

# Real Estate Market Analysis: Town of Bel Air, MD

March 2016

Prepared for:

Bel Air Downtown Alliance



120 West Avenue, Suite 303  
Saratoga Springs, NY 12866

518.899.2608

[www.camoinassociates.com](http://www.camoinassociates.com)

## About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 26 states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY; Portland, ME; and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociates).

## The Project Team

Michael N'dolo  
*Vice President, Project Principal*

Daniel Stevens  
*Economic Development Analyst, Project Manager*

Alexandra Tranmer  
*Economic Development Analyst, Project Staff*



# Table of Contents

Introduction .....	2
Recommendations .....	3
Development Opportunities .....	7
Build-Out Concepts .....	15
Market Analysis .....	19
Retail and Service Commercial Space Market Analysis.....	42
Entertainment Industry Market Analysis.....	81
Attachment A. Data Sources .....	98



## Introduction

Camoin Associates was commissioned by the Bel Air Downtown Alliance to conduct a real estate market analysis for the Town of Bel Air, MD. At its core, the market analysis is a study of recent supply and demand with the purpose of identifying opportunities to meet future demand. The analysis looks specifically at the residential, retail, commercial, entertainment and lodging market to understand what the future opportunities are for Bel Air to capitalize on.

Bel Air is known for its high quality of life, good schools, and for being the center of Harford County government. The market analysis revealed that there is a tremendous opportunity to build on the strengths of the community and elevate the town into a vibrant arts and entertainment destination, while maintaining the town's character and attractive qualities, including single-family homes and green space. Bel Air's downtown is well-positioned to be the epicenter of this transformation consisting of new restaurants, boutique destination retail establishments, entertainment venues, and upscale housing units.

The market analysis also examined opportunities for growth across the entire town and found that Bel Air's growth will depend on vertical growth (taller buildings and greater densities) and horizontal growth (annexation of strategic sites adjacent to the town's boundaries). Over 30 potential development sites were identified as future possibilities to meet the needs identified in the market study including independent living facilities, student housing, residential, medical office space, entertainment businesses, and specific types of retail establishments.

Camoin Associates used the results of the market analysis to prepare five (5) site-specific real estate project concepts to help illustrate the vision for the town and to serve as catalyst projects for achieving that vision. The concepts were vetted with town and county officials as well as private-sector developers and reflect the input of these stakeholders.

To capitalize on the market opportunities identified in the study, Camoin Associates prepared a series of recommendations to assist the town. Among these recommendations are developing a strong vision for the town, revitalizing key commercial areas, engaging the development community, marketing the town to visitors and businesses, continuing to improve downtown's atmosphere, and strategic policy and infrastructure decisions.

This report is divided into four major sections:

- Recommendations
- Development Opportunities
- Build-Out Concepts
- Market Study

Future market conditions in Bel Air are favorable for growth and there are great opportunities on the horizon. Taking full advantage of these opportunities, however, requires a strong vision and a willingness to take action to implement that vision. The key findings and recommendations of this study are intended to serve as a foundation of knowledge and guidance as the town moves forward in taking that action.

# Recommendations

## Vision & Branding

**Develop a clear vision and identity for the Town of Bel Air.** The town lacks a strong identity aside from being a nice place to live and home to Harford County government functions. An identity and vision for a future Bel Air is necessary from an economic development perspective as businesses and developers will respond to increased clarity knowing that their plans align with the town's goals. It's also important to build the brand of Bel Air from a marketing perspective. A strong and recognizable brand helps attract visitors, businesses, and residents.

**Re-define what it means for downtown to be an Arts & Entertainment District.** Brand downtown as a vibrant place for eating, drinking, and shopping with arts and cultural uses interspersed. Create a vision for the Main Street corridor that includes a mix of uses focused on restaurants, pubs, and boutique shops geared towards a more upscale market. Reshape the image of downtown to one of being a pedestrian-friendly destination with unique offerings compared to the mall and major retail corridors.

## Beyond Downtown

**Work with the college on student housing concept in town.** There is a market for student housing generated from nearby Harford Community College. Development of student housing on the campus is currently infeasible but that could change in the future. Work with the college to try to make a student housing project happen in the town. The benefit to the town is that it will help local businesses and support the vision of an entertainment district downtown as students are drawn to the downtown area.

**Explore strategic annexation opportunities.** Bel Air is relatively built out and future growth will depend primarily on infill, redevelopment of existing sites, or annexation of new sites into the town. Undeveloped tracts of land immediately adjacent to the town's boundaries generally represent the best opportunities. The "Auto Auction" site is a significant opportunity as a site near the town's boundary with significant acreage for a major development.

**Encourage redevelopment of North Main and Route 1 commercial areas/corridors.** These two commercial corridors represent prime real estate within the town but have numerous underutilized parcels. Market conditions will, to an extent, dictate the redevelopment of these areas, but there are proactive things that can be done. Start with developing a vision for each of these corridors and make sure zoning regulations will support that vision. Invest in strategic public improvements as necessary, such as streetscape improvements or other infrastructure.

## Engaging Developers

**Work with the county, property owners, and developers on implementing the Bond Street Build-Out Concept.** Reach out to the owners of parcels fronting on Bond Street that have been identified as potential redevelopment areas to gauge and build interest in pursuing redevelopment. Work with the county on exploring the feasibility of the development concept prior to issuing a Request for Proposals (RFP) for the "Risteau Lot" next to the courthouse building with uses aligning with those proposed in the Bond Street Build-Out concept, including structured parking to serve future development along Bond Street with retail frontage and optional housing units above.

**Encourage the county to facilitate development on vacant lots.** The "Health Department Lot" is a vacant parcel owned by the county and well-suited for infill development, especially multi-family residential. Examine the feasibility of the development concept for the site. Refine the concept as necessary and work with the county to declare the site "surplus" and make the site available to private developers through an RFP process.

Engage the county to redevelop The “Tire Lot” on Main Street through a public-private partnership. New development would feature office space for the county and would be ideally suited for ground floor retail space fronting on Main Street and some structured parking on the ground floors.

**Facilitate development of the “Hickory Lot.”** Formalize the vision for the site and open up the site for development either through direct sale or an RFP process. Ensure zoning aligns with the vision for the site. Secure a parking arrangement with the garage to accommodate parking needs for the site in the garage.

**Direct market to developers.** Use the newly developed marketing brochure to gain developer attention. Distribute the brochure directly to known developers and to commercial real estate agents. Property owners and managers such as the Harford Mall and other strip centers may also be able to use the brochure to help recruit businesses.

**Provide clarity on the water supply issue:** Provide clarity on the water supply situation including a timeline for resolution and what it means for developers. Frame the issue so that developers understand what their risk is.

## Marketing to Businesses

**Strategically target specific retail/entertainment businesses for recruitment to Bel Air’s downtown.** Identify successful locations that would fit the vision for Bel Air’s downtown, including upscale restaurants, pubs, boutique clothing shops, and other destination type retail. Specifically target those with locations in the immediate Baltimore area that may wish to open a second “satellite” location in Bel Air. Work to attract entertainment businesses that fit with Bel Air’s higher end market in the 35-55 age demographic. Examples of these types of businesses include: wine bar, paint & sip, do-it-yourself pottery, art galleries, pubs/brewpubs, small performance spaces, etc.

**Work with downtown property owners and landowners on recruitment.** Engage owners and landlords in the recruiting process. Identify those owners with spaces well suited for targeted uses and get them on board before reaching out to businesses. When reaching out, show that Bel Air has ideal spaces ready for their next location. This is particularly important for restaurants and other more specialized uses that will require significant investment in, and control over, their space. The Downtown Alliance is the most appropriate entity to undertake this responsibility.

**Attract a BBQ food establishment.** Bel Air is already known for its renowned BBQ bash and should work to capitalize on that identity further by attracting a high quality BBQ restaurant. This will also help the town gain a reputation as a dining destination with interesting and unique offerings.

**Engage independent living companies.** Reach out to independent living facility companies in the Baltimore Area to discuss the feasibility of adding a facility to the town. Highlight those sites that may be suitable and demonstrate that the market demand is there.

## Marketing to Shoppers

**Advertise Downtown Bel Air.** Continue to promote downtown as a destination. Use multiple channels including social media. Focus on building brand recognition as a place for restaurants, entertainment, and shopping. The Downtown Alliance should take the lead in these efforts.

**Assist businesses with their marketing.** Educate retail businesses about selling online direct to consumers and engaging in social media. Encourage existing businesses to create and maintain business Facebook pages. Help each business get their location on Google Maps. Start a peer-to-peer program where business owners can share their successful practices and mentor other business owners.

## A Visitor Friendly Downtown

**Improve downtown signage and wayfinding.** Improve wayfinding signage downtown to direct visitors to shopping areas, attractions, public parking, etc. Establish an information kiosk downtown to orient visitors and provide information on Bel Air's offerings.

**Complete Ma and Pa Trail and draw visitors into downtown.** Work to complete the missing segments of the Ma and Pa Trail as a way to attract new visitors to the town and help catalyze redevelopment of the North Main Street Corridor. Add signage and information booths to draw in visitors to the downtown. Provide proper amenities such as restrooms, bike racks, etc. that will allow visitors to stay and explore town.

**Work with businesses on extending business hours.** Conduct outreach to get businesses to agree on extending hours into the evening. Start small such as one day a week or summer evening hours on weekends. Make the case that the long-term benefit will be to help create a downtown entertainment and shopping destination. Make a strong effort to draw in shoppers in the extended evening hours through heavy promotion, including activities and events.

**Continue to invest in downtown amenities.** Continue to enhance the vibrancy and welcoming atmosphere of downtown by investing in new and improved amenities including:

- Information kiosk
- Wayfinding signage
- Improved lighting
- Electric car charging stations
- Modern paid parking system (pay by smartphone, etc.)
- Bike racks
- Open Wi-Fi

Also consider policies to allow food trucks and street performers downtown.

**Explore the feasibility of pedestrianizing one of the cross streets between Main and Bond.** Pedestrian-only streets can help increase the vibrancy of downtown areas, especially when coupled with strategies for increasing the number of downtown residents.

**Encourage and invest in outdoor seating.** Encourage restaurants to provide outdoor sidewalk seating and make sure policies allow for, and encourage outdoor seating. Invest in additional street furniture downtown including benches, tables, etc. Outdoor seating helps promote a pedestrian-friendly atmosphere and adds the vibrancy of downtown areas.

## Policy and Infrastructure

**Make sure there is adequate parking for future growth.** Anticipate and solve parking constraints in advance. Don't rely on developers to solve parking issues. Ensure there is sufficient parking as this will serve as an inducement to future development. Work with the county to develop a public-private partnership to provide a parking garage on the "Risteau Lot." Work out the logistics of providing parking in that garage to meet the needs and requirements of future development along Bond Street. Explore the feasibility of an additional parking garage in the North Main Street area in the longer-term.

**Align zoning regulations with the town's vision.** In the downtown area, zoning should allow for multi-family residential and mixed-uses of sufficient densities. Generally, four story building heights are appropriate and necessary to achieve the density necessary to make developer investment financially feasible and to achieve the ideal number of residential units downtown. In the "North Main" and "Route 1" commercial areas, ensure that regulations allow and encourage (through incentives) projects that meet the town's vision for those areas.

**Explore establishing a vacant property registry.** A vacant building registry would require property owners to register their building with the town if it is vacant and pay a fee. A registry can typically be structured on a sliding scale so that the longer a building remains vacant, the larger the fee paid by the owner. The purpose of the registry is to incentivize property owners to do something with their property so that it returns to active use as soon as possible.

**Lobby for liquor law policy changes at the county level.** The stringent regulations for a restaurant to obtain a liquor license is a barrier to entry into the Bel Air market. Regulations include requirements on hours of operation, minimum seating capacities, and a significant capital investment hurdle in order to be eligible. Demonstrate how these regulations are constraining the economic vibrancy of Bel Air.

**Improve collaboration between ECDC, the Bel Air Downtown Alliance, and the town's Economic Development Department.** Have a strategic planning session to define and assign roles and responsibilities among the three entities. Ensure efforts are complementary and not redundant. Focus on the strengths of each entity with consideration for the resources of each group. Identify important tasks that are not achievable with current resources to use in the pursuit of future funding opportunities to expand capacity.

**Examine utilization of the Bel Air Armory.** The Armory is a valuable community resource. Ensure that its space is being utilized in a fair and equitable manner with a focus on the "highest and best" uses. Explore using the Armory regularly as an entertainment and performance space. Look for opportunities to host major events in the High School's auditorium and coordinate those events with those in the Armory to provide the most appropriate space and to prevent competing events.



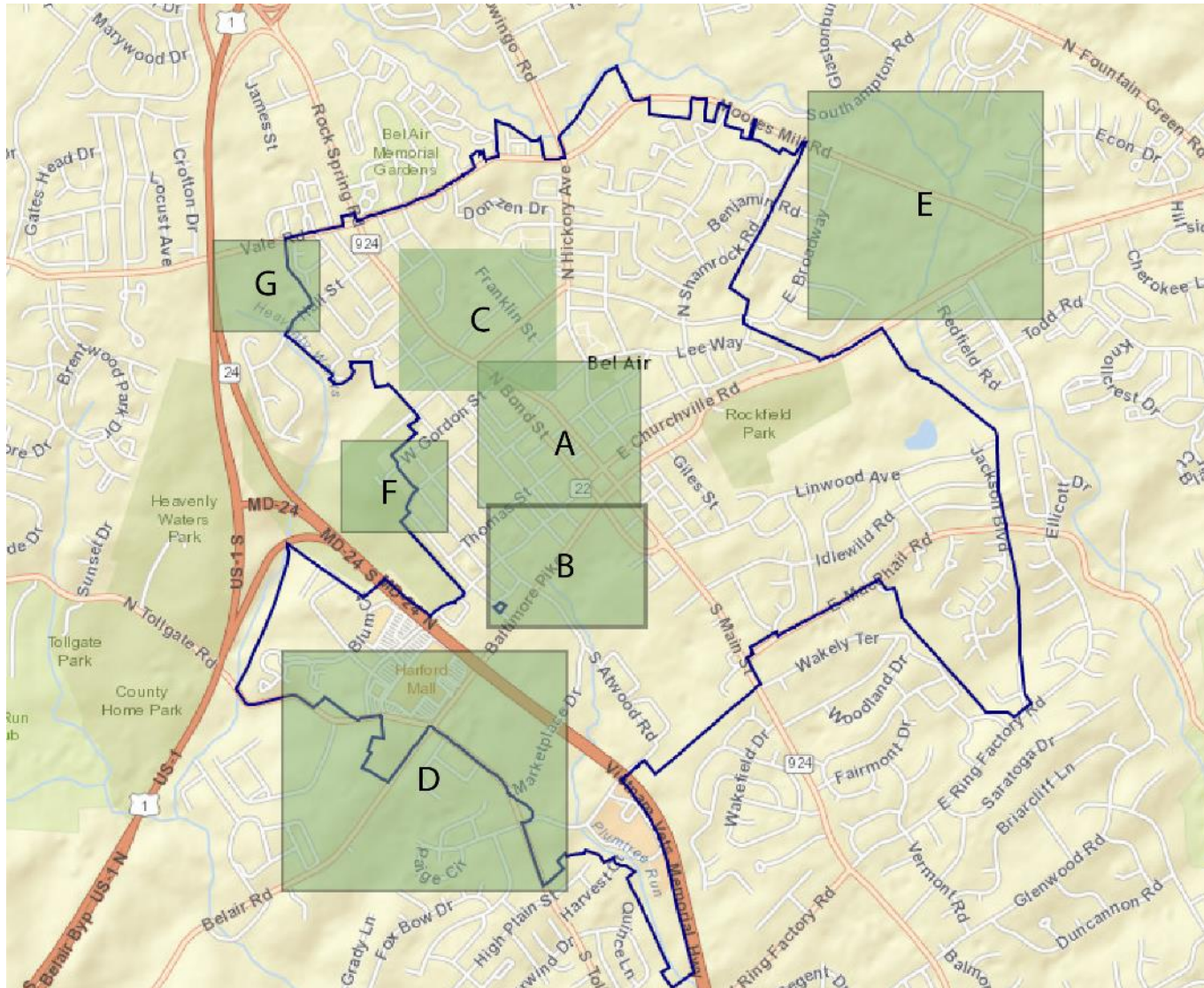
## Development Opportunities

As part of the real estate market analysis, Camoin worked with the Bel Air Downtown Alliance and the Town of Bel Air to identify potential development opportunities. The result of that analysis is the list of sites in the table below. Some sites are individual parcels while others are collections of parcels. The type of opportunity is identified for each as some represent immediate development potential while others are longer term redevelopment possibilities. A series of maps showing the boundaries of each site follows the table.

Development Opportunities: Town of Bel Air, MD			
Site #	Name	Type	Description
1	Risteau Lot	Current Opportunity	County owned parking lot
2	Health Dept Lot	Current Opportunity	County owned vacant lot
3	Tire Lot	Current Opportunity	County owned parking lot
4	Euler Lot	Current Opportunity	Privately owned parking lot
5	M&T Lot	Future Redevelopment Possibility	Privately owned bank parking lot and drive-thru
6, 7	Bond and Lee Streets	Future Redevelopment Possibility	Private and Town owned parking lot with one structure. Requires assembly
8	Bond and Alice Ann	Current Opportunity	Privately owned vacant land
9	Bakery/Harford Mutual	Future Redevelopment Possibility	Privately owned retail strip and parking lots. Requires assembly.
10	Omitted		
11	Harco houses	Future Redevelopment Possibility	Privately owned commercially leased residential structures - single owner
12	Hickory Lot	Current Opportunity	Town owned parking lot
13	Maitland/Churchville	Current Opportunity	Privately owned vacant parcel
14	Williams Street	Current Opportunity	Privately owned vacant parcel
15	Bel Air Academy	Current Opportunity	Town owned historic structure with land
16	Peverly Lot	Current Opportunity	Privately owned vacant parcel
17	23 North Main	Future Redevelopment Possibility	Privately owned office building, parking lot and vacant land. Requires assembly.
18	Bailey's Lane	Current Opportunity	Privately owned vacant parcel
19	Fosters/Broadway	Future Redevelopment Possibility	Privately owned lots - 2 with houses, 1 vacant - single owner
20	Ellendale Street	Future Redevelopment Possibility	Privately owned industrial uses. Requires assembly.
21	Boyer Farm	Future Redevelopment Possibility/Annexation Possibility	Privately owned farm property
22	St Matthews 1	Current Opportunity	Privately owned vacant land across from John Carroll
23	St. Matthews 2	Current Opportunity	Privately owned vacant land - adjacent to Southhampton MS
24	Graybeal Property	Current Opportunity/Annexation Possibility	Privately owned historic house with vacant land
25	Tollgate Road Houses	Current Opportunity/Annexation Possibility	Privately owned vacant houses/land - presumed single owner (LLC's)
26	Auto Auction	Future Redevelopment Possibility/Annexation Possibility	Privately owned industrial/retail uses - related ownership - south of Route 1
27	Auto Auction/Stack & Store	Future Redevelopment Possibility/Annexation Possibility	Privately owned ind/retail uses - north of Route 1. Requires assembly.
28	Behr/Balto Pike at Rt 22	Future Redevelopment Possibility	Privately owned, some vacant. Requires assembly - 2 owners
29	Hays/Alice Anne/Penna	Future Redevelopment Possibility	Privately owned, residential and parking lots. Requires assembly.
30	Broadway and Rock Spring	Future Redevelopment Possibility	Privately owned, commercial uses. Requires assembly.
31	Emmanuel Property	Current Opportunity/Future Redevelopment Possibility	Owned by Emmanuel Church, vacant land. Church intentions unknown.
32	Rock Spring at Ellendale	Current Opportunity	Old commercial structures, one vacant. One owner.
33	Tollgate at Mall	Current Opportunity	Vacant commercial land. One owner.
34	BB&T	Current Opportunity	Vacant commercial land. One owner.
35	Hazel Dell	Current Opportunity/Annexation Possibility	Large residential property (30 acres) - one home. One owner.
A-1	Balto Pike - 22 to Atwood	Current Opportunities	Commercial corridor with various redevelopment and improvement opportunities

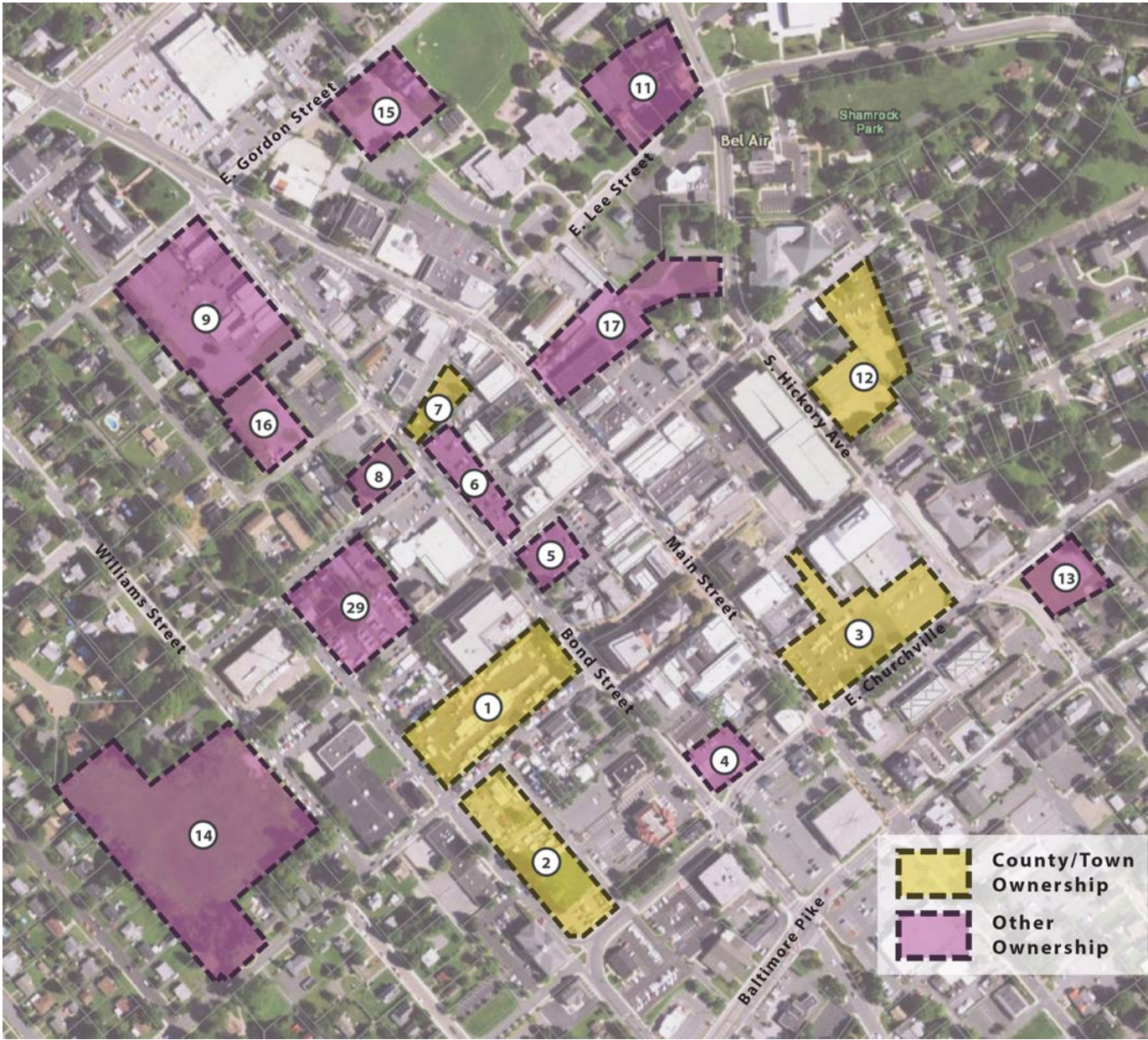
## Map Legend: Development Opportunities

The map below shows the general areas where development opportunities are located. Each rectangle corresponds to a more detailed map that follows.



