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
Agenda

• background, objectives, and parameters
• subject area analysis
• economic and demographic summary
• analysis:
  • for-sale housing
  • rental apartment
  • office
  • retail and restaurant
• overall recommendations
Study Background

• Market study completed in Master of Real Estate Development class at the UMD through the National Center for Smart Growth
• Essex is a Maryland Sustainable Community
  • awarded in August 2018
  • access to State funding for environmental improvements and projects that increase economic, transportation and housing choices
Study Background

- Market study for three corridor sections in Commercial Revitalization Districts
- 2 sections of Eastern Boulevard (Corridors 1 and 2)
- Back River Neck Road (Corridor 3)
- Resources 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, economic and market conditions, and future demand to 2035

Source (Images): Vecteezy
Study Parameters

- recommendations focus on corridors
- data is from Essex Census Defined Place
- land use demand is based on all of Essex, not just corridors
- used county projections for jobs and households to 2035
- did not focus on implementation or issues outside of the market study (zoning, transportation, planning, etc.)
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

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Short-Term</th>
<th>Long-Term</th>
<th>Key Considerations</th>
<th>Demand Potential to 2035</th>
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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 a unique feature
- strong history
Subject Area Challenges

- many vacant buildings and absentee property owners
- underperforming retail
- fragmented urban fabric – small, individually owned lots
- condition and aesthetics of aging buildings
- streetscape needs improvement
- lack of walkability
- high crime rates and generally low school ratings
Corridor 1 Specifics

- strong traffic counts and visibility
- historic “Main Street” portion
- narrow, not deep lots with many owners – hard to redevelop
- mix of uses, retail-dominant corridor section
Corridor 2 Specifics

- strong traffic counts and visibility
- mix of uses, retail closest to 702, shifting to residential by Middle River
- some larger landholdings
Corridor 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 Summary
Job Growth

- 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
Essex Jobs by Type

- Services (47%)
- Retail (13%)
- Manufacturing (8%)
- Public Admin (5%)
- Trans/Util (7%)
- FIRE (6%)
- Construction (9%)
- Other (5%)

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

• most are lower paying service jobs

Source: Esri, 2018 data
Job Location 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
## Demographics

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<th>Essex</th>
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<tr>
<td>Households</td>
<td>326,000</td>
<td>16,000 (5% of county)</td>
</tr>
<tr>
<td>Children</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>Median Age</td>
<td>40.1</td>
<td>37.8</td>
</tr>
<tr>
<td>Median Income</td>
<td>$72,000</td>
<td>$52,000</td>
</tr>
<tr>
<td>College Degree</td>
<td>46%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: Esri, 2018 data
Housing Demographics

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
Home Value and Household Income

Median Home Value in Essex

- $450,000 to $945,652
- $350,000 to $449,999
- $250,000 to $349,999
- $150,000 to $249,999
- $0 to $149,999

Median Income in Essex

- $100,000 to $200,001
- $75,000 to $99,999
- $50,000 to $74,999
- $25,000 to $49,999
- $0 to $24,999

Source: ESRI, 2018 data
Commuter Demographics

- 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 and 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 annually (5-6%)

Resales by type last 3 years:

Baltimore County:
- SFD: 49%
- TH: 45%
- Condo: 6%

Essex:
- SFD: 64%
- TH: 32%
- Condo: 4%

Source: Redfin, Last three years of data, pulled Oct. 2018
New Single-Family Detached near Essex

- **Greenleigh at Crossroads** ($500k to $600k)
- **Campbell Crossing** (low $300k)
- **Hawkins Manor** (high $300k)
- **Quiet Waters** (duplex, low $300k)

Source: Builder websites
Single-Family Detached by Price and Size

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

Source: Builder websites
New Townhomes near Essex

- Greenleigh at Crossroads (NV) ($400k)
- Greenleigh at Crossroads (Ryan) ($300k)
- Admiral’s Landing ($200k)
- Shaw’s Discovery ($200k - low $300k)

Source: Builder websites
Townhomes by Price and Size

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

Source: Builder websites
Resale Condos near Essex

- **Hopkins Landing ($200k)**
- **Hopewell Pointe ($100k - $200k)**
- **Waterford Landing ($100k 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

- townhomes: likely priced between $200-$350,000
- single-family detached: likely priced between $250-$450,000
- Critical Success Factors:
  - overall corridor improvements - streetscape changes can improve area’s desirability, 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, and tourism
  - continue to support local community organizations
  - in-fill opportunities
  - attractive for families and couples
- Challenge to find sites large enough
Condominiums

- condominiums: 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
<table>
<thead>
<tr>
<th>Baltimore County</th>
<th>Essex</th>
</tr>
</thead>
<tbody>
<tr>
<td>88,000 units</td>
<td>5,000 units (6% of county)</td>
</tr>
<tr>
<td>5.8% vacancy</td>
<td>6.4% vacancy</td>
</tr>
<tr>
<td>$1,169 average rent</td>
<td>$935 average rent</td>
</tr>
<tr>
<td>$1.29/sf</td>
<td>$1.16/sf</td>
</tr>
<tr>
<td>11,400 new apartments since 2000</td>
<td>120 new apartments since 2000 (1% of county), less than “fair share”</td>
</tr>
</tbody>
</table>

Source: CoStar, UMD License
Apartments in the Market – in Essex

• 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 and 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 sites 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
- no new office product delivered since 1994
- -20,000 sf of absorption since 1994
- 9% vacancy rate

Source: CoStar, UMD License
Office Rents are Volatile, but have Trended Up

Office Gross Rent

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.

