



COLUMBIA MARKET ANALYSIS & ECONOMIC DEVELOPMENT SERVICES STUDY

Retail & Development Strategies LLC (RDS); WTL+a;
Folan Consulting

Study Background

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- ▣ Previous public meetings and responses by Columbia residents
- ▣ Client discussions and stakeholder interviews
- ▣ Market-based opportunities – Village Centers and GEDS
- ▣ Examples of proven strategies from relevant locations
- ▣ Potential public and private roles/partnerships
- ▣ Incremental changes, phased over time
- ▣ Different issues, different approaches by location

Overview of the Study Process

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- Study commenced in late 2013
- Public Meeting #1 (12/5): *Public issues discussion*
- Public Meeting #2 (3/25): *Real estate sectors/Columbia context*
- Public Meeting #3 (4/23): *Market findings & potentials for Village Centers, GEDS*
- Public Meeting #4 (5/29): *Preliminary recommendations & strategies*
- CA Board presentation Study overview/recommendations

Draft report is being finalized, completion anticipated late September

Areas Analyzed in Columbia

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Village Centers:

- Long Reach
- Owen Brown
- Oakland Mills
- Harper's Choice
- Hickory Ridge
- King's Contrivance
- Dorsey's Search
- River Hill

GEDS:

- GE site
- Dobbin Road
- Snowden River Parkway

Overview of Market Findings

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- Generally, Columbia's market demand is in balance with market supply
- Future growth in Columbia requires new approaches
- Market opportunities vary between village centers (competitive context, changing markets and age/condition of buildings)
- Grocery-anchor model in transition
- GEDS is both a policy and a planning question

Overview of Market Findings

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- Modest growth potential for office development in Village Centers; *+3,500 SF max per Village*
- Available vacant space and Downtown Columbia projects will absorb most new retail/office/residential growth
- Original grocery anchored center concept is evolving in Long Reach, anticipate others
- Village Center infill housing potentials *awaiting market receptivity* to Wilde Lake project
- Columbia's Village Center retail can support more Food & Beverage uses (*if space is available*); greater improvements will require more market density

Market Findings

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- Columbia's **near term growth** will be in Downtown Columbia, less in Village Centers
- **GEDS corridors** focus on industrial/manufacturing/distribution **transitioning to retail** and consumer services
- Residential vacancy rate/pricing suggest additional demand; **expansion potential**, but need sites
- Residential supply shaped by current policies/regulations, **planning objectives** (Downtown Columbia, Wilde Lake prototype)

Market Findings

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- **Village Centers not equally positioned** in the market (by ownership, competitiveness and condition)
- **Site Control: *Kimco Realty*** owns six Village Centers: *Harper's Choice, River Hill, King's Contrivance, Dorsey's Search, Hickory Ridge and Wilde Lake* (not in this study)
- Kimco's tenant mix characterized by national credit tenants, selected local businesses, limited vacancy, lease obligations
- Other Village Center redevelopment will depend on **results from Wilde Lake's** precedent

Columbia Today

- ❑ Columbia's original development plan largely built-out
- ❑ Still attracting residents (QOL, great schools, community spirit from original Rouse objectives)
- ❑ High incomes, strong employment, low vacancies
- ❑ Market fundamentals strong, but major retail competition in area for many Village Centers
- ❑ Growth has been stabilized, paced by planning policy and regional economy
- ❑ Columbia's Village Center ownership has diversified; so has the marketplace

