

# Columbia Market Study

An economic analysis of current conditions, future potential opportunities and recommendations for Columbia's village centers and their relationship to the former GE Appliance Site and the Dobbin Road and Snowden River Parkway commercial areas.

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## **Documentation and Distribution**

This **Columbia Market Study** final report is supplemented by a number of appendices. Those companion reports include the extensive data analysis and documentation of market conditions for each of the village centers and the former GE Appliance site, Dobbin Road and Snowden River Parkway study areas (abbreviated as “GEDS” in the report). In keeping with Columbia Association’s sustainability practices, a limited number of copies of this report and the appendix were printed. The **Columbia Market Study** final report and technical appendices are available online at: [www.columbiaassociation.org/marketstudy](http://www.columbiaassociation.org/marketstudy).

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# Executive Summary

## Study Purpose & Scope

The Columbia Market Study identifies current market conditions and future potential opportunities for Columbia's village centers, and the relationship of the centers to other areas in Columbia. This knowledge base is key to identifying strategies that can help revitalize and reposition the eight village centers evaluated for future success (Wilde Lake Village Center, currently in the process of redevelopment, is excluded). The report also addresses the former **GE** Appliance site, and portions of the **Dobbin Road** and **Snowden River Parkway** areas—abbreviated as "**GEDS**" in the report—and provides valuable information about development and redevelopment potential for these areas that can be used in future Howard County planning and policy-making. Market characteristics and conditions were analyzed for five land uses: retail, office, lodging/hotel; industrial/flex; and housing. The study process included four public meetings, a presentation to the Columbia Association Board of Directors, and interviews with brokers, property owners, public officials, Columbia's village managers, and others.

## Summary Findings

- Generally, retail market demand in Columbia overall, and the village centers specifically, is in balance with available market supply. Retail vacancy rates are low for the village centers, 2.5%, not including Long Reach Village Center, which is slated for redevelopment.
- For village centers in particular, the current relationship between retail square footage and residential density is roughly in balance. If people want more choice in retail offerings, then more customers would be needed to attract additional retail. Potential customers could come from additional hotel, office and/or residential units. Of these, new residential units have been shown statistically to support the most new retail.
- The grocery-centered model is in transition in Columbia, paralleling changes in the grocery store industry nationwide, which have affected middle-sized chain affiliated grocers, such as the 25,000 to 50,000 sq. ft. stores in the village centers. The grocery-anchored village center model has also been affected by development of newer, more specialized grocery store categories such as Wegmans, Whole Foods Market and Wal\*Mart, the latter of which is the top seller of groceries in the U.S.

- The competitive context for grocery sales varies across the village centers, with Oakland Mills, Long Reach and Owen Brown having the greatest competition with 12-15 grocery stores within a 10-minute drive of the village centers. In the future, this competition may challenge the viability of some supermarkets to remain as village center anchors, particularly those with the greatest competitive challenges.
- Overall, the Columbia office market area has 14.3 million sq. ft. of office space. Columbia's office market comprises over 80% of Howard County's total office inventory. Vacancy rates are 15% for the Columbia office market overall and 9% for the GEDS area. This is consistent with regional trends.
- Office uses in the village centers are mostly small-scaled, "garden office" and are ancillary uses focused on locally-serving, professional services. Total village center office space is less than 1% of Columbia's total office space. Demand for new village center office space is found to be modest and can, in general, be filled by existing vacancies, which average 7%.
- The residential market is quite strong in Columbia. Residential vacancies are very low for Columbia overall: 2.8% for rental housing and 4% overall for housing vacancy of all types. There is market potential to develop new housing types in village centers, but this potential will be shaped by the market receptivity to the precedent set by the redevelopment of the Wilde Lake Village Center.
- The GEDS area is in transition from primarily warehousing, light industrial and distribution to more retail and office uses in converted flex/industrial buildings. This transition parallels national trends. GEDS and nearby Rt. 175 areas contain 1.8 million sq. ft. of retail space including most national chain and big box uses, which have created a highly competitive retail environment.
- GEDS has sufficient vacant office space to absorb near-term growth potentials.
- The decision about whether to shift land uses in GEDS more deliberately to mixed uses or to retain industrial uses, particularly for the former GE site is both a policy and a planning issue, rather than only a market one. The study concludes that there is not a single compelling market-based answer today as to whether to retain industrial uses or move towards mixed use. Each has market benefits and challenges.

## Recommendations

The report includes eight overall recommendations, which are supplemented by recommendations for each village center.

- **Prepare Strategies for Future Village Center Changes/Alternatives.** The Wilde Lake redevelopment plan will be one precedent and refocusing of Long Reach Village Center will be another. Proactive consideration of alternatives to the grocery-anchor model should be undertaken for those village centers with the greatest competitive challenges.
- **Review Village Center Planning/Redevelopment Process.** Review the village center planning and redevelopment process as part of the New Town zoning update..
- **Identify Infill Locations.** Identify locations for new residential infill uses in and near village centers.
- **Consider Expansion of Retail Retention and Recruitment Efforts.** It is recommended that existing retail recruitment efforts be expanded through a coordinated program. The goal would be to assist retail businesses and to enhance the business mix in the village centers and other retail areas throughout the county. The role of such a program, including a designated retail recruiter, is to reach out to property owners to understand what spaces they may have available, and to explore the broader market for operators of innovative/specialty stores, cafes and restaurants, and consumer service businesses that would complement and strengthen the existing retail mix.
- **Promote Technical and Resource Assistance.** It is recommended that the expanded retail recruitment and retention program include promotion and coordination of existing and new technical assistance programs for retail businesses that need help with business management, finance, operations, expansion strategies or other issues.
- **Review and Summarize Columbia's Existing Commercial Covenants.** While residential covenants are well understood in Columbia, there is less clarity around the extensive use of commercial covenants that affect potential development/redevelopment in office, industrial and commercial areas throughout Columbia. There is a need to document these private agreements including transferability and terms that affect land use and architectural design.
- **Prepare a GEDS Property Database.** Prepare a detailed GEDS database to document existing uses, associated square footage, ownership, conversions, and occupancies by site and sub-area. There is no comprehensive inventory today that can inform planning decisions.
- **Analyze GEDS Area 'Undeveloped' Sites.** Analyze the vacant sites in GEDS and the adjacent Gateway Loop to understand the competitive development context for the GE Appliance site, Dobbin Road and Snowden River Parkway sub-areas.

**Specific Village Center Recommendations.** Recommendations for each of the village centers are included in the report related to the market potential for various land uses.

### **Technical Appendix**

Separate, detailed technical appendices supplement this final report. These supplemental reports include the extensive data analysis and documentation of market conditions for each of the village centers and GEDS.

# Introduction

Columbia Association, the Howard County Department of Planning and Zoning (DPZ) and the Howard County Economic Development Authority (HCEDA), commissioned a market study to evaluate the status and future of the Columbia village centers as well as an inter-related study of market conditions and potentials for the commercial/industrial area that includes the former GE Appliance site in the Gateway area of Columbia, Dobbin Road and the Snowden River Parkway corridor. For this study, the GE site, Dobbin Road, Snowden River Parkway area has been designated as the “**GEDS**” (**GE/Dobbin/S**nowden) area.

The goals for the Columbia Market Study were to develop a better understanding of the market potentials for each village center and the relationships of the village centers and the GEDS area to other competing commercial areas. This base of knowledge is key to identifying strategies and tools that can help revitalize and re-position the village centers, as needed and desired. For GEDS, the market study is intended to provide valuable information about development potentials in the area that can be used by Howard County government in future planning efforts. This report documents the research, analysis and findings of the market analysis and economic development strategies for Columbia, Maryland. The report is structured as a main document and a supporting appendix. The main report includes overview analyses and findings as well as specific recommendations for the village centers and GEDS; the appendix includes detailed market analyses for the village centers and GEDS. For purposes of establishing a point in time for the analysis, unless otherwise noted, market and comparative data were collected as of November 15, 2013. While the report acknowledges later actions and initiatives, this date was used as a baseline for data documentation and analysis.

The study findings identify and determine the current characteristics and market potentials for eight of the nine village centers in Columbia, excluding the Wilde Lake Village Center, which is currently in redevelopment by Kimco Realty Trust. In addition, Downtown Columbia is also excluded from this study given that the Downtown Columbia Plan was adopted in 2010 and that redevelopment efforts are currently ongoing by the Howard Hughes Corporation and others. Thus, neither of these commercial centers were included in the market analysis nor were recommendations made for them. However, the redevelopment plans for Downtown and Wilde Lake were fully considered in establishing market potentials and recommended strategies for the areas included in the study.



Five land uses were considered in the market study, both within the village centers and in their immediate contexts:

- Retail (including retail stores, convenience/grocery, food & beverage and consumer services)
- Commercial Office
- Hotel/Lodging
- Housing/Residential
- Industrial and Flex Space

The consulting team notes that the market study is intended to present findings about overall market potentials for various land uses; it is *not* a land use plan.

## **Public Engagement**

The study process included four public meetings. The topics were: “Study Introduction” (December 2013); “Industry Trends and Columbia Context” (March 2014); “Findings” (April 2014); and “Preliminary Recommendations” (May 2014). A final public presentation on study recommendations was made to the Columbia Association Board of Directors (August 2014). In addition to these meetings, a number of one-on-one and small group interviews were held with brokers, property owners, public officials, Columbia’s village managers, and others.

## **Historical Columbia Development Framework**

To understand current conditions in Columbia, it is also useful to briefly consider the original planning concepts, objectives and characteristics for Columbia established by Jim Rouse and Howard Research and Development (HRD) in the early 1960s. Beginning with the purchase of approximately 14,000 acres in the early 1960s, the land assembly and planning concepts were initiated for Columbia as an innovative example of the New Town Movement. Unlike older communities that grew around geographic amenities, trade centers or transportation links, new towns in the United States addressed comprehensive planning and social goals as well as the intention that they would be profitable real estate investments. Howard County was chosen by HRD because of its proximity to the Baltimore and Washington metropolitan areas, and because there was land available, which could be assembled.

The original plan for Columbia was created by an interdisciplinary team of designers, educators, religious leaders, recreation and sociology experts and transportation specialists. Unlike other New Town Movement communities such as Reston, Columbia's approach also included a clear goal to be a racially and economically integrated community, well before the Fair Housing Act of 1968 made it illegal to discriminate in housing. The goal of nurturing people through sensitive planning and growth was central to development of Columbia's village centers, beginning with Wilde Lake's dedication in 1967.

Columbia's development was guided by four broad goals:

- **To Build a Complete City:** According to the U.S. Census, Howard County's population in 1960 was 36,152. The County population in 2013 was estimated at 304,580, or about 840% larger than it was some 50 years before. Columbia alone has a population of about 100,000 residents, approximately one-third of the County's total. As originally envisioned, Columbia has become a "complete city" in that there were original provisions made in the plans to incorporate schools, libraries, churches (and interfaith centers), a concentration of retail and consumer services, Howard County General Hospital and Howard Community College. It is diverse economically and racially, and is recognized for its multi-cultural resident population. When residents bought homes in Columbia, they were also buying into a set of development and social values that continue to set Columbia apart from more conventional communities. Of course, this balance has also evolved over time; the quality-of-life and of the public schools, the central location near major metropolitan areas, and regional growth patterns have made Columbia so desirable that it is among the most affluent places in the United States. Housing prices vary across a wide range, but finding affordable housing to meet the original goal of "houses and apartments at rents and prices to match the incomes of all who work there" has proven more challenging for lower income residents, particularly over the last 10 years.
- **To Respect the Land:** Jim Rouse's concept of linking nature to all parts of everyday life in Columbia led to a comprehensive network of open spaces, parks, lakes, an extensive path system and habitat areas for birds, waterfowl, plants and animals that have created thousands of acres of open space and natural environments that characterize Columbia as a place where everyone can experience nature in many different ways. Columbia Association owns and maintains the majority of these open spaces and community facilities.
- **To Provide for the Growth of People:** Whether to provide for education, recreation and sports, cultural facilities, or community groups with specialized interests, Columbia's

development has incorporated civic, cultural, religious and educational venues to foster new experiences, academic opportunities for study, different activities to entertain and engage residents and visitors, and to provide for a diverse range of options for living in a well-designed community.

- **To Make a Profit:** This goal was not met as quickly as originally hoped and has changed since the original, single ownership and control by HRD. Columbia's village centers are now owned by multiple entities, with Kimco Realty Corporation holding six of the nine centers as well as major shopping locations such as Columbia Crossing in greater Columbia; other property owners hold other village centers and have had varying degrees of occupancy, reinvestment and market success. General Growth Properties (GGP) owns and operates The Mall in Columbia, while Howard Hughes Corporation owns much of the property in Downtown Columbia that is planned for redevelopment.

## **Recent Redevelopment Paradigms**

Based on the historical fact of being the first village and, because it is the first village center to redevelop without a traditional grocery anchor, Wilde Lake Village is notable. Although Wilde Lake is not included among the village centers in the market study, its role in setting new precedents for housing and mixed-use redevelopment will be an important bell-weather event as other village centers evolve. Both because of its new types of housing products and deliberate integration of residential and commercial retail/office uses, Wilde Lake will be a useful example for consideration of redevelopment in other village centers, as well as in understanding market reactions to the repositioning strategy that Wilde Lake represents.

With the exception of Downtown, Columbia is largely built-out. That is, the physical capacities originally envisioned by the 1965 plan have been constructed and occupied. The Downtown Columbia Plan adds new housing, office and retail and alters the physical environment to be more urban and pedestrian-oriented, appropriately reflecting a difference in consumer preferences.

Downtown Columbia is and will continue to be the primary retail/commercial center of Columbia. The scale, density of Downtown Columbia resident and worker population, and concentration of destination retail and entertainment uses at Merriweather Post Pavilion and other planned facilities will reinforce its market position as the dominant destination center for many years to come.

Howard County's New Town zoning regulations, as well as the private easements and private covenants affecting land use, open space and amenities have remained relatively unchanged over the past 50 years. The county's regulatory changes related to the Downtown Columbia Plan and village center redevelopment are notable exceptions.

Moreover, the basic structure of Columbia as a private development (albeit now owned by multiple entities rather than solely by HRD) has remained in place. A major difference from more typical, privately developed New Town Movement communities was the creation of Columbia Association, an organization formed to manage and maintain Columbia's amenities, open spaces, recreational and community facilities. Columbia Association remains a major coordinating and management support framework to keep the open space and other recreational amenities operating for the benefit of the Columbia community.

## **Columbia Today**

In many ways, the original objectives envisioned for Columbia have been sustained throughout its development over almost 50 years, but the Columbia market in 2013-2014 is very different from the conditions in Howard County in the 1960s when Columbia was first conceived and the early phases constructed.

Regional growth patterns, the high quality of public schools in Howard County and infill between the Baltimore and Washington metropolitan areas has sustained steady growth in Columbia of its traditional housing types, though that has also changed with additional (and in some cases) higher-density development occurring around Columbia. Howard County is among the most affluent in the United States, with median annual household incomes of almost \$108,000, about double the U.S. average of \$53,000 in 2012. High household incomes have made Howard County a very appealing location for national retailers, and almost every major grocery and specialty brand is located in (or near) Columbia.

Several conditions of today's Columbia influenced the decision by Columbia Association, Howard County Department of Planning and Zoning and the Howard County Economic Development Authority to better understand current market conditions in the Columbia villages and GEDS:

- The original plan for Columbia is largely built-out with a population of approximately 100,000. Downtown Columbia will be the focus of new development based on the 2010 Downtown Columbia Plan and the accompanying zoning for this area.

- While the original concepts of the grocery-anchored village centers were repeated in all eight centers included in the market study, both the competitive context and the evolution of different Columbia villages have changed in different ways, resulting in a range of conditions specific to each village center. Some have a strong consumer base, while others have been affected by nearby competition and changes in shopping patterns that have made it difficult for smaller grocery stores and other stores to remain viable. As a retail model, the Long Reach Village Center has had significant challenges, with its grocery store anchor closing twice and then remaining vacant. The original retail/grocery concept for Long Reach Village Center is currently being reconsidered, with the recent acquisition by Howard County government. Other village centers are functioning successfully as neighborhood-serving, grocery-anchored retail centers, particularly those in outer locations where there is less direct competition (e.g., River Hill and Dorsey's Search), while some are dealing with the effects of increased direct competition (e.g., Oakland Mills being close to Wegmans and the recently-opened Whole Foods on Lake Kittamaqundi).
- Housing demand has remained generally strong, with low vacancy rates for both rental and for-sale housing. Construction of housing in Columbia has been paced throughout the preceding decades by zoning and the county's housing allocation system; low vacancy rates suggest that more housing could be absorbed if it is allowed, while maintaining the quality-of-life that characterizes Columbia. The reconfiguration of Wilde Lake Village Center may be the first step in determining market demand for how other village centers may be redeveloped.
- The GEDS area is also an area that is in transition, as formerly industrial space in the Dobbin Road and Snowden River Parkway corridors are now mixing retail, flex space users (light manufacturing and distribution) and 'industrial-character' office conversions that attract tenants who want more affordable space in unconventional office settings. As stated in early Columbia promotional materials, the original conditions that attracted industry to Howard County (i.e., "vacant, usable land well adapted for industry" and a location that "will be able to serve two metropolitan areas, and "reduce plant construction, transportation and service costs", drew GE's Appliance factory and other industrial uses to Columbia as a basis for employment and commercial development. However, over the past 20 years, local manufacturing centers have been superseded by fundamental changes in manufacturing and shipping; manufacturing is now global, not regional.

- In addition, the Baltimore-Washington area's economic base has focused more on the service-based employment sectors rather than traditional manufacturing. At the same time, the former GE Appliance plant site and its environs are among the largest remaining industrially-zoned sites in Howard County. There is a legitimate public policy question about the future of the GE site:
  - Should it remain industrial as a way to sustain a diversified economic base for the county and allow potential future recruitment of larger space users that desire an assembled site in the Baltimore-Washington area, or
  - Should the policy and planning framework and associated zoning regulations be changed to a different type of economic driver (such as residential/mixed-use) that would generate higher property tax revenues (on a per acre basis, but would not generate employment-based economic benefits in the same way?)

There is a public policy question about the Dobbin and Snowden River Parkway areas, which feature some spaces and sites that have slowly converted from industrial to retail, service, hotel and office. Should Dobbin and Snowden River Parkway restrict future conversions and retain industrial uses, or should Dobbin and Snowden River Parkway change to mixed-use including residential? The market study reviewed market potentials for these alternatives, but there is not a clearly defined answer that favors one alternative over the other; it remains a policy-oriented question, not a market-defined one.

There are millions of square feet of retail uses in Columbia and more planned, but the available space and immediate market densities of the village centers have resulted in more traditional tenant mix and leasing strategies, with the most successful still using the grocery-anchored, neighborhood-serving functions primarily oriented toward nearby residents. Office space has never been a major use in Columbia's village centers, and the market study also revealed that modest demand is also roughly in balance with available supply.

The hotel market has grown steadily. With only one exception in Downtown Columbia, the market is completely oriented toward affordable, business-based, limited-service hotel products that are located in GEDS and around the edges of Columbia.

The next section of the market analysis reviews general industry trends as they affect Columbia's repositioning strategies, followed by market summaries for each of the real estate categories included in the study.

# Columbia's Retail Market

## Existing Village Centers & GEDS

Columbia's village centers were originally conceived as neighborhood shopping centers anchored by grocery stores, supported by businesses such as hair salons, liquor stores, casual dining, dry cleaning businesses, and other service oriented businesses. Several contain free-standing gas stations and banks on pad sites adjacent to surface parking lots of the village centers. Retail inventory in the village centers ranges in size from just over 71,200 sq. ft. at Oakland Mills up to 128,600 sq. ft. at River Hill. In total, **the eight village centers in this study contain approximately 801,312 sq. ft. of retail space.**

Vacancy rates are generally low in the Columbia village centers, with the exception of Long Reach, which has had its grocery anchor close. As of November 2013, Long Reach had more than 60,000 sq. ft. of vacant retail space, or about two-thirds of the center's total leasable area. Table 1 illustrates various characteristics of each of the village centers and the GEDS study area as of November 2013, including total size (in sq. ft.); vacant space; and percent vacant.

Long Reach Village Center in particular has experienced a number of challenges, and its grocery-anchored concept is being reconsidered by Howard County, which purchased a portion of the site in October 2014 as part of a redevelopment strategy. Given the proximity of Long Reach to Columbia Crossing and Dobbin Square shopping centers nearby, it is not completely surprising that the Long Reach grocery store found it extraordinarily difficult to compete against an ample supply of other nearby grocery stores. While all but one of the village centers were originally owned and developed by The Rouse Company, ownership today is more diverse. Kimco Realty Corporation owns six of the nine village centers (River Hill, Hickory Ridge, Dorsey's Search, Kings Contrivance, Harper's Choice and Wilde Lake) and other nearby shopping centers including Columbia Crossing, a 495,600 sq. ft. big box center located near Long Reach Village Center. Other village center owners include GFS Realty Incorporated, which owns the Owen Brown Village Center and Cedar Realty Trust who owns the Oakland Mills Village Center.

By comparison, the smaller scale of the village centers is in contrast with **the amount of retail space located in the GEDS area, which totals over 1.5 million sq. ft. of space** (as identified by CoStar, Inc., a national real estate database). Retail vacancy levels in GEDS are considered very low at 2.5%, as an average vacancy of 5% is considered by the industry to be 'stabilized' occupancy. Generally, lower (or stabilized) vacancy rates indicate that demand for space is

greater than supply. Tenant turnover in the GEDS study area has allowed for conversion from more purely industrial/distribution and 'flex' space to diverse retail and consumer service businesses and office uses. As a result, these conversions have modified the employment mix to include a wider range of industry sectors—from industrial to warehousing/distribution to flex-tech to retail.