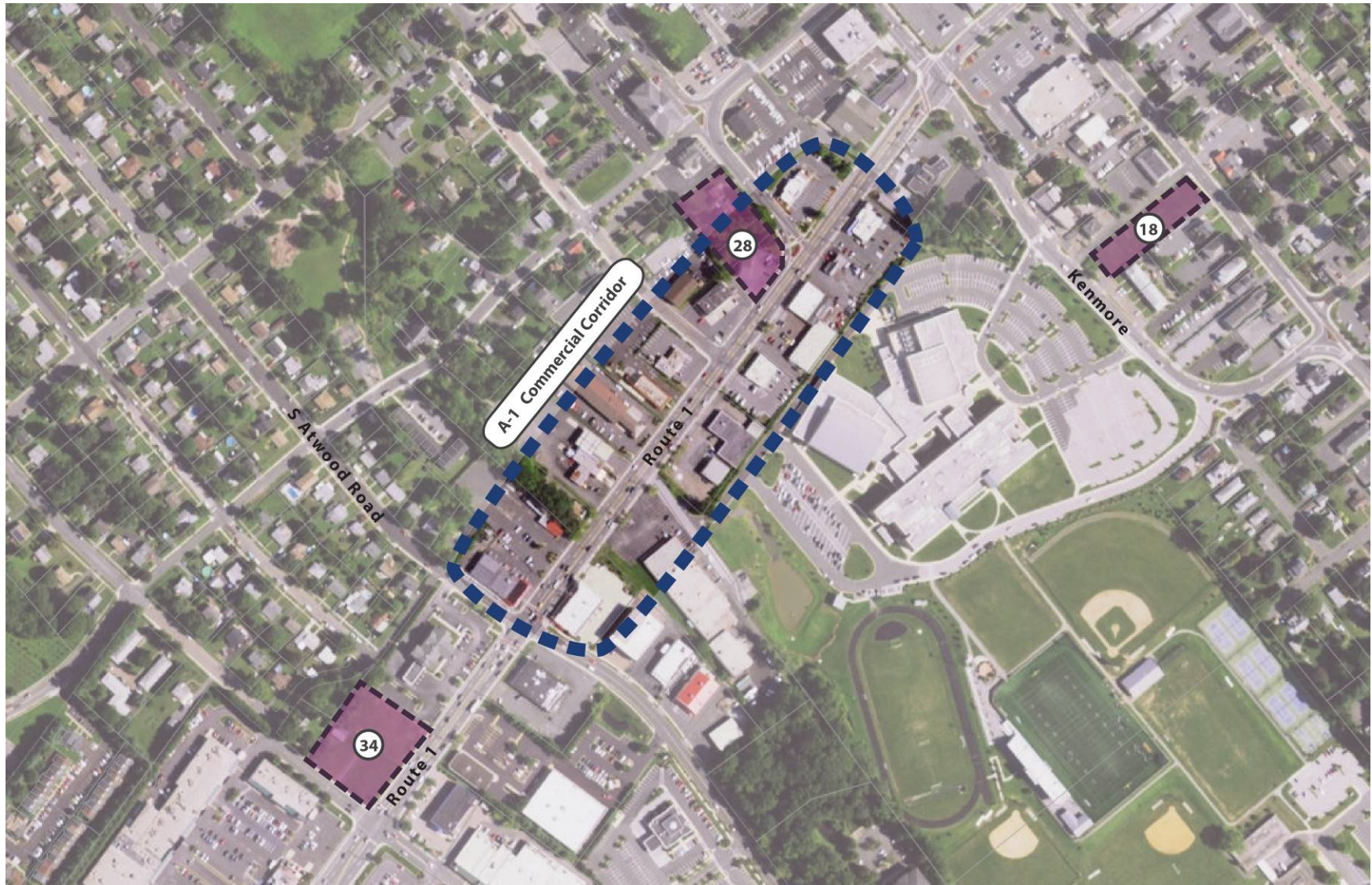


Map A



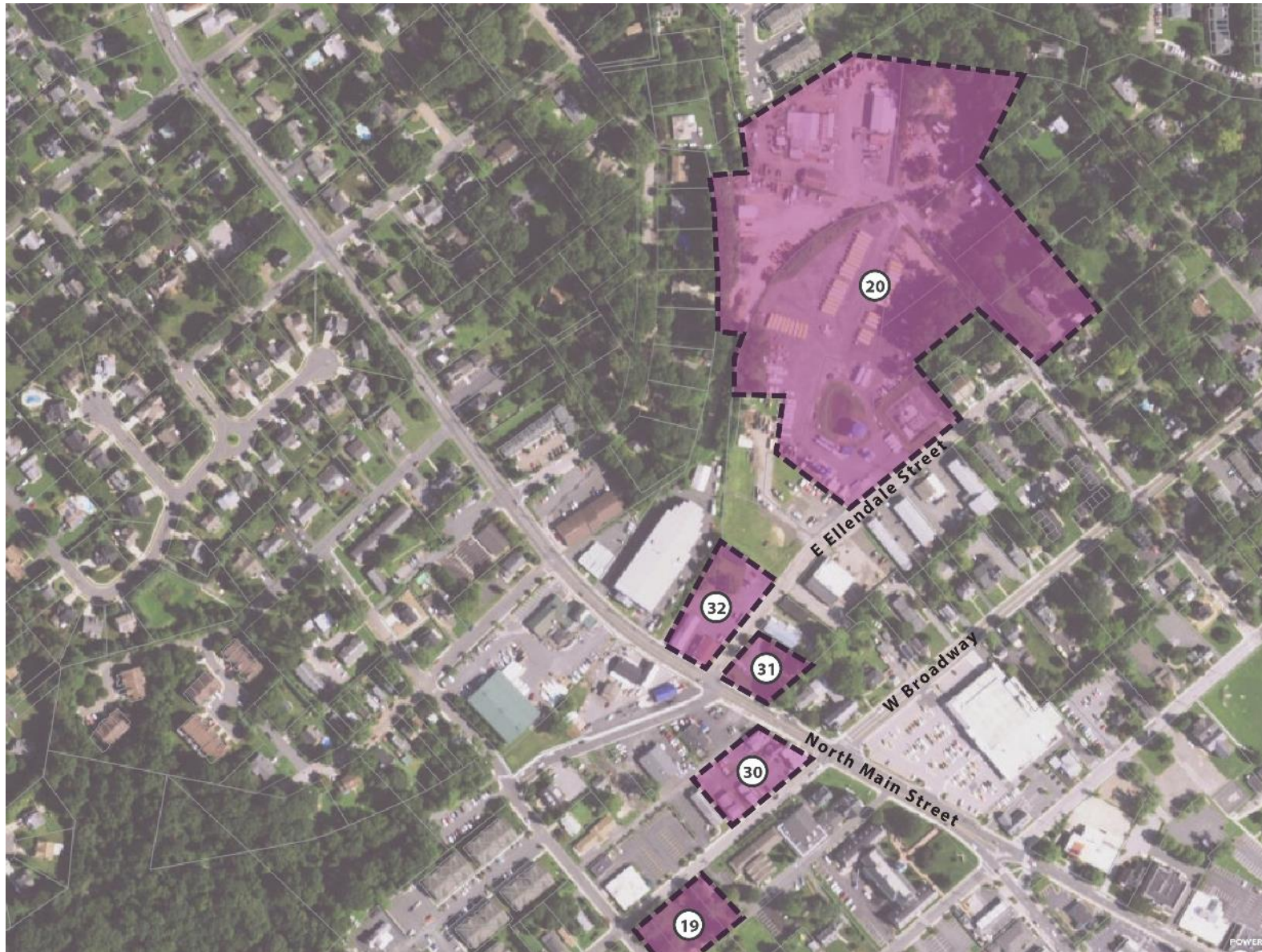


Map B



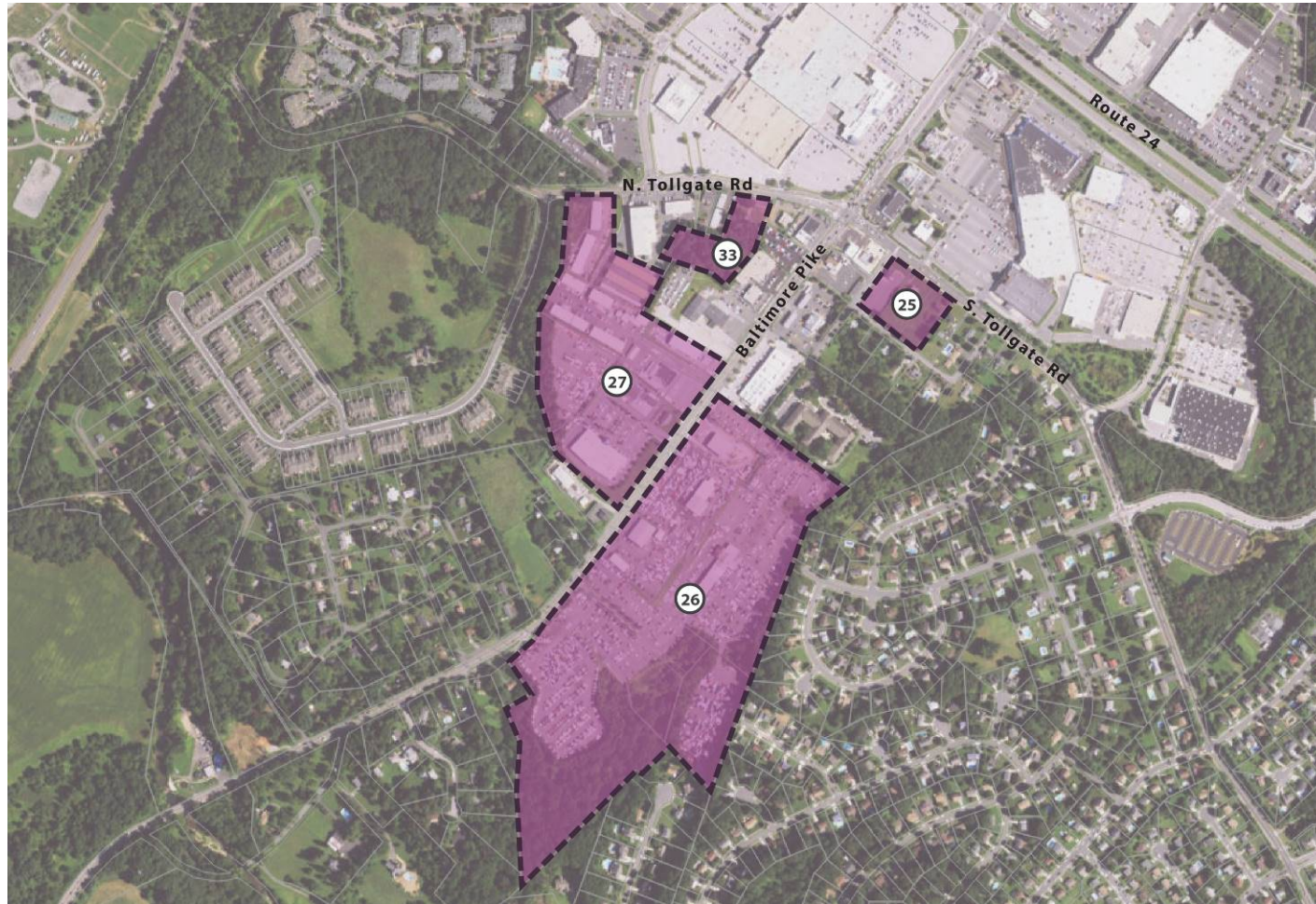


Map C



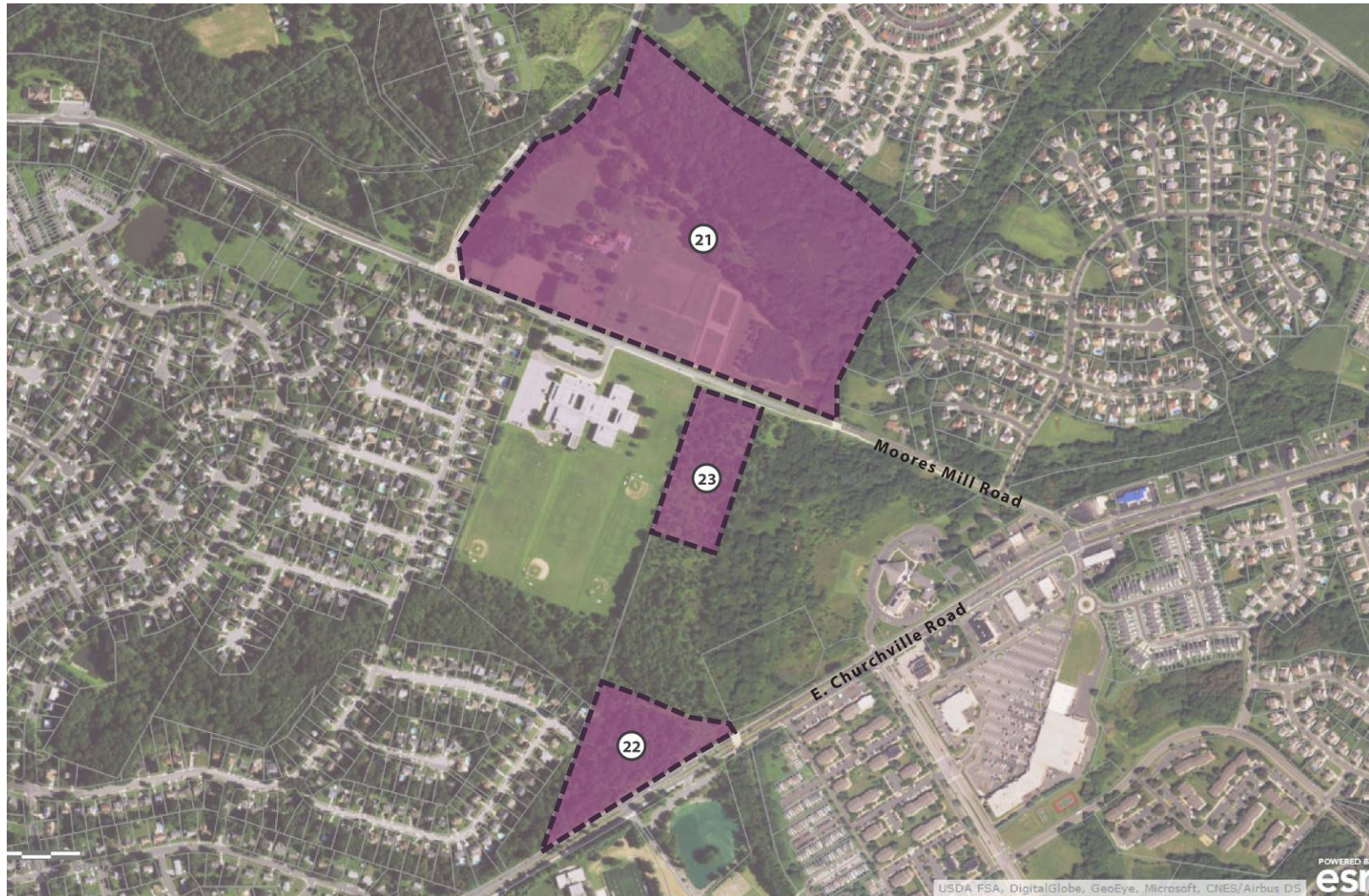


Map D





Map E





Map F



Map G





## Build-Out Concepts

Camoin Associates, in consultation with the Town of Bel Air, Bel Air Downtown Alliance, and Harford County, identified five priority development projects that will help catalyze growth and investment in the town while capitalizing on key market opportunities. These concepts were vetted with town and county officials as well as private-sector developers; however, they represent preliminary ideas requiring further analysis of their feasibility. Additionally, for those involving privately owned property, the implementation will require the interest and cooperation of those landowners. The following pages identify the potential development site and vision for each.

## Bond Street Build-Out



### Summary

Structured parking on Risteau Lot with ground floor retail

Upscale multi-family/mixed-use along Bond Street

Bond Street is a great opportunity for infill development of primarily upscale multi-family residential buildings of 3-4 stories with some active ground floor uses such as retail and entertainment. This concept involves the development of privately owned surface parking areas fronting Main Street (sites 5, 6, and 7 above).

The current parking uses (serving buildings fronting on Main St) would shift to the new parking structure on the lot currently owned by Harford County and used for parking (site 1). The new parking structure would accommodate the parking needs of the existing surface lots and the new mixed-use/residential development.

## VISION: Bond Street Build-Out



*A sample rendering of a multi-family residential style suitable for Bond Street.*



*The proposed parking structure on the Risteau Lot would feature ground floor retail along Bond and part of Thomas Street*

## Hickory Avenue Housing



### Summary

Upscale multi-family residential

Adjacent parking garage can accommodate parking needs

The town owned "Hickory Avenue Lot" is currently occupied by surface parking but represents a prime location for infill multi-family residential development geared towards young professionals or empty nesters. Parking for new development on the site can be accommodated by existing capacity in the adjacent county parking garage.

## VISION: Hickory Avenue Housing

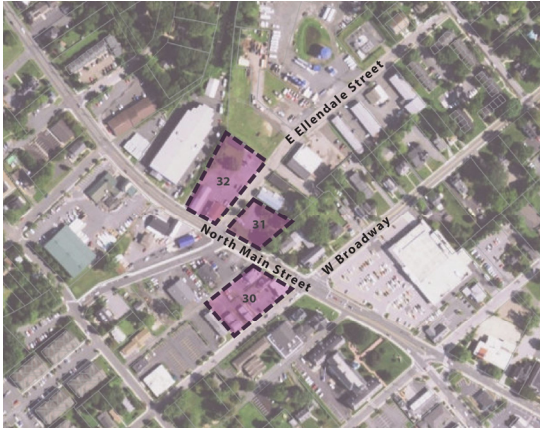


*Above and below: examples of upscale multi-family residential styles suitable for the Hickory Lot*





## North Main Revitalization



### Summary

Redeveloped  
Commercial Uses

Multi-Family  
Residential

North Main Street has several underutilized parcels that are future redevelopment opportunities as development pressure “pushes out” from the downtown area as it becomes more built out. The regional Ma & Pa multi-use trail will connect through the area, resulting in new visitors and an opportunity to catalyze redevelopment.

The vision for North Main is for higher quality commercial development including medium-scale retail that is not suitable for downtown. The area is also an ideal place for additional multi-family residential because of its convenient location walkable to downtown. The recently developed brewpub is an opportunity to build around.

## VISION: North Main Revitalization



*An example of a higher quality commercial retail building*



*North Main is a prime location for future infill multi-family residential similar to the above*

## Main Street Government Center



### Summary

Structured parking  
with County Office  
Space

Retail Frontage on  
Main Street

Potential for  
Residential Units

The “Tire Lot” is owned by the county and future redevelopment will need to provide office space for consolidating county functions. A new building with structured parking will replace existing surface parking and provide parking for new county office space and other uses. The building’s stretch along Main Street would include ground floor retail storefronts.

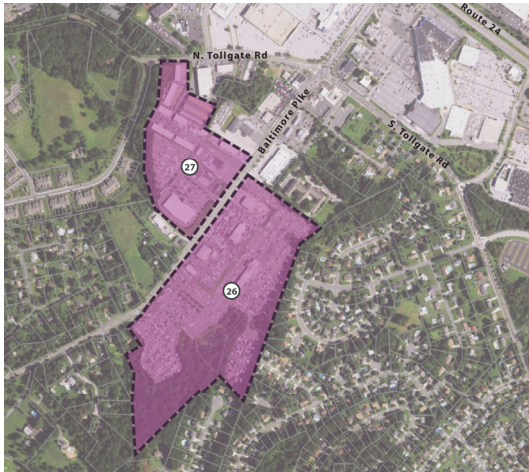
## VISION: Main St. Government Center



*The proposed development concept would feature structured parking with office space for Harford County, retail frontage on Main Street, and the possibility for residential units.*



## South Bel Air Annexation



### Summary

Potential for a major mixed-use development

Feasible uses include retail, residential, independent-living housing and medical office.

The "Auto Auction" site just outside of the Town of Bel Air has significant redevelopment potential and is an attractive annexation possibility as one of the largest developable parcels in close proximity to the town's boundary and potentially one of the few opportunities for a major development project in the town.

The site's adjacency to residential uses and frontage along Baltimore Pike makes it an ideal location for a substantial mixed-use development. The site could accommodate a mix of residential uses (multi-family, town-house, single-family) and would be suitable for an independent living facility. Other feasible uses on the site include retail and potentially medical office.

Annexation of the site requires a physical adjacency to the town's boundary making it necessary to also annex the "Stack & Store" site across the Baltimore Pike.

## VISION: South Bel Air Annexation



*Current conditions on the Auto Auction Site*



*A sample mixed-use development plan featuring a range of housing types with retail along a major roadway.*



*A major mixed-use project rendering featuring a mix of multi-family and single-family residential with some retail uses.*

## Market Analysis

The market analysis examines recent trends and future projections to understand the current and future real estate market in the Town of Bel Air and surrounding area. The analysis identifies the types of space likely to be in demand in the future as well as the market constraints that may limit the private sector's delivery of that type of space.

This section of the report is divided into the four market categories of residential, retail, office, and entertainment. A socioeconomic profile is also provided for context on the demographics and economy of Bel Air. The key findings of the data analysis are described below by section:

### Key Findings

#### Residential

- **Healthy Housing Market.** Bel Air's high quality of life and premier schools have made it a high-demand place for families. The lack of large developable tracks within the town has pushed residential development into unincorporated areas outside of town, where homes are generally larger, newer, and more expensive than inside the town. Residential vacancy levels in both the owner-occupied and rental markets are low, indicating there may be unmet demand for housing.
- **Market Conditions Ripe for Market-Rate Apartment/Condo Development Downtown.** Nationally, there has been a significant shift in housing preferences towards downtown, walkable, mixed-use areas especially among young professionals and empty-nesters. These two population groups are willing to pay to live near these amenities and typically demand high-end residential units. However, there is very little in the way of downtown housing or high-end apartments and condos within Bel Air. The town has a number of multi-family properties and about 37% of housing units are found in buildings with 5 or more units. However, the town lacks significant high-end residential multi-family developments and there have been no recent multi-family developments that have the desired modern amenities. Bel Air's Downtown could support a substantial number of high-end residential units with demand coming from empty-nesters, looking to transition away from a single-family home, and young professionals (especially those working in Aberdeen and medical professionals working locally). Additionally, the analysis showed that a relatively large portion of jobs in the town are filled by those commuting into the town. These commuters may represent a secondary source of demand for new housing downtown if they prefer modern apartments or condos with walkability in proximity to work.
- **Unmet Demand for Age-restricted/Senior Housing.** The town has a substantial population of individuals aged 65+ and this group is expected to increase into the future, generating demand for new age-restricted and senior housing. Research has shown that housing preferences of this group are to (1) remain in their communities, and (2) live in areas that are walkable and convenient for shopping and other amenities. Housing options for this group, however, are very limited in and around the Town of Bel Air. Therefore, there is unmet housing demand for this population segment in the form of age-restricted housing products (especially independent living facilities) and condo/apartment units walkable to downtown.
- **Potential for Student Housing.** Harford Community College attracts high school graduates from all over the county and beyond. It is expected that, given the right housing, many of these students would elect to live locally rather than live with their parents and commute to classes. The college has also recently partnered with Towson University, a 4-year school, to construct a new building on its campus. The college is restricted in providing student housing because of current infrastructure constraints on its campus. The surrounding areas also fall outside of the county's development envelope and have existing traffic issues, both of which support locating student housing within Bel Air itself. Furthermore, students generally have the same

preferences as young professionals to live in walkable, mixed-use areas that are close to entertainment options. A 2010 market and feasibility study found demand for between 265 and 387 beds of student housing.

- **Development Constraints are Slowing Investment.** Several constraints have prevented the market from delivering housing to the downtown area, including limited parking availability, restrictions on building heights, a potential moratorium on water/sewer hookups, and the generally built-out nature of the downtown. There has been recent developer interest in providing housing downtown; however, existing constraints have prevented development projects from moving forward.

## Retail

- **Retail Development Has Been Slow.** New retail development has yet to occur in the town since the recession. Net absorption (a measure of how much retail space is in active use) has been flat over the past five years in the town while it has been falling overall in Harford County. There are, however, indications that the retail market is improving.
- **Healthy Real Estate Market Overall But Some Areas of Weakness.** The retail market in Bel Air is generally healthy with an overall vacancy rate of 4.8%. Vacancy rates in the Route 24 corridor are well under 5%, indicating a strong market and potentially the capacity to absorb additional retail development (visual inspection of Main Street storefronts reveals that vacancies may be greater than what the data indicate). The Route 1 corridor has the greatest amount of vacant retail space, but the highest vacancy rates are found outside of the three commercial corridors where the retail vacancy is 20%, indicating relatively weak demand for retail space outside of the corridors.
- **Attractive Demographics for Retail Development.** Households in Greater Bel Air have greater incomes compared to the County and Baltimore Region, which translates into more discretionary income to spend. The data indicates that households in the trade area spend substantially more compared to national averages. Within the retail trade area for Bel Air, residents are also better educated, making it a more attractive market for retailers. The major market segments consist of wealthy families and relatively well-off empty nesters. Consumers in the Regional Trade Area spend considerably more than other U.S. households on Entertainment and Recreation, especially in categories related to physical activity, including club memberships, sports participation fees, and recreational lessons. This means there is an established consumer base to support new entertainment and recreation businesses. Additionally, the population of those aged 55 and over is expected to rise in the coming years, indicating a need for new services and retailers catering towards an older population.
- **New Retail Businesses Are Feasible.** The analysis shows that there is significant sales leakage out of the region, meaning that many of the goods and services purchased by residents are being purchased at businesses outside of the trade area. Therefore, there is an opportunity to capture some of that spending that is leaking out through new or expanded retail businesses. The greatest potential is for Full-service restaurants with data indicating the potential to support up to 20 new restaurants in the market. The retail categories with the greatest potential for new businesses are
  - Full-service restaurants
  - Clothing stores
  - Special food services (e.g., specialty grocery, catering, etc.)
  - Miscellaneous store retailers

- Sporting goods/hobby/musical instrument stores
- Used merchandise stores

Overall, the market may be able to support a maximum of up to 474,000 square feet of retail development, but changing trends in consumer shopping preferences will likely mean less potential for “brick and mortar” stores as online shopping continues to grow. The greatest potential will be for establishments that cannot be easily replaced by online shopping outlets, such as restaurants.

- **Potential to Elevate Downtown to a Shopping and Entertainment Destination.** Downtown is not currently perceived as a destination. Rather, those patronizing downtown businesses typically have a particular need to visit a specific business. Market conditions, however, are favorable for new entertainment and shopping establishments along Main Street. The greatest potential is for new restaurants. Bel Air has seen recent high-end restaurant development from established restauranteurs and the data analysis indicates that more restaurants can be supported. A critical mass of restaurants could turn downtown into an entertainment destination that would attract additional nightlife and retail establishments. There is also a market for boutique clothing retailers downtown and an opportunity to build a cluster of clothing (and similar) establishments.
- **Downtown Residential Development Would Boost Retail Market.** As discussed in the residential section, there is market demand for downtown housing. This demand, if met, would mean more, relatively wealthy people living downtown that would generate new foot traffic and spending at local businesses. Adding a significant number of residential units downtown would attract new retail, restaurant, and entertainment establishments. It would also enable existing businesses to extend hours into the evening, which would help draw in both local and non-local shoppers.
- **Market Constraints and Weaknesses.** Demand exists for new retail development in Bel Air, but the market is not attracting new retail because of several significant constraints and weaknesses that are hindering the retail market.
  - **Few Development Sites Available.** The town’s commercial corridors are nearly built out with few sites available for new retail construction and the Harford Mall and other plazas do not have expansion capacity. Additionally, there are few quality opportunities to annex land into the town that would be attractive for retail.
  - **Lack of Landlord and Business Owner Expertise.** Many retail spaces downtown are owned and managed by non-professional landlords who are not necessarily experts on the local market in terms of lease rates and other decisions regarding their properties. Similarly, there is a relatively high rate of turnover of retail businesses on Main Street due to inexperienced business owners that fail to establish long-term success.
  - **Lack of Parking (Real and Perceived) Downtown:** There is a parking garage downtown that can accommodate shoppers, however, because it is off Main Street, there is a perception that there is not enough parking. Even with the parking garage, there is an inadequate parking supply to accommodate much future growth, especially for restaurants which typically have greater parking requirements.
  - **Strong Competition for High End Retailers.** Bel Air is perceived as a relatively small market and too far from Baltimore and therefore often loses out to White Marsh and other locations for high end retailers. The Harford Mall is also comparatively smaller than other regional malls and has virtually no expansion capacity. As a result, it has difficulty competing with White Marsh and Towson for higher end retailers despite a local wealthy population.



- Little Activity Downtown at Night. With some exceptions, downtown businesses are open during business hours and closed during the evening. This has prevented downtown from being seen as a destination, but there is not sufficient demand to make staying open in the evening economical from a business owner perspective.
- County Regulations Have Adverse Impact on Downtown. Harford County's laws pertaining to alcohol, enforced by the County Liquor Board, are a constraint to future restaurant development. Restrictions to obtaining a license including hours of operations, the requirement for a large minimum capital investment, and minimum seating capacities, may hinder future restaurant attraction.
- Ground-level Commercial Space Occupied by Professional Services. Several commercial buildings along Main Street have professional services businesses leasing ground floor spaces that would be better utilized for retail uses. Continuous retail storefronts are key for downtown shopping areas because it keeps shoppers walking along the street and helps build the image of downtown as a shopping destination.

## Office

- County Office Market is Very Weak. Harford County saw an office building construction surge that largely occurred in the Aberdeen area in anticipation of expansion at Aberdeen Proving Grounds that has yet to materialize. As a result, there is a significant amount of vacant Class A space available. Until that space is filled, it is unlikely that there will be much of a market for new Class A space in or around Bel Air.
- Town's Office Market is Relatively Healthy. Supply and demand for office space are generally in balance within the town. The town's office vacancy rate of 4.1% indicates a healthy to strong office market. The town's position as County Seat helps maintain a healthy market as many professional services in the town are linked to government services, which makes them less susceptible to market fluctuations.
- Demand for Office Space in Recent Decline. Despite a healthy balance, net absorption of office space in both the county and town has been trending downwards over the past 10 years. Class A office absorption has been substantially greater than Class B or Class C office. Class C office space absorption has been negative over the past five years, on average, in the Harford County market. As net absorption has fallen off, the supply of office space in both the county and the town has remained flat in recent years as building activity leveled off.
- Demand Outlook Favorable for Limited Office Development. There could reasonably be demand for between 120,000 and 150,000 square feet of office space in Bel Air through 2025; however, the oversupply of office space in Harford County might limit the amount of actual office construction feasible in the town in the near term. With the oversupply of Class A office space and high vacancy rates in the county, development of this type in the town may be infeasible in the short term. In the long-term, however, absorption rates show that demand for Class A is exceeding that for Class B. Therefore, Class A vacancy rates would be expected to decrease in the future, providing a potential "window of opportunity" for Class A development in town in the longer term. In the short-term, the town's Class B office market is stronger and shows signs of unmet demand.
- Market for Additional Medical Office. The Upper Chesapeake Medical Center is helping to drive growth in demand for medical office space locally. The only office building under construction in Harford County is just outside the Town of Bel Air in Emmorton where a 99,000 square foot medical office building is nearing



completion. It is anticipated that additional medical office space will be in demand locally, particularly urgent care and other outpatient care facilities.

- **Tech-Led Demand for Office Space.** Demand for future office space will likely come from technology-related companies. Computer-related sub-sectors along with Engineering and Management represent an overwhelming majority of office-job growth in the county. The Aberdeen area is likely to capture much of the tech office demand but there may be opportunities to capture smaller companies and spin-off activity from major companies in Aberdeen.
- **Office Market Constraints.** One of the most significant constraints is the surplus of Class A office space on the market. Until that space is absorbed, it is unlikely that any substantial Class A office space will be built in or around Bel Air (with the exception of medical office). Similarly, the competition from the Aberdeen area is also likely to constrain the market and Bel Air will likely be unable to effectively compete from a locational point of view for companies related to the Aberdeen Proving Grounds. Other office market constraints include the quality of office space, specifically an oversupply of Class C space.

## Entertainment and Lodging

- **Fitness and Active Lifestyle Market.** Harford County's Arts, Entertainment, and Recreation Industry is geared especially towards fitness and those with active lifestyles. The industry is expected to continue to be strong into the future, led by the Fitness and Recreational Sports Centers industry sub-sector, which has 33 businesses in the county and provides 1,250 jobs.
- **The Market Potential is High for the Entertainment and Recreation Industry.** Residents of Greater Bel Air tend to spend more on, and participate more in, sports and fitness related activities compared with the rest of the nation. Residents also tend to go out significantly more to entertainment attractions such as restaurants, museums, and live performances than their national counterparts.
- **Three Key Market Segments.** The entertainment and recreation market potential can be categorized into three market types that all show strong potential: 1) Fitness and active lifestyle, 2) "highbrow" Arts and Culture, and 3) the "nightlife" market including restaurants, bars, and nightclubs. The types of businesses and/or facilities that may (but not necessarily) be supported by these market segments include:
  - Yoga, Pilates and other types of fitness studios and gyms
  - Paint & Sip and do-it-yourself pottery businesses
  - Pubs with small performance spaces
  - Art galleries
  - Wine bar
  - Microbreweries/brew pubs
  - Dedicated small theater or performance space
  - Sports facilities (ice rink, indoor soccer/multi-purpose turf field, aquatic center, batting cage etc.)
  - Child-oriented facilities (children's museum, toddler play center, etc.)
  - Extreme/alternative activities (trampoline park, high ropes course, paintball, "zorbing", etc.)
- **Improving Harford County Lodging Market.** The lodging market has been growing with the addition of 241 new hotel rooms over the past three years. Occupancy rates have climbed from an average of about 56% in 2009 to 66% in 2015. Similarly, the average daily rate has climbed from \$77 to \$89, as growth in demand for lodging in the county has been outpacing supply. Between 2009 and 2015, the number of room-nights sold grew 26% from 509,000 to 640,000. The availability of rooms grew by only 7%. Over the next five years, the county's lodging market can support between approximately 90 and 365 new hotel rooms in the market.

The market currently favors upscale and upper-midscale hotel properties, with the development of lower end products being less favorable. Bel Air does not have a hotel property within its town boundaries, as lodging development has been concentrated outside of the town near I-95.

- Hotel in Town of Bel Air Infeasible. The market constraints for a hotel in town outweigh the factors that would support the case for hotel development. There is not enough locally-generated demand for room-nights to make a hotel in the town economically feasible. Additionally, the distance from I-95 and the cluster of would-be competing hotels near the interchanges means that a Bel Air hotel could simply not compete in the existing market.

