



Essex Market Study Summary

Eastern Boulevard and Back River Neck Road

Presented by: Cassandra Huntington, Xingchen Liu, Osedeba Okojie, Ashley Palmer, Akiel Pyant & Catherine Roach

Under the Direction of: Melina Duggal, AICP

RDEV 620: Market Analysis for Real Property Development, Fall 2018



Study Background

- Market study completed in Master of Real Estate Development class at the University of Maryland through the National Center for Smart Growth
- Essex is a Maryland Sustainable Community
 - Awarded in August 2018
 - Can get State funding for projects leading to increased economic, transportation and housing choices, and environmental improvements





Study Background

- Market study for three corridor sections in Essex in Commercial Revitalization Districts (yellow)
 - 2 sections of Eastern Boulevard (Corridor 1 and 2)
 - Back River Neck Road (Corridor 3)
- Resources are available for Commercial Revitalization Districts (such as Architect-On-Call)





Study Objectives

- Purpose: Determine the marketability of different land uses along Eastern Avenue and Back River Neck Road
- Land uses studied: Rental Apartments, For-Sale Housing, Retail and Office
- Realistic land use recommendations based on existing demographics, economics, market conditions and future demand to 2035



Source (Images): Vecteezy



Study Parameters

- Recommendations focus on corridors
- Data is from Essex Census Defined Place
- Demand for land uses is based upon all of Essex, not just corridors
- Utilized official county projections for jobs and households to 2035
- Class did not focus on implementation or issues outside of the market study (zoning, policy, transportation, planning etc.)





Agenda

- Subject Area Analysis
- Economic and Demographic Summary
- For-Sale Housing Analysis
- Rental Apartment Analysis
- Office
- Retail and Restaurant Analysis
- Overall Recommendations





Overall Conclusions

- Great location
- Easily accessible job cores
- Marketable waterfront access
- Street improvements can encourage walkability
- Renovations can spur development
- Strong new housing opportunities
- Limited new commercial opportunities





Summary of Recommendations by Land Use

Land Use	Short-Term	Long-Term	Key Considerations	Demand Potential to 2035
For-Sale TH & SFD	Strong	Strong	Amenity orientation; finding location; increasing walkability	Up to 15-25 new units per year of each
For-Sale Condos	Moderate	Moderate	Amenity orientation; convert old apartments into condominiums	Up to 10 new units per year
Apartments	Weak	Moderate	Improve sense of place; rent levels are low for new construction	1 new apartment building every 10 years (85-200 units)
Retail/ Restaurant	Weak	Moderate	Consolidate & rehab existing neighborhood centers; need new residents for new retail	+/- 15,000 SF every 10 years w/ new residents & removal of old
Office	Weak	Weak	Consolidate office; stop spread of residential conversion	“Lightening strike” Demand at 0-40,000 SF

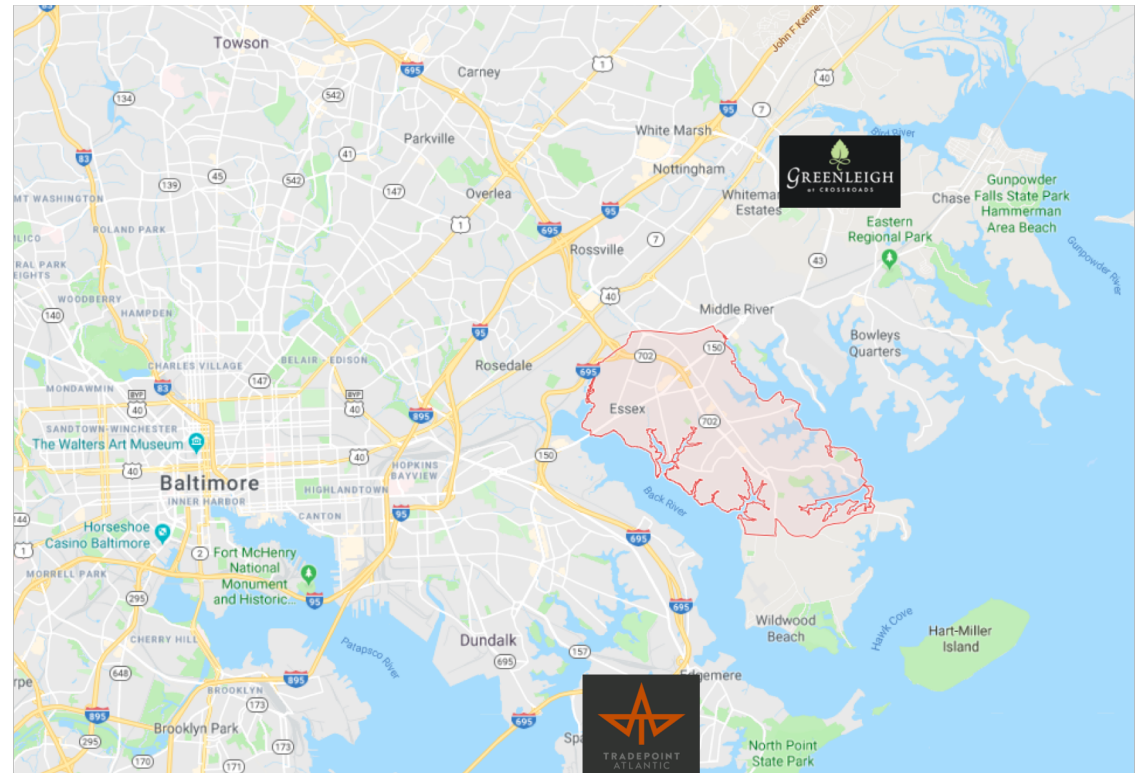


Subject Area Analysis



Essex Regional Location

- Strong regional location
 - Access to I-95, I-695 and Route 702
 - Proximity to private and commercial airports
 - Proximity to downtown Baltimore
 - Near multiple job cores
- Between two new major developments (Tradepoint Atlantic and Greenleigh)





Subject Area Strengths

- Great visibility and access
- High traffic counts – good for retail
- The Fields at Renaissance Park
- Community and County interest in area improvements
 - Streetscape changes aided by Neighborhood Design Center
 - Eastern Baltimore County Task Force established
 - Commercial Revitalization District
 - Sustainable Community Designation
- Waterfront provides unique feature for the community
- Strong history





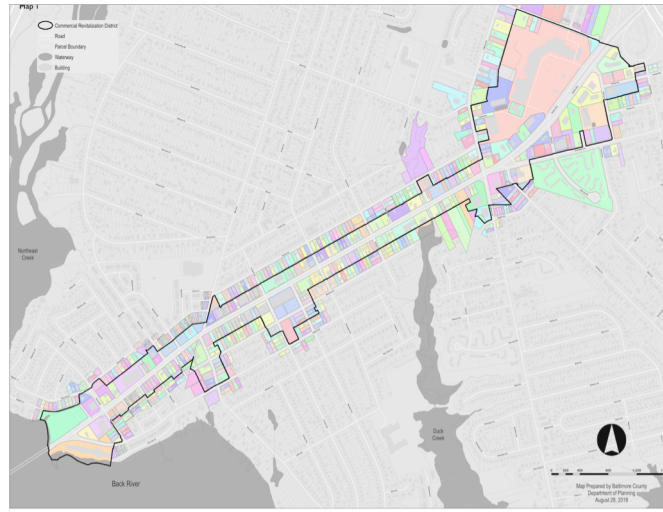
Subject Area Challenges



- Many vacant buildings and absentee property owners
- Underperforming retail
- Fragmented urban fabric – small, individually owned lots
- Challenges with condition & aesthetic quality of aging buildings
- Streetscape needs improvement
- Lack of walkability
- High crime rates and generally low school ratings



Corridor Section 1 Specifics



- Strong traffic counts and visibility
- Historic “Main Street” portion
- Narrow, not deep lots with many owners – hard to redevelop
- Mixture of uses, but most retail-dominant corridor section



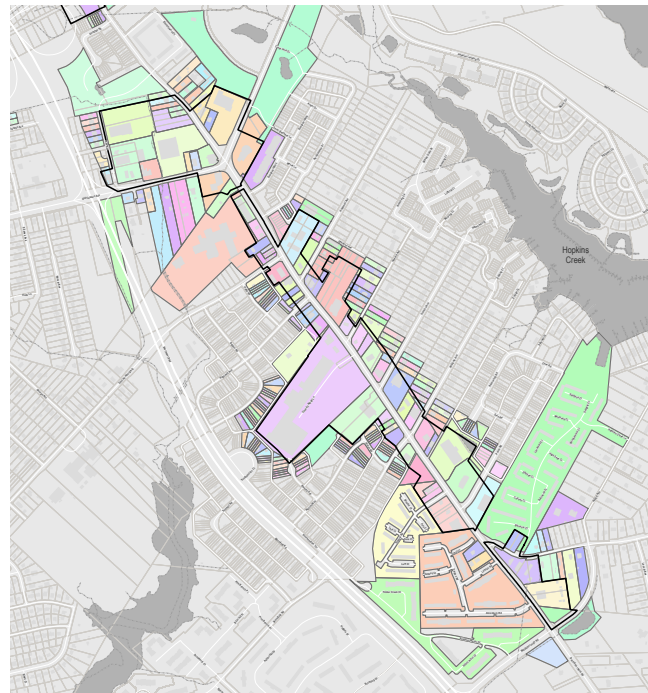
Corridor Section 2 Specifics



- Strong traffic counts and visibility
- Mixture of uses, with retail closest to 702, transitioning to residential by Middle River
- Some larger landholdings



