



## **SUITLAND MARKET UPDATE**

RESIDENTIAL, RETAIL, & HOTEL MARKET ANALYSIS

**JANUARY 2021**

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## **INTRODUCTION + EXECUTIVE SUMMARY**



# The RAPGC is seeking to understand the residential and retail market potential of additional development in Suitland, MD.

RAPGC has assembled sites for future development along Suitland Road as part of the Towne Square development and on Silver Hill Road across from the Suitland Federal Center, in closer proximity to the WMATA station. This study evaluates the market potential for **multifamily and retail uses on the Towne Square parcels** and for a **food hall at the Silver Hill Road site**.

There are number of key factors to acknowledge in examining the redevelopment potential of these sites:

- **Towne Square at Suitland** is a multi phase mixed-use project led by the County Redevelopment Authority, where townhouses are being developed as part of the first phase. A 6-story, 137-unit largely affordable multifamily senior housing development is planned to break ground in August. Future phases will include a hotel and additional townhomes.
- **Suitland Federal Center** is home to 7,000 – 8,000 federal employees from the Census Bureau, NOAA, and other agencies. In late 2019, the **Bureau of Labor Statistics** requested funding to relocate approximately 2,000 employees to Suitland Federal Center following its lease expiration in 2022. Additionally, in June 2020, NCPC approved the **Smithsonian Institution's** plans to expand the Suitland Collections Center campus from 1.3M SF to 2.4M SF over the next two decades, increasing employees from 350 to 900.
- The number of federal employees along the Green Line is poised to grow once the headquarters for the **U.S. Citizenship and Immigration Services** is completed near the Branch Avenue Metro station in Camp Springs.



In 2018, HR&A conducted a residential market analysis for Suitland.

## 2018 STUDY FINDINGS

### Opportunities:

- Site provides access to government and private sector jobs along the Green Line, and is a one seat ride to Downtown D.C.
- The Green Line is becoming a commuter corridor which has led several developers to acquire sites along the Green Line
- Area is projected to see employment and population growth
- HR&A's 2018 Suitland study indicated the area can support 590 rental units and 265 owner units beyond the existing pipeline between 2018 – 2025

### Challenges:

- Connectivity to the metro station may be a barrier for site activation
- Limited street-level activity given significant traffic along Silver Hill and Suitland Roads

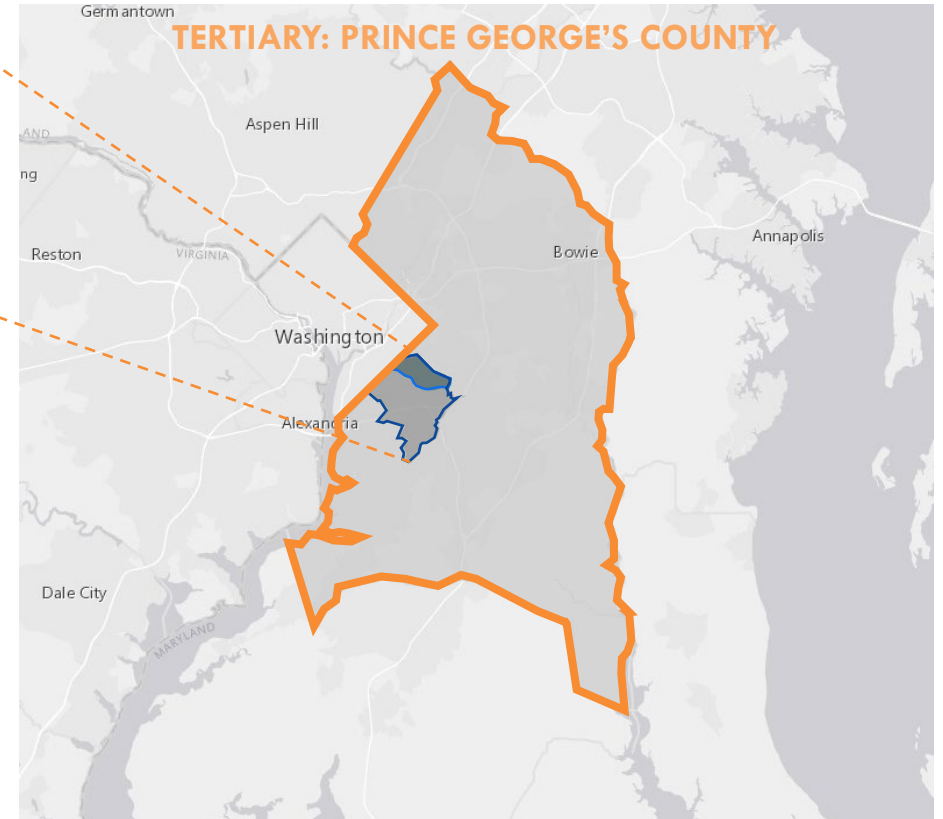
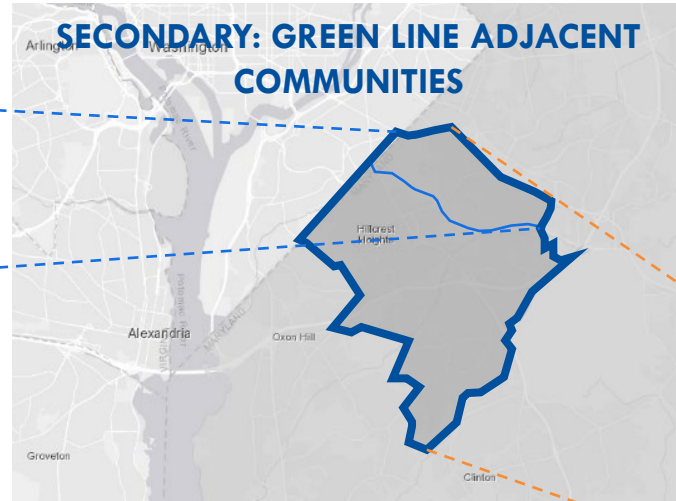
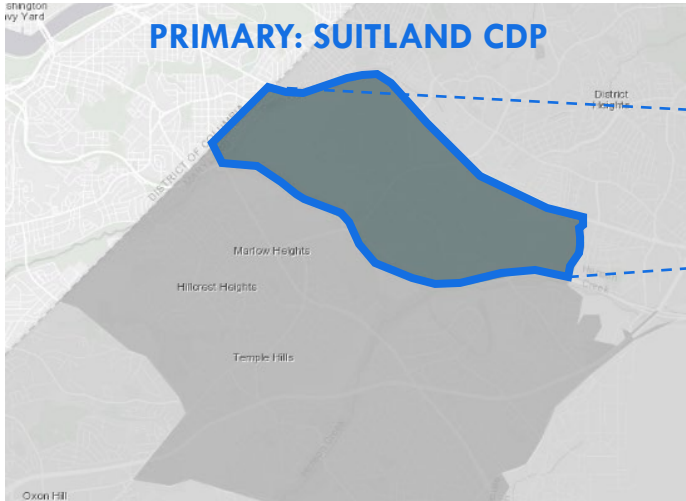
## 2020 SCOPE OF WORK

In 2020, HR&A was engaged to:

- Conduct **stakeholder interviews** to gain additional context on the implications of additional development in the Suitland area and to discuss planned future projects for the area
- Update the **rental residential market analysis**, assessing multifamily rental residential development trends by analyzing historical market indicators and estimating housing demand by examining growth trends and household migration patterns
- Conduct a **retail market analysis**, analyzing the potential for retail development by conducting a retail gap analysis, specifically with a focus on evaluating the potential for a food hall
- Conduct a **hotel demand analysis**, examining hotel demand generated by residents, workers, and visitors in the study area, with an emphasis on business travel generated by the Suitland Federal center



Study areas for this analysis were selected to provide context for the Suitland area, comparable nearby communities, and Prince George's County as a whole.



### STUDY AREAS

- **Primary:** Suitland, MD (as defined by the US Census)
- **Secondary:** "Green Line Adjacent Communities", including Camp Springs, Hillcrest Heights, Marlow Heights, Morningside, Silver Hill, and Suitland
- **Tertiary:** Prince George's County

Note that the **real estate supply and pricing analysis** will examine **places adjacent to Suitland** to understand the market in comparable areas.

# The onset of the COVID-19 pandemic has added uncertainty to market dynamics in Suitland.

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As Metro DC continues to create jobs, housing needs will deepen; greater capacity to work from home and a desire for greater safety may **increase demand for new housing in portions of suburban counties with the greatest concentration of walkable amenities** (e.g. adjacent F&B offerings and an active public realm).

## MULTIFAMILY

**Construction costs could potentially fall** from historically unsustainable levels as demand for new construction declines. **Financing costs may potentially increase**, but this is dependent on capital market volatility. While interest rates have decreased, shifting risk tolerance may result in more required equity, leading to an overall higher cost of capital. **Market rents are likely to stagnate or decline in the short-term**, while the long-term effects on rents are unclear at this point. In the long-term, if potential homeowners are unable to afford homes due to less household liquidity and stringent loan terms, these **households may remain in the rental market, keeping rent growth stable**. This was observed in the Great Recession, where many cities had stable or increasing rents, while sale prices dropped.

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## RETAIL

The food and beverage industry will likely undergo a **period of experimentation and transformation**.

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## HOTEL

The hospitality industry has been one of the hardest-hit industries due to the pandemic's impact on travel, and it will **likely experience a slow recovery**.

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## MIXED-USE

The desire for urban workers to limit commuting and continue an amenity-rich lifestyle outside of the central city may lead to **new multifamily-anchored developments within walkable nodes** with ancillary coworking, F&B, and other uses.

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## OPEN SPACE

In the COVID era, **parks, public spaces, and outdoor amenities will become more sought-after amenities** for workers, shoppers, diners, and residents.

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Suitland could capture a greater share of regional residential demand if it can leverage transit connectivity and offer attractive amenities at a competitive price point.

## RESIDENTIAL KEY FINDINGS

- **Suitland's shifting demographics could potentially support the growth of future demand.** After a period of significant population decline, Suitland experienced modest population growth after 2015. Over the past decade, the population between the ages of 25 and 34 increased, and median wages in Suitland have grown at a faster pace than the County. Moreover, average wages for government workers in the County (\$99K), including workers at the Suitland Federal Center, are higher than the county's average wage.
- Recent residential development in Suitland at **Towne Square is generating a critical mass** in the area surrounding the RAPGC sites. Based on information gathered from stakeholder interviews, these units have sold faster and at higher price points than anticipated, suggesting that there is potential to support residential demand on the RAPGC sites.
- However, recent multifamily rental development has largely taken place outside of the Suitland area. Among recent deliveries, the onset of **COVID-19 has resulted in slower absorption rates.** While there may be potential to support multifamily rental development, RAPGC will need to consider strategies to ensure that the residential product is able to attract regional demand.
- Based on a 10% to 20% market capture rate, **Suitland could support an estimated 437 to 873 additional rental units between 2020 and 2025.** Our preliminary site capacity estimate indicates that the RAPGC parcels could support between 700 and 1,000 units with 3-4 residential floors above ground floor retail. Maximizing development potential of the RAPGC parcels would require achieving an aggressive demand capture rate of approximately 20%.
- Under existing conditions, residential development on RAPGC's sites could potentially capture a share of the limited local demand. To capture a greater share of regional demand, residential development will need to create a distinct identity. Building on the momentum of the Towne Square development, the **site would benefit from additional urban amenities offered at a competitive price point and improved transit connectivity** to compete with other residential products in Prince George's County.



Through transformative mixed-use development and proximity to transit, Suitland can increase capture of regional growth.



### **Distinct Identity**

A curated, unique retail program can add character and identity to the development and increase capture of demand.



### **Active Public Realm**

Creating a sense of place through programmed open space and an activate public realm can serve to create a new node in Suitland.



### **Transit Connectivity**

Build off proximity to the Suitland Metro Station, as well as connecting to major government employments centers along the Green Line. However, the site is 0.6 miles away from the Suitland Metro Station, and to leverage this benefit, the connection to the Suitland Metro will need to be walkable.



### **Amenities**

Ensuring that the residential product offers desirable amenities or other features (e.g. larger unit sizes or robust retail offerings) to support regional competitiveness. For example, The Oxford in Oxon Hill offers proximity to F&B and entertainment options at National Harbor, as well as building amenities such as an observation deck, training center, club lounge, pet spa, and cyber café.

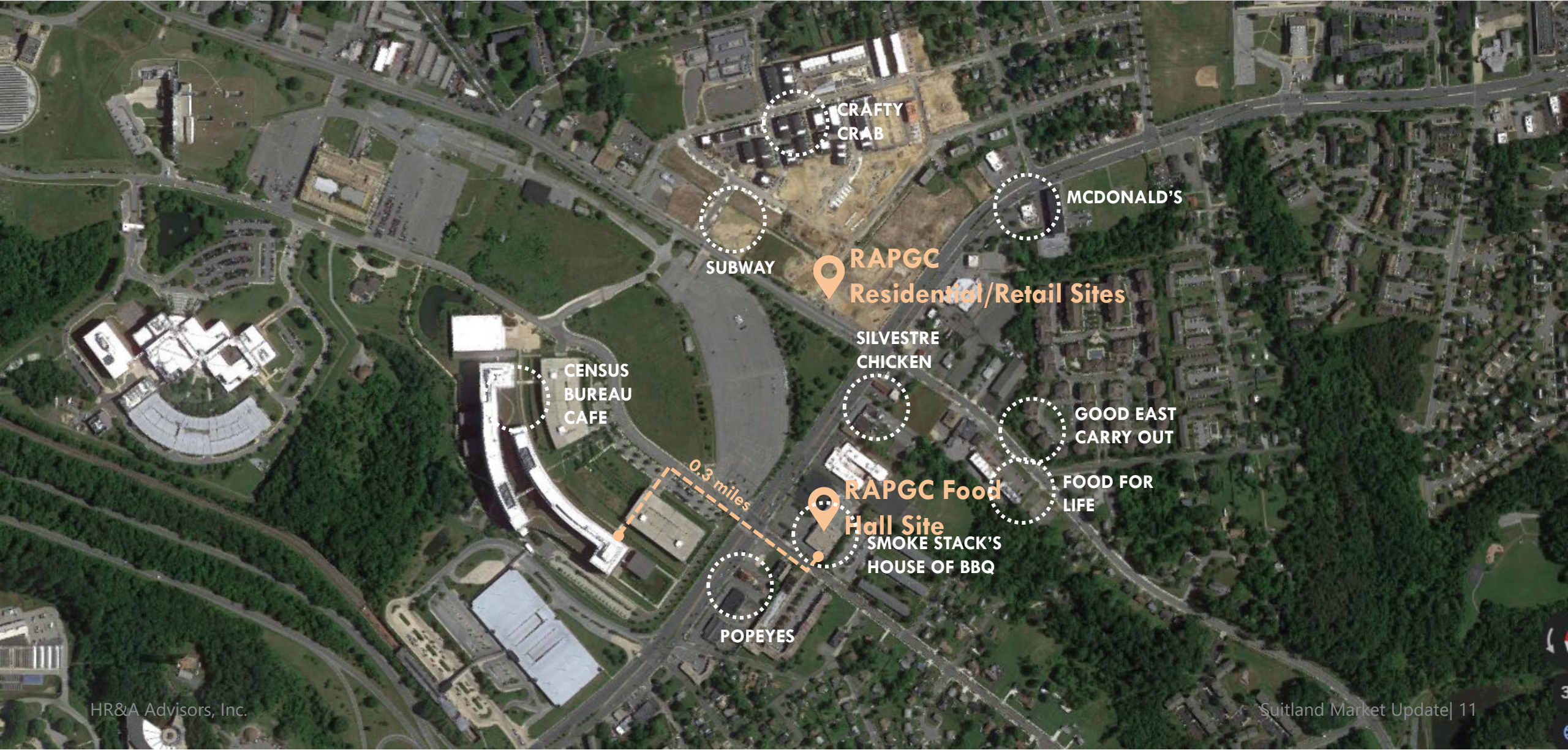
# The retail gap analysis indicates an undersupply of F&B amenities and convenience retail.

## RETAIL KEY FINDINGS

- Most of the retail space in Suitland was built before 1980 in standalone locations. Rents in the Suitland area have increased at a faster pace than the County. Other projects that will add a significant amount of F&B space to the retail inventory in Suitland (e.g. Restaurant Row Apollo and the Iverson Mall renovation) have primarily targeted national chains and fast casual food concepts.
- The retail gap analysis suggests that there is an undersupply of F&B offerings within the primary trade area, a 10-minute drive from the RAPGC sites. The limited amenities within the Suitland Federal Center and dearth of options within walking distance of this major employment center suggest that **F&B uses and higher end convenience retail** could be supported on RAPGC sites.
- Stakeholder interviews highlighted the need for additional retail in the area:
  - **Higher end convenience retail** is needed to support new households already living at Towne Square.
  - Suitland Federal Center employees and nearby residents are likely underserved, with a **limited local selection of grocery and restaurant offerings**. Although the retail gap analysis indicates a surplus of grocery stores in the primary trade area, the **residential development at Towne Square could benefit from pedestrian access to a grocery store**, and stakeholder interviews confirmed such demand.
  - Potential addition of BLS workers at Suitland Federal Center and residents of the ongoing Towne Square project will support the **growth of future spending potential**.
- In addition to conventional retail tenants, the RAPGC should consider alternative **ground floor activation strategies** to support residential development at Towne Square. Financial tools, such as underwriting the ground floor space at below-market rents, could leverage innovative uses, such as **cultural space, production or studio space, or pop-ups and temporary programming** to accelerate lease-up of space while the market develops.



Outside of the office complex, federal workers have access to a limited mix of fast food establishments and quick-service restaurants.





Although the gap analysis suggests surplus of grocery stores in the trade area, the closest major grocery store to the RAPGC residential sites is nearly a mile away.





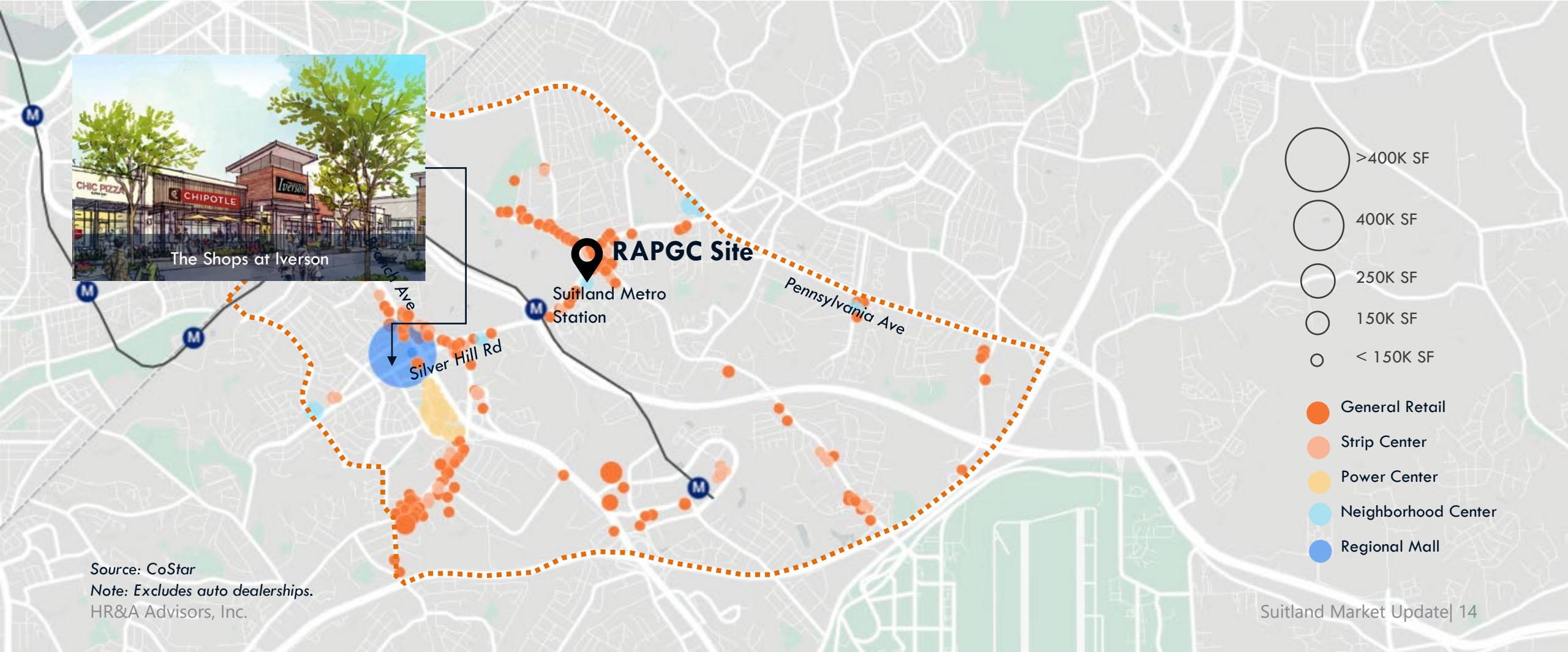
# The food hall can leverage local demand drivers such as the planned residential growth at Towne Square and federal workers.

## RETAIL KEY FINDINGS

- The secondary trade area, a 15-minute drive for the RAPGC site, contains well-established F&B hubs which draw from regional demand. **Potential food hall offerings will need to be tailored to local conditions** to establish a distinct identity within the competitive regional landscape through:
  - Ensuring that the potential food hall is walkable and accessible to immediate surroundings
  - Differentiating the potential food hall tenanting from other developments in the pipeline in the Suitland area with local non-chain vendors
- The success of the food hall is contingent upon establishing **safer and more attractive pedestrian connections** in order to attract nearby employees and residents. At 0.4 miles from Metro, the site is at the upper limits of being considered “transit-accessible,” and access from the Metro, the gated Suitland Federal Center, and Towne Square all require crossing Silver Hill Road, a busy 6-lane road.
- In addition to considering the market viability of a food hall, the creation of a food hall could potentially align with other policy goals:
  - **Economic Development/Support Small Businesses:** Food halls typically offer lower barriers to entry. The initial capital investment for a food hall space is typically lower than a standalone restaurant. Moreover, food halls often provide more flexible and shorter-term leases, and other costs such as utilities, marketing, and real estate taxes can be reduced.
  - **Amenities:** Food halls provide amenities for both nearby residents and workers as well as landlords, and food halls can help activate the ground floor and public realm. Additionally, food halls provide experiential and social offerings. Access to robust F&B offerings through a food hall could help support the nearby residential development.
  - **COVID Recovery:** Food halls could become a platform to support the recovery of independent restaurants. For landlords, food halls mitigate risk through its multiple vendors, minimizing the risk of significant vacancy. Since food halls are often designed to be flexible spaces, this flexibility could be leveraged for adaptation to accommodate social distancing policies as the area adapts to a post-COVID equilibrium. For restaurants and vendors, certain operating models could support the recovery of businesses. In operating models that are based solely on percentage rent, fixed costs are minimized for the tenant.
- An existing, successful food hall operator’s interest in the potential food hall site removes some of the risk and uncertainty from developing the site and securing an operator.

