



Market Study and Implementation Strategy for Dundalk, Maryland

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Dundalk Renaissance Corporation

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1.0 Introduction

1.1 *Background and Purpose*

Dundalk is a truly unique place in Baltimore County, Maryland. An unincorporated community, Dundalk would rank as Maryland's ninth largest with a population of over 63,000 as an incorporated city. While the community has enjoyed settlement since the late 1700's, the development of the steel industry at Sparrow's Point was a transformative event for the community. In 1917, the Dundalk community was laid out following the Garden City movement of the early twentieth century to house workers at the steel mill. Famous landscape architect and city planner Frederick Law Olmsted, Jr. influenced the design that incorporated parks, a downtown district (known as Dundalk Village), and a variety of housing types.

Dundalk's role as the home to workers at Sparrow's Point and at the Port of Baltimore greatly influenced the community as a solid working class area. The slow decline of the steel industry leading to the final closure of the Sparrow's Point steel plant in 2012 greatly disrupted Dundalk's traditional role.

Recognizing that the second century of the Dundalk community would be very different than the first, the Dundalk Renaissance Corporation (DRC) was created in 2001. The purpose of the organization is to "re-imagine Dundalk's future in the face of decades of industrial job losses and population decline." The DRC has been instrumental in creating a host of services to the community including housing rehabilitation and assistance through its role at a Community Housing Development Organization (CHDO) and a full member of the Maryland Main Street Association.

This study was born out of DRC's desire to better understand the retail market dynamics in Dundalk, particularly focusing on Dundalk Village as a retail center, which is the designated downtown through the Maryland Main Street Program. More than simply an analysis, this effort is designed to provide the DRC and its partners a series of recommendations to help capitalize on market opportunities.

1.2 *Planning Process*

The DRC retained Arnett Muldrow & Associates, Ltd. to conduct this project using the following process:

- *Community Engagement:* Arnett Muldrow conducted over twelve individual and roundtable meetings to gather stakeholder input between June and September of 2014. The DRC also hosted a facilitated public meeting attended by over thirty Dundalk residents to solicit input.
- *Retail Market Analysis:* Ten Dundalk retailers located within the Main Street District participated in a ZIP code survey of customers that generated hundred of data points for customer visitation. This data formed the foundation of the market research conducted for this project.

- *Retail Market Strategy:* Using a combination of qualitative information from stakeholders and quantitative market analysis, Arnett Muldrow developed a series of strategies and recommendations that could be implemented over time to encourage ongoing retail success of existing businesses and enhance the retail environment of the community while preserving and enhancing the unique character of Dundalk Village.

The project focus area is illustrated on the Figure 1 below.

