

# Appendix: Oakland Mills Village Center, Detailed Market Analysis



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## **Project Team**

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

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## **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](http://www.columbiaassociation.org/marketstudy).

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# 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, Dobbin Road and Snowden River Parkway areas). This appendix includes detailed market analysis, demographics, existing conditions and findings for Oakland Mills Village Center. This information provides the basis for the findings and recommendations in the Columbia Market Study report. The report and the supplementary appendices are available online at: [www.columbiaassociation.org/marketstudy](http://www.columbiaassociation.org/marketstudy).

## Property Description

Oakland Mills Village Center comprises 95,757 gross sq. ft. of commercial retail and office uses located at 5880-5896 Robert Oliver Place in the Village of Oakland Mills, the second of Columbia’s 10 villages to be developed. The center opened in December 1969, with 16 in-line retail tenants and a Pantry Pride grocery store. The village’s community center, The Other Barn, and an ice skating rink were opened by 1971. Other community and recreational uses built over time include a senior activity center (prior to the opening of the Bain Center in Harper’s Choice) and a teen center. The Meeting House Interfaith Center opened in 1975, and public art (“Celestial Serenade”), was unveiled in 1990. Oakland Mills Village Center includes the following uses:

- 71,209 sq. ft. of core and pad retail space, anchored by a 43,000 sq. ft. Food Lion supermarket, which represents about 75% of the total retail space at the center. The Food Lion opened in 2003, replacing a Safeway supermarket;
- Of the total above, there are 58,224 sq. ft. of core retail space (including the supermarket and six other in-line tenants) as well as 12,985 sq. ft. of pad/outparcel retail tenants, including Columbia Bank, Little Ceasars, Sam’s Mini-Mart, and a Thai restaurant—Bangkok Garden. The center’s core retail space is the smallest of all village centers in this study. The former 9,236 sq. ft. gas station has been demolished. The four pad retail buildings were built between 1988 and 1998. There is also a Howard County Police Department substation;
- A merchandise mix oriented to convenience and service, with a dry cleaner, liquor store, Chinese restaurant, pizza parlor, barber shop and Second Chance Saloon, which has recently renegotiated its lease; and

- A 24,548 sq. ft. office building (the Steven's Forest Professional Building) built in 1984, which is defined by CoStar, Inc. as a Class B building. The office building includes a pharmacy at street-level. For purposes of this study, this office use is considered part of the village center since it is directly adjacent to the retail uses.

According to property tax data provided by the Howard County Department of Finance, Oakland Mills Village Center and its associated outparcels are located on approximately six separate parcels totaling 9.86 acres. Columbia Association also owns six small parcels containing approximately 4.73 acres adjacent or near the shopping center, and the Interfaith Center is located on a 6.22-acre site. According to Howard county survey data, there are 1,229 surface parking spaces surrounding all uses within the village center; of the total, 548 spaces are located in five surface lots adjacent to the core retail and office uses, suggesting a parking ratio of 5.7 spaces per 1,000 sq. ft. This is slightly above typical parking ratios for suburban retail centers.

Oakland Mills Village Center was last renovated in 1998 by The Rouse Company. Kimco Realty Corp. purchased the property in 2002, then sold it to its current owner, Cedar Realty Trust, Inc. in 2005. Each outparcel is in private ownership.

**Figure 1: Aerial View—Oakland Mills Village Center**



**Source: [www.Bing.com/maps](http://www.Bing.com/maps)**

## Occupancy Patterns

Retail and office occupancies at Oakland Mills Village Center have fluctuated over the past several years as a result of market recovery from the 2007—2009 recession, significant market competition, with the development of new retail and grocery-anchored centers elsewhere in and near Columbia, and some physical and functional deterioration in the property.

According to CoStar, Inc., Oakland Mills Village Center reportedly contains 5,216 sq. ft. of available sublet retail space, reflecting a 9.0% retail vacancy rate. In addition, there are 3,250 sq. ft. of vacant office space at the Steven's Forest Professional Building, reflecting a 13.2% office vacancy rate. Overall, **Oakland Mills has a current vacancy rate of 8.8%.**

the November 15, 2013 profile of Oakland Mills Village Center by CoStar, Inc. lists 5,216 sq. ft. of retail space that is available for sublet. although CoStar does not identify where in the center this space is located, it is assumed that this is the vacant retail space at the far end of the center that is not being used by the Food Lion .

By comparison, the overall retail vacancy rate for the 801,312 sq. ft. of core and pad retail space located in the eight village centers under study is 10.1%, which is elevated due to the vacant supermarket space at Long Reach Village Center. Without Long Reach, the village center retail vacancy rate is low (2.8%) and comparable to the overall Columbia retail vacancy rate of 2%. Use mix, and vacancy rates are illustrated in Table 1.

According to CoStar, Inc., current asking rents range from \$12 per sq. ft. for retail and \$16.29 per sq. ft. on a full-service basis for office. Retail tenants typically pay their pro rata share of operating expenses and real estate taxes (which is known as triple net), while operating expenses for office tenants are typically included in their rents (which is known as full-service).

As defined by CoStar, Inc., Oakland Mills Village Center is located in the Columbia South retail submarket, as defined by CoStar, Inc., a national real estate database (see Figure 4). The village center's 71,209 sq. ft. of retail space comprises only 2.3% of the submarket's 3.15 million sq. ft. of gross retail inventory.

**Table 1: Market & Land Use Profile—Oakland Mills Village Center**

| Village Center (1)                  | Year Built & Parking | Land Use Mix (In Sq. Ft.) |               |               |                 | TOTAL AREA        | Vacant Space & % Vacant |                |              |          | TOTAL VACANT  |
|-------------------------------------|----------------------|---------------------------|---------------|---------------|-----------------|-------------------|-------------------------|----------------|--------------|----------|---------------|
|                                     |                      | Core Retail               | Pad Retail    | Office        | Other           |                   | Core Retail             | Pad Retail     | Office       | Other    |               |
| <b>Oakland Mills Village Center</b> | <b>Original:</b>     | 58,224                    | 12,985        | 24,548        | -               | <b>95,757</b>     | 5,216                   | -              | 3,250        | -        | <b>8,466</b>  |
| 5880 Robert Oliver Place            | 1969-1984            |                           | Columbia      |               | Demolished      |                   | 9.0%                    | 0.0%           | 13.2%        |          | <b>8.8%</b>   |
| Columbia                            | <b>Renovated:</b>    |                           | Bank          |               | Gas Station     | <b>Land Area:</b> |                         | <b>Average</b> |              |          |               |
|                                     | 2004                 |                           | Sam's Mart    |               |                 | 9.86              |                         | <b>Rents:</b>  |              |          |               |
| <b>Owner:</b>                       | <b>All Parking:</b>  |                           | Bangkok       |               |                 | acres             |                         | \$ 12.00       |              |          |               |
| Cedar Realty Trust, Inc.            | 1,229                |                           | Garden        |               | <b>Density:</b> |                   |                         | NNN            |              |          |               |
| <b>Anchor:</b>                      | <b>Core Parking:</b> |                           | Little        |               |                 | 0.22              |                         |                |              |          |               |
| Food Lion                           | 548                  |                           | Caesars       |               |                 | FAR               |                         |                |              |          |               |
|                                     | <b>Ratio/1,000:</b>  |                           |               |               |                 |                   |                         |                |              |          |               |
|                                     | 5.7                  |                           |               |               |                 |                   |                         |                |              |          |               |
| <b>Subtotal - Round I:</b>          |                      | <b>219,211</b>            | <b>50,456</b> | <b>60,995</b> | <b>3,905</b>    | <b>334,567</b>    | <b>71,200</b>           | <b>-</b>       | <b>6,804</b> | <b>-</b> | <b>78,004</b> |
| <i>As % of Total</i>                |                      | 66%                       | 15%           | 18%           | 1%              | 100%              | 32%                     | 0%             | 11%          | 0%       | <b>23.3%</b>  |

(1) As reported by CoStar, Inc. as part of a property profile prepared on November 15, 2013 by Howard County Economic Development Authority.

Source: Columbia Association; Howard County Economic Development Authority; CoStar, Inc.; RDS; WTL+a, updated June 2014.

## Current Initiatives

A developer has proposed to redevelop the vacant/demolished/former Exxon gas station site in Oakland Mills, with plans to build a Dunkin Donuts/Baskin Robbins retail store, a new gas station/car wash, and a convenience store.

## Demand Potentials: Retail

The following analyzes potential market support for retail space at Oakland Mills Village Center. While it is important to examine the individual village center markets, the final analysis also compares important market indicators for each of the village centers studied. This is critical given the close proximity of some of the village centers, overlapping trade areas, market competition, and the changing dynamics of the retail environment.

As discussed later in the section entitled Existing Market Support/Trade Areas, variations in the number, proximity, and typical drive times to competing grocery offerings are significant factors in the viability of village center grocery anchors.

### ***Types of Retail Centers***

The village centers in Columbia were developed as **neighborhood retail centers**, or retail centers anchored by a supermarket with ancillary retail space (typically between 50,000 and 100,000 sq. ft.

