



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

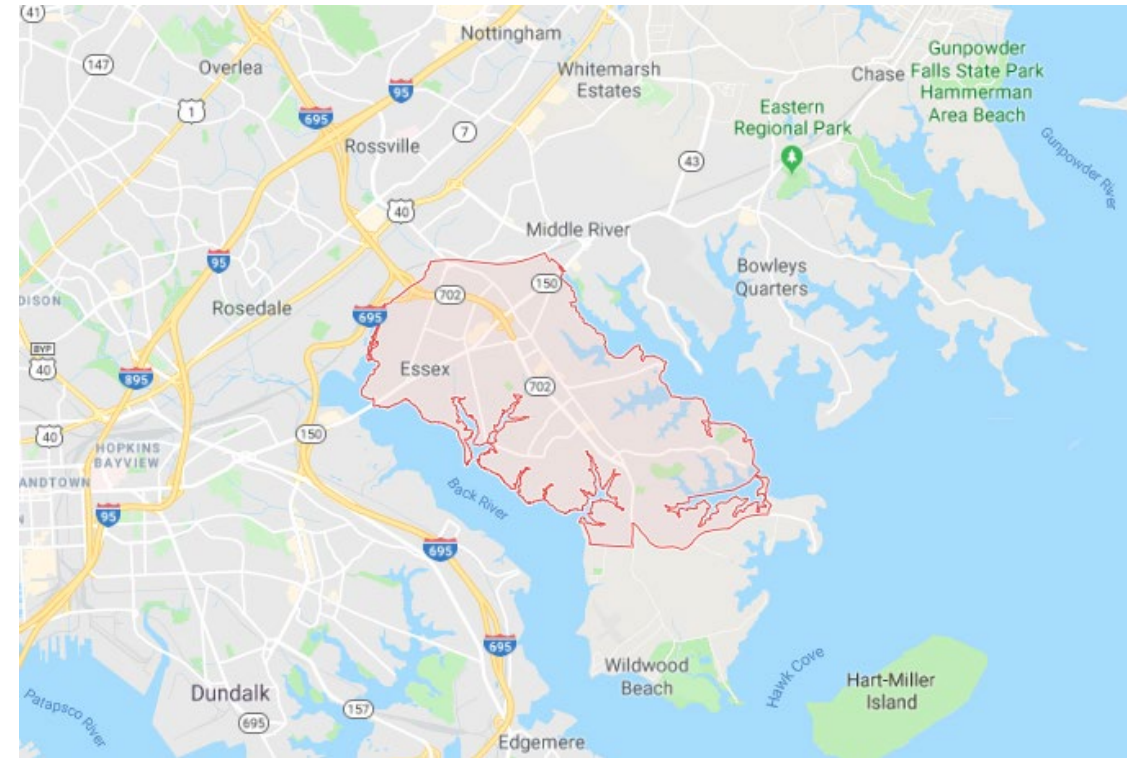


Source (Images): Vecteezy



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





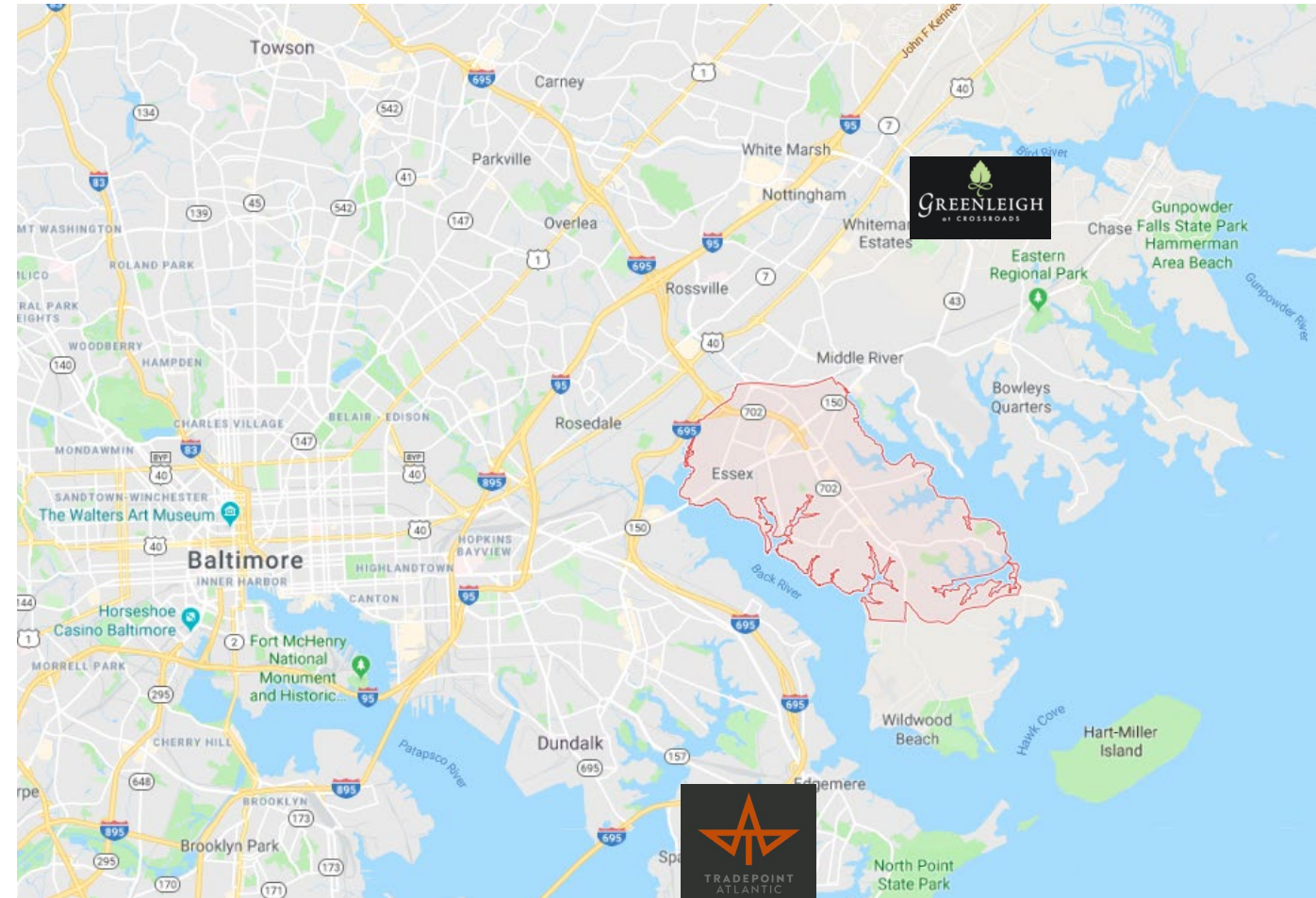
Summary of Recommendations by Land Use

| 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 |
| 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 a unique feature
- strong history





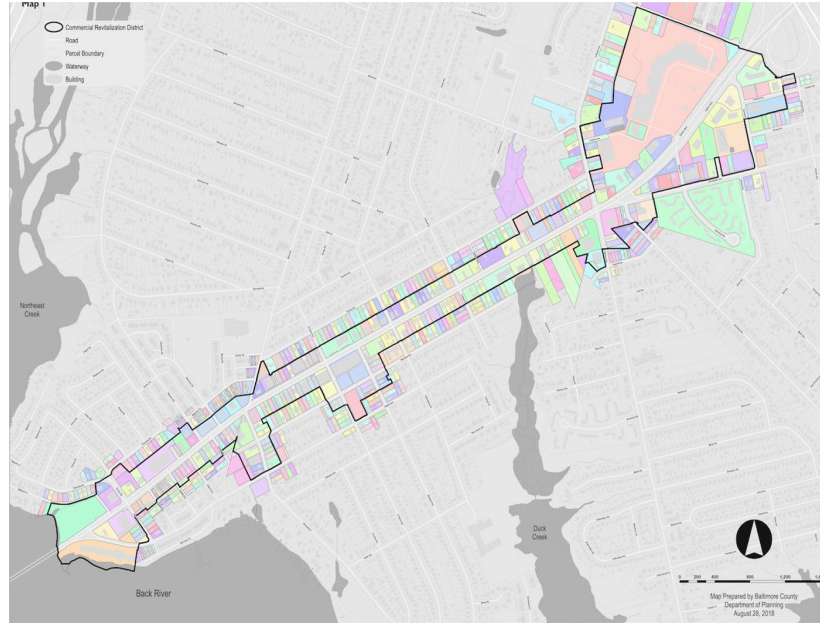
Subject Area Challenges



- 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



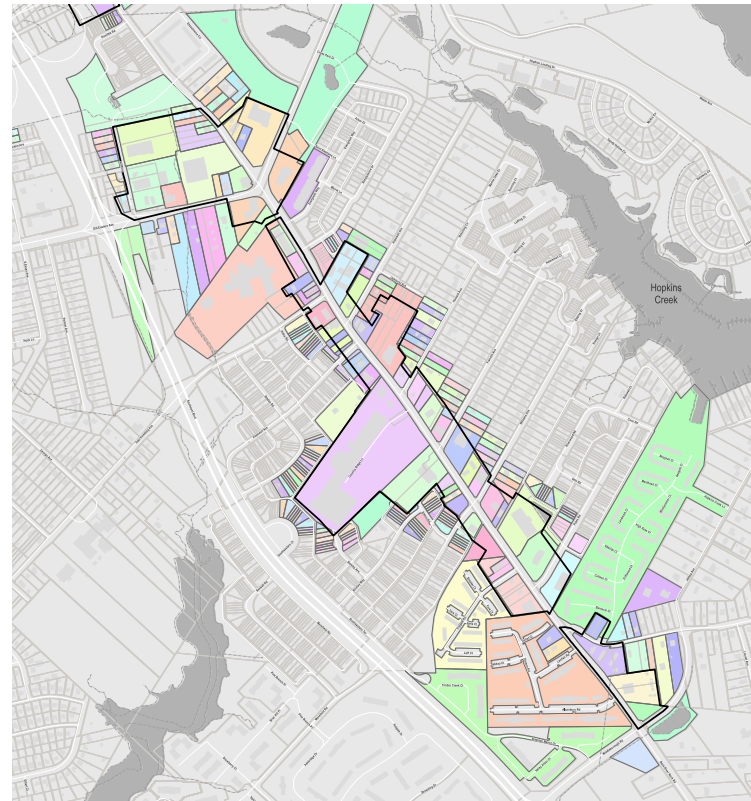
- strong traffic counts and visibility
- historic “Main Street” portion
- narrow, not deep lots with many owners – hard to redevelop
- mix of uses, retail-dominant corridor section