Corridor Section 3 Specifics



- Lower traffic counts and visibility
- Strongest access to water
- Most residential of the three corridors
- Some large, dated retail centers

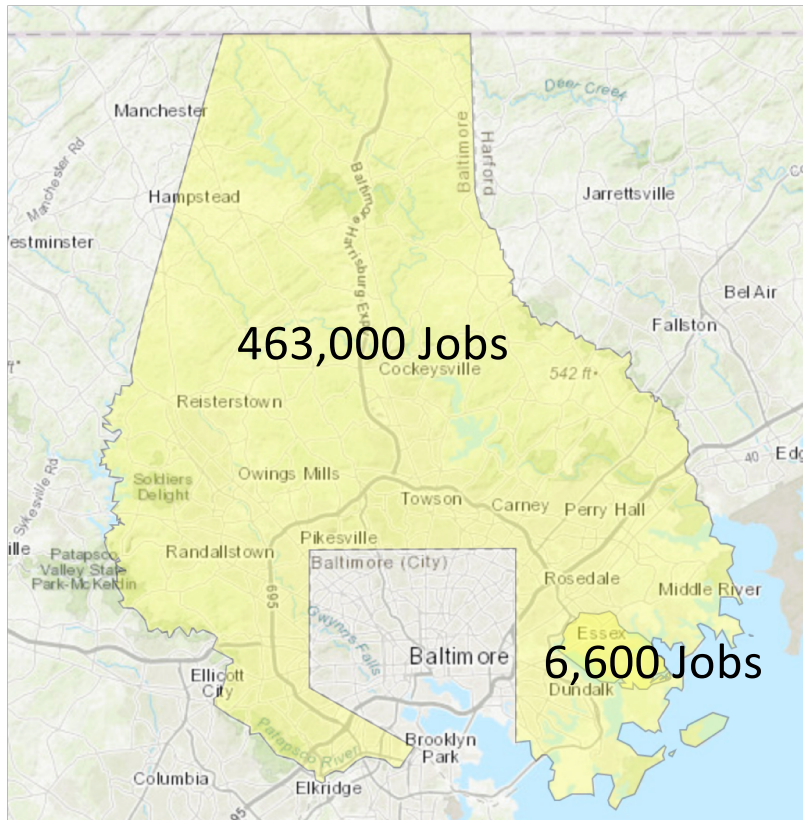


Economic and Demographic Analysis



Job Growth

2015



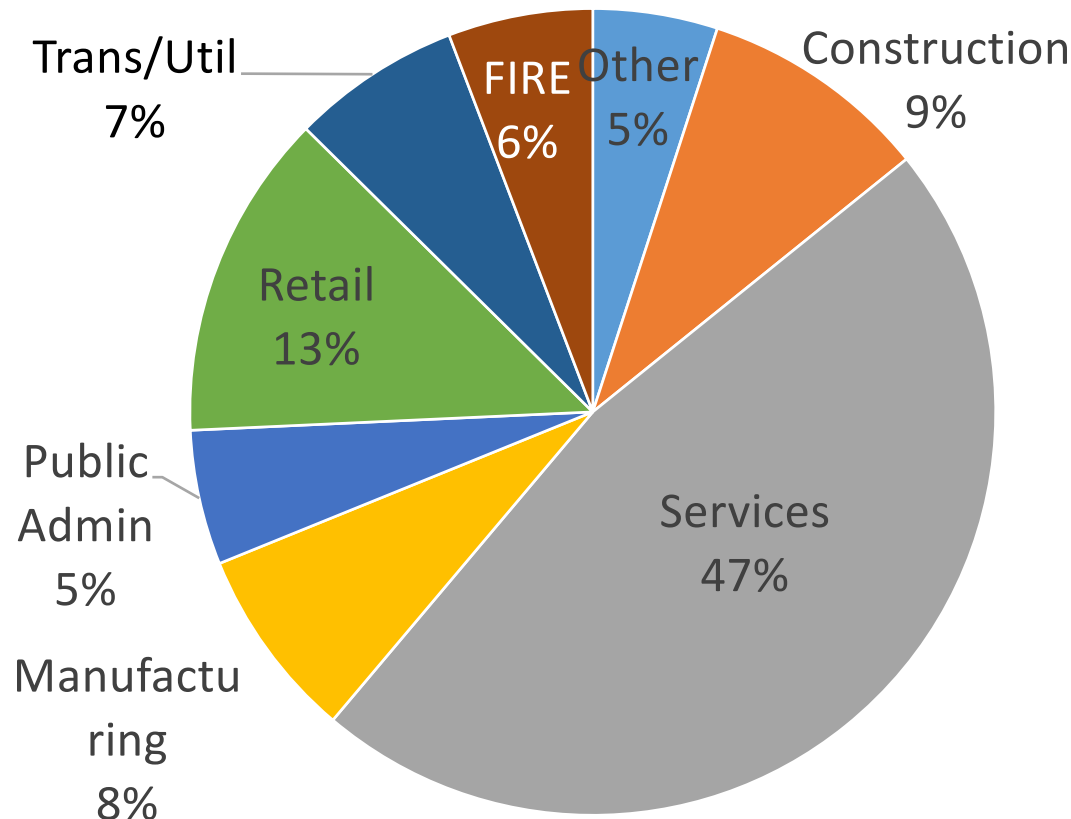
- Essex has 1.4% of jobs in County
- County projected to grow by approximately 3,300 jobs per year
- Essex = 11-50 new jobs per year

Why does this matter?
Jobs lead to the demand
for commercial real
estate

Source: Baltimore County Round 9 Forecasts



Jobs by Type in Essex



Source: Esri, 2018 data

- Majority of jobs are in lower paying service jobs

Why does this matter?
Income of people in the area & demand for office space



Location of Jobs by Type

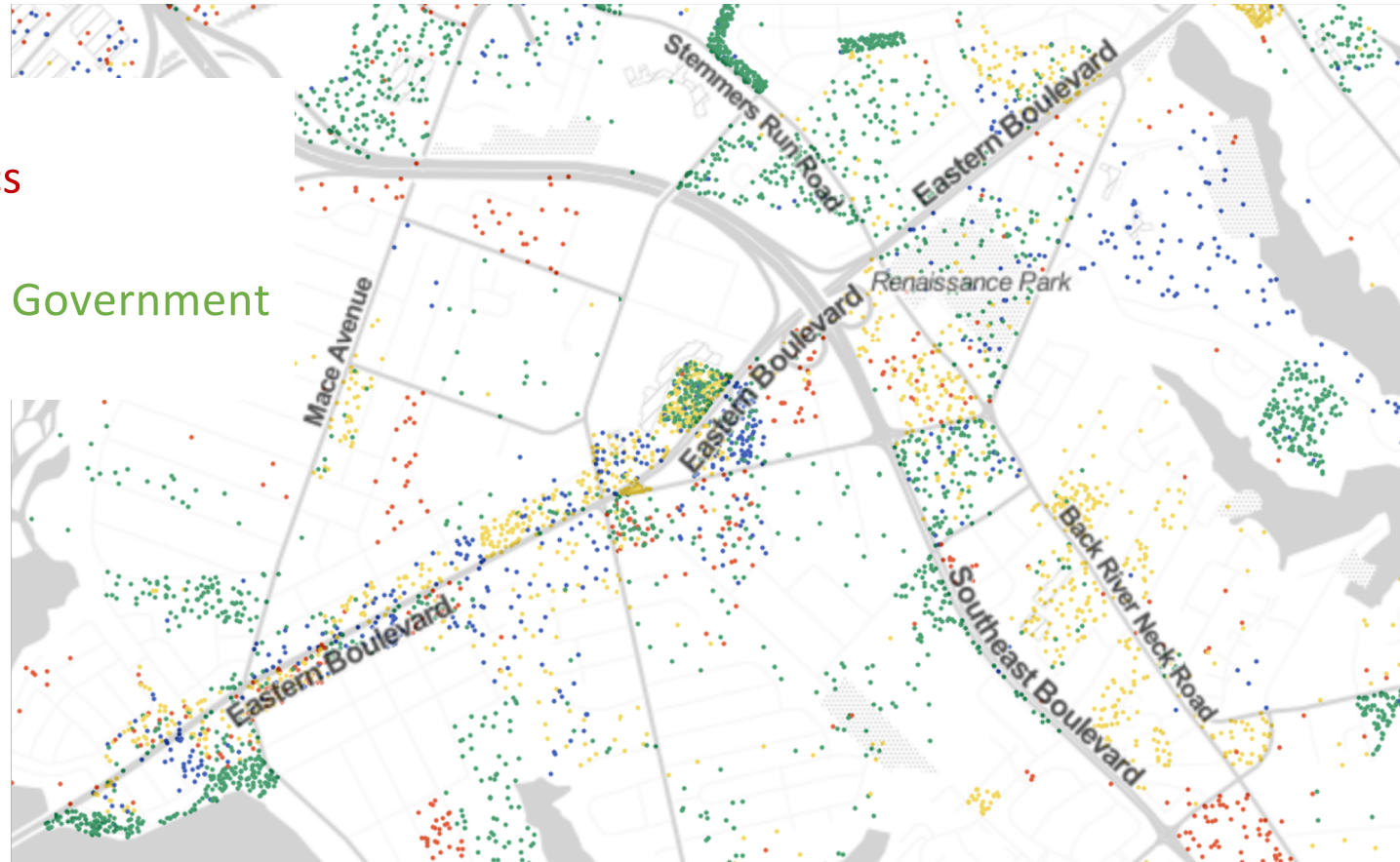
One Dot = One Job

Manufacturing and Logistics

Professional Services

Healthcare, Education, and Government

Retail and Other Services



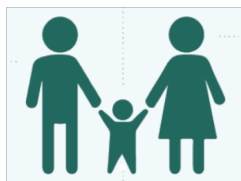
Source: "Where are the Jobs"
Employment in America, 2014



