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State Center

MARKET ANALYSIS

PART 1: Office & Retail

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INTRODUCTION

State Center is proposed as an exciting new transit-oriented development (TOD) near fashionable Bolton Hill, in the heart of Baltimore's Midtown district. The project would include rehabilitation and redevelopment of 25 acres of existing state office buildings, parking, and other facilities into a mixed-use activity node and anchor for revitalization of near-west neighborhoods. Maryland state government agencies would remain and perhaps expand as the anchor use for the site. Film production is under consideration as a use for an historic National Guard armory, also located on the site. A preliminary Market Analysis has been completed to examine and test the economic potential at the site for commercial office and retail space, residential uses, entertainment, and hotel facilities as part of the development mix. This **Part 1** Report provides findings from the commercial market analysis, focusing on the potential for office, retail, and entertainment uses.

The report includes an economic overview in Section 1, which provides regional context for development in Baltimore and use of this site. Section 2 summarizes findings from a Site Analysis, conducted to assess the overall marketability of the site for various uses based on factors such as location and accessibility. Section 3 provides an overview of office market conditions, while Section 4 summarizes the findings from the office demand assessment. Section 5 provides an analysis of demographic trends within the site's retail trade area, and Section 6 summarizes the findings from the retail and entertainment market analysis.

The Part 2 Report will provide findings from the residential market analysis, while Part 3 will summarize the hotel potentials. An Executive Summary will be produced for public distribution as appropriate, summarizing all three parts of the market analysis. Once the market findings have been vetted, the consultant will prepare a Strategic Plan to assist with more detailed questions related to development format, management structure, marketing, and maximization of neighborhood revitalization opportunities.

Section 1. ECONOMIC OVERVIEW

This section provides an overview summary of the Baltimore region and city economy. An analysis of economic base was conducted in order to provide context for understanding the underlying trends influencing demand for office and retail space, as well as for rental housing and other uses at the State Center site. Employment shifts among various industries are particularly important indicators of the demand for office space. These trends are discussed below.

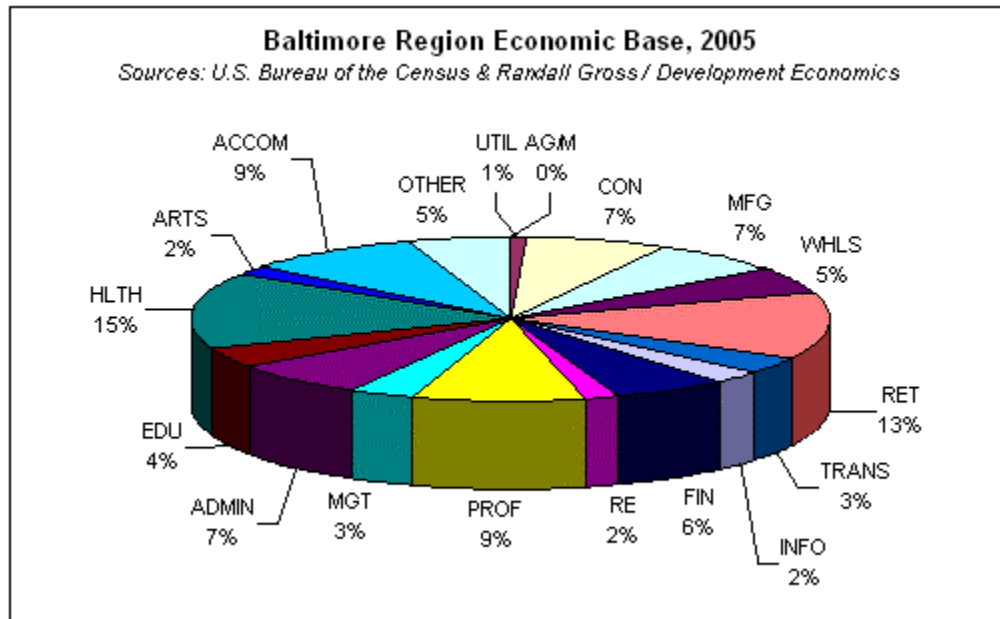
Baltimore Economic Base

Baltimore is a port city that developed as a center for shipping, rail, finance, and manufacturing during the 19th and early 20th centuries. Thousands of affordable houses were built in the city to house Baltimore's huge blue-collar labor force. The legacy of this industrial past is evident today in many of Baltimore's central neighborhoods, which are still blanketed with small row houses and peppered with heavy industrial buildings.

Baltimore's employment base slowly eroded away, starting in the 1960s as jobs followed middle class workers into the suburbs in Baltimore County and gradually further out into other parts of Maryland and Pennsylvania. Mechanization increasingly reduced the need for labor in manufacturing. The Baltimore Region lost its competitive edge for manufacturing and other industries to sub-belt cities with cheap land and non-union labor. Later, even these jobs left the U.S. altogether for south-east Asia and Mexico.

Today, manufacturing plays a relatively small role in the region's economic base, accounting for only 7% of all private-sector jobs. The Baltimore region is dominated by service industries, which account for more than 64% of all jobs as compared with 18% for production industries (manufacturing, construction, transportation) and 18% for trade (wholesale, retail). Health care is the region's largest industry, accounting for 15% of all jobs. As the nation's population ages and life spans increase, the demand for health-related professionals is spiraling upward. Aside from hospitals, doctors, and home health care, there are a burgeoning number of emerging health-related specialties and fields within the health care industry.

Retail trade is the region's second largest employer, accounting for 13% of jobs. Consumers drive the nation's economy and, with an increase in available credit and growth in the array of products available to the consumer, retail expenditures have blossomed. Retail workers are, however, paid at much lower wages than the average for manufacturing workers or white-collar professionals.



Professional services, including lawyers, accountants, and economic consultants, account for the next largest share of the region's jobs. Many of these professionals work in firms that contract for government work. Given the Baltimore metro area's proximity to Washington, federal contracting is fairly widespread in this region. Baltimore and Washington's healthy tourism industries help drive employment in accommodations and food service, industries that account for 9% of the region's jobs.

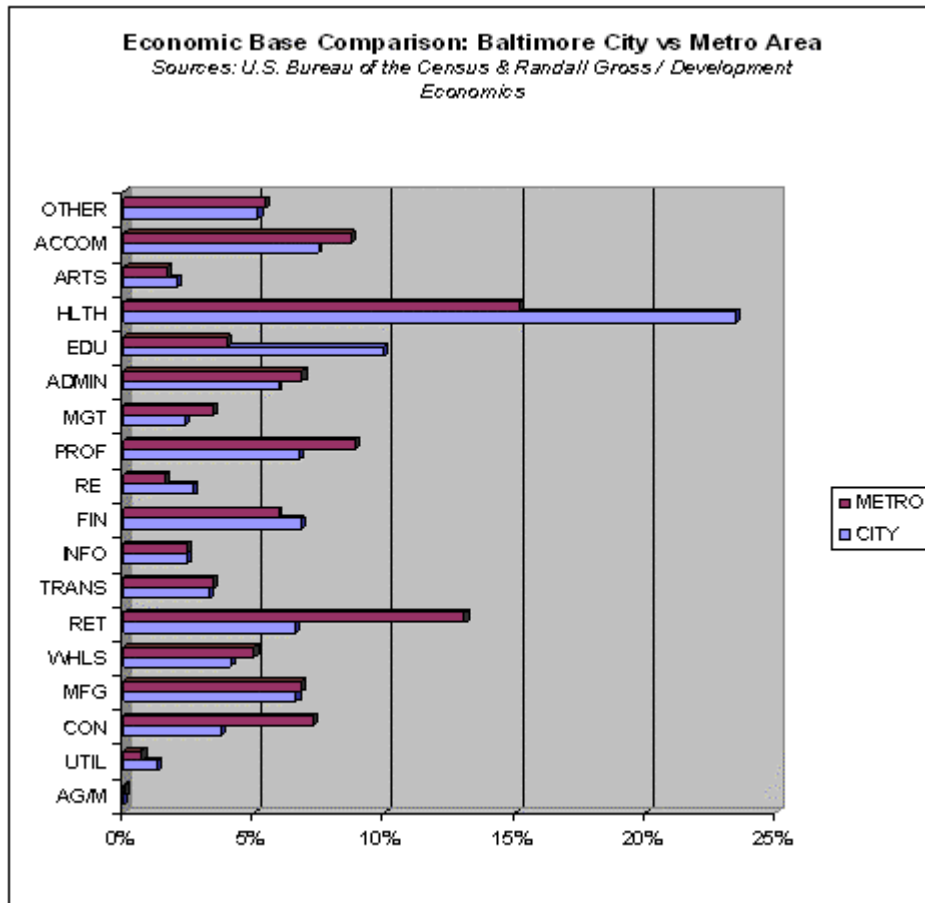
Other key sectors in the Baltimore region are construction, administrative services, finance & insurance, and finally, manufacturing. The region's manufacturing sector, as noted previously, accounts for only 7% of all private jobs. Not only is this the lowest share ever of Baltimore-area jobs in manufacturing, but the region's sector also accounts for a smaller share than even the national average.

Baltimore City

Baltimore city is no longer the economic driver for the region. More jobs are located outside of the city than in other counties in the Baltimore Metropolitan Area. Baltimore County alone has 16% more jobs than does the city of Baltimore. Nevertheless, the city remains the hub for transportation, tourism, and manufacturing within the region. The region is marketed, to a large extent, on the strengths of Baltimore city's name, its culture, and its amenities.

The city is also the center of the region's health care industry which, as noted before, is of growing importance to the regional economy. While health

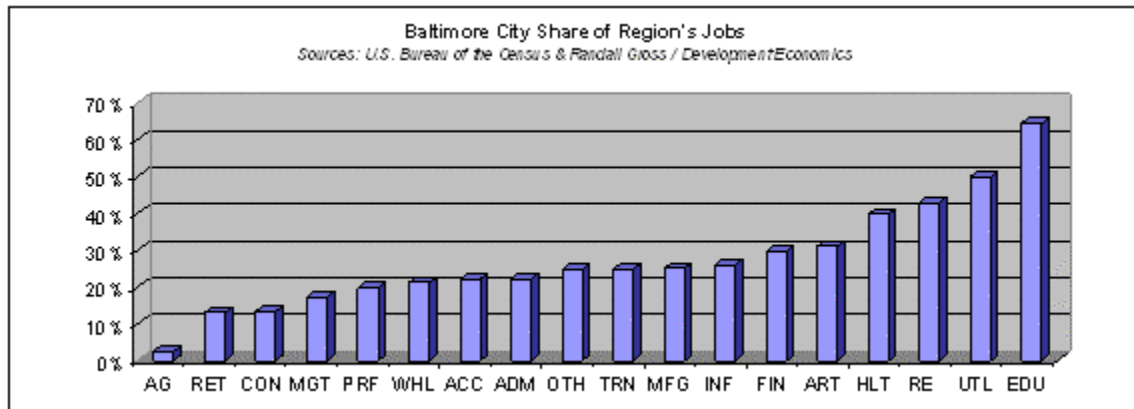
care accounts for 15% of the region's jobs, it accounts for 23% of all jobs in Baltimore city. Thus, almost one in four jobs is in health care. And this number only includes direct, private health care services. There are jobs in other industries that are tied to this sector, such as insurance companies with health coverage, management consultants who have contracts with area hospitals, or construction companies building health care facilities.



