



Essex Market Study Corridor One

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The Town of Essex and Baltimore County would like to determine the marketability of different land uses along the Eastern Boulevard and Back River Neck Road corridors. The Eastern Avenue corridor runs between Back River Neck Road on the west and Martin Boulevard on the east. The Back Neck Road corridor runs from Eastern Avenue to Middleborough Road.

Students divided into teams to work on a market study for various corridor segments. Corridor One runs along Eastern Avenue from Back River Road to S.E. Boulevard. Corridor Two runs from S.E. Boulevard to Martin Boulevard. Corridor Three runs along Back River Neck Road from Eastern Boulevard to Middleborough Road.

This report focuses on Corridor One, the first portion of the Eastern Boulevard corridor.

Study Area

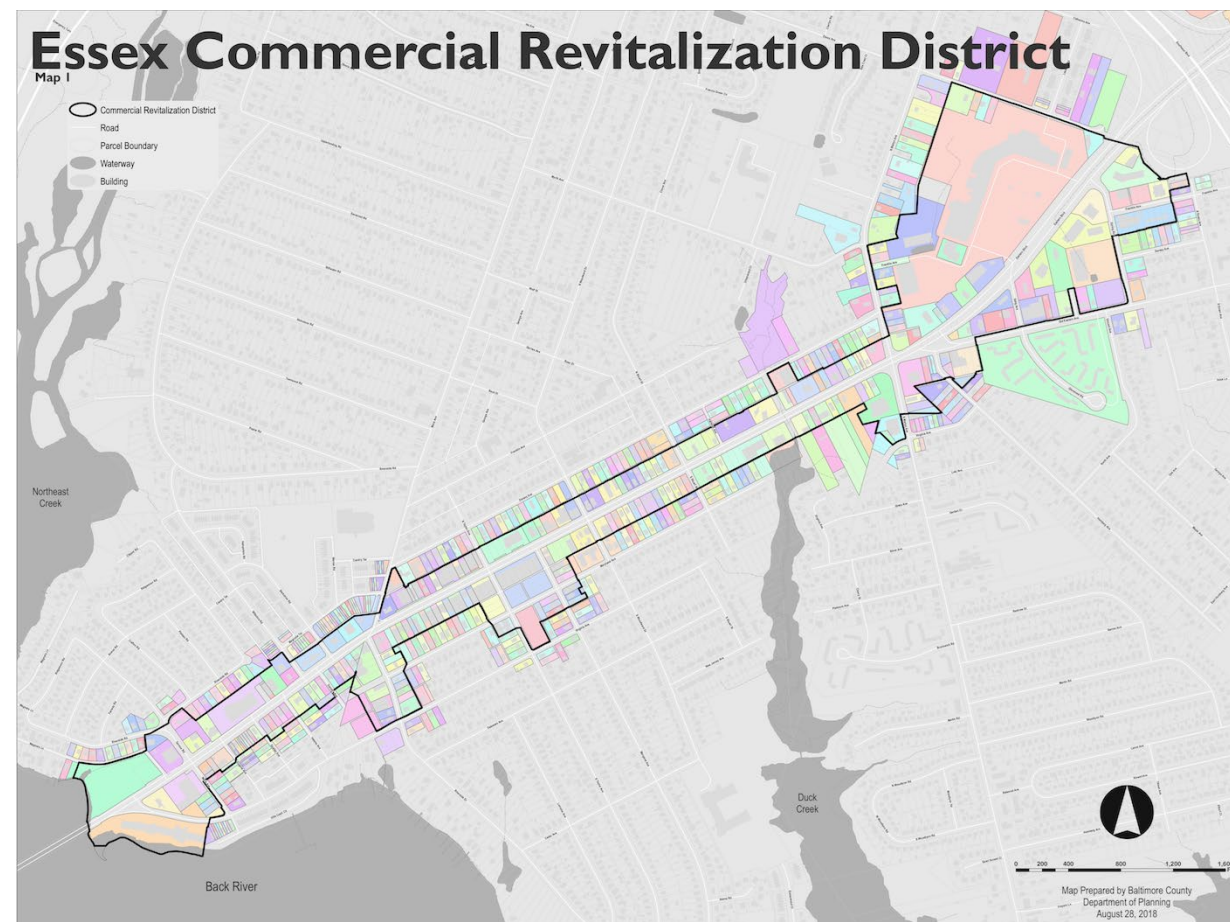


An important component of any land use planning, zoning, public investment prioritization, or design work is understanding the underlying market dynamics that shape an area's potential.

This market study will help determine what types of development can be supported in Essex. The focus is on creating recommendations that are realistic and implementable.

The study's objectives are to:

- determine the market opportunity and support for various land uses (retail, office, for-sale residential, and for-rent residential) in Essex
- understand the target market for each land use and determine the likely depth of demand for each.
- provide recommendations on pricing, timing, market, and absorption for each of the land uses.



The Master of Real Estate Development degree (MRED) at UMD takes a comprehensive and multi-disciplinary approach to real estate education, addressing all facets of the industry from planning to property management, finance to construction. The students are taught to develop for a Quadruple Bottom Line—not only for the financial bottom line, but more broadly for Economic Viability, Environmental Respect, Social Responsibility, and Beautiful Design.

Data for this project was collected between September and December 2018, and has not been updated since that time.

During the first phase of the class, students collected and analyzed background information including a site analysis, demographic and economic analysis, residential analysis, commercial analysis, to complete a statistical demand model.

During the last half of the class, students consolidated their information into one set of recommendations and a market report for each site or corridor.

Task 1:
Project Kick-Off
& Site Visit

Task 2:
Area Analysis

Task 3:
Demographic
and Economic
Analysis

Task 4:
Residential
Market Analysis

Task 5:
Retail and Office
Market Analysis

Task 6:
Conclusions and
Recommendations



CONCLUSIONS AND RECOMMENDATIONS



CORRIDOR ONE - OVERALL OPPORTUNITIES

LAND USE	SHORT TERM OPPORTUNITIES	LONG TERM OPPORTUNITIES	STRENGTHS	CHALLENGES	KEY CONSIDERATIONS	DEMAND POTENTIAL TO 2035	KEY TENANTS/ BUYERS/ RENTERS
FOR SALE SFD	Weak or no opportunity due to limited land	Acquisition and redevelopment of existing housing stock	Established residential fabric	Little to no available land, high crime and poverty rates, high traffic, dated housing stock	Proximity to Baltimore City, water frontage	Essex captures 5% of Baltimore County SFD home sales annually, with a demand of 300+ homes to 2035	Millennials and Gen X, working class, commuting to Baltimore City or surrounding areas
RETAIL	Streetscape improvements will improve perception	Potential household growth from TradePoint Atlantic could increase retail demand; Institute renovation standards	Street frontage and parking Visibility	Households can't support new retail or national chain big box stores	Pursue traffic pattern study to include roundabouts, green space study, public transportation expansion and reduce existing retail	Market demand growth can support up to approximately 31,000 SF by 2035.	Local Essex households support retail along Eastern Boulevard south of Route 702
HOTEL	The demand for a new hotel in the immediate future is very weak	Potential jobs and added population from nearby pending developments could add demand for a hotel in the area	There have been a handful of new builds in the Eastern Submarket in the past 18 years, most of the others are outdated	The area's population and jobs are increasing too slowly to support a hotel in the near future	TradePoint Atlantic and Greenleigh will have a large impact on the demand for a hotel in the area	Demand is limited however, there may be an opportunity for a new hotel by 2035	Family and family friends would be the main types of guests
OFFICE	The demand for new office product in Essex is very limited	Future demand is minimal for office product	Accessible location, well served by public transit	Shallow, narrow lots with individual owners limits opportunity for traditional office development	Future opportunities for medical office and service oriented office may exist	Demand is very limited for new office product in Essex	Medical office and service oriented
INDUSTRIAL	Limited or no short-term opportunities	Limited or no long-term opportunities	Accessibility and location near new developments	Small lots with physical barriers to developing large scale projects	TradePoint Atlantic is an industrial oriented project with potential to spur demand in this sector	Demand is projected to remain soft in future years	N/A



CONCLUSIONS AND RECOMMENDATIONS

SINGLE-FAMILY DETACHED HOMES

The market for single-family detached homes along Corridor One is established. If the land can be found or existing properties can be acquired and assembled, the demand for new SFD product in Essex exists and would support 15-20 new moderately-sized homes annually in the \$300k price range.

OFFICE

The Essex office market is less than 350,000 SF. No new product has delivered in the past five years and absorption is consistently low. There is minimal demand for new office product. If new office product were to be developed it would likely be priced at \$23-26 per square foot. Future opportunities may exist for medical offices in Essex, but it is unlikely new office space would be developed in Corridor One.

HOTEL

There are limited short- and long-term opportunities for a hotel, which is dependent on new job opportunities in adjacent areas. There is a current project in the pipeline in Greenleigh and demand for a new hotel might only support one by 2035. If a hotel were added to the Essex area, the rack rate would be around \$80 per night based on the area and comparables.

INDUSTRIAL

The Essex industrial market is limited. Inventory has remained at 1,363,968 square feet for over five years, with negative net absorption for the last four years. There is no industrial product in Corridor One and the physical characteristics of the lots are a challenge to future development. The Essex market would likely support market rent of \$5-\$6/square foot for industrial properties.

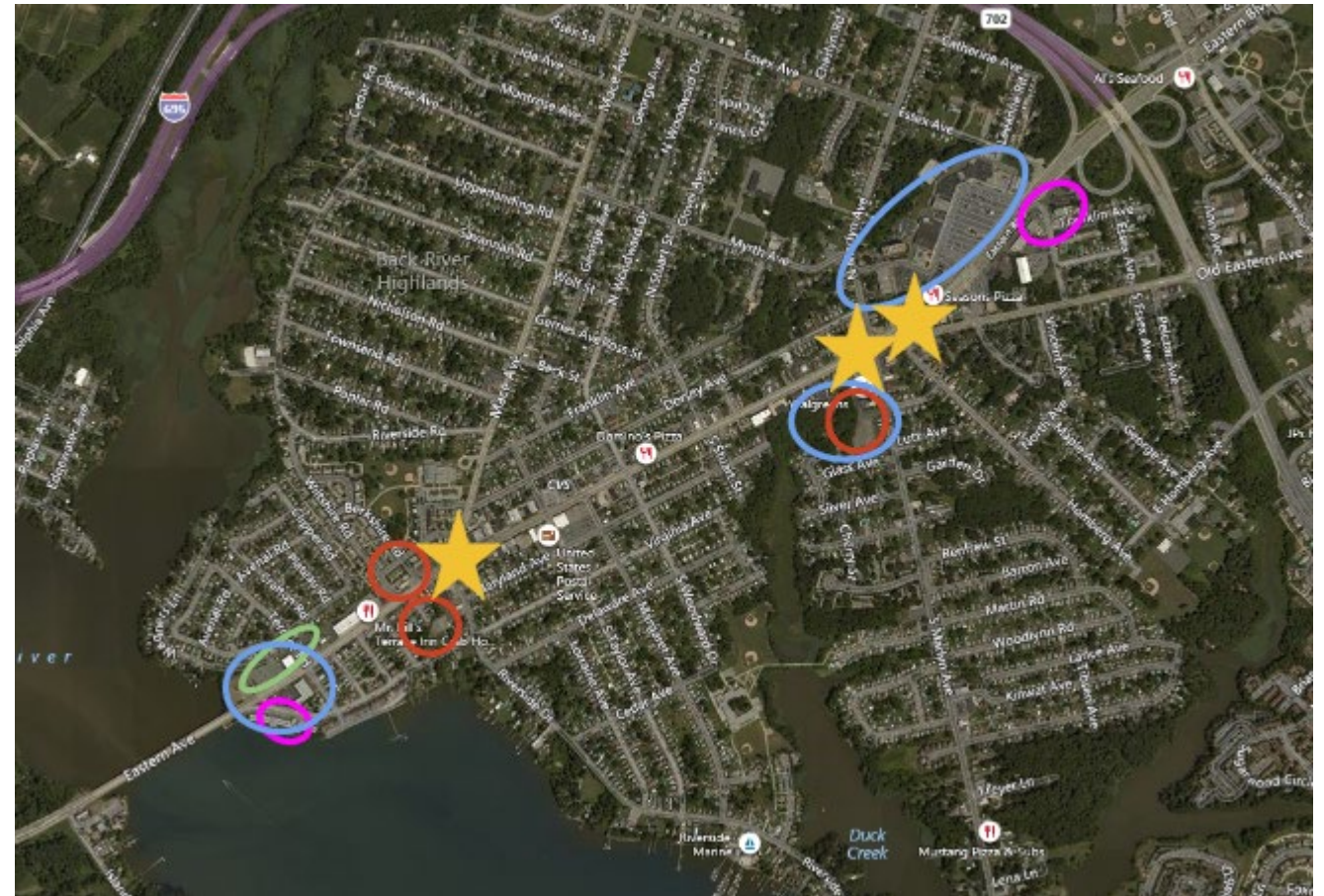
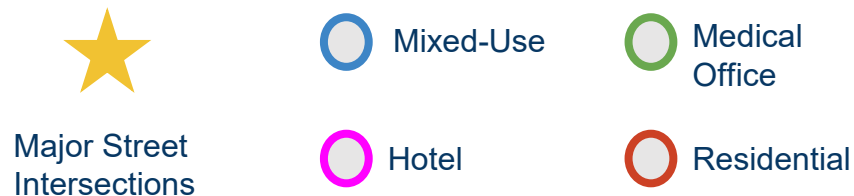
RETAIL

There is limited demand for locally-serving retail over the next 15 years, approximately 31,000 square feet. Short-term retail expansion is not recommended based on low annual demand—approximately 2,000 square feet. Existing retail is outdated, with low sales of \$165/square foot compared to national average of \$358/square foot. HH can not support retail growth while maintaining existing establishments. Reducing the existing retail square footage is necessary to increase retail per-square-foot income. If retail were to be developed in Corridor One, it would likely be priced at \$20-25/square foot based on comparable data.

The study area has redevelopment according to the long-term demand and the influence of Tradepoint Atlantic and Sparrows Point new development sites. The older and outdated buildings on Eastern Boulevard south of Route 702 could be rezoned as mixed use for commercial, retail, and office including some residential units to meet community needs. Corridor One has the potential to capture green space along Eastern Boulevard and provide easy access to nearby waterways.

In the short-term, a Corridor One traffic study should include location of roundabout(s), no left turns from primary roads, and optimizing safe street parking.

Also, there are areas along Corridor One with strong potential for streetscape improvements to enhance existing large contiguous land for redevelopment. The map illustrates those locations and identifies major road intersections.



Critical Success Factors

To facilitate redevelopment in Corridor One, Essex, the State of Maryland, Baltimore County and other stakeholders should focus on the following critical success factors



Create value and facilitate connections—Corridor property is low value. To increase its value, it’s necessary to identify other uses, connected to each other, for parcels between key intersections.

Market alone won’t likely turn the corner for high-value employment opportunities. It’s necessary to start with key parcels and help migrate current uses to high-value employment. The City can help by identifying parcels, working with owners to rezone them, and in certain cases, assemble key parcels.

Create focal points in the Corridor and encourage opportunities for mixed-use and walkable environments.

Help **assemble the land**—identify landowners willing to participate, and work with them to assemble parcels big enough to attract larger users.

As sites are identified, **work with developers to maximize potential** by considering density, market, connections, and amenities—be creative in the use of zoning to ensure the City’s vision is executable.

Showcase existing businesses—The City should help them thrive, not just survive. Look for ways to help small businesses grow by promoting them to residents and in the media.

Create a marketing and branding campaign—an effective marketing slogan and branding campaign could attract more commerce to the area, supporting local businesses, the maritime community, and the city as a whole.