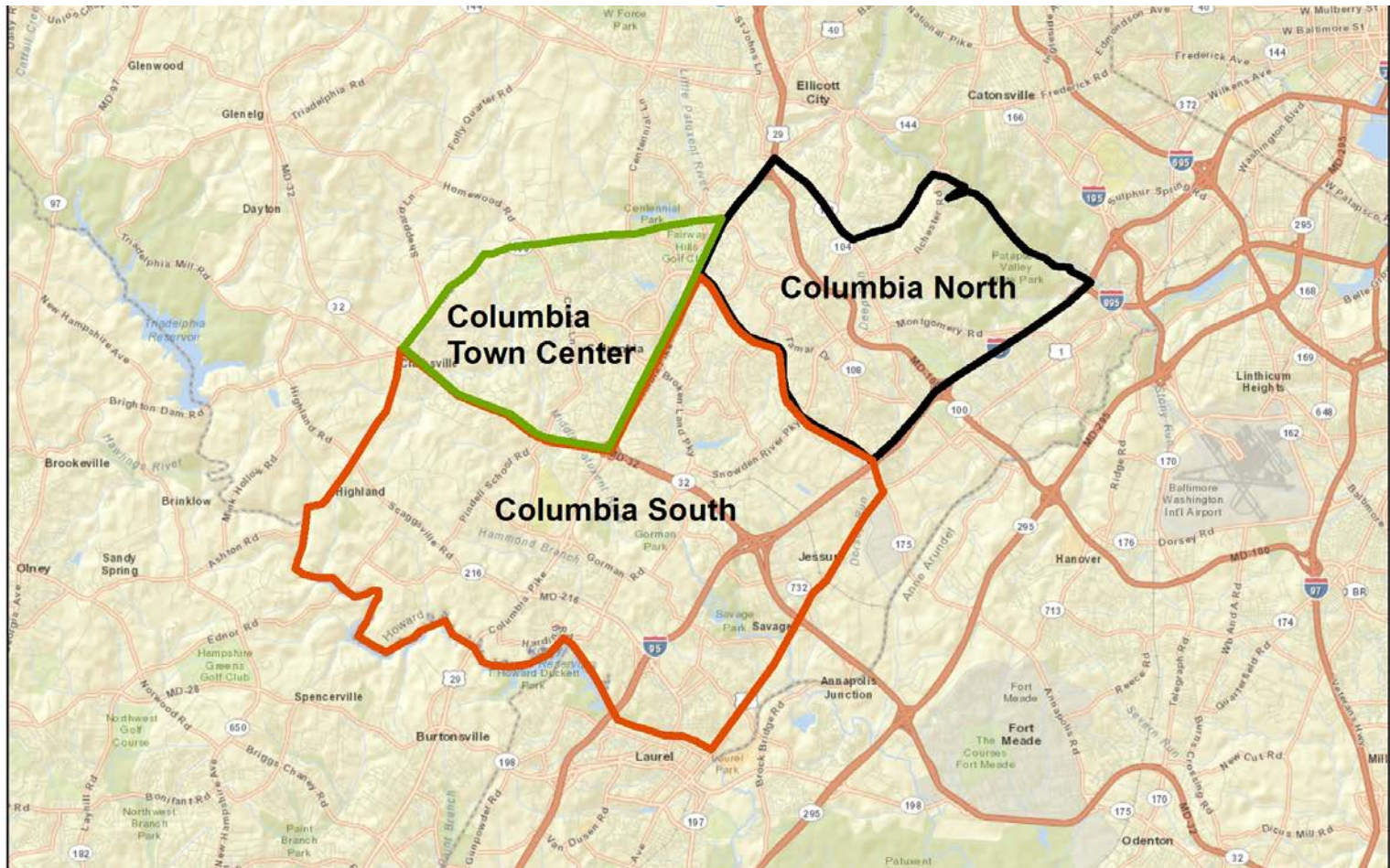
Columbia Today

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- Redevelopment of Downtown Columbia
 - 4.3 Million SF office planned
 - 5,500 new residential units planned
 - 1.25 Million SF new retail planned
 - Potential for new DT Hotel
- Wilde Lake redevelopment

Office Market (CoStar Boundaries)

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Office Market

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Significant scale differences:

- ▣ Howard County: **17.7 million SF**
- ▣ Columbia:
(81% of County) **14.3 million SF**
- ▣ Downtown Columbia: **1.7 million SF**
(+ 4.3 million SF approved)
- ▣ Village Centers: **126,000 SF**
(<1% of County)

Office Market

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Village Centers

- Office space considered a secondary use
- 7% vacancy overall
(higher in LR, OM, KC; very low/none in OB, DS, RH)
- Limited new potential absorption

Hotel Market

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- Currently 15 hotels, almost 1,900 rooms
- 12 of the 15 are older product, only 3 built since 2009
- Only ONE full service hotel in Columbia (Sheraton)
- Sustained average occupancy of 68% = new hotel product, likely Downtown
- Other new hotels require office space growth

Residential Market

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- 37,315 total dwellings (2010), 69% SF/31% MF
- Average values range from \$362,000 - \$672,000
- Low 2.8% rental housing vacancy rate (2.6% county)
- Low 4.0% housing vacancy rate overall (4.1% county)
- Precedent for village centers of 236 new du's in Wilde Lake – implications for value, absorption rate, vacancies
- 5,500 du's planned for Downtown Columbia
- Continued residential growth will be shaped by planning policy and available supply

