entertainment venues, and arena events attracting millions of visitors annually.

\$1.4B+

Total Investment

Institutional capital deployed in
the NIZ district

1,500+

Residential Units

New housing in the downtown
core

14K+

Office Workers

Daily professional workforce in
the district

For a Luxury Brand, This Location Provides:



Continuous
Foot Traffic



Event-Driven
Visibility



Executive
Customer Base



Built-In Parking



Strong Surrounding Investment

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Redevelopment Scenarios

The extraordinary dimensions and NIZ eligibility of 926–928 W. Hamilton Street open the door to multiple redevelopment pathways. Each scenario leverages the site's corner prominence, lot depth, and tax-advantaged financing structure to deliver a fundamentally different project profile than would be achievable under conventional development economics. With the NIZ structure, feasibility models look materially different than in conventional downtown markets.

- ### 1 Luxury Showroom + Upper-Level Offices

A high-end dealership showroom at street level with executive offices or brand event space above. This scenario preserves the existing structure's bones while investing in a dramatic street-level renovation. The upper floors accommodate brand management offices, VIP client lounges, or bookable event space that reinforces the experiential retail concept. NIZ-captured taxes from both showroom operations and office tenancy flow to debt service.
- ### 2 Vertical Mixed-Use Flagship

Ground-floor luxury auto showroom with residential or office floors above, fully leveraging NIZ debt service benefits. This approach maximizes the site's zoning capacity and captures additional tax streams from upper-floor tenants. Market-rate residential units above a branded showroom create a distinctive urban product that appeals to the growing downtown residential population while generating layered NIZ tax revenue.
- ### 3 Full Ground-Up Signature Build

Demolish and construct a modern glass-and-steel vertical dealership—an architectural anchor for Hamilton Street. This is the boldest vision: a purpose-built, multi-story showroom designed from the ground up to express brand identity. Service bays at the rear, vehicle display along the Hamilton Street façade, and a signature rooftop element visible from the PPL Center. The NIZ's construction-phase tax capture begins generating benefit from day one of demolition.

High-Value Tax Streams: Why Car Dealers Are Ideal NIZ Candidates

Not all commercial uses generate equal NIZ benefit. Car dealerships—particularly luxury brands—produce an exceptionally diverse and high-volume portfolio of tax streams that align precisely with the categories eligible for NIZ capture. The combination of high-ticket transactions, well-compensated staff, and substantial gross revenue makes a luxury dealership one of the most productive NIZ tenants imaginable.

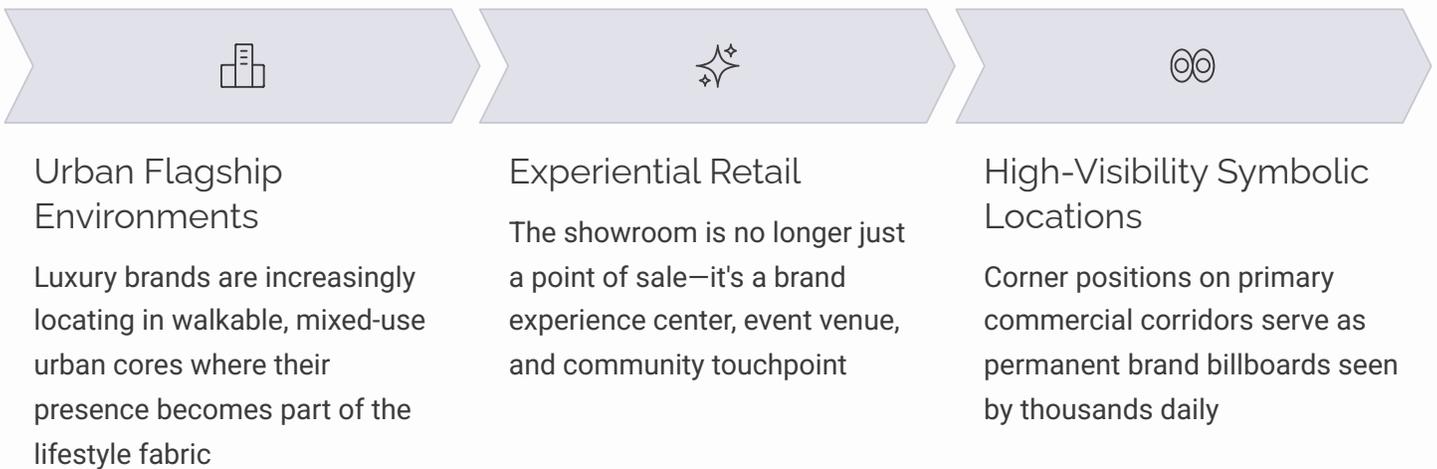


Consider the mathematics: a single luxury vehicle transaction generating \$80,000 to \$150,000 in revenue produces significant sales tax on the transaction, payroll taxes from the salesperson's commission, corporate income tax on the dealer's margin, and local business privilege tax on the gross sale. Multiply that by hundreds of annual transactions, add the ongoing service department revenue, and the total annual tax generation becomes a powerful engine for debt retirement.