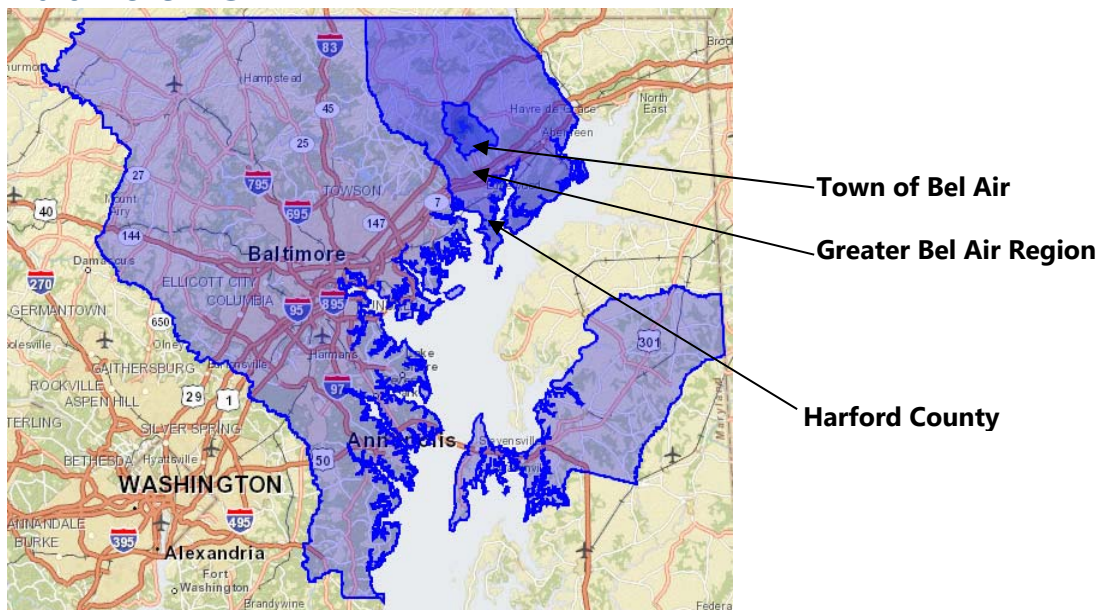
## Socioeconomic Characterization

### Geographies Studied

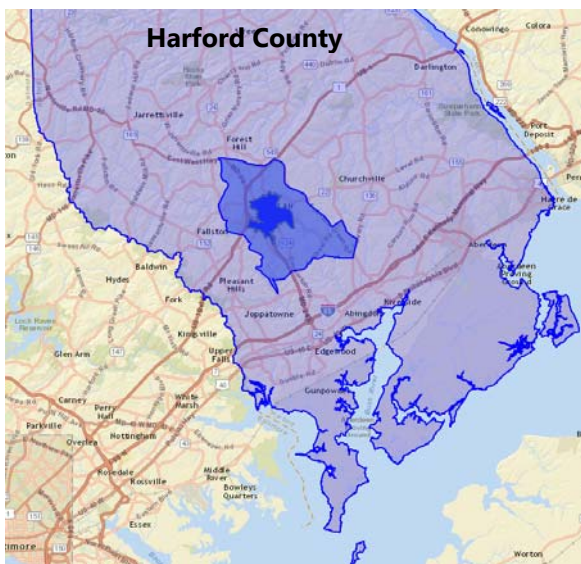
In the following sections of the report, three geographies were used as comparative benchmarks for the town. Comparing the town to the surrounding region allows for a greater understanding and provides context for any trends seen at the town level. The benchmark geographies are:

- The Greater Bel Air region, defined as per the previous 2009 Market Study
- Harford County
- The Baltimore-Columbia-Towson Metropolitan Statistical Area (referred to as the MSA)
- The Town of Bel Air's three (3) commercial districts, defined as per the previous 2009 Market Study

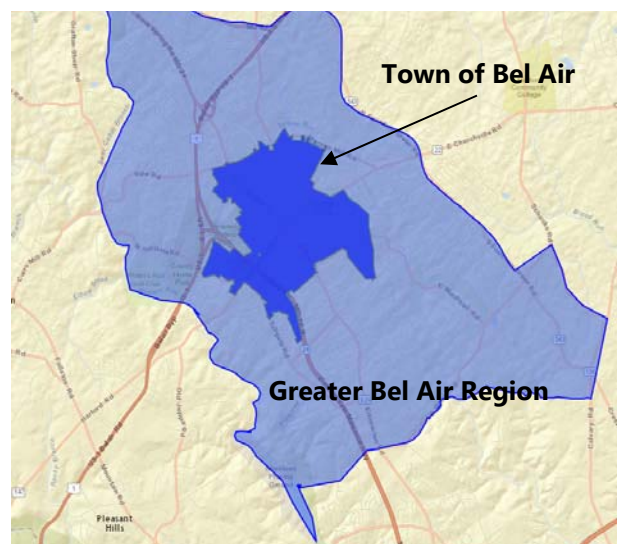
### Baltimore MSA



### Harford County

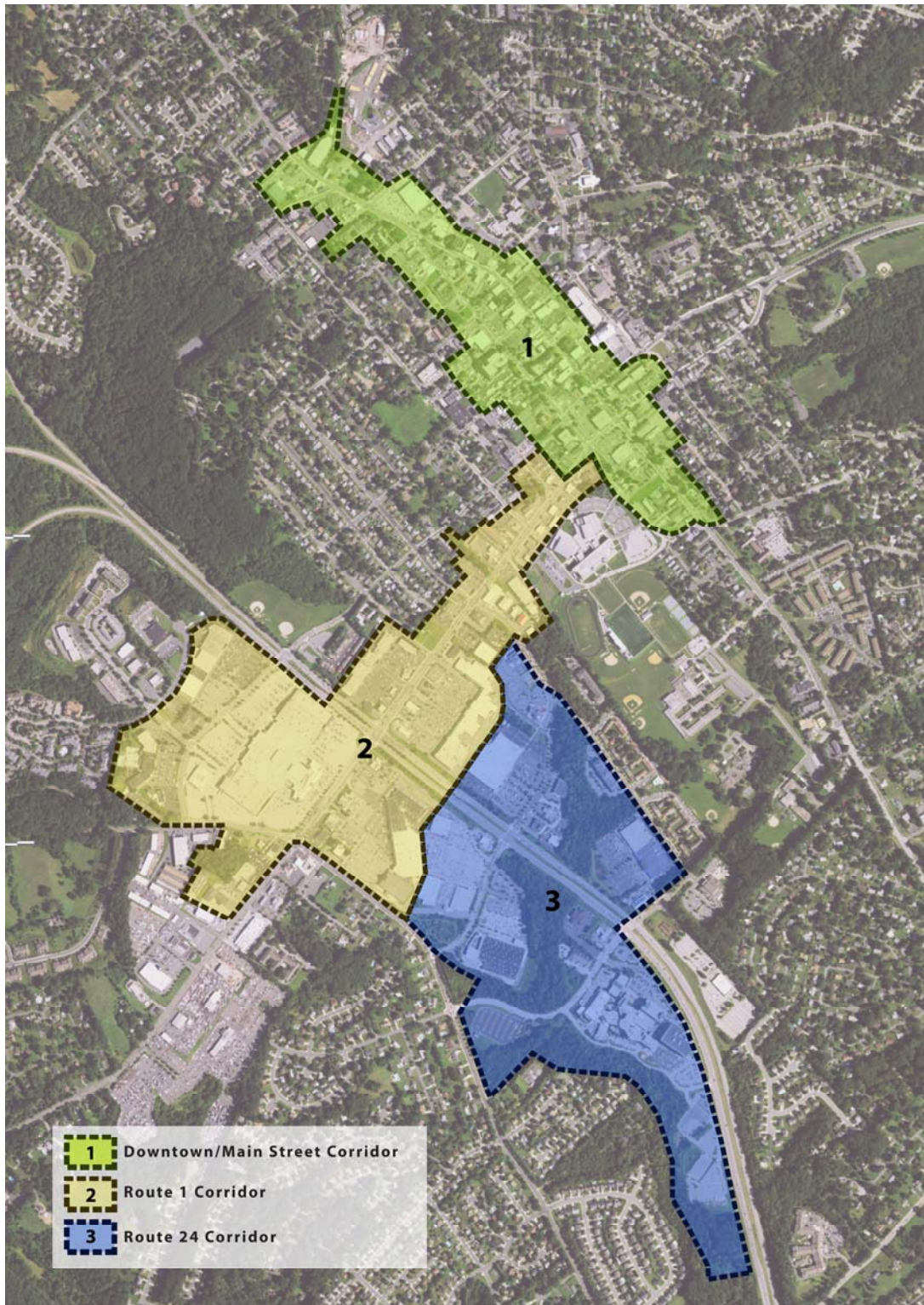


### Greater Bel Air





## Town of Bel Air Commercial Districts



## Overview

Overall, the Town of Bel Air has smaller households and an older, less wealthy population compared to the benchmark geographies. The Town of Bel Air has the smallest average household size at 2.17, while Harford County has the largest, at 2.67. The town has the highest median age, 41.9, while the MSA has the youngest, 38.9. The town's median household income is the lowest among the comparison geographies, at just over \$68,000, while the Greater Bel Air region has the highest, \$87,383, a significant difference of nearly \$20,000 indicating a wealthier population in the areas just outside of the town.

2015 Demographic Profile				
	Town	Greater Bel Air	Harford County	MSA
Population	10,333	61,929	252,473	2,778,512
Households	4,627	23,345	93,541	1,066,875
Average Household Size	2.17	2.6	2.67	2.54
Median Age	41.9	41.5	40.3	38.9
Median Household Income	\$68,039	\$87,383	\$80,450	\$68,363

Source: ESRI

## Population

The population of Bel Air has been relatively flat, mirroring the low population growth rates of the comparison geographies. The 2015 population of the Town of Bel Air is 10,333. The town grew by over 200 people in the five years leading up to 2015, and is projected to grow by over 250 residents between 2015 and 2020, an increase of 2%. The Greater Bel Air region is expected to grow by nearly 1,400 residents in the next five years, an overall increase of 2% to the region's population, on pace with the growth of the town. Both the county and the MSA are expected to grow at marginally higher rates (3%) over the next five years.

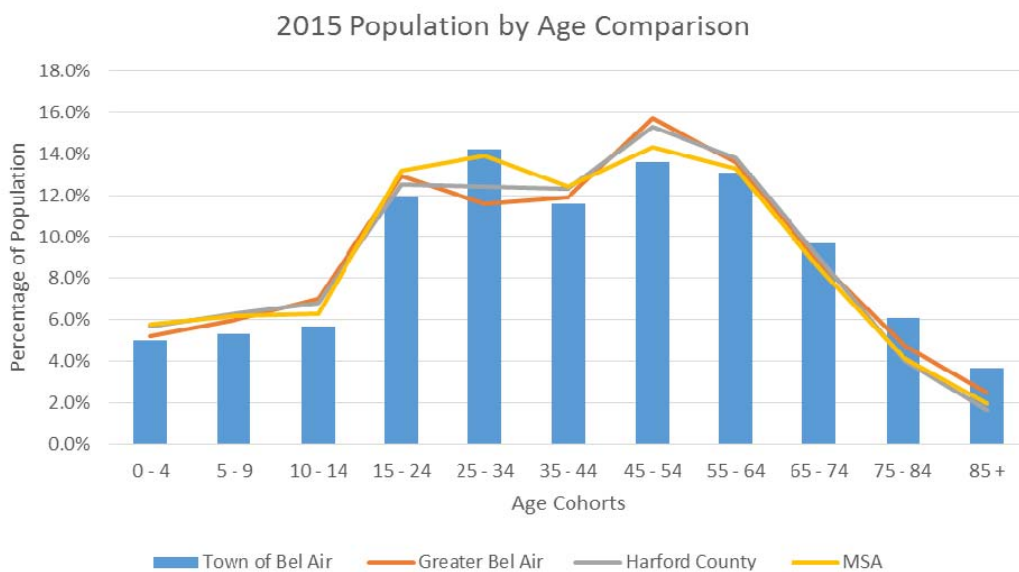
Historic and Projected Population							
				2010-2015		2015-2020	
	2010	2015	2020 (proj.)	# Change	%Change	# Change	%Change
Town	10,120	10,333	10,591	213	2%	258	2%
Greater Bel Air	60,723	61,929	63,321	1,206	2%	1,392	2%
Harford County	244,826	252,473	260,446	7,647	3%	7,973	3%
MSA	2,710,489	2,778,512	2,863,225	68,023	3%	84,713	3%

Source: ESRI

The graph shown at the bottom of the page, which represents the table directly below, shows that the town has a smaller percentage of individuals in middle age cohorts, individuals aged 35-44 and 45-54, compared to all other geographies. However, a greater percentage of the town's population falls into the older cohorts, including 65-74, 75-84 and 85 and over, compared to the other regions. The town's percentage of 25-34 year olds slightly surpasses that of the same cohort in the MSA and exceeds Greater Bel Air by over 2.5% and the county by almost 2%. The town also lags other geographies when it comes to cohorts that include young children and infants, ranging in age from 0-14.

2015 Population By Age - Comparison					
	Town of Bel Air		Greater Bel Air	Harford County	MSA
	#	%	%	%	%
0 - 4	517	5.0%	5.2%	5.7%	5.8%
5 - 9	548	5.3%	6.0%	6.3%	6.2%
10 - 14	589	5.7%	7.0%	6.8%	6.3%
15 - 24	1,230	11.9%	12.9%	12.5%	13.2%
25 - 34	1,467	14.2%	11.6%	12.4%	13.9%
35 - 44	1,199	11.6%	11.9%	12.3%	12.4%
45 - 54	1,405	13.6%	15.7%	15.3%	14.3%
55 - 64	1,354	13.1%	13.6%	13.8%	13.3%
65 - 74	1,002	9.7%	8.8%	9.0%	8.5%
75 - 84	630	6.1%	4.8%	4.1%	4.2%
85 +	382	3.7%	2.5%	1.7%	2.0%
Total Population		10,333	61,931	252,473	2,778,512

Source: ESRI



## Race

Among the geographies, the town is the most concentrated in individuals who identify as White Alone, at 88.6%, especially when compared to the MSA. However, both the Greater Bel Air region and the county have a highly concentrated White population as well. The county, in contrast to the town and Greater Bel Air, does have a substantially higher population of people who identify as Black, at 13.2%, compared to 4.6% for both the town and Greater Bel Air.

2015 Population by Race/Ethnicity				
	Town	Greater Bel Air	Harford County	MSA
White Alone	88.6%	88.5%	79.3%	60.3%
Black Alone	4.6%	4.6%	13.2%	29.0%
American Indian Alone	0.2%	0.2%	0.3%	0.3%
Asian Alone	2.4%	3.8%	3.2%	5.4%
Pacific Islander Alone	0.1%	0.0%	0.1%	0.1%
Some Other Race	2.0%	0.9%	1.1%	2.1%
Two or More Races	2.0%	2.0%	2.8%	2.9%

Source: ESRI

## Income

Income levels in the town are expected to increase at a pace on par with the MSA but ahead of income growth in Greater Bel Air and Harford County. The town is projected to experience the second largest increase in median household income over the next five years, adding nearly \$10,500, or a 15% increase. This falls just short of the MSA, where income is expected to rise by 16%, or over \$10,600. The Greater Bel Air region and the county will add less than \$10,000 to their current median household income, gaining 11% and 10%, respectively.

Median Household Income				
	2015	2020 (proj.)	# Change	% Change
Town	\$68,039	\$78,533	\$10,494	15%
Greater Bel Air	\$87,383	\$97,107	\$9,724	11%
Harford County	\$80,450	\$88,595	\$8,145	10%
MSA	\$68,363	\$78,991	\$10,628	16%

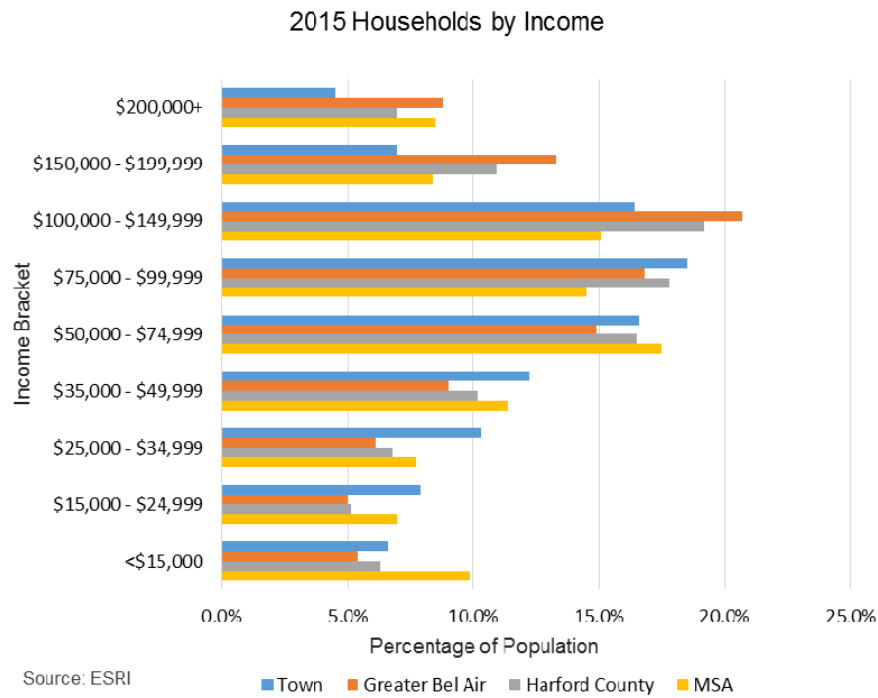
Source: ESRI

Household income in the town is generally skewed towards the lower income brackets. In the Town of Bel Air, the income bracket with the highest concentration of households (18.5%) is between \$75,000 and \$99,999. Following closely behind, another 16.6% earn \$50,000-\$74,999, and another 16.4% earn \$100,000-\$149,000. In the Greater Bel Air region and Harford County, the most concentrated income bracket is higher at \$100,000-\$149,999 (20.7% and 19.2%, respectively). The MSA has a significantly higher percentage of households that earn less than \$15,000—nearly 10%—while the other geographies range from 5.4%-6.6% in the same income bracket.



2015 Households by Income				
Income Bracket	Town	Greater Bel Air	Harford County	MSA
<\$15,000	6.6%	5.4%	6.3%	9.9%
\$15,000 - \$24,999	7.9%	5.0%	5.1%	7.0%
\$25,000 - \$34,999	10.3%	6.1%	6.8%	7.7%
\$35,000 - \$49,999	12.2%	9.0%	10.2%	11.4%
\$50,000 - \$74,999	16.6%	14.9%	16.5%	17.5%
\$75,000 - \$99,999	18.5%	16.8%	17.8%	14.5%
\$100,000 - \$149,999	16.4%	20.7%	19.2%	15.1%
\$150,000 - \$199,999	7.0%	13.3%	10.9%	8.4%
\$200,000+	4.5%	8.8%	7.0%	8.5%
Total Households	4,627	23,345	93,532	1,066,791

Source: ESRI





## Education

In general, the town's population is better educated than the benchmark geographies' populations, with nearly 40% of residents having earned a bachelor's degree or higher compared to Harford County (33%) and the MSA (37%). Greater Bel Air has a slightly higher level of attainment with 43% of residents having earned a bachelor's degree or higher.

The Greater Bel Air region has the highest percentage of individuals that have attained a Bachelor's Degree, just over a quarter of the population aged 25+. However, the town follows close behind, with nearly 23% of their 25 and over population obtaining a Bachelor's degree. Out of the comparison geographies, the town has the highest percentage of individuals that have attained a graduate or professional degree (17.3%), followed close behind by the Greater Bel Air Region (17.1%) and the MSA (16.3%). The county lags behind the other geographies in this category at 13.4%.

2015 Population 25+ by Educational Attainment				
	Town	Greater Bel Air	Harford County	MSA
Less than 9th Grade	2.1%	1.5%	2.1%	3.3%
9th - 12th Grade, No Diploma	3.9%	4.1%	5.1%	7.2%
High School Graduate	20.7%	20.5%	24.8%	22.3%
GED/Alternative Credential	2.8%	2.6%	4.0%	3.9%
Some College, No Degree	22.8%	20.5%	22.4%	19.9%
Associate Degree	7.8%	8.1%	8.1%	6.4%
Bachelor's Degree	22.6%	25.7%	20.0%	20.7%
Graduate/Professional Degree	17.3%	17.1%	13.4%	16.3%
Total 25+ Population:	7,450	42,731	173,146	1,904,900

Source: ESRI

Educational Attainment Summary				
	Town	Greater Bel Air	Harford County	MSA
High school diploma or higher	94.0%	94.5%	92.7%	89.5%
Bachelor's degree or higher	39.9%	42.8%	33.4%	37.0%
Graduate or professional degree	17.3%	17.1%	13.4%	16.3%

Source: ESRI

## Commute Patterns

Overall, very few people both live and work in the town. Most of town's working population commutes to locations outside of Bel Air to work. At the same time, jobs at businesses in Bel Air are mostly filled by those that live outside of the town but commute to work there.

While a third of town residents commute to jobs elsewhere in Harford County, another third of town residents are split up across Baltimore County and Baltimore city, while the last third is spread out over more than eight counties. These values are represented in the table on the left hand side of the following page, "Where Town Residents Work." The table on the right shows that over half of people who do work in the town live in Harford County. Another 13.5% of people who work in the town commute from Baltimore County, while the remaining 31.5% of town workers commute from nearby counties.

### Inflow/Outflow Job Counts in 2013



Where Town Residents Work		
Counties Where Workers are Employed	2013	
	Count	Share
Harford County, MD	1,664	33.2%
Baltimore County, MD	1,122	22.4%
Baltimore city, MD	706	14.1%
Anne Arundel County, MD	356	7.1%
Montgomery County, MD	180	3.6%
Howard County, MD	167	3.3%
Prince George's County, MD	126	2.5%
Cecil County, MD	81	1.6%
Frederick County, MD	52	1.0%
New Castle County, DE	38	0.8%
All Other Locations	527	10.5%

\*Job Counts include Primary Jobs

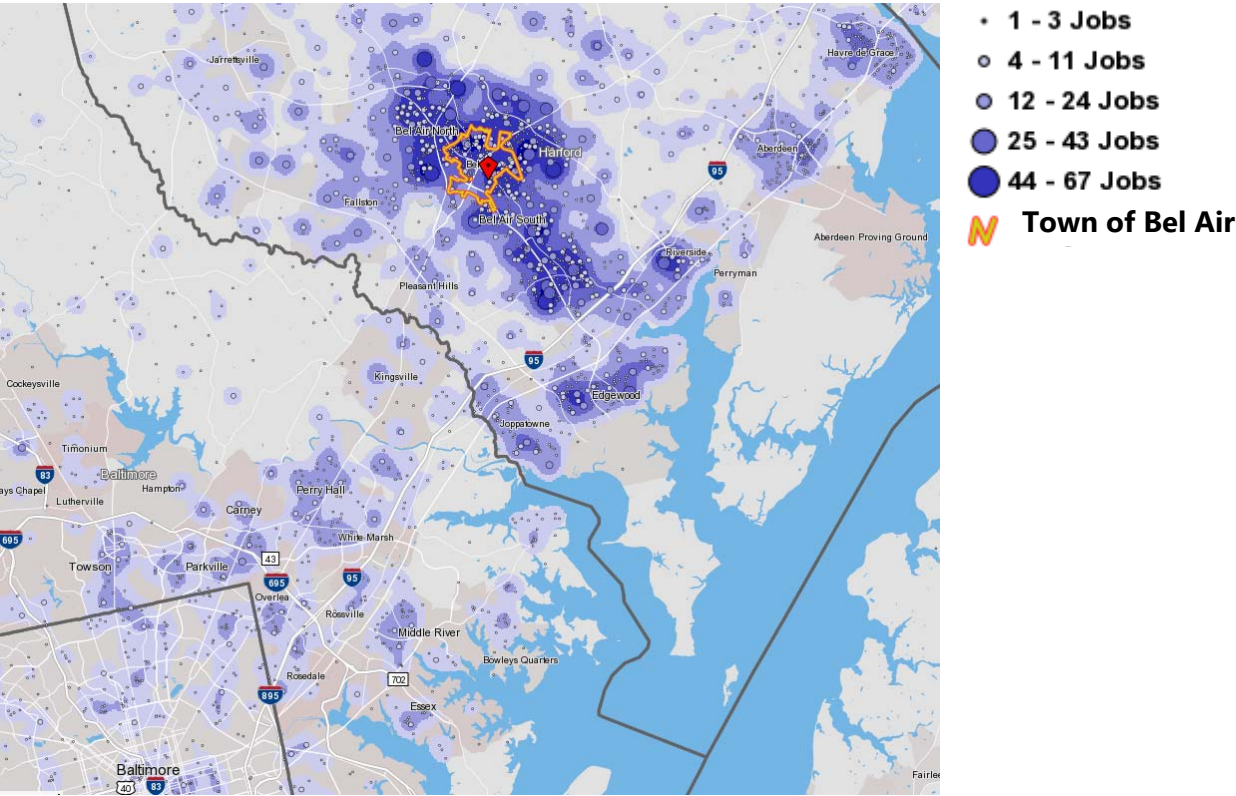
Source: OntheMap

Where Town Employees Live		
Counties Where Workers Live	2013	
	Count	Share
Harford County, MD	5,508	55.0%
Baltimore County, MD	1,348	13.5%
Cecil County, MD	386	3.9%
Baltimore city, MD	381	3.8%
York County, PA	320	3.2%
Anne Arundel County, MD	297	3.0%
Montgomery County, MD	227	2.3%
Prince George's County, MD	222	2.2%
Carroll County, MD	142	1.4%
Frederick County, MD	128	1.3%
All Other Locations	1,056	10.5%

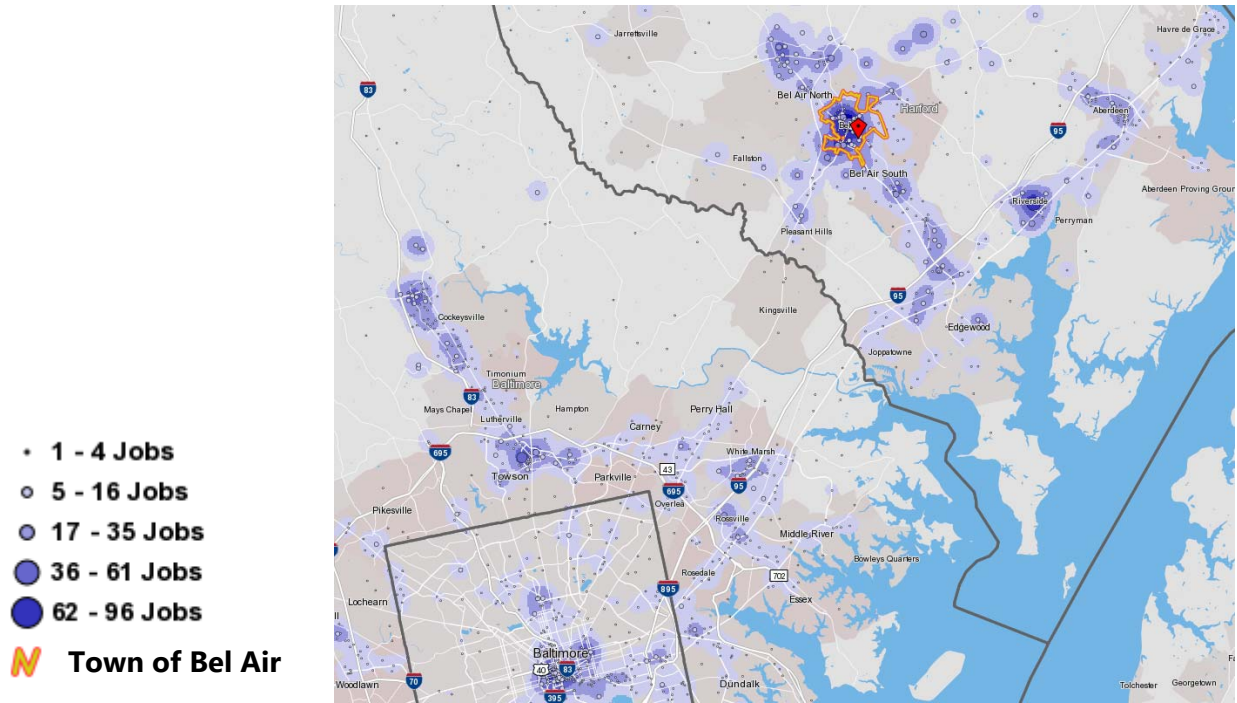
\*Job Counts include Primary Jobs

Source: OntheMap

Work to Home: Where Town Employees Live



Home to Work: Where Town Residents Work



## Residential Market Analysis

This section provides an overview of the housing market in the Town of Bel Air, as well as the comparison geographies named in the beginning of the report.

### Baltimore Region Context

The Baltimore region's housing market is recovering, with projections for more stability and increased value in the coming years. Based on an increasing employment rate and the strengthening national economy, home buyers are able to buy good homes in the Baltimore region for much less than in other metro areas across the country.

Although there have been signs of overall improvements, the city of Baltimore saw a 2.7% drop in home values over the last year; however, the overall three year appreciation rate was 8.9%.<sup>1</sup> The percentage of delinquent homes in Baltimore, 11.3%, is almost 5 percentage points higher than the national average, which currently sits around 6.9%. CoreLogic Inc., a leading real estate firm, recorded that in September of 2015, 21.2% of all home sales in the Baltimore-Columbia-Towson MSA market were distressed sales, meaning the houses were in financial distress or in foreclosure.<sup>2</sup> This was behind only Tampa and Orlando, Florida. For a broader context, the pre-housing crisis level of distressed sales sat around 2% on a national level, and this percentage has nearly leveled out according to CoreLogic. The high level of foreclosures and distressed properties render real estate in the Baltimore area more affordable than other urban areas, making Baltimore one of the best cities to flip a house in, according to RealtyTrac.<sup>3</sup> Additionally, affordability plays to the first time home buyer market, encouraging growth in the inventory of "starter" homes.

### Housing Supply

#### Units by Type and Tenure

The town's housing stock is mostly concentrated in single, detached homes, which represent over 40% of all housing. Yet, all three other geographies have higher concentrations of housing stock in single, detached homes than the town—the highest being 60.9% in the county. In the town, another 19% of homes are single, attached homes.

The town has a greater concentration of units in mid-sized multi-family properties, with 32% of housing units in buildings between 5 and 19 units compared to only 13% of the housing units in the MSA. Approximately 17.5% of housing units are found in structures with 10-19 units, and 13.9% of units are found in structures with 5-9 units in Bel Air. Another 5.4% of housing is dispersed across larger housing structures, those with 20-49 units or 50 or more units.

---

<sup>1</sup> Merrill, Than. "Baltimore: Real Estate and Market Trends." *Fortune Builders*, May 17, 2015. <http://www.fortunebuilders.com/baltimore-real-estate-market-trends/>

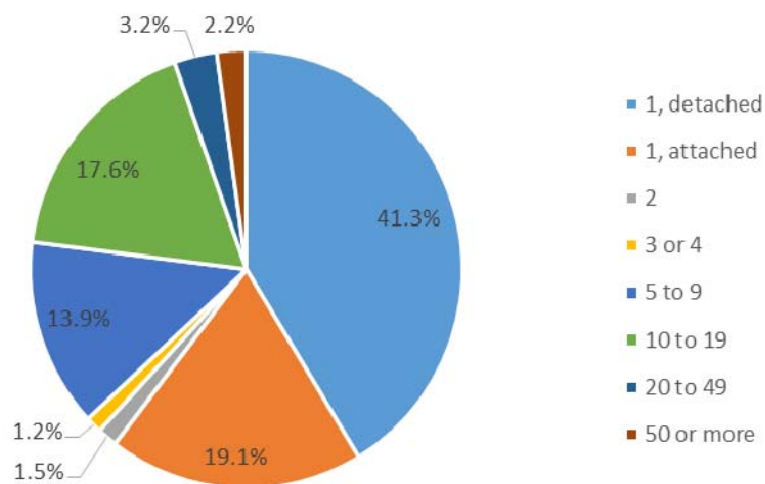
<sup>2</sup> Clabaugh, Jeff. "Foreclosure bargains? Shop Baltimore." *Baltimore Business Journal*, December 2, 2015. <http://www.bizjournals.com/baltimore/blog/real-estate/2015/12/foreclosure-bargains-shop-baltimore.html>

<sup>3</sup> Merrill, Than. "Baltimore: Real Estate and Market Trends." *Fortune Builders*, May 17, 2015. <http://www.fortunebuilders.com/baltimore-real-estate-market-trends/>

Housing Units by Structure								
	Town		Greater Bel Air		Harford County		MSA	
	#	%	#	%	#	%	#	%
1, detached	1,960	41.3%	13,589	58.2%	58,696	60.9%	516,577	45.5%
1, attached	907	19.1%	4,376	18.7%	19,688	20.4%	327,178	28.8%
2	72	1.5%	113	0.5%	1,063	1.1%	24,313	2.1%
3 or 4	56	1.2%	94	0.4%	1,470	1.5%	29,362	2.6%
5 to 9	660	13.9%	973	4.2%	3,013	3.1%	55,591	4.9%
10 to 19	837	17.6%	3,286	14.1%	6,782	7.0%	92,765	8.2%
20 to 49	152	3.2%	365	1.6%	937	1.0%	21,153	1.9%
50 or more	103	2.2%	467	2.0%	1,310	1.4%	54,708	4.8%
Mobile home	0	0.0%	87	0.4%	3,332	3.5%	13,667	1.2%
Boat, RV, van, etc.	0	0.0%	0	0.0%	21	0.0%	484	0.0%
Total	4,747	100.0%	23,350	100.0%	96,312	100.0%	1,135,798	100.0%

Source: ESRI

Housing Units by Structure in Town



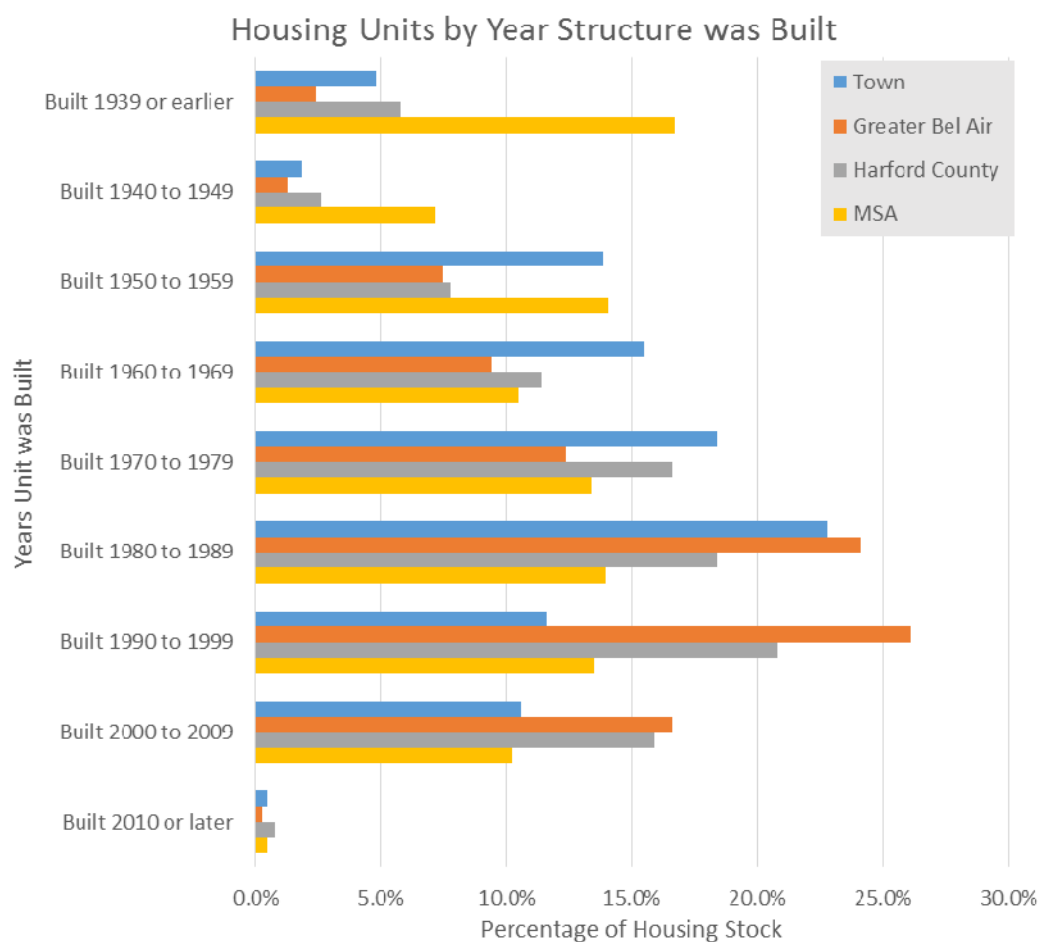
Source: ESRI

## Housing Stock Condition

The age of an area's housing stock is an important indicator because it can provide a high-level estimate of the quality of the housing stock. Although well-maintained older homes can contribute to the preservation of an area's local history and community character, older houses also tend to be more costly to maintain and have more structural and environmental concerns. In many communities, substandard older housing is often occupied by those residents that are least able to afford the regular maintenance that an older home requires.