Use new financing tools—Traditional financing is often unavailable for projects in underserved communities. The financial community prefers tenants with a long history and a solid balance sheet—often absent in small local tenants. Explore options including a “soft” second mortgage or a nonprofit holding the land on a long-term lease.

Pay for infrastructure—Aging roads, sewers, street lights, electrical grid, and other utilities deter development. Completed projects rely on on-site improvements and connections to the community.

Source: ULI, Duggal Advisors

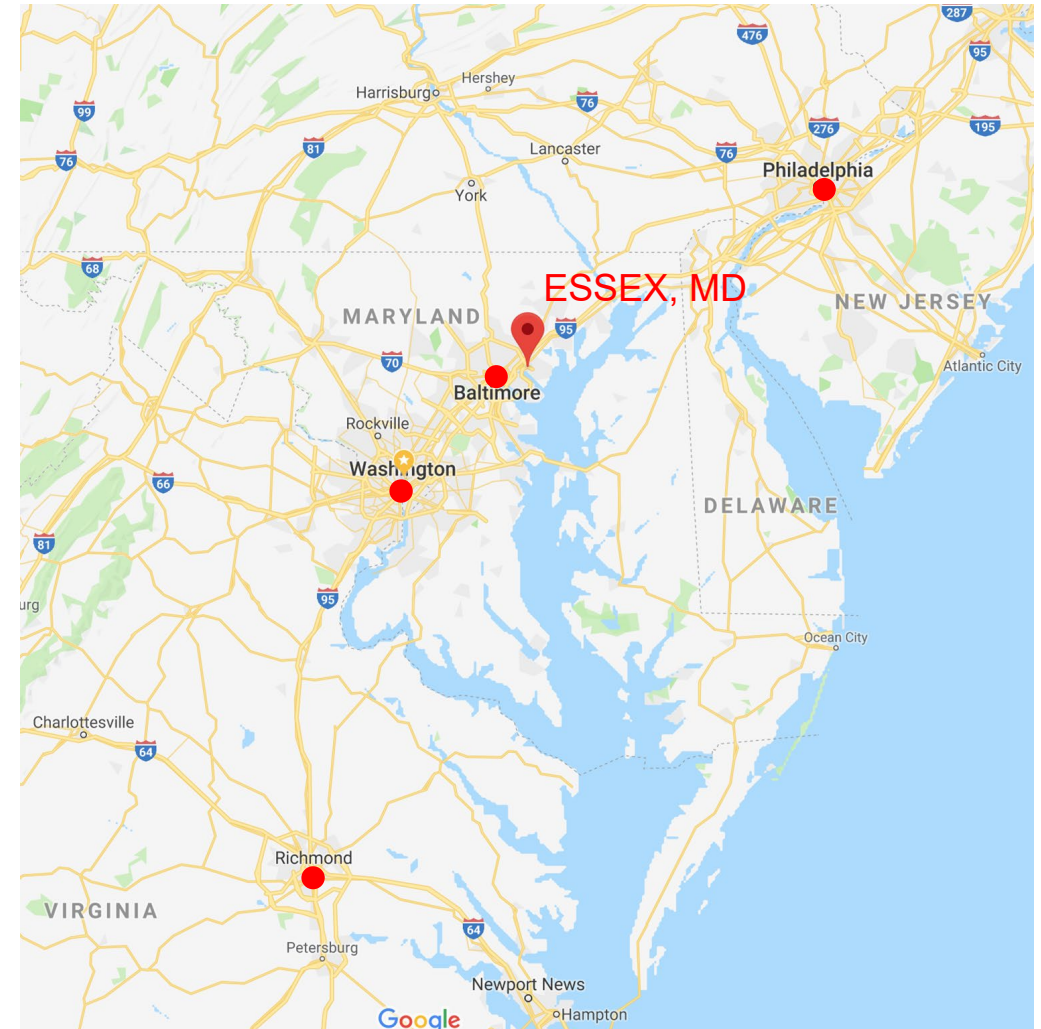
The subject area has immediate access to Interstate 95 and northern access to Route 702, providing direct connections to Philadelphia, Baltimore, Washington, D.C., and Richmond.

The community desires reimagining and investment. The Eastern Baltimore County Task Force has been established to identify and enforce solutions to crime, street clean-up, and design.

There are many community members interested in the area's success. Essex achieved Sustainable Community Designation for development, revitalization, and sustainability.

The corridor has a quaint, close-knit, small-town essence.

The waterfront is a unique community feature.





CORRIDOR ONE - CHALLENGES

Corridor One is lined with small, individually owned lots. The lot sizes make it difficult to accommodate large-scale development.

The subject area has limited parking, less than ideal traffic patterns, and accessibility issues due to the lack of strong pedestrian and cross connections.

The subject area lacks cohesion. Retail, restaurants, and offices are scattered along the corridor with single-family detached homes being used as commercial properties.

The subject area has aging properties of all types. There are many outdated properties and no construction projects in Corridor One.

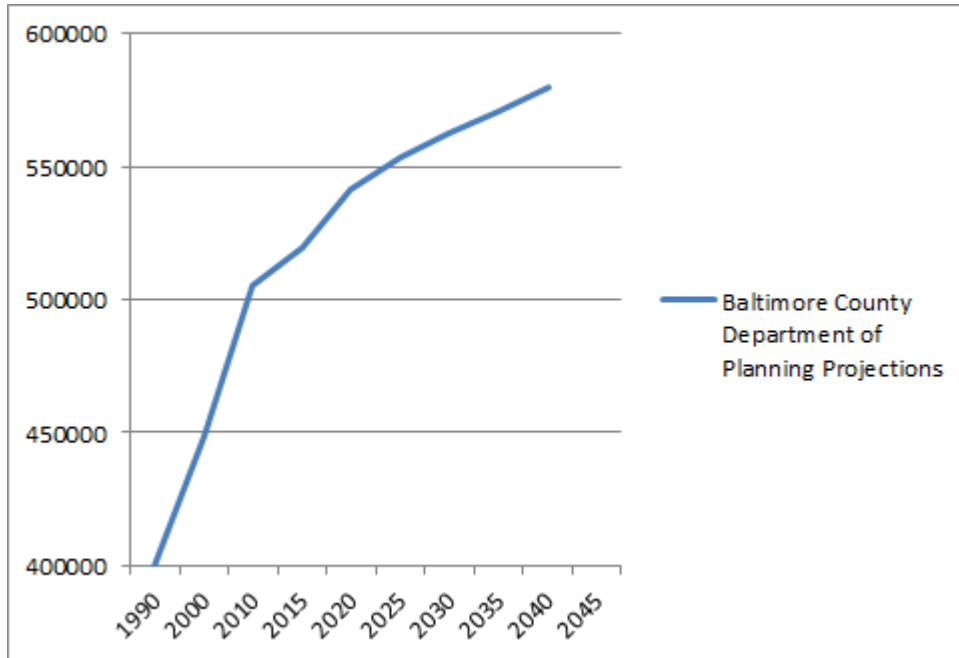




ECONOMIC AND DEMOGRAPHIC ANALYSIS



ECONOMIC SUMMARY - HISTORIC AND PROJECTED JOB GROWTH, DISTRIBUTION OF JOBS BY INDUSTRY

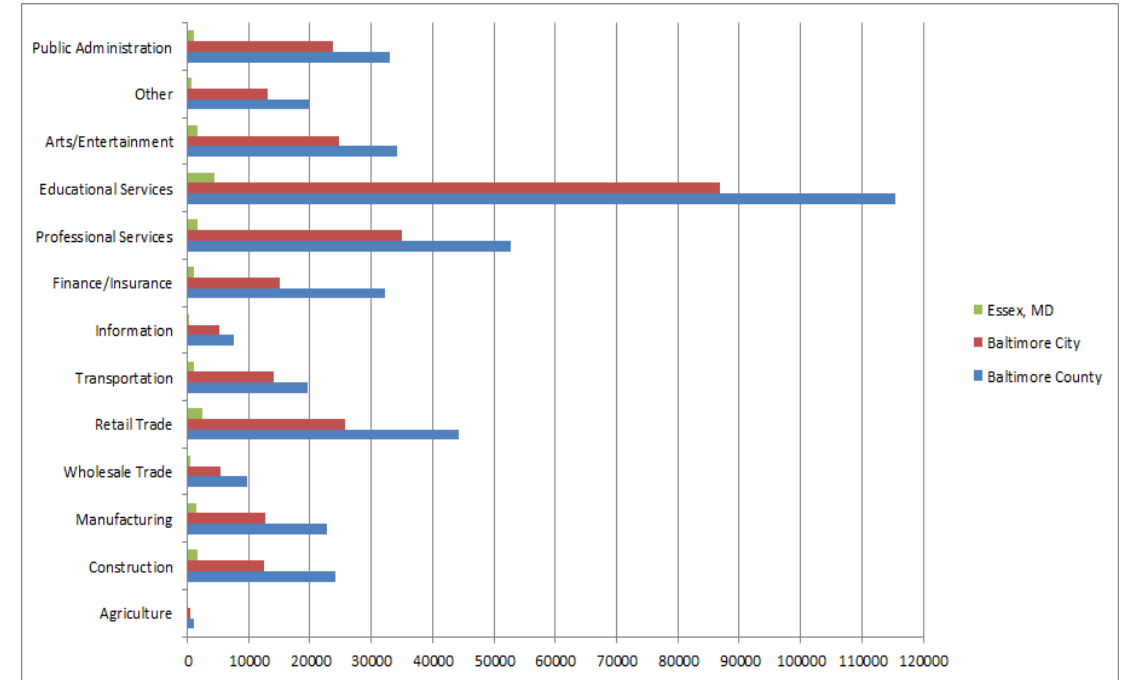


Source: Maryland Department of Planning

Baltimore County is the region's top job center and the State's second largest job center.

Baltimore County is projected to see 3-5% job growth every five years through 2045.

Employment activity in and around Baltimore (Baltimore County and Baltimore City) continues to grow, but at a slow pace.



Source: US Census Bureau 2012-2016 American Community Survey 5 Year Estimates

Education and Health Services are the dominant industries in Baltimore County, Baltimore City, and Essex.

Retail is the second largest industry in Essex.

Education, health services, and retail industries are typically lower paying jobs.



ECONOMIC SUMMARY - LARGEST EMPLOYERS

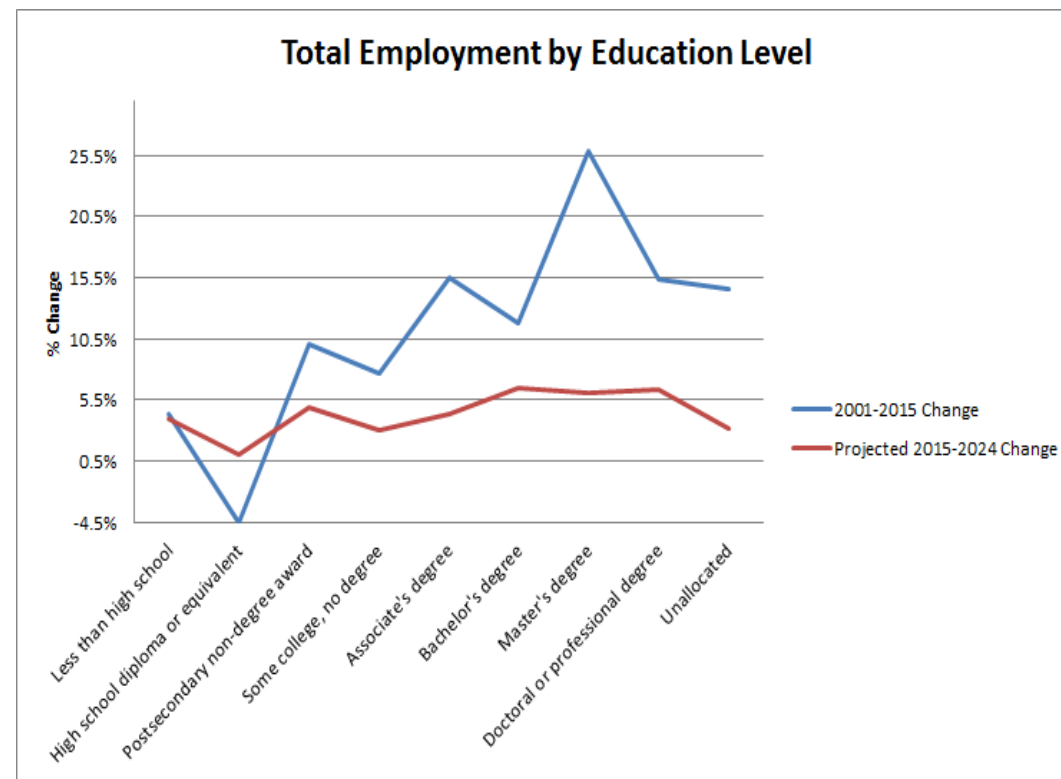
Baltimore County's Largest Employers

<u>Company</u>	<u>Employees</u>	<u>Business</u>
Social Security Administration	15,345	Federal Government
T.Rowe Price	4,200	Financial Services
Greater Baltimore Medical Center	3,900	Hospital
MedStar Franklin Square Hospital	3,900	Hospital
University of Maryland, Baltimore County	3,612	University

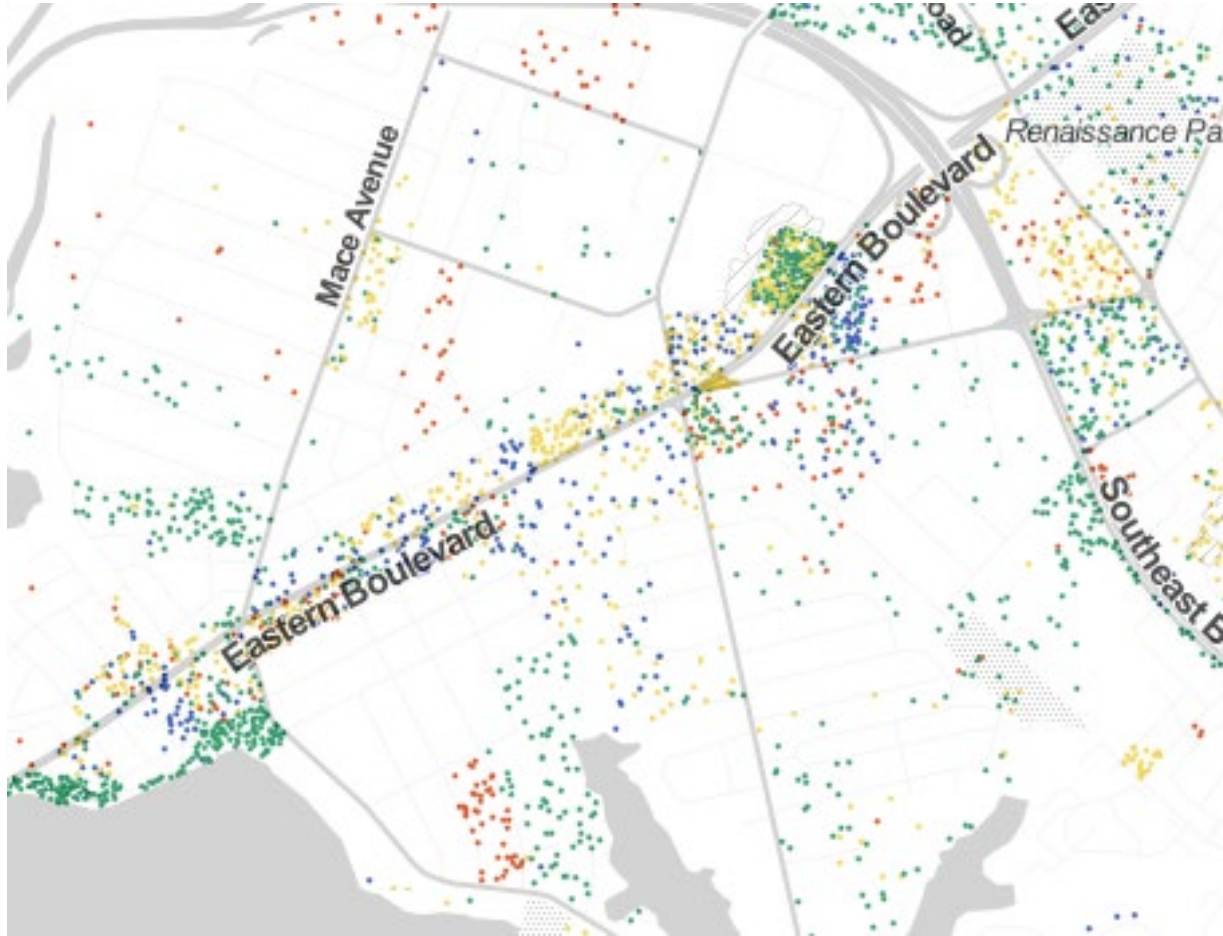
Source: Baltimore County Department of Economic and Workforce Development

Baltimore County has experienced employment growth requiring higher levels of education since 2001. Employment opportunities for higher skilled jobs have increased and are projected to continue through 2024. Conversely, employment in lower skilled jobs has decreased, including jobs requiring a high school diploma or equivalent.