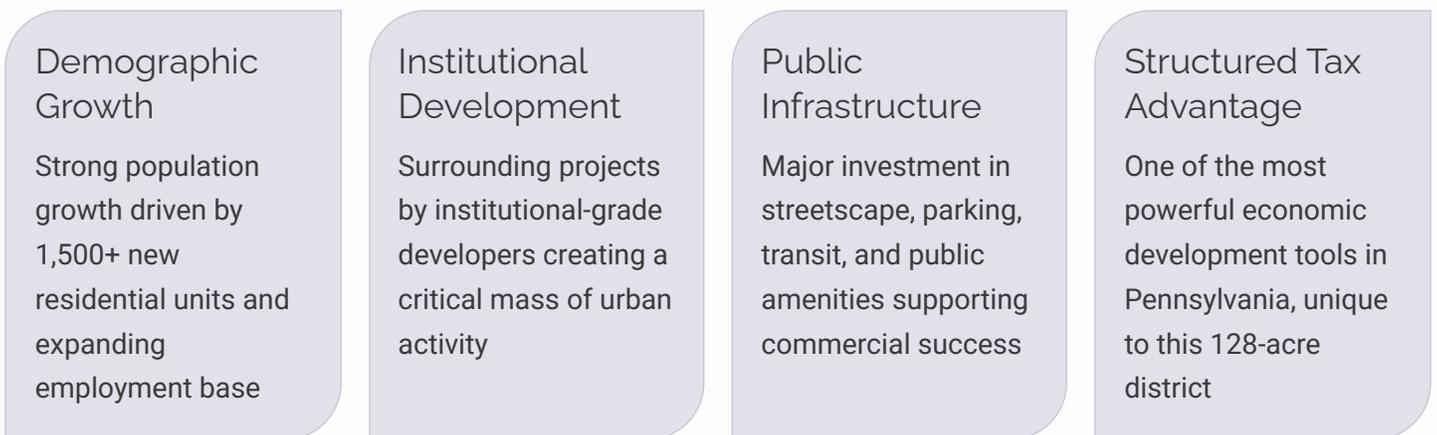
- ❏ **Flight to Quality:** NIZ funding allows a dealer to build a Class A luxury showroom that might otherwise be too expensive or risky to build using traditional financing alone. The program acts as a financial "safety net," allowing ambitious urban projects to pencil out by lowering effective financing costs—making a signature downtown flagship competitive with conventional suburban construction economics.

The Strategic Case for Downtown Allentown

The macro trends driving luxury automotive retail are converging on exactly the kind of location that 926–928 W. Hamilton Street represents. The industry is shifting—decisively and permanently—away from suburban isolation and toward urban presence, experiential environments, and brand immersion. The leading luxury marques are already executing this strategy in major metros. Downtown Allentown's NIZ offers the same urban canvas with a financial advantage those markets cannot match.



