



# City of Annapolis Department of Economic Affairs

## Commercial Tax Base Update

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## I. EXECUTIVE SUMMARY

During the spring of 2009, the City of Annapolis requested consultant services to assist in updating commercial tax base information for the City’s six main commercial districts. Individually, these areas are identified as the *Inner West Street District, Downtown District, Outer West Street District, Eastport District, Forest Drive District and West Annapolis District*. In May of 2009, MFSG provided the City with a scope of work for the assignment and was subsequently hired by the City to update year 2000 tax base information for the City’s six main commercial districts.

The primary objective of this study was to update commercial tax data for each of the City’s six commercial districts for several categories including total parcels, total acres, total building square footage, total assessed land value, total assessed building value, total assessed value, assessed building value per square foot, assessed land value per square foot and floor to area ratio that was previously developed for the City by RKG Associates, Inc. in its *District Economic Development Strategic Study*. To the extent practical, we have compared data with the same/similar tax base data compiled in the RKG study prepared in 2000. Land use categories that were utilized consist of the following:

Hotel	Automotive	Parking	Eating and Drinking
Retail Store	Mixed-Use	Shopping Center	Office Space
Medical & Health	Bank	Warehouse	Other
Manufacturing	Recreational	Marina	

Overall, our results indicate very substantial increases in almost all categories between 2000 (1998 tax year) and 2009 (2008 tax year) study periods. This is primarily a result of the very large increase in commercial development and the existing commercial assessable base that has occurred in the mapped commercial tax areas over the last ten years. The key data sets that compare/contrast 2008 tax base data with the same/similar tax base data compiled in RKG’s *District Economic Development Strategic Study* prepared in 2000 are as follows:

Category	1998 (Tax Year)	2008 (Tax Year)	Percent Difference
Total Parcels	716	1,122	56.7%
Total Lot Acres	353.7	464.5	31.3%
Total Bldg SF	5,640,457	6,720,328	19.1%
Total Assessed Land Value	\$ 229,653,255	\$ 701,421,860	205.4%
Total Assessed Bldg Value	\$ 258,736,265	\$ 512,937,840	98.2%
Total Assessed Value	\$ 488,389,520	\$ 1,214,359,700	148.6%
Bldg Value per SF	\$ 45.80	\$ 76.33	66.7%
Land Value per SF	\$ 14.90	\$ 34.66	132.7%
Floor to Area Ratio (FAR)	36.6%	33.1%	-9.4%

## II. PROJECT OVERVIEW AND BACKGROUND

### 1. Introduction

The City of Annapolis is governed by a Mayor and a City Council, with the Mayor as the presiding officer and eight Aldermen comprising the City Council. One Alderman is elected from each of the eight wards into which the City is divided and must be a resident of the ward for which they represent. The Mayor is elected at-large. The Mayor and Aldermen serve four-year terms, commencing in December of the year following a presidential election. The City Council has six standing committees: Economic Matters, Finance, Public Safety, Rules and Government, Environmental Matters and Housing and Human Welfare. The Mayor and Aldermen each have one vote. A simple majority is sufficient to pass legislature.

Periodically, the City Council is called upon from time to time to enact legislation (examples include raising or lowering the property tax rate and the introduction/elimination of user fees) that may have long-term economic, programmatic and fiscal implications for Annapolis. The extent of these implications is not always completely known and impacts are assumed based on subjective rather than analytic criteria. To provide an appropriate means for the City Council to better evaluate the potential “fiscal impacts” of these legislative decisions, in FY 2009 the Council budgeted funds for the Department of Economic Affairs (DEA) to obtain consultant assistance in determining the economic impact of certain legislation and special events on Annapolis. In late 2008, the City released RFP 09-10 requesting consultant services to perform “as-needed” economic impact/fiscal impact analysis work to assist the City Council in their consideration of special events and/or legislative actions. In January 2009, MFSG responded to the RFP and was subsequently selected to conduct fiscal impact/economic studies on an as-needed basis.

During the spring of 2009, the City expressed a desire for consultant services to assist in updating commercial tax base information. In May of 2009, MFSG provided the City with a scope of work and was subsequently hired by the City to update 2000 tax base information for the City’s six main commercial districts. Individually, these areas are identified as the ***Inner West Street District, Downtown District, Outer West Street District, Eastport District, Forest Drive District and West Annapolis District***; each of which are further described in the body of this report.

### 2. Background

In July of 2000, RKG Associates, Inc. completed a *District Economic Development Strategic Study* for the City of Annapolis-Economic Development Office. That study provided the City with a critical review and analysis of the six main commercial districts and their capacity to support future economic development initiatives. As part of that study, the consultants utilized a land use database (*MdProperty View*) provided by the Maryland Department of Planning to spatially link property data for acreage, land use, building square footage and assessment values. RKG grouped all commercial properties into land use categories as shown below and calculated assessed values for each.

Hotel	Automotive	Parking	Eating and Drinking
Retail Store	Mixed-Use	Shopping Center	Office Space
Medical & Health	Bank	Warehouse	Truck Terminal
Manufacturing	Recreational	Marina	

