Appendix: GE/Dobbin Road & Snowden River Parkway ("GEDS"), Detailed Market Analysis

November 2014

Project Team

Columbia Association, Howard County Department of Planning and Zoning and Howard County Economic Development Authority

Consultant Team

Retail and Development Strategies, LLC *in association with* WTL+a, and Folan Consulting

Documentation and Distribution

This **Columbia Market Study Appendix** supplements the separately bound final Columbia Market Study report. There is an appendix for each village center studied and for the former GE Appliance site, Dobbin Road and Snowden River Parkway study area (GEDS). Each appendix includes extensive location-specific data analysis and documentation of market conditions, which support the findings in the final Columbia Market Study report.

In keeping with Columbia Association's sustainability practices, a limited number of copies of this report and the appendix materials were printed. The **Columbia Market Study** and **Technical Appendix** are available online at***: www.columbiaassociation.org/marketstudy.***

Table of Contents

Tables & Figures

Introduction

This appendix supplements the separately bound **Columbia Market Study** final report. There is an appendix for each village center included in the market study as well as for the "GEDS" study area (defined as the former **GE** Appliance site, **D**obbin Road and **S**nowden River Parkway areas). This appendix includes detailed market analysis, demographics, existing conditions and findings for the GEDS study area. This information provides the basis for the findings in the Columbia Market Study report. The report and the supplementary appendices are available online at***: www.columbiaassociation.org/marketstudy.***

Site/Area Description

The area comprising the former GE Appliance site and the Snowden River Parkway and Dobbins Road corridors are collectively referred to as the "GEDS" study area. As illustrated in Figure 1, it comprises a mix of commercial and industrial land uses over a sizable area of land located parallel to I-95 on the eastern edge of Columbia. Its development pattern over the past 40 years is characteristically suburban—low residential densities, wide streets, significant areas of surface parking, strip and community retail centers, multiple roadway interchanges and ramps, and other development features with limited walkable areas. The overall real estate market is generally stable—with generally solid occupancies in its office, retail and industrial sectors. Figure 2 depicts the official boundaries of the GEDS study area as defined for the purposes of this study.

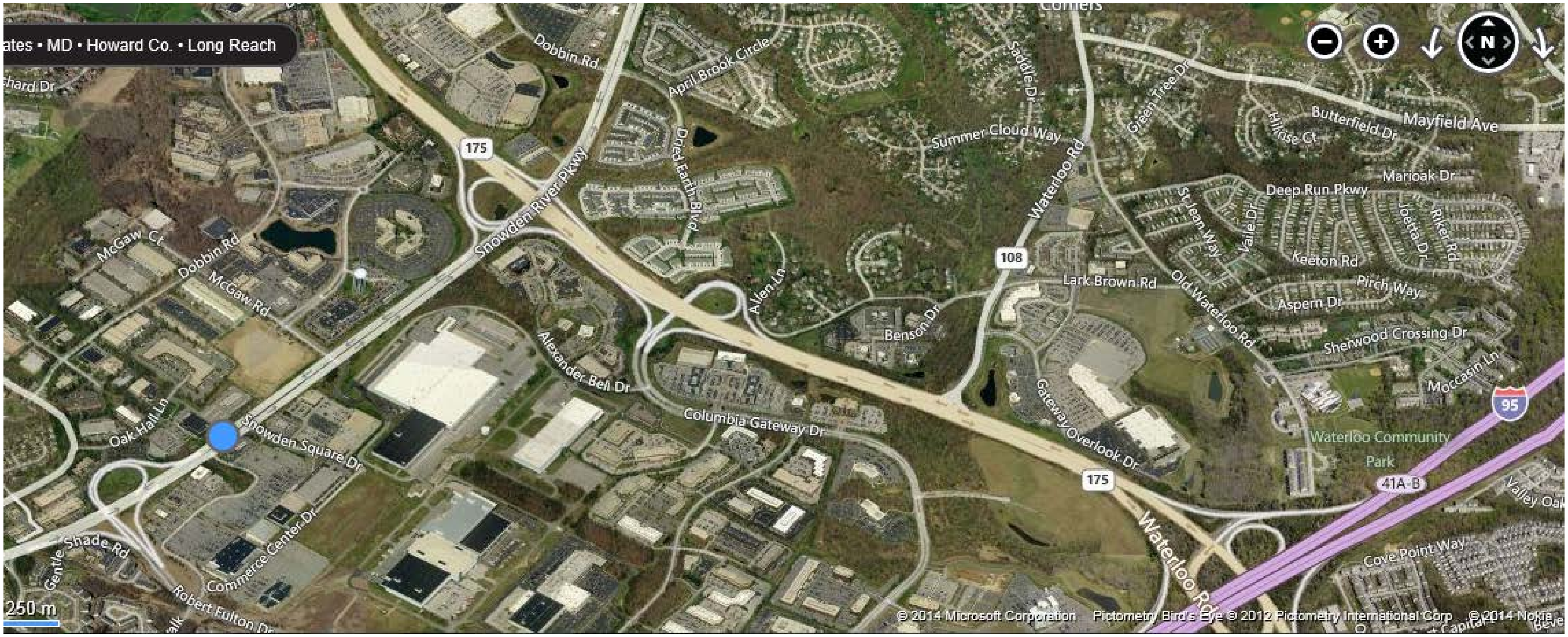
According to property tax data provided by the Howard County Department of Finance, the GEDS study area contains approximately 181 parcels with a combined site size of roughly 980 acres of land. Ownership characteristics indicate:

- Columbia Association owns 13 parcels comprising approximately 103.5 acres of land;
- Howard County owns nine parcels comprising approximately 37.5 acres of land;
- The largest tracts of land in private ownership in GEDS include 115.55 acres located at 8901 Snowden River Parkway and 48.7 acres at 8700 Robert Fulton Drive (these tracts are adjacent to one another and under the same ownership);
- Based on CoStar, Inc. data, a national real estate database, as compiled for the study area by Howard County Economic Development Authority, there are:

- 2.86 million sq. ft. of office and flex space in 69 buildings
- 1.53 million sq. ft. of retail space in 65 buildings (either freestanding pad sites or retail centers), and
- 4.27 million sq. ft. of industrial space in 29 buildings;

- Together, these office, flex, retail and industrial uses total **8.67 million sq. ft. of "workplace" real estate.** Additional detail on market performance for each use follows.

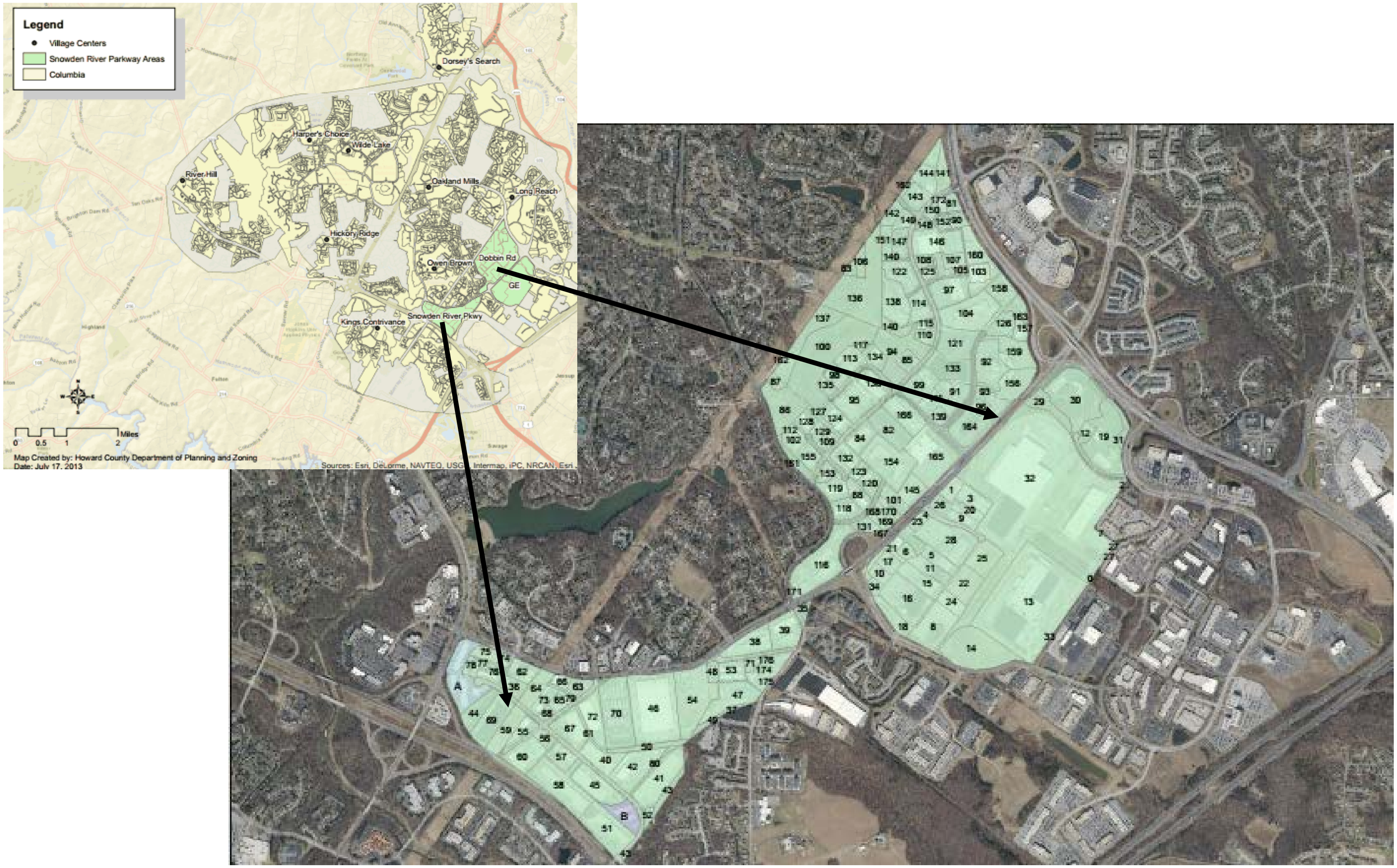
Figure 1: Aerial View—GEDS Study Area



Source:* *www.Bing.com/maps

While the GEDS study area (and its 8.67 million sq. ft. of inventory) does not include the office and flex buildings located on Columbia Gateway Drive, this and other nearby areas are considered as part of the competitive market context for GEDS.