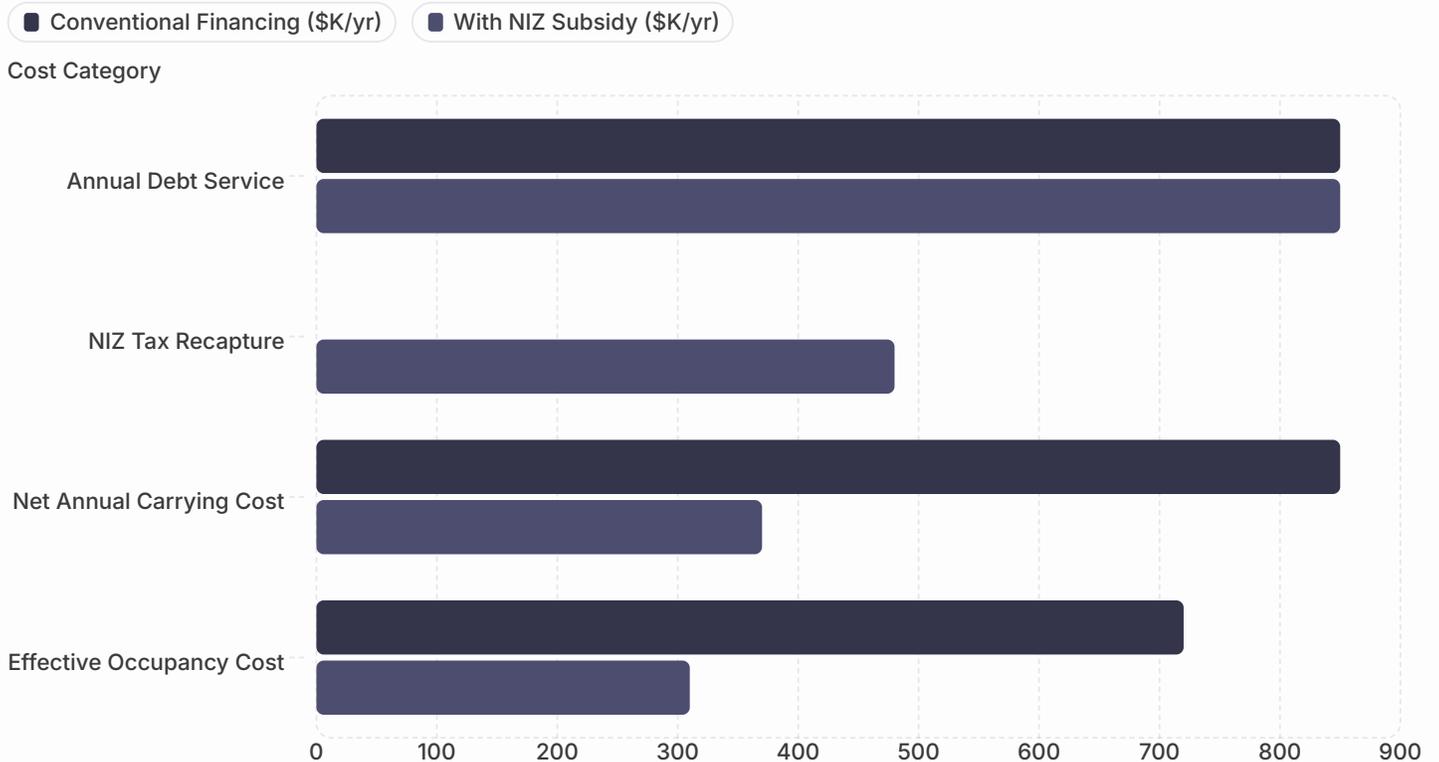
What Downtown Allentown's NIZ Delivers



The broader \$1 billion-plus in revitalization occurring across the zone delivers compounding benefits: improved cleanliness, enhanced public safety, upgraded streetscapes, and the kind of urban vibrancy that luxury consumers expect. The dealer benefits not only from their own NIZ financing but from the entire ecosystem of investment surrounding them—a rising tide that lifts property values, brand perception, and customer traffic simultaneously.

Financial Modeling: Illustrative NIZ Impact

To illustrate the transformative effect of the NIZ on project feasibility, consider a simplified comparative framework. The numbers below are illustrative and directional—actual modeling requires detailed tax projections and ANIZDA review—but they demonstrate why the NIZ fundamentally changes the calculus for a luxury showroom development.



In this illustrative scenario, NIZ tax recapture reduces net annual carrying costs by more than 55%—transforming a project that might be marginal under conventional financing into one with compelling returns. Over a 20-year debt term, the cumulative difference could represent **\$9.6 million or more** in effective subsidy, depending on the volume of tax-generating activity at the site.

The prevailing wage requirement does add approximately 30% to construction costs. However, this premium is typically more than offset by the long-term debt service reduction, and the construction-phase taxes themselves begin flowing to debt retirement from the first day of the build. Sophisticated financial modeling that accounts for both the cost premium and the multi-decade subsidy stream consistently demonstrates favorable net economics for high-revenue commercial users.

