

APPENDIX 3: RETAIL MARKET ANALYSIS

INTRODUCTION

The following Retail Market Analysis provides an analysis of the current supply and demand for retail goods and services in Upper Marlboro, Maryland, and the immediate surrounding area. This analysis shows the maximum potential, in terms of retail and service square feet, Upper Marlboro can support now and into the future. The purpose of this chapter is to focus recruitment efforts on those categories of establishments that are leaking sales into other nearby market areas by examining factors such as the inventory of stores, consumer demand for goods, proximity of competing stores, and historical trends. The Retail Market Analysis includes:

- Methodology
- Retail Supply Analysis
- Retail Demand Analysis
- Business Mix and Building Vacancy
- Building Conditions
- Retail Sales Leakage Analysis
- Recaptured Sales Potential
- Projected Sales and Supportable Building Square Feet

SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

- The Town of Upper Marlboro has a limited retail base. There is an estimated total of 76,000 square feet of combined retail and private office space concentrated along Main

Street and Water Street. However, if law offices, bail bondsmen, banks, and other professional offices are taken out of the analysis, there is an estimated 5,400 square feet of space that is specifically retail oriented (excluding personal services and salons). In fact, retail establishments account for only 7.1 percent of the total occupied building space.

- The proliferation of bail bondsmen has been cited as undesirable in public meetings and through interviews with community leaders. In many cases, the bail bondsmen are occupying prime space that could be used for retail uses. However, it should be noted that poor building conditions and the lack of alternative office building space is helping to attract bail bondsmen. Typically, such businesses do not need the office amenities found in higher quality buildings and look to limit their occupancy costs. Improvements such as streetscaping and interior and exterior building improvements will help to raise lease rates, which may reduce the number of bail bondsmen in the town, while also making the location more attractive for prospective retailers.
- The City of Bowie is the main retail draw for residents in the Upper Marlboro/Bowie/Largo area. It is located approximately ten miles north of Upper Marlboro near US 301. There is a cluster of larger retail establishments and grocery stores located in the area. In addition to the larger retailers such as Wal-Mart and Target, there are also a number of smaller retailers and restaurants. The cluster of retail establishments make this area a convenient

shopping location for local residents to do all of their shopping in one area.

- The retail market analysis indicates that Upper Marlboro and competitive commercial areas are not capturing all local consumer demand. As such, approximately \$8.3 million in retail sales are “leaking” from the zero- to one-mile trade area. All of the retail categories except for beer, wine and liquor stores, pharmacies and drug stores, cosmetics, beauty supply and perfume stores, and full-service restaurants are experiencing sales leakage.
- In total, Upper Marlboro has the potential to capture \$5.4 million to \$11.1 million in sales from all three trade areas. This capture represents the ability of Upper Marlboro to attract retailers that provide unique goods and services and/or restaurants not readily available within the trade areas. For example, there are a limited amount of antique shops or clothing boutiques in Upper Marlboro. If a smaller niche boutique or antique store opened in Upper Marlboro, it could attract consumers from outside the town looking for a unique shopping experience.
- The Upper Marlboro Town Action Plan calls for 59,563 square feet of new retail space in the town. The consultant estimates the current retail market can support approximately 20,000 to 41,000 square feet of retail space. However, this does not mean that the town will not be able to support higher levels of retail development in the future. In fact, projections indicate that the market could support between 55,000 to 89,000 square feet of retail space in the

next ten years. It should be noted the exact amount of supportable square footage will depend on the amount of investment and recruitment effort that occur in the town.

METHODOLOGY

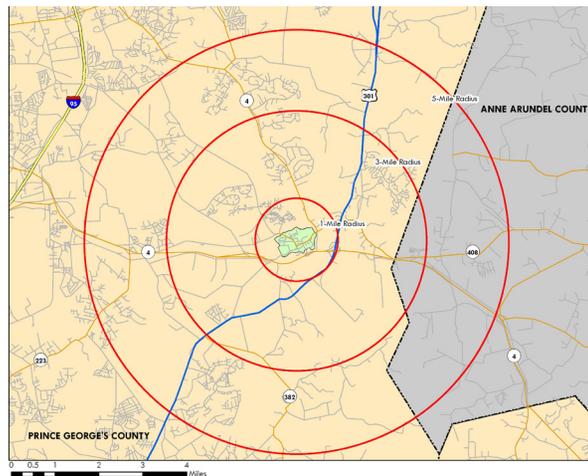
This methodology section is an overview of how the retail market analysis was conducted. The analysis was a complex process that involved collecting data from secondary sources such as Claritas, Inc. and DemographicsNow, providers of local and regional retail market data. Specifically, the following narrative provides a step-by-step explanation of the process the consultant used to understand the local retail climate and determine the market potential for Upper Marlboro.

RETAIL TRADE AREA DEFINITION

In preparing the Upper Marlboro retail market analysis, the consultant team first defined the geographic boundaries of the local and regional retail markets. Retail markets do not function in a vacuum. Consumers are mobile and will make choices on where to shop based on several factors including personal preference, availability of goods, transportation and access, and convenience of shopping to home and work. To this end, an effective analysis considers the local market as well as the areas that act as a direct competitor for local residents' consumer dollars.

In order to analyze the local market, the consultant created a zero- to one-mile trade area which encompasses the Town of Upper Marlboro. The zero- to one-mile trade area represents the geographic region where the majority of local sales are generated. This area

EXHIBIT 3-1 Upper Marlboro Retail Market Rings



Source: RKG Associates, Inc., 2008

generally represents 75 percent to 85 percent of a given business' customer base. The consultant also created a one- to three-mile, and three- to five-mile trade area in order to analyze the immediate competitive retail market. A visual representation of the trade areas is shown in Exhibit 3-1.

Once the study area boundaries were created, the consumer spending data necessary to complete the market analysis were collected. The consultant collected demographic, socioeconomic, and market-related data required to determine the current and projected market opportunities for Upper Marlboro.

SUPPLY-SIDE ANALYSIS

A supply-side analysis of retail sectors in the zero- to one-mile, one- to three-mile, and three- to five-mile trade areas was performed. This was done to gain an understanding of the level of retail goods and services currently being

offered in and around Upper Marlboro. To do this, the consultant team gathered sales capture data from Claritas, Inc., a private data vendor that tracks supply and demand trends within the retail market sector. This data provided the consultant with a detailed breakdown of retail sales within the trade areas. Overall, the consultants tracked the supply and demand for 30 retail market segments.

The consultant also inventoried the existing retail and service businesses operating within the boundaries of Upper Marlboro. This was done to gain a better understanding of the depth and breadth of the types of businesses operating within the town. The field analysis included capturing information about the condition of physical structures, estimated square footage, vacancy, and the types of businesses.

As part of the supply-side analysis, the average sales per square foot by store type were calculated. To accomplish this, the consultant relied upon the Urban Land Institute's (ULI) Dollars and Cents of Shopping Centers publication, which provides sales-per-square-foot averages for various retail store types throughout different regions of the U.S. This source differentiates the type of retailer as well as the market focus of the retailer. In order to more accurately represent the local market, the consultants adjusted the national ULI data based on the difference in gross sales per store for Prince George's County, as compared to the national average. The result of this effort provides locally adjusted average sales-per-square-foot figures for each of the market segments. This calculation was applied to the total square footage to determine an estimated sales capture value. The total sales capture for each market segment reflects the



Prince George's County Courthouse



Prince George's County Administrative Building



Sasscer Administration Building/Board of Education

activity specific to the operating businesses within each area.

DEMAND-SIDE ANALYSIS

Once the consultant team was able to quantify the supply of goods and services in the three trade areas, an analysis of local consumer demand was necessary to identify those market segments under-represented in the market. The consultant used data from Claritas, Inc., which provides the most comprehensive and detailed consumer expenditure data available. Utilizing this data and the ULI sales-per-square-foot data, the consultant team was able to calculate the potential demand for goods and services for the zero- to one-mile, one- to three-mile, and three- to five-mile trade areas in a format directly comparable to the supply-side data.

