

# East Frederick's Industrial Land Study

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An initiative of the National Center for Smart Growth

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## **1. Introduction**

This study examines industrial land use in East Frederick and evaluates the implications of converting industrial areas south of Patrick Street to mixed use. Figure 1.1 shows the study area. There are adequate vacant industrial land in East Frederick for relocation of existing industrial uses, which could be one option for redevelopment of industrial areas south of Patrick Street. Through analyzing the data from Costar on industrial buildings, the results indicate that industrial buildings in East Frederick have higher vacancy rate and lower rent than the city average and the industrial land in the areas south of Patrick Street is underutilized. Demographic analysis shows that areas along North East street corridor have both high residential and job density, which shows trend to mixed use and should maintain low rent to encourage startups. Areas south of Patrick Street have low/moderate job density. Even though 1,000 – 2,500 jobs might be affected by the redevelopment of industrial areas south of Patrick Street, new mixed use should include sufficient commercial uses to make up the difference. Therefore, this study supports the redevelopment of industrial areas south of Patrick Street into mixed use and recognizes the development opportunity for North East street corridor north of Patrick Street, which could be potential for an innovation district and suitable for startups.

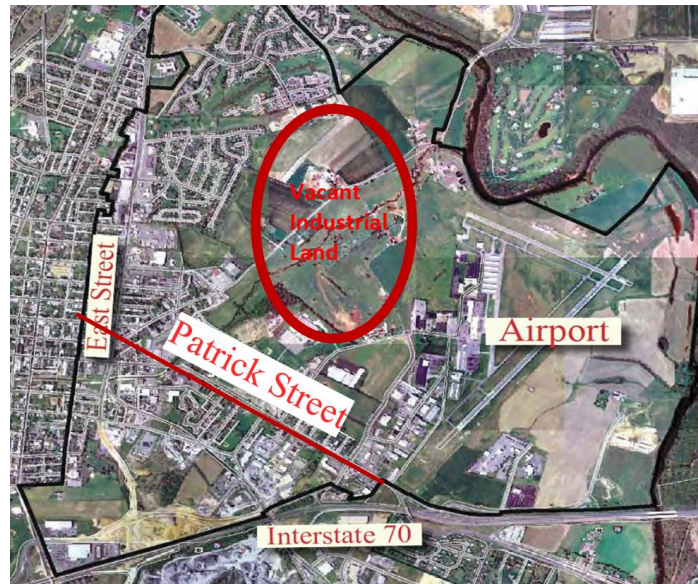


Figure 1.1 Study area: East Frederick

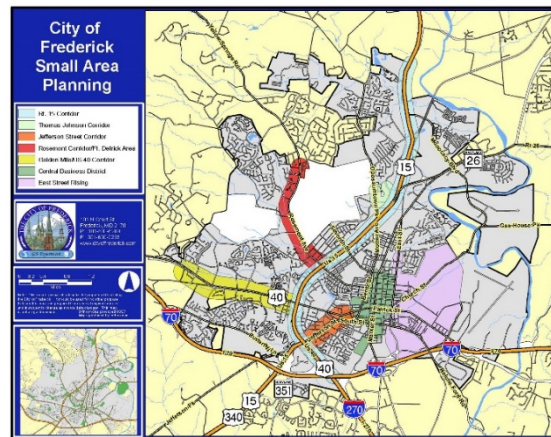
Section 2 briefly reviews background information about East Frederick. Section 3 presents the analysis based data from Costar, including analysis on vacancy rate and rent for industrial buildings. Section 4 shows economic dynamics and demographic analysis and section 5 gives final conclusion.

## 2. Background

The study area, East Frederick, is bounded by the Monocacy River to the east, the existing historic downtown to the west, I-70 to the south and the existing neighborhoods to the north (Figure 1.1). There are 2,235 acres total area in East Frederick. The municipal airport is located in this area, which will be expanded to increase flights and larger carriers. Frederick's MARC train station and transit stations are located in the southern portion along East Street.

