

appendix 2: existing business conditions in the kensington study area



Research & Technology Center

Maryland-National Capital Park & Planning Commission
Montgomery County Planning Department

Existing Business Conditions in the Kensington Study Area

August 5, 2008

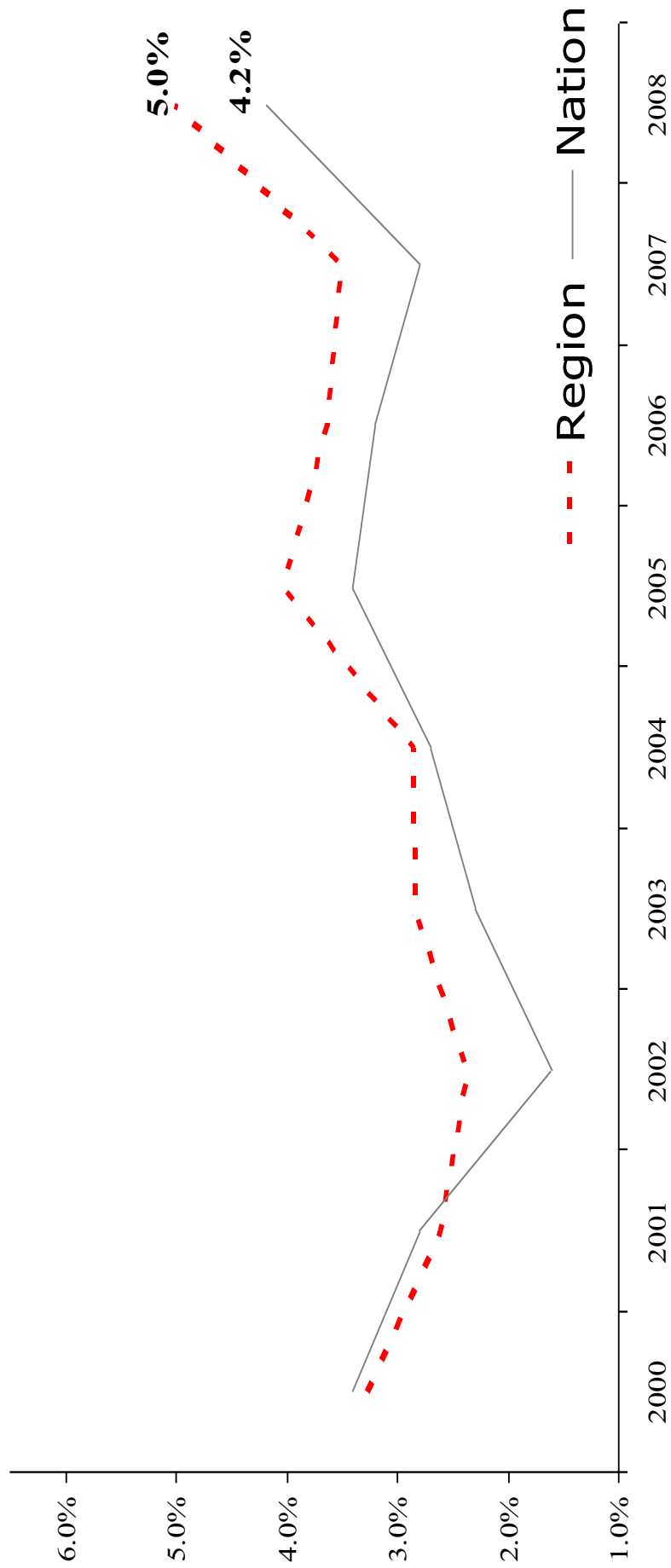


Briefing

- Montgomery County economy
- Employment in zip code 20895 Kensington vicinity
 - Major Employers in Kensington Study Area
- Commercial space statistics for Kensington Study Area
 - Retail activity in Kensington Study Area