As illustrated in Table 1, **the study area in its entirety contains more than 2.33 million sq. ft. of retail space.** The magnitude of the vacant space at village centers is illustrated in the vacancy rate, which is only 2.6% if vacant space at Long Reach is excluded and jumps to 10.1% when Long Reach is included. In total, the 2.33 million sq. ft. of retail space in the village centers and the GEDS area contain more than 119,000 sq. ft. of vacant space (5.1%) with Long Reach, but only 58,900 sq. ft. of vacant space (2.52%) without Long Reach.

**Table 1: Retail Comparison of Village Centers & GEDS**

<b>Location</b>	<b>Existing Retail SF</b>	<b>Vacant Retail SF</b>	<b>% Vacant</b>
<b>Village Center</b>			
Dorsey's Search	83,252	-	0%
Harper's Choice	112,016	8,576	8%
Hickory Ridge	87,678	832	1%
King's Contrivance	120,053	565	0.5%
Long Reach	92,021	60,129	65%
Oakland Mills	71,209	5,216	7%
Owen Brown	106,437	5,855	6%
River Hill	128,646	-	0%

<b>TOTAL:</b>			
<b>All Village Centers</b>			
With Long Reach	801,312	81,173	10.1%
W/O Long Reach	801,312	21,044	2.6%
<b>GEDs Corridor</b>	1,535,517	37,874	2.5%
<b>Study Area:</b>			
With Long Reach	2,336,829	119,047	5.09%
W/O Long Reach	2,336,829	58,918	2.52%

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

## **Reconsidering the Grocery Store Anchor**

To understand positioning opportunities for the village centers, the consultants reviewed current market characteristics and competitive context for grocery stores in the Columbia area. As originally conceived, the village centers were based on the premise that the surrounding neighborhood populations would provide market support for the grocery stores and neighboring retail uses. Giant Foods and Safeway were the dominant regional grocery store chain operators, and there was not much product differentiation between major grocers. After decades of emphasis on a suburban-site business model, the grocery industry has changed

rapidly over the last 10 years, with many new models emerging in response to changes in consumer preferences and market segmentation based on price-to-value ratios, perceived (or real) differences in product quality, the growing importance of organic and fresh grocery products, and diminished levels of 'brand loyalty' to a particular store.

Consumer options for purchase of groceries (or at least some components of food purchases) now include grocery sections of drug stores; gas station/convenience store combinations; large floor-area wholesale/warehouse grocers like BJ's and Costco; and specialty grocers like Whole Foods Market, Trader Joe's, Fresh Market, and Wal\*Mart, now the top seller of grocery items in the United States. Table 2 illustrates the relative positioning by sales volume and sales productivity, based on 2012 data from the Retail Grocers Association as well as the relative presence of these major chains in the Columbia market.

This list was adapted for relevance to the Columbia market; therefore, other regional chains have been omitted from the listing and ranked positioning sequence to focus on chains that operate in Columbia or have acquired grocers in the market. There is one exception, which includes Lone Star Foods, which operates the Bi-Lo grocery store chain. This was included as an example to demonstrate the relative difference in sales productivity between Delhaize America, owners of Food Lion (the grocery store in Oakland Mills); despite almost identical annual sales, Bi-Lo's sales per square foot are just over half of Food Lion's sales per square foot.

Three particular elements should be noted on the list. First, and most important, is the dominance of Wal\*Mart as a grocery store operator. Kroger Stores (acquired Harris Teeter), the second largest grocery chain in the U.S., generates only about half the annual sales volume of Wal\*Mart, which has annual sales of almost \$120 billion per year. When Wal\*Mart enters a market like Columbia, it is difficult for other value-oriented grocers to compete. In the consultants' view, this was one of the factors that affected the competitive position of the grocery store in Long Reach Village Center.

**Table 2: U.S. Grocery Industry—Chain Store Rankings & Characteristics, 2012**

2012 Rank	Company	No. of Supermarkets	2012 Data			Top Columbia Area Brands in Chain
			Estimated Total Chain Sales	Total SF of Selling Area	Estimated Average Chain Sales/SF of Selling Area	
1	Wal*Mart	3,217	\$ 118,725,880,000	195,489,000	\$ 607	Wal*Mart Supercenter
2	Kroger	2,340	61,128,860,000	103,966,000	588	Kroger Stores, Harris-Teeter
3	Safeway	1,450	35,504,560,000	55,554,000	639	Bought by Cerberus/Albertson's
5	Ahold USA	756	26,162,500,000	31,910,000	820	Giant Foods Landover MD
7	Delhaize America	1,546	18,624,840,000	45,931,000	406	Food Lion
9	Lone Star Foods	690	10,449,920,000	46,515,000	225	Bi-Lo (example, not in market)
11	Whole Foods	306	8,787,220,000	7,073,000	1,242	Whole Foods Market
12	Trader Joe's	362	7,563,400,000	3,716,000	2,035	Trader Joe's
14	Target	252	6,795,100,000	15,224,000	446	Super Target Center
17	Wegmans	80	5,055,700,000	6,667,000	758	Wegmans
19	Harris-Teeter	206	4,501,900,000	7,656,000	588	Acquired by Kroger
22	Albertson's	206	4,310,800,000	10,378,000	415	Acquired Safeway

**Source: Retail Grocers Association; RDS; WTL+a, March 2014.**

Second, traditional grocers face competitive pressure from both discount superstores and upscale/specialty grocers. Wal\*Mart's value pricing policies have squeezed the profitability of the traditional grocery chains at the value end of the spectrum. At the other end of the spectrum, upscale/specialty grocers like Whole Foods and Trader Joe's generate significantly higher sales per square foot by emphasizing higher-profit store brands and prepared foods. While most grocers generate sales per square foot ranging from \$400 to \$600 per sq. ft. per year, specialty grocers like Whole Foods and Trader Joe's are multiple times higher, with Whole Foods generating sales productivity levels that are double the traditional chains at almost \$1,250 per sq. ft., and Trader Joe's (whose stores are smaller—in the range of 18,000 to 20,000 sq. ft. per store) generating sales of over \$2,000 per sq. ft. per year, or fully 2.5 times that of Giant Foods.

The third element is the shift in average store sizes. When originally constructed, grocery stores in the village centers ranged from about 25,000 to 30,000 sq. ft. and carried about 10,000 products (also known as Stock Keeping Units, or SKUs). But as computerization and distribution networks expanded in the grocery industry, both the number of products offered has increased (to about 50,000 SKUs) and average store size has grown to accommodate more products to a national average of about 46,000 sq. ft. in 2011, with many newer stores approaching 60,000 sq. ft. The constrained original store sizes in the village centers (which were typical of the market at that time) have been modified with grocery expansions in several village centers, but stores in village centers east of Route 29 have been particularly challenged by bigger, newer stores in their immediate trade areas. While not in a village center, the opening of the 135,000 sq. ft. Wegmans on Snowden River Parkway in 2012 created yet another major grocery alternative to the traditional store offerings. Paralleling shopper behaviors across the country, Columbia's consumers shop across many definitions of grocery offerings, from wholesale clubs and volume discounters such as Costco and BJ's, to convenience shopping near their homes to destination grocery shopping at stores like Wegmans, and at Columbia's new Whole Foods Market in Downtown Columbia.

Table 3 illustrates the competitive context for the eight village centers in the market study. Long Reach Village Center has five supermarkets within a five-to-six minute drive, and 14 within a ten-minute drive, including volume/price-competitive stores like Wal\*Mart, Costco, and BJ's Wholesale. Oakland Mills has three supermarkets within a five- to six-minute drive plus Whole Foods and a total of 15 within a 10-minute drive. Owen Brown Village Center has four within a five- to six-minute drive and 12 within 10 minutes. In contrast, Dorsey's Search, Kings

Contrivance and River Hill Village Centers have far less competition, with two, two and one competing grocers within five- to six-minute drive times, and nine, six and three within a 10-minute drive time, respectively. The relative weighting of the competitive context will vary, both by the difference in numbers of competing grocery stores within three miles (an industry standard for convenience-based grocery shopping) and the presence of stores like Whole Foods, Wegmans and Wal\*Mart, whose customer drawing power and trade areas are greater than three miles, ranging from five to 10 miles depending on the store and other competition.

Dorsey's Search and River Hill village centers on the periphery of Columbia face less competition and are located near households with higher median incomes. While still far above the U.S. average median household income, there is a significant difference in median income—and therefore spending power—between village center populations within a five-minute drive. Table 4 illustrates the differences in income and spending potentials among the eight village centers.

**Table 3: Competitive Environment—Village Center Grocery Stores**

Village Center	Supermarkets W/I 5-6 Minute Drive	Supermarkets W/I 10-Minute Drive	Competing Non-Traditional Grocers	Competitive Context
Dorsey's Search	2	9		Limited competition
Harper's Choice	3	7		Limited competition
Hickory Ridge	4	7		Competitive
King's Contrivance	2	6		Limited competition
Long Reach	5	14	Wal*Mart, BJ's, Costco, Target	Highly competitive
Oakland Mills	3	15	Wal*Mart	Highly competitive
Owen Brown	4	12	BJ's Wholesale Club	Highly competitive
River Hill	1	3		Limited competition

**Source: RDS; WTL+a; Folan Consulting, March 2014.**

**Table 4: Median Household Incomes, by Village Center, 2012**

<b>Village Center</b>	<b>Median HH Income W/ 5-Minute Drive</b>
Oakland Mills	\$ 73,246
Long Reach	\$ 82,417
Owen Brown	\$ 88,292
Harper's Choice	\$ 92,533
King's Contrivance	\$ 99,180
Dorsey's Search	\$ 101,059
Hickory Ridge	\$ 102,053
River Hill	\$ 170,708

**Source: RDS; WTL+a; Folan Consulting, March 2014.**

The changing nature of the grocery industry, greater competition for traditional grocery operators and differing market potentials suggest that potential redevelopment of the vacant Long Reach grocery store anchor space to a non-retail use is a logical outcome for that location's site-specific conditions. Although residents may have to travel somewhat further than residents near other village centers for grocery purchases. The secondary effect of potential non-grocery conversions is that the shopper traffic and secondary sales for retail, food and beverage, and consumer services traditionally driven by grocery shopping trips will also need to be reexamined. The Long Reach Village Center will need to explore other means to sustain retail activity over time, as the primary activity generator changes. This same challenge would exist in other village centers, should their grocery anchors fail to perform sufficiently to remain in operation. It would be both reasonable and prudent to begin to discuss alternative uses for grocery store space in other village centers so that there is a pro-active rather than reactive approach in place, should other grocery stores close.

### **Food & Beverage and Other Retail Uses in Village Centers**

The food and beverage offerings in the village centers are both more limited in number and in range than might be expected given high household incomes and current surrounding population densities. Americans are increasingly purchasing their meals, either by eating out more often or by purchasing ready-made meals to eat at home. This trend, sometimes called

'home meal replacement' is both an indication of busy, working consumers with limited time for shopping and cooking as well as a social function for young professionals and for Millennials who dine and go out for socializing with friends more frequently than other generations.

As prospective tenants, restaurants and other food services have particular functional needs: special exhaust and venting; restrooms; delivery and servicing access from the kitchens; specialized utilities; contiguous spaces for front of house/back of house; and (potentially) outdoor seating.

While there are a number of popular food & beverage operators in the village centers, the market analysis suggests that there are opportunities for more varied cuisines and a better balance between local and national/regional chains. **As re-leasing of the limited number of vacant spaces is considered by different village center owners, the potential addition of more food & beverage is encouraged to round out the retail mix.** These opportunities exist in most of the eight village centers in the study, but two village centers (River Hill and Dorsey's Search) reported no vacant space as of November 2013, and two more (Kings Contrivance and Hickory Ridge) had vacancy rates of 2% or less. Among other centers, Oakland Mills reported just over 7% vacant space, Owen Brown had a 5.5% vacancy, and Harper's Choice reported just under 8% vacancy.

These high rates of occupancy represent consistent demand and leasing activity across the village centers in the market study. Although residents and owners may desire a stronger mix of businesses, the village centers have generally performed well through a national recession and focused on retail tenants (the most distressed category of commercial real estate nationally); this pattern should be considered a symbol of strength in the Columbia marketplace.

By comparison, the market study suggests that there is less opportunity for significant amounts of specialty retail (apparel, accessories, shoes, etc.) in the village centers because of the concentration and breadth of offerings in Downtown Columbia and, as described in the following section, in GEDS. Since its opening in 1971, The Mall at Columbia was always intended to be the primary opportunity for comparison shopping (with multiple store offerings for apparel etc. so that shoppers could compare quality, price and a range of offerings in one location) in the Columbia market. The Mall at Columbia has grown with the resident population, increasing from a 640,000 sq. ft., two-anchor mall when it opened, up to 1.4 million sq. ft. today. In addition to the 14-screen AMC theater complex, the Mall has five department store anchors ranging from J.C. Penney and Sears to Nordstrom, and has recently expanded to include a 40,000 sq. ft. outdoor 'lifestyle' component.

Howard Hughes Corporation is in the midst of redeveloping Downtown Columbia into a mixed-use, more pedestrian-friendly urban center, with additional growth planned to add 5,500 new residential units, 1.25 million sq. ft. of new retail, up to 4.3 million sq. ft. of additional office space, and up to 640 new hotel rooms. This planned density and growth is consistent with both the developer's objectives to add value to the Downtown Columbia core area, and with Howard County's goals to concentrate additional development downtown. Downtown Columbia will be the dominant specialty shopping and entertainment destination and will grow stronger as these projects are completed over time. Notably, the village centers were never intended to directly compete with Columbia's Downtown, but will be affected by the focus of new retail, food and entertainment there.

While the focus of this study is on market conditions and characteristics and not on physical planning, it is noted that the **village center configurations each have some physical challenges or limitations**. These include: restricted sight lines, reduced visibility of storefronts, restrictive sign requirements and covenants, too much/poorly laid out surface parking, and limited visibility from major, heavily traveled roads. This suggests that it is not just the presence of unmet market demand that can make more retail or food service available. Attracting successful operations will also require the availability of appropriate and attractive space, a coordinated marketing effort to find strong/viable operators, and the desire on the part of the owners to find more specialized offerings.

## **Retail in GEDS**

Retail in the GEDS area is also substantial in size (at over 1.5 million sq. ft. of space in multiple properties). As described earlier, Howard County's high level of affluence and steady growth rates have made the Columbia area a prime location for national credit retail tenants (that is, national chains whose financial stability make the projects in which they locate less risky and easier to finance than those with less established and local retailers). Similar to the village centers, the retail strip and 'big box' centers in GEDS reported a vacancy rate of only 2.5%, indicating that retailers want to be in the area and that demand is generally in balance with available supply. The low rate of retail vacancy can also be considered an indicator of demand in excess of supply in GEDS for retail locations.

Table 5 illustrates total retail space and vacancy rates in selected competing retail centers in and adjacent to GEDS. The concentration of over 1.8 million sq. ft. of retail space in GEDS and environs is located near both Long Reach and Owen Brown village centers, offering a large and varied set of retail offerings. Options include national retailers but also many scattered local

retailers, personal services and restaurants that offer additional competition for village centers. The market draw for GEDS retail concentrations are regional, and serve as a destination for shoppers from a larger geographic trade area. While these centers serve the greater Columbia/Howard County consumer markets, they provide easy-access and competition for village centers.

**Table 5: Competitive Retail Centers In/Near GEDS**

<b>Center</b>	<b>Year Built</b>	<b>% Occupied</b>	<b>Size (In SF)</b>
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
<b>TOTAL:</b>		<b>99.1%</b>	<b>1,819,102</b>

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

### **Key Market Findings: Retail**

- The village center grocery-anchored model now faces major regional competition for retail sales. The suburban grocery store concept of the 1960s and the types of grocery expenditures they attracted are now split among a large range of options based on price, specialty items, convenience and scale. Grocery consumers in 2014 may shop at a neighborhood Giant Foods for some items, at Costco or Wal\*Mart for others, and at David's Natural Market, Roots, Whole Foods Market or Wegmans for yet other items. Brand loyalty created by lack of assortment has been replaced by price sensitivity, plenty of alternatives within the area, and consumer demands that cannot be met by only one store.
- The general competitive context of Columbia includes millions of square feet of retail space that did not exist when the village centers were first constructed. As nearby neighborhoods

have been built-out, the demand for neighborhood-serving stores has been sustained (though often at lower rents than competing 'destination' retail locations like the Mall at Columbia or area strip centers). Vacancy rates are generally low in the village centers, with some performing at higher levels than those most affected by less involved ownership and nearby competition.

- The current relationship between retail square footage and residential density is roughly in balance. More residential density will be necessary to financially justify and drive major additions to village centers.
- Kimco Realty's dominant ownership of village centers and other retail in Columbia means that, as a publicly traded company, the risks involved in including locally-owned retailers will challenge the ability to provide consistent investor returns. Other village center owners have not demonstrated the same level of investment commitment that Kimco has provided in its centers.
- Downtown Columbia will remain the primary specialty comparison-shopping destination in the Columbia market for apparel, shoes, accessories and other shopper's goods.
- The 1.8 million sq. ft. of big box and national chain retailers in and near GEDS is also a major competitive factor in the future retailing of the nearby village centers.
- As lease agreements expire, Columbia's village center owners should add more food & beverage opportunities in in-line spaces, and on adjacent pad sites. The range and amount of food service in the village centers is more limited than might be possible, due in part to existing lease agreements, as well as due to varying ownership commitments to re-investment, lack of much available retail space and physical/layout constraints resulting from the original planning of the village centers.
- Many of the village centers contain recreational and cultural/civic uses that can leverage additional retail offerings, particularly in food & beverage categories as well as selected products that could be made available near the recreation facilities. More specific recommendations for each village center are included in this report beginning under the heading "Individual Village Center Assessments and Recommendations."

## Columbia's Office Market

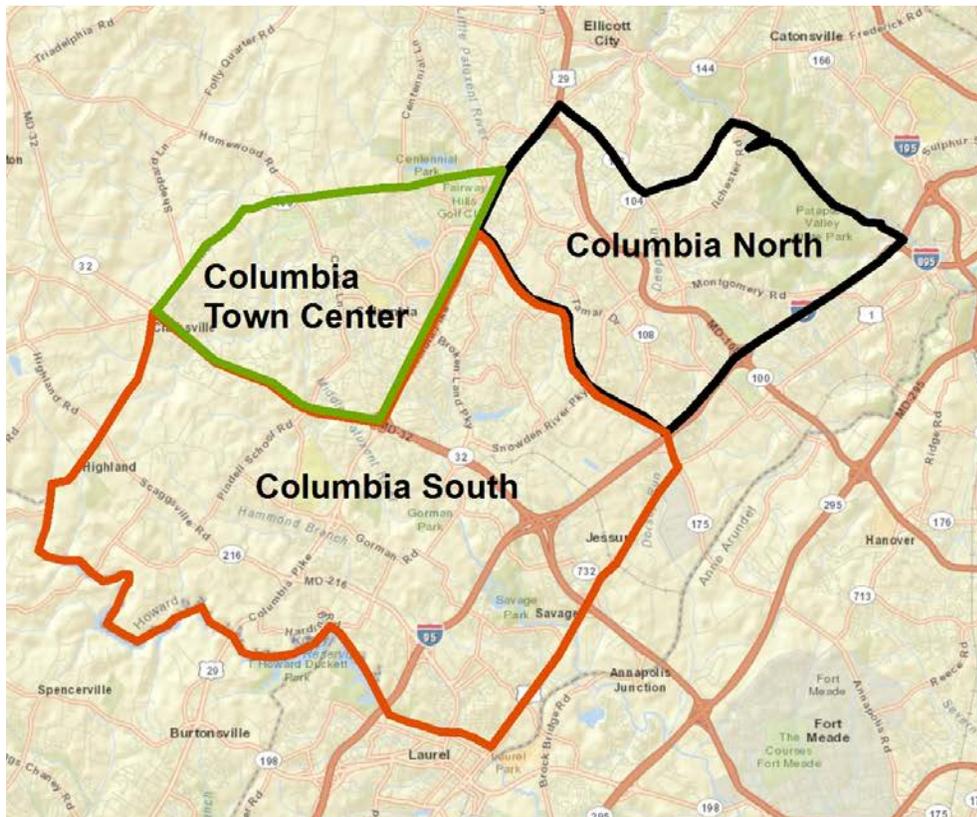
The office analysis relies on market data provided by CoStar, Inc., a national real estate database and an industry leader in market performance data for commercial office, retail and

industrial real estate across the United States. CoStar organizes Columbia's office market into three submarkets, as illustrated in Figure 2: Columbia Town Center (which includes Downtown Columbia), Columbia North and Columbia South.

The Columbia North submarket is bounded by I-695, around Ellicott City to the north, I-95 on the southeast, MD 175/Rouse Parkway on the southwest and Route 29/Columbia Pike on the northwest. The Columbia Town Center submarket is bounded by Route 108 to the north, Route 175/Rouse Parkway on the south, and Route 29/Columbia Pike on the east. The larger Columbia South submarket extends south of Route 175/Rouse Parkway, around Downtown Columbia to Route 108 south to the Patuxent River, along the river across I-95 to Route 1, and along Route 1/Washington Boulevard to Route 175. It should be noted that the 2.8 million sq. ft. of office inventory illustrated in Table 6 is for the GEDS area only, as the Columbia South submarket contains approximately 6.7 million sq. ft. of additional office space. While all of the office space in GEDS is part of the Columbia South submarket, there is substantial additional office space elsewhere in the submarket that is not part of the GEDS study area.

Howard County contains a total office inventory of 17.7 million sq. ft. according to CoStar, with **over 80% of the County's office space located in the Columbia Office Submarket** (14.37 million sq. ft.); as depicted in Figure 2, this area includes Columbia but also the Fulton area which contains office space at the Applied Physics Lab (APL), Maple Lawn, and in buildings along MD 216. According to CoStar, approximately 4.3 million sq. ft. of new office space has been built throughout Howard County since 2005, and **annual net absorption (i.e., the amount of space leased) during that almost 20-year period has been at a *sustained* annual pace of 331,300 sq. ft. per year.** Key office market performance metrics in Columbia and Howard County are illustrated in Table 6.