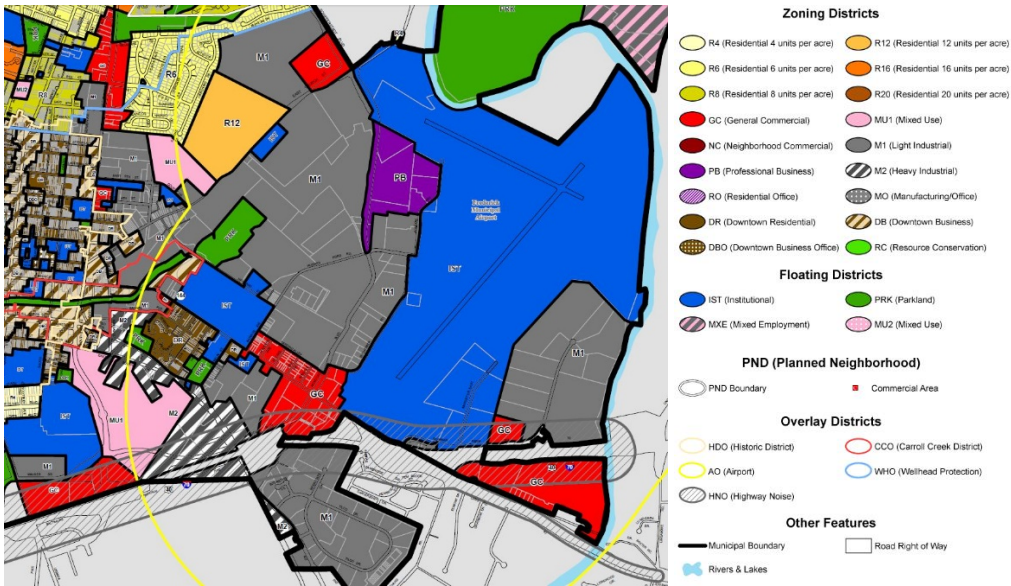
East Frederick shows enormous potential for future development and economic growth. East Frederick is part of Small Area Plan, and the 2010 Comprehensive Plan identifies East Frederick as a unique area and a strategic opportunity for redevelopment and growth, requiring further and detailed study within the context of a Small Area Plan (Figure 2.1). In addition, a report by East Frederick Rising indicates that “East Frederick is one of the keys to Frederick’s future and is the regional job center, technology incubator, transportation hub and next great neighborhood”<sup>1</sup>. Based on the feedback from public involvement and meeting, East Frederick Rising also suggests that city should support and provide incentives for mixed use redevelopment.

The zoning map for East Frederick (Figure 2.2) shows that large portions of the study area is light industrial land (M1). Along the East Street, the land is more mixed used, including light industrial use, residential use, commercial use, and office. East Street corridor shows trend in mixed use and potential to maintain and increase the degree of mixed use development.



<sup>1</sup> East Frederick Rising, 2010 <https://www.cityoffrederick.com/DocumentCenter/Home/View/944>

