

Appendix: Hickory Ridge Village Center, Detailed Market Analysis



November 2014

Project Team

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

Consultant Team

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

Documentation and Distribution

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

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

Table of Contents

- Introduction..... 1**
- Property Description..... 1**
 - Occupancy Patterns 2
- Demand Potentials: Retail 5**
 - Supermarket Potentials 5
 - Existing & Planned Competitive Environment 6
 - Existing Market Support/Trade Areas 7
 - Determining a Viable Trade Area & Estimated Supermarket Sales.....10
- Other Retail Potentials.....11**
 - Inventory of Existing & Planned Retail11
 - Drive Time Demographics12
 - Potential Buying Power: Food Service.....16
- Demand Potentials: Office.....20**
- Demand Potentials: Housing20**
 - Characteristics of the Housing Market21
- Key Market Findings, Strengths & Weaknesses22**

Tables & Figures

| | |
|---|-------------------------------------|
| Table 1: Market & Land Use Profile—Hickory Ridge Village Center | 4 |
| Table 2: Competitive Supermarkets—Hickory Ridge Village Center..... | 7 |
| Table 3: Demographic Characteristics, 2010—Hickory Ridge Village Center | 8 |
| Table 4: Supermarket Trade Area Demographics—Hickory Ridge Village Center..... | 10 |
| Table 5: Nearby Regional Retail Centers—Hickory Ridge Village Center..... | 12 |
| Table 6: Five & 10-Minute Drive Time Demographics—Hickory Ridge Village Center..... | 15 |
| Table 7: Potential Food & Beverage Capacity—Hickory Ridge Village Center | 17 |
| Table 8: Existing Retail & Office Tenants—Hickory Ridge Village Center..... | 18 |
| Table 9: Comparison of Retail Market Indicators—Columbia Village Centers . | Error! Bookmark not defined. |
| Table 10: 5-Minute Drive-time—ESRI Housing Forecasts, 2012 & 2017 | 21 |
| Table 11: 5-Minute Drive-time—Howard County Planning Estimates, 2015 & 2020 | 21 |
| | |
| Figure 1: Aerial View—Hickory Ridge Village Center | 2 |
| Figure 2: Trade Areas—Hickory Ridge Village Center..... | 9 |
| Figure 3: Five-, 10- & 15-Minute Drive Times—Hickory Ridge Village Center | 14 |

Introduction

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

Property Description

Hickory Ridge Village Center comprises 90,514 gross sq. ft. of commercial space located at 6410 Freetown Road in the Clemens Crossing neighborhood of the Village of Hickory Ridge. The village center opened in 1992 with 16 in-line retail tenants and a Giant grocery store as the center’s primary anchor. As of November 2013 village center included:

- A core retail center containing 87,678 sq. ft. of gross leasable area (GLA), including a 55,000 sq. ft. Giant supermarket, and a separate 2,836 sq. ft. Sunoco gas station. The center contains no additional retail sites/uses; and
- Current retailers include: two national fast food chains (Domino’s Pizza and Subway) and five local food service tenants, including Hickory Ridge Grill, Luna Bella, Koto-Katana Japanese Steakhouse, Grille Chick’n Pollo, and Peking Chef. It also includes convenience and service businesses (e.g., two banks, three hair/nail salons, a liquor store, and dry cleaners); Freetown Animal Hospital; and a walk-in medical clinic.

There are approximately 321,200 sq. ft. of health care, educational and elderly housing facilities adjacent to the village center and separated by Cedar Lane. These include: Harmony Hall, Lorien Columbia, the Goddard School and Sunrise Senior Living.

According to property tax data provided by the Howard County Department of Finance, Hickory Ridge Village Center comprises the following uses and parcels:

