

# Appendix: River Hill Village Center, Detailed Market Analysis



November 2014

**Project Team**

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Appendix: Columbia Market Analysis & Economic Development Services Study

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

# Table of Contents

Introduction.....	<b>1</b>
Property Description.....	1
Occupancy Patterns .....	3
Current Initiatives .....	3
Demand Potentials: Retail .....	<b>5</b>
Supermarket Potentials .....	5
Existing & Planned Competitive Environment (3 Miles) .....	6
Existing Market Support/Trade Areas .....	7
Determining a Viable Trade Area & Estimated Supermarket Sales.....	9
Other Retail Potentials .....	<b>11</b>
Inventory of Existing & Planned Retail.....	11
Drive Time Demographics .....	13
Potential Buying Power: Food Service.....	16
Demand Potentials: Office .....	<b>21</b>
Office Market Performance: 2005—2013.....	21
Office Market Potentials .....	25
Office Demand from Fair Share Growth.....	27
Demand Potentials: Housing.....	<b>29</b>
Characteristics of the Housing Market .....	30
Key Market Findings, Strengths & Weaknesses .....	<b>31</b>

# Tables & Figures

Table 1: Market & Land Use Profile—River Hill Village Center .....	4
Table 2: Competitive Supermarkets—River Hill Village Center .....	6
Table 3: Demographic Characteristics, 2010—River Hill Village Center .....	9
Table 4: Supermarket Trade Area Demographics—River Hill Village Center .....	10
Table 5: Columbia Area Regional Retail Centers—River Hill Village Center .....	12
Table 6: Five & 10-Minute Drive Time Demographics—River Hill Village Center.....	15
Table 7: Potential Food & Beverage Capacity—River Hill Village Center .....	18
Table 8: Existing Retail & Office Tenants—River Hill Village Center .....	19
Table 9: Comparison of Retail Market Indicators—Columbia Village Centers .....	20
Table 10: Office Market Trends—Columbia, 2005—2013 .....	23
Table 11: Employment Forecasts & Allocation to Columbia .....	26
Table 12: Office Demand Analysis, 2020 .....	28
Table 13: 5-Minute Drive-time, ESRI Housing Forecasts, 2012 & 2017.....	29
Table 14: 5-Minute Drive-time—County Housing Planning Estimates, 2015 & 2020 .....	30
Figure 1: Aerial View—River Hill Village Center .....	2
Figure 2: Trade Areas—River Hill Village Center .....	8
Figure 3: Five-, 10- & 15-Minute Drive Times—River Hill Village Center .....	14
Figure 4: Columbia Town Center Office Submarket Boundaries .....	21

# 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 Harper’s Choice Village Center. This information provides the basis for the findings and recommendations in the Columbia Market Study report. The report and the supplementary appendices are available online at: [www.columbiaassociation.org/marketstudy](http://www.columbiaassociation.org/marketstudy).

## Property Description

River Hill Village Center is located in the Village of River Hill, Columbia’s final village developed in the Route 108 area in the Clarksville part of Howard County. The Village is composed of two residential neighborhoods—Pheasant Ridge and Pointers Run. The village center, which opened in 1997 with 17 in-line retail tenants and a Giant grocery store, comprises a number of commercial buildings, including:

- A core retail center of 105,907 sq. ft. of gross leasable area (GLA) located at 6020-70 Daybreak Circle, which includes a 62,756 sq. ft. Giant Supermarket;
- Five outparcel/pad retail sites surrounding the core center and containing 22,739 sq. ft. of additional retail tenants. Outparcel retailers include three local/regional banks, Ruby Tuesday, and McDonald’s;
- Community and recreational facilities, such as Columbia Association’s Claret Hall, a 22,102 sq. ft. community center that houses the River Hill Community Association, which opened in 1999, the River Hill Interfaith Center, and the Columbia Gym, a 34,098 sq. ft. athletic center owned by Columbia Association, which opened in 1998; and
- A freestanding, 24,214 sq. ft. office building, and 7,686 sq. ft. of other uses (defined as “specialty/lodge/meeting hall” in the CoStar property profile).

According to property tax data provided by the Howard County Department of Finance, River Hill Village Center comprises approximately 17 parcels with a combined site size of 42.4 acres. The Columbia Association owns 16.01 acres of the total for the community facilities and

ancillary parcels, and the Interfaith Center is located on 2.16 acres. As illustrated in Figure 1, the main portion of the shopping center is located on five parcels containing 15.18-acres. The office building is located on a 1.79-acre site adjacent to the shopping center. Howard County survey data indicate that River Hill Village Center contains a total of 1,403 surface parking spaces. This would suggest a gross parking ratio of roughly 6.4 spaces per 1,000 sq. ft. of building area for all uses in the village center (including community/recreational facilities), which is higher than the typical parking ratio associated with suburban community retail centers, which generally fall in the range of 4.0 to 5.0 spaces per 1,000 sq. ft.-GLA.

**Figure 1: Aerial View—River Hill Village Center**



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

The center is owned by Kimco Realty Corp., LLC. The office building and several outparcels, including Ruby Tuesday and Chevy Chase Bank, are in private ownership.

## **Occupancy Patterns**

According to CoStar, Inc., overall retail and office occupancies at River Hill Village Center over the past two years have been stable. As of the November 15, 2013 CoStar property profile provided by Howard County, all retail and commercial uses in the center were fully occupied. Use mix, and vacancy rates are illustrated in Table 1.

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%.

River Hill Village Center is located in the Columbia Town Center retail submarket (as defined by CoStar, Inc., a national real estate database; see Figure 4). The village center's 128,646 sq. ft. of core and pad retail space comprises approximately 6.1% of the submarket's roughly 2.1 million sq. ft. of gross retail inventory.

## **Current Initiatives**

There is a proposed mixed-use project for 12202 Clarksville Pike, the current site of Luck Stone. Based on currently available information, Security Development (which owns the retail center anchored by Roots Market) is under contract to purchase this 3.1-acre property, and is seeking to expand the "Conscious Corner" offerings into this area. The project would allow Roots Market to expand, and the Great Sage restaurant will move to the new building. In addition, the developer is proposing office space, although more specific information on timing/phasing, size, etc. are not known.