The Shops at Iverson is a newly renovated mixed-use property, and the renovation will add a food court with fast casual food concepts.

In addition to the food court, the renovation includes a new façade, energy efficiency upgrades, new lighting and security systems, and new restrooms. Tenancing strategies for RAPGC sites will need to ensure differentiation from other local projects.

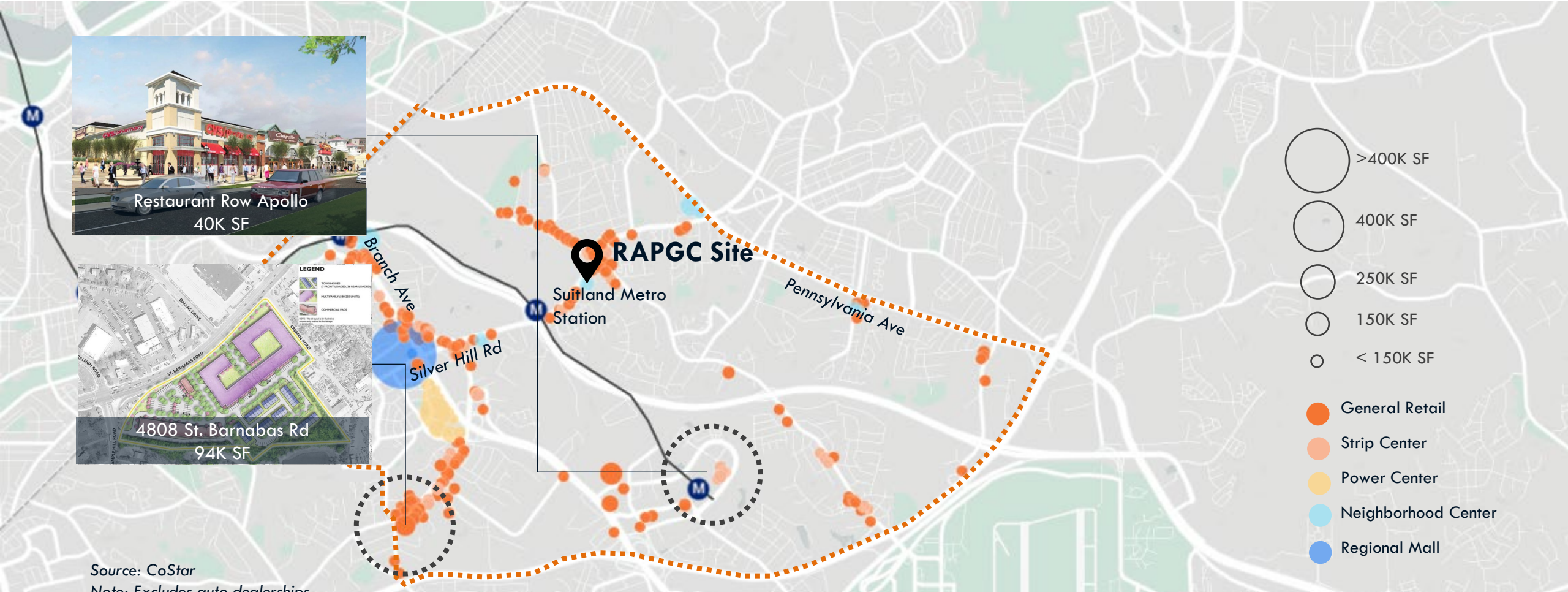


Source: CoStar  
Note: Excludes auto dealerships.  
HR&A Advisors, Inc.



# Retail projects in the pipeline could add F&B space to the market and increase the existing supply by 5%.

The pipeline could add 134K SF of additional retail space. Approximately 40K SF is under construction at Restaurant Row Apollo which will add F&B space in a strip center format to a mixed-use planned community.

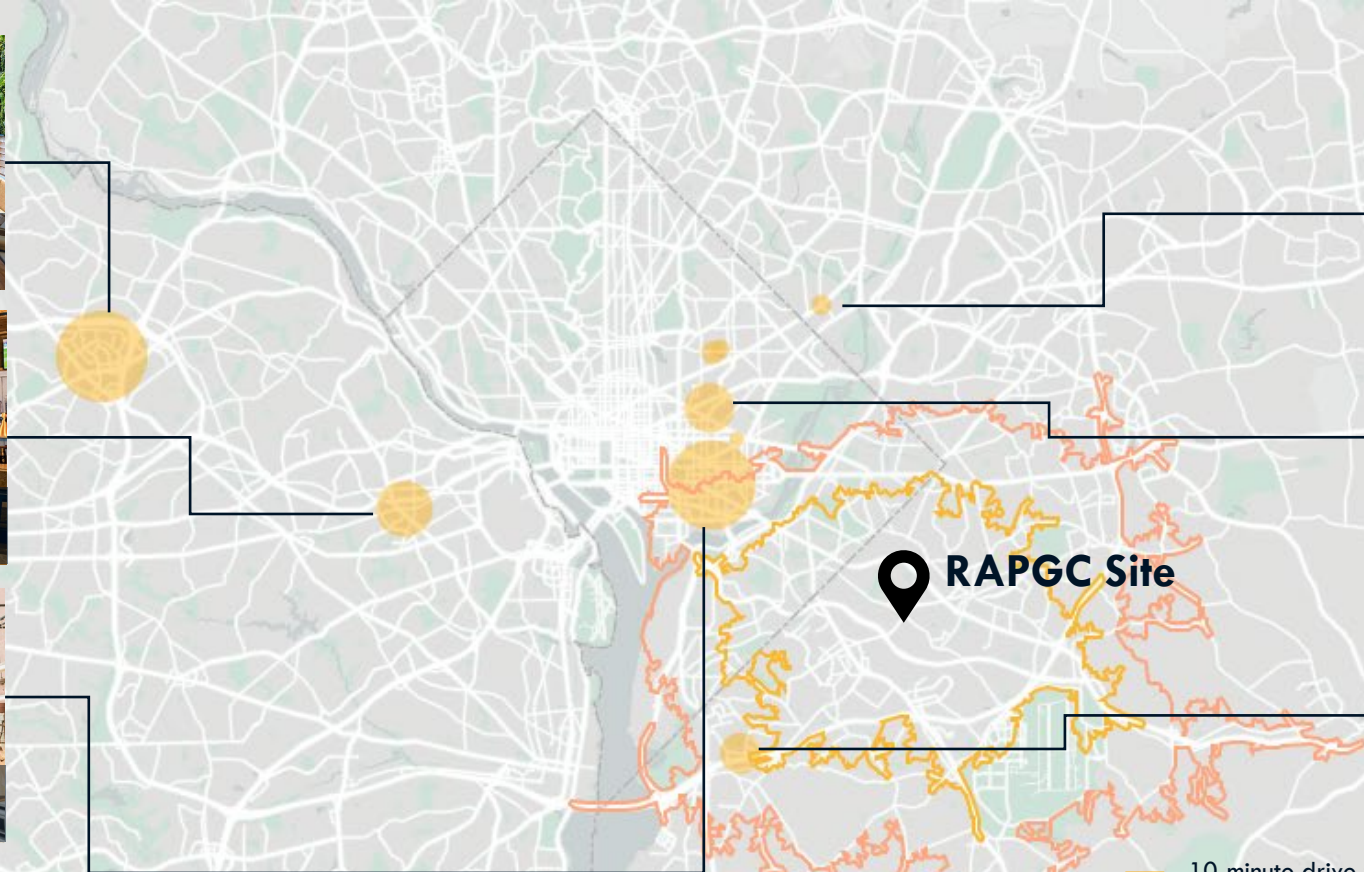


Source: CoStar  
Note: Excludes auto dealerships.  
HR&A Advisors, Inc.



# In line with national trends, the D.C. Metro area has seen the rapid growth of food halls.

The D.C. Metro area has added several food halls over the past five years, including Savor Food Hall in Prince George's County.



Source: Cushman & Wakefield, Eater  
HR&A Advisors, Inc.



While there is a gap in the Suitland hotel market to be filled by an Upscale brand, the Revenue Authority can increase the competitive positioning by first delivering walkable amenities.

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## HOTEL KEY FINDINGS

- The Study Area is a draw for businesses travelers, putting any new hotel in competition with business travel-oriented hotels in Downtown DC and National Harbor.
- A new hotel at Suitland can be price competitive amongst regional hotels targeting GSA-rate constrained travelers, while offering the newest product in the Study Area, making it a more attractive option to travelers.
- There is no Upscale hotel brand in the Study Area, creating a gap in the market. Developers of the site will have the opportunity to fill that gap but can increase the site's attractiveness to hotel brands by phasing after the delivery of walkable amenities including food and beverage and convenience retail.

HR&A recommends that RAPGC proceed with the food hall development and mixed-use multifamily development in parallel, with the expectation that the food hall will be delivered first.

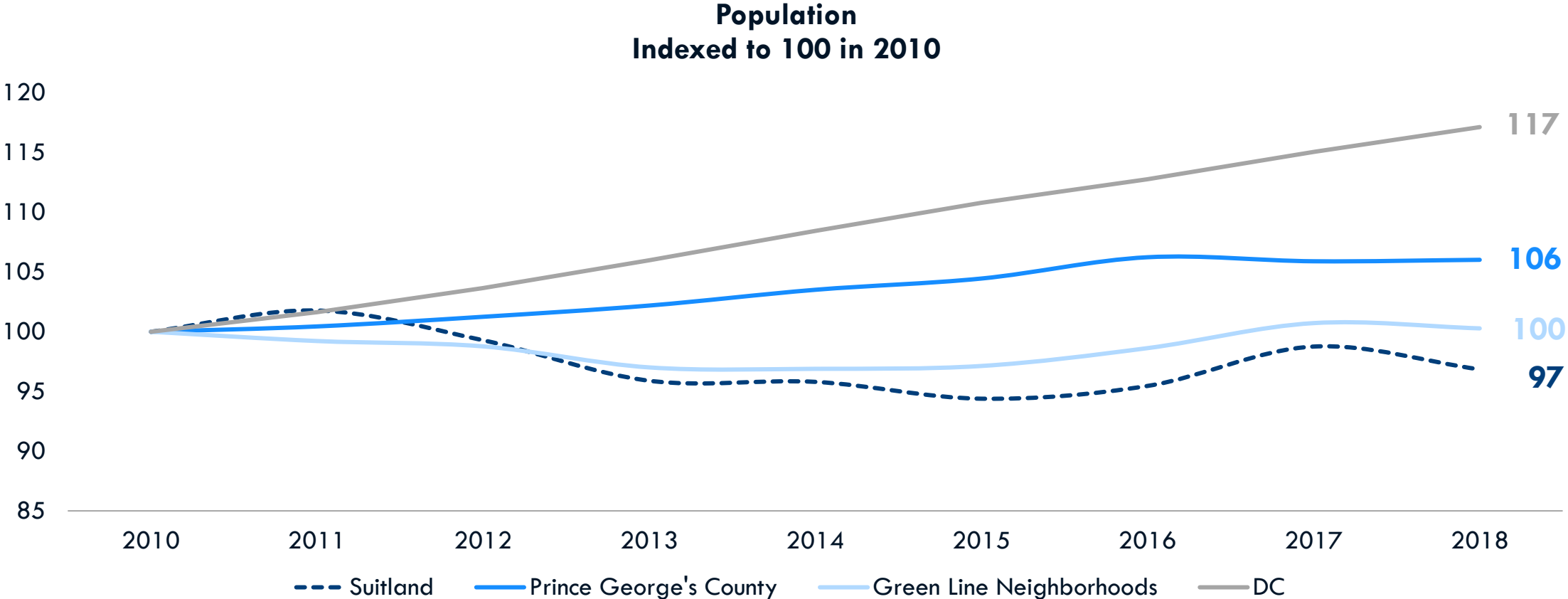
## PHASING + NEXT STEPS

- With an existing food hall operator's interest in the site and the reduced risk of seeking an operator, RAPGC is well-positioned to proceed with the addition of a food hall in an initial phase. The addition of a food hall would provide an in-demand retail amenity for the Towne Square development as new units are delivered and to the daytime population of federal workers. However, development of the food hall should be contingent upon providing safe, attractive pedestrian access across Silver Hill Road to maximize spending capture.
- While the demand analysis indicates that new multifamily rental development could capture a share of the limited local demand under current conditions, RAPGC will need to ensure that multifamily rental product offers desirable urban amenities while maintaining a competitive price point and ensuring development feasibility to capture a greater share of the regional demand. HR&A recommends that RAPGC leverage the food hall as an amenity for the residential development and proceeds with multifamily rental development in parallel. Since the development process for the residential parcels will likely occur over a longer period of time, RAPGC should plan for the food hall to be delivered first.
- There is a gap in Upscale hotel brands in the Suitland, but in order to fill this gap, developers would need to increase the site's attractiveness to hotel brands by phasing the hotel after the delivery of walkable amenities including food and beverage and convenience retail.
- Next steps include:
  - Test fit evaluation, design study, and preliminary development program
  - Financial feasibility analysis for residential development
  - Engage Suitland Federal Center to improve pedestrian connectivity to the RAPGC site across from Silver Hill Road (e.g. adding entry points to the campus)
  - Developer solicitation and targeted outreach

## DEMOGRAPHIC CONTEXT

# Population Growth | Since 2015, Suitland's population has bounced back after a period of population decline.

From 2010 – 2015, Suitland experienced significant population decline, while other areas of the County continued to grow. Starting in 2015, however, Suitland's population has grown 2.6% (23,824 to 24,444), outpacing Prince George's County's total population growth of 1.5% (892,816 to 906,202).



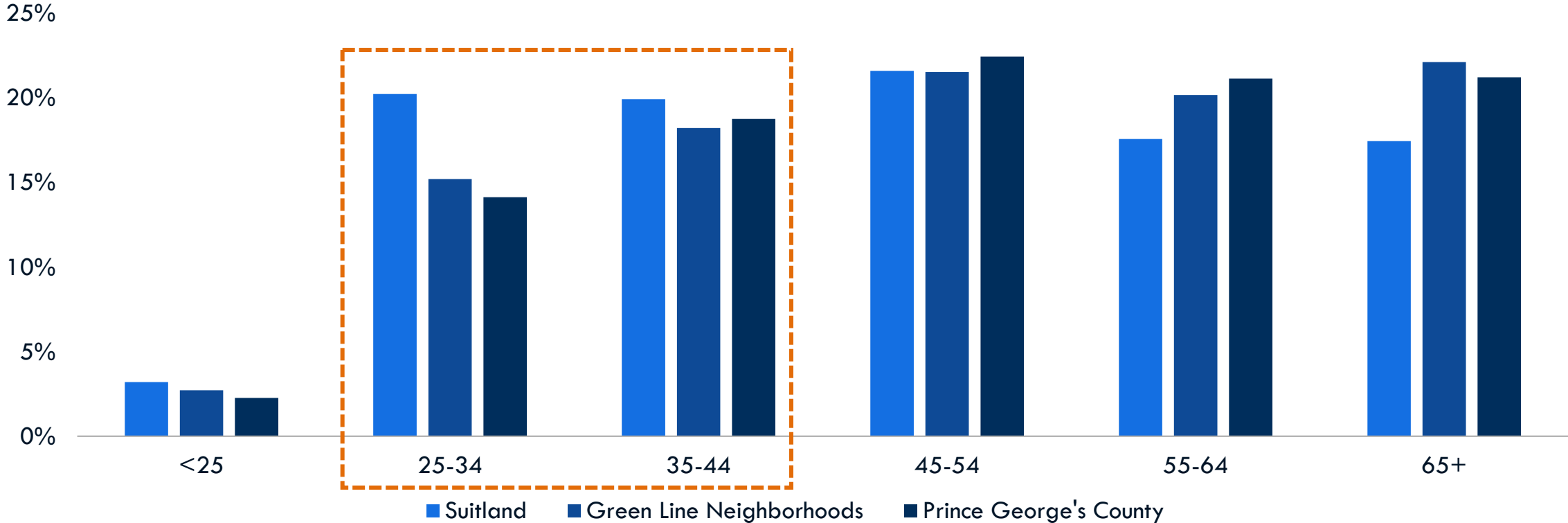
Source: ACS 2010 and 2018 5-year



# Households | Suitland has attracted more young households than surrounding markets.

In Suitland, 40% of householders are between the ages of 25 and 44 compared to 22% in the Green Line Neighborhoods and Prince George's County.

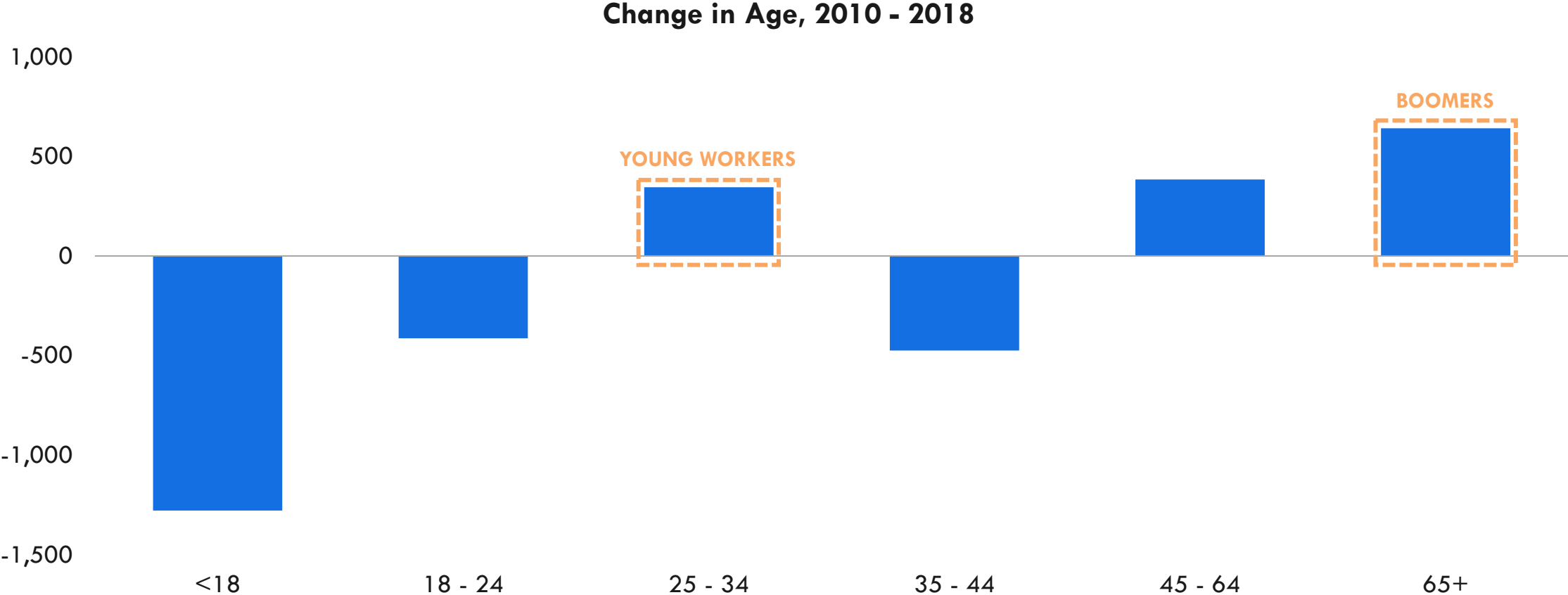
### Housing Units by Age of Householder



Source: ACS 2010 and 2018 5-year  
HR&A Advisors, Inc.

# Age | Suitland's population has grown in the 25-34 and 45+ age groups.

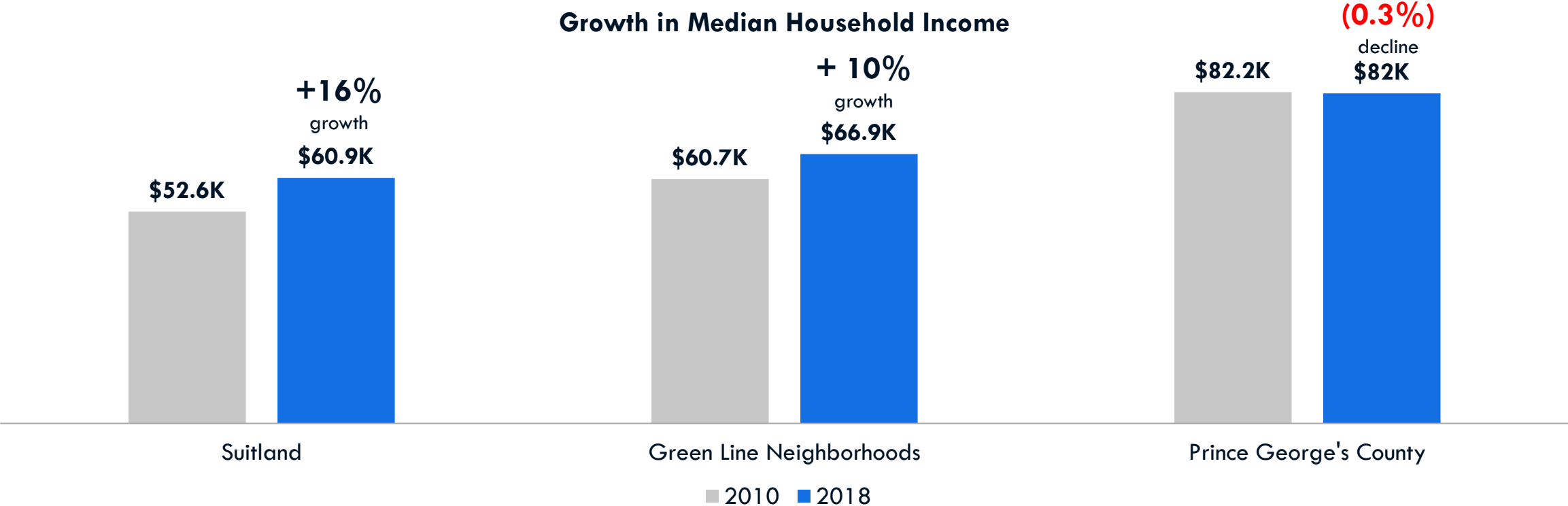
population is declining in young children and growing in young workers and boomers, two demographics with unique preferences for specific housing products and amenities.



Source: ACS 2010 and 2018 5-year  
HR&A Advisors, Inc.

# Household Income | Household incomes in Suitland are rising faster than the surrounding markets.

The median household income in Suitland increased by 16% from \$52,600 in 2010 to \$60,900 in 2018. Over the same period the median household income in the Green Line Neighborhoods study area also increased, albeit less so, by 10%. County incomes, while the highest of the three, remained stagnant.