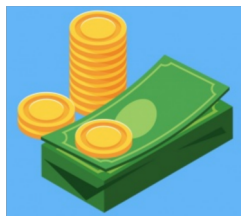
Demographic Summary

Baltimore County

- 326,000 households
- 30% have kids
- 40.1 median age



- \$72,000 median income



- 46% have college degree



Essex

- 16,000 households (5% of Co.)
- 33% have kids
- 37.8 median age

- \$52,000 median income

- 22% have college degree

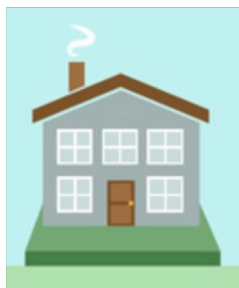
Source: Esri, 2018 data



Demographic Housing Summary

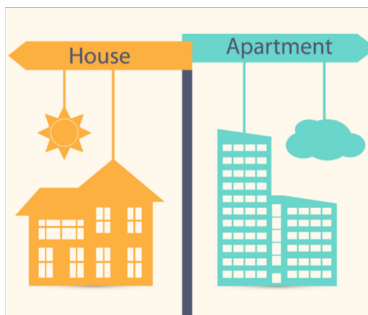
Baltimore County

- \$274,000 median home value



- 62% owner occupied

- 5.6% vacant units



Essex

- \$205,000 median home value

- 51% owner occupied

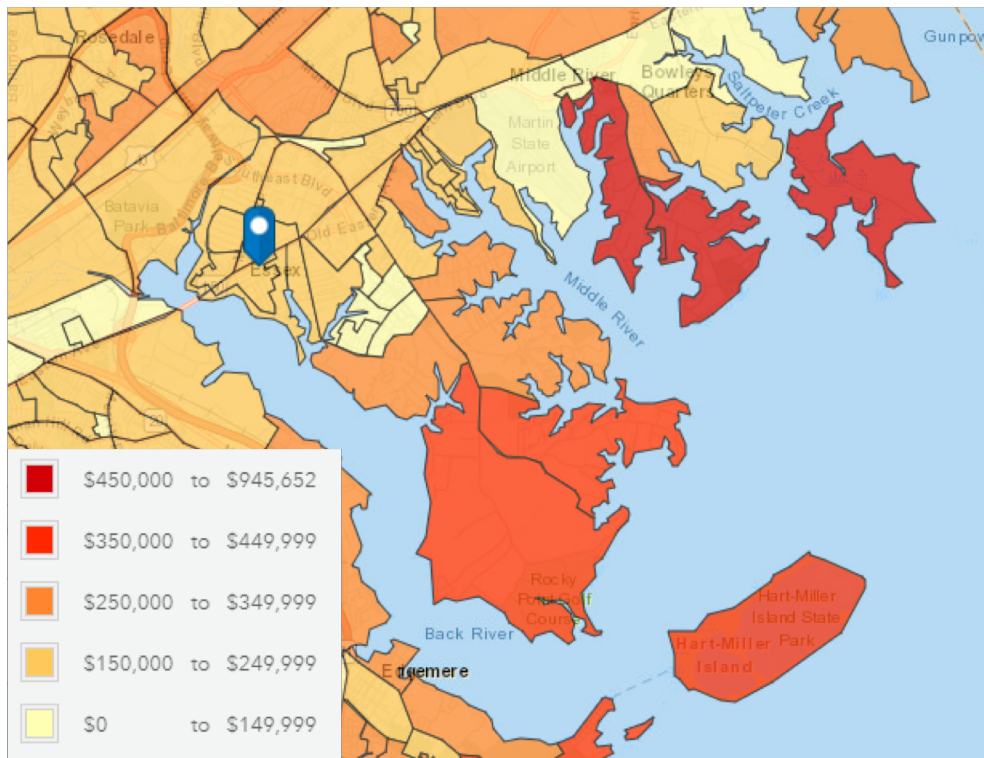
- 6.9% vacant units

Source: Esri, 2018 data

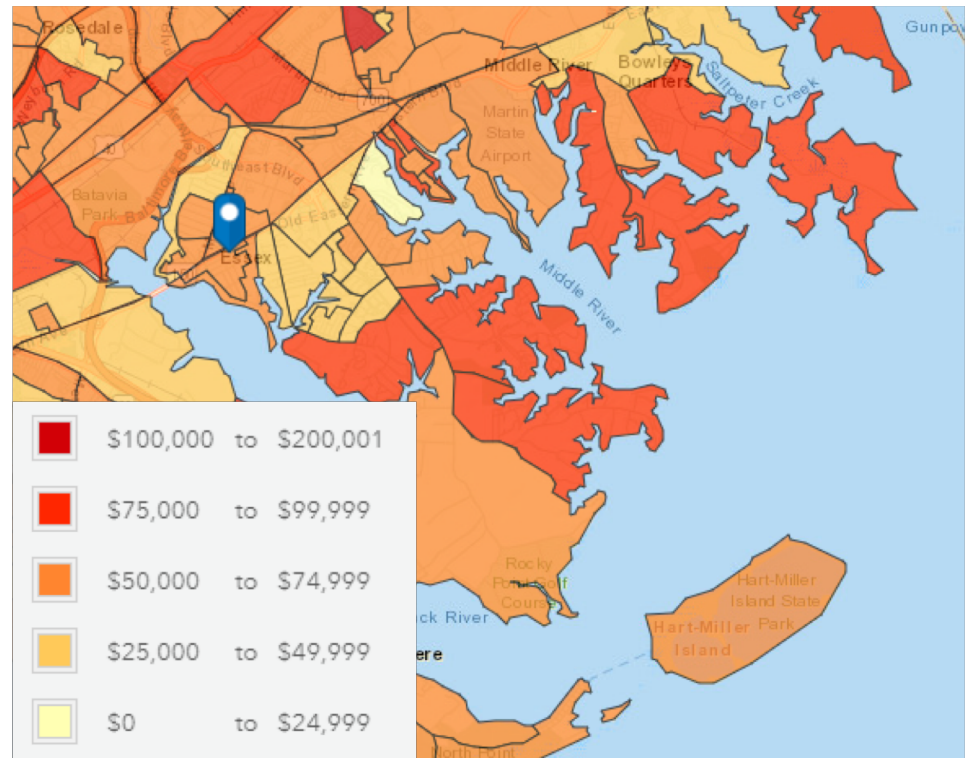


Essex Household Income and Home Value

Median Home Value in Essex



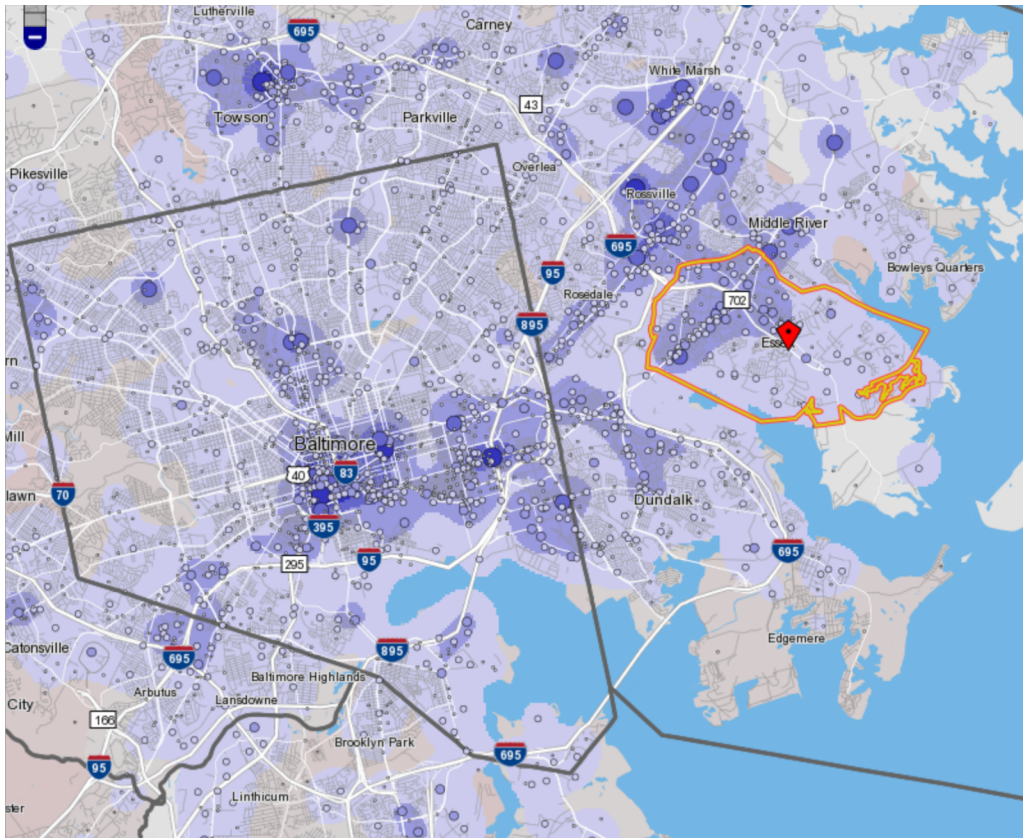
Median Income in Essex



Source: ESRI, 2018 data



Commuter Demographics - Essex



- Of the 5,500 people who work in Essex, only 800 live in Essex
- 30% work in Baltimore City