**Table 1: Market & Land Use Profile—River Hill Village Center**

Village Center (1)	Year Built & Parking	Land Use Mix (In Sq. Ft.)				TOTAL AREA	Vacant Space & % Vacant				TOTAL VACANT
		Core Retail	Pad Retail	Office	Other		Core Retail	Pad Retail	Office	Other	
<b>River Hill Village Center</b>	<b>Original:</b>	105,907	22,739	24,214	7,686	<b>160,546</b>	-	-	-	-	-
6020 Daybreak Circle	1997		Columbia				0.0%	0.0%	0.0%	0.0%	<b>0.0%</b>
Clarksville	<b>Renovated:</b>		Bank		Excludes:	<b>Land Area:</b>					
			M&T Bank		23,102	15.18					
<b>Owner:</b>	<b>Parking:</b>		Ruby		Community	acres (1)		<b>Average</b>			
Kimco Realty Corp.	1,403		Tuesday		Center			<b>Rents:</b>			
<b>Anchor:</b>	<b>Ratio/1,000:</b>		CC Bank		34,098	0.33		\$ 31.00			
Giant	6.4		McDonald's		CA Gym	FAR		NNN			



## Demand Potentials: Retail

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

## Existing & Planned Competitive Environment (3 Miles)

The competitive environment generated by existing and proposed grocery stores within three miles of the River Hill Village Center is illustrated in Table 2. The Giant store at River Hill is the largest Giant in Howard County, with 62,756 sq. ft. Since it is located at the western reaches of Columbia, competition is limited. By comparison, the Safeway store at Harper’s Choice Village Center (opened in 1998, with a total store size of 55,000 sq. ft.) is the closest traditional grocery store. Both the Harper’s Choice Safeway and the Giant store at Hickory Ridge Village Center (58,000 sq. ft.) are located beyond the three-mile radius. The only other competitive supermarket located within three miles of River Hill Village Center is Roots Market, which is located across Route 108. Roots Market has only two stores (the other store is located in Olney), and its merchandise is focused on whole and natural foods as well as foods that are locally grown. Roots Market is also priced competitively relative to other natural food markets such as Whole Foods. As a result, Roots Market does not compete directly with Giant (as would a traditional format supermarket) since it has a more refined focus on natural foods. There is no direct competition located to the west of the River Hill Village Center.

**Table 2: Competitive Supermarkets—River Hill Village Center**

Retail Center	Location	Store	Distance (1)	
			Minutes	Miles
<b>Clarksville Square</b> 5805 Clarksville Sq. Drive	Clarksville	Roots Market	1.0	0.4
<b>Harper's Choice Village Center</b> 5485 Harpers Farm Road	Columbia	Safeway	9.0	4.5
<b>Hickory Ridge Village Center</b> 6410-30 Freetown Road	Columbia	Giant	7.0	4.6

(1) Drive times and distances are from MapQuest.

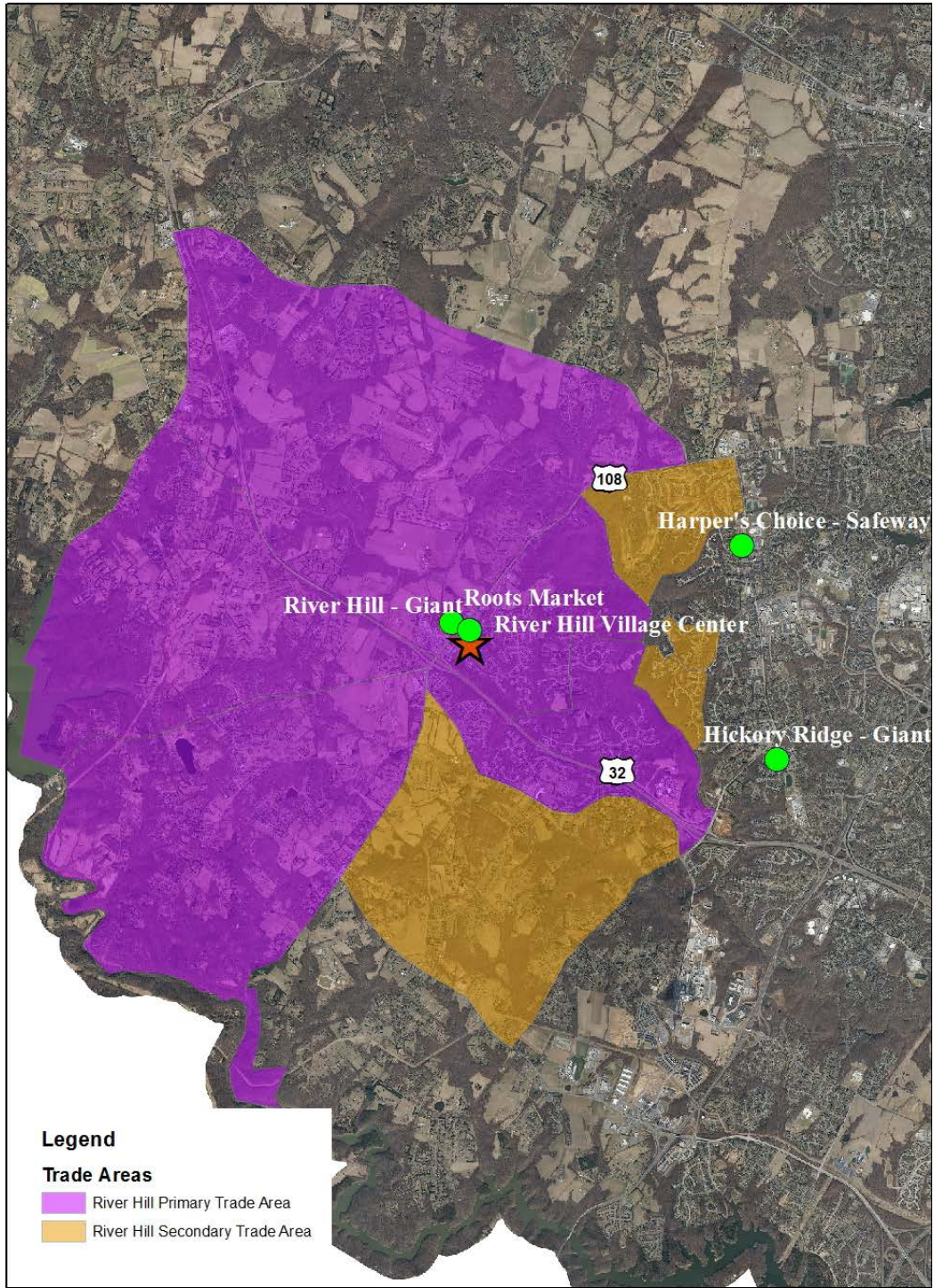
**Source: RDS; Folan Consulting, March 2014.**