Figure 2: GEDS Study Area Boundaries



Real Estate Market Performance

The following summarizes real estate market conditions and performance for each of the workplace uses in the GEDS study area for the period between 2005 and 2013, as of the November 15, 2013 CoStar property profile provided by Howard County. Key findings are highlighted below and illustrated in Table 1 through Table 3:

Office/Flex

- As noted, there are more than 2.86 million sq. ft. of office and "flex" space in 69 buildings within the GEDS study area boundaries. Flex is defined by CoStar, Inc. as buildings that contain multiple uses, such as front-end office and back-end industrial. Flex buildings are inherently "flexible" in accommodating various uses.
- As illustrated in Table 1, the study area's office inventory accounts for approximately 10% of Howard County's entire 17.7 million sq. ft. office inventory. This ratio has generally remained constant in the range of 10% to 11% since 2005;
- As illustrated in Table 1, the study area's office inventory comprises approximately 30% of the Columbia South office submarket, which contains almost 9.5 million sq. ft. of office space. GEDS' current 30% share reflects a ***significant*** **decline since 2005, when GEDS accounted for fully 42% of the Columbia South office submarket;**
- GEDS's declining share is illustrated in the amount of new office development. Since 2005, only 97,800 sq. ft. of new office space has been built in the study area, compared to more than 3.42 million sq. ft. delivered throughout Columbia South. As illustrated in Figure 3 later in this report, as defined by CoStar, Inc., Columbia South includes a larger geography surrounding the GEDS study area, and includes office buildings along I-95 and on Columbia Gateway Drive, which is adjacent to (but *outside* of) the GEDS study area boundaries, and contains more available land for commercial development;
- Currently, there are almost **254,000 sq. ft. of vacant office space**, reflecting an overall vacancy rate of 8.9%. Office vacancies in GEDS have fluctuated—from a low of 6% in 2006 to a peak of 14.6% in 2007. As the regional economy has strengthened following the 2007—2009 recession, vacancies have declined to their current level of 8.9%;

Table 1: Office Market Profile—Columbia South & GEDS Study Area

										Change: 2005-2013		
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**	**Ann'l Avg.**	**CAGR %**
Columbia South												
Inventory	6,516,434	7,358,129	7,811,182	8,373,967	8,475,468	8,827,497	8,980,997	9,090,997	9,493,297	**2,976,863**		
As % of Columbia	*60%*	*62%*	*63%*	*64%*	*64%*	*65%*	*65%*	*65%*	*66%*			
As % of Howard	*47%*	*49%*	*50%*	*51%*	*51%*	*52%*	*52%*	*52%*	*54%*			
Vacant Stock *(1)*	619,926	858,850	867,396	1,310,509	1,009,920	1,370,405	1,232,215	1,086,610	1,500,059	**880,133**		
% Vacant	*9.5%*	*11.7%*	*11.1%*	*15.6%*	*11.9%*	*15.5%*	*13.7%*	*12.0%*	*15.8%*			**6.5%**
Annual Net Absorption	311,870	602,771	444,507	119,672	402,090	(8,456)	291,690	255,605	(12,049)	**2,407,700**	267,500	
Annual Construction	374,960	841,695	453,053	562,785	178,451	352,029	153,500	110,000	402,300	**3,428,773**		
Years to Stabilized Occupancy *(2)*											**5**	

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, January 2014.

										Change: 2005-2013		
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**	**Ann'l Avg.**	**%**
GEDS Study Area-Office												
Inventory	2,768,658	2,768,658	2,819,476	2,819,476	2,866,476	2,866,476	2,866,476	2,866,476	2,866,476	**97,818**		
As % of Howard	*11%*	*11%*	*11%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*			
As % of Columbia South	*42%*	*38%*	*36%*	*34%*	*34%*	*32%*	*32%*	*32%*	*30%*			
Vacant Stock *(1)*	171,656	161,875	410,440	243,666	242,444	258,183	265,113	345,053	253,948	**82,292**		
% Vacant	*6.2%*	*5.8%*	*14.6%*	*8.6%*	*8.5%*	*9.0%*	*9.2%*	*12.0%*	*8.9%*			**4.6%**
Total Net Absorption	25,545	9,781	(197,747)	166,774	48,222	(15,739)	(6,930)	(79,940)	91,105	**41,071**	4,600	
New Construction	-	-	50,818	-	47,000	-	-	-	-	**97,818**		
Years to Stabilized Occupancy *(2)*											**51**	

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, revised March 2014.

- Similarly, net absorption (leasing activity) has also fluctuated over the past nine years—from (197,700) sq. ft. of *negative* absorption in 2007 to varying levels of positive net absorption in five of the past eight years (negative absorption indicates more tenants moving out than moving in). Over the period, however, **net absorption of office space in the GEDS study area has been nominal, totaling only 41,000 sq. ft., or an average of 4,600 sq. ft. per year.** If this pace were to continue, a significant amount of time will be required to absorb/lease the vacant office inventory in GEDS;
- Notably, asking rents for office space in GEDS have increased—from $21.59 per sq. ft. in 2005 to $24.25 per sq. ft. on a full-service basis (i.e., utilities included) in 2013. By comparison, rents in flex buildings are lower, and have declined over the past eight years—from $12.46 per sq. ft. in 2005 to $11.00 per sq. ft. in 2013 on a triple-net basis (i.e., whereby tenants pay their pro rata share of operating expenses, real estate taxes, common area maintenance and the like).

Industrial

- As illustrated in Table 2, the study area contains 4.27 million sq. ft. of industrial space in 29 buildings, accounting for 14% of Howard County's entire 31.1 million sq. ft. industrial inventory. This ratio has generally remained constant in the range of 14% to 15% since 2005;
- As illustrated in Table 2, the study area's industrial inventory comprises approximately 77% of the Columbia South industrial submarket, which contains more than 5.5 million sq. ft. of industrial space. GEDS' current 77% share has remained constant in the range of 77% to 78% since 2005;
- Currently, there are almost **664,600 sq. ft. of vacant industrial space**, reflecting an overall vacancy rate of 15.5%. The GEDS industrial market weakened significantly in 2007—2008, when Sears Logistics vacated the former GE site. In fact, more than 1.5 million sq. ft. of leased industrial space was lost in those two years alone. This resulted in a significant uptick in vacant space—from a stabilized low of 6.5% in 2006 to a high of over 40% in 2007. However, releasing efforts in the past five years as well as a strengthening regional economy has reduced overall vacancies to their current level of 15.5%;

Table 2: Industrial Market Profile—Columbia South & GEDS Study Area

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2005-2013 Total	Ann'l Avg.	CAGR %
Columbia South												
Inventory	5,679,816	5,679,816	5,677,116	5,639,592	5,586,393	5,564,193	5,564,193	5,564,193	5,564,193	**(115,623)**		
As % of Columbia	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*			
As % of Howard	*19%*	*19%*	*18%*	*18%*	*18%*	*18%*	*18%*	*18%*	*18%*			
Vacant Stock *(1)*	460,131	296,463	1,342,207	2,196,613	1,832,605	1,449,608	1,115,836	988,358	1,011,230	**551,099**		
% Vacant	*8.1%*	*5.2%*	*23.6%*	*38.9%*	*32.8%*	*26.1%*	*20.1%*	*17.8%*	*18.2%*			**10.6%**
Annual Net Absorption	(96,355)	163,668	(1,048,444)	(891,930)	310,809	360,797	333,772	127,478	(22,872)	**(763,077)**	**(84,800)**	
Annual Construction	-	-	-	-	67,327	-	-	-	-	**67,327**		
Average Rents	$ 4.85	$ 4.94	$ 4.89	$ 4.98	$ 4.80	$ 4.77	$ 4.66	$ 4.66	$ 4.65			**-0.5%**

Years to Stabilized Occupancy *(2)*	**N/A**

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, June 2014.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2005-2013 Total	Ann'l Avg.	%
GEDS Study Area-Industrial												
Inventory	4,431,918	4,431,918	4,431,918	4,394,394	4,273,868	4,273,868	4,273,868	4,273,868	4,273,868	**(158,050)**		
As % of Howard	*15%*	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*			
As % of Columbia South	*78%*	*78%*	*78%*	*78%*	*77%*	*77%*	*77%*	*77%*	*77%*			
Vacant Stock *(1)*	377,471	287,363	975,582	1,774,169	1,353,437	971,698	759,056	612,528	664,558	**287,087**		
% Vacant	*8.5%*	*6.5%*	*22.0%*	*40.4%*	*31.7%*	*22.7%*	*17.8%*	*14.3%*	*15.5%*			**7.8%**
Total Net Absorption	(104,600)	90,108	(688,219)	(836,111)	300,206	381,739	212,642	146,528	(52,030)	**(549,737)**	**(61,100)**	
New Construction	-	-	-	-	-	-	-	-	-	**-**		

Years to Stabilized Occupancy *(2)*	**N/A**

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, revised March 2014.

- This has been reflected in widely varying patterns of absorption (leasing activity). While there was 1.5 million sq. ft. of *negative* absorption in 2007—2008, releasing efforts have resulted **in 989,000 sq. ft. of positive net absorption between 2009—2013, or 197,800 sq. ft. per year.** If the pace of positive net absorption continues, only 3.1 years will be required to absorb/lease 93% of the existing, vacant industrial inventory in GEDS. An estimate of 93% was used as a typically accepted industry norm of "stabilized" building occupancies (i.e., 7% vacancy);
- As a result of weakened market conditions during this period, there has been no new construction of industrial space in GEDS since 2005. Moreover, only 67,300 sq. ft. of new industrial space has been delivered in the Columbia South submarket since 2005;
- Notably, asking rents for industrial space in GEDS have remained generally flat—declining slightly from $4.84 per sq. ft. in 2005 to $4.62 per sq. ft. on a triple-net basis (i.e., whereby the tenant pays its pro rata share of operating expenses, real estate taxes, common area maintenance and the like). These trends parallel the larger submarket, which declined from $4.85 per sq. ft. in 2005 to $4.65 per sq. ft. in 2013.