Upper Marlboro is the county seat for Prince George's County. Approximately 3,200 employees enter the town each day to work at the County Administrative building, the Courthouses, and the School Board building. These employees make a certain amount of purchases while at work and thereby improve the viability of success for local retailers. However, office workers generally make purchases in specific categories, such as food and beverage stores and food service and drinking places. They do not, for example, make as many purchases in such categories as building materials and supply categories or the used merchandise categories. As such, the consultant adjusted demand for certain categories in the zero- to one-mile trade area to reflect the large daytime population of the town. More specifically, the consultant adjusted the total retail demand by assuming each office worker spends approximately \$2,500 per year while at work (Table 3-1). This estimate is consistent with previous office worker surveys

TABLE 3-1:
Daytime Population Impacts (3,200 Workers)
Upper Marlboro

Description	Average Annual Spending/Worker	Total Annual Spending	Estimated Local Capture Rate	Daytime Demand
Total Retail Sales Incl Eating and Drinking Places	\$2,500	\$8,000,000	100.0%	\$6,907,200
Convenience Stores	\$98	\$313,600	100.0%	\$313,600
Specialty Food Stores	\$72	\$230,400	100.0%	\$230,400
Beer, Wine and Liquor Stores	\$146	\$467,200	100.0%	\$467,200
Men's Clothing Stores	\$41	\$131,200	100.0%	\$131,200
Women's Clothing Stores	\$163	\$521,600	100.0%	\$521,600
Clothing Accessories Stores	\$14	\$44,800	100.0%	\$44,800
Shoe Stores	\$125	\$400,000	100.0%	\$400,000
Jewelry Stores	\$109	\$348,800	100.0%	\$348,800
Luggage and Leather Goods Stores	\$9	\$28,800	100.0%	\$28,800
Book Stores	\$62	\$198,400	100.0%	\$198,400
News Dealers and Newsstands	\$3	\$9,600	100.0%	\$9,600
Prerecorded Tapes, CDs, Record Stores	\$30	\$96,000	100.0%	\$96,000
Florists	\$32	\$102,400	100.0%	\$102,400
Office Supplies and Stationery Stores	\$90	\$288,000	100.0%	\$288,000
Gift, Novelty and Souvenir Stores	\$68	\$217,600	100.0%	\$217,600
Full-Service Restaurants	\$707	\$2,262,400	75.0%	\$1,696,800
Limited-Service Eating Places	\$659	\$2,108,800	75.0%	\$1,581,600
Drinking Places -Alcoholic Beverages	\$72	\$230,400	100.0%	\$230,400

Source: Claritas, Inc., and RKG Associates, Inc., 2008

conducted by the consultants on similar analyses.

The annual spending for each of the 3,200 workers was then allocated to the different retail categories based on their spending patterns. The new worker demand was then added to the local household demand to provide a more accurate estimation of total retail demand in Upper Marlboro. It should be noted that the adjusted day-time demand estimates apply only to the zero- to one-mile trade area. The one- to three-mile and three- to five-mile trade areas are outside the limits of Upper Marlboro and do not have an unusually large number of daytime workers entering the area.

Although consumers generally make some purchases close to their place of work, on vacation, Internet shopping, or other types of places located away from their home, the consultants did not adjust the gross potential demand in order to show the maximum expenditure potential. The result of this analysis provides estimates of how much local businesses could be capturing from local residents and the daytime worker population.

OPPORTUNITY ANALYSIS

Estimated local sales volume from the supply-side analysis was compared to the potential local consumer expenditure levels from the demand-side analysis. The result of this effort reveals the extent of “sales leakage” in each market segment. Sales leakage is the gap between local household demand for retail goods and the amount of these sales that are captured by local merchants. A high sales leakage indicates consumer demand is greater than the ability of local businesses to capture that demand.

As such, consumers typically make retail purchases outside their trade area. Because this consumer spending is not captured by local businesses, it is said to have “leaked” to other businesses outside the local market. In such cases, conventional wisdom suggests that there may be opportunities for existing businesses to expand their product lines and for new local businesses to be created to capture this unmet spending potential.

In contrast, an area has a “sales surplus” when captured sales (supply) exceed local demand. These situations indicate the trade area has a market advantage, or concentration of businesses, pulling sales in from outside the primary market. Market clusters attract consumers from outside the trade areas, as they become known for a specific niche or for having a wide variety of shops from which to choose. A good example of a market cluster is a large retail mall. Malls typically have several retailers offering a wide range of goods located in one place, making it more convenient for shoppers. As a result, they draw customers from a larger geographic region than if the stores attempted to locate independently.

However, the market data needs to be considered within the context of data from the greater surrounding area as well as in combination with other factors such as local competition, market compatibility, and resident preferences. In other words, if the data indicates that a particular market segment has a high sales leakage in Upper Marlboro, it does not necessarily signal an opportunity. For example, the sales leakage data for the zero- to one-mile trade area may indicate the potential for 30,000 square feet of building material and supply stores in the town. However, a Home

Depot is located on US 301 less than three miles away from Upper Marlboro. A similar building material and supply store within the limits of Upper Marlboro may not be able to compete with the Home Depot. In this example, due to the close proximity of the Home Depot, it may be better to try and attract retailers that offer slightly different or complementary products to reduce competition.

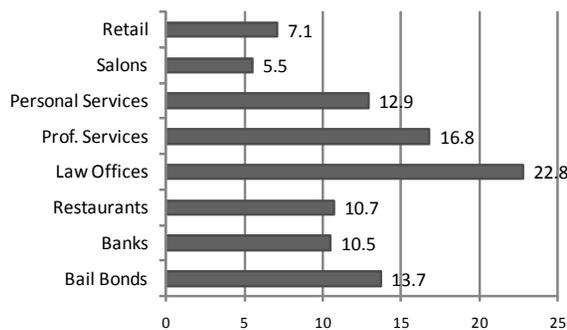
It should be noted that the supply-demand analysis is only an indicator of the relative level of demand within each study area rather than an absolute target. Each geographic area studied in this analysis is unique, and market implications have been presented in comparison to the surrounding neighborhoods and market. In short, the following retail market analysis provides an assessment of the potential for Upper Marlboro based on the factors detailed above.

RETAIL SUPPLY ANALYSIS

LOCAL RETAIL INVENTORY

The Town of Upper Marlboro has a limited retail base. There is an estimated total of 76,000 square feet of combined retail and private office space concentrated along Main Street and Water Street. However, if law offices, bail bondsmen, banks, and other professional offices are taken out of the analysis, there is an estimated 5,400 square feet of space that is specifically retail oriented (excluding personal services and salons). In fact, retail establishments account for only 7.1 percent of the total occupied building space (Figure 3-1). The retail establishments in the town core include a 7-Eleven, a jewelry store, a bridal gown shop, and a liquor store. There are also five full-service and three limited-service restaurants.

FIGURE 3-1:
Downtown Business Mix by Percentage
Upper Marlboro (2008)



Source: RKG Associates, Inc., 2008

Although there are a few retail establishments in town, the dominant building use is law offices and bail bondsmen. Specifically, bail bondsmen occupy an estimated 10,400 square feet of building space and law offices occupy 16,200 square feet of space. The large amount of law offices and bail bondsmen is primarily attributable to the presence of the courthouse in the town core.

The proliferation of bail bondsmen has been cited as undesirable in public meetings and through interviews with community leaders. In many cases, the bail bondsmen are occupying prime space that could be used for retail uses. However, it should be noted that poor building conditions and the lack of office building space are helping to attract bail bondsmen. Typically, bail bondsmen seek to reduce their occupancy costs and will be attracted to low-cost office space. Improvements such as streetscaping and interior and exterior building improvements will help to raise lease rates, which may reduce the amount of bail bondsmen in the town, while also making the location more attractive for prospective retailers.

REGIONAL RETAIL COMPETITION

The regional competition for Upper Marlboro retail establishments is primarily along Old Marlboro Pike, just east of the downtown, the intersection of US 301 with Pennsylvania Avenue, the Marlboro Shopping Center, and the City of Bowie, the City of Largo, and the Town of Dunkirk.