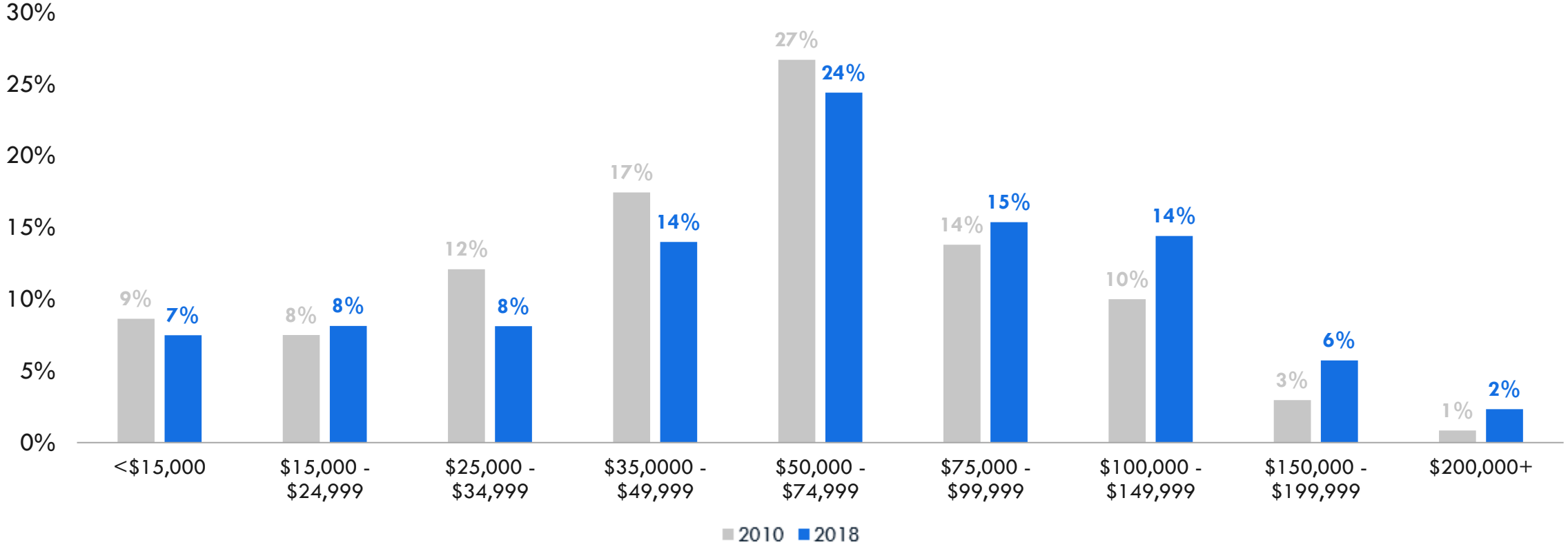


Source: ACS 2010 and 2018 5-year  
HR&A Advisors, Inc.

# Household Income | Households in the \$75,000+ income brackets are driving this growth.

In Suitland, 62% of households make over \$50,000, up from 54% in 2010. The growth is driven by households making over \$75,000, which grew from 28% of households in 2010 to 38% of households in 2018.

**Household Income Distribution, 2010 - 2018**



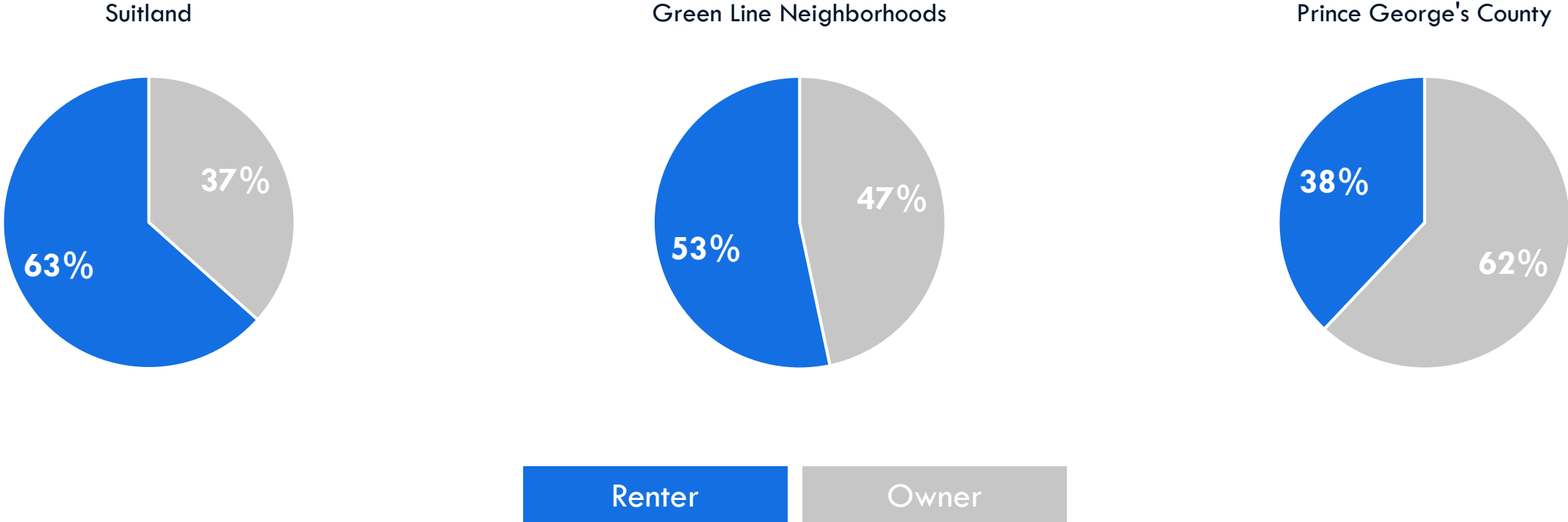
Source: ACS 2010 and 2018 5-year  
HR&A Advisors, Inc.



# Household Tenure | Suitland has the largest renter population among the surrounding markets.

Two-thirds of Suitland households are occupied by renters, a ratio that is the inverse of Prince George's County.

## Household Tenure, 2018

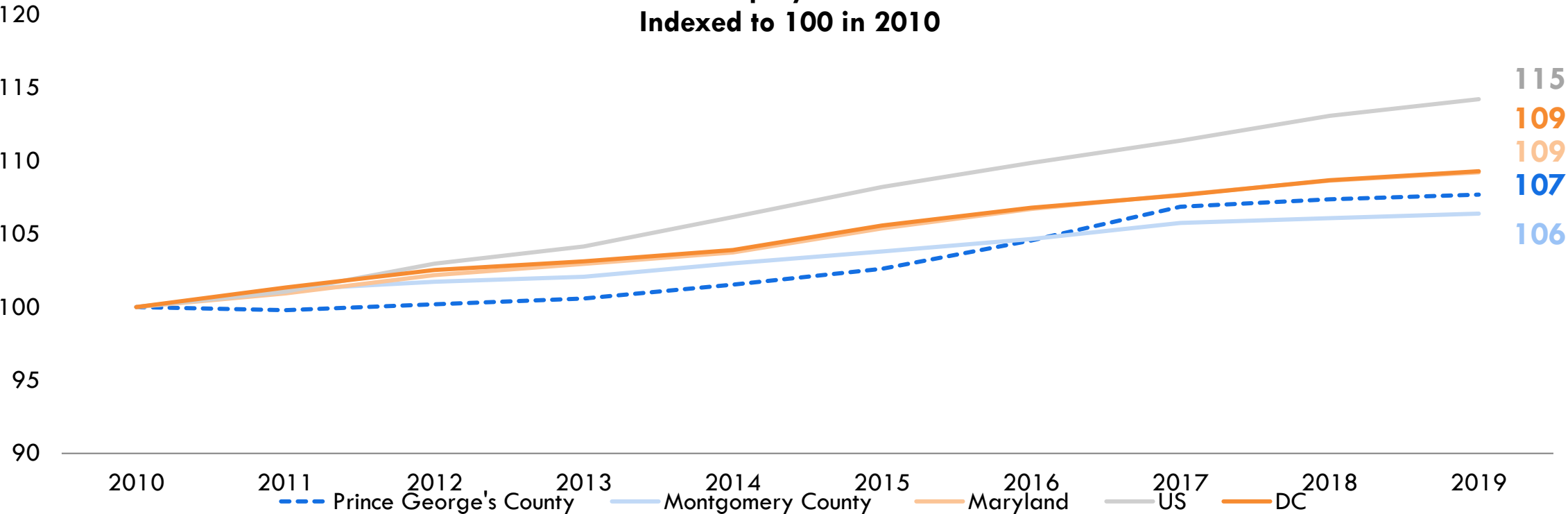


Source: ACS 2010 and 2018 5-year  
HR&A Advisors, Inc.

# Job Growth | The pace of job growth in Prince George’s County has surpassed counties with larger employment bases, such as Montgomery County, in recent years.

The 343K jobs in Prince George’s County represent 12% of Maryland jobs. While job growth in Price George’s County has lagged the US and Maryland, in the last three years it has surpassed other counties with larger employment bases such as Montgomery County (18% of the state’s total employment). The growth of jobs in both DC and Prince George’s County indicates that the County is part of a commuter corridor with opportunities for residential development.

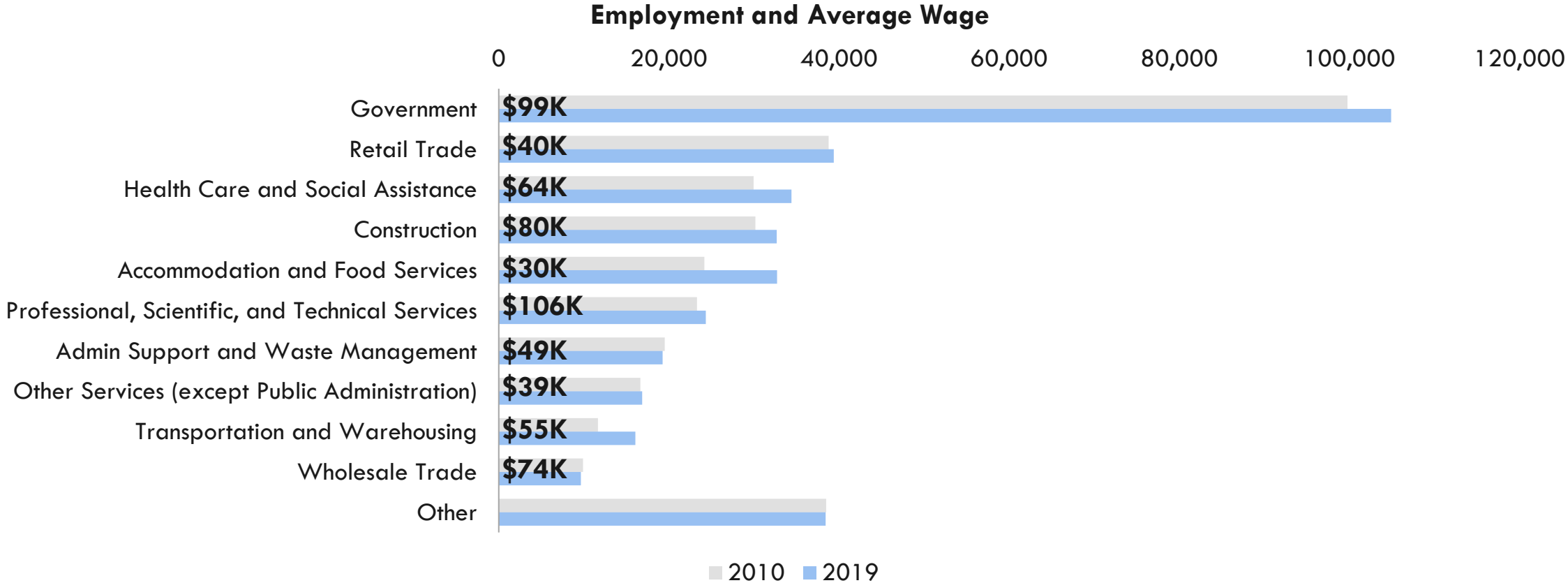
**Employment  
Indexed to 100 in 2010**



Source: Emsi

# Employment | The majority of jobs in Prince George’s County are well-paying government jobs.

The majority of jobs in Prince George’s County are in government, retail, and healthcare with significant recent growth in accommodation and food service workers.

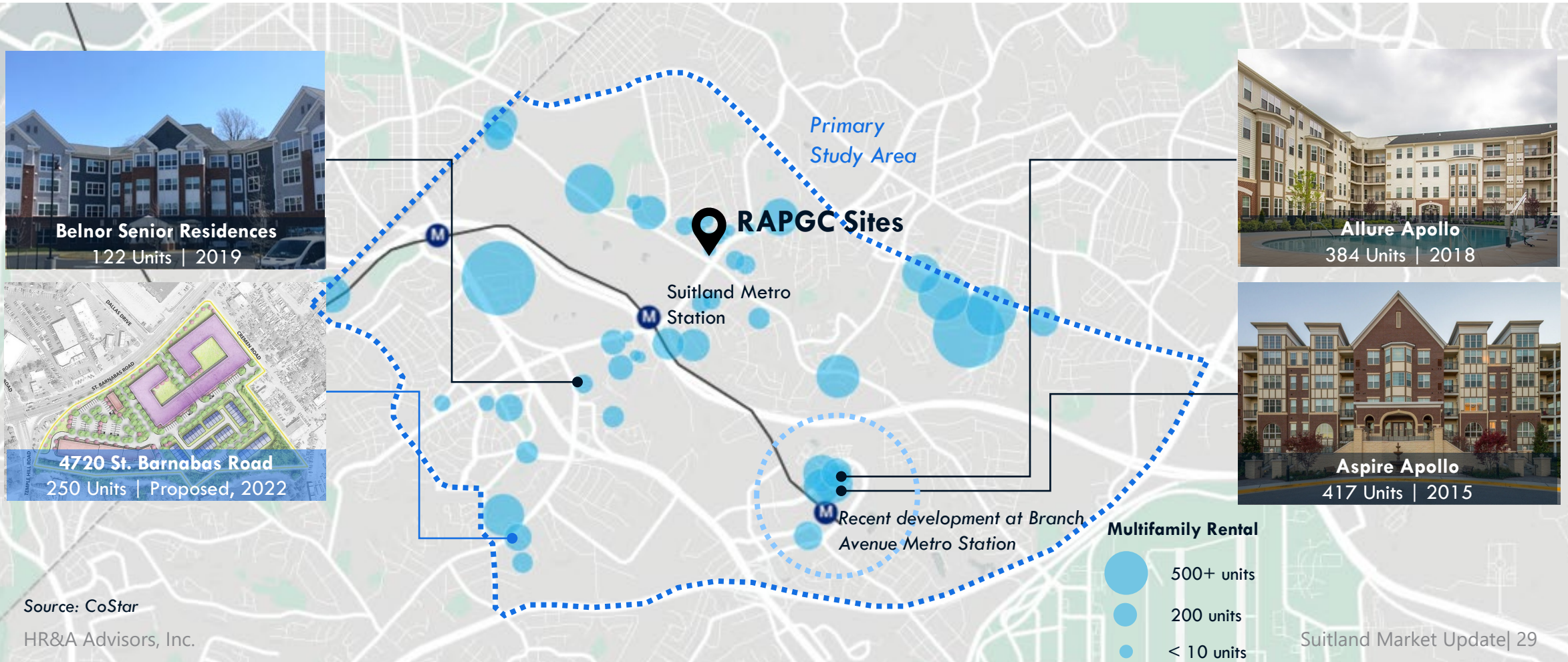


Source: Emsi

# RESIDENTIAL MARKET ANALYSIS

# Recent multifamily rental developments in Suitland have been large, mixed-use projects.

The study area contains over 13,000 multifamily rental units, approximately 14% of the County's total multifamily rental inventory. Recent projects include the Belnor Senior Affordable Residences (122 units), Allure Apollo (483 units), and Aspire Apollo (417 units). The two Apollo projects are part of the mixed-use Branch Avenue Metro Station development.

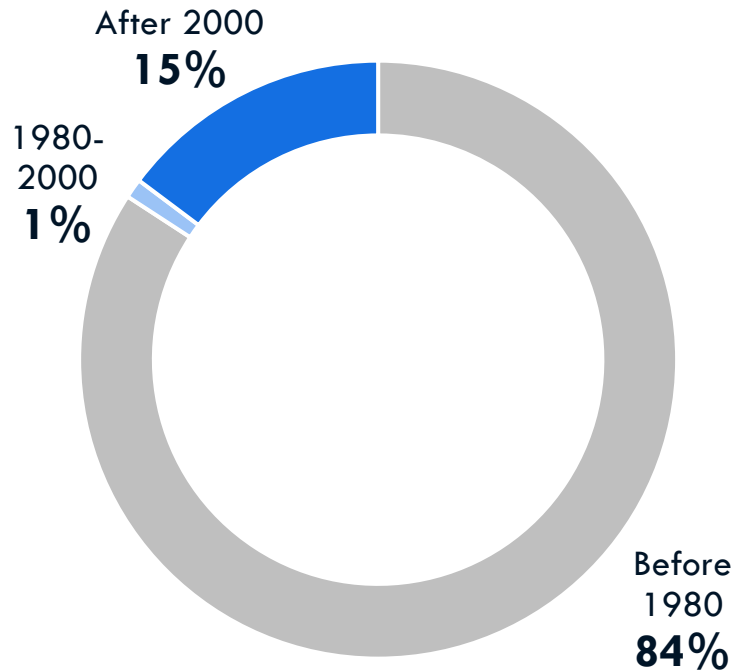




Over 80% of the primary study area's multifamily rental inventory was built before 1980. Recent developments consist overwhelmingly of 1BR and 2BR units.

Market-rate units built in the past 20 years achieve rents of approximately \$1.94 PSF and consist primarily of one- and two-bedroom apartments.

### Primary Study Area Multifamily Inventory by Year Built



| Property Name                     | Year Built | Rent Type  | Units | Rent/SF*        | Avg Unit Size | % Studios, 1BR, 2BR |
|-----------------------------------|------------|------------|-------|-----------------|---------------|---------------------|
| Belnor Senior Residences          | 2019       | Affordable | 122   | \$1.39          | 730 SF        | 100%                |
| Allure Apollo                     | 2018       | Market     | 384   | \$2.12          | 884 SF        | 100%                |
| Aspire Apollo                     | 2015       | Market     | 417   | \$1.97          | 1,059 SF      | 88%                 |
| Midtown at Camp Springs           | 2009       | Market     | 291   | \$1.93          | 1,012 SF      | 92%                 |
| Tribeca at Camp Springs           | 2008       | Market     | 268   | \$1.70          | 966 SF        | 89%                 |
| MetroPlace at Town Center         | 2007       | Market     | 397   | \$1.99          | 953 SF        | 100%                |
| Windsor Crossing                  | 2003       | Affordable | 128   | \$1.59          | 1,067 SF      | 74%                 |
| The Manor at Victoria Park        | 2000       | Affordable | 148   | \$1.44          | 773 SF        | 100%                |
| <b>Average Rent (Market Rate)</b> |            |            |       | <b>\$1.94**</b> | <b>931 SF</b> | <b>93%</b>          |

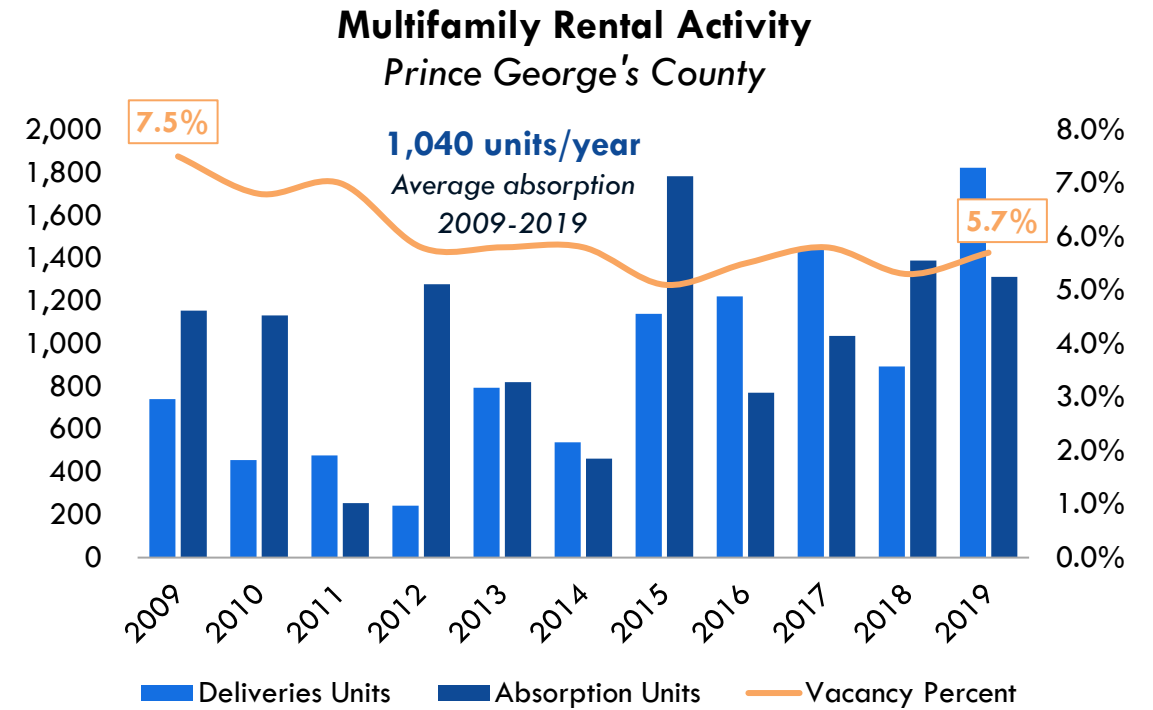
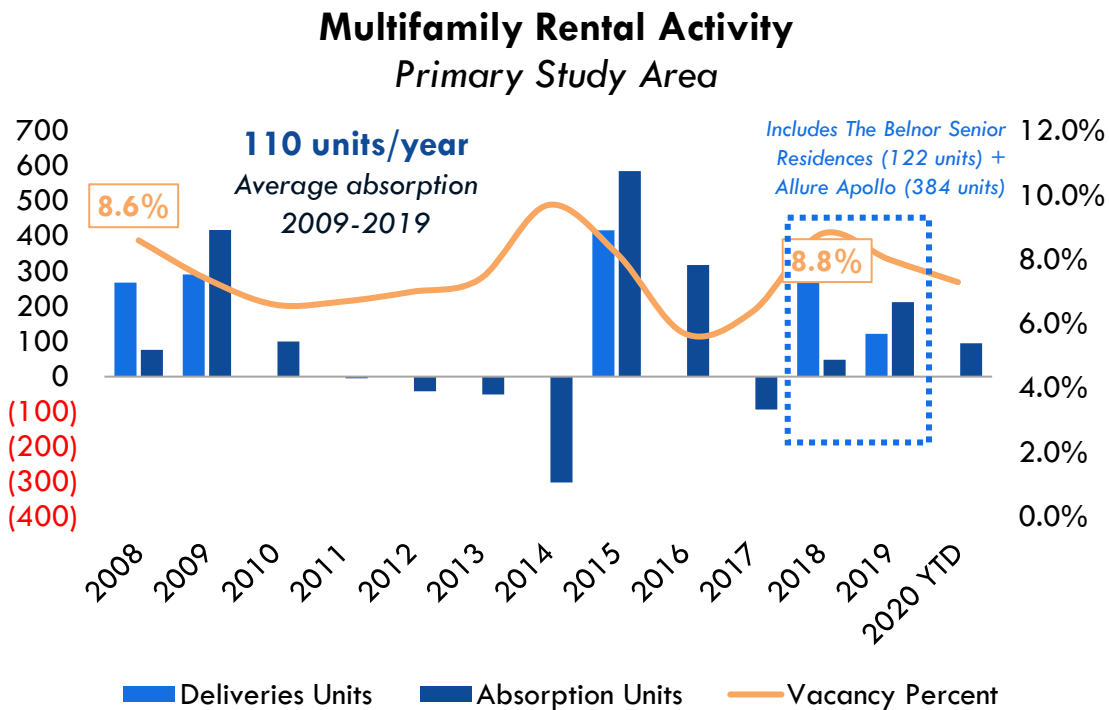
Source: CoStar, inventory by year built is based on rentable building area. Note: The primary study area refers to the area outlined on page 18, a boundary that includes places adjacent to Suitland.