Retail

- As illustrated in Table 3, the GEDS study area contains more than 1.53 million sq. ft. of retail space in 65 retail centers (or freestanding pad sites), accounting for 13% of Howard County's entire retail inventory of 11.5 million sq. ft. This ratio has generally remained constant in the range of 12% to 13% since 2006;
- As illustrated in Table 3, the study area's retail inventory comprises approximately 49% of the Columbia South retail submarket, which contains more than 3.15 million sq. ft. of retail space. GEDS' current 49% share has increased only slightly—from 47% in 2006;
- Currently, there is only **37,900 sq. ft. of vacant retail space in GEDS**, reflecting an overall vacancy rate of only 2.5%. In effect, retail uses in GEDS are fully stabilized. That is, the real estate industry considers stabilized vacancies to be five percent (i.e., 95% occupancies). The retail vacancy rate in GEDS has hovered between 1% and 6% over the past eight years;

  While net absorption was positive in only four of the past eight years, it has been sufficiently strong to yield more than **171,200 sq. ft. of positive net absorption, or 21,400 sq. ft. per year.** If the pace of positive net absorption continues, only 1.6 years will be required to absorb/lease the remaining vacant retail space in GEDS;

Table 3: Retail Market Profile—Columbia South & GEDS Study Area

	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2006-2013 Total	Ann'l Avg.	CAGR %
Columbia South											
Inventory	2,877,894	2,910,069	2,952,095	2,965,722	2,977,854	2,988,424	3,160,757	3,151,521	**273,627**	**2.6%**	
As % of Columbia	*41%*	*39%*	*39%*	*39%*	*39%*	*39%*	*41%*	*41%*			
As % of Howard	*27%*	*26%*	*26%*	*26%*	*26%*	*26%*	*27%*	*27%*			
Vacant Stock *(1)*	90,446	119,986	179,940	185,230	137,083	98,300	100,676	74,379	**(16,067)**	**23%**	
% Vacant	*3.1%*	*4.1%*	*6.1%*	*6.2%*	*4.6%*	*3.3%*	*3.2%*	*2.4%*			**-4.0%**
Annual Net Absorption	126,744	2,635	(17,928)	8,337	60,279	49,353	169,957	17,061	**416,438**	**52,100**	
Annual Construction	181,272	32,175	42,026	13,627	14,200	14,820	172,333	-	**470,453**		
Years to Stabilized Occupancy *(2)*										**1.3**	

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, January 2014.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2005-2013 Total	Ann'l Avg.	%
GEDS Study Area-Retail												
Inventory	-	1,353,610	1,353,610	1,375,044	1,375,044	1,375,044	1,370,794	1,535,517	1,535,517	**181,907**		
As % of Howard	-	*13%*	*12%*	*12%*	*12%*	*12%*	*12%*	*13%*	*13%*			
As % of Columbia South	-	*47%*	*47%*	*47%*	*46%*	*46%*	*46%*	*49%*	*49%*			
Vacant Stock *(1)*	-	9,870	18,063	49,298	85,818	59,788	45,618	35,344	37,874	**28,004**		
% Vacant	-	*0.7%*	*1.3%*	*3.6%*	*6.2%*	*4.3%*	*3.3%*	*2.3%*	*2.5%*			**19.0%**
Total Net Absorption	-	17,319	(8,193)	(9,801)	(36,520)	26,030	9,920	174,997	(2,530)	**171,222**	**21,400**	
New Construction	-	22,493	-	21,434	-	-	-	164,723	-	**208,650**		
Years to Stabilized Occupancy *(2)*											**1.6**	

(1) Includes existing vacant relet and sublet space.
(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

Source: CoStar, Inc.; RDS; WTL+a, revised March 2014.

- Also illustrative of the strength of the GEDS retail market, more than 208,000 sq. ft. of new retail space has been built in GEDS since 2006, accounting for 44% of the 470,500 sq. ft. of new retail space built in Columbia South since 2006; and
- Asking rents for retail space in GEDS have declined—from $27.44 per sq. ft. in 2006 to $24.94 per sq. ft. on a triple-net basis. This is likely a function of concessions provided to tenants in new space delivered to the market as a means of enhancing overall absorption/leasing activity.

Competitive Retail Centers

From a competitive standpoint, however, there is additional retail space in retail centers located outside of/adjacent to the GEDS study area boundaries. As a result, the consulting team evaluated market conditions in these centers. As illustrated in Table 3 below, these competitive retail centers contain approximately 1.82 million sq. ft. of retail space, and include most major discount and big box retailers. These centers include: Dobbin Center, Columbia Crossing I and II, Gateway Overlook, and Snowden Square. As illustrated in Table 4, anchors include: Wal*Mart, Costco, Lowe’s, Home Depot, and a United Artists cinema with 14 theaters. All of the centers exhibit stabilized occupancies, with an overall (weighted average) occupancy of 99.1%. Gateway Overlook is the newest, a 528,350 sq. ft. shopping center constructed in 2007.

Table 4: Competitive Retail Centers—GEDS Study Area

Center	Year Built	% Occupied	Size (In SF)
Dobbin Center	1982	96%	295,159
Columbia Crossing I & II	1996-97	100%	495,593
Gateway Overlook	2007	99%	528,350
Snowden Square	1993	100%	500,000
TOTAL:		**99.1%**	**1,819,102**

Source: Various centers; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 5: Anchors & Major Tenants in Competitive Centers—GEDS Study Area

Center	Anchors & Major Tenants
Dobbin Center	Wal*Mart, Ross, Haverty's Offenbachers
Columbia Crossing I & II	Big Lots, Nordstrom Rack, Books-a-Million, Dick's Sporting Goods, Jo-Ann Fabrics, Old Navy, Target, REI, Toy's R Us, Babies R Us
Gateway Overlook	Costco, Lowe's, Trader Joe's, Best Buy, Office Depot, Golf Galaxy
Snowden Square	United Artists 14 Movie Theaters, Bed, Bath & Beyond, Marshall's, BJ's Discount Club, Michael's, Home Depot, PetsMart
Dobbin Station	Petco, LaZBoy

Source: Various centers; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Other competitive shopping centers in the immediate area include Long Gate Shopping Center and the Mall at Columbia. Long Gate Shopping Center, which is located to the north in Ellicott City, is anchored by Safeway, Target, Barnes & Noble, and Michael's Stores. The Mall at Columbia, with 1.4 million sq. ft. of existing retail space including recent additions, is a super-regional mall with a large trade area. Notably, the presence of Nordstrom as an anchor tenant typically extends the reach of a regional or super-regional mall.

Another major regional center, Arundel Mills, is located approximately 12 miles east of Columbia in Hanover. The center is owned by Simon and includes over 200 stores, a Cinemark Egyptian 24 Theater complex, Maryland Live! Casino, and Rams Head Center Stage (a 500-seat entertainment venue). Based on our discussions with retail brokers, developers and shopping center ownership, Arundel Mills has not had a significant impact on retailers in the Columbia area.

An inventory of nearby regional retail centers is illustrated in Table 6 below. A more detailed list of the local competition is included in Table 7 through Table 11.

Table 6: Existing Regional Retail Centers—GEDS Study Area & Environs

Center	Size (SF) & Properties	% Leased	Year Built	Average Rents/SF	Property Manager	Other
Dobbin Center 6435 Dobbin Road	295,159 12	96%	1982	$ 39.00	Rosenthal Properties	Six non-owned outparcels: bank McDonald's, Chik-fil-A, Wendy's & Starbucks
Columbia Crossing I & II	495,953 16	100%	1996-97	$ 28.00	Kimco Realty (Majority of Buildings)	Restaurant cluster includes: LaMadeleine, Famous Dave's Ribs, Don Pablo's, Macaroni Grill
Gateway Overlook Route 175 & Route 108	528,350 9	99%	2007	$ 23.00	Washington Real Estate Investment Trust (214,281 SF) & General Growth Properties	Restaurants include: Houlihan's, Mimi's Café, Other uses include: Paragon at Gateway Overlook (340 MF apartments)
Snowden Square Snowden River Parkway at Robert Fulton Drive	500,000 17	100%	1993	$ 28.00	Manekin LLC	Built to complement Dobbin Center
Dobbin Station 6781 Dobbin Road (Adjacent to Columbia Crossing)	N/A 4	100%	N/A	N/A	N/A	Food service tenants include: Chipotle, Noodles & Company
Columbia Mall 10300 Little Patuxent Pkwy	1,390,000 1	N/A	N/A	N/A	General Growth Properties	Recent expansion added 40,000 SF. Restaurant cluster includes: Cheesecake Factory, PF Chang's, Uno Chicago Grill, Champs Americana
Long Gate Shopping Ctr. 4310 Montgomery Road Ellicott City	595,410 11	100%	1996-97	N/A	Kimco Realty	Originally developed by Opus

Source: Various centers; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 7: Competitive Retail Inventory—Columbia Crossing I & II

Building	Year Built	Building Size (SF)	% Leased	Land Area (Acres)	Management
Columbia Crossing I					
Target	1997	130,604	100%	4.50	Not part of Kimco managed properties
Dick's Sporting Goods	1997	60,840	100%	6.14	Not part of Kimco managed properties
Old Navy (& small-scale retail)	1997	50,164	100%	4.50	Kimco
Subtotal - Anchors:		**241,608**		**15.14**	
% of Total		*49%*			
Jo-Ann Fabrics	1998	45,000	100%	3.49	Not part of Kimco managed properties
Nordstrom Rack	1999	40,750	100%	2.66	Kimco
TJ Maxx	1996	30,600	100%	3.26	Kimco
Big Lots! (former Comp USA)	N/A	28,450	100%	3.50	Not part of Kimco managed properties
Books-A-Million	1999	28,000	100%	2.66	Agree Realty
Staples	1998	24,978	100%	6.00	Not part of Kimco managed properties
Small-scale Retail	1998	23,933	100%	3.08	Kimco
Subtotal - Other Large-Format:		**221,711**		**24.65**	
% of Total		*45%*			
Romano's Macaroni Grill	1998	7,440	100%	1.83	Not part of Kimco managed properties
Don Pablo's	1997	7,480	100%	1.57	Not part of Kimco managed properties
La Madeleine	1998	4,210	100%	1.67	Not part of Kimco managed properties
Chicken Out Rotisserie	1998	4,500	100%	1.21	Not part of Kimco managed properties
Famous Dave's BBQ	1997	7,200	100%	1.53	Kimco
Subtotal-Food Service:		**30,830**		**7.81**	
% of Total		*6%*			
BP Gas Station	1998	**1,804**	100%	**1.04**	Not part of Kimco managed properties
		0.4%			
TOTAL - GLA:		**495,953**		**48.64**	
Columbia Crossing II					
Columbia Crossing was expanded to include REI, Toys R Us, and Babies R Us.					