The city is also a center for education, which accounts for 10% of private sectors jobs (versus 4% in the region as a whole). This number (like health care) does not include public service providers. If providers such as Baltimore City Schools and state universities are included, the number increases significantly. Importantly, the State Center site is located near major education and health care providers, both public and private. The city also has concentrations in finance & insurance, real estate, utilities, and arts & entertainment that are slightly above regional averages.

Baltimore's share of the region's jobs was also determined and compared by industry. Based on this analysis, the city has a high concentration of the regions jobs in education (65%), utilities (50%), real estate (43%), health care

(40%), arts & entertainment (31%), and finance (30%). The city's share of the region's industry is illustrated in the chart shown below.



The city has extremely low concentrations of the region's jobs in agriculture (not surprisingly), but also in retail, construction, management, professional services, and wholesale trade. Surprisingly, the city accounts for only 22% of the region's jobs in accommodations and foodservice even though it accounts for 26% of all jobs. However, when food service is excluded, then Baltimore's hotels and other accommodation employment account for 35% of the region's employment in this specific industry.

Employment Trends

The Baltimore Metro Area added 87,200 jobs between 1998 and 2005, yielding an annual growth rate of 1.24%. By 2005, the region had a total of 1,087,000 jobs. Much of this growth was concentrated in professional services, which added 21,000 jobs or almost 28%, as well as in construction (16,100), health care (14,700), accommodations (13,200), retail (11,100), and education (10,200). Arts & Entertainment experienced the fastest job growth, increasing by almost one-third over the seven-year period. Baltimore has become a magnet for artists, but this sector also includes recreation and other related jobs. Education also experienced rapid job growth, adding almost 31% to its job base during the period. It is not exactly clear why education employment expanded at this rate, unless Johns Hopkins University hospital is included in these figures (because it is part of the university).

While many sectors experienced growth in recent years, manufacturing has continued its long-term decline in Baltimore. That sector lost almost 17,000 jobs or 18% during the seven-year period. The administrative services sector also declined between 1998 and 2005, losing 4,600 jobs or 5.8%. Administrative Services includes a variety of business, building, employment, and other support services. While certain industries within this sector experienced growth since

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1998, several (including employment services and business support) declined. Overall employment trends are summarized below by industry.

**Table 1. AT-PLACE EMPLOYMENT TRENDS BY INDUSTRY
BALTIMORE METRO AREA, 1998-2005**

Industry	1998	2002	2005	1998-2005 Change	
				Number	Percent
Agriculture	750	375	375	N/A	N/A
Mining	750	750	375	N/A	N/A
Utilities	7,500	7,500	7,500	N/A	N/A
Construction	62,315	71,715	78,417	16,102	25.8%
Manufacturing	90,693	80,114	74,140	(16,553)	-18.3%
Wholesale Trade	52,372	52,720	54,454	2,082	4.0%
Retail Trade	130,815	137,218	141,953	11,138	8.5%
Transport	30,249	30,640	37,324	7,075	23.4%
Info Svcs	22,313	28,125	26,224	3,911	17.5%
Finance/Ins	56,395	63,073	64,567	8,172	14.5%
Real Estate	17,500	23,343	17,500	N/A	N/A
Prof Svcs	75,539	88,826	96,557	21,018	27.8%
Mgt Svcs	37,500	37,500	37,500	N/A	N/A
Admin Svcs	78,910	73,065	74,297	(4,613)	-5.8%
Education	33,010	40,865	43,182	10,172	30.8%
Health Care	150,051	151,216	164,767	14,716	9.8%
Arts/Enter.	13,902	15,692	18,289	4,387	31.6%
Accom/FS	81,566	86,637	94,733	13,167	16.1%
Other Svcs	50,312	56,770	58,274	7,962	15.8%
Auxiliary	7,500	7,500	N/A	N/A	N/A
Unclassified	750	60	175	N/A	N/A
TOTAL	1,000,692	1,053,704	1,087,901	87,209	8.7%

Notes: N/A means Not Applicable/due to use of Census Ranges.
FS means Food Service. Ins means Insurance.

Sources: U.S. Bureau of the Census and Randall Gross /
Development Economics.

City of Baltimore

Employment within the city of Baltimore fell by 17,000 or by almost 6% (0.83% per year) between 1998 and 2005. Baltimore had a private sector employment base of 281,000 jobs by 2005. The city's economy was still being dragged down by manufacturing, which lost 10,300 jobs or 35.5% over the seven-year period. As in the region, the city's administrative services sector also lost employment: 6,200 jobs or 27%.

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Declining employment in the financial industry does not bode well for the city, since downtown Baltimore is a financial hub for the region. While a boom in financial services propelled employment up by 3,700 between 1998 and 2002, financial service employment has since fallen by 4,470 in the city. Thus, financial services employment was lower in 2005 than it had been before the boom in 1998. Consolidation and other factors within the industry account for some of this loss.

**Table 2. AT-PLACE EMPLOYMENT TRENDS BY INDUSTRY
BALTIMORE CITY, 1998-2005**

Industry	1998	2002	2005	1998-2005 Change	
				Number	Percent
Agriculture	60	10	10	N/A	N/A
Mining	10	10	10	N/A	N/A
Utilities	3,750	7,500	3,750	N/A	N/A
Construction	11,788	10,041	10,464	(1,324)	-11.2%
Manufacturing	28,825	21,236	18,580	(10,245)	-35.5%
Wholesale Trade	14,866	10,729	11,546	(3,320)	-22.3%
Retail Trade	21,175	18,608	18,441	(2,734)	-12.9%
Transport	8,328	10,013	9,273	945	11.3%
Info Svcs	8,149	6,790	6,868	(1,281)	-15.7%
Finance/Ins	19,895	23,613	19,147	(748)	-3.8%
Real Estate	6,114	4,913	7,500	N/A	N/A
Prof Svcs	17,320	20,384	18,981	1,661	9.6%
Mgt Svcs	5,440	6,125	6,536	1,096	20.1%
Admin Svcs	22,790	21,206	16,563	(6,227)	-27.3%
Education	22,682	26,699	27,882	5,200	22.9%
Health Care	64,138	59,501	65,771	1,633	2.5%
Arts/Enter.	5,041	5,138	5,695	654	13.0%
Accom/FS	21,059	19,919	21,007	(52)	-0.2%
Other Svcs	14,982	15,758	14,417	(565)	-3.8%
Auxiliary	1,750	750	N/A	N/A	N/A
Unclassified	271	60	60	N/A	N/A
TOTAL	298,433	289,003	281,064	(17,369)	-5.8%

Notes: N/A means Not Applicable/due to use of Census Ranges.
FS means Food Service. Ins means Insurance.

Sources: U.S. Bureau of the Census and Randall Gross /
Development Economics.

Other sectors that declined from 1998 to 2002 started to stabilize or even expand again by 2005. For example, the city's information technology services sector, which had benefited from the tech "boom" of the late 1990's, lost 1,400 jobs during the tech "bust" by 2002. While the industry had not exactly recovered by 2005, it had stabilized and actually gained about 80 jobs from the 2002

numbers. Construction, wholesale and retail trade also stabilized in the city between 2002 and 2005.

While the city experienced a declining employment base overall during this period, several sectors actually expanded. Over 10,200 jobs were created in Baltimore in management services, education, professional services, education, and the arts since 1998. Education experienced the most rapid increase, adding 5,200 jobs or 23% during the period. Management services added 1,100 jobs (20%). Professional service employment increased by almost 1,700 (10%) and health care added 1,600 jobs (2.5%). More importantly, the downtown area gained almost 1,500 jobs or 2.0% during the seven-year period, based on Census data collected at the zip code level. This suggests that Baltimore's jobs are increasingly concentrated in the downtown area and that downtown growth has occurred despite consolidation in the financial sector.

Office Employment

While overall at-place employment increased by 8.7% in the Baltimore region between 1998 and 2005, employment in office sectors increased by 15.9%, or 2.3% per year. Office sectors are those which are represented by a preponderance of workers housed in office buildings. The share of those workers housed in office space has been estimated based on Census data by occupation.

There were about 193,600 workers in office sectors in 1998, accounting for 19.3% of the region's total employment. By 2002, that number had increased to 220,400 and the share of workforce increased to 20.9%. Interestingly, while the number of workers in office-based sectors continued to increase through 2005, their share of all workers actually fell back slightly to 20.6%.

Table 3. OFFICE EMPLOYMENT TRENDS, BALTIMORE REGION, 1998-2005

Office Sector	1998	2002	2005	1998-2005 Change	
				Number	Percent
Prof Svcs	60,431	71,061	77,246	16,814	27.8%
Info Svcs	17,850	22,500	20,979	3,129	17.5%
Finance/Ins	45,116	50,458	51,654	6,538	14.5%
Real Estate	12,250	16,340	12,250	(0)	0.0%
Mgt Svcs	30,000	30,000	30,000	(0)	0.0%
Ed/Hlth	18,306	19,208	20,795	2,489	13.6%
Other Svcs	9,632	10,869	11,484	1,852	19.2%
Total	193,586	220,437	224,407	30,821	15.9%
<i>% of Total</i>	<i>19.3%</i>	<i>20.9%</i>	<i>20.6%</i>		

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Office employment in professional services increased at the fastest rate, 27.8%, over the seven-year period. Professional service office employment was estimated at 77,300 in 2005, up from 60,400 in 1998. While office employment in the information services sector increased dramatically between 1998 and 2002, IT employment overall fell back by 2005. Even so, the region's IT sector netted an additional 3,100 office workers during the period. Other growing office sectors included finance & insurance, health care, and other services. There was growth in the real estate sector between 1998 and 2002, but the sector has fallen office since then. Exact employment data is not available for the real estate and management services sectors since the information was deemed to be proprietary by some companies in those sectors.

Within the city of Baltimore, office employment increased by 4.3% since 1998, even as overall employment fell in the city by 5.8% over this same period. Thus, office sectors increased their share of the city's employment from 24.0% in 1998 to 26.4% by 2002 and 26.5% in 2005. Office sectors (at 26.5%) play a larger role in the city's economy than in the region as a whole (at only 20.6%).

**Table 4. COMMERCIAL OFFICE EMPLOYMENT TRENDS,
BALTIMORE CITY VERSUS REGION, 1998-2005**

Area	1998	2002	2005	1998-2005 Change	
				Number	Percent
Region	193,586	220,437	224,407	30,821	15.9%
Baltimore City	71,520	76,197	74,591	3,071	4.3%
% of Region	36.9%	34.6%	33.2%		

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Even so, the city's share of overall regional office employment is declining. In 1998, the city's office sectors accounted for 36.9% of all office jobs in the region. However, by 2005, the city accounted for only 33.2% of the region's office jobs. This decrease occurred at the same time that the city's share of total employment remained relatively stable. The city has therefore lost some of its competitive positioning for office uses, vis-à-vis suburban locations.

Within the city, office employment in information services and financial services actually declined between 1998 and 2005. At the same time, office employment in real estate and management services increased significantly. This trend does not bode well for the city's office market, since a "boom" in real estate sales and management activity appears to have slowed.