Uptick in region's inflation rate

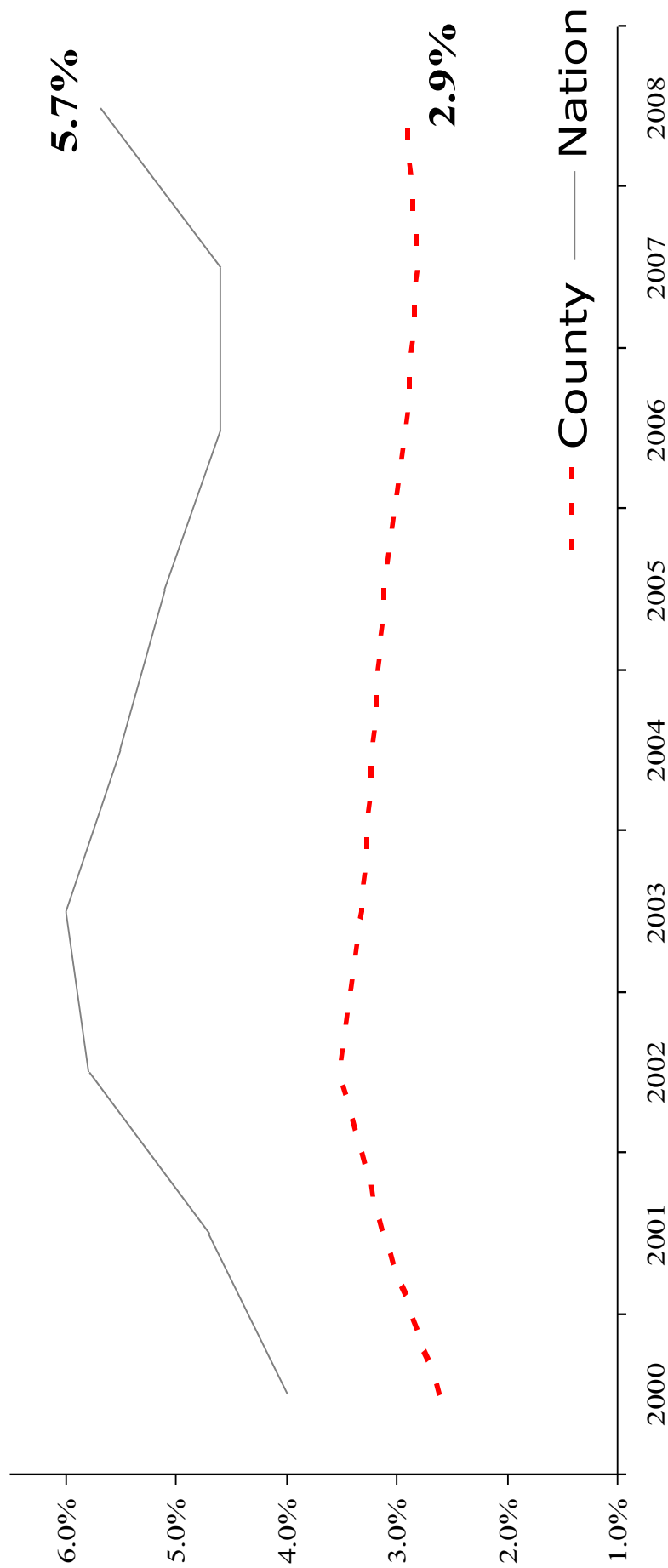


Source: U.S. Bureau of Labor Statistics



County unemployment rate inches up since last year

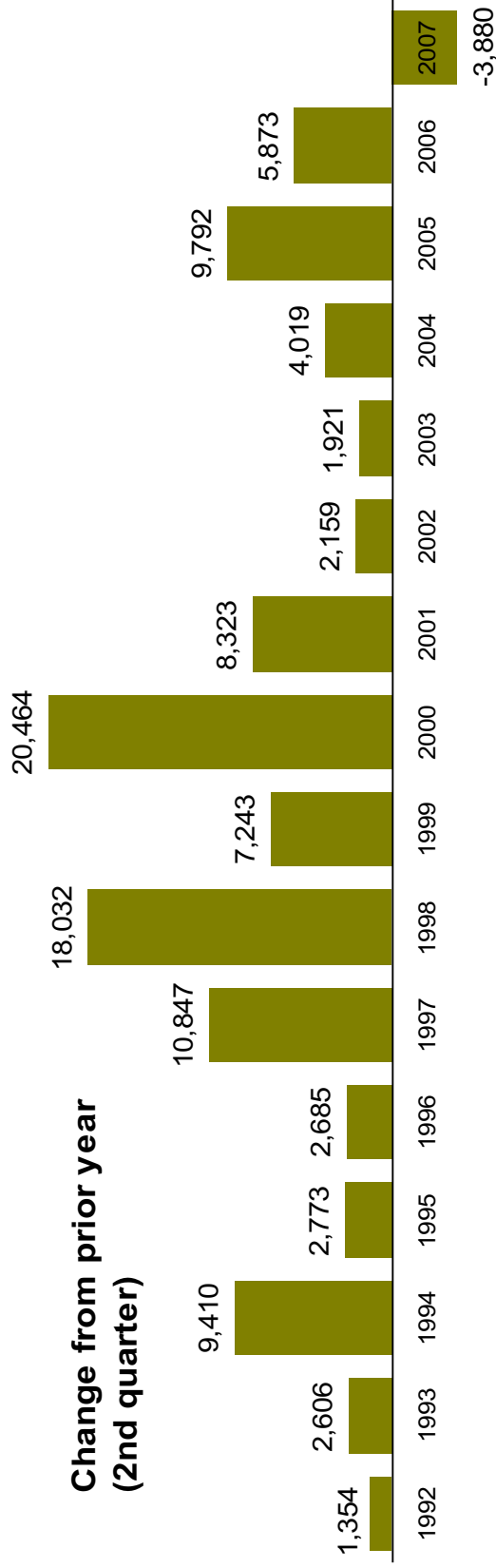
2000 to 2008





Job growth has declined

Montgomery County lost 3,880 jobs from 2006 to 2007—a 0.8 percent decline.