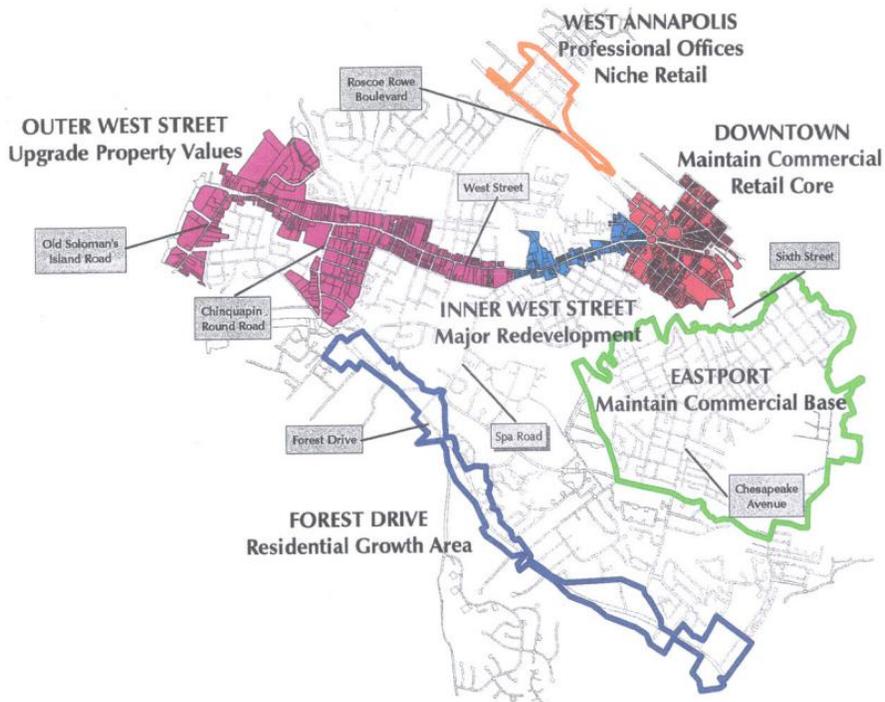
MFSG has also grouped all land uses provided in *MdProperty View* to match the categories created by RKG for ease of comparison. As some land uses did not match any of the categories created by RKG, an “Other” category has also been created to account for those. Also, the category of “Truck Terminal” has been excluded as the RKG study did not present any information for that category nor were any properties defined for the category in this study.

The City’s Economic Development Office utilized student interns to at least partially update tax base information for the six commercial districts approximately two years ago using tax year information from 1998-2005. While helpful, this effort did not provide a comprehensive analysis of tax base information that could be easily compared with the results of the RKG Study in 2000. Having up-to-date tax base information for the six commercial districts is extremely important for economic planning purposes, and the City’s Department of Economic Affairs is determined to have this database updated.

**The geographic delineation of the City’s six commercial districts as described in this study have been produced by the City of Annapolis and derived from the delineation that was previously utilized in the RKG *District Economic Development Strategic Study*.**

Figure 1.1 below depicts the location and boundaries of each of commercial districts.

***Figure II.1 –Six Commercial Districts (1998)***



### III. COMMERCIAL TAX BASE ANALYSIS

#### Analysis Overview

During the initial stages of the study, we developed preliminary data for each of the City's six commercial districts for several categories including total parcels, total acres, total building square footage, total assessed land value, total assessed building value, total assessed value, assessed building value per square foot, assessed land value per square foot and floor to area ratio. To the extent practical, we compared this data with the same/similar tax base data compiled in the RKG *District Economic Development Strategic Study* prepared in 2000. MFSG did not have access to the tax year 1998 database used in the RKG study, making a detailed comparison of the two separate databases (for the 1998 and 2008 tax years) impossible. **As part of that study, the consultants utilized a land use database (*MdProperty View*) provided by the Maryland Department of Planning to spatially link property data for acreage, land use, building square footage and assessment values. It should be noted that the accuracy of *MdProperty View* data has been substantially enhanced within the last ten years as a result of the inclusion of local (County/City) databases.** Lacking access to the tax year 1998 database and as a result of the enhancements to *MdProperty View* data sets, it is difficult to compare the two data sets in an “apples to apples” manner.

We have developed updated commercial tax base information (distribution of land use, tax base, development densities, assessed value per square foot) for each of the individual commercial districts and have included a description, map, key highlights and a summary chart for each below. It should be noted that all non-commercial land use data has been excluded from our analysis.

## 1. Inner West Street District

The Inner West Street District is the City’s primary economic opportunity corridor and consists of a dense mix of office, institutional, small retail establishments from Church Circle to the Loew’s Hotel. This is a vibrant area with few vacancies and a significant amount of garage parking. The city-owned 267-space Knighton Parking Garage site at the corner of West Street and Colonial Avenue provides ample parking for the central core of the corridor. Park Place anchors what has evolved into the business and commercial center for the City of Annapolis. The area of West Street between Church Circle and Calvert Street is identified as the “hip, cool, and trendy place in town” with its variety of restaurants and small locally-owned retail shops. New Class A office space from Calvert Street to Colonial Street has come on the market with a low vacancy rate compared to similar space in the county or the state. Additionally, the O’Callaghan Hotel, completed in 2002, offers an Irish ambiance in a historical setting with 125 rooms. All phases (I, II, III) of the Inner West Street public construction project are completed. Street trees line the bricked sidewalks; all utilities are underground; and all water and sewer pipes are new. The unit block of West Street links the downtown historic core with a sensitively designed bricked street and pedestrian crosswalks.

*Figure III.1 – Inner West Street District (1998)*



### Distribution of Land Uses

- For tax year 2008, the Inner West Street District included 134 parcels on approximately 28.3 acres of land dedicated to commercial uses. In total, this district accounts for about 11.9% of the 1,122 total commercial parcels and 6.1% of the 464.5 total commercial acres located within the six commercial districts. The predominant commercial land use in this district is Office Space with 61 total commercial parcels on 8.6 acres of land, followed by Other with 25 parcels on 5.1 acres of land. In total, the number of Office Space use parcels accounts for 16.2% of the 376 parcels with an Office Space use within the six commercial districts.
- For tax year 1998, the Inner West Street District included 99 parcels on approximately 25.0 acres of land dedicated to commercial uses. In total, this district accounted for about 13.8% of the 716 total commercial parcels and 7.1% of the 353.7 total commercial acres located within the six commercial districts. The predominant commercial land use in this district by number of parcels was also Office Space with 40 total commercial parcels followed by Retail Store with 24 parcels.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 35 (35.4%) and commercial acreage has increased by 3.2 (12.9%).

### Distribution of Tax Base

- For tax year 2008, the Inner West Street District contributed approximately \$190.2 million in commercial assessed value for the City. Office Space uses contributed the majority of the assessable base with \$100.2 million followed by Hotel uses with \$45.4 million in commercial assessable value. In total, this district accounts for about 15.6% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the Inner West Street District contributed approximately \$68.9 million in commercial assessed value for the City. In total, this district accounted for about 14.1% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 121.4 million (176.3%).

### Development Densities

- For tax year 2008, the Inner West Street District was the second most densely developed district in the City with a commercial floor area ratio (FAR) of 76.0%. This district had 937,500 SF of commercial floor area on 28.3 acres.
- For tax year 1998, the Inner West Street District was also the second most densely developed district in the City with a commercial floor area ratio of 79.7%. This district had 869,300 SF of commercial floor area on 25.0 acres.