## 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, this 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). The village resident geography represents the most immediate and smallest trade area. The trade area for the supermarket *typically* extends 1.5 to 3 miles from the village center site. These boundaries can change based on the competitive context. It should be noted that most national chain general merchandise and apparel tenants will typically not locate at village centers; the key reasons include a lack of visibility from internal residential roadways and the competitive context, which includes a nearby regional mall (Columbia Mall) with a critical mass of national retailers and anchor tenants that serve a much broader trade area (typically a 10- to 15-minute drive from the site of a regional mall). Figure 2 highlights the trade areas and Table 3 presents the demographic characteristics of the current resident population of the Village of River Hill, which include the following:

- 6,752 residents in 1,974 households;
- A mean household income of \$182,366. Notably, River Hill's mean household income is the highest among all of Columbia's villages;
- A high percentage of family households than other villages (93% versus 66% for Columbia as a whole), or fewer one person households than other villages;
- A relatively high percentage of families with children under the age of 18 (63% versus 36% for Columbia as a whole);
- Fewer rental properties located within the Village of River Hill (7% of total housing units are rental units in River Hill versus 32% in Columbia as a whole); and
- The highest percentage of Asian residents among all of the village centers, with 27% (versus 11% for Columbia as a whole).

Figure 2: Trade Areas—River Hill Village Center



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Association   
Created March 28, 2014

**Table 3: Demographic Characteristics, 2010—River Hill Village Center**

	Village of River Hill		Columbia	
		%		%
<b>Race &amp; Hispanic Ethnicity</b>				
White	4,350	64%	51,150	57%
African American or Black	406	6%	22,201	25%
American Indian & Alaska Native	4	0%	368	0%
Asian	1,791	27%	9,955	11%
Native Hawaiian & Other Pacific Islander	1	0%	29	0%
Some Other Race	28	0%	2,579	3%
Population of Two or More Races	172	3%	4,033	4%
<b>Total Population:</b>	<b>6,752</b>	<b>100%</b>	<b>90,315</b>	<b>100%</b>
Hispanic or Latino	162	2%	7,146	8%
Non-Hispanic or Latino	6,590	98%	83,170	92%
<b>Mean Household Income</b>	<b>\$ 182,386</b>		<b>\$ 112,900</b>	
<b>Total Occupied Housing Units</b>	<b>1,974</b>		<b>35,811</b>	
Owned	1,839	93%	24,198	68%
Renter-Occupied	135	7%	11,613	32%
<b>Total Households</b>	<b>1,974</b>		<b>35,812</b>	
<b>Total Families (1)</b>	<b>1,827</b>	<b>93%</b>	<b>23,770</b>	<b>66%</b>
Husband/Wife Family	1,632	89%	18,190	77%
Husband/Wife with Children < 18	1,146	63%	8,441	36%
Other Family	196	11%	5,579	23%
Other Family with Children < 18	38	2%	3,516	15%
<b>% 25+ with Bachelor's Degree</b>	<b>60%</b>		<b>61%</b>	
<b>% 25+ with Graduate/Prof Degree</b>	<b>30%</b>		<b>30%</b>	

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

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

## Determining a Viable Trade Area & Estimated Supermarket Sales

Primary (five-minute or less drive time) and secondary (more than five-minute drive time) trade areas for the River Hill 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.

Unlike other Columbia village centers, however, **River Hill Village Center has direct access to**

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



**a major arterial, State Route 108.** The village center is located approximately one-quarter mile from Route 108/Route 32 interchange. Route 108 carries approximately 19,220 vehicles per day according to the Maryland State Highway Administration. 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.

As reflected in Table 4 below, the assumed primary trade area includes 16,370 residents, with an additional 7,319 residents residing in the secondary trade area. Notably, **a population of between 10,000 and 12,000 residents in the total trade area is required to support a supermarket of 50,000 to 60,000 sq. ft.** The high level of market support for the River Hill grocery store is due in part to its location at the western edges of Columbia. With no other competition located to the west, the store is able to extend its reach relatively far to the west.

**Table 4: Supermarket Trade Area Demographics—River Hill Village Center**

<b>Census Block Group</b>	<b>Total Population</b>	<b>Housing Units</b>
<b>Primary Trade Area</b>		
6055051	3,632	1,120
6055052	2,537	754
6055041	2,737	778
6051042	2,389	809
6051031	2,219	734
6051032	2,856	959
<b>Subtotal:</b>	<b>16,370</b>	<b>5,154</b>
<b>Secondary Trade Area</b>		
6051021	2,358	752
6055021	1,837	763
6056011	1,904	1,042
6055023	1,220	453
<b>Subtotal</b>	<b>7,319</b>	<b>3,010</b>
<b>TOTAL:</b>	<b>23,689</b>	<b>8,164</b>

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

The store also offers good access via Route 108 with little nearby traditional supermarket competition. While there are plans to expand Roots Market, it remains a niche supermarket with more limited total food offerings. The store also provides a shopping alternative for residents of the Clarksville area as well as more rural areas in western Howard County.

## Other Retail Potentials

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

The larger competitive retail environment for the Village of River Hill includes Columbia Mall 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 along Snowden River Parkway are located a greater distance from the River Hill Village Center than other Columbia village centers, they are still located within a 15-minute drive of the center. Also, the lower residential densities surrounding River Hill Village Center limit, to some extent, the ability to support some larger national retailers.

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.

There are also a number of freestanding pad retail sites and small strip centers located on Route 108 opposite River Hill. An inventory of nearby regional retail centers is detailed in Table 5.

**Table 5: Columbia Area Regional Retail Centers—River Hill Village Center**

Competitive Retail Centers	Size (SF) & % Leased	Properties & Year Built	Average Rents	Major Tenants	Other
<b>Dobbin Center</b> 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
<b>Columbia Crossing I &amp; II</b> 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
<b>Gateway Overlook</b> 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)
<b>Snowden Square</b> 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
<b>Dobbin Station</b> 6781 Dobbin Road Columbia	N/A 100%	4 N/A	N/A	Petco, LaZBoy	Food service tenants include: Chipotle, Noodles and Company
<b>Columbia Mall</b> 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
<b>Long Gate Shopping Center</b> 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 River Hill Village Center, a five-, 10- and 15-minute drive time analysis was conducted. The reach of other retail anchors and restaurants (especially restaurant clusters) is typically wider than that for supermarkets or smaller service-oriented retailers.