**Figure 2: Columbia Office Submarket Boundaries**



**Table 6: Columbia Office Market Characteristics, by Submarket**

Location	Existing Office SF	As % of County or Columbia	Vacant Office SF	% Vacant	2005-2013 Avg. Ann'l Absorption In SF
Howard County	17,733,867		2,386,805	13%	382,000
<b>Columbia</b>	<b>14,370,598</b>	<b>81%</b>	<b>2,122,647</b>	<b>15%</b>	<b>331,300</b>
North	2,248,171	16%	385,438	17%	51,200
South	9,493,297	66%	1,500,059	16%	267,500
<i>GEDS Study Area</i>	<i>2,866,476</i>	<i>20%</i>	<i>253,948</i>	<i>9%</i>	<i>4,600</i>
Town Center	2,629,130	18%	237,150	9%	12,500
All Village Centers	125,981	0.9%	9,374	7%	N/A

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

Office space is a secondary use in the village centers; the planning and physical configurations of the village centers did not emphasize or contain significant office space. In fact, there are only 126,000 sq. ft. of office space in six of the eight centers in this study, which comprises only about 1% of Columbia's total office inventory. The tenant mix is composed primarily of tenants that provide professional services for area residents. According to CoStar data used in the market study, Hickory Ridge and Harper's Choice village centers have no office space, and the remaining six centers contain between 16,500 and 25,000 sq. ft. each.

For the most part, village center offices are in less visible locations, such as on second floors or behind retail areas, although several centers have freestanding office buildings adjacent to (or behind) the village center retail uses. Paralleling village center retail uses, vacancy rates for office are generally low; Long Reach had the highest reported vacancy at 21.5% (or about 3,550 sq. ft.) and Oakland Mills reported approximately 3,200 sq. ft. of vacant office space (13.2%) located in the Steven's Forest Professional Building adjacent to the core retail center. The remaining village centers in the market study with office space—Owen Brown, River Hill, Dorsey's Search and Kings Contrivance—reported no vacant office space. Table 7 illustrates the distribution of office space and vacancy levels for each village center as of November 2013.

**Table 7: Office & Industrial/Flex Inventory, Village Centers & GEDS**

Village Center	Office			Industrial		
	Inventory (SF)	Vacant (SF)	% Vacant	Inventory (SF)	Vacant (SF)	% Vacant
Dorsey's Search	20,000	-	0.0%	-	-	-
Harper's Choice	-	-	-	-	-	-
Hickory Ridge	-	-	-	-	-	-
King's Contrivance	20,772	2,570	12.4%	-	-	-
Long Reach	16,549	3,554	21.5%	-	-	-
Oakland Mills	24,548	3,250	13.2%	-	-	-
Owen Brown	19,898	-	0.0%	-	-	-
River Hill	24,214	-	0.0%	-	-	-
<b>TOTAL - Village Centers:</b>	<b>125,981</b>	<b>9,374</b>	<b>7.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GEDS Study Area:</b>	<b>2,866,476</b>	<b>253,948</b>	<b>8.9%</b>	<b>4,273,868</b>	<b>664,558</b>	<b>15.5%</b>

*Source: CoStar, Inc. (November 15, 2013); RDS; WTL+a, updated November 2014.*

In contrast, the GEDS corridor and adjacent areas contain a substantial amount of office space, totaling almost 2.9 million sq. ft. of inventory. The types of available office space in GEDS span a broad spectrum of quality and cost, ranging from minimally improved and 'industrial loft' offices in former industrial/flex buildings to more conventional Class A-/B+ office space.

The primary driver of demand for office space occupancy is job growth. For purposes of long-range planning, *PlanHoward 2030* forecasts that approximately 24,000 new, full-time jobs will be created in Howard County from 2013 to 2020, at a pace of approximately 3,000 full-time jobs per year. Therefore, if Columbia's current *share* of employment in the County is maintained, about 9,100 new, full-time jobs will be created within the Columbia market area. **Finding new users/tenants to fill the high levels of existing vacant office space (2.4 million sq. ft., or 15.5% of the County's total inventory) should be considered a top economic development priority.**

The market analysis suggests that net countywide office demand by 2020 will be approximately 1.5 million sq. ft. of new office space; this new space could be constructed in various locations in Howard County. If Columbia continues to retain its current 81% share of the county's office inventory suggests that **Columbia could expect to attract/capture up to 1.2 million sq. ft. of new office space by 2020.**

Since the Downtown Columbia Plan allows for up to 4.3 million sq. ft. of new office space, the difference between current patterns of absorption in Columbia and long-term potentials for new office supply concentrated in Downtown Columbia suggests two conclusions: first, the village centers are *not* competitive in their ability to capture significant future office demand, as they lack the visibility, access and supporting amenities more likely to foster office growth; and second, the policy decision to concentrate major office development in Downtown Columbia, which the consultants believe is an appropriate planning direction, should be positioned to capture most of the new office development over the next 20 years. Village center office uses are configured as one- or two-story 'garden office' buildings (or as an ancillary use on the second floor of some village centers), and the market analysis suggests that there will be limited collective demand for new professional services in the village centers.

**The market analysis estimates total village center office demand at approximately 15,000 sq. ft. by 2020** generated by job growth and assuming a capture based on each center's existing share. No one village center is likely to capture more than 3,500 sq. ft. of new space, an amount that will not justify office-related investment other than a build-to-suit office on a pad site. Unless an extraordinary event occurs in one of the village centers, general market demand

is not likely to result in much new office space; in fact, the analysis also suggests that foreseeable future demand in the village centers can be met by in existing vacant space. To the extent that additional land may become available in one or more of the village centers, some small office development may be achievable as a result of nearby economic drivers (such as medical and professional offices located in the area of Howard County Hospital. However, other locations are not likely to attract new office space. The flex space office conversions in GEDS also create competition.

In older commercial districts, former retail space is sometimes converted to professional offices, both because zoning allows non-retail commercial uses, and because areas that have retail vacancy may be more affordable for office uses than alternative office locations. However, potential office conversion of in-line retail space in the village centers should be discouraged, as offices interrupt the activation of contiguous storefronts, and create 'activity gaps' along the circulation paths of consumers. As a retail planning principle, the most successful retail environments incorporate contiguous activating retail storefronts along shoppers' walking routes, and office space conversions in traditional retail space do not provide the same level of activation or interest to consumers.

### **Key Market Findings: Office**

- The village centers were not planned or implemented to support major office uses, and should continue to provide for a mix of locally-serving professional services and civic uses.
- The modest demand for village center office space can be met within existing vacant space, and no village center is expected to generate more than 3,500 sq. ft. of new office space (by 2020) unless a special build-to-suit scenario can be crafted.
- While not located in the village centers, office uses have been increasing in GEDS as it transitions from industrial/distribution and flex tenancies to more office and retail users, especially in older, more affordable buildings.
- Office vacancy in GEDS will likely absorb most tenants seeking office space in this area.
- Consistent with other uses, Downtown Columbia is being positioned as the predominant office location in Columbia, and future office development is planned to focus there.

# Columbia's Hotel Market

The hotel industry in areas like Columbia is largely supported by business travel, as more tourist-oriented hotels locate near tourist/destination attractions like downtown Baltimore or the Maryland Live! Casino at nearby Arundel Mills. As general background on the hotel industry, overall hotel feasibility (i.e., the potential to get financing for new hotels and the capacity to expand the total number and pricing of hotel rooms) is determined by three factors:

- Available room nights (supply) and occupied room nights (demand); this is summarized as Average Annual Occupancy Rates (Annual Occupancy)
- Average Daily Room Rates (also known as ADRs)
- Revenue per Available Room (known as RevPAR); RevPAR is calculated by dividing total room revenues (of occupied rooms) by the average number of rooms used.

As a general rule, if average annual occupancy in a market is sustained in the range of 65% to 72% (or higher) over several years (usually three to five), the capital markets will consider that location/market sufficiently stabilized and able to support one or more additional hotels. As new hotel room capacity is added, annual occupancy may dip lower than 65% for some period of time, but if room rates (ADRs) remain generally at the same level, more hotel capacity can be financed when annual occupancy rates again are sustained in the range of 65% to 72% per year. Average daily room rates are linked both to the quality and price level achieved by available rooms as well as benchmarking the character of the local market.

There are currently **15 hotels in the Columbia market area containing almost 1,900 rooms**. Most existing hotels were built between 1972 and 1999, with only three of the hotels constructed in the last five years (2009-2012). All but one of the existing hotel products would be defined as 'limited service' properties, which are defined as not offering three-meal food and beverage service, spas and other amenities, although many limited-service brands may offer a no-frills buffet breakfast service or may have a swimming pool. The rooms are furnished more simply than full-service hotels and are priced to serve budget-conscious business and leisure travelers. Nearly all limited-service hotels are franchise branded and generally have 150 rooms or fewer. This hotel category does not offer extensive meeting or ballroom spaces, catering for events, or other services that are standard in business-class and luxury hotels.

The only full-service hotel in Columbia today is the Sheraton Hotel in Downtown Columbia, both the largest (290 rooms) and oldest (1972) of the 15 hotels. The Downtown Columbia Plan

includes plans for up to 640 additional hotel rooms over time. Recent public presentations by the Howard Hughes Company have made mention of a new hotel and conference center in the Crescent area, but no specific flag names have been announced at the time of the market study.

Hotel market performance data was obtained from STR Global (formerly known as Smith Travel Research), a national hotel database focusing on both the U.S. and international leisure and hospitality industry. To understand performance metrics and size of the Columbia hotel market, two types of metrics were analyzed; an inventory of Columbia's hotels and annual market performance of properties that report data to STR. It is noted that the data are proprietary and, therefore, STR aggregates the information to ensure the confidentiality of properties participating in the STR database.

Table 8 illustrates available rooms in the Columbia area, date of construction for each property, number of rooms, and parent companies of each property. Table 9 documents annual market performance based on aggregated data. Some hotels do not report their performance metrics to STR, or may not do so during early years of operations to be consistent with stabilized-year data. For purposes of the analysis, it should be noted that the hotel inventory illustrated in Table 8 has two parts; the first 13 hotels provided data to STR and form the basis of the market performance analysis which follows. Both Columbia Hampton Inn properties and the Holiday Inn Express in Columbia/Elkridge are not included in the aggregated data, so they are illustrated separately from the others. While their room counts are included in the total supply, they are not included in the performance analysis.

Most hotel properties are located close to commercial/industrial and office clusters in the eastern portion of Columbia. Proximity to Fort Meade, the National Security Administration and numerous federal government contractors in the area as well as pricing tailored to federal government per diem rates have resulted in concentrating limited-service hotels in the area.

Table 9 illustrates market performance of the 13 hotels included in the inventory. Seven-year aggregated performance data (from 2007 through 2013) indicate the impacts of the economic downturn in 2008—2009, when occupancy dropped by 3%, but rebounded in 2010 to over 70% average annual occupancy. The drop in average occupancy in 2012 may be related to the completion of the 124-room Hampton Inn & Suites in Columbia South. While the Hampton Inn's market performance was not reported, it is reasonable to assume that a new hotel had some effect on both total supply and demand and the ability of older hotels to sustain occupancy levels and/or rates.

**Table 8: Columbia Area Hotel Room Inventory, 2013**

Property	Year Opened	No. of Rooms	Parent Company	% of Market
<b>Properties In STR Report</b>				
Homewood Suites Columbia	2003	150	Hilton Worldwide	
Hilton Garden Inn	2003	98		
Doubletree Columbia	1982	152		
<b>Subtotal - Hilton Worldwide:</b>		<b>400</b>		<b>21%</b>
Springhill Suites Columbia	2009	117	Marriott Corporation	
Marriott Residence Inn Columbia	1998	107		
Courtyard by Marriott Columbia	1991	152		
<b>Subtotal - Marriott Corporation:</b>		<b>376</b>		<b>20%</b>
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		
<b>Subtotal - Extended Stay America:</b>		<b>335</b>		<b>18%</b>
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%
<b>Subtotal - Rooms (STR Global Report):</b>		<b>1,559</b>		<b>84%</b>
<b>Properties Not In STR Report</b>				
Hampton Inn Columbia	2001	83	Hilton Worldwide	
Hampton Inn & Suites Columbia/South	2012	124		
<b>Subtotal - Hilton Worldwide:</b>		<b>207</b>		<b>11%</b>
Holiday Inn Express Columbia/Elkridge	2009	98	Intercontinental Hotels Group	5%
<b>Subtotal - Rooms (No STR Report):</b>		<b>305</b>		<b>16%</b>
<b>TOTAL HOTEL ROOMS:</b>		<b>1,864</b>		<b>100%</b>

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

**Table 9: Columbia Hotel Market Performance, 2007—2013**

	2007	2008	2009	2010	2011	2012	2013	CHANGE: 2007-2013	
								Average	CAGR
<b>Performance Characteristics</b>									
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 (%)	<b>68.4%</b>	<b>65.3%</b>	<b>64.7%</b>	<b>70.1%</b>	<b>72.4%</b>	<b>68.3%</b>	<b>65.7%</b>	<b>67.9%</b>	-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%
<b>Year-to-Year % Growth</b>									
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%)		
<b>Selected Property</b>									
	<b>Rooms</b>	<b>% Dist.</b>	<b>Year Open</b>						
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 Pa	104	7%	1997						
Extended Stay America Columbia Gatewa	95	6%	1997						
Extended Stay America Columbia Corpora	136	9%	1999						
<b>Total:</b>	<b>1,560</b>	<b>100.0%</b>							

(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.

Annual occupancies over the past seven years averaged 67.9%, an indication of a generally healthy hotel market, even considering the effects of the economic downturn between 2008 and 2009. The resulting 0.7% decline in the compound annual growth rate (CAGR) in annual occupancy should be considered minor when compared to sustained average annual occupancies that were almost always higher than 65%. An ADR average of \$105.15 per room per night is consistent with pricing for limited-service hotel product.

**Columbia's sustained hotel occupancy rate at (or above) 65% over the past seven years would be considered by the lodging industry as an indication that there is market potential to add another hotel to the market.** Downtown Columbia presents the strongest potential to add a new business-class hotel (i.e., one that includes higher priced rooms/amenities than limited-service properties), and increased capacity is included in the Downtown Plan. It is also likely that the Sheraton Hotel could be renovated/upgraded as part of Downtown Columbia's redevelopment, as it is an older product that may need refreshing to remain competitive. Moreover, Downtown Columbia is close to food and dining, entertainment, an increasing cluster of office space, and a downtown location could be adjacent to/visible from Route 29.

Beyond the potential for one more hotel in Downtown Columbia, industry performance metrics for hotels in Columbia suggest that one additional limited-service hotel located outside of Downtown could also be supportable sometime over the next 10 years, but would be sustained only by the addition of more office space in Columbia. The village centers are not likely to be able to provide a sufficient site for a new hotel, but the GEDS corridors could potentially add another limited-service product to its existing hotel mix. Future planning and land use policies for GEDS should incorporate this option.

### **Key Market Findings: Hotel**

- The lodging/hotel market in Columbia is largely focused on price-sensitive business markets by limited-service hotels offering rooms at lower price points.
- Columbia's hotels are generally doing well, with sustained average annual room occupancies at or over 65%, a metric recognized as the threshold for potential additional hotel room capacity.
- Downtown Columbia's plan includes the addition of up to 640 more rooms through 2030; if a second full-service business hotel is to be created in Columbia, it will almost certainly be located downtown.

- As new office space and the resulting increased employment is phased in (particularly to GEDS), it may be possible to add another hotel in Downtown or GEDS over time.
- Because of their site configurations, limited available land, and lack of visibility and access from major roadways, the village centers are not considered to be viable locations for potential future hotels in Columbia.

## Columbia's Housing Market

To a large degree, the ongoing viability of the village centers is interconnected with the stability and density of the residential markets in Columbia, as residents are the 'spending engine' that will sustain retail in the village centers. According to the "Characteristics of Columbia" (2012) report, which documented Columbia's demographic and socio-economic conditions, the 10 villages contain a total of 37,315 housing units.

The level of housing demand in Columbia has been affected by growth policies and the pace of new housing starts as envisioned by the original planning and level of density across Columbia. Supply has paced the level of demand, and housing has been absorbed as it has been available but it is now considered built-out. New housing has and continues to be developed at Columbia's edges, such as the Paragon at Gateway, delivering 340 new multi-family units near Columbia Gateway Center.

In terms of tenure, Columbia's housing stock is 68% owner-occupied and 32% rental units. There were reported to be 1,102 vacant residential units (or about 4% of the total), a relatively low vacancy rate when the total number of residents/residential units is considered. Again, it should be noted that Columbia's family-oriented neighborhoods, number of recreational and other amenities, outstanding public schools and quality-of-life opportunities continue to make the area a popular residential option. Average housing values in the village centers range from \$362,000 in Oakland Mills up to \$672,000 in River Hill. Columbia contains a range of residential product offerings:

- Detached housing units comprise about 41% of the total
- Attached units comprise 26% of the total
- Multi-family housing units comprise about 33% of the total

Particularly in neighborhoods surrounding the older village centers, some of the housing stock dating to the late 1960s and early 1970s is aging, and may offer opportunities for redevelopment

and measured increases in density. The new stacked-flat housing in Wilde Lake Village Center will be an important precedent, both for replacement housing in the village centers, and as a basis for mixed-use and added density to support more retail in the village centers. Although this new village center residential example is still under construction, the 236 new units at Wilde Lake will serve as a major market indicator for future housing potentials in other centers.

The 5,500 approved dwelling units approved in the plan for Downtown Columbia will absorb a substantial portion of future growth in new housing in Columbia, and will provide the more urban lifestyle that will attract young professionals, young families, and empty nesters seeking the density and walkable mix of office, retail, entertainment and residential uses that the village centers were not planned to offer. But for empty nesters, families and young professionals who will want to have the village center scale and convenience, new residential development at Wilde Lake will demonstrate the pricing, rate of absorption and market acceptance of the first new infill housing product in many years.

Housing data for Columbia indicate the following trends:

- From 2003 through 2013, Howard County averaged fully 1,500 annual housing starts, split between single-family units (69% of the total) and multi-family (31% of the total).
- Approximately 50% of the County's 18,500+ rental units are located in Columbia in 50 multi-family rental communities. Of the 50 rental neighborhoods, 38 are market-rate, six are mixed income and six are subsidized. There has been concern expressed by some residents about the location and density of mixed-income and subsidized housing in some village centers. However, it was noted that, as housing prices have increased over time, it has been increasingly difficult to meet the original objectives of maintaining housing at all price points to sustain Columbia as a place with housing for all income levels.
- The overall vacancy rate for rental units is only 2.8%, a very low rate indicating a high level of demand (and need) for housing at all prices.
- The weighted average monthly rent in Columbia in 2013 was almost \$1,350 per month, second only to rental units in Elkridge, and higher than the countywide average. Monthly rents (on a per sq. ft. basis) in Columbia ranged from \$1.38 to \$1.88 per sq. ft., as compared to \$1.34 to \$1.74 per sq. ft. in Howard County. This rental rate differential of 3% to 8% indicates that Columbia is a competitive housing market.

As a basis for future growth, the consultants reviewed the Round 8A demographic forecasts as prepared by the Howard County Department of Planning and Zoning (DPZ) and provided to the

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Baltimore Metropolitan Council (BMC). According to *PlanHoward 2030*, between 2013 and 2020, Howard County is projected to add over 41,000 new residents and 16,000 new housing units (countywide). The share of this new housing growth that can be incorporated into the village centers will depend on the following:

- Available land for development/redevelopment
- The interest in new housing by current and future neighborhood residents,
- The competitive positioning of the village centers and their capacities for change, and
- Potential changes to New Town zoning

Columbia Association and the Howard County Department of Planning and Zoning have provided assistance to several villages as they have undertaken their Village Center Community Plans, in which the village associations can express their goals and objectives for the evolution of village centers over time. These vision plans call for a number of types of changes should redevelopment occur, including public realm enhancements, better use of parking lots, mixed-use development to incorporate new housing, and a better retail mix.

Other factors likely to affect opportunities for new infill housing in the village centers also include:

- Policy-driven limitations that restrict density in Western Howard County
- The amount of available land in and around village centers, and
- Density controls in Columbia, which have paced residential development to remain in general balance with annual absorption. By way of illustration, when completed, the 5,500 new housing units in Downtown Columbia will represent approximately 70% of the 6,600+ new residents and almost 2,800 new residential units projected for Columbia.

Housing has a major impact on the retail market. The greater square footage of retail space at River Hill, for example, is directly linked to the higher average household incomes in this village. The correlation between housing and retail is disproportionate, especially when compared to office and visitor markets. That is, residents (and residential density) have an important and larger impact on retail demand than office workers or tourists. As an industry planning example, the relative relationship of housing/resident density to new retail growth can be explained by the following. Assuming that:

- Retail sales productivities fall within 'investment-grade' standards (that is, no lower than \$200 to \$350 per sq. ft. per year for non-grocery retail)
- Retail rents fall within the 'normal' range of 8% to 12% of gross sales, and
- The retail mix is sufficiently strong to sustain stabilized customer traffic levels at that point, the following relative spending comparison may be made according to the patterns exhibited by consumer categories:

**Figure 3: Typical Spending Patterns by Consumer Category**

**Each New Resident:** Spending by each new resident will support between **4 and 7 sq. ft.** of retail/food & beverage and consumer services space

**Each New Worker:** Spending by each new worker will support between **2 and 5 sq. ft.** of retail/food & beverage and consumer services space

**Each Visitor/Hotel Guest:** Spending by each visitor/hotel guest will support between **0.5 and 1.5 sq. ft.** of retail/food & beverage and consumer services space

Using residential density as a market indicator can suggest patterns of existing and potential sales opportunities, but the correlation between density and captured sales is strongly affected by household incomes of the resident population as well as the amount, quality and accessibility of competitive retail offerings. Using population data from 2012, the consultants compared the relative population densities of the eight village centers in the market study (within five- and 10-minute driving times) as well as the differing median household incomes for the same village centers.