Source: Kimco Realty; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 8: Competitive Retail Inventory—Dobbin Center

Building	Year Built	Building Size (SF)	% Leased	Land Area (Acres)	Management
Wal*Mart	1982	98,000	100%	7.85	
Ross Dress for Less	1983	64,901	100%	6.45	Continental Realty Corp
Haverty's Furniture, Offenbachers	1982	63,500	100%	2.49	Rosenthal Properties
Subtotal-Anchors:		**226,401**		**16.79**	
% of Total		*77%*			
Dobbin Center Plaza (Small Retailers)	1991	23,189	100%	N/A	Rosenthal Properties
Free standing building (Small Retailers)	1994	8,025	44%	1.16	
Subtotal-Freestanding:		**31,214**		**1.16**	
% of Total		*11%*			
M & T Bank	1983	13,902	74%	N/A	Platt Development Group
Chevy Chase Bank	2008	6,934	100%	6.45	
Pearl Nail and Spa	2012	4,723	100%	0.26	
Former Mobil Service Station	1983	700	0%	1.01	For sale at $3.6 million
Subtotal-Other:		**26,259**		**7.72**	
% of Total		*9%*			
Chick-Fil-A	2004	4,295	100%	1.51	
Wendy's	1983	3,300	100%	1.26	
McDonald's	1991	3,690	100%	N/A	
Subtotal-Food Service:		**11,285**		**2.77**	
% of Total		*4%*			
TOTAL - GLA:		**295,159**		**28.44**	

Other retailers located in the freestanding buildings include: Advance Auto Parts, Panera Bread, Bray & Scarff Appliance, Sprint, Five Guys, DXL, Baja Fresh, Tropicana Café, Lane Bryant, My Eye Dr., Performance Bikes and Garbanzo Grill.

Source: Rosenthal Properties; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 9: Competitive Retail Inventory—Snowden Square

Building	Year Built	Building Size (SF)	% Leased	Land Area (Acres)	Management
BJ's Wholesale	1993	106,900	100%	55.00	Manekin LLC
Home Depot	N/A	100,000	100%	N/A	
Marshall's	1993	66,000	100%	3.61	
United Artists Cinema	1997	58,250	100%	8.00	
Subtotal-Anchors:		**331,150**		**66.61**	
% of Total		*58%*			
Michael's	1993	50,000	100%	5.02	
Filene's Basement	1996	46,000	100%	3.82	Manekin LLC
Bed Bath & Beyond	1993	25,810	100%	2.99	Manekin LLC
PetSmart	1993	25,460	100%	5.02	
DSW Shoes	1995	20,394	100%	2.22	
Staples	1993	17,165	100%	1.62	Staples Inc.
Subtotal-Other Large-Format:		**184,829**		**20.69**	
% of Total		*32%*			
Red Lobster	1994	8,670	100%	2.05	
Bertucci's	1993	7,597	100%	2.23	
Ruby Tuesday	N/A	6,000	100%	N/A	
Boston Market	1994	3,262	100%	1.15	
Subtotal-Food Service:		**25,529**		**5.43**	
% of Total		*4%*			
Other Retail (Inc. Men's Wearhouse)	1996	15,200	100%	2.29	Manekin LLC
Freestanding Retail	1994	12,000	100%	1.45	Manekin LLC
Shell Gas Station	1993	1,456	100%	1.37	
Subtotal-Freestanding:		**28,656**		**5.11**	
% of Total		*5%*			
TOTAL - GLA:		**570,164**		**97.84**	

Source: Manekin LLC; CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 10: Competitive Retail Inventory—Gateway Overlook

Building	Year Built	Building Size (SF)	% Leased	Land Area (Acres)
Lowe's	N/A	172,103	100%	1.10
Best Buy	2007	133,851	97%	62.87
Costco	2007	132,000	100%	11.90
Trader Joe's, Golf Galaxy	2007	57,729	100%	7.20
Subtotal-Anchors:		**495,683**		**83.07**
% of Total		*94%*		
Houlihan's Restaurant and Grill	2008	7,000	100%	7.20
On the Border Mexican Grill	2008	6,000	100%	8.70
Mimi's Café	2007	6,600	100%	7.20
Subtotal-Food Service:		**19,600**		**23.10**
% of Total		*4%*		
Wachovia Bank	2010	3,101	100%	8.70
Chevy Chase Bank	2010	7,654	100%	1.24
Subtotal-Other:		**10,755**		**9.94**
% of Total		*2%*		
TOTAL - GLA:		**526,038**		**116.11**

Source: CoStar, Inc.; RDS; Folan Consulting, March 2014.

Table 11: Competitive Retail Inventory—Long Gate Shopping Center

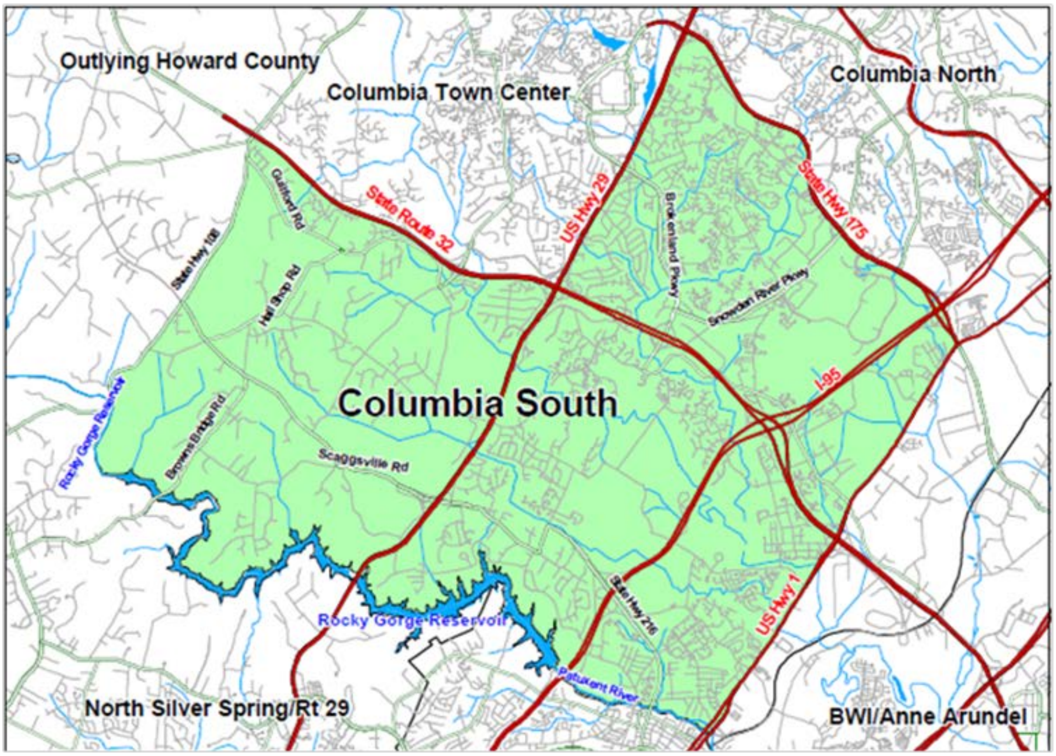
Building	Year Built	Building Size (SF)	% Leased	Land Area (Acres)	Management
Michael's, Safeway, Target	1996	433,467	100%	40.84	Kimco
Kohl's	1997	106,899	100%	1.43	Kohl's Corporation
Barnes & Noble	1997	20,700	100%	2.66	
Subtotal-Anchors:		**561,066**		**44.93**	
% of Total		*95%*			
Outback Steakhouse	1997	7,406	100%	1.98	
Carrabba's	1997	6,060	100%	1.66	
Uno Chicago Grill	1997	5,300	100%	2.11	
McDonald's	1997	3,899	100%	0.93	
Other Food Service	1998	3,365	100%	1.06	
Subtotal-Food Service:		**26,030**		**7.74**	
% of Total		*4%*			
The Columbia Bank	1997	3,319	100%	1.07	
PNC Bank	1997	2,637	100%	0.86	Kimco
Subtotal-Other:		**5,956**		**1.93**	
% of Total		*1%*			
TOTAL - GLA:		**593,052**		**54.60**	

Source: CoStar, Inc.; RDS; Folan Consulting, March 2014.

Demand Potentials: Office

As defined by CoStar, Inc., a national real estate market database, Columbia's office building inventory is distributed over three geographic areas—Columbia North, South and Town Center. The GEDS study area, which includes 2.86 million sq. ft. of office space, is located in the Columbia South submarket. We note that there is another 5.5 million sq. ft. of additional office space located in the Columbia Gateway area (Columbia Gateway Drive) adjacent to GEDS study area.