By comparison, **community retail centers** are larger, containing from 120,000 sq. ft. to as much as 400,000 sq. ft., and anchored by a discount store, junior department store, or variety store. The largest retail centers are **regional or super-regional malls**, with over 500,000 sq. ft. of retail space and multiple department store and entertainment (e.g. theaters) anchors. For example, The Mall at Columbia is a 1.4 million sq. ft. super-regional mall.

Retail typologies have evolved over the past several years to include variations of the major retail center types identified above; these include **lifestyle centers** (typically outdoor settings with unique and/or upscale tenants); **power centers** (250,000 to 750,000 sq. ft. of unenclosed retail space, typically with three or more big box anchors); and **outlet centers** (typically unenclosed retail centers in which manufacturers sell products directly to the public). As might be expected, the trade areas, or geographic reach, of each of these centers vary widely depending upon size, critical anchors, road network, and competitive environment.

## **Supermarket Potentials**

The following examines overall market potential for a supermarket at Oakland Mills Village Center based on an analysis of the competitive environment and identification of a viable trade area. A retail trade area delineates the physical/geographic boundaries from which a retail center is drawing the majority of its customers. It typically includes both a primary and secondary trade area.

## **Existing & Planned Competitive Environment**

Oakland Mills Village Center is located within an eight-minute drive time of four existing village centers, including: Owen Brown, Long Reach, Dorsey's Search and Wilde Lake. Moreover, the competitive context for the village center will change with the new Whole Foods store in the former Rouse Company headquarters building. While it will be located west of Route 29 (or about a six-minute drive), close proximity will still impact the western portion of the Oakland Mills Village Center trade area for a portion of the grocery consumer market. It is also recognized that Wegmans and Wal\*Mart have likely had a more significant impact on Food Lion sales in Oakland Mills.

In addition, a Giant supermarket at Columbia Palace is located about a nine-minute drive from Oakland Mills (to the north and east); and, the Giant supermarket at Owen Brown and the

**Table 2: Competitive Supermarkets—Oakland Mills Village Center**

| Retail Center   | Location | Store                                | Distance (1) |       |
|---|----------|--------------------------------------|--------------|-------|
|   |          |                                      | Minutes      | Miles |
| <b>Long Reach Village Center</b><br>8775 Cloudleap Court          | Columbia | Vacant                               | N/A          | N/A   |
| <b>Dorsey's Search Village Center</b><br>4715 Dorsey Hall Road    | Columbia | Giant                                | 5.0          | 2.3   |
| <b>Owen Brown Village Center</b><br>7100 Cradlerock Way           | Columbia | Giant                                | 6.0          | 2.6   |
| <b>Former Rouse Headquarters</b><br>10275 Little Patuxent Parkway | Columbia | Whole Foods                          | 6.0          | 3.1   |
| <b>Columbia Palace</b><br>8805 Centre Park Drive                  | Columbia | Giant                                | 9.0          | 3.2   |
| <b>Wilde Lake Village Center</b><br>10451 Twin Rivers Road        | Columbia | David's Natural Market               | 8.0          | 3.3   |
| <b>Dobbin Center</b><br>Dobbin Road @ Route 175                   | Columbia | Wal*Mart (2)<br>(Not a Super Center) | 6.0          | 3.4   |
| <b>Columbia Crossing</b><br>6161 Columbia Crossing Drive          | Columbia | Target                               | 8.0          | 3.6   |
| <b>King's Contrivance Village Center</b><br>8600 Guilford Road    | Columbia | Harris Teeter                        | 8.0          | 3.9   |
| <b>Hickory Ridge Village Center</b><br>6410-30 Freetown Road      | Columbia | Giant                                | 9.0          | 4.1   |
| <b>8855 McGaw Road</b><br>8855 McGaw Road                         | Columbia | Wegmans                              | 7.0          | 4.2   |
| <b>Snowden Square</b><br>9011 Snowden River Parkway               | Columbia | BJ's Wholesale Club                  | 8.0          | 4.2   |
| <b>6551 Waterloo Road</b><br>6551 Waterloo Road                   | Elkridge | Food Lion                            | 8.0          | 4.7   |
| <b>Gateway Overlook</b><br>6675 Marie Curie Drive                 | Elkridge | Costco                               | 9.0          | 4.9   |
| <b>Gateway Overlook</b><br>6610 Marie Curie Drive                 | Elkridge | Trader Joe's                         | 9.0          | 5.0   |
| <b>Harper's Choice Village Center</b><br>5485 Harpers Farm Road   | Columbia | Safeway                              | 11.0         | 5.0   |

(1) Drive times and distances are from MapQuest.

(2) Wal\*Mart does not include a full-sized supermarket but does sell many grocery items.

Source: RDS; Folan Consulting, March 2014.

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135,000 sq. ft. Wegmans, which opened in June 2012, serve to limit the draw to the south. Finally, Wal\*Mart at Dobbin Center and Target at Columbia Crossing offer other food shopping options to the south and east of Oakland Mills. Existing competitive supply is illustrated in Table 2.

## **Existing Market Support/Trade Areas**

Different retailers determine market support in different ways. Since the village center prototype was established to provide a supermarket anchor and smaller service and retail tenants, our analysis of retail market potentials is focused on demographics of village residents (which are important to smaller service and retail tenants such as cleaners and florists) as well as demographics for a viable trade area for a supermarket (which is based primarily on existing and planned supermarket competition).

The Village at Oakland Mills, with a 2010 total population of 8,639, is one of the most diverse villages in Columbia. Of the total village population, African Americans account for 31%, Asians represent 6%, and Hispanics (who may be of any race) account for 16.4% of the total

Table 3 illustrates additional demographic and socio-economic information for Oakland Mills including the following:

- Mean household income, while still relatively high at \$93,957, is the lowest among the Columbia villages; but still high as compared to national and state levels;
- The proportion of renter-occupied housing units (37%) in Oakland Mills is somewhat higher than that for all of Columbia (32%); and
- The proportion of households that the Census identifies as “Other Family” households (i.e., other than husband-wife) is higher than that for Columbia as a whole (30% versus 23%).

**Table 3: Demographic Characteristics—Village of Oakland Mills**

|  | Village of<br>Oakland Mills | %           | Columbia          | %           |
|--|-----------------------------|-------------|-------------------|-------------|
| <b>Race &amp; Hispanic Ethnicity</b>     |                             |             |                   |             |
| White                                    | 4,195                       | 49%         | 51,150            | 57%         |
| African American or Black                | 2,675                       | 31%         | 22,201            | 25%         |
| American Indian & Alaska Native          | 100                         | 1%          | 368               | 0%          |
| Asian                                    | 527                         | 6%          | 9,955             | 11%         |
| Native Hawaiian & Other Pacific Islander | 5                           | 0%          | 29                | 0%          |
| Some Other Race                          | 644                         | 7%          | 2,579             | 3%          |
| Population of Two or More Races          | 492                         | 6%          | 4,033             | 4%          |
| <b>Total Population:</b>                 | <b>8,639</b>                | <b>100%</b> | <b>90,315</b>     | <b>100%</b> |
| Hispanic or Latino                       | 1,418                       | 16%         | 7,146             | 8%          |
| Non-Hispanic or Latino                   | 7,220                       | 84%         | 83,170            | 92%         |
| <b>Mean Household Income</b>             | <b>\$ 93,957</b>            |             | <b>\$ 112,900</b> |             |
| <b>Total Occupied Housing Units</b>      | <b>3,296</b>                |             | <b>35,811</b>     |             |
| Owned                                    | 2,075                       | 63%         | 24,198            | 68%         |
| Renter-Occupied                          | 1,222                       | 37%         | 11,613            | 32%         |
| <b>Total Households</b>                  | <b>3,296</b>                |             | <b>35,812</b>     |             |
| <b>Total Families (1)</b>                | <b>2,275</b>                | <b>69%</b>  | <b>23,770</b>     | <b>66%</b>  |
| Husband/Wife Family                      | 1,595                       | 70%         | 18,190            | 77%         |
| Husband/Wife with Children < 18          | 741                         | 33%         | 8,441             | 36%         |
| Other Family                             | 681                         | 30%         | 5,579             | 23%         |
| Other Family with Children < 18          | 342                         | 15%         | 3,516             | 15%         |
| <b>% 25+ with Bachelor's Degree</b>      | <b>55%</b>                  |             | <b>61%</b>        |             |
| <b>% 25+ with Graduate/Prof Degree</b>   | <b>N/A</b>                  |             | <b>30%</b>        |             |

(1) A family consists of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.