Table 10 compares median household incomes and population densities (from 2012 data) for each village center as well as the number of competitive grocery stores within a five-minute drive time, which is considered a critical proximity factor affecting perceived convenience. The higher the median household income, the greater the spending potential per household.

**Table 10: Comparison of Key Demographic Metrics & Grocery Store Competition**

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

**Source: RDS; Folan Consulting; WTL+a, August 2014.**

Based on population density alone, it would appear that Harper's Choice should have the greatest market opportunity considering the population density within a five-minute drive time, and Owen Brown or Long Reach would have the strongest 10-minute market base. But when median incomes are compared, the difference in potential resident spending power is more apparent.

As illustrated, Oakland Mills' median household income is the lowest reported among the village centers although it is still fully 1.5 times the national median household income. At the upper end, River Hill's median household income is almost \$171,000, about 2.35 times that of Oakland Mills.

By almost any measure, there is available resident spending power in Columbia, but the competition for expenditures is significantly stronger in the older villages. In addition to having highest median household incomes and the greatest amount of retail space, River Hill is also highly visible from Route 108, has less competition in its immediate area, and has the highest traffic counts (average annual daily trips/AADT) passing its entrance of all of the villages. This suggests that the competitive context is one of the most compelling determinants of long-term opportunities for retail in the village centers. By comparison, Long Reach has had higher vacancy and greater market challenges than almost any other village center, and competition is

magnified due to its very close proximity to the retail concentrations at Dobbin Center and Columbia Crossing.

Table 11 illustrates annual demand for residential growth in Howard County as well as the share of the County total that could potentially be captured in Columbia. Key factors affecting demand include:

- Average number of persons per household (PPH), which is projected to remain at just over 2.5 PPH in Columbia, slightly smaller than the 2.74 PPH projection for Howard County's housing market. The 2.5 PPH has been applied as a size determinant for general population growth and the number of new households, and
- The split between single-family detached (about 6% of the total, or about 170 units over five years) and multi-family housing (just under 94% of total units, or about 2,600 units over five years).

Residential growth forecasts for Howard County are based on the Round 8A forecasts (prepared by DPZ for the Baltimore Metropolitan Council/BMC). Growth in Howard County is expected to increase at a faster rate than for Columbia; as a result, Columbia's share of the County's total population decreases—from 36% in 2000 to 32% by 2020. **Columbia is projected to add 2,780 new dwelling units by 2020, which translates into annual deliveries of 400 to 535 units per year.** Of the 1,067 proposed units that were known or identified at the time of the market study, approximately 800 units will be located in Downtown Columbia; and the remaining 250+ units are planned for with redevelopment of Wilde Lake.

**Table 11: Population & Housing Unit Forecasts, Howard County & Columbia, 2010-2020**

	U.S. Census		Round 8A			Change: 2013-2020			
	2000	2010	2013	2015	2020	Total	Annual	%	
<b>Howard County</b>									
Population (1)	247,842	287,085	291,191	309,014	332,243	41,052	5,865	14%	
Households (2)	90,043	104,749	106,247	112,750	121,226	14,979	2,140	14%	
Persons Per HH (3)	2.75	2.74	2.74	2.74	2.74				
<b>Average Annual Housing Starts (2004-2013)</b>							1,514		
<b>Excess/(Shortfall) of Units (4):</b>							(626)		
<b>Housing Unit Forecasts (Round 8A) (5)</b>									
Multi-family				2,099	7,267	9,366			
Mobile Homes				19	-	19			
Single-family Attached				972	2,133	3,105			
Single-family Detached				1,042	2,787	3,829			
<b>Total:</b>				<b>4,132</b>	<b>12,187</b>	<b>16,319</b>	<b>2,331</b>		
<b>Columbia</b>									
Population (1)	88,254	99,615	99,497	103,830	106,575	7,078	1,011	7%	
As % of County	36%	35%	34%	34%	32%				
Households (2)	34,199	39,562	39,515	41,236	42,326	2,811	402	7%	
Persons Per HH (3)	2.58	2.52	2.52	2.52	2.52				
<b>Housing Unit Forecasts (Round 8A) (5)</b>									
Multi-family				630	1,980	2,610			
Mobile Homes				-	-	-			
Single-family Attached				77	93	170			
Single-family Detached				-	-	-			
<b>Total:</b>				<b>707</b>	<b>2,073</b>	<b>2,780</b>	<b>397</b>		
<b>Excess/(Shortfall) of Units:</b>							(4)		
<b>Known/Approved Downtown &amp; Wilde Lake Projects</b>									
- Wilde Lake		250							
- "Warfield Neighborhood" C-1 & C-2		380							
- Other (6)		437							
<b>Total:</b>		<b>1,067</b>							

- (1) From Round 8A Forecasts, Howard County Department of Planning & Zoning.
- (2) Households are estimated by RDS and WTL+a based upon projected population and consultant's assumption that population per household remains constant from 2010 onward.
- (3) RDS and WTL+a assume that population per household remains constant from 2010 onward.
- (4) Excess/(Shortfall) of Units based upon assumption that there is 1:1 ratio between new households and demand for housing units.
- (5) From "Residential Unit Distribution by Year and Physical Region," Round 8A Forecasts, Howard County Department of Planning & Zoning.
- (6) Details of "Other" projects are not known; it may include projects such as Little Patuxent Square (160 units), which broke ground in July 2014, and/or other projects where no SDP was submitted.

Source: Howard County Department of Planning & Zoning, Round 8A Forecasts; RDS; WTL+a, updated November 2014.

## **Key Market Findings: Housing**

- Housing demand in Columbia has remained ‘in balance’ with supply, in large part because allowed densities have sustained a pace of absorption at the scale envisioned in the original Columbia plan.
- Zoning amendments to allow additional housing to Downtown and the village centers are new and impacts are just being realized with initial multi-family developments.
- Downtown Columbia’s approved plan to add up to 5,500 new housing units as part of the redevelopment of downtown into a denser, more walkable environment is projected to absorb an estimated 2,600 to 3,500 new residential units by 2020, which translates into an annual average of 435 to 535 new units per year. This deliberate concentration will absorb residential demand for the near term (i.e., next five to 10 years). While Downtown Columbia’s residential expansion is undertaken, planning and discussion can occur to identify sites for infill development in other locations.
- Wilde Lake’s new multi-family housing product is likely to form a different paradigm for future housing in other village centers, but not until they are completed and occupied; achieved pricing and absorption will help determine how much new housing might be completed in other villages, at what price point, and under what schedule.
- The eight village centers under study are largely built-out, and in need of both new planning standards as well as public consensus on how they can (and should) change; as part of future planning and New Town zoning analyses, new guidelines and standards could guide the addition of incremental density that can evolve with residential markets. While high-rise residential will not locate in the village centers, infill at the scale of the Villas at River Hill (4-5 story construction with shared amenities) should be achievable, subject to identifying suitable (re)development parcels. Wilde Lake will establish the precedent, the pricing and the pace of implementation in other locations.

# GEDS Real Estate Analysis

The industrial/commercial area identified in the market study as GEDS has evolved over time. The former GE Appliance site, along with flex/distribution and light industrial structures along Dobbin Road and Snowden River Parkway contain a mix of uses, including warehousing and distribution, office space, auto services, over 1.8 million sq. ft. of retail, ranging from most of the national big box stores through chain-affiliated and local-owned food service to consumer services such as nail salons. GEDS (an abbreviated acronym for the **GE** site/Dobbin Road/Snowden River Parkway areas) also includes major big box retail stores, strip shopping centers and several of Columbia's hotels.

The GEDS area is most proximate to the Long Reach and Owen Brown Village Centers, and is adjacent to large concentrations of newer office space along Robert Fulton Drive and the Gateway Loop. GEDS is among the largest remaining industrially-zoned areas in Howard County, and includes several large assembled parcels such as the former GE complex. The building stock along Dobbin Road is older than much of the property along Snowden River Parkway, and the commercial/industrial zoning category has allowed the transition of former flex/distribution spaces to convert into office, retail and food services, commercial recreation and several large distribution centers.

Development of industrial uses in Columbia was an outgrowth of several factors. Howard Research and Development (HRD) objectives anticipated that there would be a diverse mix of employment opportunities for Columbia residents, just as there was envisioned to be a diverse housing base. When Howard County was mainly rural, agricultural land in the 1950s, its industrial prospects were considered likely, both because HRD's promotional materials stated the eastern part of the county had "a strategic position between the Baltimore and Washington Metropolitan Areas", which were considered growing markets with an expanding employment base for industrial development; the location also had large sites that included "an abundance of usable open land" in the county, "vacant, usable land that is well adapted for industry", as larger tracts suitable for industrial development in some of the adjoining areas "is becoming more scarce". As traditional manufacturing shifted away from the region, industrially-zoned land was developed as flex and distribution space in Columbia, as well as sites for suburban commercial office space.

Today, the GEDS corridors within the study area contain 2.866 million sq. ft. of office space (CoStar data as of November 2013). Approximately 250,000 sq. ft. of GEDS' office inventory is vacant, reflecting an overall vacancy rate of approximately 9%.

Notably, there is more industrial space in GEDS than office inventory. In fact, according to CoStar data the GEDS study area contains almost 4.3 million sq. ft. of industrial/flex space (CoStar data does not differentiate between industrial and flex space in the Columbia submarkets), or about 14% of the County's total industrial/flex inventory of 42,663,229 sq. ft. Almost 665,000 sq. ft. of industrial space is vacant, reflecting an overall vacancy rate of 15.5%, and an increase over the 8.5% vacancy rate reported in 2005 but significantly below the 40.4% vacancy reported in 2008.

The manufacturing and industrial sector was significantly affected by the economic downturn between 2007—2009 and subsequent recovery, although it was noted that the owners of the GE complex have had substantial success in re-leasing the high-bay industrial structures formerly housing the GE Appliance plant. New industrial tenants have moved into the former GE buildings, but occupancy patterns indicate that there is still vacant space to be absorbed.

Table 13 illustrates total industrial and flex space in Howard County, reported vacant space by category, and annual absorption countywide. The data suggests that Howard County continues to absorb new industrial space at an average pace of 228,000 sq. ft. per year, based on average annual absorption between 2005 and 2013. Conversely, GEDS had both a higher vacancy rate than the county and also recorded "negative absorption", which reflects a surplus of vacant space generated by tenant movement, business contractions, downsizing and the like. Between 2005 and 2013, **GEDS' industrial/flex inventory exhibited *negative absorption* (i.e., declines in occupancy) at an annual rate of over -61,000 sq. ft. per year.** In the near-term (i.e., over the next two to five years), the key issue for property owners will be to fill vacant industrial space in GEDS.

**Table 12: Howard County & GEDS Industrial Market Characteristics, 2013**

Location	Existing SF	As % of Howard County	Vacant SF	% Vacant	2005-2013 Avg. Ann'l Absorption In SF
<b>Howard County</b>					
Industrial	31,145,161	73%	3,667,005	12%	93,900
Flex	11,518,068	27%	778,917	7%	133,900
<b>Total:</b>	<b>42,663,229</b>		<b>4,445,922</b>	<b>10%</b>	<b>227,800</b>
<b>Columbia/GEDS</b>					
Industrial	4,273,868	10%	664,558	16%	(61,100)

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

## **Policy & Market Decisions about GEDS**

The GEDS study area is comprised of three sub-zones: the former GE Appliance site, the Dobbin Road corridor, and the Snowden River Parkway corridor. Each area differs somewhat from the other two; the GE site remains largely assembled under one owner, and large, high-bay industrial buildings now have new tenants. The GE site presents the opportunity to add new industrial structures on undeveloped sub-parcels and parking areas. By comparison, the Dobbin and Snowden River Parkway corridors are both characterized by more traditional commercial strip parcels occupied by smaller industrial/flex and warehouse buildings in multiple ownership patterns. Buildings on the Dobbin corridor are older than the more recent developments along Snowden River Parkway. The existence of contiguous rail rights-of-way at the southern end of the GEDS area presents a potential opportunity for Bus Rapid Transit (BRT), or if more substantial funding becomes available, for long-term consideration of other transit modes.

Among the redevelopment questions for the GEDS study area is what the future use(s) should be across the existing industrial areas? Should GEDS (or individual sub-areas) remain industrially-zoned, particularly since the former GE site and buildings are an assembled parcel? As property values increase over time, should older, small-scale industrial/flex sites be redeveloped for mixed use? Is the decision a market-based one or a policy-based one? That

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is, should incremental land values alone determine future uses, or should the economic implications of relocating industrial uses and jobs be taken into account for the economic benefits?

To consider these questions and potential answers, a discussion of potential options is detailed below.

### **More Favorable Aspects of Retaining Industrial Uses in GEDS**

- As one of the largest remaining industrially-zoned properties in Howard County, the former GE site can be marketed to potential users with substantial space requirements in buildings and/or land between Baltimore and Washington, already assembled and adjacent to I-95. Ironically, the lack of available industrial land in Howard County in 2014 is the inverse of its original justification for industrial uses—there was ample available land at lower costs for industrial use.
- The ability to retain industrial uses diversifies both the ranges of opportunities for employment as well as the site capacity to seek large space users. Industrial/flex uses offer more diverse options for employment at different skill levels.
- The GE site remains assembled as one major parcel, which could foster recruitment of larger industrial space users in this sub-area.
- Existing high-bay facilities can be adapted for other types of manufacturing; because the spaces are leased, they could be made available in parts or in their entirety, providing flexibility in how the sites could be marketed.
- Industrial and flex/distribution facilities provide jobs across a spectrum of employee skills; the original objectives for Columbia incorporated the principle that a range of population and income categories should be able to live and work in Columbia.
- The inactive rail line along the southern end of the GEDS corridor is still in place; for some categories of industrial use, the combination of truck and potential rail access can be a marketing benefit in seeking new companies to locate in GEDS. While the main roadways are generally wide in GEDS, older parts of Dobbin Road and some intersections in GEDS, as well as the I-95 and MD 175 interchange, are not designed for maximum truck access, and carry traffic volumes that could create conflicts.
- If the GE site is sold or broken into separate smaller parcels, Howard County's ability to market the location for manufacturing (including modern assembly and manufacturing

processes) and other industrial uses as part of a larger economic diversification strategy will be significantly limited.

- According to DPZ, there is sufficient water, sewer and utilities capacity to support industrial uses if retained in the future.
- The opportunity/cost balance of retaining industrial should be measured in employment impacts and the long-term interest in maintaining a diversified economic base. Traditional measures of non-industrial uses (e.g., increased property tax revenues, increased sales taxes from higher resident and office worker spending, etc.) offer a different kind of benchmark, but are not directly comparable to the differing benefits of a diverse economy.

### **Less Favorable Aspects of Retaining Industrial Uses in GEDS**

- While a large industrial user could require a site the size of the GE site and/or other portions of GEDS, there are not many of those large users and it may take years to identify, recruit and establish a major user.
- Because sites vary in size and there are many owners along Dobbin Road and Snowden River Parkway (i.e., large parcels are not already assembled), redevelopment and retention of industrial zoning may be more complicated than the assembled GE site.
- Industrial uses do not pay the same tax rates in property taxes as would other commercial/residential categories. The economic benefits to Howard County would emphasize employment and income taxes, not property tax revenues. If retained as industrial, property tax revenues to the county for continued industrial uses would likely be lower than if converted to other land use categories.
- The rail corridor through GEDS has been identified as a possible long-term location for public transit and associated transit-oriented development. Retention of industrial uses based on access to these rail lines (although inactive) would complicate, if not preclude, long-term development of regional transit along these rail right-of-ways.
- The owners of the GE site and buildings have managed to re-lease a substantial portion of the vacant space after GE discontinued operations in Columbia. However, in strong real estate markets like the Baltimore-Washington area, industrial land uses do not generate maximum returns-on-investment at the same level as would “higher” land uses such as residential, office, retail, hotel/lodging or a mixed-use designation that could include two or

more of these non-industrial uses. Property owners may be seeking higher returns from their investment in the sites that industrial uses cannot generate, over time.

### **More Favorable Aspects of Changing from Industrial to Other Uses in GEDS**

- The large assembled parcels in (and near) GEDS could be re-planned for mixed-use that would be available for the next 50 years of growth in Columbia. This area can be considered the ‘next place’ where Columbia’s future growth could go, after Downtown Columbia.
- Because the village centers are low-to-moderate scale, new, higher densities could be planned into the GEDS area without altering the scale of the village centers.
- Property taxes from new, non-industrial uses would generate higher revenues for Howard County from the same land area.
- Should regional transit ever become feasible, a re-zoned GEDS area would be appropriate for transit-oriented development (TOD) planning and development along the rail corridor.
- As an additional hotel becomes feasible over time, the GEDS area could accommodate lodging, probably as part of a mixed use development.
- Older structures and industrial uses along Dobbin Road suggest that the remaining value in the structures has been depreciated, and could make these sites more attractive for purchase and redevelopment, if re-zoned.
- Snowden River Parkway has more commercial uses with better road visibility and proximity to nearby hotels, suggesting that continued conversion to small service retail uses may be more easily accomplished than on sites more removed from major roadways along Dobbin or at the rear of the GE site.

### **Less Favorable Aspects of Changing from Industrial to Other Uses in GEDS**

- Once re-zoned from industrial to other “higher” commercial land uses, it would be extremely unlikely that the land would revert back to industrial; once industrial land is changed, it rarely returns. This may affect the Howard County’s overall economic development strategy with regard to industrial recruitment.
- If re-zoned, GEDS could be competing with Downtown Columbia for office, retail and hotel uses, and potentially for development of new residential. Until Downtown Columbia is fully built-out, this competitive environment could delay redevelopment in GEDS; conversely, if GEDS were re-imagined and planned for mixed-use, its development could impact the build-

out of Downtown Columbia. The impact on individual village centers will be less pronounced, as their markets are more directed at proximate resident consumers. The GEDS sub-areas have greater visibility and road exposure to the larger regional customer base and pass-through traffic.

- Existing infrastructure would need to be changed to accommodate more complex land uses such as residential or mixed-use. This would increase base land costs, affecting overall development economics.
- Existing covenants and easements in the GEDS area need to be fully understood as some constrain certain land uses.
- Development of new housing could require extensive infrastructure changes, although reportedly there is sufficient additional water and sewer capacity for new growth; new housing units would have impacts on schools and other public services.

### **GEDS Area Development Potentials, 2015-2020**

When demand for industrial, office and retail space in GEDS is considered within the context of current supply, there is no clear market indication for either the industrial or non-industrial uses. Similar to demand and supply characteristics of the village centers, there is a general balance between modest demand levels and available vacant space that can accommodate what will be supportable by 2020. Land use policy for GEDS should also be considered that might replace industrial zoning with other land uses such as residential, additional retail, office and hotel/lodging or mixed-use, combining some/all of these non-industrial uses. There are also implications resulting from consideration of changing zoning to something other than industrial uses and flex/distribution as described above.

The range of allowable uses under current zoning in GEDS has resulted in a current trend to convert former flex/warehousing space into office and retail space, particularly in the Dobbin Road corridor. This transition is understandable, given that the building stock is somewhat older than along Snowden River Parkway, the rents generated by retail and office are higher than for distribution space along main roads (which benefits property owners) and occupancy costs for retail and office users are lower than they would be in Downtown Columbia or nearby competing commercial centers, benefiting the tenants. But the mix of uses does not present a clear identity for GEDS, because the area includes industrial/automotive, warehousing, loft-type offices and retail/food service in in-line tenant spaces, in older pad site buildings and in new infill. While the village center concepts were built around the grocery anchor, the purpose and

functions of the GEDS area are less clear and have not had the benefits of an overall plan. The difference for the largest sites in GEDS (such as the former GE complex) is that it would take an exceptionally large user to occupy all of it (and there are fewer prospects at that scale); alternatively, many smaller users could be recruited, but industrial rents are not as high as other commercial categories.

There are also a number of vacant/un-built or underutilized locations in GEDS and the surrounding area, based on a preliminary screening. While it should be noted that there has not been a comprehensive, detailed analysis of these sites to determine what portion of each might be developable, the property review identified over 144 acres of vacant/unbuilt land in (or adjacent to) GEDS. Of the 12 un-built sites, half are zoned 'Commercial' (with 67 gross acres) and half are zoned 'Industrial' (with 77 gross acres). The un-built sites range in size from just under three acres up to 44.5 acres, with varying levels of visibility and access to adjoining major roadways. Table 13 summarizes the un-built/vacant sites in the GEDS area.

**Table 13: Vacant/Unbuilt Parcels in GEDS & Vicinity**

Location	No. of Adjacent Parcels	Acres	Notes
<b>Commercial Zoning</b>			
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
<b>Subtotal:</b>	<b>7</b>	<b>67.36</b>	
<b>Industrial Zoning</b>			
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
<b>Subtotal:</b>	<b>5</b>	<b>76.89</b>	
<b>TOTAL VACANT LAND:</b>	<b>12</b>	<b>144.25</b>	

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

Of course, land that is currently vacant or un-built does not necessarily mean that it is developable. There may be environmental remediation issues (as yet unidentified), challenges in the degree of terrain or slope that conflict with construction practices/costs, limitations in access (or no access at all), storm water management issues, or utilities access issues. To understand what might be possible on all/some portion of these critical 144 acres, it will be necessary to determine the availability of infrastructure, need for roads and direct access, or identified remediation requirements. This analysis is outside the scope of this current study.

For Columbia to continue planned growth over the long-term (regardless of land use), it will be necessary to identify additional development locations, different densities or a combination of the two. The village centers, GEDS, and Columbia overall would benefit by incrementally increasing both the residential and commercial/retail/office markets, but in a manner that preserves the qualities that define the community and the quality of living that defines Columbia.

Under current zoning, industrial uses and market-based flex and distribution space can accommodate office and retail in addition to potential additional hotel uses. Current regulations are very broad and conversion of space to other uses has evolved rather than been deliberately planned. It is anticipated that the New Town zoning update process expected in 2015 will provide review of land use changes and review processes.