\*Rent/SF refers to monthly effective rent per square foot

\*\*Excludes rent from affordable properties.

The primary study area has added a few large projects but has not experienced consistent new development.

Prince George’s County has experienced robust levels of recent development activity and decreasing vacancy. By comparison, the study area has seen relatively limited development activity and higher vacancy. At the County level, low vacancy in the context of increasing inventory suggests that new deliveries are being absorbed—**Suitland’s challenge will be capturing new regional demand as other areas of the County continue to grow.**

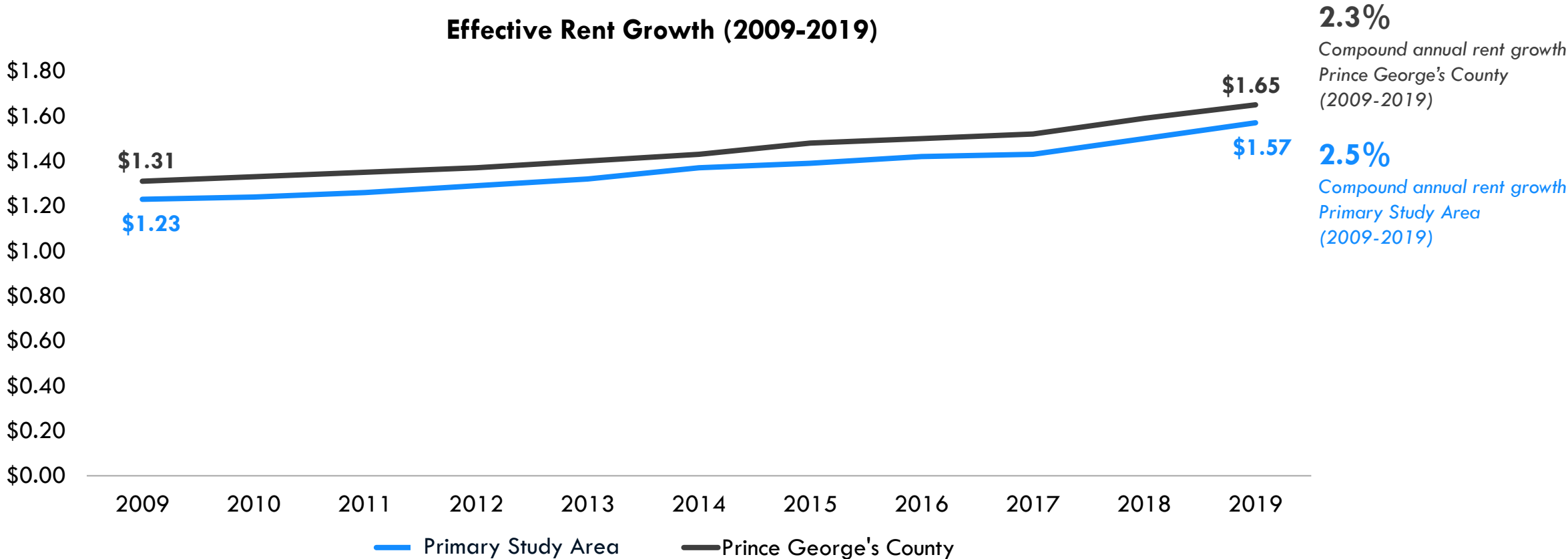


Source: CoStar

Note: The primary study area refers to the area outlined on page 18, a boundary that includes places adjacent to Suitland.

# Rents across Prince George's County and in the primary study area have grown at comparable rates.

Multifamily rents in the primary study area have grown at a slightly faster pace than the County over the last ten years, however they continue to lag the County in absolute terms.



Source: CoStar

Proximity to the Suitland Metro, providing access to Downtown D.C. and employment centers along the Green Line, may be attractive for households.

The WMATA Green Line connects a number of government and private sector jobs and provides a one-seat ride to Washington D.C.'s commercial center. While future development on RAPGC Suitland sites could leverage Green Line access, this benefit has yet to be realized with current development—a limited number of residents in the current Towne Square development currently ride the metro.





Three ongoing projects in Maryland have leveraged proximity to Metro and/or major government employers to support catalytic mixed-use development.



**BRANCH AVENUE**



**LARGO TOWN CENTER**



**NEW CARROLLTON**



**THE OXFORD (OXON HILL)**

**Residential Units**

801 units  
*(Allure and Aspire Apollo, Built 2015-2018)*

3,000 units  
*(Carillon, planned)*  
424 units  
*(Ascend Apollo, Built 2017)*

1,375 units  
*(total planned, incl. The Stella)*  
282 units  
*(The Stella, U/C)*

187 units  
*(The Oxford, Built 2019)*

**Residential Distance to Transit**

0.4 miles

Ascend Apollo: 0.6 miles

The Stella: 0.2 miles

N/A, not located near metro

**Residential Building Amenities**

Pool, fitness and yoga studios, resident lounges, conference rooms, media lounges, a game room, and cyber cafes

Ascend Apollo: fitness center, conference rooms, pet spa, club room with bar, yoga studio, recreation room

The Stella: pet park and spa, work bar, fitness facility, lounge, library, makers space, conference center, bocce court, bike storage and repair, pool, hospitality bar, valet dry cleaning services

Observation deck, pet spa, training center, cyber café, dog run, lounge

**Rent PSF**

Allure Apollo: \$2.12  
Aspire Apollo: \$1.97

Ascend Apollo: \$2.18

Unknown

\$2.43

# Development activity at Branch Avenue is now allowing for higher-end residential as well as retail uses.

Peter N.G. Schwartz Management Co.'s project at the Branch Avenue Metro Station spans 100 acres and includes two apartments buildings, the headquarters of the U.S. Citizenship and Immigration Services (CIS), and a planned retail center known as Restaurant Row Apollo.

The project began with the 417-unit Aspire Apollo which broke ground in 2013. The Aspire Apollo was completed in 2015 and currently has an 8% vacancy rate, the average vacancy rate in the market. Between delivery in Q3 2015 and Q4 2016 The project was absorbed (94% occupancy) within 5 quarters (Q3 2015 – Q4 2016). The Aspire Apollo was followed by the 384-unit Allure Apollo delivered in Q4 2018. The Allure Apollo has experienced a longer absorption period than the Aspire Apollo and currently has approximately 13% vacancy. Both residential buildings offer amenities such as a pool, fitness and yoga studios, resident lounges, conference rooms, media lounges, a game room, and cyber cafes.

In 2020, 3,700 Citizenship and Immigration Services employees are slated into their new HQ. Nearby, the 40K SF retail center, 'Restaurant Row Apollo' is under construction and will include a convenience store, drug store, dry cleaner, and in addition to limited- and full-service F&B to support new residents and workers. The retail center's first phase will target quick-service retailers and then expand to more full-service dining options in a second phase.

**Residential** 801 units (*Allure Apollo and Aspire Apollo, 2015-2018*)

**Office** 575K SF (*CIS HQ*)

**Retail** 40K SF (*Restaurant Row Apollo*)





# Carillon, is a planned 1.2M SF mixed-use development adjacent to the Largo Town Center Metro Station.

Retail Properties of America Inc. (RRAI) is redeveloping the 50-acre Boulevard at Capital Centre shopping center site adjacent to the Largo Town Center Metro Station into the Carillon, a large-scale mixed-use project. In late 2019, Retail Properties of America Inc. (RRAI) began work on Phase 1 planned to include a medical office building, a 351-unit residential building, 135,600 SF of retail space (including an AMC IMAX movie theater), and 100K SF of medical office. Future phases are planned to include 300K SF of retail, 964K SF of other commercial space, and 2,649 multi-family units. However, construction has been halted due to the COVID-19 pandemic.

Nearby projects are also helping to create site density. Adjacent the Carillon, the University of Maryland Capital Region Medical Center is also under construction. The nearly 600K SF facility, facility is anticipated to create nearly 5,000 new jobs, generating additional density for the site. In terms of residential, in 2017, Peter N.G. Schwartz Co. delivered the 424-unit Ascend Apollo, near the Metro station. The project currently has 94% occupancy.

|                         |  |
|-------------------------|--|
| <b>Residential</b>      | 3,000 units ( <i>Carillon, planned</i> )       |
|                         | 424 units ( <i>Ascend Apollo, Built 2017</i> ) |
| <b>Medical Office</b>   | 100K SF ( <i>Carillon, planned</i> )*          |
| <b>Retail</b>           | 435K SF ( <i>Carillon, planned</i> )           |
| <b>Other Commercial</b> | 964K SF ( <i>Carillon, planned</i> )           |



\*Refers only to the Carillon development and excludes the University of Maryland Capital Region Medical Center



# Residential, office, retail, and hotel uses surrounding New Carrollton will create a 2.4M SF mixed-use hub.

The \$1B New Carrollton Metro Station project will redevelop 39 acres surrounding the station with residential, office, retail, and hotel uses.

The development began with the 200K SF Kaiser Permanente anchored office tower delivered in 2019. This brought 900 employees to the area. Also in 2019 Urban Atlantic began development of The Stella, a 282-unit multi-family building. Future phases of the project are slated to include 1,093 residential units, 800K SF of office, 142K SF of retail, and a 125-key hotel.

In May 2019, WMATA announced its plans to occupy a new office building next to the New Carrollton Metro Station adding two new development sites with 500,000 SF to the project. New development plans are under review.

|                    |  |
|--------------------|--|
| <b>Residential</b> | 1,375 units (total planned, incl. The Stella)<br>282 units (The Stella, U/C) |
| <b>Office</b>      | 1 M SF (incl. Kaiser Permanente)   |
| <b>Retail</b>      | 142K SF  |
| <b>Hotel</b>       | 125 keys   |



# The Oxford provides an example of a successful residential project not located near transit.

Varsity Investment Group converted a vacant, 10-story office building into a multifamily rental property with 187 units, delivered in 2019 with a construction cost of approximately \$25M. Over 75% of the units in the building are studios or 1BRs, and effective rents average \$1,830 per unit, or \$2.40 per square foot. The building has achieved 91% occupancy (Q3 2020), absorbing over approximately 1.5 years.

In addition, The Shops at the Oxford is located adjacent to the apartment building and contains 16,000 SF of new retail. Pedestrian connections from the retail to the residential components and an outdoor plaza create a walkable environment.

The Oxford apartment building is located approximately 3 miles away from National Harbor, a regional destination for retail, F&B, and entertainment. Additionally, the building's amenities include views from the 10<sup>th</sup> floor observation deck, a pet spa, training center, cyber café, dog run, and lounge. While The Oxford does not offer transit connectivity, The Oxford has successfully leveraged its building amenities and adjacent retail offerings.

|                    |           |
|--------------------|-----------|
| <b>Residential</b> | 187 units |
| <b>Retail</b>      | 16,000 SF |



Suitland's population has been growing-after a period of decline, and simultaneously, the median income has increased at a faster pace than the County.

## DEMAND CONSIDERATIONS

### HISTORICAL TRENDS

- **Some population growth after years of decline:** Between 2010 and 2015, Suitland experienced significant population decline, with growth occurring in other parts of Prince George's County. Since 2015, Suitland population has grown at a faster pace than Prince George's county as a whole.
- **Changing age demographic:** Between 2010 and 2018, Suitland's population declined in the number of young children while adding residents between the ages of 25 and 34 and above 45.
- **Rising incomes but still relatively limited:** The median household income in Suitland increased by 15% between 2010 and 2018, while the County's median income has remained stagnant. Suitland's median income is approximately 26% less than the County.
- **Recent large-scale high-end multifamily deliveries in the study area offer a range of amenities.** Metro access, a mixed-use environment, and amenities could potentially help Suitland capture a larger share of regional demand.

## DEMAND CONSIDERATIONS

### PROJECTED GROWTH

- Maryland's Planning Department projects that the population in Prince George's County will grow to 938,000 by 2025 at a **compound annual growth rate of 0.47%** between 2020 and 2025.
- Using a different metric, the historical average annual growth rate of Prince George's County between 2010 and 2018 of **0.61%**, the County's population could grow to 938,350 by 2025. For the purpose of our analysis, we have used this growth rate to project the County's growth.
- In 2010, Suitland accounted for 2.99% of the County's total population, and this share declined to 2.82% in 2019. For the purpose of our analysis, **we assume that Suitland will account for 2.91% of the County's population in projected growth scenarios**, an average of the 2010 and 2019 share.

Sources: ESRI, ACS 2010 and 2018 5-year, HR&A analysis



HR&A performed a residential demand analysis for Suitland to estimate projected demand for rental housing.

---

1

### CATCHMENT AREA

HR&A defined the residential catchment area as the Primary Study Area, or Suitland, MD. This catchment area is the geography from within which **relocating households** (moving to or within the area) **could possibly be drawn to new housing**.

2

### ELIGIBLE HOUSEHOLDS

HR&A then determined the number of these households that would be “in the market” for new housing in the Primary Study Area from both **turnover** and **projected growth**.

3

### CAPTURE RATE

HR&A compared the number of households potentially “in the market” for new housing against the size of recent multifamily projects in order to assess unmet demand in Suitland.

HR&A estimates a total potential annual rental demand among eligible households in Suitland of approximately 708 units.

In 2020, up to 2,851 renter households in Suitland could potentially be eligible for the target residential product type. Of those households, a certain percentage move annually, represented by the turnover rate. The total potential rental demand based on the number of eligible households and those that could be seeking new units each year is approximately 708 households.

| Householder Age | Eligible Renter Households* | Turnover Rate | Total Potential Rental Demand (Base Year) |
|-----------------|-----------------------------|---------------|---|
| <25             | 155                         | 31%           | 48  |
| 25-34           | 930                         | 36%           | 338                                       |
| 35-44           | 679                         | 23%           | 156                                       |
| 45-64           | 927                         | 17%           | 159                                       |
| 65+             | 160                         | 4%            | 6   |
| <b>Total</b>    | <b>2,851</b>                |               | <b>708</b>                                |

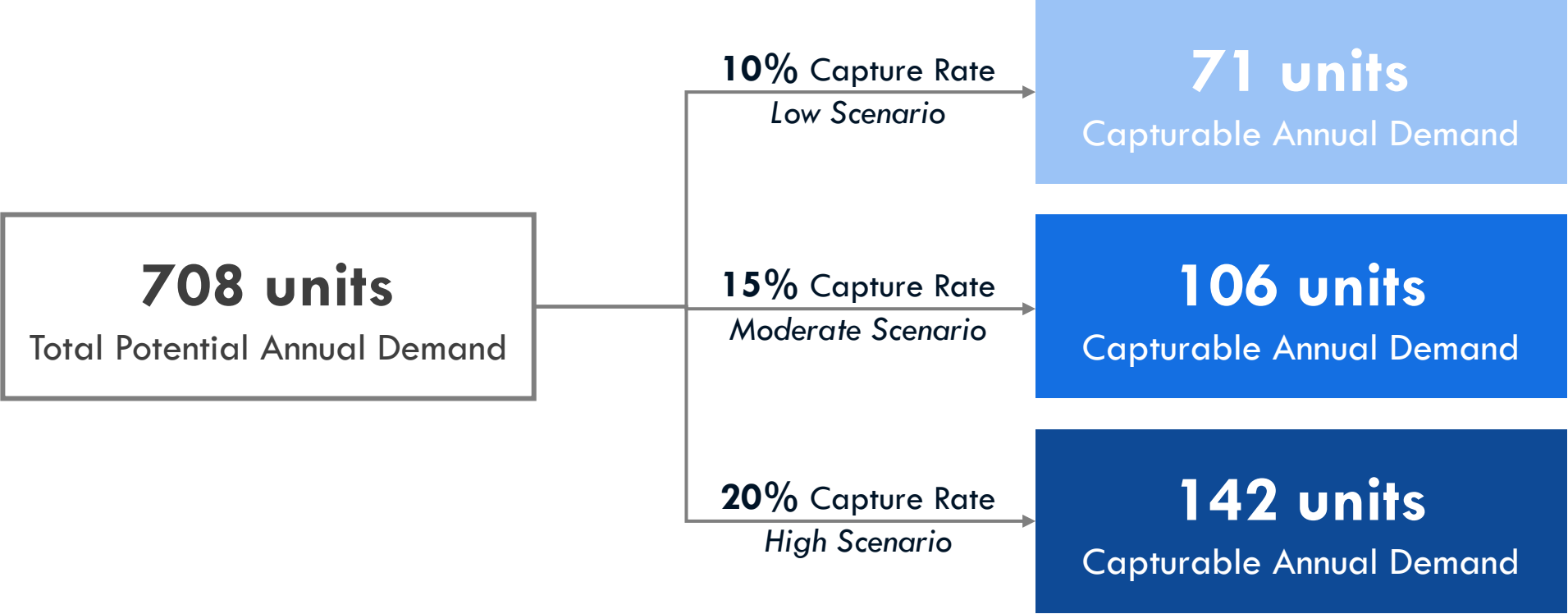
Note: Turnover rate represents the percentage of eligible households that move annually.

Sources: ESRI, ACS 2018 5-year, HR&A analysis

\*Eligible renter households are based on income levels. For the purpose of this analysis, assuming an average monthly rent of \$2.00 PSF, an average unit size of 900 SF, and that households spend 30% of their income on rent, the minimum eligible household income is \$72,000.

Assuming RAPGC's new project could capture 10% to 20% of existing demand in Suitland, the that would equate to 71 units to 142 units.

The capture rate represents an estimate of the capturable percentage of moving eligible households for the type of rental product proposed. HR&A has created three scenarios, with capture rates ranging from 10% of total demand to 20% of total demand.



Note: Turnover rate represents the percentage of eligible households that move annually.  
Sources: ESRI, ACS 2018 5-year, HR&A analysis



HR&A’s projections indicate that there will be unmet demand for up to 873 units between 2020 and 2025.

Demand could range from 437 units to 873 units in Suitland, depending on the development’s ability to capture market demand. This figure includes projected population growth from the base year and excludes developments in the pipeline.

|  | <b>Low</b> | <b>Medium</b> | <b>High</b> |
|--|------------|---------------|-------------|
| <b>Total Potential Rental Demand<br/>2020-2025</b> | 4,365      | 4,365         | 4,365       |
| <b>Capture Rate</b>                                | 10%        | 15%           | 20%         |
| <b>Capturable Rental Demand<br/>2020-2025</b>      | <b>437</b> | <b>655</b>    | <b>873</b>  |

Sources: ESRI, ACS 2018 5-year, HR&A analysis  
 HR&A Advisors, Inc.

Through transformative mixed-use development and proximity to transit, Suitland can increase capture of regional growth.



**Distinct Identity**

A curated, unique retail program can add character and identity to the development and increase capture of demand.



**Active Public Realm**

Creating a sense of place through programmed open space and an activate public realm can serve to create a new node in Suitland.



**Transit Connectivity**

Build off proximity to the Suitland Metro Station, as well as connecting to major government employments centers along the Green Line. However, the site is 0.6 miles away from the Suitland Metro Station, and to leverage this benefit, the connection to the Suitland Metro will need to be walkable.



**Amenities**

Ensuring that the residential product offers desirable amenities or other features (e.g. larger unit sizes or robust retail offerings) to support regional competitiveness. For example, The Oxford in Oxon Hill offers proximity to F&B and entertainment options at National Harbor, as well as building amenities such as an observation deck, training center, club lounge, pet spa, and cyber café.

Suitland could capture a greater share of regional residential demand if it can leverage transit connectivity and offer attractive amenities at a competitive price point.

## RESIDENTIAL KEY FINDINGS

- **Suitland's shifting demographics could potentially support the growth of future demand.** After a period of significant population decline, Suitland experienced modest population growth after 2015. Over the past decade, the population between the ages of 25 and 34 increased, and median wages in Suitland have grown at a faster pace than the County. Moreover, average wages for government workers in the County (\$99K), including workers at the Suitland Federal Center, are higher than the county's average wage.
- Recent residential development in Suitland at **Towne Square is generating a critical mass** in the area surrounding the RAPGC sites. Based on information gathered from stakeholder interviews, these units have sold faster and at higher price points than anticipated, suggesting that there is potential to support residential demand on the RAPGC sites.
- However, recent multifamily rental development has largely taken place outside of the Suitland area. Among recent deliveries, the onset of **COVID-19 has resulted in slower absorption rates.** While there may be potential to support multifamily rental development, RAPGC will need to consider strategies to ensure that the residential product is able to attract regional demand.
- Based on a 10% to 20% market capture rate, **Suitland could support an estimated 437 to 873 additional rental units between 2020 and 2025.** Our preliminary site capacity estimate indicates that the RAPGC parcels could support between 700 and 1,000 units with 3-4 residential floors above ground floor retail. Maximizing development potential of the RAPGC parcels would require achieving an aggressive demand capture rate of approximately 20%.
- Under existing conditions, residential development on RAPGC's sites could potentially capture a share of the limited local demand. To capture a greater share of regional demand, residential development will need to create a distinct identity. Building on the momentum of the Towne Square development, the **site would benefit from additional urban amenities offered at a competitive price point and improved transit connectivity** to compete with other residential products in Prince George's County.