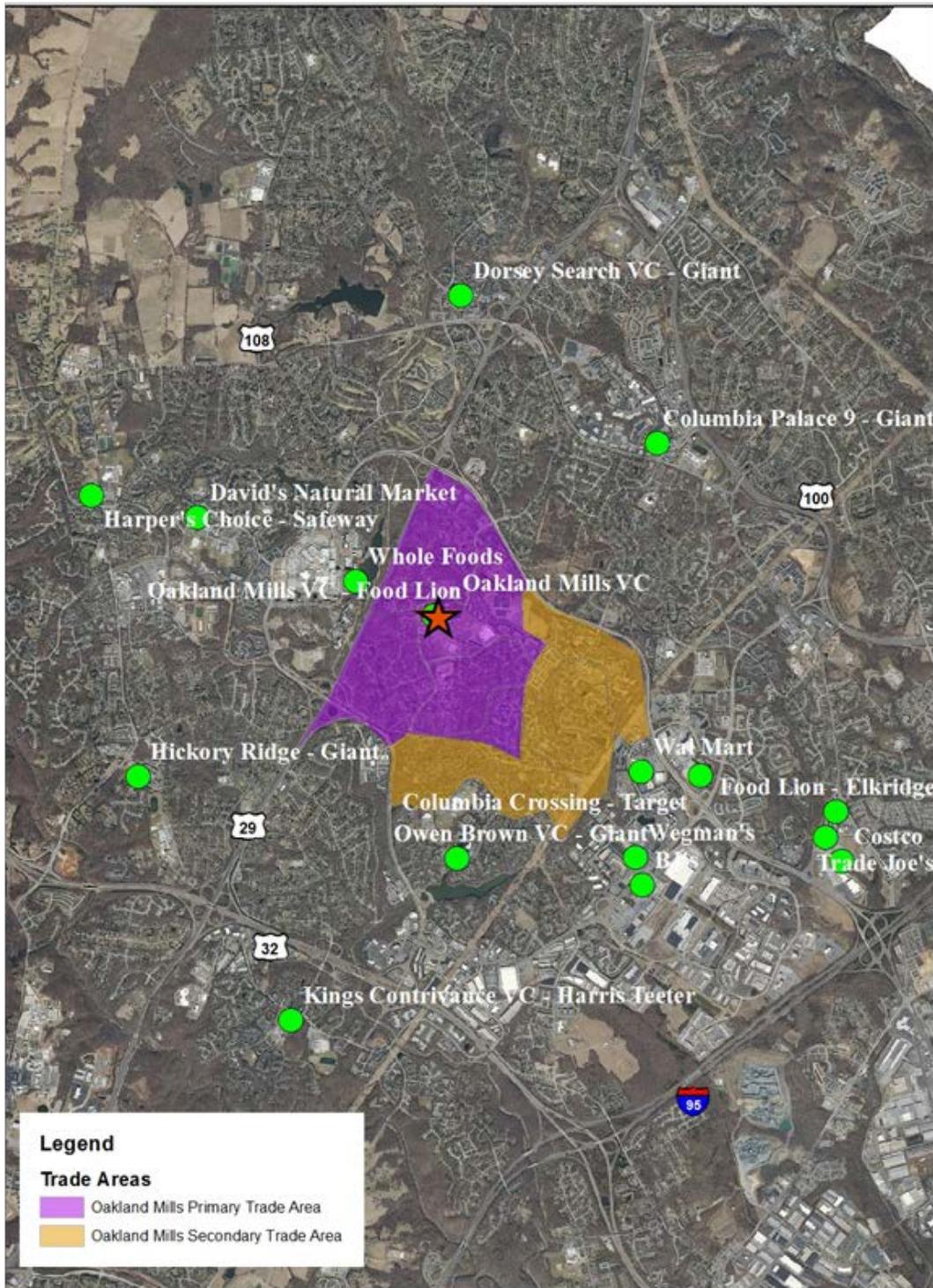
Source: Columbia Association; RDS; Folan Consulting, January 2014.

## **Determining a Viable Trade Area & Estimating Supermarket Sales**

Primary and secondary trade areas for Oakland Mills Village Center were determined based on the location of existing and planned competition, as detailed above, and the existing road network, as illustrated in Figure 2. Retailers will often examine access to major arterials and consider traffic counts when making site location decisions. We note that Oakland Mills Village Center does *not* have direct access to a major arterial, but offers access to Stevens Forest Road (with average daily traffic counts at a point 0.2 miles north of Broken Land Parkway in 2011 of 11,821 vehicles), which connects with Broken Land Parkway. Average daily traffic counts are a key factor in location decisions for major retail tenants; for example, large retail chains often require minimum average daily traffic counts of 20,000 to 25,000 vehicles per day (or more) as a baseline criterion for a favorable site location decision.

Demographic characteristics for each census block comprising the primary and secondary trade areas are illustrated in Table 4. It is important to note that this is the supermarket trade area and reflects the location of competitive supermarkets. As a result, it does not necessarily follow village boundaries.

Figure 2: Trade Areas—Oakland Mills Village Center



**Table 4: Supermarket Trade Area Demographics—Oakland Mills Village Center**

| <b>Census Block Group</b>   | <b>Total Population</b> | <b>Housing Units</b> |
|-----------------------------|-------------------------|----------------------|
| <b>Primary Trade Area</b>   |                         |                      |
| 6066032                     | 1,703                   | 697                  |
| 6066033                     | 1,119                   | 434                  |
| 6066034                     | 863                     | 315                  |
| 6066031                     | 2,613                   | 1,100                |
| 6066035                     | 1,398                   | 524                  |
| <b>Subtotal:</b>            | <b>7,696</b>            | <b>3,070</b>         |
| <b>Secondary Trade Area</b> |                         |                      |
| 6066041                     | 1,779                   | 837                  |
| 6066042                     | 2,258                   | 799                  |
| 6067041                     | 2,553                   | 936                  |
| <b>Subtotal:</b>            | <b>6,590</b>            | <b>2,572</b>         |
| <b>TOTAL:</b>               | <b>14,286</b>           | <b>5,642</b>         |

**Source: U.S. Census Bureau, 2010 Census; RDS; Folan Consulting, January 2014.**

Notably, a population of between 10,000 and 12,000 residents in the total trade area is required to support a supermarket of 50,000 to 60,000 sq. ft. The primary trade area includes 7,696 residents, with an additional 6,590 residents living in the secondary trade area. While the trade areas in their entirety can support a traditional grocery store (with a current population of more than 14,200 residents), Oakland Mills Village Center remains challenged by its location, with limited access, lack of visibility, and erosion of its trade area by the extensive competition from other retail outlets, which is compounded by the new Whole Foods store in Downtown Columbia. Moreover, the consulting team notes that two grocery stores had previously closed at this location (Metro and Giant supermarkets). The current supermarket, a 43,000 sq. ft. Food Lion, opened in 2003.

In summary, market support for the Food Lion supermarket is likely to be affected by the new Whole Foods because some Food Lion customers may also choose to shop for selected items at Whole Foods. The consulting team expects that Food Lion will continue to serve as a

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convenience-based grocery anchor for the village center, depending upon when/if Food Lion responds to the impacts of nearby competition.

## Other Retail Potentials

### **Inventory of Existing & Planned Retail**

The larger competitive retail environment for the Oakland Mills Village Center is similar to that of the other village centers located east of Route 29, including Long Reach and Owen Brown. The majority of larger big box and discount retailers are located within a six- to nine-minute drive to the south of the village center, including: Dobbin Center, Columbia Crossing I and II, Gateway Overlook, and Snowden Square. Many of the major big box/discount retailers are located at one of the nearby regional shopping centers.

The Oakland Mills Village Center is also significantly affected by numerous retailers and restaurants located in The Mall at Columbia. In addition, there are numerous national chain restaurants located in close proximity to Oakland Mills, including: Fuddruckers, Olive Garden, On the Border, Bertucci's, Ruby Tuesday, Red Lobster, and Longhorn Steakhouse. Fast casual dining tenants located nearby also include: Chipotle, Noodles and Company, Pei Wei, and Boston Market.