**Table 5. OFFICE EMPLOYMENT TRENDS, BALTIMORE CITY
VERSUS REGION, 1998-2005**

Office Sector	1998	2002	2005	1998-2005 Change	
				Number	Percent
Prof Svcs	15,588	18,346	17,083	1,495	9.6%
Info Svcs	7,334	6,111	6,181	(1,153)	-15.7%
Finance/Ins	17,906	21,252	17,232	(673)	-3.8%
Real Estate	4,891	3,930	6,000	1,108	22.7%
Mgt Svcs	5,168	5,819	6,209	1,041	20.1%
Ed/Hlth	15,628	15,516	16,858	1,230	7.9%
Other Svcs	5,006	5,224	5,028	22	0.4%
Total	71,520	76,197	74,591	3,071	4.3%
<i>% of Total</i>	<i>24.0%</i>	<i>26.4%</i>	<i>26.5%</i>		
<i>% of Region</i>	<i>36.9%</i>	<i>34.6%</i>	<i>33.2%</i>		

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Baltimore Development Corporation (BDC) and others had marketed the city aggressively as a hub for the information industry, which the city did attract during the peak years from 1998 to 2002. However, the city has lost more office jobs in that sector since 2002 than it gained during the IT boom years. The city has had more modest growth in professional services and health care office employment, although even in these core sectors the trend has been uneven. Professional service employment increased between 1998 and 2002, but fell again through 2005. The opposite trend occurred in the health care sector.

State Government

There are approximately 3,500 workers employed at State Center. This includes 2,350 to 2,500 “renters” and 1,000 full-time equivalents (FTE), according to data compiled by Staubach. Overall, the State of Maryland employs 82,029 full-time workers or 90,262 full-time equivalents. Thus, State Center houses about four percent of the State government workforce (and perhaps 10% of its office workers). Current State Center occupants are listed in the Appendix. By far the largest existing tenant is the Department of Health & Mental Hygiene. Other large tenants include General Services, Budget & Management, Comptroller, Assessments & Taxation, and Department of Planning.

Other Indicators

Baltimore has continued to lose population and household base for at least 40 years. Between 1970 and 2000, the city lost an average 1,000 households per year. Historically low interest rates, available credit, and a boom

in urban housing prices helped propel young buyers and investors back into the city during the last eight years. This trend helped to stem the outflow of households. Nevertheless, the city continued to lose household base even during much of the real estate boom. Demographers are projecting stabilization and eventually, growth averaging 620 per year to the city's household base.

Baltimore's average household income fell by 7% in real terms (after accounting for inflation) between 1990 and 2000, bucking regional and national trends in income growth during the 1990s. Because of the real estate boom and the entry of young professionals into Baltimore's urban market, there is evidence that Baltimore's average income has actually increased in real terms by about 4% since 2000. Again, the city has bucked the national trend, which saw stagnant incomes from 2001 through 2005 due to recession and other factors suppressing income growth.

Summary

Baltimore has continued to suffer the effects of a declining manufacturing base, which has left many of the city's residents jobless or under-employed and has contributed to urban decay. The region and the city have long ago replaced manufacturing with service jobs, but most of the new jobs are either low-wage positions or require high levels of education and training that have not been available to the city's low-income residents. Nevertheless, an urban housing boom has helped bring young professionals back into the city, creating new markets and opportunities for investment. Finance, utility, and cultural jobs are increasingly concentrated in Baltimore. The city remains an important regional hub for education and health care, which are two of the region's (and the nation's) fastest growing industries. The institutional base of universities and hospitals that drives these industries is therefore crucial for generating demand to support new development in the city.

Section 2. SITE ANALYSIS

Section 2 summarizes the findings from a Site Analysis conducted to assess the overall marketability of the State Center location for mixed-use redevelopment. Key factors considered in this analysis were location, access, visibility, existing use, surrounding neighborhoods and adjacent uses, market perceptions, and others.

Location

State Center is located in Midtown Baltimore, just north and west of the downtown area. As such, the site is situated near the heart of the city and of the Baltimore Metropolitan Area. The site is generally bound by Howard Street to the east, Martin Luther King, Jr. Boulevard (MLK) to the south-east, Madison Avenue to the south-west, and Hoffman (“29th Division”) Street to the north-west. However, rehabilitation or redevelopment of the adjacent McCulloh Homes public housing development (east of Madison) might be coordinated with the overall State Center redevelopment plan.

Access & Visibility

The State Center site is to be re-developed and marketed as a transit-oriented development. As such, its access to transit is paramount. State Center is located on top of the State Center Station of the Baltimore Metro. The Metro serves passengers traveling between Johns Hopkins Hospital, on the east side of the city, westward through downtown, and north to State Center and into Baltimore County to Owings Mills. Along this route, Metro stations include:

Johns Hopkins Hospital, Shot Tower/Market Place, Charles Center, Lexington Market, State Center, Upton, Penn North, Mondawmin, West Cold Spring, Rogers Avenue, Reisterstown Plaza, Milford Mill, Old Court, and Owings Mills

Thus, State Center has easy subway access to Hopkins medical center, downtown, west side neighborhoods, and suburban employment nodes including Owings Mills. State Center also has proximate access to the Central Light Rail line, which extends up Howard Street to the Cultural Center stop at Howard and Dolphin streets near the north-east corner of the site. From there, the light rail line passes north-east to University of Baltimore (Mt. Royal), and through North Avenue towards Woodberry, Cold Spring Lane, Mt. Washington, Falls Road, and up to Hunt Valley. The line also extends south to Camden Yards and then towards Linthicum and BWI Thurgood Marshall International Airport. A separate line operates between Camden Yards and Penn Station, linking State Center

(from the Cultural Center stop) directly to Penn Station, MARC, and regional and national AMTRAK train service. Transit connections provide State Center with commuter connections to Washington, DC and throughout the Northeast Corridor.

Road access is also very good for State Center. Howard Street carries local traffic through from downtown north into the city. MLK is a major business loop around downtown, connecting the site to US40, the stadiums, and to Interstate 395/I-95 (about seven minutes away during off-peak hours). MLK also connects to Charles Street north towards Johns Hopkins University. Eutaw Street and Madison Avenue provide direct access into Bolton Hill and nearby Maryland Institute College of Art (MICA). The Jones Falls Expressway (I-83) is accessible from Mt. Royal Avenue in Bolton Hill, just four blocks from State Center. Preston Street provides access east into Midtown and Mt. Vernon, and west into Druid Hill and southwest Baltimore.

Traffic & Ridership. Daily ridership on Metrorail averaged 46,700 in the second quarter of 2007, according to the Maryland Transit Administration. Metro connects at State Center to the 19, 21, 27, and 91 buses, as well as the Light Rail at Cultural Center. Light Rail had daily ridership of 24,500 in second quarter 2007. Average Daily Traffic (ADT) counts in the area include a 2004 count of 10,994 on MLK between Chase Street and Howard (one-way); 7,895 on Chase between Howard and MLK; 13,072 on MLK between Chase Street and Biddle Street; and (in 2005) 3,417 on Park Avenue near Cathedral (just east of Howard). There were no traffic data available for MLK at Howard, Eutaw, or Madison from the Baltimore Metropolitan Council. Still, these counts suggest that MLK is carrying traffic in the range of 11,000 to 13,000 vehicles per day, which seems modest for such as busy downtown bypass road.

Visibility. Visibility is maximized for the site from MLK, which travels alongside the site to the south/east. Howard Street also provides visibility, but traffic is limited due to the operation of light rail. The site also has visibility from the major through streets Madison and Eutaw, and from West Preston. Dolphin Street, which is designed as a boulevard near State Center, also has visibility from the site. The site is also visible to audiences at Meyerhoff Symphony Hall, residents and tenants of Symphony Place, and employees at Maryland General Hospital.

Existing Uses

The site already serves as a center for government offices as well as the location of an historic National Guard Armory. Existing State office buildings include 201, 300, and 301 West Preston; as well as 1100 North Eutaw. These buildings range in height from seven to 15 stories and the three Preston Street buildings include almost 700,000 square feet of existing State government use. Government agencies located at the facility currently include the following:

General Services, Assessments & Taxation, Budget & Management, Business & Economic Development, Department of Labor/Licensing/Regulation (Division of Administration, Division of Employment & Training, Department of Labor & Industry), Health & Mental Hygiene, Public Defender, Executive, Maryland Tax Court, Legislative Auditors, Department of Planning, Department of Aging, Comptroller, State Employees Credit Union, and Blind Industries.

The 5th Regiment of the Maryland National Guard occupies the historic Armory building located on Hoffman Street. A monument to the 29th Division is located across from the Armory alongside a parking lot. Surface parking lots also occupy land between Eutaw and Madison, from MLK to Hoffman. The State Center Metro Station is accessed near the intersection of W. Preston and N. Eutaw streets in the heart of State Center. There is significant surface parking in the area. Another parking lot is located on W. Preston Street, adjacent to the 300 building, while 201 W. Preston includes a structured parking facility.

Adjacent Uses

Immediately west of the site is McCulloh Homes, a large public housing development managed by the housing authority. Dwellings consist primarily of three-story walk-ups, plus an elderly high-rise apartment building. Also on the western edge of the site are the Church of Jesus Christ of the Latter Day Saints and the United Baptist Missionary Development Corporation, at 940 Madison Avenue. Near Dolphin Street and Eutaw are Mt. Calvary Pentecostal Church and City Temple of Baltimore Baptist Church.

Situated between Hoffman and Dolphin streets are several large apartment buildings forming a relatively high-density residential neighborhood. The eight-story Cecil Apartments, a historic building, is located directly adjacent the site at 1123 N. Eutaw. Four-story Hampton Court Apartments is located at 911 Dolphin and 14-story Bolton House Apartments (plus more surface parking) is located at 1100 Dolphin. Sutton Place, another high-rise apartment building, is located across Dolphin at Howard Street.

East of Howard Street and south of MLK are various cultural and institutional uses forming part of the city's cultural district. The ornate and historic Mt. Royal Station is located diagonally across from State Center at the intersection of Howard and Preston. The University of Baltimore and the Baltimore Lyric Opera House are located just to the north and east of the station building. The Meyerhoff Symphony Hall is situated directly across from the site, although pedestrian linkages to State Center are relatively poor. Further south, Symphony Center is a mixed-use development completed in 2002 that includes office, retail, parking garage, and a 10-story residential apartment complex. One of the largest institutions, Maryland General Hospital, is located directly across from the site on MLK. The campus of Maryland Institute College of Art, while not located directly adjacent the site, is situated just two blocks to the north. There is

relatively little retail use in the area, aside from a Rite Aid at Howard & MLK and the Linden Deli adjacent the hospital.

Surrounding Neighborhoods

The State Center site is situated at the nexus of several neighborhoods and districts. Bolton Hill, a fashionable historic residential neighborhood, lies to the north of Dolphin Street. Bolton Hill includes many fine brownstones, apartment buildings, historic churches, and several commercial businesses including a popular new restaurant. The neighborhood has seen an influx of professionals who have purchased and renovated many of the finer homes. New housing has also been developed at the periphery of the neighborhood.