Source: Maryland Department of Labor, Licensing and Regulation (DLLR) ES-202 data



Professional and Technical Services largest industry in County

County Industry	2001	2002	2003	2004	2005	2006	2007
Natural Resources and Mining	491	538	685	675	813	849	911
Construction	27,883	29,470	28,905	29,493	29,519	30,807	31,050
Manufacturing	19,034	17,514	16,234	15,372	14,768	14,252	14,631
Transportation, Warehousing, Utilities	15,673	15,640	15,422	16,203	15,446	15,101	14,942
Retail Trade	50,450	50,433	49,100	50,289	48,908	48,286	47,322
Information	17,059	16,063	15,264	14,778	14,938	15,356	14,164
Finance & Real Estate	33,429	33,303	35,204	35,116	36,238	35,812	35,593
Professional & Technical Services	62,000	63,525	61,973	62,061	63,138	65,168	62,613
Business Services	33,928	32,185	34,061	36,126	37,903	41,649	41,164
Education & Health Services	49,901	52,051	53,673	55,954	57,031	58,541	59,003
Leisure & Hospitality Services	38,104	38,015	39,045	37,610	40,380	38,565	38,365
Other Services	21,252	21,544	22,014	21,488	21,794	22,179	22,162
Private Sector Employment	370,611	370,693	372,087	375,790	380,876	386,565	382,563
Total Employment	452,037	454,198	452,170	456,035	460,793	466,666	462,786

Source: Maryland Department of Labor, Licensing and Regulation (DLLR) ES-202 data



Manufacturing and professional services are County's high-wage industries

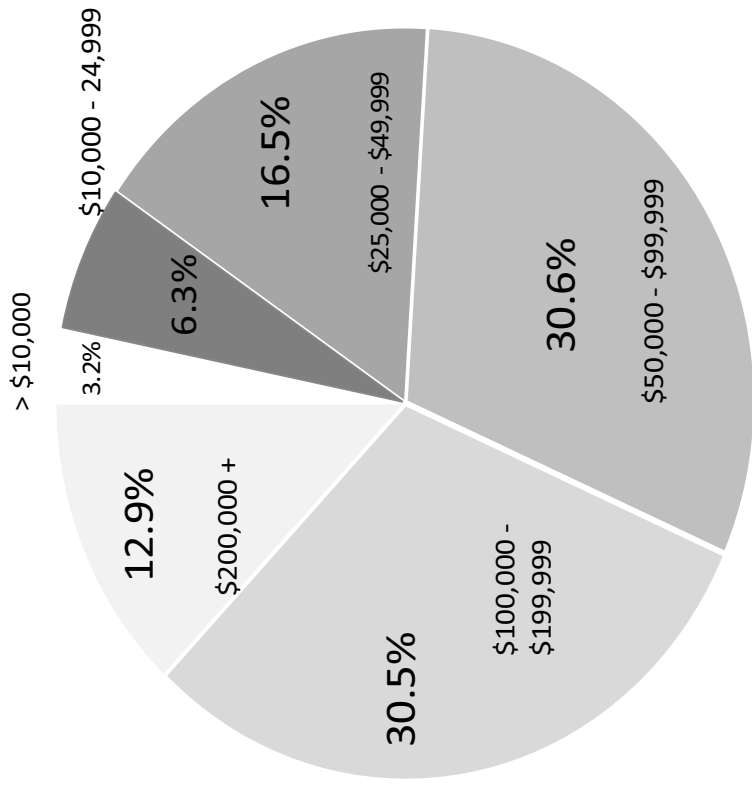
County Industry	Average Weekly Wage	Average Annual Wage
Natural Resources and Mining	\$857	\$41,993
Construction	\$1,059	\$51,866
Manufacturing	\$2,426	\$118,874
Transportation, Warehousing, Utilities	\$670	\$29,082
Retail Trade	\$594	\$32,830
Information	\$1,482	\$72,609
Financial Activities	\$1,432	\$70,168
Professional & Technical Services	\$1,531	\$75,043
Business Services	\$1,161	\$56,889
Education & Health Services	\$869	\$42,581
Leisure & Hospitality Services	\$384	\$18,816
Other Services	\$662	\$32,460
Federal Government	\$1,384	\$67,816
State & Local Government	\$842	\$41,258
All Industries	\$1,097	\$53,753

