

MEMORANDUM

TO: City Council

FROM: David J. Deutsch
City Manager

SUBJECT: *Status Report*

DATE: November 5, 2015

1. Yellowstone Place Tree Planting

Patriot Land and Wildlife Management Services planted 35 native trees on a City-owned property, adjacent to Yellowstone Place, on Thursday, October 29th. City funds and a Prince George's County Tree ReLeaf grant made the planting possible. Trees are a very important resource for the community. They provide clean air and water, shade, beauty, and privacy. Additionally, the planting will help move the City closer to achieving its 45% tree canopy goal.

2. County Legislation (CB-60-2015)

On Tuesday, November 3rd, the Prince George's County Council conducted a public hearing on CB-60-2015, a bill proposing multi-family residential as a permitted land use in the C-S-C (Commercial Shopping Center) zone, subject to approval of a Detailed Site Plan, where property is within a Mixed-Use Activity Center designated within an Area Master Plan. The bill will affect the Bowie Marketplace, as well as parcels on Superior Lane, West Bowie Village and Pointer Ridge Shopping Center. On May 18th, City Council reviewed a presentation by Mr. Brian Berman and agreed to support a legislative effort. The County Council's Planning, Zoning and Economic Development (PZED) Committee supported the bill, which was modified to delete the original language requiring a minimum of 20% age restricted units. At Tuesday's hearing, Attorney Andre Gingles, representing Berman Enterprises, and the City's Planning Director spoke in favor. Council Member Todd Turner made a motion to APPROVE CB-60-2015 (Draft 2). His motion was seconded by Council Member Glaros and passed unanimously (Patterson absent). The legislation becomes effective in 45 days. Mr. Gingles informed staff that plans are being drafted for the residential component at Bowie Marketplace and he is anticipating a Stakeholders Meeting in the very near future.

3. Digital Speed Signs

Public Works will be relocating the digital signs to: **Penn Manor Lane** (fr. Jordon Pond Lane); **Madeley Lane** (fr. Old Barn Road); **Longleaf Drive** (fr. Rustic Hill Drive); **River Park Road** (fr. Knowledge Lane); **Dunwood Valley Drive** (fr. Driftwood Lane); **Arden Forest Lane** (fr. Pleasant View Drive).

4. Bond Refunding

The closing occurred last Friday as anticipated, and the debt service savings of \$347,000 is locked in.

5. Economic Development Committee (EDC)

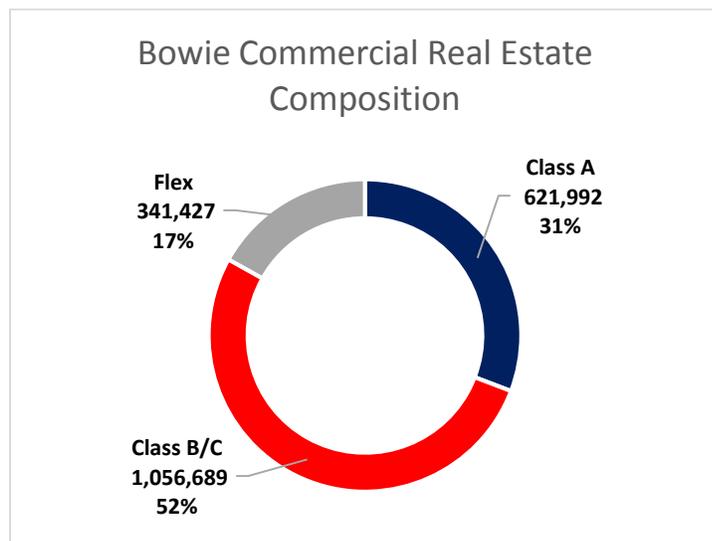
The EDC met Wednesday. EDC members Sean Doordan and Jerry Dawson provided a review and update of the office and flex property market in Bowie. Bowie's "office" supply consists primarily of Class B and C buildings which serve the main market demand which is from "consumer based" business such as medical, legal, financial service businesses. A Bowie address is regarded within the brokerage and business community as "more prestigious" than other nearby communities. An informational handout is attached with more detail from the presentation. Additionally the EDC continues its review and update of the strategic economic development vision. The next EDC meeting is December 9 and the meeting location will likely be at the Bowie Business Innovation Center at Bowie State University.