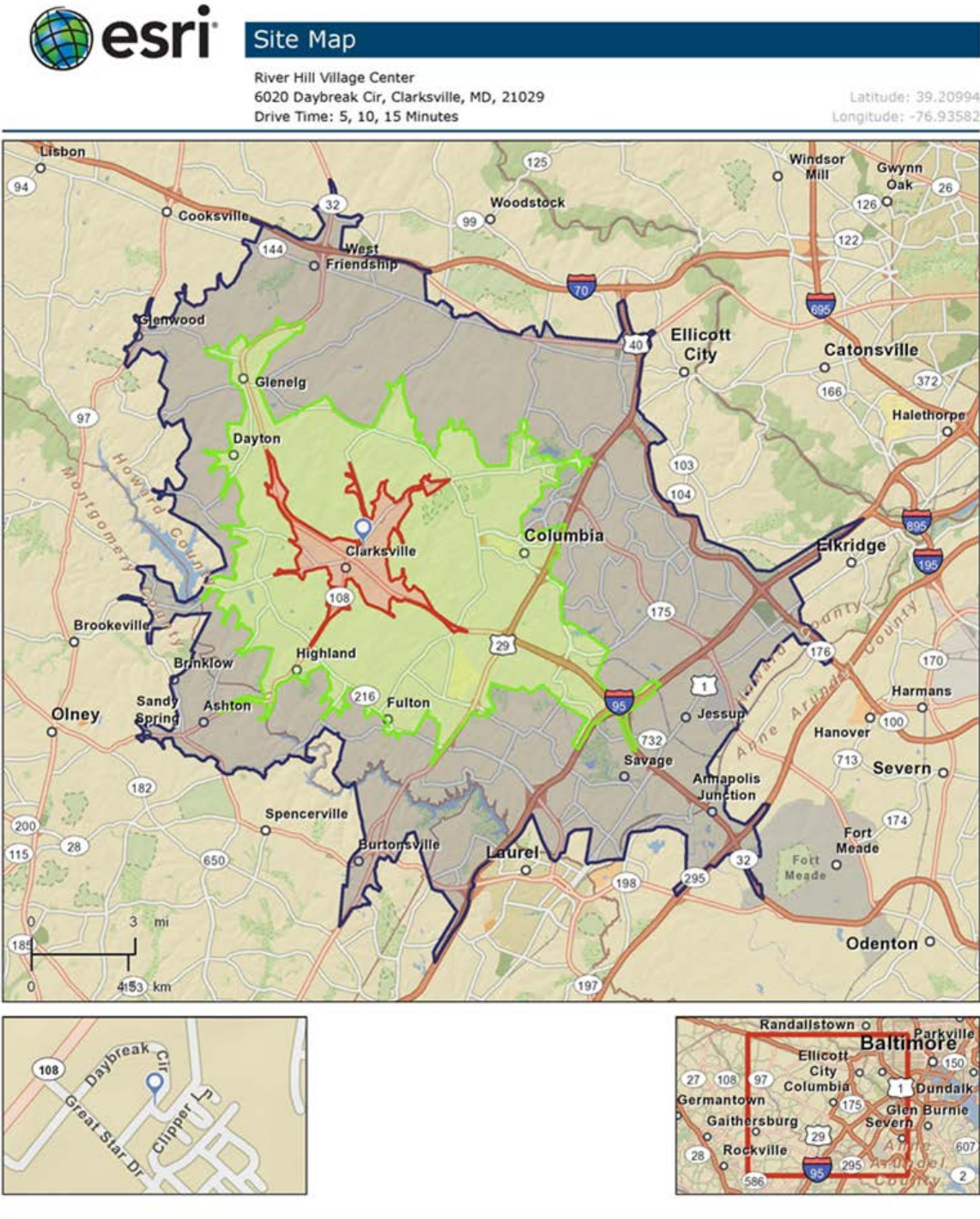
As illustrated in Figure 3, a five-minute drive time from the Village of River Hill generally follows the major roadways (Route 32 to the east and west and Route 108 to the north and south). The five-minute drive time demographics (based on ESRI Business Analyst) suggest the following:

- An estimated 5,252 residents live within a five-minute drive of the village center; notably, these households have a median annual household income of \$170,708. This is illustrative of the very high income levels present in the Village of River Hill.
- Similar to demographic characteristics for the village as a whole, there are a high percentage of owner-occupied households located within a five-minute drive time of the village center.

The 10-minute drive time encompasses much of that portion of Columbia located west of Route 29. The 10-minute drive time also extends to the south to Route 216, east of Route 29 along Route 32 to I-95, and further to the west along Route 32. Much of the area (outside of Columbia) located to the west and to the south is designated as low-density development/rural resource in *PlanHoward 2030*. The 10-minute drive does not quite extend into the critical mass of big box and discount retailers located along Snowden River Parkway. The 10-minute drive includes a current population of 66,628 residents, which reflects lower densities (for the 10-minute drive) than some of the other village centers because of relatively low density development patterns to the west and south.

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—River Hill Village Center



January 28, 2014

Appendix: Columbia Market Analysis & Economic Development Services Study

**Table 6: Five & 10-Minute Drive Time Demographics—River Hill Village Center**

	<b>0 - 5 Minutes</b>	<b>0 - 10 Minutes</b>
<b>Population</b>		
2010	5,182	65,373
2012	5,252	66,628
2017 Forecast	5,508	70,220
Total Change 2012 - 2017	256	3,592
Annual Growth Rate, 2012 - 2017	0.96%	1.06%
<b>Households</b>		
2010	1,553	24,746
2012	1,580	25,261
2017 Forecast	1,663	26,651
Total Change 2012 - 2017	83	1,390
Annual Growth Rate, 2012 - 2017	1.03%	1.08%
<b>Median Household Income</b>		
2012	\$ 170,708	\$ 116,758
2017	\$ 176,105	\$ 125,769
<b>Median Age</b>		
2012	38.8	40.7
2017	38.4	41.0
<b>2010 Housing Tenure</b>		
Owner-Occupied Households	92.3%	72.6%
Renter-Occupied Households	7.7%	27.4%