Moving towards the west, the neighborhoods generally have lower-quality housing stock and higher levels of poverty. The Upton neighborhood includes the McCulloh Homes as well as a large concentration of mid-rise and high-rise rental apartment buildings. Many of these buildings were developed as Section 8 housing, resulting in a concentration of low-income residents. The Pennsylvania Avenue business district forms the commercial and cultural heart of the west side community. During the era of segregation, Pennsylvania Avenue served as the black business, culture, and entertainment district. With the end of segregation came middle-class flight that left the district without the benefit of a mixed-income community with disposable income to support the businesses. Today, the district relies primarily on the convenience needs of low-income residents who remain in the neighborhood. On the other hand, Pennsylvania Avenue does benefit from access to the Upton Metro Station, which is situated in the middle of the district.

Communities further west such as Sandtown-Winchester and Harlem Park have experienced significant disinvestment. A City policy of removing dilapidated and distressed housing units has left the neighborhoods with gaping holes, few complete residential blocks, and few remaining homeowners. There has been some progress in revitalization, particularly around public amenities like parks, but large swaths of the area suffer from urban decay.

Neighborhoods to the east and north such as Mt. Vernon and Charles North have also experienced disinvestment, but benefit from direct transportation access, high visibility, and public participation in reinvestment. Station North is a State-designated arts district that offers local and state fiscal incentives for arts and related businesses to locate there. Mt. Vernon has long attracted young singles because of its proximity to downtown, restaurants and pubs, and relatively affordable housing rents.

Market Perceptions

The city's near west side has long suffered from stigmas associated with crime and poverty. Even after significant development of new mixed-income

housing and commercial projects along MLK, there has been only limited private investment further west into the neighborhoods. Safety and security remain prime concerns. Drug dealing and other illegal activity continues to impact on perceptions of the area. These perceptions bleed over to State Center because of its location adjacent public housing and west side neighborhoods. On the other hand, rapid property appreciation in Bolton Hill and renewed interest in MICA and the city's cultural institutions may provide an opportunity for changing perceptions about Midtown and the north-west side of downtown Baltimore. Creating a new dynamic through major redevelopment has been a proven formula used by the joint venture developers. Changing perceptions while breaking down barriers for surrounding west-side communities is a clear objective for the State Center project.

Section 3. OFFICE MARKET TRENDS

Various market trends were examined for the Baltimore regional office market, and within the city of Baltimore and its various sub-markets. Particular attention was paid to trends in the Midtown – Mt. Vernon sub-market, which includes the State Center area. Trends in key indicators, including inventory, vacancy, rents, and absorption are summarized below.

Inventory

The Baltimore regional office market has a total inventory of about 56.0 million square feet, based on data provided by various commercial brokers. Most of the Baltimore city office market is concentrated downtown, with about 13.1 million square feet or 70.3% of the city's office space. Private leasable space in the Midtown / Mount Vernon sub-market, of which State Center is a part, accounts for only 3.5% of the city's office inventory and only 1.2% of the regional market. This sub-market only has a total 657,000 square feet of private leasable space. If State Center is included, then the Midtown sub-market has about 1,353,000 square feet.

Vacancy

Office vacancy in the Baltimore regional market generally increased between 1998 and 2003, from about 7.8% to 14.2%.

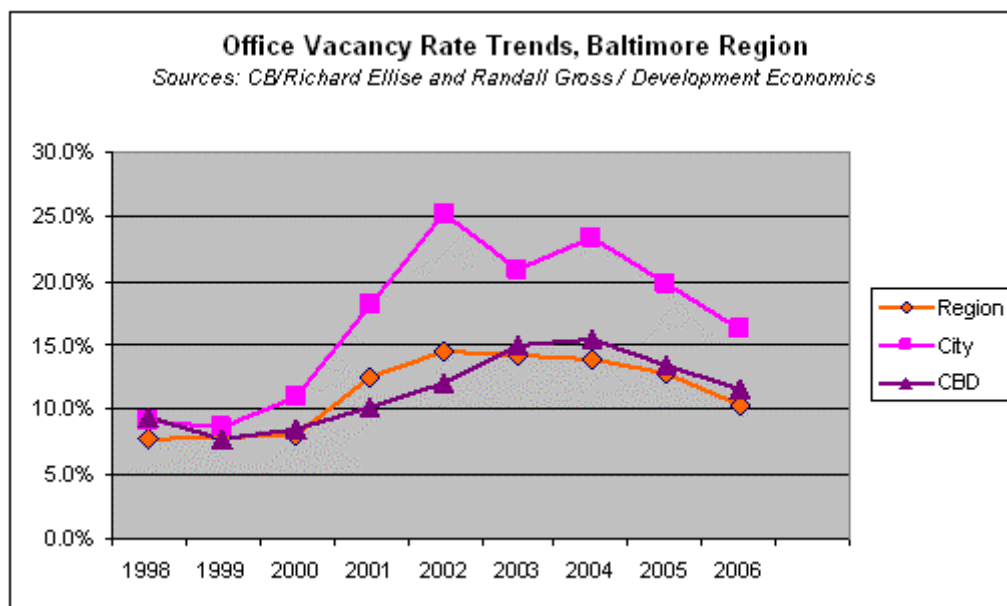
Table 6. DOWNTOWN OFFICE MARKET TRENDS, BALTIMORE, 1998-2006

Year	Supply	Vacant	%	Rent
1998	11,841,079	1,117,798	9.4%	\$ 18.00
1999	11,956,458	930,212	7.8%	\$ 17.66
2000	12,298,238	1,037,971	8.4%	\$ 19.93
2001	11,997,325	1,232,725	10.3%	\$ 20.04
2002	11,696,412	1,416,435	12.1%	\$ 20.15
2003	12,001,430	1,807,415	15.1%	\$ 18.03
2004	12,496,722	1,931,993	15.5%	\$ 20.94
2005	12,497,175	1,674,621	13.4%	\$ 20.48
2006	13,049,086	1,511,084	11.6%	\$ 21.56
98-06 Change	1,208,007	393,286	2.1%	\$ 3.56

Sources: CB Richard Ellis and Randall Gross / Development Economics.

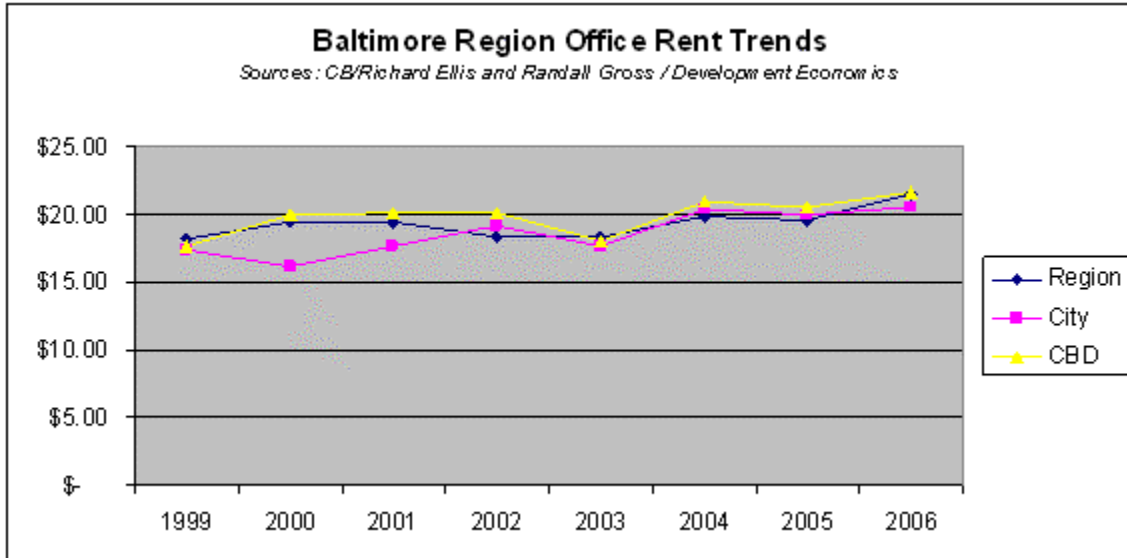
However, vacancy has fallen somewhat since that time to about 10.0% by early 2007. Downtown Baltimore market performance has mirrored that of the region at large, with office vacancies steadily rising from 9.4% in 1998 to 15.5% by 2004. Since that time, vacancy rates have fallen back to about 11.0%.

Other portions of Baltimore city outside of downtown bear the brunt of downturns in the market. In general, while the central business district lags only slightly behind the rest of the region in office occupancy, remaining portions of Baltimore city saw a dramatic increase in vacant space between 1998 and 2002. The gulf in performance between downtown and the city as a whole is highlighted in the chart below.



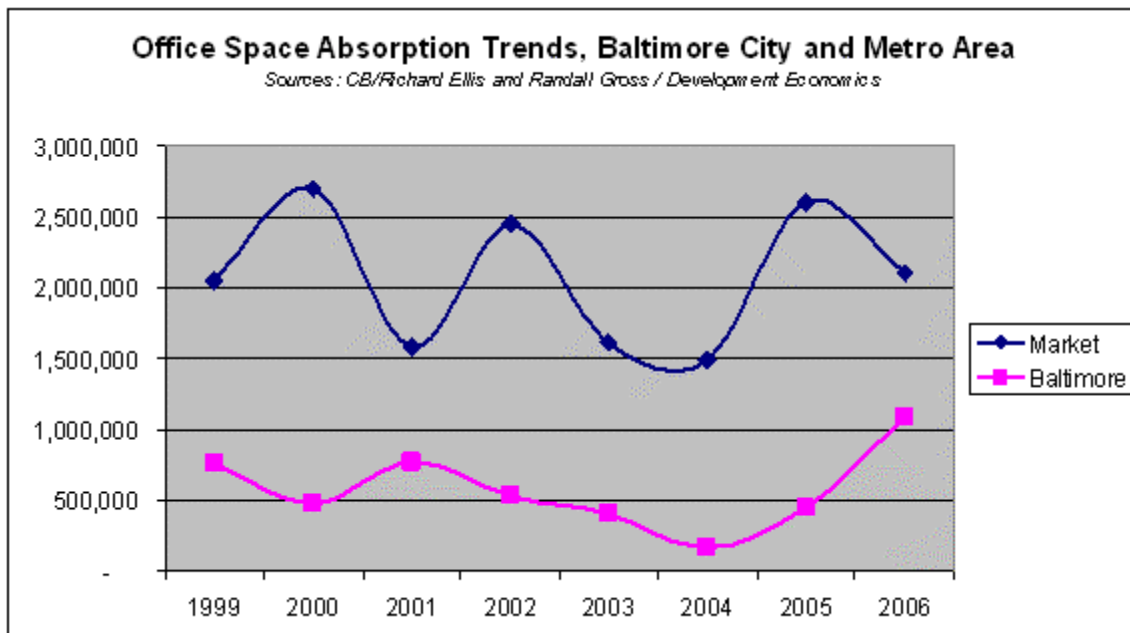
Rents

What appears to occur during a down cycle in the office market is a loosening in downtown rents, which captures move-ups from other parts of the city that prefer to be downtown so long as the rents are affordable. In fact, rents in the downtown area generally stagnated starting in 2001, gradually helping to increase downtown's affordability, attract move-up tenants, and reduce vacancy rates. Conversely, Class A and B rents outside of the downtown area increased to within the same range as those downtown starting in 2000. As such, the competitive advantage of cheaper rents was reduced. With attractive downtown space at relatively affordable prices, other parts of the city, including Midtown, lost tenants and experienced higher vacancy rates.