Attachment

Bowie Maryland - Commercial Office Real Estate Surveyⁱ

[Excludes retail, hospitality, industrial and multi-family]

Bowie's commercial real estate inventory is dominated by Class B & C office product. Class B & C office assets make up 52% of Bowie's total commercial office inventory with more than 1 million square feet. Class A office space comprises 31% of the total inventory with 621,992 square feet in the market. While the flex space inventory is approximately 341,427 square feet or 17% of the Bowie office market.



Source: 1 Costar

Office Users

The large majority of Bowie's office users are generally a mix of small government contractors and "consumer based" office users. "Consumer based" office users generally include attorneys, insurance brokers, accountant, doctors and other businesses focused on reaching and servicing the area's residents. Many are independent small businesses. These office users are important to servicing a healthy residential market. However, because they are generally *non-basic employment* rather than *basic employment*, they do not contribute greatly to local economic growth.

[Building Class Definitions]

Class A

Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Class B

Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.

Class C

Buildings competing for tenants requiring functional space at rents below the average for the area.

Source: Building Owners and Managers Association (BOMA)

Basic employment is made up of industries that rely on external factors to fuel demand. For instance, mining, logging and many large manufacturing companies are considered basic employers because their goods are shipped outside the location where they are sourced. On the other hand, **non-basic**

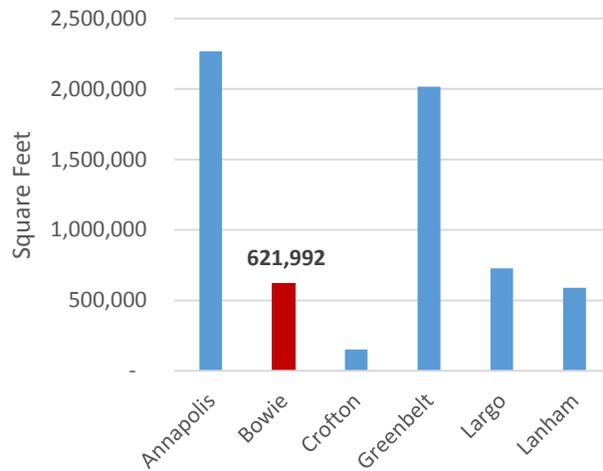
employers depend entirely, or almost entirely, on local demand and usually employ local workers.
 Source: *Definition of Non-Basic Employment* by Chris Blank, Demand Media

Class A Office Comparison

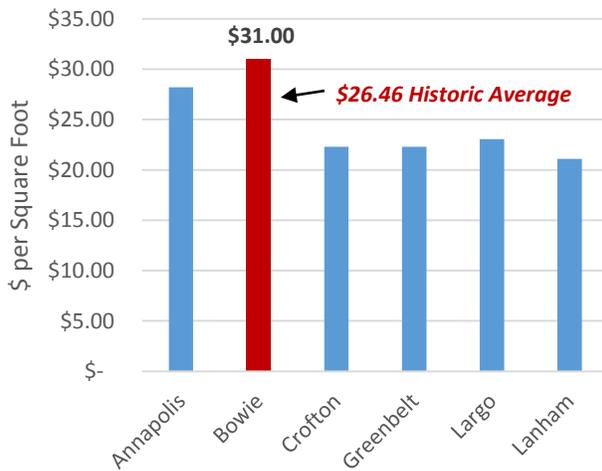
Bowie primarily competes with Annapolis, Crofton and Lanham for office tenants and users. Other competing markets include Greenbelt and Largo either due to their proximity to metro rail and/or access to the beltway.