Baltimore County Total Employment by Education Level



Source: Baltimore County Department of Economic and Workforce Development



Source: Robert Manduca

Essex has a high concentration of jobs in the retail and hospitality industries. Many of those jobs are clustered along Eastern Avenue in Corridor One.

Health care and education are two other industries in Essex.

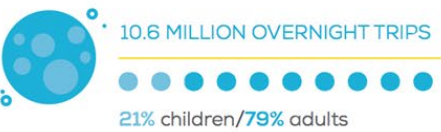
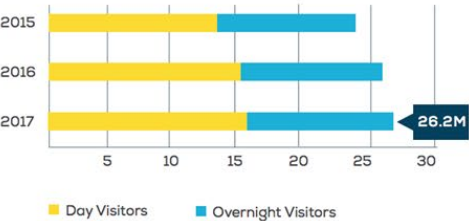
One Dot = One Job:

- Manufacturing and Logistics
- Professional Services
- Healthcare, Education, and Government
- Retail, Hospitality, and Other Services

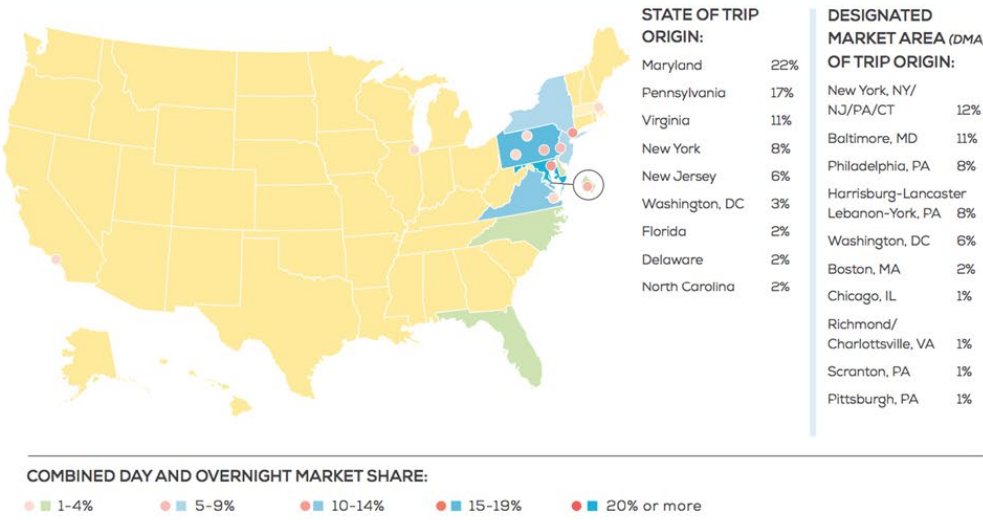


ECONOMIC SUMMARY - TOURISM

Number of domestic visitors



Visitor demographics (day & overnight)



Top activities of special interest (day & overnight)



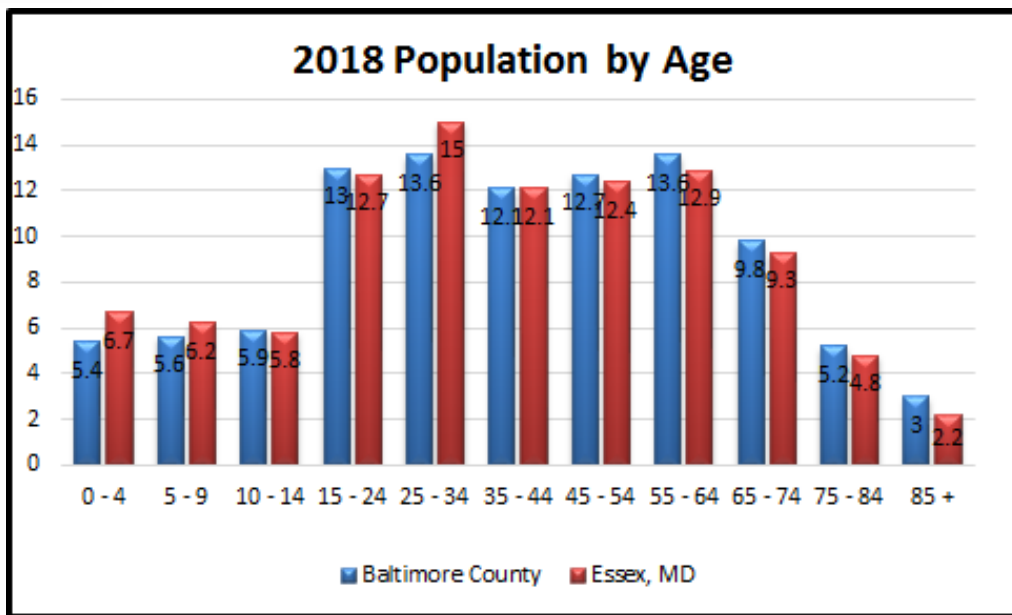
Tourism has been increasing in Baltimore over the past three years

46 percent of trips to Baltimore are during the day for marketable leisure

42 percent of trips to Baltimore are to visit friends and relatives

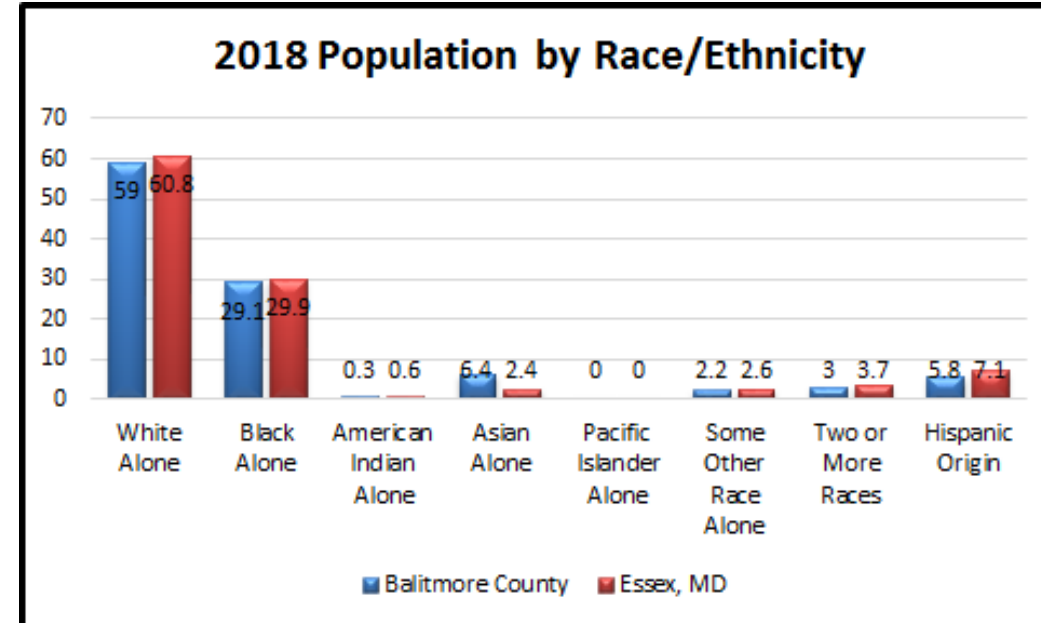
14 percent of trips to Baltimore are for special events

Essex has an opportunity to become an established destination for events and lodging



Source: Esri

According to ESRI data, the 2018 population by age in Essex is similar to Baltimore County. Roughly 45 percent of the population in both Essex and Baltimore County is under the age of 34—millennials and Generation Z. Millennials, ages 25-34, are approximately 15 percent of the population in Essex and 14 percent of the population in Baltimore County. This age group is the largest category in both jurisdictions.



Source: Esri

Ages 55+, Baby Boomers and Eisenhoweres, account for nearly 30 percent of the population in both Baltimore County and Essex. There is less variation in 2018 population by race/ethnicity than by age. The largest concentration of race in Baltimore County and Essex is mostly White, approximately 60 percent. Black race/ethnicity is approximately 30 percent of the population in both Baltimore County and Essex. Combined, they are 90 percent of the population both jurisdictions.



DEMOGRAPHIC SUMMARY - EDUCATION AND INCOME

Subject	Total		Percentage
	Estimate	Margin of Error	
Population 18 to 24 years	3,515	+/-408	(X)
Less than high school graduate	418	+/-159	11.9%
High school graduate (includes equivalency)	1,473	+/-266	41.9%
Some college or associate's degree	1,492	+/-330	42.4%
Bachelor's degree or higher	132	+/-90	3.8%
Population 25 years and over	26,187	+/-726	(X)
Less than 9th grade	1,459	+/-319	5.6%
9th to 12th grade, no diploma	2,820	+/-445	10.8%
High school graduate (includes equivalency)	10,457	+/-631	39.9%
Some college, no degree	6,064	+/-526	23.2%
Associate's degree	1,754	+/-258	6.7%
Bachelor's degree	2,596	+/-376	9.9%
Graduate or professional degree	1,037	+/-184	4.0%
Percent high school graduate or higher	(X)	(X)	83.7%
Percent bachelor's degree or higher	(X)	(X)	13.9%
Population 25 to 34 years	5,630	+/-554	(X)
High school graduate or higher	4,926	+/-566	87.5%
Bachelor's degree or higher	868	+/-218	15.4%
Population 35 to 44 years	4,544	+/-471	(X)
High school graduate or higher	4,043	+/-437	89.0%
Bachelor's degree or higher	933	+/-194	20.5%
Population 45 to 64 years	10,289	+/-453	(X)
High school graduate or higher	8,930	+/-441	86.8%
Bachelor's degree or higher	1,257	+/-247	12.2%
Population 65 years and over	5,724	+/-320	(X)
High school graduate or higher	4,009	+/-271	70.0%
Bachelor's degree or higher	575	+/-118	10.0%

Essex has a higher high school graduation rate than Baltimore County, but the percentage of college graduates in Essex is significantly lower than in the County.

U.S Census Bureau data shows median household income in Essex is significantly lower than in Baltimore County. The median income in Essex is \$49,986 . Baltimore County median income is approximately \$19,000 higher than Essex at \$68,989.

Subject	Essex CDP, Maryland							
	Households		Families		Married-couple families		Nonfamily households	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Total	14,748	+/-264	9,263	+/-363	5,629	+/-332	5,485	+/-376
Less than \$10,000	7.3%	+/-1.7	5.2%	+/-1.6	2.8%	+/-1.4	12.3%	+/-3.3
\$10,000 to \$14,999	4.9%	+/-1.2	1.9%	+/-0.9	0.8%	+/-0.6	10.3%	+/-2.8
\$15,000 to \$24,999	9.9%	+/-1.4	6.8%	+/-1.6	3.0%	+/-1.1	15.7%	+/-2.9
\$25,000 to \$34,999	12.6%	+/-2.0	10.1%	+/-2.5	6.3%	+/-2.1	17.9%	+/-4.0
\$35,000 to \$49,999	15.4%	+/-1.9	14.3%	+/-2.2	11.9%	+/-2.4	19.1%	+/-4.0
\$50,000 to \$74,999	18.1%	+/-2.1	21.6%	+/-2.5	21.7%	+/-2.9	13.1%	+/-2.6
\$75,000 to \$99,999	12.5%	+/-1.8	14.5%	+/-2.3	16.0%	+/-2.8	5.2%	+/-1.7
\$100,000 to \$149,999	13.2%	+/-1.6	17.1%	+/-2.4	24.4%	+/-3.3	5.3%	+/-2.0
\$150,000 to \$199,999	3.6%	+/-0.7	5.1%	+/-1.2	7.8%	+/-2.1	0.5%	+/-0.5
\$200,000 or more	2.6%	+/-0.9	3.3%	+/-1.3	5.4%	+/-2.0	0.6%	+/-0.7
Median income (dollars)	49,986	+/-3,130	62,714	+/-4,843	78,709	+/-3,664	31,130	+/-1,959
Mean income (dollars)	63,872	+/-2,165	74,623	+/-3,315	91,055	+/-4,943	39,468	+/-2,588

Source: U.S Census Bureau



DEMOGRAPHIC SUMMARY - TENURE

Subject	Essex CDP, Maryland			
	Estimate	Margin of Error	Percent	Percent Margin of Error
HOUSING OCCUPANCY				
Total housing units	16,435	+/-117	16,435	(X)
Occupied housing units	14,748	+/-264	89.7%	+/-1.5
Vacant housing units	1,687	+/-251	10.3%	+/-1.5
Homeowner vacancy rate	0.7	+/-0.6	(X)	(X)
Rental vacancy rate	7.8	+/-2.4	(X)	(X)
HOUSING TENURE				
Occupied housing units	14,748	+/-264	14,748	(X)
Owner-occupied	8,074	+/-372	54.7%	+/-2.4
Renter-occupied	6,674	+/-372	45.3%	+/-2.4
Average household size of owner-occupied unit	2.72	+/-0.10	(X)	(X)
Average household size of renter-occupied unit	2.51	+/-0.15	(X)	(X)
GROSS RENT				
Occupied units paying rent	6,386	+/-377	6,386	(X)
Less than \$500	617	+/-158	9.7%	+/-2.3
\$500 to \$999	2,862	+/-319	44.8%	+/-4.3
\$1,000 to \$1,499	2,238	+/-267	35.0%	+/-3.8
\$1,500 to \$1,999	589	+/-181	9.2%	+/-2.7
\$2,000 to \$2,499	58	+/-49	0.9%	+/-0.8
\$2,500 to \$2,999	8	+/-12	0.1%	+/-0.2
\$3,000 or more	14	+/-24	0.2%	+/-0.4
Median (dollars)	965	+/-31	(X)	(X)
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRPI)				
Occupied units paying rent (excluding units where GRPI cannot be computed)	6,354	+/-380	6,354	(X)
Less than 15.0 percent	707	+/-200	11.1%	+/-3.0
15.0 to 19.9 percent	876	+/-229	13.8%	+/-3.6
20.0 to 24.9 percent	867	+/-192	13.6%	+/-3.1
25.0 to 29.9 percent	661	+/-178	10.4%	+/-2.8
30.0 to 34.9 percent	501	+/-179	7.9%	+/-2.7
35.0 percent or more	2,742	+/-377	43.2%	+/-5.2

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

Baltimore County's housing vacancy rate is 7.2 percent less than Essex, which has a vacancy rate of 10.3 percent. In Baltimore County, 65.8 percent of the housing is owner-occupied, 48.3 percent rents for \$1,000-\$1,499 per month, and 40.1 percent of renters spend over 35 percent of household income on rent.