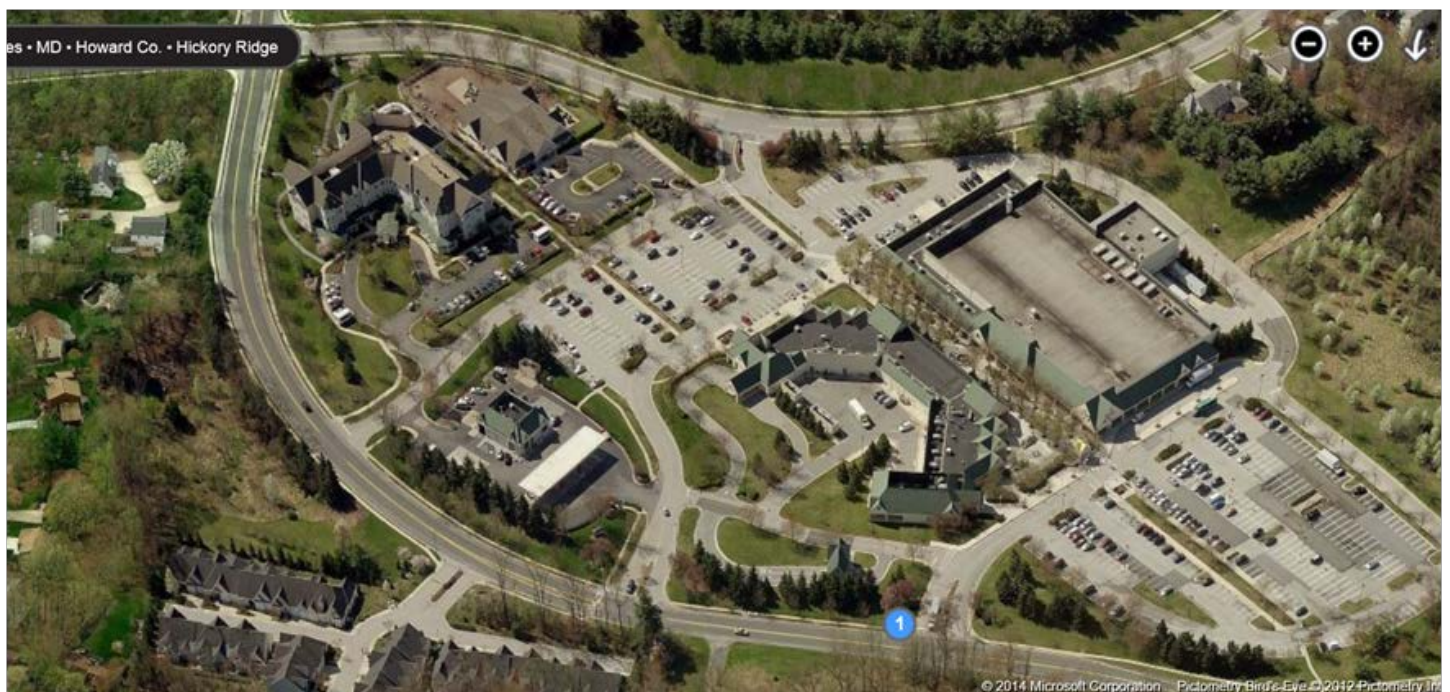
- The retail center and outparcel gas station are located on three parcels totaling 16.01 acres; and

- Columbia Association owns two parcels with 10.2 acres of land to the southwest of the front parking area, which includes a storm-water management pond and a vacant three-acre parcel planned for recreational uses.

Howard County survey data indicate a total of 633 surface parking spaces associated with retail uses in the village center. This would suggest a gross parking ratio of approximately 7.0 spaces per 1,000 sq. ft. of building area. As noted above, nearby uses include Harmony Hall, which is located on 12.28 acres, and the Lorien Columbia facility is located on 4.28 acres.

The center is currently owned by Kimco Realty Corp. (identified as HRVC Limited Partnership in the property tax data). The only outparcel, a Sunoco gas station, is in separate, private ownership.

Figure 1: Aerial View—Hickory Ridge Village Center



Source: www.Bing.com/maps.

Occupancy Patterns

According to CoStar, Inc., overall retail occupancies at Hickory Ridge Village Center over the past two years have been stable. As of the November 15, 2013 CoStar property profile

Appendix: Columbia Market Analysis & Economic Development Services Study

provided by Howard County, there are currently only **832 sq. ft. of vacant retail space, resulting in a vacancy rate in the core shopping center of 0.9%**. The village center's 2,836 sq. ft. pad retail use is 100% occupied, which yields an overall vacancy rate of only 0.9% in the center's 90,514 sq. ft. of commercial retail uses.

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

Table 1: Market & Land Use Profile—Hickory Ridge Village Center

| Village Center (1) | Year Built & Parking | Land Use Mix (In Sq. Ft.) | | | | TOTAL AREA | Vacant Space & % Vacant | | | | TOTAL VACANT |
|-------------------------------------|----------------------|---------------------------|------------|--------|---------------------------------|-------------------------|-------------------------|-----------------------|--------|-------|--------------|
| | | Core Retail | Pad Retail | Office | Other | | Core Retail | Pad Retail | Office | Other | |
| Hickory Ridge Village Center | Original: | 87,678 | - | - | 2,836 | 90,514 | 832 | - | - | - | 832 |
| 6410 Freetown Road | 1992 | | | | Sunoco | | 0.9% | 0.0% | 0.0% | 0.0% | 0.9% |
| Columbia | Renovated: | | | | School Excludes | Land Area: 15.80 | | Average Rents: | | | |
| Owner: | Parking: | | | | 321,179 | acres | | N/A | | | |
| Kimco Realty Corp. | 633 | | | | SF of | Density: 0.13 | | | | | |
| Anchor: | Ratio/1,000: | | | | health care facilities & school | FAR | | | | | |
| Giant | 7.0 | | | | | | | | | | |

(1) As reported by the Howard County Department of Finance.

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

Hickory Ridge Village Center is located in the Columbia Town Center retail submarket (as defined by Costar, Inc., a national real estate database). The village center's 90,514 sq. ft. of retail space comprises only 4.3% of the submarket's roughly 2.1 million sq. ft. of gross retail inventory.

Demand Potentials: Retail

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

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

Types of Retail Centers

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

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

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

Supermarket Potentials

The following examines overall market potential for a supermarket at Hickory Ridge Village Center based on an analysis of the competitive environment and identification of a viable trade area. A

retail trade area delineates the physical/geographic boundaries from which a retail center is drawing the majority of its customers. It typically includes both a primary and secondary trade area. The trade area typically accounts for about 90% of total sales, with an additional 10% attributed to “in-flow”, or sales outside of the defined trade area.

Existing & Planned Competitive Environment

Table 2 below illustrates the competitive environment generated by existing and proposed grocery stores near Hickory Ridge Village Center.