## RETAIL GAP ANALYSIS

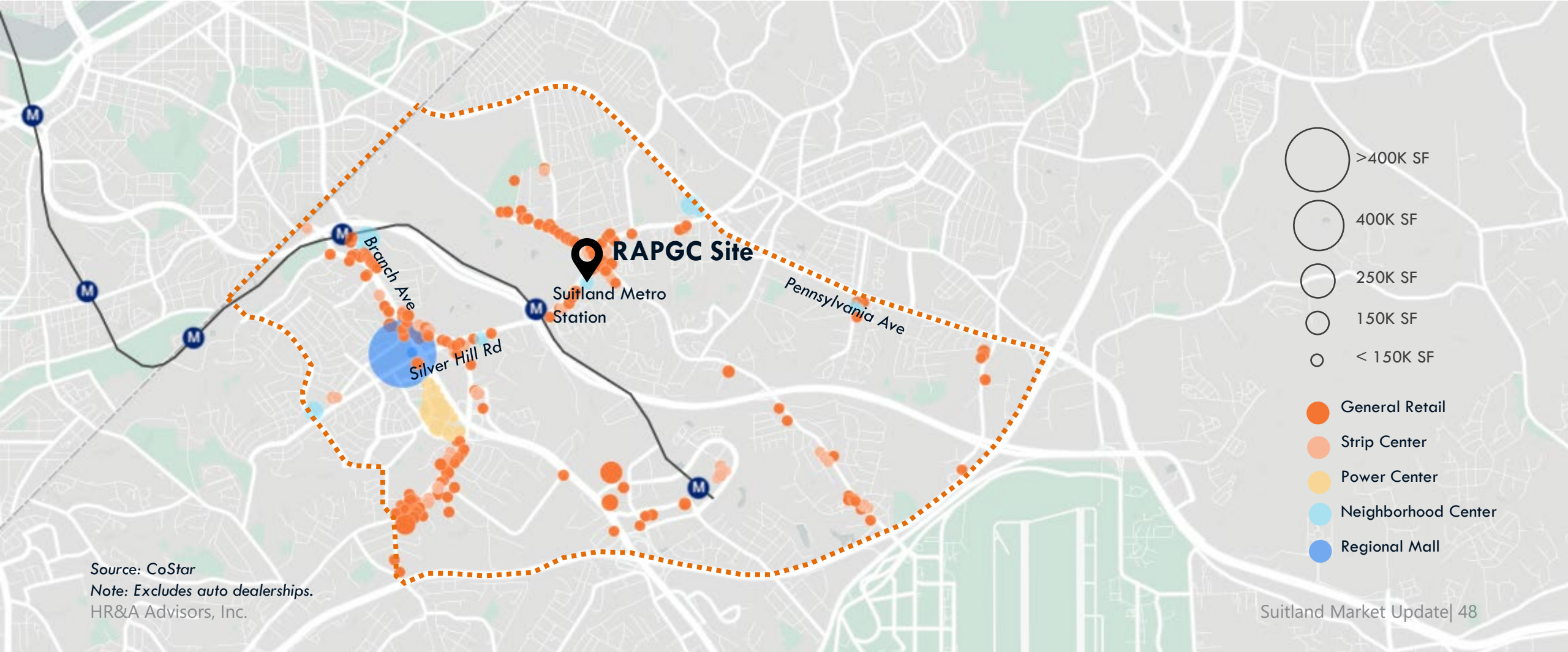
Retail | This study considered the market potential for ground floor retail options at the Towne Square site and a food hall on the Silver Hill Road site.





# Retail | Existing retail space in Suitland is clustered along the Pennsylvania Ave Corridor, Branch Avenue Corridor, and Silver Hill Rd.

There is approximately 2.6M SF of retail space in the Suitland area, comprising approximately 7% of the inventory in Prince George's County.



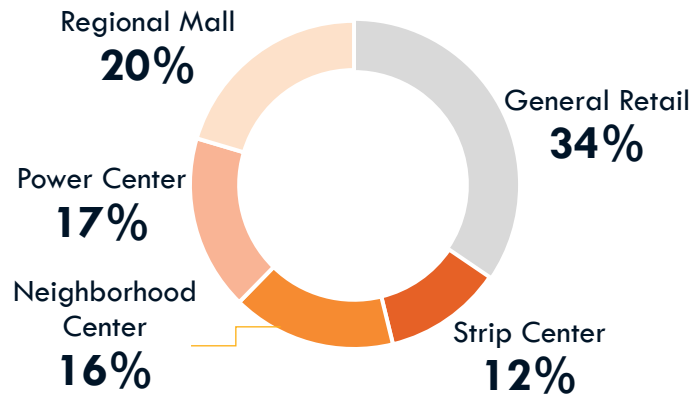
Source: CoStar  
Note: Excludes auto dealerships.  
HR&A Advisors, Inc.

## Retail | Most of the retail space in Suitland was built before 1980 in standalone locations.

Over three-quarters of the retail inventory was built before 1980. Approximately one-third of Suitland area's retail consists of standalone general retail; the remaining inventory includes a regional mall, a power center, neighborhood centers, and strip centers.

### Retail by Type of Center (RBA)

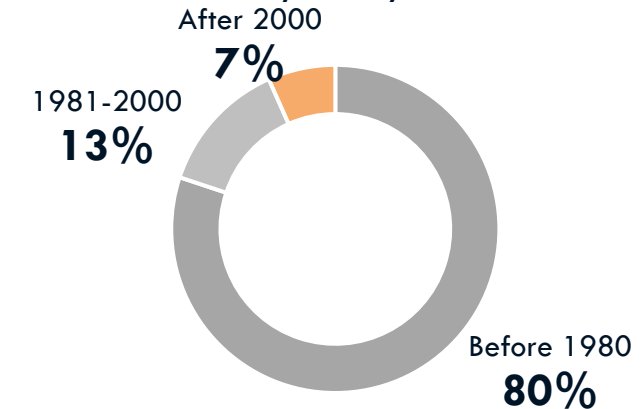
Primary Study Area



Source: CoStar

### Retail by Year Built (RBA)

Primary Study Area



Source: CoStar

#### RETAIL TYPES

**Regional Mall:** Provides shopping goods, general merchandise, apparel, and furniture, and home furnishings in full depth and variety. It is built around the full-line department store with a minimum GLA of 100,000 square feet, as the major drawing power.

**Power Center:** Typically consists of several large, unconnected anchors and only a few small specialty tenants. A power center includes discount department stores, off-price stores, or warehouse clubs.

**Neighborhood Center:** Provides for the sales of convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day living needs of the immediate neighborhood with a supermarket being the principal tenant.

**Strip Center:** An attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores.

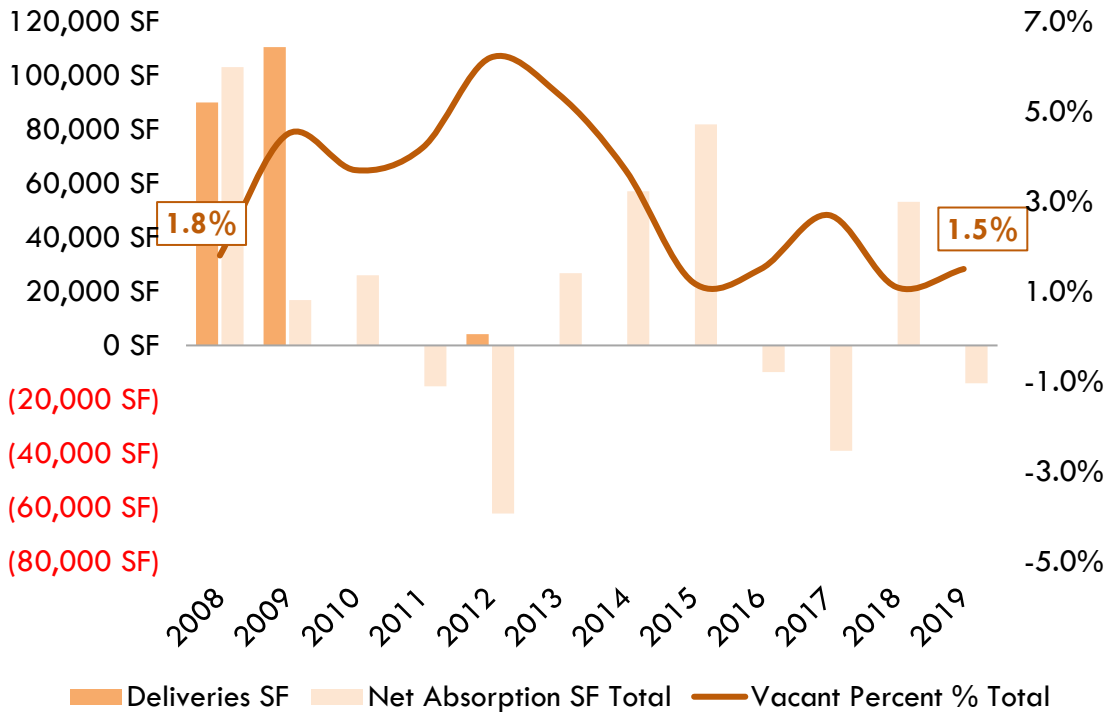
*Note: Excludes auto dealerships. The primary study area refers to the area outlined on page 35, a boundary that includes places adjacent to Suitland.*



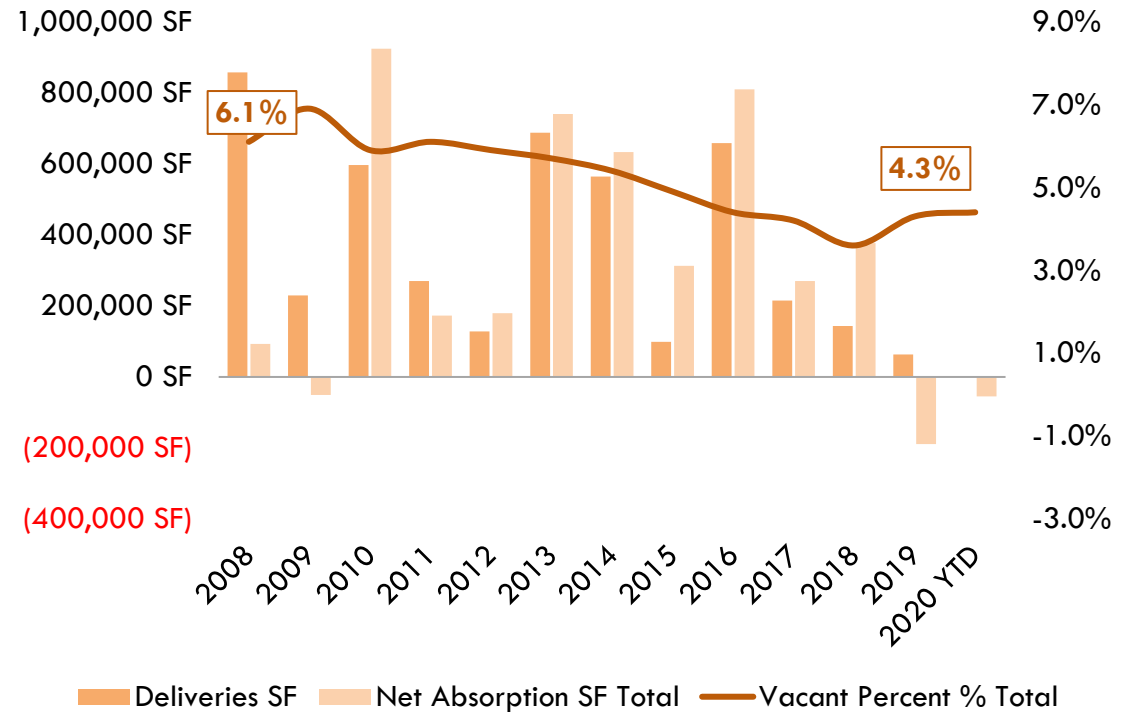
# Retail | There has been limited new retail development in Suitland in recent years.

With very limited new retail space added over the past ten years, continued movement of retailers has resulted in very low vacancy in the study area. Significantly more retail has been added in Prince George's County and absorption rates have kept pace. However, new deliveries slowed since 2016.

**Retail Activity**  
Green Line Study Area



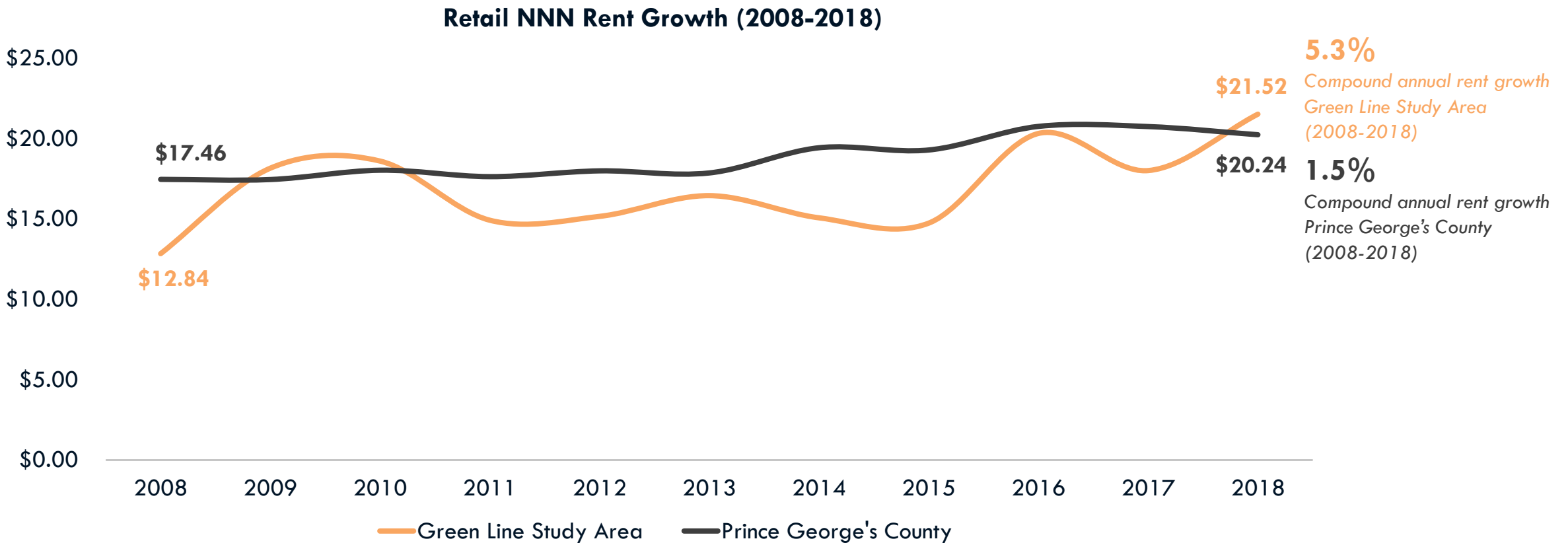
**Retail Activity**  
Prince George's County



Source: CoStar

## Retail | Rents in the Suitland area have increased at a faster pace than the County.

Potentially due to the limited supply in the study area, retail rents have increased at a faster pace than retail rents in the County and recently exceeded average retail rents in the County, suggesting that additional retail product in the primary study area could succeed.



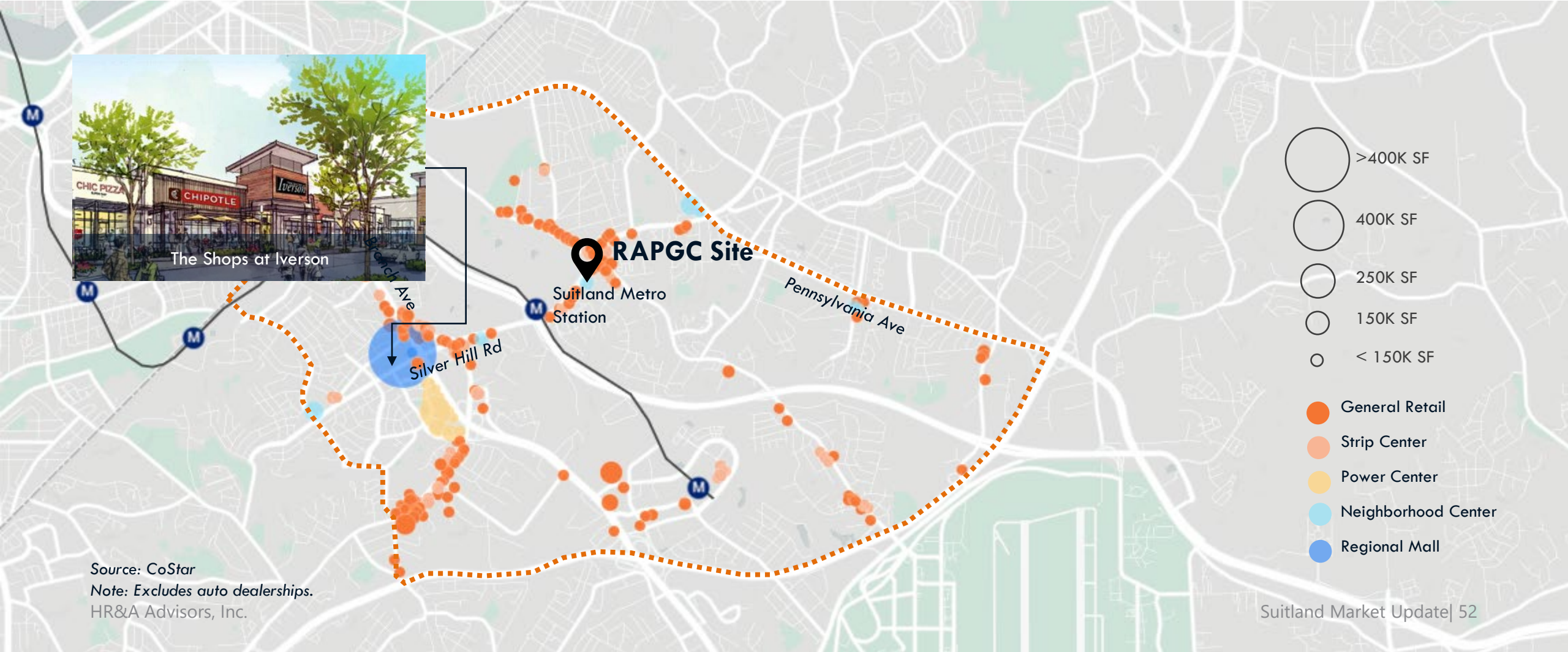
Source: CoStar

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# Retail | The Shops at Iverson is a newly renovated mixed-use property, and the renovation will add a food court with fast casual food concepts.

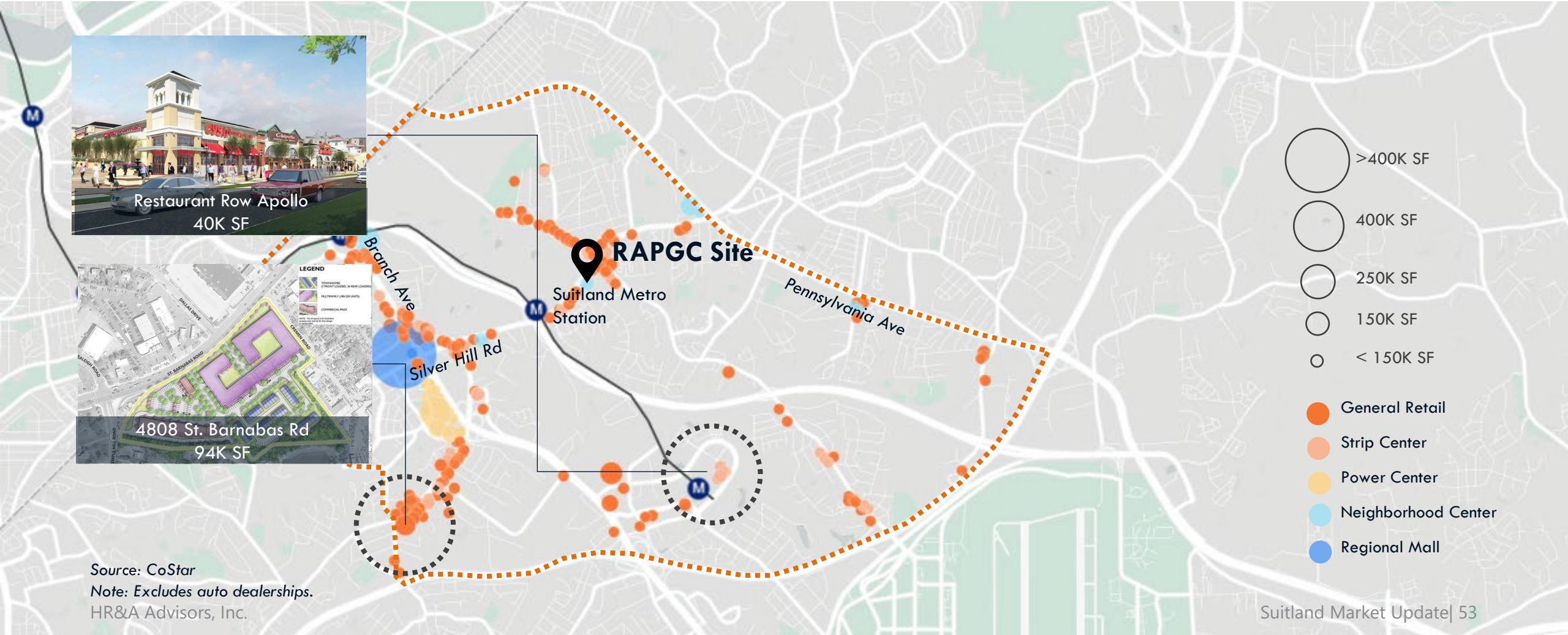
In addition to the food court, the renovation includes a new façade, energy efficiency upgrades, new lighting and security systems, and new restrooms. Tenancing strategies for RAPGC sites will need to ensure differentiation from other local projects.





# Retail | Retail projects in the pipeline could add F&B space to the market and increase the existing supply by 5%.

The pipeline could add 134K SF of additional retail space. Approximately 40K SF is under construction at Restaurant Row Apollo which will add F&B space in a strip center format to a mixed-use planned community.

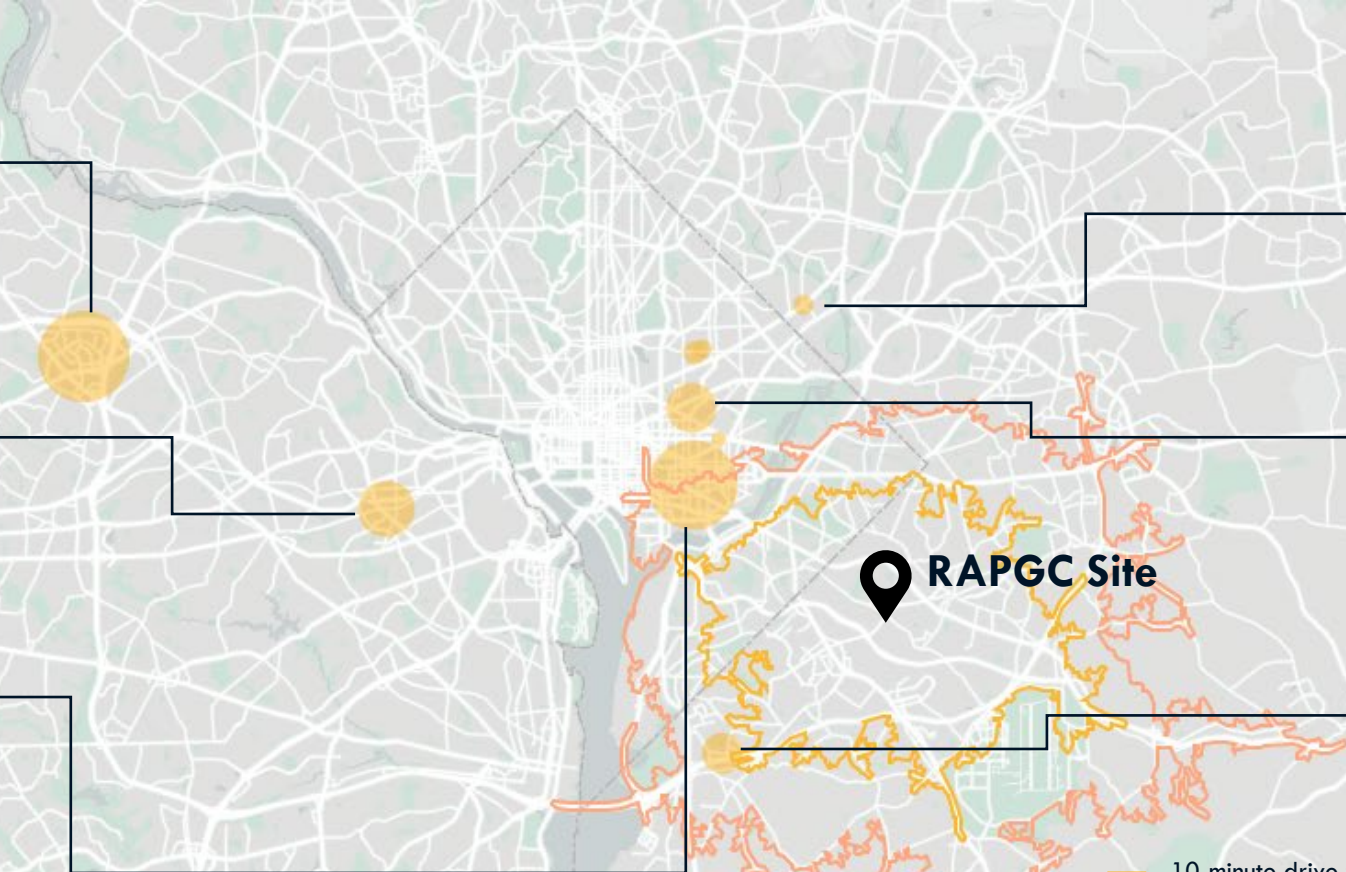


Source: CoStar  
Note: Excludes auto dealerships.  
HR&A Advisors, Inc.