Figure 3: Columbia South Office & Industrial Submarket Boundaries



Source: CoStar, Inc.

Office Market Performance: 2005—2013

The consulting team examined office market trends in the Columbia South submarket between 2005 and 2013. This period was chosen because it includes multiple economic cycles—from the 2005—2007 boom to the late 2007 to late 2009 downturn and subsequent recovery. Market performance over the past nine years in Columbia South suggests:

- An inventory of **almost 9.5 million sq. ft. of office space**, which comprises fully 66% of the entirety of Columbia's 14.3 million sq. ft. office market. In fact, Columbia South is the largest office submarket in Howard County. Since 2005, Columbia South's share of the Columbia-wide inventory has increased as a result of new construction—from 60% to 66% of the total;

- There has been a significant increase in the amount of vacant office space—from 620,000 sq. ft. in 2005 to fully 1.5 million sq. ft. in 2013, reflecting an increase in the vacancy rate from 9.5% in 2005 to almost 16% in 2013;
- The increase in vacant office space in Columbia South is the result of **new office space in Columbia South being built faster than it was leased**; more than 3.4 million sq. ft. of office space was delivered across the submarket, but net absorption (i.e., leasing activity) totaled 2.4 million sq. ft. during this period;
- From a financing perspective, assuming that the average annual pace of absorption—267,500 sq. ft. per year—is sustained, **approximately five years will be required to achieve stabilized occupancies of 93%**. In other words, it could take fully five years to lease 93% of the existing 1.5 million sq. ft. of vacant office space in Columbia South;
- Average rents have increased only slightly —from $21.50 per sq. ft. in 2005 to $24 per sq. ft. in 2013 on a full-service basis; and
- Today, Columbia South is by far the largest and strongest of the three office submarkets in Columbia. Despite current high levels of vacant office space, Columbia South has captured fully 81% of the total net absorption/leasing of office space across the three submarkets since 2005. The future impacts of concentrating up to 4.3 million sq. ft. of new office development in Downtown Columbia could change the competitive market position of Columbia South and other office submarkets in Columbia in the future.

As noted, GEDS contains 2.86 million gross sq. ft. of office space. According to the November 15, 2013 property profile by CoStar, Inc., and provided by Howard County, there are almost 254,000 sq. ft. of vacant office space, reflecting a vacancy rate of 8.9%. GEDS accounts for fully 30% of Columbia South's total office inventory.

Job Growth in Office-using Sectors

Job growth in specific office-using employment/industry sectors is a key barometer of demand for future office space. The following examines market potentials for future office development using a *fair* share analysis through 2020. Fair share assumes that, all else being equal, the current share, or ratio, of space is maintained at a future point in time as growth occurs. Table 11 summarizes employment forecasts and Table 12 summarizes office demand.

- As illustrated in Table 11, the Round 8A employment forecasts prepared by Howard County's Department of Planning & Zoning (DPZ), and used by the Baltimore Metropolitan Council (BMC), suggest that Howard County will add an annual average of 3,000 new jobs per year between 2010 and 2020
- The analysis excludes new jobs that are estimated to go to self-employed/part-time categories, as it is not known how many such employees will occupy workplace real estate uses such as office, retail and/or industrial space. As a result, approximately **19,100 new (full-time) jobs are forecast for the eight-year period between 2012 and 2020**;
- Since the DPZ forecasts do not distinguish the types of jobs (other than "Retail" and "Non-Retail" employment), the analysis assumes that approximately 47% of the 19,100 new jobs will be in office-using sectors (similar to Columbia; 2012 data);

Table 12: Employment Forecasts, 2010—2020

	2010	2012	As % of Total	2020	2012-2020 Forecast
Howard County: All Jobs					
BMC Round 8 Total Jobs *(1)*	181,381	187,381	100.0%	211,381	24,000
Less Self-Employed/Part-time *(2)*		38,151	20.4%	43,037	4,886
Total - Full-time Jobs (2012-2020):		**149,230**	**79.6%**	**168,344**	**19,114**
Howard County: Full-time Jobs Only			*(3)*		
Mining & Natural Resources		2,522	1.7%	2,845	323
Construction		11,031	7.4%	12,444	1,413
Manufacturing		10,675	7.2%	12,042	1,367
Transportation & Warehousing		3,879	2.6%	4,376	497
Communications		2,195	1.5%	2,476	281
Utilities		594	0.4%	670	76
Wholesale & Retail Trade		31,496	21.1%	35,530	4,034
Finance/Insurance/Real Estate		9,308	6.2%	10,500	1,192
Services		66,790	44.8%	75,345	8,555
Government		10,740	7.2%	12,116	1,376
Total - Full-time Jobs (2012-2020):		**149,230**	**100.0%**	**168,344**	**19,114**

(1) Reflects Round 8 employment forecasts for "Retail" and "Non-Retail" jobs for 2010-2020, as prepared by the Howard County Department of Planning & Zoning, and used by the Baltimore Metropolitan Council (BMC). BMC does not prepare job forecasts by industry sector.

(2) The forecasts include both part-time and self-employment jobs. These are excluded from the analysis because it is unknown how many part-time and self-employed jobs will demand workplace real estate such as office or industrial space.

(3) This illustrates the distribution of jobs, by industry sector, in 2012. The analysis assumes that the distribution of jobs, by industry sector, will remain the same in 2020.

(4) Columbia's current (2012) share of all jobs in Howard County was 38%. The analysis assumes that Columbia maintains its share in 2020.

Source: Baltimore Metropolitan Council (BMC) Round 8 Forecasts; ESRI Business Analyst; RDS; WTL+a, revised April 2014.

Office Demand & Allocation

- As illustrated in Table 12, the next step in estimating demand applies an occupancy factor (of occupied space per office employee), and estimates the proportion of employees in each sector who are office workers. The analysis also estimates demand generated by other market factors, such as vacancy adjustments, part-time/self-employed individuals (who may or may not occupy multi-tenant office space), and cumulative replacement; these estimates either increase or reduce future demand for office space. Cumulative replacement, for example, considers tenants that move when a building is removed from the inventory due to physical and/or functional obsolescence;

  The analysis indicates ***gross* demand for 2.18 million sq. ft. of office space in Howard County between 2012 and 2020**. From a financing perspective, however, some portion of the existing 2.36 million sq. ft. of vacant office space countywide would need to be leased before new office space could be financed. It is not known how much of Howard County's existing vacant inventory suffers from physical and/or functional obsolescence; will be converted to other uses such as residential; or could be demolished. Therefore, the analysis conservatively assumes that 30% (or roughly 716,000 sq. ft.) would need to be leased before financing is provided for any new office construction. This would thereby reduce the county's current 13.5% office vacancy rate to roughly 9%; and

- This analysis effectively suggests that, if 100% of the county's existing vacant office space is usable, fully 100% of demand generated by new office-using jobs through 2020 could be accommodated in existing vacant space.

The next step in the analysis in Table 12 allocates the county's 2020 net demand to Columbia and its three office submarkets. If Columbia and its submarkets maintain their current share of the total, this suggests the following:

- If Columbia maintains its current share of the county's office market (81%), this would yield **net demand for approximately 1.18 million sq. ft. of demand for office space** generated by new jobs in office-using sectors by 2020;
- Allocated to each of the three office submarkets in Columbia (North, South and Town Center) suggests:
  - 185,700 sq. ft. of demand to Columbia North by 2020. There is 385,400 sq. ft. of existing vacant space;

- 784,000 sq. ft. of demand to Columbia South by 2020. There is 1.5 million sq. ft. of existing vacant space; and
- 217,200 sq. ft. of demand to Town Center by 2020. There is 237,150 sq. ft. of existing vacant space.

- If the GEDS study area maintains its current 30% share of Columbia South, new job growth could potentially yield **net demand for 236,800 sq. ft. of office space by 2020**. However, there is currently almost 254,000 sq. ft. of vacant office space in GEDS, suggesting that near-term demand can be accommodated in existing vacant space (assuming this space is not physically nor functionally obsolete).

Table 13: Office Demand & Allocations to Columbia Office Submarkets, 2020

Industry Sector		New Jobs 2012-2020	% Office-Using	SF Occupancy Factor	2020 Demand (In SF)
Howard County					
Mining & Natural Resources		323	5%	200	3,200
Construction		1,413	10%	200	28,300
Manufacturing		1,367	10%	225	30,800
Transportation & Warehousing		497	35%	200	34,800
Communications		281	85%	275	65,700
Utilities		76	50%	200	7,600
Wholesale & Retail Trade		4,034	20%	175	141,200
Finance/Insurance/Real Estate		1,192	95%	275	311,500
Services		8,555	65%	200	1,112,100
Government		1,376	50%	175	120,400
Total/Weighted Average:		**19,114**	**47%**	**200**	**1,855,600**
+ Vacancy Adjustment @			7.5%	*(1)*	139,200
+ Cumulative Replacement Demand			10%	*(2)*	185,600
Gross Demand - Howard County (SF):					**2,180,400**
Existing Vacant Office Space			2,386,805	*(3)*	
- *Lease-up Required @*		*30%*	(716,042)	*(4)*	(716,042)
Remaining Vacant Space:			**1,670,764**		
Resulting % Vacant			*9.4%*		
2020 Countywide Net Demand (SF):					**1,464,400**
Columbia-All Submarkets					
Fair Share Scenario					
Existing Office Space					14,370,598
As % of Howard County @					**81.0%**
2020 Columbia Demand (SF):					**1,187,000**
Submarket Allocations:					
Columbia North (As % of Columbia)					**16%**
2020 Demand:					**185,700**
Existing Vacant Space					385,438
Columbia South (As % of Columbia)				*(5)*	**66%**
2020 Demand:					**784,100**
Existing Vacant Space					1,500,059
GEDs Corridor					
Based on Current Share (As % of Columbia South)			**30.2%**		**236,757**
Existing Vacant Space					253,948
Town Center (As % of Columbia)					**18%**
2020 Demand:					**217,200**
Existing Vacant Space					237,150

(1) This allows for a 7.5% "frictional" vacancy rate in new office space delivered to the market (i.e., this accounts for tenant movement to new space).
(2) This represents new space required by existing businesses to replace obsolete or otherwise unusable office space. This is assumed to represent 10% of total demand.
(3) Based on Q4/2013 (11/15/13) office inventory and vacancy data for Howard County from CoStar, Inc.
(4) From a financing perspective, some portion of existing vacant office space in Howard County will need to be leased before financing of new construction is viable. This is assumed to represent 30% of existing vacant office space, which would thereby reduce the overall vacancy rate to 9.4%.
(5) Includes the GE/Dobbin Road/Snowden River Parkway ("GEDs") study area.