Absorption

Regional office market absorption has fluctuated between about 1.5 million to 2.6 million square feet per year since 1999. The market has averaged about 2.1 million square feet per year. Baltimore city is no longer the main driver of this regional market, accounting for one-third of total inventory but only 27.6% of regional absorption since 1999. The city has seen absorption averaging about 580,000 square feet per year. Baltimore city generally saw absorption fall between 1999 and 2004, but that trend has reversed and charged upward since that time as shown in the following chart.



Randall Gross / Development Economics

Within this context, absorption in the Midtown office sub-market has averaged about 14,000 square feet per year. Even though Midtown accounts for 3.5% of the city's inventory, it has generated only 2.4% of its absorption (and 0.7% of the region's). Thus, demand as measured by absorption has been fairly low, and the Midtown sub-market has not kept pace with the city and region as a whole.

**Table 7. OFFICE MARKET TRENDS, MIDTOWN-MT. VERNON
SUB-MARKET, 2002-2006**

Year	Supply (sf)	Vacancy	Rent	Absorption (sf)
2002	878,010	16.2%	\$ 12.72	19,835
2003	866,679	13.9%	\$ 10.96	14,172
2004	859,912	23.0%	\$ 13.74	(17,515)
2005	827,881	21.0%	\$ 13.30	9,479
2006	856,655	18.1%	\$ 14.95	42,151
02-06 /Ave	(21,355)	1.9%	\$ 2.23	13,624

Sources: CB/Richard Ellis and Randall Gross / Development Economics.

Moving Averages

To reduce variation in order to examine a more solid trend, this analysis focused on two-year absorption moving averages. As shown below, regional absorption generally fell between 2001 and 2003.

**Table 8. BALTIMORE OFFICE ABSORPTION
MOVING AVERAGES, 1999-2006**

Period	Region	Baltimore City
99-01	2,111,678	672,971
00-02	2,242,441	596,236
01-03	1,881,221	570,297
02-04	1,852,492	368,879
03-05	1,904,266	339,404
04-06	2,067,039	565,023
Average	2,009,856	518,802

Note: Averages expressed in square feet of office space.

Sources: CB/Richard Ellis and Randall Gross / Development Economics.

Since that time, demand has increased but absorption is still not equal to the levels during 1999-2001 or 2000-2002. The average of averages brings regional absorption to about 2.0 million per year. Within the city, absorption patterns were similar but more dramatic.

Between 1999 and 2004, absorption generally fell from 673,000 per year to just 340,000 per year. However, the period from 2004 to 2006 saw an upswing in absorption to an average 565,000 square feet per year. The average of averages for the city over this period was 518,800 square feet.

Section 4. OFFICE POTENTIALS

This Section summarizes findings from an analysis of the potential for office space at the State Center site. Overall office demand was forecasted for the market area through 2013. Based on an analysis of the competitive office product in the market, the State Center site capture was determined. Initial assumptions, with respect to rents, amenities, and incentives are discussed as a basis for the Strategic Plan to be developed later.

Regional Market Demand

Overall demand for office space in the Baltimore region and within Baltimore city was forecasted based on the analysis of office sector growth, employment projections, intra-regional competition, office absorption, construction, and other factors. Several key inputs are described below.

Employment Projections

The State of Maryland Department of Planning has projected employment for the Baltimore Region through 2030. These projections suggest that the region's job base will increase rapidly by almost 280,000 or 17% from 2005 numbers. These are fairly conservative projections of about 0.7% annual growth as compared with the 1.2% annual employment growth that the region has experienced since 1999.

Table 9. EMPLOYMENT PROJECTIONS, BALTIMORE REGION, 2005-2030

Region/County	2005	2010	2015	2020	2025	2030	2005-2030 Change	
							Number	Percent
BALTIMORE REGION	<u>1,618,300</u>	<u>1,725,600</u>	<u>1,807,900</u>	<u>1,844,200</u>	<u>1,866,500</u>	<u>1,895,200</u>	<u>276,900</u>	<u>17%</u>
Anne Arundel County	343,800	374,000	394,300	403,100	408,000	414,400	70,600	21%
Baltimore County	497,300	523,000	539,500	544,900	549,900	557,200	59,900	12%
Carroll County	80,500	89,400	91,900	93,600	95,100	96,700	16,200	20%
Harford County	112,800	122,700	139,500	147,000	150,000	152,700	39,900	35%
Howard County	177,500	198,900	214,600	224,800	230,100	236,100	58,600	33%
Baltimore City	406,400	417,600	428,100	430,800	433,400	438,100	31,700	7.8%
Share of Region	25%	24%	24%	23%	23%	23%	(0.02)	-8%
Share of City/County	45%	44%	44%	44%	44%	44%	(0.01)	-2%

Sources: U.S. Bureau of Economic Analysis; and
Maryland Department of Planning, Planning Data Services.

Baltimore city's growth will be somewhat slower, projected at 7.8% over the 25-year period or 0.3% per year. This rate compares with a 5.8% decline in Baltimore's employment base or -0.8% per year since 1999. The State is expecting employment to reverse course in Baltimore over the next five years or so and also for Baltimore to stabilize its position in the region at about 23% of total employment.

Whether the regional projections are conservative or the Baltimore projections optimistic, the State is suggesting that Baltimore will not regain its position as the economic driver for the region by 2030.

Citywide Demand Forecasts

Demand for office space was forecasted for the region and the city as a whole based on trends and forecasts for employment within specific office sectors as well as on office absorption patterns. These inputs are discussed below.

Employment Forecasts. Regional office employment is projected to increase at a rate of about 4,010 per year during the next ten years, based on analysis of the economic sectors generating office demand. Office employment within Baltimore is expected to increase by about 580 workers per year, on average over the next ten years.

**Table 10. OFFICE EMPLOYMENT INDICATORS,
BALTIMORE OFFICE MARKET**

Area	Office Employment Growth/Year	
	Trend	Forecast
Region	4,403	4,014
Baltimore	439	580

Sources: U.S. Bureau of Economic Analysis;
Maryland Department of Planning,
Planning Data Services; and
Randall Gross / Development
Economics.

Absorption. Based on analysis of office sector and employment growth, and on absorption patterns, intra-regional competition, and other factors, office demand has been forecasted through 2012 in terms of absorption in square feet. Several growth scenarios were tested, one based on more conservative economic growth and the other assuming that Baltimore will re-capture some of its lost office market share.

**Table 11. OFFICE ABSORPTION
FORECASTS, BALTIMORE
REGION & CITY, 2007-2012**

Area	Gross Square Feet	
	Low	High
Region	6,158,910	6,881,340
City	993,610	2,370,450

Source: Randall Gross / Development Economics.

In the more conservative growth scenario, there will be demand for about 6.2 million square feet of office space in the regional market, of which 994,000 square feet would be captured within Baltimore city. The more aggressive scenario projects that Baltimore will capture up to 2.4 million square feet out of the regional market of 6.9 million, by 2012.

Competitive Framework

Most of the city's office demand is generated for space in the downtown area. Midtown is less developed as an office market, but its proximity to downtown, access to parking, and relative affordability help make it potentially an attractive alternative. Competitive existing and planned office developments were inventoried and analyzed for this assessment. A summary list of sample competitive projects is provided in the Appendix. The list includes a sample of competitive office and mixed-use projects downtown as well as in Canton, Harbor East, Federal Hill, Midtown, and other locations surrounding downtown.

There are few office developments in Midtown or on the west side. Montgomery Park, located in Washington Village, still has about 500,000 square feet of available office space for lease. Cathedral Place is one of the few projects planned or under development on the west side of downtown.

Perhaps the most relevant comparable project is Symphony Center, a mixed-use (residential, office, retail) development completed in 2002. Symphony Center is located just across MLK Boulevard from State Center. Therefore, it is most similar in terms of location and, as a new project, provides some relevant experience with respect to commercial leasing in this sub-market. Symphony Center's 120,000 square feet of office space were leased within approximately one year, according to sales staff. Symphony Center succeeded in attracting several large corporate tenants as well as a number of smaller tenants moving up from Class B space in central Baltimore. Government tenants, including the

Social Security Administration and the MTA Police, account for perhaps 17% of the space in the complex. About 11.5% of the space in the project is currently vacant, although some of this vacancy resulted from a recent eviction.

Symphony Center is competitive not only because it is a new building that filled a gap in the Midtown market but also because of its relatively affordable rents at \$22.50 net of gas/electric, plus free parking and no common area charges.

Market Drivers

State Government and area institutions are important drivers for demand for office space in the State Center area. Because the west side office market is relatively under-developed, institutional uses are critical not only as generators of spin-off activity but also as tenants and anchors that can leverage private use.

State Center will have to compete not only with downtown buildings but also with suburban office parks for the larger corporate office tenants. However, there are banks, utility companies, and various organizations that seek space in central Baltimore on a regular basis. These tenants are generally looking for larger floor-plate so that they can operate more efficiently on fewer floors. Recent experience suggests that these tenants seek minimum 25,000 to 30,000 square foot floor plate.

Because State Center does have such excellent access to downtown, highways, and the transit system, the site does provide competitive advantages for smaller (1,000 to 10,000 square-foot) office tenants such as IT firms, insurance brokers, non-profits, contractors, and others that must travel throughout the city to serve clients or visit sites. The relative benefit of this location must still be weighed against the availability of affordable space in the downtown sub-market. Timing is essential for smaller tenants: when downtown rents peak, then opportunities are greatest for marketing State Center as a low-cost alternative. Clearly, relative rent affordability is a critical question.

Amenities & Incentives

There are also requirements for amenities that are necessary for marketing office and mixed-use space in the area. Because State Center is located on the periphery of the downtown area in an under-developed market, amenity value becomes even more important. Since State Center does not benefit from water views, other amenities such as health club facilities and on-site retail are helpful for marketing office space. However, parking is probably the most critical component for marketing most office space in central Baltimore and it is assumed that there will be sufficient parking on site in addition to the exceptional transit access that already exists. If free parking availability can be maximized (e.g., 4/1,000), then tenants will be attracted by the average \$4.00 to

\$4.50 per month savings. Reduced or eliminated core factor charges will also boost opportunities for attracting tenants and increasing absorption rates.

The project would also benefit, at the least in terms of marketing, if the State or the development team were to offer transit incentives. Since a major objective in State Planning is to encourage transit use and, since this project is billed as Transit-Oriented Development, it would be logical and beneficial to maximize the marketing value from transit through vouchers or other financial incentives. There are various incentive products that can be developed, some of which might work as a subsidized voucher while others more similar to a loyalty club with the office tenant rewarded for trips taken by MARC or other public transit. All of these incentives would be considered as part of a “market creation” strategy to be developed further in the Strategic Plan.

Site Capture & Summary

Based on these analyses, and on assumptions regarding amenities and incentives, site capture was calculated through 2012. Overall, the analysis determined that State Center can capture **100,000 to 310,500 square feet** of leasable office demand (not including State Government space) during the next five years or by 2012. In order to capture demand at the higher end of the range, it is assumed that the site will offer reasonable rents (\$18-\$24 range) plus certain amenities and incentives, including free parking and reduced or eliminated core factor charges. The site will also offer other amenities including restaurants catering to office workers. Access into and out of the site will be enhanced, and transit-pedestrian linkages strengthened.