**Table 5: Nearby Regional Retail Centers—Oakland Mills Village Center**

| <b>Competitive Retail Centers</b>   | <b>Size (SF) &amp;<br/>% Leased</b> | <b>Properties &amp;<br/>Year Built</b> | <b>Average<br/>Rents</b> | <b>Major Tenants</b>  | <b>Other</b>  |
|---|-------------------------------------|--|--------------------------|---|---|
| <b>Dobbin Center</b><br>6435 Dobbin Road<br>Columbia<br>Manager: Rosenthal Properties   | 295,159<br>96%                      | 12<br>1982                             | \$ 39.00                 | Wal*Mart, Ross Dress for Less, Offenbachers, Haverly's  | Six non-owned outparcels include: bank, McDonald's, Chik-fil-A, Wendy's Starbucks   |
| <b>Columbia Crossing I &amp; II</b><br>Dobbin Rd & Rte. 175<br>Columbia<br>Manager: Kimco Realty Corp. (majority of center)   | 495,953<br>100%                     | 16<br>1996/1997                        | \$ 28.00                 | Big Lots, Nordstrom Rack, Books-A-Million, Dick's Sporting Goods, TJ Maxx, Staples, Jo-Ann Fabrics, Old Navy, Target, REI, Toys R Us, Babies R Us | Restaurant cluster includes La Madeleine, Famous Dave's Ribs, Don Pablo's, Macaroni Grill                                   |
| <b>Gateway Overlook</b><br>Off I-95 at Rte. 175 & Rte. 108<br>Columbia<br>Manager: Washington Real Estate Investment Trust (214,281 SF) & General Growth Properties | 528,350<br>99%                      | 9<br>2007                              | \$ 23.00                 | Costco, Lowe's, Trader Joe's, Best Buy, Office Depot, Golf Galaxy   | Restaurants include: Houlihan's, Mimi's Café. Paragon at Gateway Overlook (340 apartments)                                  |
| <b>Snowden Square</b><br>Snowden River Pkwy & Robert Fulton<br>Columbia<br>Manager: Manekin LLC   | 500,000<br>100%                     | 17<br>1993                             | \$ 28.00                 | United Artists 14 Theaters, Bed Bath & Beyond, Marshalls, BJ's, Michael's, Home Depot, PetSmart   | Built to complement the 295,200 SF Dobbin Center  |
| <b>Dobbin Station</b><br>6781 Dobbin Road<br>Columbia   | N/A<br>100%                         | 4<br>N/A                               | N/A                      | Petco, LaZBoy   | Food service tenants include: Chipotle, Noodles and Company   |
| <b>Columbia Mall</b><br>10300 Little Patuxent Parkway<br>Columbia<br>Manager: General Growth Properties   | 1,390,000<br>N/A                    | 1<br>1971                              | N/A                      | Lord & Taylor, Macy's, Nordstrom, Sears, AMC Theaters, JC Penney  | Expansion added 40,000 SF; Restaurant cluster includes: Cheesecake Factory, PF Chang's, Uno Chicago Grill, Champs Americana |
| <b>Long Gate Shopping Center</b><br>4310 Montgomery Road<br>Ellicott City<br>Manager: Kimco Realty Corp.  | 595,410<br>100%                     | 11<br>1996/1997                        | N/A                      | Target, Safeway, Kohl's, Barnes & Noble, Michaels   | Originally developed by Opus  |

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

## Drive Time Demographics

To better understand the potential market for other retail (e.g., alternative retail anchors, food service, other general merchandise, etc.) at Oakland Mills Village Center, a five-, 10- and 15-minute drive time analysis was conducted. The reach of larger retail anchors and restaurants (especially restaurant clusters) is typically wider than that for supermarkets or smaller service-oriented retailers.

Figure 3 illustrates the 5-, 10- and 15-minute drive times for the Oakland Mills Village Center. Table 6 documents the drive time area demographics. A five-minute drive time from the Village of Oakland Mills encompasses major portions of the Oakland Mills Village Center, with a current population estimate of 6,989 residents. This immediate area is essentially built out and is not expected to grow over the next several years. The immediate trade area is also relatively young, with a median age of 34.2.

By comparison, the 10-minute drive trade area extends well west of Route 29 to include new development/redevelopment underway and planned in Downtown Columbia. It also extends to the south and east to I-95 and south of Route 32 to the edge of the Village of Kings Contrivance. All of the Village of Owen Brown and much of the Village of Long Reach are within a 10-minute drive time. This area also includes the larger regional retail centers such as Dobbin Center and Columbia Crossing.

As illustrated in Table 6, demographic characteristics and forecasts of the 10-minute drive time for 2012—2017 suggest:

- A current population of 94,525; and
- A more affluent area than the five-minute drive area, encompassing some of the wealthier neighborhoods in Columbia, with a median household income of \$87,891 versus \$73,246.

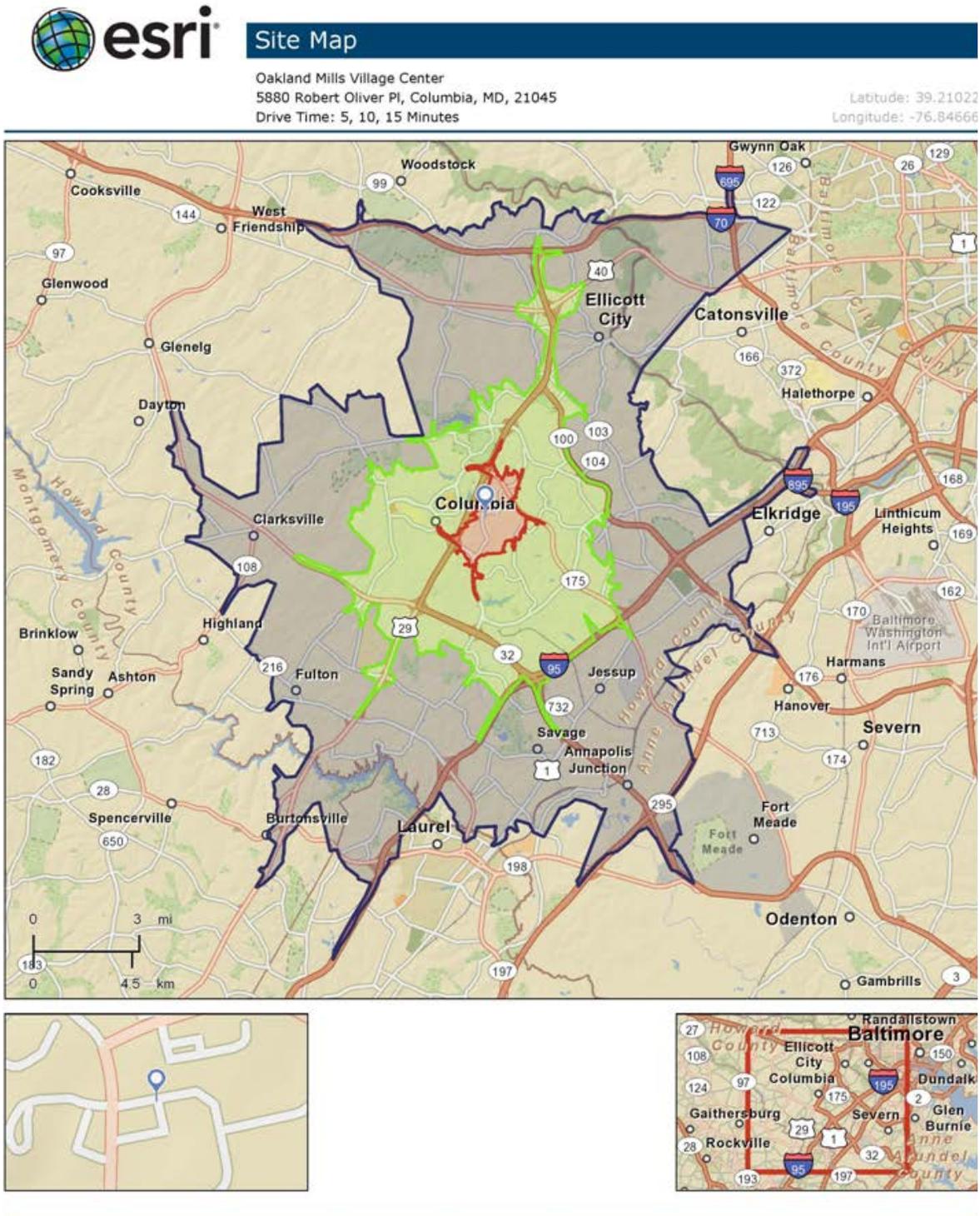
The 15-minute drive time trade area was not analyzed in detail since it encompasses the broader region and is more reflective of the trade area for a regional mall/large scale big box shopping center and not that of a village center.

**Table 6: Five & 10-Minute Drive Time Demographics—Oakland Mills Village Center**

|                                 | <b>0 - 5 Minutes</b> | <b>0 - 10 Minutes</b> |
|---------------------------------|----------------------|-----------------------|
| <b>Population</b>               |                      |                       |
| 2010                            | 6,904                | 93,036                |
| 2012                            | 6,989                | 94,525                |
| 2017 Forecast                   | 7,329                | 99,165                |
| Total Change 2012 - 2017        | 340                  | 4,640                 |
| Annual Growth Rate, 2012 - 2017 | 0.95%                | 0.96%                 |
| <b>Households</b>               |                      |                       |
| 2010                            | 2,659                | 37,939                |
| 2012                            | 2,692                | 38,674                |
| 2017 Forecast                   | 2,815                | 40,721                |
| Total Change 2012 - 2017        | 123                  | 2,047                 |
| Annual Growth Rate, 2012 - 2017 | 0.90%                | 1.04%                 |
| <b>Median Household Income</b>  |                      |                       |
| 2012                            | \$ 73,246            | \$ 87,891             |
| 2017                            | \$ 85,770            | \$ 100,009            |
| <b>Median Age</b>               |                      |                       |
| 2012                            | 34.2                 | 37.0                  |
| 2017                            | 34.6                 | 37.3                  |
| <b>2010 Housing Tenure</b>      |                      |                       |
| Owner-Occupied Households       | 61.0%                | 62.9%                 |
| Renter-Occupied Households      | 39.0%                | 37.1%                 |

**Source: ESRI Business Analyst; RDS; Folan Consulting, March 2014.**

Figure 3: Five-, 10- & 15-Minute Drive Times—Oakland Mills Village Center



## Potential Buying Power: Food Service

Oakland Mills Village Center is smaller than that of both nearby village centers of Long Reach and Owen Brown, with a total of 58,224 sq. ft. of core retail space and 12,985 sq. ft. of pad retail space; it is the smallest of all the village centers. As noted previously, Oakland Mills Village Center is also challenged because of limited access, a lack of visibility, and surrounding competition. As a result, this analysis focuses on potential market demand for smaller food service tenants. The market potential for food service tenants is quantified in Table 7.

