Section 1 Introduction

1.1 Study Purpose

The purpose of this market analysis is to provide the City of Annapolis with a retail and residential market analysis for the West Annapolis Sector Study. The goal of the Market Analysis is to identify the most likely future development types in the study area, with a specific focus on the West II Shopping Center at the corner of Taylor Ave. and Rowe Blvd within the City of Annapolis.

Vantage Point has prepared a Market Analysis that updates the non-residential square footage and housing unit development assumptions described in the Request for Proposals (RFP) for the Sector Study, in light of current economic and market conditions in the region. Baseline research for the Market Analysis included examination of existing and projected demographic and economic factors for the study area, lifestyle characteristics, household/retail expenditures, consumer spending patterns, per capita and household income, and retail sales.

Vantage Point also analyzed available historical and emerging local trends, such as planned or potential residential and non-residential projects in and around Annapolis, to understand how they are shaping the market for different types of businesses and residential development in the Annapolis area.

1.2 Report Organization

This report is organized into six (6) sections and one appendix, which include:

- Section 1 Introduction
- Section 2 Economic & Market Profile
- Section 3 Shopper Intercept / Merchant Surveys
- Section 4 Defining the Retail Mix
- Section 5 Retail Analysis & Supportable Development
- Section 6 Residential Demand
- Appendix Seasonal Opportunities Analysis

Section 2 Economic & Market Profile

2.1 Overview

To understand the economic and market conditions in which West Annapolis retail businesses and residential markets operates, Vantage Point performed a baseline economic and demographic profile, which examines existing demographic and economic factors for West Annapolis and surrounding geographic areas, including the City of Annapolis and the 5-minute and 15-minute drive time areas. Characteristics and trends of households and employment within these areas were then compared to similar characteristics within the predefined geographies to identify market opportunities for retail within the study area.

2.2 Analysis Areas

The study area includes the boundaries of West Annapolis, which can be roughly defined as bound by: the Weems Creek to the north, Rowe Blvd to the west, Taylor Ave to the south, and the Chesapeake Bay / Severn River to the east (see Figure 2.1). While this is not technically the West Annapolis Development Area, as defined in the City's 2009 Comprehensive Plan, the area shown in Figure one includes all residents of the West Annapolis peninsula.

Figure 2.1: Study Area for West Annapolis Market Study

Other geographies assessed as part of this analysis include a 5-minute drive time area (primary trade area), a 15-minute trade area (for residential) and the City of Annapolis.

- 5-minute Retail Trade Area: The five minute drive time area represents the primary trade area for retail sales in the West Annapolis neighborhood. Because of the size of the stores, limited transportation access and limited overall offerings, the West Annapolis retail sector is primarily neighborhood serving, with the exception of art/antiques businesses. If marketed effectively, these two sectors can draw from a larger trade area.

  15-minute Residential Trade Area: The region represents a 15-minute drive-time from the center of the West Annapolis commercial area, and is the primary market area for residential market potentials. Again, based on development opportunities, size of the market and transportation issues, West Annapolis is not judged to have significant regional housing attraction potential. The lack of available sites suggests any residential development will be of a smaller, neighborhood scale, and thus will have a more close-in market reach.

- City of Annapolis: The City of Annapolis is included in part or in whole in the 5- and 15-minute drive times, and is used in the analysis as a reference and comparison point for demographics and findings.

2.3 Demographic & Economic Profile

To evaluate the depth and characteristics of potential demand presented by households and firms for retail uses, an assessment of the demographic and economic conditions of West Annapolis and surrounding areas was performed. As summarized in Table 2.1, compared to surrounding geographies West Annapolis has:

- An estimated population of 1,040, representing 2.6 percent of the city's population (38,596);
- An estimated 447 households, representing 2.8 percent of the city's households (16,146);
- An estimated 2.5 West Annapolis labor force and 4.7 percent of the city at place employment, indicating that the City's share of population and employment / labor force is larger;
- A smaller average household in West Annapolis (2.15) compared to the city (2.35);

- A higher median household income in West Annapolis ($107,313) compared to the city ($70,377), the 5 minute drive time area ($88,614) or the 15 minute drive time area ($97,226);;
- An older population (median age of (41.1) compared to the city (36.7);
- More expensive home values in West Annapolis (median home value $806,667) compared to the city ($418,600); and
- A slightly older resident population, compared to surrounding geographies.

Table 2.1: Demographic & Economic Profile

	West Annapolis		City of Annapolis		5-min		15-min	
	2012	2017	2012	2017	2012	2017	2012	2017
Population	1,040	1,122	38,596	39,620	14,362	14,642	145,833	151,427
Households	447	481	16,146	16,580	6,238	6,351	55,853	58,179
Average Household Size	2.15	2.17	2.35	2.35	2.10	2.11	2.50	2.49
At Place Employment	1,268		26,973		19,146		83,905	
Median Household Income	$107,313	$114,153	$70,377	$85,636	$88,614	$102,829	$97,226	$105,541
Per Capita Income	$49,994	$57,585	$41,429	$49,603	$49,156	$57,238	$46,384	$54,357
Median Age	41.4	42.4	36.7	37.3	37.9	38.6	41.1	41.7
Labor Force (2010)		805		31,127		12,272		116,804
Median Home Value (2005-2009)		$806,667		$418,611		$530,962		N/A

Source: ESRI Business Solutions, U.S. Census, American Community Survey, Vantage Point 2013

Table 2.2 shows the household income distribution in West Annapolis, compared to other reference geographies. The highest income range of households in the West Annapolis households (27.4 percent) earn between $100,000 to $149,999 annually, while an estimated 17.1 percent of the households earn between $150,000 and $199,999 and 14.8 percent earn between $75,000 and $99,999, demonstrating that affluent nature of this community. In West Annapolis, the percent of household income greater than $100,000 is 56.2% in 2012 and is expected to be 61.2% in 2017. The 5-min, 15-min, and City of Annapolis respectively had 45.8%, 48.9%, and 36.5% of household income greater than $100,000 in 2012 and are expected to have 52.1%, 54.2%, and 42.7% in 2017.

Table 2.2: Households by Income (2012-2017)								
	West Annapolis				5-min			
	2012		2017		2012		2017	
Household Income Range	Num	Pct	Num	Pct	Num	Pct	Num	Pct
< $15,000	9	2.0%	8	1.7%	533	8.5%	499	7.9%
$15,000 - $24,999	18	4.0%	13	2.7%	335	5.4%	253	4.0%
$25,000 - $34,999	26	5.8%	20	4.2%	394	6.3%	297	4.7%
$35,000 - $49,999	25	5.6%	18	3.8%	558	8.9%	411	6.5%
$50,000 - $74,999	51	11.5%	41	8.6%	902	14.5%	735	11.6%
$75,000 - $99,999	66	14.8%	86	18.0%	658	10.5%	845	13.3%
$100,000 - $149,999	122	27.4%	135	28.2%	1,337	21.4%	1,503	23.7%
$150,000 - $199,999	76	17.1%	94	19.6%	880	14.1%	1,054	16.6%
$200,000 +	52	11.7%	64	13.4%	643	10.3%	753	11.9%
Total	**445**	**100%**	**479**	**100.0%**	**6,240**	**100.0%**	**6,350**	**100%**
	15-min				City of Annapolis			
	2012		2017		2012		2017	
Household Income Range	Num	Pct	Num	Pct	Num	Pct	Num	Pct
< $15,000	2,895	5.2%	2,623	4.5%	1,652	10.2%	1,534	9.3%
$15,000 - $24,999	2,586	4.6%	1,976	3.4%	1,320	8.2%	1,038	6.3%
$25,000 - $34,999	2,605	4.7%	2,076	3.6%	1,154	7.1%	987	6.0%
$35,000 - $49,999	4,561	8.2%	3,426	5.9%	1,726	10.7%	1,368	8.3%
$50,000 - $74,999	8,676	15.5%	7,206	12.4%	2,578	16.0%	2,170	13.1%
$75,000 - $99,999	7,238	13.0%	9,317	16.0%	1,828	11.3%	2,399	14.5%
$100,000 - $149,999	12,986	23.3%	14,435	24.8%	2,667	16.5%	3,147	19.0%
$150,000 - $199,999	7,041	12.6%	8,550	14.7%	1,498	9.3%	1,910	11.5%
$200,000 +	7,264	13.0%	8,569	14.7%	1,723	10.7%	2,027	12.2%
Total	**55,852**	**100%**	**58,178**	**100.%**	**16,146**	**100.%**	**16,580**	**100%**

Source: ESRI Business Solutions, Vantage Point 2013

Households with families comprise a larger portion of households in West Annapolis than in the city as a whole and other reference areas, as shown in Table 2.3. West Annapolis also has a larger share of households with persons over the age of 65.

Table 2.3: Households by Type 2010			
Area	Family	Non-Family	Households with Persons 65+
West Annapolis	91.0%	9.0%	29.4%
5-min drive time	80.4%	19.6%	21.8%
15-min drive time	90.2%	9.8%	25.2%
City of Annapolis	54.1%	45.9%	21.8%

Source: ESRI Business Solutions, Vantage Point 2013

Table 2.4 shows the racial distribution of West Annapolis and the reference geographies. West Annapolis has a substantially higher share of white residents (92 percent) than other areas.