**Figure 2.1 Small Area Plan**

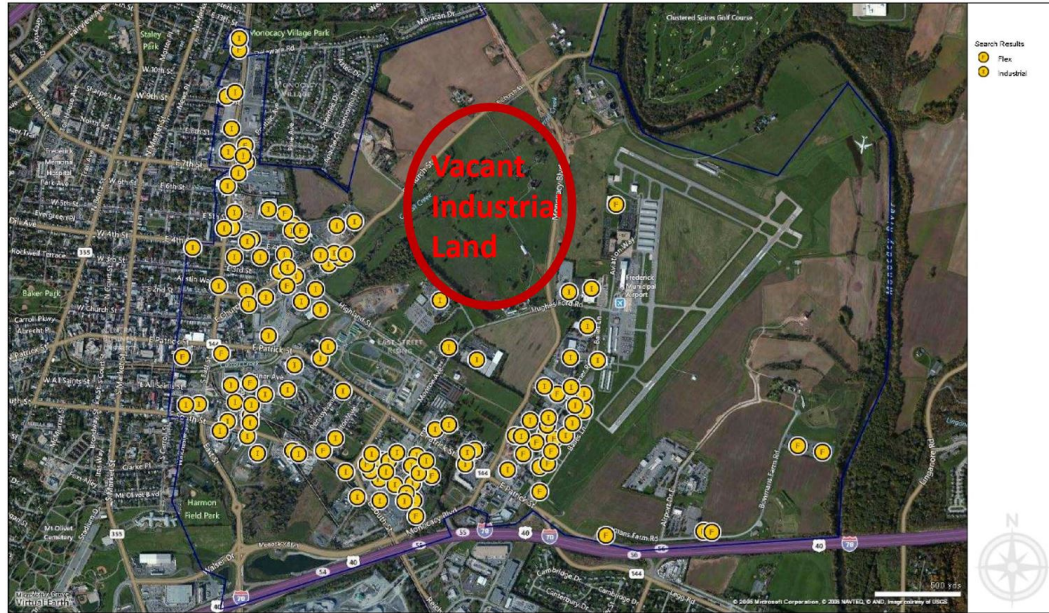


**Figure 2.2 East Frederick Zoning**

### 3. Industrial land Uses in East Frederick

In this section, we identify that industrial area south of Patrick Street is underutilized and there are adequate vacant industrial land and buildings available for relocation.

Figure 3.1 shows industrial and flex buildings in East Frederick. Based on the zoning map, there is a large area of vacant industrial land west to the Frederick Municipal Airport, which could be the destination for future relocation of existing industries in area south of Patrick Street.



Source: CoStar, March 18, 2015

**Figure 3.1 Industrial and flex buildings in East Frederick**

Figure 3.2 shows analytic summary for industrial/flex buildings in East Frederick. There are 130 existing industrial/flex buildings in East Frederick and the vacancy rate is 13.7% (Figure 3.2).

Availability	Survey	5-Year Avg
Rent Per SF	\$5.78	\$6.13
Vacancy Rate	13.7%	16.8%
Vacant SF	421,882	516,221
Availability Rate	13.6%	17.5%
Available SF	417,602	539,982
Sublet SF	0	261
Months on Market	39.4	17.8

Inventory	Survey	5-Year Avg
Existing Buildings	130	130
Existing SF	3,080,345	3,080,345
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	135,450	-13,335
12 Mo. Leasing SF	96,934	97,657