Development Assumptions

Scenario: Ground-up 3-story luxury showroom + brand experience center

Item	Assumption
Building Size	24,000 SF
Construction Cost	\$400 / SF
Hard Costs	\$9,600,000
Soft Costs (20%)	\$1,920,000
Land Acquisition	\$1,800,000
Total Development Cost	\$13,320,000
Loan-to-Cost	70%
Debt Amount	\$9,324,000
Interest Rate	7.00%
Amortization	25 Years

Recalculated Annual Debt Service

Monthly payment factor (7%, 25 yrs) \approx
0.00707

Monthly Payment: $\$9,324,000 \times 0.00707 \approx$
\$65,900

Annual Debt Service

\approx \$790,800

OPERATING ASSUMPTIONS

Operating Assumptions – Luxury Dealership

240 \$80K \$19.... \$1.5...

Annual Vehicle Sales

Units per year

Avg Sale Price

Per vehicle

Annual Sales Volume

Total revenue

Gross Profit

At 8% gross margin

Revenue Model

Metric	Assumption
Annual Vehicle Sales	240 units
Avg Sale Price	\$80,000
Annual Sales Volume	\$19,200,000
Gross Margin	8%
Gross Profit	\$1,536,000

Operating Costs

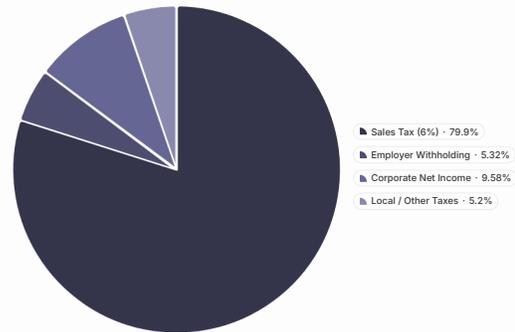
Category	Amount
Payroll	\$2,500,000
Other Operating Costs	\$1,200,000

Hypothetical Annual Tax Generation

Certain state and local taxes generated in the NIZ may support project debt service when certified through the program.

Estimated Annual Tax Activity

Tax Category	Estimate
Sales Tax (6%)	\$1,152,000
Employer Withholding	\$76,750
Corporate Net Income Tax	\$138,086
Local / Other Taxes	\$75,000
Total Tax Activity	\$1,441,836



NIZ Debt Service Impact

Conservative — 50% Capture

$$50\% \times \$1,441,836 = \mathbf{\$720,918}$$

Annual Debt Service = \$790,800

~91% of Debt Service Covered

Effective remaining debt cost: \$69,882

Moderate — 75% Capture

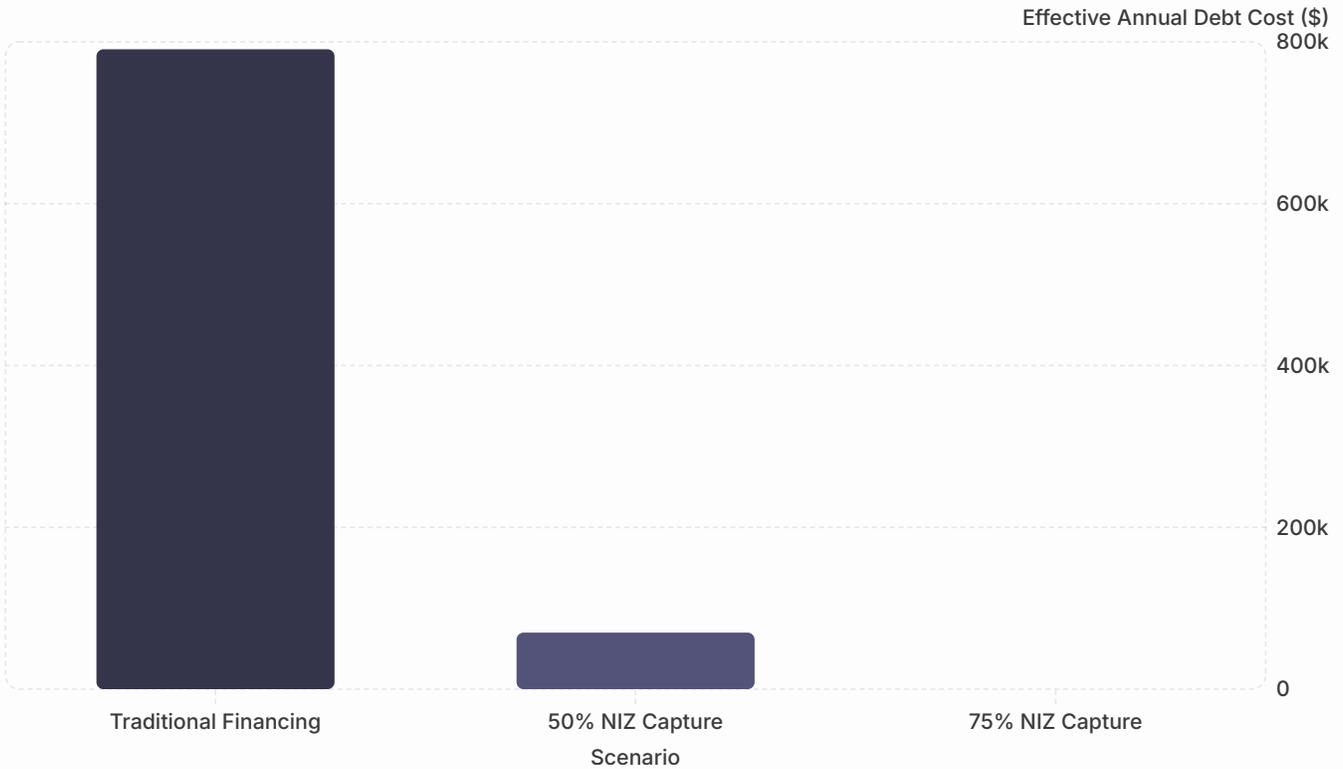
$$75\% \times \$1,441,836 = \mathbf{\$1,081,377}$$