Retail Market

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Location	Existing Retail SF	Vacant Retail SF	% Vacant
Village Center			
Long Reach	92,021	60,129	65%
Oakland Mills	71,209	5,216	7%
Owen Brown	106,437	5,855	6%
Dorsey's Search	83,252	-	0%
River Hill	191,402	-	0%
Hickory Ridge	87,678	832	1%
King's Contrivance	120,053	565	0.5%
Harper's Choice	112,016	8,576	8%
TOTAL:			
All Village Centers	864,068	81,173	9.4%
GEDs Corridor	1,535,517	37,874	2.5%
Study Area:	2,399,585	119,047	5.0%

Retail Vacancy Rate Details
 Columbia: 2%
 All VCs without LR: 3%

Source: CoStar, Inc. (11/15/13); RDS; WTL+a, March 2014.

Retail Market/Grocery Competition

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Village Center Population Densities & Income Levels (2012)

<i>Village Center</i>	<i>Median HH Income (w/in 5 minute drive)</i>	<i>Population Density (w/in 5 minute drive)</i>	<i>Population Density (w/in 10 minute drive)</i>	<i>Grocery Stores w/in 5 minute drive</i>	<i>Grocery Stores w/in 10 minute drive</i>
Oakland Mills	\$ 73,246	6,989	94,925	3	15
Long Reach	\$ 82,417	17,061	107,005	5	14
Owen Brown	\$ 88,292	17,356	138,696	4	12
Harper's Choice	\$ 92,533	24,290	82,055	3	7
King's Contrivance	\$ 99,180	15,365	148,272	2	6
Dorsey's Search	\$ 101,059	8,865	124,909	2	9
Hickory Ridge	\$ 102,053	18,993	93,887	4	7
River Hill	\$ 170,708	5,252	66,628	1	3

Source: Folan Consulting; RDS

Village Center Retail

Summary Findings

- **Long Reach, Oakland Mills and Owen Brown** challenged by highly competitive context
- Increasing competition/market share by **non-traditional stores** (e.g., Wal*Mart, Costco)
- All village centers except **River Hill** challenged by limited visibility & access from a major arterial, low immediate area traffic counts
- **Oakland Mills** market demand challenged by lower immediate densities

Village Center Retail

Competitive Environment

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- While **Dorsey's Search** has relatively low immediate population densities, the competition is limited & surrounding incomes are relatively high
- **Hickory Ridge** and **Harper's Choice** benefit from relatively high close-in densities. Hickory Ridge also reflects the second highest income levels (behind River Hill).
- **Dorsey's Search, Kings Contrivance & River Hill** have more limited supermarket competition.

Issues/Goals for Village Center

Recommendations:

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- *Residents:* more activity, variety of retail offerings, physical upgrades in Village Centers
- Improved/alternative uses for selected grocery store spaces
- *Owners/developers:* predictable, consistent review processes; public/private land-use flexibility
- Additional market opportunities and choice
- Impact of covenants on redevelopment

Implementing Columbia's Market Strategy

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Implementation is about **Change**, how to respond to and manage it in the future:

- What has changed about Columbia?
- What has changed about its markets?
- Where should future changes occur?
- Who should be involved?
- What should be retained and protected?
- What are the goals and issues that will affect implementing change?

Issues/Goals for GEDS

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- Transition from Industrial/Flex to office/retail
- Limited data on current uses/occupancies, land uses
- Smaller parcels complicate assembly along Dobbin Road; GE site is assembled and largely occupied
- Redevelopment strategies for GEDS (sustained as industrial vs. potential mixed use) offer different benefits, results

Roles for Property Owners

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- Keep spaces filled – some, but limited vacancy in GEDS, Village Centers
- Seek additional value-added uses
- Deliver return on investment – may limit ability to consider unconventional uses/businesses
- Respond to consumer wants and needs
- Respond to tenant/lease requirements
- **Can't** control tenants' financial stability, management quality or consumer responsiveness
- Multiple owners don't control overall market positioning as Rouse Company could

Roles for Howard County

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- Governance, public safety, planning and economic development
- Preserve tax base and jobs
- Shape future planning and development policies and regulations

Roles for Columbia Association

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- Provides recreation & cultural amenities, facilities
- Maintains Columbia's public realm
- Provides programming and events
- **Not** a redevelopment organization
- **Not** a regulatory agency – no planning or zoning authority
- Advocate for making Columbia the “Community of Choice, today and for generations to come”

So What is Possible for Village Centers?