Hickory Ridge Village Center 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). While there is some overlap with the trade area for the Safeway at Harper’s Choice, the Giant at Hickory Ridge is able to effectively serve much of west Columbia, with access off of Freetown Road, a major collector road. Since supermarkets are interested in access and visibility, and since Route 29 physically divides Columbia, a discussion of supermarket trade areas and competition in Columbia typically differentiates between east and west Columbia.

The only other supermarkets located within a five- to six-minute drive of the Giant (and west of Route 29) are the David’s Natural Market at the Wilde Lake Village Center and the Whole Foods store in Downtown Columbia. It should be noted that David’s Natural Market is a family-owned organic market and does not carry the same variety as a more traditional food market such as Giant. While Whole Foods operates as a natural and organic foods supermarket (it is the largest U.S. retailer of natural and organic foods and the 12th largest food retailer overall¹), it does compete to some degree with local, regional, national and international conventional and specialty supermarkets, natural food stores, membership clubs, and farmers markets.

There are four additional grocery stores located near Hickory Ridge Village Center; three of these stores are located east of Route 29 and serve slightly different markets. The River Hill Giant is a 4.4-mile drive from the Hickory Ridge Giant (at the edge of the three-mile radius from the Hickory Ridge store), and serves the western reaches of Columbia.

¹ *Progressive Grocer*, 2012 sales rankings.

Table 2: Competitive Supermarkets—Hickory Ridge Village Center

| Retail Center | Location | Store | Distance (1) | |
|---|----------|------------------------|--------------|---------|
| | | | Miles | Minutes |
| Harper's Choice Village Center 5485 Harpers Farm Road | Columbia | Safeway | 4.0 | 1.9 |
| Wilde Lake Village Center 10451 Twin Rivers Road | Columbia | David's Natural Market | 5.0 | 2.4 |
| Former Rouse Headquarters 10275 Little Patuxent Parkway | Columbia | Whole Foods | 6.0 | 3.2 |
| Oakland Mills Village Center 5880 Robert Oliver Place | Columbia | Food Lion | 7.0 | 3.8 |
| Kings Contrivance Village Center 8600 Guilford Road | Columbia | Harris Teeter | 6.0 | 3.9 |
| Owen Brown Village Center 7100 Cradlerock Way | Columbia | Giant | 8.0 | 4.4 |
| River Hill Village Center 6030 Daybreak Circle, Clarksville | Columbia | Giant | 7.0 | 4.4 |

(1) Drive times and distances are from MapQuest.

Source: RDS; Folan Consulting, March 2014.

Existing Market Support/Trade Areas

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

As illustrated in Table 3 below, demographic characteristics of the current population of the Village of Hickory Ridge documents the following:

- 11,357 residents in 4,742 households;

- A mean household income of \$110,047, this is only slightly lower than that for Columbia as a whole (\$112,900);
- Relative to Columbia, the Village of Hickory Ridge has a significantly lower percentage of owner-occupied housing units (59% versus 68%);
- The percentage of total family households living within Hickory Ridge is slightly lower than that for Columbia as a whole (62% versus 66%).