■ Old Marlboro Pike

Most of the retail establishments on Old Marlboro Pike are located just outside the boundaries of Upper Marlboro, between

MD 202 and US 301. There is approximately 40,900 square feet of occupied retail/service square footage in this area. However, almost 38 percent (15,400 square feet) of the total space is auto repair stores, tire stores, or gas stations. Another 24 percent of occupied space is personal or professional services such as Enterprise Rent-a-Car, AFLAC, CPA offices, and similar types of establishments. The presence of 84 Lumber and a couple large warehouses set back from the street lends a light industrial feel to the area.

Although Old Marlboro Pike is predominantly auto-oriented, there are six retail establishments and four limited-service restaurants. The retail establishments include an appliance sales and service shop, a florist/gift shop, Ford Lumber, 84 Lumber, Marlboro Office Supply, and the Lawn and Garden Center. The limited-service restaurants include McDonald's, Arby's, Kasey's Seafood, and Dunkin Donuts. It should be noted there are no full-service restaurants in this corridor. The heavy auto and building material store presence on Old Marlboro Pike gives the area a different neighborhood character than exists in Upper Marlboro. As such, the corridor is not currently seen as a major competitor for the types of stores that would likely locate to the Upper Marlboro town core.

■ US 301 and Pennsylvania Avenue Intersection

There is a Home Depot located just north of the US 301 and Pennsylvania Ave. intersection. The Home Depot is approximately 130,000 square feet. There is a 3,000-square-foot Wendy's located in front of the Home Depot. Just south of the US 301 and Pennsylvania Avenue intersection is a Giant supermarket-anchored shopping center and a Food Lion'

supermarket-anchored shopping center. Although the surrounding establishments on US 301 are mostly auto-related, warehouse, or fast-food restaurants, the location of the Home Depot and grocery stores will likely attract other retailers to the area in the future. Interviews with local real estate professionals have confirmed that this area is growing and will likely attract both large and small retailers within the next five to ten years. It may be possible for Upper Marlboro to capture some of the retailers that might locate along US 301. However, the aesthetics and condition of the buildings in the town core would need to improve to become competitive and serve as a viable alternative for certain niche establishment attracted to US 301.

■ **Marlboro Village Shopping Center**

The Marlboro Village Shopping Center is located on the west side of town on Old Marlboro Pike. There is approximately 42,600 square feet of occupied retail/service space in the shopping center. Retail establishments include a beauty supply store, a Dollar Plus store, and Deesaw Books. There are six full- and limited-service eating establishments including Starbucks, Nash Subs, New World Gourmet, Asadas Mexican Grill, Papa John's, and Peachez Café and Lounge. The anchor of the shopping center is the Dutch Country Farmers Market, which occupies 30,000 square feet of space and is open Thursday through Saturday. In addition to the retail establishment located at the shopping center, there are also personal service establishments such as a barber shop, a hair salon, a cleaners, and Curves fitness center. At the time of report writing, there were three vacant store

fronts, totaling approximately 3,700 square feet of space.

■ **City of Bowie**

The City of Bowie is the main retail draw for residents in the Upper Marlboro/Bowie/Largo area. It is located approximately ten miles north of Upper Marlboro near US 301. There is a cluster of larger retail establishments (Table 3-2) and grocery stores located in the area. In addition to the larger retailers such as Wal-Mart and Target, there are also a number of smaller retailers and restaurants. The cluster of retail establishments make this

TABLE 3-2:

Large Retail Establishments
City of Bowie; 2008

Establishment	SF
Home Depot	130,000
Lowes	130,000
Pier 1	15,000
Kohls	35,000
Target	80,000
Staples	20,000
Wal-Mart	130,000
Borders	30,000
Michaels	40,000
Macys	60,000
PetSmart	20,000
SportsAuthority	40,000
Best Buy	30,000
Barnes and Noble	30,000
Total	790,000

Source: RKG Associates, Inc., 2008

TABLE 3-3:

Retail Sales Capture of Selected Categories
Upper Marlboro Study Area

	0-1 MILE	1-3 MILE	3-5 MILE	TOTAL
Total Retail Sales	\$22,956,346	\$22,265,552	\$25,925,222	\$71,147,120
Furniture Stores	\$0	\$78,511	\$2,560,533	\$2,639,044
Home Furnishing Stores	\$87,723	\$2,615,822	\$1,780,997	\$4,484,542
Computer and Software Stores	\$402	\$221,155	\$1,678,381	\$1,899,938
Camera and Photographic Equipment Stores	\$0	\$0	\$0	\$0
Convenience Stores	\$656,628	\$3,150,634	\$1,511,677	\$5,318,939
Specialty Food Stores	\$367,925	\$534,419	\$867,502	\$1,769,846
Beer, Wine and Liquor Stores	\$1,758,381	\$1,386,618	\$1,418,984	\$4,563,983
Pharmacies and Drug Stores	\$6,652,232	\$276,782	\$3,044,598	\$9,973,612
Cosmetics, Beauty Supplies, Perfume Stores	\$335,551	\$133,751	\$52,494	\$521,796
Optical Goods Stores	\$0	\$0	\$0	\$0
Men's Clothing Stores	\$0	\$0	\$0	\$0
Women's Clothing Stores	\$394,383	\$167,421	\$406,869	\$968,673
Childrens, Infants Clothing Stores	\$0	\$19,691	\$160,241	\$179,932
Family Clothing Stores	\$0	\$0	\$0	\$0
Clothing Accessories Stores	\$0	\$0	\$3,375	\$3,375
Other Clothing Stores	\$0	\$3,104	\$179,225	\$182,329
Shoe Stores	\$0	\$0	\$0	\$0
Jewelry Stores	\$274,260	\$109,320	\$0	\$383,580
Luggage and Leather Goods Stores	\$0	\$0	\$0	\$0
Sporting Goods Stores	\$0	\$272,572	\$2,603,282	\$2,875,854
Hobby, Toys and Games Stores	\$0	\$0	\$153,167	\$153,167
Book Stores	\$0	\$0	\$145,926	\$145,926
News Dealers and Newsstands	\$0	\$0	\$0	\$0
Prerecorded Tapes, CDs, Record Stores	\$0	\$0	\$0	\$0
Florists	\$3,698	\$629,152	\$99,334	\$732,184
Office Supplies and Stationery Stores	\$4,414	\$747,514	\$44,191	\$796,119
Gift, Novelty and Souvenir Stores	\$0	\$9,286	\$344,491	\$353,777
Full Service Restaurants	\$7,761,734	\$6,520,098	\$3,435,170	\$17,717,002
Limited Service Eating Places	\$4,659,015	\$4,230,892	\$4,450,306	\$13,340,213
Special Foodservices	\$0	\$1,158,810	\$939,354	\$2,098,164
Drinking Places/Alcoholic Beverages	\$0	\$0	\$45,125	\$45,125

Source: Claritas, Inc. and RKG Associates, Inc., 2008

area a convenient attraction for residents to do all of their shopping in one area.

Although the City of Bowie is the main retail draw for the area, the types of stores are very different than those that would potentially locate to Upper Marlboro. It is the consultant's recommendation that recruitment efforts focus on smaller, niche establishments such as a boutique clothing stores or antique stores, rather than large big-box establishments. A retail cluster of specialty shops in Upper Marlboro will create an interesting and specialized shopping experience, potentially attracting a regional population to shop in Upper Marlboro, while at the same time preserving the character of the town. In addition, the stores will not be competing for sales with larger retail establishments located in Bowie.

■ City of Largo

The City of Largo is located approximately ten miles north of Upper Marlboro, near MD 202. Although Largo is smaller than Bowie in terms of retail square footage, there are a significant variety of larger retailers in Largo, such as Target, Circuit City, and Marshalls. These larger retailers are located in two main shopping centers. Largo Town Center is located off of Largo Center Drive and is anchored by a Marshalls and Regency Furniture store. The other main shopping center is located off of Shoppers Way and is anchored by a Sports Authority, Target, and Circuit City. Both shopping centers contain smaller retail establishments and restaurants.

■ Town of Dunkirk

The Town of Dunkirk is located approximately 11 miles to the south of Upper Marlboro. It is a small Town situated near MD 4. Compared

with the City of Bowie and the City of Largo, the Town of Dunkirk is the smallest retail center. The main retailers in the town include a Wal-Mart Supercenter and a Giant grocery store. There are also a few limited-service restaurants such as McDonald's, Arby's, and Subway.