Among the competitive markets, Annapolis and Greenbelt are the dominate locations each with Class A market more than 4 times that of Bowie's Class A market.

Class A Inventory

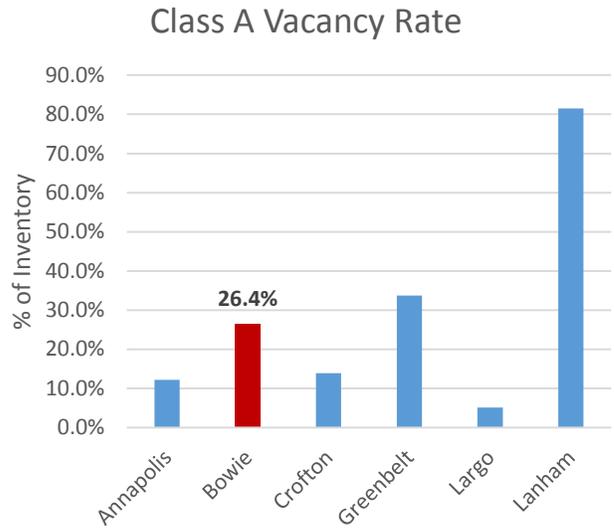


Class A Rent



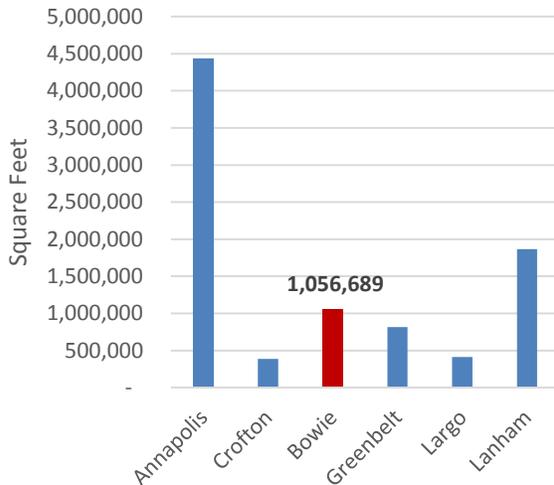
Bowie's Class A rent rates includes asking rent for a proposed medical office building. This skews the rate upward to \$31.00 from the historic average of \$26.46. At the historic average, Bowie's Class A rent rates remain among the highest in the comparative market set, second only to Annapolis at \$28.22 per square foot.

Bowie's Class A vacancy rate of 26.4% is relatively high when compared to Annapolis, Crofton, and Largo which have vacancy rates at or below 14%.