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- Howard County's repositioning initiative at Long Reach
- Village Centers need more ***expanded markets***
 - specialized/niche office uses
 - possible conversion of Village Center anchor spaces
 - more customers will activate Village Centers; support more retail, F&B and services
- Significant additional retail and services less likely without more consumers (more residents and households)

Retail Retention and Recruitment Program

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Recommendation 1:

□ **Retail Retention and Recruitment Program**

Primary roles:

- Coordinate with Village Center owners, brokers to find strong tenants, fill vacant spaces
- Develop and update retail database
- Cooperate with owners, brokers and managers
- Outreach/research local & regional retail prospects
- Locate programs within HCEDA

Retail Recruitment & Retention Program

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Prince George's County MD

- County Economic Development Corporation created a retail recruitment/expansion/retention program with staff for underserved commercial areas
- Provides workforce and financial development assistance
- Combines with MBED state programs



Other Assistance

Recommendation 2:

- **Provide Other Assistance Through Retention and Recruitment Program**
 - Organize technical assistance program for retailers (business management, finance, operations, expansion strategies) with Howard County Community College or other higher education institution, former Rouse Company staff, RSVP, other groups
 - Explore funding a business assistance revolving loan program to reduce tenant relocation, design, fit-up costs

Alternatives for Grocery Store Space

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Recommendation 3:

- **Prepare Strategies for Future Changes/Alternatives**
 - Continued evolution of grocery anchor concept, increased competition may change grocery anchor concept in Village Centers
 - Retain grocery store anchors as possible, but be prepared to modify as required

Alternatives for Grocery Store Space

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Vacant Grocery Stores have been converted to:

- ❑ Medical Offices (Mt. Airy, Overlea and Lutherville MD)
- ❑ Libraries and Government Offices
- ❑ Churches
- ❑ Pre-Schools & Day Care Centers
- ❑ Ethnic Specialty Grocery Markets (Reston VA)
- ❑ Specialty Recreation Facilities (trampoline courts, shooting ranges, gyms, indoor golf)



Review and Approvals Processes

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Recommendation 4:

- **Review Village Center Planning/Redevelopment Processes**
 - ▣ Review current process to provide predictability for both owners & communities
 - ▣ Investigate opportunities for property/space 'swaps' to alter Village Center layouts, improve retail continuity

Explore Adding More Consumers

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Recommendation 5:

- **Identify Locations for New Infill in Village Centers**
 - ▣ Review existing commercial parking requirements, parking occupancy levels
 - ▣ Infill options could include retail, office, residential units and types
 - ▣ Consider revisiting Village Center Community Plans based on market findings

Covenants

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Recommendation 6:

- **Review and Summarize Columbia's Existing Covenants**
 - Multiple covenants affect potential redevelopment decisions in Village Centers and GEDS
 - Covenants control: land use, architectural design, massing
 - Determine common elements, transferability, timing, and terms

GE/Dobbin/Snowden (GEDS)

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Recommendation 7:

- **As a Tool for Planning, Prepare a Detailed GEDS Database**
 - Go beyond gross SF summaries, document current uses, occupancy by site and location to understand transition from Flex to retail, office
 - Review ownership, priorities to address market-based alternatives

GEDS Land Use Alternatives

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Market forces less clear along GEDS Corridors:

- *Different site characteristics:*
 - GE buildings/site is larger & assembled
 - Dobbin Road corridor includes multiple smaller industrial/flex uses, older buildings with mixture of uses
 - Similar condition along Snowden River Parkway, but newer buildings
- Existing railroad ROW being studied as possible transit corridor; long-range TOD potential

GEDS Land Use Alternatives

- Dobbin and Snowden corridors parallel national trend shifting from flex/industrial to retail and office, influenced by:
 - ▣ Range of allowed uses within zoned categories
 - ▣ Lower rents and occupancy costs
 - ▣ Access from/visibility to major roadways
 - ▣ Nature of flex buildings – highly adaptable
 - ▣ GEDS parallels national trends in well-located industrial parks and districts

GEDS Land Use Alternatives

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- Largest consolidated industrially zoned site in Howard County; ***as a land use, once it's gone, it's gone***
- Dobbin and Snowden corridors transitioning from flex/industrial to office/retail/services
- Long term demand in Columbia for housing, office, hotel, limited retail could change land uses and purpose in GEDS – no clear answer
- ***Future of GEDS is a policy and a planning issue***