The total amount of supportable space for food service is based on capturing a small percentage of the total spending on “Food Away from Home,” as defined by the U.S. Census Bureau, within the five- to 10-minute drive of the village center. This is a reasonable assumption given the number of competitive dining tenants in the area. The analysis also assumes that a percentage of sales will be generated by nearby employees, such as those working at the nearby Steven’s Forest office building. Consumer research from the International Council of Shopping Centers (ICSC) shows that trade areas can be expanded during weekdays due to nearby worker expenditures.

As illustrated in Table 7, the analysis estimates that Oakland Mills Village Center could potentially support almost 12,000 sq. ft. of food service space. **Currently, there is approximately 5,500 sq. ft. of existing food service tenants, suggesting demand for an additional 6,100 sq. ft. of food service space** at the village center.

Capture rates are based on capture rates for similarly sized retail centers in highly competitive environments. To estimate the amount of supportable food service space at the village center, an *average* sales productivity for food service tenants was applied. It should be stressed that this is an average. For example, McDonald’s average sales are about \$600 per sq. ft., while fast food restaurants in regional malls average \$450 per sq. ft. and national chain restaurants can average from \$400 to \$800+ per sq. ft.

**Table 7: Potential Food & Beverage Capacity—Oakland Mills Village Center**

| <b>5-Minute Drive-time</b>                         |     |    |                      |
|--|-----|----|----------------------|
| Total Households                                   |     |    | 2,815                |
| Median Household Income                            | (1) | \$ | 85,770               |
| <b>Gross Household Income:</b>                     |     | \$ | <b>241,442,550</b>   |
| x % Spent on Food Away from Home                   | (2) |    | 4.42%                |
| <b>Total Spending on Food:</b>                     |     | \$ | <b>10,671,761</b>    |
| x Capture Rate                                     |     |    | 5%                   |
| <b>Estimated Spending Potential (5-Minute):</b>    |     | \$ | <b>533,588</b>       |
| <b>5- to 10-Minute Drive-time</b>                  |     |    |                      |
| Total Households                                   |     |    | 37,906               |
| Median Household Income                            |     | \$ | 100,009              |
| <b>Gross Household Income:</b>                     |     | \$ | <b>3,790,941,154</b> |
| x % Spent on Food Away from Home                   | (2) |    | 4.4%                 |
| <b>Total Spending on Food:</b>                     |     | \$ | <b>166,801,411</b>   |
| x Capture Rate                                     |     |    | 2.5%                 |
| <b>Estimated Spending Potential (5-10 Minute):</b> |     | \$ | <b>4,170,035</b>     |
| <b>TOTAL - Resident Spending on Food:</b>          |     | \$ | 4,703,623            |
| + Inflow (Nearby Employees) @ 11%                  |     |    | 517,399              |
| <b>TOTAL - Spending Potentials:</b>                |     | \$ | <b>5,221,022</b>     |
| / Average Sales (Per SF)                           |     | \$ | 450                  |
| <b>TOTAL SUPPORTABLE SPACE (In SF):</b>            |     |    | <b>11,602</b>        |

(1) Reflects median income for 0-10 mile drive time.

(2) Reflects average spending based on disposable income allocated to Food Away from Home from U.S. Census Consumer Expenditure Survey and average spending potential assumptions.

**Source: ESRI Business Analyst; RDS; Folan Consulting, February 2014.**

Table 8 summarizes existing retail and office tenants. Table 9 is an overview of key market indicators for each village center considered in the study.

**Table 8: Existing Retail & Office Tenants—Oakland Mills Village Center**

| <b>Food Service</b>  | <b>General Service</b> | <b>Business/Office</b> | <b>Other</b>          | <b>Anchors</b>   |
|----------------------|------------------------|------------------------|-----------------------|--|
| Lucky's China Inn    | Oakland Mills Cleaners | The Columbia Bank      | Oakland Mills Liquors | Food Lion  |
| Second Chance Saloon | Village Barbershop     | Steven's Forest        | Sam's Mart            | The Barn/Other Barn  |
| Vennari's Pizza      | & Salon                | Professional Building  |                       | Community Center   |
| Little Caesars       |                        |                        |                       | Community Action Ctr.-<br>Howard County<br>Police Department |

**Source: Columbia Association; Howard County; RDS; Folan Consulting, August 2014.**

**Table 9: Comparison of Retail Market Indicators—Columbia Village Centers**

| Village Center                                  | Competitive Supermks & Size (In SF)  | Non-Trad'l Grocers W/ 5-6 Minute Drive | Potential Res'l Market Growth  | Competitive Environment | Visibility & Access Ratings   | Average Daily Traffic (2012)                                       | Population Density - 2012 |              | Med HH Income 5-Min Drive | Notes  |
|---|--|--|--|-------------------------|---|--|---------------------------|--------------|---------------------------|--|
|   |  |  |  |                         |   |  | 5-Min Drive               | 10-Min Drive |                           |  |
| <b>Dorsey's Search (Kimco Realty Corp.)</b>     | 2: Giant (Columbia Palace): 56,000 SF; Whole Foods: 45,000 SF  | None                                   | Limited in 5-minute drive-time, plus growth in Downtown Columbia & planned units in Ellicott City      | Limited                 | Moderate: near intersection of Rte 29 & Rte 108; direct access from Dorsey Hall Rd, Old Annapolis Rd.             | Old Annapolis Rd: 9,422; Columbia Rd near Old Annapolis Rd: 23,850 | 8,865                     | 124,909      | \$ 101,059                | Relatively affluent, well leased, minimal competition  |
| <b>Harper's Choice (Kimco Realty Corp.)</b>     | 3: Giant (Hickory Ridge): 58,000 SF; Whole Foods: 45,000 SF; Roots Market (Clarksville Square)                               | None                                   | Strong in 5-minute drive-time due to growth in Downtown Columbia; impacts unknown                      | Limited                 | Poor to Moderate: direct access to Harper's Farm Rd, which connects to Rte 108 (approximately 1-mile)             | Harper's Farm Rd: 11,431   | 24,290                    | 82,055       | \$ 92,533                 | High, close-in density   |
| <b>Hickory Ridge (Kimco Realty Corp.)</b>       | 4: Whole Foods: 45,000 SF; Safeway (Harper's Choice); Harris Teeter (Kings Contrivance); David's Natural Market (Wilde Lake) | None                                   | Moderate in 5-minute drive-time, plus growth in Downtown Columbia                                      | Moderate                | Poor to Moderate: direct access off Freetown Road, connects to Cedar Lane & to Rte 32 to the south                | Freetown Rd: 5,061; Cedar Lane: 21,960                             | 18,993                    | 93,887       | \$ 102,053                | Proximity to new development in Town Center  |
| <b>Kings Contrivance (Kimco Realty Corp.)</b>   | 2: Giant (Owen Brown); Giant (Hickory Ridge): 58,000 SF  | None                                   | Moderate in 5-minute drive-time, plus in-fill housing growth along Rtes 29 & 216                       | Limited                 | Poor to Moderate: Guilford Rd connects to Broken Land Pkwy & Rte 32   | Guilford Rd: 7,620   | 15,365                    | 148,272      | \$ 99,180                 | Safeway lease not renewed in 2005; leased to Harris Teeter with newly-built store; well-leased                                     |
| <b>Long Reach (Howard County)</b>               | 5: Giant (Columbia Palace): 56,000 SF; Giant (Lynwood Sq.); Wegmans: 135,000 SF; Food Lion; Trader Joe's                     | 4: Wal*Mart, BJ's, Costco & Target     | Moderate in 5-minute drive-time  | High                    | Poor to Moderate: major access off Tamar Drive, proximate to Snowden River Pkwy, Rte 175                          | Tamar Drive @ Rte 175: 12,081                                      | 17,061                    | 107,005      | \$ 82,417                 | Lost supermarket anchor  |
| <b>Owen Brown (Fleur Associates LLC)</b>        | 4: Food Lion (Oakland Mills); Harris Teeter (Kings Contrivance); Wegmans: 135,000 SF; Whole Foods: 45,000 SF                 | 1: BJ's                                | Strong in 5-minute drive-time due to growth in Downtown Columbia; potential growth on Route 1 Corridor | Moderate                | Poor to Moderate: access to Cradlerock Way, which connects to Broken Land Pkwy; access limited across Route 29    | Broken Land Pkwy @ Cradlerock Way: 31,120                          | 17,356                    | 138,696      | \$ 88,292                 | Long-term impacts of Wegman's; weak Food Lion at Oakland Mills; proximity to commercial centers along Snowden River Parkway        |
| <b>Oakland Mills (Cedar Realty Trust, Inc.)</b> | 3: Giant (Dorsey's Search); Giant (Owen Brown); Whole Foods: 45,000 SF   | 1: Wal*Mart                            | Limited in 5-minute drive-time, plus growth in Downtown Columbia                                       | Moderate                | Poor to Moderate: access to Stevens Forest Rd, which connects to Broken Land Pkwy; access limited across Route 29 | Stevens Forest Rd: 11,821  | 6,989                     | 94,525       | \$ 73,246                 | Two prior supermarket operators closed at this location  |
| <b>River Hill (Kimco Realty Corp.)</b>          | 1: Roots Market (Clarksville Square)   | None                                   | Limited in 5-minute drive time; some new, low-density housing expected                                 | Limited                 | Good: borders Rte 108   | Rte 108: 19,220  | 5,252                     | 66,628       | \$ 170,708                | County's largest Giant (63,000 SF); borders non-New Town zoned land; highest income levels; best visibility; typically well leased |