Overall, while the town's housing stock is older than some of the comparison geographies, it is still relatively newer and in better condition than much of the housing stock nationwide. Nearly half (45.5%) of all of the town's housing

stock was built in 1980 or later. Approximately 23% of the town's housing stock was built between 1980 and 1989, the largest single portion compared to other categories. Another 18.4% of housing was built in the previous decade, 1970-1979, and another 15.5% was built in 1960-1969. Overall, the housing stock in the Greater Bel Air region and the county is on the newer side when compared to just the town. Almost 70% of the Greater Bel Air region's housing was built in 1980 or later, and over 55% of the county's housing was built in the same time period. The MSA's housing distribution leans towards homes built at least fifty years ago, with 16.7% of housing behind built before 1940.



Source: ESRI

## Occupancy & Vacancy Rates

Occupancy and vacancy rates indicate that demand for housing is very strong in Bel Air. As of 2015, 94% of all housing units in the town were occupied, while 6% were vacant. Generally a vacancy rate of less than 10% indicates a healthy market, and less than 5% indicates a strong market. Of the occupied units, over two-thirds were owner-occupied, while the remaining one-third were renter-occupied. Based on 2010 Census data, the rental vacancy rate (6%) was slightly higher than the homeowner vacancy rate (5%).



Town Occupancy Trends			
	2010	2015	2020
Total Housing Units	4,744	4,910	5,059
Occupied	4,493	4,625	4,761
Owner	2,823	3,113	3,202
Renter	1,670	1,512	1,558
Vacant	251	285	298
Homeowner Vacancy Rate	5%		
Rental Vacancy Rate	6%		

Source: ESRI

## Residential Values

Greater Bel Air has relatively expensive homes with the median home value just over \$300,000. The town has the lowest median home value across the four geographies at \$243,300, although this is partially a reflection of there being smaller sized homes with the town compared with the surrounding area.

Median Home Value			
Town	Greater Bel Air	Harford County	MSA
\$243,300	\$301,611	\$281,800	\$281,400

Source: ESRI

Nearly half of all owner-occupied homes in the town are valued between \$250,000 and \$499,999, although there is a significant portion of more affordable homes (43.8%) that are valued between \$125,000 and \$249,000. Nearly 8% of homes are valued between \$500,000 and \$999,999 in the Greater Bel Air region, but only 0.5% of homes in the town are valued in the same bracket. In general, home values across the other geographies are more distributed across all value brackets when compared to the town, especially the MSA. Overall, the Greater Bel Air region has been successful in attracting wealthy households, which is an indication of a high quality of life. This also means there is likely to be unmet demand for housing as those who would like to live in Bel Air may be priced out of the market.

Owner-Occupied Housing Units by Value								
	Town		Greater Bel Air		Harford County		MSA	
	#	%	#	%	#	%	#	%
Less than \$50,000	84	2.8%	415	2.1%	2,722	3.7%	24,783	3.6%
\$50,000-\$124,999	182	6.2%	326	1.8%	3,063	4.3%	56,758	8.2%
\$125,000-\$249,000	1,288	43.8%	5,420	29.2%	23,577	32.4%	207,147	30.0%
\$250,000-\$499,999	1,358	46.3%	10,853	58.6%	36,183	49.7%	289,853	42.1%
\$500,000-\$999,999	14	0.5%	1,455	7.9%	6,548	9.0%	96,589	14.0%
Greater than \$1,000,000	13	0.4%	65	0.4%	624	0.9%	13,854	2.0%

Source: ESRI

## Housing Affordability

Based on assumptions about the typical mortgage that a homeowner takes on when purchasing a house, the household income threshold to own a median-priced house is greater in Harford County than in the Town of Bel Air. The household income threshold is nearly \$54,000 in Harford County and over \$47,600 in the town, a difference of about \$6,000. Both the town and the county's median household income substantially exceed the calculated income threshold. In the town, the median income exceeds the threshold by over \$20,000, while the county's median

income surpasses the threshold by almost \$27,000. This indicates that while homes in Bel Air are relatively more affordable, housing affordability is not a significant constraint in either the town or county housing market.

Estimated Mortgage Payment		
	Town	Harford County
Median Price of Home	\$258,692	\$292,106
Down Payment @ 10%	\$25,869	\$29,211
Loan Amount	\$232,823	\$262,895
Average Mtg Payment 30 Years @ 4%	\$1,112	\$1,255
HH Income Threshold	\$47,657	\$53,786

Source: ESRI, Camoin Associates

All-time low interest rates are a notable factor in the affordability of housing. As interest rates are expected to rise, albeit slowly, the affordability of housing may decrease. It should also be noted that while homes may be affordable, it has been observed that it can still be difficult to find a home in Bel Air, as houses are in high demand.

### Rental Market

The town has the second highest median rent, \$995 per month, falling \$50 short of Greater Bel Air's median rent of \$1,045, which is the highest among all geographies. The county has the lowest rent, at \$910. Over a third of town residents pay between \$1,000 and \$1,249 in monthly rent, the most concentrated cohort in contract rent. The same rent bracket is the largest in the county as well, although it only accounts for 17.4% of the population there.

Median Contract Rent			
Town	Greater Bel Air	Harford County	MSA
\$995	\$1,045	\$910	\$929

Source: ESRI



Renter Occupied Housing Units by Contract Rent (2013)				
Household Income Range: Contract Rent	Town		Harford County	
	#	%	#	%
Less than \$100	0	0.0%	399	2.2%
\$100 to \$149	10	0.7%	357	2.0%
\$150 to \$199	0	0.0%	230	1.3%
\$200 to \$249	11	0.8%	378	2.1%
\$250 to \$299	0	0.0%	163	0.9%
\$300 to \$349	28	2.0%	168	0.9%
\$350 to \$399	0	0.0%	151	0.8%
\$400 to \$449	7	0.5%	218	1.2%
\$450 to \$499	0	0.0%	236	1.3%
\$500 to \$549	0	0.0%	499	2.8%
\$550 to \$599	10	0.7%	187	1.0%
\$600 to \$649	0	0.0%	404	2.2%
\$650 to \$699	11	0.8%	833	4.6%
\$700 to \$749	46	3.3%	930	5.2%
\$750 to \$799	69	4.9%	748	4.2%
\$800 to \$899	267	19.0%	2421	13.5%
\$900 to \$999	242	17.2%	1762	9.8%
\$1,000 to \$1,249	499	35.5%	3128	17.4%
\$1,250 to \$1,499	104	7.4%	1702	9.5%
\$1,500 to \$1,999	73	5.2%	1536	8.5%
\$2,000 or more	0	0.0%	540	3.0%
Median Contract Rent	\$	995	\$	910

Source: ESRI

## Housing Demand

The town's relatively built-out nature has resulted in unmet demand for housing in town as indicated by low vacancy rates for both owner- and renter-occupied units. The high quality of schools is a driver of demand for single-family homes in the town. Without the availability of tracts of land for development, the demand for single-family housing has largely been satisfied in the Greater Bel Air Region, outside of the town's boundaries. The other significant component of unmet demand is that for high-end rental units located in areas walkable to amenities (i.e., in the downtown area). The town currently lacks this type of housing option.

Several factors are driving this demand for high-end downtown units. Nationally, housing preferences have shifted towards downtown housing especially among young professionals, and empty nesters. Locally, these population segments are both underserved and growing. Demand from professionals is generated from the hospital and growing health care sector in the local region as well as from technology-related businesses in the Aberdeen area. There is also unmet demand from other commuters that would be attracted by the high quality of life in Bel Air. The aging population of Bel Air and the surrounding region is also a source of demand for downtown units. Empty-nesters have become a primary consumer of this type of housing because less maintenance is required compared to single-family homes and because they can walk to shopping and other amenities rather than drive.

Demographic changes in the population highlight the need for this type of housing. Shrinking household sizes in the county, Greater Bel Air and the town will generally translate into demand for smaller units and fewer single family homes. Additionally, an increasing median age across the comparison geographies will shape the housing market, as homes and communities that cater towards the desires and needs of an increasingly older population will be required to retain this population segment. A significant increase in earnings over the course of the next five years, especially in the town, will also contribute to the stature of housing that will be in demand.

Based on the data analysis and interviews, there is likely demand for several hundred downtown rental units over the next five to ten years, but there are limiting constraints including availability of sites, adequate parking, and restrictions on building heights.

### Independent Living & Age-Restricted Housing

The population of Bel Air and the surrounding region is getting older. Over the course of the next five years to 2020, the number of individuals in the town over the age of 65 is expected to increase by nearly 300 people, or a 15% increase. In the Greater Bel Air region, the percentage of growth is 18%, or an additional 1,800 residents. A significant portion of these residents will desire new age-appropriate housing. Following national trends, many of these same residents will likely prefer to stay within the same community and be within walking distance to amenities. This suggests that the market may support new age-restricted housing in the town.

Interviews indicated that independent living facilities are also needed in town. While the town has some assisted care and nursing home offerings, seniors that are able to live independently, but prefer the convenience of an age-restricted housing product generally have to look outside of the town for this type of option. The closest facility is Brightview Avondell, located just outside of the town's boundary. The facility features 179 upscale units (155 independent living apartments and 24 assisted living apartments). At the time of this report occupancy at the facility was 96.1% with a waitlist of 43, indicating strong demand. Many also go to Oak Crest, another facility in Baltimore County. Oak Crest is currently 98% occupied with a waiting list on most of their apartments.

The analysis indicates that there is unsatisfied demand for these types of facilities in town and an opportunity to capture this population segment. The town does have some recent, small-scale, age-restricted condo projects that have been very popular. This indicates additional potential for apartment-style age-restricted housing options in the town.

### Student Housing

Harford Community College, located in close proximity to the Town of Bel Air, is a generator of demand for student housing in the town. The College has approximately 9,000 credit students plus an additional 15,000 non-credit students. The college does not provide any housing to its students and most commute from elsewhere in Harford County. Many students are living with their families and, given the opportunity, would likely choose a student housing option. Additionally, Towson University, a 4-year school, recently added a building on-site in partnership with the college, which may drive additional demand for student housing as more students from outside of Harford County are attracted.

The college has explored adding housing in the past, but the lack of county water and sewer on campus means that development is infeasible at the current time. Development of student housing in areas near the college is also infeasible due to the lack of development sites, the fact that the area falls outside of the county's development envelope, and significant traffic challenges.

A 2010 market and feasibility study estimated demand for student housing for the college to be between 265 and 387 beds.<sup>4</sup> A site downtown would be ideal from a demand perspective because, similar to young professionals, students prefer locations that are walkable to entertainment amenities. Development of student housing in the town would need to be paired with improvements in shuttle or bus service to transport students between the college and their residence. If the town can capture student housing then it would help support local businesses through spending by students, who typically represent more discretionary spending than other population groups.

---

<sup>4</sup> Brailsford & Dunlavey, "Harford Community College: Comprehensive Market Study for Student housing." (2010).

## Key Findings

- **Healthy Housing Market.** Bel Air's high quality of life and premier schools have made it a high-demand place for families. The lack of large developable tracks within the town has pushed residential development into unincorporated areas outside of town, where homes are generally larger, newer, and more expensive than inside the town. Residential vacancy levels in both the owner-occupied and rental markets are low indicating there may be unmet demand for housing.
- **Market Conditions Ripe for Market-Rate Apartment/Condo Development Downtown.** Nationally, there has been a significant shift in housing preferences towards downtown, walkable, mixed-use areas especially among young professionals and empty-nesters. These two population groups are willing to pay to live near these amenities and typically demand high-end residential units. However, there is very little in the way of downtown housing or high-end apartments and condos within Bel Air. The town has a number of multi-family properties and about 37% of housing units are found in buildings with 5 or more units. However, the town lacks significant high-end residential multi-family developments and there have been no recent multi-family developments that have the desired modern amenities. Bel Air's Downtown could support a substantial number of high-end residential units with demand coming from empty-nesters looking to transition away from a single-family home and young professionals (especially those working in Aberdeen and medical professionals working locally). Additionally, the analysis showed that a relatively large portion of jobs in the town are filled by those commuting into the town. These commuters may represent a secondary source of demand for new housing downtown if they prefer modern apartments or condos with walkability in proximity to work.
- **Unmet Demand for Age-restricted/Senior Housing.** The town has a substantial population of individuals aged 65+ and this group is expected to increase into the future, generating demand for new age-restricted and senior housing. Research has shown that housing preferences of this group are to (1) remain in their communities, and (2) live in areas that are walkable and convenient to shopping and other amenities. Housing options for this group, however, are very limited in and around the Town of Bel Air. Therefore, there is unmet housing demand for this population segment in the form of age-restricted housing products (especially independent living facilities) and condo/apartment units walkable to downtown.
- **Potential for Student Housing.** Harford Community College attracts high school graduates from all over the county and beyond. It is expected that, given the right housing, many of these students would elect to live locally rather than live with their parents and commute to classes. The college has also recently partnered with Towson University, a 4-year school, to construct a new building on its campus. The college is restricted in providing student housing because of current infrastructure constraints on its campus. The surrounding areas also fall outside of the county's development envelope and have existing traffic issues, both of which support locating student housing within Bel Air itself. Furthermore, students generally have the same preferences as young professionals to live in walkable, mixed-use areas that are close to entertainment options. A 2010 market and feasibility study found demand for between 265 and 387 beds of student housing.
- **Development Constraints are Slowing Investment.** Several constraints have prevented the market from delivering housing downtown including limited parking availability, restrictions on building heights, a potential moratorium on water/sewer hookups, and the generally built-out nature of the downtown. There has been recent developer interest in providing housing downtown; however, existing constraints have prevented development projects from moving forward.

## Retail and Service Commercial Space Market Analysis

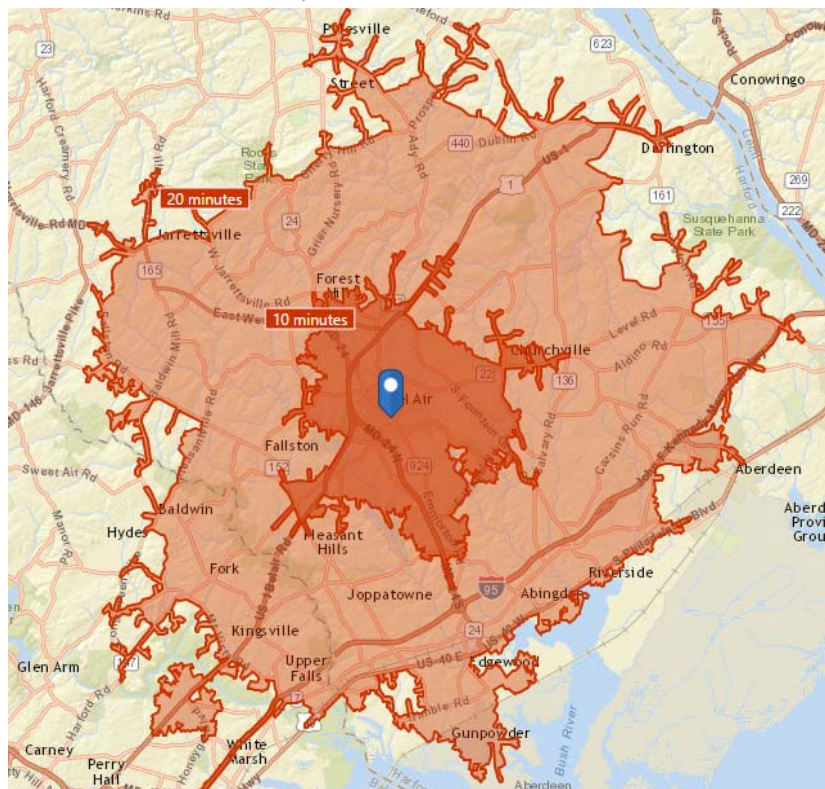
### Geographies

#### Retail Trade Areas

The “Retail Trade Area” is the geographic extent within which businesses generate the majority of their customers. Generally, 65-75% of customers of local businesses reside in the trade area. The map below delineates two retail trade areas for Bel Air, a local trade area and a regional trade area:

- **Local trade area (dark orange shading in map below):** The trade area for the Town of Bel Air (town is identified by blue marker) retail establishments that serve day-to-day needs of customers and offer convenience-type products and services. The local trade area applies to businesses such as supermarkets, gas stations, pharmacies, nail salons, coffee shops, etc. This area is within a 10 minute drive from Bel Air’s downtown.
- **Regional trade area (light orange shading in map below):** Applies to businesses that sell “destination” products and services. Consumers are willing to travel farther to frequent these businesses, which include car dealerships, clothing shops, department stores, specialty shops, and restaurants. Bel Air’s regional trade area is within a 20 minute drive of the town, and extends into Forest Hill, Churchville and Kingsville. Residents of areas beyond the regional trade area generally tend to shop in other commercial centers outside of the Bel Air region.

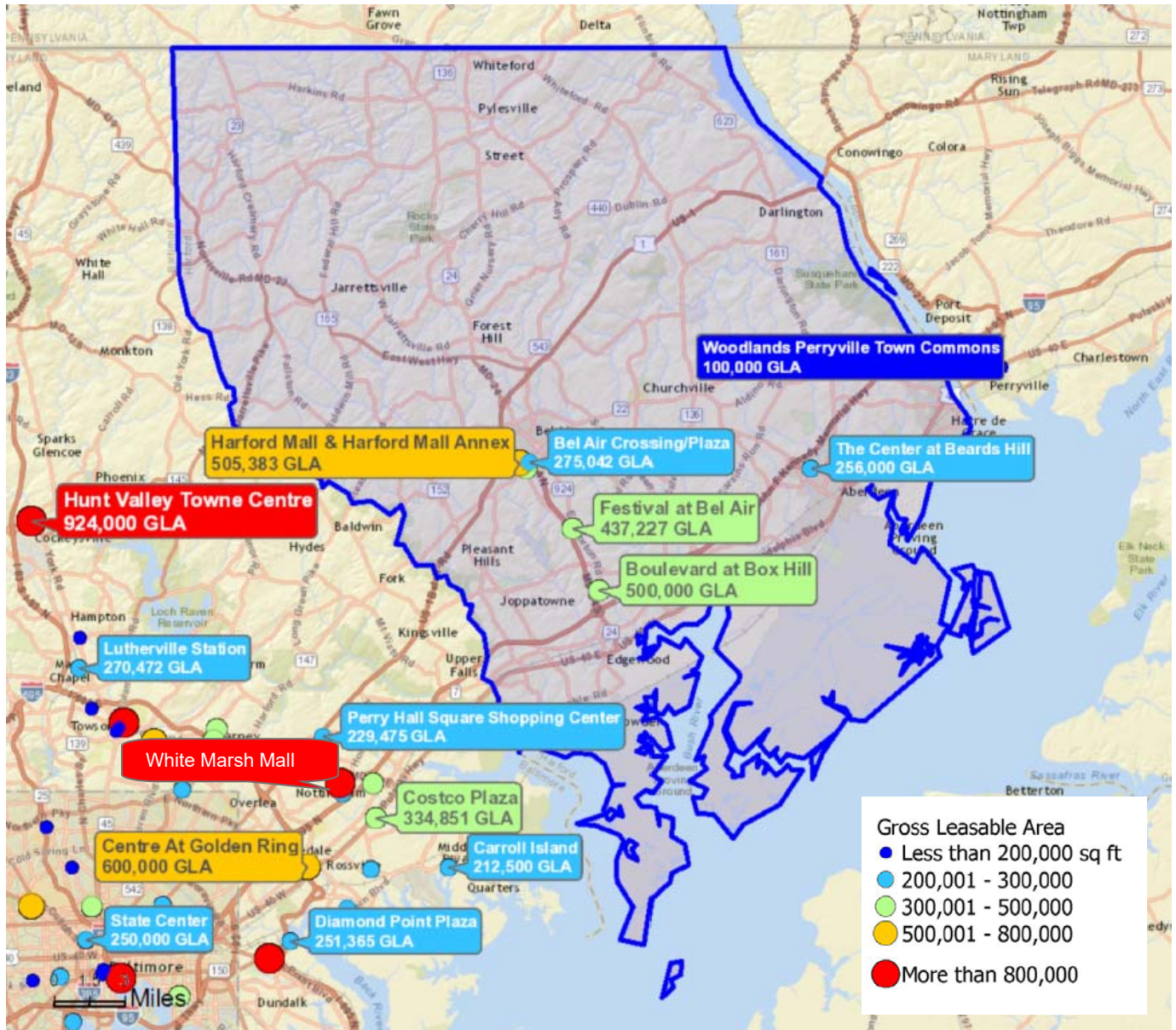
Retail Trade Areas Map





## Competitive Overview

The following map shows the major shopping centers in and around Harford County. The major competing shopping locations include Festival at Bel Air and Boulevard at Box Hill, both of which are on Route 24 between Bel Air and I-95. Market analysis interviews also revealed that White Marsh Mall is also a significant competitor, especially of the Harford Mall. There is evidence that high-end retail establishments choose White Marsh over the Harford Mall because of its greater size and because Bel Air is perceived as a relatively small market.



Source: ESRI



## Retail Supply

### Retail Inventory

The town's 2.7 million square feet of retail space accounts for 22% of the county's overall retail inventory. The largest inventory of retail space is found on the Route 1 Corridor, where 1.7 million square feet of space and 54 buildings exist. However, the greatest number of buildings are found on the Downtown/Main Street Corridor, where 74 buildings account for 422,672 square feet of inventory. The highest average rate among the Corridors, town, and county is in the Route 24 Corridor at \$37.50, which is nearly \$20 more than Harford County's average rate and \$12 more than the Town of Bel Air's average rate. The town's 127,000 square feet of vacant retail space accounts for 27% of the county's vacant retail space. The corridors' vacancy levels are particularly low when compared to the vacancy across the rest of the town ("Other Town of Bel Air"), at 20%. Low vacancy rates in the three corridors means there may be potential for new retail development, as supply is tight relative to demand.

Bel Air and Harford Retail Market Summary					
Market Area	Existing Inventory		Vacancy		Average Rate
	Number of Buildings	Square Feet	Vacant Square Feet	Percent Vacant	
Downtown/Main Street Corridor	74	422,672	9,436	2.2%	\$23.99
Route 1 Corridor	54	1,678,198	90,250	5.4%	\$21.50
Route 24 Corridor	15	477,557	12,547	2.6%	\$37.50
Other Town of Bel Air	18	73,775	15,000	20%	\$33.26
Town of Bel Air Total	161	2,652,202	127,233	4.8%	\$25.45
Harford County	1,000	12,043,355	469,790	3.9%	\$17.68
Town as Percent of County	16%	22%	27%		

Source: CoStar

### Retail Vacancy

Vacancy in retail spaces peaked in the town in 2009 at 5.9%, while the county's highest vacancy rate occurred in 2006, at 12.4%. The town's retail vacancy rate had been well under 5% from 2011 through 2014, however in 2015 there was an increase of 77,300 square feet of vacant space, which pushed the vacancy rate back up closer to 5%. The retail inventory in the town has remained relatively flat over the past 10 years, ranging from about 2.6 million square feet to 2.7 million square feet in the last decade, while the number of buildings has decreased by three from 164 to 161. The county has seen greater levels of retail development with the number of square feet growing from 10.7 million square feet in 2006 and to 12 million square feet in 2015. The county added 63 retail buildings over the ten year period.

Retail Vacancy Rate by Year - Town of Bel Air				
	Bldgs	Inventory SF	Vacant SF	Vacancy %
2015	161	2,652,202	127,233	4.8%
2014	161	2,652,202	49,911	1.9%
2013	161	2,652,202	74,451	2.8%
2012	162	2,661,965	58,286	2.2%
2011	162	2,661,965	44,710	1.7%
2010	162	2,661,965	141,180	5.3%
2009	162	2,661,965	157,769	5.9%
2008	162	2,651,146	32,098	1.2%
2007	166	2,653,003	59,997	2.3%
2006	164	2,582,939	159,142	6.2%

Source: CoStar

Retail Vacancy Rate by Year - Harford County				
	Bldgs	Inventory SF	Vacant SF	Vacancy %
2015	1,000	12,043,355	469,790	3.9%
2014	998	12,008,114	417,676	3.5%
2013	996	11,984,912	448,636	3.7%
2012	993	11,884,420	437,804	3.7%
2011	987	11,772,038	433,876	3.7%
2010	982	11,617,419	546,031	4.7%
2009	976	11,402,127	787,105	6.9%
2008	973	11,335,976	546,429	4.8%
2007	965	11,220,071	768,297	6.8%
2006	937	10,745,667	1,336,001	12.4%

Source: CoStar

### Retail Net Absorption

Net absorption is the net change in occupied space over a given period of time. Net absorption in the town has been negative three of the last five years, including 2015, which year to date has a negative absorption of 77,322 square feet. 2015 is the only year that the county that has experienced a negative net absorption in the last five years, with a net absorption of negative 45,719 square feet. The data shows that the town is not keeping pace with the rest of the county in retail space growth. Therefore, there may be opportunities to capture new retail businesses in the town.

Retail Net Absorption (2011-2015)		
	Town of Bel Air	Harford County
2015	(77,322)	(45,719)
2014	24,540	54,162
2013	(25,928)	89,660
2012	(13,576)	108,454
2011	96,470	266,774
Total	4,184	473,331

Source: CoStar

### Retail Deliveries

The term delivery refers to the year that construction on a building was completed, in this case, retail buildings within Harford County or the Town of Bel Air. Over the past 10 years, about 1.5 million square feet of retail space has been added to the Harford County market. Approximately 10% (144,479 square feet) of that space was in the Town of Bel Air. A total of 91 new retail buildings were built in the county during this time, with 7 of the properties being constructed in Bel Air. The last properties to be built in the town, however, were in 2009, and no inventory has been added to the town since then. In the county, deliveries were strong until 2013 when retail construction slowed to a fraction of what it had been in the prior five years.

Summary: Retail Space Deliveries By Market				
	Harford County		Town of Bel Air	
Year	Buildings	Square Feet	Buildings	Square Feet
2015	2	8,900	0	0
2014	3	24,831	0	0
2013	6	113,839	0	0
2012	8	119,924	0	0
2011	5	154,619	0	0
2010	6	215,292	0	0
2009	8	78,925	1	12,547
2008	15	134,446	1	11,259
2007	28	474,404	2	70,064
2006	10	164,390	3	50,609

Source: CoStar

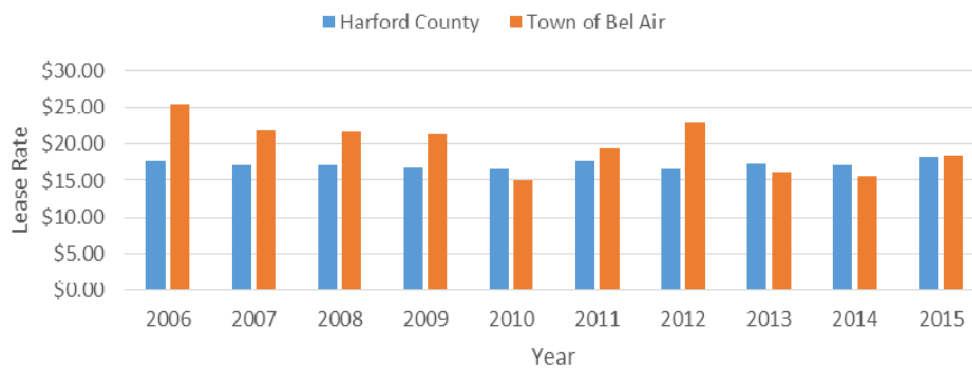
### Retail Lease Rates

Over the last decade, lease rates in the town have generally been higher than the county. The lease rate in the town grew by 38% in the last 10 years, while the lease rate in the county decreased by 2% in the same time frame. The number of new leases in the town has greatly fluctuated in the last ten years, ranging from two in 2006 to 20 in 2009. The range in the county is even larger, from nine in 2006 to 79 in 2012. Higher lease rates in the town indicate that the area is an attractive market and can require higher rents from businesses, while the county may not benefit from the same level of competitiveness. Lease rates along the Route 1 Corridor have historically been higher than the Downtown Corridor, with the exception of 2006 and 2007. The data covering the Route 24 Corridor is insufficient to properly compare lease rates to the other two corridors.