Table 2.4: Population by Race / Ethnicity (2012-2017)

	West Annapolis				5-min			
	2012		2017		2012		2017	
Race/Ethnicity	#	%	#	%	#	%	#	%
White	956	92.0%	1,020	90.8%	11,413	79.5%	11,258	76.9%
Black	40	3.8%	48	4.3%	1,922	13.4%	2,124	14.5%
American Indian	1	0.1%	2	0.2%	28	0.2%	33	0.2%
Asian / Pacific Islander	14	1.3%	18	1.6%	311	2.2%	362	2.5%
Some Other Race	7	0.7%	10	0.9%	410	2.9%	550	3.8%
Two or More Races	21	2.0%	25	2.2%	277	1.9%	315	2.2%
Total	**1,039**	**100.0%**	**1,123**	**100.0%**	**14,361**	**100.0%**	**14,642**	**100.0%**
	15-min				**City of Annapolis**			
	2012		**2017**		**2012**		**2017**	
Race/Ethnicity	#	%	#	%	#	%	#	%
White	116,599	80.0%	117,685	77.7%	23,189	60.1%	22,663	57.2%
Black	16,619	11.4%	18,217	12.0%	9,946	25.8%	10,399	26.2%
American Indian	385	0.3%	480	0.3%	99	0.3%	112	0.3%
Asian / Pacific Islander	3,532	2.4%	4,239	2.8%	842	2.2%	934	2.4%
Some Other Race	5,155	3.5%	6,631	4.4%	3,515	9.1%	4,402	11.1%
Two or More Races	3,544	2.4%	4,176	2.8%	1,005	2.6%	1,109	2.8%
Total	**145,834**	**100.0%**	**151,428**	**100.0%**	**38,596**	**100.0%**	**39,619**	**100.0%**

Source: ESRI Business Solutions, Vantage Point 2013

Labor force is defined as every individual of working age residing within a specific geography. As shown in Table 2.4, the City of Annapolis' labor force consists of 8,873 working-age residents who are working or seeking employment. Of that total, three industries account for 77 percent of employment: services (58 percent), retail trade (9.9 percent), and government (9.1 percent).

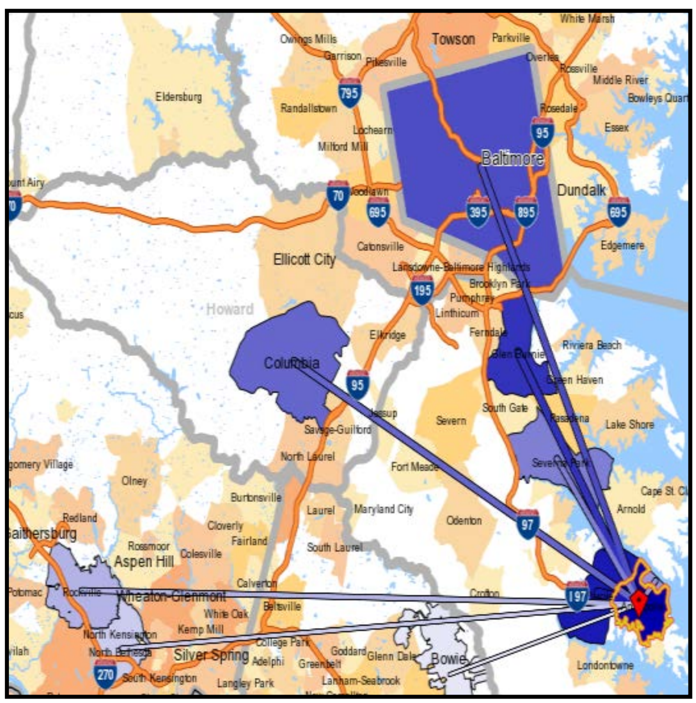
Table 2.5: Labor Force by Industry (2012)								
	West Annapolis		**5-min**		**15-min**		**City of Annapolis**	
Industry Sector	**Num**	**Pct**	**Num**	**Pct**	**Num**	**Pct**	**Num**	**Pct**
Agriculture	4	0.3%	45	0.2%	1,115	1.3%	120	0.43%
Construction	19	1.5%	232	1.2%	4,169	4.9%	799	2.89%
Manufacturing	24	1.9%	501	2.6%	2,425	2.8%	1,199	4.33%
Wholesale Trade	11	0.9%	211	1.1%	1,732	2.0%	526	1.90%
Retail Trade	245	19.0%	3,199	16.5%	16,673	19.6%	4,401	15.91%
Transportation/Utilities	12	0.9%	650	3.3%	2,555	3.0%	1,257	4.54%
Information	73	5.7%	409	2.1%	1,894	2.2%	880	3.18%
Finance, Insurance, Real Estate	78	6.1%	1,144	5.9%	4,666	5.5%	2,018	7.29%
Services	772	59.9%	6,677	34.4%	36,386	42.7%	9,814	35.48%
Government	50	3.9%	6,367	32.8%	13,560	15.9%	6,649	24.04%
Total	**1,288**	**100%**	**19,435**	**100.00%**	**85,175**	**100.00%**	**27,663**	**100.00%**

Source: ESRI Business Solutions, Vantage Point 2013

Table 2.6 shows commuting data from the 2010 U.S. Census. Of the 8,873 working-age residents of the City of Annapolis, approximately 19.7 percent work in the City of Annapolis, with the remaining residents working in surrounding communities such as Parole (11.8 percent), Glen Burnie (5.1 percent), Baltimore City (4.6 percent), Columbia (1.5 percent), Severna Park (1.5 percent), the U.S. Naval Academy (1.3 percent), and other locations.

Table 2.6: Where Workers Are Employed Who Live in the City of Annapolis	
Location	**Percent**
Annapolis	19.7%
Parole	11.8%
Glen Burnie	5.1%
Baltimore City	4.6%
Columbia	1.5%
Severna Park	1.5%
Naval Academy	1.3%
Rockville	1.2%
North Bethesda	1.1%
Bowie	1.0%
Other Locations	51.2%
Total	**100.0%**

Source: US Census Bureau 2010, Vantage Point



At-place employment refers to all employees of establishments located in a specific geography, regardless of where those employees live. It is distinctive from the labor force in that an at-place employee may or may not reside in the same geography as their job.

There are 27,284 at-place employees in the City of Annapolis (compared to a labor force of 8,873 working-age residents). The at-place employment compared to labor force suggests that the City has a relatively higher number of in-commuters (e.g. at-place employees that live outside the City) than out-commuters (e.g. residents that work outside the City). Three industries account for 72.6 percent of at-place employment: retail trade (23.3 percent), services (31.1 percent), and government (18.2 percent).

Approximately 12.2 percent of at-place employees who work in the City of Annapolis also live in the City. The remaining employees residing in a wide variety of surrounding communities such as Baltimore City (4.9 percent), Arnold (4.6 percent), Severn Park (2.7 percent), Parole (2.3 percent) and Glen Burnie (1.8 percent), and other locations (Table 2.7).

Table 2.7: Where Workers Live Who Are Employed in the City of Annapolis (2010)

Location	%
Annapolis	12.2%
Baltimore City	4.9%
Arnold	4.6%
Severna Park	2.7%
Parole	2.3%
Glen Burnie	1.8%
Bowie	1.6%
South Gate	1.6%
Cape St. Claire	1.5%
Crofton	1.4%
Other Locations	65.4%
Total	**100.00%**

Source: US Census Bureau, Vantage Point

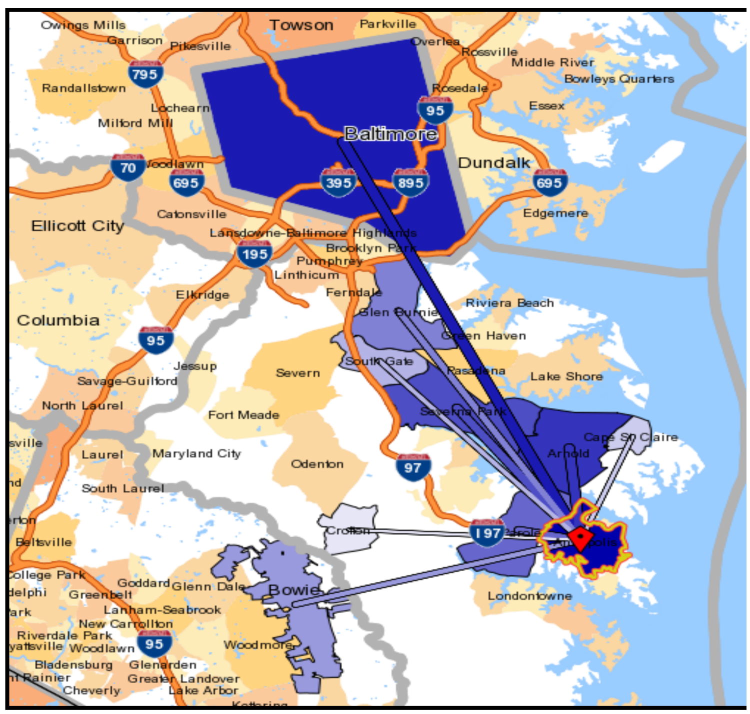


Table 2.8 summarizes the educational attainment of West Annapolis and the reference geographies. More than 55 percent of West Annapolis residents have a bachelor's degree or higher, compared to 38.8 percent in the City as a whole, 50.6 percent in the 5-minute drive time area, and 44.5 percent in the 15-minute drive time area.

Table 2.8: Population 25+ by Education Attainment (2005-2009)

Educational Attainment	West Annapolis	City of Annapolis	5-min	15-min
Less than 9th Grade	0.7%	5.3%	2.8%	2.6%
9th - 12th Grade, No Diploma	1.6%	7.6%	3.4%	4.9%
High School Graduate	3.8%	24.1%	2.6%	21.1%
Some College, No Degree	24.2%	17.1%	17.8%	18.2%
Associate Degree	2.5%	4.6%	5.6%	6.2%
Bachelor's Degree	31.0%	22.6%	29.3%	25.8%
Graduate / Professional Degree	25.4%	16.2%	21.3%	18.7%

Source: ESRI Business Solutions, Vantage Point 2013

Section 3 Shopper Intercept / Merchant Surveys

3.1 Overview

, Under a previous assignment with the City of Annapolis analyzing retail trends in the City, Vantage Point conducted various forms of surveying—including on-site intercept shopper surveys and online shopper surveys—to determine consumer preferences, shopping patterns and characteristics of West Annapolis residents, shoppers and visitors. The purpose of these surveys was to test the findings derived from the retail analysis and supportable development along with input received from key stakeholder interviews. Key data points surveyed from Annapolis residents, shoppers and visitors included type of locational shopping preferences, frequency of shopping, amount spent per retail trip, and retail desires and needs.