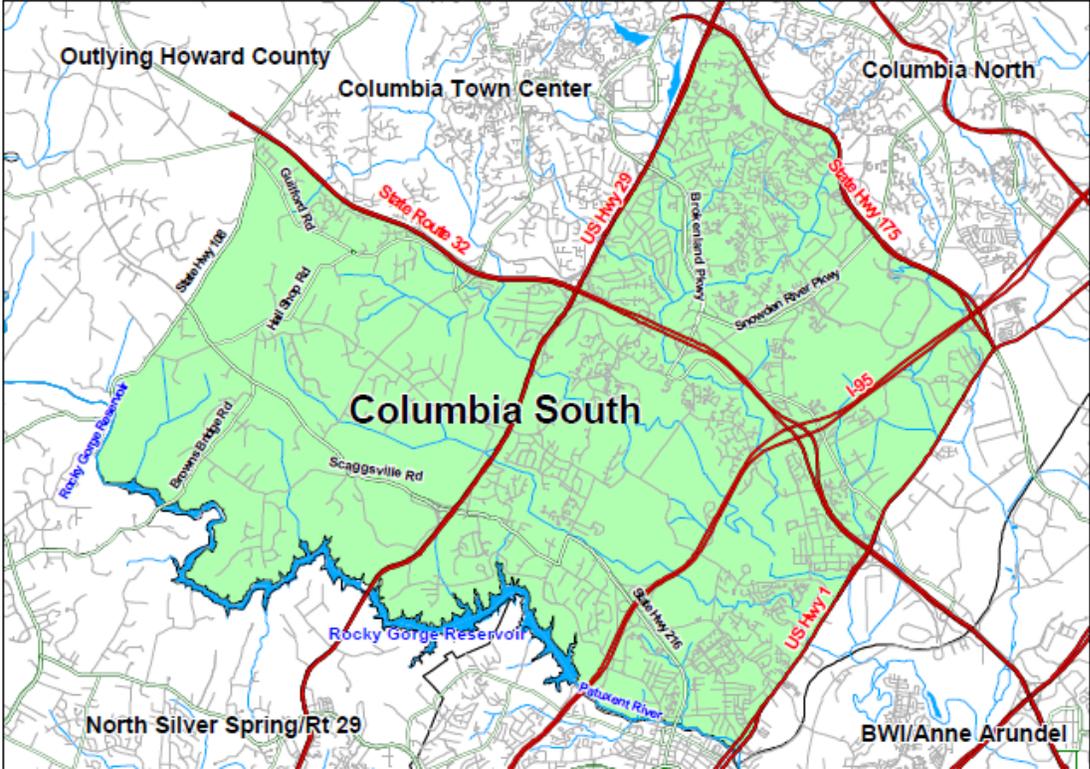
Source: Retail Development Strategies; Folan Consulting; WTL+a, updated November 2014.

**Appendix: Columbia Market Analysis & Economic Development Services Study**

# Demand Potentials: Office

According to 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. Oakland Mills Village Center, which includes 24,548 sq. ft. of Class B office space in the Steven’s Forest Professional Building, is located in the Columbia South submarket.

**Figure 4: Columbia South Office Submarket Boundaries**



## 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 2007—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—from 60% to 66% of the total—driven by new construction;

- 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 several factors, including: delivery of more than 3.4 million sq. ft. of newly-built office space across the submarket, but net absorption (i.e., leasing activity) that totaled 2.4 million sq. ft. during this period. In other words, **new office space in Columbia South was built faster than it was leased**;

**Table 10: Office Market Trends—Columbia, 2005—2013**

|  | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | Change: 2005-2013 |                |      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|----------------|------|
|  |           |           |           |           |           |           |           |           |           | Total             | Ann'l Avg.     | %    |
| <b>Columbia North</b>                    |           |           |           |           |           |           |           |           |           |                   |                |      |
| Inventory                                | 1,827,197 | 1,865,647 | 1,998,092 | 2,068,519 | 2,087,392 | 2,087,392 | 2,087,392 | 2,156,171 | 2,248,171 | <b>420,974</b>    |                |      |
| As % of Total                            | 17%       | 16%       | 16%       | 16%       | 16%       | 15%       | 15%       | 15%       | 16%       |                   |                |      |
| Vacant Stock (1)                         | 260,607   | 264,674   | 352,939   | 317,599   | 316,756   | 303,797   | 266,540   | 295,693   | 385,438   | <b>124,831</b>    |                |      |
| % Vacant                                 | 14.3%     | 14.2%     | 17.7%     | 15.4%     | 15.2%     | 14.6%     | 12.8%     | 13.7%     | 17.1%     |                   |                | 2.3% |
| Total Net Absorption                     | 164,778   | 34,383    | 44,180    | 105,767   | 19,716    | 12,959    | 37,257    | 39,626    | 2,255     | <b>460,921</b>    | <b>51,200</b>  |      |
| New Construction                         | 314,531   | 38,450    | 134,045   | 70,427    | 18,873    | -         | -         | 68,779    | 92,000    | <b>737,105</b>    |                |      |
| <b>Years to Stabilized Occupancy (2)</b> |           |           |           |           |           |           |           |           |           |                   | <b>7</b>       |      |
| <b>Columbia South</b>                    |           |           |           |           |           |           |           |           |           |                   |                |      |
| 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 | <b>2,976,863</b>  |                |      |
| As % of Total                            | 60%       | 62%       | 63%       | 64%       | 64%       | 65%       | 65%       | 65%       | 66%       |                   |                |      |
| 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 | <b>880,133</b>    |                |      |
| % Vacant                                 | 9.5%      | 11.7%     | 11.1%     | 15.6%     | 11.9%     | 15.5%     | 13.7%     | 12.0%     | 15.8%     |                   |                | 6.5% |
| Total Net Absorption                     | 311,870   | 602,771   | 444,507   | 119,672   | 402,090   | (8,456)   | 291,690   | 255,605   | (12,049)  | <b>2,407,700</b>  | <b>267,500</b> |      |
| New Construction                         | 374,960   | 841,695   | 453,053   | 562,785   | 178,451   | 352,029   | 153,500   | 110,000   | 402,300   | <b>3,428,773</b>  |                |      |
| <b>Years to Stabilized Occupancy (2)</b> |           |           |           |           |           |           |           |           |           |                   | <b>5</b>       |      |

(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 Realty; RDS; WTL+a, January 2014.

**Table 10 (Continued): Office Market Trends—Columbia, 2005—2013**

|  | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | Change: 2005-2013 |                  |                |              |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|------------------|----------------|--------------|
|  |            |            |            |            |            |            |            |            |            | Total             | Ann'l Avg.       | %              |              |
| <b>Columbia Town Center</b>              |            |            |            |            |            |            |            |            |            |                   |                  |                |              |
| Inventory                                | 2,592,316  | 2,592,316  | 2,592,316  | 2,592,316  | 2,756,130  | 2,756,130  | 2,756,130  | 2,756,130  | 2,629,130  |                   | <b>36,814</b>    |                |              |
| As % of Total                            | 24%        | 22%        | 21%        | 20%        | 21%        | 20%        | 20%        | 20%        | 18%        |                   |                  |                |              |
| Vacant Stock (1)                         | 324,692    | 338,922    | 317,195    | 479,522    | 547,728    | 467,316    | 453,871    | 333,220    | 237,150    |                   | <b>(87,542)</b>  |                |              |
| % Vacant                                 | 12.5%      | 13.1%      | 12.2%      | 18.5%      | 19.9%      | 17.0%      | 16.5%      | 12.1%      | 9.0%       |                   |                  |                | <b>-4.0%</b> |
| Total Net Absorption                     | (11,443)   | (14,230)   | 21,727     | (162,327)  | 95,608     | 80,412     | 13,445     | 120,651    | (30,930)   |                   | <b>112,913</b>   | <b>12,500</b>  |              |
| New Construction                         | -          | -          | -          | -          | 163,814    | -          | -          | -          | -          |                   | <b>163,814</b>   |                |              |
| <b>Years to Stabilized Occupancy (2)</b> |            |            |            |            |            |            |            |            |            |                   | <b>18</b>        |                |              |
| <b>All Columbia Submarkets</b>           |            |            |            |            |            |            |            |            |            |                   |                  |                |              |
| Inventory                                | 10,935,947 | 11,816,092 | 12,401,590 | 13,034,802 | 13,318,990 | 13,671,019 | 13,824,519 | 14,003,298 | 14,370,598 |                   | <b>3,434,651</b> |                |              |
| Vacant Stock (1)                         | 1,205,225  | 1,462,446  | 1,537,530  | 2,107,630  | 1,874,404  | 2,141,518  | 1,952,626  | 1,715,523  | 2,122,647  |                   | <b>917,422</b>   |                |              |
| % Vacant                                 | 11.0%      | 12.4%      | 12.4%      | 16.2%      | 14.1%      | 15.7%      | 14.1%      | 12.3%      | 14.8%      |                   |                  |                | <b>3.7%</b>  |
| Total Net Absorption                     | 465,205    | 622,924    | 510,414    | 63,112     | 517,414    | 84,915     | 342,392    | 415,882    | (40,724)   |                   | <b>2,981,534</b> | <b>331,300</b> |              |
| New Construction                         | 689,491    | 880,145    | 587,098    | 633,212    | 361,138    | 352,029    | 153,500    | 178,779    | 494,300    |                   | <b>4,329,692</b> |                |              |
| <b>Years to Stabilized Occupancy (2)</b> |            |            |            |            |            |            |            |            |            |                   | <b>6</b>         |                |              |