# Food Hall | In line with national trends, the D.C. Metro area has seen the rapid growth of food halls.

The D.C. Metro area has added several food halls over the past five years, including Savor Food Hall in Prince George's County.



- 10-minute drive from RAPGC site
- 15-minute drive from RAPGC site

Source: Cushman & Wakefield, Eater  
HR&A Advisors, Inc.



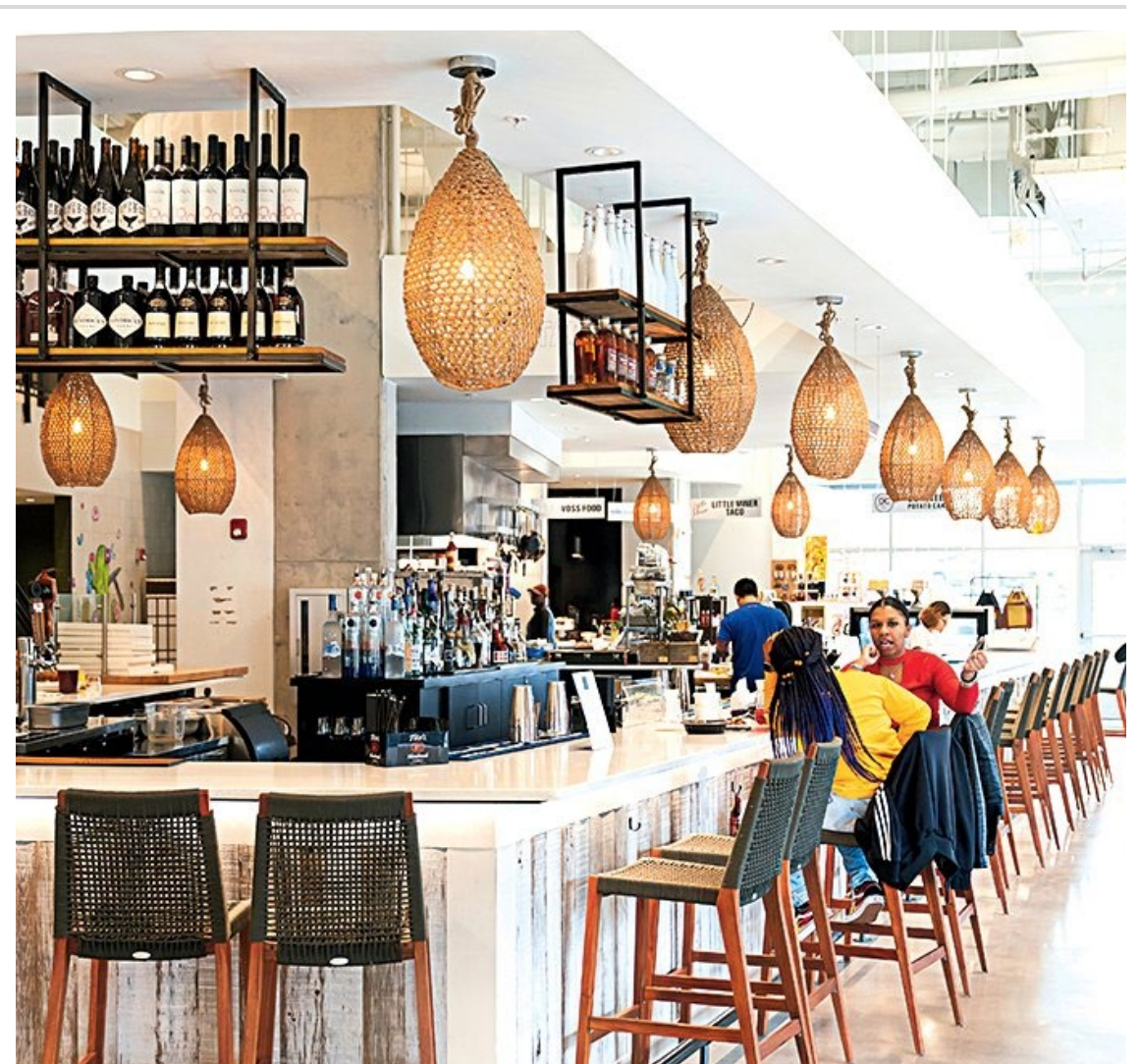
## Food Hall | Prince George's County's first food hall opened in late 2019 in Brentwood and provides a model for a community supporting amenity.

Savor at Studio 3807 is the first food hall in Prince George's County and the second Black-run food hall in the United States. Savor at Studio 3807 aims to serve as an incubator for local emerging chefs and create a community space.

The 6,300 SF food hall is located in the mixed-use development at 3807 Rhode Island Avenue in Brentwood, MD. In addition to Savor, the development includes 147 residential units and 3,000 SF of artist space. The project was developed by Landex Development.

### Tenants:

- The Uncaged Chefs
- Little Miner Taco
- VossFood
- D.C. Sweet Potato Cake
- Curated DMV
- Relish Market
- Community Cocktail
- The Shell Shack
- Redemption Roasters



Sources: NBC Washington, Eater, Hyattsville Wire



# Food Hall | In addition to existing food halls, the Suitland site is also located within driving distance to other regional F&B destinations.

Within approximately 15-minute drive of the site, established hubs draw regional demand from the wider area.



Source: Cushman & Wakefield, Eater  
HR&A Advisors, Inc.



## Food Hall | Federal workers would provide a key source of demand for the potential food hall, who are currently served by the Suitland Federal Center café and convenience store.

The U.S. Census Bureau headquarters houses over 6,000 permanent employees. On-site F&B offerings include the café and a convenience store.

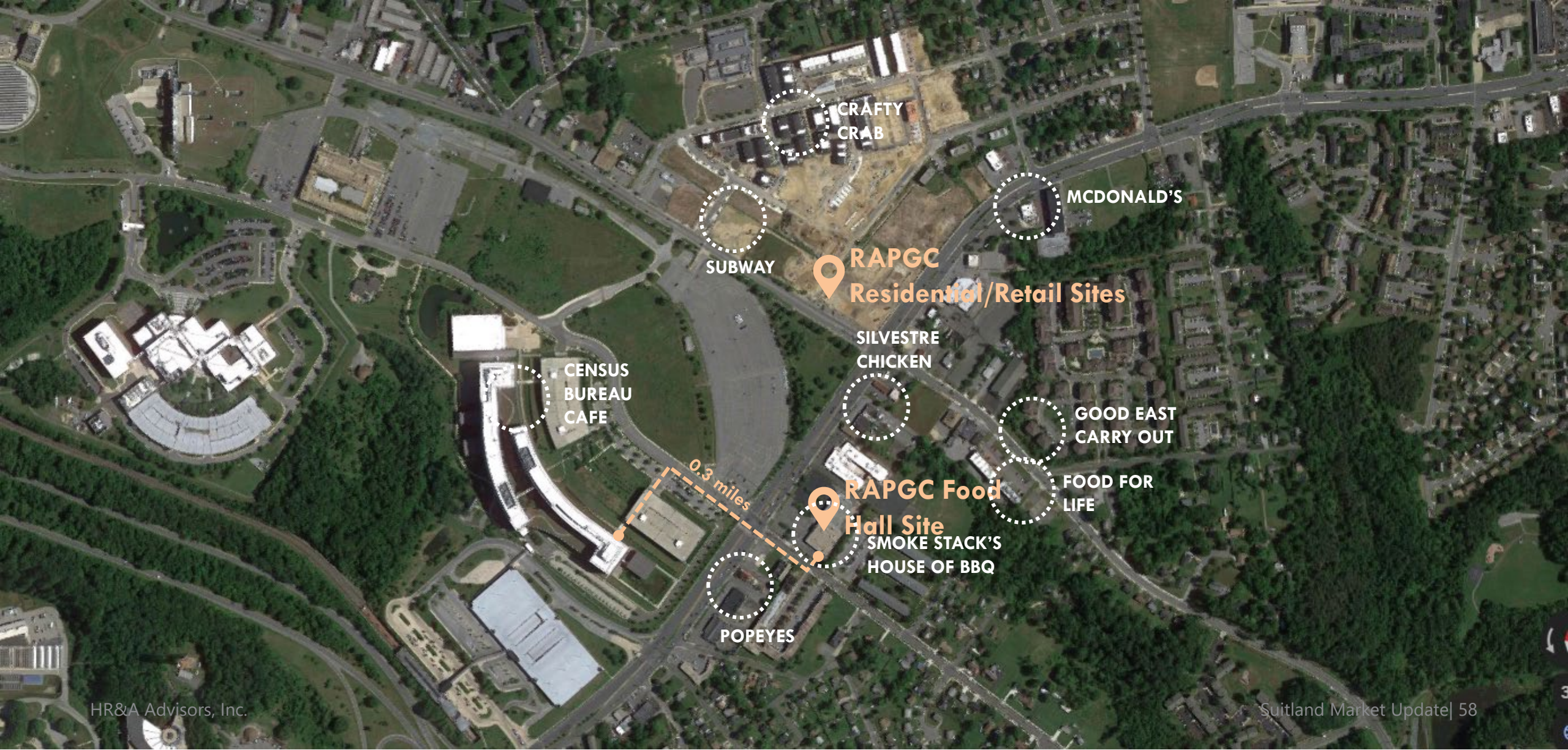
### Existing Amenities:

- **Census Café**, operated by Eurest Dining Services, offers prepared meals for breakfast and lunch through nine food stations.
- **The Sunny Spot**, a convenience store with limited grab and go offerings
- Census Federal Credit Union (CFCU)
- Census Weight and Endurance Training Shop
- Census Bureau Library
- Census Bureau Health Unit
- Suitland Federal Child Development Center
- Employee Assistance Program (EAP)
- Paperclips (office supply company)





Food Hall | Outside of the office complex, federal workers have access to a limited mix of fast food establishments and quick-service restaurants.





## Food Hall | The potential food hall site currently contains a 2-story, 31.6K SF building built in 1990.

The building's useable space includes a main floor with a total of 12,750 SF and a basement with a total of 3,150 SF. In comparison to Savor at Studio 3807, the building is nearly four times larger and between the scale of Eastern Market and Union Market. The existing building also contains the Creative Suitland Arts Center, taking up 15,720 SF, which could offer synergistic use and additional ground floor activation.

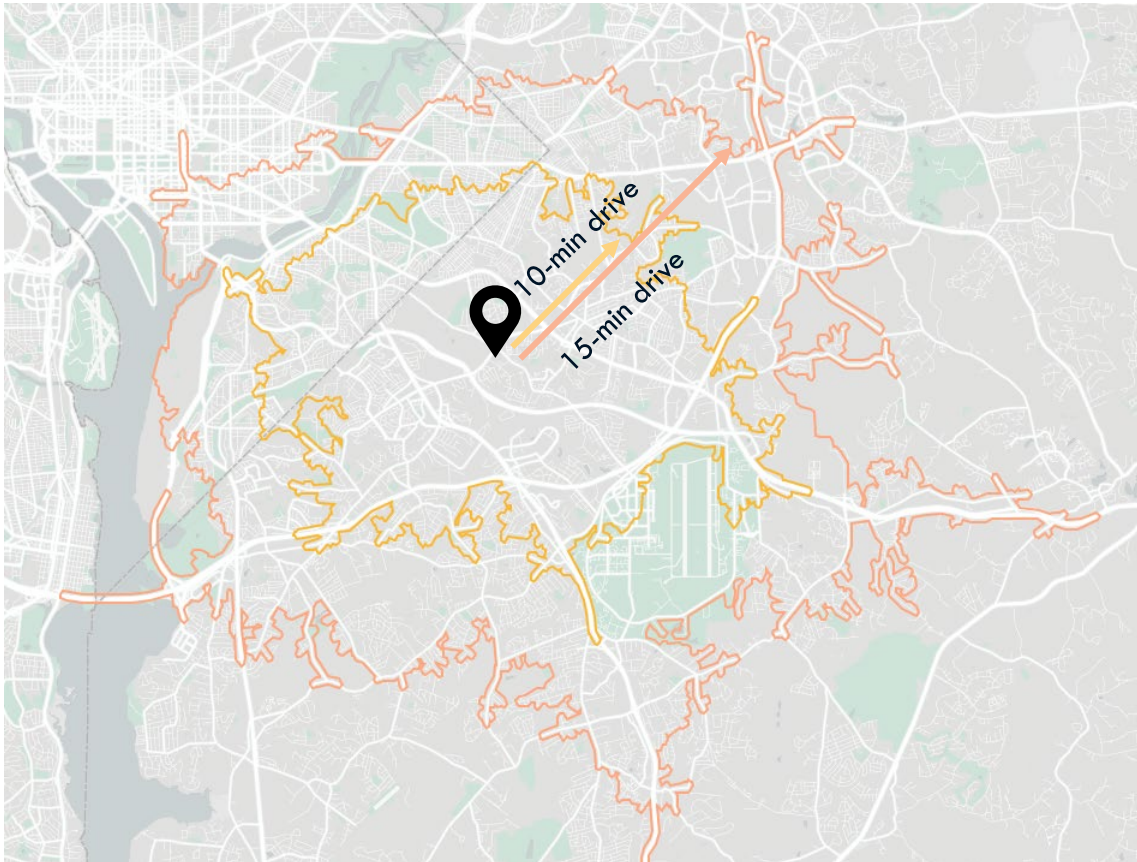


Source: CoStar

HR&A Advisors, Inc.

## Retail Gap | The primary trade area is based on a 10-minute drive radius.

This retail gap analysis compares current sales for the trade area to projected spending based on residential and office worker demographics (“capturable spending”). When capturable spending is higher than current sales, there is retail leakage to other markets, suggesting an opportunity to capture more of that spending within the trade area.



The primary trade area is based on a **10-minute drive** radius from the RAPGC site. The secondary trade area represents a **15-minute drive** from the same point. Factors influencing the selected trade areas include:

- Approximately three-quarters of Suitland residents commute to work by car. The car-orientation of the area underscores the importance of a trade area based on drive-time (rather than walking distance).
- The area within the 15-minute drive radius contains several recently developed retail and F&B centers. As a result, this analysis captures regional supply (e.g. Capitol Riverfront and National Harbor).

Source: ESRI

HR&A Advisors, Inc.

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# Retail Gap | Based on the retail category, demand will draw from either the primary or secondary trade area.

| Retail Category                               | Description  | Trade Area           |
|---|--|----------------------|
| Health & Personal Care Stores                 | Drug stores and pharmacies, cosmetics, beauty supplies and perfume stores, optical goods stores, food (health) supplement stores and health appliance stores   | Primary Trade Area   |
| Miscellaneous Store Retailers                 | Florists, office supplies, stationary + gift stores, used merchandise stores, and other miscellaneous retailers  | Primary Trade Area   |
| Grocery Stores                                | Establishments generally known as supermarkets and grocery stores primarily engaged in retailing a general line of food  | Primary Trade Area   |
| Specialty Food Stores                         | Establishments primarily engaged in retailing specialized lines of food  | Primary Trade Area   |
| Beer, Wine & Liquor Stores                    | Establishments primarily engaged in retailing packaged alcoholic beverages   | Primary Trade Area   |
| General Merchandise Stores                    | Includes department stores and other general merchandise stores  | Primary Trade Area   |
| Special Food Services                         | Establishments primarily engaged in providing food services at the customer's location, at a location designated by the customer (e.g. mobile food services or caterers)   | Primary Trade Area   |
| Drinking Places - Alcoholic Beverages         | Establishments primarily engaged in preparing and serving alcoholic beverages for immediate consumption  | Primary Trade Area   |
| Restaurants/Other Eating Places               | Includes full-service restaurants, limited-service restaurants, cafeterias and buffets, and snack and nonalcoholic beverage bars   | Primary Trade Area   |
| Furniture & Home Furnishings Stores           | Establishments primarily engaged in retailing new furniture and home furnishings   | Secondary Trade Area |
| Bldg Materials, Garden Equip. & Supply Stores | Establishments primarily engaged in retailing a specialized or general line of building and home improvement materials, lawn and garden equipment and supplies, outdoor power equipment, and nursery and garden products | Secondary Trade Area |
| Electronics & Appliance Stores                | Establishments primarily engaged in retailing household appliances, home audio and video equipment, audio and video recordings, cameras, computers and related goods   | Secondary Trade Area |
| Clothing & Clothing Accessories Stores        | Subsector retails new clothing and clothing accessories from fixed point-of-sale locations   | Secondary Trade Area |
| Sporting Goods, Hobby, Book & Music Stores    | Establishments primarily engaged in retailing sporting goods, games and toys, sewing supplies, fabrics, patterns, yarns and other needlework accessories, musical instruments, and books and other reading materials     | Secondary Trade Area |

POTENTIAL FOOD HALL USES



# Retail Gap | Retail demand in the primary trade area draws from 178,000 residents and nearly 28,000 employees.

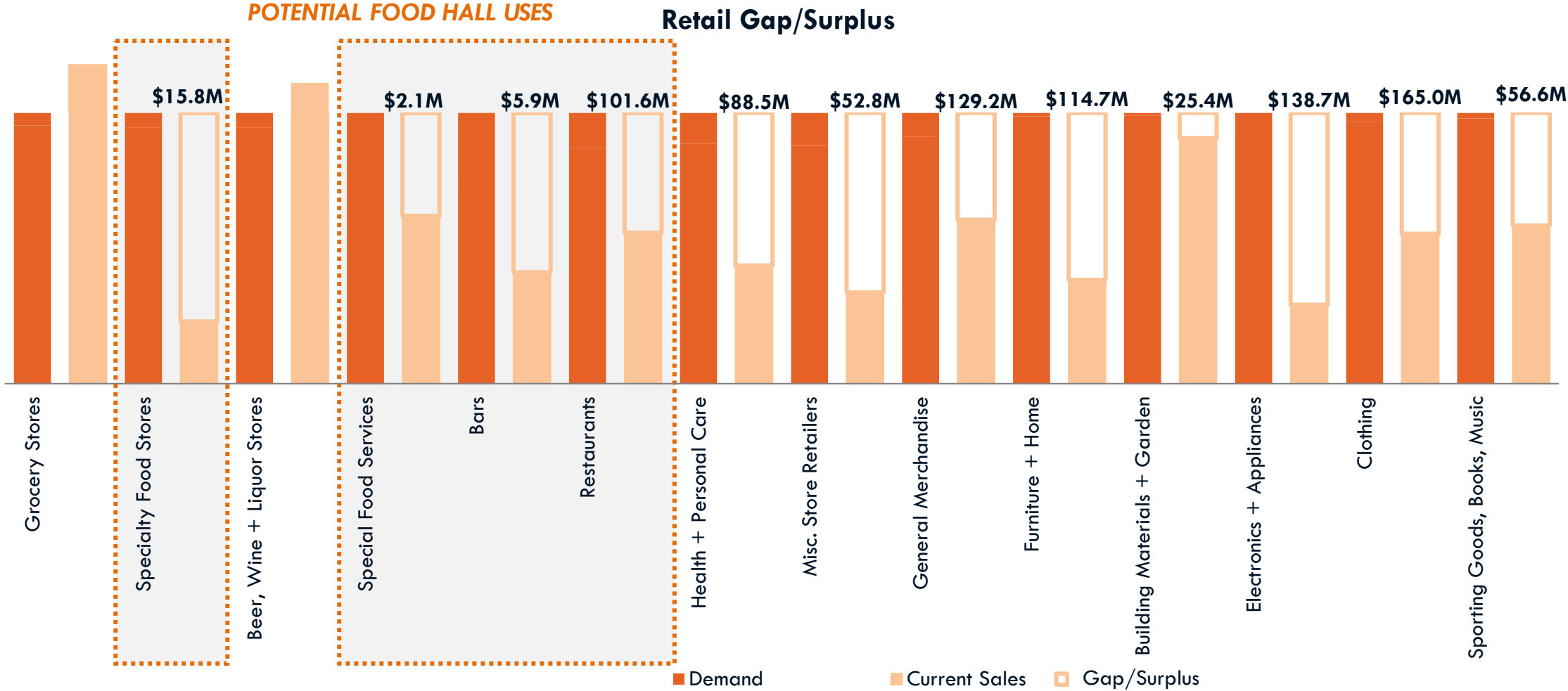


Source: ESRI, LEHD 2015

While more recent LEHD data (2017) is available, Office of Personnel Management (OPM) **data on Federal Workers were not available as part of the 2016 and 2017 release** and so the coverage of “All Jobs” contain information on only workers in the private sector and state/local government. Since Federal Workers comprise a significant portion of the retail trade area employment, **our analysis used the 2015 LEHD data, which includes Federal Workers**. As jobs have grown in the trade area, the retail demand from office workers shown here **should be considered a conservative estimate**. For more information: [LEHD](#)

\*\*Analysis excludes workers that earn less than \$15,000 annually. Of the 28,000 workers that do not live in the primary trade area, **22,500** were included in the analysis.

# Retail Gap | The gap between current sales and estimated spending potential suggests that the area is under-retailed in several categories including F&B establishments.



Source: ESRI, LEHD

Note: Based on ESRI's Retail MarketPlace. While the data is presented in current-year geography, all supply and demand-related estimates remain vintage 2017.