Source: M-NCPPC analysis of 2007 DLLR ES-202 data



2/5 of Montgomery County households have incomes of \$100,000 and over

2006 Household Income Distribution





Kensington & vicinity - zip code 20895

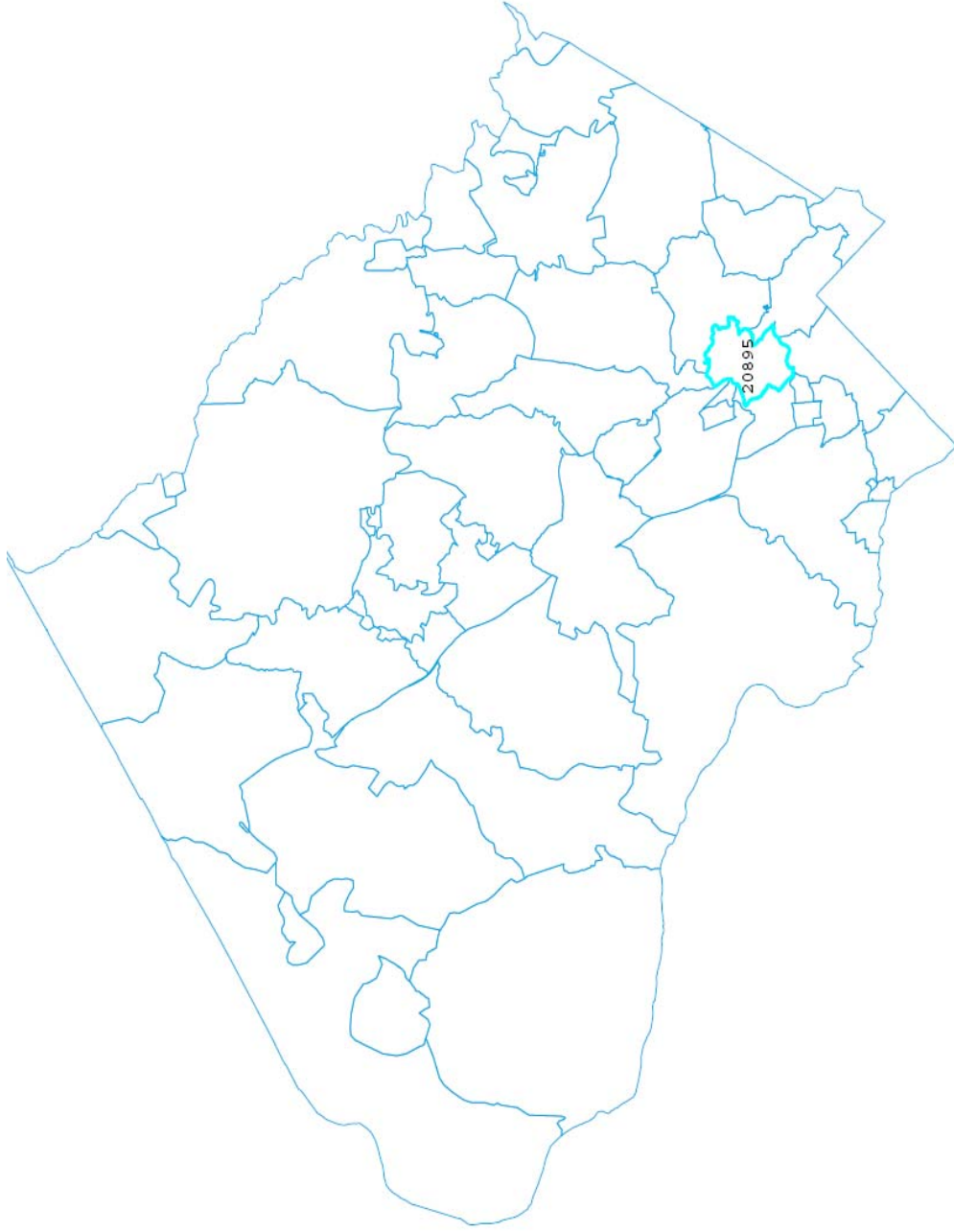
2008 Population
19,601

2008 Households
7,676

2008 Average Age
41 yrs

Median Household
Income (2007)
\$107,157

2008 Jobs
11,212

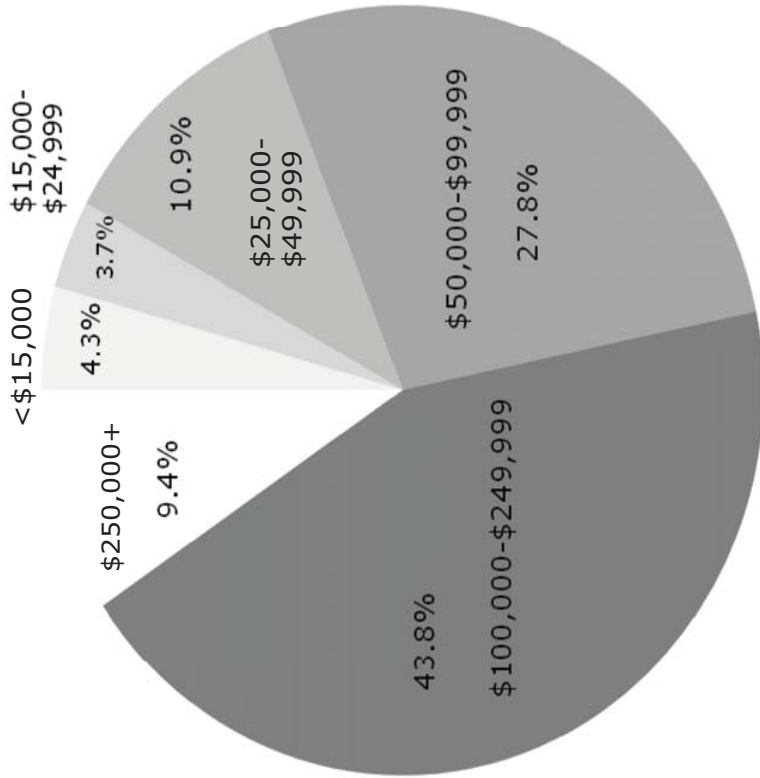


Source: 2008 Claritas Site Reports; 2008 Dun & Bradstreet



Half of households in Kensington and vicinity have incomes of \$100,000 and over

2007 Household Income Distribution
Zip code area 20895

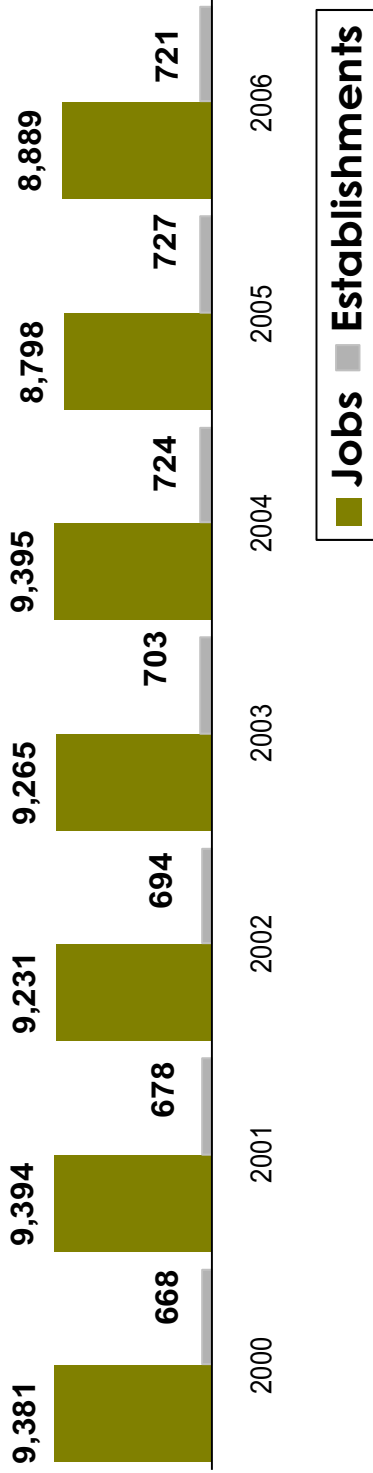


Source: 2008 Claritas Site Reports
Note: Zip Code 20895 includes parts of North Bethesda and Wheaton



Uneven growth in Kensington and vicinity

Largest decline in jobs in 2005; smallest increase in 2001



Source: M-NCPPC analysis of U.S. Census Bureau's County Business Patterns
Note: The 20895 zip code includes parts of North Bethesda and Wheaton



Retail, construction, and health care main employers in Kensington and vicinity

Industry Share of Total Employment in zip code 20895

	2000	2003	2006
Construction	6.4%	11.7%	11.7%
Manufacturing, Transportation, Warehousing	10.3%	13.6%	8.6%
Information	0.7%	1.2%	1.0%
Retail Trade	26.0%	23.5%	22.2%
Administration & Support	5.2%	5.2%	6.3%
Finance Activities (including Real Estate)	10.0%	6.5%	8.4%
Professional Services	7.9%	7.6%	9.9%
Educational Services	2.7%	3.2%	3.4%
Health Care & Social Assistance	10.7%	12.3%	10.9%
Leisure & Hospitality Services	12.3%	9.7%	9.3%
Other Services	7.8%	8.5%	8.2%
Private Sector Employment	9,381	9,265	8,889