Corridor 2 Specifics



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

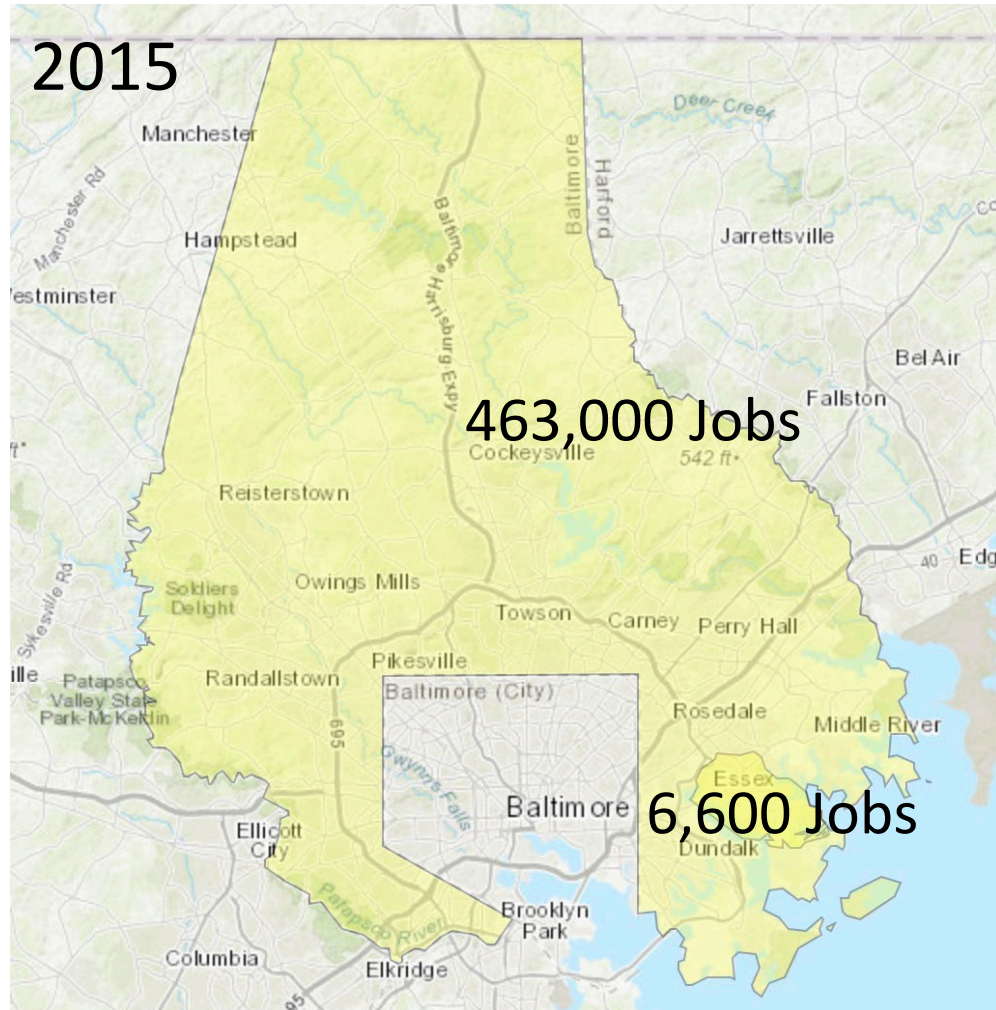
Corridor 3 Specifics



- 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

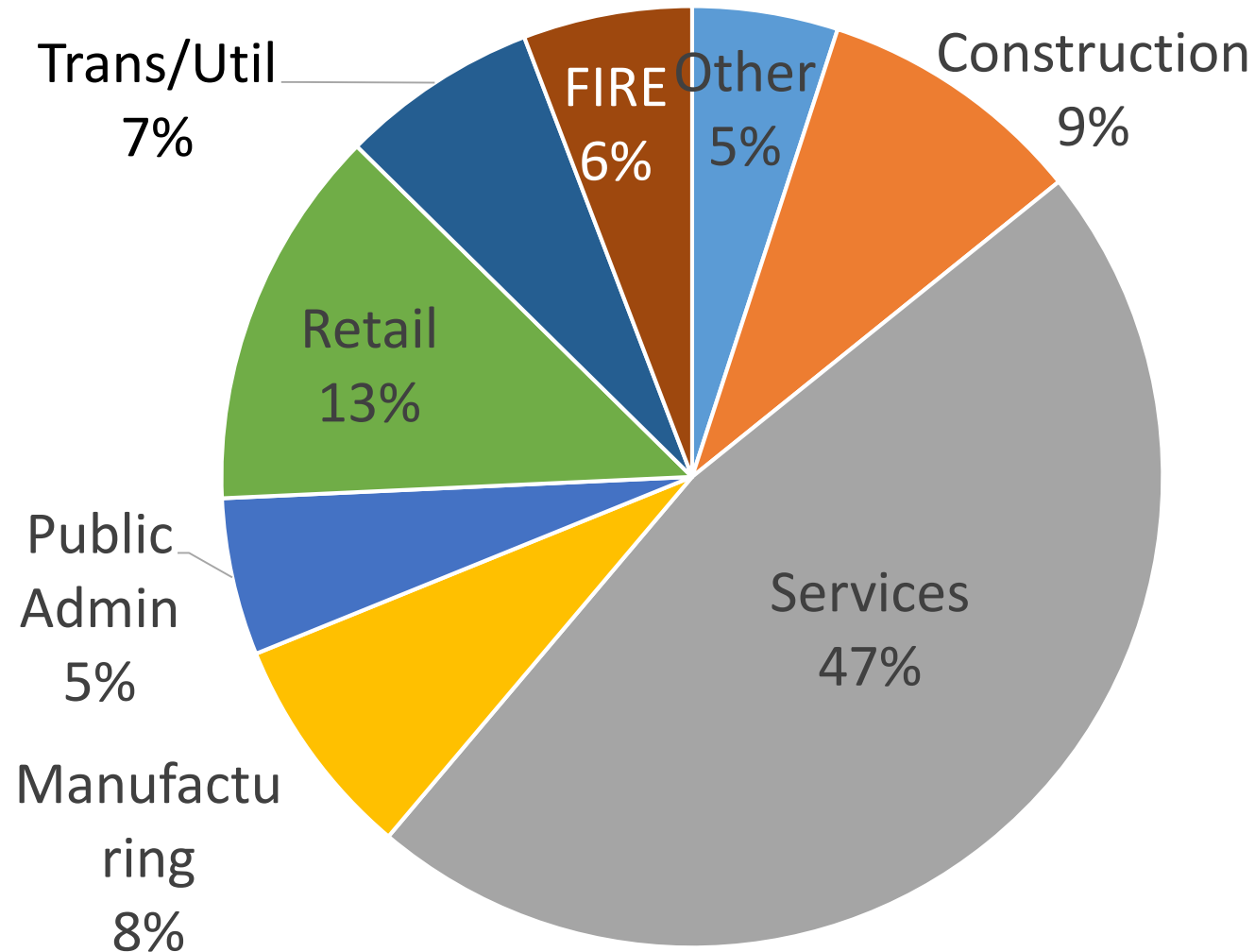
Why does this matter?

Jobs lead to the demand for commercial real estate

Source: Baltimore County Round 9 Forecasts



Essex Jobs by Type



- most are lower paying service jobs

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

Source: Esri, 2018 data



Job Location by Type

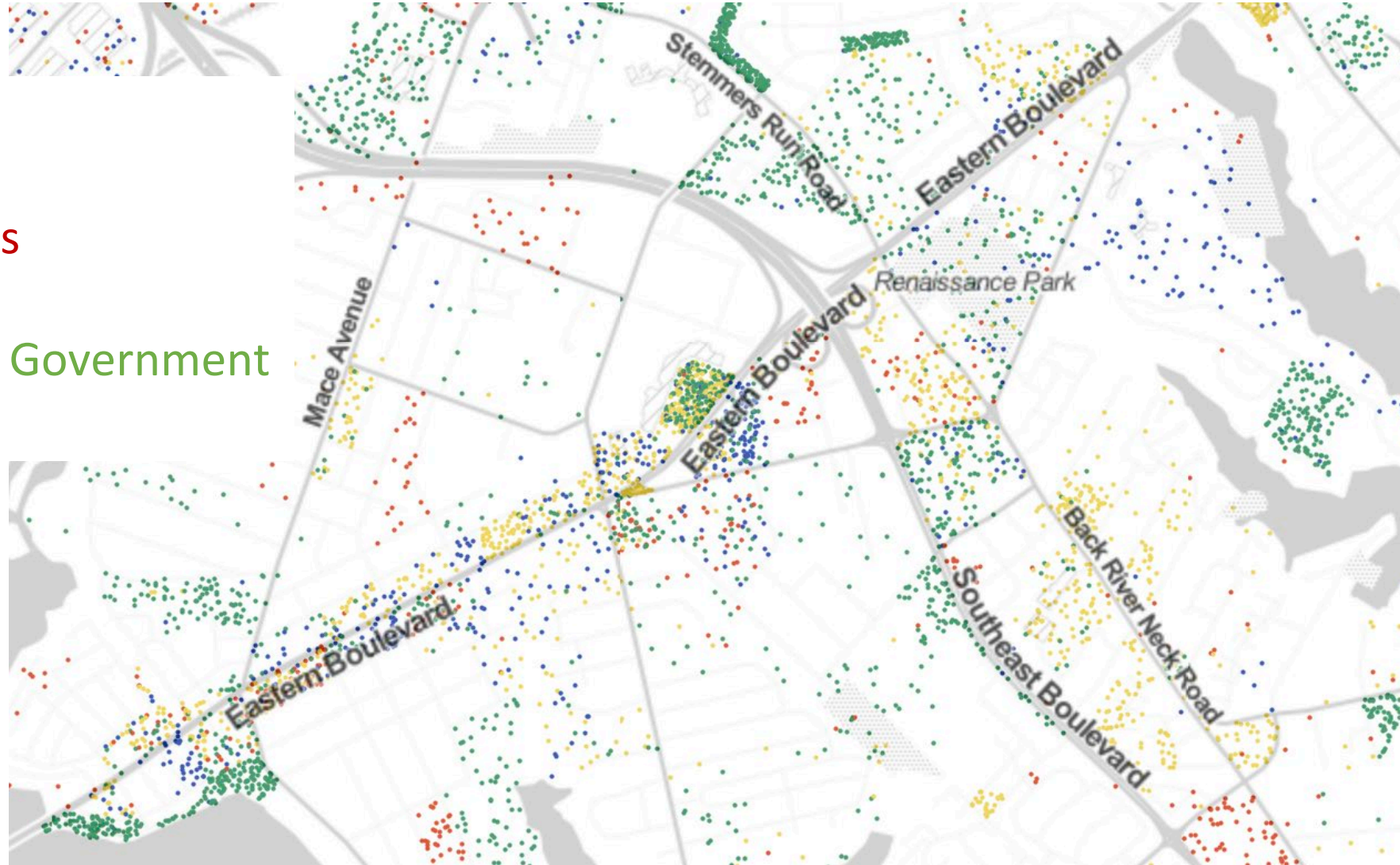
One Dot = One Job

Manufacturing and Logistics

Professional Services

Healthcare, Education, and Government

Retail and Other Services



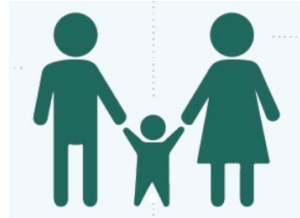
Source: "Where are the Jobs"
Employment in America, 2014