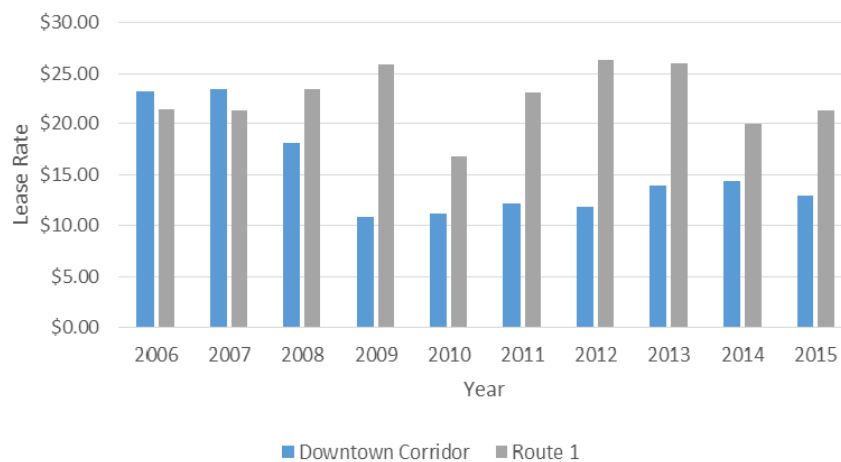
Summary: Retail Lease Rates						
	Harford County			Town of Bel Air		
Year	New Leases	Square Feet	Lease Rate	New Leases	Square Feet	Lease Rate
2015	46	187,575	\$17.68	11	48,943	\$25.45
2014	57	206,032	\$17.22	17	37,112	\$22.02
2013	75	196,938	\$17.10	18	38,696	\$21.78
2012	79	204,681	\$16.84	11	25,388	\$21.33
2011	65	258,160	\$16.68	12	78,118	\$14.98
2010	73	263,752	\$17.61	15	73,342	\$19.45
2009	68	336,455	\$16.70	20	67,769	\$22.93
2008	72	195,648	\$17.31	14	43,788	\$16.21
2007	51	157,658	\$17.09	11	16,317	\$15.74
2006	9	18,023	\$18.12	2	6,135	\$18.40

Source: CoStar

### Annual Lease Rates



### Annual Lease Rates in the Corridors



## Retail Demand

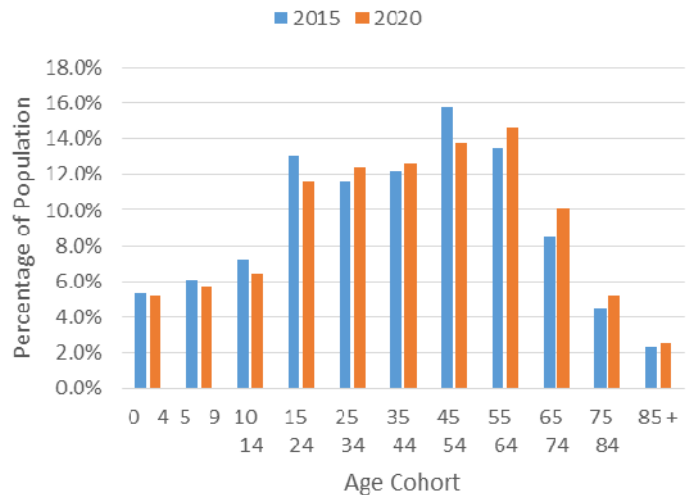
### Local Retail Trade Area Demographics

Currently, the most populous age cohort in the local retail trade area is 45-54 year olds (15.8%). This is followed by 55-64 year olds (13.5%) and then 15-24 year olds (13%), providing a wide range of consumers in the local area for retailers. It should also be noted that the percentage of 45-54 year olds and 15-24 year olds is expected to decrease by about 2% in the coming five years. By 2020, the most concentrated age cohort will be 55-64 year olds. The three oldest cohorts, ranging in age from 65-85+, will also all rise in the coming years, indicating the need for services and retailers catering to an older population.

Local trade area household incomes trend towards the middle to upper tiers. The local retail trade area's largest income bracket by percentage of population is \$100,000-\$149,000, at 20.8%. By

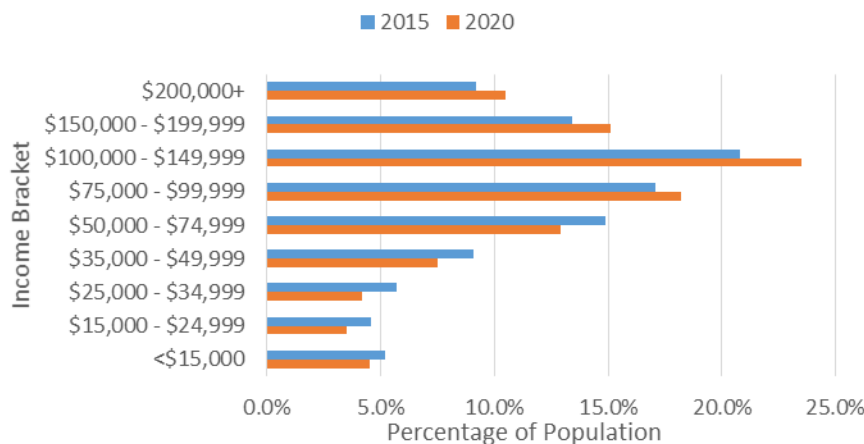
2020, the same income bracket is expected to become even more concentrated, growing to represent 23.5% of the population. Currently, over 60% of the local retail trade area's population earns more than \$75,000. Over the next five years, this cohort will grow, with over 67% of the local retail trade area earning at least \$75,000 by 2020. Additionally, all income brackets below \$49,000 will lose individuals between now and 2020.

2015 Population by Age, Local Trade Area



Source: ESRI

2015 Income Distribution, Local Trade Area



Source: ESRI

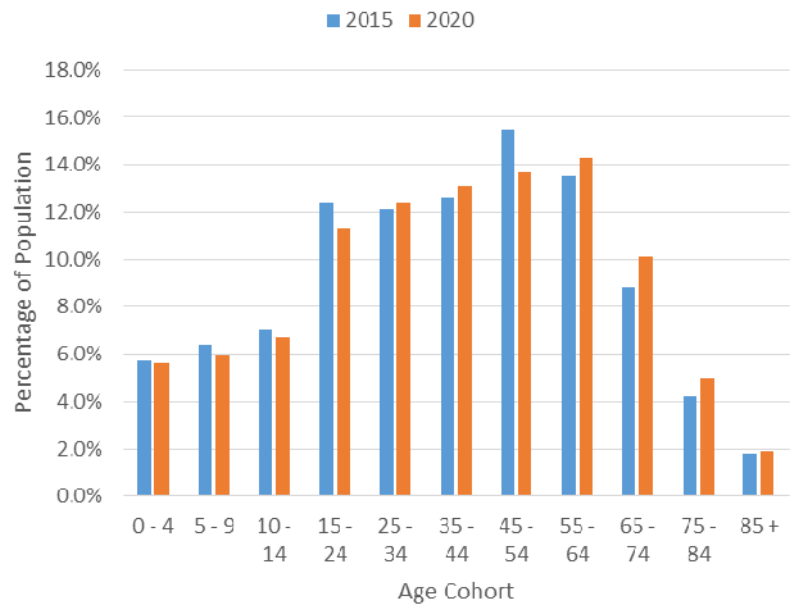


## Regional Trade Area Demographics

The regional trade area is comprised primarily of the cohort 45-54 year olds. This group makes up 15.5% of the population. However, this group is expected to shrink over the next five years, to 13.7% of the population. Like the local retail trade area, the young adult cohort aged 15-24 will also shrink in the coming years. Mirroring the local trade area, the older cohorts of ages ranging from 55-85+ will expand, again indicating a need for services and retailers to satisfy this growing elderly population.

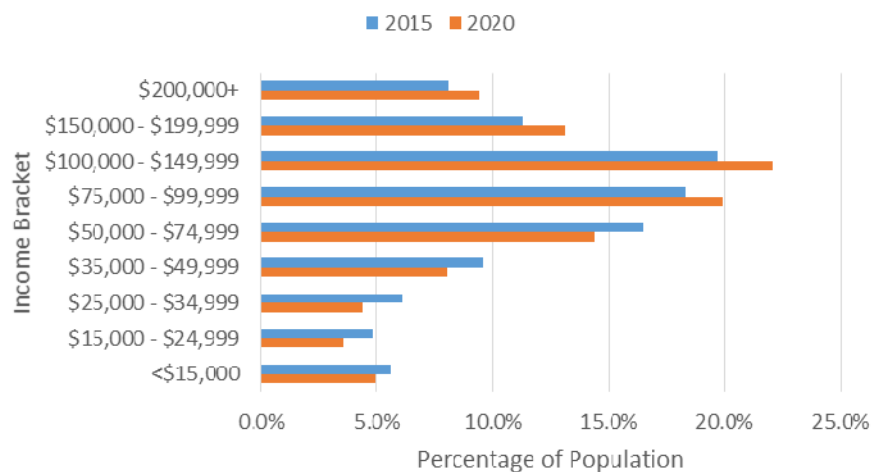
The largest group of earners in the regional trade area are those that make between \$100,000 and \$149,000, nearly 20% of the population. The next largest income cohorts are those in the two tiers below, ranging from \$50,000-\$74,999 and \$75,000-\$99,000. Overall, incomes in the regional trade area are not as concentrated in the higher income brackets when compared to the local trade area.

### 2015 Population by Age, Regional Trade Area



Source: ESRI

### 2015 Income Distribution, Regional Trade Area



Source: ESRI

## Tapestry Segmentation

A tool used by retail site selectors in determining the characteristics of a particular trade area is market segmentation, which is the classification of consumers according to demographic, socioeconomic, housing, and lifestyle characteristics. It is how retailers and site selectors compare consumer trends across trade areas when considering many site locations.

Market segmentation is based on the concept that people with similar demographic characteristics, purchasing habits, and media preferences naturally gravitate toward each other and into the same communities. Businesses utilize segmentation to understand their customers' lifestyle choices, purchasing preferences, and how they spend their free time.

Market segmentation data for the regional trade area were obtained from ESRI's Tapestry segmentation model. Additional information about ESRI's model can be found here: <http://www.esri.com/landing-pages/tapestry>. We will focus on the characteristics of consumers living in the broader regional trade area since the retail categories with the best potential for success in the area tend to have a regional reach.

It is important to recognize that the classifications and labels that ESRI uses for defining market segments are generalizations. The descriptions of each segment are based on comparisons with the U.S. as a whole and reflect the propensity of households within that segment to exhibit certain demographic, lifestyle, and consumer characteristics relative to the overall population. The purpose of this exercise is to compare local consumer trends to those of consumers across the U.S. so businesses and developers not familiar with the Bel Air region understand consumer demand in this area.

The top ESRI Tapestry segments are listed in the table below, with profiles of each segment, including household composition, housing type, income, age, education, and consumer habits following.

Top ESRI Tapestry Segments of the Regional Retail Trade Area			
Rank	Tapestry Segment	Households	Percent
1	Savvy Suburbanites	5,333	18.8%
2	Soccer Moms	2,979	10.5%
3	Old and Newcomers	2,042	7.2%
4	Professional Pride	2,042	7.2%
5	Pleasantville	1,787	6.3%
6	Enterprising Professionals	1,702	6.0%
7	Home Improvement	1,674	5.9%
8	Comfortable Empty Nesters	1,617	5.7%
9	Metro Fusion	1,418	5.0%
10	Golden Years	1,390	4.9%
	Total Households	21,984	78%

Source: ESRI

### *Savvy Suburbanites (18.8%)*

- Average Household Size: 2.83
- Median Age: 44.1
- Median Household Income: \$104,000

Savvy Suburbanites residents are well educated, well read, and well capitalized. Families include empty nesters and empty nester wannabes, who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening plus the active pursuit of sports and exercise. They enjoy good food and wine, plus the amenities of the city's cultural events.

#### *Soccer Moms (10.5%)*

- Average Household Size: 2.96
- Median Age: 36.6
- Median Household Income: \$84,000

Soccer Moms is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

#### *Old and Newcomers (7.2%)*

- Average Household Size: 2.11
- Median Age: 38.5
- Median Household Income: \$39,000

This market features singles' lifestyles, on a budget. The focus is more on convenience than consumerism, economy over acquisition. Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

#### *Professional Pride (7.2%)*

- Average Household Size: 3.11
- Median Age: 40.5
- Median Household Income: \$127,000

Professional Pride consumers are well-educated career professionals that have prospered through the Great Recession. To maintain their upscale suburban lifestyles, these goal oriented couples work, often commuting far and working long hours. However, their schedules are fine-tuned to meet the needs of their school age children. They are financially savvy; they invest wisely and benefit from interest and dividend income. So far, these established families have accumulated an average of 1.5 million dollars in net worth, and their annual household income runs at more than twice the US level. They take pride in their newer homes and spend valuable time and energy upgrading. Their homes are furnished with the latest in home trends, including finished basements equipped with home gyms and in-home theaters.

#### *Pleasantville (6.3%)*

- Average Household Size: 2.86
- Median Age: 41.9
- Median Household Income: \$85,000

Prosperous domesticity best describes the settled denizens of Pleasantville. Situated principally in older housing in suburban areas in the Northeast (especially in New York and New Jersey) and secondarily in the West (especially in

California), these slightly older couples move less than any other market. Many couples have already transitioned to empty nesters; many are still home to adult children. Families own older, single-family homes and maintain their standard of living with dual incomes. These consumers have higher incomes and home values and much higher net worth (Index 400). Older homes require upkeep; home improvement and remodeling projects are a priority—preferably done by contractors. Residents spend their spare time participating in a variety of sports or watching movies. They shop online and in a variety of stores, from upscale to discount, and use the Internet largely for financial purposes

#### *Enterprising Professionals (6%)*

- Average Household Size: 2.46
- Median Age: 34.8
- Median Household Income: \$77,000

Enterprising Professionals are well educated and climbing the ladder in STEM (science, technology, engineering, and mathematics) occupations. They change jobs often and therefore choose to live in condos, town homes, or apartments; many still rent their homes. The market is fast-growing, located in lower density neighborhoods of large metro areas. Enterprising Professionals residents are diverse, with Asians making up over one-fifth of the population. This young market makes over one and a half times more income than the US median, supplementing their income with high-risk investments. At home, they enjoy the Internet and TV on high-speed connections with premier channels and services.

#### *Home Improvement (5.9%)*

- Average Household Size: 2.86
- Median Age: 37
- Median Household Income: \$67,000

Married-couple families occupy well over half of these suburban households. Most Home Improvement residences are single-family homes that are owner occupied, with only one-fifth of the households occupied by renters. Education and diversity levels are similar to the US as a whole. These families spend a lot of time on the go and therefore tend to eat out regularly. When at home, weekends are consumed with home improvement and remodeling projects.

#### *Comfortable Empty Nesters (5.7%)*

- Average Household Size: 2.5
- Median Age: 46.8
- Median Household Income: \$68,000

Residents in this large, growing segment are older, with more than half of all householders aged 55 or older; many still live in the suburbs where they grew up. Most are professionals working in government, health care, or manufacturing. These Baby Boomers are earning a comfortable living and benefitting from years of prudent investing and saving. Their net worth is well above average (Index 363). Many are enjoying the transition from child rearing to retirement. They value their health and financial well-being

### *Metro Fusion (5%)*

- Average Household Size: 2.63
- Median Age: 28.8
- Median Household Income: \$33,000

Metro Fusion is a young, diverse market. Many residents do not speak English fluently and have moved into their homes recently. They are highly mobile and over three quarters of households are occupied by renters. Many households have young children; a quarter are single-parent families. The majority of residents live in midsize apartment buildings. Metro Fusion is a hard-working market with residents that are dedicated to climbing the ladders of their professional and social lives. This is particularly difficult for the single parents due to median incomes that are 35% lower than the US level.

### *Golden Years (4.9%)*

- Average Household Size: 2.05
- Median Age: 51
- Median Household Income: \$61,000

Independent, active seniors nearing the end of their careers or already in retirement best describes Golden Years residents. This market is primarily singles living alone or empty nesters. Those still active in the labor force are employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure.

## Consumer Spending Patterns

Expenditures on goods and services are used to evaluate the spending patterns and purchasing power of residents in the regional trade area. This section of the report looks at spending by local residents but does not show where these expenditures were made.

The table below shows spending by regional trade area residents on select retail goods and services. Variables shown include the average annual spending per household on a particular good or service, the regional trade area total spending on that good, and the spending potential index (SPI) for both the regional trade area and the local trade area. The SPI represents household expenditures on a product or service relative to a national average of 100. An SPI greater than 100 indicates that, on average, households within the local trade area spend more on that particular good than the average U.S. household. The difference between the regional trade area and local trade area SPI (the last column) gives a snapshot of how the spending power of local residents compares with those in the greater region.

A very high SPI can mean a number of things:

- Costs of goods and services within that particular spending category are much higher within a trade area than they are elsewhere throughout the nation.
- Residents within a trade area may be wealthier than the national average.
- Population characteristics can drive up SPI in certain categories. For example, a trade area with a large retired population will likely spend more on healthcare and Medicare.

The SPI is a good preliminary measure used to identify market characteristics that may necessitate additional attention within an analysis. The local retail trade area's average SPI is nearly ten points higher (147) than the average of the regional trade area (138), however both figures indicate that individuals in this area are spending



considerably more on goods than their average national counterparts. Every spending category, in both geographies, exceeds the national average of 100. Within both the local and regional retail trade areas, the highest SPIs were in the Entertainment and Recreation category, especially categories involving membership fees or activities. Overall, the top ten SPI values fall within the local trade area, and seven of those categories fall within the Entertainment & Recreation sector. This consumer analysis shows that local and regional consumers have a strong propensity to spend their money on sports and recreational activities. These trends will be further explored in the Entertainment Industry Market Analysis.

### Consumer Spending Index: Regional Trade Area

Category	Average Spending	Total Spending	Regional SPI	Local SPI	Local SPI-Regional SPI
Apparel and Services					
Men's	\$594.71	\$43,948,170	137	145	8
Women's	\$1,101.06	\$81,365,915	136	145	9
Children's	\$500.79	\$37,007,279	134	140	6
Footwear	\$603.29	\$44,582,172	132	139	7
Watches & Jewelry	\$208.45	\$15,403,897	144	153	9
Apparel Products and Services (1)	\$137.03	\$10,126,497	140	150	10
Computer					
Computers and Hardware for Home Use	\$299.16	\$22,107,245	138	147	9
Portable Memory	\$7.36	\$543,781	137	145	8
Computer Software	\$28.27	\$2,088,784	140	147	7
Computer Accessories	\$26.79	\$1,980,062	140	149	9
Entertainment & Recreation					
Fees and Admissions	\$970.83	\$71,742,656	150	162	12
Membership Fees for Clubs (2)	\$259.75	\$19,195,128	151	164	13
Fees for Participant Sports, excl. Trips	\$180.42	\$13,332,771	150	161	11
Admission to Movie/Theatre/Opera/Ballet	\$237.26	\$17,532,963	144	153	9
Admission to Sporting Events, excl. Trips	\$99.57	\$7,358,041	150	162	12
Fees for Recreational Lessons	\$193.13	\$14,272,061	157	170	13
Dating Services	\$0.70	\$51,692	117	120	3
TV/Video/Audio	\$1,727.46	\$127,655,863	132	140	8
Cable and Satellite Television Services	\$1,161.23	\$85,812,443	130	138	8
Televisions	\$200.24	\$14,797,234	135	143	8
Satellite Dishes	\$2.03	\$150,184	129	136	7
VCRs, Video Cameras, and DVD Players	\$14.78	\$1,091,992	135	142	7
Miscellaneous Video Equipment	\$15.89	\$1,174,185	148	156	8
Video Cassettes and DVDs	\$42.50	\$3,141,016	132	139	7
Video Game Hardware/Accessories	\$29.41	\$2,172,996	127	133	6
Video Game Software	\$36.24	\$2,678,145	132	138	6
Streaming/Downloaded Video	\$8.26	\$610,341	144	151	7
Rental of Video Cassettes and DVDs	\$31.10	\$2,297,865	132	138	6
Installation of Televisions	\$1.78	\$131,519	159	172	13
Audio (3)	\$177.01	\$13,080,738	144	154	10
Rental and Repair of TV/Radio/Sound Equipment	\$7.00	\$517,205	130	138	8
Pets	\$753.80	\$55,704,223	132	141	9
Toys and Games (4)	\$164.72	\$12,172,169	134	142	8
Recreational Vehicles and Fees (5)	\$304.92	\$22,533,298	140	151	11
Sports/Recreation/Exercise Equipment (6)	\$260.43	\$19,245,243	138	145	7
Photo Equipment and Supplies (7)	\$117.19	\$8,659,928	144	153	9
Reading (8)	\$212.66	\$15,715,433	140	151	11
Catered Affairs (9)	\$35.98	\$2,658,631	151	162	11

Food					
Food at Home	\$6,885.74	\$508,842,194	132	140	8
Bakery and Cereal Products	\$961.84	\$71,078,323	132	140	8
Meats, Poultry, Fish, and Eggs	\$1,506.91	\$111,357,527	131	139	8
Dairy Products	\$745.02	\$55,055,788	132	140	8
Fruits and Vegetables	\$1,321.66	\$97,667,729	134	142	8
Snacks and Other Food at Home (10)	\$2,350.30	\$173,682,826	131	139	8
Food Away from Home	\$4,489.91	\$331,795,195	137	145	8
Alcoholic Beverages	\$774.76	\$57,253,481	139	148	9
Nonalcoholic Beverages at Home	\$647.60	\$47,856,197	130	137	7
Financial					
Investments	\$3,659.18	\$270,405,801	133	144	11
Vehicle Loans	\$5,752.84	\$425,123,562	136	143	7
Health					
Nonprescription Drugs	\$168.62	\$12,460,977	130	139	9
Prescription Drugs	\$649.62	\$48,005,477	131	141	10
Eyeglasses and Contact Lenses	\$123.64	\$9,136,510	137	147	10
Home					
Mortgage Payment and Basics (11)	\$14,007.04	\$1,035,092,363	150	161	11
Maintenance and Remodeling Services	\$2,495.57	\$184,417,888	148	161	13
Maintenance and Remodeling Materials (12)	\$403.48	\$29,816,521	134	144	10
Utilities, Fuel, and Public Services	\$6,684.54	\$493,974,233	132	140	8
Household Furnishings and Equipment					
Household Textiles (13)	\$135.79	\$10,034,329	138	147	9
Furniture	\$716.20	\$52,925,979	139	148	9
Rugs	\$36.49	\$2,696,239	148	162	14
Major Appliances (14)	\$373.28	\$27,584,301	139	148	9
Housewares (15)	\$99.06	\$7,320,049	137	146	9
Small Appliances	\$61.03	\$4,510,243	133	142	9
Luggage	\$13.44	\$993,001	146	157	11
Telephones and Accessories	\$64.85	\$4,792,101	129	136	7
Household Operations					
Child Care	\$649.18	\$47,972,888	145	153	8
Lawn and Garden (16)	\$612.89	\$45,291,111	141	153	12
Moving/Storage/Freight Express	\$98.83	\$7,303,089	133	140	7
Housekeeping Supplies (17)	\$961.24	\$71,033,618	133	141	8
Insurance					
Owners and Renters Insurance	\$699.67	\$51,704,500	139	150	11
Vehicle Insurance	\$1,640.21	\$121,208,469	135	143	8
Life/Other Insurance	\$653.72	\$48,308,243	142	153	11
Health Insurance	\$3,587.71	\$265,124,953	136	146	10
Personal Care Products (18)	\$625.44	\$46,218,628	134	141	7
School Books and Supplies (19)	\$242.21	\$17,898,800	134	142	8
Smoking Products	\$536.61	\$39,654,525	115	121	6
Transportation					
Vehicle Purchases (Net Outlay) (20)	\$5,407.19	\$399,580,797	134	141	7
Gasoline and Motor Oil	\$4,583.68	\$338,724,490	131	138	7
Vehicle Maintenance and Repairs	\$1,523.43	\$112,578,728	136	145	9
Travel					
Airline Fares	\$706.53	\$52,211,342	148	159	11
Lodging on Trips	\$668.08	\$49,369,623	148	159	11
Auto/Truck/Van Rental on Trips	\$51.66	\$3,817,363	153	164	11
Food and Drink on Trips	\$668.26	\$49,383,189	143	154	11
Average:			138	147	9

Source: ESRI

Indicates top 10 overall SPI values

- (1) Apparel Products and Services includes material for making clothes, sewing patterns and notions, shoe repair and other shoe services, apparel laundry and dry cleaning, alteration, repair and tailoring of apparel, clothing rental and storage, and watch and jewelry repair.
- (2) Membership Fees for Clubs includes membership fees for social, recreational, and civic clubs.
- (3) Audio includes satellite radio service, sound components and systems, digital audio players, records, CDs, audio tapes, streaming/downloaded audio, tape recorders, radios, musical instruments and accessories, and rental and repair of musical instruments.
- (4) Toys and Games includes toys, games, arts and crafts, tricycles, playground equipment, arcade games, and online entertainment and games.
- (5) Recreational Vehicles & Fees includes docking and landing fees for boats and planes, purchase and rental of RVs or boats, and camp fees.
- (6) Sports/Recreation/Exercise Equipment includes exercise equipment and gear, game tables, bicycles, camping equipment, hunting and fishing equipment, winter sports equipment, water sports equipment, other sports equipment, and rental/repair of sports/recreation/exercise equipment.
- (7) Photo Equipment and Supplies includes film, film processing, photographic equipment, rental and repair of photo equipment, and photographer fees.
- (8) Reading includes magazine and newspaper subscriptions, single copies of magazines and newspapers, and books.
- (9) Catered Affairs includes expenses associated with live entertainment and rental of party supplies.
- (10) Snacks and Other Food at Home includes candy, chewing gum, sugar, artificial sweeteners, jam, jelly, preserves, margarine, fat, oil, salad dressing, nondairy cream and milk, peanut butter, frozen prepared food, potato chips, nuts, salt, spices, seasonings, olives, pickles, relishes, sauces, gravy, other condiments, soup, prepared salad, prepared dessert, baby food, miscellaneous prepared food, and nonalcoholic beverages.
- (11) Mortgage Payment and Basics includes mortgage interest, mortgage principal, property taxes, homeowners insurance, and ground rent.
- (12) Maintenance and Remodeling Materials includes supplies/tools/equipment for painting and wallpapering, plumbing supplies and equipment, electrical/heating/AC supplies, materials for hard surface flooring, materials for roofing/gutters, materials for plaster/panel/siding, materials for patio/fence/brick work, landscaping materials, and insulation materials for owned homes.
- (13) Household Textiles includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers, decorative pillows, and materials for slipcovers and curtains.
- (14) Major Appliances includes dishwashers, disposals, refrigerators, freezers, washers, dryers, stoves, ovens, microwaves, window air conditioners, electric floor cleaning equipment, sewing machines, and miscellaneous appliances.
- (15) Housewares include plastic dinnerware, china, flatware, glassware, serving pieces, nonelectric cookware, and tableware.
- (16) Lawn and Garden includes lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment.
- (17) Housekeeping Supplies includes soaps and laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, giftwrap supplies, postage, and delivery services.
- (18) Personal Care Products includes hair care products, nonelectric articles for hair, wigs, hairpieces, oral hygiene products, shaving needs, perfume, cosmetics, skincare, bath products, nail products, deodorant, feminine hygiene products, and personal care appliances.
- (19) School Books and Supplies include school books and supplies for college, elementary school, high school, and preschool.
- (20) Vehicle Purchases (Net Outlay) includes net outlay for new and used cars, trucks, vans, motorcycles, and motor scooters.

## Retail Gap Analysis

In a retail gap analysis, the existing retail sales ("supply") of trade area businesses are compared to the estimated retail spending of trade area residents ("demand"). The difference between demand and supply is referred to as the "retail gap."<sup>5</sup> The retail gap can be positive or negative.

When the demand (spending by trade area residents) for goods and services is greater than sales at trade area businesses, sales are said to "leak out" of the trade area, creating a positive retail gap (i.e. sales leakage).

Conversely, if the supply of goods sold (local trade area sales) exceeds trade area demand (spending by trade area residents), it is assumed that non-residents are coming into the trade area and spending money, creating a negative retail gap (i.e. sales surplus).

---

<sup>5</sup> Note that existing retail sales are specific to the defined trade area whereas retail spending is an estimate of gross spending by residents living in the trade area regardless of where the retail spending occurs.



Sales leakage and sales surplus carry different implications. In many cases, sales leakage presents an opportunity to capture unmet demand in a trade area since a percentage of residential spending occurs outside the trade area. This demand can be met within the trade area by opening new businesses or expanding existing businesses within retail sectors that show sales leakage. However, not all retail categories that exhibit sales leakage within a particular trade area are a good fit for the region.

A sales surplus might exist for several reasons. For example, the region might be a popular shopping destination for tourists and other out-of-towners, or a cluster of competing businesses offering a similar product or service may be located within the trade area, creating a specialty cluster that draws in spending by households from outside the trade area. Alternatively, a sales surplus could be an indicator of market saturation.

The following Retail Gap Analysis table contains a list of industry groups sorted by 3- and 4-digit NAICS codes and includes figures for sales demand (estimated spending by local trade area residents), sales supply (existing retail sales within the trade area), and retail gap (demand minus supply). Retail categories with sales leakage are in black, and those with sales surplus are in red.

To reflect the varying reach of the different retail categories, they were divided into two groups: local and regional. Data for each group are presented separately, with businesses that typically have a local reach (e.g., grocery stores, gas stations) listed under "local trade area" and businesses with a regional reach (e.g., clothing stores, department stores, specialty stores) listed under "regional trade area."