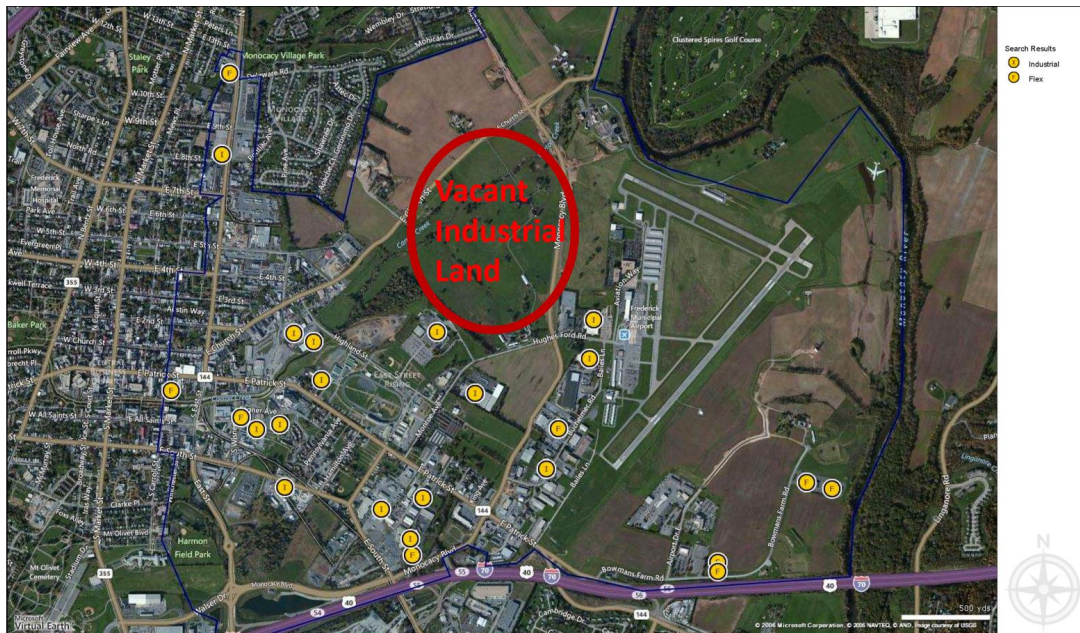
  

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$23	\$30
Asking Price Per SF	\$86	\$85
Sales Volume (Mil.)	\$4.6	\$1.4
Cap Rate	-	-

Source: CoStar, March 18, 2015

**Figure 3.2 Analytic summary for Industrial and flex buildings in East Frederick**

The industrial areas south of Patrick Street is underutilized. Figure 3.3 shows industrial and flex buildings in East Frederick that are vacant or have vacant space. There are 24 (18% of total) industrial/flex buildings with vacant space. Only 2 buildings with vacant space along north part of East Street. Most of the vacant industrial/flex buildings are concentrated in areas south of Patrick Street and near the airport.



Source: CoStar, March 18, 2015

**Figure 3.3 Vacant industrial and flex buildings in East Frederick**

Figure 3.4 -3.5 shows the map and analytic summary for industrial area south of Patrick Street. There are 37 industrial/flex buildings in this area, among which 8 buildings have vacant space. The vacancy rate is 14.6%, which is a little higher than East Frederick. Considering the existing trend and potential for mixed use along East Street Corridor, it would be reasonable to redevelop the underutilized industrial area south of

Patrick Street into mixed use and relocate the existing industrial uses to the vacant industrial land and buildings near the airport.



Source: CoStar, March 18, 2015

**Figure 3.4 Industrial flex buildings in areas south of Patrick Street**

Availability	Survey	5-Year Avg
Rent Per SF	\$6.05	\$6.70
Vacancy Rate	14.6%	12.9%
Vacant SF	102,606	90,420
Availability Rate	14.3%	12.8%
Available SF	100,526	89,933
Sublet SF	0	0
Months on Market	19.7	12.2

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	25,529	-15,841
12 Mo. Leasing SF	44,719	27,631

Inventory	Survey	5-Year Avg
Existing Buildings	37	37
Existing SF	703,021	703,021
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

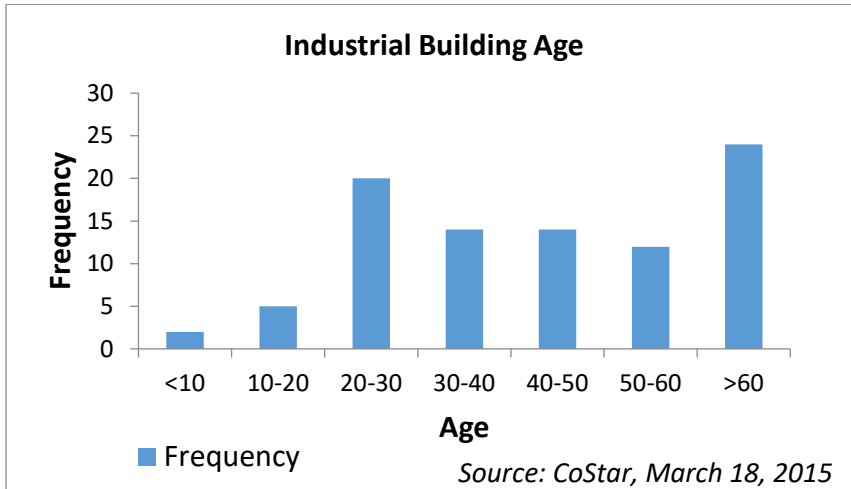
Sales	Past Year	5-Year Avg
Sale Price Per SF	-	-
Asking Price Per SF	\$132	\$132
Sales Volume (Mil.)	-	-
Cap Rate	-	-

Source: CoStar, March 18, 2015

**Figure 3.5 Analytic summary for Industrial and flex buildings in areas south of Patrick Street**



There are 104 existing industrial buildings in East Frederick. Around 40% of industrial buildings were built more than 50 years ago (Figure 3.6). 5 buildings were built more than 100 years ago.