Demographics

Baltimore County

- 326,000 households
- 30% have children
- 40.1 median age
- \$72,000 median income
- 46% have college degree



Essex

- 16,000 households (5% of county)
- 33% have children
- 37.8 median age
- \$52,000 median income
- 22% have college degree

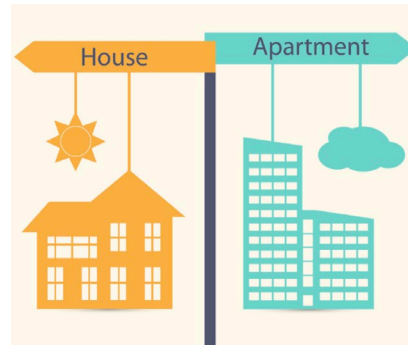
Source: Esri, 2018 data



Housing Demographics

Baltimore County

- \$274,000 median home value
- 62% owner occupied
- 5.6% vacant units



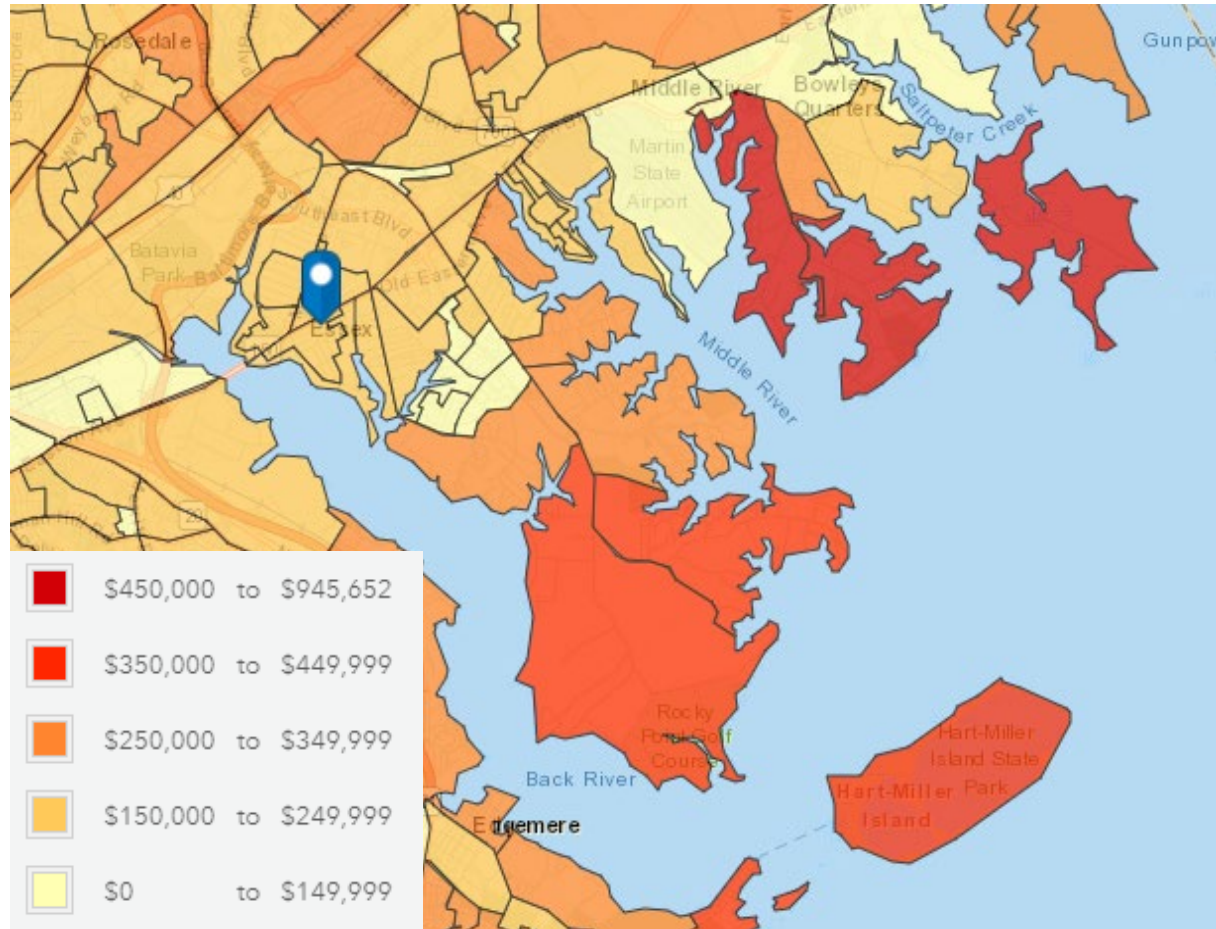
Essex

- \$205,000 median home value
- 51% owner occupied
- 6.9% vacant units

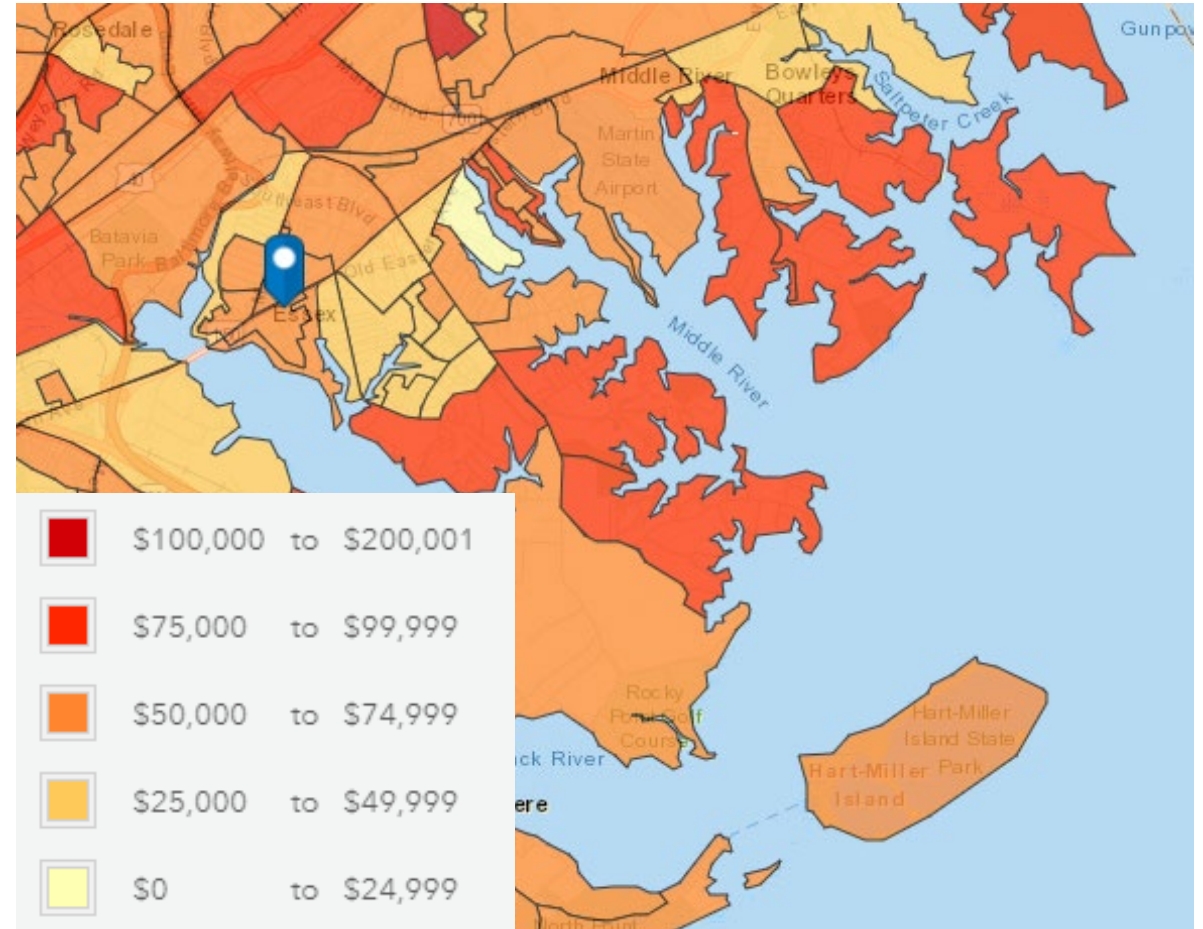
Source: Esri, 2018 data

Home Value and Household Income