Retail Gap - Local Trade Area				
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
445	Food & Beverage Stores			
4451	Grocery Stores	\$254,256,103	\$297,871,595	-\$43,615,492
4453	Beer, Wine & Liquor Stores	\$25,713,726	\$17,325,112	\$8,388,614
446	Health & Personal Care Stores			
4461	Health & Personal Care Stores	\$83,820,454	\$90,142,991	-\$6,322,537
447	Gasoline Stations			
4471	Gasoline Stations	\$84,470,437	\$62,580,734	\$21,889,703
453	Miscellaneous Store Retailers			
4531	Florists	\$2,134,204	\$1,388,978	\$745,226
722	Food Services & Drinking Places			
7222	Limited- Service Eating Places	\$63,576,243	\$60,257,642	\$3,318,601
7224	Drinking Places- Alcoholic Beverages	\$2,980,410	\$104,592	\$2,875,818

Source: ESRI

Retail Gap - Regional Trade Area				
NAICS	Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
441	Motor Vehicle & Parts Dealers			
4411	Automobile Dealers	\$690,659,892	\$701,703,098	-\$11,043,206
4412	Other Motor Vehicle Dealers	\$96,748,718	\$86,982,070	\$9,766,648
4413	Auto Parts, Accessories & Tire Stores	\$43,667,813	\$31,041,626	\$12,626,187
442	Furniture & Home Furnishings Stores			
4421	Furniture Stores	\$70,774,430	\$30,843,756	\$39,930,674
4422	Home Furnishings Stores	\$43,239,314	\$35,194,697	\$8,044,617
443	Electronics & Appliance Stores			
4431	Electronics & Appliance Stores	\$214,286,964	\$98,646,062	\$115,640,902
444	Bldg Materials, Garden Equip. & Supply Stores			
4441	Bldg Material & Supplies Dealers	\$157,787,476	\$135,804,098	\$21,983,378
4442	Lawn & Garden Equip & Supply Stores	\$17,162,042	\$18,560,575	-\$1,398,533
445	Food & Beverage Stores			
4452	Specialty Food Stores	\$40,976,181	\$31,294,468	\$9,681,713
448	Clothing & Clothing Accessories Stores			
4481	Clothing Stores	\$163,330,590	\$62,415,496	\$100,915,094
4482	Shoe Stores	\$27,843,285	\$13,275,443	\$14,567,842
4483	Jewelry, Luggage & Leather Goods Stores	\$41,017,285	\$23,932,395	\$17,084,890
451	Sporting Goods, Hobby, Book & Music Stores			
4511	Sporting Goods/Hobby/Musical Instr Stores	\$84,493,168	\$52,667,901	\$31,825,267
4512	Book, Periodical & Music Stores	\$21,780,823	\$9,424,239	\$12,356,584
452	General Merchandise Stores			
4521	Department Stores Excluding Leased Depts.	\$413,381,738	\$471,785,165	-\$58,403,427
4529	Other General Merchandise Stores	\$146,206,322	\$69,912,288	\$76,294,034
453	Miscellaneous Store Retailers			
4532	Office Supplies, Stationery & Gift Stores	\$30,251,061	\$20,350,205	\$9,900,856
4533	Used Merchandise Stores	\$19,327,772	\$10,253,979	\$9,073,793
4539	Other Miscellaneous Store Retailers	\$99,381,040	\$47,333,976	\$52,047,064
722	Food Services & Drinking Places			
7221	Full-Service Restaurants	\$207,858,749	\$118,311,384	\$89,547,365
7223	Special Food Services	\$155,905,364	\$132,128,060	\$23,777,304

Source: ESRI

### **Top sales leakage in the regional trade area:**

- Electronics and Appliance Stores
- Clothing Stores
- Full-Service Restaurants
- Other General Merchandise
- Other Miscellaneous Stores

### **Top sales surplus in the regional trade area:**

- Department Stores
- Automobile Dealers
- Lawn and Garden Equipment and Supply Stores

All but two categories in the local trade area experience sales leakage, meaning the value of goods demanded by residents within the trade area exceeds sales within same boundaries. In the regional trade area, all but three categories exhibit sales leakage. This indicates that many customers are being drawn out of the trade areas to shopping destinations in other locations. However, this does not necessarily indicate that new businesses would succeed in Bel Air. The following spending and space demand analyses provide further insight into opportunities for and feasibility of investments in different retail sectors.

### **Retail Potential Analysis**

In the following analysis, we compare the retail gaps within the retail categories that have sales leakage to the average sales of similar businesses in the State of Maryland. This allows us to identify which of the industries with sales leakage may have enough unmet demand to warrant opening a new store or expanding existing stores.

The table below identifies the number of new businesses that, theoretically, could be supported in the town, assuming:

1. 25% of the sales leakage is recaptured locally and 15% is recaptured regionally, and
2. New businesses have sales comparable to the average sales of all Maryland businesses in the same retail category.

A recapture expectation of 15%-25% is typical among various retail categories, however, due to the increased competition from the Baltimore area, the region is subject to a more competitive retail landscape, which is why we estimated that the local retail sales market may be able to capture a higher percentage of retail leakage than the region.

### Spending Demand Analysis (Potential For New Retail Businesses)

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
NAICS	Industry Group	Retail Sales Gap (i.e. unmet demand)	15% Leakage Recapture* (A x 15%)	Avg. Sales per Business (Maryland)	Potential Businesses (B/C)
<b>Local Trade Area</b>					
4453	Beer, Wine & Liquor Stores	\$8,388,614	\$2,097,154	\$1,300,639	1.6
4471	Gasoline Stations	\$21,889,703	\$5,472,426	\$3,057,647	1.8
4531	Florists	\$745,226	\$186,307	\$316,840	0.6
7222	Limited- Service Eating Places	\$3,318,601	\$829,650	\$918,961	0.9
7224	Drinking Places- Alcoholic Beverages	\$2,875,818	\$718,955	\$545,999	1.3
<b>Regional Trade Area</b>					
4412	Other Motor Vehicle Dealers	\$9,766,648	\$1,464,997	\$2,769,212	0.5
4413	Auto Parts, Accessories & Tire	\$12,626,187	\$1,893,928	\$911,614	2.1
4421	Furniture Stores	\$39,930,674	\$5,989,601	\$2,085,305	2.9
4422	Home Furnishings Stores	\$8,044,617	\$1,206,693	\$1,047,180	1.2
4431	Electronics & Appliance Stores	\$115,640,902	\$17,346,135	\$2,076,242	8.4
4441	Bldg Material & Supplies Dealers	\$21,983,378	\$3,297,507	\$1,898,882	1.7
4452	Specialty Food Stores	\$9,681,713	\$1,452,257	\$1,205,428	1.2
4481	Clothing Stores	\$100,915,094	\$15,137,264	\$1,167,768	13.0
4482	Shoe Stores	\$14,567,842	\$2,185,176	\$1,099,336	2.0
4483	Jewelry, Luggage & Leather Goods Stores	\$17,084,890	\$2,562,734	\$799,070	3.2
4511	Sporting Goods/Hobby/Musical Instrument Stores	\$31,825,267	\$4,773,790	\$1,094,241	4.4
4512	Book, Periodical & Music Stores	\$12,356,584	\$1,853,488	\$1,003,486	1.8
4529	Other General Merchandise Stores	\$76,294,034	\$11,444,105	\$4,729,349	2.4
4532	Office Supplies, Stationery & Gift Stores	\$9,900,856	\$1,485,128	\$650,602	2.3
4533	Used Merchandise Stores	\$9,073,793	\$1,361,069	\$307,431	4.4
4539	Other Miscellaneous Store Retailers	\$52,047,064	\$7,807,060	\$1,079,754	7.2
7221	Full-Service Restaurants	\$89,547,365	\$13,432,105	\$662,673	20.3
7223	Special Food Services	\$23,777,304	\$3,566,596	\$476,656	7.5

Source: ESRI; Camoin Associates

Color designates potential for at least 1 new retail business

\*Local retail area is based on 25% leakage recapture figure

Nearly all of the industry sectors in the regional trade area with sales leakage show sufficient demand to support opening new businesses. The data show that there is greater potential for retail demand in the regional trade area compared to the local trade area. Regionally, the single greatest potential was in the category of Full-Service Restaurants, followed by Clothing Stores, Electronic & Appliances Stores, and Special Food Services. It should be noted that the potential for Electronics & Appliance Stores is limited, despite having significant sales leakage, because many of these types of products are purchased online.



Further analysis including interviews suggests that the town has an opportunity to create a shopping and entertainment destination downtown. There is adequate consumer demand to support new restaurants and the town has seen recent high-end restaurant development. By building off this momentum and attracting additional restaurants, Bel Air's downtown could build a critical mass of establishments to become an entertainment destination. A strong base of restaurant patrons would also support additional retail development downtown and allow stores to remain open longer.

Downtown is well suited for boutique retail shopping and already has a number of boutique clothing retailers. The data analysis indicates that additional clothing stores could be supported in the market and more establishments in the sector would help the downtown build a reputation as a shopping destination. Adding depth in a specific retail category is an effective strategy for attracting shoppers since it allows for comparison shopping and consumers can feel confident they will be able to satisfy their needs if they come to the downtown area.

### Space Demand Analysis

Another way to examine the potential for new or expanded retail businesses is to estimate space demands based on the same 15%-25% leakage recapture used in the previous analysis. Once again, due to increased competition from the metro area, a conservative 15% recapture figure is assumed for the regional retail trade area while the local trade area recapture figure is 25%.

In the table below, the national average sales per square foot for the different retail categories is used to estimate the demand for retail space in square feet. Overall, the analysis shows that there is demand for up to 473,688 square feet of additional retail space. Categories within the local trade area with the greatest space demands include Drinking Places- Alcoholic Beverages and Limited-Service Eating Places. The regional trade area analysis showed that Clothing Stores had the single greatest demand, with over 88,000 square feet. Other General Merchandise Stores followed behind Clothing Stores, with over 82,000 square feet of demand, while the third largest demand in the region was in the category of Electronics and Appliances stores, with just over 81,000 square feet of demand. The table below shows the breakdown of square feet potential by category. Gray boxes indicate that an estimate of average sales per square foot was not available. Therefore, the actual amount of space potential would be higher than that shown in the analysis below.

Space Demand Analysis (Potential For New Retail Businesses)					
		A	B	C	D
NAICS	Industry Group	Retail Gap	15% Leakage Recapture (A x 15%)	Avg. Sales per Square Foot	Calculated Capture (Square Feet)
<b>Local Trade Area</b>					
4453	Beer, Wine & Liquor Stores	\$8,388,614	\$2,097,154		
4471	Gasoline Stations	\$21,889,703	\$5,472,426		
4531	Florists	\$745,226	\$186,307	\$155	1,202
7222	Limited- Service Eating Places	\$3,318,601	\$829,650	\$209	3,970
7224	Drinking Places- Alcoholic Beverages	\$2,875,818	\$718,955	\$91	7,901
<b>Regional Trade Area</b>					
4412	Other Motor Vehicle Dealers	\$9,766,648	\$ 1,464,997		
4413	Auto Parts, Accessories & Tire Stores	\$12,626,187	\$ 1,893,928		
4421	Furniture Stores	\$39,930,674	\$ 5,989,601	\$147	40,765
4422	Home Furnishings Stores	\$8,044,617	\$ 1,206,693	\$174	6,935
4431	Electronics & Appliance Stores	\$115,640,902	\$ 17,346,135	\$214	81,057
4441	Bldg Material & Supplies Dealers	\$21,983,378	\$ 3,297,507	\$147	22,432
4452	Specialty Food Stores	\$9,681,713	\$ 1,452,257		
4481	Clothing Stores	\$100,915,094	\$ 15,137,264	\$171	88,522
4482	Shoe Stores	\$14,567,842	\$ 2,185,176	\$165	13,243
4483	Jewelry, Luggage & Leather Goods Stores	\$17,084,890	\$ 2,562,734	\$240	10,678
4511	Sporting Goods/Hobby/Musical Instrument Stores	\$31,825,267	\$ 4,773,790	\$155	30,799
4512	Book, Periodical & Music Stores	\$12,356,584	\$ 1,853,488	\$167	11,099
4529	Other General Merchandise Stores	\$76,294,034	\$ 11,444,105	\$139	82,332
4532	Office Supplies, Stationery & Gift Stores	\$9,900,856	\$ 1,485,128	\$175	8,486
4533	Used Merchandise Stores	\$9,073,793	\$ 1,361,069		
4539	Other Miscellaneous Store Retailers	\$52,047,064	\$ 7,807,060		
7221	Full-Service Restaurants	\$89,547,365	\$ 13,432,105	\$209	64,268
7223	Special Food Services	\$23,777,304	\$ 3,566,596		
<b>Total</b>					<b>473,688</b>

Source: ESRI, Camoin Associates, ULI's Dollars and Cents of Shopping Centers (Figures adjusted for inflation)

\*Local retail area is based on 25% leakage recapture figure

## VISION: Arts & Entertainment in Downtown Bel Air

Bel Air's downtown is well positioned to be elevated into an arts and entertainment destination featuring new restaurants, boutique shops, and entertainment venues. The vision for downtown is one of a mix of uses with ground floor retail storefronts with office space and residential uses above.

The market analysis shows that there is a lack of these types of businesses in town, but there is very strong market demand on a local and regional basis.

There are also key strengths to build on including an attractive, walkable downtown, the presence of several existing boutique retailers, new upscale restaurant development, and an active dedicated downtown organization in the Bel Air Downtown Alliance.

The types of businesses best-suited for downtown will be those geared towards a more upscale customer base, those are unique, and those that have an experiential component where customers participate in an activity or have an interactive experience.

Examples of the mix of businesses for downtown include:

- Several new restaurants and pubs with a focus on upscale dining
- Boutique clothing and accessory stores
- Paint n' Sip (wine and paint your own picture)
- Wine Bar
- Specialty foods (ex. Honey, olive oil, cheese boutiques with tasting)
- Natural/organic food store/café
- Small theater/performance space
- Do-it-yourself pottery studio
- Yoga/Pilates/fitness studios
- High-end consignment stores



**Experiential – Wine Bar**



**Active Storefronts**



**Specialty Foods**



**Restaurants & Outdoor Dining**

## Key Findings

- **Retail Development Has Been Slow.** New retail development has yet to occur in the town since the recession. Net absorption (a measure of how much retail space is in active use) has been flat over the past five years in the town while it has been falling overall in Harford County. There are, however, indications that the retail market is improving.
- **Healthy Real Estate Market Overall But Some Areas of Weakness.** The retail market in Bel Air is generally healthy with an overall vacancy rate of 4.8%. Vacancy rates in the Route 24 corridor are well under 5%, indicating a strong market and potentially the capacity to absorb additional retail development (visual inspection of Main Street storefronts reveals that vacancies may be greater than what the data indicate). The Route 1 corridor has the greatest amount of vacant retail space, but the highest vacancy rates are found outside of the three commercial corridors where the retail vacancy is 20%, indicating relatively weak demand for retail space outside of the corridors.
- **Attractive Demographics for Retail Development.** Households in Greater Bel Air have greater incomes compared to the county and Baltimore Region, which translates into more discretionary income to spend. The data indicates that households in the trade area spend substantially more compared to national averages. Within the retail trade area for Bel Air, residents are also better educated, making it a more attractive market for retailers. The major market segments consist of wealthy families and relatively well-off empty nesters. Consumers in the Regional Trade Area spend considerably more than other U.S. households on Entertainment and Recreation, especially in categories related to physical activity, including club memberships, sports participation fees, and recreational lessons. This means there is an established consumer base to support new entertainment and recreation businesses. Additionally, the population of those aged 55 and over is expected to rise in the coming years, indicating a need for new services and retailers catering towards an older population.
- **New Retail Businesses Are Feasible.** The analysis shows that there is significant sales leakage out of the region, meaning that many of the goods and services purchased by residents are being purchased at businesses outside of the trade area. Therefore, there is an opportunity to capture some of that spending that is leaking out through new or expanded retail businesses. The greatest potential is for Full-service restaurants with data indicating the potential to support up to 20 new restaurants in the market. The retail categories with the greatest potential for new businesses are
  - Full-service restaurants
  - Clothing stores
  - Special food services (e.g., specialty grocery, catering, etc.)
  - Miscellaneous store retailers
  - Sporting goods/hobby/musical instrument stores
  - Used merchandise stores

Overall, the market may be able to support a maximum of up to 474,000 square feet of retail development, but changing trends in consumer shopping preferences will likely mean less potential for “brick and mortar” stores as online shopping continues to grow. The greatest potential will be for establishments that cannot be easily replaced by online shopping outlets, such as restaurants.

- **Potential to Elevate Downtown to a Shopping and Entertainment Destination.** Downtown is not currently perceived as a destination. Rather, those patronizing downtown businesses typically have a particular need



to visit a specific business. Market conditions, however, are favorable for new entertainment and shopping establishments along Main Street. The greatest potential is for new restaurants. Bel Air has seen recent high-end restaurant development from established restaurateurs and the data analysis indicates that more restaurants can be supported. A critical mass of restaurants could turn downtown into an entertainment destination that would attract additional nightlife and retail establishments. There is also a market for boutique clothing retailers downtown and an opportunity to build a cluster of clothing (and similar) establishments.

- **Downtown Residential Development Would Boost Retail Market.** As discussed in the residential section, there is market demand for downtown housing. This demand, if met, would mean more, relatively wealthy people living downtown that would generate new foot traffic and spending at local businesses. Adding a significant number of residential units downtown would attract new retail, restaurant, and entertainment establishments. It would also enable existing businesses to extend hours into the evening, which would help draw in both local and non-local shoppers.
- **Market Constraints and Weaknesses.** Demand exists for new retail development in Bel Air, but the market is not attracting new retail because of several significant constraints and weaknesses that are hindering the retail market.
  - **Few Development Sites Available.** The town's commercial corridors are nearly built out with few sites available for new retail construction and the Harford Mall and other plazas do not have expansion capacity. Additionally, there are few quality opportunities to annex land into the town that would be attractive for retail.
  - **Lack of Landlord and Business Owner Expertise.** Many retail spaces downtown are owned and managed by non-professional landlords who are not necessarily experts on the local market in terms of lease rates and other decisions regarding their properties. Similarly, there is a relatively high rate of turnover of retail businesses on Main Street due to inexperienced business owners that fail to establish long-term success.
  - **Lack of Parking (Real and Perceived) Downtown:** There is a parking garage downtown that can accommodate shoppers, however, because it is off Main Street, there is a perception that there is not enough parking. Even with the parking garage, there is an inadequate parking supply to accommodate much future growth, especially for restaurants which typically have greater parking requirements.
  - **Strong Competition for High End Retailers.** Bel Air is perceived as a relatively small market and too far from Baltimore and therefore often loses out to White Marsh and other locations for high end retailers. The Harford Mall is also comparatively smaller than other regional malls and has virtually no expansion capacity. As a result, it has difficulty competing with White Marsh and Towson for higher end retailers despite a local wealthy population.
  - **Little Activity Downtown at Night.** With some exceptions, downtown businesses are open during business hours and closed during the evening. This has prevented downtown from being seen as a destination, but there is not sufficient demand to make staying open in the evening economical from a business owner perspective.
  - **County Regulations Have Adverse Impact on Downtown.** Harford County's laws pertaining to alcohol, enforced by the County Liquor Board, are a constraint to future restaurant development. Restrictions to obtaining a license including hours of operations, the requirement for a large minimum capital investment, and minimum seating capacities, may hinder future restaurant attraction.

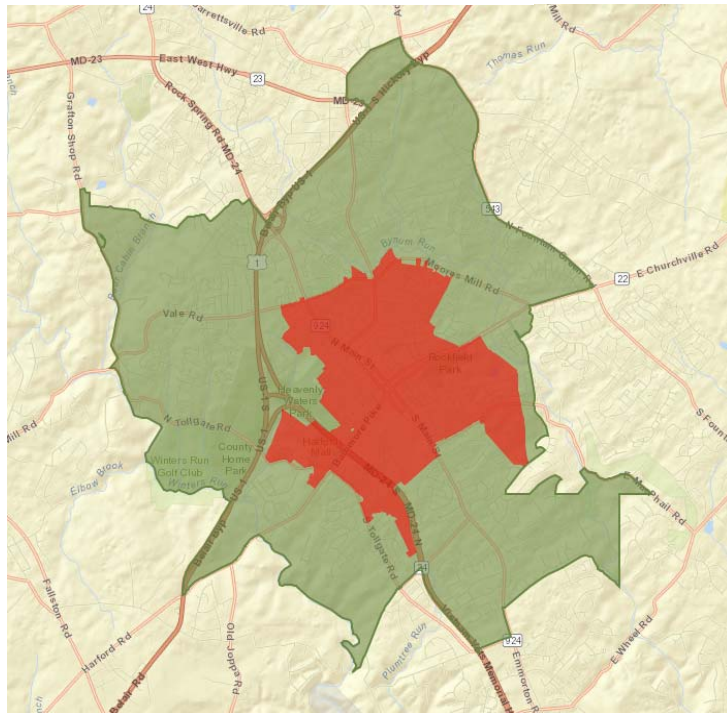
- Ground-level Commercial Space Occupied by Professional Services. Several commercial buildings along Main Street have professional services businesses leasing ground floor spaces that would be better utilized for retail uses. Continuous retail storefronts are key for downtown shopping areas because it keeps shoppers walking along the street and helps build the image of downtown as a shopping destination.

## Professional Office Market Analysis

### Geographies

Several levels of geography were examined for the office market analysis. The “Office Supply” section analyzes data at the town and county level. For the “Office Demand” section, the local geography used is the Bel Air Zip Code Area (Zip Code 21014). In the map below the zip code area is shown in green, and the town is shown in red.

### Bel Air Zip Code Area (Zip 21014)



Green: Bel Air Zip Code Area (21014)  
Red: Town of Bel Air

### Baltimore Region Market

The Baltimore regional office market performed reasonably well through 2015. Office vacancy rates dropped to the lowest they have been in recent history according to the national real estate market research firm Colliers International. Investors continue to see the market as an attractive place to invest in office development. There have been several major recent developments including a new corporate headquarters for Under Armour. Technology and cybersecurity job growth is expected to be a significant driver of office space demand as these sectors expand. Proximity to Fort Meade and the U.S. Cyber Command is a significant driver of this growth in the private sector. Organizations and lawmakers are actively working to attract these types of companies through tax credits and other incentives.

Class A office space is in the greatest demand, and continued conversion of Class B and Class C office space is expected. Since 2005, over 3 million square feet of older office inventory has been renovated or converted, although only 6% of that space was renovated office space. Much of the older office space, especially in downtown, was

converted to residential uses. Overall, the outlook for the Baltimore metro office market is positive, with projects in the pipeline being pre-leased at high levels. Vacancy rates are expected to tick downwards while rent levels will rise modestly.

Baltimore's suburban submarkets have been successful in the past in attracting small- and mid-sized technology companies. Recently, however, these types of tech firms are moving back into the city, and especially the Baltimore City East submarket, which has been successful in attracting companies because of its appeal as a "live-work-play" area. Harford County, meanwhile, has struggled with vacancy rates well above the rest of the Baltimore area.

## Office Supply

### Office Inventory

The Town of Bel Air's 1.52 million square feet of office space represents 27% of the county's office inventory. The town's vacant office space, however, accounts for only 7% of all vacant office space in the county. The town has a much lower vacancy rate of 4.1% compared to the county's 16.8% vacancy rate.

There is a significant concentration of office space in the town's Downtown/Main Street Corridor. Approximately 735,000 square feet of office space is located in the corridor, representing nearly half of all office space in the town. The Route 1 and Route 24 Corridors both have significantly less office space, comprising only 15% of the town's office inventory combined.

Office rents are lower in Bel Air compared to Harford County, especially in the Downtown/Main Street Corridor and the Route 1 Corridor. Office rents in the Downtown Corridor are about 20 percent less than average rent levels in Bel Air.

Bel Air and Harford Office Market Summary					
Market Area	Existing Inventory		Vacancy		Average Rate
	Number of Buildings	Square Feet	Vacant Square Feet	Percent Vacant	
Downtown/Main Street Corridor	83	734,953	23,529	3.2%	\$14.52
Route 1 Corridor	6	42,947	-	0.0%	\$12.00
Route 24 Corridor	5	188,428	15,520	8.2%	\$20.08
Other Town of Bel Air	129	555,563	24,078	4.3%	\$19.80
Town of Bel Air Total	223	1,521,891	63,127	4.1%	\$17.63
Harford County	588	5,691,708	956,541	16.8%	\$18.47
Town as Percent of County	38%	27%	7%		

Source: CoStar

The town's office space is divided almost entirely between Class B (59%) and Class C (35%). Bel Air has only one Class A office building—the 85,000 square foot Upper Chesapeake Medical Center built in 2008. Harford County has a total of 16 Class A office space buildings that account for only 3% of all buildings but 24% of all office space in the county. Bel Air has a slightly greater proportion of Class B office space than Harford County but a substantially greater proportion of Class C space.



Office Inventory by Class - Bel Air & Harford County					
		Class A	Class B	Class C	Total
Town of Bel Air					
Buildings	No.	1	102	120	223
	Pct.	0.4%	46%	54%	100%
Square Feet	No.	85,000	903,329	533,562	1,521,891
	Pct.	6%	59%	35%	100%
Harford County					
Buildings	No.	16	272	300	588
	Pct.	3%	46%	51%	100%
Square Feet	No.	1,386,683	2,927,813	1,377,212	5,691,708
	Pct.	24%	51%	24%	100%

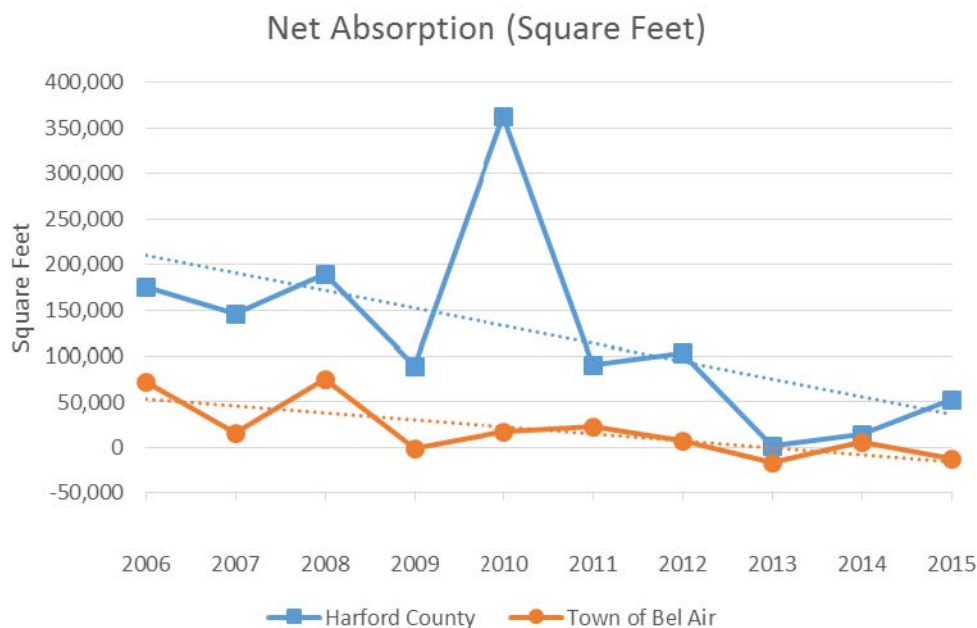
Source: CoStar

### Office Net Absorption

Net absorption is the net change in occupied space over a given period of time. For the Harford Market, this has averaged approximately 53,000 square feet over the past five years. That compares with an average annual absorption of nearly 193,000 over the preceding five years (2006-2010). In 2015 the net absorption was 53,400 square feet. That compares to 14,288 square feet in 2014 and 2,101 square feet in 2013.

In the Town of Bel Air net absorption has been negative for two of the past three years. The average net absorption over the past five years (2011 to 2015) was about 1,750 square feet. In the preceding five years (2006 to 2010) the average was about 38,200 square feet annually. This indicates that the town's office market has experienced a slowdown in office demand similar to the overall county market.

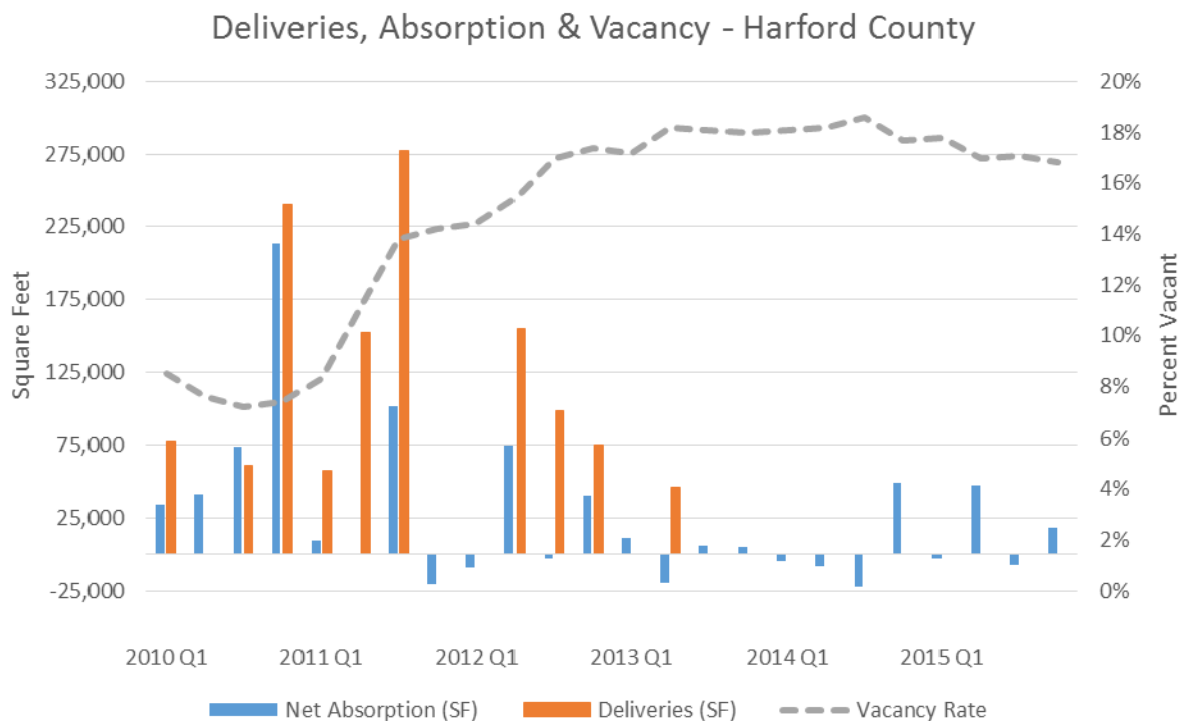
Overall, absorption of office space in both the Harford County and Bel Air markets has been trending downwards over the past 10 years as shown in the following graph.



Class A office space has been in the greatest demand in the Harford Market. Over the past five years, 233,000 square feet of Class A office space was absorbed in the market, while only 63,400 square feet of Class B space was absorbed and a negative 32,500 square feet of Class C space was absorbed.

Office Net Absorption (2011-2015) - Harford County				
	Class A	Class B	Class C	Total
2015	27,356	39,509	(13,429)	53,436
2014	25,453	3,502	(14,667)	14,288
2013	8,541	(3,536)	(2,904)	2,101
2012	72,540	30,911	183	103,634
2011	99,449	(7,014)	(1,706)	90,729
Total	233,339	63,372	(32,523)	264,188

Source: CoStar



Overall the town's net absorption has been positive (9,450 square feet) over the past five years, but there are signs of weakness, as over the past three years net absorption has been a negative 22,200 square feet. The town's net absorption of Class A and B has been stronger than Class C, although strong absorption of Class A space was due to the leasing up of the Upper Chesapeake Medical Center. Class C office space experienced an overall net absorption of negative 18,300 square feet over the past five years. In 2015, Class C net absorption totaled a substantial negative 17,100 square feet.

Office Net Absorption (2011-2015) - Town of Bel Air				
	Class A	Class B	Class C	Total
2015	(363)	5,999	(17,188)	(11,552)
2014	2,188	(2,788)	6,421	5,821
2013	0	(9,375)	(7,128)	(16,503)
2012	0	7,293	704	7,997
2011	14,670	10,154	(1,140)	23,684
Total	16,495	11,283	(18,331)	9,447

Source: CoStar

## Office Vacancy

The Harford County office market has been beset by consistently high vacancy rates over the past five years as a result of an oversupply of office space. As of 2015 there was 956,000 square feet of vacant office space accounting for a vacancy rate of nearly 17%. Comparatively, the office vacancy rate in the Baltimore Region Market was closer to 12% during 2015. The county's inventory has remained flat over the past three years, as the new inventory that was built between 2006 and 2010 led to an oversupply of office space. New office building has completely dropped off. The table below details the change in inventory and vacancy in Harford County over the past 10 years.