The capture also assumes that State Government will remain the key anchor for the area and that marketing of office space will target State contractors among others. The area’s educational and health care institutions will also be encouraged to consider State Center for expansion administrative office space and marketing for contractors. New space will be designed to accommodate larger tenants with floor plate of up to 30,000 square feet as possible. If this is not physically possible, then the office tenancy will be oriented more to the smaller tenants, typically in the 4,000 to 10,000 square-foot range. Such tenants are likely to include non-profits, move-ups from Class B space in the central business district, and contractors.

Entrepreneurship Center

There may be an opportunity for development of an incubator or other type of entrepreneurship center at State Center. Such a center would provide shared services and facilities and might be specifically targeted to small businesses that would show potential for contracting with State Government. Training services are a particularly important and relevant component of this concept, as a concrete example of the Joint Venture’s direct economic

development outreach targeting the west Baltimore community. Such a center may not require more than 10,000 square feet, dedicated to small and emerging businesses (above and beyond the normal market absorption). A training and conference center might be incorporated into the facility. Further study would be required to determine the need, objectives, opportunities, physical program, funding sources, and management structure of such a facility. The Strategic Plan will include more detail and comparables for the concept.

Section 5. DEMOGRAPHIC ANALYSIS

A demographic analysis was conducted as a basis for determining the retail and entertainment potentials for the State Center site. Because the State Center site is centrally located at the heart of the city and within an institutional node, demand for retail would be generated by a combination of sources. These sources would include primarily households within the Retail Trade Area, as well as students and workers located within a short walk or drive from the site. There is also the opportunity for “inflow” to the site from tourists and households outside of the primary Trade Area, if developed as a destination project. The basic trade areas are defined below, followed by an analysis of the demographic trends within those trade areas as well as the student and employment base proximate to the site.

Household Trade Area Definition

Because the site is centrally located in a major urban market, State Center can potentially draw from a variety of market niches and trade areas. Trade areas are defined based on a number of factors, including transportation access and travel times, commutation patterns, geographic relationship to existing residential neighborhoods and commercial nodes, natural and man-made barriers, etc. For the purpose of this analysis, the household trade areas were defined in terms of four distinct markets:

1. **(A) 5-10 Minute Walk.** A convenience trade area was defined as the community of residents living within walking distance of the site for regular, convenience purchases.
2. **(B) Primary Trade Area.** The overall primary trade area was defined to include most of the north-western quadrant of the city of Baltimore, plus portions of Baltimore County bordering the city’s north-western edge. This trade area should account for at least 70% of sales.
3. **(C) Secondary Trade Area.** A secondary trade area was defined primarily to include communities in the eastern and southern portions of the city of Baltimore.
4. **Destination Inflow:** Inflow from outlying areas of Baltimore County, plus surrounding portions of the metropolitan area. Inflow can also include consumers from further afield, including Metropolitan Washington DC and tourists.

Household Demographic Trends

Population, household, income, and other demographic data were analyzed for each of the three trade areas and sub-markets described above. Trends among the primary demographic factors are summarized below from 1990 through 2007.

**Table 12. DEMOGRAPHIC TRENDS BY TRADE AREA,
STATE CENTER, BALTIMORE, 1990-2007**

Factor	1990	2000	2007	1990-2007 Change	
				Number	Percent
<u>WALKING (A)</u>					
Population	17,503	17,894	17,404	(99)	-0.6%
Households	9,386	9,359	9,186	(200)	-2.1%
HH Income	\$ 37,956	\$ 41,759	\$ 36,554	\$ (1,402)	-3.7%
<u>PRIMARY (B)</u>					
Population	433,736	381,942	365,436	(68,300)	-15.7%
Households	159,167	149,237	146,348	(12,819)	-8.1%
HH Income	\$ 48,747	\$ 47,023	\$ 45,138	\$ (3,609)	-7.4%
<u>SECONDARY (C)</u>					
Population	632,121	615,843	623,069	(9,052)	-1.4%
Households	246,648	248,523	255,961	9,313	3.8%
HH Income	\$ 63,803	\$ 64,097	\$ 62,507	\$ (1,296)	-2.0%

Note: Income expressed in constant 2006 dollars.

Sources: Claritas, Inc. and Randall Gross / Development Economics.

Trade Area A (WALKING)

There are more than 17,400 people living within walking distance of the State Center site. This number represents a density that exceeds that of most towns in America in terms of population. The high population density bodes well for encouraging redevelopment of the State Center site as a more pedestrian-friendly and transit-oriented node. If more of the residents and workers in the area were encouraged to walk through the site and access its transit station, then pedestrian traffic and ridership will increase.

This area's population has fallen only slightly (0.6%) since 1990, which is quite an accomplishment in a relatively low-income urban Baltimore neighborhood. Since housing densities are lower than they were in 1990 (thanks to redevelopment and reduction in the number of housing units), population has

remained relatively constant. The reduction in housing units has accelerated a decrease in the number of households. But even then, the household base only declined by 2.1% (or 200) over 17 years. There are about 9,200 households within walking distance of the site today.

Household incomes in Trade Area A increased in real terms (after accounting for inflation) between 1989 and 1999. This increase was consistent with an overall rise in personal income because of a strong economy that distributed wealth more evenly during the 1990s. However, the increase may also relate more directly to the redevelopment of public housing in the area (e.g., Lexington Terrace) that helped to diversify the income base. Since 1999 however, the area has been hit with the effects of national recession and income stagnation. Overall, real incomes have fallen by \$5,200 or 12.5% since 1999, erasing the gains of the 1990s. Household incomes average about \$36,550 in this area, which is relatively low as compared with the rest of the Baltimore region. There is a significant concentration of poverty in the area that helps to reduce the overall average income.

Trade Area B (PRIMARY)

The broader Primary Trade Area includes a somewhat higher-income group, with \$45,100 in average annual household income. Incomes in the broader trade area actually fell during the 1990s (4.0%, after accounting for inflation), but did not decline as dramatically since 1999 as in Trade Area A. An influx of young professionals has helped to moderate the income base.

The population and household base have continued to decline within the primary trade area, with a 15.8% loss in population and 8.1% loss in households since 1990. This trend appears to be slowing. During the 1990s, the trade area lost an average 5,180 residents (1.2%) per year. However, since 2000, the area appears to be losing population at the rate of 2,360, or 0.6%, per year. Thus, population loss has been cut in half. Similarly, the trade area lost almost 1,000 households (0.6%) per year during the 1990s, but that rate has slowed to about 410 households (0.28%) per year since 2000. Since households are the primary consumer buying unit for retail, a moderation in the household base and incomes bodes well for retail development.

Trade Area C (SECONDARY)

The Secondary Trade Area includes a larger population and household base, and those households generally have higher incomes on average. There are over 623,000 residents of Trade Area C, and 256,000 households. Population in this area (mainly east Baltimore) fell during the 1990s by 2.6%, but has actually increased since 2000 by 7,230 people or 1.2%. Thus, the east side of Baltimore has seen a turn-around since 2000, thanks in large measure to the development of attractive housing and mixed-use projects in Canton, Inner

Harbor East, Fells Point, and other waterfront areas that have brought more people back into the city. The Secondary Trade Area has gained an average 1,032 people per year since 2000.

Even more optimistically, the Trade Area C household base has expanded at an accelerated rate since 1990. Between 1990 and 2000, the household base in this area increased by an average 188 per year or less than 0.1% per year. Since 2000, however, the area has added 1,060 households per year, for a growth rate of 0.4%, or four times the growth rate of the 1990s.

Unfortunately, incomes in this area have fallen slightly (2.5%) since 1999 to about \$62,500. While incomes in this area increased, thanks in part to the influx of new professional residents, inflation has increased slightly faster. These incomes remain the highest in the overall trade area for the State Center site.

Demographic Forecasts

Key demographic factors were also forecasted through 2012 based on information collected from State Planning, Baltimore Metropolitan Council, Claritas, Inc., Baltimore Planning, and other sources. These forecasts are summarized below.

Table 13. DEMOGRAPHIC FORECASTS BY TRADE AREA, STATE CENTER, BALTIMORE, 2007-2012

Factor	2007	2012	2007-2012 Change	
			Number	Percent
<u>WALKING (A)</u>				
Population	17,404	17,000	(404)	-2.3%
Households	9,186	8,948	(238)	-2.6%
HH Income	\$ 36,554	\$ 39,656	\$ 3,102	8.5%
<u>PRIMARY (B)</u>				
Population	365,436	353,432	(12,004)	-3.3%
Households	146,348	142,950	(3,398)	-2.3%
HH Income	\$ 45,138	\$ 49,633	\$ 4,495	10.0%
<u>SECOND (C)</u>				
Population	623,069	626,974	3,905	0.6%
Households	255,961	259,432	3,471	1.4%
HH Income	\$ 62,507	\$ 69,222	\$ 6,715	10.7%

Note: Income expressed in constant 2006 dollars.

Sources: Claritas, Inc. and Randall Gross / Development Economics.

Trade Area A (WALKING)

Population and household base within walking distance is expected to decline only modestly by 2012/13. The area is expected to lose about 240 households over the 5-6 year period, or about 40 to 50 per year (aside from any housing development that may occur on-site at State Center). Should new housing be developed on site within the next five or six years, then the household base is likely to remain fairly stable (with more households living closer to retail at the site). Incomes are expected to increase over the next five years, based on economic trends and population shifts within the trade area. However, the sudden on-set of another recession could lower the income expectations.

Trade Area B (PRIMARY)

Population and households will continue to decline in the Primary Trade Area. The shift in housing conditions may stall or reserve some of the progress made in this area during the last few years. Overall, however, incomes are expected to improve with growth in the economy (even assuming an intervening recession) through 2012/13.

Trade Area C (SECONDARY)

The Secondary Trade Area will see continued growth in population and household base, although the growth rate is expected to slow over the short term due to a shift in overall housing conditions. Incomes will continue to increase so long as there is no major recession to suppress growth through 2012/13.

Area Employment Base

Daytime employees are an important source of potential sales for retailers and restaurants that might locate at the State Center site. Not only is there a huge existing and potential employment base on-site, but State Center is also within walking distance of several institutions with a large daytime worker population. The site's proximate employment base is summarized below based on the available information.

On-Site Employment

On-site employment is expected to include at least the existing 3,500 State Government workers who currently occupy offices at State Center. There is also the possibility that additional State government agencies might relocate or consolidate offices at a redeveloped State Center, adding to the employment base located there. Among the agencies that are presently located at other sites in Baltimore that may be "candidates" for relocating to State Center are the following (based on analysis completed by Staubach but unconfirmed):

MTA, Public Service Commission, Supplemental Employees Retirement Board, Governor's Office for Volunteerism, Housing & Community Development, DLLR, Human Resources, and Department of Disabilities. (Also, portions of the Public Defender's Office and Health & Mental Hygiene).

These agencies occupy at least 500,000 square feet of office space in other locations (outside of State Center) in Baltimore. Based on an average efficiency calculated at 262 gross square feet per FTE¹ (at existing 300 & 301 Preston), these agencies are estimated to employ at least 1,900 staff at their Baltimore offices. Since there is no indication as yet that any of these State agencies will be re-locating to State Center from other offices in Baltimore, it is assumed that State Government employment will remain static at 3,500 in State Center. Of course, any additional employment that is brought to the site will increase the potential for retail development.

