Greetings,

New office signings. Industrial lease renewals. New retail back-filling vacant space. Slowly, we are seeing movement toward local economic recovery and we are heading steadily toward the promised growth peak in the next two years. In this issue, you’ll find news from the commercial real estate industry that demonstrates some positive trends for the region and specifically, Harford County. You’ll see how the planned office and retail communities will succeed together.

To learn more about the resources mentioned in this newsletter or to become involved in EDAB activities, please visit the Harford County Office of Economic Development website at www.harfordbusiness.org/.

Sincerely,

Eric McLauchlin
Chairman, EDAB

BUSINESS SPOTLIGHT:

hhgregg

hhgregg, a specialty retailer of consumer electronics, home appliances and mattresses, has leased space at Tollgate Marketplace, former home of Circuit City.

The company is based in Indianapolis, IN, where its first store opened in 1955. The Greggs built their family-owned business on the concept of customer service and personal attention. That first store in 1955 sold appliances and outdoor grills and grew to include black and white televisions and later, color TVs. The family opened more stores in Midwest and Southern states and continued to prosper.

Today, hhgregg currently operates 127 stores in Alabama, Florida, Georgia, Indiana, Kentucky, Mississippi, North Carolina, Ohio, South Carolina, Tennessee and Virginia. FY 2009 net sales were $1.4 billion, with net income of $36.5 million. The company is expanding to Maryland in 2010 with planned locations in Bel Air, Annapolis, Towson and Catonsville.

The typical store averages about 30,000 square feet and carries hundreds of brand name electronics and appliances. The Bel Air store has a projected spring opening.

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COMMERCIAL REAL ESTATE INDUSTRY MAKES INROADS TOWARD RECOVERY

The County’s newest business parks are becoming significant destinations on the road to local economic recovery. The commercial office, industrial and retail markets are creating some bright spots that will lead to success. It’s a symbiotic relationship — each is intertwined so that together they can thrive.

With more than 20 business parks and 5,690 businesses, new leases are back-filling vacant space and committing to new leases. Harford County has the region’s highest rate of office complexes under construction, with five buildings, and the second largest total RBA (Rentable Building Area) of 343,168 square feet, according to the 2010 CoStar Office Report. Nearly 61 percent of this space is already pre-leased. The County boasts five of the top 40 office leases in the Baltimore region, with four of them in the top 20, based on leased square footage for deals signed in 2009. These include The GATE Office Buildings I and II, future homes to Raytheon and L-3 Communications, North Gate Business Park at APG, which will house MITRE Corporation, and 4694 Millennium Drive, where Booz Allen Hamilton and Computer Sciences Corporation will open their doors.

Harford County also lays claim to the region’s lowest office vacancy rate, at only 6.57 percent, according to the Mackenzie Companies Commercial Real Estate Market fourth quarter 2009 report. While net absorption rates (net change of occupied space over a period of time) in the Baltimore region were negative for last year, the Towson, I-83 corridor and Harford County areas had positive net absorption of nearly 143,500 square feet.

The Baltimore region’s industrial market is also moving in a favorable direction, according to the CoStar Industrial Report. Although vacancy sublets in the Harford/Cecil market are the highest in the region, the County also experienced positives with lease renewals and two of the largest industrial lease signings/sales of 2009: McCormick & Co. on Brass Mill Road and the Sun Products Building in Havre de Grace.

The Mackenzie Report also notes that rental rates in Harford County dipped slightly, but are still commanding an average of $24.29 per square foot - higher than any other Northern Metro submarket. Why? That well-known real estate adage – location, location, location!

BRAC-related contractors are looking for premium space in close proximity to APG. New complexes offer an added attraction: retail components that will integrate conveniences for employees’ lifestyles. Last year’s largest lease-signing, Wegmans at The Boulevard at Box Hill, is a 600,000 square-foot

INDUSTRY MAKES INROADS TOWARD RECOVERY

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Commercial Retail Trends Update

- Despite national retail trends toward heavy leasing incentives and a shift in consumer habits to value-based retailers offering discounted merchandise, the Baltimore retail market is expected to fare well because of the strength of "meds, eds and feds" in the regional economy - healthcare, education and government.

- In the General Retail Submarket, which includes all freestanding retail buildings except those contained within a center, Harford County has 659 buildings with total GLA (gross leasable area) of 5,691,233 square feet. Nearly 97 percent of that space is leased, resulting in just over 3 percent vacancy.

- In the total retail market, Harford County has 809 buildings for a total GLA (gross leasable area) of 11,090,306 square feet. Nearly 93 percent of that space is leased. 4,300 square feet is under construction.

- Harford County’s 5,690 businesses employ 66,800 people. The retail trade employs 21.5 percent of the County’s workforce. That’s more than twice as many workers as the second largest field, Health Care and Social Assistance.

Source: Mackenzie Companies Retail Commercial Real Estate Market Report
CoStar 2010 Retail Report

WHO'S COMING TO TOWN??

In addition to the various office parks, each of the municipalities has a number of new businesses that have opened their doors in the last six months or are coming to town. Here's who to watch:

Bel Air
- Vaccaro's Bakery - Harford Mall
- K & B Bridal and Event Planning - 54 North Main Street
- MD School of Ballet and Dance - coming to 115 North Main Street
- ‘PetSmart Pet Hotel’ at the PetSmart - 602 Boulton Street
- Woodlea Bakery of Bel Air - 548 Baltimore Pike (Towne Center Plaza)
- TCBY – coming to Harford Mall
- hhgregg – coming to Tollgate Marketplace
- Wegmans – coming to The Boulevard at Boxhill
- Planet Fitness – coming to Abingdon

Aberdeen
- Old American Barber - 1113 Beards Hill Road (Olive Tree Plaza II)
- Sherwin Williams - 1113 Beards Hill Road (Olive Tree Pizza II)
- Car Care - 1013 Beards Hill Road (formerly Harco Oldsmobile)
- Prost German Restaurant - 11 Locust Lane (formerly Vincent’s Bistro)
- Kwon Doe Karate School - 2 Aberdeen Plaza (Aberdeen Shopping Plaza)
- Myers Lumber Store - 20 S. Philadelphia Blvd. (formerly Viele’s Hardware and Lumber)
- GameStop - 1022 A Beards Hill Road (Aberdeen Marketplace)
- Patient First - 995 Hospitality Way (behind Walgreen’s)

Harve de Grace
- Chiaapparelli’s of Little Italy Inc. - coming to 400 North Union Ave.
- Talavurs Plus sized women’s clothing - coming to 141 North Washington Street
- Pizzazz Gifts, Home Accents & Accessories - coming to 220 North Washington Street
- China Wok - 109 North Washington Street
- Simplicity Antique home décor and accents - 454 Franklin Street
- Simply Grande Events - 456 Franklin Street
- The Ritz Café - 401 S. John Street
- Art Pantheon - 327 S. John Street
- Arts by the Bay Gallery - 500 B Warren Street
- The Painted Lady - 467 Franklin Street
- Dollar Tree - coming to 1041 Pulaski Highway, Harbor Shops
- DJ Liquidators Furniture - coming to 1024 Pulaski Highway, Havre de Grace Plaza

The Economic Development Advisory Board consists of a number of subcommittees – including technology, workforce development, finance, tourism and land use – dedicated to the positive growth and economic development of Harford County.