## Implementation Strategies for Columbia, the Village Centers & GEDS

From a market standpoint, Columbia in 2014 has reached many of its original planning and development goals. The area is largely built-out in its residential neighborhoods and is still an attractive location for new residents who appreciate the outdoor recreational opportunities, high-quality public schools and the sense of community shaped by the original objectives of Jim Rouse's plan for Columbia. Median household incomes are high, employment in the area is strong and stable, and there is large and highly competitive amount of retail and consumer services. The vacancy rates for all uses (particularly retail, residential and industrial) are low by general real estate industry standards, suggesting that there is either unmet demand or that the supply is constrained, but the fact that there is some vacancy in all sectors is also an indicator of a viable, dynamic market.

Growth in Columbia has sustained a stabilized pattern, paced by both planning policies and the strength of the regional economy. Fundamental market drivers in Columbia are strong, but the retail market, in particular, has grown and created significant competition for village center offerings, particularly in the grocery sector. Columbia's residents have many more retail choices than were available during the first decades after Columbia's initial development.

The other major difference from the early vision for Columbia is that ownership of the area is no longer centralized within one company/one strategy or one set of priorities. As a result of differing ownership, the village centers are not equally positioned in the Columbia marketplace, either competitively or in the level of owner investment and physical condition. Kimco Realty owns five village centers (Harper's Choice, River Hill, Kings Contrivance, Dorsey's Search and Hickory Ridge) among the village centers included in the market study, as well as Wilde Lake. GFS Realty Incorporated owns the Owen Brown Village Center and Cedar Realty Trust owns the Oakland Mills Village Center. Howard County now owns part of Long Reach Village Center. As a publicly held company, Kimco's obligation to generating shareholder returns has resulted

in a store mix that is characterized by predominantly national credit tenants, along with selected, locally-based retail and food service businesses. Kimco's centers are successful and generally well maintained, have limited vacancy and stabilized tenant mixes. Their investment in reprogramming and redeveloping Wilde Lake represents the company's commitment to Columbia's village centers.

As detailed below, implementing a market strategy for Columbia's village centers and GEDS will require coordination of complementary, but different roles by those representing the interests of key stakeholders.

**Property Owners, Priorities and Capacities:** Owners of the village centers (and of properties in GEDS) have an investment-driven obligation to keep spaces filled and to keep revenues and investment returns as high as possible. This has not always resulted in reinvestment in the real estate, or the commitment to do what is necessary to reposition the village centers to respond to market changes and new competition. While consumers may wish for a different tenant mix or stronger retail operators in some village centers, ownership and managers cannot control the financial stability or quality of management of their tenant. Landlords control lease terms and other lease requirements, but not day-to-day operations of their tenants, nor consumer responses to available offerings. Property owners will seek value-added uses at their sites and work within the regulations and covenants that sustain the character of Columbia. Solutions will not be solely driven by real estate market forces, but will need to converge public goals with market opportunities.

**Governance and Development Policy:** Within the market context, incremental increases in density will be the primary source of future growth in Columbia. Land use decisions in Columbia are shaped by Howard County through regulations, policies and investments, as well as by the terms of easements and covenants agreed to among property owners. As a result of these planning policies, regulations and development guidelines, the present market has evolved to be in balance with available supply. It will be critical that consideration be given to how to plan for acceptable new levels of density if the retail offerings are to be significantly expanded, and if new employees are to be attracted and sustained. The policy to increase density and concentrate new housing, hotel, office and retail in Downtown Columbia is an appropriate redevelopment strategy. The relatively modest rate of market growth and potential capacity in other parts of Columbia means that Downtown Columbia is positioned to absorb much of the near-term increases in both numbers of consumers and available spending potentials.

Without greater residential density in and near the village centers, it will be more difficult to justify significant increases in retail or office in the centers. This will require a review of planning policies and zoning regulations as the next steps after the market study. Howard County provides governance, public safety, planning and economic development tools for Columbia, but county government also has the need to preserve both the tax base and employment levels. The Downtown Columbia planning and development process, as well as the village center redevelopment process offer the opportunity to focus additional growth in these areas. But the county does not control investors' decisions about real estate. Its policies can affect the direction and pace of development, but not the strategic goals of village center and GEDS property owners. Those decisions will be made based on financial returns, addressing market opportunities and long term profits.

Similarly, Columbia Association was not created to regulate, develop or manage the village centers and does not have planning or zoning authority. Columbia Association is a private, non-profit civic organization that was founded to promote the common good and social welfare of the Columbia community. It offers a wide array of recreational, cultural and community services; facilities; and programs and maintains 3,600 acres of open space as a permanent asset for the community. Its focus is on the enhancement of Columbia's livability through these facilities and services as well as through advocacy and partnerships. Columbia Association's Strategic Plan articulates its vision as follows: "Columbia is a community of choice today and for generations to come."

## **Overall Recommendations**

The village centers will need to evolve to better respond to the competitive context for retail, need for housing sites and specialty offices and better public spaces if they are to thrive. While the redevelopment of Long Reach without a grocery anchor is one approach to change, the county's actions in Long Reach are not a likely strategy for other village centers.

A series of general recommendations has been created for the village centers and GEDS to provide better links between public and private entities, and to bridge shared interests in refining and strengthening the offerings and consumer motivations that will sustain the village centers over time. Following these general recommendations for Columbia, a number of specific recommendations are included for each of the village centers.

### **Recommendation 1: Prepare Alternative Strategies for Village Center Grocery Store Spaces and Consider Potential for ‘Land Swaps’**

The closing of Safeway and the replacement and subsequent closing of the Family Market grocery store in Long Reach has had a major effect on the viability and perceptions of the village center. More than other village centers, ownership of the Long Reach Village Center had a pattern of disinvestment and limited maintenance. The vacancy and lack of traffic created strong perceptions of crime and lack of security, despite the presence of other retail businesses, a gas station and the Columbia Art Center, a regional destination owned by Columbia Association.

Long Reach is one of the older village centers; its configuration is more internally focused than others, and visibility from adjoining roadways is not particularly good. Long Reach is also closest to the significant inventory of other retail centers and tenants at Dobbin Center and Columbia Crossing, and competition from Costco, Wal\*Mart and other nearby grocery stores made it difficult for the Long Reach grocery location to compete and sustain sales. Because the grocery use has failed twice and the competitive context is so strong, Long Reach is an example of the evolution of a village center away from the original grocery-anchored concept (Wilde Lake was the first in Columbia). Market conditions suggest that a grocery retailer is not viable in Long Reach.

Howard County has recently acquired a large portion of the Long Reach Village Center and is taking steps to repurpose/redevelop the center. The former grocery store space is currently planned for purchase by Celebration Church. Redevelopment concepts are still being considered, but the transition from grocery-anchored retail to an alternative use is an example of the potential future evolution of grocery spaces in other village centers. This recommendation focuses on the idea that, while other grocery-anchored village centers remain in place (and some are thriving), there is a chance that other locations may need to be reconsidered for new uses sometime in the future. Howard County’s initiative at Long Reach is considering an enhanced arts and community oriented ‘anchor.’ But the larger question from a real estate and public perception standpoint is how can a level of vitality and activation be brought back to Long Reach if not centered on a grocery store use? Other complementary uses that enhance the vitality of the center are desirable and needed.

As changes in the national grocery store industry have evolved over the past 20 years, older/outdated spaces have been converted to alternative uses, sometimes retail-related, but

often redeveloped for commercial office, civic or recreational uses. Examples of converted grocery store spaces to other uses include:

- Medical offices, for example, in Mount Airy, Overlea and Lutherville MD
- Libraries or government offices
- Churches and church-related facilities
- Pre-schools and day care centers (both for-profit and non-profit)
- Specialty recreation facilities such as trampoline courts (Columbia has one of these facilities in a former flex/warehouse space in the GEDS area), gymnasiums and health club, indoor golf, or similar uses)
- 'Special market' ethnic grocery stores that appeal to specific ethnic populations and the brands and/or products that may not appear in conventional grocery stores. Specialty ethnic grocers have located in former chain grocery store spaces in small, grocery-anchored centers in Reston, VA to serve its more diversified resident population. This may be appropriate in another Columbia location if the consolidation of chain stores and brand repositioning strategies result in future store conversions in Columbia.

Regardless of how redevelopment of the Long Reach Village Center moves forward, there are several planning and activation considerations that should be considered in village centers that might see their grocery store use change over time.

- New uses should maintain active entries and emphasize maximum transparency to the parking areas in front of the former grocery stores. Closing off this established visual and physical relationship will not activate the parking lot and could increase the sense that the center is unsafe or insecure; activity is the best form of security.
- The former grocery storefronts should retain as many windows, entries and visually active functions as possible to provide some visual interest for people walking by during both weekdays and weekends.
- New uses and audiences can influence/spur complementary retail facilities in adjoining spaces.
- To change public perceptions, a new physical character will be needed to replace the vacant, disinvested image of a center with limited activating uses. This may include redesign of building facades to accommodate new uses, different lighting and landscaping for

adjacent parking areas, new identity signs for the location, and location of stronger uses around public gathering areas should all be reconsidered.

- To the extent that any pending vacancy is known, the better strategy is to plan for replacement uses in advance and/or to minimize the period in which grocery spaces are vacant. The longer the space is vacant, the greater the degree of change needed to overcome the negative image.

While it is not anticipated that any other village center grocery stores are about to close in the short-term, it is recommended that examples of conversions be visited and researched by DPZ, EDA and Columbia Association. This would include learning about other center conversions and what works and why and, identifying any changes in policy, regulations or incentives that might be needed.

An opportunity for constructive public-private agreements that will encourage redevelopment would be for Columbia Association or other property owners to consider negotiating 'land swaps' with developers in village centers in which CA facilities or lands might be 'traded' or relocated by developers if the result would improve general site layout, circulation and sight lines and efficient functioning of public and private properties within a village center. The basis for these types of negotiations would require that the interests of Columbia's residents and contributors to Columbia Association to own and operate community facilities should be protected, that facilities should be improved or expanded through the swap, and that fair benefit for both parties should be achieved as part of the land swap negotiations. While there are no currently identified opportunities for this type of land swap to create a better commercial/retail environment, the legal and operational approach to future considerations of this type of deal should be explored and enabled, as possible. Community design charrettes and future facilities master planning may be vehicles to explore such possibilities.

### **Recommendation 2: Review Village Center Planning/Redevelopment Process**

As part of reconsidering planning and growth for Columbia's village centers and in anticipation of a 2015 review of Columbia's New Town zoning regulations, this recommendation addresses the need to evaluate the village center redevelopment process and regulations approved by the County Council in 2009 in Council Bill 29 (CB29). Those changes to New Town zoning allowed any owner of property in a village center to petition to amend existing development plans; established standards for zoning board evaluation; established a public notification and involvement process; and defined a role for village associations including the development of

Village Center Community Plans. This recommendation to evaluate the village redevelopment regulations was, in fact, included in CB29 and states that “an evaluation be conducted within a year of the issuance of the first occupancy permits for a village center redevelopment process.” Since the village center redevelopment process is part of New Town zoning, this should be reviewed when the county undertakes its evaluation and update of New Town zoning in 2015.

### **Recommendation 3: Identify New Residential Infill In & Near Village Centers**

As part of the review of New Town zoning and the village center redevelopment process, it would be helpful to identify potential new locations for infill development in the village centers. The community-based Village Center Community Plans for several village centers have included this idea.

The focus of the market analysis is on demand and redevelopment opportunities, not physical planning. However, the current village center layouts, physical orientation and access between commercial buildings and community facilities, utilization of parking lots and the redevelopment potential for underutilized land in/near the centers all affect redevelopment potentials. The market analysis findings suggest that supply and demand for community serving professional office space and for retail are both connected to the number of residents in the immediate area. Without more residential density near village centers, market-based growth in the commercial sectors will not continue. If residents want more retail choices, there will need to be new residents added to economically justify the expansion. Without more consumers, there is not sufficient demand for more retail space.

Several issues should be considered, each of which has an effect on whether new development can happen:

- Review existing commercial parking requirements, both based on the current number of spaces required in the village centers as well as data on parking occupancy levels.
- Identify parcels, underutilized areas and locations in which additional density could be added as new residential units/types of units.
- It may be advisable to revisit Village Center Community Plans to incorporate additional residential potentials based on the findings of this market study.

#### **Recommendation 4: Consider Expansion of Retail Retention & Recruitment Efforts**

In public meetings and with stakeholder groups in Columbia, many area residents described their hope that the business mix in many of the village centers could be improved, including addition of more locally-owned businesses. The challenge is that the property owners may have long-term lease agreements with existing tenants (some of whom may be underperforming financially or need better management), or may have less flexibility in making changes because the risks in leasing to smaller, more local retailers may be harder to finance. For larger real estate companies like Kimco Realty and Giant Foods Realty (owner of the Owen Brown Village Center), their financial obligations to generate required investment returns may not encourage leasing to locally-owned businesses. Owners favor national credit tenants because they are viewed as lower risk by investors in the capital markets, and they offer more predictable sales productivities (and the rents that are covered by sales) than lesser-known retail operators. Retail mix is in some cases a result of leasing decisions fostered by real estate brokers who may be more motivated by filling space and completing a lease than by structuring a carefully balanced blending of stores, restaurants and consumer services.

The mission of a retail recruitment and retention program and staff position is not to replace the role of either the commercial broker (who would still be involved in any leasing transactions to structure the lease terms with the property owner) or its representatives and prospective tenants. The retail recruiter's role is to reach out to property owners to understand what spaces they may have available, and to explore the broader regional market for operators of innovative/specialty stores, cafes and restaurants, and consumer service businesses that would complement and strengthen the existing retail mix. As a retail prospector, retail recruitment staff members offer additional unique leads to owners and brokers, by finding niche retailers that will attract consumers to spend more, and spend more often in shopping environments that are differentiated from competing sites. Consumers are more mobile today, and are willing to seek out different shopping alternatives, both for grocery purchases and for other products and services. The concentration of national retail tenants in Columbia's non-village center shopping areas has already brought the full range of chain stores to the area, but the village centers are less differentiated from each other than might be expected, if the goal is to draw customers from beyond the 'natural' trade area of five to ten minutes driving time.

Another role for a Retail Recruitment program is to develop and update a retail database for shopping areas. Of course, property owners keep these records for their own village centers or other commercial properties, but without a comprehensive, objective listing, it is difficult to

create a strategy that considers retail opportunities across Columbia, or multiple potential locations. The database should include the square footages of store spaces, lease terms and availability, and an inventory of the overall mix by location. Preparation and maintenance of this type of centralized listing will require cooperation between the Retail Recruiter and the individual property owners, managers and brokers.

This idea is not unprecedented in other urban centers and counties. Older downtowns and commercial centers across the country have created retail recruitment and retention programs to assist in strengthening their existing business mix and attracting interesting new stores and restaurants. Prince George's County, Maryland has created a similar program through its economic development program with dedicated staff working with underserved commercial districts. Because small businesses are effective at job creation, Prince George's program provides a focus for Maryland Department of Business & Economic Development (DBED) program assistance.

Successful business recruitment and retention programs have several consistent elements:

- **Professional Staff**—The recruiter may be one or more full-time employee(s), part-time employee(s) or a services contractor. As with any position that requires multiple skills, the job description and responsibilities should be described specifically, along with performance measures and benchmarks. There is no fixed set of skills—marketing and an understanding of retail practices and economics are helpful, as well as the ability to craft a tenant mix and assess a retailer's operating ability to expand or relocate.
- **Multi-year Funding Commitment**—Successful programs generally take 2-3 years before there is significant progress in recruiting new retailers; the process of building trust with property owners and brokers as well as credibility with the retail community will take time, and the recruiter will need to make more than one visit to prospective operators.
- **Information on the Market**—Good retailers will want to know basic information about both potential markets (demographics, household incomes, competitive context, product or service gaps, terms for potential spaces and locations etc.). This market study can provide demographic and competitive market data and cooperation with owners/ managers and brokers will result in other relevant information. The information could be packaged onto a one-to-two page summary of Columbia market opportunities.
- **Financial Incentives**—If possible, selected financial incentives should be made available to reduce early costs for relocation/expansion, storefront and sign modifications, and space

modifications and fit-up, access to financing or other incentives. These may be subsidized or conventional loans, ‘forgivable’ or matching loans, or limited project grants. For small and locally-owned businesses, access to capital is often a problem for expansions, so any potential to reduce costs will help accelerate the process.

#### **Recommendation 5: Promote Technical & Resource Assistance**

In addition to seeking new business prospects for the village centers, selected sites in GEDS and potentially other areas of the county, an expanded retail recruitment and retention program should promote, coordinate and organize existing and new technical assistance programs for retail businesses that need help with business management, finance, operations, expansion strategies or other issues. This type of assistance can be structured as classes (potentially in partnership with Howard Community College or other higher education providers), or retired executive programs (such as HCEDA’s SCORE program) that can tailor assistance and provide mentoring to individual businesses. It is not unusual for locally-owned businesses to have strong retail concepts, but to need assistance with development of business plans, financing or growth management once established. This activity can be directed both at established businesses in need of management assistance or for new prospective businesses moving into the area.

As the recommended county retail recruitment and retention program is enhanced, a business assistance revolving loan program should be explored to reduce costs for tenant relocation, design and business planning, store fit-up costs, or support for working capital. These types of loan programs can be funded by foundations, corporations, small business assistance programs of banks or combinations of public and private sources.

#### **Recommendation 6: Review & Summarize Columbia’s Existing Commercial Covenants**

From the beginning of Columbia’s development in the mid-1960s there have been covenants used to control land use, building massing, signs for commercial uses, architectural design and other elements central to the plan and development requirements. Some challenges of these multiple commercial covenants include:

- Some have expiration dates while others run in perpetuity
- Some are transferrable, while others are not transferrable
- Since covenants are private agreements among land owners, the public understanding of where they are in place and who has authority to enforce them is not widely understood

- Some easements share common elements, while others do not.

In addition to the residential and commercial covenants for each village and village center, there are dozens more commercial covenants for lands throughout Columbia and they have significant effects on current and future land use and physical characteristics. Covenants are legally binding agreements recorded in the land records whereby owners agree to voluntarily give up specified development rights or abide by architectural guidelines when they purchase the property. This is very different from zoning and other development regulations where restrictions are imposed by government as part of the government's authority to undertake planning and zoning functions.

It is recommended that Howard County government and/or Columbia Association undertake an effort to document and map existing commercial covenants, with data including the following:

- Contact name and information for holders of the easement(s) or covenant(s)
- Year of expiration (if applicable)
- Whether the easement or covenant is transferrable, and under what terms
- Subject and purpose of the easement or covenant
- Terms and parties who hold covenant enforcement powers.
- Location of the covenant.

Opportunities for redevelopment, infill and retention of certain types of spaces or locations cannot be understood until the restrictions imposed by covenants are documented and compared. Available market-based opportunities, particularly in GEDS, cannot be realized until these covenants are understood.

#### **Recommendation 7: Prepare a Detailed GEDS Property Database**

Future redevelopment of the GEDS area is more complex than simply a question of market and potential focus. In the near-term, there is modest demand for industrial space as well as for additional office and residential development. Retail demand is more restricted by availability of appropriate space. Whether the area remains an industrially-zoned employment area, it continues to transition incrementally adding more retail and office uses mixed into existing industrial/flex uses, or is completely re-zoned to allow mixed uses, the issue of the future for GEDS will be a policy and planning one, rather than one driven by clear market indicators. Should redevelopment and new uses be introduced to GEDS, it should be remembered that new residential development will be required to support growth in retail.

There is no complete inventory of how much former industrial/flex space within GEDS has been converted to retail or office use. The transition from industrial/ flex to other commercial uses affects land values, traffic and employment patterns and county tax revenues. It is recommended that a comprehensive inventory be completed of GEDS properties to understand how these transitional uses are affecting market and demand potentials, as there are both village centers and significant retail clusters adjacent to GEDS. A summary of existing uses should be completed as part of the planning and development context for future decisions about the area and how it might grow, whether as a continuing industrial employment district or become a new mixed-use area to accommodate future growth in housing, office and supporting services.

The GEDS land use inventory should incorporate the following information:

- Property ownership
- Assessed valuation
- Current use(s) by estimated square footage if possible
- Vacant space by estimated square footage if possible
- Zoning category
- Proximity to road and rail (to understand potential TOD opportunities, should regional transit be considered in the future)
- Age and condition of building(s)
- Any designated or apparent environmental or land conservation characteristics (streams, wetlands or storm water management ponds, etc.)

#### **Recommendation 8: Analyze Undeveloped Sites in GEDS**

Preliminary research has identified that there are at least 12 vacant/un-built parcels in the GEDS area, but specific conditions and characteristics of the properties are not known. To understand the potential for these sites to be developed for new infill development, these parcels should be further analyzed to determine what parts of them may be buildable, access requirements and restrictions, storm water management issues, slopes/terrain, environmental and other elements affecting construction or other conditions, and what infrastructure requirements might be to address conditions such as accessibility, connection to existing utilities, and locations of existing easements and covenants, as applicable.



# Individual Village Center Assessments & Recommendations

The following provides the specific assessments and recommendations for each village center included in the market analysis. It should be noted that, as the village center assessments can be stand-alone reports, there is a standard overview statement at the beginning of each village center recommendations section. Village center assessments include:

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

# Dorsey's Search Village Center

## Introduction

This section of the report augments the overall study recommendations with recommendations for Dorsey's Search Village Center. The assessment and recommendations for Dorsey's Search are based on the detailed market analysis for Columbia as a whole as well as the analysis of other village centers. The suggested retail categories for potential inclusion in the store mix at Dorsey's Search were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The Dorsey's Search assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the

quality and quantity of village center retail is to be improved more rapidly, it will require significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

### **Dorsey's Search Assessment & Recommendations**

Dorsey's Search Village Center is located near the intersection of Routes 29 and 108 and is the northernmost village center. It is easily accessible to both of these major arterial roads, with direct connections within one-quarter mile of the village center. Dorsey's Search is owned and managed by Kimco Realty Trust, which owns six of Columbia's nine village centers, and other centers including the Columbia Crossing Shopping Center.