## Retail Gap | The primary trade area could potentially support up to approximately 200K SF of F&B space.

In the primary trade area, there is a surplus of retail sales for grocery stores and liquor stores. However, there is likely retail opportunity for specialty food stores, special food services (e.g. caterers or mobile food services), bars, and restaurants. Based on national sales PSF estimates, the unmet spending potential could support up to an additional 200K SF of F&B space in the primary trade area.

|                       | Grocery Stores | Specialty Food Stores | Beer, Wine + Liquor Stores | Special Food Services | Bars            | Restaurants       | Total             |
|-----------------------|----------------|-----------------------|----------------------------|-----------------------|-----------------|-------------------|-------------------|
| Spending Potential    | \$325.8M       | \$20.5M               | \$39.2M                    | \$5.6M                | \$10.1M         | \$229.6M          | \$630.8M          |
| Current Sales         | \$439.4M       | \$4.7M                | \$43.8M                    | \$3.5M                | \$4.1M          | \$128.0M          | \$623.6M          |
| Retail Gap            | (\$113.7M)     | \$15.8M               | (\$4.6M)                   | \$2.1M                | \$5.9M          | \$101.6M          |                   |
| Sales PSF             | \$800          | \$800                 | \$800                      | \$600                 | \$600           | \$600             |                   |
| <b>Supportable SF</b> | <b>0 SF</b>    | <b>19,800 SF</b>      | <b>0 SF</b>                | <b>3,600 SF</b>       | <b>9,900 SF</b> | <b>169,300 SF</b> | <b>202,600 SF</b> |

Source: ESRI, LEHD, Retail MAXIM

Note: Based on ESRI's Retail MarketPlace. While the data is presented in current-year geography, all supply and demand-related estimates remain vintage 2017. Sales per square foot are estimated based on Retail MAXIM's Annual Store Productivity Survey Q3 2019.



Retail Gap | Although the gap analysis suggests surplus of grocery stores in the trade area, the closest major grocery store to the RAPGC residential sites is nearly a mile away.





# The retail gap analysis indicates an undersupply of F&B amenities and convenience retail.

## RETAIL KEY FINDINGS

- Most of the retail space in Suitland was built before 1980 in standalone locations. Rents in the Suitland area have increased at a faster pace than the County. Other projects that will add a significant amount of F&B space to the retail inventory in Suitland (e.g. Restaurant Row Apollo and the Iverson Mall renovation) have primarily targeted national chains and fast casual food concepts.
- The retail gap analysis suggests that there is an undersupply of F&B offerings within the primary trade area, a 10-minute drive from the RAPGC sites. The limited amenities within the Suitland Federal Center and dearth of options within walking distance of this major employment center suggest that **F&B uses and higher end convenience retail** could be supported on RAPGC sites.
- Stakeholder interviews highlighted the need for additional retail in the area:
  - **Higher end convenience retail** is needed to support new households already living at Towne Square.
  - Suitland Federal Center employees and nearby residents are likely underserved, with a **limited local selection of grocery and restaurant offerings**. Although the retail gap analysis indicates a surplus of grocery stores in the primary trade area, the **residential development at Towne Square could benefit from pedestrian access to a grocery store**, and stakeholder interviews confirmed such demand.
  - Potential addition of BLS workers at Suitland Federal Center and residents of the ongoing Towne Square project will support the **growth of future spending potential**.
- In addition to conventional retail tenants, the RAPGC should consider alternative **ground floor activation strategies** to support residential development at Towne Square. Financial tools, such as underwriting the ground floor space at below-market rents, could leverage innovative uses, such as **cultural space, production or studio space, or pop-ups and temporary programming** to accelerate lease-up of space while the market develops.

# The food hall can leverage local demand drivers such as the planned residential growth at Towne Square and federal workers.

## RETAIL KEY FINDINGS

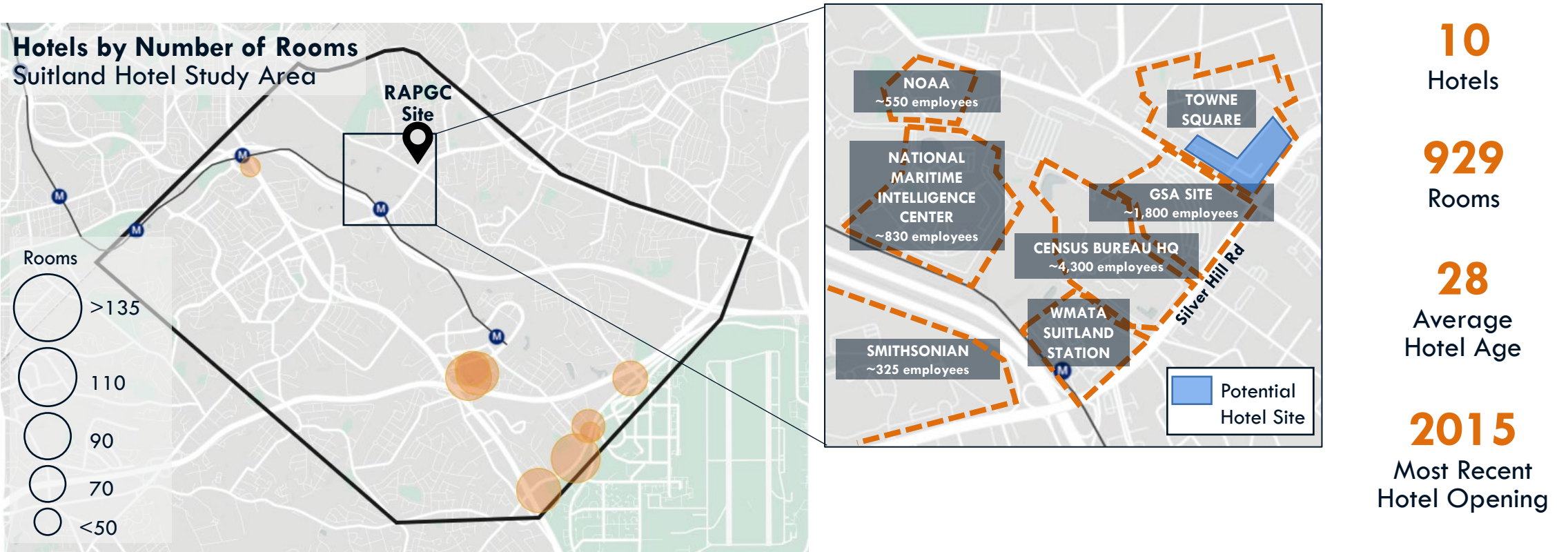
- The secondary trade area, a 15-minute drive for the RAPGC site, contains well-established F&B hubs which draw from regional demand. **Potential food hall offerings will need to be tailored to local conditions** to establish a distinct identity within the competitive regional landscape through:
  - Ensuring that the potential food hall is walkable and accessible to immediate surroundings
  - Differentiating the potential food hall tenanting from other developments in the pipeline in the Suitland area with local non-chain vendors
- The success of the food hall is contingent upon establishing **safer and more attractive pedestrian connections** in order to attract nearby employees and residents. At 0.4 miles from Metro, the site is at the upper limits of being considered “transit-accessible,” and access from the Metro, the gated Suitland Federal Center, and Towne Square all require crossing Silver Hill Road, a busy 6-lane road.
- In addition to considering the market viability of a food hall, the creation of a food hall could potentially align with other policy goals:
  - **Economic Development/Support Small Businesses:** Food halls typically offer lower barriers to entry. The initial capital investment for a food hall space is typically lower than a standalone restaurant. Moreover, food halls often provide more flexible and shorter-term leases, and other costs such as utilities, marketing, and real estate taxes can be reduced.
  - **Amenities:** Food halls provide amenities for both nearby residents and workers as well as landlords, and food halls can help activate the ground floor and public realm. Additionally, food halls provide experiential and social offerings. Access to robust F&B offerings through a food hall could help support the nearby residential development.
  - **COVID Recovery:** Food halls could become a platform to support the recovery of independent restaurants. For landlords, food halls mitigate risk through its multiple vendors, minimizing the risk of significant vacancy. Since food halls are often designed to be flexible spaces, this flexibility could be leveraged for adaptation to accommodate social distancing policies as the area adapts to a post-COVID equilibrium. For restaurants and vendors, certain operating models could support the recovery of businesses. In operating models that are based solely on percentage rent, fixed costs are minimized for the tenant.
- An existing, successful food hall operator’s interest in the potential food hall site removes some of the risk and uncertainty from developing the site and securing an operator.



# HOTEL DEMAND ANALYSIS

# Hotel Overview | There is a potential gap in the Suitland hotel market catering to business travel generated by the Suitland Federal Center.

The hotel market analysis surveys a slightly different area (Suitland Hotel Study Area), extending just beyond the boundaries of the residential study area to include hotels catering to Andrews Air Force Base south of the Capital Beltway. The large and expanding Suitland Federal Center presents an opportunity for a hotel to cater to business travel in the study area. About half of the hotels and rooms in the area today are clustered near Andrews Air Force Base, with none directly adjacent to the site.



Source: STR

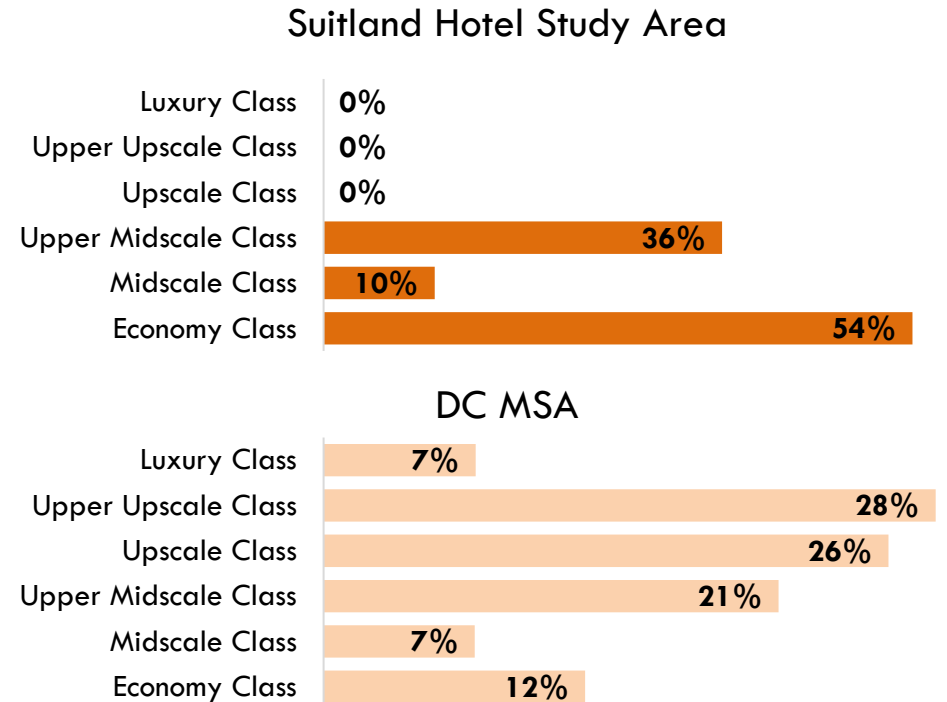
# Hotel Overview | Existing stock is relatively old with primarily Economy rooms available; however, a few Upper Midscale hotels are among the most recent deliveries to the area.

Existing hotels in the area are relatively old, with only two new hotels delivered to the Study Area in the past decade and no new projects in the pipeline. The most recent hotel deliveries to the Study Area range from Economy to Upper Midscale Class, but over half of the available hotel rooms are Economy Class. Hotel development in the broader region is concentrated in Downtown DC, where there are more options ranging from Upscale to Luxury Class.

## Existing Hotel Inventory Suitland Hotel Study Area

| Brand                | Rooms | Hotel Class    | Year Built |
|----------------------|-------|----------------|------------|
| Hampton by Hilton    | 117   | Upper Midscale | 2014       |
| Country Inn & Suites | 94    | Upper Midscale | 2007       |
| Holiday Inn Express  | 126   | Upper Midscale | 1988       |
| Quality Inn*         | 94    | Midscale       | 1970       |
| Rodeway Inn*         | 52    | Economy        | 2015       |
| WoodSpring Suites*   | 121   | Economy        | 2013       |
| Super 8*             | 47    | Economy        | 1995       |
| Motel 6*             | 139   | Economy        | 1989       |
| Budget Inn           | 50    | Economy        | 1973       |
| Days Inn*            | 89    | Economy        | 1959       |

## Share of Rooms by Hotel Class



\*Hotel is directly adjacent to Andrews Airforce Base  
Source: STR



# Hotel Overview | Hotel classes are determined by average daily rate.

Hotel classes are determined by the brand's average daily rate, with the most expensive rooms per night being categorized as luxury and the least expensive rooms being categorized as economy.

|  |   |  |
|--|---|--|
| <b>Luxury</b><br>~\$285 ADR <ul style="list-style-type: none"><li>• Four Seasons</li><li>• Grand Hyatt</li><li>• JW Marriott</li><li>• Ritz-Carlton</li><li>• InterContinental</li><li>• W Hotel</li></ul>                                 | <b>Upper Upscale</b><br>~\$200 ADR <ul style="list-style-type: none"><li>• Canopy by Hilton</li><li>• Embassy Suites by Hilton</li><li>• Hilton</li><li>• Autograph Collection</li><li>• Hotel Indigo</li><li>• Kimpton</li></ul> | <b>Upscale</b><br>~\$150 ADR <ul style="list-style-type: none"><li>• Courtyard</li><li>• DoubleTree by Hilton</li><li>• Hilton Garden Inn</li><li>• Crowne Plaza</li><li>• Homewood Suites by Hilton</li><li>• Residence Inn</li></ul> |
| <b>Upper Midscale</b><br>~\$110 ADR <ul style="list-style-type: none"><li>• Best Western Plus</li><li>• Comfort Inn</li><li>• Country Inn &amp; Suites</li><li>• Fairfield Inn</li><li>• Hampton by Hilton</li><li>• Holiday Inn</li></ul> | <b>Midscale</b><br>~\$95 ADR <ul style="list-style-type: none"><li>• Best Western</li><li>• Candlewood Suites</li><li>• Quality Inn</li><li>• Sleep Inn</li><li>• Tru by Hilton</li><li>• Wingate by Wyndham</li></ul>            | <b>Economy</b><br>~\$60 ADR <ul style="list-style-type: none"><li>• Days Inn</li><li>• Econo Lodge</li><li>• Extended Stay America</li><li>• Motel 6</li><li>• Red Roof Inn</li><li>• Super 8</li><li>• WoodSpring Suites</li></ul>    |

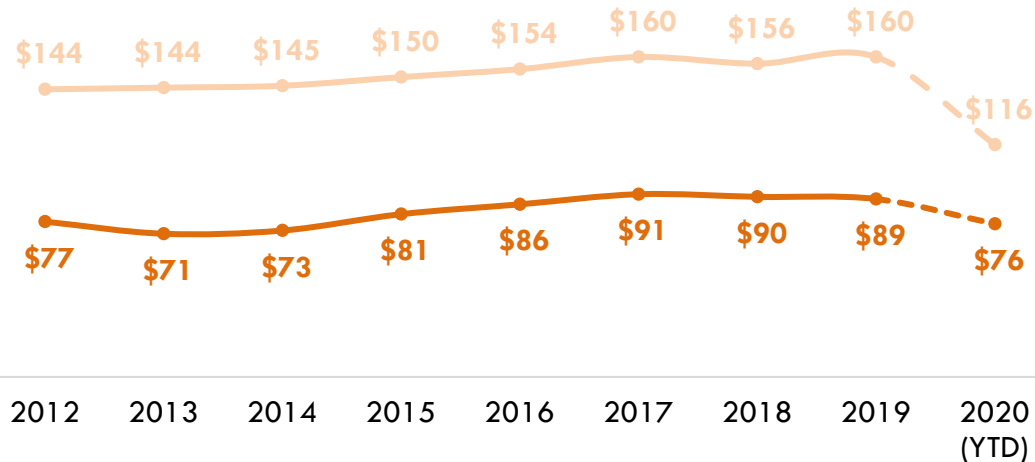
*\*Estimated ADR; The listed ADR is not necessarily associated with listed brands*

*Source: STR, Luxury Traveler*

# Average Daily Rate and Occupancy | The hotel market is relatively healthy with average daily rates and occupancy levels slowly increasing since 2012.

Average daily rate (ADR) in the Study Area has increased by 15% between 2012 and 2019, while occupancy has increased by 8%. Steadily increasing occupancy suggests that demand for hotel rooms in the area has increased over the last decade; however, occupancy is still low relative to the region – even though Suitland offers a lower ADR. Additionally, the hospitality market in Suitland seems to have weathered the pandemic well relative to the DC MSA as a whole, indicating demand is not likely driven by tourism.

**Average Daily Rate (Annual)**  
Suitland Hotel Study Area & DC MSA



— Suitland — DC MSA

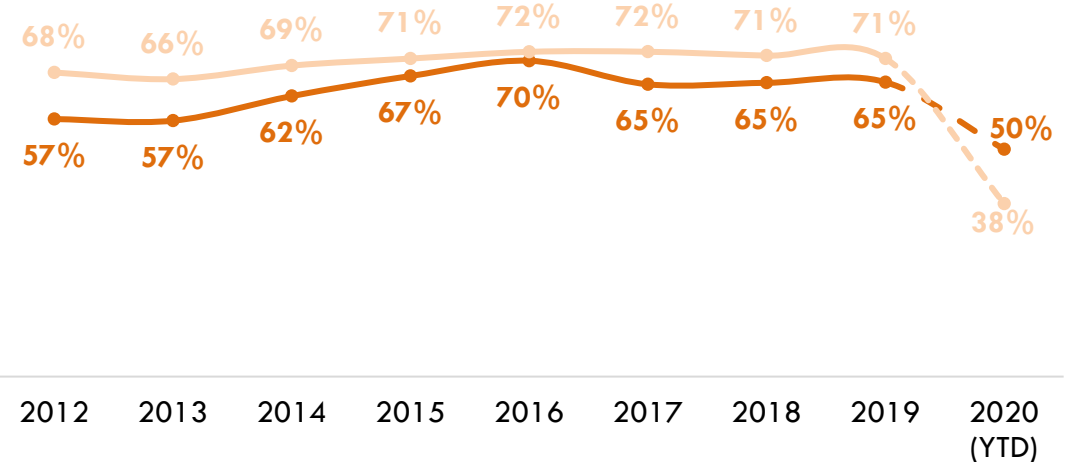
**Pre-Pandemic Change**

|             |             |
|-------------|-------------|
| <b>+15%</b> | <b>+11%</b> |
| 2012 – 2019 | 2012 - 2019 |

**2019 - 2020 Change**

|                 |                 |
|-----------------|-----------------|
| <b>-15%</b>     | <b>-29%</b>     |
| 2019 - 2020 YTD | 2019 - 2020 YTD |

**Occupancy (% Annual)**  
Suitland Hotel Study Area & DC MSA



— Suitland — DC MSA

**Pre-Pandemic Change**

|             |             |
|-------------|-------------|
| <b>+8%</b>  | <b>+3%</b>  |
| 2012 – 2019 | 2019 - 2019 |

**2019 - 2020 Change**

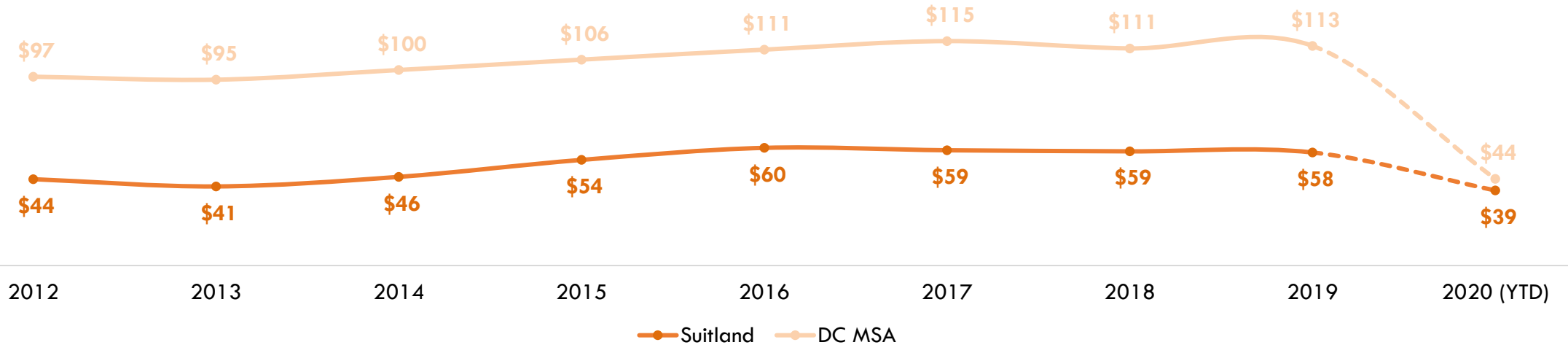
|                 |                 |
|-----------------|-----------------|
| <b>-18%</b>     | <b>-34%</b>     |
| 2019 – 2020 YTD | 2019 - 2020 YTD |

Source: STR

# Revenue per Available Room | Revenue per available room is increasing at a faster pace than the region, but as of 2019 rates were still consistently lower.

The Study Area has seen a 31% increase in revenue per available room (RevPAR) since 2012, increasing to \$58 in 2019. In 2019, RevPAR in the DC MSA remained nearly 2x greater than the Study Area's; however, the Study Area saw a much greater increase in RevPAR between 2012 and 2019. Additionally, RevPAR has fallen much more sharply in the DC MSA due to the pandemic's impact the hospitality industry, putting the Study Area nearly on par with the greater region.

**Revenue Per Room**  
Suitland Hotel Study Area & DC MSA



**Pre-Pandemic Change**

|             |             |
|-------------|-------------|
| <b>+31%</b> | <b>+16%</b> |
| 2012 - 2019 | 2019 - 2019 |

**2019 - 2020 Change**

|                 |                 |
|-----------------|-----------------|
| <b>-37%</b>     | <b>-62%</b>     |
| 2019 - 2020 YTD | 2019 - 2020 YTD |

RevPAR is calculated as room revenue (ADR) / total rooms available (occupancy)

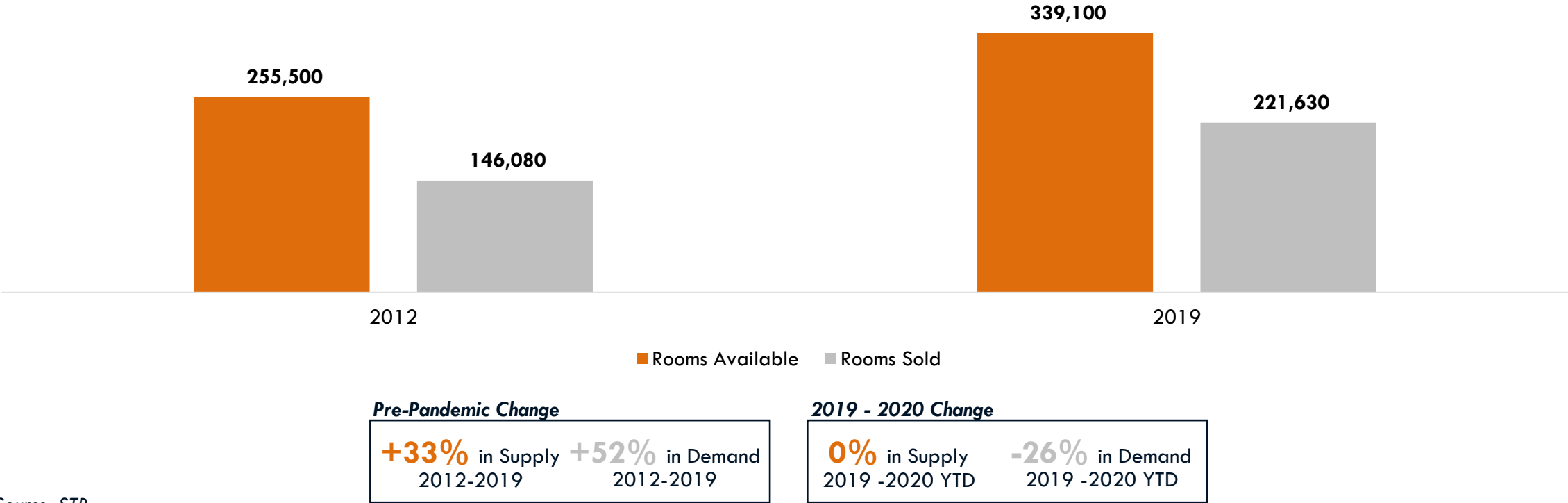
Source: STR



# Hotel Supply and Demand | Demand for hotel rooms in the Study Area is growing faster than supply, suggesting some potential to accommodate additional rooms.