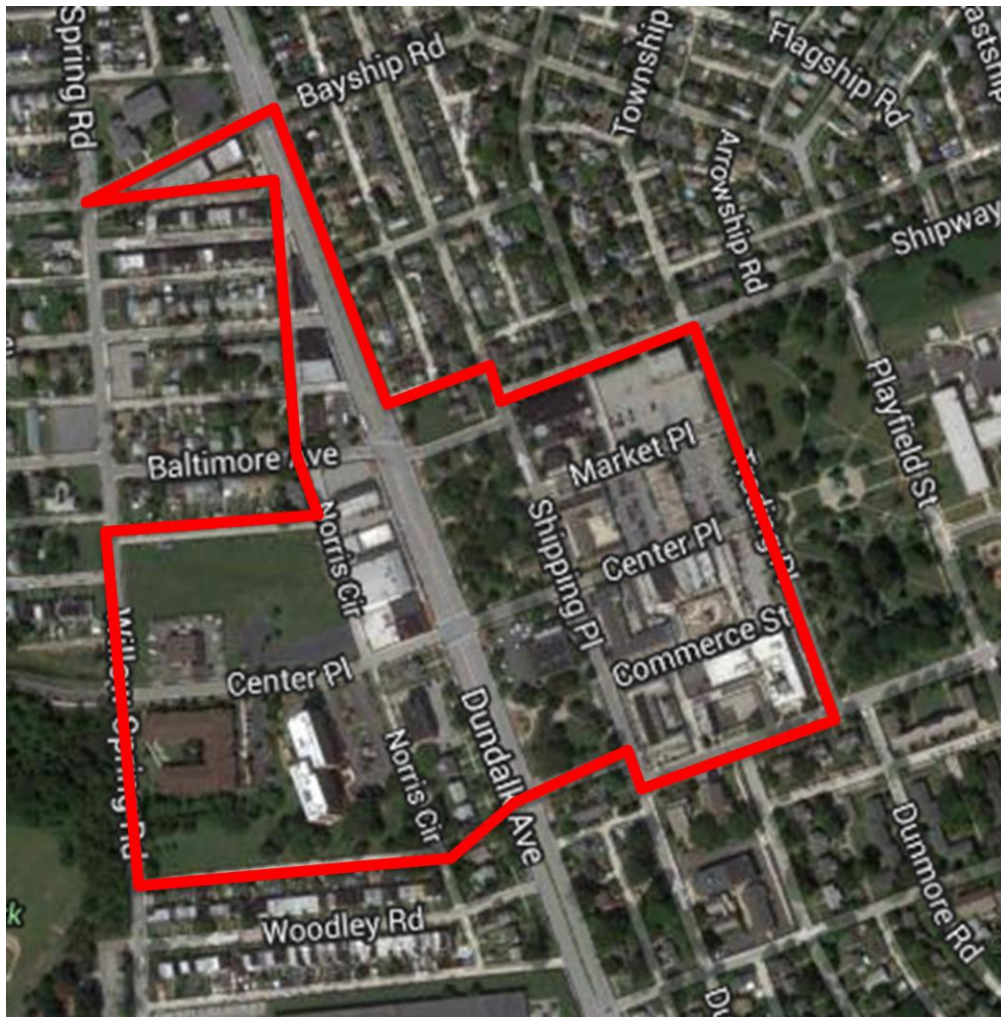


Figure 1: The Main Street Study Area for Dundalk

1.3 Acknowledgments

This project would not have been possible without the cooperation and enthusiasm of the Dundalk Renaissance Corporation staff, board of directors, steering committee, and citizens of Dundalk. Special thanks goes to Amy Menzer, Diane Lesman, and Rebecca Bankard.

2.0 Stakeholder Input

Between June and September of 2014 the Arnett Muldrow engaged in twelve roundtables and one-on-one interviews with community stakeholders as well as a public meeting. The meetings included officials with Baltimore County Government, commercial real estate brokers with experience in the market, retailers, and board members of DRC, neighborhood activists, and other stakeholders. This section organizes the input gathered from these sessions into three general categories — assets, opportunities, and challenges. The following ideas may be characterized as “what we heard.”

Assets

- Small town feel near the City;
- Local pride, longtime residents;
- Good community layout;
- Hardworking residents;
- Well-designed Village Center with park, picturesque;
- Fourth of July event;
- Water access: parks, marinas;
- Recreation: golf course, ball fields;
- Well located in the metropolitan area of Baltimore and DC with easy freeway access;
- Waterfront restaurants/bars;
- Architecture of the homes.

Opportunities

- Capitalize on new developments like Amazon that will bring jobs back to the area;
- Capture the market of people looking for an affordable alternative to other parts of Baltimore with the same quality housing stock
- Re-claim Veterans’ Park as a community gathering place;
- Re-examine the Main Street District as a specialty district and social hub;
- Educate the real estate community about what Dundalk offers;
- Increased code enforcement;
- Ultimate redevelopment of Sparrow’s Point into a major employment center.
- Resurgence of retail along Merritt Boulevard could have spill over effects to the Village Center.

Challenges

- Loitering and petty crime in Veterans’ Park;
- No clear commitment from property owners on the future of key buildings;
- High vacancy rates and lack of stores that foster browsing;
- Loss of employment base;
- Low self-esteem, negative press, little positive image of the community;
- Trash and unkempt buildings;
- Growth of rental housing;
- Community services attracting a challenged population that has residual effects.

- The Village Center (Main Street) is “off the beaten track” from much of the population base in Dundalk thanks to railroad divides and lack of road connections.

3.0 Retail Market Analysis

This chapter presents the findings of the retail market research for Dundalk as a whole and the Dundalk Main Street District and sets the stage for further analysis that can be used to recruit businesses, help existing businesses target customers, and implement the goals and recommendations of the retail development strategy presented in the fourth section of this report. The goal of this retail market analysis is to show community stakeholders and potential investors how to capitalize on potential retail trade and to leverage investments that will sustain the Dundalk Main Street District’s retail community and provide opportunities for future growth.

This chapter is divided into three sections:

- Section 3.1 describes the market definition based on ZIP code survey work completed by businesses in the Main Street District. It also provides insight into Dundalk’s trade area demographics and market characteristics.
- Section 3.2 presents the retail market analysis that shows the amount of retail sales “leaking” from the Dundalk market. This information is based on the most recent data available and is a reliable source for understanding overall market patterns.
- Section 3.3 summarizes current retail opportunities that could be leveraged to enhance existing businesses and recruit additional businesses to the Dundalk Main Street District.

3.1 Market Definition

Unlike radial and drive time studies that use arbitrarily chosen boundaries for customer trade zones, the market definition exercise for Dundalk is based on ZIP code survey work completed by cooperative merchants. ZIP code surveys have their own limitations, as ZIP code geographies can be fairly large and stretch beyond typical market boundaries. It is the only technique, however, that correlates clearly with customer traffic collected by merchants. Recorded ZIP codes are used to define primary trade areas, which are then analyzed in terms of demographics and economic activity.