Source: Baltimore Metropolitan Council/BMC Round 8 Forecasts; ESRI Business Analyst; CoStar, Inc. WTL+a, April 2014.

Demand Potentials: Industrial

The same analysis was completed for industrial space. (Because of the overlapping nature of "flex" space between office, retail and/or industrial uses, an analysis of flex space was not undertaken). Table 13 documents industrial demand.

- The analysis indicates ***gross* demand for 1.98 million sq. ft. of industrial space in Howard County between 2012 and 2020**. From a financing perspective, however, some portion of the existing 3.66 million sq. ft. of vacant industrial space countywide would need to be leased before new industrial space could be financed. It is not known how much of Howard County's existing vacant inventory suffers from physical and/or functional obsolescence; will be converted to other uses such as flex-tech; or could be demolished. Therefore, the analysis conservatively assumes that 30% (or roughly 1.1 million sq. ft.) would need to be leased before financing is provided for any new industrial construction, yielding ***net* demand for approximately 890,000 sq. ft. of industrial space by 2020.** This would thereby reduce the county's current 11.8% industrial vacancy rate to a more reasonable 8%; and
- This analysis effectively suggests that, if 100% of the county's existing vacant industrial space is usable, **fully 100% of demand generated by new industrial-using jobs through 2020 could be accommodated in existing vacant space.**

Table 14: Industrial Demand & Allocations to Columbia Industrial Submarkets, 2020

Industry Sector	New Jobs 2012-2020	% Industrial-Using	SF Occupancy Factor	2020 Demand (In SF)
Howard County				
Mining & Natural Resources	323	50%	400	64,600
Construction	1,413	25%	350	123,600
Manufacturing	1,367	90%	350	430,700
Transportation & Warehousing	497	65%	750	242,200
Communications	281	15%	500	21,100
Utilities	76	20%	750	11,400
Wholesale & Retail Trade	4,034	5%	750	151,300
Finance/Insurance/Real Estate	1,192	5%	500	29,800
Services	8,555	15%	450	577,400
Government	1,376	10%	300	41,300
Total/Weighted Average:	**19,114**	**20%**	**500**	**1,693,400**
+ Vacancy Adjustment @		7.5%	*(1)*	127,000
+ Cumulative Replacement Demand		10%	*(2)*	169,300
Gross Demand - Howard County (SF):				**1,989,700**
Existing Vacant Industrial Space		3,667,005	*(3)*	
- *Lease-up Required @*	*30%*	(1,100,102)	*(4)*	(1,100,102)
Remaining Vacant Space:		**2,566,904**		
Resulting % Vacant		*8.2%*		
2020 Countywide Net Demand (SF):				**889,600**
Columbia				
Fair Share Scenario				
Existing Industrial Space (Columbia South)				5,564,193
As % of Howard County @				**18%**
2020 Demand (SF):				**159,000**
Allocation to GEDS:				
Existing Industrial Space				4,273,868
As % of Columbia South @				**77%**
2020 Demand (In SF):				**122,100**
Existing Vacant Industrial Space				**664,558**

(1) This allows for a 7.5% "frictional" vacancy rate in new industrial space delivered to the market (i.e., this accounts for tenant movement to new space).
(2) This represents new space required by existing businesses to replace obsolete or otherwise unusable industrial space. This is assumed to represent 10% of total demand.
(3) Based on Q4/2013 (11/15/13) industrial inventory and vacancy data for Howard County from CoStar, Inc.
(4) From a financing perspective, some portion of existing vacant industrial space in Howard County will need to be leased before financing of new construction is viable. This is assumed to represent 30% of existing vacant industrial space, which would thereby reduce the overall vacancy rate to 8.2%.

Source: Baltimore Metropolitan Council/BMC Round 8A Forecasts; ESRI Business Analyst; CoStar, Inc.; WTL+a, updated August 2014.

Industrial Demand & Allocation

The next step in the analysis in Table 13 allocates the county's 2020 net demand to Columbia:

- If Columbia South maintains its current 18% share of the county's industrial market, this would yield **net demand for 159,000 sq. ft. of industrial space** generated by new jobs in industrial-using sectors by 2020; and
- If the GEDS study area maintains its current 77% share of Columbia South, this would yield ***net* demand for approximately 122,100 sq. ft. of industrial space by 2020.** However, since there are currently 664,600 sq. ft. of vacant industrial space in GEDS, near-term demand can be *fully* accommodated in existing vacant industrial space;
- Ongoing recovery (i.e., including additional net absorption) needs to continue to reduce the amount of vacant industrial space in Howard County, Columbia South and GEDS (assuming this space is not physically nor functionally obsolete).

Demand Implications: Retail

Based on the existing competitive environment and the focus of new development/redevelopment efforts at the Mall at Columbia and Downtown Columbia, our analysis suggests that the potential for new retail development in the GEDS study area is limited. An additional 1.25 million sq. ft. of retail space is planned in Downtown Columbia, and the Mall at Columbia's major anchors (Nordstrom, which attracts customers from a much larger trade area, Macy's, JC Penney, Sears, and Lord & Taylor), reinforce the mall's already strong regional draw.

Moreover, since most of the major big box and discount retailers are already located in the Columbia market, it is likely that any retailers not already in the market would choose to locate at an existing center, with unique or new specialty retailers likely choosing locations at the Mall or in the proposed retail in Downtown Columbia. With an existing 1.82 million sq. ft. of retail space located in the major competitive retail centers in/adjacent to GEDS, and with 1.25 million sq. ft. of additional retail space planned downtown, the amount of new retail space that could be supported in the GEDS study area is likely quite limited. However, some additional retail space in GEDS may be possible if incrementally introduced in balance with incremental increases in residential supply in the area.

Demand Implications: Market-rate Housing

Residential Market Conditions

Currently, there is no residential development located *inside of* the GEDS study area boundaries as identified by Howard County for this study. However, we have identified several residential neighborhoods—of varying densities, age, and product—located *adjacent to* the GEDS boundaries for purposes of understanding current market conditions. These include:

- Several for-sale townhouse communities at Hidden Cove and Procopio Circle off of Oakland Mills Road, and Quarry Bridge Court and Stirling Bridge Drive off of Guilford Road near the southern border of GEDS;
- *Monarch Mills* (formerly known as *Guilford Gardens)*, a 269-unit garden apartment complex redeveloped in 2011 by the Howard County Housing Commission, and containing a mix of market-rate, elderly and subsidized units on Oakland Mills Road (192 units are unsubsidized);
- Low-density single-family neighborhoods between Snowden River Parkway and Lake Elkhorn to the south of Oakland Mills Road (in, or adjacent to, the Village of Owen Brown);
- *Stonehaven*, a 200-unit garden apartment complex built in 1999, and located adjacent to the interchange of Snowden River Parkway and Robert Fulton Drive on Gentle Shade Road and Solar Walk;
- *Parkview at Snowden River*, a 99-unit mid-rise built in 2004 containing age- and income-restricted units; and
- A townhouse community adjacent to the interchange of Snowden River Parkway and Route 175/Waterloo Road off of Dried Earth Boulevard near the northern border of GEDS.

In addition, the newest residential community located adjacent to the GEDS study area boundaries includes *Paragon at Gateway*, a 320-unit rental apartment community developed in 2013 by Chesapeake Realty Partners. The project was built on a vacant site at the intersection of Marie Curie Drive and Lark Brown Road in Elkridge, outside of Columbia, and adjacent to Gateway Overlook, a 526,000 sq. ft. retail center anchored by Lowe's and Costco. It is currently in lease-up. Facilities include club-style lobbies in each of its five buildings; a Resident's Club with multiple lounge areas, 24-7 fitness center, lap pool and barbeque area, greenhouse, and outdoor recreation center. Each building contains 64 units comprising one- and two-bedroom units each. Current monthly rents range from $1,575 to $2,010 per unit per month.

According to the 2012 Howard County Rental Survey, prepared by Real Property Research Group (RPRG) on behalf of Howard County Housing, average monthly rents at Stonehaven (which contains 100% market-rate units) range from $1,345 per month for one-bedroom units to $1,575 per month for two-bedroom units, with a 4% vacancy. By comparison, monthly rents in 2012 for unsubsidized units at Monarch Mills ranged from $1,008 per month for one-bedroom units to $1,431 for two-bedroom units, with a 14.6% vacancy rate (the complex was in lease-up in 2012). Monarch Mills contains 10 different floor plans, and units sized from 675 sq. ft. to 1,286 sq. ft. At Parkview at Snowden River, another income-restricted community, average monthly rents ranged from $685 per month for one-bedroom units to $958 per month for two-bedroom units, with 100% occupancy.

Between 2004 and 2013, Howard County issued permits for 4,713 total housing starts for multi-family units in structures containing five or more units. The two comparable residential projects identified above that were built during this period (Parkview at Snowden River and Paragon at Gateway) contain a total of 419 units (the renovation of Monarch Mills did not provide any net new units). This reflects an estimated **market penetration rate of 9% of the total multi-family housing starts** (in structures containing five or more units) in Howard County. It is not known how many attached/townhouse units were built in areas adjacent to the GEDS study area during this 10-year period that may impact this estimated capture rate (a detailed survey of the housing stock in GEDS is beyond the scope of this study).