(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 Realty; RDS; WTL+a, January 2014.

- There are 180 office buildings in Columbia South, with an average building size of 52,700 sq. ft.;
- 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 **industry-standard levels for occupancy** 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
- 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, the Oakland Mills Village Center has 24,548 gross sq. ft. of office space in the Steven’s Forest Professional Building oriented to professional and business service tenancies supporting the surrounding neighborhoods. Since office tenancies in the village centers draw their *primary* business/market support from surrounding “rooftops” (i.e., households), the amount of office space per household in each village was examined. In Oakland Mills, this equates to approximately 6.5 sq. ft. of occupied office space for each of the 3,296 households residing in the village. Other findings indicate:

- The village center’s office space accounts for only 0.17% of the Columbia South office inventory; and
- According to CoStar, Inc., there are 3,250 sq. ft. of vacant office space, resulting in a vacancy rate of 13.2%.

## **Office Market Potentials**

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.

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**Appendix: Columbia Market Analysis & Economic Development Services Study**

Key findings are summarized below and illustrated in Tables 11 and 12.

- 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 30,000 new jobs for the 2010—2020 forecast period. The BMC forecasts do not distinguish what types of new jobs will be created beyond “Retail” and “Non-Retail” employment, which is a limitation in the analysis;
- Currently, the Columbia CDP (Census-Designated Place) comprises 38% of Howard County's total jobs. Presuming that Columbia maintains its *fair share* of the county total suggests that more than **9,100 new jobs would be created in Columbia by 2020**; and
- The next step estimates how many new jobs will be office-using jobs. Currently, office-using jobs in Columbia comprise roughly 67% of total jobs, translating into more than 47,400 office jobs across Columbia. If the share of office-using jobs is maintained at 67%, this translates into approximately 6,100 new jobs in office-using sectors of the economy by 2020.

**Table 11: Employment Forecasts & Allocation to Columbia**

|   | 2010    | 2012           | As % of<br>Total | 2020           | 2012-2020<br>Forecast |
|---|---------|----------------|------------------|----------------|-----------------------|
| <b>Howard County: All Jobs</b>                |         |                |                  |                |                       |
| 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                 |
| <b>Total - Full-time Jobs (2012-2020):</b>    |         | <b>149,230</b> | <b>79.6%</b>     | <b>168,344</b> | <b>19,114</b>         |
| <b>Howard County: Full-time Jobs Only (3)</b> |         |                |                  |                |                       |
| 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                 |
| <b>Total - Full-time Jobs (2012-2020):</b>    |         | <b>149,230</b> | <b>100.0%</b>    | <b>168,344</b> | <b>19,114</b>         |
| <b>Columbia (CDP)</b>                         |         |                |                  |                |                       |
| <b>FAIR SHARE:</b>                            |         |                | (4)              |                |                       |
| <b>Total Jobs (2012-2020):</b>                |         | <b>71,153</b>  | <b>38%</b>       | <b>80,266</b>  | <b>9,113</b>          |

(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.**

The final step allocates new office jobs to Oakland Mills Village Center. This scenario considers that the office space in the Steven's Forest Professional Building in the village center is primarily oriented to nearby households with a mix of professional and service office tenants.

**Appendix: Columbia Market Analysis & Economic Development Services Study**

## Office Demand from Fair Share Growth

- In the fair share analysis, the village center captures its fair share of new job growth based on the share of its occupied office space (21,298 sq. ft.) relative to the amount of office space in Columbia (12.2 million sq. ft.), or 0.17%. This yields a nominal 11 new office jobs; and
- Using an occupancy factor of 250 sq. ft. per employee yields **estimated demand for approximately 2,700 sq. ft. of additional office space at Oakland Mills by 2020**. Since a reported 3,250 sq. ft. are currently vacant, near-term demand can be adequately met by existing (vacant) space;
- However, from an investment risk perspective, it is unlikely that such a small amount of office space could be built (i.e., financed), particularly on a multi-tenant/speculative basis. Currently, the office buildings in each of the village centers—including Oakland Mills—would be characterized in the industry as “garden” office buildings. The industry defines this product as generally containing from 5,000 to 25,000 sq. ft. of space, and investment risk is carefully weighed against building size, potential net absorption, competition and other market factors; and
- Another factor affecting overall market potentials for development of new office space in the village centers is site capacity, that is, whether there is sufficient space available to accommodate new office buildings that consider key issues such as availability of surface parking.

**Table 12: Office Demand Analysis, 2020**

| <b>Employment Forecasts</b>                     |               |
|---|---------------|
| <b>Total Employment-Columbia CDP</b>            |               |
| 2012  | 71,153        |
| 2020  | 80,266        |
| <b>New Jobs:</b>                                | <b>9,113</b>  |
| <b>2012 Office Jobs-All Columbia Submarkets</b> |               |
| Occupied Office Inventory                       | 12,247,951    |
| Occupancy Ratio Per SF                          | 257           |
| <b>Total:</b>                                   | <b>47,673</b> |
| <i>As % of Total Jobs</i>                       | <b>67%</b>    |
| <b>2020 Office Jobs-Columbia TAZ Zones</b>      |               |
| Existing Jobs                                   | 47,673        |
| + Share of New Jobs @ 67%                       | 6,106         |
| <b>Total:</b>                                   | <b>53,778</b> |
| <b>Office Market Potentials-Oakland Mills</b>   |               |
| <b>Fair Share Analysis</b>                      |               |
| <b>Occupied Office Space-Oakland Mills</b>      | <b>21,298</b> |
| <i>As % of Columbia (Fair Share)</i>            | <b>0.17%</b>  |
| <b>2020 Office Jobs to Columbia</b>             | <b>6,106</b>  |
| Fair Share to Oakland Mills                     | 0.17%         |
| <b>Allocation to Oakland Mills:</b>             | <b>11</b>     |
| Existing Jobs-Oakland Mills                     | 83            |
| <b>2020 Office Jobs-Oakland Mills</b>           | <b>94</b>     |
| Occupancy Ratio Per SF                          | 257           |
| <b>Gross Demand (SF):</b>                       | <b>24,026</b> |
| Occupied Office Space                           | 21,298        |
| <b>Net Demand (SF):</b>                         | <b>2,728</b>  |
| <b>Existing Vacant Office Space:</b>            | <b>3,250</b>  |

*Source: ESRI Business Analyst; CoStar, Inc.; RDS: WTL+a, revised February 2014.*

## Demand Potentials: Housing

This analysis considers two data sources to estimate future demand for new housing at Oakland Mills Village Center. In the first, five-year forecasts for 2012—2017 from ESRI Business Analyst were reviewed. The second data source, as noted above, considers short- and long-term forecasts for housing units prepared by Howard County for its Adequate Public Facilities Ordinance and other infrastructure planning purposes, such as schools and water/sewer service. Tables 13 and 14 illustrate housing forecasts based on ESRI and Howard County estimates, respectively.