Ten retail and restaurant businesses in the Dundalk Main Street District graciously participated in the ZIP code survey of their customers in September 2014. Merchants were provided with a form to record customer ZIP codes and asked to keep the log for all customers during a weeklong period. While not comprehensive, this data provides an adequate snapshot of customer trade patterns for the community.

ZIP Code Results

The results of the ZIP code survey are presented in Figure 1 and is summarized as follows:

- Businesses recorded over 1,000 customer visits.
- During a one-week period, customers came from 23 unique ZIP Codes from 3 states.
- Residents of Dundalk 21222 accounted for 71% of total visits, with residents of Baltimore 21224 a distant second at 16%.
- The nearby ZIP Codes of Sparrows Point 21219, Essex 21221, and Rosedale 21237 accounted for 5%, 3% and 1% of total visits, respectively.
- Residents from the rest of Maryland represented 3% of total visits, with the remaining 1% coming from residents of other US states.

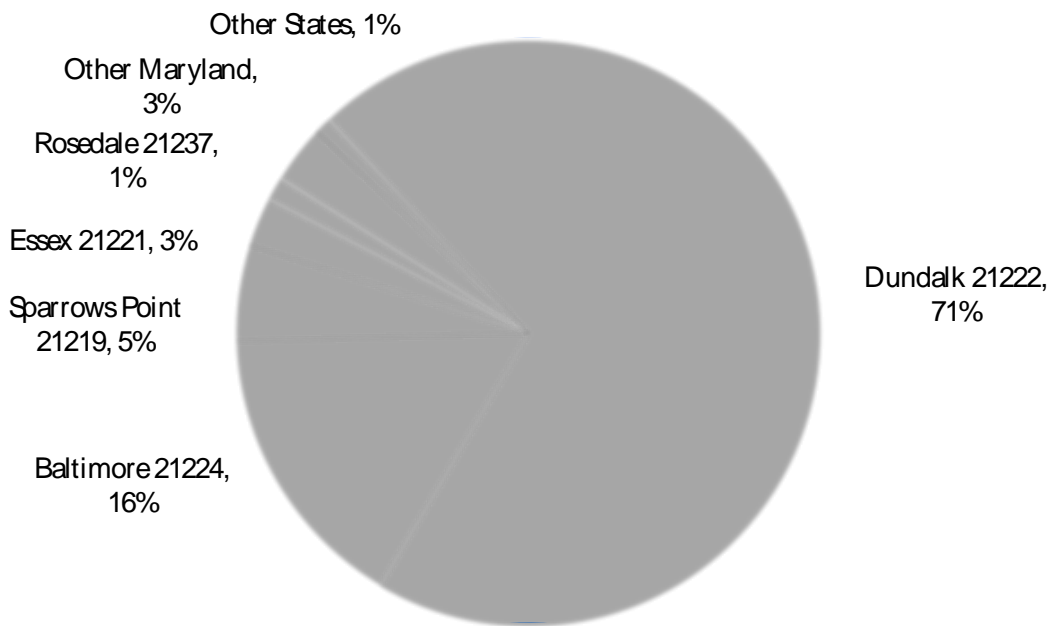


Figure 2: Customer Visits Based on the Zip Code Survey

These results are not surprising judging by the retail mix in Dundalk. Compared with other downtown districts, Dundalk skews to a much more locally oriented clientele. Typically the local zip code accounts for between 33% in highly tourism oriented communities to 60% in more locally oriented communities. The adjacent 21224 zip code inside Baltimore City and Sparrows Point clearly indicate a highly localized market. Shifts in this kind of market dynamic occur over many years and Dundalk should tailor strategies to continue to cater to this important local market while exploring ways to bring in outside visitors.

Trade Area Definition

Typically, a study of this nature would take customer visits per thousand residents in each zip code. As a result of the overwhelming number of visits from the 21222 zip code, this method was not needed and the entire zip code market was examined. This boundary is illustrated in Figure 3 below.

In light of the dynamics of the market as indicated in the interviews, Arnett Muldrow also examined a much more compact geography as the trade area for Dundalk: a three-minute drive time from the intersection of Shippen Place and Center Place. In an urban area like Dundalk, with easy access to a host of regional retail options and higher density, a drive-time analysis can reveal the market dynamics of retail offerings within “easy reach” of local consumers. This area is shown in Figure 4 on the following page.

Examining both the zip code and the three-minute drive time allow a view of the market from both a larger regional level and a more compact neighborhood level.