Source: M-NCPPC analysis of U.S. Census Bureau's County Business Patterns data

Note: The 20895 zip code includes parts of North Bethesda and Wheaton



Kensington Study Area

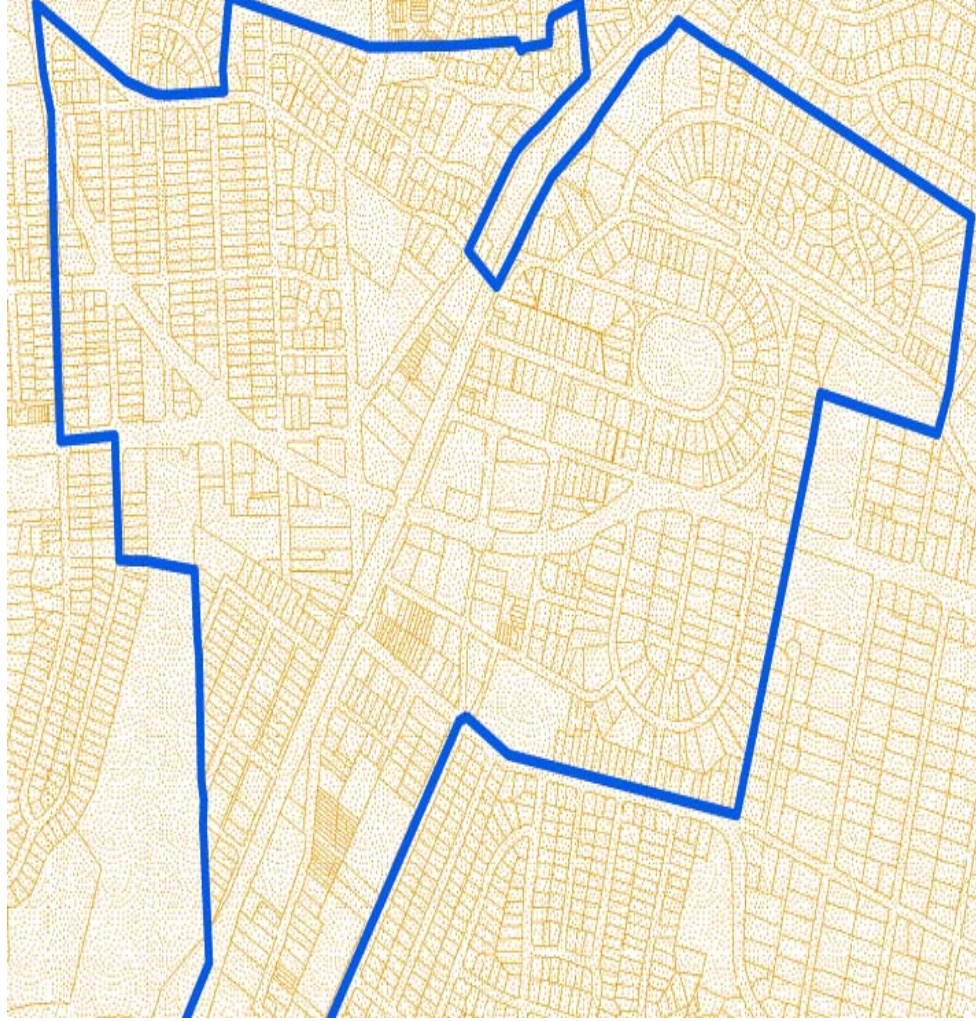
2007 Population
1,654

2007 Households
675

2007 Average Age
41 yrs

Median Household
Income (2007)
\$75,588

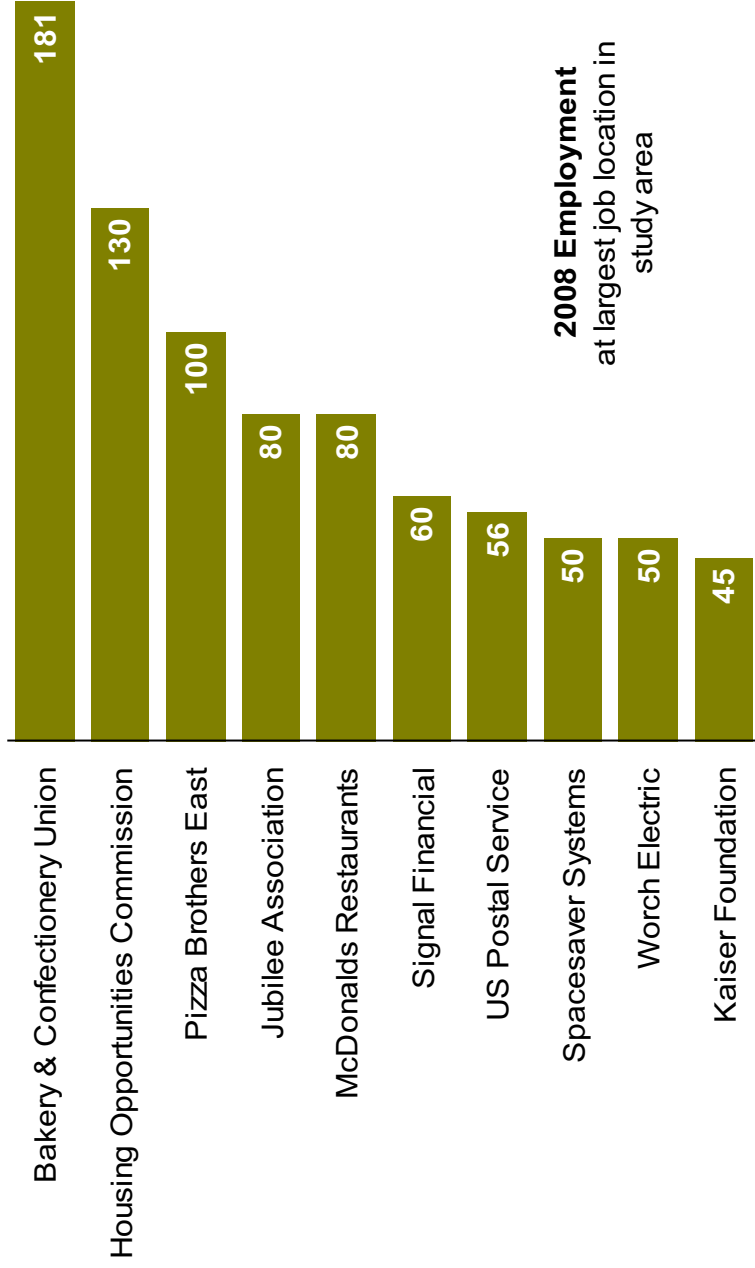
