

Howard/Arundel REPORT

An Independent, Bi-Weekly Newsletter on Real Estate Development

Volume 14, Number 18

October 1, 2010

Small Bite Taken of 'Class A' Space

Victory Packaging and Pea Pod. Say those five words and you've largely summed up industrial activity in the 3rd Quarter for the 95 Corridor.

The two companies signed the biggest deals by far for the three-month stretch, with Victory going into 194,000 feet at Exeter Property Group's 7605 Dorsey Run Road, and PeaPod claiming 165,000 feet at 1020 Airport 100 Way in Hanover. The hopeful sign to come out of the two leases is that in moving, both took Class A space. Although Victory moved within the Corridor and downsized a bit in the process, it grabbed a piece of 'A' space that has long awaited a tenant. PeaPod's lease filled the RReef's Airport 100 building.

That largely leaves three major competitors with Class A product: the remaining 200,000 or so feet at Dorsey Run; about 250,000 feet at Preston Gateway, and the middle 200,000 feet in the largest building at Lincoln Crossroads. Another big deal and, ever so slowly, the Class A market could begin to show signs of healing.

The problem is, momentum remains elusive right now. Dade Paper is widely mentioned as one candidate that may be interested in Class A space, but it heads up a relatively short list of prospects. As one broker said, "We're in a better position now, but we could be having the same conversation about the market in six months."

Tax District for 'Two Rivers' *Gambrills Job May be Next in AA*

A third major project in Anne Arundel County can likely access special tax financing.

After approving special taxing districts for Cedar Hill in Brooklyn Park, and Arundel Gateway, in Laurel, the County Council is now entertaining another for 'Two Rivers,' a senior housing community in Gambrills. 'Two Rivers' developers Classic Group and Koch Associates propose to levy a \$900 to \$1200 annual tax on home buyers at the future Meyers Station Road project, off Route 301.

Introduced at a recent Council meeting and tabbed Bill 85-10, the legislation allows the developers to issue up to \$30 million in special obligation bonds. The district will cover 1,461 acres and 2,060 units. The bulk of the lots, 1,545 singles and towns, belong to Classic, while Koch controls 515 units.

Lining Things Up. The special taxing district is the second major piece of legislation affecting Two Rivers to hit the Council chamber recently. A few weeks ago, the Council approved a complicated, multi-party agreement that secured sewer capacity for the active-adult community. By agreeing to buy capacity from the Piney Orchard treatment plant, in turn freeing up the same amount of capacity for the county at the Patuxent plant, Classic and Koch can amortize their sewer connection charges instead of paying millions in upfront fees.

The county, meanwhile, has used the taxing districts as an economic development tool, both to jump-start new projects for BRAC-type demand, and to generate future building permit and sewer allocation fees. The other two big residential tax districts would both bring 1600 units to the market: Cedar Hill in Brooklyn Park, a project of Cherrywood Development, and Arundel Gateway in Laurel, a project of Ribera Development and Greenberg Gibbons Commercial.

Short Takes: Elm Street Development sold a waterfront lot in 'Arrow Cove,' for \$1.2 million; **The state wants** Virginia-based BRAC employees to move north. It's offering \$2,500 in closing help through the Dept. of Housing and Community Development to entice the kind of people who work for DISA to live here, not commute; **Ledo's Pizza is almost everywhere now.** Fortunately. The pizza franchise is opening a new restaurant at Gateway Village in Severna Park. Rob Hooper of KLNB and Dennis Murphy of Murphy Commercial brokered the deal; **The developers of 'Blue Stream' in Jessup** laid out their first-phase plans for the county's Route 1 Design Review group recently. The 125 townhouse lots are presently the subject of builder interest, but Northern Trading and Murn Development also plan a multi-family project of 190 four-story elevator units, 28 3-story towns and 36 manor-style apartments. Toss in an 8,000 foot clubhouse to round out the start of the Route 1 project.

Published biweekly by the Maryland Newsletters. (301) 924-1994

Publishers of the Montgomery Newsletter, the Prince George's Newsletter and the Howard/Arundel Report.