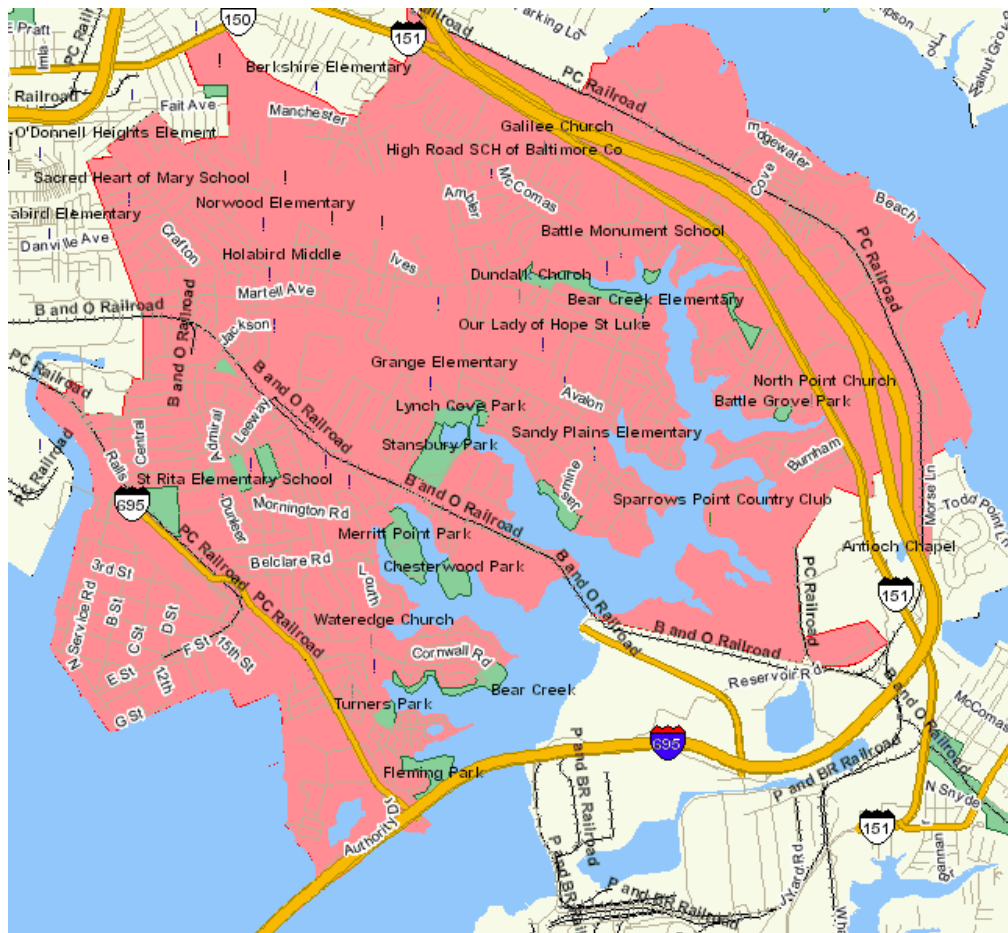


Figure 3: The Boundary of the 21222 ZIP Code.