Assessed Value Per Square Foot

- For tax year 2008, the Inner West Street District had the highest average assessed value for commercial building coverage at \$137.66 per SF. Land values for all uses within this district averaged \$49.67 per SF.
- For tax year 1998, the Inner West Street District had an average assessed value for commercial building coverage of \$55.74 per SF. Land values for all uses within this district averaged \$18.70 per SF.

Table III.1 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

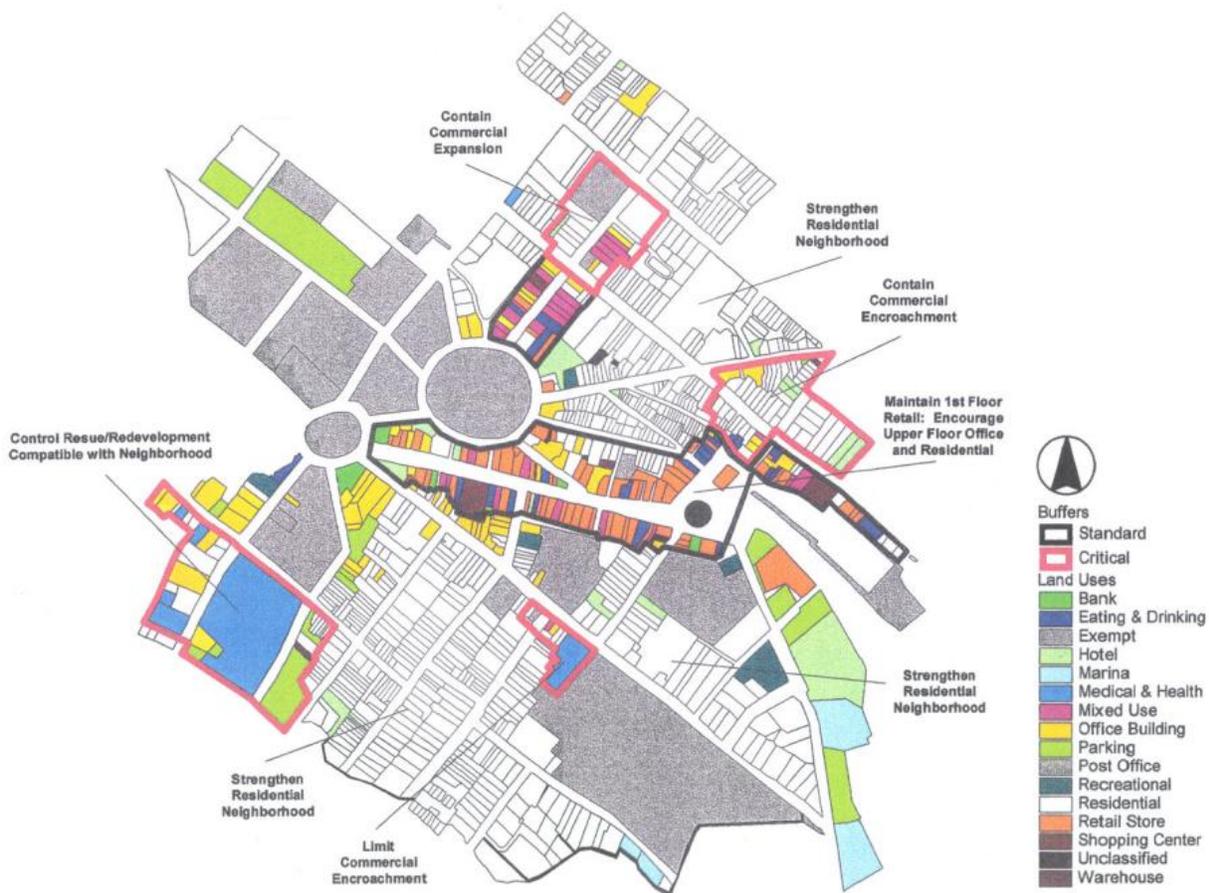
***Table III.1 - Land Use & Tax Base Comparison - Inner West Street District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	99	134	35.4%
Total Lot Acres	25.0	28.3	12.9%
Total Bldg SF	869,304	937,516	7.8%
Total Assessed Land Value	\$ 20,399,085	\$ 61,158,000	199.8%
Total Assessed Bldg Value	\$ 48,456,515	\$ 129,060,700	166.3%
Total Assessed Value	\$ 68,855,600	\$ 190,218,700	176.3%
Bldg Value per SF	\$ 55.74	\$ 137.66	147.0%
Land Value per SF	\$ 18.70	\$ 49.67	165.6%
Floor to Area Ratio (FAR)	79.7%	76.0%	-4.7%

## 2. Downtown District

The Downtown District contains a wide array of land uses including office, retail, mixed-use, government, institutional, medial, residential and maritime uses. With few exceptions the condition and tenancy of buildings within this district are very good. In addition to the concentrations of retail uses on Maryland Avenue, Main Street, Francis Street and Dock Street, there are larger office uses located north of State Circle between Bladen Street and Cathedral Street, with some additional office space along Duke of Gloucester Street. The District is largely residential in nature and consists of some of Annapolis' oldest neighborhoods. Maritime land uses are located in the southern edge of the District at Spa Creek.

*Figure III.2 –Downtown District (1998)*



### Distribution of Land Uses

- For tax year 2008, the Downtown District included 256 parcels on approximately 22.0 acres of land dedicated to commercial uses. In total, this district accounts for about 22.8% of the 1,122 total commercial parcels and 4.7% of the 464.5 total commercial acres located within the six commercial districts. The predominant commercial land use in this district is Office Space with 81 total commercial parcels on 4.9 acres of land, followed by Retail Store with 66 parcels on 4.4 acres of land. In total, the number of

Office Space use parcels account for 21.5% of the 376 parcels with an Office Space use within the six commercial districts.

- For tax year 1998, the Downtown District included 226 parcels on approximately 19.7 acres of land dedicated to commercial uses. In total, this district accounted for about 31.6% of the 716 total commercial parcels and 5.6% of the 353.7 total commercial acres located within the six commercial districts.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 30 (13.3%) and commercial acreage has increased by 2.3 (11.9%).