In Essex 54.7 percent of housing is owner-occupied, 44.8 percent rents for \$500-\$999 per month, and 42.3 percent of renters spend over 35 percent of household income on rent.

Essex has a mix of renters and owners in the area, which provides flexibility. Both Baltimore County and Essex lack affordable housing.



LAND USE ASSESSMENTS



INDUSTRIAL - SUPPLY

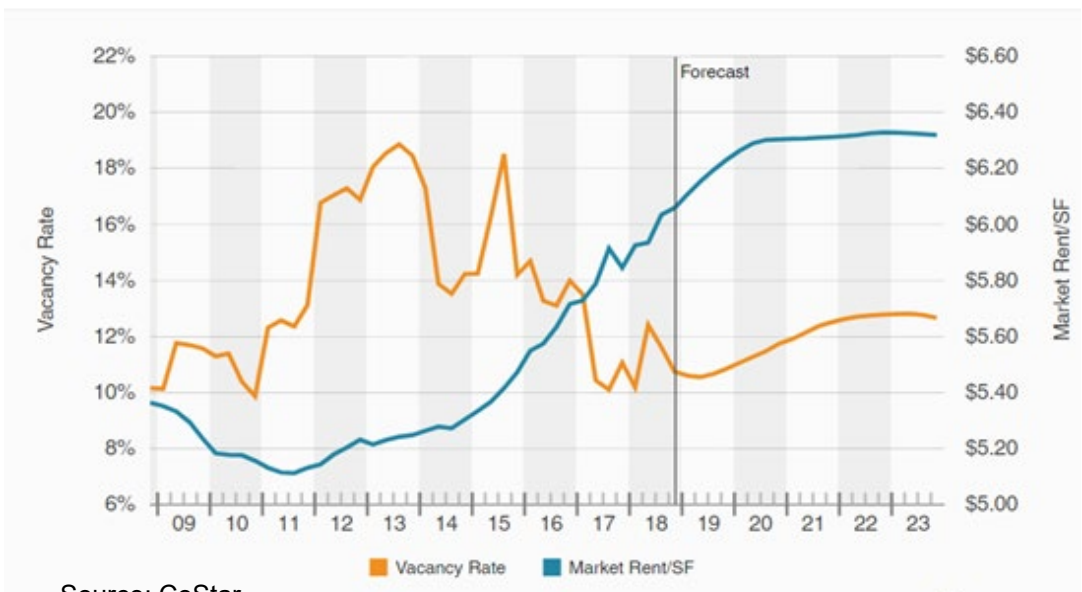
Baltimore County

Baltimore County has 47.7m square feet of inventory.

Mid-2018 vacancy is approximately 11 percent; market rent/square foot is approximately \$6.05.

Vacancy is projected to increase into 2023; however, it will remain lower than the historical average of the last five years. Rents will see a slight increase in the next year and are then projected to plateau.

Vacancy & Market Rent Per SF



Source: CoStar

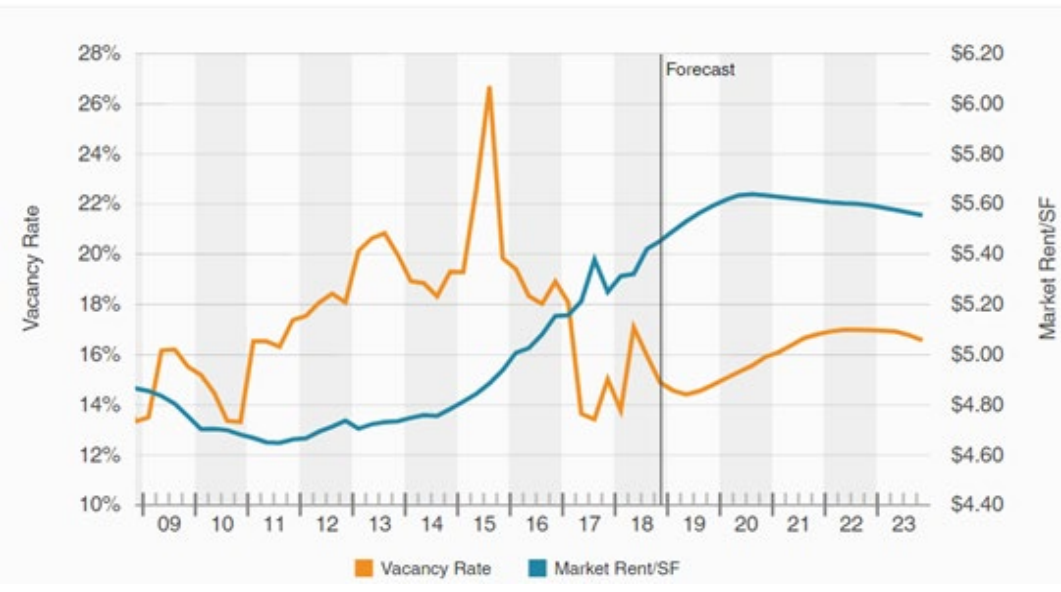
Eastern Baltimore County

Eastern Baltimore County has 29.9m square feet of inventory.

Mid-2018 vacancy is approximately 14 percent; market rent/square foot is approximately \$5.45.

Vacancy is projected to increase into 2023; however, it will remain lower than the historical average of the last five years. Rents will see a slight increase in the next year, and are then projected to decline from mid-2019 into future years.

Vacancy & Market Rent Per SF



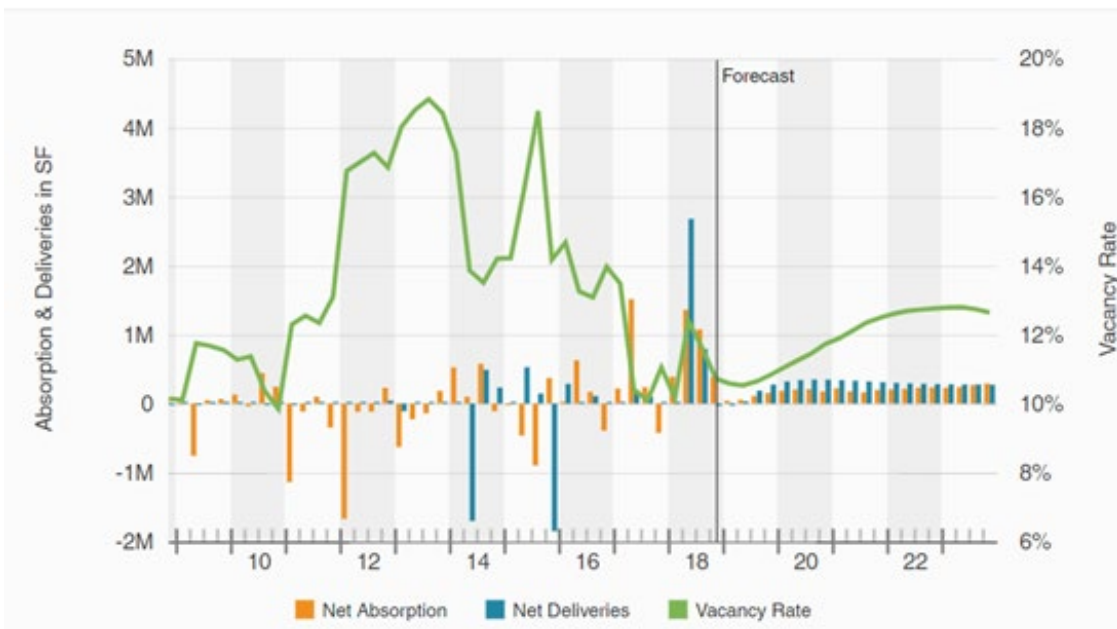
Net absorption in Baltimore County and East Baltimore County is less than one million square feet in mid-2018.

There are no net deliveries as of mid-2018.

Forecasts indicate that net absorption and delivery will remain low due to no planned construction in the supply pipeline.

Baltimore County

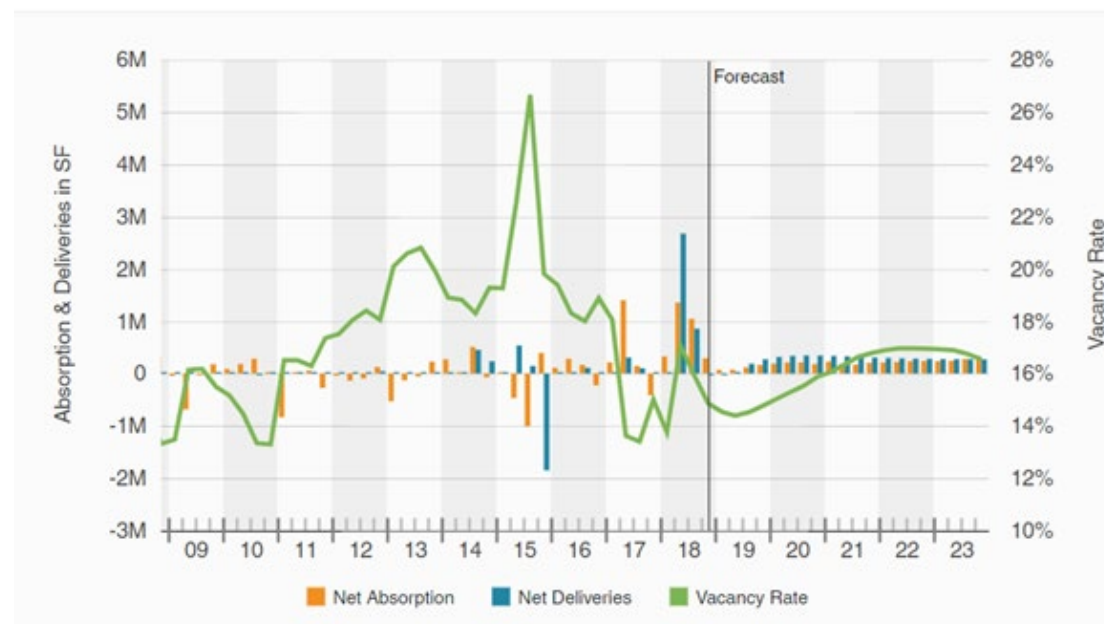
Net Absorption, Net Deliveries & Vacancy



Source: CoStar

Eastern Baltimore County

Net Absorption, Net Deliveries & Vacancy





INDUSTRIAL - COMPARABLES / COMPETITIVE SUPPLY

Address	Building Name	Type	Star Rating	Green Rating	Status	RBA/GLA	SF Avail	Rent/SF/yr
1 N Mace Ave		Industrial	★ ★ ★ ★ ★		Existing	4,958		\$16 - 17 (Est.)
8515 Kelso Dr	Bldg 1	Industrial	★ ★ ★ ★ ★		Existing	33,990		\$8 - 10 (Est.)
620-626 Franklin Ave	Aetna Shirts	Industrial	★ ★ ★ ★ ★		Existing	12,236		\$8 - 9 (Est.)
6 Riverside Rd		Industrial	★ ★ ★ ★ ★		Existing	4,612		\$7 - 9 (Est.)
8525 Kelso Dr	Bldg 2	Industrial	★ ★ ★ ★ ★		Existing	35,690	10,800	\$8.75
803 Dorsey Ave		Industrial	★ ★ ★ ★ ★		Existing	11,600		\$7 - 9 (Est.)
7318 Golden Ring Rd		Industrial	★ ★ ★ ★ ★		Existing	3,558		\$7 - 8 (Est.)
1310-1320 Franklin Ave	Quality Services Bldg	Industrial	★ ★ ★ ★ ★		Existing	14,518		\$6 - 8 (Est.)
101 Ann Ave		Industrial	★ ★ ★ ★ ★		Existing	17,366		\$6 - 8 (Est.)
100 Eyring Ave		Industrial	★ ★ ★ ★ ★		Existing	27,000		\$5 - 7 (Est.)
1100 Old Eastern Ave		Industrial	★ ★ ★ ★ ★		Existing	37,329		\$5 - 6 (Est.)
7300-7302 Golden Ring Rd		Industrial	★ ★ ★ ★ ★		Existing	9,422		\$5 - 6 (Est.)
1913 Middleborough Rd		Industrial	★ ★ ★ ★ ★		Existing	10,000		\$3 (Est.)

Source: CoStar

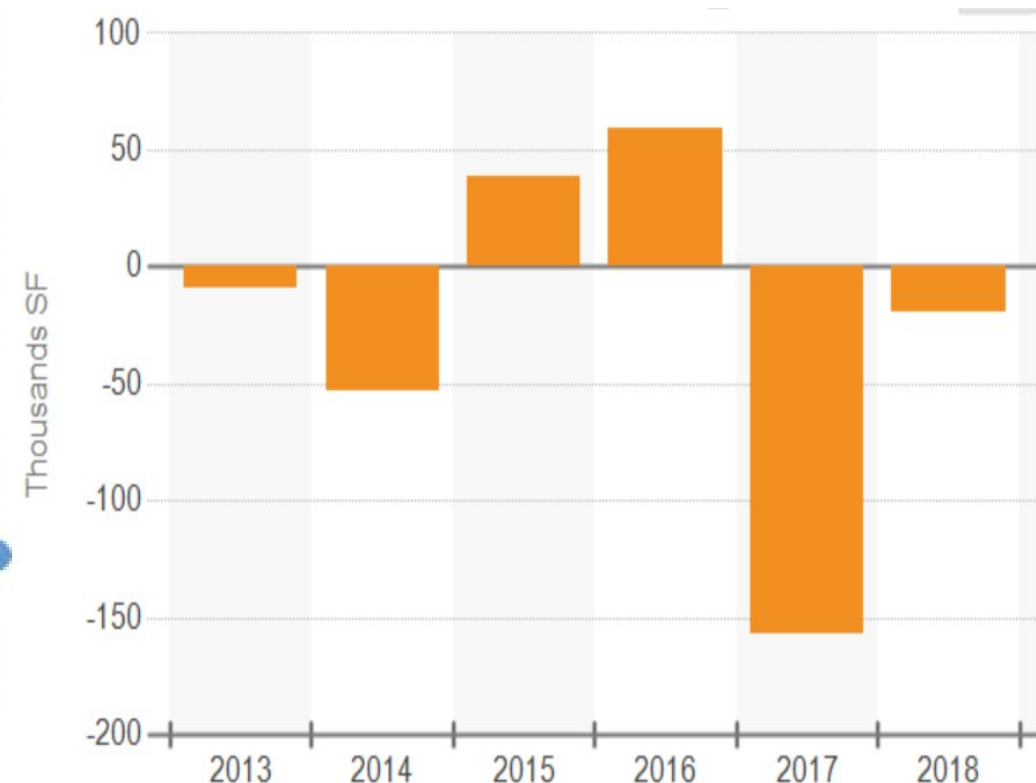
Essex has 1,363,968 square feet of industrial inventory. Industrial comparables are not in Corridor One along Eastern Avenue. Four comps are over 25,000 RBA: 1.8525 Kelso, 4. 100 Eyring, 9. 8515 Kelso, 12. 1100 Old Eastern. All other comps are smaller buildings with less than 15,000 RBA. Comps 1 and 9, farther from the Corridor, lease for \$8-10/square foot. Comps 4 and 12 lease for \$5-7/square foot. There is negative net absorption in Essex.