Why does this matter?
Get more people to live
and work in Essex &
Understand the trade area

Source: Census on the map, 2015 data



For-Sale Residential Analysis



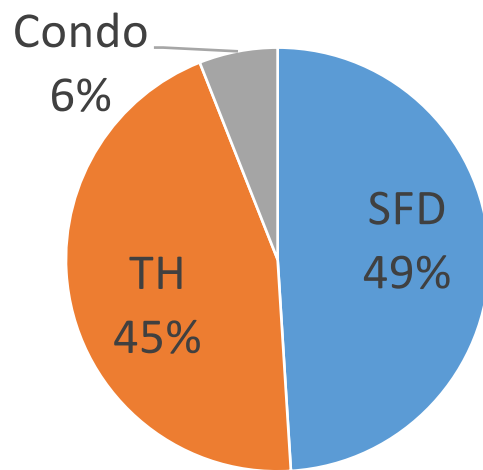
Strong For-Sale Market in Essex

Baltimore County

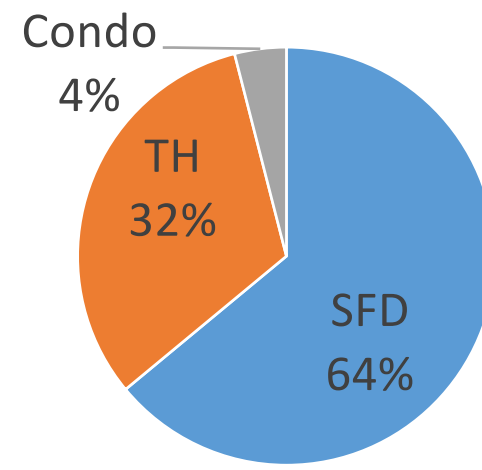
- 12,000-14,000 resales annually
- 500-700 new home sales annually

Essex

- 500-700 resales annually (4-5%)
- 25-40 new home sales ann. (5-6%)



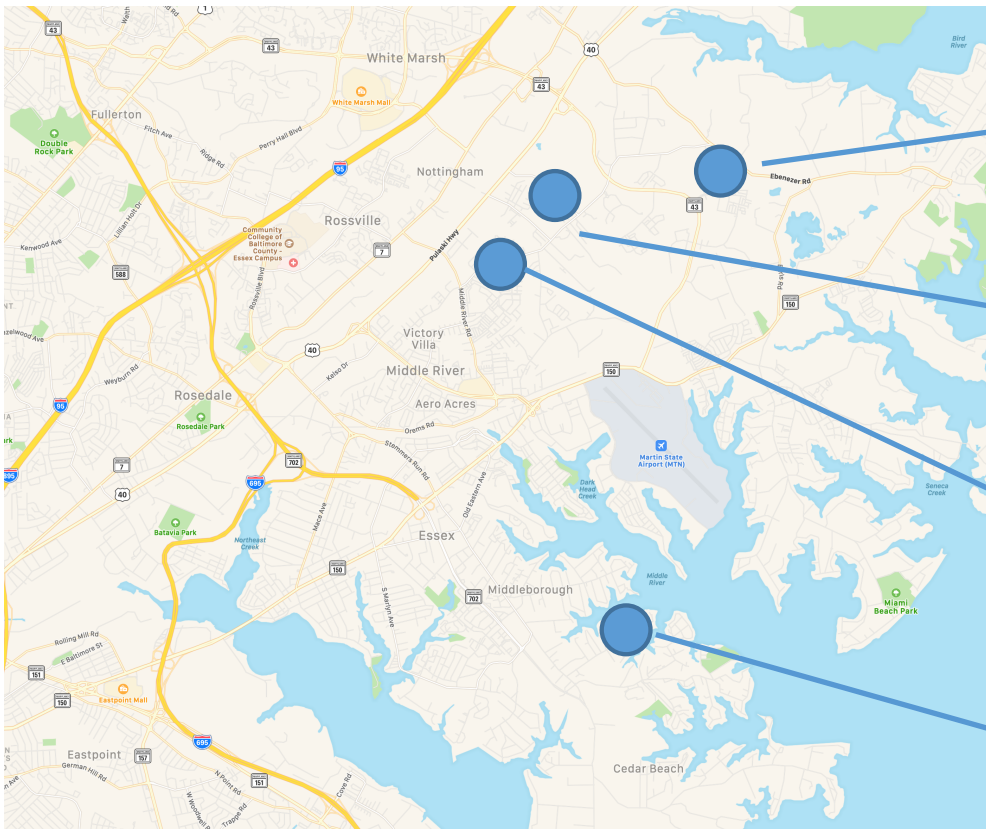
**Resales by Type
Last 3 Years**



Source: Redfin, Last three years of data, pulled Oct. 2018



New Single-Family Detached Near Essex



Greenleigh at Crossroads
(\$500s to \$600s)



Campbell Crossing (Low \$300s)



Hawkins Manor (High \$300s)



Quiet Waters
(Duplex, Low \$300s)



Source: Builder websites



SFD by Price and Size

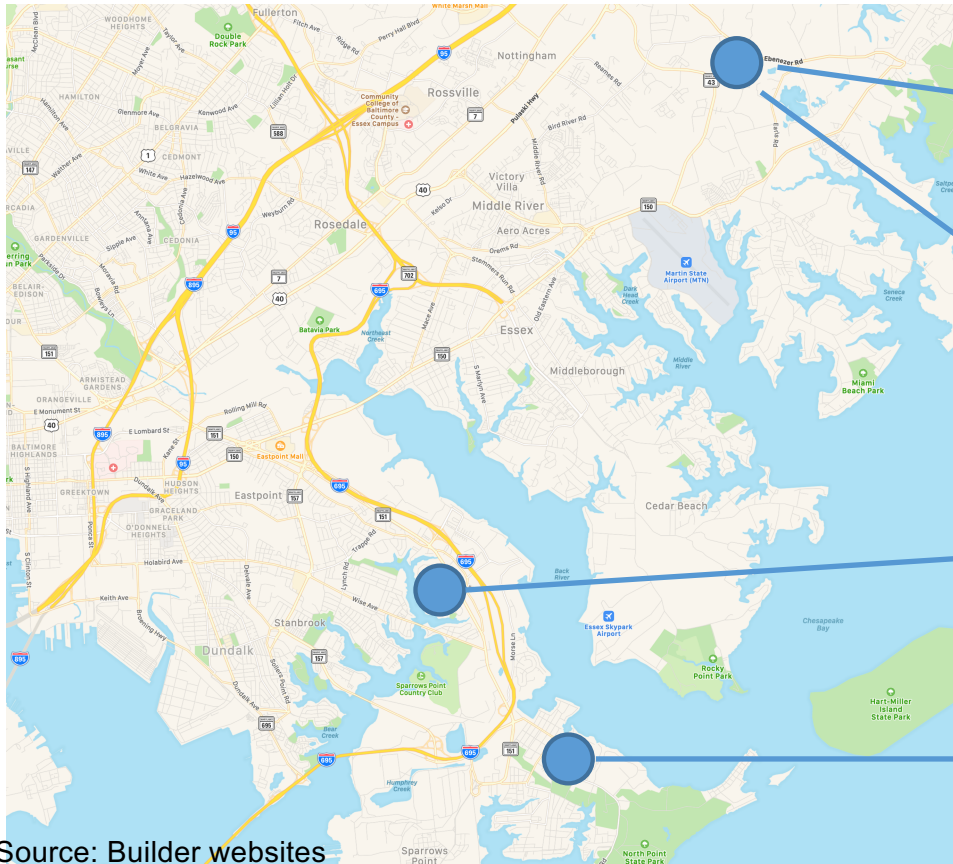
- Likely price positioning of new single-family homes in Essex
 - Below new at Greenleigh & similar to other new SFD in Essex



Source: Builder websites



New Townhomes Near Essex



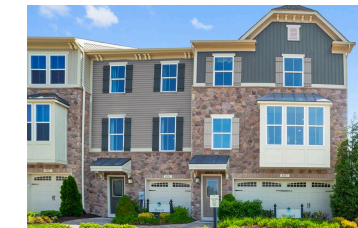
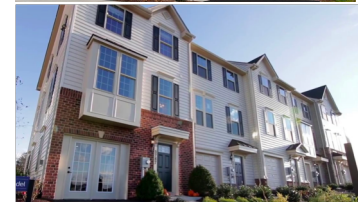
Source: Builder websites

Greenleigh at Crossroads
(NV) (\$400s)

Greenleigh at Crossroads
(Ryan) (\$300s)

Admiral's Landing (\$200s)

Shaw's Discovery (\$200s -
Low \$300s)