Median Home Value in Essex

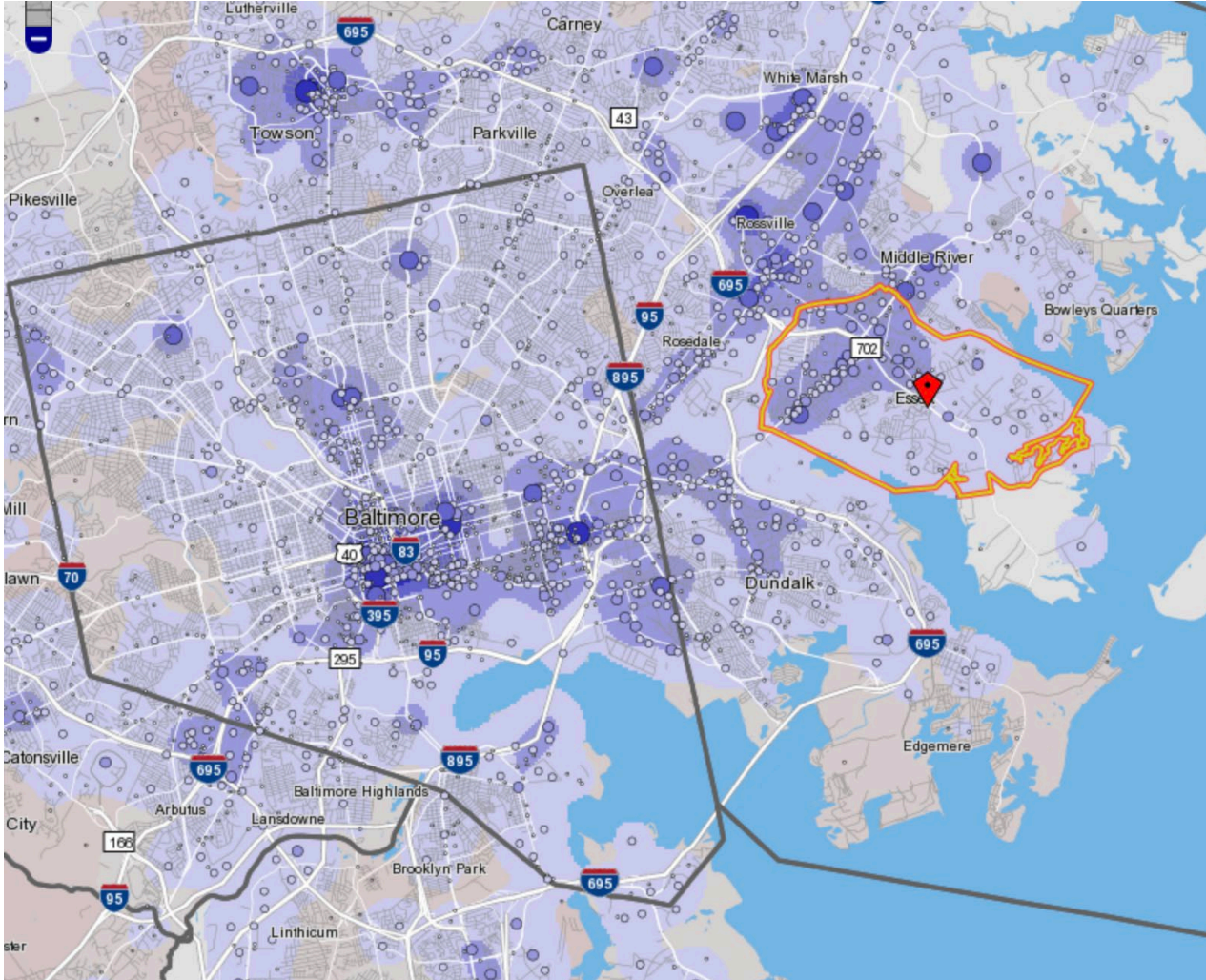


Median Income in Essex



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

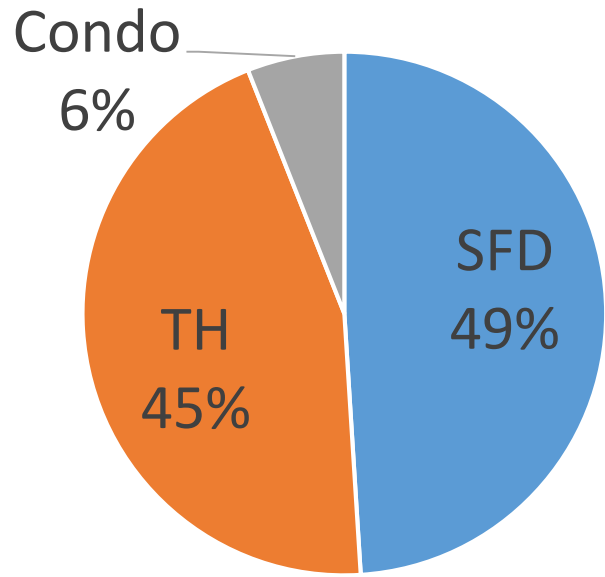
For-Sale Residential Analysis



Strong For-Sale Market in Essex

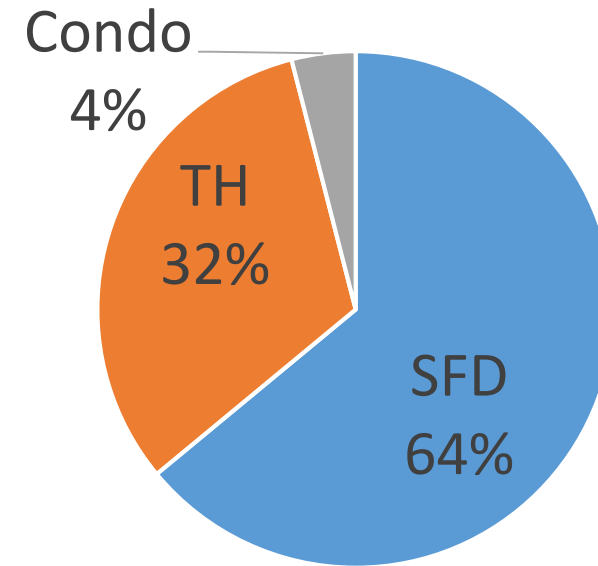
Baltimore County

- 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%)

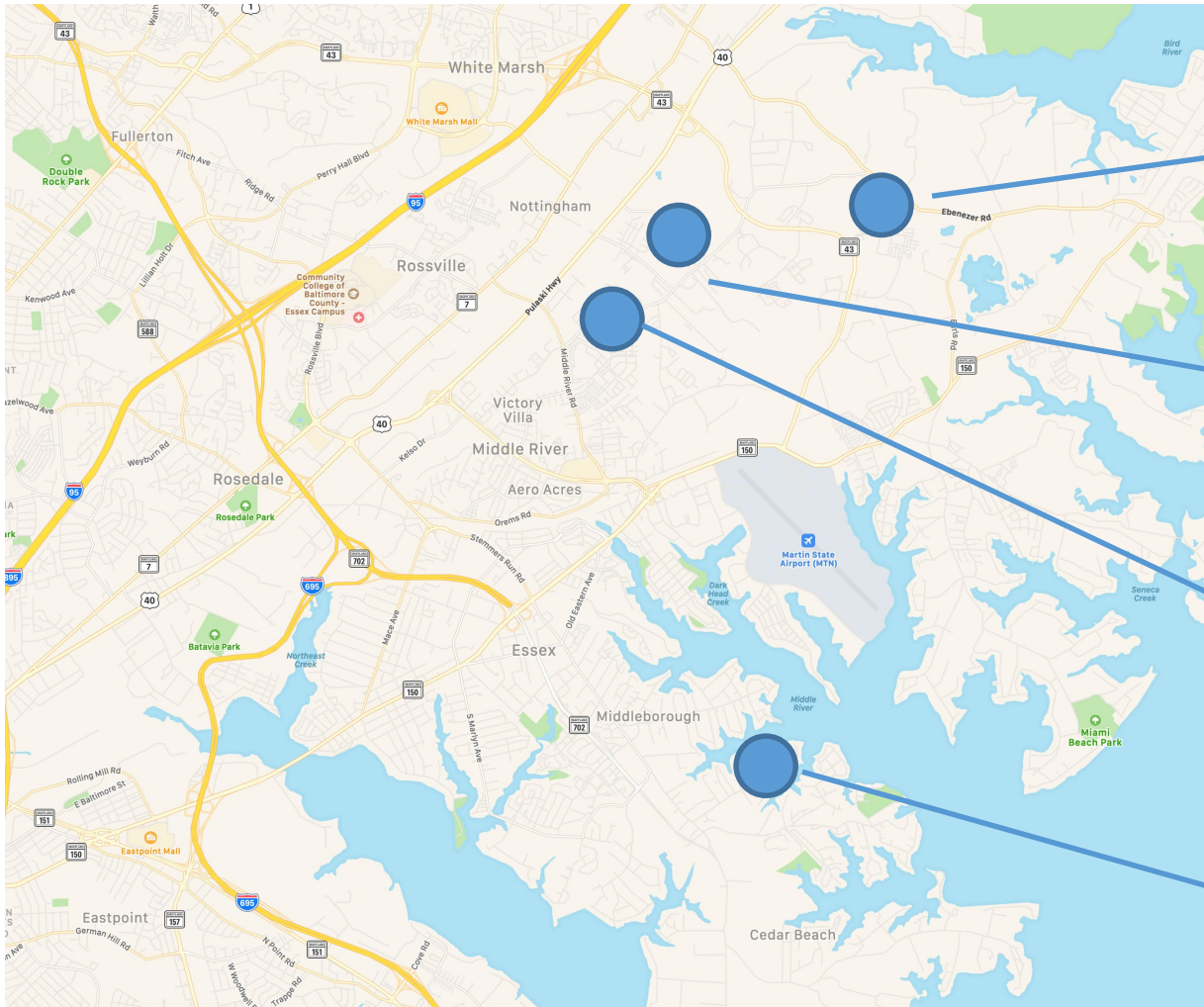


**Resales by type
last 3 years**

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

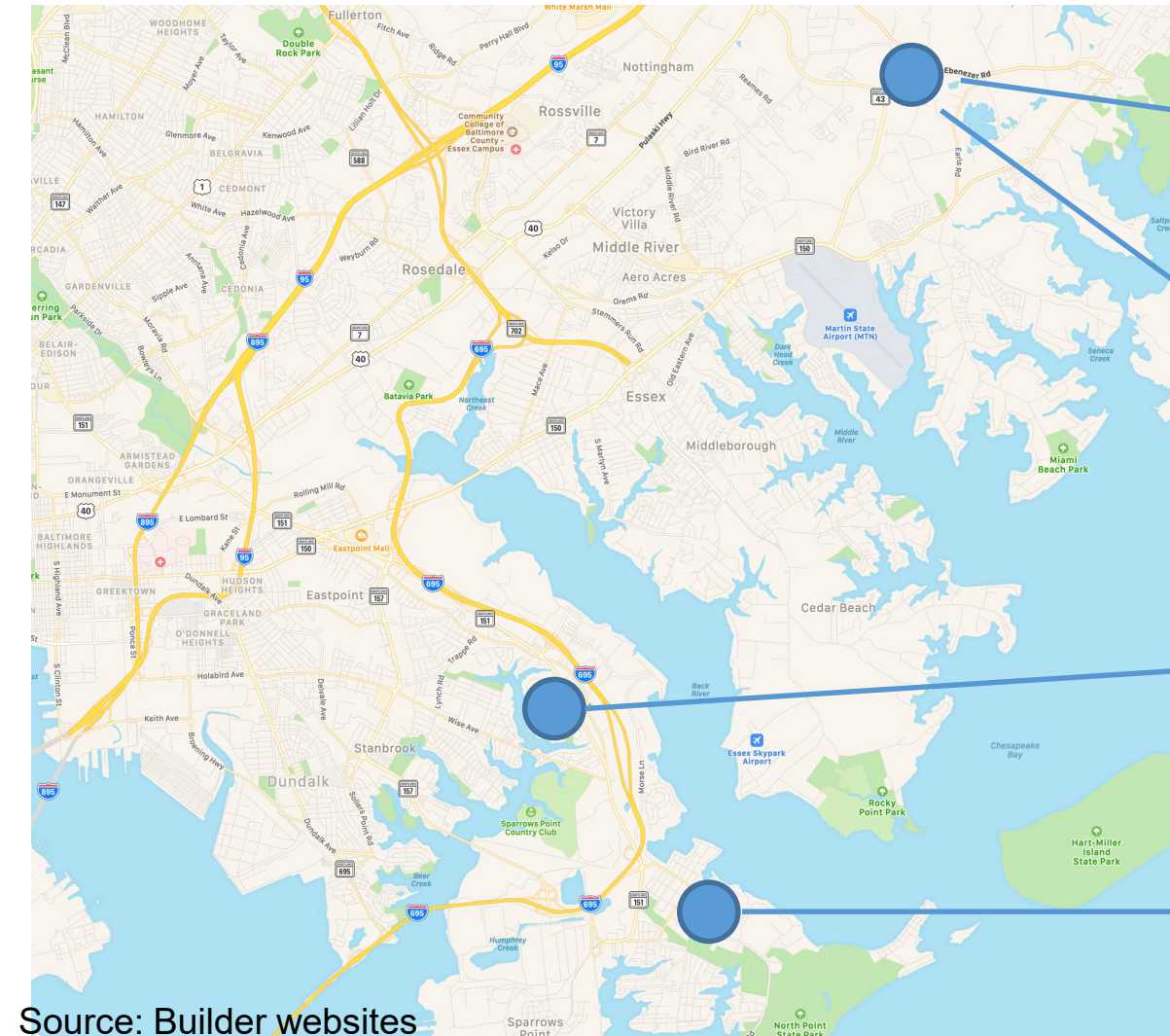
- Likely price positioning of new single-family homes in Essex
 - Below new at Greenleigh and similar to other new SFD in Essex