#### *Distribution of Tax Base*

- For tax year 2008, the Downtown District contributed approximately \$311.2 million in commercial assessed value for the City. Retail Store uses contributed the majority of the assessable base with \$76.8 million followed by Office Space uses with \$65.7 million in commercial assessable value. In total, this district accounts for about 25.6% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the Downtown District contributed approximately \$146.5 million in commercial assessed value for the City. In total, this district accounted for about 30.0% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 164.8 million (112.5%).

#### *Development Densities*

- For tax year 2008, the Downtown District was the most densely developed district in the City with a commercial floor area ratio of 120.5%. This district had 1.16 million SF of commercial floor area on 22.0 acres.
- For tax year 1998, the Downtown District was also the second most densely developed district in the City with a commercial floor area ratio of 131.8%. This district had 1.13 million SF of commercial floor area on 19.7 acres.

#### *Assessed Value Per Square Foot*

- For tax year 2008, the Downtown District had the third highest average assessed value for commercial building coverage at \$105.21 per SF. Land values for all uses within this district averaged \$197.43 per SF.
- For tax year 1998, the Downtown District had an average assessed value for commercial building coverage of \$62.60 per SF. Land values for all uses within this district averaged \$88.46 per SF.

Table III.2 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

***Table III.2 - Land Use & Tax Base Comparison - Downtown District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	226	256	13.3%
Total Lot Acres	19.7	22.0	11.9%
Total Bldg SF	1,129,334	1,158,418	2.6%
Total Assessed Land Value	\$75,793,370	\$189,372,770	149.9%
Total Assessed Bldg Value	\$70,700,200	\$121,871,640	72.4%
Total Assessed Value	\$146,493,570	\$311,244,410	112.5%
Bldg Value per SF	\$62.60	\$105.21	68.1%
Land Value per SF	\$88.46	\$197.43	123.2%
Floor to Area Ratio (FAR)	131.8%	120.5%	-8.6%

### 3. Outer West Street District

The Outer West Street District, beginning at the rotary, is a mixed-use transition area from the Inner West Street District’s denser development pattern to a more suburban-style, strip commercial district. There is a strong residential enclave located between Russell Street and Southwood Avenue. West of Southwood Avenue, the District shifts to auto-oriented land uses such as service stations, auto repair shops, auto dealerships and fast-food restaurants. There are also repair and service shops, as well as small back offices, on-site storage yards for contractors, mechanics, etc. between Chinquapin Road and Legion Road down to Forest Avenue. Off Admiral Drive, there is the City’s only industrial/warehouse district which contains small shops, back offices, warehouses and other similar uses. Between Solomon’s Island Road and Old Solomon’s Island Road, there is a strip commercial area that serves some of the general merchandise needs of the community.

*Figure III.3 –Outer West District (1998)*



#### Distribution of Land Uses

- For tax year 2008, the Outer West Street District included 381 parcels on approximately 227.2 acres of land dedicated to commercial uses. In total, this district accounts for about

34.0% of the 1,122 total commercial parcels and 48.9% of the 464.5 total commercial acres located within the six commercial districts. The predominant commercial land use in this district is Office Space with 142 total commercial parcels on 19.1 acres of land, followed by Automotive with 68 parcels on 46.9 and Warehouse with 59 parcels on 74.7 acres of land. In total, the number of Office Space use parcels account for 37.8% of the 376 Office Space use parcels within the six commercial districts.

- For tax year 1998, the Outer West Street District included 203 parcels on approximately 173.1 acres of land dedicated to commercial uses. In total, this district accounted for about 28.4% of the 716 total commercial parcels and 48.9% of the 353.7 total commercial acres located within the six commercial districts.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 178 parcels (87.7%) and commercial acreage has increased by 54.1 (31.3%).

#### Distribution of Tax Base

- For tax year 2008, the Outer West Street District contributed approximately \$358.2 million in commercial assessed value for the City. Warehouse uses contributed the majority of the assessable base with \$116.9 million followed by automotive and Office Space uses contributing \$76.4 million and 54.2 million in commercial assessable value, respectively. In total, this district accounts for about 29.4% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the Outer West Street District contributed approximately \$140.3 million in commercial assessed value for the City. In total, this district accounted for about 28.7% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 217.9 million (155.4%).

#### Development Densities

- For tax year 2008, the Outer West Street District had a commercial floor area ratio of 25.8%. This district had 2.56 million SF of commercial floor area on 227.2 acres.
- For tax year 1998, the Outer West Street District had a commercial floor area ratio of 31.3%. This district had 2.36 million SF of commercial floor area on 173.1 acres.

#### Assessed Value Per Square Foot

- For tax year 2008, the Downtown District had the lowest average assessed value for commercial building coverage at \$48.31 per SF. Land values for all uses within this district averaged \$23.70 per SF.

- For tax year 1998, the Downtown District also had the lowest average assessed value for commercial building coverage at \$28.88 per SF. Land values for all uses within this district averaged \$9.57 per SF.

Table III.3 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

***Table III.3 - Land Use & Tax Base Comparison – Outer West District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	203	381	87.7%
Total Lot Acres	173.1	227.2	31.3%
Total Bldg SF	2,358,567	2,561,119	8.6%
Total Assessed Land Value	\$ 72,143,100	\$ 234,480,100	225.0%
Total Assessed Bldg Value	\$ 68,121,750	\$ 123,734,300	81.6%
Total Assessed Value	\$ 140,264,850	\$ 358,214,400	155.4%
Bldg Value per SF	\$ 28.88	\$ 48.31	67.3%
Land Value per SF	\$ 9.57	\$ 23.70	147.6%
Floor to Area Ratio (FAR)	31.3%	25.8%	-17.5%



with 33 parcels on 11.4 acres of land. In total, the number of Marina use parcels account for 95.7% of the 94 parcels with a Marina use within the six commercial districts.

- For tax year 1998, the Eastport District included 104 parcels on approximately 71.9 acres of land dedicated to commercial uses. In total, this district accounted for about 14.5% of the 716 total commercial parcels and 20.3% of the 353.7 total commercial acres located within the six commercial districts.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 92 (88.5%) and commercial acreage has increased by 19.3 (26.9%).