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

Source: CoStar, UMD License
Office

• Critical Success Factors:
  • overall corridor improvements
  • attracting jobs to the area
  • 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
- increasing vacancy rate

Source: CoStar, UMD License
Retail Rents have been Dropping

Source: CoStar, UMD License
Regional Retail Competitive Supply

- regional retail market 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 stores are new
- also smaller convenience or bodega-style, culturally focused smaller stores spread throughout the Essex market area
Retail in the Market – new in Essex

- 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 Centers

- 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
## Comparable Retail Properties – Lease Rates

<table>
<thead>
<tr>
<th>Address/Name</th>
<th>GLA</th>
<th>Available sf</th>
<th>Rent/sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back River Plaza</td>
<td>6,000</td>
<td>900</td>
<td>$17.06</td>
</tr>
<tr>
<td>Al’s Seafood</td>
<td>8,642</td>
<td>7,432</td>
<td>$16.95</td>
</tr>
<tr>
<td>1829 Eastern Blvd</td>
<td>3,949</td>
<td>3,000</td>
<td>$14.00</td>
</tr>
<tr>
<td>313 Back River Neck Rd</td>
<td>4,473</td>
<td>4,473</td>
<td>$16.50</td>
</tr>
<tr>
<td>1546 Eastern Blvd</td>
<td>17,556</td>
<td>5,760</td>
<td>$13.50</td>
</tr>
<tr>
<td>1601 Eastern Blvd</td>
<td>2,143</td>
<td>2,143</td>
<td>$16.50</td>
</tr>
<tr>
<td>Hyde Park Station</td>
<td>67,860</td>
<td>13,232</td>
<td>$23.00</td>
</tr>
<tr>
<td>Waterview Shopping Center</td>
<td>67,815</td>
<td>11,982</td>
<td>$21.00</td>
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- new, Essex-area retail would be $20-$25/sf
- older retail tends to have lower lease rates

Source: CoStar, UMD License
Retail

- Critical Success Factors and Opportunities:
  - consolidate retail into nodes
  - convert isolated and vacant retail into other uses
  - incentivize the repositioning of under-performing and disjointed assets
  - support shared success

- Challenges:
  - demand is low
  - too much retail in the area now
  - many under-performing and dated retail locations
  - competition from successful retail market to the north and struggling locations to the south
Conclusions and Recommendations
Corridor 1 Potential Locations

- rezone to mixed use along Corridor 1
- increase green space along Eastern Boulevard and provide easy access to nearby waterways
- study vehicle traffic: location of roundabout(s), no left turns from primary roads, optimize safe street parking, etc.
- Improve streetscape and/or enhance large contiguous sites for redevelopment
Corridor 2 Potential Locations

- capitalize on Corridor 2’s residential character
- focus residential near water, in-fill locations and in mixed-use centers
- redevelop older shopping center into mixed-use project
Corridor 3 Potential Locations

Development Opportunities 1 and 2:
- currently discount stores in dated buildings
- highest potential for uses that require greater areas of land such as townhomes, apartments, or hotel

Development Opportunities 3 and 4:
- currently used for retail
- buildings need redevelopment based on their age, condition, and aesthetic quality
Critical Success Factors

Update Storefronts and Facades
- work with absentee owners
- strengthen existing businesses
- use programs such as Commercial Revitalization Program

 Consolidate Retail into Nodes
- focus on strong retail locations
- allow mixed uses in dated retail centers
- help consolidate land

Encourage Mixed-Use
- address walkability and retail oversupply
- 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.

**Connect to Water**
- Rocky Point Park and Beach
- Cox’s Point Park
- crab houses
- create value

Source: Vecteezy
Critical Success Factors

Enhance Pedestrian Experience
- add walking trails and sidewalks
- focus on areas that are already walkable

Improve Transportation
- add bike lanes
- improve bus stops
- add traffic calming measures
- implement 2020 Master Plan for Eastern Boulevard

Improve Streetscape
- add benches, street lights, planters, etc.
- consider parklets

Source: Vecteezy
Critical Success Factors

Use 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
Streetscape Improvement Examples

Osseo, MN, HKGi

Mount Airy, MD
Road Improvement Examples

702 and Hyde Park Road

Sources: HKGi, Hampshire County, MA

Center Median

Sidewalks
2020 Master Plan

Sources: Baltimore County Master Plan 2020
2020 Master Plan

Sources: Baltimore County Master Plan 2020
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