Building Address

1. 8525 Kelso Dr
2. 101 Ann Ave
3. 803 Dorsey Ave
4. 100 Eyring Ave
5. 620-626 Franklin Ave
6. 1310 1320 Franklin Ave
7. 7300-7302 Golden Ring
8. 7318 Golden Ring Rd
9. 8515 Kelso Dr
10. 1 N Mace Ave
11. 1913 Middleborough Rd
12. 1100 Old Eastern Ave
13. 6 Riverside Rd



Essex, MD Net Absorption



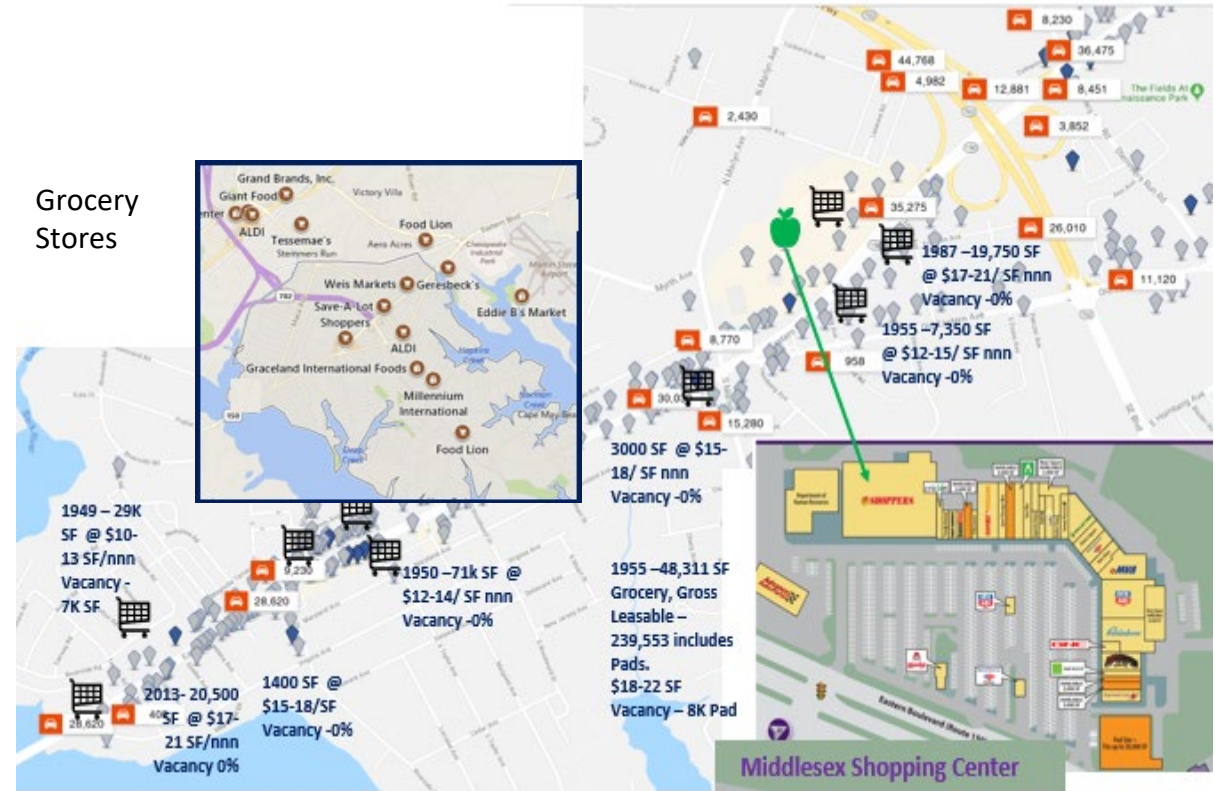
There is a limited demand for local-serving retail in the study area over the next 15 years, approximately 31,000 square feet of new demand by 2035. Short-term retail expansion is not recommended based on the low annual demand of approximately 2,000 square feet.

Retail in the area is outdated with a low sales/square foot income of \$165 compared to a national chain average of \$358. To encourage better returns, a reduction in similar retail is an option. It's also important to create a clean, safe, and attractive streetscape to attract tenants. No business should close, but when a business leaves the area, it is an opportunity to recruit a new use. In advance of that, the county can rezone.

Two large-format, chain grocery stores flank Route 702 on Eastern Boulevard, with another discount grocery store on old Eastern Avenue. Other larger grocery stores are available within three miles in Rosedale.

There are concerns about safety and the area's lower incomes. This can be overcome with good planning, new households due to growth in local jobs, and higher-income residents. FedEx and Under Armour are moving into Tradepoint Atlantic, estimated to create over 1,000 jobs. There is also an effort to bring an estimated 17,000 new jobs to the Sparrows Point peninsula.

Grocery Stores



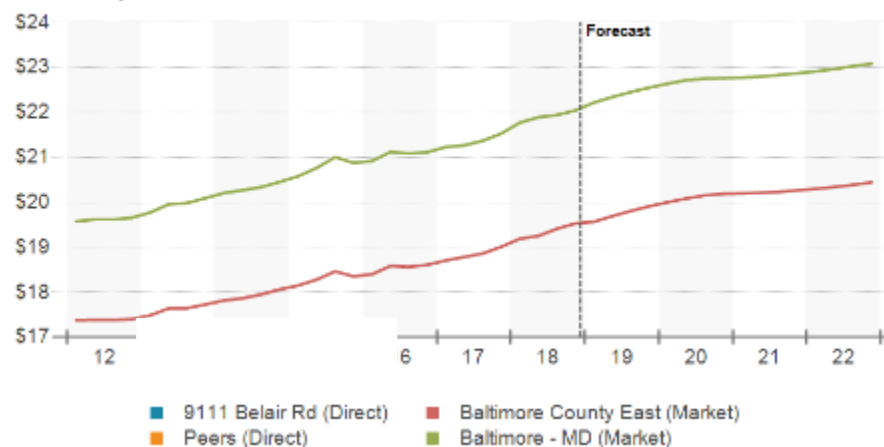
The study area's lease rates are lower than Baltimore County with triple net average rent of \$16/square foot on Eastern Boulevard south of Route 702. The average Baltimore County East Submarket retail rental rate is \$19-\$20; Baltimore County's overall rate is \$22.

According to CoStar, Baltimore County is among the top 30 asset-rich metropolitan statistical areas (MSA), but it has extremely low deliveries and unusual historical absorption patterns. Recently, Baltimore County had the second-lowest inventory growth entering the last quarter of 2018, a 10-year low in net inventory growth. Neighborhood and strip centers are susceptible to higher vacancies due to online option competition and small-business financing remains low. Baltimore continues to have above-average household incomes, a lower cost of living than other East Coast metros, and strong interest in revitalizing development. The Baltimore MSA lost over 6,000 residents between 2010 and 2016 with the U.S. Census showing Baltimore's concentration of prime spenders (35-54 year olds) lower than the National Index's metro average.

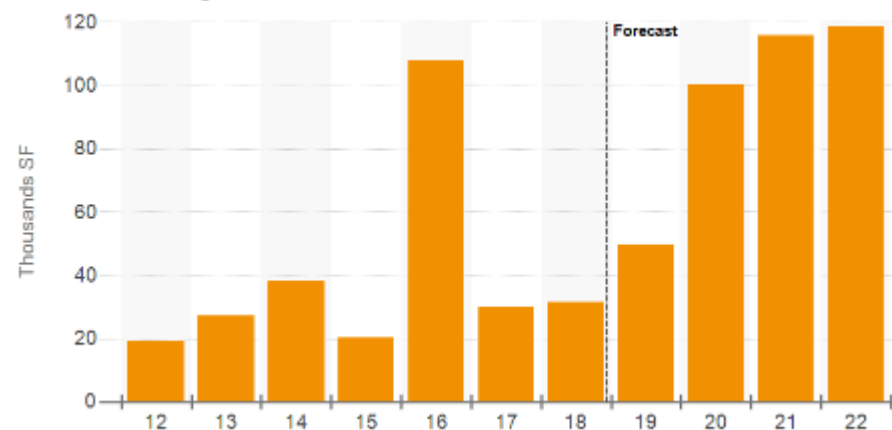
Baltimore's retail inventory is among the lowest in the country, with net absorptions of approximately 1.1m square feet in 2017 dropping to 555,000 square feet in 2018. Baltimore projects a light construction pipeline. Retail construction remains well below pre-recession levels and inventory growth has been less than one percent for the past ten years.

Baltimore County East Rent Trends

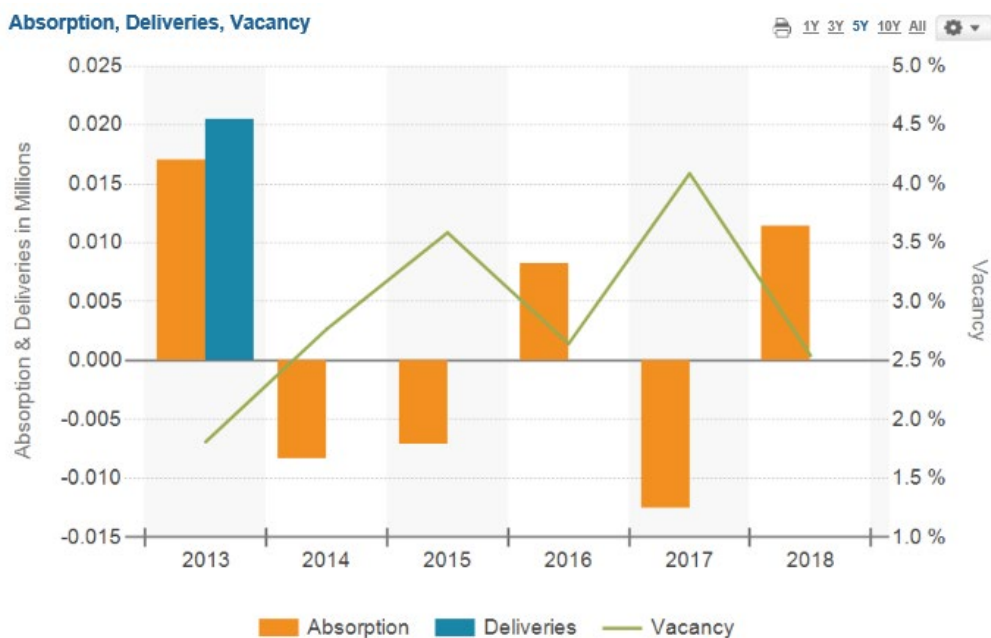
Rent Per Square Foot



Baltimore County East Net Deliveries



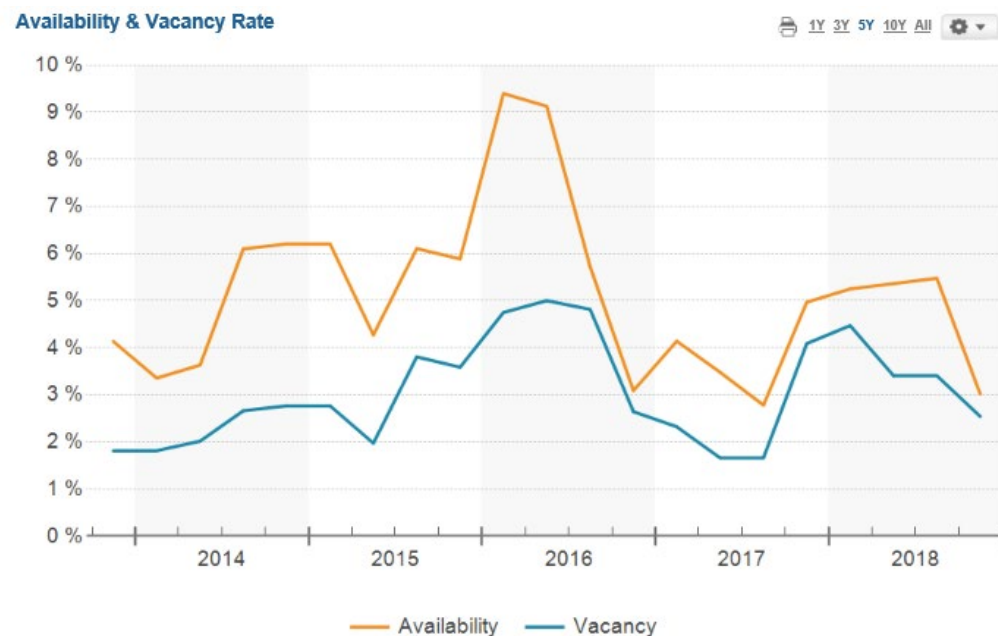
The area along Eastern Boulevard can absorb available retail square footage because of the lack of recent deliveries. The commercial properties are outdated with a low sales/square foot average at \$165/square foot compared to a national chain average of \$358/square foot. The combination of low sales income and low HH income will not support short-term retail growth, unless current retail is reduced to allow for better performing establishments.



Essex retail maintains a low vacancy rate near 2.7 percent and a low sub-lease rate at nearly zero percent, below 10 year average of 3.1 -4.9 percent

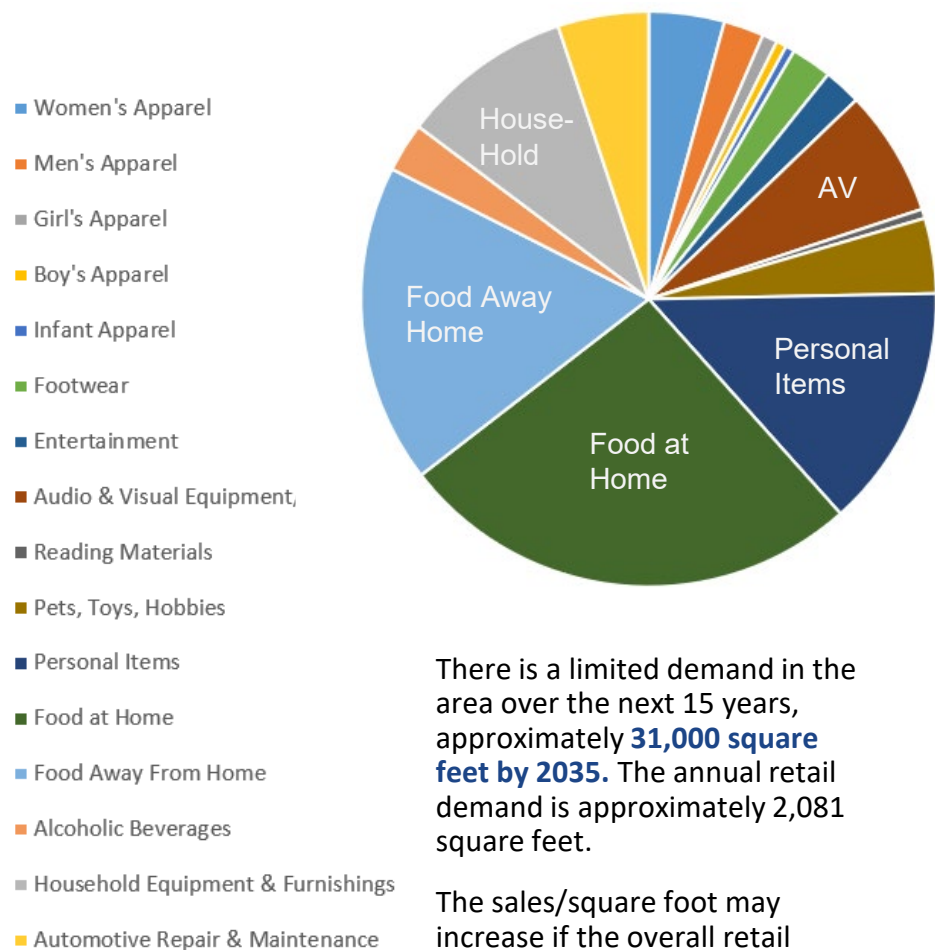
2018 vacancy rate dropped while absorption rate increased; the current absorption is below 4 percent.