Townhomes by Price and Size

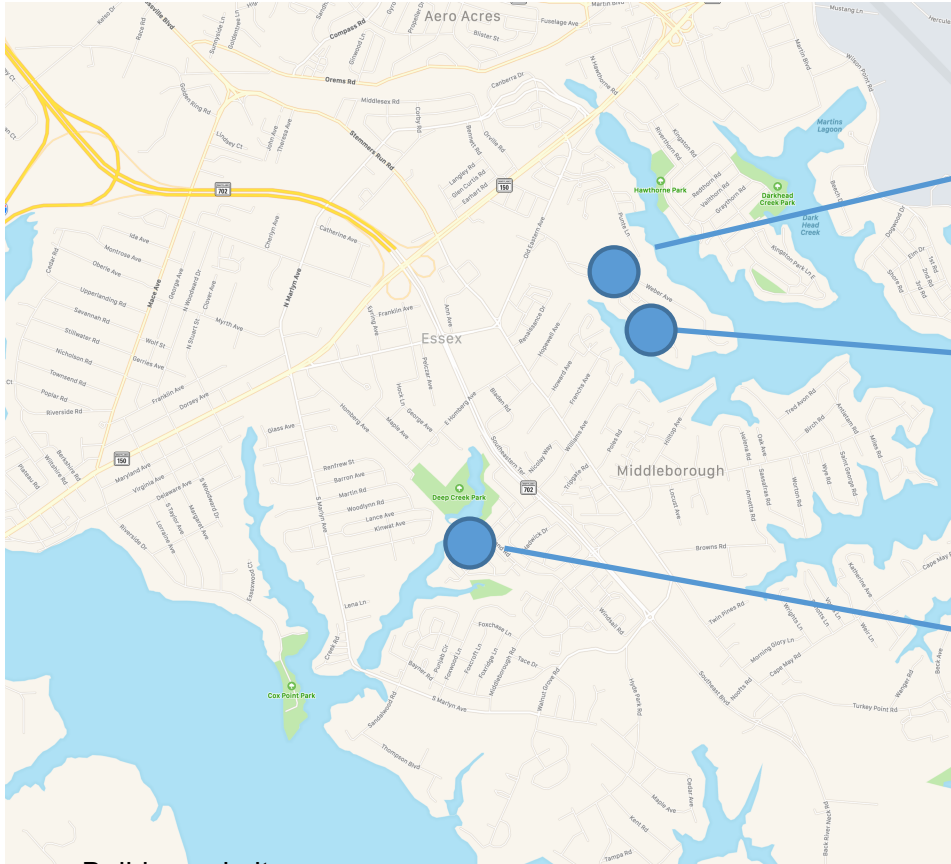
- Likely price positioning of new townhomes in Essex
 - Below new at Greenleigh & similar to other new TH in Essex and surrounding communities



Source: Builder websites



Resale Condos Near Essex



Hopkins Landing (\$200s)

Hopewell Point (\$100s to \$200s)

Waterford Landing (\$100s and below)

Source: Builder websites



Condominiums by Price and Size

- Likely price positioning of new condos in Essex
 - Above oldest condo product, and similar to older product on water



Source: Builder websites



Essex Residential Development Pipeline



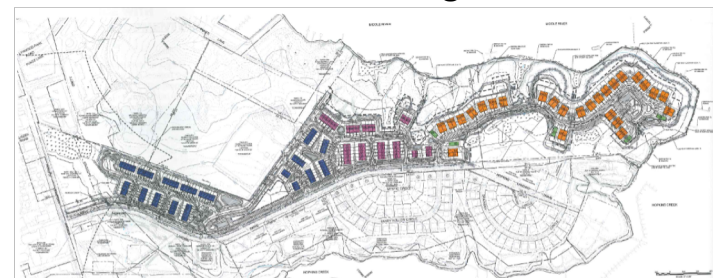
1 - Hyde Park Overlook

Single family houses and townhomes; vacant greenfield, 24 acres



2 - Water's Landing

Middle River PUD; vacant greenfield

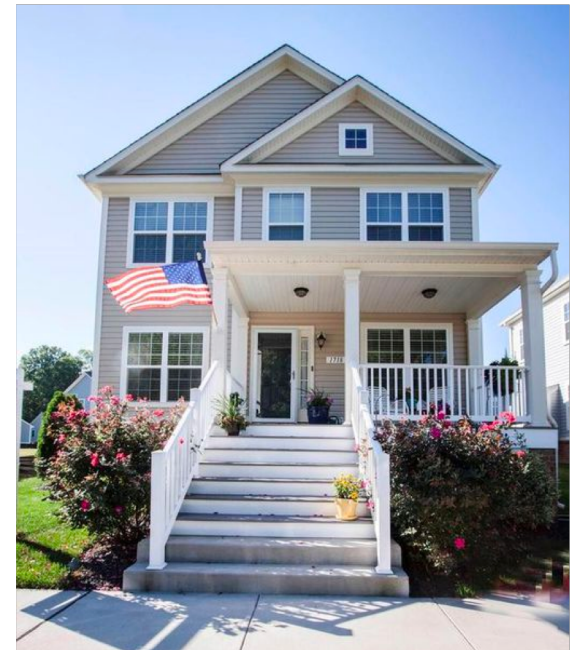


Source: Baltimore County



Townhomes and Single-Family Detached

- TH: likely priced between \$200-\$350,000
- SFD: likely priced between \$250-\$450,000
- Critical Success Factors:
 - Overall corridor improvements - streetscape changes can improve desirability of area, walkability and price points
 - Pricing product below surrounding areas
 - Working on schools
- The Opportunity:
 - Capitalize on nearby development success - New jobs could lead to new residents
 - Potential benefit from waterfront properties, activities & tourism
 - Continue to support local community organizations
 - In-fill opportunities
 - Attractive for families and couples
- Challenge to find land large enough





Condominiums

- Condo: likely priced between \$100-\$250,000
- Critical Success Factors:
 - Overall corridor improvements
 - Finding the right location
 - Pricing the product appropriately
- The Opportunity:
 - Convert old apartments into for-sale condominiums
 - Look for land close to retail and amenities, away from high traffic
 - Attractive for single residents, empty nesters and seniors
- Challenges:
 - Low price point of condominium product
 - Needs an amenity orientation (such as water)
 - Relatively low demand





For-Rent Residential Analysis



Moderate Apartment Market in Essex

Baltimore County

- 88,000 units
- 5.8% vacancy
- \$1,169 average rent
- \$1.29/SF
- 11,400 new apartments since 2000

Essex

- 5,000 units (6% of county)
- 6.4% vacancy
- \$935 average rent
- \$1.16/SF
- 120 new apartments since 2000 (1% of county) – Less than “fair share”

Source: CoStar, UMD License



Apartments in the Market – Essex Examples

- Hartland Village
 - 1989
 - 660 units
 - \$800 average rent



- Mansfield Woods
 - 1988
 - 628 units
 - \$865 average rent



Source: CoStar, UMD License



Apartments in the Market – New Near Essex

- Overlook at Franklin Square
 - 2017
 - 356 units
 - \$1,600 average rent
- Arbors at Baltimore Crossroads
 - 2012
 - 377 units
 - \$1,650 average rent



Source: CoStar, UMD License





Apartments by Price and Size

- Likely price positioning of new apartments in Essex
 - Below new at Greenleigh & above old apartments in Essex





For-Rent Residential

- Apartment: Likely rent from \$900-\$2,000/mo
- Critical Success Factors:
 - Overall corridor improvements
 - Pricing the product appropriately
 - Attracting young people to the area
- The Opportunity:
 - Provide market-rate, attainable rental product
 - Look for land walkable to retail and amenities
 - Attractive for single residents and couples
- Challenges:
 - Low price point of apartments in the area
 - Hard to attract young professional renters without high paying jobs in the area