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)

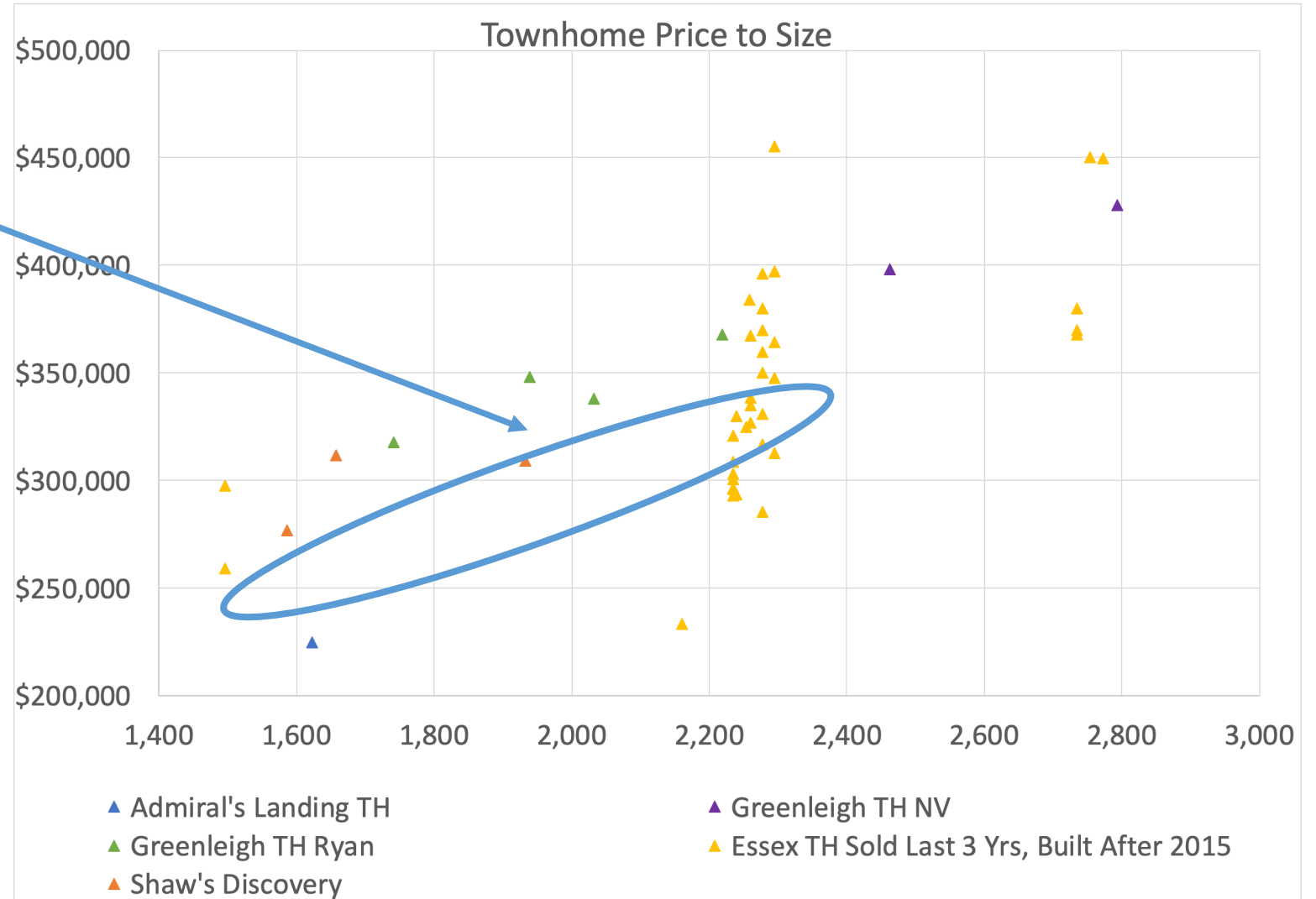


Source: Builder websites



Townhomes by Price and Size

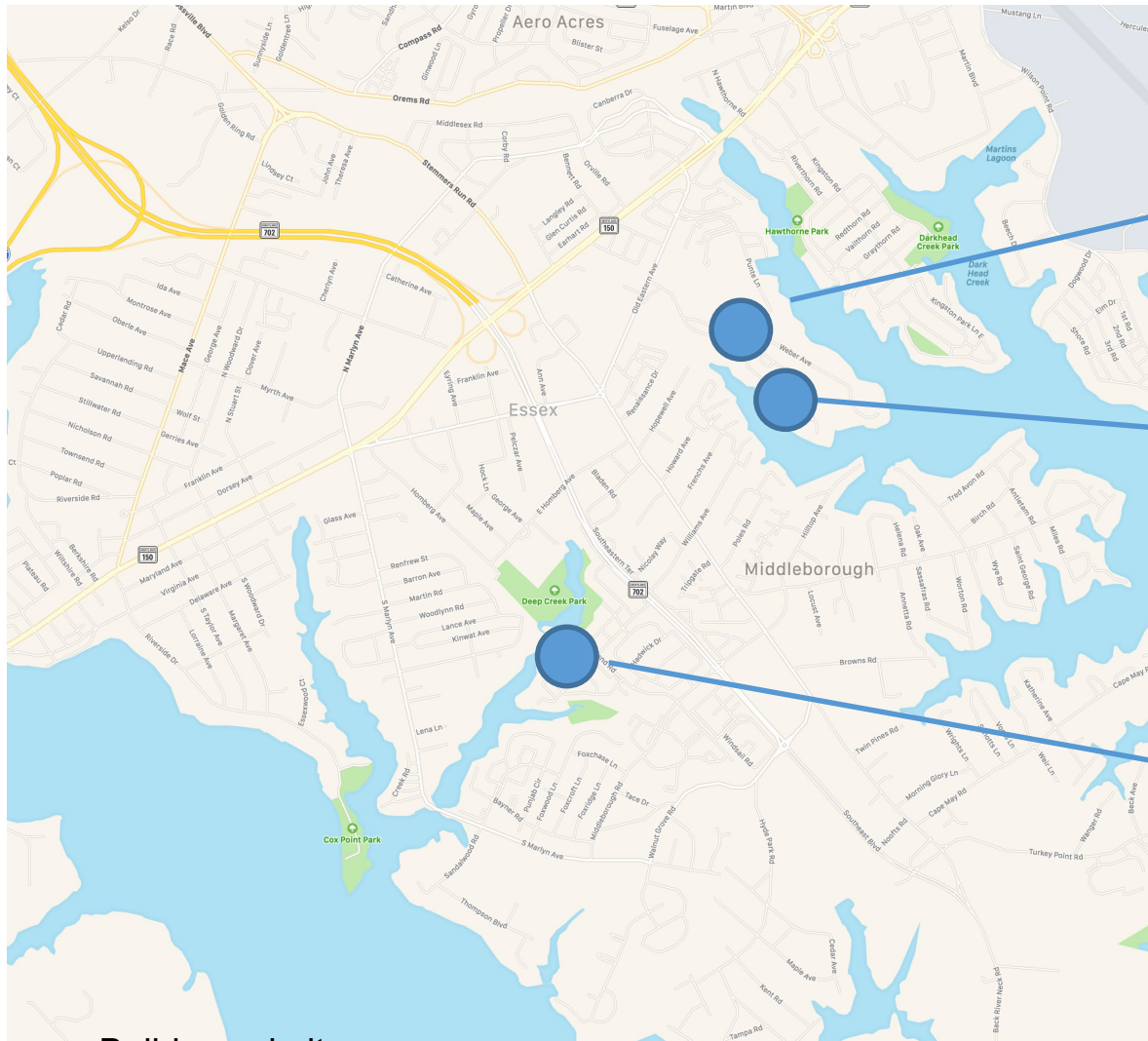
- Likely price positioning of new townhomes in Essex
 - Below new at Greenleigh and similar to other new townhomes in Essex and surrounding communities



Source: Builder websites



Resale Condos near Essex



Hopkins Landing (\$200k)

Hopewell Pointe (\$100k - \$200k)

Waterford Landing (\$100k and below)