3.2 Survey Types

Vantage Point created various types and methods of surveys to identify shopper preferences of residents and visitors in the City of Annapolis. The surveys consisted of the following:

- On-site Shopper Intercept Survey (Initial): The onsite intercept survey was conducted during a mid-week and weekend period at various locations throughout the West Annapolis.
- Online Shopper's Preference Survey: Vantage Point utilized SurveyMonkey.com to create and administer an online shopper's preference survey, and posted a link advertising the survey on the City of Annapolis's Economic Development Corporations website. As a result, 94 online surveys were submitted by miscellaneous individuals.
- On-site Shopper Intercept Survey (May Visitors): As a follow-up survey to capture shopper preferences of potential seasonal residents and visitors, Vantage Point conducted an additional on-site shopper intercept survey at two different locations in the City in May 2012. Those locations were: 1) Dock Street, and 2) the Hillman Garage. As a result, 176 individuals participated in the survey.

3.3 Results / Findings

This section describes the results and findings from the survey methods described above.

On-site Shoppers Intercept Survey (March-April 2012)

The 245 individuals participating in the survey indicated that they would like to see the following types of retail in the following commercial retail zones:

- Forest Drive: Full-service restaurants, sporting goods / hobby, specialty food stores, clothing and shoe stores, limited-service restaurants
- Outer West Street: Book and music stores, sporting goods / hobby, specialty food stores, jewelry, luggage and goods stores
- Inner West Street: Limited-service restaurants, specialty food stores, full-service restaurant, clothing and shoe stores, bars / taverns, book and music stores
- Downtown: Clothing and shoe stores, full-service restaurants, bars / taverns, and sporting goods / hobby
- Eastport: Clothing and shoe stores, specialty food stores, book and music stores, limited-service restaurants, electronics and appliance stores, and full-service restaurants
- West Annapolis: Limited-service restaurants, specialty food stores, full-service restaurants, sporting goods / hobby

Online Shopper's Preference Survey 2012

94 individuals participated in the online survey

- A majority (51.2 percent) of the surveyed individuals shop in the City of Annapolis several times a week. The remaining individuals surveyed visit once a week (13.8 percent), less than once a month (12.8 percent), once a month (10.6 percent), several times a month (8.5 percent), and never (2.1 percent).
- Of the individuals surveyed, 44.6 percent typically spend between $51 and $100 on an average retail trip in Annapolis, while 42.4 percent spend between $20 and $50. The remaining 13.0 percent of the individuals spend between $101 and $200.
- 50.5 percent of the surveyed individuals typically spend $51 to $100 on an average restaurant / dining trip in Annapolis, while 32.3 percent spend $21 to $50, 11.8 percent spend over $100, and the remaining 5.4 percent spend $1 to $20.
- A substantial majority (77.7 percent) of the individuals surveyed typically shop for retail goods at the Parole / Towne Center, while 70.2 percent shop at Westfield Mall, among various other locations throughout Annapolis and the region.
- The individuals surveyed, identified a clear need for the following shopping categories in the City of Annapolis: specialty food stores, book, periodical and music stores, full-service restaurants, and limited-service eating places. In addition, various other retail

uses were identified as most likely being needed and include health and personal care stores, clothing and shoe stores, and office supplies, stationary and gift stores.

- A majority (67.3 percent) of the individuals surveyed would like to see the Market House become a multi-tenant market.
- A large portion of the individuals surveyed are part of a high income household, with 30.8 percent range between $125,000 and $200,000, 26.4 percent range between $75,000 and $125,000, and 25.3 percent over $200,000.

On-site Shoppers Intercept Survey (May 2012)

176 individuals participated in the survey

- A majority (57 percent) of the surveyed individuals live in the greater Annapolis area. The remaining individuals were from another state (16 percent), Washington DC / Northern Virginia (12 percent), Baltimore (11 percent), or elsewhere (4 percent).
- The initial purpose for visiting Annapolis was to shop and dine (36 percent), other (18 percent), visit historic / tourism attractions (16 percent), visit the USNA (11 percent), visit family and friends (10 percent), and visit due to other reasons such as boating, special events, and entertainment (9 percent).
- Aside from the 44 percent of surveyed individuals who were Annapolis residents, most other respondents were visiting Annapolis for a day trip only (40 percent). Other individuals were visiting for 3-4 days (7 percent), 2 days (3 percent), 5-7 days (3 percent) or longer (3 percent).
- A majority (51 percent) of the surveyed individuals visit Annapolis at least once a week, while 14 percent visit several times per month and 11 percent visit several times a year.
- The size of groups typically visiting Annapolis was generally small: individuals visiting unaccompanied accounted for 23 percent or respondents, while groups of two individuals accounted for 40 percent of respondents. The remaining 38 percent of the individuals surveyed were traveling in groups ranging between 3 to 20+ individuals.
- A large majority (80 percent) of groups visiting Annapolis did not include children.
- A majority (52 percent) of the individuals surveyed typically spend $20 - $50 on retail goods in an average visit to Annapolis, while 35 percent spend $51 - $100, 8 percent spend $101 - $200, and 5 percent spend over $200.

- 32 percent of the individuals surveyed typically spend $21 - $50 on restaurant / dining in an average visit to Annapolis, while 31 percent spend $1 - $20, 30 percent spend $51 - $100, and 8 percent spend over $100.

- Of the individuals surveyed, over 50 percent agree that a specialty food store / market specializing in seafood and produce are needed in Annapolis.

- 26% of the individuals surveyed have a household income range less than $50,000, while 22 percent range $50,000 to $75,000, 19 percent range $75,000 to $125,000, 9 percent range $125,000 and $200,000, 5 percent over $200,000, and 19 percent prefer not to respond.

3.4 Summary

Shopping and dining are the main reasons that individuals and small groups, typically unaccompanied by children, visit Annapolis. Respondents are predominantly Annapolis area residents, or those that frequently make day trips to Annapolis. The majority of respondents visit Parole Town Center or Westfield Mall for their retail shopping. Respondents typically spend up to $100 per retail trip to the City of Annapolis, and spend between $21 and $50 on dining and restaurant trips. Respondents have a strong desire to see specialty retail stores, full-service restaurants and limited-service eating places in the City of Annapolis, and over two-thirds of all respondents would like the Market House to be filled with multiple tenants.

Section 4 Defining the Retail Mix

4.1 Retail Capture, Shopper Preferences and Tapestry Analysis

This section of the Market Analysis translates the demographic, household, income and other economic base variables into target market niches for the West Annapolis commercial area. In crafting these recommendations for retail targets, Vantage Point combined the quantitative data with the shopper preferences and insights gained from interviews with key stakeholders, interviews with retail/commercial brokerage specialists and an analysis of Tapestry Segmentation. The purpose and results of the tapestry analysis are presented in the following paragraphs in summary, and then referenced in the recommendations for the West Annapolis commercial area.

4.2 Tapestry Analysis

To identify the lifestyle characteristics, product preferences and spending patterns of local residents within the West Annapolis commercial trade area, an evaluation of top “household tapestry” segments was performed. ESRI Business Solutions uses demographic information such as labor force characteristics, median income, age, and spending habits to categorize neighborhoods according to a trademarked Community Tapestry classification system.

Companies, agencies, and organizations often utilize segmentation to separate and categorize consumer markets to specifically identify their best customers and prospects. Neighborhoods are a source of people who are formed together by their similar interests; as such, housing, land value, available labor, infrastructure, transportation, school system, and other factors, and remain stable over decades. Intangibles such as economic opportunities, lifestyles, and overall ambience often separate and characterize neighborhoods.

Table 4.1 shows the tapestry segmentation of residents within the West Annapolis commercial trade area. The text below describes these segments in terms of their economic and demographic characteristics at the national level (i.e. the statistics in the descriptive paragraphs represent averages for neighborhoods across the United States, not in West Annapolis specifically).

Table 4.1. Tapestry Segmentation Area Profile			
Tapestry Segmentation Category	West Annapolis % Households	5-Minute Area % Households	15-Minute Area % Households
Urban Chic	74.7%	26.3%	9.1%
Prosperous Empty Nesters	16.1%	11.7%	1.3%
Military Proximity	9.2%	2.2%	0.3%
Enterprising Professionals	-	19.1%	3.5%
Laptops and Lattes	-	15.4%	2.0%
In Style	-	7.7%	14.0%
Other	0.0%	17.6%	69.8%

Source: ESRI Business Solutions, Vantage Point

Urban Chic

Residents are professionals who live a sophisticated, exclusive lifestyle and consist mainly of married couple families. With a median age of 42.7 years and median household income of $82,524, the population is well educated, and popular jobs include management, professional, and sales positions in industry sectors such as scientific, technical, educational, or health care services. As these residents typically reside in urban settings, homeownership is at 69 percent and median home value is $723,596, more than three and one-half times that of the national median. These residents focus on lifestyle more than ambience, and shop at upscale establishments. Approximately 20 percent of households earn income from self-employment. These residents travel extensively, visit museums, attend dance performances, and drink imported wine and upscale coffee. Approximately 75 percent of the households in West Annapolis are characterized within the Urban Chic tapestry segment, versus approximately 25 percent of the households in the primary market area..