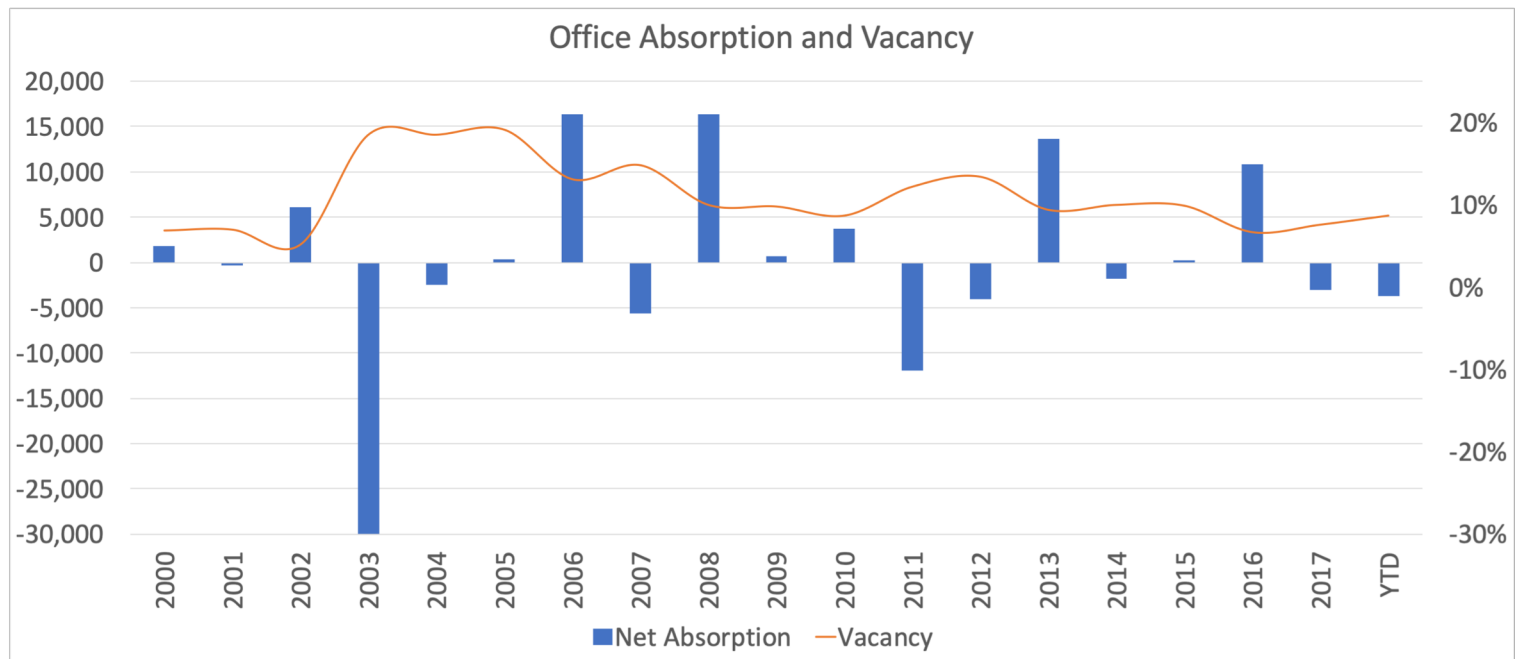


Office Analysis



Total Office Market in Essex

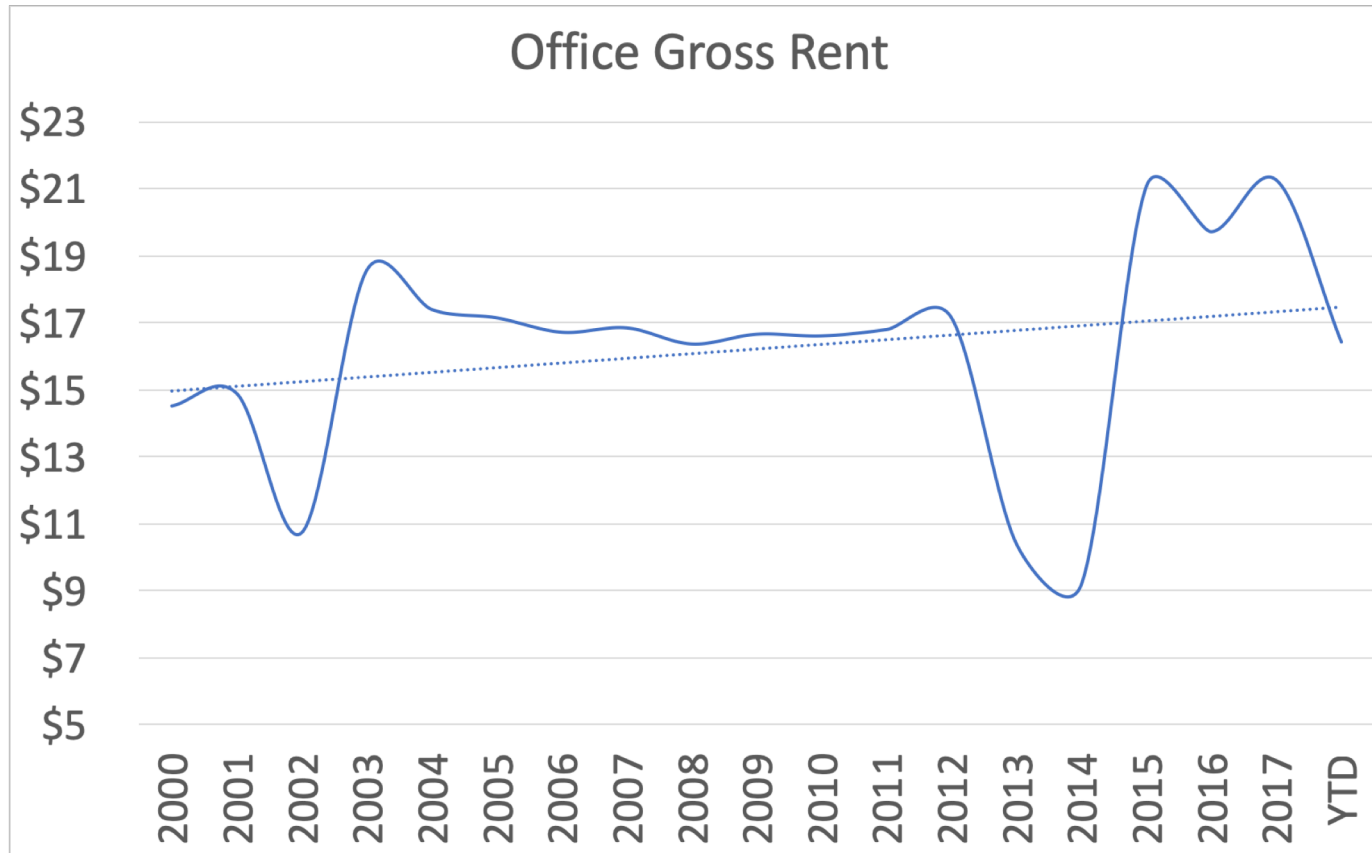
- 340,000 SF total
- There has been no new office product delivered since at least 1994
- -20,000 SF of absorption since 1994
- Vacancy around 9%



Source: CoStar, UMD License



Office Rents are volatile, but have trended up



Source: CoStar, UMD License



Office in Essex

Office in Residential Homes

- 50 homes
- 123,287 SF
- 5,666 SF vacant (5%)
- Avg. year built - 1942
- Avg. asking rent - \$16.41/SF/yr



Office in Traditional Buildings

- 21 buildings
- 216,776 SF
- 23,950 SF vacant (11%)
- Avg. year built - 1965
- Avg. asking rent - \$22.66/SF/yr

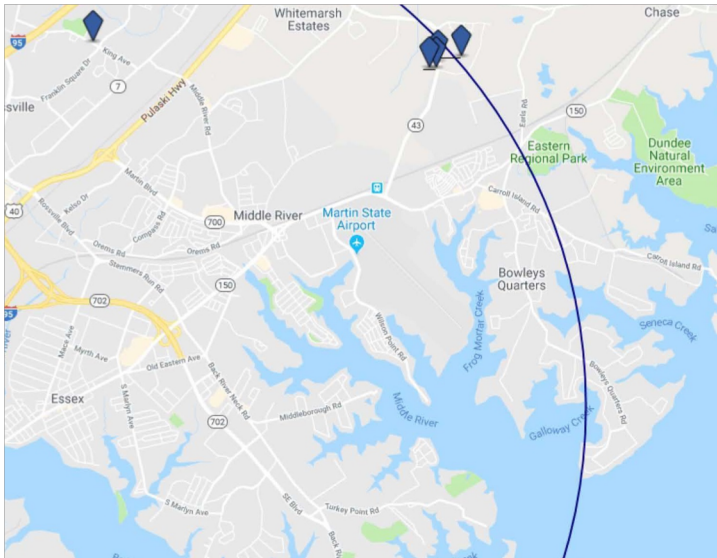


Source: CoStar, UMD License



Closest New Office Buildings to Essex

The Greenleigh development is located outside of Essex, but is the closest new product to Essex



Address	Percent Occupied	Year Built	RBA	Class	Rental Rate
11560 Crossroads Cr	34 %	2016	23,630	B	18-22/SF
11570 Crossroads Cr	78%	2016	25,160	B	19-23/SF
10 Irondale St	100%	2018	36,040	A	23-29/SF
12 Irondale St	100%	2018	36,040	A	23-29/SF
5235 King Ave	44%	2016	60,000	A	18-22/SF

Source: CoStar, UMD License

Office

- Critical Success Factors:
 - Overall corridor improvements
 - Attracting jobs to the area
 - In the future, linking Tradepoint Atlantic to Greenleigh
- The Opportunity:
 - Very limited opportunity for net new office space
 - Service-based office uses (such as accountant, lawyers)
 - Medical-based office uses
 - Focus on growing and strengthening existing businesses
 - Encourage pop-up space for start-up businesses
- Challenges:
 - Limited demand for new office space
 - Underperforming and low rent office in the market
 - No major employers in the area
 - Most of the office is located within aging residential stock