The most recent deliverable was a strip shopping center near Back River Bridge.





RETAIL DEMAND



There is a limited demand in the area over the next 15 years, approximately **31,000 square feet by 2035**. The annual retail demand is approximately 2,081 square feet.

The sales/square foot may increase if the overall retail square footage was reduced to support the current households.

Industry Summary	Expenditure per Household ²	Estimate of Current Total Expenditures in Essex	Total Retail Supply in Essex Currently ⁴	Annual Future Demand From New Households	Future Annual Supportable Square Feet ⁵	15 year expenditures	Future 15 Year Demand Potential
Women's Apparel	\$580	\$9,161,680	1,310,752	\$34,993	95	\$9,686,580	1,423
Men's Apparel	\$308	\$4,865,168	1,310,752	\$18,583	50	\$5,143,908	756
Girl's Apparel	\$116	\$1,832,336	1,310,752	\$6,999	23	\$1,937,316	349
Boy's Apparel	\$79	\$1,247,884	1,310,752	\$4,766	16	\$1,319,379	237
Infant Apparel	\$70	\$1,105,720	1,310,752	\$4,223	14	\$1,169,070	210
Footwear	\$312	\$4,928,352	1,310,752	\$18,824	53	\$5,210,712	792
Entertainment	\$287	\$4,533,452	1,310,752	\$17,316	162	\$4,793,187	2,423
Audio & Visual Equipment/Service	\$971	\$15,337,916	1,310,752	\$58,584	130	\$16,216,671	1,953
Reading Materials	\$72	\$1,137,312	1,310,752	\$4,344	17	\$1,202,472	260
Pets, Toys, Hobbies	\$577	\$9,114,292	1,310,752	\$34,812	147	\$9,636,477	2,198
Personal Items	\$1,871	\$29,554,316	1,310,752	\$112,884	234	\$31,247,571	3,516
Food at Home	\$3,569	\$56,375,924	1,310,752	\$215,330	430	\$59,605,869	6,444
Food Away From Home	\$2,450	\$38,700,200	1,310,752	\$147,817	268	\$40,917,450	4,025
Alcoholic Beverages	\$379	\$5,986,684	1,310,752	\$22,866	42	\$6,329,679	623
Household Equipment & Furnishings	\$1,319	\$20,834,924	1,310,752	\$79,580	236	\$22,028,619	3,546
Automotive Repair & Maintenance	\$697	\$11,009,812	1,310,752	\$42,052	164	\$11,640,597	2,453
Total	\$13,657	\$215,725,972	1,310,752	\$823,972	2,081	\$228,085,557	31,208

Note:

Industry Categories do not include banks (12,531 SF), gas stations (13,805) and car dealerships (22,722 SF).

ESRI Future Annual HH growth 2018-2023 estimate (50/year) and Essex HH demand (49-70/year). Our Data is based on 60 HH/year growth.

2 Annual per HH spending by category within a three-mile radius of 1415 Eastern Boulevard Essex, MD

4 CoStar Data and Based upon fair share capture of future demand based upon planned projects in area

5 Based pm average reported expenditures by SF & Store Type. Source: emarketer.com

RETAIL LAND USE STRENGTH AND CHALLENGES

Eastern Boulevard has clusters of retail strip centers and stand-alone structures in older houses converted into commercial establishments.

The retail serves the local households and some transient populations. Essex households can not support retail growth to maintain existing businesses. The existing retail needs to reduce for better performing businesses to choose Essex.

Essex mimics underserved communities with property owners who own only one location and seek rent that will generate a return on their investment and who may not sell to the highest bidder regardless of future property use. Essex net absorption supports this underserved community condition. Changing a property owners' outlooks is a consideration when developing a new retail plan. Urban Land Institute publishes a variety of planning principles.



TEN PRINCIPLES
for Reinventing America's
Suburban Strips

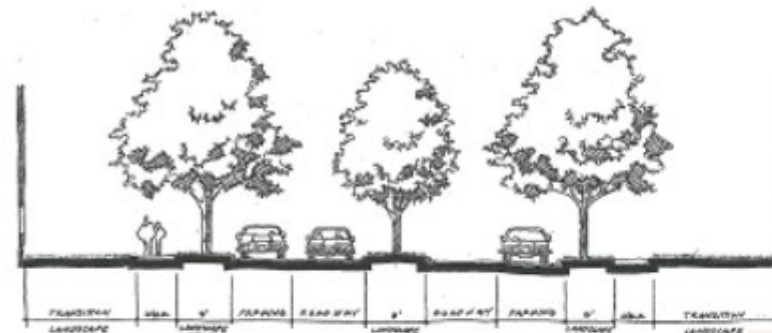
Short-Term Opportunity	Long-Term Opportunity	Strengths	Challenges	Key Considerations
<ul style="list-style-type: none"> Eastern Boulevard beautification Vehicular and pedestrian improvements. Streetscape specifications for roadway and sidewalk materials, vehicular directional signage, pedestrian wayfinding signs and directories, benches, planters, trash receptacles, water fountains, bicycle racks, picnic tables, and streetlights. New Bus Shelter Project Landmark Monument 	<ul style="list-style-type: none"> Existing building façade renovation material specifications renovations Vacant lot improvement Property fence improvements to structure pedestrian walkways Prepare for Tradepoint Atlantic employees possible nearby housing demand. 	<ul style="list-style-type: none"> Visibility Street Frontage and Street Demand will grow as Tradepoint Atlantic jobs increase and local housing demand increases New grocery and retail center a short 	<ul style="list-style-type: none"> Urban design is lacking Household demand cannot support additional retail or national large box Less desirable school assessment lowers housing demand Shoppers Food Warehouse is not walkable for southern area of Eastern Boulevard Existing retail is not clustered 	<ul style="list-style-type: none"> Traffic Pattern Study Green Space Study Public Transportation expansion Reduce existing retail

Ignite Leadership & Nurture Partnership	Establish Pulse Nodes of Development
Anticipate Evolution	Tame the Traffic
Know the Market	Create the Place
Prune Back Retail-Zoned Land	Diversity the Character
Eradicate the Ugliness	Put Your (and Regulations) Where your Policy Is

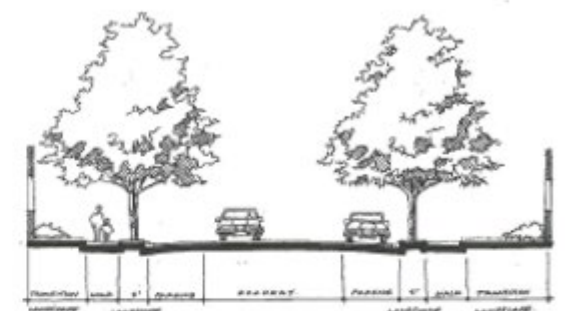
In the short-term, Eastern Boulevard south of Route 702 should create a new identity through streetscape improvements and building renovations that follow architectural exterior finish and signage standards. These streetscape improvements will enhance the area in advance of anticipated household growth from Tradepoint Atlantic and Sparrows Point.

The major road intersections are opportunities for redesign that increases walkability. New green spaces along the corridor will promote community interaction and entice higher quality tenants. Revitalizing the streetscape, road design, vehicle roundabouts and accessible public parking all support a new Essex identity.

Vehicular and Pedestrian Study

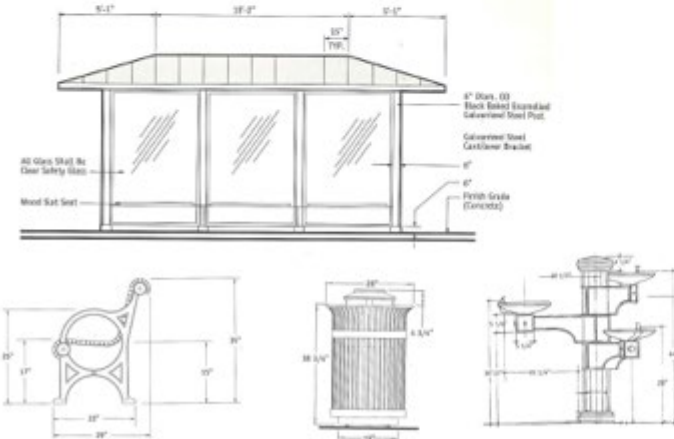


Boulevard (New Entrance Boulevard)

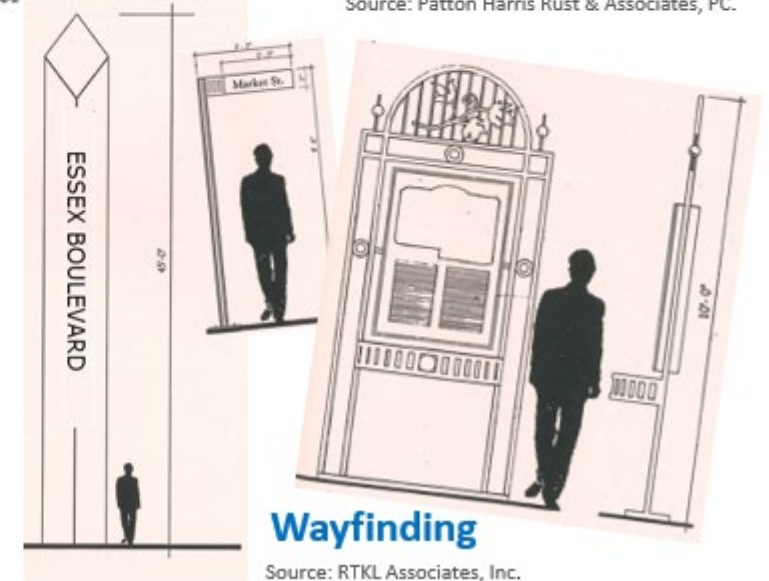


Source: Patton Harris Rust & Associates, PC.

Site Furnishing



Source: EDAW, Inc..

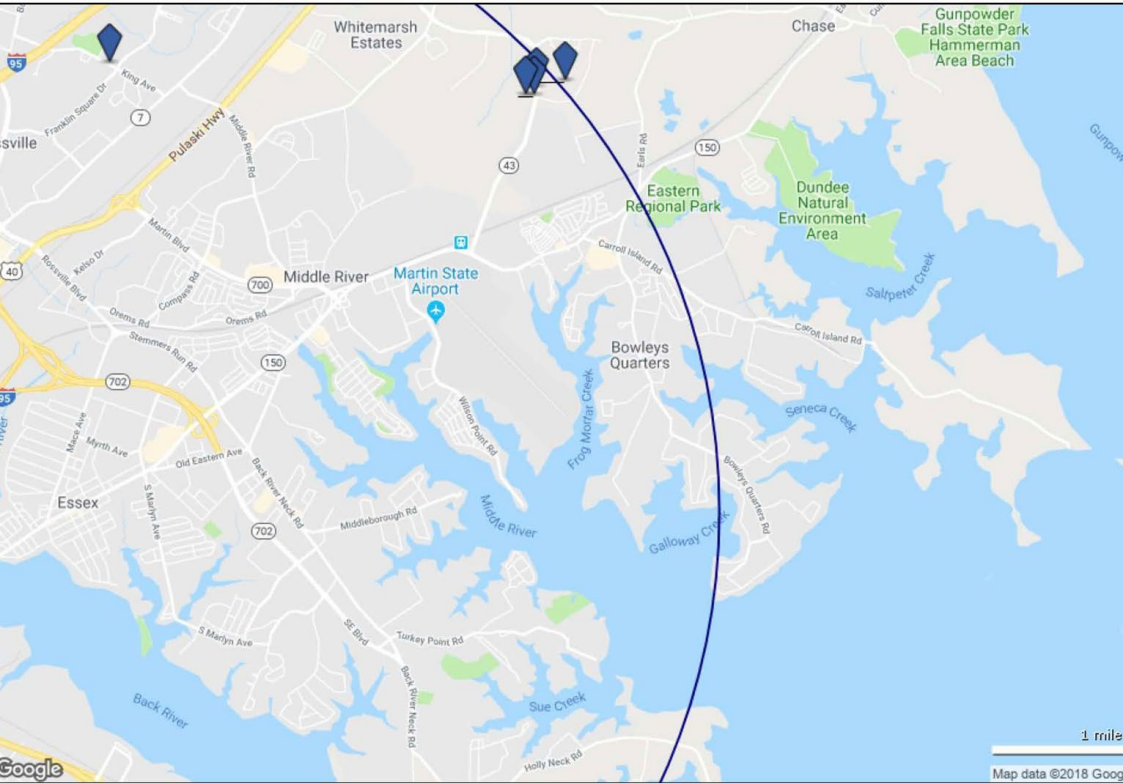


Wayfinding

Source: RTKL Associates, Inc.



OFFICE - COMPARABLES/COMPETITIVE SUPPLY



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

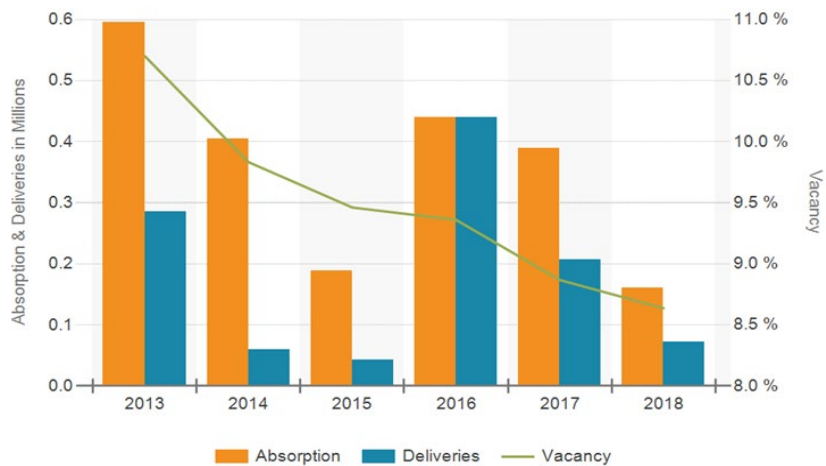
Source: CoStar

No new office product has delivered in Essex in more than five years. The Greenleigh development is outside of Essex, but is a relevant comparable product for consideration.

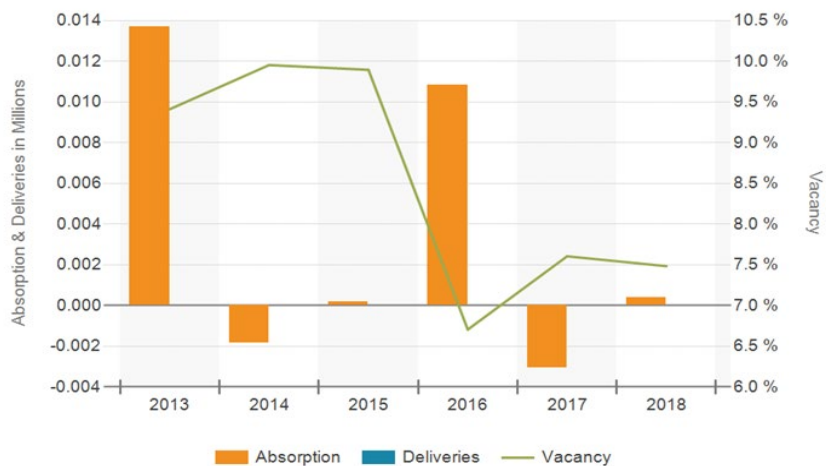


OFFICE - SUPPLY

Baltimore County



Essex, Maryland



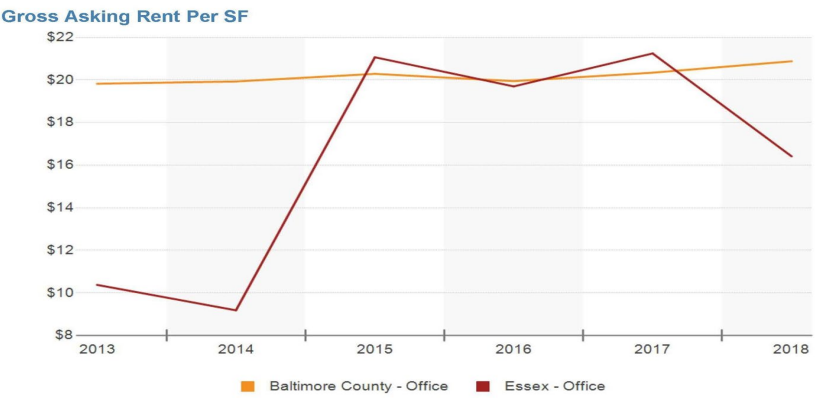
Baltimore County has more than 40 million square feet of office space. The Essex office inventory is less than 350,000 square feet and its office market has seen minimal absorption since 2013. Absorption in Baltimore County has fluctuated over the past five years with 2018 being the lowest.