Prosperous Empty Nesters

Approximately 60 percent of residents are aged 55 years or older. Forty percent composed of married couples with no children living at home. The median age is 47.6 years, and median household income of $63,382. This population segment describes residents enjoying the move from child-rearing to retirement. Individuals still working are in well-established careers holding professional and management positions, especially in the education and health care industry sectors. These residents live in well-established neighborhoods, and housing consists mainly of single-family structures, with 77 percent of the units being built before 1980. Based on preferences, these residents place a high value on their physical and financial well-being. Nearly 70 percent have attended college. This segment comprises 16.1 percent of households in West Annapolis, a larger proportion compared with the 5-min (11.7%) or 15-min (1.3%) drive time area.

Military Proximity

Residents are the second youngest of the Tapestry segments, with a median age of 22.4 years. These residents are young, married, and beginning parenthood. The Armed Forces is a common career type for these residents: more than ¾ of the labor force are on active duty. The median household income is $41,240, and 72 percent of these residents have attended college. Moving is routine for Military Proximity residents, as 90 percent have moved within the last five years. Life revolves primarily around the family. They can be see shopping for children's products and clothing at major discount department stores. They subscribe to cable television, entertain their children with DVD's, and are comfortable with personal computers and the Internet. This segment comprises 9.2 percent of households in West Annapolis, a larger proportion compared with the 5-min (2.2%) or 15-min (0.3%) area.

Enterprising Professionals

Residents are young, educated, single, married, working professionals. They have a median age of 32.8 years and median household income is $63,837. More than ¾ of these residents have attended college. The most popular occupations among this segment specialize in management, finance, computer, sales, and office/administrative support. Individuals in this segment are young and mobile with increasing consumer clout. They communicate heavily through e-mail and cell phones. They are interested in computer, science, and technology magazines and often listen to alternative, public-all-talk, and sports radio. This is the second most predominant segment (19.1%) of households with in the 5-min area, although it is not part of the West Annapolis tapestry.

Laptops and Lattes

Residents are typically single and rent their homes rather than own. The average household size is 1.8 people, with a median age is 37.6 years and median household income is $84,612. The majority of housing is apartments in multiunit buildings. These individuals go online to check their e-mail, trade and track investments, check-up on the most recent news, and shop on sites such as amazon.com. They also place orders via phone. For recreation, these residents enjoy going to the movies, dance performances, rock concerts, museums, bars, nightclubs, baseball and football games, and professional basketball games. They regularly exercise at a health club and practice yoga, play tennis, and golf. This segment consists of 15.4 percent of the households in the 5-min area, compared to the 15-min (2.0%) area, but is not part of the West Annapolis tapestry.

In Style

Residents are typically professional couples, with a median household income of $65,387 and a median age of 40.5 years. They are more educated compared to national averages. Nearly half (46 percent) of employed residents have professional or management positions. They live in affluent neighborhoods of metropolitan areas. These individuals are computer savvy and go online to research real estate information, do their banking, track investments, and trade stocks, etc. They utilize financial planners to invest in stocks, bonds, money market funds, money market bank accounts, and securities. They stay fit by exercising and eating a healthy diet. They hire professional household cleaning services and utilize contractors for kitchen remodeling. This segment comprises 14.0 percent of the 15-min area (14.0%), 7.7% of the 5-min area, and is not present in West Annapolis.

Impact on the Retail Mix

The Tapestry segments described above provide an overall summary of the characteristics of the residents in West Annapolis. These characteristics can inform the ideal mix of retail categories, type within the category and price point. Approximately 3/4 of West Annapolis households are characterized within the Urban Chic Tapestry Segment versus approximately 1/4 of the households in the primary market area. Urban Chic residents are characterized as well educated professionals whose retail and entertainment interests include upscale stores, food, and drink; natural/organic foods and health products; museums, dance, and other cultural activities.

Section 5. Retail Analysis & Supportive Development

5.1 Overview

This section of the report analyzes the retail supportable development for West Annapolis based on a reasonable capture of the 5-minute drive time area and projected capture of retail potential based on 2013-2018 growth in households and income. The retail analysis in this section focuses on the primary trade area for West Annapolis, the five-minute drive time market area. The retail capture projections and recommended retail types in this section are based on retail sales and expenditure calculations, field surveys, interviews, secondary data and shopper preference needs from a shopper intercept and internet survey conducted in 2012. The methodology is described in greater detail below.

The retail development targets presented in this section reflect Vantage Point's quantitative analysis of potential sales, store performance, and supportable square footage, as well as the qualitative results of the shopper preference surveys and key stakeholder interviews. The results and recommendations provided here offer a general guide for the types of retail uses that could be targeted in West Annapolis, and should be used as one of a number of tools and data sources in addressing area goals and objectives, and as appropriate, enhancing/expanding existing retail and/or attracting new retailers.

The West Annapolis commercial area includes a variety of retail, commercial and service uses creating an eclectic and attractive commercial area. The area includes the West II Shopping Center anchored by Graul's Market supermarket; various retail establishments, including PNC Bank, Rite Aid, Redd's Automotive, and a wide variety of specialized retailers along Annapolis Street. The area also includes various food establishments, including Gus Leanos Deli, BB Bistro, Regina's Restaurant, Great Harvest Bread, Canton Restaurant, Naval Bagels, Bella Italia, and 7-Eleven.

5.2 Retail Analysis & Supportable Development Methodology

Vantage Point examined a variety of retail categories, provided by ESRI Business Solutions, as well as demographic data, stakeholder interviews, previous shopper preference surveys, analysis of retail competition and other factors to determine potential retail opportunities for West Annapolis using the following 4-step method:

- Step #1: Identify Retail Trade Areas
- Step #2: Analyze the existing retail demand (expenditures) and retail supply (sales) to determine retail capture rates. (The proportion of demand in a given retail trade area that results in retail sales in West Annapolis.)
- Step #3: Determine the likely future (2018) retail demand in the 5 minute drive time primary trade area and the capture of retail expenditure potential and potential future West Annapolis retail sales
- Step #4: Translate the estimated future retail sales into supportable additional square feet and/or enhanced retail store performance (sales/SF) for West Annapolis by retail category.

Step 1: Identify Retail Trade Area

The primary retail trade area can be defined as the area from which majority of the retail demand for retail establishments in West Annapolis is derived. The definition of a Primary Trade Area is based on analysis of the following factors, all of which are described in greater detail in earlier sections of this report:

- Economic and demographic trends
- Transportation networks
- Drive times
- Physical boundaries
- Tapestry analysis
- Key stakeholder/commercial broker interviews
- Competitive retail centers
- Shopper preference surveys (in-person intercept and internet survey)

Based on the analysis of these factors, the primary trade area for which retail sales can be captured in West Annapolis is a five minute drive time surrounding the West Annapolis commercial neighborhood, and depicted in Figure 5.1 below.

Step 2: Analyze the Existing Retail Demand (Expenditures) in the Primary Trade Area and Retail Supply (Sales) in West Annapolis to Determine the West Annapolis Retail Capture Rates for Each Retail Categories

Calculating the supportable square feet for small commercial areas is a challenging undertaking. The methodology described below includes both quantitative and qualitative analyses and findings that incorporate numerical data and non-numeric information from interviews and shopper preference surveys.

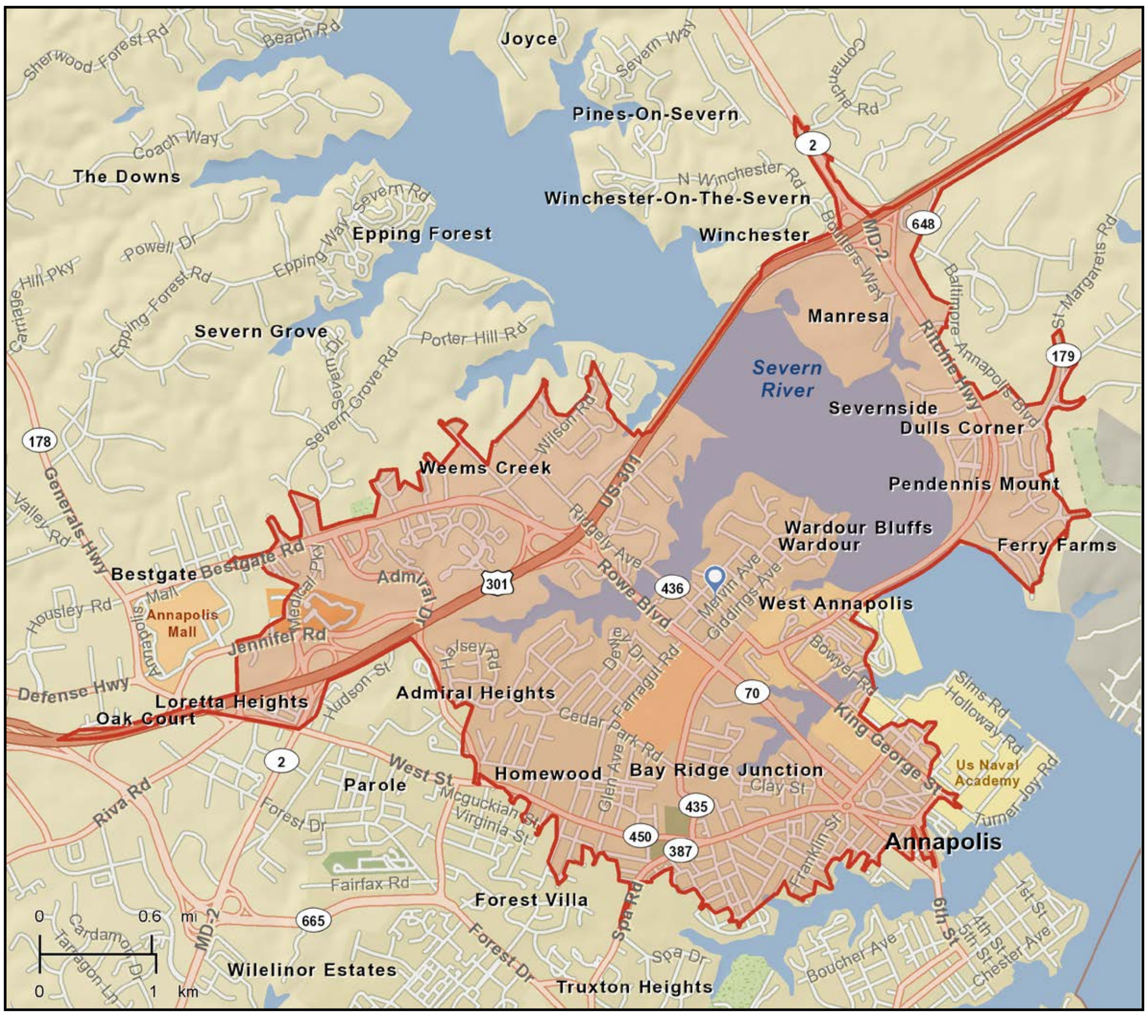


Figure 5.1: Primary Trade Area for West Annapolis

Quantitative Analysis. Utilizing data provided by ESRI Business Solutions, Vantage Point analyzed the retail demand and retail supply of relevant retail categories that are appropriate for the West Annapolis area. For each retail category, total expenditure potential (demand) is calculated and is defined as the total amount of spending potential by the residents of the trade area for a typical good or service. The percent of total household income spent is based on the demographic characteristics of the trade area. Area retail supply is also estimated for each trade area based on the number of establishments and employees. Existing sales are in turn estimated based upon the characteristics of supply and available secondary data.