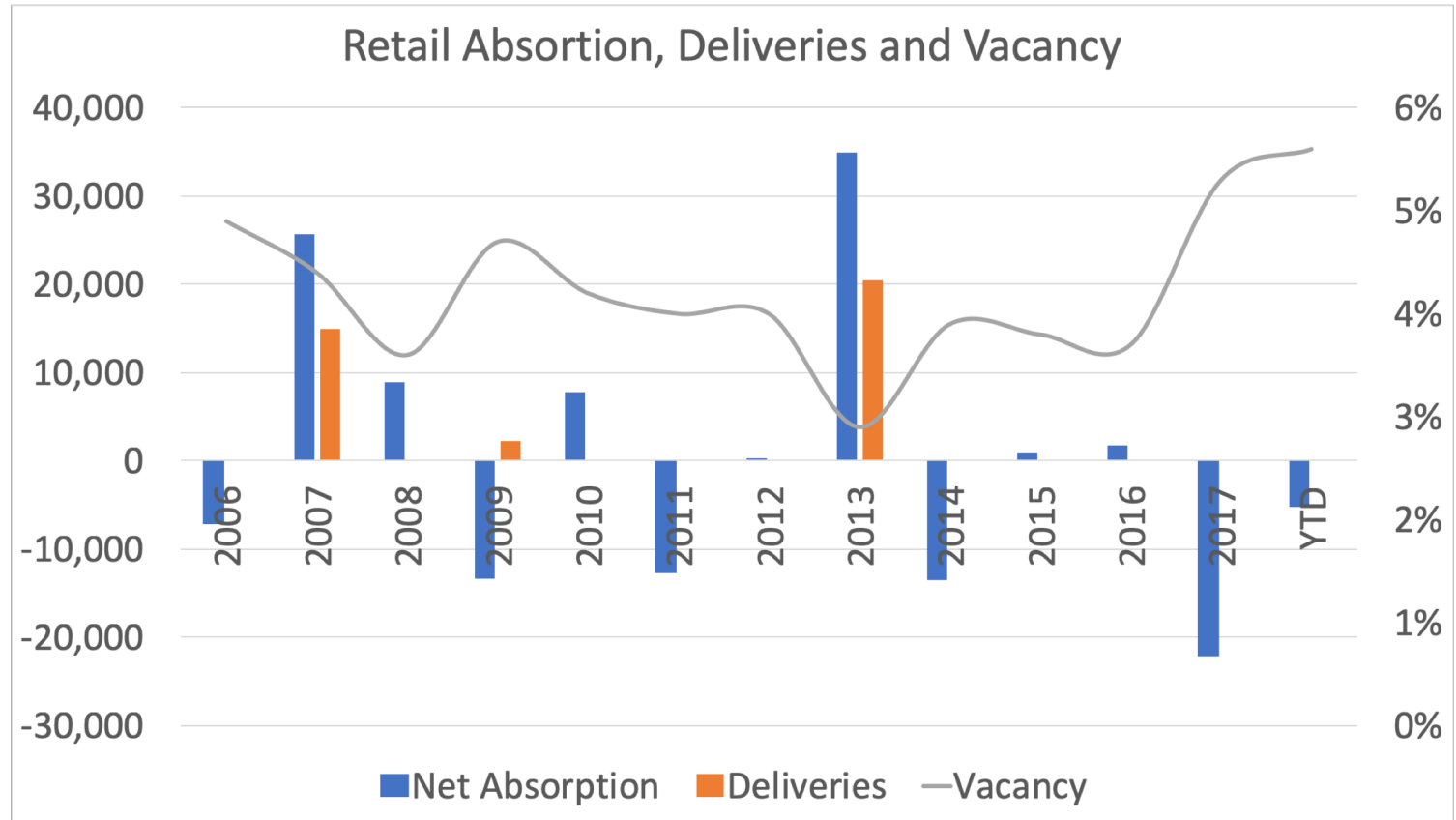


Retail and Restaurant Analysis



Retail Market in Essex

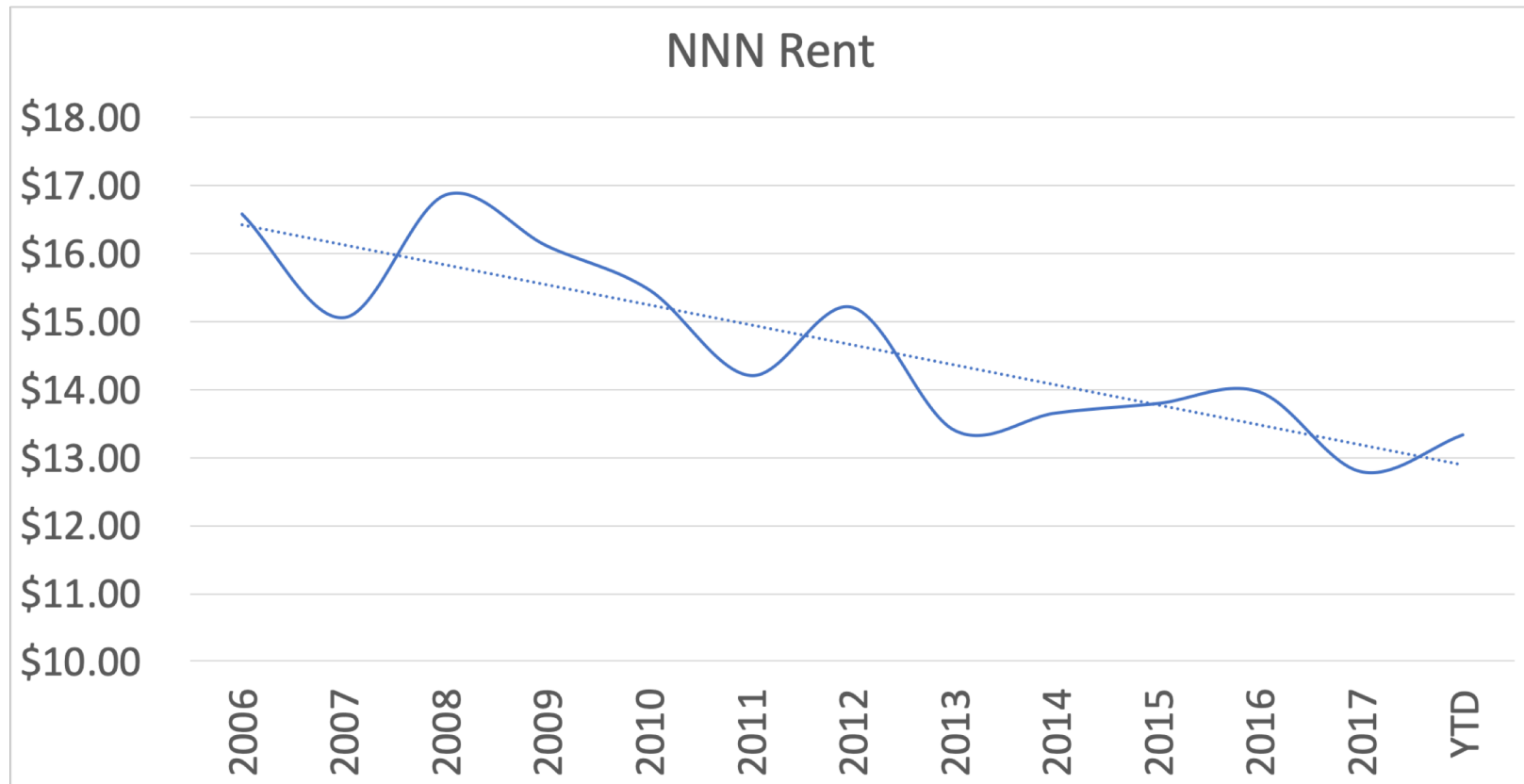
- 1.4M SF Total
- Since 2006, only 6,000 SF of retail absorbed in market
- When new product delivered, it's absorbed
- Vacancy increasing



Source: CoStar, UMD License



Retail Rents have been Dropping



Source: CoStar, UMD License



Regional Retail Competitive Supply



- Regional retail market is dominated by White Marsh Mall, The Avenue at White Marsh, and Greenleigh at CrossRoads
- Greenleigh at Crossroads is delivering some of the only new retail space in the eastern Baltimore submarket



Grocery Store Locations



- 6 major chain grocers within the Essex market
 - Weis, Shoppers, Food Lion, Aldi, as well as local store Geresbeck's Food Market
 - None of the grocery stores are new
- Also a supply of smaller convenience or bodega-style, culturally focused smaller market space spread throughout the Essex market



Retail in the Market – Newest Essex Examples

- Essex Gateway Center
 - 2013
 - 20,500 SF
 - Est. \$18-21/SF/yr rent
- Dunkin' Donuts
 - 2009
 - 2,224 SF
 - Est. \$15-\$19/SF/yr rent



Source: CoStar, UMD License



Essex Shopping Center Examples

- Waterview Shopping Center
 - 2004
 - 67,815 SF
 - Est. \$16-20/SF/yr rent
- Middlesex Shopping Center
 - 1960s
 - 298,422 SF
 - Est. \$15-\$20/SF/yr rent



Source: CoStar, UMD License



Retail Comparable Properties – Lease Rates

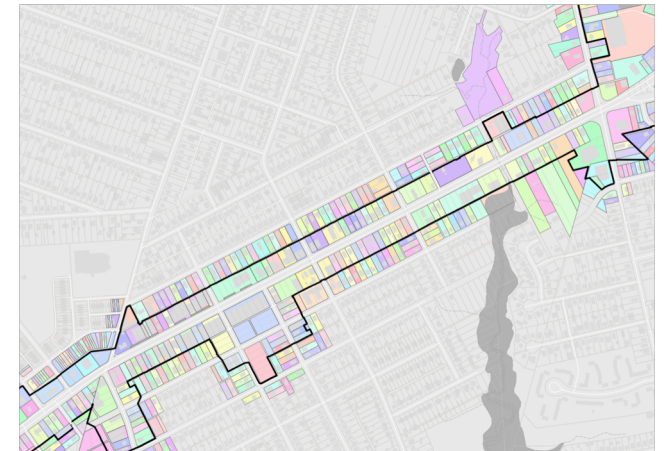
Address/Name	GLA	Available SF	Rent/SF
Back River Plaza	6,000	900	\$17.06
Al's Seafood	8,642	7,432	\$16.95
1829 Eastern Blvd	3,949	3,000	\$14.00
313 Back River Neck Rd	4,473	4,473	\$16.50
1546 Eastern Blvd	17,556	5,760	\$13.50
1601 Eastern Blvd	2,143	2,143	\$16.50
Hyde Park Station	67,860	13,232	\$23.00
Waterview Shopping Center	67,815	11,982	\$21.00

- New retail in the Essex area would be around \$20-\$25/SF
- Older retail tends to have lower lease rates