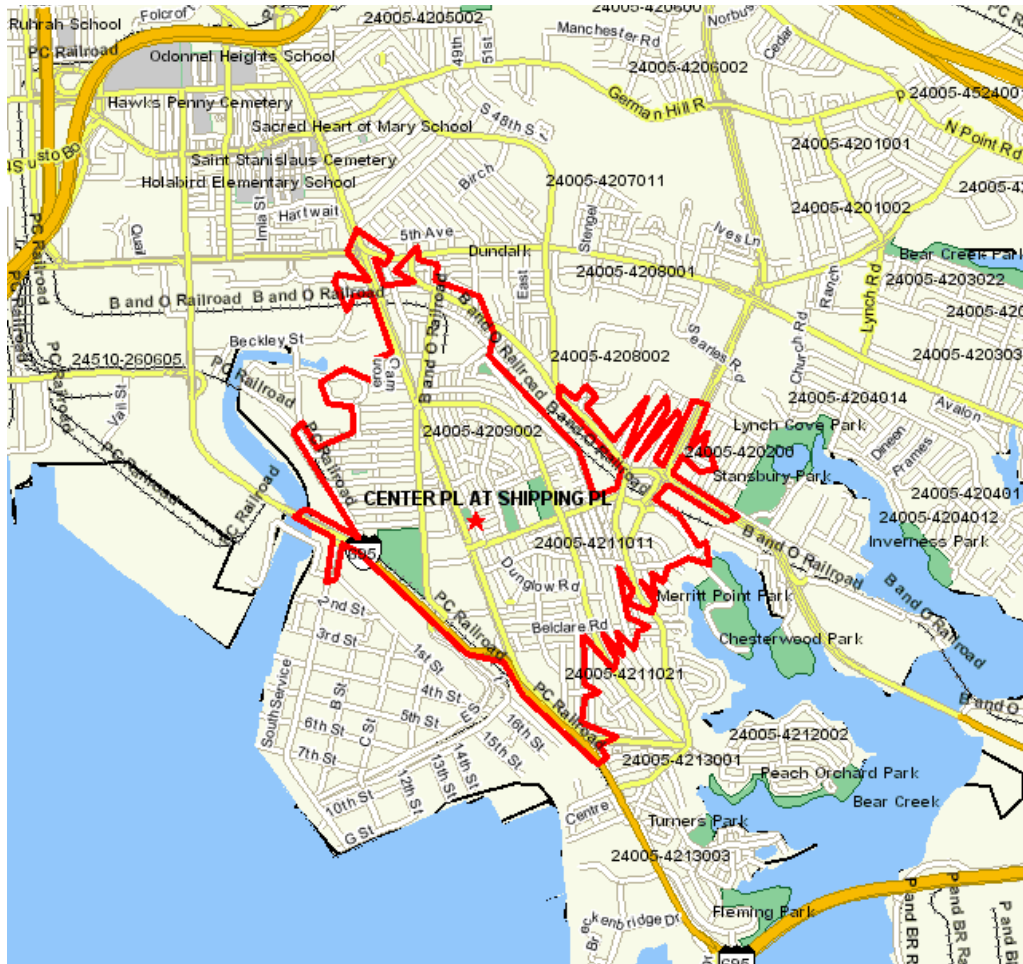


Figure 4: Three-Minute Drive Time of Center Place and Shipping Place.

Trade Area Demographics

Exploring demographic trends can help inform the position of retail markets as these data often drive spending habits. For Dundalk, there are three major trends to monitor: population growth, age, and income.

2013 Population

- ZIP Code Trade Area: 56,364 (grew by 2% between 2000 and 2010)
- Three-Minute Drive-Time Trade Area: 10,742 (shrank by 2.4% between 2000 and 2010)

2013-2018 Projected Population Growth

- ZIP Code Trade Area expected to grow 1.9% to 57,431
- Three-Minute Drive-Time Trade Area expected to grow 0.7% to 10,811

2013 Median Age

- ZIP Code Trade Area: 38.9

- Three-Minute Drive-Time Trade Area: 39.6
- Baltimore County 37.6

2013 Income

- ZIP Code Trade Area: \$45,941
- Three-Minute Drive-Time Trade Area: \$34,133 (increases to \$40,664 at 5 min)
- MD is \$72,999 and USA is \$53,086

The quick analysis of demographics of both the zip code and the three-minute drive time present a mixed picture for Dundalk. Most importantly, it appears that the zip code and the neighborhood immediately around the Village Center have reversed their long trend of population decline. This is probably the most important demographic change to note.

While the age of the population in a three-minute drive time is slightly older than the zip code and Baltimore County, it isn't a significant difference and would be representative of the population base in the community.

On a less positive angle, the income levels – particularly around the Village Center do lag the zip code, Baltimore County, Maryland, and the USA. These income limitations will have an impact on the breadth of shopping supportable in the district.

Market Segmentation

Market segmentation is a way to summarize demographic information into easy-to-understand categories. The market segmentation is illustrated for both the Dundalk zip code and the three-minute drive time of Shipping Place and Center Place using Nielsen PRIZM® data. PRIZM® defines every U.S. household in terms of sixty-six demographic and behavioral types to help determine lifestyles, purchasing behaviors, and preferences of the customer base. For this analysis Arnett Muldrow uses PRIZM's life stage segmentation, which provides a quick glance at demographics based on the household age. While each of the three categories is not absolutely definitive they generally divide into younger population without children in the home (shown in green shades), middle age population with children in the home (blue shades), and older population with children no longer in the home (red shades). Within each of those broad categories are additional sub categories that show relative household wealth (the darker the shade the more affluent).

In the case of Dundalk, the zip code and the three-minute drive time show some key differences that help inform the market opportunities. In both geographies the PRIZM life stage categories are skewed towards the "Older Years" category at 55% and 57% of the households respectively (as shown in red tones in the pie chart below). The three-minute drive time has a notable percentage of "Sustaining Seniors" with nearly one in every five household falling in that category. The three-minute drive time has more "Younger Years" at 27% compared with 21% for the zip code. This comes at the expense of "Family Life" which ranks lower in the three-minute drive time at 14% compared with 24% in the zip code.

All told, the PRIZM® data confirms the basic demographic analysis but does show the potential for the Village Center to be attractive to a portion of the population interested in specialty shopping and independent dining. Detailed descriptions provided by Nielsen follow.