Office Vacancy Rate by Year - Harford County				
Year	Bldgs	Inventory SF	Vacant SF	Vacancy %
2015	588	5,691,708	956,541	16.8%
2014	588	5,691,708	1,009,977	17.1%
2013	588	5,691,708	1,024,265	17.3%
2012	586	5,645,468	980,126	16.6%
2011	581	5,317,363	755,655	14.0%
2010	575	4,829,759	358,780	7.2%
2009	568	4,449,591	341,596	7.6%
2008	564	4,364,745	346,513	7.8%
2007	560	4,239,192	410,476	9.5%
2006	555	4,035,613	353,245	8.5%

Source: CoStar

The Bel Air office market is much tighter than the county market, with approximately 63,100 square feet of vacant office space representing only 4.1% of total inventory. The vacancy rate had been trending downward from 2006 until 2012 when it bottomed out at 2.6% and began climbing again in 2013. Inventory remained flat from 2008 to present.

Office Vacancy Rate by Year - Town of Bel Air				
Year	Bldgs	Inventory SF	Vacant SF	Vacancy %
2015	223	1,521,891	63,127	4.1%
2014	223	1,521,891	50,865	3.3%
2013	223	1,521,891	56,686	3.7%
2012	223	1,521,891	40,183	2.6%
2011	223	1,521,891	48,180	3.2%
2010	223	1,521,891	71,864	4.7%
2009	223	1,521,891	89,857	5.9%
2008	223	1,521,891	89,382	5.9%
2007	221	1,435,101	77,891	5.4%
2006	222	1,438,179	96,880	6.7%

Source: CoStar

Class A office space accounts for a significant share of vacant office space in the county market. Harford County has about 536,000 square feet of vacant Class A office space, which accounts more than half of all vacant office space in the county. The nearly 306,000 square feet of Class B office accounts for about a third of vacancies, with Class C composing the remainder.

As shown in the table below, vacancy rates in the town are substantially lower than the county. Nearly 39% of Class A office space in the county is vacant. In the town, the vacancy rate is only 10% (although that reflects only one building). The Class B office market is very tight, with vacant rates at under 3% currently, and under 5% since 2008. This indicates that there may be unmet demand for Class B space in the town. Class C office space has healthy vacancy rates but has been ticking upwards since 2010.

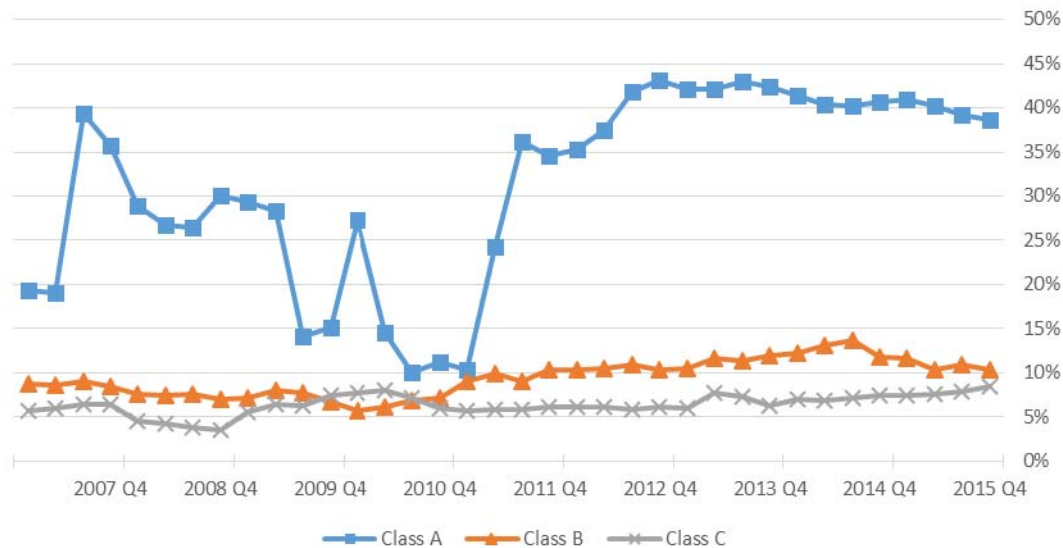
Office Vacancy by Class - Bel Air & Harford County				
	Class A	Class B	Class C	Total
Town of Bel Air	10.3%	2.7%	5.4%	4.1%
Harford County	38.6%	10.4%	7.6%	16.8%

Source: CoStar

The vacancy rate of Class A office experienced a dramatic increase in Harford County beginning in 2011 through the middle of 2012, with the amount of vacant space climbing by approximately 600% as inventory nearly doubled from 700,000 square feet to over 1.2 million square feet. During these 18 months, four office buildings were added to the county's inventory. The vacancy rates of Class B and C office have remained relatively flat over the past 10 years. Single story buildings have vacancy rates well below those of multistory buildings in Harford County.



## Vacancy Rates by Class - Harford County



### Office Deliveries

Over the past 10 years, about 1.86 million square feet of office space have been added to the Harford County market. Approximately 9.2% (170,000 square feet) of that space was in the Town of Bel Air. A total of 42 new office buildings were built in the county during this time, with 5 of the properties being constructed in Bel Air. The last properties to be built in the town, however, were in 2008, and no inventory has been added to the town since then. Meanwhile, in the county, deliveries were strong until 2013, when office construction essentially ceased.

Summary: Office Space Deliveries by Market				
Year	Harford County		Town of Bel Air	
	Buildings	Square Feet	Buildings	Square Feet
2015	0	0	0	0
2014	0	0	0	0
2013	2	46,240	0	0
2012	5	328,105	0	0
2011	6	487,604	0	0
2010	7	380,168	0	0
2009	4	84,846	0	0
2008	4	125,553	2	86,790
2007	5	203,579	0	0
2006	9	199,786	3	83,029

Source: CoStar

### Pipeline

There is one office building under construction just outside of Bel Air, which is also currently the only office building under construction in Harford County. The three-story Class A Ambulatory Care Center medical office building will

feature 99,000 square feet of office space and is expected to be online in 2016. As of the writing of this report, the building is 90% leased with rents averaging \$22.75 per square foot (triple net).<sup>6</sup>

CoStar tracks buildings that have been proposed but have not started construction and may or may not reach the construction phase. With that caveat in mind, proposed developments can help give an indication of what the future pipeline may look like, as they are an indication of developer interest. Aberdeen appears to be attracting the greatest office development interest by far, with 11 proposed buildings consisting of over 1.6 million square feet.

Note that the data for Bel Air is for the entire Bel Air zip code area. There is only one proposed office development within the town itself. That project would be a 33,000 square foot expansion of the Atwood Medical Building on South Atwood Road.

Proposed Office Developments - Harford County		
City	Buildings	Rentable Building Area
Aberdeen	11	1,639,700
Aberdeen Proving Ground	3	170,400
Abingdon	1	20,000
Bel Air	3	69,400
Belcamp	1	24,000
Edgewood	2	110,000
Forest Hill	1	14,000
Havre De Grace	2	75,000
<b>Total</b>	<b>24</b>	<b>2,122,500</b>

Source: CoStar

---

<sup>6</sup> According to CoStar Property Analytics

## Office Demand

### Office-Utilizing Industry Growth

The demand for future office space in the county and town is largely a product of industry growth as measured by jobs. Job growth in industries that typically require office space drives demand that is generally proportional to the number of employees. That is, as the number of jobs increases (or decreases) in office-utilizing industries, demand for office space will increase (or decrease) proportionally.

The tables below show projected 10-year job growth by 2-digit NAICS industries that utilize office space in Harford County and the Town of Bel Air Zip Code Area (note that medical office is considered separately later in this section). Between 2015 and 2025 Harford County is expected to have a net gain of approximately 2,800 "office jobs." Of those jobs, nearly 480 will be in the Bel Air Zip Code Area.

Projected Growth of Office-Utilizing Industries - Harford County				
NAICS	Description	2015 Jobs	2025 Jobs	Change
51	Information	384	346	(38)
52	Finance and Insurance	2,494	2,450	(44)
54	Professional, Scientific, and Technical Services	8,449	10,974	2,525
55	Management of Companies and Enterprises	297	334	37
	Administrative and Support and Waste			
56	Management and Remediation Services	3,365	3,160	(205)
81	Other Services (except Public Administration)	4,211	4,750	539
	Total for Office Utilizing Industries	19,200	22,015	2,814

Source: EMSI

Projected Growth of Office-Utilizing Industries - Bel Air Zip Code Area				
NAICS	Description	2015 Jobs	2025 Jobs	Change
51	Information	90	88	(2)
52	Finance and Insurance	873	860	(13)
54	Professional, Scientific, and Technical Services	1,393	1,724	331
55	Management of Companies and Enterprises	26	26	-
	Administrative and Support and Waste			
56	Management and Remediation Services	676	687	11
81	Other Services (except Public Administration)	968	1,119	151
	Total for Office Utilizing Industries	4,026	4,504	478

Source: EMSI

Bel Air's share of office jobs in the county is currently 21%, which is projected to decline slightly to 20% based on EMSI projections.

Bel Air's Office Market Capture		
	2015	2025
County Office Jobs	19,200	22,015
Town Office Jobs	4,026	4,504
Town Share of County Office Jobs	21%	20%

Source: EMSI; Camoin Associates

The expected capture rate for the Bel Air Zip Code Area will result in 478 new office jobs. If the current capture rate persists over the next 10 years rather than decreases, then Bel Air would capture 590 new office jobs.

Bel Air's Office Market Capture			
	Capture Rate	Total Office Jobs (2025)	New Office Jobs (2015-2025)
Expected Capture Rate	20%	4,504	478
Continued Capture Rate	21%	4,616	590

Source: EMSI; Camoin Associates

The expected capture rate leading to 478 new jobs in Bel Air is considered the "Low" case while the continuation of the town's current capture rate is considered the "High" case. On average, it is expected that the typical office job will result in demand for 250 square feet of office space. As a result, there could be demand for between 119,500 and 147,500 square feet of office space in Bel Air through 2025. This is not necessarily an indication of how much new development the market can support as some of this demand will be absorbed by existing office vacancies.

Town of Bel Air - Office Space Demand (2015-2025)		
	Low	High
New Office Jobs	478	590
Square Feet per Job	250	250
Office Space Demand (Square Feet)	119,500	147,500

Source: EMSI, Camoin Associates

## Office Users

Much of the demand for office space in the overall Baltimore market and the Harford County market is from technology companies. The table below shows job growth in specific industry sectors within the Professional, Scientific, and Technical Services Industry, which is expected to see the greatest job growth of office-utilizing industries in the county. Computer-related sub-sectors along with Engineering and Management represent an overwhelming majority of office-job growth.

Top 10 Fastest Growth Professional, Scientific, Technical Service Sub-Sectors - Harford County	
6-Digit Sub-Sector	2015-2025 Job Growth
Computer Systems Design Services	1,177
Engineering Services	737
Administrative Management and General Management Consulting Services	694
Custom Computer Programming Services	177
Process, Physical Distribution, and Logistics Consulting Services	69
Veterinary Services	59
Testing Laboratories	52
Environmental Consulting Services	36
Offices of Lawyers	30
All Other Professional, Scientific, and Technical Services	26

Source: EMSI



Recent leasing activity in the first half of 2015 has confirmed the demand from the technology sector. Syspek, a computer and intelligence contractor, leased a new 2,544 square foot space in Aberdeen, and Data Systems Analysts signed a nearly 4,300 square foot lease, also in Aberdeen. Other notable recent leasing activity includes an 11,000 square foot lease by Keller Williams, a real estate company, in Bel Air.

Harford County is a significant user of office space in the town, especially in the downtown area. The county leases offices space from private land-lords but has a long-term vision of consolidating office users spread throughout town into a single location. The county is exploring developing one of their vacant parcels within the town for this function. It is possible that in the event of this development, some county office leases may not be renewed generating some office vacancies. This office space is generally low quality and will require renovation in order to attract new tenants. Future market conditions may make it financially feasible to convert upper-floor office space into residential units.

### Medical Office

Medical office is considered separately because of its specialized nature. The University of Maryland Upper Chesapeake Medical Center is located in the Town of Bel Air and its presence is helping to drive growth in the town's health care industry. The table below shows that the local health care sector is expected to add nearly 740 jobs over the next 10 years. The majority of those will be in the General Medical and Surgical Hospitals sector, but significant growth will also occur in Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly and Outpatient Care Centers. Some future growth in the sector will likely be absorbed by expansion on site at the Medical Center, which has some (but limited) expansion possibilities through the addition of more floors, and potentially another building on site.

Health Care Industry Sector Growth 2015-2025 (Bel Air Zip Code Area)					
NAICS	Description	2015 Jobs	2025 Jobs	2015 - 2025 Change	2015 - 2025 % Change
6221	General Medical and Surgical Hospitals	2,254	2,747	493	22%
6233	Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	308	406	98	32%
6214	Outpatient Care Centers	125	193	68	54%
6231	Nursing Care Facilities (Skilled Nursing Facilities)	209	234	25	12%
6216	Home Health Care Services	50	71	21	42%
6241	Individual and Family Services	171	188	17	10%
6232	Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	29	43	14	48%
6222	Psychiatric and Substance Abuse Hospitals	35	43	8	23%
6213	Offices of Other Health Practitioners	174	181	7	4%
6212	Offices of Dentists	198	204	6	3%
6242	Community Food and Housing, and Emergency and Other Relief Services	13	18	5	38%
6215	Medical and Diagnostic Laboratories	16	20	4	25%
6219	Other Ambulatory Health Care Services	18	20	2	11%
6243	Vocational Rehabilitation Services	0	0	0	0%
6239	Other Residential Care Facilities	0	0	0	0%
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	0	0	0	0%
6211	Offices of Physicians	847	840	-7	-1%
6244	Child Day Care Services	163	139	-24	-15%
	<b>Total</b>	<b>4,610</b>	<b>5,347</b>	<b>737</b>	<b>16%</b>

Source: EMSI

Locally, medical office is the only type of office space where there has been much development. In 2008, there was an 85,000 square foot medical office expansion at the Upper Chesapeake Medical Center, and just outside of the town's boundaries a 99,000 square foot Ambulatory Care Center is nearing completion. Based on interviews and data analysis, it is expected that the market will be able to support additional medical office development in the future. Specifically, urgent care and outpatient facilities are likely to represent most of the demand for additional medical office space.

## Key Findings:

- **County Office Market is Very Weak.** Harford County saw an office building construction surge that largely occurred in the Aberdeen area in anticipation of expansion at Aberdeen Proving Grounds that has yet to materialize. As a result, there is a significant amount of vacant Class A space available. Until that space is filled, it is unlikely that there will be much of a market for new Class A space in or around Bel Air.
- **Town's Office Market is Relatively Healthy.** Supply and demand for office space are generally in balance within the town. The town's office vacancy rate of 4.1% indicates a healthy to strong office market. The town's position as County Seat helps maintain a healthy market as many professional services in the town are linked to government services, which makes them less susceptible to market fluctuations.
- **Demand for Office Space in Recent Decline.** Despite a healthy balance, net absorption of office space in both the county and town has been trending downwards over the past 10 years. Class A office absorption has been substantially greater than Class B or Class C office. Class C office space absorption has been negative over the past five years, on average, in the Harford County market. As net absorption has fallen off, the supply of office space in both the county and the town has remained flat in recent years as building activity leveled off.
- **Demand Outlook Favorable for Limited Office Development.** There could reasonably be demand for between 120,000 and 150,000 square feet of office space in Bel Air through 2025; however, the oversupply of office space in Harford County might limit the amount of actual office construction feasible in the town in the near term. With the oversupply of Class A office space and high vacancy rates in the county, development of this type in the town may be infeasible in the short term. In the long-term, however, absorption rates show that demand for Class A is exceeding that for Class B. Therefore, Class A vacancy rates would be expected to decrease in the future, providing a potential "window of opportunity" for Class A development in town in the longer term. In the short-term, the town's Class B office market is stronger and shows signs of unmet demand.
- **Market for Additional Medical Office.** The Upper Chesapeake Medical Center is helping to drive growth in demand for medical office space locally. The only office building under construction in Harford County is just outside the Town of Bel Air in Emmorton where a 99,000 square foot medical office building is nearing completion. It is anticipated that additional medical office space will be in demand locally, particularly urgent care and other outpatient care facilities.
- **Tech-Led Demand for Office Space.** Demand for future office space will likely come from technology-related companies. Computer-related sub-sectors along with Engineering and Management represent an overwhelming majority of office-job growth in the county. The Aberdeen area is likely to capture much of the tech office demand but there may be opportunities to capture smaller companies and spin-off activity from major companies in Aberdeen.
- **Office Market Constraints.** One of the most significant constraints is the surplus of Class A office space on the market. Until that space is absorbed, it is unlikely that any substantial Class A office space will be built in or around Bel Air (with the exception of medical office). Similarly, the competition from the Aberdeen area is also likely to constrain the market and Bel Air will likely be unable to effectively compete from a locational point of view for companies related to the Aberdeen Proving Grounds. Other office market constraints include the quality of office space, specifically an oversupply of Class C space.

## Entertainment Industry Market Analysis

### Bel Air's Venues and Attractions

Bel Air is known for its small town atmosphere and its vibrant downtown featuring boutique shopping, restaurants, historic buildings, and cultural events. The town has an assortment of cultural attractions including historical buildings open to the public, a museum, and an art gallery. In the town and surrounding areas there are many fitness-related offerings, including the Arena Club located just outside of town featuring a water park and an indoor turf field. There are also numerous golf courses within a short drive of the town. Ice World, a 2-rink facility, is located a short distance away in Abingdon.

The Arts, Entertainment, and Recreation businesses in the Town of Bel Air are shown in the table below. Bel Air has several fitness and recreational related businesses including Bel Air Athletic Club & Spa that employs 250 workers. There are several other gyms and fitness facilities in the town. Overall, the Arts, Entertainment, and Recreation industry is geared towards those with an active lifestyle. The businesses in this category currently provide 450 jobs within the town.

Much of Bel Air's Arts & Entertainment offerings can be found in the town's Arts and Entertainment District encompassing 99 acres of downtown.

The notable attractions and entertainment facilities in Bel Air include:

- Bel Air Armory: An historic building on Main Street available for event rentals.
- Cedar Lane Regional Park: A 110-acre multi-sport recreational complex for local and regional use.
- Harford Artists' Gallery: Operated by the Harford Artists' Association offering workshops and exhibits.
- Hays House Museum: An historical museum documenting life during the Federal period in American history.

Ma & Pa Heritage Trail: A multi-purpose trail with a 1.9 mile section in Bel Air from Heavenly Waters Park to Williams Street.

- Rockfield Manor: An historic mansion with several medium-sized reception rooms available for wedding receptions, business meetings, dinners and other events.
- Liriodendron: An historic mansion located on 108 acres. Today it is available for weddings, special events, exhibits, and classes. It also features an art gallery and Native American museum.

Arts, Entertainment, and Recreation Businesses in Bel Air	
Business Name	Number of Employees
Bel Air Athletic Club & Spa	250
Gold's Gym	50
Winters Run Golf Club	23
Gold's Gym	21
Harford County Parks & Rec	10
Planet Fitness	10
Harford County Recreation	10
Bel Air Skateboard Park	8
Bynum Run Park	8
My Gym Children's Fitness Ctr	8
Bel Air Parks & Recreation Ofc	7
Theatreworks Live Inc	6
Lurz Group Llc	6
Harford County Fair Farm	4
Entertainment Services Inc	4
Glen Cove Marina	4
Premier Entertainment Inc	2
Horn's Punch & Judy Show	2
Hays House Museum	2
S O S Artwork Shop	2
Anytime Fitness	2
Paintball Pandemic Llc	2
D J's Main Event	1
Jenny Z Mobile Dj Svc	1
King of Sound	1
Candy & Cupcake	1
Jafa the Magical Minstrel	1
Harford Artists Gallery	1
S M & S Naval Prints	1
Liriodendron Foundation Inc	1
Liriodendron Mansion	1
<b>Total</b>	<b>450</b>

Source: ESRI

## Arts, Entertainment, and Recreation Industry

Harford County has a relatively strong Arts, Entertainment, and Recreation Industry, which employs close to 2,200 workers. Over the next 10 years the industry is expected to grow by 14% or approximately 300 jobs.

At the 4-digit NAICS industry level, much of the industry's employment is classified in the Other Amusement and Recreation Industries, which accounts for 78% of jobs and 66% of establishments. Independent Artists, Writers, and Performers ranks second with 195 jobs and 5 establishments, while Spectator Sports follows with 100 jobs and 5 establishments. All three industries are projected to see double-digit percent growth over the next 10 years.

The table below provides additional detail on the industry groups within the Arts, Entertainment, and Recreation Industry. The Location Quotient (LQ) column represents the relative concentration of each industry compared to the rest of the nation. A LQ of more than 1.0 means that industry is more concentrated than the rest of the country, while a LQ of less than 1.0 means the industry is less concentrated. Other Amusement and Recreation Industries, which includes things like golf courses, country clubs, recreational sports centers, and fitness gyms, is the only industry group that is significantly concentrated in the county (a LQ above 1.5).

Arts, Entertainment, and Recreation Industry Groups (4-Digit NAICS) - Harford County							
NAICS	Description	2015 Jobs	2025 Jobs	2015 - 2025 Change	2015 - 2025 % Change	2014 Establishments	2015 Location Quotient
7139	Other Amusement and Recreation Industries	1,714	1,902	188	11%	57	2.06
7115	Independent Artists, Writers, and Performers	195	254	59	30%	5	1.06
7112	Spectator Sports	100	127	27	27%	5	0.80
7121	Museums, Historical Sites, and Similar Institutions	87	86	(1)	(1%)	6	0.89
7111	Performing Arts Companies	40	53	13	33%	4	0.43
7113	Promoters of Performing Arts, Sports, and Similar Events	30	38	8	27%	5	0.32
7131	Amusement Parks and Arcades	11	11	0	0%	4	0.09
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	<10	<10	Insf. Data	Insf. Data	1	0.32
7132	Gambling Industries	<10	<10	Insf. Data	Insf. Data	0	0.03
	<b>Total</b>	<b>2,186</b>	<b>2,483</b>	<b>297</b>	<b>14%</b>	<b>87</b>	

Source: EMSI

The following table goes into further detail at the 6-digit NAICS level (the most detailed level available). The top industry sub-sectors are ranked from the most jobs to the least. Fitness and Recreational Sports Centers has significantly more jobs than any other sub-sector with 1,250 jobs and 33 establishments. This may indicate the presence of young professionals that often patronize these types of establishments. Its LQ of over 3 indicates a relatively strong concentration compared to other places. Golf Courses and Country Clubs are also relatively concentrated in the county, suggesting the presence of a relatively older and wealthier consumer group.



Top Arts, Entertainment, and Recreation Industry Sub-Sectors (6-Digit NAICS) - Harford County							
NAICS	Description	2015 Jobs	2025 Jobs	2015 - 2025 Change	2015 - 2025 % Change	2014 Establishments	2015 Location Quotient
713940	Fitness and Recreational Sports Centers	1,250	1,468	218	17%	33	3.25
713910	Golf Courses and Country Clubs	324	335	11	3%	6	1.38
711510	Independent Artists, Writers, and Performers	195	254	59	30%	5	1.06
713990	All Other Amusement and Recreation Industries	89	72	(17)	(19%)	14	0.75
711219	Other Spectator Sports	74	78	4	5%	4	2.12
712130	Zoos and Botanical Gardens	59	66	7	12%	1	2.47
713950	Bowling Centers	39	22	(17)	(44%)	2	0.91
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities	22	31	9	41%	3	0.82
711211	Sports Teams and Clubs	22	43	21	95%	1	0.34
712110	Museums	21	19	(2)	(10%)	4	0.37
711130	Musical Groups and Artists	15	22	7	47%	3	0.48
711120	Dance Companies	13	13	0	0%	1	1.49

Source: EMSI

## Entertainment and Leisure Market Potential

This section analyzes the demand for entertainment activities and leisure products and services in Greater Bel Air. This information helps show what types of entertainment, recreation, and leisure businesses are likely to be the most successful in Bel Air based on consumer demand. Market potential is measured by the Market Potential Index (MPI) which is an indication of the probability of residents to engage in certain activities as compared to the U.S. overall. A MPI of 100 means that residents in Greater Bel Air have the same participation rate for that activity as the rest of the 57,

The following table shows the recreation and leisure activities with the greatest MPI in Greater Bel Air. Attending various professional sporting events ranks among the top activities. Participation in sports is also very high in Greater Bel Air, with significantly higher participation in golf, bicycling, hiking, working out, and other physical activities. Going to live performances and cultural attractions also have high MPIs.

Greater Bel Air Leisure and Sports Market Potential: Top 25			
Product/Consumer Behavior	Expected Number of Resident Participants	Percent	Market Potential Index
Attend sports events: ice hockey game-NHL reg seas	1,900	4%	142
Attend sports events: baseball game - MLB reg seas	6,433	13%	139
Participated in skiing (downhill) in last 12 months	1,887	4%	137
Attend sports events: football game (college)	3,669	8%	136
Participated in golf in last 12 months	6,142	13%	135
Went to art gallery in last 12 months	4,668	10%	133
Participated in bicycling (road) in last 12 months	6,216	13%	132
Attend sports events: football game - NFL weekend	2,937	6%	132
Went to museum in last 12 months	8226	17%	132
Participated in hiking in last 12 months	6,296	13%	131
Attended classical music/opera performance/12 months	2408	5%	131
Participated in weight lifting in last 12 months	6,654	14%	130
Went to beach in last 12 months	14,773	31%	130
Participated in bicycling (mountain) in last 12 months	2,494	5%	129
Participated in boating (power) in last 12 months	3,277	7%	129
Spent on sports/rec equip in last 12 months: \$250+	4,328	9%	129
Attended rock music performance in last 12 months	6050	13%	129
Went to live theater in last 12 months	7745	16%	129
Participated in jogging/running in last 12 months	7,832	16%	128
Participated in ice skating in last 12 months	1,554	3%	126
Participated in yoga in last 12 months	4,331	9%	126
Attend sports events	14,257	30%	126
Participated in swimming in last 12 months	9,467	20%	125
Attend sports events: basketball game (college)	1,769	4%	125
Participated in canoeing/kayaking in last 12 months	3,194	7%	124

Source: ESRI

The following tables looks at market potential by market category. The general sports market participation is closer to national averages except for Golf, for which the MPI is significantly higher.

General Sports Market Potential	
Activity	MPI
Participated in Baseball	97
Participated in Basketball	96
Participated in Football	94
Participated in Golf	135
Participated in Soccer	107
Participated in Softball	113
Participated in Tennis	119
Participated in Volleyball	102

Source: ESRI

All of the fitness categories have MPI figures well above the rest of the country, suggesting there may be strong market potential for businesses offering relevant services.

Fitness Market Potential	
Activity	MPI
Aerobics	123
Jogging/Running	128
Pilates	119
Swimming	125
Walking for Exercise	119
Weight Lifting	130
Yoga	126

Source: ESRI

Outdoor activities is also a strong market, and while most of these activities are not provided by the private market, outdoor recreation participants are the target market for certain types of retailers such as clothing and equipment suppliers.

Outdoor Activity Market Potential	
Activity	MPI
Backpacking	121
Hiking	131
Bicycling (mountain)	129
Bicycling (road)	132
Boating (power)	129
Canoeing/Kayaking	124
Fishing (fresh water)	97
Fishing (salt water)	107
Horseback Riding	114

Source: ESRI

Residents of Greater Bel Air are big sports fans compared to the rest of nation. Attending various sports events ranks among the highest leisure activities for residents as measured by MPI. Residents are also significant consumers of sporting goods and recreation equipment.

Money Spent on Miscellaneous Recreation	
Activity	MPI
Spent on sports/rec equip in last 12 months: \$1-99	115
Spent on sports/rec equip in last 12 months: \$100-\$249	122
Spent on sports/rec equip in last 12 months: \$250+	129
Attend sports events	126
Attend sports events: baseball game - MLB reg seas	139
Attend sports events: basketball game (college)	125
Attend sports events: basketball game-NBA reg seas	116
Attend sports events: football game (college)	136
Attend sports events: football game-NFL Mon/Thurs	119
Attend sports events: football game - NFL weekend	132
Attend sports events: high school sports	122
Attend sports events: ice hockey game-NHL reg seas	142
Went on overnight camping trip	105
Visited a theme park	115
Went to zoo	120

Source: ESRI

Residents go out to entertainment attractions more than their national counterparts including both higher cultural activities such as art galleries, museums, and classical music/opera performances and going to rock concerts and bars/night clubs.

Entertainment Industry Market Potential	
Activity	MPI
Went to art gallery in last 12 months	133
Went to bar/night club in last 12 months	117
Played billiards/pool in last 12 months	105
Dined out in last 12 months	122
Attended a movie in last 6 months	110
Went to museum in last 12 months	132
Attended classical music/opera performance/12 months	131
Attended country music performance in last 12 months	118
Attended rock music performance in last 12 months	129
Went to live theater in last 12 months	129

Source: ESRI

All of the markets have potential with MPIs well above 100 for most activities, although the general sports market has participation levels closer to national averages. The results of this analysis indicate a strong consumer base for Bel Air's entertainment industry. Residents of the area have a higher propensity to engage in a broad variety of leisure and recreational activities. Fitness-related activities are especially popular along with other "night out" varieties such as dining out and going to bars and night clubs. The Greater Bel Air population also enjoys more high-brow activities including museums, live theater, and classical/opera music performances.

The results align well with the analysis of residents' spending habits as reported in the retail section of this report. The top 15 Entertainment and Recreation spending categories from that analysis are copied below. Similar to the MPI analysis, the Spending Potential Index (SPI) provides a comparison of the spending patterns of local residents compared with the nation overall, with an SPI over 100 indicating a category where local residents spend more than their national counterparts.

The regional SPI figures (see the retail section for definition of regional) are very high, indicating strong market potential for entertainment and recreation. The SPI analysis shows the primary entertainment and recreation components as being fitness-related, “night out” activities, and highbrow activities. Some of the spending categories cut across these segments such as membership fees for clubs (e.g., country clubs) which, indicates a high-brow market and active lifestyle market.

Consumer Spending Index: Top 15 Entertainment and Recreation Spending Categories			
Category	Average Spending	Total Spending	Regional SPI
Fees for Recreational Lessons	\$193.13	\$14,272,061	157
Membership Fees for Clubs	\$259.75	\$19,195,128	151
Catered Affairs	\$35.98	\$2,658,631	151
Fees and Admissions	\$970.83	\$71,742,656	150
Fees for Participant Sports, excl. Trips	\$180.42	\$13,332,771	150
Admission to Sporting Events, excl. Trips	\$99.57	\$7,358,041	150
Miscellaneous Video Equipment	\$15.89	\$1,174,185	148
Admission to Movie/Theatre/Opera/Ballet	\$237.26	\$17,532,963	144
Streaming/Downloaded Video	\$8.26	\$610,341	144
Audio	\$177.01	\$13,080,738	144
Photo Equipment and Supplies	\$117.19	\$8,659,928	144
Recreational Vehicles and Fees	\$304.92	\$22,533,298	140
Reading	\$212.66	\$15,715,433	140
Sports/Recreation/Exercise Equipment	\$260.43	\$19,245,243	138
Televisions	\$200.24	\$14,797,234	135

Source: ESRI

It is likely that Bel Air is already capturing a portion of these three markets given the current inventory of businesses and attractions, but there may be opportunities to increase the town’s capture of entertainment spending by this base as well as attract additional outside visitors to the town. Interviews revealed that entertainment options are generally lacking in the town and that many residents leave town for these activities.

