



Economics Research Associates

Memorandum

Date: November 10, 2006

To: University of Maryland College Park

From: Economics Research Associates

RE: UM East Campus Retail and Housing Survey

ERA No. 16781

Economics Research Associates (ERA) conducted a market feasibility and development potential assessment of the East Campus site, a 38-acre parcel across from the main campus of the University of Maryland College Park. In addition to the market analysis, a retail and housing survey was conducted by the marketing research firm Hollander, Cohen, and McBride (HCM). The purpose of the survey was to augment ERA's findings with more specific constraints and opportunities as detailed by the UM community. This memorandum is intended to compare the findings of ERA's market analysis to the responses gathered by HCM.

Overall, HCM's survey results confirm ERA's conclusions about market supply and demand for both retail and residential options near campus. In addition to specific types of retailers and housing options that supplemented ERA's research, the survey responses continually indicated that the success of the East Campus development will be dependent upon several key factors that should be considered in the planning and design stages. They are as follows:

- Safety and security
- Accessibility and pedestrian-friendly orientation
- Cost-conscious (i.e. housing pricing in line with competitive offerings)

Retail

ERA estimated that based on current supply and demand, the East Campus site could support between approximately 70,000 to 200,000 square feet of retail with a recommended tenant mix including a "super" University bookstore, small grocer, table-service restaurants, and boutique shops. Based on the recent survey results, ERA concludes the following:

- Eating is heavily based on convenience and proximity to campus as evidenced by nearly half of the respondents most frequently eating meals at the Stamp Student Union Food Court, their home or apartment, or the College Park Shopping Center. Diverse and unique food offerings at the adjacent East Campus site would likely be extremely well-received by those seeking a convenient location.
- Table-service restaurants appear to be the highest in demand among respondents, which is consistent with ERA's recommendation of including more upscale food options than currently available in College Park. Numerous respondents indicated that there is nowhere nice to go to take a date, visiting parents, or colleagues.
- Approximately 70 percent of respondents strongly valued the idea of a grocery store within walking distance of campus, which is consistent with ERA's finding that the site could support a small format, specialty grocer such as a Trader Joe's.

Residential

ERA recommended approximately 250 to 300 units for undergraduate students and between 500 to 700 units geared towards graduate students, faculty and staff, and young professionals.

- The survey indicated that the three most important characteristics for respondents in their decision for housing are safety and security, neighborhood character, and cost. The open-ended responses repeatedly indicated that College Park is not perceived as a safe or desirable neighborhood at this time which may have precluded some responders from seeing the East Campus site as a desirable location.
- Approximately two-thirds of graduate students indicated an interest in a new, dedicated graduate student complex on the East Campus while 25 percent were not at all interested which is consistent with ERA's perception of potential demand for new housing units dedicated to graduate students and professionals.
- As ERA stated in the market analysis, the market demand for for-sale units, despite the difficulties of developing a for-sale product on a ground lease, are much lower than the rental market. It is unlikely that graduate students would be interested in purchasing property during their time at the University and few faculty and staff who currently own homes (22 percent) expressed any interest in living at the new East Campus site. The major deterrents included a lack of safety, poor school system, and expected high costs for new housing.

Conclusions

Overall, ERA concludes that the survey results support the market analysis conducted for the site. It is important to point out that the survey responses are based on current perceptions of College Park. If significant efforts for a "clean and safe" neighborhood were instituted around campus, attitudes towards a new development project are likely to



significantly increase. As evidenced in other universities profiled, specifically University of Pennsylvania and Ohio State University, securing and stabilizing the neighborhood were instrumental to the success of the new developments.