Table 3: Demographic Characteristics, 2010—Hickory Ridge Village Center

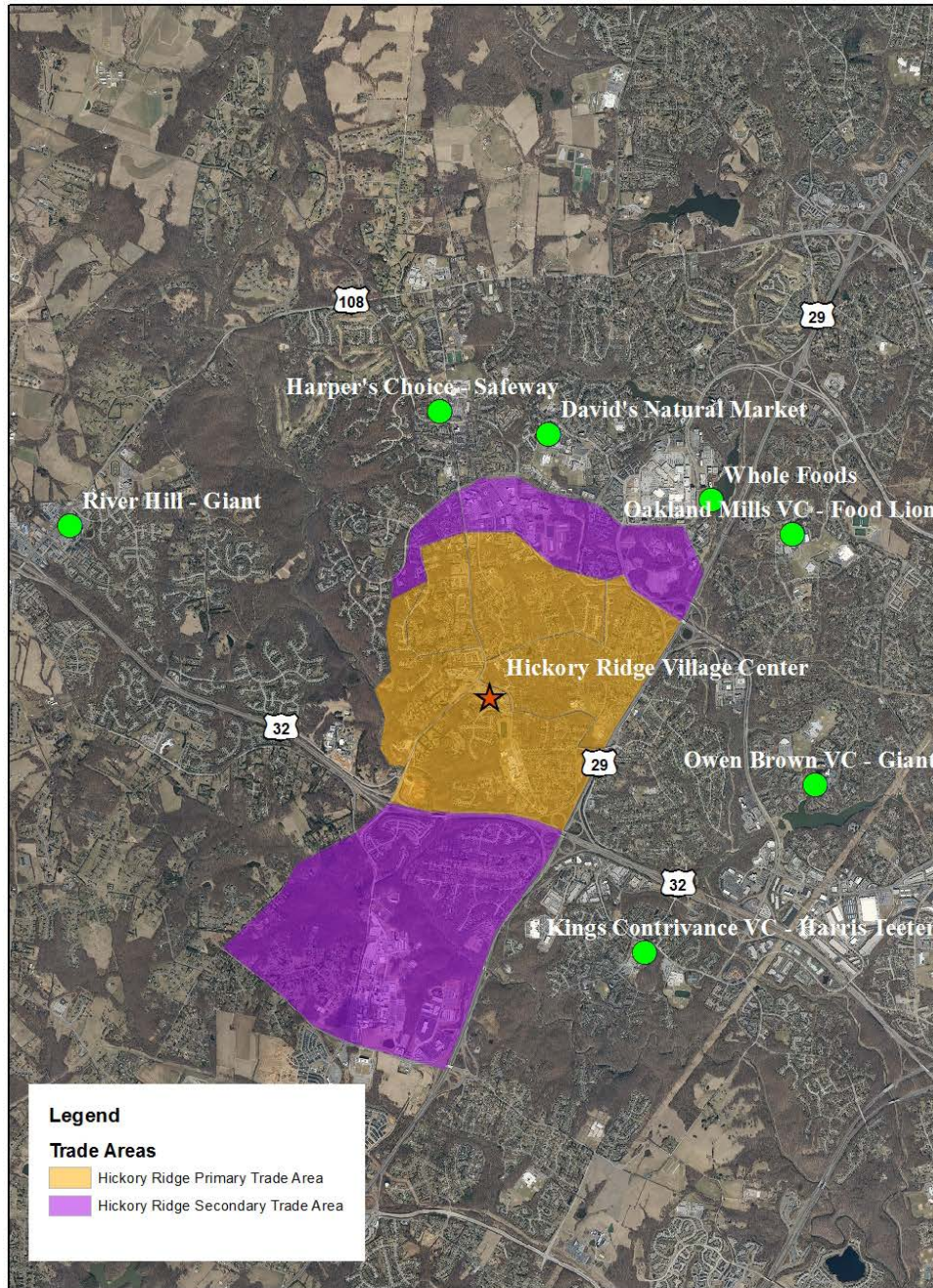
| | Village of Hickory Ridge | % | Columbia | % |
|--|-----------------------------|-------------|-------------------|-------------|
| Race & Hispanic Ethnicity | | | | |
| White | 6,646 | 59% | 51,150 | 57% |
| African American or Black | 2,828 | 25% | 22,201 | 25% |
| American Indian & Alaska Native | 32 | 0% | 368 | 0% |
| Asian | 1,103 | 10% | 9,955 | 11% |
| Native Hawaiian & Other Pacific Islander | 6 | 0% | 29 | 0% |
| Some Other Race | 196 | 2% | 2,579 | 3% |
| Population of Two or More Races | 545 | 5% | 4,033 | 4% |
| Total Population: | 11,357 | 100% | 90,315 | 100% |
| Hispanic or Latino | 743 | 7% | 7,146 | 8% |
| Non-Hispanic or Latino | 10,614 | 93% | 83,170 | 92% |
| Mean Household Income | \$ 110,047 | | \$ 112,900 | |
| Total Occupied Housing Units | 4,742 | | 35,811 | |
| Owned | 2,781 | 59% | 24,198 | 68% |
| Renter-Occupied | 1,961 | 41% | 11,613 | 32% |
| Total Households | 4,742 | | 35,812 | |
| Total Families (1) | 2,949 | 62% | 23,770 | 66% |
| Husband/Wife Family | 2,215 | 75% | 18,190 | 77% |
| Husband/Wife with Children < 18 | 924 | 31% | 8,441 | 36% |
| Other Family | 735 | 25% | 5,579 | 23% |
| Other Family with Children < 18 | 466 | 16% | 3,516 | 15% |
| % 25+ with Bachelor's Degree | 63% | | 61% | |
| % 25+ with Graduate/Prof Degree | 30% | | 30% | |

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

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

Figure 2 below illustrates the potential trade area by Census Block Group. It is important to note that this is the supermarket trade area and reflects the location of competitive supermarkets. As a result, it does not necessarily follow Village boundaries.

Figure 2: Trade Areas—Hickory Ridge Village Center



Determining a Viable Trade Area & Estimated Supermarket Sales

Primary (five-minute or less drive time) and secondary (more than five-minute drive time) trade areas for Hickory Ridge Village Center have been estimated based on the location of existing and planned competition, as detailed above, and the existing road network. Retailers will often evaluate access to a major arterial and traffic counts when determining site location decisions.

Located at Cedar Lane and Freetown Road, a minor arterial and major collector road, respectively, Hickory Ridge Village Center enjoys a prime location for much of west Columbia. Average annual daily traffic counts along Cedar Lane (2012) are 21,960. Average daily traffic counts are a key factor in location decisions for major retail tenants; for example, large retail chains often require a minimum of 20,000 to 25,000 vehicles per day as a baseline criterion for a favorable site location decision.

Table 4: Supermarket Trade Area Demographics—Hickory Ridge Village Center

| Census Block Group | Total Population | Housing Units |
|-----------------------------|------------------|---------------|
| Primary Trade Area | | |
| 6056023 | 1,589 | 594 |
| 6056024 | 2,003 | 760 |
| 6056014 | 1,052 | 494 |
| 6056013 | 1,554 | 542 |
| 6056022 | 2,713 | 1,053 |
| Subtotal: | 8,911 | 3,443 |
| Secondary Trade Area | | |
| 6055023 | 1,220 | 453 |
| 6056011 | 1,904 | 1,042 |
| 6056012 | 1,565 | 778 |
| 6056022 | 2,189 | 701 |
| 6056021 | 1,305 | 667 |
| Subtotal: | 8,183 | 3,641 |
| TOTAL: | 17,094 | 7,084 |

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

Trade area data illustrated in Table 4 above suggest:

- A primary trade area comprising 8,911 residents; and
- A secondary trade area with an additional 8,183 residents

Notably, a **population of between 10,000 and 12,000 residents in the total trade area is required to support a supermarket of 50,000 to 60,000 sq. ft.** Total trade area demographics should support a traditional grocery store at Hickory Ridge, which has a population of greater than 17,000 residents.