New product delivery has slowed since 2016 and vacancy rates across the county have declined steadily. No new office product has delivered in more than five years in Essex.

Vacancy rates were approaching 10 percent but have dropped considerably and are hovering at 7.5 percent, lower than the vacancy rate in Baltimore County, though the Essex market is considerably smaller.

Rental rates in Essex are lower than in Baltimore County. They spiked in Essex at the same time that vacancy rates plummeted, indicating there was no office space available in the Essex market at that time.

Office rental rates in Essex are lower than those in Baltimore County, despite being significantly higher than historical rental rates. Rental rates in Essex soared in late 2015, coinciding with a higher than average absorption of office space in the Essex market. Rental rates in Baltimore County are trending up while rates in Essex are on the decline.



Source: CoStar

To determine future demand for new office space in Essex, we compared historical employment statistics to historical absorption statistics for Baltimore County using data from CoStar, the Baltimore Council of Governments, and the Bureau of Labor Statistics.

To determine future demand, we added employment projections and the space per employee.

To apply the Baltimore County data to Essex, we identified low and high capture rates for Essex as compared to the County.

Based on this investigation, there is a potential for zero to 3,000 square feet per year in Essex for a total of zero to 44,324 square feet in Essex between 2019 and 2035.

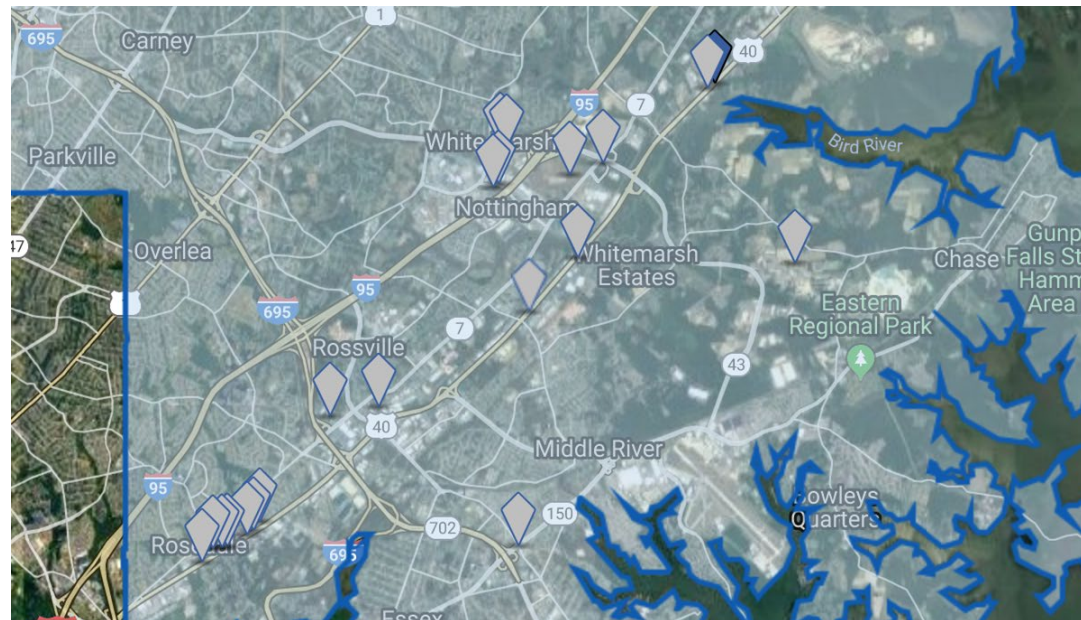
The demand for new office space in Essex is not projected to be strong over the next 16 years.



Years	2012	2013	2014	2015	2016	2017	2018
Rooms	4815	4883	5553	5668	5767	5863	5917
Rooms Added	-	68	670	115	99	96	54

There are **currently 5,917 rooms** in the Baltimore County submarket and 1,066 under construction. Most of the supply is along Route 40, Route 695, and near Route 795. There has been an average of 220 rooms added in the past five years.

There are 22 hotels in the Baltimore County Eastern Submarket. Most of these properties are near major highways, shopping centers, or large scale developments. They vary in quality and only five were built between 2000 and 2015.



Source: CoStar

Quality	1 star	2 star	3 star	4 star	5 star
# of Hotels	3	7	8	4	0

Source: VisitMaryland Lodging Report
Source: CoStar



HOTEL - COMPARABLES / COMPETITIVE SUPPLY

Hotel	Super 8 Motel	Country Inn & Suites	Hilton Garden Inn
Location	98 Stemmers Run Rd Essex, MD 21221	8825 Yellow Brick Rd Rosedale, MD 21237	5015 Campbell Blvd Baltimore, MD 21236
Built	1990	2009	1999
Tier	Economy	Upper Moderate	Upscale
Rooms	49	81	155
Parking	80	98	113
Rack Rates	\$71	\$98	\$113
Square Footage	24,295 SF	111,712 SF	100,418 SF
Amenities	laundry, free wifi	pool, free wifi, fitness center, business center	business center, printing service, meeting rooms, fitness center

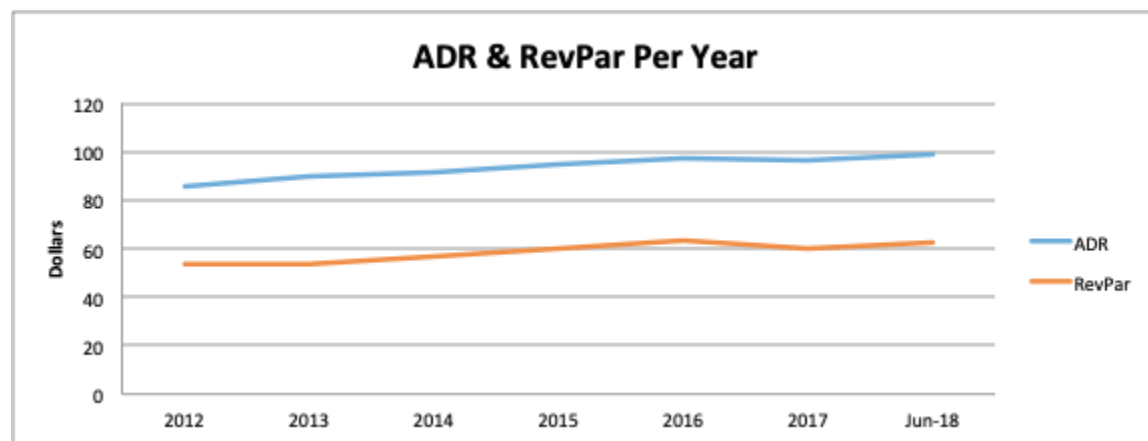


Source: Expedia
Source: CoStar



HOTEL - DEMAND

	2012	2013	2014	2015	2016	2017	Jun-18
Occupancy	62.8%	59.9%	62.5%	63.6%	65.5%	62.7%	63.0%
ADR	\$85.48	\$89.98	\$91.40	\$94.76	\$96.92	\$96.44	\$98.81
RevPar	\$53.68	\$53.90	\$57.13	\$60.27	\$63.48	\$60.46	\$62.25
Demand For Room Nights	1,103,611	1,067,595	1,266,778	1,315,770	1,378,746	1,341,777	1,360,614



Market performance in Baltimore County has sustained **occupancies in the low to mid 60s** over the last three years. The three-year average is 64 percent (2015-2017). Market ADR has experienced limited growth. The Baltimore County submarket has averaged a new hotel every four years. However, these new builds are typically near new developments, such as the SpringHill Suites in Greenleigh, or at established retail locations such as the Home2 Suites in White Marsh. The remaining supply was built in the 1950s-1960s.

Most Recent Hotels

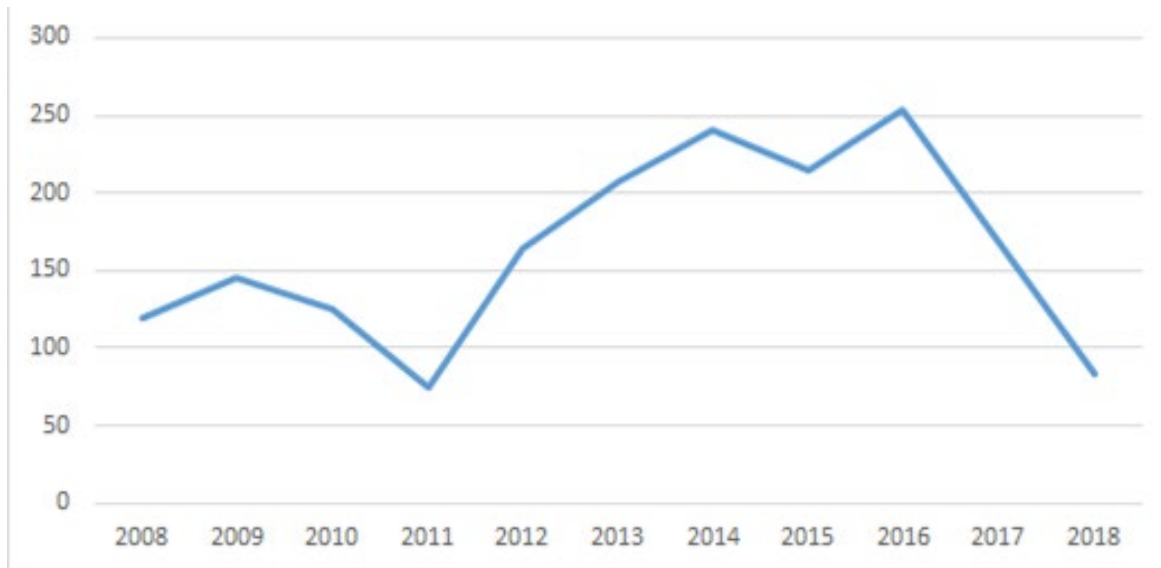
- WoodSpring Suites, Nottingham Drive, Nottingham – 2021
- SpringHill Suites, Greenleigh Ave, Middle River – 2018
- Home2 Suites, Philadelphia Road, White Marsh – 2013
- Country Inn & Suites, Yellow Brick Road, Rosedale – 2009

There is limited corporate and leisure demand in and around Essex and it is not an established lodging node. There is one 49-room Super 8 with estimated occupancy and ADR projections below market performance. The primary demand generator in Essex is leisure, travelers who are visiting family in the area. Low occupancies and limited demand will challenge support for future supply.



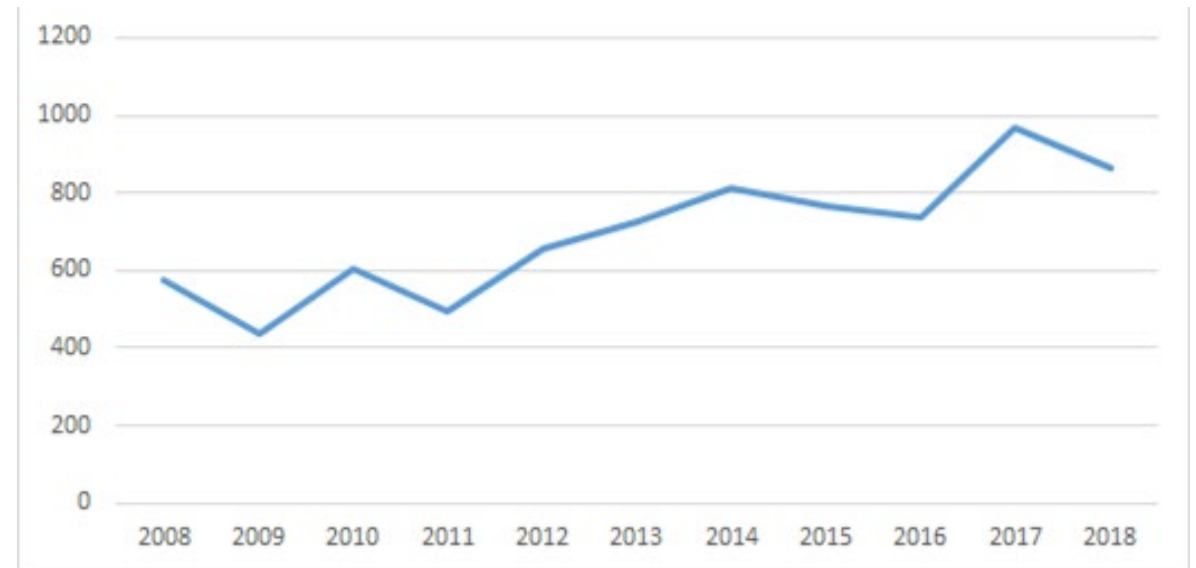
SINGLE FAMILY DETACHED RESIDENTIAL SUPPLY - PERMITS