## Village Center Physical Condition & Appearance & Related Recommendations



Dorsey's Search Village Center opened in 1989, and as one of the newer village centers, reflects both a higher standard of construction and materials than some earlier centers, as well as a high level of maintenance. The village center's anchor grocery store is a 55,000 sq. ft. Giant Foods and Pharmacy; the village center is configured around an attractive landscaped 'courtyard' with stores and restaurants single-loaded along a covered walkway. The red brick architecture has been described as "Williamsburg" style, and is well maintained. Professional office buildings are located at the southern end of the site, walkable to the retail stores and to Giant. The village center balances its suburban configuration with a pedestrian-scaled shared outdoor space lined with a single-loaded row of food and beverage and convenience-oriented consumer services. Dorsey's Search is approximately two miles from Downtown Columbia, easily accessible directly down Route 29 or along Columbia Road.

### **Adjoining/Adjacent Uses & Amenities**

Columbia Association's Linden Hall, which houses the Dorsey's Search Community Association is located in the southern part of the site and houses offices and events space. Dorsey's Search Village Center is surrounded by multi-family townhouses and apartments, as well as a rehabilitation medical services building located between the village center and Route 108. The rehabilitation center is affiliated with the MedStar Rehab network. While there is moderately dense multi-family residential around Dorsey's Search Village Center, the pedestrian

connections to the village center are limited. The center is a single-loaded row of stores; their back-of-house and service areas face Old Annapolis Road and do not provide a welcoming connection through to the front of the stores. There are also two churches within walking distance and a second liquor store (Allview Liquors) and a restaurant/bar (LeeLyn's Dining Room and Bar), which are accessed from old Annapolis Road and are located within a quarter mile of the village center.

### **Dorsey's Search - Existing Tenant Mix & Suggested Supporting Uses**



Dorsey's Search Village Center is a linear commercial strip anchored by a Giant Foods and Pharmacy at its western edge. The village center includes nine food and beverage locations: locally-owned Amore Trattoria; Whirlz Yogurt Bar; Subway Sandwiches; Yama Sushi; Hunan Legend; and Casey's Coffee, the only specialty coffee (Dunkin Donuts at Harper's Choice is more pastry oriented) shop in all of the Columbia village centers. There is also a Honey-baked Ham store and Dorsey's Search Wine and Spirits. Consumer services include two hair salons (Great Clips and Master Barber), Banfield Pet Hospital of Ellicott City, a free-standing Capital One Bank aligned with village center stores, Cleaners Plus, Parcel Plus shipping store and Avalon Nails & Spa. The village center also has a Shell gas station on an out-parcel.

While at the time of the market analysis, there was one vacant space at Dorsey's Search, there are no vacant spaces at the center as of November 2014. As with most of the stronger-performing village centers, vacancy is low. The overall retail character of Dorsey's Search is welcoming and offers good visibility for its stores and consumer service businesses. The majority of businesses in the village center are food and beverage oriented a mix of chain-affiliated and locally owned cafes and restaurants.

The outdoor courtyard area is an attractive outdoor space and is used by patrons who purchase food in the adjacent restaurants. Additional dining opportunities would improve this area as a gathering place for the village center and surrounding markets.

The following are suggested retail and operating layout additions to the Dorsey's Search Village Center<sup>1</sup>:

- Two to three additional table-service restaurants. The relatively affluent residents and professionals in surrounding medical and other office buildings could support additional dining at Dorsey's Search. This finding is made with the acknowledgment that the configuration of the village center cannot accommodate multiple new operations today; there are additional chain-affiliated restaurants at Long Gate Shopping Center (about 2.5 miles away) and there will be a dining concentration in Downtown Columbia.
- Strengthen pedestrian connections to surrounding residential areas to attract walking customers more easily.
- Retain other current store mix.

The potential to create new housing in the village centers will be shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other zoning approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

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<sup>1</sup> The suggested retail categories for potential inclusion in the store mix at Dorsey's Search were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

# Harper's Choice Village Center

## Introduction

This section of the report augments the overall study recommendations and provides recommendations for Harper's Choice Village Center. The assessment and recommendations for Harper's Choice are based on the detailed market analysis for Columbia as a whole as well as the analysis of Harper's Choice and the other village centers. The suggested retail categories for potential inclusion in the store mix at Harper's Choice were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The assessment and recommendations for Harper's Choice should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the quality and quantity of village center retail is to be improved more rapidly, it will require

significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## Harper's Choice Assessment & Recommendations

Harper's Choice is located on Harper's Farm Road in west Columbia, between the redeveloping Wilde Lake Village Center and River Hill, and approximately 1.5 miles from Downtown Columbia. It is owned and managed by Kimco Realty Trust, which owns six of Columbia's nine village centers, as well as other centers including the Columbia Crossing Shopping Center.



## **Village Center Physical Condition & Appearance & Related Recommendations**

Harper's Choice is one of the older village centers in Columbia. Similar to other older centers, it is in need of both a better physical configuration and reconsideration of some of its public spaces. The center includes a poorly lit and uninviting outdoor covered walkway, and this area has long blank walls and less active public areas that discourage shopper flow. The village center has a two-story format incorporating a combination of retail on the ground floor and second-level loft spaces, including residential flats and a ballet studio. Several retail spaces are 'internal' to the covered walkway. At the time of the market study, there is vacant retail space at the rear of the covered walkway, adjacent to Joseph Square, which is nicely landscaped but has little retail or other activating uses at its edges to attract shoppers to venture into it, other than those who go outside from Zapata's or who visit the Harper's Choice Community Policing Office or Kahler Hall. The covered walkway has been mentioned in a number of community discussions as a problematic area that needs to be re-designed. If it were enclosed, this solution could enhance leasing opportunities and eliminate obscure sight lines, which create real and perceived security issues.

The image of Harper's Choice would benefit from storefront design upgrades, improved business and directional signs, and creation of better connectivity between its public spaces. Based on surrounding demographics, market spending potentials are somewhat lower than in other village centers, but generally fall in the mid-range of household incomes and spending potentials. The Safeway grocery anchor is physically separated from the other retail spaces, somewhat limiting potential synergy and activation between retail uses. The parking lots at the side and behind Safeway also reinforce the feeling of detachment between retail blocks.

Both the Bank of America building and small strip center block (with the cleaners, bank and kabob restaurant) and the clothing consignment shop buildings are set back and do not connect easily with other retail uses for pedestrians. Harper's Choice is mostly auto-oriented, and its pedestrian public spaces do not function very well. The second floor non-residential space has limited visibility and points of access are not well-positioned to encourage consumers to go upstairs.

As with several other older village centers in Columbia, Harper's Choice does not feature a well-functioning retail layout. Safeway has good visibility once the village center is entered, but has limited visibility/exposure to Harper's Farm Road. Safeway is accessible from the surface parking lot in front and connections between it and other uses are not pedestrian-friendly.

The village center's 'gateway' uses from the primary Harper's Farm Road entry are the BP gas station and a surface parking lot, and a McDonald's pad site with a drive-through lane. The older stucco buildings are in need of better maintenance, rehabilitation/reinvestment, and storefronts and signs are dated and in need of replacement. Compared to other retailers in the village center, the exterior of the Safeway store appears better maintained.

At the point between Safeway and the two-story retail/loft buildings, Ruth Keeton Way allows drivers to go between the buildings to the eastern portion of the site, where there are townhouses and the Columbia Association's Kahler Hall, which houses the Harper's Choice Community Association. Kahler Hall is actively programmed, but the facilities are not well connected to the core of the retail center.

As future re-planning of Harper's Choice is considered, the following elements should be addressed:

- Close and reconfigure the covered walkway area of the retail building and relocate or add better access to the upper floors. The current layout is a challenge both to retail leasing and the viability of leasing/access of upper floor lofts.
- The bank, cleaners and kabob restaurant and clothing consignment shop buildings are disconnected from the rest of the retail blocks and under separate ownership from the village center. A redevelopment plan may add more density or reconstruct these buildings to provide better retail space, and a stronger physical and design 'connection' between the retail buildings.
- If the condition and required reinvestment levels for the non-grocery retail areas of Harper's Choice are greater than the investment returns that the current facilities can produce, it may also be worthwhile to consider a more significant, Wilde Lake-type redevelopment of Harper's Choice Village Center, with new mixed-use buildings and a more leasable base building format.
- As an alternative to wholesale redevelopment, Harpers Choice could be enhanced through careful planning and improvements, better lighting, storefronts and signs, and an upgraded tenant mix.
- The Harper's Choice Village Center Community Plan outlines a series of recommendations pertaining to land use, physical improvements and other ideas to ensure the long-term economic viability, and social and environmental sustainability of Harper's Choice Village Center and recommendations including supporting mixed-use redevelopment in buildings up

to four floors; pedestrian safety and other infrastructure improvements; and other recommendations. That planning process included a survey that rated the concern for safety as the highest priority for improvement. The survey also identified improved aesthetics and walkability as high priorities.

### **Adjoining/Adjacent Uses & Amenities**

Harper's Choice has a number of community facilities at/around the village center. Columbia Association's Athletic Club (with over 400,000 annual visits) is located east of the village center buildings, but is not directly connected to the village center's retail. The Howard County's Bain Center (senior center) and the privately-owned Winter Growth elder care building are located between the Safeway and the Athletic Club. To the west of the village center is Columbia Association's Sports Park, an outdoor facility with a miniature golf course, batting cages and a skate park and a new dog park.



### **Harper's Choice - Existing Tenant Mix & Suggested Supporting Uses**

Harper's Choice Village Center includes 17 retail and food service operations, including the Safeway grocery store. The mix is dominated by food & beverage uses, with several retail businesses that appear at other Kimco-owned village centers—a McDonalds pad site, Rita's Ice, and Papa John's Pizza. The Bank of America branch location is in a separate building. The Columbia Bank is located in an in-line store location. In addition, there are four consumer service businesses (including a nail salon, and Strands II Hair studio) as well as a BP gas station. Zapata's Mexican Bar & Grill is a locally owned café/bar and is located both along the covered internal walkway, and has outdoor seating facing Joseph Square. There are also a Chinese food restaurant, Maiwand Kabob restaurant, and a Dunkin Donuts.

As with other village centers, there is a shortage of casual sit-down cafes and restaurants, with more orientation toward national chains and carry-out food service. The center also includes nine loft residential units and a dance studio located on the center's second floor.

Given the proximity of numerous sports facilities, it is suggested that, if viable operators can be found, there should be a market for the following businesses to upgrade the mix<sup>2</sup>:

- Men's/women's athletic and sports apparel
- Athletic shoes for men, women and children
- A specialty skate shop with skateboards, shoes and apparel
- One or two additional sit-down service restaurants. A specialty burger bistro might fill a food & beverage niche, serve this price level and complement other food services.

The potential to create new housing in the village centers will be shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

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<sup>2</sup> The suggested retail categories for potential inclusion in the store mix at Harper's Choice were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

# Hickory Ridge Village Center

## Introduction

This section of the report augments the overall study recommendations and provides recommendations for Hickory Ridge Village Center. The assessment and recommendations for Hickory Ridge are based on the detailed market analysis for Columbia as a whole as well as the analysis of other village centers. The suggested retail categories for potential inclusion in the store mix at Hickory Ridge were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The Hickory Ridge assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, please refer to the report Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the quality and quantity of village center retail is to be improved more rapidly, it will require

significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## **Hickory Ridge Assessment & Recommendations**

Hickory Ridge Village Center is located in the southwestern-central part of Columbia at the intersection of Cedar Lane and Freetown Road; a second parking area and entrance at the south side of the village center is bounded by Quarterstaff Road. Hickory Ridge Village Center is owned and managed by Kimco Realty Trust, which owns six of nine of Columbia's village centers, as well as other centers including the Columbia Crossing Shopping Center.

Hickory Ridge Village Center is located on Cedar Lane, approximately one-mile from the Route 29 and MD 32 interchange. It is anchored by a 55,000 sq. ft. Giant and the center is generally well leased. The closest competitor is the Safeway located at the Harper's Choice Village Center (about 1.9 miles to the north). The village center is located close to Howard County Hospital and Columbia Community College and is within 1.5 miles of the core of Downtown Columbia.

## Village Center Physical Condition & Appearance & Related Recommendations



While the internal orientation of the Giant Food & Pharmacy store along the pedestrian walkway is somewhat unconventional (the entrance might normally be expected to open directly onto the parking lot in front), consumers are drawn into the central walkway, creating exposure and customer traffic for other Hickory Ridge stores and restaurants because of Giant's "internal" entry location.



Hickory Ridge is attractively landscaped and generally well-maintained; at the time of the market assessment portion of the study, the center had only one vacant retail space, a former bank and drive-through area located at the rear of the center, near the Hickory Ridge Sunoco station.

Public areas at Hickory Ridge include an entry court area on the Cedar Lane side and the attractively landscaped, open-air pedestrian walkway ("The Avenue") which passes between the Giant Food & Pharmacy building and the restaurants and consumer services businesses that fill the remainder of the village center. The architecture is characteristic of the early 1990s, but the overall appearance at Hickory Ridge village center remains clean and pedestrian-friendly. The

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

rear parking area on the Quarterstaff Road side of the site lacks visibility, especially behind the Giant supermarket.

### **Adjoining/Adjacent Uses & Amenities**



Key uses adjacent or proximate to the village center include 321,200 sq. ft. of health care, educational and elderly housing facilities. These include: Harmony Hall, Lorien Columbia (nursing home), the Goddard School and Sunrise Senior Living. The health-related facilities are reinforced by the proximity of the Howard County Hospital Center, which is located in Hickory Ridge Village up Cedar Lane. The campus of Howard Community College is also located in Hickory Ridge just beyond the medical center and near Downtown Columbia.

The Hickory Ridge Village Center Community Plan outlines a series of recommendations pertaining to land use, physical improvements and other ideas to ensure the long-term economic viability of Hickory Ridge Village Center, including the introduction of mixed-use such as office and multi-family development on selected parcels surrounding the retail center. At locations north and southwest of the village center are two undeveloped parcels zoned for residential development. The Hickory Ridge Community Plan calls for future housing development when redevelopment occurs. New housing density near the village center will strengthen market support for additional food and beverage uses, retail and consumer services.

## Hickory Ridge - Existing Tenant Mix & Suggested Supporting Uses



The village center is anchored by a Giant Foods & Pharmacy, which is entered from a pedestrian walkway connecting the two parking areas at either end of the center. Unlike most of the village centers in Columbia, Hickory Ridge has a larger-than-usual selection of restaurants and food service operations, with nine food service offerings plus the Decanter Wine Store. The restaurant mix includes both table service and carry out/quick service cafes. Of the total offerings, Subway and Domino's Pizza are the only two national food service operators; the majority of the dining opportunities are local/regional operators including:

- Hickory Ridge Grille, Mediterranean/American cuisine
- Koto-Kantana Japanese Steakhouse and Sake Bar, located at the entry to the pedestrian court and walkway leading to Giant
- Peking Chef
- Luna Belle Pizza and Italian Cuisine
- Grille Chicken N Pollo Peruvian chicken
- Meadows Custard, a locally-owned, 65 year-old business offering real frozen custard
- Café Mexcla, a new casual dining café next to Meadows on the pedestrian walkway

Unlike other Kimco-owned village centers in Columbia, Hickory Ridge does not have a pad site fast food operator like McDonald's. This is both a differentiating factor for Hickory Ridge, and also can be interpreted as presenting a slightly more upscale identity for the village center.

This assortment of prices and cuisines at Hickory Ridge is complemented by eight consumer service businesses, including: two hair salons (Hair Cuttery and Master Barber) and six service businesses (Pro Finish Nails, Renew Shoe Repair, Wardrobe Valet Dry Cleaners, and the Freetown Animal Hospital). Howard Bank and Suntrust Bank are two financial institutions

located in the village center at Hickory Ridge. The only specialty retailer in the village center is Feet First, a store specializing in running shoes, apparel and running gear, a business that has been in operation for over 35 years and which was Columbia's first sports apparel store, previously located at Wilde Lake Village Center.

Based on the existing retail mix and consumer market profile, the following are suggested additions to the Hickory Ridge Village Center<sup>3</sup>:

- An upscale hair salon for women
- A coffee shop
- A yoga studio and a yoga apparel store
- If more space can be added (as the current mix and locations of food service are appropriate), one or two additional table service restaurants (Argentinian steak house, tapas restaurant, deli)
- Provide outdoor dining areas for as many Hickory Ridge food and beverage locations as possible (both existing and new)
- If new retail space is added, consider expanding retail and food service offerings at the rear of the "avenue" to strengthen the destination 'pull' at the rear of the village center.

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

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<sup>3</sup> The suggested retail categories for potential inclusion in the store mix at Hickory Ridge were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

# Kings Contrivance Village Center

## Introduction

This section of the report augments the overall study recommendations and provides specific recommendations for the Kings Contrivance Village Center. The assessment and recommendations for Kings Contrivance are based on the detailed market analysis for Columbia as a whole as well as the analysis of specific village centers. The suggested retail categories for potential inclusion in the store mix at Kings Contrivance were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The Kings Contrivance assessment and recommendations should be viewed and understood within this context.

For detailed market analysis, demographics, existing conditions and detailed findings, please refer to the report Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

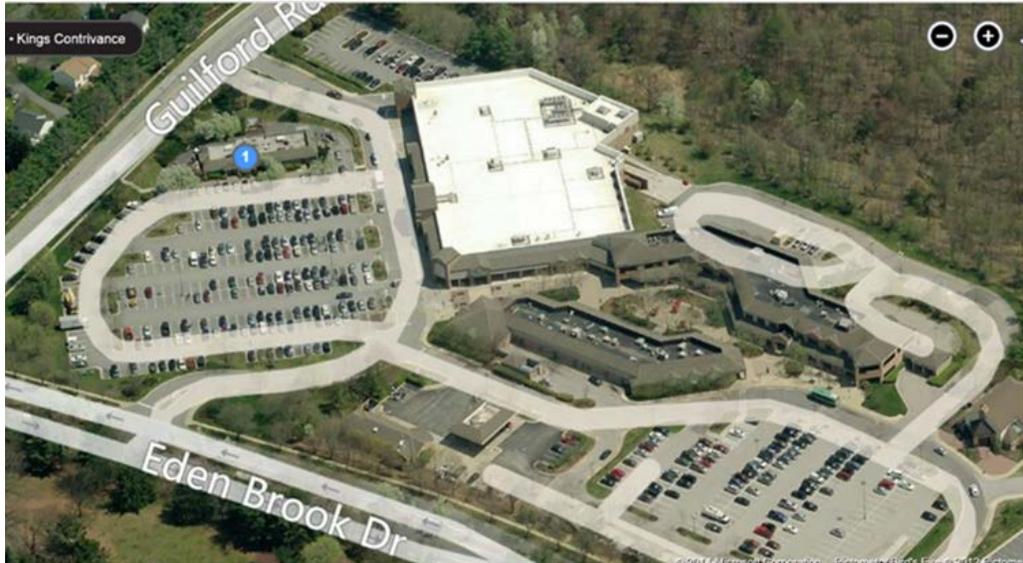
- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the

quality and quantity of village center retail is to be improved more rapidly, it will require significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## **Kings Contrivance Assessment & Recommendations**

Kings Contrivance is located about one-half mile from Route 32 at the intersection of Eden Brook and Guilford roads, and is surrounded by both single-family detached and multi-family neighborhoods including apartments and townhouses. It is the most southerly of Columbia's village centers and is owned and managed by Kimco Realty Trust, which owns six of Columbia's nine village centers, as well as other centers including the Columbia Crossing Shopping Center.



**Village Center Physical Condition & Appearance & Related Recommendations**

Kings Contrivance benefits from its location within Columbia, both because of its distance from other village centers (and from the redevelopment of Downtown Columbia) to remain a strong convenience shopping area for its resident population as well as for the relative prosperity of its surrounding area. In fact, Kings Contrivance has the second highest average household incomes of the village centers included in the study. This combination of higher disposable income and somewhat less competition nearby has sustained the retail viability in the village center over time, even though the loss of two previous grocery stores.



The village center is organized in a reverse ‘L’ shape, with the Harris Teeter and a stand-alone McDonald’s restaurant in the eastern portion of the site along the Eden Brook Drive side, turning around the courtyard at the ‘elbow’ of the grocery and entry to in-line stores. Along the courtyard, there are stores and offices on each side, with additional businesses arrayed along a

single-sided retail row facing the southern parking lot. There is good visibility to the village center from the hilltop at the intersection of Eden Brook and Guilford roads. The village center's layout has multiple entrances for vehicles and for pedestrians, but two of the three entrances are located a significant distance from the intersection.

The center is generally attractive and well maintained. The split entrances to the courtyard from the two large parking areas also do not establish a clearly understood main entrance. The village center has three "zones":

- The 'Harris Teeter/McDonalds' zone, flanking the grocery store parking lot
- The 'courtyard' zone, which is framed by stores as well as a long blank wall along the side of the Harris Teeter grocery
- The 'southern' zone, which includes the freestanding retail/service pads and Amherst House, St. Matthew's House and the Orthodox Church of St. Matthew.

Improvements recommended to better establish identity, entry and to create an enhanced retail core should be explored in any redevelopment efforts to come. Cosmetic and maintenance improvements in and around the courtyard area could both provide needed amenity spaces, particularly more outdoor seating for restaurants, as well as bring the general appearance up to the level created by the Harris Teeter and Corner Stable's exterior improvements.