Qualitative Analysis. Using our experience in Annapolis and being a West Annapolis business, Vantage Point conducted interviews, a field survey and other secondary source data gathering and analysis to confirm and adjust the ESRI data. This firsthand, on the ground approach provides important context and reality to the forecasts.

In estimating the order of magnitude of retail sales, performance level (sales per square foot) of stores in West Annapolis, Vantage Point undertook field surveys, interviews and secondary data analysis to identify the characteristics of West Annapolis businesses in terms of number and type of establishments and number of employees as shown in Table 5.1. There are a total of 28 retail establishments employing 174 persons based upon our field surveys, interviews and data analysis.

Table 5.1. West Annapolis, Business/Employees, June 2013				
Retail	28	9.8%	174	13.7%
Auto Related	2	0.7%	4	0.3%
Food Stores	3	1.0%	27	2.1%
Furniture & Home Furnishings	1	0.3%	3	0.2%
Health/Beauty Products	3	1.0%	18	1.4%
Miscellaneous Store Retails	12	4.2%	51	4.0%
Eating/Drinking	7	2.4%	71	5.6%
Personal Services	8	2.8%	39	3.1%
Beauty	5	1.7%	24	1.9%
Health	3	1.0%	15	1.2%
Finance Insurance/Real Estate	23	8.0%	78	6.2%
Services Summary	189	65.9%	772	60.9%
Professional Science/Technical	65	22.6%	253	20.0%
HealthCare/Social Service	44	15.3%	187	14.7%
Other Services	80	27.9%	332	26.2%
Other	39	13.6%	205	16.2%
Totals	**287**	**100.0**	**1,268**	**100.0%**
Total Population				1,040
Employees per Resident				1.22

Source: ESRI, VPDA Field Surveys and Estimates

We furthermore estimated the approximate square footage by store type, estimated sales by store type and calculated estimated existing sales per square foot. We undertook an iterative process based upon field surveys, interviews and data sources to refine our estimates as shown in table 5.2.

The estimated 28 stores occupy approximately 88,500 SF and in 2013 are generating retail sales estimated at approximately $25.3 million or almost $300 per square foot. Based upon our field surveys, key stakeholder interviews and available secondary data sources and our experience in similar communities, these appear to be reasonable estimates.

Table 5.2. Estimated 2013 West Annapolis Retail Sales Capture Rate of Primary Market Area (5-min Drive Shed)					
Retail Type	**West Annapolis Existing Sqaure Feet (Est)**	**West Annapolis Existing Sales Per SF ($)**	**Existing Sales West Annapolis**	**5-min Primary Trade Area Demand**	**Net Capture Rate (Sales/Demand)**
Auto Related	3,500	$338	$1,183,400	$46,954,049	2.5%
Food Stores	32,000	$410	$13,142,700	$48,014,716	27.4%
Furniture & Home Furnishings	1,500	$213	$319,200	$5,529,340	5.8%
Health/Beauty Products	9,000	$246	$2,076,400	$18,032,818	11.5%
Miscellaneous Store Retails	25,000	$137	$3,415,500	$66,764,476	5.1%
Eating/Drinking	17,500	$296	$5,171,300	$27,741,162	18.6%
Total/Average	**88,500**	**$298**	**$25,308,500**	**$213,036,561**	**11.9%**
Source: ESRI, VPDA					

These sales estimates for West Annapolis were then compared with estimated retail demand (expenditures) within the five minute drive time trade area. This allowed us to quantify the capture rates by various store types. Capture rates represent the proportion of retail potential or expenditures within the five minute drive time primary trade area that occur or are "captured" by retail establishments within West Annapolis.

These were "tested" for reasonableness based upon the supply and demand within the five minute drive time primary trade area. Based upon this analysis minor adjustments were made to the initial estimates of sales in West Annapolis to reflect the competitive market position within the primary trade area. Given the nature of the competitive supply within West Annapolis and the primary trade area, the overall average capture rate of approximately 12% is reasonable. Similarly, given the orientation of the retail supply in West Annapolis toward food stores, anchored by Graul's and the number of eating and drinking places higher capture rates would have been expected for these store types. As shown in the table the capture rate for food stores is approximately 27% and almost 19% for eating and drinking places.

The existing inventory of approximately 88,500 SF with sales of approximately $25.3 million or about 12% of the sales potential within the primary trade area establishes the base from which potential future retail sales, supportable square footage and retail mix can be evaluated.

Step 3: Determine the Future West Annapolis Retail Sales

Potential future retail sales levels in West Annapolis will be a function of growth in households and household expenditures within the primary trade area. Increased retail demand from the growth within the primary trade area, combined with the ability of the West Annapolis retail component to capture an increased proportion of this retail sales potential, will determine future West Annapolis sales. The number of households within the primary trade area is expected to increase by 1.8% over the 2013 through 2018 timeframe. During this time frame household income in the trade area is projected to increase at a rate of 3.2% per year, reflecting a combination of modest inflationary gains and even more modest gains in real income.

Table 5.3. Potential 2018 Retail Demand/Sales

Retail Type	Primary Trade Area Demand	West Annapolis Capture Rate	Potential West Annapolis Sales
Auto Related	$55,311,870	2.8%	$1,533,450
Food Stores	$56,561,335	30.1%	$17,030,311
Furniture & Home Furnishings	$6,513,563	6.4%	$413,619
Health/Beauty Products	$21,242,660	12.7%	$2,690,599
Miscellaneous Store Retails	$78,648,553	6.1%	$4,828,151
Eating/Drinking	$32,679,089	22.4%	$7,310,150
Total/Average	**$250,957,069**	**13.5%**	**$33,806,279**

Source: ESRI, VPDA

As shown in table 5.3, the growth in the primary trade area households and household income will result in an increase of retail expenditures i.e. demand potential from $213 million in 2013 to almost $251 million by 2018.

We believe that given improvements and enhanced marketing and merchandising within the West Annapolis area there is an opportunity to increase the current capture rate. We assume that an emphasis on specialty retail and eating and drinking places could result in approximately a 20% increase in the rate of capture. Other retail store types are assumed to increase their capture rate by approximately 10%. Estimates of capture rate for food stores are somewhat problematic as the current food stores enjoy a relatively high capture rate already. Given this already high capture rate we assume the ability to maintain this high capture rate and modestly increase it by 10%. In shown in the table the average capture rate is projected to increase from almost 12% to approximately 13.5%. Establishment types with the highest potential capture rate include food stores at approximately 30% and eating and drinking places at approximately 22.4%.

Applying the estimated capture rates to the potential retail demand allows us to estimate potential 2018 retail sales in West Annapolis. Overall retail sales are expected to increase from approximately $25.3 million to $33.8 million. This reflects a combination of both inflationary and real dollar increases. About one third of the increase reflects inflationary gains, about one third increases in retail capture rates and about one third growth in households in the primary trade area and real dollar increases in primary trade area household income.

Step 4: Determine the Future West Annapolis Supportable Square Feet/Store Performance

These projected retail sales increases can be translated into enhanced performance for existing retail establishments and/or support for additional retail square footage. Given the shortage of available potential new retail sites and the current performance level (sales per square feet) of existing West Annapolis retail establishments it is envisioned that the preponderance of this increased retail sales potential will translate into improved performance for existing establishments with minor potential infill. The analysis however provides guidance on the type of retail establishments that can be emphasized and supported.

In order to assist in providing guidance for the community, retail merchants and the public sector, we have evaluated the potential implications of 2018 retail sales in West Annapolis from both potential additional supportable square footage and the potential enhanced sales performance of existing establishments.

Table 5.4 displays the 2013 West Annapolis retail inventory in terms of square footage and the projected 2018 West Annapolis retail sales by store type in order to estimate additional supportable square feet.

A projected baseline sales performance has been estimated assuming that sales per square foot increases over the 2013 through 2018 timeframe at approximately the rate of inflation or 2% per year, (commonly referred to as sales in existing stores). Applying this baseline sales performance to the existing inventory allows us to estimate the proportion of 2018 sales that would be captured by existing stores (given this sales performance assumption). The difference between the sales captured by establishments in the existing 2013 inventory and total 2018 retail sales results in the calculation of residual sales potential that is available to support additional retail square footage. For purposes of analysis we have assumed that the potential additional stores would experience the same sales per square foot performance levels as the existing establishments.