#### Distribution of Tax Base

- For tax year 2008, the Eastport District contributed approximately \$183.6 million in commercial assessed value for the City. Marina uses contributed the majority of the assessable base with \$107.1 million followed by Office Space uses with \$19.2 million in commercial assessable value. In total, this district accounts for about 15.1% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the Eastport District contributed approximately \$73.3 million in commercial assessed value for the City. In total, this district accounted for about 15.0% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 110.2 million (150.3%).

#### Development Densities

- For tax year 2008, the Eastport District had a commercial floor area ratio of 27.3%. This district had 1.08 million SF of commercial floor area on 91.2 acres.
- For tax year 1998, the Eastport District had a commercial floor area ratio of 19.5%, with 612,500 SF of commercial floor area on 71.9 acres.

#### Assessed Value Per Square Foot

- For tax year 2008, the Eastport District had the second lowest average assessed value for commercial building coverage at \$59.01 per SF. Land values for all uses within this district averaged \$30.04 per SF.
- For tax year 1998, the Eastport District had an average assessed value for commercial building coverage of \$54.68 per SF. Land values for all uses within this district averaged \$12.72 per SF.

Table III.4 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

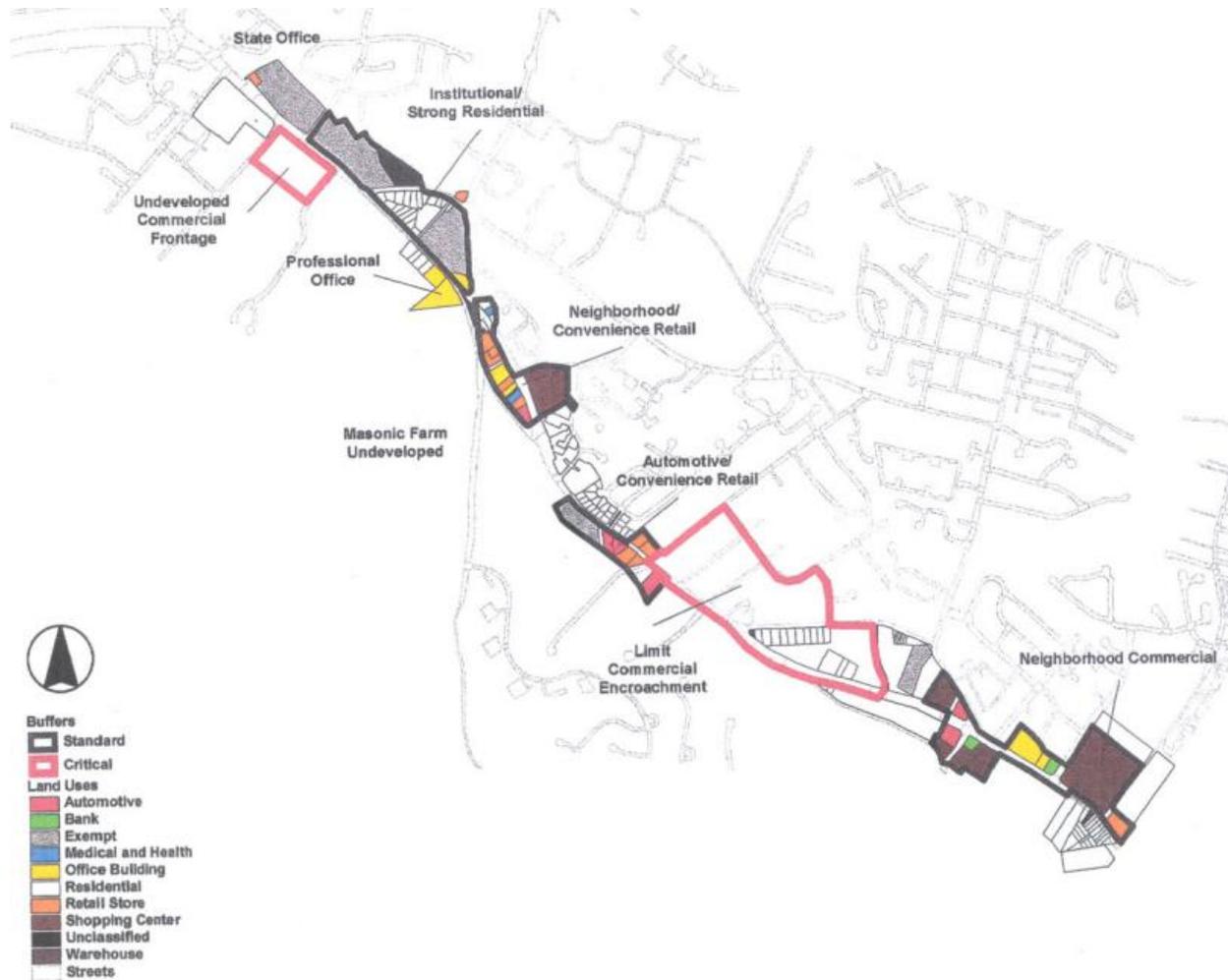
***Table III.4 - Land Use & Tax Base Comparison – Eastport District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	104	196	88.5%
Total Lot Acres	71.9	91.2	26.9%
Total Bldg SF	612,458	1,088,102	77.7%
Total Assessed Land Value	\$ 39,848,000	\$ 119,374,200	199.6%
Total Assessed Bldg Value	\$ 33,491,100	\$ 64,210,200	91.7%
Total Assessed Value	\$ 73,339,100	\$ 183,584,400	150.3%
Bldg Value per SF	\$ 54.68	\$ 59.01	7.9%
Land Value per SF	\$ 12.72	\$ 30.04	136.2%
Floor to Area Ratio (FAR)	19.5%	27.3%	40.1%

## 5. Forest Drive District

The Forest Drive District consists of scattered professional offices and retail establishments catering to neighborhood convenience and shopping needs. This corridor supports a residential growth area for the City as several larger residential subdivisions are located adjacent to this district.