Class B/C Office Comparison

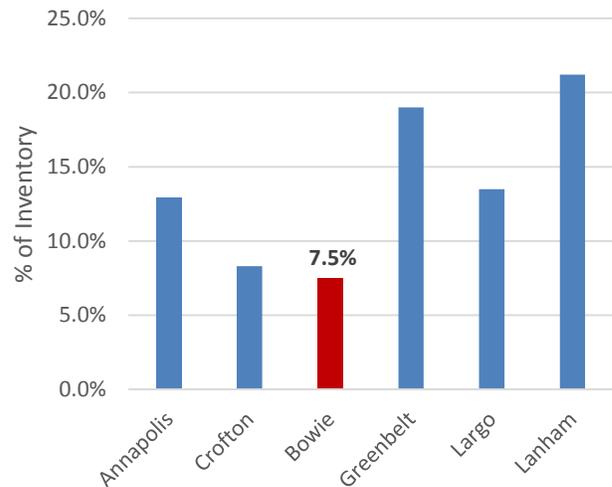
Class B/C Inventory



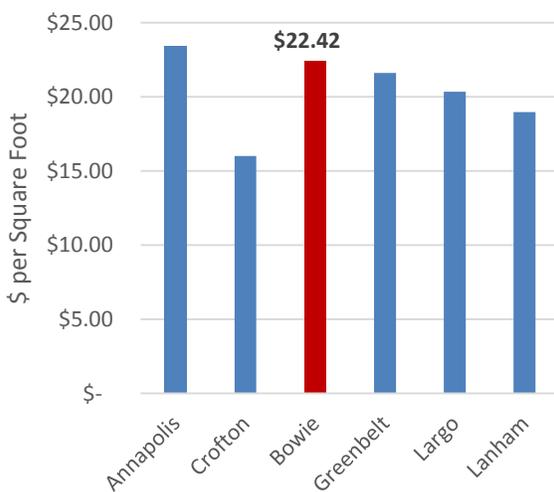
Bowie's inventory of class B/C space is over 1 million square feet. Among the competitive markets, Annapolis' class B&C inventory is equal to the total of the other 5 markets combined.

Bowie Class B/C vacancy rate is the lowest among the competitive markets. This reflects the value that commercial office users find in the Bowie office market. Reasonable/competitive rents when compared to Annapolis and Washington DC, access to major highways, access to middle and upper income households, and strong reputation.

Class B/C Vacancy Rate



Class B/C Rent



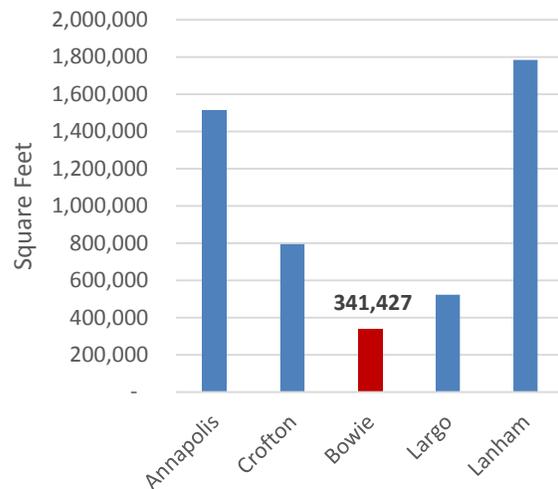
Bowie's strong class B/C market is evident by strong rental rates. Second only to Annapolis among the competitive markets, Bowie maintains B/C rental rates above \$20.0 per square foot. Making Bowie a reasonable alternative.

Flex Space Comparison

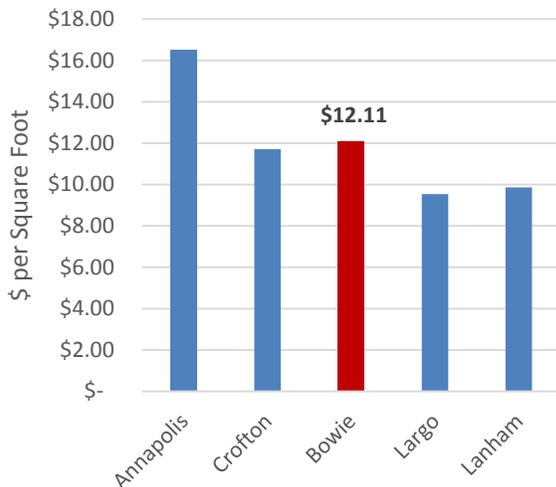
Flex Space: A building providing its occupants the flexibility of utilizing the space. Usually provides a configuration allowing a flexible amount of office or showroom space in combination with manufacturing, laboratory, warehouse distribution, etc. Typically also provides the flexibility to relocate overhead doors. Generally constructed with little or no common areas, load-bearing floors, loading dock facilities and high ceilings. – The Center for Commercial Real Estate™

Bowie does not possess an abundance of flex space as it maintains the lowest inventory among the comparison markets. Note that according to Costar, Greenbelt has no inventory categorized as flex space.

Flex Space Inventory



Flex Space Rent



Flex Space rents in Bowie are second only to Annapolis among the comparison markets.

Bowie's maintains a relatively high vacancy rate among the comparison set with 21% of the flex space vacant.

ⁱ Unless otherwise noted, Costar is the source of real estate inventories, vacancy rates and rental rates for this survey.