Single Family Building Permits for Baltimore City



*Data gathered from State of the Cities Data System

Single Family Building Permits for Baltimore County



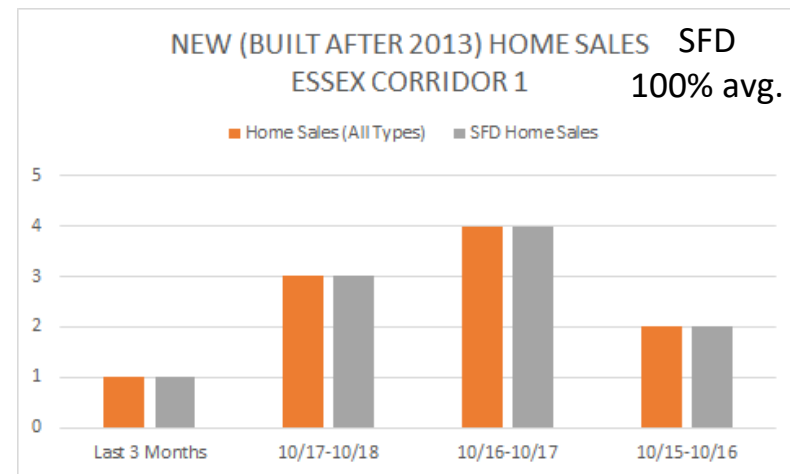
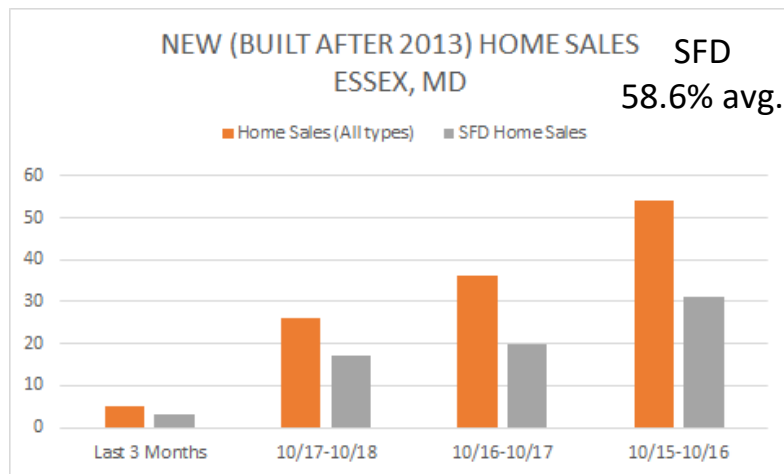
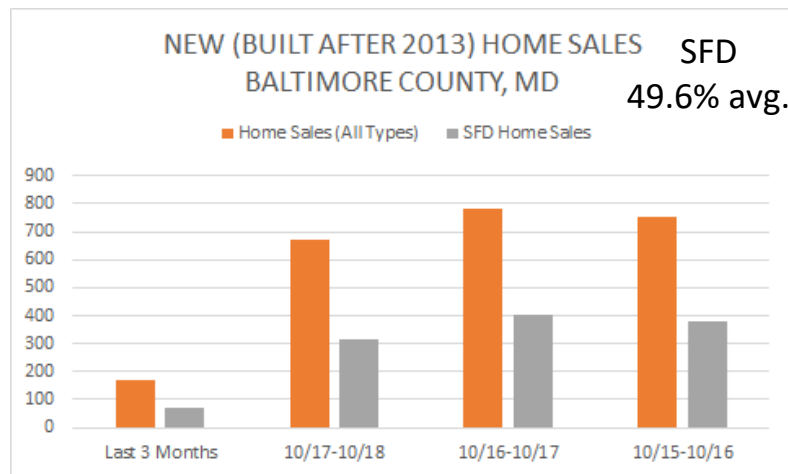
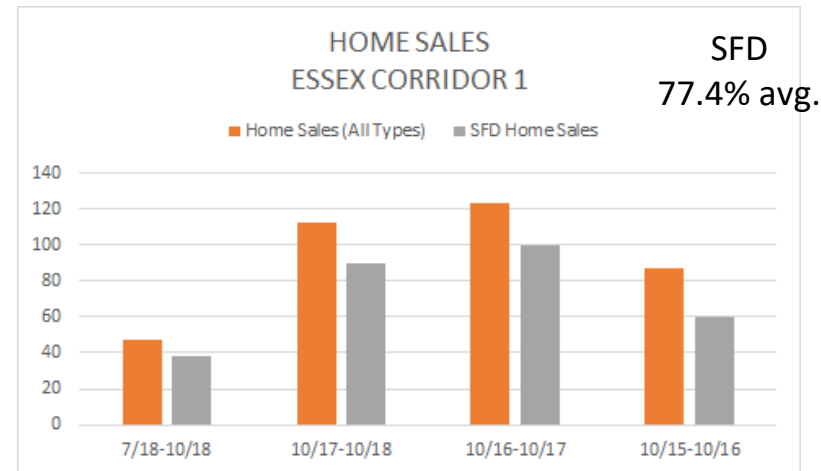
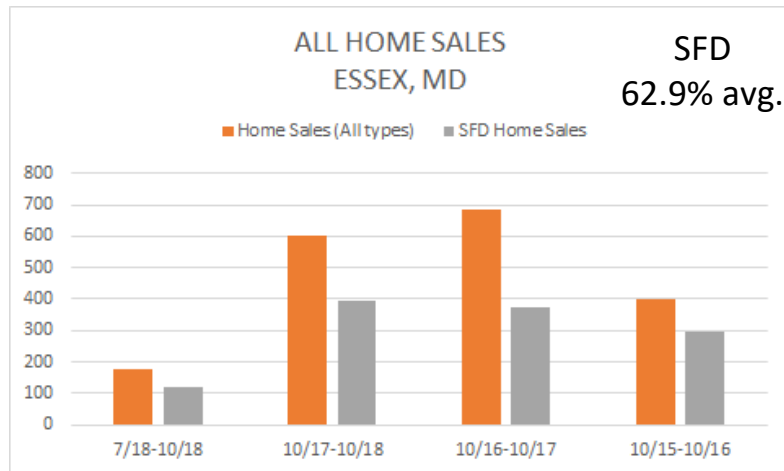
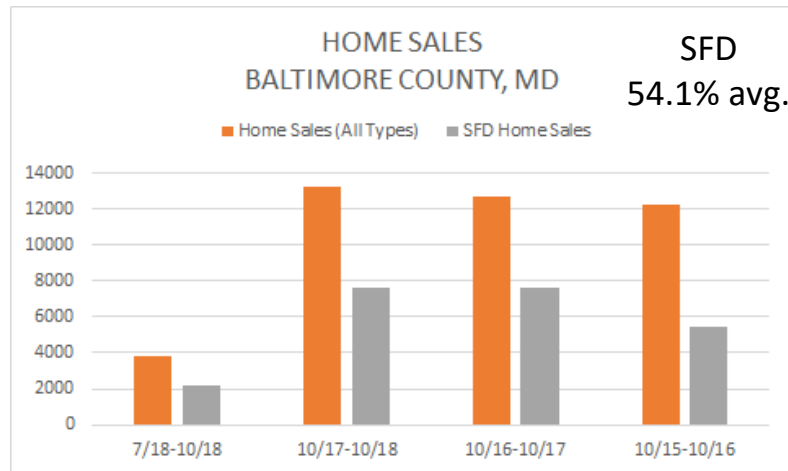
*Data gathered from State of the Cities Data System

Trend: Single-family building permits in Baltimore County have risen steadily over the past decade, while in Baltimore City they've dropped off in the past few years.

This may suggest a growing demand for single-family homes in Baltimore County.



SINGLE FAMILY DETACHED RESIDENTIAL SUPPLY- HOME SALES



4.63 percent of Baltimore County home sales are in Essex. 18.76 percent of Essex home sales are in Corridor One. 0.87 percent of Baltimore County home sales are in Corridor One in Essex.



SINGLE FAMILY DETACHED RESIDENTIAL - COMPARABLES / COMPETITIVE SUPPLY

GREENLEIGH AT CROSSROADS



<https://www.greenleighliving.com>

QUIET WATERS



<https://www.ryanhomes.com/find-your-home/our-communities/maryland/essex/quiet-waters>

CAMPBELL CROSSING



<https://www.ryanhomes.com/find-your-home/our-communities/maryland/middle-river/campbell-crossing>

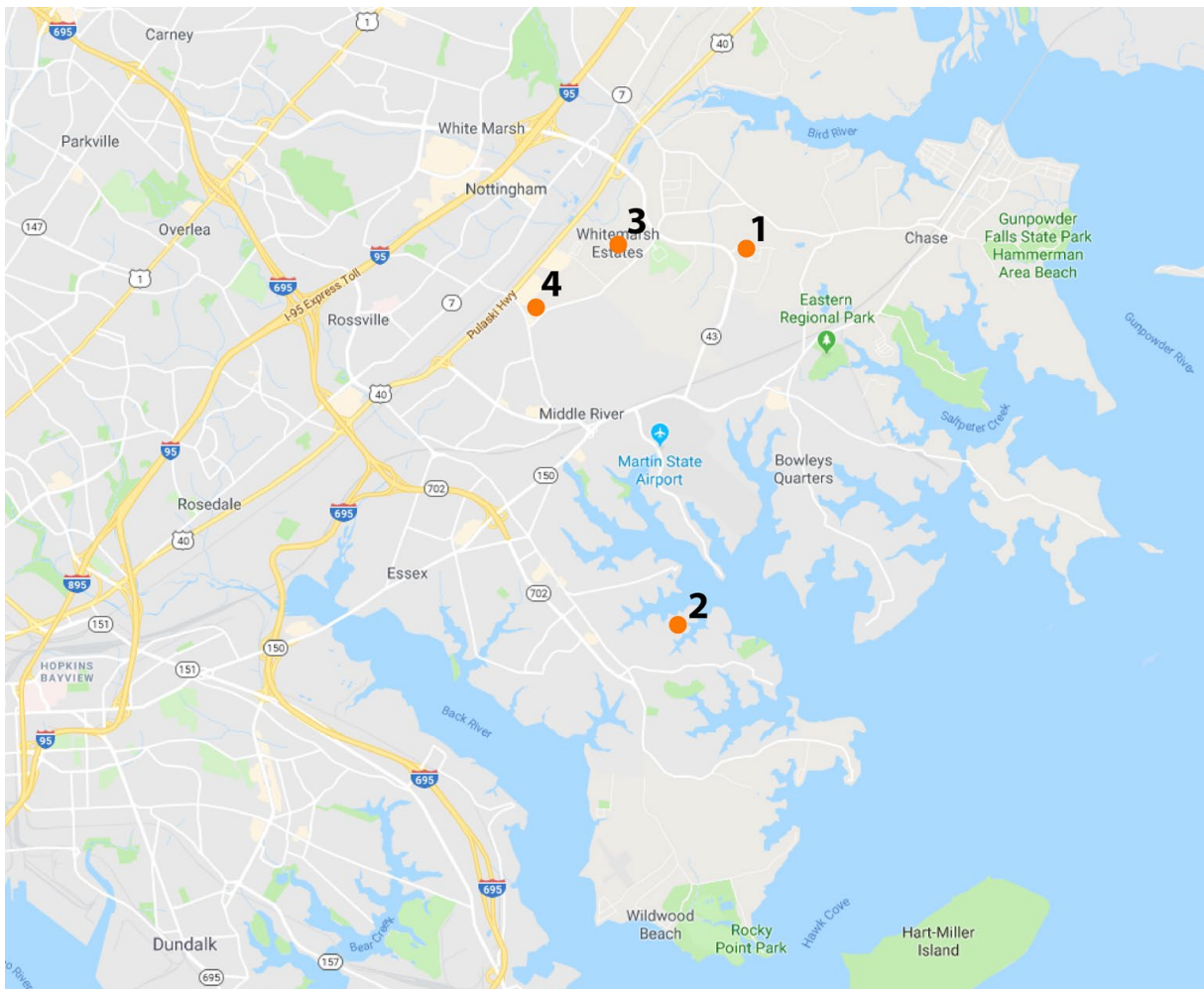
HAWKINS MANOR



<https://www.ryanhomes.com/find-your-home/our-communities/maryland/middle-river/hawkins-manor>



SINGLE FAMILY DETACHED RESIDENTIAL - COMPARABLES / COMPETITIVE SUPPLY



GREENLEIGH AT CROSSROADS

Builder: Ryan Homes - TH, Williamsburg Homes - SFD
Acreage: 1,000 acres total
Product Types: SFD, TH, Apartments, hotel, office, mixed-use
Units: 291 SFD, 692 TH, 500 MF
Prices: SFD \$480,900 +, TH \$310,000 +
Quality: "Sophisticated" "Urban"
Market Status: On Market, In Construction
Amenities & Features: Community Clubhouse, Fitness Center, Pool

QUIET WATERS

Builder: Ryan Homes
Acreage: Not Available
Product Types: Duplex "Villa"
Units: 38
Prices: Upper \$290s to low \$320s
Quality: "Luxury"
Market Status: In Construction
Amenities & Features: Community fishing pier, each area and walking trail, 1 or 2-car garage

CAMPBELL CROSSING

Builder: Ryan Homes
Acreage: Not Available
Product Types: Single Family Detached
Units: 56
Prices: Upper \$290s to low \$340s
Quality: Efficient, Starter homes
Market Status: In Construction
Amenities & Features: 2-car garages

HAWKINS MANOR

Builder: Ryan Homes
Acreage: Not Available
Product Types: Single Family Detached
Units: 56
Prices: Upper \$370s - Upper \$390s
Quality: "Luxury" "Traditional"
Market Status: On Market, In Construction
Amenities & Features: 2-car garages, finished basements



SINGLE FAMILY DETACHED RESIDENTIAL - DEMAND

New Household Growth Synopsis

- Average new households in Baltimore County is 1,058 per year
- Income distribution is even among income brackets
- Higher income correlates with higher rates of ownership
- Nearly half the population making under \$25,000 per year are seeking for-sale units
- A need and demand for low income housing exists
- Total of 696 households or 66 percent of new annual households seek for-sale units in Baltimore County

Existing Household Turnover Synopsis

- Annual turnover rate is consistent across all income brackets
- Income distribution is even among the income brackets
- Higher income correlates with higher rates of ownership propensity
- Higher demand (17x) from existing owner households in turnover seeking for-sale units than new households seeking for-sale units

Total annual demand for for-sale housing units is healthy at 12,523 households, roughly four percent of households

ESTIMATED ANNUAL FOR-SALE DEMAND POTENTIAL DEMOGRAPHIC TRENDS AND PROJECTIONS: ESSEX, MD 2018-2035

	Income: Below \$25,000 \$25,000 \$50,000 \$50,000 \$75,000 \$75,000 \$100,000 \$100,000 \$150,000 \$150,000 And Above \$525,000 And Above						
SOURCES OF DEMAND							
New Household Growth, 2018-2035							
Total Annual New Households ¹	1,058	1,058	1,058	1,058	1,058	1,058	1,058
x Distribution of Income ³	15%	20%	19%	14%	18%	15%	100%
= Income Qualified	158	211	202	146	186	155	1,058
x Owner Propensity ³	20%	34%	45%	61%	72%	88%	52%
=New Households Seeking For-Sale Units	32	72	90	89	135	136	554
Existing Owner Household Annual Turnover							
Total Households ³	312,826	312,826	312,826	312,826	312,826	312,826	312,826
x Distribution of Income ³	15%	20%	19%	14%	18%	15%	100.0%
x Owner Propensity ³	43%	53%	60%	72%	80%	91%	66%
Total Owner Households	20,038	32,840	35,963	31,199	44,083	41,799	205,922
x Annual Turnover Rate ³	5%	5%	6%	6%	6%	6%	6%
=Demand From Existing Households in Turnover	1,002	1,642	2,158	1,872	2,645	2,508	11,827
Annual For-Sale Demand By Home Price Range	1,034	1,714	2,248	1,961	2,780	2,644	12,380
Preference for New ⁴	0%	2%	2%	7%	8%	8%	5%
Annual Demand for New	0	34	45	137	222	212	650
Preference for SFD ⁵	0%	5%	20%	35%	55%	75%	52%
Annual Demand for New SFD	0	2	9	48	122	159	340
Preference for Townhome ⁵	0%	15%	40%	60%	43%	23%	38%
Annual Demand for New TH	0	5	18	82	96	49	250
Preference for Condo ⁵	0%	80%	40%	5%	2%	2%	9%
Annual Demand for New Condo	0	27	18	7	4	4	61
Essex Capture of SFD ⁶	0%	20%	10%	8%	8%	2%	5%
Annual Demand for New SFD	0	0	1	4	10	3	18
Essex Capture of Townhome ⁶	0%	20%	20%	10%	5%	2%	7%
Annual Demand for New Townhome	0	1	4	8	5	1	19
Essex Capture of Condo ⁶	0%	10%	5%	5%	0%	0%	7%
Annual Demand for New Condo	0	3	1	0	0	0	4

¹ Based upon Baltimore Metropolitan Council Round 90 projections for Baltimore County annualized between 2020 and 2035.

² Based on bankrate.com mortgage calculator, utilizing a 30 year fixed loan with a 4.5% interest rate.

³ American Community Survey, 2016, 5 year estimates for Baltimore County, Maryland.

⁴ Based on new home sales as a percentage of total home sales in Baltimore County from Redfin for the last three years.

⁵ Based on re-sale home data from Redfin for the last three years.

⁶ Based on Essex capture of Baltimore County sales based upon Redfin data for three years.