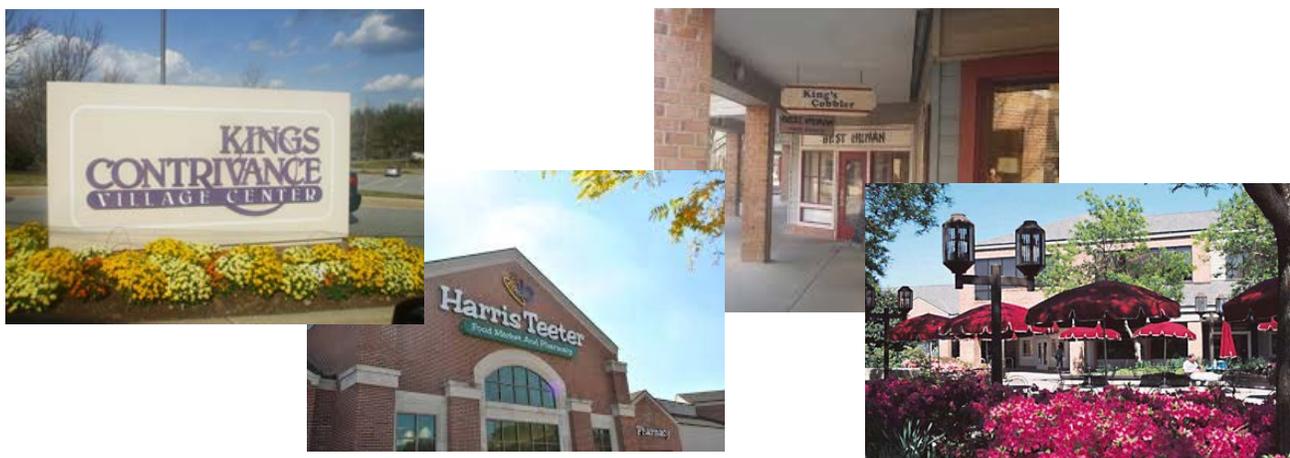
The configuration also creates the situation in which the back service entries of several retail businesses internally facing the courtyard on its west side are easily visible from the southern parking lots. Rear service doors, trash and waste receptacles are visible from the entry area and parking lot. The center's identity and directional signs are generally attractive, but a number of the internal store signs and overall wayfinding could be updated to meet contemporary standards.

The grade change from the Eden Brook/Guilford corner is significant, and is less apparent at the entries at the site's edges. A bike/walking path connects Kings Contrivance with neighboring Hammond High School; students reportedly gather in the courtyard, at food service locations and at the bus stop at the village center. Despite a generally attractive, well-maintained appearance, the overall site layout of Kings Contrivance Village Center should be reconsidered when the site is ready for redevelopment. The institutional uses are separated from the courtyard core area and not easily accessible for pedestrians.

### **Adjoining/Adjacent Uses & Amenities**

The village center is anchored by a Harris-Teeter grocery store (opened in 2008), which was introduced after Safeway left the village center in 2005. The center includes almost 120,000 sq. ft. of commercial space, almost 99,000 sq. ft. are used for retail and the balance used for professional offices. Kimco Realty made investments in upgrading the grocery store structure for Harris-Teeter as well as for the more recent conversion of the space formerly occupied by Michael's Pub that now houses the Corner Stable restaurant.

South of the village center are three institutional and religious uses: Amherst House - Columbia Association's community center building housing Kings Contrivance Community Association; St. Matthew's House (a continuing care residential facility); and the Orthodox Church of St. Matthew. Although they are visible from the southern end of the courtyard and the adjoining parking lot, the institutional uses are disconnected from the retail core area. In addition to the McDonald's outparcel there is also an Exxon gas station (with a separate car wash building) along the western perimeter of the center. Columbia Association owns a large tract of forested open space between the village center and the Hammond High School campus and a small park is located south on Eden Brook Road.



### **Kings Contrivance - Existing Tenant Mix & Suggested Supporting Uses**

In addition to the 24-hour Harris-Teeter (which also includes a Starbucks Coffee counter inside), there are 21 stores, restaurants and businesses at Kings Contrivance village center. Full-service food and beverage offerings include Enrico's Trattoria and Pizzeria located on the courtyard and the attractively renovated Corner Stable restaurant at the southern entry to the courtyard area. These effectively 'bookend' the courtyard area.

Other food and beverage offerings include: Best Hunan, Sushi Nari, Subway Sandwich Shop, and a seasonally operated Rita's Ice, the McDonald's on a pad site, and the Kings Contrivance Liquor and Smoke Shop. Consumer service businesses include: two insurance offices, Kings Contrivance Cleaners, Kings Cobbler shoe repair, two salons (Glamor and Vivid Salon and Spa), Master Barber shop, M&T Bank, and a UPS shipping center. Kings Contrivance Formal and Bridal Wear is the village center's only specialty retailer.

The presence of two full-service restaurants plus several casual/carryout food businesses is a good base from which to expand and introduce additional restaurants at Kings Contrivance. The Kings Contrivance Village Center Community Plan (2013) called for more restaurants and more opportunities for seasonal outdoor dining as well as a 'different' store mix. The strong income levels in Kings Contrivance Village and desire for more dining options is an indication that additional housing and retail on-site or nearby should be considered by the property owners, potentially as part of a redevelopment that might add new building area at the village center. The market analysis suggests that for more (and different) retail at Kings Contrivance, the addition of housing, whether in residential-only buildings or as residential/retail mixed-use structures could change both the character and types of space offered for retail and add incremental market support to sustain sales and activation over time.

The village center office space includes one of the Drs. Breakbone's orthodontics practices (the others are located in Owen Brown and River Hill village centers). Additional supporting medical practices could strengthen the mix of medical services at Kings Contrivance and would be convenient to the high school and surrounding residential area.

Based on the current retail mix and consumer market profile, the following are suggested additions to the Kings Contrivance Village Center<sup>4</sup>:

- Two or three additional full-service casual dining restaurants, which could be selected chain-affiliated or locally-owned if the operators are experienced and well-capitalized. The ongoing success of table service venues, despite the loss of long-standing restaurants like Michael's Pub and conversion to Corner Stable are an indication of opportunities for more

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<sup>4</sup> The suggested retail categories for potential inclusion in the store mix at Kings Contrivance were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

choices. Possible cuisines to complement the Asian restaurants, Corner Stable and Enrico's could include (1) a Spanish Tapas restaurant and bar, (2) a Belgian themed café serving imported beers, (3) a fine-dining Italian restaurant (4) a moderate to upscale steakhouse, or (5) barbeque/Maryland seafood specialties

- A bar with a live performance stage (75-150 seats)
- An UnderArmour or other branded sports apparel store oriented toward high school students
- A sports shoes/running supplies store oriented toward children, teens and adults

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of adopting New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

# Long Reach Village Center

## Introduction

This section of the report provides recommendations for Long Reach Village Center. The assessment and recommendations for Long Reach are based on the detailed market analysis for Columbia as a whole as well as the analysis of Long Reach and other village centers. The suggested retail categories for potential inclusion in the store mix at Long Reach were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at neighborhood commercial centers.

The Long Reach assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the quality and quantity of village center retail is to be improved more rapidly, it will require

significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## **Long Reach Assessment & Recommendations**

Long Reach is considered by many to have had the most troubled recent history of all Columbia's village centers. The closing of the Safeway Grocery anchor in 2011, reopening as the Family Market, and subsequent closing of that store in 2013 has had a profound effect on the market positioning of Long Reach. Without its anchor use, other retail suffered, the ownership was reluctant to make capital investments in the property and the center has declined in physical appearance and activity levels. Residents expressed concerns about the declining condition of the property and limited activation because of the significantly reduced retail presence. It is a cautionary fact in the retailing world that, if a significant anchor use has failed once, it is very difficult to come back as successful retail space; if it fails twice it is almost impossible. When combined with the degree of nearby competition never envisioned when Long Reach was constructed, the closing of the Family Market called into question the viability of the grocery-anchored village center model.

To reverse the pattern of decline, Howard County government purchased a portion of the Long Reach property in the fall of 2014. While this step is a dramatic one on the county's part to turn around the site's condition, it is more significant in that the traditional Columbia village center

grocery anchor will not be replaced with a retail occupant, as the adjacent Celebration Church is anticipated to purchase the vacant grocery store space. This approach toward replacing an unsustainable retail use (due to the degree of competition in the immediate area of Long Reach) with institutional and other still to be determined new uses is a new direction for redevelopment.



### **Village Center Physical Condition & Appearance & Related Recommendations**

Long Reach is one of the older village centers in Columbia. Its buildings are now over 40 years old and reflect both the site planning and quality of commercial design from the 1970s. The grocery anchor space is Columbia's largest vacant commercial location in an area with very low retail vacancy rates. One of the greatest assets for present and future activation is the Columbia Art Center, but the entrance is recessed back into a courtyard area with limited visibility from the parking area. The blind corners and configuration of the existing commercial center do not provide a direct and visible path of travel from the parking lot to the arts center. The general physical condition of Long Reach Village Center is poor, and storefronts, signs and façade materials need updating. Additionally, landscaping needs significant attention, including selective removal of trees and ground shrubs that effectively hide the center.

Howard County also plans to retain architecture and engineering consultants to assist with the redevelopment planning of Long Reach. They should consider (and develop standards for) new storefronts, exterior materials, public space enhancements and opening up the entries to the Columbia Art Center so that there is a direct entry to its door. To the extent possible, the

consultants should explore the possibilities of maintaining a commercial edge of space at least 20-feet (or more) deep to provide for a retail perimeter along the parking lot sidewalk, with regular entrances, expansive transparent storefront windows and the ability to introduce small stores to activate the edge.

While it is understood that Celebration Church plans to occupy all of the former grocery store space, it is suggested that the public edge of the property be programmed with activating uses, or (should that not be possible) with activities that will engage those passing by. A long wall of opaque or uninterrupted opaque surfaces will not provide the sense of activation that the village center will require if it is to recapture some of its vibrancy.

### **Adjoining/Adjacent Uses & Amenities**

There are three primary non-retail asset uses in the Long Reach Village Center—Celebration Church, the Columbia Art Center and Stonehouse, the Columbia Association building that houses the Long Reach Community Association. Celebration Church is committed to expansion of its programming and needs more space, both to serve its congregation and to broaden its programming for the surrounding community. The goals for how the church would use the space are not yet clear, but it is hoped that Celebration Church will want to ‘celebrate’ its arrival in the retail building with a series of activating uses.

Another long-term asset is the Columbia Art Center, a longstanding institution and destination within Columbia. The Art Center provides art lessons, exhibits, art camps, a range of educational programs and one of the largest ceramics programs in the Baltimore region. As a complement to the Columbia Art Center, Howard County is considering relocating the Howard County Center for the Arts to Long Reach, both to add to the critical mass of arts-related activities and to enlarge the reach of the facility. The final non-retail asset is Stonehouse, which serves as a community center.



## **Long Reach - Existing Tenant Mix & Suggested Supporting Uses**

The loss of two supermarket operators at Long Reach has had a significant effect on the center's competitive position. Long Reach is located close (though not easily walkable) to the Columbia Crossing and Dobbin shopping centers, and has far more competition for sales and leasing than other village centers. Given this level of competition, a shift in use from primary retail to community and institutional uses is warranted, with arts as a potential focus. New retail business categories that would complement the Columbia Art Center (and planned presence of the Howard County Center for the Arts) include<sup>5</sup>:

- A coffee shop/café/dessert shop
- An art supply store (examples include DC-based Plaza Arts or Blick Art Supplies); this category of retailers usually need 5,000 to 8,000 sq. ft. of space, moderate rent levels and are a destinational retail category so that they can locate in more secondary areas than other, more mainstream retailers. While there are big box stores in Columbia that sell some art supplies, the suggested specialty art supply store would have higher-quality products, would be more oriented toward practitioners and art students, and provide a greater variety of offerings.

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

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<sup>5</sup> The suggested retail categories for potential inclusion in the store mix at Long Reach were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

# Oakland Mills Village Center

## Introduction

This section of the report augments the overall study recommendations and provides specific recommendations for the Oakland Mills. The assessment and recommendations for Oakland Mills are based on the detailed market analysis for Columbia as a whole as well as the analysis of Oakland Mills and the other village centers. The suggested retail categories for potential inclusion in the store mix at Oakland Mills were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The Oakland Mills assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

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- Competitive position within greater Columbia
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- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
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significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, not specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## **Oakland Mills Assessment & Recommendations**

Oakland Mills Village Center is located in the central part of Columbia just east of Route 29. The village center is near the intersection of Stevens Forest Road and along Robert Oliver Place. Established in 1969, Oakland Mills is Columbia's second oldest and underwent redevelopment in 1998. At just over 58,000 sq. ft. of leasable area for the core center (not including the pad sites nor adjacent office building), Oakland Mills' core center is among the smaller of the village centers. Oakland Mills Village Center is owned by Cedar Realty Trust, a Camp Hill, PA (near Harrisburg) company which owns smaller, grocery-anchored retail centers in the Northeast Corridor. Oakland Mills Village Center is connected to Downtown Columbia by pathways and the footbridge over Route 29, approximately one-half mile away from the village center.

### **Village Center Physical Condition & Appearance & Related Recommendations**

Oakland Mills has had a series of changing uses in its anchor space, closed businesses and loss of chain-affiliated stores such as Giant Foods. The village center could benefit from

additional reinvestment; some of the outlying buildings and sites that were vacant or declining (such as the 1.7-acre former Exxon gas station site) are being considered.

From a consumer market standpoint, Oakland Mills is considered one of the more seriously challenged village centers in Columbia, in part because of the demographic patterns of its resident population (which has a somewhat lower average household income than other village centers, and therefore less disposable income as well as lower density in the immediate market area). The village center is also affected by its limited total square footage and the smaller number of retail offerings, which constrains the village center's ability to compete with larger nearby commercial areas. Another important physical characteristic is its fairly insular geographic location relative to the connecting arterial road network. The competitive picture is also changing as a result of redevelopment of Downtown Columbia.

Oakland Mills Village Center will require a complex combination of improved site layout, greater utilization of existing assets, increased residential density and new uses if it is to be successfully repositioned over time.

Unlike other village centers in which incremental additions of missing retail categories can change the market position, Oakland Mills is more similar to conditions in Wilde Lake and Long Reach. Because of its location within the changing competitive context, proximity to the powerful draw of Downtown Columbia and limited visibility of the village center; and the lack of diverse uses (limited retail and professional office space) and an obsolete site configuration, it will take more dramatic re-thinking of the physical setting in Oakland Mills to affect the degree of needed change. This village center will require a major change in both general planning and use mix to be fully repositioned.

### **Adjoining/Adjacent Uses & Amenities**



Oakland Mills has a concentration of educational, civic and recreational facilities all around it, although there is limited relationship between these uses and the retail mix. Columbia

Association's Columbia Ice Rink. Other CA buildings include and The Barn (which houses the Columbia Youth and Teen Center) and The Other Barn (which houses the Oakland Mills Community Association). The Oakland Mills Meeting House, which is also the Interfaith Center is located in separate buildings near the grocery anchor.

There are also three schools adjacent to the village center – Oakland Mills High School, Oakland Mills Middle School and Talbott Springs Elementary School, bringing traffic to/around the village center throughout the school year. There are also a number of multi-family residential developments adjacent to the village center.

### **Oakland Mills - Existing Tenant Mix & Suggested Supporting Uses**

Oakland Mills Village Center is anchored by a 43,000 sq. ft. Food Lion grocery store, which represents about 75% of the total retail space at the contiguous center building. In grocery anchored centers, total leasable area within connected shopping buildings is frequently about half anchor and half other stores; this suggests that Oakland Mills' core center needs additional square footage, both to increase the range of offerings as well as to balance the real estate economics for its owners and reduce dependency on the grocery store as the primary source of revenue.

Other stores in the village center include consumer services such as Oakland Mills Liquors, the Village Barber & Stylist, and Oakland Mills Cleaners. When the Food Lion moved into space previously vacated by Giant and Metro Food, the store size was reduced by approximately 5,000 sq. ft.; this unoccupied space remained available for lease at the time of the market study.



As a grocery chain, Food Lion is repositioning itself to be more competitive and to address the gap between upscale grocers like Whole Foods and Wegmans and lower-priced/value-oriented grocers like Wal\*Mart. In the consultants' view, it is important to retain Food Lion as a grocery anchor for Oakland Mills, but with the expectation that it will also depend on the chain's ability to reposition and improve performance for it to succeed in a highly competitive location like

Oakland Mills. The new Whole Foods in Downtown Columbia is a short walk or drive away, and there will be an impact on Food Lion's market share. But the pricing structure of Food Lion and its convenience for Oakland Mills' neighborhoods should not be ignored.

Food and beverage offerings at Oakland Mills are more limited than in other village centers. Uses include the Second Chance Saloon, a neighborhood destination in Columbia that offers live entertainment. Other food and beverage uses include: Bangkok Garden, a locally-owned Thai restaurant (located on a pad site near Stevens Forest Road); Lucky's China Inn, next to Food Lion; locally-owned Venarri's Pizza and Italian food, located in an in-line space near the liquor store all contribute to the mix; and Little Caesar's Pizza with a drive-through service location.

The announcement that interest has been expressed in redevelopment of the long vacant former Exxon gas station site located in the southwestern part of the village center parcel would represent the turn-around of an underutilized location that has been vacant for 15 years. This initial expression of interest represents confidence in the Oakland Mills Village Center, and serves as an indication that Oakland Mills has additional retail prospects to be explored.

### **Oakland Mills Redevelopment Strategy & Phased Opportunities**

The Oakland Mills Village Center Master Plan (2007) considered a wide range of planning concepts and design improvements, including landscaping, creation of a new plaza and internal road connections, directional and identity signs for the village center and a proposed outdoor ice rink at the parking lot adjacent to the Columbia Ice Rink and Food Lion. An important part of any improvement program will be to add more housing density (of all types) close to the village center.

Because of the increasing competitive environment created by proximity to Downtown Columbia, it is suggested that a two part strategy be considered for Oakland Mills:

### **Focus on Oakland Mills Assets & Strengthen Complementary Supporting Uses**

- Use the lower property values at Oakland Mills Village Center to seek retailers and food services that will not want to pay the occupancy costs of Downtown Columbia.
- Provide goods and services needed by students and parents for the neighboring schools.
- Add elements to serve the figure skaters and hockey classes that participate in activities at the Columbia Ice Rink. There is not much to support them now. Until the mix of uses and residential density in Oakland Mills can be increased in numbers, direct access to Downtown

Columbia from Oakland Mills is more likely to draw Oakland Mills consumers to cross over to Downtown than to attract Downtown consumers to come to Oakland Mills.

### **Capitalize on Proximity to Events at Symphony Woods & Merriweather Post Pavilion**

- Consider using available parking, food and beverage services and pedestrian connectivity over the foot bridge to draw regular customers to Oakland Mills. These venues attract hundreds of thousands of visitors each year for outdoor events and concerts; a small but steady share of performance venue visitors would boost evening sales and add vitality to Oakland Mills in the summer evenings.

Over the longer term, the proximity of Oakland Mills to Downtown Columbia could suggest potential for additional multi-family residential development. The timing of future residential development will be determined by the pace of development and absorption of new housing directed to Downtown Columbia, as well as market acceptance of the residential development at Wilde Lake and the general evolution of Columbia.

The following are suggested additions to the Oakland Mills Village Center<sup>6</sup>:

- Add a casual dining hamburger café and carryout – example: Five Guys
- Recruit a viable specialty retail store selling ice skates, gear and apparel, hockey equipment and apparel
- Catering/party planning business to provide services and support for events at The Other Barn and its courtyard venue as well as the greater Columbia area
- Over time, and as the resident market grows, add one or two new family-style, table service restaurants to serve both the surrounding neighborhoods and selected visitor/Downtown Columbia venue markets
- A bike repair/rentals location to serve the village and to take advantage of the planned Blandair Park to Downtown to Hospital pathway.

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<sup>6</sup> The suggested retail categories for potential inclusion in the store mix at Oakland Mills were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

# Owen Brown Village Center

## Introduction

This section of the report augments the overall study recommendations and provides recommendations for Owen Brown Village Center. The assessment and recommendations for Owen Brown are based on the detailed market analysis for Columbia as a whole as well as the analysis of the other village centers. The suggested retail categories for potential inclusion in the store mix at Owen Brown were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The Owen Brown assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the quality and quantity of village center retail is to be improved more rapidly, it will require

significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

## **Owen Brown Assessment & Recommendations**

Owen Brown Village Center is located on Cradlerock Way, about one-half mile from Broken Land Parkway and across from the park surrounding Lake Elkhorn. The village center is one of the older centers in Columbia and demonstrates the need for more aggressive store leasing, supplemental uses to fill vacant retail spaces, and a clear leasing/reinvestment/redevelopment strategy. The site's configuration is confusing and poorly linked from one side to the other. The demographic profile of the surrounding neighborhoods indicates lower average household incomes than other Columbia Village centers. Owen Brown Village Center is owned and managed by Giant Food Services Realty; this is the only village center owned by Giant Foods Realty in Columbia.



The split layout of the site is apparent in the view above; Giant Foods' store footprint is oriented opposite the western part of the village center, and does not provide clear pedestrian connections with the commercial structures and religious institutions in the western part of the site.

### **Village Center Physical Condition & Appearance & Related Recommendations**



Owen Brown Village Center exhibits deferred maintenance and disinvestment in some of its commercial buildings, perhaps due to loss of revenues through vacant spaces and the awkward configuration of the site. From the perspective of good leasable retail space, Owen Brown has one of the more difficult site configurations and disconnected pedestrian connections between buildings, which affect the ability to integrate site components into a coherent retail environment. The village center includes 10 separate commercial structures and does not create a single, easily understood shopping experience that builds synergy between uses. The buildings vary in age, with older buildings in somewhat poorer physical condition than the Giant and the newer retail building adjacent to the Giant parking lot. The site configuration has multiple internal

orientations, with two vehicular entries off of Cradlerock Way, but both approaches provide limited retail visibility to passing motorists.

The village center is centrally located among the three Owen Brown residential neighborhoods, potentially adding more consumers to the immediate trade area, but its central location within Columbia also places Owen Brown with easy access to both Downtown Columbia and the retail/commercial concentrations on Snowden River Parkway.