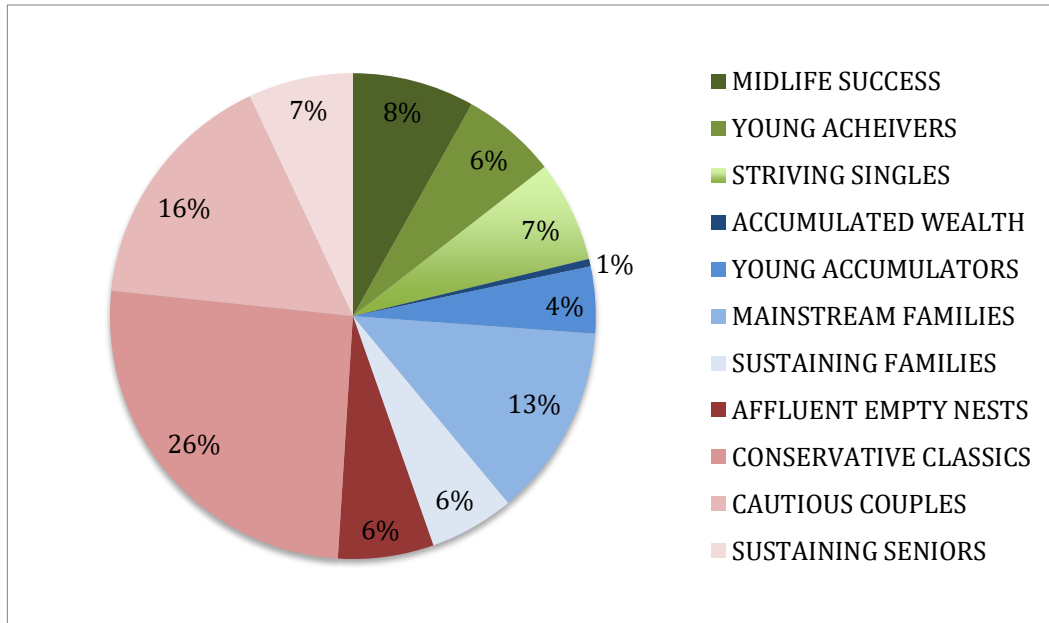


Figure 5: Life Stage Distribution in the 21222 Zip Code

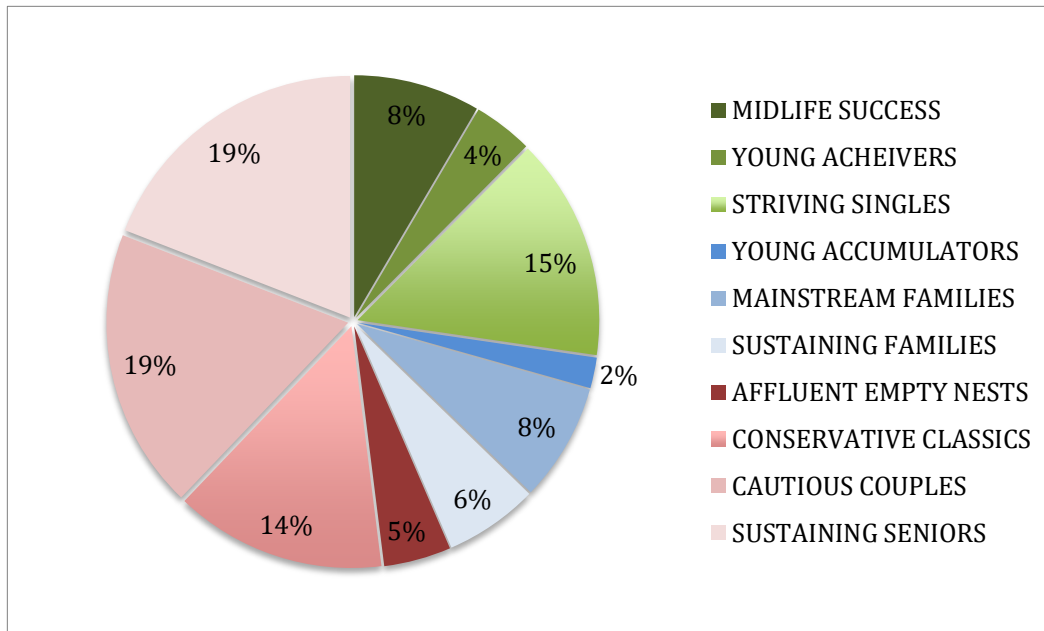


Figure 6: Life Stage Distribution in a Three Minute Drive Time of Shipping Place and Center Place

Midlife Success

Midlife Success typically are filled with childless singles and couples in their thirties and forties. The wealthiest of the Younger Years class, this group is home to many white, college-educated residents who make six-figure incomes at executive and professional jobs but also extends to more middle class segments. Most of these segments are found in suburban and exurban communities, and consumers here are big fans of the latest technology, financial products, aerobic exercise, and travel.

Young Achievers

Young, hip singles are the prime residents of Young Achievers, a lifestage group of twenty-somethings who've recently settled in metro neighborhoods. Their incomes range from working-class to well-to-do, but most residents are still renting apartments in cities or close-in suburbs. These seven segments contain a high percentage of Asian singles, and there's a decidedly progressive sensibility in their tastes as reflected in the group's liberal politics, alternative music, and lively nightlife. Young Achiever segments are twice as likely as the general population to include college students living in group quarters.