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

## **Potential Buying Power: Food Service**

The River Hill Village Center is typically well leased and anchored, as mentioned previously, by the largest Giant supermarket in Howard County. In fact, the village center is 100% leased. The center's location on a major arterial makes it a strong location for additional food service and other viable tenants that typically locate at neighborhood retail centers anchored by supermarkets. Moreover, the presence of Ruby Tuesday's at the village center points to the desirability of the site for national sit-down food service tenants (e.g., a visible location with limited competition in the immediate area), since national chain restaurants such as Ruby Tuesday's typically have strict market/location criteria before deciding to build new restaurants. The presence of national chain restaurants also typically strengthens the location for local eateries; Great Sage, an organic restaurant, is located across Route 108 at the Conscious Corner development and the River Hill Sports Grill and Ledo's Pizza are located at the River Hill 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 on "Food Away from Home," as defined by the U.S. Census Bureau, within a five- to 10-minute drive of the village center. It should be noted that the capture rate for the River Hill Village Center is higher than that for some of the other village centers (between 5% and 10%) because of its location on a highly visible roadway, relatively limited competition in the area, and the affluence and high disposable incomes of River Hill area households.

The analysis also assumes that a percentage of sales will be attributed to "in-flow" sales. This can include residents driving by (an important component at River Hill given its location on Route 108), and not included in the 10-minute drive time area as well as area employees (e.g., employees working in nearby professional office buildings). 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 River Hill Village Center could potentially **support approximately 20,250 sq. ft. of food service** space. Currently, there is approximately 19,500 sq. ft. of existing food service tenants, **suggesting that there is limited demand for additional food service tenants at the village center.** The potential upside of the food service market is limited by lower population densities in the area. However, a critical mass of restaurant offerings at the center (e.g., three or more) could potentially expand the reach and capture of the local market. This is especially true in affluent markets, where spending on Food Away from Home (i.e., eating out) is typically relatively high.

Capture rates are based on those of 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—River Hill Village Center**

<b>5-Minute Drive-time</b>			
Total Households			1,663
Median Household Income		\$	176,105
<b>Gross Household Income:</b>		\$	<b>292,862,615</b>
x % Spent on Food Away from Home	(2)		4.4%
<b>Total Spending on Food:</b>		\$	<b>12,885,955</b>
x Capture Rate			10%
<b>Estimated Spending Potential (5-Minute):</b>		\$	<b>1,288,596</b>
<b>5- to 10-Minute Drive-time</b>			
Total Households			24,988
Median Household Income	(1)	\$	125,769
<b>Gross Household Income:</b>		\$	<b>3,142,715,772</b>
x % Spent on Food Away from Home	(2)		4.4%
<b>Total Spending on Food:</b>		\$	<b>138,279,494</b>
x Capture Rate			5.0%
<b>Estimated Spending Potential (5-10 Minute):</b>		\$	<b>6,913,975</b>
<b>TOTAL - Resident Spending on Food:</b>		\$	8,202,570
+ Inflow @ 10%			911,397
<b>TOTAL - Spending Potentials:</b>		\$	<b>9,113,967</b>
/ Average Sales (Per SF)		\$	450
<b>TOTAL SUPPORTABLE SPACE (In SF):</b>			<b>20,253</b>

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

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

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

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

**Table 8: Existing Retail & Office Tenants—River Hill Village Center**

<b>Food Service</b>	<b>General Service</b>	<b>Medical</b>	<b>Business/Office</b>	<b>Other</b>	<b>Anchors</b>
Ledo Pizza McDonald's Panda Kitchen Red Mango Yogurt & Smoothies River Hill Sports Grille Subway Bagel Bin Ruby Tuesday's	Hair Cuttery Massage Envy River Hill Cleaners The UPS Store Hulya's Holistic Medi-Spa	Fusion Dental Physical Therapist First Maryland Spine & Sport Medicine River Hill Optical Green Spring Dental Food & Ankle Specialists Mid-Atlantic LLC Family Dentistry Orthodontist Howard Open MRI Physiotherapy Associates Greater Chesapeake Hand Specialists Family & Cosmetic Dentistry Baltimore Washington Eye Center	The Columbia Bank M&T Bank Tower Federal Credit Union Capital One Bank Verizon Building	Everett Jewelers Sunoco Vintage Cellars	Giant Food Claret Hall-River Hill Community Center Clarksville Fire Station Columbia Gym Ten Oaks Ballroom The Gathering Place

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

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

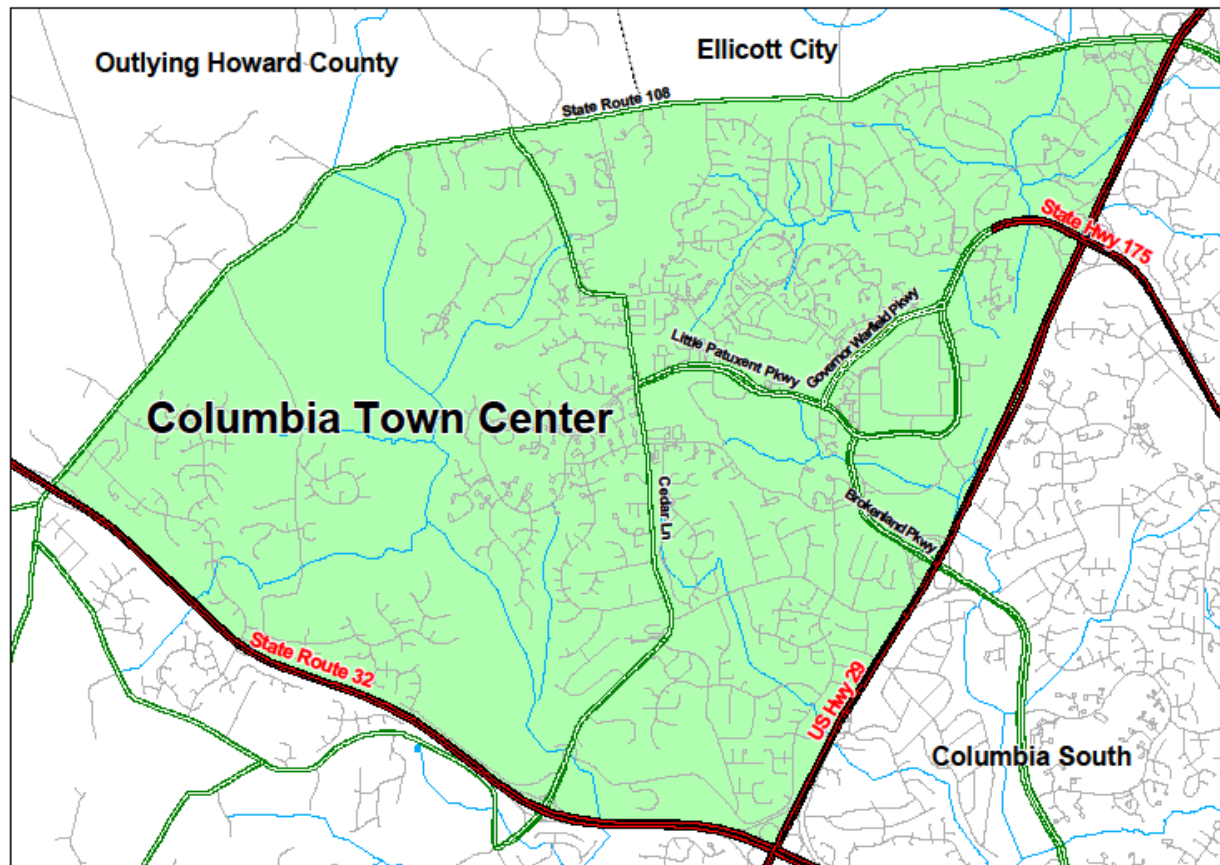
**Appendix: Columbia Market Analysis & Economic Development Services Study**