Based upon these assumptions up to almost 20,000 SF of additional retail space could be supported. This would be comprised primarily of specialty retail opportunities (7,000 SF), eating and drinking places (5,000 SF) and food stores (almost 6,000 SF). Given the lack of potential sites for retail expansion it is unlikely that this additional retail space could be built. A large portion of the additional retail demand would likely result in enhanced performance of existing establishments.

Table 5.4. Potential 2018 Supportable Square Feet by Retail Category

Retail Type	Potential 2018 West Annapolis Sales	Baseline Sales Performance ($/SF)	Estimated 2018 Sales of 2013 Inventory @ Estimated Performace Level	2018 Residual Sales Potential to Support Additional SF	2018 Additional Supportable SF
Auto Related	$1,533,450	$372	$1,301,300	$232,150	624
Food Stores	$17,030,311	$451	$14,432,000	$2,598,311	5,761
Furniture & Home Furnishings	$413,619	$234	$351,450	$62,169	265
Health/Beauty Products	$2,690,599	$271	$2,435,400	$255,199	943
Miscellaneous Store Retails	$4,828,151	$151	$3,767,500	$1,060,651	7,038
Eating/Drinking	$7,310,150	$326	$5,698,000	$1,612,150	4,951
Total/Average	**$33,806,279**	**$328**	**$27,985,650**	**$5,820,629**	**19,584**
Source: ESRI, VPDA					

Table 5.5 displays an analysis of how performance of existing retail establishments could be increased over 2013 through 2018 timeframe, assuming there was no change in the 2013 inventory. In this scenario the potential 2018 retail sales volume by store type is compared to the existing 2013 retail inventory by store type. As shown in the table while the projected baseline sales per square foot increasing at the rate of inflation averages $328 per square foot; the potential sales performance could average $382 per square foot given the projected 2018 sales and no increase in the 2013 retail inventory. This would represent a 16% higher sales performance level. The sales performance levels however are all capable of taking place within the existing retail sales inventory.

The following section of the report discusses the potential implications of these findings.

Table 5.5. Potential 2018 Sales/SF Performance by Retail Category				
Retail Type	2013 Existing Square Feet	Potential 2018 West Annapolis Sales	Baseline Sales Performance ($/SF)	Performance (Assuming no change in retail SF)
Auto Related	3,500	$1,533,450	$372	$438
Food Stores	32,000	$17,030,311	$451	$532
Furniture & Home Furnishings	1,500	$413,619	$234	$276
Health/Beauty Products	9,000	$2,690,599	$271	$299
Miscellaneous Store Retails	25,000	$4,828,151	$151	$193
Eating/Drinking	17,500	$7,310,150	$326	$418
Total/*Average*	**88,500**	**$33,806,279**	***$328***	***$382***
Source: ESRI, VPDA				

5.3 Findings and Retail Recommendations

Based on the analysis in previous analysis sections coupled with the 2012 shopper surveys, key stakeholder interviews and our field survey, the following retail categories should be considered for the West Annapolis area. These recommendations should be tempered with the understanding that smaller, more unique and eclectic offerings make up the bulk of the retail in West Annapolis, especially along Annapolis Street and that a combination of enhancing retail performance and modest retail infill are the most likely scenarios.

- **Furniture, especially antiques:** this business type builds on existing offerings with a stronger antiques cluster, and to cater to the upscale tastes of residents (demand is included in the “miscellaneous retail” category)
- **Limited service restaurants:** the analysis above supports 3.500SF -6,300SF of additional restaurant space in West Annapolis. Based on the results of the 2012 survey and observations of the area, both limited service and full service restaurants would be appropriated.
- **Smaller full service restaurants:** together with limited service restaurants, these establishments would provide an array of dining options.
- **Health and Beauty, and Related:** West Annapolis provides neighborhood serving retail and services, among them health and beauty stores. In addition, and in support of the retail offerings, there are a number of health related establishments in the market area that would support this additional retail.

Section 6. Market Analysis: Residential Demand

This section assesses the current and potential future demand for residential development in the greater West Annapolis area, then estimates how much of that demand could specifically be captured by new West Annapolis residential development. The section in organized in to four components:

- Market area definition
- Existing housing market supply and demand trends
- Sources of demand
- Potential Barton Farm capture

6.1 Market Areas and Conditions

For the purposes of this analysis, the residential market area from which the West Annapolis neighborhood could draw the majority of its demand capture will come from within a 30-minute drive time. In reality, new home owners could come from anywhere in the state or country; however, is it necessary for forecasting purposes to define a more specific area. Vantage Point's assumption is that, absent any new residential units, inflow (residents moving to West Annapolis) and outflow (residents moving away from West Annapolis) will cancel each other out; thus, the new household growth is the demand base.

6.2 Sources of Demand: Household Growth

The analysis below takes into consideration two measures of household growth and uses both to inform the projections and recommendations:

- **West Annapolis Neighborhood:** The growth in the West Annapolis area itself will make up one end of the range of potential residential growth.
- **30-Minute Drive time Area:** Similar to the methodology employed for retail above, the relative share of the West Annapolis households to households in the 30-minute drive time will be calculated and used for forecasting purposes.

Potential Market Capture

Table 6.1 shows the projected household growth in West Annapolis and the 30-minute drive time, as well as the relative ratio of West Annapolis households to the 30-minute drive time over the 2012-2017 time period.

Table 6.1. Residential Projection, West Annapolis, 2012-2017					
	Census 2010	**2012**	**2017**	**2013-2018 Change**	**Annual Change**
West Annapolis	434	447	481	34	7
30-minute drive time area	405,718	410,816	424,733	13,917	2,783
West Annapolis Share of HHs	0.107%	0.109%	0.113%	16	3

Source: ESRI, Vantage Point

Residential Conclusions

Using the two methods of calculating residential demand, the West Annapolis area could absorb as many as 16 to 34 new units over the 2013-2018 time period, or approximately 3-7 units annually. This finding utilizes conservative capture rates, and would require additional land availability or multi-level development. Given the current make-up of the West Annapolis area, and potential infill sites, while there is supportable demand, there is insufficient land/building space available to achieve this potential.

New residential development in the short-term will likely be infill, rehab and other single-property developments. Should an appropriate development site be located, larger scale residential development could be supported in the mid-term as the residential market continues to regain strength and private residential developers reenter the market.

Section 7. Implications for the 2030 Comprehensive Plan

While demographic trends can fairly accurately be forecast out 20-30 years, the lens by which market forecasts are made is typically much shorter. The forecasts provided above represent the present to 2018 time period. Given the current trends and growth in the market, it is reasonable to project that these absorption growth rates will continue to 2020 as well as to over the 2020-2030 period as well. In which case, the retail absorption in the West Annapolis district would be an additional 7,800 SF through 2020, for a total of 27,400. Over the 2020-2030 period, and assuming a comparable growth in population and income, an additional 40,000 square feet would be supportable in the greater West Annapolis District. This represents a total of over 67,000 SF of additional retail square feet in West Annapolis.

Similarly, the residential projections through 2018 would be expected to continue at the same, or likely a slightly faster rate, though the 2020 period and full 2030 Comprehensive Planning period. This would result in the support for approximately 120 new households in the West Annapolis area over the present-2030 time period.

Note: Supportable vs. Achievable. It is important to note, as described in greater detail below, that the present-to-2030 forecasts above represent the total “potential supportable” retail square feet and residential units in the District, but not necessarily what is practical, physically supportable or recommended. In the section below, constraints on development that would capture the full development potential are described in greater detail.

Constraints on Development

The retail forecasts in this section and the residential forecasts in the following section present the total possible absorption of space over the 2013-2030 comprehensive plan period. That is not to say that this amount of space will physically fit within the area or that current policies, preferences, and/or ordinances will allow for it to occur.

Neighborhood Character and Culture. A primary constraint on development, at present, is that the forecasts above do not fit within the current West Annapolis neighborhood character and culture. This is a walkable tight-knit, single family detached district with small ground floor retail with commercial density only in the southeast corner. The addition of the maximum supportable residential units or retail space would require significant increase in residential density and the redevelopment of the dense commercial node. At this time, the required increase in densities needed are not favorable to the existing citizen base. The plan should reflect that should the neighborhood character change, there is sufficient potential demand to increase residential densities.

Land Constraint. The West Annapolis neighborhood is largely built out as a suburban residential neighborhood with low density retail, low rise office and a commercial node along Rowe Blvd and Taylor Ave. As such, there is limited land availability for additional retail uses. The largest opportunity for additional retail is in the Rowe/Taylor area but would require redevelopment of existing parcels currently occupied with income producing companies. Looking longer term, out to 2020 or beyond, redevelopment of the Grauls shopping center (not planned at this time) to a higher density development, possibly with second floor uses and structured parking, would allow for significant increase in the retail space available in the market.

Parking Constraint. While there is sufficient off-street parking in the overall West Annapolis District for West Annapolis business uses, that parking is not being shared, nor is it included in a parking management plan. From field surveys conducted as part of this project, it is evident that the offices along Giddings and Ridgely have a modest daily parking surplus, and that their parking lots are largely empty from 6:00pm on.

More important, current City parking requirements and residential parking zones in the West Annapolis area may be barriers to recruiting some of the uses described in Section 6. Because there is no formalized policy or accommodation for shared parking, restaurants, delis and other uses with larger parking needs (and larger parking requirements under City codes) are not able to secure or construct the required amount parking, and thus cannot locate in the District. This prevents one of the stronger and higher potential uses, an upscale full service restaurant, from locating in West Annapolis. Even a small coffee shop that recently sought to locate on Annapolis Street found it could not meet the parking need and chose to locate elsewhere.