LOCAL RETAIL SALES CAPTURE

Retail businesses in the Upper Marlboro zero- to one-mile trade area captured approximately \$23.0 million in sales in the select retail categories (Table 3-3). As mentioned, the variety of retail products in Upper Marlboro is limited. Roughly 7 of the 30 store categories account for over 96 percent of all local sales. Two of the largest categories are full-service restaurants, which captured about 33 percent of total retail sales, and limited-service restaurants, which captured about 20 percent of total sales. The high percentage of captured sales in the restaurant categories is largely attributable to the daytime worker population who are making lunch-time purchases. Pharmacies and drug stores (\$6.7 million) also captured a high amount of sales. In contrast, the zero- to one-mile trade area recorded no sales in 18 of the 30 market sectors analyzed.

The sales information in the competitive markets helps to determine the retail potential of Upper Marlboro. A high amount of sales in categories not being captured in Upper Marlboro may indicate that this niche is being filled by the competitive market. As a result, recruitment efforts may need to focus on different categories of retail establishments.

The one- to three-mile trade area captured \$22.3 million in sales in 2007. The top retail categories slightly differ from the zero- to one mile trade

area. For example, convenience stores in the one- to three-mile trade area captured \$3.2 million in retail sales, as compared to only \$656,628 in sales in the zero- to one-mile trade area. Other top categories in the one- to three-mile trade area include full service restaurants (\$6.5 million), limited service restaurants (\$4.2 million), and home furnishing stores (\$2.6 million).

The three- to five-mile competitive trade area captured the highest amount of sales in the study area (\$25.9 million). Most notably, the three- to five-mile trade area captured a much higher percentage of sales in the furniture category (\$2.6 million) than the zero- to one-mile trade area (\$0) or the one- to three-mile trade area (\$78,511). In contrast, the three- to five-mile trade area captured a lower portion of sales in the full-service restaurant category (\$3.4 million) as compared to the other two trade areas.

RETAIL DEMAND ANALYSIS

The 2007 consumer household spending data were obtained from Claritas, Inc., for the retail trade categories for the zero- to one-mile, one- to three-mile, and three- to five-mile trade areas. In 2007, residents of Upper Marlboro spent \$31.4 million dollars on select retail goods and services (Table 3-4). It is important to note that the household expenditure data from Claritas, Inc., was adjusted to reflect the large daytime worker population in the town. Not surprisingly, expenditures were greatest for items such as full-service restaurants (\$5.8 million) and limited-service restaurants (\$5.4 million). Pharmacies and drug stores also accounted for a high amount of consumer expenditures (\$3.7).

TABLE 3-4:Retail Consumer Expenditures in Selected Categories
Upper Marlboro Study Area

	0-1 MILE	1-3 MILE	3-5 MILE	TOTAL
Total Retail Sales	\$31,351,986	\$64,820,371	\$126,181,908	\$222,354,265
Furniture Stores	\$1,422,730	\$4,017,583	\$7,860,747	\$13,301,060
Home Furnishing Stores	\$1,263,064	\$3,628,011	\$7,127,145	\$12,018,220
Computer and Software Stores	\$497,930	\$1,323,365	\$2,571,597	\$4,392,892
Camera and Photographic Equipment Stores	\$96,505	\$264,736	\$517,580	\$878,821
Convenience Stores	\$715,496	\$1,089,181	\$2,118,608	\$3,923,285
Specialty Food Stores	\$516,691	\$801,563	\$1,575,266	\$2,893,520
Beer, Wine and Liquor Stores	\$1,163,908	\$1,719,469	\$3,314,282	\$6,197,659
Pharmacies and Drug Stores	\$3,695,931	\$9,614,406	\$18,684,752	\$31,995,089
Cosmetics, Beauty Supplies, Perfume Stores	\$156,035	\$404,184	\$785,520	\$1,345,739
Optical Goods Stores	\$164,677	\$464,751	\$920,046	\$1,549,474
Men's Clothing Stores	\$329,674	\$583,000	\$1,155,040	\$2,067,714
Women's Clothing Stores	\$1,393,931	\$2,531,477	\$5,007,818	\$8,933,226
Childrens, Infants Clothing Stores	\$171,587	\$517,234	\$995,451	\$1,684,272
Family Clothing Stores	\$1,739,783	\$5,054,402	\$9,962,289	\$16,756,474
Clothing Accessories Stores	\$131,691	\$249,790	\$490,620	\$872,101
Other Clothing Stores	\$221,187	\$642,768	\$1,270,950	\$2,134,905
Shoe Stores	\$982,407	\$1,709,054	\$3,361,362	\$6,052,823
Jewelry Stores	\$1,102,556	\$2,142,036	\$4,177,077	\$7,421,669
Luggage and Leather Goods Stores	\$86,270	\$165,914	\$326,238	\$578,422
Hobby, Toys and Games Stores	\$425,296	\$1,132,252	\$2,167,907	\$3,725,455
Book Stores	\$506,115	\$793,568	\$1,615,597	\$2,915,280
News Dealers and Newsstands	\$26,813	\$42,572	\$83,094	\$152,479
Prerecorded Tapes, CDs, Record Stores	\$277,288	\$435,293	\$835,464	\$1,548,045
Florists	\$301,932	\$538,000	\$1,039,377	\$1,879,309
Office Supplies and Stationery Stores	\$819,121	\$1,414,999	\$2,758,371	\$4,992,491
Gift, Novelty and Souvenir Stores	\$621,987	\$1,095,086	\$2,137,976	\$3,855,049
Full Service Restaurants	\$5,768,625	\$10,111,954	\$19,508,350	\$35,388,929
Limited Service Eating Places	\$5,352,737	\$9,443,123	\$18,239,267	\$33,035,127
Special Foodservices	\$752,994	\$1,891,461	\$3,656,039	\$6,300,494
Drinking Places/Alcoholic Beverages	\$647,025	\$999,139	\$1,918,078	\$3,564,242

Source: Claritas, Inc., and RKG Associates, Inc., 2008

Consumer demand in the one- to three-mile trade area (\$64.8 million) was more than double the demand in the zero- to one-mile trade area. This is primarily due to the larger population within the one- to three-mile trade area. The top demand categories are very similar to the zero- to one-mile trade area and include full-service restaurants (\$10.1 million), pharmacies and drug stores (\$9.6 million), and limited-service eating places (\$9.4 million).