According to REIS Reports, a national multi-family database, Howard County contains an inventory of more than 16,400 multi-family units. At year-end 2013, the overall vacancy rate was only 3.7%, suggesting overall stabilized occupancies in the county's rental housing stock.

Public Policy Issues

As detailed in the Final Report, there are two overarching issues pertaining to future market potentials/opportunities for new housing in the GEDS study area. The first key issue is understanding locations/sites which could potentially accommodate new housing. The second (and more complex) issue pertains to current land use policies that will need to be changed by Howard County to accommodate new housing in GEDS, which is currently limited to commercial (office and retail), industrial/flex, and warehousing and distribution uses.

Potential Locations for New Housing

As noted in the Final Report, there are a number of vacant/unbuilt locations in (or adjacent/proximate to) the GEDS study area based on a preliminary assessment by Columbia

Association. While there has not been a comprehensive analysis of these sites to determine what portion of each might be developable, the CA property review identified **over 144 acres of vacant/unbuilt land**. In particular, of 12 unbuilt sites, half are zoned Commercial (containing 67± gross acres) and half are zoned Industrial (containing 77± gross acres). These vacant parcels range in size from less than three acres to 44.5 gross acres, with varying levels of visibility and access to adjoining major roadways. Table 14 illustrates existing vacant parcels in or adjacent to the GEDS study area.

Table 15: Vacant/Unbuilt Parcels In/Adjacent to GEDS Study Area

Location	No. of Adjacent Parcels	Acres	Notes
Commercial Zoning			
Adjacent to Route 175	2	25.62	Limited access; high visibility
Adjacent to I-95	1	14.04	Limited access; high visibility
Within Columbia Gateway Loop	1	10.69	Last large parcel within loop
GE Sites	2	11.01	East of Snowden Square retail center
Other	1	6.00	ROW adjacent to Snowden Square
Subtotal:	**7**	**67.36**	
Industrial Zoning			
Gateway Loop Sites	2	19.10	Access from Gateway Loop, I-95 visibility
Rail ROW Site	1	44.53	Adjacent to rail; no road access
Gateway Loop Site	1	2.81	Narrow site; loop road access; overlooks GE pond
Snowden River Parkway Site	1	10.45	Snowden & rail access; adjacent to warehousing
Subtotal:	**5**	**76.89**	
TOTAL VACANT LAND:	**12**	**144.25**	

Source: Howard County; Columbia Association; RDS, LLC April 2014.

Notably, it is not known how much, if any, of the 144 acres of vacant/unbuilt land is developable property. Sites may require environmental remediation (as yet unidentified), or have challenges in the degree of terrain or slope that conflict with construction practices/costs and limitations in access (or no access at all), storm water management/floodplain issues, or other access problems. To understand what might be possible on the vacant 144 acres, it will be necessary to determine the availability of infrastructure, need for roads and direct access, and/or environmental remediation requirements. This level of analysis is outside the scope of this current study.

Moreover, as noted in the village center analyses, while the village centers are largely built out, there are a number of vacant/unbuilt "interstitial" parcels located *outside of* the Columbia New Town boundaries that could *potentially* accommodate new housing. Subsequent analysis will also be required to understand the net developable acreage available in these locations as well as other adjacent submarkets (such as Elkridge, the Route 1 corridor, etc.) that are likely to be market-competitive with GEDS for new housing.

GEDS Land Use Policies

The second critical issue affecting market opportunities for new housing within the GEDS study area pertains to existing land use policies. The Final Report details the trade-offs of retaining or changing industrial uses in the GEDS study area and, in particular, whether this should be a market-based or a policy-based decision by Howard County. In other words, should incremental land values alone determine future uses in GEDS, or should the economic implications of changing (or relocating) industrial land uses and the jobs created by such uses be considered for the economic benefits they provide to Howard County.

Key advantages to changing land use policies in the GEDS study area include the fact that large assembled parcels in/near GEDS could be rezoned for mixed-use as part of a strategy that could provide locations to accommodate long-term growth in Columbia (say over the next 50+ years). In addition, if rezoned at higher densities, the low-density scale of existing Village Centers could be maintained. Rezoning in GEDS is also likely to create higher land values, thus generating greater property tax revenues from mixed-use than are currently generated by industrial and flex uses. Finally, if regional rail transit in Columbia ever becomes feasible (and can be financed), portions of the GEDS study area would be appropriate for Transit-Oriented Development (TOD), and rezoning of selected locations, such as parcels/sites along the rail line located on the southern edge of GEDS, could accommodate mixed-use TOD.

Residential Market Opportunities

From a market perspective, changing the zoning in GEDS to allow for residential uses will thus mean that any new housing in GEDS is likely to compete for market response/position with the significant new housing planned for Downtown Columbia, which has planned up to 5,500 new housing units. Currently, there are approximately 800 multi-family units in Downtown that have been approved, including 380 units under construction in the "Warfield" neighborhood and another

437 units in unidentified projects (where site development plans have not yet been submitted). At this pace, **Downtown Columbia is projected to absorb an estimated 2,600 to 3,500 new residential units by 2020, suggesting a *sustained* annual pace ranging from 430 to 585 units per year**. In addition, another 250± units are under construction in the Wilde Lake Village Center. Similarly, market response (i.e., absorption, achieved pricing, etc.) to new housing at Wilde Lake is likely to establish a new paradigm for multi-family housing in other village centers, which will also compete for market share with any new housing in GEDS.

Moreover, as the newest project immediately adjacent to GEDS, Paragon at Gateway, is in lease-up, market response (in the form of absorption) is not yet known. Only when Paragon achieves stabilized occupancies (i.e., 95%), will its' position in the competitive marketplace be established. This could be expected to serve as a precedent for other multi-family residential on infill sites in (or adjacent to) the GEDS study area.

As illustrated in the Final Report, the analysis of housing potentials suggests that delivery of new housing units in Columbia is generally balanced with population/household growth. ESRI Business Analyst forecasts suggest household growth of **372 new households per year through 2020** (if the average household size remains unchanged). By comparison, the Round 8A housing forecasts prepared by the Howard County Department of Planning & Zoning suggest that 2,780 units will be built (including the initial phases of new housing in Downtown Columbia), which would translate into annual delivery of **397 units per year** through 2020. This suggests a slight excess of new units (of 25 units per year), but is generally market-balanced.

In conclusion, this analysis illustrates the critical public policy decisions that will be required by Howard County regarding new housing within the GEDS study area as well as the potentially competitive market forces at play over the near-term (i.e., through 2020).

Demand Implications: Hotel/Lodging

As part of the overall study of the Columbia village centers, the consulting team evaluated market conditions and performance metrics of the hotels/lodging properties located in/near Columbia. The following summarizes recent and current market performance and examines opportunities for near-term hotel development. Limited visibility and lack of access/proximity to nearby demand generators are likely to preclude hotel development in the village centers. As a result, any new hotel development in Columbia is likely to be concentrated in very few locations, such as Downtown Columbia and possibly in selected locations in the GEDS study area due to its locational advantages of primary arterials (such as Snowden River Parkway) and high traffic counts, and adjacency to interchanges with I-95. Key market findings are summarized below and illustrated in Table 14 and Table 15.

Hotel Market Performance: 2007—2013

- There are **15 hotel properties located in Columbia that contain 1,864 rooms**. Notably, the majority of hotels (84%) are defined as "limited-service" properties priced to meet government per diem rates. Hotel properties in the industry are defined by the level of service provided in the property. For example, "full-service" typically includes a sit-down restaurant. "Limited-service" properties typically do not include a restaurant, although as market competition has intensified across the United States, national flag operators such as Marriott Corporation, Hilton Worldwide, Sheraton, etc., are enhancing the amenities in their limited-service product.
- Notably, **Columbia's hotel product is characterized by older properties**, with 12 of the 15 built between 1972 and 2001. Only three properties (Springhill Suites, Hampton Inn & Suites and Holiday Inn Express in Elkridge) were delivered in the past five years.

  Properties owned by Hilton Worldwide dominate the Columbia market with 607 rooms, comprising fully 32% of the total room inventory. Marriott and Extended Stay America comprise the next largest share of the inventory, with 20% and 18%, respectively. Columbia's hotel inventory is well-represented by all of the major chains (albeit with limited-service product).
- Sheraton Hotel, a 290-room property built in 1972 and located in the Town Center, is the only full-service hotel in Columbia.

STR Global, the hotel industry's leader in hotel market performance, tracks performance for the majority of hotels in Columbia. Of the 1,864 rooms, we obtained data on 1,559 rooms (84%). Market performance, which is illustrated in Table 15, suggests:

- Fluctuating occupancies—ranging from a low of 64.7% in 2009 during the recession to a peak of 72.4% in 2011. **In 2013, average occupancies dipped to 65.7%. This yields an overall average annual occupancy of 67.9%** over the past seven years. As the hotel industry requires *sustained* annual occupancies at/above 65% to support/finance new hotel product, it would appear that the Columbia market could support new hotel development if it is able to sustain performance levels above 65% over the next several years.

Table 16: Hotel/Lodging Inventory in Columbia, 2014

Property	Year Opened	No. of Rooms	Parent Company	% of Market
Properties In STR Report				
Homewood Suites Columbia	2003	150	Hilton Worldwide	
Hilton Garden Inn	2003	98		
Doubletree Columbia	1982	152		
Subtotal - Hilton Worldwide:		**400**		21%
Springhill Suites Columbia	2009	117	Marriott Corporation	
Marriott Residence Inn Columbia	1998	107		
Courtyard by Marriott Columbia	1991	152		
Subtotal - Marriott Corporation:		**376**		20%
Extended Stay America Columbia Corporate Park	1999	136	Extended Stay America	
Extended Stay America Columbia Corporate Parkway	1997	104		
Extended Stay America Columbia Gateway Drive	1997	95		
Subtotal - Extended Stay America:		**335**		18%
Sheraton Hotel Columbia Town Center	1972	**290**	Starwood	16%
Sonesta Extended Stay Suites	1999	**118**	Sonesta Hotels & Resorts	6%
EconoLodge Elkridge	1988	**40**	Choice Hotels	2%
Subtotal - Rooms (STR Global Report):		**1,559**		**84%**
Properties Not In STR Report				
Hampton Inn Columbia	2001	83	Hilton Worldwide	
Hampton Inn & Suites Columbia/South	2012	124		
Subtotal - Hilton Worldwide:		**207**		11%
Holiday Inn Express Columbia/Elkridge	2009	**98**	Intercontinental Hotels Group	5%
Subtotal - Rooms (No STR Report):		**305**		**16%**
TOTAL HOTEL ROOMS:		**1,864**		**100%**

Source: STR Global; RDS; WTL+a, April 2014.