GEDS Land Use Alternatives

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- **Retaining GEDS industrial zoning will:**
 - ▣ Allow economic development option to recruit businesses requiring large sites
 - ▣ Add/retain employment at different skill levels
 - ▣ Not require significant infrastructure modifications
 - ▣ Retain lower cost space favorable to small start-ups
 - ▣ Compatible with multiple & specific industry clusters (warehousing and distribution, life sciences/wet lab research, technology) for targeted EDA recruitment
 - ▣ Opportunity/cost difference when weighed against more density/mixed uses

Different Outcomes/Different Benefits

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- **Rezoning GEDS for Mixed Use will:**
 - ▣ Allow for additional housing, office and possible hotel; retail more limited by extent of nearby competition
 - ▣ Generate higher densities, higher property taxes
 - ▣ May require extensive infrastructure changes
 - ▣ Could require new school and public services capacity, depending on density and uses
 - ▣ Could create stronger competition for Village Centers and Downtown Columbia
 - ▣ Could foster long-term TOD opportunities

Analyze GEDS Under/Undeveloped Sites

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Recommendation 8:

- **As a Tool for Planning, Analyze GEDS Area ‘Undeveloped’ Sites:**
 - ▣ Evaluate physical characteristics of undeveloped GEDS corridors and environs (Gateway Loop)
 - ▣ Sites contain multiple, ‘easier’ undeveloped parcels; property unknowns include:
 - What part(s) of sites can be developed?
 - Environmental and water management conditions?
 - Accessibility - options and challenges?
 - Current/future owner priorities and timetables?
 - What densities and uses would be allowed?

Additional Village Center Specific Recommendations

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Long Reach

- Art supplies store/other arts-oriented uses
- Coffee shop
- Redevelopment should encourage highly visible, activating uses

Note: Village Center evolving from grocery anchor to institutional uses; Purchase proceeding, terms & planning process under review

Owen Brown

- 2-3 additional table service restaurants with beer and wine
- Dessert – ice cream/custard, baked goods
- Bike rentals and repairs for Lake Elkhorn Park
- Consider Wilde Lake-scaled reconfiguration

Village Center Recommendations

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Oakland Mills

- Casual dining/gourmet hamburgers and sandwiches
- Catering/party supply store
- 1-2 additional family style table service restaurants
- Add 3,000-5,000 SF of professional office space, as financeable
- Bike rentals and repairs for users of Blandair Park to hospital pathway
- Consider Wilde Lake-scaled reconfiguration/expansion

Harper's Choice

- Men's/women's athletic apparel and gear
- Athletic shoes for men, women and children
- Specialty skateboard shop with shoes and apparel
- 1-2 additional table service restaurants: gourmet hamburger, bistro with outdoor seating

Village Center Recommendations

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Hickory Ridge

- Upscale women's hair salon
- Coffee shop with snacks
- Yoga studio, yoga apparel & gear
- 1-2 additional table service restaurants (if space available): deli, tapas with outdoor dining
- Increase retail at end of 'the Avenue'

King's Contrivance

- Bar with live performance venue (75-150 seats)
- 2-3 additional table service casual dining restaurants (tapas, Belgian café, fine dining Italian, steak house)
- Athletic apparel for Middle and High School students
- Sports shoes/running store for adults, children

Village Center Recommendations

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Dorsey's Search

- 2-3 additional table service restaurants with outdoor seating
- Improve pedestrian connections to adjacent housing
- Retain other current store mix

River Hill

- Men's/Women's Athletic Wear/yoga apparel
- Athletic Shoes for M/W/C
- 2-3 table service restaurants
- Specialized medical supplies
- Coffee shop with snacks
- Chocolates/baked goods/ice cream
- Specialty toy store

Market-based Village Center Prospects

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- Retail and office demand and supply currently ‘in balance’
- Evolution of original grocery anchor concept will change over time
- To allow significant changes, will require new planning, additional uses and consumers (residents/households)
- Property owners can refine and add selected restaurants/food services, professional office space within current facilities
- Residential vacancy rate/pricing suggest additional demand expansion potential, but need sites
- Residential supply shaped by current policies/regulations, planning objectives
- Market forces and choices respond to placemaking and physical improvements – combine with planning

Questions & Discussion



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8/8/14 Draft

Columbia Market Study Overview and Draft Recommendations
Columbia Association Board of Directors
August 14, 2014