**Figure 3.6 East Frederick’s industrial building age**

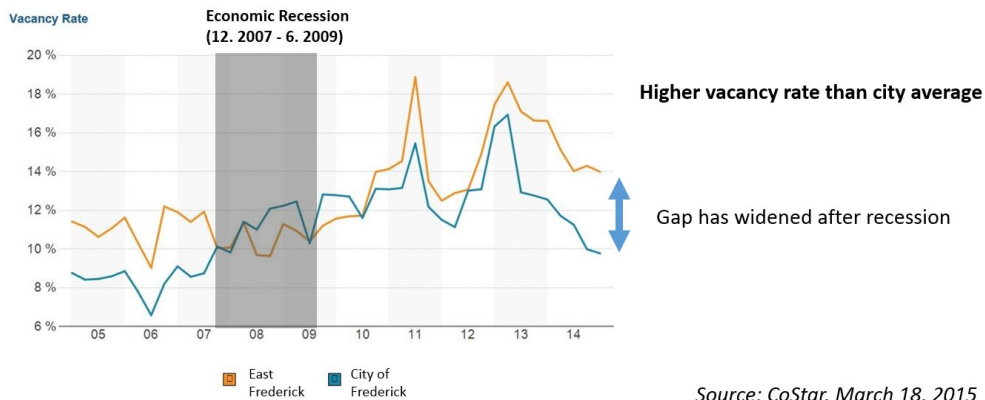
Figure 3.7 shows the vacancy rate and rent for industrial buildings in East Frederick in the past ten years. Industrial buildings in East Frederick have experienced increasing in vacancy rate and decreasing in rent in recent years. The vacancy rate has increased by 3 percentage points after economic recession and rent has decreased by \$0.8 per SF after economic recession. This might imply the decrease in demand for industrial uses in East Frederick.



Source: CoStar, March 18, 2015

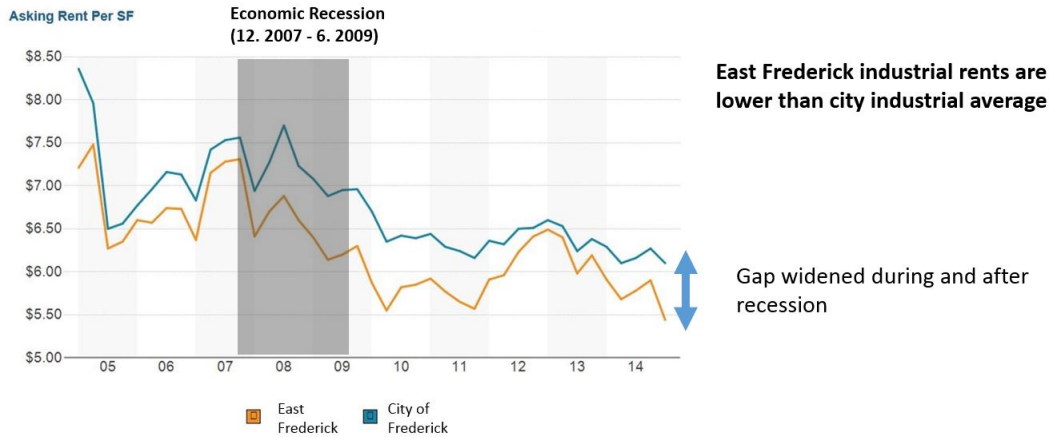
**Figure 3.7 Industrial buildings’ vacancy rate and rent in East Frederick**

Figure 3.8-3.9 compares vacancy rate and rent for industrial buildings between East Frederick and the city average. Historically, the vacancy rate in East Frederick is higher than the city average and the rent in East Frederick is lower than the city average. In addition, both of the gaps tend to widen in recent years.