*Figure III.5 – Forest Drive District (1998)*



### Distribution of Land Uses

- For tax year 2008, the Forest Drive District included 65 parcels on approximately 75.5 acres of land dedicated to commercial uses. In total, this district accounts for about 5.8% of the 1,122 total commercial parcels and 16.2% of the 464.5 total commercial acres located within the six commercial districts. The predominant commercial land use in this district is Office Space with 24 total commercial parcels on 7.2 acres of land, followed by Retail Store with 12 parcels on 6.2 acres of land and Automotive uses with 9 parcels on

5.6 acres of land. In total, the number of Office Space use parcels account for 6.4% of the 376 parcels with an Office Space use within the six commercial districts.

- For tax year 1998, the Forest Drive District included 36 parcels on approximately 46.6 acres of land dedicated to commercial uses. In total, this district accounted for about 5.0% of the 716 total commercial parcels and 13.2% of the 353.7 total commercial acres located within the six commercial districts.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 29 (80.6%) and commercial acreage has increased by 28.9 (61.9%).

#### Distribution of Tax Base

- For tax year 2008, the Forest Drive District contributed approximately \$91.8 million in commercial assessed value for the City. Shopping Center uses contributed the majority of the assessable base with \$41.7 million followed by Other uses with \$17.4 million in commercial assessable value. In total, this district accounts for about 7.6% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the Forest Drive District contributed approximately \$34.0 million in commercial assessed value for the City. In total, this district accounted for about 7.0% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 57.8 million (170.1%).

#### Development Densities

- For tax year 2008, the Forest Drive District had a commercial floor area ratio of 18.2%. This district had 598,800 SF of commercial floor area on 75.5 acres.
- For tax year 1998, the Forest Drive District also had the lowest commercial floor area ratio (18.8%) of the six commercial districts. This district had 382,700 SF of commercial floor area on 46.6 acres.

#### Assessed Value Per Square Foot

- For tax year 2008, the Forest Drive District had an average assessed value for commercial building coverage of \$67.80 per SF. Land values for all uses within this district averaged \$15.59 per SF.
- For tax year 1998, the Forest Drive District had an average assessed value for commercial building coverage of \$57.72 per SF. Land values for all uses within this district averaged \$5.87 per SF.

Table III.5 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

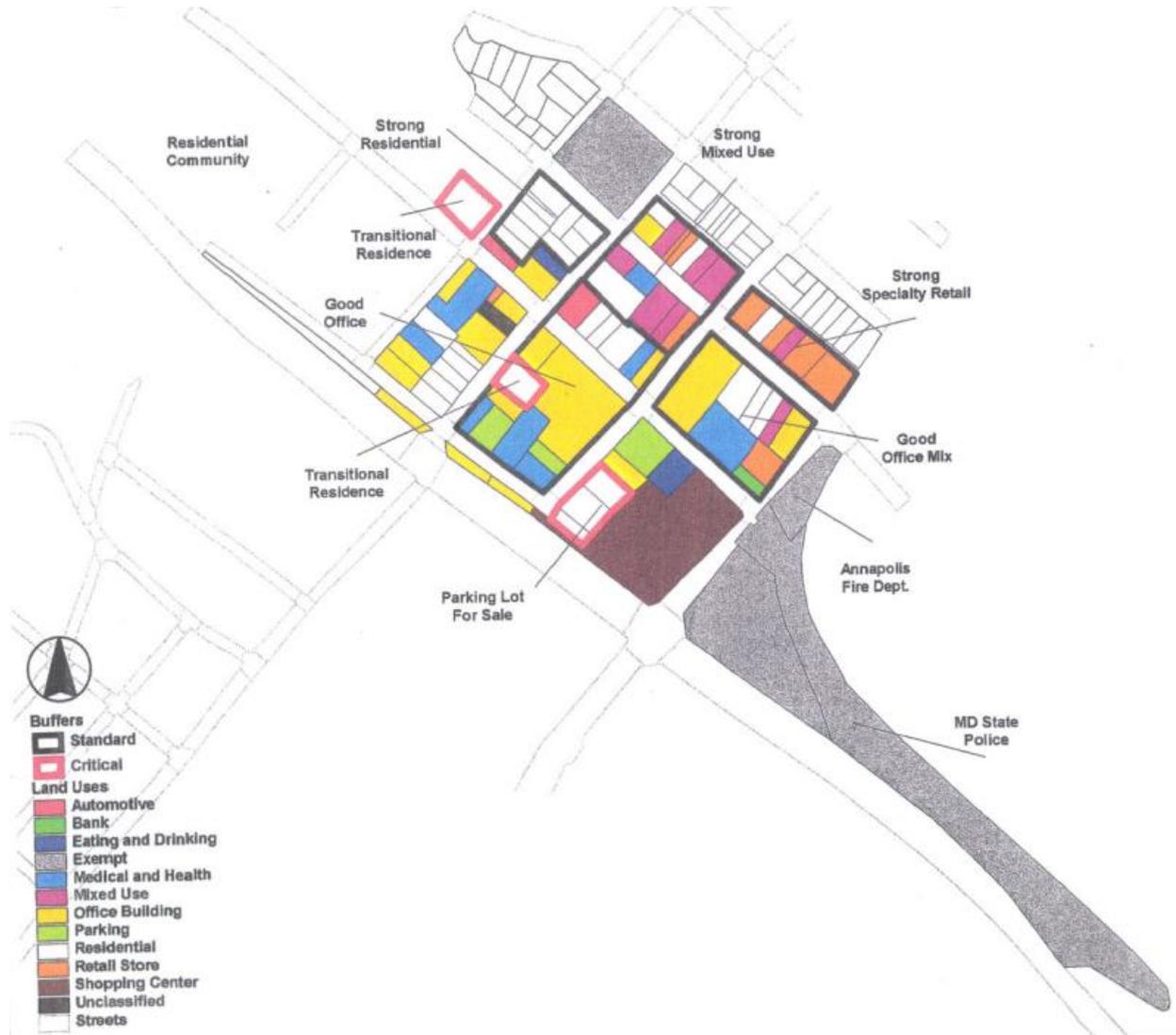
***Table III.5 - Land Use & Tax Base Comparison – Forest Drive District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	36	65	80.6%
Total Lot Acres	46.6	75.5	61.9%
Total Bldg SF	382,662	598,784	56.5%
Total Assessed Land Value	\$ 11,922,500	\$ 51,252,390	329.9%
Total Assessed Bldg Value	\$ 22,086,300	\$ 40,596,200	83.8%
Total Assessed Value	\$ 34,008,800	\$ 91,848,590	170.1%
Bldg Value per SF	\$ 57.72	\$ 67.80	17.5%
Land Value per SF	\$ 5.87	\$ 15.59	165.6%
Floor to Area Ratio (FAR)	18.8%	18.2%	-3.3%