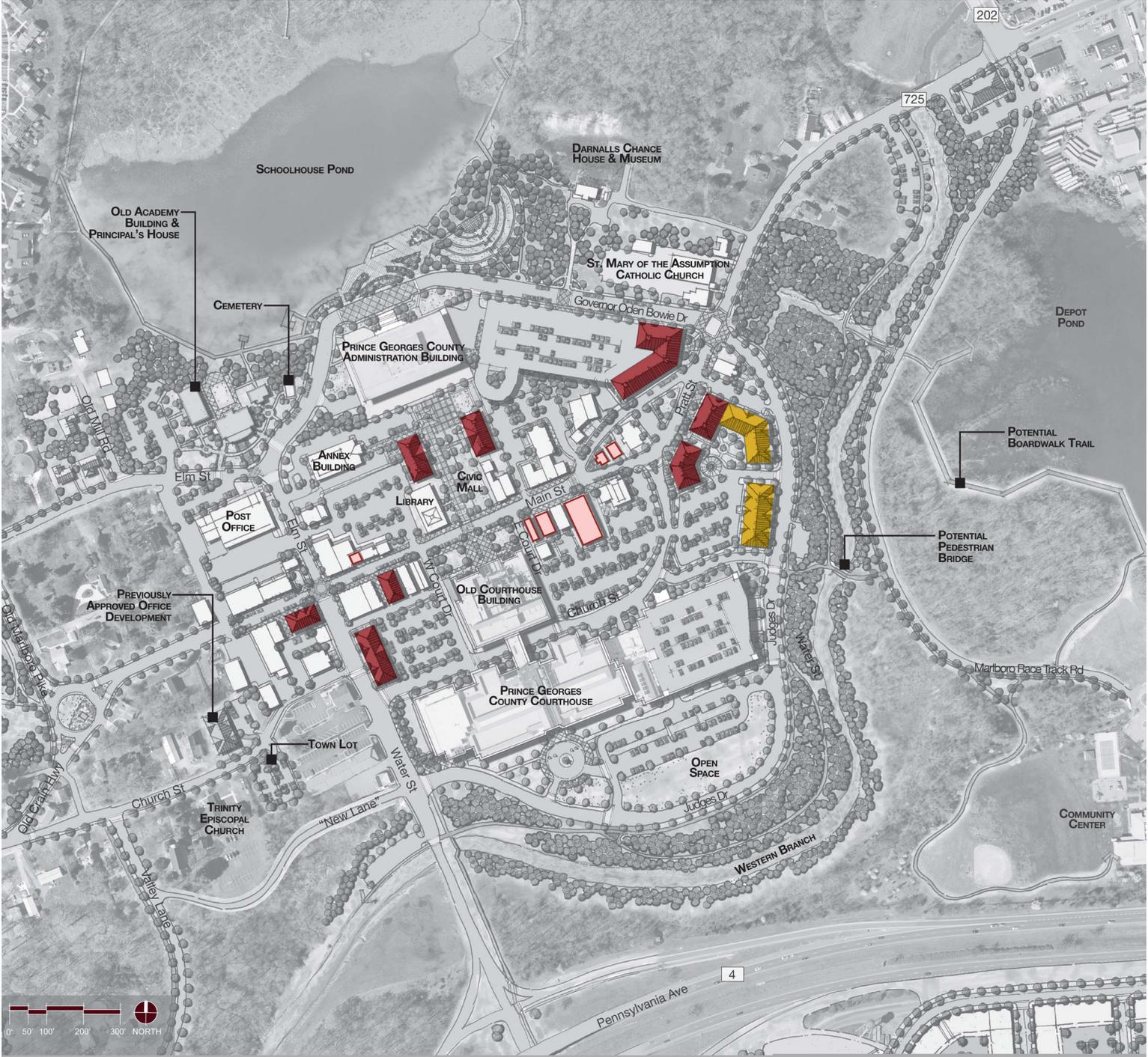
The demand for retail goods in the three- to five-mile area is almost double the demand in the one- to three-mile trade area (\$126.1 million). However, the top demand categories are similar to those in both the zero- to one-mile trade area and one- to three-mile trade area. Top demand categories are full-service restaurants (\$19.5 million), pharmacies and drug stores (\$18.7 million) and limited-service eating places (\$18.2 million).

BUILDING AND LAND VACANCY AND INFILL DEVELOPMENT POTENTIAL

Field estimates indicate that 12.9 percent of the total retail square footage in Upper Marlboro is vacant (10,000 square feet). There is a comparatively high concentration of vacancy on the east side of town near the intersection of Judge's Drive and Pratt Street. There are two vacant buildings located in this area, another vacant building on Main Street located next to the More Than Just Coffee Lounge and another vacant building located in front of the courthouse on Main Street (formerly the Judge's Chamber restaurant). On the western portion of town, there is a vacancy next to the M&T Bank building on Main Street. Exhibit 3-2 shows the various locations where infill development could occur.

In addition to vacant buildings, there is underutilized land that has potential for retail infill development scattered throughout the downtown. In particular, there is room for potential infill near the intersection of Water Street and Church Street and two sites located on Main Street near the Main Street and Water Street intersection. Estimates indicate there may be a potential 16,438 square feet of development at these three sites. There is also room for retail infill development on the western portion of town, near the Judge's Drive and Pratt Street intersection. If built, the two buildings at this site have the potential to add 13,615 square feet of retail/service space to the town. Another 17,452 square feet of retail/service space could be added to the eastern edge of the property where the County Administration

Exhibit 3-2:
Potential Infill Development



- Legend**
- Infill business locations
 - Proposed mixed-use/retail/office/commercial buildings
 - Proposed residential buildings

parking garage is located. Lastly, there are two potential infill development sites located in front of the County Administration Building. It is estimated there may be room for as much as 12,058 square feet of retail/service space in these two buildings. In total, there is the potential for 59,563 square feet of infill space for retail/services uses in downtown Upper Marlboro.

It should be noted that the above estimates represent the “potential” for retail/service square footage in Upper Marlboro. Certain improvements to the downtown district such as streetscaping, building improvements, and aesthetic investments need to occur before retailers will be attracted to the area as a place to do business.

BUILDING CONDITIONS

An assessment of commercial building conditions was prepared as part of its field analysis. Buildings were categorized as either well-maintained, in need of minor repair, or substantial rehabilitation projects. The majority of building square footage (81.5 percent) in the downtown was well maintained. Approximately 9.9 percent of the building square footage is in need of minor rehabilitation and 8.6 percent is in need of substantial repair.

Generally, poor building conditions are related to vacancy. In fact, all the commercial buildings that need substantial repair in Upper Marlboro are vacant. They include the two vacant buildings located within the Judge’s Drive/Pratt Street Circle and the Old Marlboro Academy located near the Water Street and Elm Street intersection. Although the majority of buildings are in good condition, it has been noted in interviews with community members that the

aesthetics of the town as a whole need to be improved. Improvements such as burying or relocating power lines on Main Street, removing large signs displayed by bail bondsmen, and making streetscape improvements have been noted as important investments that need to occur in the town in order to attract retailers to the area.

SALES LEAKAGE ANALYSIS

The difference between the estimated consumer household demand in a given trade area and the actual retail sales of establishments serving that trade area is called “sales leakage” or “sales surplus,” depending on the situation. Retail leakage occurs when businesses within a trade area do not capture all of the potential sales within that area. This spending, which is said

TABLE 3-5:
Retail Sales Leakage (Surplus) in Selected Categories
Upper Marlboro Study Area

	0-1 MILE	1-3 MILE	3-5 MILE	TOTAL
Total Retail Sales	\$8,395,640	\$42,827,391	\$100,256,686	\$151,479,717
Furniture Stores	\$1,422,730	\$3,939,072	\$5,300,214	\$10,662,016
Home Furnishing Stores	\$1,175,341	\$1,012,189	\$5,346,148	\$7,533,678
Computer and Software Stores	\$497,528	\$1,102,210	\$893,216	\$2,492,954
Camera and Photographic Equipment Stores	\$96,505	\$264,736	\$517,580	\$878,821
Convenience Stores	\$58,868	(\$2,061,453)	\$606,931	(\$1,395,654)
Specialty Food Stores	\$148,766	\$267,144	\$707,764	\$1,123,674
Beer, Wine and Liquor Stores	(\$594,473)	\$332,851	\$1,895,298	\$1,633,676
Pharmacies and Drug Stores	(\$2,956,301)	\$9,337,624	\$15,640,154	\$22,021,477
Cosmetics, Beauty Supplies, Perfume Stores	(\$179,516)	\$270,433	\$733,026	\$823,943
Optical Goods Stores	\$164,677	\$464,751	\$920,046	\$1,549,474
Men’s Clothing Stores	\$329,674	\$583,000	\$1,155,040	\$2,067,714
Women’s Clothing Stores	\$999,548	\$2,364,056	\$4,600,949	\$7,964,553
Childrens, Infants Clothing Stores	\$171,587	\$497,543	\$835,210	\$1,504,340
Family Clothing Stores	\$1,739,783	\$5,054,402	\$9,962,289	\$16,756,474
Clothing Accessories Stores	\$131,691	\$249,790	\$487,245	\$868,726
Other Clothing Stores	\$221,187	\$639,664	\$1,091,725	\$1,952,576
Shoe Stores	\$982,407	\$1,709,054	\$3,361,362	\$6,052,823
Jewelry Stores	\$828,296	\$2,032,716	\$4,177,077	\$7,038,089
Luggage and Leather Goods Stores	\$86,270	\$165,914	\$326,238	\$578,422
Hobby, Toys and Games Stores	\$425,296	\$1,132,252	\$2,014,740	\$3,572,288
Book Stores	\$506,115	\$793,568	\$1,469,671	\$2,769,354
News Dealers and Newsstands	\$26,813	\$42,572	\$83,094	\$152,479
Prerecorded Tapes, CDs, Record Stores	\$277,288	\$435,293	\$835,464	\$1,548,045
Florists	\$298,234	(\$91,152)	\$940,043	\$1,147,125
Office Supplies and Stationery Stores	\$814,707	\$667,485	\$2,714,180	\$4,196,372
Gift, Novelty and Souvenir Stores	\$621,987	\$1,085,800	\$1,793,485	\$3,501,272
Full Service Restaurants	(\$1,993,109)	\$3,591,856	\$16,073,180	\$17,671,927
Limited Service Eating Places	\$693,722	\$5,212,231	\$13,788,961	\$19,694,914
Special Foodservices	\$752,994	\$732,651	\$2,716,685	\$4,202,330
Drinking Places/Alcoholic Beverages	\$647,025	\$999,139	\$1,872,953	\$3,519,117