Striving Singles

Striving Singles make up the most downscale of the Younger Years class. Centered in exurban towns and satellite cities, these twenty-something singles typically have low incomes--often under \$30,000 a year--from service jobs or part-time work they take on while going to college. Housing for this group consists of a mix of cheap apartment complexes, dormitories, and mobile homes. As consumers, the residents in these segments score high for outdoor sports, movies and music, fast food, and inexpensive cars.

Accumulated Wealth

The three segments in Accumulated Wealth contain the wealthiest families, mostly college-educated, white-collar Baby Boomers living in sprawling homes beyond the nation's beltways. These large family segments are filled with upscale professionals--the group's median income is nearly six figures--who have the disposable cash and sophisticated tastes to indulge their children with electronic toys, computer games, and top-of-the-line sporting equipment. The adults in these households are also a prime audience for print media, expensive cars and frequent vacations--often to theme parks as well as European destinations.

Young Accumulators

Compared to the Accumulated Wealth group, the five segments in Young Accumulators are slightly younger and less affluent than their upscale peers. Ethnically diverse, these households include an above-average number of Hispanic and Asian-Americans. Adults typically have college educations and work a mix of white-collar managerial and professional jobs. Found mostly in suburban and exurban areas, the large families in Young Accumulators have fashioned comfortable, upscale lifestyles in their mid-sized homes. They favor outdoor sports, kid-friendly technology and adult toys like campers, powerboats, and motorcycles. Their media tastes lean towards cable networks targeted to children and teenagers.

Mainstream Families

Mainstream Families refers to a collection of segments of middle-class and working-class child-filled households. While the age range of adults is broad--from 25 to 54--these are households with at least one child under 18 still at home. And residents in this exurban group share similar consumption patterns, living in modestly priced homes--including mobile homes--and ranking high for owning three or more cars. As consumers, Mainstream Families maintain lifestyles befitting large families in the nation's small towns: lots of sports, electronic toys, groceries in bulk, and televised media.

Sustaining Families

Sustaining Families is the least affluent of the Family Life groups, an assortment of segments that range from working-class to decidedly downscale. Ethnically mixed, with a high percentage of African American, Asian, and Hispanic families, these segments also display geographic diversity--from inner cities to some of the most isolated communities in the nation. Most adults hold blue-collar and service jobs, earning wages that relegate their families to small, older apartments and mobile homes. And the lifestyles are similarly modest: households here are into playing games and sports, shopping at discount chains and convenience stores, and tuning into nearly everything that airs on TV and radio.

Affluent Empty Nests

While those on the "MTV side" of fifty may debate their inclusion in this group, Americans in the Mature Years tend to be over 45 years old and living in houses that have empty-nested. The four wealthiest segments in this group are classified Affluent Empty Nests, and they feature upscale couples who are college educated, hold executive and professional positions and are over 45. While their neighborhoods are found across a variety of landscapes--from urban to small-town areas--they all share a propensity for living in large, older homes. With their children out of the house, these consumers have plenty of disposable cash to finance active lifestyles rich in travel, cultural events, exercise equipment, and business media. These folks are also community activists who write politicians, volunteer for environmental groups, and vote regularly in elections.

Conservative Classics

College educated, over 55 years old and upper-middle-class, the six segments in Conservative Classics offer a portrait of quiet comfort. These childless singles and couples live in older suburban homes with two cars in the driveway and a wooden deck out back. For leisure at home, they enjoy gardening, reading books, watching public television, and entertaining neighbors over barbecues. When they go out, it's often to a local museum, the theater, or a casual-dining restaurant like the Olive Garden or Lone Star Steakhouse.

Cautious Couples

Another large group of Mature Years segments is Cautious Couples, featuring an over-55-year-old mix of singles, couples, and widows. Widely scattered throughout the nation, the residents in these seven segments typically are working-class and white, with some college education and a high rate of homeownership. Given their blue-collar roots, Cautious Couples today pursue

sedate lifestyles. They have high rates for reading, travel, eating out at family restaurants, and pursuing home-based hobbies like coin collecting and gardening.

Sustaining Seniors

Sustaining Seniors consists of seven segments filled with older, economically challenged Americans. Ethnically diverse and dispersed throughout the country, they all score high for having residents who are over 65 years old and who have household incomes under \$30,000. Many are single or widowed, have modest educational achievement, and live in older apartments or small homes. On their fixed incomes, they lead low-key, home-centered lifestyles. They're big on watching TV, gardening, sewing, and woodworking. Their social life often revolves around activities at veterans clubs and fraternal organizations.

All of the above descriptions were transcribed from Nielsen Inc.

3.2 Market Analysis

In this section, the Dundalk retail market will be examined to identify potential opportunities for new or expanded stores by examining “retail leakage.” This will allow the community to assess what kind of additional stores might be attracted to Dundalk and will help individual existing businesses understand how they might diversify product lines.