In addition to the State workers, there is also the possibility that new, private office space would be developed and occupied on site. The office market analysis forecasted potential for 100,000 to 310,500 square feet of office space on site by 2012/13. Assuming this amount of space is developed, then it is estimated that up to 906 office workers would be added to the site in non-State office space. Therefore, total on-site employment may increase up to about 4,400 even without the addition or consolidation of more State offices on site.

Off-Site Employment

There are an estimated 176,200 downtown office workers.² While Midtown is not as large an employment center, there are several major institutions within walking distance of State Center provide a substantial base of daytime workers who generate demand for restaurant and retail purchases. The major institutions include University of Baltimore (UB), University of Maryland Medical Center (UMMC), and Maryland General Hospital. Obviously, there are other employers in the general area, but these major institutions are likely to generate significant for retail at the site.

UB has a total of 4,800 employees at its campus three blocks away. However, pedestrian access between the campus and State Center is not ideal, and there is a need to simplify and improve pedestrian walkways between the site and the campus. UMMC employs 6,600 workers plus 1,076 attending physicians at its facilities. The medical school employs 1,350 FTE workers plus 1,184 faculty at the medical campus just four blocks south of the site. It is the medical school employers that are most likely to visit the State Center site during the day. Maryland General Hospital employs another 1,100 workers just one block south of State Center off of Howard Street.

¹ Staubach. Draft Outline. March 7, 2007.p.2 (FTE is full-time equivalent).

² GGP. Downtown data collected for Harborplace & The Gallery 2007.

Summary

The on-site and off-site institutional daytime consumer base totals 12,840, as summarized below.

Location / Source	Number of Employees
<u>On-Site</u>	
State of Maryland	3,500
Private Offices	<u>906</u>
Sub-Total	4,406
<u>Off-Site</u>	
UMB	4,800
UMMC	2,534 (plus 6,600 hospital)
MD General	<u>1,100</u>
Sub-Total	8,434
TOTAL	12,840 (19,440)

Of course there are other workers at smaller institutions in the area, including 300 MICA faculty. The numbers identified above represent a target daytime market for retail and restaurants at the State Center site.

Area Student Base

Students are also an important non-household demographic target for retail purchases at the State Center site. There are three institutions of higher education in the area within walking distance of the site: University of Baltimore (UB), University of Maryland Medical Campus (UMMC), and Maryland Institute College of Art (MICA). Graduate-level students are the most likely to eat off-campus, although all of the students generate some retail, eating & drinking, and entertainment expenditures.

Institution	Student Base
University of Baltimore	3,393
UMMC	1,265
MICA	<u>1,872</u>
TOTAL	6,530

The student enrollment base at these institutions totals 6,530. These students, along with daytime workers and trade area households represent an important potential market for goods and services at the State Center site.

Section 6. RETAIL MARKET POTENTIALS

This section summarizes findings from the retail market analysis conducted for the State Center site. The retail assessment analyzed the potentials for convenience and shopper's goods retail, as well as personal services, eating & drinking, and entertainment facilities at the site. Demand was determined based on an analysis of forecasted retail expenditure potentials generated by trade area households, daytime workers, and students in the area. An assessment of the competitive framework was completed in order to determine the share of retail demand that could be captured on site. Based on this analysis, a retail mix is recommended as a starting point for determining the overall development and marketing strategy to be discussed in the Strategic Plan.

Household Expenditure Potentials

Trade Area expenditure potentials were calculated and forecasted through 2012 as a basis for determining retail demand. Sales potentials were determined based on the share of total personal income spent on individual retail goods, services, eating & drinking, and entertainment.

TPI

Total personal income (TPI) was calculated and forecasted for at \$335.8 million in Trade Area A. TPI generated by households in this trade area are expected to increase by \$19.1 million within the next 5-6 years, to a total \$354.8 million. Primary Trade Area TPI is estimated at \$4.2 billion, increasing by \$489 million over the next five to six years to a total of \$4.7 billion. The Secondary Trade Area has TPI of \$16 billion, increasing by almost \$2.0 billion to about \$18 billion by 2012/13.

Retail Sales Potential

Retail expenditure potential was determined for each of the trade areas through 2012/13. Trade Area A generates an estimated \$138 million in annual retail sales, which is expected to increase by 5.7% to \$145.9 million by 2012/13. The Primary Trade Area (B) generates about \$2.7 billion in annual sales. This amount is expected to increase by \$315.9 million 11.7% within the next five or six years. Finally, the Secondary Trade Area generates \$5.8 billion in sales, increasing by \$712.8 million or 12.2% to \$6.5 billion by 2012/13. These expenditure potential forecasts are summarized below.

Table 14. RETAIL EXPENDITURE POTENTIALS, STATE CENTER TRADE AREA, 2007-2012

Trade Area	2007 (000)	2012 (000)	2007-2012 Change	
			Amount	Percent
A-Walking	\$ 138,032	\$ 145,866	\$ 7,834	5.7%
B-Primary	\$2,707,108	\$3,022,969	\$ 315,861	11.7%
C-Secondary	\$5,821,024	\$6,533,782	\$ 712,758	12.2%

Source: Randall Gross / Development Economics.

Overall, Trade Area C constitutes the largest share of sales potential in the trade area. However, the fastest growth in sales will be generated by households in the Primary Trade Area.

Employee & Student Expenditure Potentials

Based on survey data generated by the Building Owners and Managers Association (BOMA) and other sources, daytime employee expenditures were estimated for workers at key institutions in the area. These expenditures were estimated for each type of retail good or service, as well as for eating & drinking. Similarly, expenditure potentials were estimated for students at the several area institutions.

Table 15. EMPLOYEE & STUDENT RETAIL EXPENDITURE POTENTIALS, STATE CENTER AREA

Source	On-Site	Off-Site	TOTAL
Employees	\$7,821,036	\$ 14,972,459	\$22,793,494
Students	\$ -	\$ 15,717,955	\$15,717,955

Sources: BOMA, in-house survey research, business interviews, and Randall Gross/ Development Economics.

This analysis suggests that employees on site, including State Government workers as well as tenants in private office space, will generate an estimated \$7.8 million in annual retail sales. Employees off-site, including those at the various large institutions, will generate about \$15 million per year. Thus, area employees will generate a total of about \$23 million per year. Students in the area will generate expenditures for retail, personal service, eating & drinking, and entertainment in excess of \$15.7 million per year.

Competitive Framework

State Center will only capture a share of this expenditure potential. Much of the retail sales generated by trade area households, as well as by daytime workers and students, will be captured by competitive retail centers, stores, nodes, and corridors throughout the Baltimore region and beyond. Much of Baltimore's retail expenditure "leaks" out of the city and to suburban shopping malls. Only recently has the city begun to re-capture some of this lost potential. The major competitive nodes are summarized below.

Inner Harbor

Downtown and the Inner Harbor are obviously competitive retail nodes, although much of the retail that is located on the waterfront is tourist-oriented. Nevertheless, there are chain stores like Anne Taylor, The Gap, and Banana Republic that are typically found in suburban malls. Harbor Place (138,000 GLA) and The Gallery (135,000 GLA), located at Light & Pratt Streets, are the two major retail centers in the Inner Harbor marketplace. These centers have a total of 100 retail stores and parking to accommodate 1,100 cars. Anchors include Urban Outfitters, Cheesecake Factory, Phillips Seafood, J. Crew, and Brooks Brothers.

Mondawmin Mall

Fifty-year old Mondawmin Mall, located at Liberty Road at Gwynn's Falls Parkway, may soon become the most competitive retail node for State Center. Among the 115 existing stores are New York & Company, Downtown Locker Room, Foot Locker, Ashley Stewart, and other urban format stores. The mall has similar demographic and trade area characteristics to the State Center site. At present, the 360,000 GLA center with 1,800 parking spaces (managed by General Growth) is undergoing expansion with the addition of 225,000 square feet. The expansion will include a new 127,000 square-foot Target, 67,660 square-foot Shoppers Food & Pharmacy, and other stores. The expansion and renovations are slated for completion by September 2008.

Harbor East

The emerging Harbor East node is rapidly developing as an important retail hub, anchored by the busy 25,000 square-foot Whole Foods Market. The area has attracted dining and entertainment mix including at least 10 higher-end sit-down restaurants plus Landmark's 7-screen Harbor East Cinema. Retail is typified by wine shop Bin 604. Restaurants include Charleston, Fleming's Steakhouse, Grille 700, Lebanese Taverna, and others.

Security Square Mall

Security Square Mall, located near I-70 and the Baltimore Beltway is anchored by Macy's, Sears, Burlington Coat Factory, Old Navy, Modell's Sporting Goods, Cactus Willie's Buffet & Bakery, Seoul Plaza, and AMC Theatres. This regional mall, with 1,040,000 GLA, has 120 stores and 6,200 parking spaces. Built in 1972 and renovated most recently in 1998, the mall serves Baltimore's west side and suburban market.

Other Major Centers, Districts, & Nodes

Other competitive nodes include the high-end Village of Cross Keys, Towson Town Center, Towson Place, Hunt Valley Towne Center, the Center at Glenburnie, and other regional malls. Specialty districts such as Little Italy (restaurants), Canton and Fells Point (pubs), and the various food markets (e.g., Lexington Market) compete for various niches of the specialty retail market. Charles Village and Hampden have become important specialty neighborhood retail nodes in central Baltimore that compete for urban household expenditures. Federal Hill has its own commercial district along with Cross Street Market which serves that community. Mt. Vernon has restaurants and specialty stores that are located within walking distance of State Center. On the West Side, Mt. Clare Junction Shopping Center, Hollins Market, and retail along MLK are competing for neighborhood expenditures.

Site Retail & Entertainment Potentials

The potential for retail, personal services, and entertainment was forecasted for the State Center site through 2013 within the competitive context. Several assumptions underlie these forecasts. First, it is assumed that the State Center site would be redeveloped as a mixed-use complex, with retail space integrated with new housing, office, and other uses. Thus, the retail would not be developed in isolation of other new development. Second, the analysis assumes a destination marketing strategy for the site. When the market was tested relying on a localized trade area, there was insufficient demand to support significant development aside from minor fast food and convenience uses. Thus, a choice was made to focus on destination opportunities. Finally, the analysis assumes the opportunity for incentives to attract anchor uses to the site that will help to generate spin-off potential for line shops.

Based on these assumptions, the site would be expected to attract up to 350,000 square feet of retail, personal service, and entertainment use by 2013. This amount would include over 100,000 square feet of convenience uses, 145,000 square feet of shopper's goods stores, 41,000 square feet of eating & drinking establishments, about 40,000 square feet of entertainment use, and 13,000 square feet of personal service establishments. This demand is summarized in the following table.

Type of Good	Gross Demand (SF)		Existing Uses	Warranted Demand
	2008	2013		
Convenience	100,469	109,860	-	109,860
Shoppers Goods	131,666	145,673	-	145,673
Eating/Drinking	36,874	40,587	-	40,587
Entertainment	28,041	38,505	-	38,505
Personal Services	12,143	13,021	-	13,021
TOTAL	309,193	347,646	-	347,646
<i>Existing Vacant</i>			-	
Net New Space				347,646
Source:	Randall Gross / Development Economics.			