### **Adjoining/Adjacent Uses & Amenities**



There are both religious and recreational facilities located within the Owen Brown Village Center. The Interfaith Center, Unitarian Church and Christ United Methodist Church are located on peripheral parts of the village center Columbia Association operates a Tennis Center with 12 tennis courts (five indoors under the 'bubble' and seven outdoor courts at the eastern end of the village center). In 2014, CA completed the construction of a new tennis clubhouse to replace the old club.

High-rise residential units and the elementary school are located adjacent to the village center retail, though the connectivity to these uses is indirect and could be made stronger. Hard-to-see, and underutilized public spaces and walkways need to be resolved if a more leasable context is to be created. In particular, the two commercial buildings at the center of the site are poorly linked to the open space between them and the rear of the Giant Foods building, which is oriented toward the east. With the current layout, there is little incentive for customers coming to the 'anchor' use to walk between the village center's two parts, and this has affected the marketability of the center's secondary retail spaces.

Lake Elkhorn Park at Lake Elkhorn is a well-used community gathering place that is proximate to Owen Brown Village Center and is connected to the commercial core along the path between the village center and the park. As future planning and public space improvements for Owen Brown Village Center are considered, strengthening this connection can provide market benefit

to the food and beverage offerings in the village center, and should be reconsidered in any future redevelopment planning for the site.

### **Owen Brown Retail - Existing Tenant Mix & Suggested Supporting Uses**



The retail mix at Owen Brown Village Center is anchored by the Giant Food & Pharmacy located in the eastern portion of the site. An adjacent older building next to Giant houses a Bank of America, and a separate commercial structure between the Giant parking lot and Columbia Association Tennis Center includes several national credit tenants such as Dollar Tree, Hair Cuttery, Jerry's Sub Sandwiches, the Owen Brown Liquor store and a dry cleaners. The separate commercial buildings in the western portion of the site include: Julio & Alain Hair Salon, Original African Hair Braid, Tresses Beauty Salon, Psychic/Tarot Card reader, Cat & Dog Hospital of Columbia, professional offices for child and family therapists, Columbia Eye Associates and State Farm Insurance. There is also a McDonald's (with drive through) and a Shell Gas Station at the western entry to Owen Brown Village Center from Cradlerock Way.

The two retail buildings adjacent to the rear of the Giant Foods store have several vacant commercial storefronts, a locally-owned barbershop, Future Nails, Hunan Master Chinese Gourmet, Vocelli's Pizza and locally-owned Sonoma's Bar N Grill, a restaurant and bar that faces the interior court space but whose entrance is obscured by the circulation route. The combination of vacant storefront spaces, an unclear path to the Giant Foods store and poor sightlines makes this space less active and harder to lease. There is another small office building behind the Dollar Tree building, which has a police substation, and offices for Giant's parent company Ahold US.

While lower than other villages, average household incomes in Owen Brown Village are over \$100,000 per year, about twice the U.S. average. Average disposable (available for spending) incomes may be somewhat lower, but the confusing, disconnected site layout and vacant

spaces are an indication of a challenge to leasing the types of stores that could better respond to consumer needs.

The following are suggested additions to the Owen Brown Village Center<sup>7</sup>:

- 2-3 additional food and beverage offerings (at least two more casual dining/table service cafes with beer and wine sales)
- Dessert (ice cream/bakery) café and coffee shop
- The vacant spaces could be consolidated into one or two larger shops for specialty hardware or other home products (the market and available spaces could accommodate these uses and both uses are destinations that could find lower rents in Owen Brown attractive)
- Reconfigure the site to provide a better auto/pedestrian connection between the eastern and western parts of the village center
- A bike repair/rentals location that would serve the popular Lake Elkhorn pathway loop and other connections
- Upgrade lighting and add more activating uses around the internal courtyard between Sonoma's Bar N Grill and the back of the Giant Grocery store.

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

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<sup>7</sup> The suggested retail categories for potential inclusion in the store mix at Owen Brown were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

# River Hill Village Center

## Introduction

This section of the report augments the overall study recommendations and provides recommendations for River Hill Village Center. The assessment and recommendations for River Hill are based on the detailed market analysis for Columbia as a whole as well as the analysis of River Hill and other village centers. The suggested retail categories for potential inclusion in the store mix at River Hill were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

The River Hill assessment and recommendations should be viewed and understood within this context. For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

The Columbia village centers differ from each other in a number of ways:

- Total consumer market size and disposable income levels of the most proximate surrounding consumer markets
- Competitive position within greater Columbia
- Physical condition and degree of recent owner investment
- Visibility, access and proximity to major roadways
- Physical plan and layouts
- Proximity to supporting uses (whether Columbia Association-provided amenities, adjacent housing density and/or supporting office space), and
- Apparent ownership ability to adjust the tenant mix due to different lease agreements, expiration dates and the performance levels of anchor grocery uses.

There are four conditions that should be noted as context for specific retail mix assessments and suggested complementary uses for the Columbia village centers:

- **Market Assessment & Relationship to Physical Design.** The focus of the Columbia Market Study is on market conditions and demand, and is not a planning and design study. However, each village center's layout and condition will affect both consumer responses and the ability to improve the tenant mix over time. These conditions are noted in the village center-specific assessment and recommendations to the extent that they might support or discourage the addition of new tenants. The original design concepts used for the village centers decades ago have been largely superseded by new planning and design principles. For the most part, the layouts that exist, even in the newer and more successful village centers would not be developed in the same way today. Contemporary standards would place the centers and retail closer to roadways in more visible locations and have the centers more connected and pedestrian-friendly.
- **Private Real Estate Entities.** The village centers are all commercial real estate investments for their parent companies, and are subject to requirements for annual investment returns, to existing lease agreements with tenants (whether they represent the consumers' preferences or not) and the capacities of the owner companies to affect changes within these conditions. While some of the suggested additions or modifications to the village center retail mix may be desirable to both consumers and owners, the timing of those desired changes will occur within overall leasing and financial requirements already in place. It may take months or years to alter some tenant mix improvements or upgrades because the rights of the current tenants are legally binding. The categories of stores suggested in this analysis that could potentially complement and strengthen the existing village center retail mix may be implemented solely at the discretion of the village center owners, their management and leasing staff, and subject to the terms of their existing lease agreements. These concepts should be considered suggestions only, and are not intended as strict directives to the village center owners. Rather, they should be considered possibilities to be explored and adopted within the framework of owner potentials, available space and an acceptable level of risk.
- **Market Demand & Residential Density Connection.** Given the general market stability (the balance between existing space and market demand potentials), potential village center market enhancements and improvements are more likely to be incremental 'refinements' of the tenant mix, rather than total redevelopment and wholesale change at one time. If the quality and quantity of village center retail is to be improved more rapidly, it will require

significant increases in residential density at/near the village centers, as there is relatively little additional unmet market demand to warrant construction of additional retail space.

- **Downtown Columbia Influence.** Redevelopment of Downtown Columbia as a walkable and mixed-use destination is intended to increase the specialty retail and comparison shopping opportunities for all of Columbia and (with the major retail shopping concentrations in GEDS and closer to I-95) the region. The original intention of Columbia's Town Center to be the dominant shopping destination for Columbia is being reinforced through Downtown Columbia's redevelopment. Downtown Columbia redevelopment will likely capture the specialty chain stores or other destination uses such as entertainment, and restaurant/dining district clusters at a scale that the village centers cannot achieve. The recently opened Whole Foods market in the converted former Rouse Company Headquarters office building is an indication of the drawing power of Downtown Columbia, both for retailers and shoppers. The strength of Downtown Columbia will continue to influence the future of the village centers as consumer service retail areas, as opposed to specialty/comparison shopping for apparel, accessories and gifts. While residents may wish that there were more specialty retailers in the village centers, the village centers cannot compete with the drawing power and critical mass of shopping in Downtown Columbia or in GEDS.

### **River Hill Assessment & Recommendations**

River Hill is located at the northwestern perimeter of Columbia, near the intersection of MD Route 108 (Clarksville Pike) and MD Route 32. The village center is the most recently built and has the highest visibility of all village centers. River Hill is owned and managed by Kimco Realty Trust, which owns six of Columbia's village centers as well as other centers including the Columbia Crossing shopping center.



### **Village Center Physical Condition & Appearance & Related Recommendations**

River Hill is the newest and among the largest village centers in Columbia, and has benefited from the higher household incomes in River Hill's neighborhoods, its location along a well-travelled arterial as well as the limited retail competition in this part of the county. The center is well-maintained and easily visible from Clarksville Pike/Route 108. While the visibility from Route 32 is less direct, access is good on Great Star Drive. The village center is configured mostly as a single-sided row of in-line stores and businesses, with a 63,000 sq. ft. Giant Food & Pharmacy anchoring the center. The internal walkway from Giant to the Columbia Gym facility at the rear of the center is short, well-lit, and activated by retail and consumer service uses. The gym is a destination use-- with more than 400,000 annual visits -- that draws residents and office workers from the nearby residences and offices as well as throughout Columbia and environs.



The center has several outparcels, including a large McDonald's with drive-through lanes, a Ruby Tuesday restaurant, and three stand-alone banks. The sidewalk areas in front of River Hill's stores are attractive, open air and sheltered (in places) and landscaping is attractive and provides shade and greenery which contrasts with the red brick structures. Overall, River Hill seems clean, safe and pleasant.

While not visible from the front parking area of the Center, the River Hill Sports Grill is located opposite the Columbia Gym, and the scale of the street between them is more pedestrian-friendly than the wider surface parking lots across the front of the center.

River Hill also includes six consumer service businesses (River Hill Cleaners, Hair Cuttery, Massage Envy, a UPS shipping store, River Hill Optical and the Sunoco Gas Station). The only locally-owned specialty retail store is Everett Jewelers, a family-owned business. There are several financial institutions (Capitol One Bank, Columbia's Bank, M&T Bank and Tower Federal Credit Union) located on pad sites at the edge of the village center as well as in 'in-line' store spaces.

#### **Adjoining/Adjacent Uses & Amenities**

Unlike Columbia's other village centers, River Hill is located at the edge of Columbia's boundary and has significant retail, food and beverage and other businesses directly across from its entries and perimeter buildings. A series of stand-alone businesses and small strip shopping centers are located along Route 108, and include regional destinations such as the Columbia Auto Park (which includes multiple auto dealerships along Auto Drive) and a small retail location for Charles Luck Stone Company. There is a proposed mixed use project for the Luck Stone site.

The general retail mix across from River Hill has several distinctive stores and restaurants – Roots Market, the Great Sage Vegetarian/Vegan restaurant, and the Conscious Corner family of locally-owned, socially responsible businesses such as Nest. National chain-affiliated retailers along Route 108 include Pizza Hut, Dunkin Donuts, Baskin-Robbins Ice Cream, a Walgreen's Drug Store, and banks and gas stations. Additional locally operated food service offerings near (but not in) River Hill Village Center include: Puggies Pizza Pie, Katama Japanese Cuisine and Mimi's Kabob. Locally-owned Kendall Hardware store, an area destination recognized for its selection of housewares and specialty items and for customer service, is also located on Route 108.

The office buildings at River Hill are stand-alone commercial structures at each end of the center, and appear to be occupied solely with medical, specialty surgery and dental practices. While it is possible to walk between the office buildings and the River Hill retail offerings, the general character is auto-oriented.

River Hill also has a concentration of adjacent residential units—The Villas at River Hill—that are easily visible from and accessible to the village center, both by car and walking. This ‘built-in’ resident market supports the center’s retail and food service tenants, as do the tenants and visitors to the medical office buildings.

### **River Hill Existing Tenant Mix & Suggested Supporting Uses**

River Hill Village Center includes 10 food and beverage operators/spaces on site, with only two full-service restaurants (River Hill Sports Grill, which has an outdoor seating area facing the Columbia Gym and its parking lot, and Ruby Tuesday’s). Other food & beverage offerings reflect some of the food service operations/tenants repeated in other Kimco Realty Trust village centers in Columbia (McDonald’s, Subway sandwiches, and Panda Kitchen Chinese/Asian cuisine, Ledo’s Pizza and Bagel Bin and Deli). At the time of the site visit, the former Red Mango Smoothie location near Giant Foods at the open air connection to the River Hill Gym was closed. Maggie Moo’s Ice Cream and the Vintage Cellars wine and liquor store complete the food & beverage list for River Hill. Columbia Association’s Claret Hall houses the River Hill Community Association.

While there are 10 food and beverage locations at River Hill, and despite the number of nearby restaurants and carry-out food service, this study concludes that a number of the village centers are undersupplied with food service offerings, particularly sit-down/table service opportunities. The high disposable incomes of households in River Hill and the concentration of medical offices suggest that the following uses could be considered as future additions, as possible, at River Hill <sup>8</sup>:

- Men’s/women’s yoga/athletic wear store

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<sup>8</sup> The suggested retail categories for potential inclusion in the store mix at River Hill were identified both in response to market characteristics as well as a more subjective strategy focusing on complementary uses that could supplement the current tenant mix. While this approach is more qualitative, it is based on experience with successful tenant mix strategies and an understanding of how to strengthen existing tenants by creating more options or greater selection within retail categories at grocery-anchored commercial centers.

- Specialty athletic shoes for men, women and children
- 2-3 additional table-service restaurants; could be chain-affiliated or locally-owned, if experienced and well capitalized. The price level and concept of the River Hill Sports Grill suggest that additional offerings of this type would strengthen the mix, particularly if configured into the walkable areas of the village center. While general market findings suggest that near-term opportunities for additional food & beverage uses at River Hill may be limited, significantly higher household incomes from the village neighborhoods indicate greater spending potential for dining away from home. Opportunities to introduce new food services should be considered either as adaptable spaces become available or as considered by the property owners.
- Specialized medical supplies not carried by Giant Pharmacy or Walgreen's nearby
- Coffee shop (local or national chain expansion location, if possible, since Giant Foods includes a Starbucks inside)
- Dessert operator -- gourmet chocolates, baked goods, cookies and cupcakes – local or national chain)
- Specialty toy store: imported/gift toys.

The potential to create new housing in the village centers has been shaped by multiple factors. There is underutilized land in many village centers currently used for surface parking. Future village center redevelopment can accommodate unmet demand or development of specialized housing categories within village centers, but may evolve as a result of the review of New Town zoning or other approaches. Moreover, timing of any new housing will depend on factors such as market reaction/response to mixed-use residential development in Wilde Lake and the pace of absorption of new housing in Downtown Columbia, where much of the new residential development has been encouraged.

For detailed market analysis, demographics, existing conditions and findings, refer to the Appendix, which contains more comprehensive research and analysis for each village center.

# Glossary of Selected Real Estate Terms

## A

**Absorption** – The amount of square feet of space and/or residential units that become occupied within a specific period of time, usually a year.

## B

**Business-Class Hotel** -- Business-class hotels cater primarily to business travelers, and offer full services including on-site, three-meal food & beverage service, room service, a business center, meeting rooms, and often a gym or fitness center. Business class hotels are most often located in downtown areas or business districts, and frequently are affiliated with national branded hotel chains in the middle to upper price levels.

## C

**Credit tenant** – National chain-affiliated retail tenants are defined as ‘credit’ tenants because chains are considered better established and lower risk than locally owned businesses. When financing projects that include retail, the commitment of a chain-affiliated retailer is considered an advantage in securing financing from investors, as they bring connections to centralized marketing and management, an established identity and merchandise expectations and a proven track record.

**Common Area** – For leasing purposes, the areas of a building or complex that are available for the shared, but exclusive use of all tenants (for example, the walkways along storefronts in retail areas, lobbies in office buildings, dedicated/shared parking lots, service yards and delivery/truck docks). Retail leases often include a required payment per square foot of leased space per year to recover the maintenance, cleaning and security costs of common areas, also known as a Common Area Maintenance (CAM) charge.

## D

**Demographics** -- Characteristics of populations as defined by number of persons, density of locations or regions, growth rates, groups by age range, average individual and household income levels, educational levels completed, and other statistical designations. Analysis of demographics are used to determine the effects of sociological and economic conditions in a designated area, geography or place.

**Disposable Income** – The amount of individual or household income available after deducting the costs of housing, taxes, and other basic expenses remaining to be spent on goods and services, entertainment or other consumer activities.

**Drive Time** – An approach to analysis of defining a retail trade area (and estimated sales and revenue potentials) based on the distance or amount of time consumers are willing to drive to obtain retail goods and services. Convenience, concentrations of retail uses, and the type and amount of competition in the area all affect drive time-based consumer patterns.

## E

**Economic Base** – Those economic and financial activities or sectors in a local or regional economy that account for a certain share of the area’s income generated by sale or production of goods and services, economic activity or employment.

**Expenditure Patterns** – The tendency or likelihood of individuals/households to spend disposable income on goods or services based on convenience, pricing, differentiation from competing offerings, or other factors.

## **F**

**Flex Space** – Commercial space for lease or sale that is configured to be flexible in the range of activities that can be conducted in it; often flex space is constructed with wide spans/no columns, partially finished interiors and access to loading and limited parking. Flex space can be used for warehousing, storage, distribution, light manufacturing and product assembly, or can be adapted for use as commercial office, retail or selected types of recreation or entertainment uses.

**Full-Service Hotel** – Unlike limited-service hotels, which do not offer three-meal, on premises food & beverage services, business and meeting space or major amenities, full-service hotels provide restaurants and bars, meeting and conference space, amenities such as gyms or swimming pools, and business centers for guests. The room price in full service hotels is higher than for limited service hotel products.

**Functional Obsolescence** -- The reduced/declining capacity of a real estate use to perform the intended functions due to changes in space requirements, different operating approaches, new technology, poor/outmoded design, or changes in market standards.

## **G**

**Geographic Submarket** – The total number of households, housing units, or sources of employment or other uses that are located within a specific geographic area as defined by tenure of occupancy, income, or other socio-economic attributes that are known to exist/are documented in a standardized manner (for example, Census Tracts).

**GEDS** – In this study, GEDS is the abbreviated term for the **G**eneral **E**lectric appliance site, **D**obbin Road and **S**nowden River Parkway study area located in Columbia, Maryland.

**GLA** – The abbreviated term for **G**ross **L**easeable **A**rea, the total area in square feet designated for the exclusive use of a tenant, including basements, mezzanines and upper floors. Usually measured from the centerline of joint partitions and from outside wall faces. GLA is the area for which tenants pay rent.

## **H**

**Highest and Best Use** – In real estate appraisals, the reasonably probable and legal use of either vacant land or an improved property which is physically configured, financially feasible, and sufficiently market supportable that results in the highest real estate value.

**Household** – A household is defined as an occupied residential unit at a given location that is occupied by one or more persons, whether rented or owned. Household population is the number of households within a designated geographic area.

## **I**

**Industrial Property** – Commercial properties, usually defined by zoning, which function for the purposes of manufacturing, distribution or warehousing of products.

**Inventory** – The supply or amount of a given product, type of merchandise or category or real estate land uses.

## L

**Lease** – A commercial contract that creates an agreement for occupancy between a landlord and a tenant which specifies the terms and conditions affecting the right to occupy a designated space for an established period of time in exchange for periodic payments of rent.

**Lease Buyout** – The process by which a landlord, tenant, or third-party pays an amount to extinguish the agreed value of the remaining obligations under a lease.

## M

**Market Area** – A geographical area in which supply and demand operate to influence commercial office/retail/industrial/residential/hotel land uses and activities.

**Market Analysis** – The process of examining market supply and demand conditions, demographic and psychographic characteristics and unmet demand opportunities; identifying alternative locations or sites that meet specific needs or criteria; assessing the financial feasibility of locations or sites to inform decisions regarding market and commercial potentials.

**Market Share** – The percentage of all potential sales in a retail category that a location or business can be expected to capture when compared to competing areas or businesses.

**Metropolitan Statistical Area (MSA)** – Generally used to describe the defined area(s) in and around major cities and urban concentrations in the United States.

## O

**Office Property** – A commercial property used for professional or business services; office can refer to whole buildings, floors, parts of floors of a larger structure or office parks. Office is classified as Class A, B or C, with Class A offices providing the most functionally modern spaces and generating the highest lease/rent rates. Class B and C office space in the same market areas are generally older, in need of modernization and attract lower rents.

**Oversupply** – Oversupply is the amount of existing commercial or residential space that is in excess of the square feet or number of units which can be filled under prevailing price levels and market conditions. Oversupply can also be described as ‘overbuilding’ of a real estate category, resulting in more space than market absorption will warrant.

## P

**Population Growth** – The rate of relative increase in resident population in a designated area, whether resulting from internal growth, in-migration or out-migration. Combined with employment trends, population growth is directly related to the supply of housing.

## R

**Real Estate Investment Trust (REIT)** – An investment structure in which investors purchase shares of ownership in a trust which has invested the funds into real estate and distributes any profits to the investors, less management and operating fees.

**Recession** – A period of reduced economic activity or general economic downturn characterized by declines in employment, production, sales, profits and weak growth, though

not as deep or prolonged as a full economic depression. During recessions, property values flatten or decline, there is little new construction or development growth.

## **S**

**Standard Industrial Classification (SIC) Code** – The standardized system used by government and industry to categorize and measure economic and employment activities by job category/sector. SIC codes are used to measure employment growth or change by types of job categories.

**Stock Keeping Unit (SKU)** – A retailer-defined coding system used to track individual items within a retailer’s accounting, warehousing or point-of-sale system in a catalogue or store; SKU’s may be alphanumeric (letters and numbers) or a bar code symbol.

## **V**

**Vacancy Rate** – The number of units or space of a specific commercial real estate category or residential type that is vacant and available for occupancy at a designated point in time in a specifically defined market. Vacancy rate may also be expressed as a percentage of the total available space/number of existing units. ‘True’ vacancy is the amount or percentage of unoccupied space after deducting the space/number of units that are unoccupied but have been sold, leased or committed, and are not ‘available’ for occupancy.