## Demand Potentials: Office

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. River Hill Village Center, which includes 24,214 sq. ft. of professional office space in a freestanding building, is located in the Columbia Town Center submarket.

**Figure 4: Columbia Town Center Office Submarket Boundaries**



*Source: CoStar, Inc.*

### Office Market Performance: 2005—2013

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

- An inventory of **more than 2.62 million sq. ft. of office space**, which comprises 18% of the entirety of Columbia’s 14.3 million sq. ft. office market. Since 2005, Town Center office submarket’s share of the Columbia-wide inventory has *decreased* as a result of new construction in other submarkets such as Columbia South—from 24% in 2005 to a 2013 share of 18% of the total;
- As the economy has recovered from the 2007—2009 recession, the amount of vacant office space in the Town Center office submarket has declined—from 324,700 sq. ft. in 2005 to 237,200 sq. ft. in 2013, reflecting a decrease in the vacancy rate from 12.5% in 2005 to 9.0% in 2013;
- From a financing perspective, assuming that the average annual pace of office absorption in Town Center—12,500 sq. ft. per year—is sustained, **a significant amount of time would be required to achieve industry-standard levels for stabilized occupancies of 93%**. In other words, it could take fully 18 years to lease 93% of the existing 237,200 sq. ft. of vacant office space in the Town Center office submarket. This suggests that new office product, such as that proposed for Downtown Columbia, will serve to strengthen its role as a viable office location but will require significant pre-leasing efforts to be financed;
- Average rents have increased only slightly —from \$22.61 per sq. ft. in 2005 to \$23.53 per sq. ft. in 2013 on a full-service basis; and
- As noted, the future impacts of concentrating up to 4.3 million sq. ft. of new office development in Downtown Columbia could change the competitive market position of office submarkets in Columbia in the future.

As noted, the village center at River Hill contains 24,214 gross sq. ft. of office space oriented to professional and business service tenancies supporting the surrounding neighborhood. According to the November 15, 2013 property profile by CoStar, Inc., and provided by Howard County, the office space is fully leased. The village center’s office space accounts for less than 0.2% of the Town Center office market’s total office inventory, as defined by CoStar.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2005-2013		
										Total	Ann'l Avg.	%
<b>Columbia North</b>												
Inventory	1,827,197	1,865,647	1,998,092	2,068,519	2,087,392	2,087,392	2,087,392	2,156,171	2,248,171	<b>420,974</b>		
As % of Total	17%	16%	16%	16%	16%	15%	15%	15%	16%			
Vacant Stock (1)	260,607	264,674	352,939	317,599	316,756	303,797	266,540	295,693	385,438	<b>124,831</b>		
% Vacant	14.3%	14.2%	17.7%	15.4%	15.2%	14.6%	12.8%	13.7%	17.1%			<b>2.3%</b>
Total Net Absorption	164,778	34,383	44,180	105,767	19,716	12,959	37,257	39,626	2,255	<b>460,921</b>	<b>51,200</b>	
New Construction	314,531	38,450	134,045	70,427	18,873	-	-	68,779	92,000	<b>737,105</b>		
<b>Years to Stabilized Occupancy (2)</b>											<b>7</b>	
<b>Columbia South</b>												
Inventory	6,516,434	7,358,129	7,811,182	8,373,967	8,475,468	8,827,497	8,980,997	9,090,997	9,493,297	<b>2,976,863</b>		
As % of Total	60%	62%	63%	64%	64%	65%	65%	65%	66%			
Vacant Stock (1)	619,926	858,850	867,396	1,310,509	1,009,920	1,370,405	1,232,215	1,086,610	1,500,059	<b>880,133</b>		
% Vacant	9.5%	11.7%	11.1%	15.6%	11.9%	15.5%	13.7%	12.0%	15.8%			<b>6.5%</b>
Total Net Absorption	311,870	602,771	444,507	119,672	402,090	(8,456)	291,690	255,605	(12,049)	<b>2,407,700</b>	<b>267,500</b>	
New Construction	374,960	841,695	453,053	562,785	178,451	352,029	153,500	110,000	402,300	<b>3,428,773</b>		
<b>Years to Stabilized Occupancy (2)</b>											<b>5</b>	

(1) Includes existing vacant relet and sublet space.

(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

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

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

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

(1) Includes existing vacant relet and sublet space.

(2) Illustrates the required number of years necessary to achieve stabilized occupancies (93%) based on historic annual net absorption/leasing activity.