Source: CoStar, March 18, 2015

**Figure 3.8 Industrial building vacancy rate, comparison between East Frederick and Frederick City**



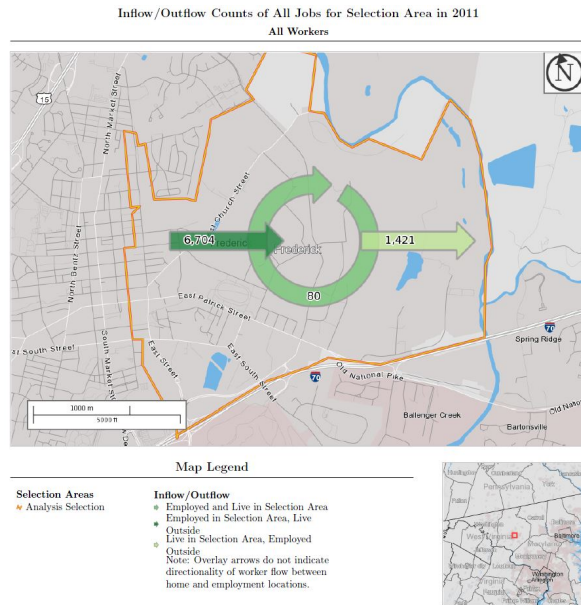
Source: CoStar, March 18, 2015

**Figure 3.9 Industrial building rent, comparison between East Frederick and Frederick City**

The analysis on vacancy rate and rent suggests potential surplus of industrial uses in East Frederick, especially in underutilized industrial area south of Patrick Street. Thus, it would be consistent with the overall trend in East Frederick to convert industrial area south of Patrick Street into mixed use and increase retail, office and other commercial uses.

#### 4. Economic Dynamics and Demographic Analysis in East Frederick

East Frederick is an employment center. Figure 4.1 shows that there are 6,704 inflow workers and 1,421 outflow workers. Only 80 residents in Easter Frederick both work and live there. Since most of the residents work outside East Frederick, relocation of existing industrial business within East Frederick would have limited impact on current economic dynamics.



Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau

**Figure 4.1 Inflow/outflow jobs in East Frederick**

Table 4.1 shows the number of jobs by industry based on NAICS code. Home area profile shows the workers by industry for the 1,501 employed residents in East Frederick, among which 1,421 residents work outside and 80 residents work in East Frederick. Health Care and Social Assistance, Retail Trade, Professional, Scientific, and Technical Services, Educational Services, and Accommodation and Food Services are the top five industries where East Frederick residents are employed. Employed residents in industries that might require industrial land, such as manufacturing and transportation and warehousing, only consist of around 8% of all workers. In other word, most of the workforce in East Frederick are experienced in areas such as retail and services, which require mixed use development planning.

Work area profile shows the jobs by industry for the 6,784 workers who employed in East Frederick, among which 6,704 workers live outside and 80 workers live

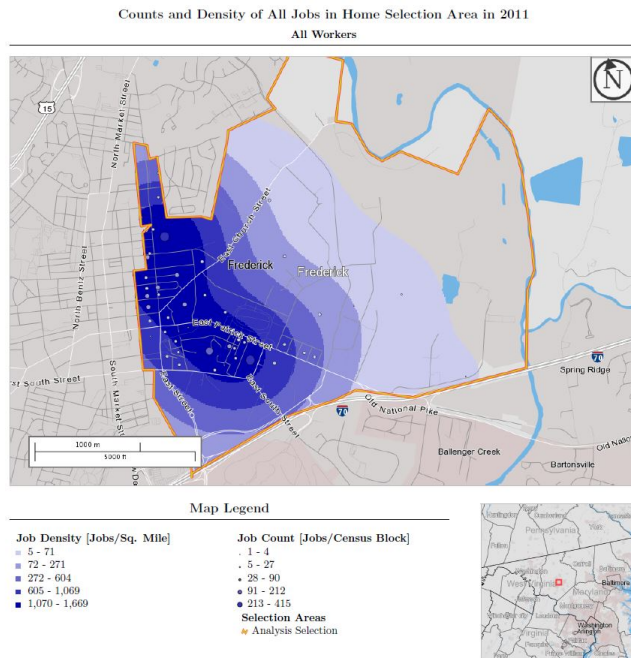
in East Frederick. Professional, Scientific, and Technical Services, Retail Trade, Health Care and Social Assistance, Manufacturing, and Construction are the top five industries where businesses in East Frederick hire most workers. Jobs that require industrial land, such as manufacturing and transportation and warehousing, only consist of around 12% of total jobs in East Frederick. Thus, East Frederick shows higher demand for retail, office and mixed land use than industrial land uses.