Other Retail Potentials

Inventory of Existing & Planned Retail

The larger competitive retail environment for the Village of Hickory Ridge includes The Mall at Columbia and the major big box and discount retailers located at Dobbin Center, Columbia Crossing I and II, Gateway Overlook, Dobbin Station, and Snowden Square. While the major retailers located along Snowden River Parkway are located a greater distance from the Hickory Village Center than some of the other Columbia village centers located east of Route 29, they are still located within a 15-minute drive of the site.

Major discount and big box retailers, such as Wal*Mart, Costco, Lowe's, Home Depot, Target, and BJ's Wholesale, are represented in the Columbia market. The Mall at Columbia, with 1.4 million sq. ft. of existing retail space including recent additions, is a super-regional mall with a large trade area. (Notably, the presence of Nordstrom as an anchor tenant typically extends the reach of a regional or super-regional mall). Many of the major big box/discount retailers are located at one of the nearby regional shopping centers.

An inventory of nearby regional retail centers is detailed in Table 5.

Table 5: Nearby Regional Retail Centers—Hickory Ridge Village Center

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

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

Drive Time Demographics

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

As illustrated in Figure 3 below, a five-minute drive time from the Village of Hickory Ridge extends to the east to Route 29, to the south primarily to Route 32 and to the north to the edge of Columbia Town Center. Demographic characteristics and forecasts for 2012—2017 in the five-minute drive time from ESRI Business Analyst suggest:

- An estimated 18,993 residents with a median household income slightly above that for the 10-minute drive (\$102,053 versus \$101,474); and
- A lower percentage of owner-occupied households than for Columbia as a whole (54% versus 67%).

The 10-minute drive from the Village of Hickory Ridge extends north to Route 108, south to Route 216, and east to I-95. The 10-minute drive also includes the new development and population/household growth underway in Downtown Columbia and the larger regional retail centers such as Columbia Crossing. The 10-minute drive time includes a total of 93,887 residents and encompasses most of the Columbia villages.

The 15-minute drive time trade area was not considered relevant since it encompasses the broader region surrounding Columbia and is more reflective of the trade area for a regional or super-regional mall and/or large-scale big box shopping centers.

Figure 3: Five-, 10- & 15-Minute Drive Times—Hickory Ridge Village Center



Site Map

Hickory Ridge Village Center
 6410 Freetown Rd, Columbia, MD, 21044
 Drive Time: 5, 10, 15 Minutes