A more detailed summary of demand by specific retail category is provided in Appendix Table A-2. As indicated in Table A-2, there is demand for a grocery store. However, given the presence of a Melvin’s Supermarket on West Baltimore Street and with addition of a new Shoppers Food & Pharmacy at Mondawmin Mall, a grocery store at State Center would be expected to serve a more specialized niche market. Incomes in the convenience trade area are insufficient to support a gourmet store, but there may be opportunities for an ethnic or health/natural foods specialty market to serve the Midtown student, worker, and household base. More specific recommendations for tenancing this space will be explored in the Strategic Plan.

There is also potential for over 20,000 square feet of gas stations or convenience store space. While the site offers a good location for this use with minimal competition, the recommended mix for the site would not include a gas station as it would distract from the pedestrian-oriented mixed-use environment intended for the site overall.

There is also significant demand for health and personal care products that could be captured on site. There is already an existing Rite Aid Pharmacy near the site, but this pharmacy already performs at high levels and there is excess demand in the market. The addition of a pharmacy at Shoppers at Mondawmin Mall will also narrow the niches available to the State Center site, despite the demand for such products.

Assuming the site is developed for its destination potential, then there is demand for up to 24,000 square feet of apparel and accessory stores, 29,000 square feet of furniture & home furnishings, and 12,000 square feet of books &

music, in addition to other shopper's goods stores. There is significant demand for fast food (22,000 square feet) but also for 10,000 square feet of sit-down (full-service) restaurants at the site. Much of the restaurant demand is driven by the daytime population, plus students and nearby residents. These groups also generate demand for personal services such as hair salons. Finally, there is demand for almost 40,000 square feet in entertainment use. While demand is probably not sufficient to support cinemas, there may be opportunities for family entertainment center, live music, or related uses.

Recommended Mix

Based on the findings of the market analysis, a Phase 1 retail mix is recommended as part of development phased into the State Center project. The marketing concept would focus on eating & drinking, health & personal care, convenience food, and destination merchandising related to office & computer supplies, furnishings, books & music, sporting goods, and family entertainment.

Health & Personal Care	14,000 square feet
Specialty/Health Foodstore	22,500
Convenience Food	9,500
Florist	2,500
Shoe Store	2,500
Home Furnishings Store Anchor	21,000
Electronics-Telecom	2,500
Books/Music Store	8,500
Computer Games	2,500
Sports Specialty	3,500
Office/Computer Supply Anchor	25,000
Sporting Goods Anchor	15,500
General Merchandise Store	2,500
Clothing Accessories Store	2,500
Clothing Stores	10,000
Full-Service Restaurants	10,000
Fast-Food Restaurants	12,000
Family/Entertainment Anchor	25,000
Maryland Cards & Gifts	2,500
Hair/Salons	6,000
Branch Bank	4,500
TOTAL Phase 1	204,500

Overall, this mix would include about 200,000 square feet of retail plus a consumer branch bank. Key anchors would include an entertainment use (such as a family entertainment center or jazz club), office/computer supplies, home furnishings store, health & personal care store, and specialty foodstore. This

preliminary program will be further refined and appropriate tenants identified through the Marketing Strategy developed as part of the Strategic Plan.

Summary

The market analyses identified demand for more than 300,000 square feet of office space and recommended 200,000 square-feet of retail development in Phase 1 of the commercial program for the State Center site. Office and residential uses will help generate demand for retail, so it would be logical to focus first on the office and housing components of the overall development program. Small-scale retail development would be limited primarily to take-out restaurants and convenience food. Based on the destination marketing approach, State Center is more likely to generate a broader retail mix. However, competitive developments will limit the tenanting niche opportunities for certain spaces, especially grocery store and pharmacy, even though there is demand to support basic grocery/pharmacy operations. A more detailed marketing strategy can be developed as part of the Strategic Plan.

APPENDIX

Randall Gross / Development Economics

Table A-1. SELECTED COMPETITIVE OFFICE BUILDINGS AND DEVELOPMENT, BALTIMORE CITY, 2008

Name/Location	Area	Year	Office Square Footage			Amenities	
			Total	Vacant	Percent		
Montgomery Park, 1800 Wash Blvd	Wash V	2002	2,149,000	510,500	23.8%	3,000	Historic, flex, I95, green, food court, fitness, daycare
Symphony Center 901 N Howard St	West	2002	120,000	11,420	9.5%	480	Mixed use office, retail, residential, free parking
ETC-Canton 2400 Boston St	Canton	1998	45,000	-	0.0%	-	Shared services, equipment, kitchen, flexible leases
One South Street 1 South Street	CBD	1991	477,771	50,000	10.5%	478	Retail, on-site parking
250 W Pratt	CBD	1985	367,760	45,000	12.2%	-	Waterviews, I95, Transit, 24-hr lobby, retail
250 W Pratt St	CBD	1924	153,400	46,000	30.0%	-	24-hr lobby, on-site mgt
7 E Redwood 7 E Redwood St	CBD	N/A	300,000	N/A	N/A	-	Views, I95, retail
Blaustein Bldg 1 N Charles St	CBD	N/A	N/A	17,710	N/A	75	
1401 S Edgewood 1401 S Edgewood	CBD	N/A	N/A	140,000		150	Transit access
Mercantile Bldg 2 Hopkins Plaza	CBD	2003	300,000	26,000	8.7%		Waterviews, city center, renovated space
Charles Center 100 N Charles St	CBD	2003	300,000	26,000	8.7%		Incubator - shared space, equipment, and services
ETC-Hopkins 1101 E 33rd St	Waverly		45,000				Renovated space
Furness House 19-21 South St	CBD	1994	25,000				
Gaslite Square 1401 Severn St	C-C	PLAN	96,350	96,350	100.0%	96	Historic rehab, free on-site parking, I95/295, zones

Randall Gross / Development Economics

Continued

Name/Location	Area	Year	Office Sq. Footage			Amenities
			Total	Vacant	Percent	
Inner Harbor Ctr 400 E Pratt St	CBD		145,000	40,000	27.6%	1,300 Attached parking garage
Maryland Life Bldg 10 South St	CBD			15,750		Historic district
One Market Center 300 W Lexington Parker Metal Bldg 333 W Ostend	CBD		193,000	95,000	49.2%	Telecom hotel / data hosting Zones, I95
Raleigh Ind Center 1100 Wicomico	SW	2001	400,000	150,000	37.5%	Zones, updated, near CBD
St Paul Plaza 200 St. Paul Place	CBD		280,000	80,000	28.6%	I83/395, parking garage, city/waterviews, bank/café
Tide Point Ph 2 Hull Street	Loc Pt	PLAN	TBD	-	0	Water/cityviews, I95, water shuttle
World Trade Center 401 E Pratt St	CBD		278,460	129,524	46.5%	Waterfront/IH, conference, on-site management
Harbor Point Fells Point	Fells Pt	UD- 2012	1,100,000			Waterfront/IH, hotel, park/open space, shuttle
Fells Point 10 Inner Harbor 414 Light Street	CBD/IH	UD- 2010	600,000			3,865 1,600 IH, convention center, CY
Harbor West Kloman Street	Wport	2007	3,000,000			Waterfront, mixed-use, hotel planned
CC/1st Mariner 1501 S Clinton	Canton	2006	459,015	75,000	16.3%	Free on-site parking
Power Plant Live! 34 Market Place	CBD/IH	2002	110,000	56,000	50.9%	275 Entertainment center, IH, restaurants
Can Company 2400 Boston St	Canton	1998	289,500			Historic rehab, mixed-use

Randall Gross / Development Economics

Continued

Name/Location	Area	Year	Office Square Footage			Amenities
			Total	Vacant	Percent	
One E Pratt		CBD/IH	170,000			Waterviews, 195
1 E Pratt Street						
1300 Warner St	C-C		200,000			Zones, mixed use, 195/295
1300 Warner St						
200 W Lexington	West	PLAN				Planned mixed-use tower
200 W Lexington						office, retail, residential
2330 St. Paul	Chas V	PLAN	30,000			-
2330 St. Paul St						
4500 Harford Rd	Lauravi	PLAN	4,000			34 Mixed-use
4500 Harford Rd						
Arena Site	CBD	PLAN				RFQ stage-mixed use
201 W Baltimore						
Brewers Hill,	Canton	PLAN	500,000			1,200 Historic rehab, mixed-use
Canton						retail, wet-lab, BTS, garage
CC-Harbor's Edge	Canton	PLAN	430,000			
1520 S Clinton						
Cathedral Place	West	PLAN	46,159			15 Historic, bus access
300 W Cathedral						
Catholic Relief Sv	West		66,242			Transit access, historic
209 W Fayette						district
Charles Ctr-Fidelity	CBD	AVAIL	159,000			- Available - office, hotel res
210 N Charles St						
Faust Bros. Bldg	West	1975	24,783	-	0.0%	- Historic
307 W Baltimore						

Randall Gross / Development Economics

Continued

Name/Location	Area	Year	Office Square Footage			Amenities
			Total	Vacant	Percent	
Gateway South Russell/Warner	C-C	PLAN	1,000,000			195, sports complex, retail, zones
Harbor E-Legg M 1000 Lancaster St	Fells Pt	UD- 2009	640,000	240,000	37.5%	800 Harbor East
Vue Harbor East 800 E Aliceanna	Fells Pt	UD- 2008	10,000	-	0.0%	787 Mixed use-movie theater, hotel, athletic club
One Light Street 1 Light Street	CBD	PROP	520,000	-	0.0%	Mixed Use proposed office, retail, hotel
Stewarts Bldg 228 W Lexington	CBD	PROP				Historic rehab -retail/mixed

Sources: Baltimore Development Corporation, Real Estate Brokers, and Randall Gross / Development Economics.

Retail Potentials (Following)

Randall Gross / Development Economics

**Table A-2. WARRANTED RETAIL DEMAND BY USE,
STATE CENTER AREA, 2008 AND 2013**

Type of Good	Gross Demand (Sq Ft)	
	2008	2013
<u>Convenience</u>		
Grocery	46,656	51,989
Food	7,656	7,891
Health/Pers Care	24,238	25,925
Gas/Convenience	19,876	21,814
Florist	2,043	2,240
Sub-Total	100,469	109,860
<u>Shoppers Goods</u>		
Apparel/Access	21,253	23,686
Jewelry	1,600	1,782
Shoes	4,996	5,475
Furniture	15,994	17,983
Home Furnishings	10,234	11,462
Appliances	2,863	3,219
Hardware/Bldg	839	924
Home Center	7,056	7,846
Gen Mdse/Dept	3,690	3,863
Auto Supply	3,044	3,315
Electronics/Comp	5,599	5,962
Books/Music	11,157	11,993
Camera/Photo	970	1,031
Gift, Novelty, Svr	6,457	7,075
Hobby/Toy/Game	8,832	9,767
Luggage/Leather	1,657	1,818
Office/Stationary	4,463	4,957
Sewing/Piece	1,524	1,720
Sporting Goods	19,437	21,794
Sub-Total	131,666	145,673
<u>Dining & Entertainment</u>		
Restaurants		
Fast Fd	21,009	22,565
FullSvc	7,647	9,451
Drinking Establishmt	8,217	8,570
Entertainment	28,041	38,505
Sub-Total	64,915	79,091
<u>Personal Services</u>	12,143	13,021
TOTAL	309,193	347,646

Source: Randall Gross / Development Economics.