**Table 4.1 Jobs by NAICS Industry Sector**

	Home Area Profile		Work Area Profile	
	Count	Share	Count	Share
Agriculture, Forestry, Fishing and Hunting	7	0.50%	28	0.40%
Mining, Quarrying, and Oil and Gas Extraction	2	0.10%	0	0.00%
Utilities	3	0.20%	95	1.40%
Construction	78	5.20%	555	8.20%
Manufacturing	75	5.00%	648	9.60%
Wholesale Trade	33	2.20%	466	6.90%
Retail Trade	180	12.00%	1,049	15.50%
Transportation and Warehousing	41	2.70%	170	2.50%
Information	47	3.10%	520	7.70%
Finance and Insurance	64	4.30%	169	2.50%
Real Estate and Rental and Leasing	17	1.10%	40	0.60%
Professional, Scientific, and Technical Services	166	11.10%	1,092	16.10%
Management of Companies and Enterprises	14	0.90%	3	0.00%
Administration & Support, Waste Management and Remediation	90	6.00%	531	7.80%
Educational Services	162	10.80%	87	1.30%
Health Care and Social Assistance	209	13.90%	679	10.00%
Arts, Entertainment, and Recreation	20	1.30%	16	0.20%
Accommodation and Food Services	125	8.30%	190	2.80%
Other Services (excluding Public Administration)	64	4.30%	423	6.20%
Public Administration	104	6.90%	23	0.30%
<b>Total</b>	<b>1,501</b>	<b>100%</b>	<b>6,784</b>	<b>100%</b>

Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau

Figure 4.2 shows the residential density in East Frederick. There are totally 1,501 employed residents. The residents in East Frederick is characterized as middle-aged and middle-income workers. 54.7% of employed residents are between 30 to 54 years old and 44% earn more than \$3,333 per month (Table 4.2). As Figure 4.2 shown, the residential density is high along East Street corridor in the west part of East Frederick and gradually decreases to the east. The areas along North East Street and the industrial area south of Patrick Street are the places where residents is highly concentrated (highlighted by red circles). Thus, these two areas have potential for mixed use development.



Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau

**Figure 4.2 Residential density (employment by place of residence) in East Frederick**

**Table 4.2 Residential Characteristics**

	<b>Employment by place of residence</b>	
	Count	Share
<b>Total All Jobs (by place of residence)</b>	1,501	100.0%
<b>Jobs by Worker Age</b>		
	Count	Share
<b>Age 29 or younger</b>	379	25.2%
<b>Age 30 to 54</b>	821	54.7%
<b>Age 55 or older</b>	301	20.1%
<b>Jobs by Earnings</b>		
	Count	Share
<b>\$1,250 per month or less</b>	349	23.3%
<b>\$1,251 to \$3,333 per month</b>	491	32.7%
<b>More than \$3,333 per month</b>	661	44.0%