Latitude: 39.19603
 Longitude: -76.88423

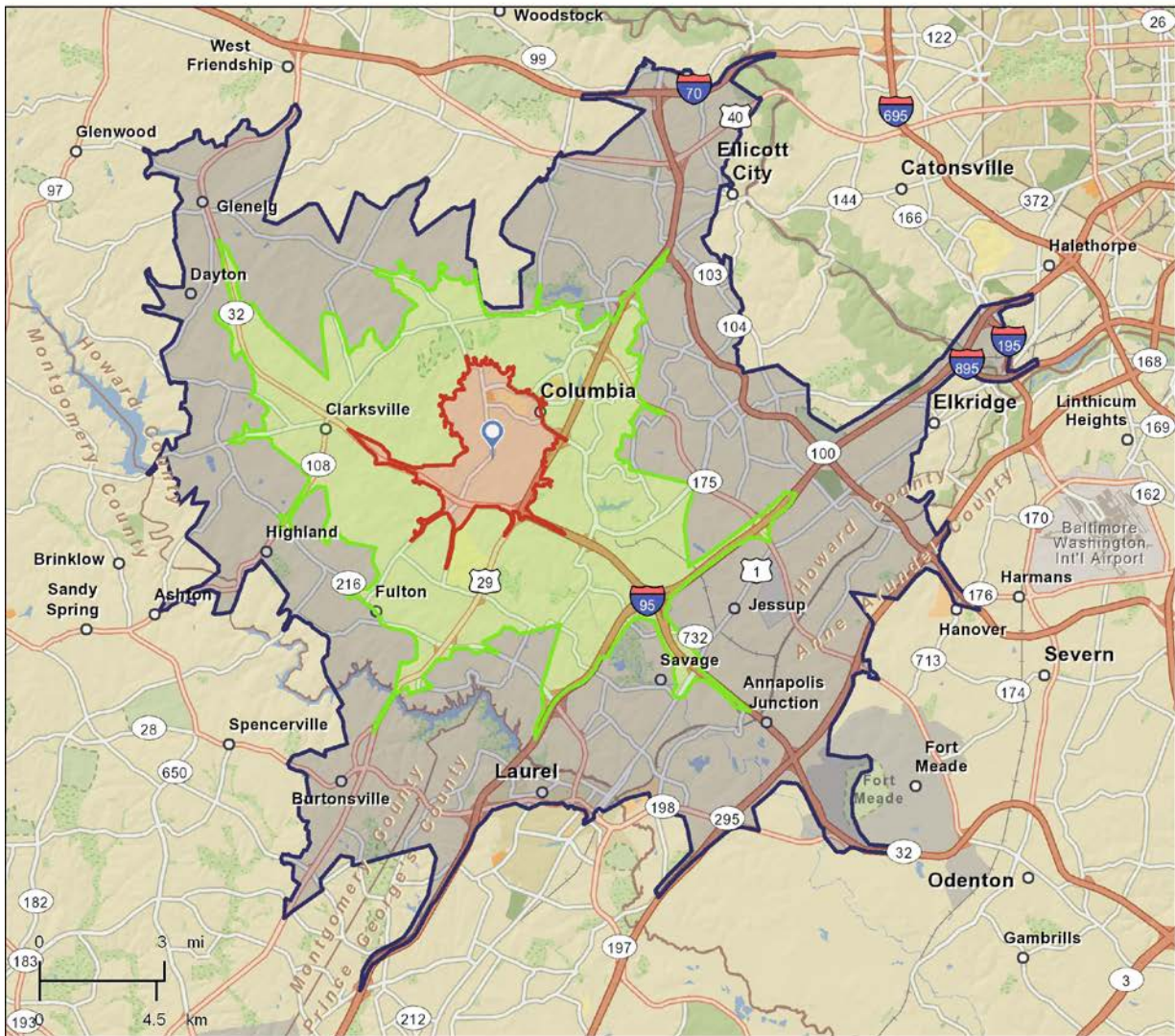


Table 6: Five & 10-Minute Drive Time Demographics—Hickory Ridge Village Center

| | 0 - 5 Minutes | 0 - 10 Minutes |
|---------------------------------|----------------------|-----------------------|
| Population | | |
| 2010 | 18,865 | 83,157 |
| 2012 | 18,993 | 91,756 |
| 2017 Forecast | 19,766 | 99,504 |
| Total Change 2012 - 2017 | 19,766 | 7,748 |
| Annual Growth Rate, 2012 - 2017 | 0.80% | 1.63% |
| Households | | |
| 2010 | 7,717 | 35,686 |
| 2012 | 7,781 | 36,563 |
| 2017 Forecast | 8,111 | 38,786 |
| Total Change 2012 - 2017 | 330 | 2,223 |
| Annual Growth Rate, 2012 - 2017 | 0.83% | 1.19% |
| Median Household Income | | |
| 2012 | \$ 102,053 | \$ 101,474 |
| 2017 | \$ 111,468 | \$ 108,950 |
| Median Age | | |
| 2012 | 39.7 | 38.0 |
| 2017 | 40.2 | 38.3 |
| 2010 Housing Tenure | | |
| Owner-Occupied Households | 56.3% | 63.8% |
| Renter-Occupied Households | 39.1% | 31.9% |

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

Potential Buying Power: Food Service

As noted previously, it is anticipated that the Giant supermarket will continue to serve as an important anchor for the Hickory Ridge Village Center. Market potentials for food service tenants are quantified below. The total amount of supportable space for food service is based on capturing a small percentage of total spending (typically 5% or less) on “Food Away from Home,” as defined by the U.S. Census Bureau, within a five- to 10-minute drive of the village center. This is a reasonable assumption given the number of competitive food & beverage tenants in the surrounding area. We have also assumed that a percentage of sales will be generated by nearby employees. Consumer research from the International Council of Shopping Centers (ICSC) shows that trade areas can be expanded during weekdays due to nearby worker expenditures.

As illustrated in Table 7, the analysis estimates that **Hickory Ridge Village Center could potentially support approximately 13,988 sq. ft. of food service space**. Currently, there is approximately 14,000 sq. ft. of existing food service tenants, **suggesting that the current supply of food service space at the village center is in equilibrium**.

Capture rates are based on capture rates for similarly sized retail centers in highly competitive environments. In order to estimate the amount of supportable food service space at the village center, an average sales productivity for food service tenants was applied. It should be stressed that this is an average. For example, McDonald’s average sales are about \$600 per sq. ft., while fast food restaurants in regional malls average \$450 per sq. ft. and national chain restaurants can average from \$400 to \$800+ per sq. ft. It should be noted that locally-owned and independent retailers may operate with lower sales productivities. Supportable retail space based on this average sales productivity may be considered conservative.

Table 7: Potential Food & Beverage Capacity—Hickory Ridge Village Center

| 5-Minute Drive-time | | |
|--|-----|-------------------------|
| Total Households | | 8,111 |
| Median Household Income | | \$ 111,468 |
| Gross Household Income: | | \$ 904,116,948 |
| x % Spent on Food Away from Home | (2) | 4.4% |
| Total Spending on Food: | | \$ 39,781,146 |
| x Capture Rate | | 5% |
| Estimated Spending Potential (5-Minute): | | \$ 1,989,057 |
| 5- to 10-Minute Drive-time | | |
| Total Households | | 30,675 |
| Median Household Income | (1) | \$ 108,950 |
| Gross Household Income: | | \$ 3,342,041,250 |
| x % Spent on Food Away from Home | (2) | 4.4% |
| Total Spending on Food: | | \$ 147,049,815 |
| x Capture Rate | | 2.5% |
| Estimated Spending Potential (5-10 Minute): | | \$ 3,676,245 |
| TOTAL - Resident Spending on Food: | | \$ 5,665,303 |
| + Inflow @ 10% | | 629,478 |
| TOTAL - Spending Potentials: | | \$ 6,294,781 |
| / Average Sales (Per SF) | | \$ 450 |
| TOTAL SUPPORTABLE SPACE (In SF): | | 13,988 |