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

## Office Market Potentials

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

- As illustrated in Table 11, the Round 8A employment forecasts prepared by Howard County's Department of Planning & Zoning (DPZ), and used by the Baltimore Metropolitan Council (BMC), suggest that Howard County will add 30,000 new jobs for the 2010 to 2020 forecast period. The DPZ forecasts do *not* distinguish what types of new jobs will be created beyond "Retail" and "Non-Retail" employment, which is a limitation in the analysis;
- Currently, the Columbia CDP (Census-Designated Place) comprises 38% of Howard County's total jobs. Presuming that Columbia *maintains* its fair share of the county total suggests that **more than 9,100 new jobs would be created in Columbia by 2020;**
- The next step estimates how many new jobs will be office-using jobs. Currently, office-using jobs in Columbia comprise roughly 67% of total jobs, translating into more than 47,600 office jobs across Columbia. If the share of office-using jobs is maintained at 67%, this translates into approximately 6,100 new jobs in office-using sectors of the economy by 2020; and
- The final step allocates new office jobs to River Hill Village Center. This scenario considers that office space in the village center is primarily oriented to nearby households with a mix of professional and service office tenants.

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

	2010	2012	As % of Total	2020	2012-2020 Forecast
<b>Howard County: All Jobs</b>					
BMC Round 8 Total Jobs (1)	181,381	187,381	100.0%	211,381	24,000
Less Self-Employed/Part-time (2)		38,151	20.4%	43,037	4,886
<b>Total - Full-time Jobs (2012-2020):</b>		<b>149,230</b>	<b>79.6%</b>	<b>168,344</b>	<b>19,114</b>
<b>Howard County: Full-time Jobs Only (3)</b>					
Mining & Natural Resources		2,522	1.7%	2,845	323
Construction		11,031	7.4%	12,444	1,413
Manufacturing		10,675	7.2%	12,042	1,367
Transportation & Warehousing		3,879	2.6%	4,376	497
Communications		2,195	1.5%	2,476	281
Utilities		594	0.4%	670	76
Wholesale & Retail Trade		31,496	21.1%	35,530	4,034
Finance/Insurance/Real Estate		9,308	6.2%	10,500	1,192
Services		66,790	44.8%	75,345	8,555
Government		10,740	7.2%	12,116	1,376
<b>Total - Full-time Jobs (2012-2020):</b>		<b>149,230</b>	<b>100.0%</b>	<b>168,344</b>	<b>19,114</b>
<b>Columbia (CDP)</b>					
<b>FAIR SHARE:</b>			(4)		
<b>Total Jobs (2012-2020):</b>		<b>71,153</b>	<b>38%</b>	<b>80,266</b>	<b>9,113</b>

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

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

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

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

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

## Office Demand from Fair Share Growth

- The village center captures its fair share of new job growth based on the share of its *occupied* office space (24,212 sq. ft.) relative to the amount of occupied office space in Columbia (12.2 million sq. ft.), or 0.20%. This yields approximately 12 new office jobs by 2020 based on River Hill's current fair share; and
- Using an *average* occupancy factor of approximately 250 sq. ft. per employee yields **estimated demand for 3,100 sq. ft. of additional office space at River Hill by 2020**. Since the existing office building is 100% leased, this may represent a market opportunity;

However, from an investment risk perspective, it is unlikely that such a small amount of office space could be built (i.e., financed), particularly on a multi-tenant/speculative basis. Currently, the office buildings in each of the village centers—including River Hill—would be characterized in the industry as “garden” office buildings. The industry defines this product as generally containing from 5,000 to 25,000 sq. ft. of space, and investment risk is carefully weighed against building size, potential net absorption, competition and other market factors; and

- Another factor affecting overall market potentials for development of new office space in the village centers is site capacity, that is, whether there is sufficient space available to accommodate new office buildings that consider key issues such as availability of surface parking.

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

<b>Employment Forecasts</b>	
<b>Total Employment-Columbia CDP</b>	
2012	71,153
2020	80,266
<b>New Jobs:</b>	<b>9,113</b>
<b>2012 Office Jobs-All Columbia Submarkets</b>	
Occupied Office Inventory	12,247,951
Occupancy Ratio Per SF	257
<b>Total:</b>	<b>47,673</b>
<i>As % of Total Jobs</i>	<b>67%</b>
<b>2020 Office Jobs-Columbia TAZ Zones</b>	
Existing Jobs	47,673
+ Share of New Jobs @ 67%	6,106
<b>Total:</b>	<b>53,778</b>
<b>Office Market Potentials-River Hill</b>	
<b>Fair Share Analysis</b>	
<b>Occupied Office Space-River Hill</b>	<b>24,214</b>
<i>As % of Columbia (Fair Share)</i>	<b>0.20%</b>
<b>2020 Office Jobs to Columbia</b>	<b>6,106</b>
Fair Share	0.20%
<b>Allocation to River Hill:</b>	<b>12</b>
Existing Jobs	94
<b>2020 Office Jobs-River Hill:</b>	<b>106</b>
Occupancy Ratio Per SF	257
<b>Gross Demand (SF):</b>	<b>27,315</b>
Occupied Office Space	24,214
<b>Net Demand (SF):</b>	<b>3,101</b>
<b>Existing Vacant Office Space:</b>	-

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



## Demand Potentials: Housing

The consultants reviewed two data sources to consider future demand for new housing at River Hill 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.

As illustrated in Table 13, ESRI forecasts suggest only a limited number (84) of new owner- and renter-occupied units through 2017 (ESRI) (plus a reduction in existing vacancies of two units), while Howard County’s forecasts suggest that up to 252 single-family units could be built through 2020 within approximately a five-minute drive of River Hill Village Center. Tenure forecasts suggest more than 90% of all housing units within five minutes of River Hill Village Center will be owner-occupied. 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 13 and 14 illustrate housing forecasts based on ESRI and Howard County estimates, respectively.