## 6. West Annapolis District

The West Annapolis District has an eclectic mix of uses that cater to special retailers, medical offices, mixed uses, professional offices and neighborhood retail. This district is largely impacted by large government and institutional uses [i.e., Maryland State Police, Annapolis Fire Department and the U.S. Naval Academy]. The condition of the buildings in this district is quite good, and the neighborhood has a unique quality that is not found elsewhere in the City.

*Figure III.6 – West Annapolis District (1998)*



### Distribution of Land Uses

- For tax year 2008, the West Annapolis District included 90 parcels on approximately 20.4 acres of land dedicated to commercial uses. In total, this district accounts for about 8.0% of the 1,122 total commercial parcels and 4.4% of the 464.5 total commercial acres located within the six commercial districts. The predominant commercial land use in this district is Office Space with 42 total commercial parcels on 5.0 acres of land, followed by Medical & Health with 14 parcels on 2.8 acres of land and Retail Store uses with 12 parcels on 2.9 acres of land. In total, the number of Office Space use parcels account for 11.2% of the 376 parcels with an Office Space use within the six commercial districts.
- For tax year 1998, the West Annapolis District included 48 parcels on approximately 17.4 acres of land dedicated to commercial uses. In total, this district accounted for about 6.7% of the 716 total commercial parcels and 4.9% of the 353.7 total commercial acres located within the six commercial districts.
- When comparing tax year 2008 with tax year 1998, commercial parcels within this district have increased by 42 (87.5%) and commercial acreage has increased by 2.9 (16.9%).

### Distribution of Tax Base

- For tax year 2008, the West Annapolis District contributed approximately \$79.2 million in commercial assessed value for the City. Office Space uses contributed the majority of the assessable base with \$32.2 million followed by Medical & Health uses with \$15.2 million in commercial assessable value. In total, this district accounts for about 6.5% of the total commercial tax base for the six commercial districts.
- For tax year 1998, the West Annapolis District contributed approximately \$25.4 million in commercial assessed value for the City. In total, this district accounted for about 5.2% of the total commercial tax base for the six commercial districts.
- When comparing tax year 2008 with tax year 1998, the commercial assessed base within this district has increased by 53.8 million (211.7%).

### Development Densities

- For tax year 2008, the West Annapolis District had a commercial floor area ratio of 42.4%, with 376,400 SF of commercial floor area on 20.4 acres of land.
- For tax year 1998, the West Annapolis District had a commercial floor area ratio of 38.0%, with 288,100 SF of commercial floor area on 17.4 acres.

Assessed Value Per Square Foot

- For tax year 2008, the West Annapolis District had an average assessed value for commercial building coverage of \$88.91 per SF. Land values for all uses within this district average \$51.63 per SF.
- For tax year 1998, the West Annapolis District had an average assessed value for commercial building coverage at \$55.12 per SF. Land values for all uses within this district averaged \$12.58 per SF.

Table III.6 below includes the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

***Table III.6 - Land Use & Tax Base Comparison –West Annapolis District***

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	48	90	87.5%
Total Lot Acres	17.4	20.4	16.9%
Total Bldg SF	288,131	376,389	30.6%
Total Assessed Land Value	\$ 9,547,200	\$ 45,784,400	379.6%
Total Assessed Bldg Value	\$ 15,880,400	\$ 33,464,800	110.7%
Total Assessed Value	\$ 25,427,600	\$ 79,249,200	211.7%
Bldg Value per SF	\$ 55.12	\$ 88.91	61.3%
Land Value per SF	\$ 12.58	\$ 51.63	310.4%
Floor to Area Ratio (FAR)	38.0%	42.4%	11.5%

## IV. COMMERCIAL TRENDS 1998-2008

### 1. Development Trends

Between 1998 and 2008, the City of Annapolis experienced tremendous growth in commercial development within its six designated commercial districts. During this ten year time period the number of commercial parcels increased from 716 to 1,122 (an increase of 406 parcels or 56.7%), commercial acreage increased from 353.7 to 464.5 (an increase of 110.8 acres or 31.3%), commercial floor area grew from 5.64 million SF to 6.72 million SF (an increase of 1.08 million SF or 19.1%) and the total assessable base (land and buildings) increased from \$488.4 million to \$1,214.4 million (an increase of \$726.0 million or 148.6%). The top three land use categories in terms of commercial floor area growth from 1998 to 2008 were Office Space (from 1.25 million SF to 1.54 million SF - an increase of 283,800 SF or 22.6%), Shopping Center (from 525,900 SF to 704,400 SF - an increase of 178,500 SF or 33.9%) and Automotive (from 363,800 SF to 421,500 SF - an increase of 57,700 SF or 15.9%). The 2008 data also includes the new category of Other which includes 566,300 SF that is not reflected in the 1998 data. The top three land use categories in terms of commercial floor area percentage growth from 1998 to 2008 were Recreational, Shopping Center and Mixed Use.

For the six commercial districts broken out individually, commercial building space for the Inner West District increased from 869,300 SF to 937,500 SF (an increase of 68,200 SF or 7.8%), Downtown District from 1.13 million SF to 1.16 SF (an increase of 29,100 SF or 2.6%), Outer West District from 2.36 million SF to 2.56 million (an increase of 202,600 SF or 8.6%), Eastport District from 612,500 SF to 1.09 million (an increase of 475,600 SF or 77.7%), Forest Drive District from 382,700 SF to 598,800 SF (an increase of 216,100 SF or 56.5%) and West Annapolis District from 288,100 to 376,400 SF (an increase of 88,300 SF or 30.6%).