Shared parking is a tool through which adjacent property owners share their parking lots and reduce the number of parking spaces that each would provide on their individual properties. In a shared or managed parking program, parking can be shared among different buildings and facilities in an area to take advantage of different peak periods. For example, an office complex can efficiently share parking facilities with a restaurant or special events, since offices require maximum parking during weekdays, while restaurants and special events require maximum parking during evenings and weekends. As a result, the total amount of off-street parking for the District overall could potentially be reduced 40-60% compared to the sum of standard off-street parking requirements for each destination

Shared Parking has been used in traditional, walkable, commercial nodes for decades, including communities throughout Maryland. Such mixed-use neighborhoods often have shops, offices, residences, and entertainment uses side-by-side. By taking advantage of different peak hours of parking demand, shared parking reduces the costs and land requirements of parking.

Once permitted under City codes, shared parking could be implemented on an individual basis (i.e., two businesses agreeing to share parking), or district-wide. Parking districts are often implemented and encouraged by establishing parking sharing brokerage services to match potential sharing partners, which can be provided by a *Transportation Management Association*, local government agency, or business improvement districts. West Annapolis could form an oversight committee that responds to concerns of business owners and operates the parking sharing brokerage committee.

To enable shared parking, the City's zoning ordinance (and any other relevant land development ordinances) should be amended. This revised language should introduce the principals behind shared parking, the conditions under which shared parking is a viable solutions—such as when it is determined that cumulative shared parking for multiple establishments with different peak parking periods is a viable solution. The zoning ordinance can still require minimum parking conditions per use, and parking can be distributed to local private lots based on the parking occupancy rates and parking generation tables. New development process can utilize "Shared Parking Agreements" during the development and zoning process to account for parking requirements.

Implications for the Comprehensive Plan. The forecasts described in this report provide guidance through the 2018 period, or approximately 5 years. Based on current trends in household growth, expenditure potential and other factors, the absorption rate through the 2018 period would be expected to continue through the 2030 period. However, the physical boundaries of the West Annapolis district will not increase over that period and the only way to increase retail/residential absorption is to increase development density, which at the time of this report was not the desire of the West Annapolis resident or business base.

Appendix: Competitive Retail Center Inventory

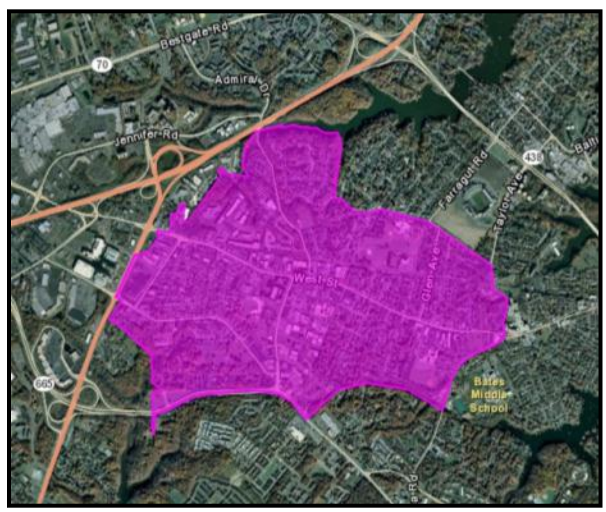
A.1 Overview

Due to the unique geographic location and characteristics of the West Annapolis and the greater City of Annapolis, retail demand for the identified commercial districts is primarily driven from households located within city limits, local office and State government employees, tourists and students, and facility and staff from the U.S. Naval Academy and St. John's College. With the lack of major big-box retailers, retail within the City of Annapolis primarily consists of small-scale retail establishments.

A.2 Competitive Retail Clusters and Centers

Vantage Point identified and profiled competitive retail clusters within the city and retail centers located outside the city limits of Annapolis, which consist of primarily large big-box retail centers and serve as main competition to retail establishments located in the City of Annapolis. These analyses are summarized below. Retail Centers are summarized in Table A.1.

Outer West Street

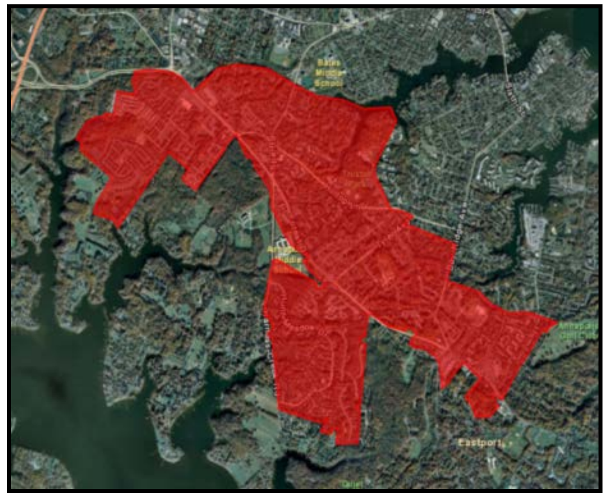


- Automotive related establishments including Sheehy Nissan of Annapolis, Advanced Auto Parks, Annapolis Car Center, Jiffy Lube, Precision Tune Auto Care, Klaking Motors, Thrifty Auto Repair, Satellite, Fitzgerald Auto Mall, NextCar of Annapolis, Valvoline Instant Oil Change, Midas Annapolis, Pep Boys Auto, Severn Auto Body, Honda of Annapolis, Adams Jeep of Annapolis, Criswell Audi, Criswell Acura, Rich Morton Lincoln Mercury, Annapolis Hyundai, and AAMCO Transmission & Auto Service.

- Food / eating establishments including Papa John's Pizza, Dunkin Donuts, KFC, Court of Shanghai, Wendy's, McDonald's, Burger King, Chris' Charcoal Pit House, Philly Flash, Starbucks, The Whiskey Restaurant, Carlson's Donuts & Thai Kitchen, Paul's Homewood Café, and the Wild Orchard.

- Other retail establishments such as Rite Aid, BB&T Bank, McCormick's Paints, Bills Carpet Fair, Budget Truck Rental, Rent-A-Center, Nail Works, Beauty Max, Duron Paints, Zips Dry-cleaning, Sun & Earth Natural Food, Severn Savings Bank, Fast Signs of Annapolis, Public Storage, PNC Bank, and Commerce First Bank.

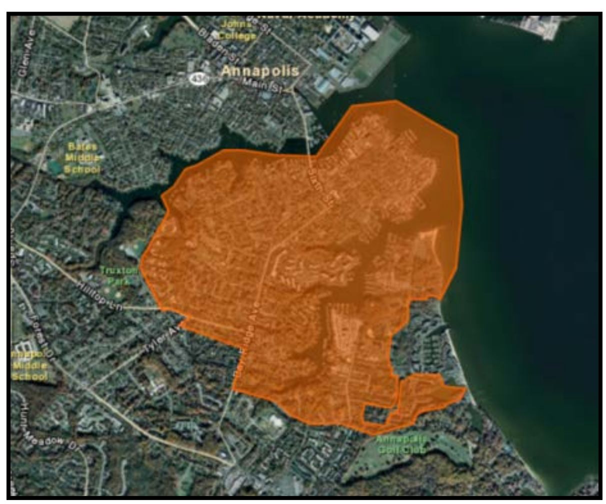
Forest Drive



- Food / eating establishments including Ledo's Pizza, Starbucks, Safeway, Quizno's, 7-Eleven, Bruster's Ice Cream, Wine Cellars of Annapolis, Annapolis Wine & Spirits, Annapolis Seafood Markets, Domino's Pizza, CVS Pharmacy, Grumps Café, Bay Ridge Wine & Spirits, McDonalds, Subway, Parthenon, Rita's Water Ice, C&C Liquors, Main Ingredient Café, Jack's Fortune, Rocco's Pizzeria, Scott Brothers Wine & Spirits, and Zu Coffee.

- Other retail establishments including CVS Pharmacy, Take-One, Annapolis Computers, Luxury Laundry Services, Bowen's Automotive Parole Services, A Arundel Auto Services Center, Admiral Tire & Auto Center, K&B True Value, Bay Ridge Texaco, Blockbuster, BB&T, Leah's Dog Salon, West Marine, Oasis Tanning Salon, American Nails, Bavaria Yachts, Gateway Florist, Value Nails, Second Look, Admiral Cleaners.

Eastport



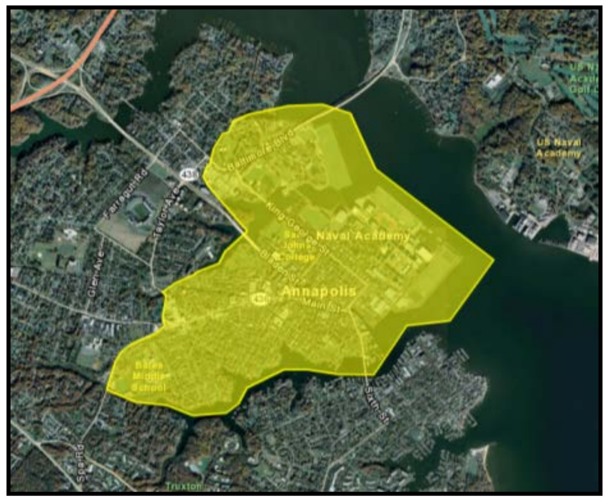
- Food / eating establishments including Royal Farms, Rockfish Bar and Grill, Carrols' Creek Café, Lewnes' Steakhouse, Ruth's Chris Steak House, Boatyard Bar and Grill, O'Leary's Seafood, Chart House, Adams Ribs East, David's Pub, Squisito Pizza, Palate Pleasers, and Leeward Market Café & Pizzeria.

- Maritime related retail establishments including Sarles Boatyard and Yacht Sales, Petrini Shipyard, Pier 4 Marina, Admiral of the Bay, Bay Yacht Agency, Severn Sailing Association, Eastport Yacht Club, Aps-

Annapolis Performance Sailing, Maryland Capital Yacht Club, Classic Sail Charters, Annapolis Maritime Museum, Eastport Yacht Center, North Point Yacht Sales, Farr Yacht Design, Weems & Plath, Mears Marina, Bert Jabins Yacht Yard, Bay Shore Marine Engine Services, Tidewater Annapolis, Chesapeake Rigging, Annapolis Yacht Sales, Gemini Catamarans Performance Cruising, Peter Kennedy Yacht Services, Port Annapolis Marina, Crusader Yacht Sales, Authentic Yacht Brokerage, and Watermark Cruises.