Source: Claritas Inc., and RKG Associates, Inc., 2008
BLACK - Local sales leaking to businesses located outside the local market
GRAY - Local businesses capturing sales from outside the local market

to have “leaked” out of the market, occurs for a number of reasons including: (1) the desired goods and services are either not available or are not competitively priced in the local market, (2) consumer purchases are made outside the trade area for reasons of convenience (e.g., shopping on the way home from work), and (3) consumers purchases through Internet or catalog vendors.

The analysis indicates that Upper Marlboro and competitive commercial areas are not able to capture total consumer household demand. As shown in Table 3-5, approximately \$8.4 million in retail sales are “leaking” from the zero- to one-mile trade area. All of the retail categories, with the exception of beer, wine and liquor stores, pharmacies and drug stores, cosmetics, beauty supply and perfume stores, and full-service restaurants are experiencing sales leakage.

Among these segments, family clothing stores ranks as the most under-served spending category (\$1.7 million). Home furnishing stores (\$1.2 million), furniture stores (\$1.4 million), and women’s clothing stores (\$999,548) are not capturing local demand.

The one- to three-mile trade area is leaking \$42.8 million in sales to other trade areas. Pharmacies and drug stores are leaking the highest amount of sales (\$9.3 million). Convenience stores and florists are the only categories that have a surplus of sales. It is interesting to note that although furniture stores and home furnishing stores captured a significantly higher portion of sales than the zero- to one-mile trade area, these categories are still leaking over \$3.9 to 1.0 million in sales, respectively. The three- to five-mile trade area is leaking \$103.8 million in sales. Full-service restaurants are leaking the highest amount of sales in this trade area (\$16.1 million).

There are no sales categories in the three- to five-mile trade area that have a surplus of sales.

RECAPTURED SALES POTENTIAL

The estimated sales leakages shown in the tables above represent the potential sales to be recaptured by existing merchants and businesses in the three trade areas through means such as an expansion of the merchandise lines, longer operating hours, and/or increased marketing efforts. These leaked sales also represent the unrealized spending potential of local residents, which could be considered an enticement for new retail business start-ups. In the case of Upper Marlboro, the unrealized spending potential includes not only unrealized household spending potential, but also the spending potential of the large daytime employment base.

In reality, it is unreasonable to expect that all leaked sales could be recaptured, either by existing or new merchants. Individuals will continue to shop away from home, where they work, and through other methods (catalogs, Internet, etc.). As such, developing a recruitment strategy based on the assumption that Upper Marlboro retailers can capture 100 percent of the leaking sales is unrealistic. In fact, opportunities to recapture sales will vary by retail segment, store type, store location and presence regional competition.

While estimating sales recapture rates is more art than science, the consultant team has calculated a series of potential recapture rates to estimate the market potential for downtown Upper Marlboro. In part, the recapture rate estimates are based on existing sales capture rates for each market sector. In addition, the



Building Facade Conditions Along Main Street



Existing Overhead Power Line Condition on Main Street



Signage and Sidewalk Condition on Pratt and Main Street

consultants made adjustments to those levels based on their professional experience. These recapture rates are classified as “conservative,” “moderate,” and “aggressive.” As the labels suggest, these recapture rates reflect an increasing level of effort, coordination, and marketing to be achieved.

Based on the recapture rates identified for the zero- to one-mile trade area, it is reasonable to conclude that existing/new retailers have the potential to recapture between \$2.0 million and \$4.1 million of the \$9.0 million in sales leakage, or roughly 22 percent to 46 percent of the total

(Table 3-6). Opportunities are strongest in those retail categories that were leaking the highest amount of sales. These sectors include furniture stores, women’s clothing stores, home furnishing stores, and shoe stores.

Upper Marlboro businesses have an opportunity to capture some sales from residents in both the one- to three mile-trade area and the 3- to 5-mile trade area. Although there are some limited shopping venues throughout these trade areas, residents likely will patronize establishments in Upper Marlboro if it offers a different shopping

experience and product selection than that of the competitive trade areas.

To account for this opportunity, the consultants estimate that the town may be able to capture between \$1.9 million to \$4.1 million of sales from the one- to three-mile trade area and \$1.4 million to \$2.9 million in sales from the three- to five-mile trade area. While this is a relatively low share of the competitive trade area’s leaking sales (four percent to nine percent, and one percent to three percent, respectively), these recapture rates account for the fact that the competitive trade area is closer to the larger shopping centers of Bowie, Largo, and Dunkirk. While some people may change their shopping