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

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

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

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

Table 8: Existing Retail & Office Tenants—Hickory Ridge Village Center

| Food Service | General Service | Medical | Business/Office | Other | Anchors |
|---------------------------------|------------------------|--------------------------|------------------------|----------------------|-----------------------|
| Domino's Pizza | Hair Cuttery | Freetown Animal Hospital | Howard Bank | Decanter Fine Wines | Goddard School |
| Grille Chick'n Pollo | Master Barber | Righttime Medical Center | Suntrust Bank | Feet First | Sunrise Senior Living |
| Hickory Ridge Grill | Pro Finish Nails | | | Hickory Ridge Sunoco | Giant Food |
| Koto-Katana Japanese Steakhouse | Renew Shoe Repair | | | | |
| Luna Bella Restaurant | Wardrobe Valet | | | | |
| Meadow's Frozen Custard | | | | | |
| Subway | | | | | |
| Peking Chef | | | | | |

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

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

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

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

Demand Potentials: Office

As defined by CoStar, Inc., a national real estate market database, Columbia's office building inventory is distributed over three geographic areas—Columbia North, South and Town Center. However, Hickory Ridge Village Center is one of only two village centers that contain no office space; Harper's Choice is the other. The office demand and allocation analysis that was completed for village centers containing office space is based on a *fair share* analysis of future employment growth in Columbia. That is, the analysis assumes that each village center captures its proportional share of future office space generated by job growth in office-using sectors based on its current share. As there is no office space in Hickory Ridge Village Center, a fair share analysis is unable to be completed.

From an investment risk perspective, however, whether any new office space is built at Hickory Ridge will depend on whether available sites can be identified and whether new office space can be financed by the capital markets. Typically, smaller office buildings are more difficult to finance, particularly on a multi-tenant/speculative basis. Currently, the office buildings in the other village centers would be characterized in the industry as "garden" office buildings. The industry defines this product as generally containing from 5,000 to 25,000 sq. ft. of space, and investment risk is carefully weighed against building size, potential net absorption, competition and other market factors. Moreover, another factor affecting overall market potentials for development of new office space in the village centers is site capacity, that is, whether there is sufficient space available to accommodate new office buildings that consider key issues such as availability of surface parking.

Demand Potentials: Housing

The consultants considered two data sources to estimate future demand for new housing at Hickory Ridge village center. In the first, five-year forecasts for 2012—2017 from ESRI Business Analyst, a private data forecasting service, were reviewed. The second data source considers short- and long- term forecasts through 2020 for housing units prepared by Howard County for its growth management planning purposes, including the Adequate Public Facilities Ordinance and other infrastructure planning purposes, such as schools and water/sewer service.

In the first source, ESRI forecasts suggest 334 new owner- and renter-occupied units through 2017 (plus a reduction in vacancies of 10 units), while Howard County's planning estimates suggest some potential for new housing of up to 208 units through 2020 within approximately a five-minute drive of Hickory Ridge village center. ESRI's forecasts are based on current and past trends and

do not distinguish by product type. Sources used to develop ESRI housing estimates are: construction data from Metrostudy, Census Bureau data, and building permits. Tables 10 and 11 illustrate housing forecasts based on ESRI and Howard County estimates, respectively.

Table 10: 5-Minute Drive-time—ESRI Housing Forecasts, 2012 & 2017

| | 2012 | % of Total | 2017 | % of Total | Change |
|----------------------|--------------|---------------|--------------|---------------|------------|
| Hickory Ridge | | | | | |
| Housing Units | | | | | |
| Owner-Occupied | 4,415 | 53.7% | 4,694 | 54.8% | 279 |
| Renter-Occupied | 3,363 | 40.9% | 3,418 | 39.9% | 55 |
| Vacant Units | 444 | 5.4% | 454 | 5.3% | 10 |
| Total: | 8,222 | 100.0% | 8,566 | 100.0% | 334 |

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

Table 11: 5-Minute Drive-time—Howard County Planning Estimates, 2015 & 2020

| | 2015 | % of Total | 2020 | % of Total | Total |
|--------------------------------|-----------|-------------|------------|-------------|------------|
| Hickory Ridge | | | | | |
| Housing Unit by Product | | | | | |
| Single-family Detached | - | 0.0% | - | 0.0% | - |
| Single-family Attached | 77 | 0.0% | 93 | 83.8% | 170 |
| Multi-family | 20 | 0.0% | 18 | 16.2% | 38 |
| Total: | 97 | 0.0% | 111 | 0.0% | 208 |

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

Characteristics of the Housing Market

In terms of the character of housing in the Village of Hickory Ridge, the 2010 U.S. Census reported a total of 4,965 housing units. As reported in the “Characteristics of Columbia” report (Columbia Association, 2012), the housing stock is comprised of single-family detached (39%); townhouses/attached (22%); and multi-family dwellings (39%). Slightly more than one-half (56%) of the housing units in Hickory Ridge are owner-occupied versus 39.5% that are renter-occupied. The report also indicates 223 vacant units, for an overall vacancy rate of 4.5%, which is slightly

above Columbia's 4% vacancy levels. Notably, the true vacancy, which includes units available for rent/unoccupied and other vacant, is lower—with 148 true vacant units reflecting a vacancy rate of 3%. According to the "Sales Price Trends" Report (Columbia Association, 2013), between 2000 and 2010, the average sales price of housing units in Hickory Ridge increased by 117%—from \$194,810 in 2000 to \$422,778 in 2010. This increase was well-above the rate of change for all of Columbia's villages as well as Howard County, which increased by 84% and 82%, respectively, during this period. As a result of stabilized occupancies and a solid increase in housing values, the Village of Hickory Ridge is expected to remain a strongly marketable location for new housing.