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

	2012	% of Total	2017	% of Total	Change
<b>River Hill</b>					
<b>Housing Units</b>					
Owner-Occupied	1,442	90.2%	1,518	90.4%	76
Renter-Occupied	138	8.6%	146	8.7%	9
Vacant Units	19	1.2%	17	1.0%	(2)
<b>Total:</b>	<b>1,599</b>	<b>100.0%</b>	<b>1,679</b>	<b>100.0%</b>	<b>84</b>

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

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

	2015	% of Total	2020	% of Total	Total
<b>River Hill</b>					
<b>Housing Unit by Product</b>					
Single-family Detached	97	0.0%	155	100.0%	252
Single-family Attached	-	0.0%	-	0.0%	-
Multi-family	-	0.0%	-	0.0%	-
<b>Total:</b>	<b>97</b>	<b>0.0%</b>	<b>155</b>	<b>0.0%</b>	<b>252</b>

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

### Characteristics of the Housing Market

In terms of the character of housing in the Village of River Hill, the 2010 U.S. Census reported a total of 1,993 housing units. As reported in the “Characteristics of Columbia” report (Columbia Association, 2012), the housing stock is comprised of single-family detached (82%); townhouses/attached (9%); and multi-family dwellings (9%). Of Columbia’s 10 villages, River Hill contains the greatest share of single-family detached units. Fully 92% of the housing units in River Hill are owner-occupied versus 7% that are renter-occupied. The report also indicates only 18 vacant units, for an overall vacancy rate of 0.9%, which is below Columbia as a whole. According to the “Sales Price Trends Report” (Columbia Association, 2013), between 2000 and 2010, the average sales price of housing units in River Hill increased by 71%—from \$306,718 to \$421,286 in 2010. River Hill has maintained its position as having the highest average sales price of any of Columbia’s 10 villages since 2000, although the rate of increase over this 10-year period—37%—was not nearly as strong an increase as that for Columbia or Howard County, which increased by rates of 84% and 82%, respectively, during this period. The Village of River Hill is one of Columbia’s strongest housing markets, and is expected to remain so into the foreseeable future.

For planning purposes only, Howard County forecasts suggest that up to 252 single-family units could be built within approximately a five-minute drive-time of the River Hill Village Center. New housing could be built on a number of large, vacant parcels in undeveloped areas to the west of River Hill in/around Clarksville. Several factors are likely to determine the overall marketability of any new housing at River Hill Village Center, including:

- Site carrying capacity, including the amount of land available to accommodate new housing at the village center 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 River Hill;
- Competition with initial phases of multi-family development planned in Downtown Columbia;
- Continued strong operating performance (i.e., sales, rental occupancy, etc.) of multi-family housing located adjacent to the village center;
- 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 new housing product at River Hill Village Center is rental or fee simple.

## Key Market Findings, Strengths & Weaknesses

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

- River Hill contained a 2010 population of 6,752 residents in 1,974 households, comprising approximately 7.5% of Columbia's total population according to "Characteristics of Columbia";
- Current demographic characteristics which differentiate River Hill from other Columbia Villages include:
  - A mean household income of \$182,366, the highest among all of the Columbia villages, with significant disposable household incomes;
  - A high percentage of families (93% versus 66% for Columbia as a whole);
  - A relatively high percentage of families with children under the age of 18 (63% versus 36% for Columbia as a whole); and
  - ✓ Fewer rental units located within the Village of River Hill (7% of total housing units versus 32% in Columbia as a whole).
- The village center was the last one constructed in Columbia (1997), and is successful due to a number of factors: a strong Giant supermarket anchor, high visibility, and limited competition in

the area. Unlike other Columbia village centers, River Hill Village Center has direct access to a major arterial—State Route 108. The village center is located approximately one-quarter mile from Route 32/108 interchange;

- The Giant store at River Hill is the largest Giant in Howard County, with 62,756 sq. ft. Since it is located at the western reaches of Columbia, competition is limited. By comparison, the Safeway store at Harper’s Choice Village Center (opened in 1998, with a total store size of 55,000 sq. ft.) is the closest traditional grocery store followed by the Giant store at Hickory Ridge Village Center (58,000 sq. ft.); both are located beyond the three-mile radius of the River Hill Giant. The only other competitive supermarket located within three miles of River Hill Village Center is Roots Market, which is located across Route 108. Roots Market does not compete directly with Giant (as would a traditional format supermarket) since it has a more refined focus on natural foods. There is no direct competition located to the west of the River Hill Village Center;
- The larger competitive retail environment for the Village of River Hill includes Columbia Mall 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 major retailers on Snowden River Parkway are located a greater distance from River Hill Village Center than other Columbia village centers, they are still located within a 15-minute drive of the center. Moreover, lower residential densities surrounding River Hill limit, to some extent, the ability to support some larger national retailers;
- The market analysis estimates that River Hill Village Center could potentially support approximately 20,250 gross sq. ft. of food service space. Currently, there is approximately 19,500 sq. ft. of existing food service tenants, suggesting that there is **limited demand for additional food service tenants at the village center**. Additional food and beverage opportunities may be limited by lower population densities surrounding River Hill. However, a critical mass of restaurant offerings at the center (e.g., three or more) could potentially expand the reach and capture of the local market. This is especially true in affluent markets, where spending on Food Away from Home is typically relatively high;
- Overall retail and office occupancies at River Hill Village Center over the past two years are stable. As noted in this report, as of the November 15, 2013 CoStar property profile provided by Howard County, the center’s core and pad retail uses were fully occupied. Similarly, the village center’s office space is also 100% occupied. 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 is low (2.8%) and comparable to the overall Columbia retail vacancy rate of 2%;

- Key findings from the office analysis suggest that the limited average annual pace of office absorption in the Town Center office submarket—12,500 sq. ft. per year—will require a **significant amount of time would be required to achieve stabilized occupancies of 93%**. In other words, it could take fully 18 years to lease 93% of the existing 237,200 sq. ft. of vacant office space in the Town Center office submarket. This suggests that new office product, such as that planned for Downtown Columbia, will serve to strengthen its role as a viable office location but will require significant pre-leasing efforts to be financed;
- Currently, Columbia comprises 38% of Howard County’s total jobs. Presuming that Columbia maintains its fair share of any future job growth in Howard County suggests that more than **9,100 new jobs would be created in Columbia by 2020**;
- **The office demand analysis suggests limited additional support for approximately 3,100 sq. ft. of professional office space by 2020.** Since the existing office building is 100% leased, this may represent a market opportunity. However, **from an investment risk perspective, it is unlikely that such a small amount of office space could be built (i.e., financed)**, particularly on a multi-tenant/speculative basis. Currently, the office buildings in each of the village centers—including River Hill—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;
- Another factor affecting overall market potentials for development of new office space in the Village Centers—including River Hill—is site capacity, that is, whether there is sufficient space available to accommodate new office buildings that consider key issues such as availability of surface parking; and
- ESRI forecasts suggest only a limited number (84) of new owner- and renter-occupied units through 2017, while Howard County’s forecasts suggest that up to 252 single-family units could be built through 2020 within approximately a five-minute drive of River Hill Village Center. However, several factors are likely to determine the overall marketability of any new housing at River Hill 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 River Hill Village Center before 2020.