TABLE 3-6:
Current Recaptured Sales Estimates
Upper Marlboro Study Area

	Conservative			Moderate			Aggressive			TOTAL RECAPTURE		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
Total Retail Sales	\$2,005,955	\$3,036,091	\$4,066,227	\$1,975,188	\$3,047,922	\$4,120,656	\$1,386,866	\$2,141,074	\$2,895,282	\$5,368,009	\$8,225,087	\$11,082,166
Furniture Stores	\$213,410	\$284,546	\$355,683	\$295,430	\$393,907	\$492,384	\$132,505	\$176,674	\$220,842	\$641,345	\$855,127	\$1,068,909
Home Furnishing Stores	\$176,301	\$235,068	\$293,835	\$75,914	\$101,219	\$126,524	\$133,654	\$178,205	\$222,756	\$385,869	\$514,492	\$643,115
Computer and Software Stores	\$49,753	\$99,506	\$149,258	\$55,111	\$110,221	\$165,332	\$14,887	\$29,774	\$44,661	\$119,750	\$239,500	\$359,251
Camera and Photographic Equipment Stores	\$19,301	\$28,952	\$38,602	\$26,474	\$39,710	\$52,947	\$17,253	\$25,879	\$34,505	\$63,027	\$94,541	\$126,055
Convenience Stores	\$589	\$1,177	\$1,766	\$0	\$0	\$0	\$1,012	\$2,023	\$3,035	\$1,600	\$3,200	\$4,801
Specialty Food Stores	\$7,438	\$10,414	\$13,389	\$6,679	\$9,350	\$12,021	\$5,898	\$8,257	\$10,616	\$20,015	\$28,021	\$36,027
Beer, Wine and Liquor Stores	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pharmacies and Drug Stores	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cosmetics, Beauty Supplies, Perfume Stores	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Optical Goods Stores	\$24,702	\$32,935	\$41,169	\$34,856	\$46,475	\$58,094	\$23,001	\$30,668	\$38,335	\$82,559	\$110,079	\$137,598
Men's Clothing Stores	\$65,935	\$98,902	\$131,870	\$58,300	\$87,450	\$116,600	\$38,501	\$57,752	\$77,003	\$162,736	\$244,104	\$325,472
Women's Clothing Stores	\$199,910	\$299,864	\$399,819	\$236,406	\$354,608	\$472,811	\$153,365	\$230,047	\$306,730	\$589,680	\$884,520	\$1,179,360
Childrens, Infants Clothing Stores	\$34,317	\$51,476	\$68,635	\$49,754	\$74,631	\$99,509	\$27,840	\$41,761	\$55,681	\$111,912	\$167,868	\$223,824
Family Clothing Stores	\$86,989	\$173,978	\$260,967	\$126,360	\$252,720	\$379,080	\$83,019	\$166,038	\$249,057	\$296,368	\$592,737	\$889,105
Clothing Accessories Stores	\$26,338	\$39,507	\$52,676	\$24,979	\$37,469	\$49,958	\$16,242	\$24,362	\$32,483	\$67,559	\$101,338	\$135,117
Other Clothing Stores	\$44,237	\$66,356	\$88,475	\$63,966	\$95,950	\$127,933	\$36,391	\$54,586	\$72,782	\$144,595	\$216,892	\$289,189
Shoe Stores	\$196,481	\$294,722	\$392,963	\$170,905	\$256,358	\$341,811	\$112,045	\$168,068	\$224,091	\$479,432	\$719,148	\$958,864
Jewelry Stores	\$124,244	\$165,659	\$207,074	\$152,454	\$203,272	\$254,090	\$104,427	\$139,236	\$174,045	\$381,125	\$508,167	\$635,208
Luggage and Leather Goods Stores	\$17,254	\$25,881	\$34,508	\$16,591	\$24,887	\$33,183	\$10,875	\$16,312	\$21,749	\$44,720	\$67,080	\$89,440
Hobby, Toys and Games Stores	\$21,265	\$42,530	\$63,794	\$28,306	\$56,613	\$84,919	\$16,790	\$33,579	\$50,369	\$66,361	\$132,721	\$199,082
Book Stores	\$101,223	\$151,835	\$202,446	\$79,357	\$119,035	\$158,714	\$48,989	\$73,484	\$97,978	\$229,569	\$344,353	\$459,138
News Dealers and Newsstands	\$1,341	\$2,681	\$4,022	\$1,064	\$2,129	\$3,193	\$692	\$1,385	\$2,077	\$3,097	\$6,195	\$9,292
Prerecorded Tapes, CDs, Record Stores	\$55,458	\$83,186	\$110,915	\$43,529	\$65,294	\$87,059	\$27,849	\$41,773	\$55,698	\$126,836	\$190,254	\$253,671
Florists	\$59,647	\$89,470	\$119,294	\$0	\$0	\$0	\$31,335	\$47,002	\$62,670	\$90,982	\$136,472	\$181,963
Office Supplies and Stationery Stores	\$40,735	\$81,471	\$122,206	\$16,687	\$33,374	\$50,061	\$22,618	\$45,236	\$67,855	\$80,041	\$160,081	\$240,122
Gift, Novelty and Souvenir Stores	\$124,397	\$186,596	\$248,795	\$108,580	\$162,870	\$217,160	\$59,783	\$89,674	\$119,566	\$292,760	\$439,140	\$585,520
Full Service Restaurants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Limited Service Eating Places	\$34,686	\$69,372	\$104,058	\$130,306	\$260,612	\$390,917	\$114,908	\$229,816	\$344,724	\$279,900	\$559,800	\$839,700
Special Foodservices	\$150,599	\$225,898	\$301,198	\$73,265	\$109,898	\$146,530	\$90,556	\$135,834	\$181,112	\$314,420	\$471,630	\$628,840
Drinking Places/Alcoholic Beverages	\$129,405	\$194,108	\$258,810	\$99,914	\$149,871	\$199,828	\$62,432	\$93,648	\$124,864	\$291,751	\$437,626	\$583,501

Source: Claritas Inc., and RKG Associates, Inc., 2008

habits to patronize unique Upper Marlboro establishments, the competition for retail dollars intensifies as you get closer to these larger retail centers. A five percent recapture of consumer household spending in these trade areas would be considered very aggressive. The continued growth of the region, to be discussed in further detail in the Projected Supportable Square Footage section, will provide new opportunities for Upper Marlboro, and potentially could allow local businesses to attract additional sales from the competitive trade areas as more retailers locate in Upper Marlboro.

In total, Upper Marlboro has the potential to capture \$5.4 million to \$11.1 million in sales from all three trade areas. This capture represents the ability to attract retailers that provide unique goods and services and/or restaurants that are not readily available within the downtown today. For example, there are a limited amount of antique shops or clothing boutiques in Upper Marlboro. If a smaller niche boutique or antique store opened in Upper Marlboro, it could attract consumers from outside the town looking for a unique shopping experience.

SUPPORTABLE RETAIL SQUARE FOOTAGE

It is estimated that retailers in Upper Marlboro could capture between \$5.4 million and \$11.1 million in leaking sales from the three trade areas. To better quantify this potential, the recaptured sales estimates were converted into building square footage estimates based on the ULI's regional average sales per square foot by store type. As shown in Table 3-7, current market conditions indicate the potential addition of 19,484 square feet to more than 41,100 square feet of retail stores.

TABLE 3-7:
Supportable Retail Square Footage
Upper Marlboro Study Area

	TOTAL RECAPTURE		
	Conservative	Moderate	Aggressive
Total Retail Sales	19,484	30,336	41,187
Furniture Stores	973	1,297	1,621
Home Furnishing Stores	1,453	1,937	2,421
Computer and Software Stores	337	674	1,011
Camera and Photographic Equipment Stores	38	57	76
Convenience Stores	7	13	20
Specialty Food Stores	33	47	60
Beer, Wine and Liquor Stores	0	0	0
Pharmacies and Drug Stores	0	0	0
Cosmetics, Beauty Supplies, Perfume Stores	0	0	0
Optical Goods Stores	270	361	451
Men's Clothing Stores	593	890	1,186
Women's Clothing Stores	2,436	3,654	4,871
Childrens, Infants Clothing Stores	341	512	682
Family Clothing Stores	2,021	4,041	6,062
Clothing Accessories Stores	452	677	903
Other Clothing Stores	419	628	837
Shoe Stores	2,291	3,437	4,583
Jewelry Stores	991	1,321	1,652
Luggage and Leather Goods Stores	159	239	318
Hobby, Toys and Games Stores	190	380	571
Book Stores	894	1,341	1,788
News Dealers and Newsstands	23	46	70
Prerecorded Tapes, CDs, Record Stores	565	848	1,131
Florists	663	994	1,325
Office Supplies and Stationery Stores	340	680	1,019
Gift, Novelty and Souvenir Stores	2,191	3,286	4,381
Full Service Restaurants	0	0	0
Limited Service Eating Places	536	1,072	1,609
Special Foodservices	821	1,232	1,643
Drinking Places/Alcoholic Beverages	448	672	896

Source: Claritas Inc., and RKG Associates, Inc., 2008

It should be noted that certain categories have the potential to support more square footage than others. In particular, it is estimated the town could support a furniture store, home furnishing store, shoe store, gift store, and women's clothing store. The study area as a whole is underserved in these types of establishments. Recruitment efforts should focus on creating a niche shopping experience in Upper Marlboro. In order to capture sales from the surrounding trade areas, Upper Marlboro will need to offer something different than is offered in Bowie, Largo, and Dunkirk. Creating a cluster of small specialty shops in Upper Marlboro will help to draw in a regional consumer base.

PROJECTED SUPPORTABLE SQUARE FOOTAGE

METHODOLOGY

Current and planned residential development in the area surrounding Upper Marlboro will impact the demand for new retail square footage in the region. In order to estimate the number of new developments coming on-line in the study area, the consultant utilized data from the Development Activity Monitoring System obtained from Prince George's County Planning Department. This database contained the subdivision application information for those residential properties that were permitted and approved since the year 2000. The database also contained information for 2007 proposed subdivision applications. The subdivision application information is shown in Table 3-8.

To calculate the spending potential of the new households entering these developments, the consultant assumed each unit would contain one household. The consultant estimated that in order to afford an average home value of \$578,654, each household would need sufficient income to support a mortgage payment of \$2,925.99/month. Using standard mortgage underwriting ratios, if 28 percent of the total household income reflects the maximum affordable mortgage payment, then households must have annual incomes of at least \$125,400 to afford a house at this average price point.