2008 Jobs
4,836



Source: 2008 Claritas Site Reports; 2008 ReferenceUSA Business Listings



Labor union and County agency top employers in study area



Source: Dun & Bradstreet Selectory Online



Most businesses in study area occupy industrial space

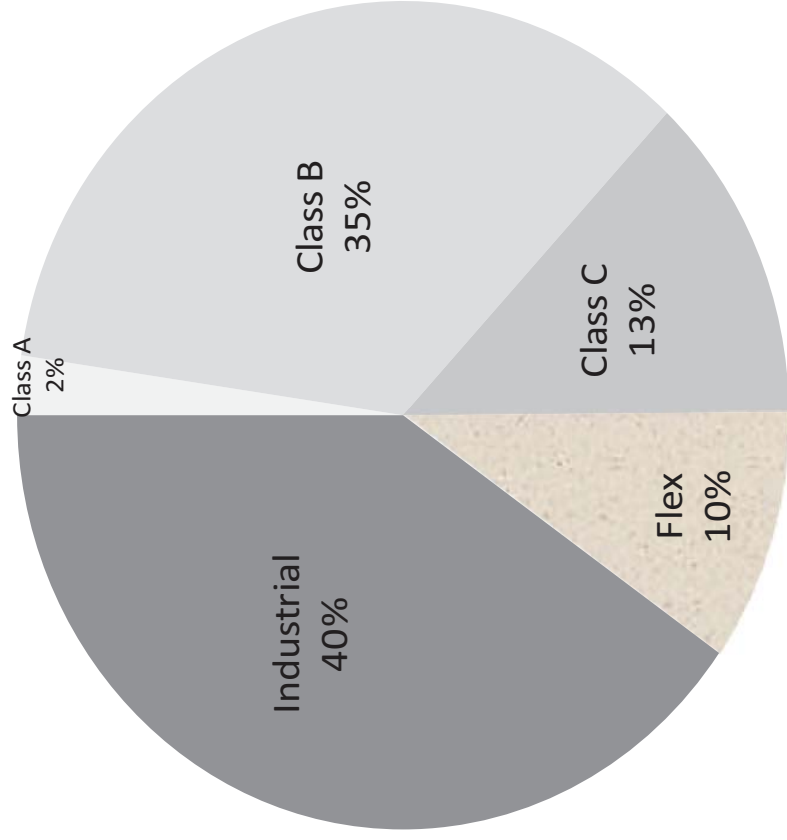
Total Commercial Space
1,036,950 sq. ft.