- As new product was delivered to the marketplace (Hampton Inn & Suites in 2012 and Springhill Suites in 2009), combined with fluctuating occupancies, other performance metrics have exhibited declines. For example, average daily rates declined from $117 per room per night in 2007 to $102 per room per night in 2013, reflecting a drop of 2.3% per year. In addition,

Table 17: Hotel Market Performance, 2007—2013

	2007	2008	2009	2010	2011	2012	2013	CHANGE: 2007-2013 Average	CHANGE: 2007-2013 CAGR
Performance Characteristics									*(1)*
Available Room Nights (Supply)	526,695	526,695	544,596	569,400	569,400	569,400	569,400	553,655	1.3%
Occupied Room Nights (Demand)	360,429	343,737	352,591	398,910	412,252	388,939	374,017	375,839	0.6%
Annual Occupancy (%)	**68.4%**	**65.3%**	**64.7%**	**70.1%**	**72.4%**	**68.3%**	**65.7%**	**67.9%**	-0.7%
Average Daily Rate	$ 117.69	$ 114.02	$ 103.76	$ 97.73	$ 99.29	$ 103.57	$ 102.20	$ 105.15	-2.3%
(2) Revenue Per Available Room	$ 80.54	$ 74.41	$ 67.18	$ 68.47	$ 71.89	$ 70.75	$ 67.13	$ 71.38	-3.0%
Year-to-Year % Growth									
Annual Occupancy	-	(4.6%)	(0.8%)	8.2%	3.3%	(5.7%)	(3.8%)		
Average Daily Rate	-	(3.1%)	(9.0%)	(5.8%)	1.6%	4.3%	(1.3%)		
Revenue/Available Room	-	(7.6%)	(9.7%)	1.9%	5.0%	(1.6%)	(5.1%)		

Selected Property	Rooms	% Dist.	Year Open
Hilton Garden Inn Columbia	98	6%	2003
Doubletree Hotel Columbia	152	10%	1982
Homewood Suites Columbia	150	10%	2003
Sheraton Hotel Columbia Town Center	290	19%	1972
Springhill Suites Columbia	117	8%	2009
Courtyard Columbia	152	10%	1991
Residence Inn Columbia	108	7%	1998
Sonesta Extended Stay Suites Columbia	118	8%	1999
Econo Lodge Elkridge	40	3%	1988
Extended Stay America Columbia 100 Pai	104	7%	1997
Extended Stay America Columbia Gatewa	95	6%	1997
Extended Stay America Columbia Corpora	136	9%	1999
Total:	**1,560**	**100.0%**	

(1) CAGR=Compound Annual Growth Rate.
(2) Revenue per available room is the best measure of year-to-year growth because it considers simultaneous changes in both room rate and annual occupancies.

Source: STR Global; RDS; WTL+a, January 2014.

revenue per available room (RevPAR) also decreased—from $80 in 2007 to $67 in 2013, reflecting a drop of 3.0% per year. We note that RevPAR is the best measure of year-to-year growth because it considers simultaneous changes in both room rate and annual occupancies.

- Any **additional hotel development in Columbia will depend heavily on room night demand generated by growth in office-using employment**. For Downtown Columbia, the significant amount of new office space planned (4.5 million sq. ft.) suggests a market opportunity exists for a business-class (i.e., full-service) "flag" hotel by a national operator to compete directly with the Sheraton Hotel. .
- In other locations of Columbia such as GEDS, proximity to office clusters for business travelers as well as adjacency/visibility from major roadways are key locational requirements for new hotel development. This would suggest the most marketable locations in/adjacent to GEDS would be on developable parcels located at the Route 175 and Route 32 interchanges with I-95, and/or areas surrounding the Broken Land Parkway/Snowden River Parkway interchange with Route 32.
- Performance metrics suggest one additional limited-service hotel could be supportable in the next five to 10 years, possibly in the GEDS study area as noted above, if supported by growth in office-using sectors of Columbia's economy. For example, the consulting team conducted sensitivity analyses which suggest that, **in order to support one new limited-service hotel in Columbia with 110 to 120 rooms, annual occupancies will have to increase at a sustained annual pace of 1.5% per year for 10 years**. By comparison, annual occupancies have been increasing at an average annual pace of 0.6% per year since 2007. Detailed feasibility studies will be required.

Key Market Findings, Strengths & Weaknesses

The market analysis of GEDS draws the following key market conclusions and observations on its overall strengths and weaknesses:

- The GEDS study area contains approximately 181 parcels with a combined site size of roughly 980 acres of land. Columbia Association owns 13 parcels comprising approximately 103.5 acres of land and Howard County owns nine parcels comprising approximately 37.5 acres of land;

- Based on CoStar, Inc. data, a national real estate database, as compiled for the study area by Howard County Economic Development Authority, there are **8.67 million sq. ft. of “workplace” real estate uses**, including:
  - 2.86 million sq. ft. of office and flex space in 69 buildings
  - 1.53 million sq. ft. of retail space in 65 buildings (either freestanding pad sites or retail centers), and
  - 4.27 million sq. ft. of industrial space in 29 buildings.
- Currently, there are almost **254,000 sq. ft. of vacant office space**, reflecting an overall vacancy rate of 8.9%;
- **Net absorption of office space in the GEDS study area has been nominal, totaling only 41,000 sq. ft., or an average of 4,600 sq. ft. per year.** If this pace were to continue, a significant amount of time will be required to absorb/lease the vacant office inventory in GEDS;
- There are almost **664,600 sq. ft. of vacant industrial space**, reflecting an overall vacancy rate of 15.5%. The GEDS industrial market weakened significantly in 2007—2008, when Sears Logistics vacated. In fact, more than 1.5 million sq. ft. of leased industrial space was lost in that two year period alone;
- While there was 1.5 million sq. ft. of *negative* absorption in 2007—2008, releasing efforts have resulted **in 989,000 sq. ft. of positive net absorption between 2009—2013, or 197,800 sq. ft. per year.** If the pace of positive net absorption continues, only 3.1 years will be required to absorb/lease 93% of the vacant industrial inventory in GEDS;
- Competitive retail centers contain approximately 1.82 million sq. ft. of retail space, and include most major discount and big box retailers. These centers include: Dobbin Center, Columbia Crossing I and II, Gateway Overlook, and Snowden Square. Occupancies are stabilized in the range of 96% to 100%;
- If the GEDS study area maintains its current 30% share of Columbia South, new job growth could potentially yield **net demand for 236,800 sq. ft. of office space by 2020**. However, there is currently almost 254,000 sq. ft. of vacant office space in GEDS, suggesting that near-term demand can be accommodated in existing vacant space;
- If Columbia maintains its current (limited) share of the county’s industrial market (13.7%), this would yield **net demand for only 122,000 sq. ft. of industrial space** generated by new jobs in industrial-using sectors by 2020. Since the GEDS study area (i.e., in the Columbia South submarket) is the predominant industrial area in Columbia, 100% of the allocation was applied

to this geography. However, since there is currently 664,600 sq. ft. of vacant industrial space in GEDS, near-term demand can be fully accommodated in existing vacant industrial space;

- With an existing 1.82 million sq. ft. of retail space located in the major competitive retail centers in/adjacent to GEDS, and with 1.25 million sq. ft. of additional retail space planned in Downtown Columbia, the amount of new retail space that could be supported in the GEDS study area is likely quite limited.
- From a market perspective, changing the zoning in GEDS to allow for residential uses would thus mean that any new housing in GEDS is likely to compete for market response/position with the significant new housing planned for Downtown Columbia, which has planned up to 5,500 new housing units. Downtown Columbia is projected to absorb an estimated 2,600 to 3,500 new residential units by 2020, suggesting a *sustained* annual pace ranging from 430 to 585 units per year. In addition, another 250± units are under construction in the Wilde Lake Village Center. Similarly, market response (i.e., absorption, achieved pricing, etc.) to new housing at Wilde Lake is likely to establish a new paradigm for multi-family housing in other village centers, which will also compete for market share with any new housing in GEDS.
- Moreover, as the newest project immediately adjacent to GEDS, Paragon at Gateway, is in lease-up, market response (in the form of absorption) is not yet known. Only when Paragon achieves stabilized occupancies (i.e., 95%), will its position in the competitive marketplace be established. This could be expected to serve as a precedent for other multi-family residential on infill sites in (or adjacent to) the GEDS study area.
- Any additional hotel development in Columbia will depend heavily on room night demand generated by growth in office-using employment. In GEDS, proximity to office clusters for business travelers as well as adjacency/visibility from major roadways are key locational requirements for new hotel development. This would suggest the most marketable locations in/adjacent to GEDS would be on developable parcels located at the Route 175 and Route 32 interchanges with I-95, and/or areas surrounding the Broken Land Parkway/Snowden River Parkway interchange with Route 32. Performance metrics suggest one additional limited-service hotel could be supportable in the next five to 10 years, if supported by growth in office-using sectors of Columbia's economy. The consulting team conducted sensitivity analyses which suggest that, **in order to support one new limited-service hotel in Columbia with 110 to 120 rooms, annual occupancies will have to increase at a sustained annual pace of 1.5% per year for 10 years**. By comparison, annual occupancies have been increasing at an average annual pace of 0.6% per year since 2007. Detailed feasibility studies will be required.