It should be noted that proposed units were also included in this analysis. These units have not been permitted or approved, and it is possible they may never be built. However, the consultants' analysis depicts the maximum spending potential derived from these 117 new units within five miles of Upper Marlboro. Assuming each of the 1,463 new household has

TABLE 3-8:Permitted, Approved and Proposed Subdivision Applications
5-Mile Competitive Area; 2000 to Present

	Unit Count	Average Build. Value	Average Land Value	Average Prop. Value	Gross Prop. Value
PERMITTED					
A.O. Dill Farm	3	1,291,200	\$430,400	\$1,721,600	\$5,164,800
Beacon Hill	14	\$450,000	\$150,000	\$600,000	\$8,400,000
Beech Tree Village	274	\$500,000	\$166,667	\$666,667	\$182,666,667
Brock Hills	10	\$350,000	\$87,500	\$437,500	\$4,375,000
Croom Station	25	\$575,000	\$191,667	\$766,667	\$19,166,667
Fox Chase	19	\$308,000	\$102,667	\$410,667	\$7,802,667
Hilltop Way Estates	1	\$539,000	\$179,667	\$718,667	\$718,667
Ellerslie	34	\$625,000	\$208,333	\$833,333	\$28,333,333
Perrywood	324	\$350,000	\$87,500	\$437,500	\$141,750,000
Rose Hill	10	\$500,000	\$166,667	\$666,667	\$6,666,667
Wortz and Weeks	2	N/A	N/A	N/A	N/A
South Weston	19	\$800,000	\$266,667	\$1,066,667	\$20,266,667
TOTAL	735			\$578,654.60	\$425,311,133
APPROVED					
Locust Hill	554				
Stratford	23				
Christy Clagett	20				
McDermott	14				
TOTAL	611				
PROPOSED (2007)					
Forrest Hills	116				
Depot Lane Property	1				
TOTAL	117				
GRAND TOTAL	1,463				

Source: Activity Development Monitoring System and RKG Associates, Inc., 2008

an average income of \$125,400, the total annual earning power of the new households would equal \$183.5 million. Assuming the average household spends roughly one-third of their income on retail and service purchases, their annual household spending potential would equal an additional \$55.0 million. However, it is unrealistic to expect that Upper Marlboro could capture 100 percent of this demand. As mentioned previously, people will continue to make purchases away from home, while at work, over the Internet, etc. However, if more retail options (i.e., stores) were available in Upper Marlboro, these new households would potentially shop in town for reasons of convenience. As such, the consultants estimated a range of theoretical sales recapture rates of

50 percent to 70 percent of new household spending. These recapture rates are considered theoretical since Upper Marlboro does not currently possess the variety of stores necessary to capture these sales.

PROJECTED SALES CAPTURE AND SUPPORTABLE SQUARE FOOTAGE

Based on this projected new household spending, an additional 34,167 to 47,834 square feet of retail establishments could be supported in Upper Marlboro over the next ten years (Table 3-9). If the projected estimates are added to current estimates of supportable square footage, the town has the potential to support approximately 55,000 to 89,000 square feet of space. These projections include

current supportable square footage, as well as the supportable square footage that will be created by the 1,463 new households that may move into the immediate area in the future. More specifically, the square footage projections indicate the town may be able to support two pharmacies and drug stores, two family clothing stores, three to four full-service restaurants and three limited service eating places as well as additional square footage in other categories. It should be noted that the retail market estimates are of what the long-term market potential is in Upper Marlboro. Investments need to occur in town aesthetics and building conditions, as well as infill development, in order for the town to realize its maximum potential.

IMPLICATIONS

The Upper Marlboro Action Plan calls for 59,563 square feet of new retail space in the town. The consultant estimates the current retail market can support approximately 20,000 to 41,000 square feet of retail space. However, this does not mean that the town will not be able to support higher levels of retail development into the future. In fact, projections indicate that the market could support between 55,000 to 89,000 square feet of retail space in the next ten years. It should be noted the exact amount of supportable square footage will depend on the amount of investment and recruitment effort that occurs in the town.

The area surrounding Upper Marlboro is growing. Over 1,400 housing units may be added to the adjacent five-mile area within the next ten years. The growth that is occurring in the surrounding area presents a great opportunity for the Town of Upper Marlboro

TABLE 3-9:

Potential Supportable Retail Square Footage
Upper Marlboro Study Area

	FUTURE DEMAND			SUPPORTABLE SQUARE FOOTAGE		
	Conservative	Moderate	Aggressive	Conservative	Moderate	Aggressive
Total Retail Sales	\$27,518,960	\$33,022,752	\$38,526,544	34,167	41,001	47,834
Furniture Stores	\$666,596	\$799,915	\$933,235	1,011	1,213	1,416
Home Furnishing Stores	\$602,305	\$722,766	\$843,227	2,267	2,721	3,174
Computer and Software Stores	\$220,154	\$264,185	\$308,216	620	744	868
Camera and Photographic Equipment Stores	\$44,043	\$52,852	\$61,660	26	32	37
Convenience Stores	\$180,903	\$217,084	\$253,264	753	904	1,055
Specialty Food Stores	\$133,465	\$160,158	\$186,851	222	266	310
Beer, Wine and Liquor Stores	\$287,188	\$344,625	\$402,063	219	263	307
Pharmacies and Drug Stores	\$1,603,466	\$1,924,160	\$2,244,853	4,946	5,935	6,924
Cosmetics, Beauty Supplies, Perfume Stores	\$67,443	\$80,932	\$94,420	208	250	291
Optical Goods Stores	\$77,653	\$93,184	\$108,715	254	305	356
Men's Clothing Stores	\$97,050	\$116,460	\$135,871	354	424	495
Women's Clothing Stores	\$421,557	\$505,869	\$590,180	1,741	2,089	2,438
Childrens, Infants Clothing Stores	\$84,409	\$101,291	\$118,173	257	309	360
Family Clothing Stores	\$839,768	\$1,007,721	\$1,175,675	5,726	6,871	8,016
Clothing Accessories Stores	\$41,461	\$49,753	\$58,045	277	333	388
Other Clothing Stores	\$106,993	\$128,392	\$149,790	310	372	434
Shoe Stores	\$283,297	\$339,956	\$396,616	1,354	1,625	1,896
Jewelry Stores	\$354,464	\$425,357	\$496,250	922	1,106	1,290
Luggage and Leather Goods Stores	\$27,545	\$33,054	\$38,563	98	118	137
Hobby, Toys and Games Stores	\$186,705	\$224,046	\$261,387	535	642	749
Book Stores	\$136,159	\$163,391	\$190,623	530	636	742
News Dealers and Newsstands	\$7,161	\$8,593	\$10,025	54	64	75
Prerecorded Tapes, CDs, Record Stores	\$72,771	\$87,325	\$101,879	324	389	454
Florists	\$89,052	\$106,862	\$124,672	648	778	908
Office Supplies and Stationery Stores	\$235,770	\$282,924	\$330,078	1,001	1,201	1,401
Gift, Novelty and Souvenir Stores	\$182,294	\$218,753	\$255,212	1,364	1,637	1,910
Full Service Restaurants	\$1,688,515	\$2,026,218	\$2,363,921	4,043	4,852	5,661
Limited Service Eating Places	\$1,576,325	\$1,891,591	\$2,206,856	3,020	3,624	4,228
Special Foodservices	\$315,756	\$378,907	\$442,058	825	990	1,155
Drinking Places/Alcoholic Beverages	\$167,079	\$200,495	\$233,910	256	308	359

Source: Claritas Inc., and RKG Associates, Inc., 2008

to capture some of this growth and increase the amount of retail square footage in the town. However, as mentioned previously, real investment in the town needs to occur before retail establishments will be attracted to the area. Interviews with community members, as well as real estate professionals, have indicated that the poor quality of buildings, as well as lack of town aesthetics, has influenced retailers to locate elsewhere in the county. Efforts also need to be made to infill underutilized land to create more physical space for potential retailers. A

successful retail recruitment strategy will need to include investments in signage, sidewalk repair, building construction, and building improvements.

Although there is a large daytime worker population in Upper Marlboro, there are only about 650 residents living in the town. As such, retail recruitment efforts should focus on businesses that would be sensitive to the town's character. Niche specialty shops, such as antique stores or clothing boutiques, would help build

the retail base of the town core while fitting in with the surrounding neighborhood. A cluster of specialty shops in the Town of Upper Marlboro will attract people to the town core for a unique shopping experience, thereby improving the economic base and viability of the town.