Restaurants and Bars are one category with potential to support new businesses in the town. As discussed in the retail analysis section of this report, restaurants and bars have significant sales leakage, meaning that residents in Bel Air and surrounding areas are not having their demand met by the current supply of businesses and are leaving to eat and drink elsewhere. As shown in the retail analysis, there is moderate potential for new drinking establishments but a significant undersupply of full-service restaurants, and therefore there is high potential for new businesses.



## Lodging Market

### Inventory

Harford County has 33 hotel properties with a combined 2,600 rooms. Economy, the lowest class of hotels, is the most common type of hotel, with 15 properties falling in this category, representing 45% of all hotel properties in the county and one-third of all rooms. Midscale and Upper Midscale hotel properties have the about the same market share. Upscale properties are the least common although still account for nearly 20% of all rooms in the county. There are no luxury hotels in the county market. The table below shows a detailed breakdown of county hotels by class.

Harford County Lodging Inventory by Class				
Hotel Class	Properties		Rooms	
	#	%	#	%
Economy	15	45%	866	33%
Midscale	6	18%	586	23%
Upper Midscale	7	21%	644	25%
Upscale	5	15%	505	19%
Total	33	100%	2,601	100%

Source: Smith Travel Research

The majority of hotels are found in Aberdeen, the largest municipality in the county. Its 14 properties account for 43% of the county total and 40% of all rooms. Edgewood ranks second with 9 properties, and Bel Air follows in third with 5 properties. While all 5 of those properties fall in the 21015 zip code with a mailing address of Bel Air, they fall outside of the town's actual political boundaries. The Town of Bel Air does not currently have a hotel within its municipal boundaries.

Harford County Lodging Inventory by Municipality				
Municipality	Properties		Rooms	
	#	%	#	%
Aberdeen	14	42%	1,034	40%
Edgewood	9	27%	798	31%
Bel Air	5	15%	488	19%
Havre De Grace	3	9%	119	5%
Belcamp	1	3%	107	4%
Joppa	1	3%	55	2%
Total	33	100%	2,601	100%

Source: Smith Travel Research

The table below shows the full list of hotels in Harford County. The average hotel size is 79 rooms. A total of 12 properties have 100 or more rooms. The newest properties is the Upper Midscale Class Home2 Suites Baltimore Aberdeen that opened in early 2014 with 107 rooms in Aberdeen. From 2010 through 2015 the only other hotel that opened in the county is Hampton Inn Suites in Edgewood, MD with 134 rooms. Note that the Merit Hotel & Suites in Aberdeen was franchised in 2014, although it first opened in the 1980s. Of the 5 most recent hotel properties that have opened, four have been Upscale or Upper Midscale Class.

Hotel Inventory - Harford County, MD (2015)					
Hotel	City	Class	Franchise Date	Date Opened	Rooms
Home2 Suites Baltimore Aberdeen	Aberdeen, MD	Upper Midscale Class	Feb 2014	Feb 2014	107
Hampton Inn Suites Edgewood Aberdeen South	Edgewood, MD	Upper Midscale Class	Feb 2012	Feb 2012	134
Hilton Garden Inn Aberdeen	Aberdeen, MD	Upscale Class	Aug 2009	Aug 2009	96
Homewood Suites Bel Air	Bel Air, MD	Upscale Class	Jul 2009	Jul 2009	92
Candlewood Suites Aberdeen Edgewood Bel Air	Bel Air, MD	Midscale Class	Mar 2009	Mar 2009	95
La Quinta Inns & Suites Edgewood Aberdeen South	Edgewood, MD	Midscale Class	Mar 2008	Mar 2008	66
Residence Inn Aberdeen @ Ripken Stadium	Aberdeen, MD	Upscale Class	Apr 2007	Apr 2007	78
Courtyard Aberdeen @ Ripken Stadium	Aberdeen, MD	Upscale Class	Apr 2007	Apr 2007	120
Extended Stay America Baltimore Bel Air Aberdeen	Bel Air, MD	Economy Class	Nov 2004	Nov 2004	101
Country Inn & Suites Bel Air East @ I 95 Riverside Aberdeen	Bel Air, MD	Upper Midscale Class	Jun 2002	Jun 2002	81
Wingate By Wyndham Aberdeen	Belcamp, MD	Midscale Class	Jun 2002	Jun 2002	107
Springhill Suites Edgewood Aberdeen	Bel Air, MD	Upscale Class	Jul 2001	Jul 2001	119
Holiday Inn Express Edgewood Aberdeen Bel Air	Edgewood, MD	Upper Midscale Class	May 1999	May 1999	80
Comfort Inn & Suites Aberdeen Proving Grounds Area	Edgewood, MD	Upper Midscale Class	Mar 2012	Dec 1998	104
Sleep Inn & Suites Edgewood Near Aberdeen Proving	Edgewood, MD	Midscale Class	May 1996	May 1996	84
Super 8 Joppa	Joppa, MD	Economy Class	Jun 2014	Aug 1995	55
Vandiver Inn	Havre De Grace, MD	Upper Midscale Class	Jun 1989	Jun 1989	18
Super 8 Havre De Grace Aberdeen Area	Havre De Grace, MD	Economy Class	Oct 1988	Oct 1988	60
Travelodge Aberdeen	Aberdeen, MD	Economy Class	Mar 2000	Jan 1988	61
Americas Best Value Inn Aberdeen	Aberdeen, MD	Economy Class	Mar 2011	Dec 1987	37
Super 8 Aberdeen	Aberdeen, MD	Economy Class	Mar 1987	Mar 1987	62
Red Roof Inn Aberdeen	Aberdeen, MD	Economy Class	Aug 1985	Aug 1985	109
Holiday Inn Express Aberdeen	Aberdeen, MD	Upper Midscale Class	Feb 2012	Jun 1985	120
Ramada Edgewood Hotel & Conference Center	Edgewood, MD	Midscale Class	May 2005	May 1985	100
Merit Hotel & Suites Aberdeen	Aberdeen, MD	Midscale Class	May 2014	Jun 1982	134
Days Inn Edgewood	Edgewood, MD	Economy Class	Jun 1982	Jun 1982	72
Days Inn Aberdeen	Aberdeen, MD	Economy Class	Jul 1990	Jan 1974	49
Economy Inn	Aberdeen, MD	Economy Class	Jun 1970	Jun 1970	21
Motel 6 Edgewood	Edgewood, MD	Economy Class	Dec 2013	Jun 1966	134
Edgewood Motel	Edgewood, MD	Economy Class	Jun 1965	Jun 1965	24
Best Budget Inn	Havre De Grace, MD	Economy Class	Jun 1999	Jun 1960	41
Ken's Motel	Aberdeen, MD	Economy Class	Jun 1954	Jun 1954	16
Budget Inn	Aberdeen, MD	Economy Class			24
Total Properties				33	2601

Source: Smith Travel Research

## Pipeline

There are currently 15 hotels in development within the overall Baltimore regional market, representing an additional 1,200-plus rooms. Two of these developments are in Harford County: a Hilton Garden Inn in the Bel Air zip code but outside of the town boundaries, and an as-yet unnamed independent hotel in the rural community of Street in the northern part of the county. The Hilton Garden Inn will add 85 new upscale rooms to the county market.

Baltimore Hotel Pipeline (Nov 2015)					
Hotel Name	City	Class	Opening Date	Rooms	Status
Hilton Garden Inn Bel Air	Bel Air	Upscale	Sep 2018	85	Final Planning
Residence Inn Baltimore Owings Mills	Owings Mills	Upscale	Apr 2017	100	Final Planning
Staybridge Suites Baltimore Inner Harbor	Baltimore	Upscale	Nov 2016	100	Final Planning
Home2 Suites Hanover Arundel Mills	Hanover	Upper Midscale	Sep 2016	80	Under Construction
Hampton Inn Baltimore Bayview Campus	Baltimore	Upper Midscale	Jun 2017	115	Final Planning
Holiday Inn Express & Suites Baltimore Airport North	Linthicum	Upper Midscale	Nov 2016	110	Final Planning
Holiday Inn Express & Suites Owings Mills Baltimore Area	Owings Mills	Upper Midscale	Jan 2017	86	Planning
Home2 Suites Baltimore Bwi Airport	Linthicum	Upper Midscale	Jul 2018	108	Planning
La Quinta Inn & Suites Baltimore Downtown Inner Harbor	Baltimore	Midscale	Dec 2016	42	Under Construction
Motel 6 Elkridge	Elkridge	Economy	Unknown	80	Planning
Unnamed Hotel @ Vineyards Of Queen Anne's	Stevensville	Independent	Unknown	54	Final Planning
Unnamed Hotel @ Recreation Pier	Baltimore	Independent	Dec 2017	128	Final Planning
Unnamed Hotel @ Quarterfield Crossing	Glen Burnie	Independent	Unknown	100	Planning
Unnamed Hotel @ James Run	Street	Independent	Unknown	Unknown	Planning
Unnamed Hotel	Linthicum Heights	Independent	Unknown	Unknown	Planning

Source: Smith Travel Research

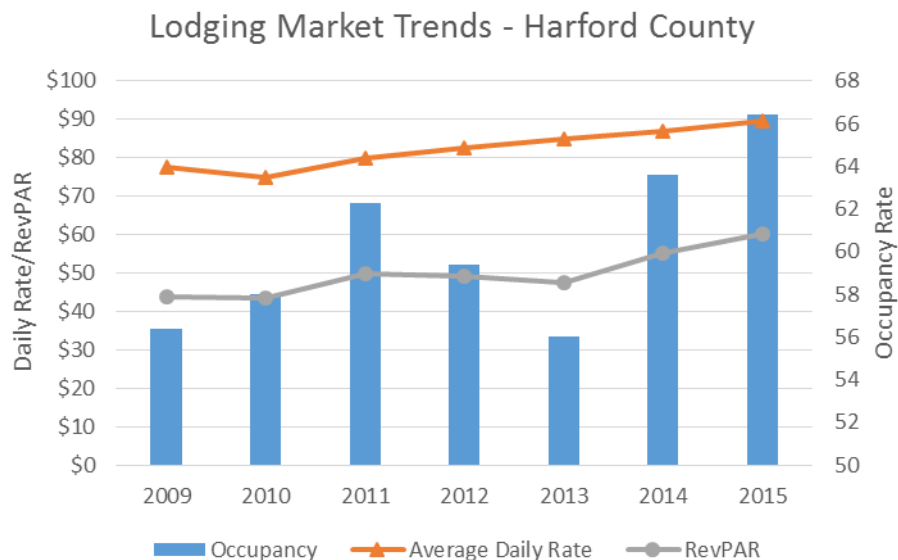
## Market Trends

The Harford County lodging market has been improving over the past 7 years with occupancy, the average daily rate (ADR), and RevPAR (revenue per available room) all trending upwards. The 2015 measures for all three variables were the highest out of all recent years. From 2009 to 2015, the occupancy rate increased by 10 percentage points while ADR grew by 2% annually on average, and RevPAR at an average annual rate of 6%.

Lodging Market Trends - Harford County			
Year	Occupancy	Average Daily Rate	RevPAR
2015	66.4	\$89.40	\$60.10
2014	63.6	\$86.91	\$55.29
2013	56.0	\$84.94	\$47.58
2012	59.4	\$82.49	\$49.02
2011	62.3	\$79.97	\$49.83
2010	58.0	\$74.89	\$43.46
2009	56.4	\$77.38	\$43.64

\*2015 Estimated based on actual 2015 data through October

Source: Smith Travel Research

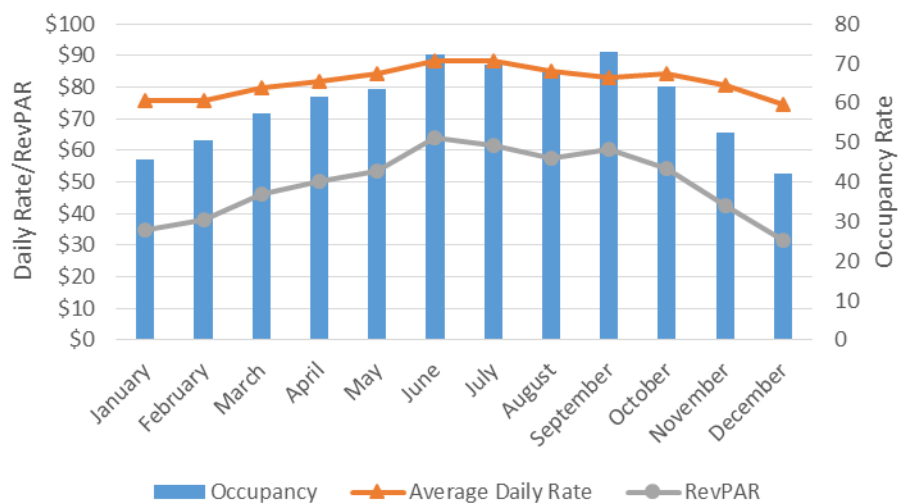


Lodging demand in Harford County tends to peak in June and July when occupancy, daily rates, and RevPAR are at their highest. Occupancy during this time reaches over 70% compared to December and January when occupancy is generally in the 40% to 45% range. Average daily rates approach \$90 during peak times and fall under \$75 in off-peak seasons. RevPAR follows a similar trend peaking at around \$64 and falling to nearly \$30 in the winter.

Market Trends by Month - Harford County			
	Occupancy	Average Daily Rate	RevPAR
January	45.7	\$75.82	\$34.66
February	50.4	\$75.79	\$38.21
March	57.5	\$79.99	\$45.99
April	61.6	\$81.66	\$50.29
May	63.6	\$84.19	\$53.56
June	72.2	\$88.48	\$63.91
July	69.8	\$88.19	\$61.52
August	67.7	\$85.09	\$57.65
September	72.9	\$82.95	\$60.47
October	64.2	\$84.44	\$54.17
November	52.6	\$80.47	\$42.35
December	42.2	\$74.73	\$31.51

Source: Smith Travel Research

Monthly Lodging Market Trends - Harford County



## Market Demand

Harford County has seen its supply of available hotel room nights (i.e., one available hotel room available for one night) trend upwards over the past 7 years, with a supply of an estimated 966,000 annual available hotel room-nights in 2015. Demand for rooms has been increasing at an even greater pace reaching an estimated 640,000 in 2015, up from 509,000 in 2009.



Hotel Room Supply and Demand - Harford County		
	Room-Nights Available (Supply)	Room-Nights Sold (Demand)
2015	966,217	640,269
2014	986,928	627,822
2013	962,274	538,971
2012	979,156	581,831
2011	934,765	582,494
2010	942,055	546,692
2009	903,106	509,279

Source: Smith Travel Research

To estimate the number of new hotel rooms the market will be able to support, projections were made for both the future demand for hotel rooms in the county and the future supply of hotel rooms. Demand was estimated by examining the trend over the past 7 years, which showed that demand has been increasing at an average annual rate of about 4% in the county. A low estimate of 2% and a high estimate of 6% were also examined as realistic alternative growth rates.

The supply of hotel room nights was based on 2015 as a base year and was adjusted for projects in the pipeline. For the purposes of this analysis, the Hilton Garden Inn was the only development anticipated to come online during this time period with a projected opening of September 2018 and 85 new rooms.

The projections show that hotel room-night demand in 2020 will be between approximately 707,000 and 857,000. The availability (supply) of hotel room-nights is expected to reach 997,200 in 2020.

Harford County Hotel Room-Night Supply and Demand Projection						
Projected Demand (Occupied Hotel Room Nights)						
Growth Scenario	2015	2016	2017	2018	2019	2020
Low (2%)	640,269	653,075	666,136	679,459	693,048	706,909
Medium (4%)	640,269	665,880	692,515	720,216	749,025	778,986
High (6%)	640,269	678,686	719,407	762,571	808,325	856,825
Supply (Available Hotel Room Nights)						
Growth Scenario	2015	2016	2017	2018	2019	2020
Pipeline Forecast	966,217	966,217	966,217	973,952	997,242	997,242

Source: Camoin Associates

Based on the supply and demand projections, the projected occupancy rate for hotels in the county would be between 71% and 86%. At these occupancy levels, new hotel development would be feasible. To estimate how many additional available room-nights (supply) would be feasible, it is assumed that the current occupancy rate would be achievable in the future. That is, the market would be expected to continue to add hotel rooms to the supply until the occupancy rate hit 66%. As shown in the table below, there is potential for an additional supply of 48,700 to 199,000 annual room-nights in the county.

Hotel Room-Night Potential (2020) - Harford County				
Growth Scenario	Room-Night Demand (2020)	Room-Night Supply (2020)	Projected Area Occupancy (%)	Annual Room-Night Supply Potential
Low (2%)	706,909	997,242	71%	48,729
Medium (4%)	778,986	997,242	78%	120,806
High (6%)	856,825	997,242	86%	198,645

Source: Camoin Associates

Based on an average occupancy rate of 66%, the potential room-nights translate to between 89 new hotel rooms in the low case to 365 rooms in the high scenario. The high scenario would likely be achievable only with induced demand from a new attraction that would increase levels of visitation to the county beyond the "natural" rate of increase.

Hotel Room Potential (2020) - Harford County			
	Low	Med	High
Room-Night Potential (Annual)	48,729	120,806	198,645
Rooms Per Night Average (Daily)	134	331	544
New Rooms Supported (66% occupancy)	89	222	365

Source: Camoin Associates

### Hotel Feasibility in Town of Bel Air

The above analysis indicates the potential for additional hotel development in Harford County, however, it does not necessarily indicate that the town could support a new hotel or other lodging establishment. There are several factors that support the feasibility of a new hotel and several factors that weigh against the feasibility of a hotel in town. These are summarized in the table below.

Key Factors Increasing and Decreasing Feasibility for Hotel in Bel Air	
Increases Feasibility (+)	Decreases Feasibility (-)
Demand from Hospital Visitors and Sports Visitors "Overflow"	Substantial Competition from Cluster of Hotels near I-95 interchanges
Lack of Local Competition	Prohibitive Driving Distance from I-95
Lack of Full-Service Hotel	Lack of Prime Development Sites
Lack of Hotel with Meeting/Conference Space	Lack of Sufficient Demand Generators

**Demand:** One of the critical pieces to understanding feasibility is to understand who the target market will be for the hotel. Our analysis revealed that the hospital is likely to generate some demand for room-nights, but not enough to support a new hotel alone. Another source of demand would be the visitors to Ripken Stadium, which hosts youth tournaments throughout the summer, and other youth sports visitors to the area. A hotel in Bel Air would likely see some room-night generation from these visitors during peak times from overflow when the hotels in Aberdeen and at the I-95 interchanges are fully occupied. This demand is seasonal and also not likely to generate enough consistent demand to make hotel development economical. Otherwise, there are no significant demand generators in Bel Air that would support a hotel. The few existing minor generators, such as several high profile events throughout the year, would not provide consistent enough demand to support a new hotel.

**Competition:** A hotel in Bel Air would be competing against hotels at the I-95 interchange. For most travelers, the convenience of being in close proximity to the highway would preclude considering a hotel in Bel Air. Site selectors for hotels, as a result, would also be reluctant to consider sites in Bel Air for this reason. There is not,

however, a full-service hotel or hotel with conference space in the area. A hotel with those offerings would compete better against the existing selection, however, a developer would still likely choose a location near I-95 for this type of development rather than Bel Air.

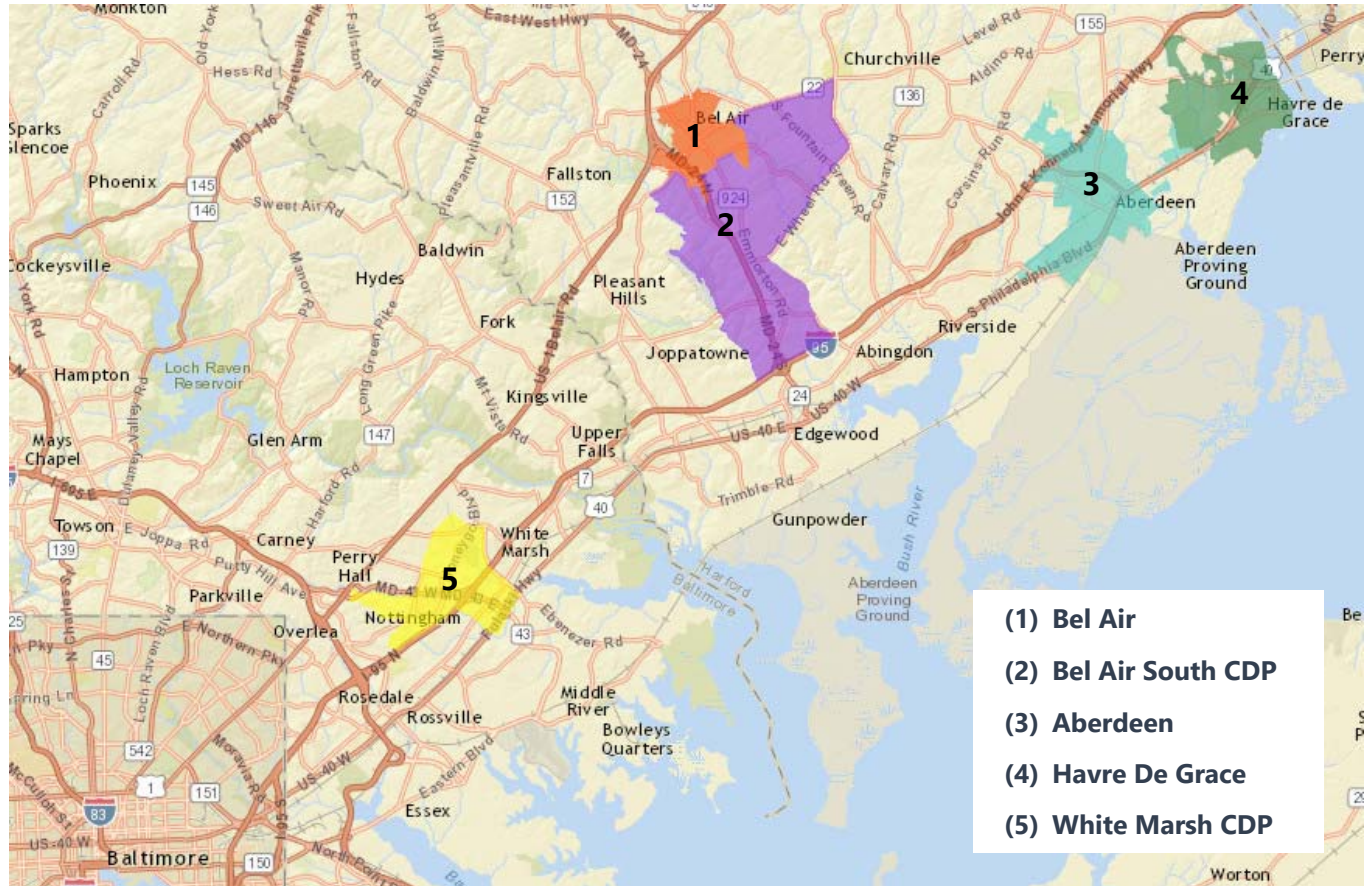
Overall, it is unlikely that current market conditions can support a traditional hotel. To attract a hotel to the town, a significant local demand generator is needed, which would allow the hotel to avoid competing with the I-95 cluster.

### Key Findings:

- **Fitness and Active Lifestyle Market.** Harford County's Arts, Entertainment, and Recreation Industry is geared especially towards fitness and those with active lifestyles. The industry is expected to continue to be strong into the future, led by the Fitness and Recreational Sports Centers industry sub-sector, which has 33 businesses in the county and provides 1,250 jobs.
- **The Market Potential is High for the Entertainment and Recreation Industry.** Residents of Greater Bel Air tend to spend more on, and participate more in, sports and fitness related activities compared with the rest of the nation. Residents also tend to go out significantly more to entertainment attractions such as restaurants, museums, and live performances than their national counterparts.
- **Three Key Market Segments.** The entertainment and recreation market potential can be categorized into three market types that all show strong potential: 1) Fitness and active lifestyle, 2) "highbrow" Arts and Culture, and 3) the "nightlife" market including restaurants, bars, and nightclubs. The types of businesses and/or facilities that may (but not necessarily) be supported by these market segments include:
  - Yoga, Pilates and other types of fitness studios and gyms
  - Paint n' Sip and do-it-yourself pottery businesses
  - Pubs with small performance spaces
  - Art galleries
  - Wine bar
  - Microbreweries/brew pubs
  - Dedicated small theater or performance space
  - Sports facilities (ice rink, indoor soccer/multi-purpose turf field, aquatic center, batting cage etc.)
  - Child-oriented facilities (children's museum, toddler play center, etc.)
  - Extreme/alternative activities (trampoline park, high ropes course, paintball, "zorbing", etc.)
- **Improving Harford County Lodging Market.** The lodging market has been growing with the addition of 241 new hotel rooms over the past three years. Occupancy rates have climbed from an average of about 56% in 2009 to 66% in 2015. Similarly, the average daily rate has climbed from \$77 to \$89. As growth in demand for lodging in the county has been outpacing supply. Between 2009 and 2015, the number of room-nights sold grew 26% from 509,000 to 640,000. The availability of rooms grew by only 7%. Over the next five years, the county's lodging market can support between approximately 90 and 365 new hotel rooms in the market. The market currently favors upscale and upper-midscale hotel properties, with the development of lower end products being less favorable. Bel Air does not have a hotel property within its town boundaries, as lodging development has been concentrated outside of the town near I-95.
- **Hotel in Town of Bel Air Infeasible.** The market constraints for a hotel in town outweigh the factors that would support the case for hotel development. There is not enough locally-generated demand for room-nights to make a hotel in the town economically feasible. Additionally, the distance from I-95 and the cluster of would-be competing hotels near the interchanges means that a Bel Air hotel could simply not compete in the existing market.

## Competitive Market Analysis

The competitive analysis provides a snapshot of the communities that are most likely to compete with the Town of Bel Air in terms of jobs, businesses. The communities that were identified as among the top competitors to Bel Air include Bel Air South CDP, Aberdeen, Havre De Grace, and White Marsh CDP



The table below shows key demographic indicators for the competitive markets.

Competitive Market Analysis					
	Bel Air	Bel Air South CDP	Aberdeen	Havre De Grace	White Marsh CDP
Population (2010 Census)	10,120	47,709	14,959	12,952	9,513
Households	4,201	17,757	6,022	5,730	3,568
Median Household Income (2010-2014)	\$67,925	\$89,053	\$50,327	\$65,641	\$80,287
Poverty Rate	7.50%	4.40%	14.30%	11.00%	3.30%
Median Age	38.8	38.4	39.7	43.8	37.6
Housing Units (2010)	4,744	18,795	6,191	5,875	3,794
Average Household Size	2.34	2.62	2.50	2.30	2.71
Percent with Bachelor's Degree or Higher	37.80%	40.30%	18.60%	35.80%	37.10%
Median Home Value	\$246,600	\$273,600	\$199,100	\$281,200	\$264,600
Median Gross Rent	\$1,151	\$1,185	\$923	\$1,001	\$1,317
Primary Competition		Residential, Retail	Office	Residential, Entertainment	Retail

Source: U.S. Census Bureau

Bel Air South CDP (Census Designated Place) is an unincorporated area of Harford County and is a competitive market because of its closer proximity to I-95. The market competes primarily for residents and retail business. Aberdeen is a less wealthy area but competes with Bel Air for office developments, to an extent, because of its proximity to Aberdeen Proving Grounds and I-95. Havre De Grace has a similar demographic makeup as Bel Air and also has a downtown area. It competes for visitors (entertainment) and residents. White Marsh is an affluent area closer to Baltimore than Bel Air and competes with the town for retail business, especially high-end and larger-scale regional retailers.



## Attachment A. Data Sources

Camoin Associates derived the data for this analysis from several different sources. Proprietary data providers such as EMSI, described below, pull raw data from local, state, and national government data sources as well as private and non-profit research organizations. Individual data providers apply adjustments and corrections to the data based on proprietary models, which can sometimes cause discrepancies when comparing data points from different sources.

Brief summaries of the proprietary and public data sources used in this analysis are provided below along with links to where additional information can be found.

### CoStar Group

CoStar Group, Inc. provides information, analytics and marketing services to the multifamily and commercial real estate industry. They are the leading source for timely, verified, and reliable commercial real estate intelligence. CoStar provides data down to the building level on vacancy, absorption, lease rates, and other variables that provide critical insight into the commercial market of communities.

### Smith Travel Research (STR)

Smith Travel Research collects data from individual hotels and aggregates that data to provide market insights for the hotel industry. Data collected and provided by STR includes average daily rate, occupancy, number of room-nights sold, number of room-nights available, and revenue figures. Additionally, STR tracks hotel projects in the pipeline which allows for analysis of future supply and demand conditions within a geography.

### American Community Survey (ACS)

The American Community Survey (ACS) is a yearly survey that asks about: age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, where you work and how you get there, and where you live and how much you pay for some essential items. The survey is mandatory to fill out, but the survey is only sent to a small percentage of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census, and help to create yearly snapshots of the nation as a whole, as well as our smaller communities.

### Bureau of Labor Statistics (BLS)

The BLS collects data on monthly unemployment figures using the Current Population Survey (CPS). The survey reaches approximately 110,000 individuals, or 60,000 households, each month. The sample is chosen to represent the United States population as a whole, which means about 800 geographic areas are chosen to represent each state and the District of Columbia. The sample includes urban and rural areas, industrial and farming lands, and major geographic divisions of each state. The live interview survey is conducted by a Census Bureau employee every month. The respondent's answers are input into a computer where individuals are then classified as employed, unemployed, or not in the labor force. Additional information can be found at: [http://www.bls.gov/cps/cps\\_htgm.pdf](http://www.bls.gov/cps/cps_htgm.pdf)

### Economic Modeling Specialists International (EMSI)

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin Associates subscribes to Economic Modeling Specialists Intl. (EMSI), a proprietary data provider that aggregates economic data from approximately 90 sources. EMSI industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on EMSI, please see [www.economicmodeling.com](http://www.economicmodeling.com)). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099

contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

The U.S. Census Bureau maintains NAICS codes, which are the standard used by Federal statistical agencies in classifying business establishments. 2-digit codes are the highest aggregate NAICS code level and represent broad categories such as “retail”, whereas 4-digit industry codes present a finer level of detail such as “grocery stores”. For those interested in understanding the composition of the NAICS and for more detail about what is included in each industry, the reader is directed to <http://www.census.gov/eos/www/naics/>.

### Environmental Systems Research Institute, Business Analyst Online (ESRI BAO)

ESRI’s base data are the 2000 and 2010 Census. It uses proprietary statistical models and updated data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to project current statistics and future trends. ESRI data are used for economic development, marketing, site selection, and strategic decision-making. For more information, visit [www.esri.com](http://www.esri.com).

### U.S. Census On-the-Map

OnTheMap helps to visualize US Census and Local Employment Dynamics (LED) data about where workers are employed and where they live. There are also visual mapping capabilities for data on age, earnings, industry distributions, race, ethnicity, educational attainment, and sex.

Camoin Associates, Inc.  
120 West Avenue, Suite 303  
Saratoga Springs, NY 12866  
518.899.2608  
[www.camoinassociates.com](http://www.camoinassociates.com)  
@camoinassociate