- Other retail establishments include Fleet Feet Sports Annapolis, House of Ebbitt Salon, Mercedes-Benz of Annapolis, Spin Sheet Publishing Company, and the Annapolis Maritime Museum.

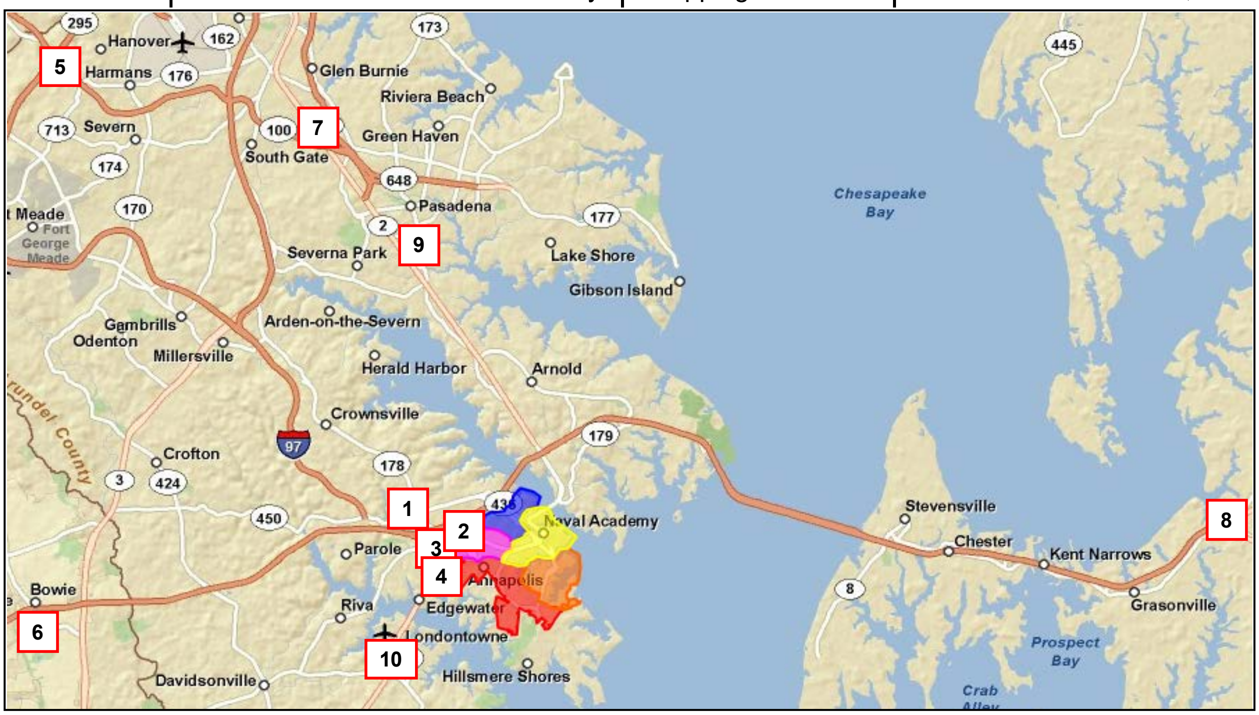
Downtown / Inner West Street



- Food / eating establishments including Azure, Subway, Fado Irish Pub & Restaurant, Carpaccio Tuscan Kitchen, The Latin Quarter, Indias, Reuben's, Lemongrass, Tsunami, Pad Thai, Rams Head Tavern, Reynolds Historic Tavern, Level Restaurant, Luna Blue, Annapolitan Club, Subway, Main Street Mini Mart, Piccola Roma, Joss Café & Sushi Bar, Castlebay Irish Pub, Nostalgia Cupcakes, Osteria 177, Café Normandie, La Belle Cezanne, Chick & Ruth's Delly, Casa Nova, OB's Prime Steakhouse, Uncle Bob's Fudge Kitchen, Buddy's Crabs & Ribs, O'Brien's Oyster Bar & Restaurant, Mangia Italian Grill & Sports, City Dock Café, Maria's Sicilian Ristorante & Café, McGarvey's Saloon, Middleton Tavern, Corner Café, and Dock Street Bar & Grill.

- Other retail establishments include Admiral Dry Cleaning, Varuna Salon Spa, PharmAthene, Capital Liquors, Silver Star Service Center, Annapolis Mitsubishi, European Pine & Imports, Africana Hair Braiding, Sir Speedy Printing, M&T Bank, Rams Head Live, B D Medical Supplies, B&D Tailors, PNC Bank, Annapolis Pool & Spa Services, Laurance Clothing, Main Street Gallery, Annapolis Ice Cream, Capital Comics, Ron George Jewelers, American Craftworks Collection, Leader, Lilac Bijoux, Avoca Handweavers, Pepper's, Annapolis Cigar, Kilwins Chocolate, White House Black Market, WR Chance Jewelry, Zachary's Jewelers, Mary & Blanche, Mills Fine Wine & Spirits, Hates in the Belfry, Chico's, Hard Bean, Vivo, Federal House, The Pink Crab, Mixed Greens, Resalils Holley of Annapolis, CS Creative Suite, Big Cheese, and Stevens True Value Hardware.

Table A.1: Competitive Retail Centers			
Map Key	Retail Center	Type	Square Feet
1	Westfield Annapolis	Shopping Mall	1,416,774
2	Annapolis Towne Center	Town Center	674,850
3	Festival at Riva	Shopping Mall	604,251
4	Annapolis Habour Center	Shopping Mall	290,000
5	Arundel Mills	Shopping Mall	1,300,000
6	Bowie Town Center	Town Center	684,000
7	Marley Station	Shopping Mall	1,069,000
8	Queenstown Premium Outlets	Outlet Center	298,000
9	Severna Park MarketPlace	Shopping Mall	271,000
10	MarketPlace at South River Colony	Shopping Mall	235,000



Westfield Annapolis

Westfield Annapolis is located near the intersection of U.S Route 50 and Interstate 97, and is comprised of approximately 1.4 million square feet of retail. The mall includes over 240 stores, of which 5 are anchors including Nordstrom, JCPenny, Sears, Macys and Lord & Taylor.

Annapolis Towne Center

Annapolis Towne Center is located at the intersection of Riva Road and Town Centre Boulevard and is comprised of approximately 674,850 square feet of retail. It contains 52 stores, of which 4 are anchors including Target, Whole Foods, Bed Bath & Beyond, and 24 Hour Fitness.

Festival at Riva

Festival at Riva is located at the intersection of Riva Road and Forest Drive and is comprised of approximately 304,250 square feet of retail which includes 5 anchors: Giant Foods, TJ Maxx, Michaels, Petco, and Factory Card Outlet.

Annapolis Harbour Center

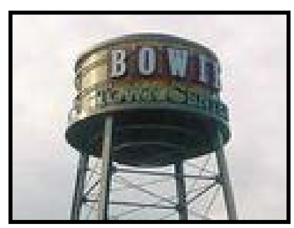
Annapolis Harbour Center is located at the intersection of Route 2 and Aris T. Allen Boulevard (Route 665), and is comprised of approximately 290,000 square feet of retail. It contains 45 retailers and eateries including Old Navy, PA Dutch Farmer's Market, Nordstrom Rack, Barnes & Noble, Bowtie Cinemas, and JoS. A. Bank Clothiers among many others.

Arundel Mills

Arundel Mills is located at the intersection of the Baltimore / Washington Parkway and Maryland Route 100 in Hanover, and is comprised of approximately 1,300,000 square feet of retail. It contains 225 stores, of which 17 are anchor tenants. Major select tenants include Bass Pro Shops Outdoor World, Old Navy, Best Buy, Burlington Coat Factory, TJ Maxx, Modell's Sporting Goods, Neiman Marcus, and Saks Fifth Avenue.

Bowie Town Center

Bowie Town Center is located on just south of the intersection of U.S. Route 50 and Maryland Route 197 in Bowie, and is comprised of approximately 684,000 square feet of retail. It contains 83 stores, of which 6 are anchor retailers including Macy's, Sears, Barnes & Noble, and Bed Bath & Beyond, Old Navy and Safeway.



Marley Station

Marley Station is located at the junction of Maryland Route 2 and Maryland Route 100 in Glen Burnie, and is comprised of approximately 1 million square feet of retail. It contains 110 stores, of which 3 are anchor tenants including Macy's, JCPenny, and Sears.

Queenstown Premium Outlets

Queenstown Premium Outlets is located at the intersection of Route 50 and Route 301 in Queenstown, and is comprised of approximately 298,000 square feet of retail, which includes 65 stores. Major select tenants include Adidas, Banana Republic, Brooks Brothers, Calvin Klein, Coach, Gucci, J. Crew, Juicy Couture, Kate Spade, Michael Kors, Nike, and Ralph Lauren.

Severna Park MarketPlace

Severna Park MarketPlace is located at the intersection of Route 2 and McKinsey Road, in Severna Park, and is comprised of approximately 271,095 square feet of retail. Major anchors at this shopping center are Office Depot, Giant Foods, Old Navy and Kohls.

Market Place at South River Colony

The MarketPlace at South River Colony is located at the intersection of Route 2 and Route 214 in Edgewater, and is comprised of approximately 235,000 square feet of retail. Major select tenants include Kmart, Food Lion and Rite Aid.

Summary

Strong competing retail centers with national tenants are located immediately outside of and in close proximity to the City of Annapolis. These retail centers and their close proximity to the City make it difficult for the City to complete on a national scale, or to create destination retail to be competitive. This strong national competition creates the need for Annapolis to identify market niche offerings particular to this region and economy.