Source: Builder websites



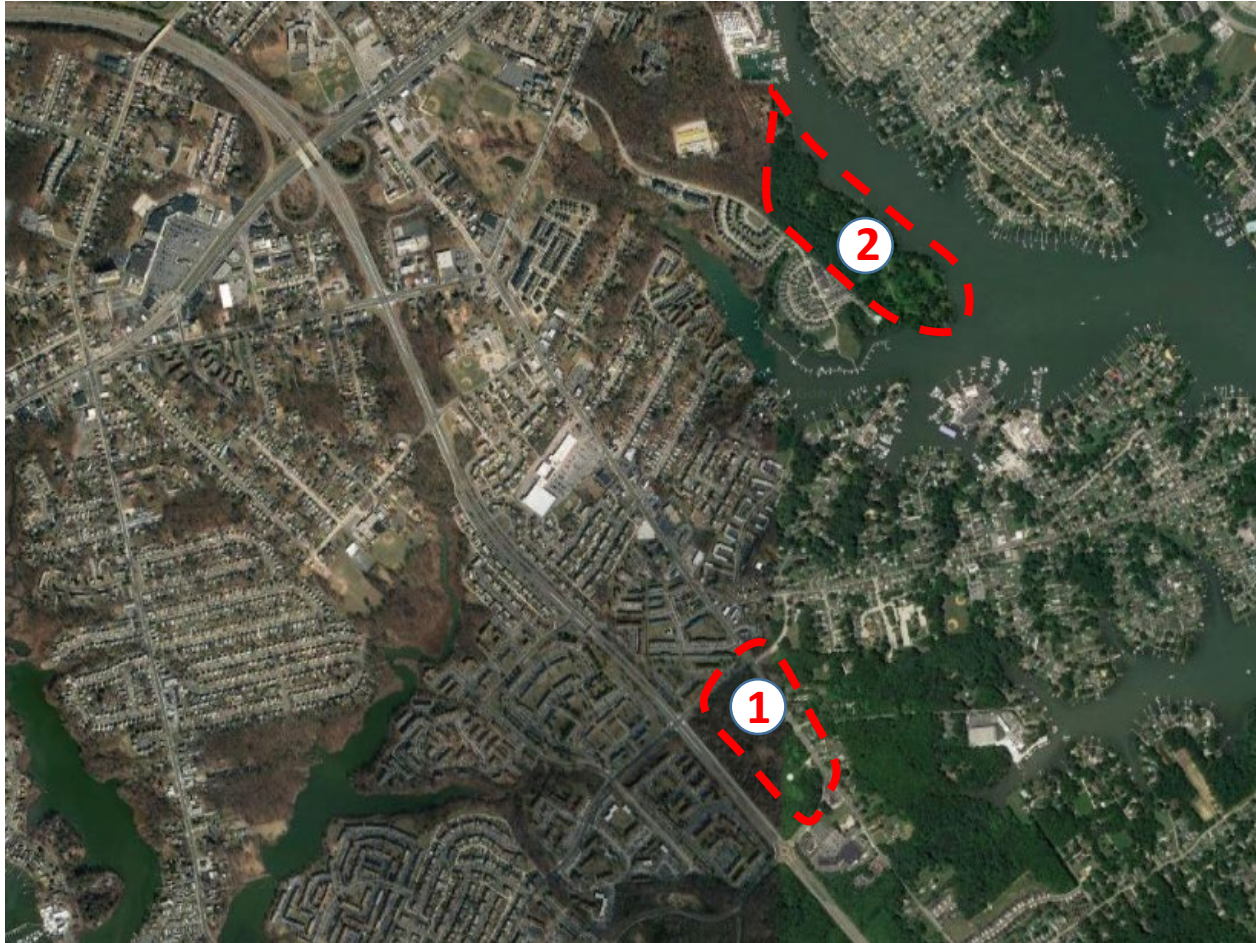
Condominiums by Price and Size

- 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



Source: Baltimore County

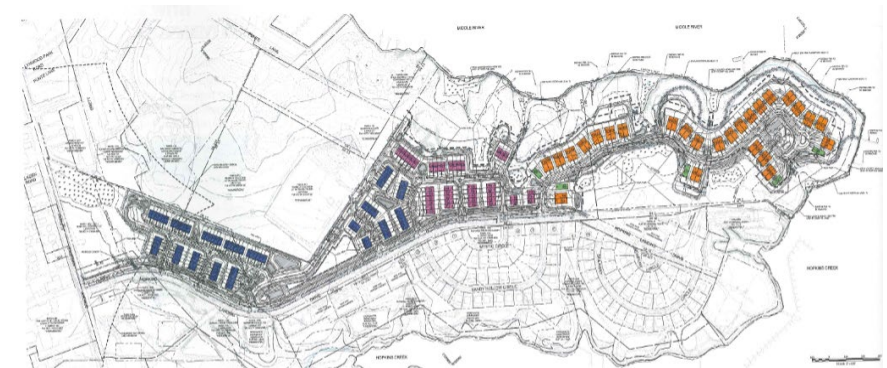
1 - Hyde Park Overlook

Single family houses and townhomes, vacant greenfield, 24 acres



2 - Water's Landing

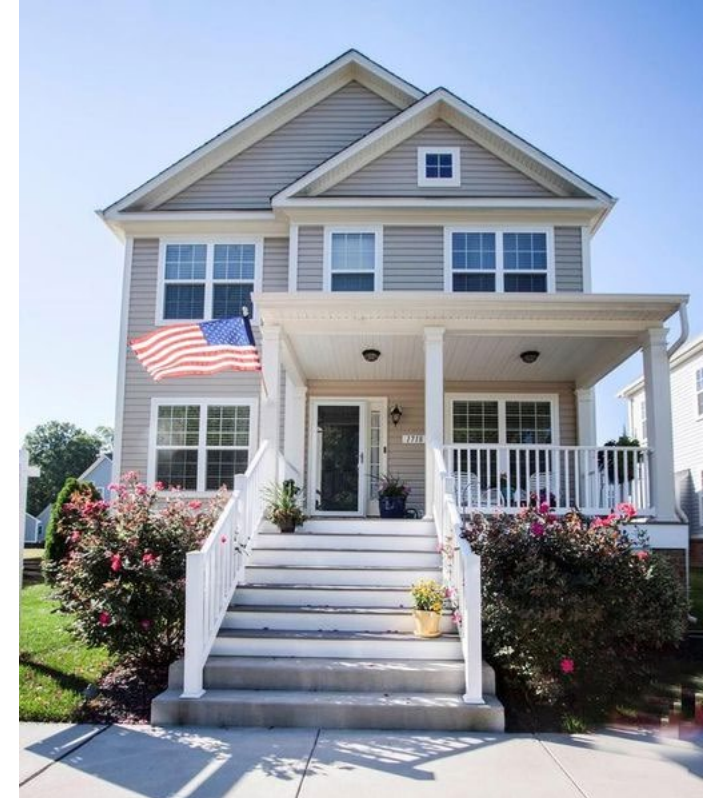
Middle River PUD, vacant greenfield





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



Essex Apartment Market

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”



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

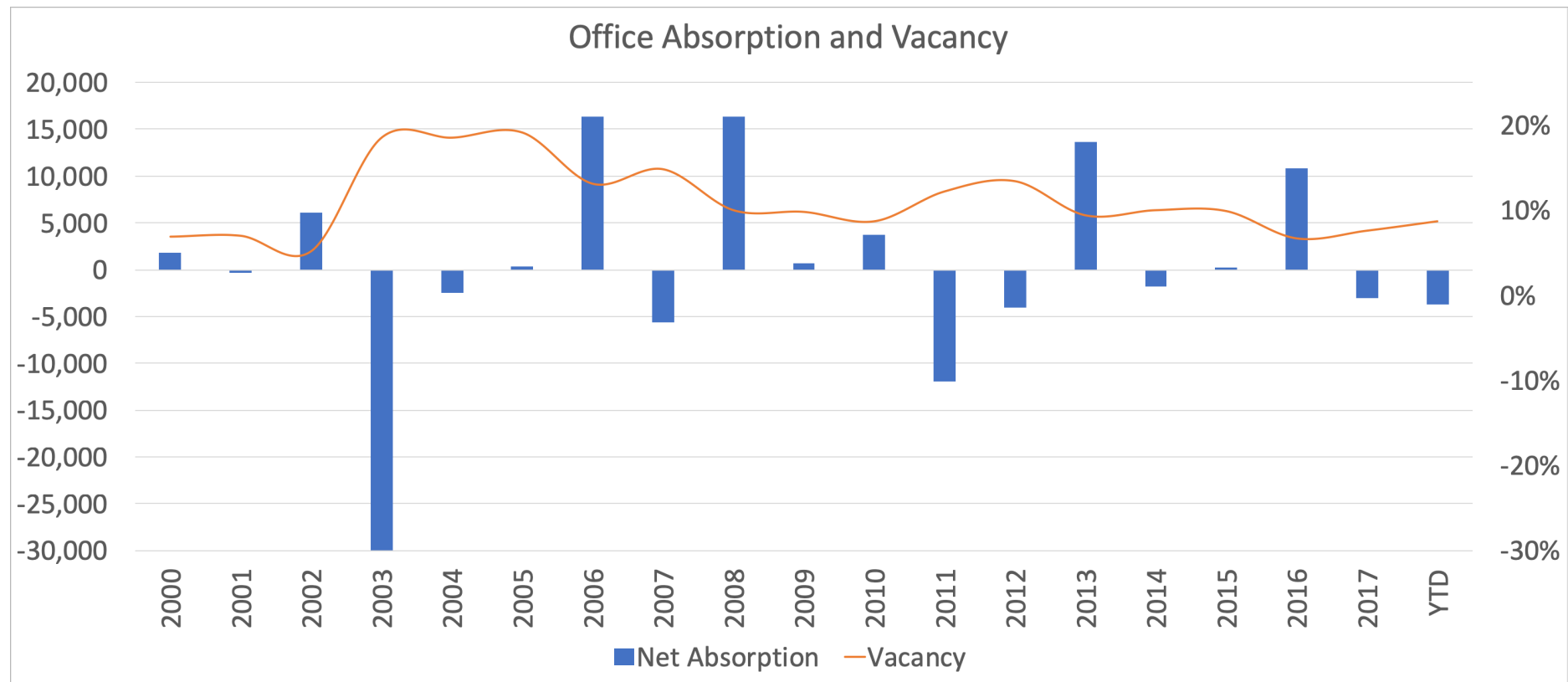


Office Analysis



Total Office Market in Essex

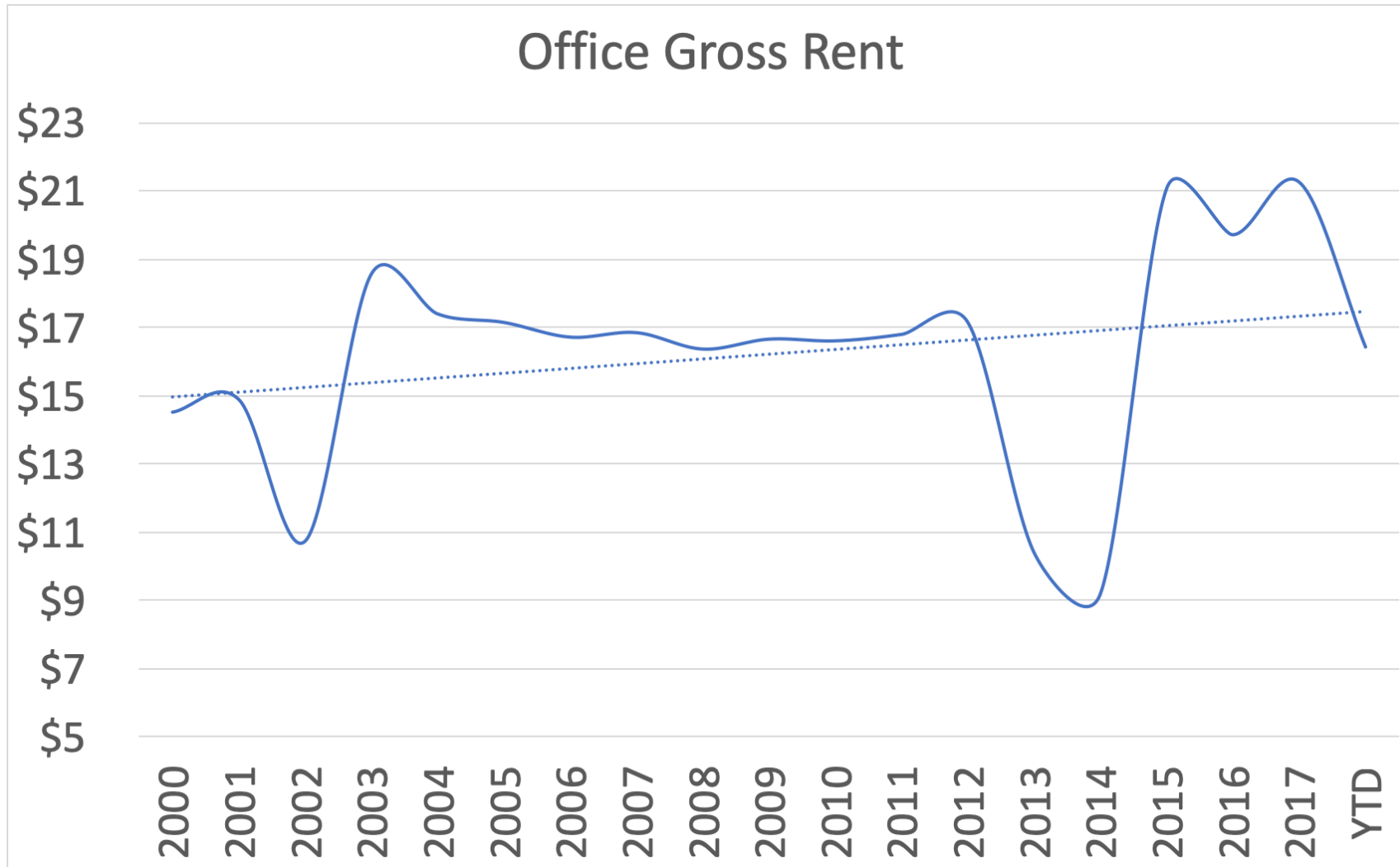
- 340,000 sf total
- no new office product delivered since 1994
- -20,000 sf of absorption since 1994
- 9% vacancy rate