Vacancy Rate
2.0%

Average Age of Buildings
40 yrs

Number of Office Buildings
34

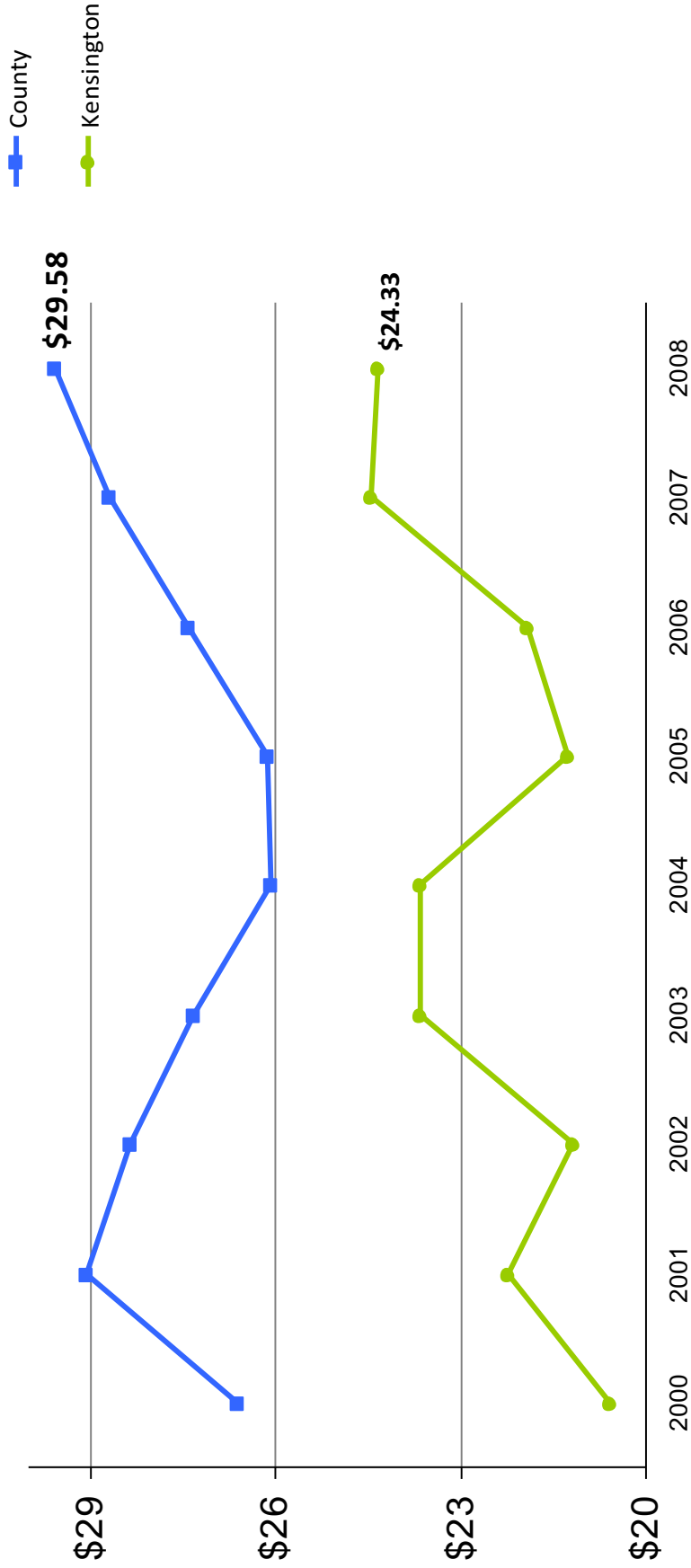
Number of Industrial Buildings
37



Source: CoStar Inc., August 2008



Rental rates for commercial space more affordable in study area than County



Source: 2008 2nd Quarter CoStar
Note: Commercial space includes office space (all classes), flex space, and industrial space



Rents for industrial space in study area generally less expensive than office space



Source: 2008 2nd Quarter CoStar



479,000 square feet of leasable retail space in the Kensington study area

- 402,800 square feet is free-standing retail
- 76,200 square feet is neighborhood retail
- Of the 76,200 square feet, 35,800 is found along Howard avenue (Antique Row). And, 40,400 square feet is in the Kensington shopping center.
- The study area's retail vacancy rate is 1 percent.
- The average rent for retail space is \$33.32 per square foot.



There is no retail gap between store sales and consumer demand

- Stores in the study area draw consumers from outside the study boundary: **\$63.1 million** retail surplus.
- However, the study area is missing some types of retail such as men's clothing stores, shoe stores, and book stores.
- The study area is also underserved by restaurants and drinking places: **\$700,000** retail opportunity

What is a retail gap or opportunity analysis? It is a gross measure that shows, within a defined geography, the amount spent on retail merchandise and food services by consumers (residents) in that defined geography and the amount in sales reported by stores in that area. If demand (consumer spending) in the area is greater than store sales, then there is a gap which suggests an opportunity for a new entrant into the market. A surplus, on the other hand, indicates that stores in the area not only could satisfy the needs of local residents but draw consumers from outside the area.

Source: 2007 Claritas SiteReports