**Table 13: 5-Minute Drive-time—ESRI Housing Forecasts, 2012 & 2017**

|                      | 2012         | % of Total    | 2017         | % of Total    | Change     |
|----------------------|--------------|---------------|--------------|---------------|------------|
| <b>Oakland Mills</b> |              |               |              |               |            |
| <b>Housing Units</b> |              |               |              |               |            |
| Owner-Occupied       | 1,583        | 56.5%         | 1,675        | 57.6%         | 92         |
| Renter-Occupied      | 1,107        | 39.5%         | 1,140        | 39.2%         | 33         |
| Vacant Units         | 109          | 3.9%          | 93           | 3.2%          | (16)       |
| <b>Total:</b>        | <b>2,802</b> | <b>100.0%</b> | <b>2,908</b> | <b>100.0%</b> | <b>125</b> |

*Source: ESRI Business Analyst; RDS; WTL+a, February 2014.*

**Table 14: 5-Minute Drive-time—County New Housing Estimates, 2015 & 2020**

|                                | 2015     | % of Total  | 2020     | % of Total  | Total    |
|--------------------------------|----------|-------------|----------|-------------|----------|
| <b>Oakland Mills</b>           |          |             |          |             |          |
| <b>Housing Unit by Product</b> |          |             |          |             |          |
| Single-family Detached         | -        | 0.0%        | -        | 0.0%        | -        |
| Single-family Attached         | -        | 0.0%        | -        | 0.0%        | -        |
| Multi-family                   | -        | 0.0%        | -        | 0.0%        | -        |
| <b>Total:</b>                  | <b>-</b> | <b>0.0%</b> | <b>-</b> | <b>0.0%</b> | <b>-</b> |

*Source: Howard County; RDS; WTL+a, February 2014.*

As illustrated above, ESRI forecasts suggest development of up to 125 new owner- and renter-occupied housing units in a five-year window by 2017 (plus a reduction in existing vacancies of

16 units). ESRI's forecasts are based on current and past trends and do not distinguish by product type. Sources used to develop ESRI housing estimates are: construction data from Metrostudy, Census Bureau data, and building permits. By comparison, Howard County estimates for planning purposes suggest that any new housing units in the area surrounding Oakland Mills Village Center may not be introduced until 2025.

## **Characteristics of the Housing Market**

In terms of the character of housing in the Village of Oakland Mills, the 2010 U.S. Census reported a total of 3,430 housing units. As reported in the "Characteristics of Columbia" (Columbia Association, 2012), the housing stock is comprised of single-family detached (58%); townhouses (10%); and multi-family dwellings (32%). Fully 60.5% of the housing units in Oakland Mills are owner-occupied versus 35.6% that are renter-occupied. The report also indicates 134 vacant units, for an overall vacancy rate of 3.9%, which is comparable to Columbia's 4% vacancy rate. However, the true vacancy, which includes units available for rent/unoccupied and other vacant, is significantly lower—with 103 true vacant units reflecting a vacancy rate of 3%. According to the "Columbia Sales Price Trends Report" (Columbia Association, 2013), between 2000 and 2010, the average sales price of housing units in Oakland Mills jumped a remarkable 120%—from \$142,972 to \$314,502 in 2010. This is significantly above the rate of change for Columbia's villages as a whole, which increased by 84%, as well as Howard County, where average housing prices jumped by 82%.

In conclusion, several key factors may determine the overall marketability of any new housing at Oakland Mills village center, including:

- Opportunities to assemble multiple parcels in the village center for redevelopment that are currently under fragmented ownership;
- Unknown site carrying capacity and densities that assume some increment of redevelopment can occur while providing sufficient levels of surface parking;
- Pace of unit absorption/leasing after delivery of the multi-family units under construction at Wilde Lake Village Center. Wilde Lake is the first example of multi-family development introduced to the village centers. Its overall market success, therefore, is relevant as a comparison to housing potentials at Oakland Mills;
- Market competition with initial phases of multi-family development planned in Downtown Columbia (5,500 units);

- The availability of construction and permanent financing available for new housing construction; and
- Continued population and household growth and net new job creation in Howard County and Columbia.

As a result of these uncertainties, the consultant team suggests that **any new housing at Oakland Mills is not likely to be considered before 2020**. Additional detailed feasibility studies will be required to determine phasing/timing, and whether new housing product at Oakland Mills is rental or fee simple.

## Key Market Findings, Strengths & Weaknesses

The market analysis of Oakland Mills Village Center draws the following key market conclusions as well as observations of the center's major strengths and weaknesses:

- Oakland Mills is one of the earliest of the 10 villages in Columbia, with a current population of more than 8,600 residents in almost 3,300 households, comprising 10% of Columbia's total population according to "Characteristics of Columbia";
- The Village of Oakland Mills is one of the most diverse among the communities in Columbia, with an African American population of 31%, an Asian population of 6%, and an Hispanic population (who may be of any race) of 16%. Long Reach Village is also diverse: African American (30%), Hispanic (9%); and Asian (12.5%). The overall Columbia population (2010) is xx% African-American; x% Asian and x% Hispanic, who may be of any race;
- We note that the November 15, 2013 profile of Oakland Mills Village Center by CoStar, Inc. lists 5,216 sq. ft. of retail space that is available for sublet, reflecting a 9.0% retail vacancy rate. In addition, there are 3,250 sq. ft. of vacant office space, reflecting a 13.2% office vacancy rate. In combination, Oakland Mills has a current vacancy rate of 8.8%. Otherwise, Long Reach is the only other village center with a higher vacancy rate (57.8%).
- By comparison, the overall retail vacancy rate for the 801,312 sq. ft. of core and pad retail space located in the eight village centers under study is 10.1%, which is elevated due to the vacant supermarket space at Long Reach Village Center. Without Long Reach, the village center retail vacancy rate is low (2.8%) and comparable to the overall Columbia retail vacancy rate of 2%;

- The Other Barn (the Oakland Mills Community Center) provides a destination within the village center and is the site of various community events. It is also the site of the annual Oakland Mills Festival. The Columbia Ice Rink provides another important anchor for the center;
- As the last renovation was reportedly completed more than 15 years ago (1998), the physical condition of Oakland Mills Village Center is deteriorating. A site observation suggests that common areas in particular are outdated, and in need of physical upgrades and improvements. From a marketability perspective, Oakland Mills Village Center does not have immediate access to a major roadway nor does it have adequate visibility required by many retailers. As a result, this limits its overall appeal to various retail tenants that prefer locations with high visibility and reliable/immediate access to major arterials;
- Similar to Long Reach Village Center (and owing in part to its proximity to Long Reach), Oakland Mills faces significant competition in terms of supermarkets. While Oakland Mill's trade areas in their entirety can support a traditional grocery store (with a current population of more than 12,000 residents), the village center remains challenged by its location, with limited access, a lack of visibility, and erosion of its trade area compounded by the new Whole Foods store downtown. The consulting team expects that Food Lion will continue to serve as a convenience-based grocery anchor for the village center, depending upon when/if Food Lion responds to the impacts of nearby grocery store competition;
- The retail demand analysis estimates that Oakland Mills Village Center could potentially support almost 12,000 sq. ft. of food service space. Currently, there is approximately 5,500 sq. ft. of existing food service tenants, suggesting demand for an additional **6,100 sq. ft. of food service space at the village center**;
- A developer has proposed new uses for the vacant/demolished former Exxon gas station site in Oakland Mills, with plans to build a Dunkin Donuts/Baskin Robbins retail store, a new gas station, and a convenience store.
- The increase in vacant office space in Columbia South is the result of several factors, including: delivery of more than 3.4 million sq. ft. of newly-built office space across the submarket, but net absorption (i.e., leasing activity) that totaled 2.4 million sq. ft. during this period. In other words, **new office space in Columbia South was built faster than it was leased**;

- Currently, Columbia comprises 38% of Howard County’s total jobs. Presuming that Columbia maintains its *fair share* of any future job growth in Howard County suggests that more than **9,100 new jobs would be created in Columbia by 2020**;
- The office demand analysis suggests limited support for additional office space at Oakland Mills Village Center—**approximately 2,700 sq. ft.** by 2020, depending on how much new housing (if any) is built. With 3,250 sq. ft. of existing vacant office space, near-term demand can be adequately met with existing built space on the assumption that existing vacant space is sufficiently marketable, without physical and/or functional obsolescence;
- However, from an investment risk perspective, it is unlikely that such a small amount of office space could be built (i.e., financed), particularly on a multi-tenant/speculative basis. Currently, the office buildings in each of the village centers—including Oakland Mills—would be characterized in the industry as “garden” office buildings. The industry defines this product as generally containing from 5,000 to 25,000 sq. ft. of space, and investment risk is carefully weighed against building size, potential net absorption, competition and other market factors; and
- Another factor affecting overall market potentials for development of new office space in the village centers is site capacity, that is, whether there is sufficient space available to accommodate new office buildings that consider key issues such as availability of surface parking; and
- The housing demand analysis considered two forecasts. In the first, ESRI suggests development of up to 125 new owner- and renter-occupied housing units in a five-year window by 2017 (plus a reduction in existing vacancies of 16 units). In the second, Howard County planning estimates suggest that any new housing units in the area surrounding Oakland Mills Village Center will not be introduced until 2025. In tandem with other market uncertainties as identified above, the consultant team suggests that **any new housing at Oakland Mills is not likely to be considered before 2020**. For housing that may be considered after 2020, additional detailed feasibility studies will be required to determine phasing/timing, and whether new housing product at Oakland Mills is rental or fee simple.

In conclusion, incremental supportable space for retail and office development beyond current levels for Oakland Mills is modest and limited to uses that are related to the surrounding resident population. The near-term success of nearby new housing (Wilde Lake, Downtown Columbia) will be indicative of the overall marketability of new housing at the village center in the mid-term (i.e., after five years).