Source: CoStar, UMD License



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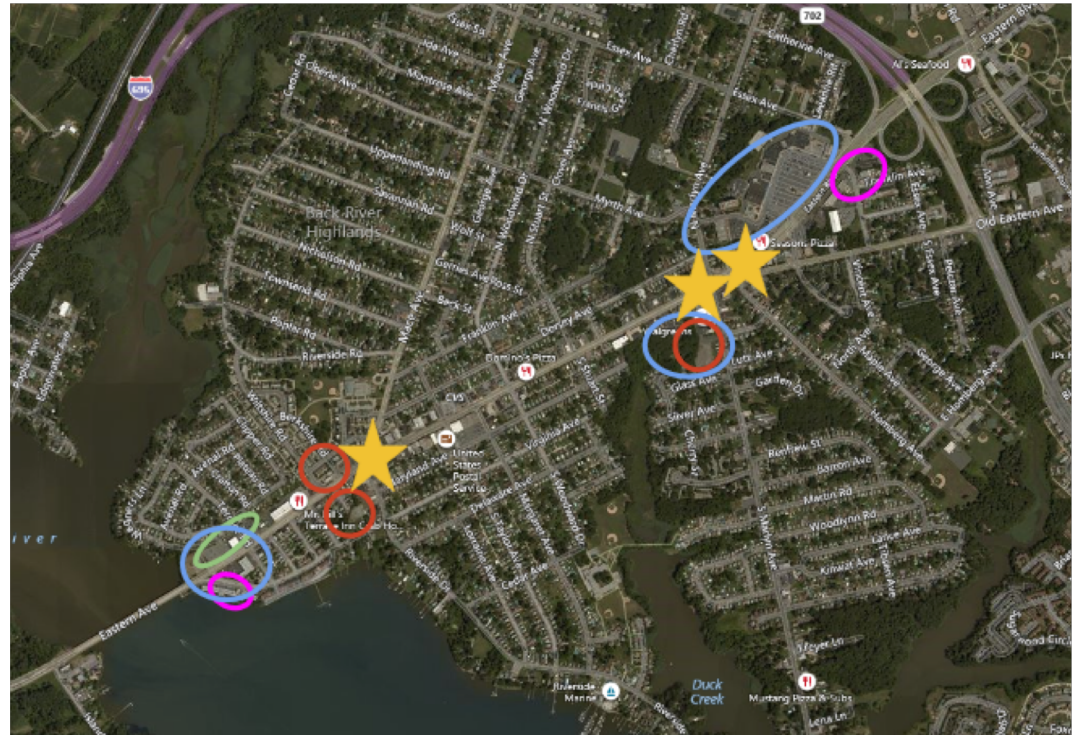


Overall Conclusions and Recommendations



Corridor 1 Potential Locations

- Rezone into mixed use along Corridor 1
- Increase green space along Eastern Boulevard and provide easy access to nearby waterways
- Vehicle traffic study: location of roundabout(s), no left turns from primary roads, optimize safe street parking, etc.
- Streetscape improvements and/or enhance existing large contiguous land for redevelopment



Major Street
Intersections



Mixed-Use



Hotel



Medical Office



Residential



Corridor 2 Potential Locations

- Capitalize on residential nature of Corridor 2
- Focus residential near water, in-fill locations & in mixed-use centers
- Redevelopment of older shopping center into mixed-use project





Corridor 3 Potential Locations

Development Opportunity 1 & 2:

- Currently discount stores in dated buildings
- Highest potential for uses that require greater areas of land such as townhomes, apartments or hotel

Development Opportunity 3 & 4:

- Currently used for retail
- Buildings in need of redevelopment based on their age, condition and aesthetic quality





Critical Success Factors



Update Storefronts & Facades

Work with absentee owners

Strengthen existing businesses

Utilize existing programs such
as Commercial Revitalization
Program



Consolidate Retail into Nodes

Focus on strongest locations
for retail

Allow mixed-use on dated
retail centers

Help consolidate land



Encourage Mixed- Use

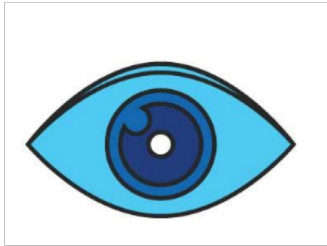
Helps walkability and
oversupply of retail

Helps create value

Source: VectorStock, Vecteezy



Critical Success Factors

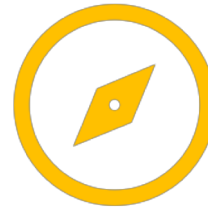


Improve Image

Work on branding

Increase safety and security

Highlight improvements



Rebrand the Area

Determine theme(s):

Waterfront
Renaissance Park
Main Street
Connections
Citizens
Etc.



Create connection
to water

Rocky Point Park & Beach
Cox's Pt Park

Crab houses

Helps create value

Source: Vecteezy



Critical Success Factors



Enhance Pedestrian Experience

Add more walking trails & sidewalks

Focus on areas that are already walkable



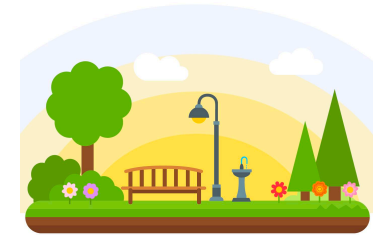
Improve Transportation

Add bike lanes

Improve bus stops

Traffic calming measures

Implement ideas from 2020 Master Plan for Eastern Blvd.



Work on Streetscape

Add more benches, street lights, planters, etc.

Consider parklets

Source: Vecteezy

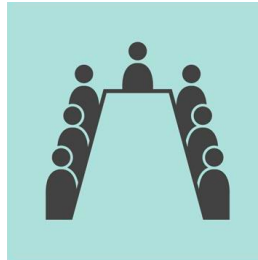


Critical Success Factors



Utilize Sustainable Communities Designation

Grants
Traffic study
Design charrette



Engage Interested Citizens

Continue to engage with local community associations
Essex Community Association
Chamber of Commerce



Program Events

Create opportunities for community gatherings:

Parades
Farmers Market
Auto Shows
Etc.

Source: Vecteezy



Examples of Streetscape Improvements



Osseo, MN, HKGi



Mount Airy, MD



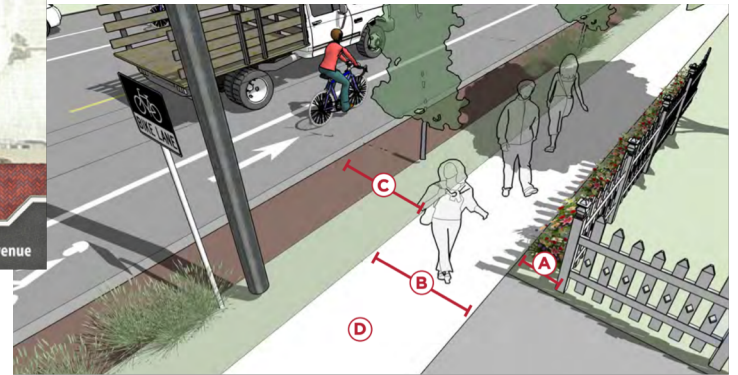
Examples of Road Improvements



702 and Hyde Park Road



Center Median

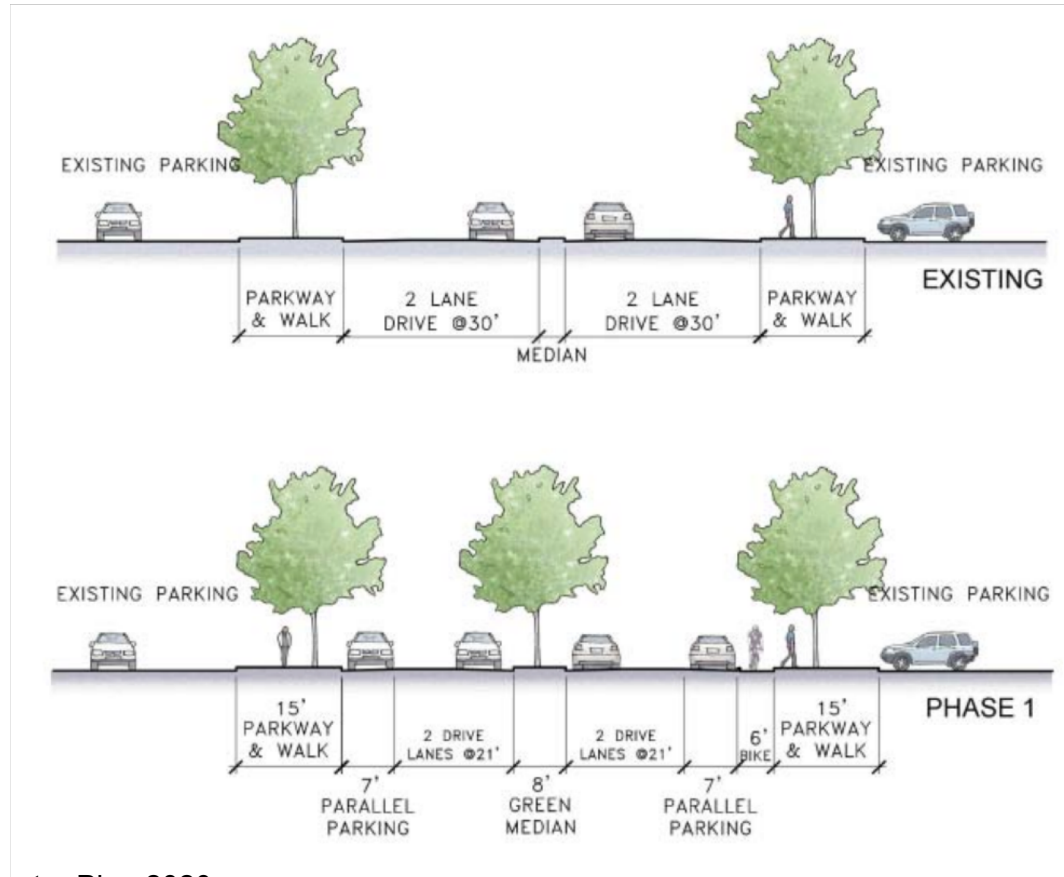


Sidewalks

Sources: HKGi, Hampshire County, MA



Masterplan 2020



Sources: Baltimore County Master Plan 2020

National Center for Smart Growth | The University of Maryland, College Park



Masterplan 2020



Sources: Baltimore County Master Plan 2020

National Center for Smart Growth | The University of Maryland, College Park



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