Debt Service = \$790,800

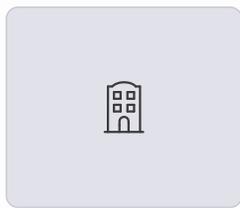
✓ **Debt Fully Covered**

✓ **\$290,577 Surplus**

Effective Capital Cost Comparison



ROI Comparison (Simplified)



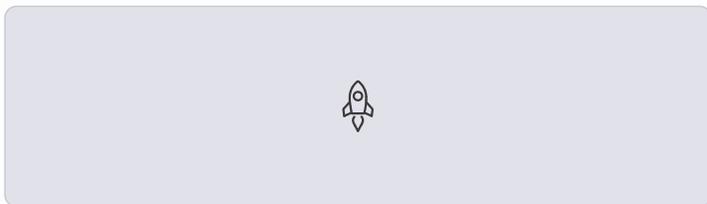
Without NIZ

$$\$1,536,000 - \$790,800 = \mathbf{\$745,200}$$



With 50% NIZ Support

$$\$1,536,000 - \$69,882 = \mathbf{\$1,466,118}$$



With 75% NIZ Support

$$\$1,536,000 + \$290,577 = \mathbf{\$1,826,577}$$

Strategic Takeaway

Including land cost, the NIZ structure still has the potential to deliver transformative financial advantages for this development. The tax-supported framework fundamentally changes the economics of building in downtown Allentown.

Debt
Service
Offset

Offset most or
all of annual
debt service

Improved
IRR

Significantly
improve
project internal
rate of return

Lender
Confidence

Increase
lender comfort
and DSCR

Premium
Design

Enable higher-
quality
architecture
and branding

This tax-supported development structure is a major reason the NIZ has driven more than **\$1.4 billion in redevelopment** in downtown Allentown.

Hypothetical Pro-Forma Illustration (continued)

3. Hypothetical Annual Tax Generation

Under the NIZ structure, certain state and local taxes generated within the zone may be eligible to support project debt service. Below is a simplified illustrative estimate:

Sales Tax (6% PA)

$\$19,200,000 \times 6\% = \$1,152,000$

Employer Withholding (3.07%)

$\$2,500,000 \times 3.07\% \approx \$76,750$

Corporate Net Income Tax (8.99%)

$\$1,536,000 \times 8.99\% \approx \$138,086$

Additional Local/Other Taxes

EIT, BPT, etc. – Conservative Estimate \approx
 $\$75,000$

\$1.44M

\$684K

Est. Annual NIZ-Attributable Tax Activity

(Not all categories may qualify in full; this is
illustrative)

Annual Debt Service

(Required annual payment on \$8.06M loan at 7%)

4. NIZ Debt Service Impact Illustration

Assume 75% of eligible tax activity is certified and allocated toward pledged NIZ revenues:

$75\% \times \$1,441,836 \approx \$1,081,377$ – Potential NIZ Support exceeds Annual Debt Service.

In this illustrative model, eligible NIZ revenues could cover 100% of annual debt service, create surplus cushion, and dramatically reduce effective cost of capital. Even if only 50% of the tax stream were eligible: $50\% \times \$1,441,836 = \$720,918$ – that still covers annual debt service.