From an assessable base standpoint, all six of the commercial districts incurred significant real growth. The total assessable base (buildings and land) for the Inner West District increased from \$68.9 million to \$190.2 million (an increase of \$121.3 million or 176.3%), Downtown District from \$146.5 million to \$311.2 million (an increase of \$164.7 million or 112.5%), Outer West District from \$140.3 million to \$358.2 million (an increase of \$217.9 million or 155.4%), Eastport District from \$73.3 to \$183.6 (an increase of \$110.3 or 150.3%), Forest Drive District from \$34.0 million to \$91.8 million (an increase of \$57.8 million or 170.1%) and West Annapolis District from \$25.4 million to \$79.2 million (an increase of \$53.8 or 211.7%).

When compared to the amount/rate of commercial growth the City experienced between 1988 and 1998, these numbers are staggering. During this ten year time period (1988-1998) the number of commercial parcels increased from 686 to 716 (30 parcels or 4.4% increase), commercial floor area grew from 5.15 million SF to 5.64 million SF (485,100 SF or 9.4% increase) and the total assessable base (land and buildings) increased from \$450.3 million to \$488.4 million (\$38.0 million or 8.4% increase).

## 2. Commercial District Sales Trends

During the ten year study period, there were 358 commercial parcels transferred “for consideration” within the six commercial districts. These sales involved 103.0 acres of land and 1.40 million SF of building space, an assessed value of \$302.2 million and a combined sales price of \$342.0 million. The average overall sales price was approximately 13.2% higher than the combined property’s assessed value. The greatest number of sales (85 sales) occurred in the Outer West District closely followed by the Eastport District (79 sales) and the Downtown District (72 sales). The Outer West Street, Downtown, Eastport and Forest Drive Districts averaged sales at over 100% of their assessed value, while the Inner West Street and West Annapolis Districts averaged sales at less than 100% of their assessed values. See the table below for an overview of commercial sales within the six districts.

*Table IV.1 – Commercial Sales (1999 to 2008)*

Category	Total Parcels	Total Bldg SF	Total Lot Acres	Sales Price	Total Assessed Value	Sales as % of Assessed Value
Outer West	85	449,552	37.6	\$ 79,148,537	\$ 72,417,300	109.3%
Eastport	79	170,963	18.3	\$ 87,641,045	\$ 47,329,300	185.2%
Downtown	72	262,156	4.7	\$ 65,061,792	\$ 64,483,500	100.9%
Inner West	48	284,611	9.5	\$ 40,765,859	\$ 69,863,600	58.4%
West Annapolis	42	170,406	7.9	\$ 31,809,730	\$ 35,351,100	90.0%
Forest Drive	32	62,900	25.0	\$ 37,620,810	\$ 12,777,090	294.4%
Total	358	1,400,588	103.0	\$ 342,047,773	\$ 302,221,890	113.2%

From 1988 to 1998, there were 65 commercial parcels transferred for consideration within the six commercial districts. These sales involved 44.4 acres of land, 379,800 SF of building space and a combined sales price of \$38.8 million. The average overall sales price was approximately 14.1% higher than the combined property’s assessed value. The greatest number of sales (25 sales) occurred in the Outer West District followed by the Downtown and Inner West Street Districts with 15 and 14 sales, respectively. All of the districts with the exception of the Inner West Street District averaged sales at over 100% of their assessed values.

## 3. Other Categories (Non-District Commercial, Exempt and Residential)

We identified 101 additional commercial parcels that were not physically located within the six mapped commercial areas. These parcels accounted for an additional 172.9 acres of land, 503,000 total square feet of building coverage, \$35.6 million in total assessed land value, \$55.5 in total assessed building value, \$91.1 in total assessed value, a building value per square foot of \$110.35 and a land value per square foot of \$4.72. As these commercial properties were not physically located within the six commercial districts, they were excluded from our analysis.

The City has a number of properties that are categorized as “Exempt” in that they do not pay property tax. This is primarily attributed to the fact that Annapolis is the state capital with a large number of government entities/facilities operating within the City. City-wide, we identified 379 parcels that are classified as Exempt. These parcels account for an additional 1,078.8 acres of land, 3.21 million SF of building coverage, \$688.4 million in total assessed land

value, \$868.6 million in total building value and a total assessed value of \$1.6 billion. 172 of these Exempt parcels are located within the six commercial districts. These parcels account for 216.9 acres of land, 1.33 million SF of building coverage, \$205.4 million in total assessed land value, \$282.5 million in total building value and a total assessed value of \$487.9 million.

The City also has a number of properties that are categorized as Residential. These were also not included in our analysis. City-wide, we identified 12,899 parcels that are classified as Residential. These parcels account for an additional 2,690.8 acres of land, 19.06 million SF of building coverage, \$3.9 billion in total assessed land value, \$1.7 billion in total building value and a total assessed value of \$5.5 billion. 4,384 of these parcels are located within the six commercial districts. These parcels account for 568.4 acres of land, 6.46 million SF of building coverage, \$1.6 billion in total assessed land value, \$595.9 million in total building value and a total assessed value of \$2.2 billion.

#### 4. Summary

Overall, our results indicate very substantial increases in almost all commercial categories between the 2000 (1998 tax year) and 2009 (2008 tax year) study periods. This is primarily a result of the very large increase in commercial development that has occurred in the mapped commercial tax areas over the last ten years.

Below are the key data sets that compare/contrast 2008 tax base data with the same/similar tax base data for 1998 compiled in RKG's *District Economic Development Strategic Study*.

<b>Category</b>	<b>1998 (Tax Year)</b>	<b>2008 (Tax Year)</b>	<b>Percent Difference</b>
Total Parcels	716	1,122	56.7%
Total Lot Acres	353.7	464.5	31.3%
Total Bldg SF	5,640,457	6,720,328	19.1%
Total Assessed Land Value	\$ 229,653,255	\$ 701,421,860	205.4%
Total Assessed Bldg Value	\$ 258,736,265	\$ 512,937,840	98.2%
Total Assessed Value	\$ 488,389,520	\$ 1,214,359,700	148.6%
Bldg Value per SF	\$ 45.80	\$ 76.33	66.7%
Land Value per SF	\$ 14.90	\$ 34.66	132.7%
Floor to Area Ratio (FAR)	36.6%	33.1%	-9.4%