Howard County planning estimates suggest fewer new housing units than ESRI's forecasts—208 versus 334 units—could be built within approximately a five-minute drive-time of the Hickory Ridge Village Center. However, several factors are likely to determine the overall marketability of any new housing at Hickory Ridge Village Center, including:

- Site carrying capacity, including the amount of land available to accommodate new housing development as well as densities that assume continued availability/use of surface parking;
- The pace of unit absorption/leasing after delivery of the multi-family units under construction at Wilde Lake Village Center. Wilde Lake is the most recent and market-relevant example of newer, freestanding multi-family development introduced to the village centers. Its overall market success, therefore, is relevant as a comparison to housing potentials at Hickory Ridge;
- Competition with initial phases of multi-family development planned in Downtown Columbia;
- The availability of construction and permanent financing available for new housing construction; and
- Continued population and household growth and net new job creation in Howard County and Columbia.

Additional detailed feasibility studies will be required to determine phasing/timing, and whether any new housing product at Hickory Ridge is rental or fee simple.

Key Market Findings, Strengths & Weaknesses

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

- Hickory Ridge contains a population of 11,357 residents in 4,742 households, comprising almost 13% of Columbia's total population according to "Characteristics of Columbia";

- Overall retail and office occupancies at Hickory Ridge Village Center over the past two years have been stable. As of the November 15, 2013 CoStar property profile provided by Howard County, there are currently only **832 sq. ft. of vacant retail space, resulting in a vacancy rate of only 0.9%**. The village center's pad retail use (a Sunoco gas station) is 100% occupied, which yields an overall vacancy rate of only less than 1.0% in the center's 90,514 sq. ft. of commercial retail uses.
- By comparison, the overall retail vacancy rate for the 801,312 sq. ft. of core and pad retail space located in the eight village centers under study is 10.1%, which is elevated due to the vacant supermarket space at Long Reach Village Center. Without Long Reach, the village center retail vacancy rate is low (2.8%) and comparable to the overall Columbia retail vacancy rate of 2%.
- The Hickory Ridge Village Center is anchored by a 55,000 sq. ft. Giant supermarket. The closest competitor is the Safeway located at Harper's Choice Village Center (about 1.9 miles to the north). While there is some overlap with the trade area for the Safeway at Harper's Choice, the Giant at Hickory Ridge is able to effectively serve much of west Columbia with access off of Freetown Road, a major collector road;
- Notably, **a population of between 10,000 and 12,000 residents in the total trade area is required to support a supermarket of 50,000 to 60,000 sq. ft.** Total trade area demographics should support a traditional grocery store at Hickory Ridge, which has a population of greater than 17,000 residents;
- The demand analysis for food service estimates that **Hickory Ridge Village Center could potentially support approximately 13,988 sq. ft. of food service space.** Currently, there is approximately 14,000 sq. ft. of existing food service tenants, suggesting that the current supply of food service space at the village center is in equilibrium;
- Key uses adjacent or proximate to Hickory Ridge 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. In addition, the Howard County General Hospital, a major regional medical center is located to the north of Hickory Ridge on Cedar Lane;
- Hickory Ridge Village Center is one of only two village centers that contain no office space; Harper's Choice is the other. The office demand and allocation analysis that was completed for village centers containing office space is based on a *fair share* analysis of future

employment growth in Columbia. That is, the analysis assumes that each village center captures its proportional share of future office space generated by job growth in office-using sectors based on its current share. As there is no office space in Hickory Ridge Village Center, a fair share analysis is unable to be completed;

- Whether any new office space is built at Hickory Ridge will depend on whether available sites can be identified and whether new office space can be financed by the capital markets. Typically, smaller office buildings are more difficult to finance, particularly on a multi-tenant/speculative basis. Currently, the office buildings in the other village centers would be characterized in the industry as “garden” office buildings. The industry defines this product as generally containing from 5,000 to 25,000 sq. ft. of space, and investment risk is carefully weighed against building size, potential net absorption, competition and other market factors; and
- Howard County planning estimates suggest fewer new housing units than ESRI’s forecasts—208 versus 334 units—could be built within approximately a five-minute drive-time of the Hickory Ridge Village Center. However, several factors are likely to determine the overall marketability of any new housing at Hickory Ridge Village Center, including: site carrying capacity, the amount of land available to accommodate new housing development, the pace of unit absorption/leasing after delivery of the multi-family units under construction at Wilde Lake Village Center, competition from new housing in Downtown Columbia, the availability of financing, and continued population and job growth in Columbia. As a result, the consultant team does not believe that any new housing will be built within the Hickory Ridge Village Center before 2020.