Demand for hotel rooms in the Study Area increased by 52% between 2012 and 2019, while the supply of rooms available increased by 33% during the same time period. If demand for hotel room continues to rise as the hospitality industry recovers from the pandemic, additional rooms will be able to be absorbed into the market, especially as a differentiated product.

**Hotel Demand and Supply**  
Suitland Hotel Study Area



Source: STR

Projected New Demand | New hotel demand in Suitland will be driven by business travel and there will be demand for approximately 88 additional rooms by 2025 given new Federal Center employees.

New hotel room demand in the Study Area will be driven by business travel. This puts any new hotel in competition with hotels in Downtown DC and other areas that attract business travel, rather than those immediately nearby. Based on existing trends of room-nights per employee in the Study Area, there will be demand for an additional 88 rooms by 2025.

| ESTIMATED DEMAND IN THE HOTEL STUDY AREA<br>2019 - 2025                            | 221,600 Total Room Nights in 2019 |                |
|--|-----------------------------------|----------------|
|  | Business Travel                   | Leisure Travel |
| Estimated Share of Hotel Stays   | 68%                               | 32%            |
| Total Office Employees / Residents<br>(2019)                                       | 11,490                            | 68,510         |
| Room-Nights per Employee / Visitor<br><i>*Assumes population attracts visitors</i> | 13                                | 1              |
| Estimated Increase in Office Employees / Residents<br>(2019 – 2025)                | +2,920                            | -40            |
| Increase in Room-Nights<br>(2019 – 2025)   | +38,200                           | -40            |
| New Room-Nights Demanded in the Study Area<br>(2019 – 2025)                        | +38,160                           |                |
| Room Occupancy Goal  | 70%                               |                |
| <b>New Rooms Demanded in the Study Area by 2025</b>                                | <b>88 new rooms</b>               |                |

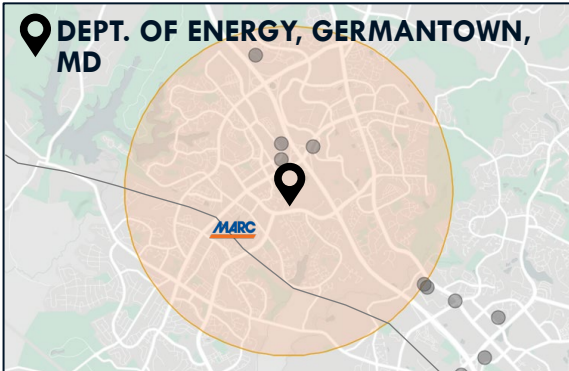
Source: STR, Esri Business Analyst, Emsi

# Comparable Markets| Similar transit-adjacent suburbs with Federal office buildings in Maryland suggest that Suitland can aspire to target more Upscale and Upper Midscale hotels.

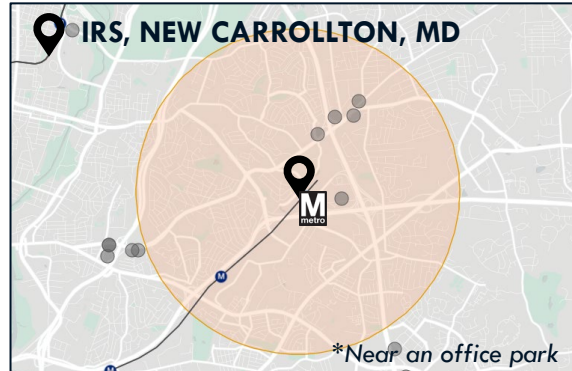
Other areas in Maryland surrounding a Federal office building have a similar mix of hotels, with most hotels ranging from economy to upper midscale and a relatively older stock. However, the comparable areas also offer a range of Upscale and Upper Midscale options that are not in the Study Area. If demand continues to rise in the Study Area, an Upscale or additional Upper Midscale brand may fill a gap in the area’s hotel market, especially as the area transforms into a more mixed-use, urban environment.

## Hotels in Comparable Areas

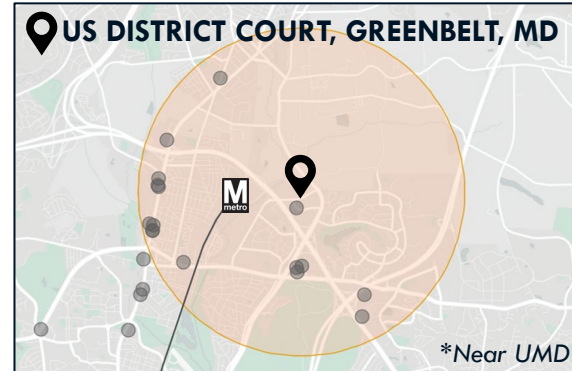
Within 2 Miles of Other Federal Offices of Rail Stations in Maryland



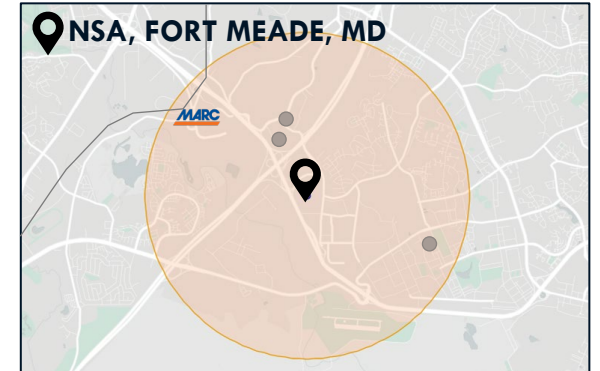
**Hotels:** 6  
**Hotel Rooms:** 688  
**Average Hotel Age:** 23  
**Most Recent Hotel Opening:** 2004  
**Pipeline:** None  
 Luxury, 0%  
 Upper Upscale, 0%  
 Upscale, 0%  
**Upper Midscale, 38%**  
**Midscale, 0%**  
**Economy, 62%**  
 Independent, 0%  
 Source: STR



**Hotels:** 5  
**Hotel Rooms:** 730  
**Average Hotel Age:** 40  
**Most Recent Hotel Opening:** 1987  
**Pipeline:** None  
 Luxury, 0%  
 Upper Upscale, 0%  
**Upscale, 21%**  
**Upper Midscale, 0%**  
**Midscale, 50%**  
**Economy, 29%**  
 Independent, 0%



**Hotels:** 15 (Including Pipeline)  
**Hotel Rooms:** 1790 (Including Pipeline)  
**Average Hotel Age:** 37  
**Most Recent Hotel Opening:** 2019  
**Pipeline:** 90 rooms  
 Luxury, 0%  
 Upper Upscale, 0%  
**Upscale, 40%**  
**Upper Midscale, 33%**  
**Midscale, 5%**  
**Economy, 22%**  
 Independent, 0%



**Hotels:** 3  
**Hotel Rooms:** ~340  
**Average Hotel Age:** 17\*  
**Most Recent Hotel Opening:** 2005\*  
**Pipeline:** Not known  
 Luxury, 0%  
 Upper Upscale, 0%  
**Upscale, 33%**  
**Upper Midscale, 33%**  
**Midscale, 33%**  
 Economy, 0%  
 Independent, 0%

\*Does not include Candlewood Suites










Target Brands| Many of the target Upscale and Upper Midscale brands typically offer higher average daily rates and a larger footprint than the hotels in the Study Area today.

Among the identified target brands, Upscale hotels typically have ADRs ranging from \$120 to \$140 and a relatively large footprint with the number of rooms ranging from 160 to 300. The identified Upper Midscale hotels typically have ADRs ranging from \$105 to \$110 and the number of rooms ranging from 100 to 230. In both cases, the ADR would likely be above the Study Area's annual average of \$89 in 2019 and be a relatively large hotel for the area, with the largest delivery to date offering 120 rooms.

### Target Brands for Suitland

Upscale and Upper Midscale class brands found in comparable areas.

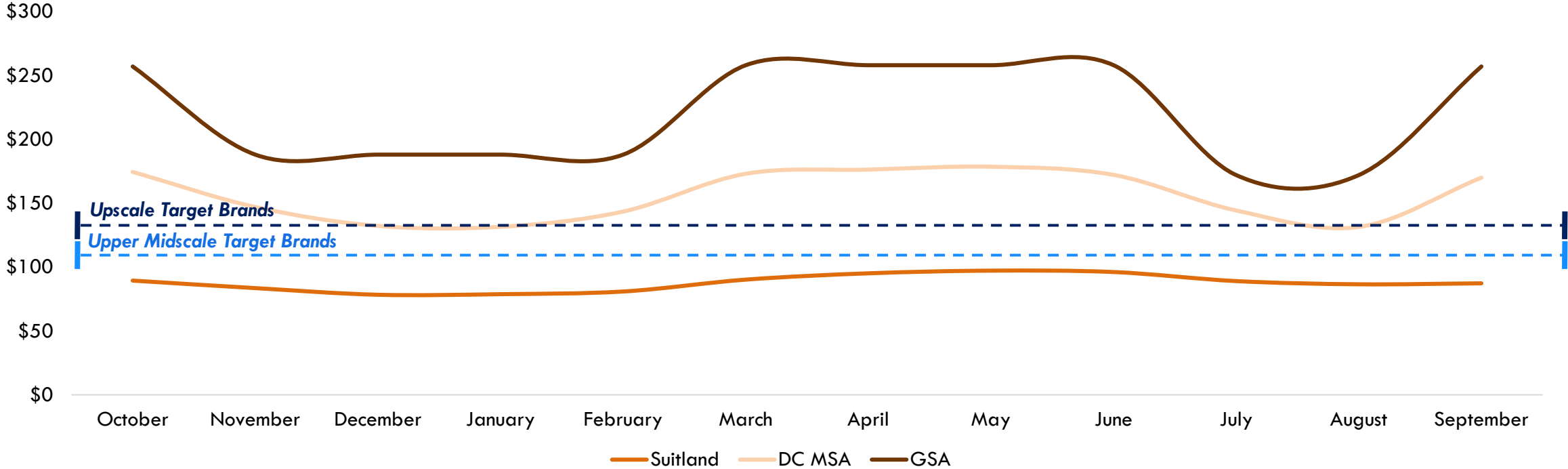
| <u>Upscale</u>  |   | <u>Upper Midscale</u>   |   |
|---|---|---|---|
|    | <ul style="list-style-type: none"> <li>\$132 ADR (US, 2016)</li> <li>~160 Rooms</li> <li>Avg. 2,720 SF Meeting Space</li> </ul> |    | <ul style="list-style-type: none"> <li>\$110 ADR (US, 2016)</li> <li>~110 Rooms</li> <li>Avg. 900 SF Meeting Space</li> </ul>   |
|    | <ul style="list-style-type: none"> <li>\$140 ADR (US, 2016)</li> <li>~170 Rooms</li> <li>Avg. 1,650 SF Meeting Space</li> </ul> |    | <ul style="list-style-type: none"> <li>\$111 ADR (US, 2016)</li> <li>~230 Rooms</li> <li>Avg. 5,360 SF Meeting Space</li> </ul> |
|   | <ul style="list-style-type: none"> <li>\$142 ADR (US, 2016)</li> <li>~150 Rooms</li> <li>Avg. 1,520 SF Meeting Space</li> </ul> |  | <ul style="list-style-type: none"> <li>\$105 ADR (US, 2016)</li> <li>~100 Rooms</li> <li>Avg. 1,660 SF Meeting Space</li> </ul> |
|  | <ul style="list-style-type: none"> <li>\$121 ADR (US, 2016)</li> <li>~300 Rooms</li> <li>Avg. 8,200 SF Meeting Space</li> </ul> |   |   |

Note: Rooms and meeting space values are based on DC MSA average for that brand  
 Source: STR, Loyalty Traveler

# GSA Rates | Average daily rates for upscale target brands do not exceed the maximum GSA lodging rate for the DC MSA

GSA rates for lodging are on average 2.5x greater than the ADRs offered by current hotels in the Study Area. The identified target brands would pull up the range of ADRs offered in the Study Area without going over GSA rates, keeping rates within budget for many federal business travelers.

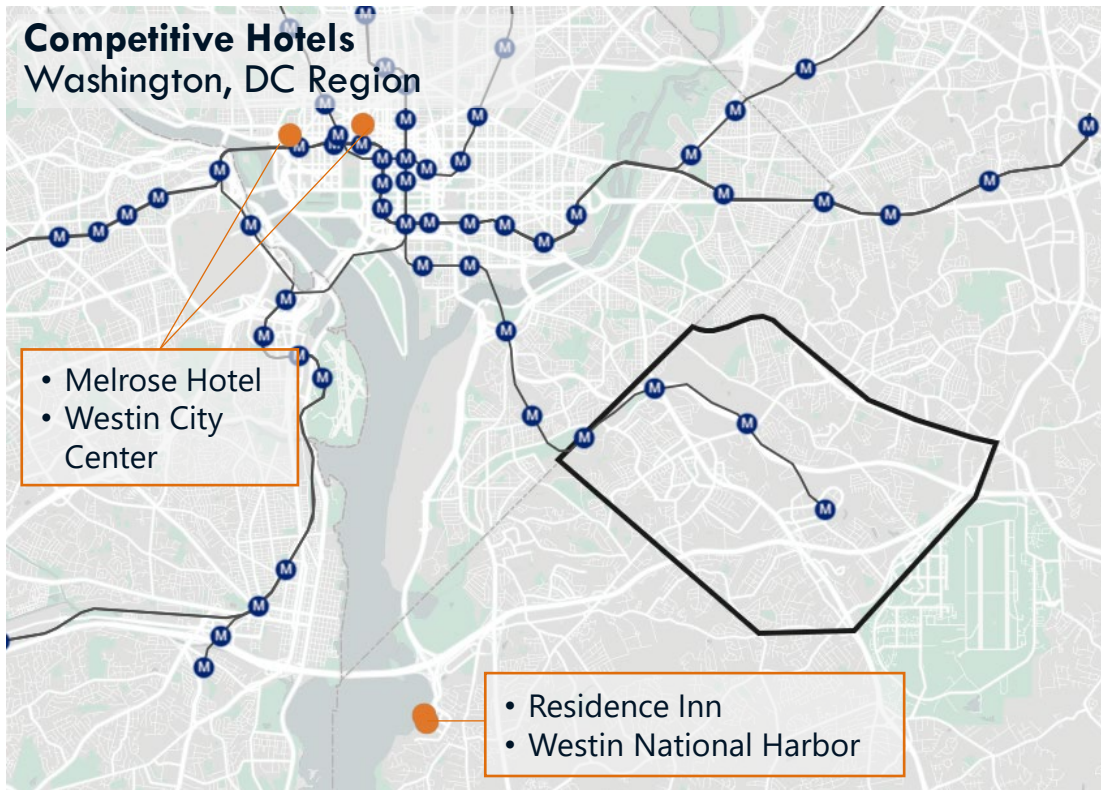
**Monthly Average Daily Rates**  
 Suitland Hotel Study Area and DC MSA Compared to GSA Rates



Note: GSA rates are October 2020 – September 2021 rates and are compared to October 2018 – September 2019 ADR in Suitland and the DC MSA  
 Source: STR

# Competitive Analysis | Business travelers visiting the Suitland Federal Center currently stay at hotels in Downtown DC or National Harbor.

Suitland Federal Center (SFC) agencies such as the Census Bureau and Bureau of Economic Analysis recommend hotels in Downtown DC and National Harbor for business travelers. RAPGC’s unparalleled proximity to SFC as well as Suitland Metro Station give it a competitive advantage. However, a hotel in the Study Area will struggle to compete without walkable amenities, such as food and beverage or retail, unless offering a unique asset, such as significant event space to support conferences.



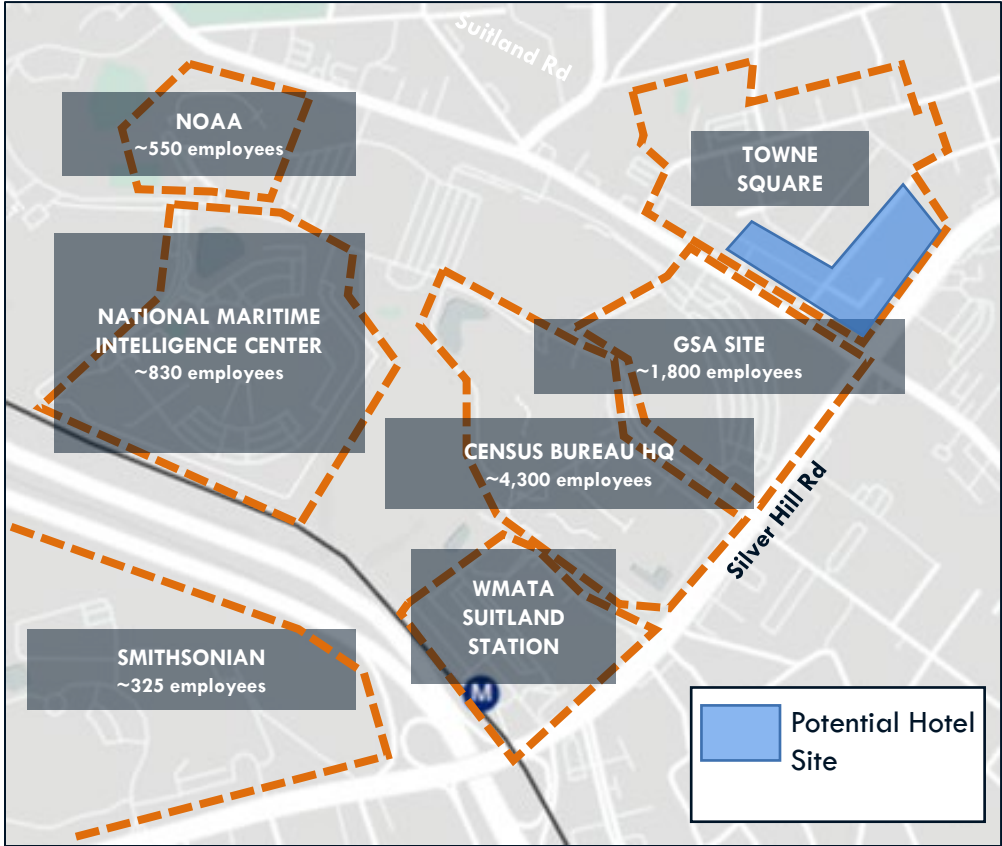
## Competitive Area Comparison Suitland, National Harbor, Downtown DC

|                                      | Suitland | National Harbor | Downtown DC |
|--------------------------------------|----------|-----------------|-------------|
| Walkable Amenities                   | X        | ✓               | ✓           |
| Transit Accessibility                | ✓        | X               | ✓           |
| Proximity to Suitland Federal Center | ✓        | X               | X           |
| Weekend Attractions                  | X        | ✓               | ✓           |



# Federal Employee Profile | There are nearly 8,000 federal employees in the Study Area, many that likely earn greater than Suitland’s median household income.

Suitland’s federal employees take up a significant portion of the area’s workforce, and likely earn near the Suitland median household income. With a large daytime population, this presents to opportunity to build a mixed-use environment with walkable amenities that will make a new hotel in the area more competitive with Downtown DC and National Harbor.



## Employee Profile Suitland Federal Offices

| Federal Office                                  | Employees | Average Annual Earnings |
|---|-----------|-------------------------|
| Bureau of Labor Statistics                      | 1,800     | \$71,300                |
| Census Bureau                                   | 4,285     | \$81,100                |
| National Maritime Intelligence Center           | 830       | \$65,530                |
| National Oceanic and Atmospheric Administration | 550       | \$72,000                |
| Smithsonian                                     | 325       | \$69,280                |

**Total** **7,790**

**\$60,900**  
Suitland Median  
Household Income

**\$82,000**  
Prince George’s County  
Median Household Income

Source: Payscale, Zip Recruiter

While there is a gap in the Suitland hotel market to be filled by an Upscale brand, the Revenue Authority can increase the competitive positioning by first delivering walkable amenities.

## HOTEL KEY FINDINGS

- The Study Area is a draw for businesses travelers, putting any new hotel in competition with business travel-oriented hotels in Downtown DC and National Harbor.
- A new hotel at Suitland can be price competitive amongst regional hotels targeting GSA-rate constrained travelers, while offering the newest product in the Study Area, making it a more attractive option to travelers.
- There is no Upscale hotel brand in the Study Area, creating a gap in the market. Developers of the site will have the opportunity to fill that gap, but can increase the site's attractiveness to hotel brands by phasing after the delivery of walkable amenities including food and beverage and convenience retail.

## APPENDIX



# Residential Demand Analysis Assumptions

| ASSUMPTION  | AMOUNT   | SOURCE   |
|---|----------|--|
| <b>Eligible Households</b>                        |          |  |
| Avg Monthly Rent PSF                              | \$2.00   | <i>Based on recently built properties (source: CoStar)</i>   |
| Avg Unit Size                                     | 900 SF   | <i>Based on recently built properties (source: CoStar)</i>   |
| Housing Cost Share of Income                      | 30%      |  |
| Eligible Household Income                         | \$72,000 |  |
| <b>Timing</b>                                     |          |  |
| Project Start                                     | 2020     |  |
| Project End                                       | 2025     |  |
| <b>County Population Growth</b>                   |          |  |
| Average Annual Growth Rate                        | 0.61%    | <i>Based on average annual growth rate of Prince George's County population between 2010 and 2018 (source: ACS)</i>                                    |
| <b>Suitland Share of County Population Growth</b> |          |  |
| Study Area Share of Population                    | 2.95%    | <i>Based on a moderate increase from the average of Suitland's 2010 share (2.99%) and 2019 share (2.82%) of the County's population (source: ESRI)</i> |



## **SUITLAND MARKET UPDATE**

RESIDENTIAL, RETAIL, & HOTEL MARKET ANALYSIS

**JANUARY 2021**