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.
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.
## CORRIDOR ONE - OVERALL OPPORTUNITIES

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There have been a handful of new builds in the Eastern Submarket in the past 18 years, most of the others are outdated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

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.
Baltimore County’s Largest Employers

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

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.

Source: Baltimore County Department of Economic and Workforce Development
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

Source: Robert Manduca
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.
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.

Ages 55+, Baby Boomers and Eisenhowers, 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.
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.

Source: U.S Census Bureau
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.
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

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.

Source: CoStar
# INDUSTRIAL - COMPARABLES / COMPETITIVE SUPPLY

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

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**

Source: CoStar
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.

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.

Source: CoStar
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.
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.

**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

- Ignite Leadership & Nurture Partnership
- Anticipate Evolution
- Know the Market
- Prune Back Retail-Zoned Land
- Eradicate the Ugliness
- Establish Pulse Nodes of Development
- Tame the Traffic
- Create the Place
- Diversity the Character
- 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.
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.
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.
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.
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.

<table>
<thead>
<tr>
<th>Quality</th>
<th>1 star</th>
<th>2 star</th>
<th>3 star</th>
<th>4 star</th>
<th>5 star</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Hotels</td>
<td>3</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: VisitMaryland Lodging Report
Source: CoStar
<table>
<thead>
<tr>
<th>Hotel</th>
<th>Super 8 Motel</th>
<th>Country Inn &amp; Suites</th>
<th>Hilton Garden Inn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>98 Stemmers Run Rd, Essex, MD 21221</td>
<td>8825 Yellow Brick Rd, Rosedale, MD 21237</td>
<td>5015 Campbell Blvd, Baltimore, MD 21236</td>
</tr>
<tr>
<td>Built</td>
<td>1990</td>
<td>2009</td>
<td>1999</td>
</tr>
<tr>
<td>Tier</td>
<td>Economy</td>
<td>Upper Moderate</td>
<td>Upscale</td>
</tr>
<tr>
<td>Rooms</td>
<td>49</td>
<td>81</td>
<td>155</td>
</tr>
<tr>
<td>Parking</td>
<td>80</td>
<td>98</td>
<td>113</td>
</tr>
<tr>
<td>Rack Rates</td>
<td>$71</td>
<td>$98</td>
<td>$113</td>
</tr>
<tr>
<td>Square Footage</td>
<td>24,295 SF</td>
<td>111,712 SF</td>
<td>100,418 SF</td>
</tr>
<tr>
<td>Amenities</td>
<td>laundry, free wifi</td>
<td>pool, free wifi, fitness center, business center</td>
<td>business center, printing service, meeting rooms, fitness center</td>
</tr>
</tbody>
</table>

Source: Expedia  
Source: CoStar
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.

### ADR & RevPar Per Year

![Graph showing ADR and RevPar per year](image)

### Table: Market Performance

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy</strong></td>
<td>62.8%</td>
<td>59.9%</td>
<td>62.5%</td>
<td>63.6%</td>
<td>65.5%</td>
<td>62.7%</td>
<td>63.0%</td>
</tr>
<tr>
<td><strong>ADR</strong></td>
<td>$85.48</td>
<td>$89.98</td>
<td>$91.40</td>
<td>$94.76</td>
<td>$96.92</td>
<td>$96.44</td>
<td>$98.81</td>
</tr>
<tr>
<td><strong>RevPar</strong></td>
<td>$53.68</td>
<td>$53.90</td>
<td>$57.13</td>
<td>$60.27</td>
<td>$63.48</td>
<td>$60.46</td>
<td>$62.25</td>
</tr>
<tr>
<td><strong>Demand For</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Room Nights</strong></td>
<td>1,103,611</td>
<td>1,067,595</td>
<td>1,266,778</td>
<td>1,315,770</td>
<td>1,378,746</td>
<td>1,341,777</td>
<td>1,360,614</td>
</tr>
</tbody>
</table>

Source: VisitMaryland Lodging Report
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.
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
### 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

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**SINGLE FAMILY DETACHED RESIDENTIAL - COMPARABLES / COMPETITIVE SUPPLY**

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[Map of the area with locations marked 1 to 4]
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.