Source: CoStar, UMD License



Office Rents are Volatile, but have Trended Up



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

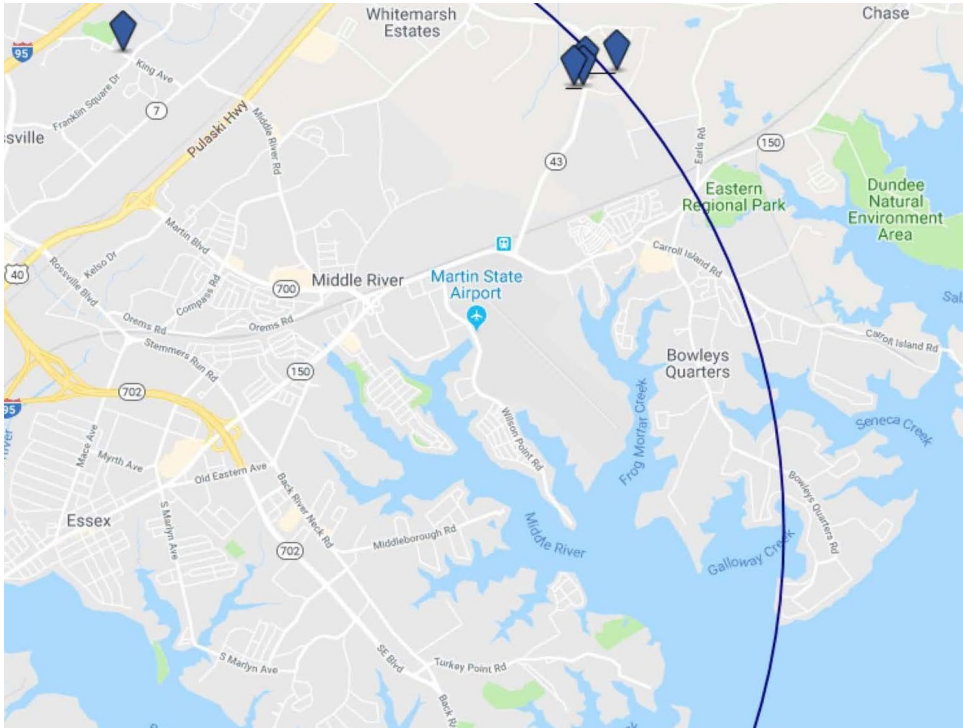


Source: CoStar, UMD License



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

- 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

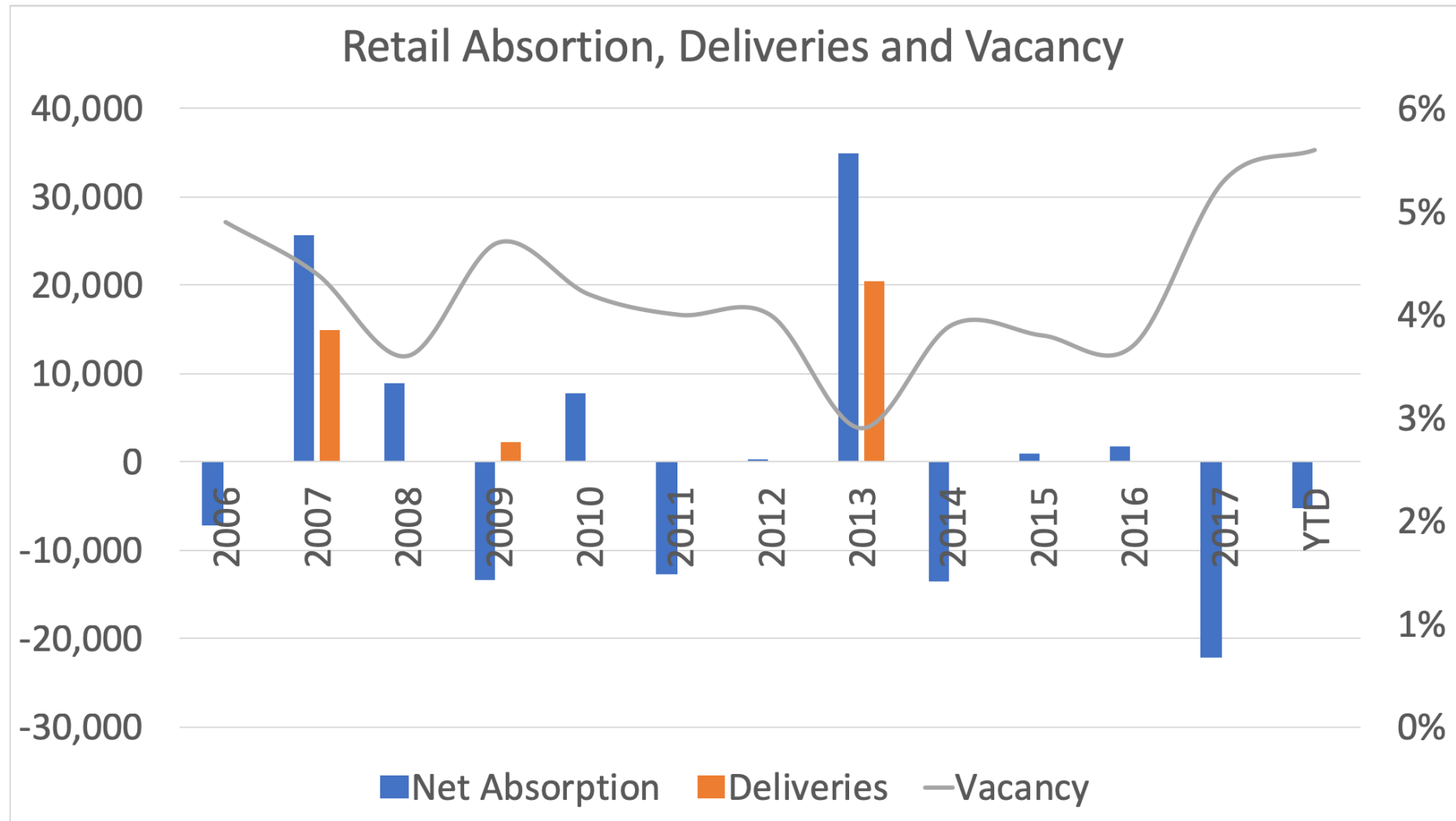


Retail and Restaurant Analysis



Retail Market in Essex

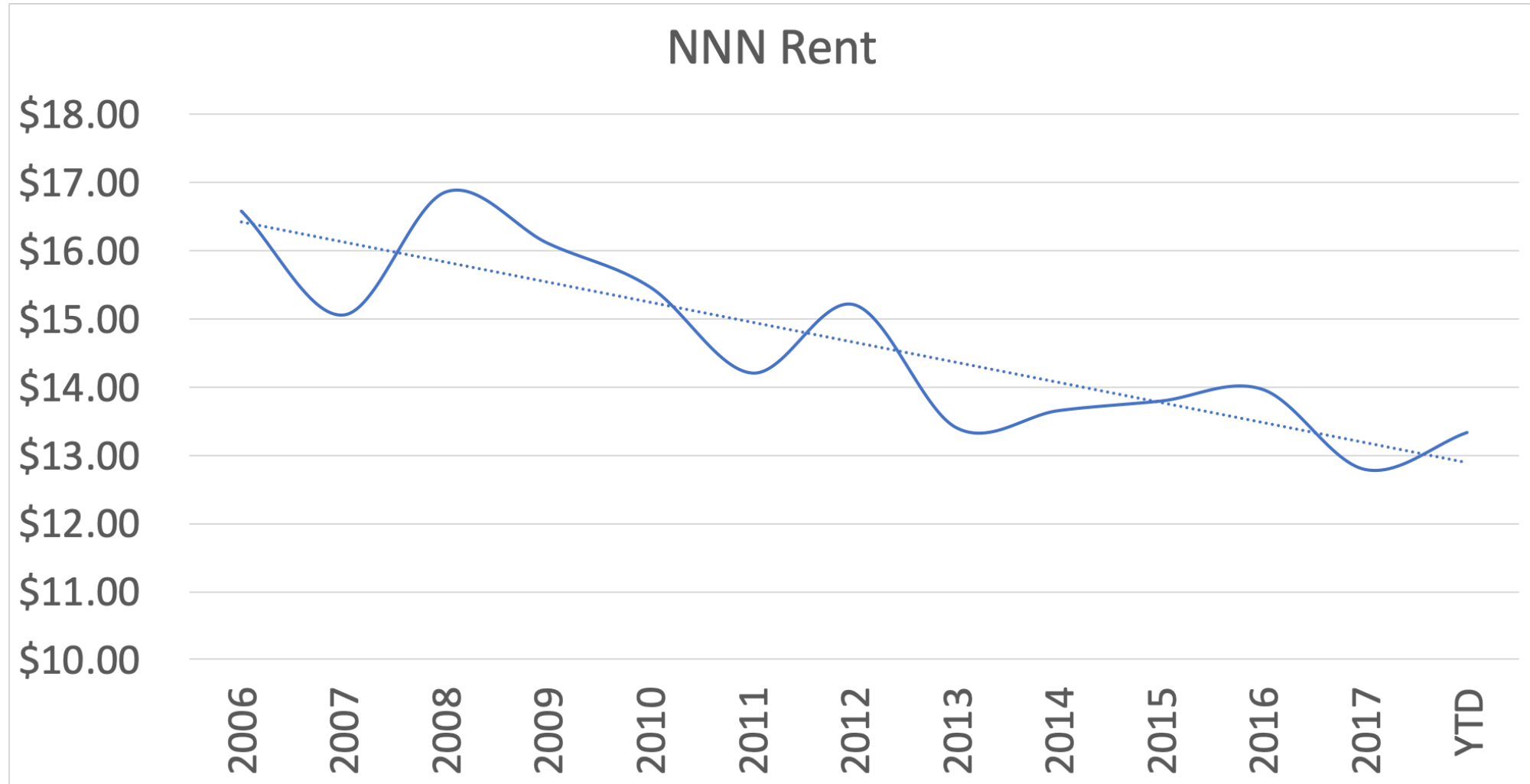
- 1.4M sf total
- since 2006, only 6,000 sf of retail absorbed in market
- when new product delivered, it's absorbed
- increasing vacancy rate