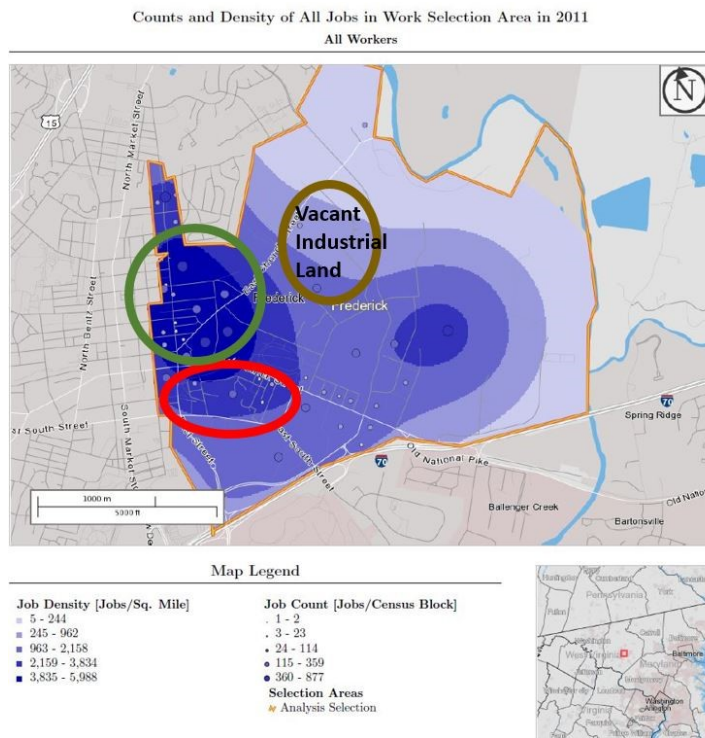
*Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau*

**Table 4.3 Job Characteristics**

	<b>Employment by place of work</b>	
	Count	Share
<b>Total All Jobs (by place of residence)</b>	6,784	100.0%
<b>Jobs by Worker Age</b>		
	Count	Share
<b>Age 29 or younger</b>	1,468	21.6%
<b>Age 30 to 54</b>	3,930	57.9%
<b>Age 55 or older</b>	1,386	20.4%
<b>Jobs by Earnings</b>		
	Count	Share
<b>\$1,250 per month or less</b>	1,337	19.7%
<b>\$1,251 to \$3,333 per month</b>	2,121	31.3%
<b>More than \$3,333 per month</b>	3,326	49.0%

*Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau*

Figure 4.3 shows the job density in East Frederick. There are 6,784 jobs in East Frederick, which are characterized as middle-aged and middle-income jobs. 57.9% of workers employed in East Frederick are between 30 to 54 years old and 49% earn more than \$3,333 per month (Table 4.3). As Figure 4.3 shown, the job density is high along North East Street corridor (green circle). North East Street corridor exhibits both high residential and job density, which implies high degree of mixed use and potential for innovation district.



Sources: Longitudinal Employer-Household Dynamics Program, U.S. Census Bureau

**Figure 4.3 Job density (employment by place of work) in East Frederick**

Industrial area south of Patrick Street (red circle) shows moderate or low job density, which implies this area is underutilized by industrial uses. Considering the potential and trend for mixed use development along East Street, converting the industrial area south of Patrick Street into mixed use would make better use of this area and is more



consistent with the economic environment both along East Street Corridor and in East Frederick. Although there are around 1,000-2,500 industrial jobs in this area would be affected by the redevelopment, the new mixed use development would bring sufficient retail, services or commercial jobs to make up the difference.

## **5. Conclusion**

As a regional employment center, East Frederick has trend and potential for mixed use development, especially along East Street corridor. The demographic and economic structure would support future growth in retail, services and other commercial sectors. The North East Street corridor shows potential for innovation district and the low-rent industrial properties would accommodate and encourage startups.

Compared with the city average, the industrial land is underutilized in East Frederick, especially in the industrial area south of Patrick Street (South East Street corridor). Thus, mixed-use redevelopment in this area makes sense. In addition, there are adequate vacant industrial land and properties near the Municipal Airport for relocation of existing uses in the industrial area south of Patrick Street. Although the redevelopment or relocation is likely to lead some job loss in the industrial area south of Patrick Street, future new mixed use should include sufficient commercial uses to make up the difference.