The Approval Process: From Concept to Certification

Securing NIZ benefits requires navigating a formal approval process with the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA). While the process involves multiple steps and compliance requirements, it is well-established, having been successfully completed by dozens of major projects over the past decade. The following roadmap outlines the critical path from concept to certified tax capture.

01

Initial Consultation with ANIZDA

Present the development concept and confirm eligibility. The project must qualify as a "capital improvement"—new construction or adaptive reuse—rather than a simple investment purchase. ANIZDA staff can provide preliminary guidance on expected tax generation and program fit.

02

Secure Lender Term Sheet

Obtain a financing commitment from an accredited state or federal lending institution. The term sheet must detail the proposed debt structure, including principal, interest rate, and term. A minimum of 10% equity from the developer or dealer is required.

03

Submit Qualified Project Application

File the formal application with ANIZDA, including project plans, financial projections, tax generation estimates, and the lender term sheet. ANIZDA reviews for compliance with NIZ legislation and program requirements.

04

ANIZDA Board Approval

The ANIZDA board reviews and votes on the application. Upon approval, the project receives "Qualified Project" designation, enabling tax capture upon commencement of construction and operations.

05

Construction & Annual Compliance

Begin construction under prevailing wage requirements. By January 31 each year, file reports documenting all taxes paid to certify revenue for debt service. Certified funds are disbursed by escrow agent directly to lender—continuing for up to 30 years or until 2042, whichever comes first.

- Important Notes:** NIZ benefits require ANIZDA approval and compliance. Tax capture is subject to certification and reporting requirements. This model is hypothetical and for conceptual illustration only. Buyers must perform independent financial and legal review.

Requirements and Process

To receive NIZ benefits, the dealer must navigate a formal approval process with ANIZDA. Understanding these requirements upfront is essential for project planning and timeline management.

01

"Qualified Project" Status

The dealer must apply and prove the project involves a **capital improvement** (new construction or adaptive reuse) rather than just an investment purchase.

03

Construction Rules

Because public money is involved, all construction must pay **prevailing wages**, which can increase building costs by roughly **30%**.

02

Financing Mechanics

Lender Term Sheet: The dealer must secure a term sheet from an accredited state or federal lending institution.

Equity: A minimum of **10% equity** is required in the project.

04

Annual Compliance

By January 31 of each year, the dealer must file reports stating all taxes paid the previous year to have those funds certified for their debt service.

- ❑ **Key Takeaway:** The approval process is structured but navigable. Early engagement with ANIZDA and experienced legal counsel is recommended to ensure smooth certification and compliance.

- ❑ **Important Notes:** NIZ benefits require ANIZDA approval and compliance. Tax capture is subject to certification and reporting requirements. This model is hypothetical and for conceptual illustration only. Buyers must perform independent financial and legal review.

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All information is deemed reliable but not guaranteed. Buyers are encouraged to perform independent due diligence. NIZ benefits are subject to compliance with state law, ANIZDA approval, and program eligibility requirements.

- ☐ All information is deemed from reliable sources but should be verified with your accountant and attorney.

For additional information, financial modeling, or site tours:

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926–928 W. Hamilton Street: A Rare Urban Redevelopment Platform

Where Sales Volume Can Help Finance the Building

For developers, owner-users, or automotive brands seeking a flagship presence in a rapidly transforming downtown core, this site offers an unparalleled convergence of advantages: scale, visibility, dedicated parking access, and one of the most powerful economic development tools in the Commonwealth of Pennsylvania.

Prime Corner Parcel 30' × 230' with Hamilton Street frontage	NIZ Tax Advantage 80% of tax revenue redirected to debt service	Adjacent Parking Maple Street Parking Deck steps away	Up to 30 Years Of structured debt service subsidy
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The NIZ structure transforms the conventional development equation. A luxury automotive brand doesn't just occupy this site—it activates it, generating the very tax revenue that helps retire the construction debt. This is not speculative. This is a proven mechanism backed by over a decade of successful deployment and more than \$1.4 billion in completed investment across the district.

The window to act is defined by the 2042 sunset provision. Every year of delay reduces the total benefit period available to a qualified project. For brands and developers prepared to move decisively, the combination of site, structure, and timing creates a compelling and time-sensitive opportunity.

For financial modeling, concept studies, and development feasibility discussions, please contact:

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