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

| 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, Essex-area retail would be \$20-\$25/sf
- older retail tends to have lower lease rates

Source: CoStar, UMD License

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- The map displays the following townships and their boundaries:
- Dorchester (DR):** DR 1, DR 2, DR 3, DR 4, DR 5, DR 6, DR 7, DR 8, DR 9, DR 10, DR 11, DR 12, DR 13, DR 14, DR 15, DR 16, DR 17, DR 18, DR 19, DR 20, DR 21, DR 22, DR 23, DR 24, DR 25, DR 26, DR 27, DR 28, DR 29, DR 30, DR 31, DR 32, DR 33, DR 34, DR 35, DR 36, DR 37, DR 38, DR 39, DR 40, DR 41, DR 42, DR 43, DR 44, DR 45, DR 46, DR 47, DR 48, DR 49, DR 50, DR 51, DR 52, DR 53, DR 54, DR 55, DR 56, DR 57, DR 58, DR 59, DR 60, DR 61, DR 62, DR 63, DR 64, DR 65, DR 66, DR 67, DR 68, DR 69, DR 70, DR 71, DR 72, DR 73, DR 74, DR 75, DR 76, DR 77, DR 78, DR 79, DR 80, DR 81, DR 82, DR 83, DR 84, DR 85, DR 86, DR 87, DR 88, DR 89, DR 90, DR 91, DR 92, DR 93, DR 94, DR 95, DR 96, DR 97, DR 98, DR 99, DR 100.
 - Barnstable (BL):** BL 1, BL 2, BL 3, BL 4, BL 5, BL 6, BL 7, BL 8, BL 9, BL 10, BL 11, BL 12, BL 13, BL 14, BL 15, BL 16, BL 17, BL 18, BL 19, BL 20, BL 21, BL 22, BL 23, BL 24, BL 25, BL 26, BL 27, BL 28, BL 29, BL 30, BL 31, BL 32, BL 33, BL 34, BL 35, BL 36, BL 37, BL 38, BL 39, BL 40, BL 41, BL 42, BL 43, BL 44, BL 45, BL 46, BL 47, BL 48, BL 49, BL 50, BL 51, BL 52, BL 53, BL 54, BL 55, BL 56, BL 57, BL 58, BL 59, BL 60, BL 61, BL 62, BL 63, BL 64, BL 65, BL 66, BL 67, BL 68, BL 69, BL 70, BL 71, BL 72, BL 73, BL 74, BL 75, BL 76, BL 77, BL 78, BL 79, BL 80, BL 81, BL 82, BL 83, BL 84, BL 85, BL 86, BL 87, BL 88, BL 89, BL 90, BL 91, BL 92, BL 93, BL 94, BL 95, BL 96, BL 97, BL 98, BL 99, BL 100.
 - Other Townships:** BR (Bristol), MA (Malden), ML (Methuen), MH (Milton), BM (Barnstable), RC (Rockport), PC (Plymouth), and others.



Conclusions and Recommendations

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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



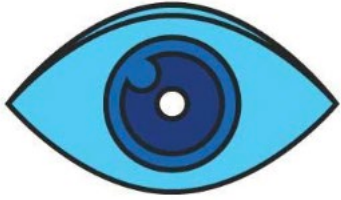
Encourage Mixed-Use

address walkability and retail
oversupply

create value

Source: VectorStock, Vecteezy

Critical Success Factors

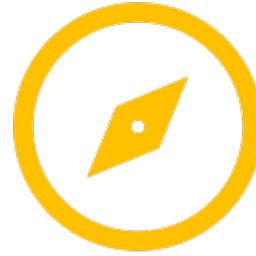


Improve Image

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 Pointt 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



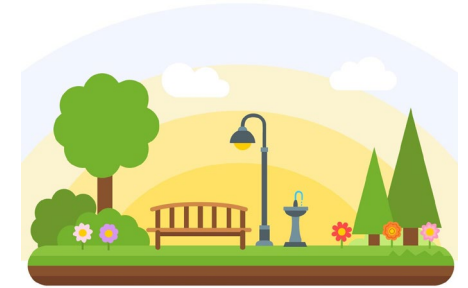
Improve Transportation

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

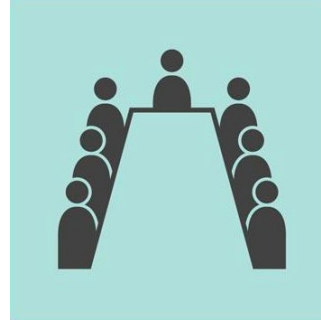


Use Sustainable Communities Designation

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



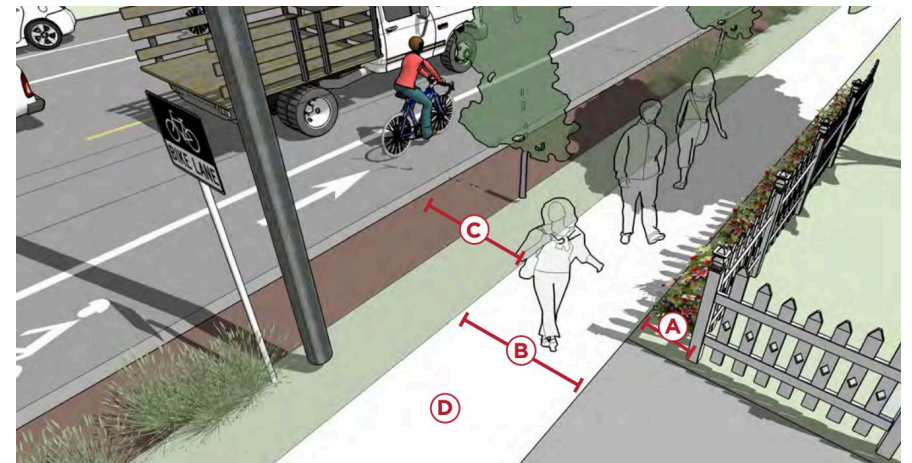
Road Improvement Examples



702 and Hyde Park Road



Center Median

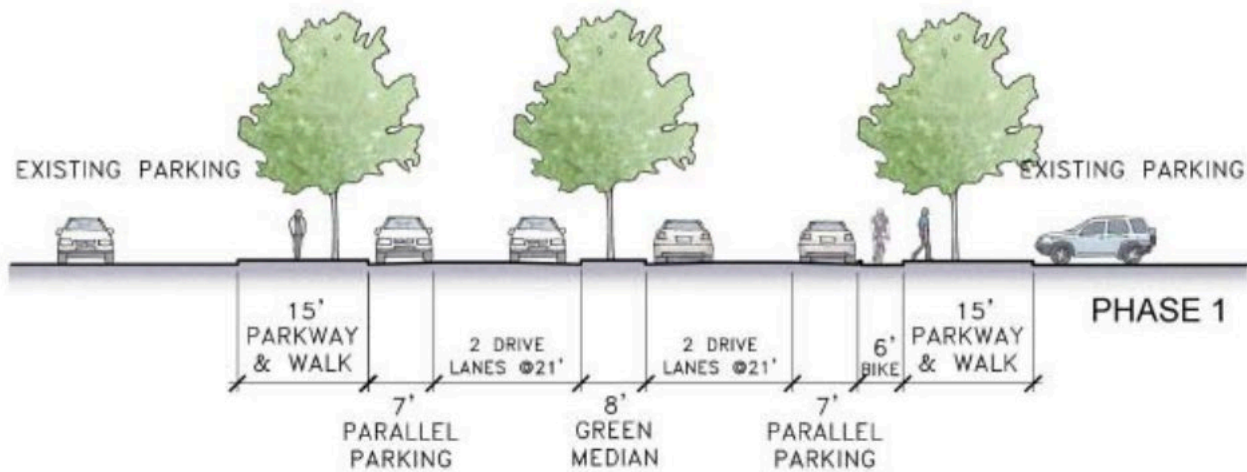
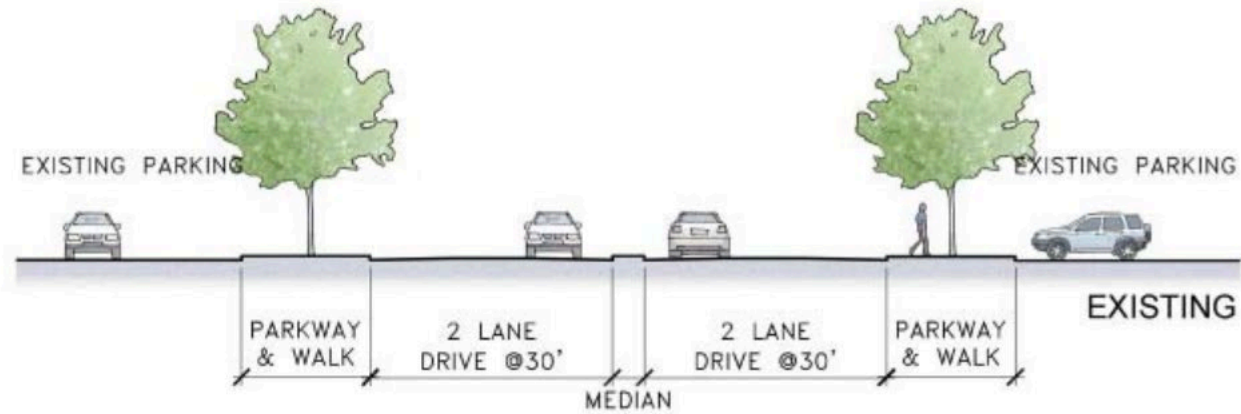


Sidewalks

Sources: HKGi, Hampshire County, MA



2020 Master Plan



Sources: Baltimore County Master Plan 2020



2020 Master Plan



Sources: Baltimore County Master Plan 2020



Summary of Recommendations by Land Use

| Land Use | Short-Term | Long-Term | Key Considerations | Demand Potential to 2035 |
|----------------------------|------------|-----------|--|--|
| for-sale TH and 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 and rehab existing neighborhood centers, need new residents for new retail | +/- 15,000 SF every 10 years w/ new residents and removal of old |
| office | weak | weak | consolidate office, stop spread of residential conversion | “Lightening strike” demand at 0-40,000 sf |



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