Retail Market Potential in the Trade Areas

The tables illustrated on the following pages details the individual retail categories in which Dundalk is leaking and gaining sales in it's the *three-minute drive-time trade area* and for the entire 21222 zip code. *These data should be used as an overall guide to retail market potential and should not substitute for detailed market research on the part of any business wishing to open in the area.* Another important note is that the retail gap analysis uses an allocation model that becomes a bit less reliable when used in smaller geographies which warrants that individual businesses do additional market research and gives credence to cross referencing the three-minute drive time with the zip code as a whole.

In both tables the left hand column indicates retail store types along with North American Industrial Classification System (NAICS) codes for these stores. Please note that some categories are subsets of larger categories. The other columns represent the consumer demand in Dundalk’s two defined trade areas. Red numbers indicate an inflow of dollars and black numbers indicate market leakage. It is interesting to note that both inflow and leakage present ample opportunity if interpreted appropriately within the context of the existing market.

Retail leakage refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be “leaking” retail sales. Even large communities may see leakage in certain retail categories while some small communities may be attractors in categories.

Such an analysis is not an exact science. In some cases, large outflow may indicate that money is being spent elsewhere (drug store purchases at a Wal-Mart or apparel purchases through the Internet). It is important to note that this analysis accounts best for retail categories where households – rather than businesses – are essentially the only consumer groups. For example, lumberyards may have business sales that are not accounted for in consumer expenditures. Stores such as jewelry shops and clothing stores are more accurately analyzed using this technique.

In some cases, a significant gain in a particular retail category represents a clustering opportunity. For Dundalk, however, this was not readily apparent, as the gain sales don’t represent categories the community would necessarily encourage to cluster in the area.

**CENTER PLACE AT SHIPPING PLACE
DUNDALK, MD 21222, 3 Minutes Total**

Retail Stores	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	120,501,887	33,538,502	86,963,385
Furniture and Home Furnishings Stores-442	3,099,187	26,381	3,072,806
Furniture Stores-4421	1,578,573	0	1,578,573
Home Furnishing Stores-4422	1,520,615	26,381	1,494,234
Electronics and Appliance Stores-443	2,659,681	885,921	1,773,760
Appliances, TVs, Electronics Stores-44311	1,973,277	829,319	1,143,958
Household Appliances Stores-443111	350,326	88,849	261,477
Radio, TV, Electronics Stores-443112	1,622,951	740,470	882,481
Computer and Software Stores-44312	619,440	56,602	562,838
Camera and Photographic Equip Stores-44313	66,964	0	66,964
Building Material, Garden Equip Stores -444	13,812,483	638,450	13,174,033
Building Material and Supply Dealers-4441	12,535,966	638,450	11,897,516
Home Centers-44411	5,111,216	0	5,111,216
Paint and Wallpaper Stores-44412	206,178	0	206,178
Hardware Stores-44413	1,304,119	0	1,304,119
Other Building Materials Dealers-44419	5,914,453	638,450	5,276,003
Building Materials, Lumberyards-444191	2,264,816	249,632	2,015,184
Lawn, Garden, Supplies Stores-4442	1,276,517	0	1,276,517
Outdoor Power Equipment Stores-44421	121,679	0	121,679
Nursery and Garden Centers-44422	1,154,838	0	1,154,838
Food and Beverage Stores-445	21,772,682	10,221,108	11,551,574
Grocery Stores-4451	18,892,133	8,519,167	10,372,966
Supermarkets, Grocery Stores-44511	17,873,245	129,550	17,743,695
Convenience Stores-44512	1,018,888	8,389,617	(7,370,729)
Specialty Food Stores-4452	1,540,095	386,342	1,153,753
Beer, Wine and Liquor Stores-4453	1,340,453	1,315,599	24,854
Health and Personal Care Stores-446	10,890,169	5,919,407	4,970,762
Pharmacies and Drug Stores-44611	8,703,292	5,103,804	3,599,488
Cosmetics, Beauty Suppl., Perfume -44612	780,661	273,266	507,395
Optical Goods Stores-44613	425,319	20,051	405,268
Other Health and Personal Care Stores-44619	980,897	522,286	458,611
Gasoline Stations-447	16,677,397	1,498,405	15,178,992
Gasoline Stations With Conv Stores-44711	12,480,492	437,465	12,043,027
Other Gasoline Stations-44719	4,196,904	1,060,939	3,135,965
Clothing and Clothing Accessories Stores-448	6,934,707	1,794,200	5,140,507
Clothing Stores-4481	5,282,714	0	5,282,714
Men's Clothing Stores-44811	296,396	0	296,396
Women's Clothing Stores-44812	1,183,925	0	1,183,925

**CENTER PLACE AT SHIPPING PLACE
DUNDALK, MD 21222, 3 Minutes Total**

Retail Stores	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Children's, Infants Clothing Stores- 44813	321,625	0	321,625
Family Clothing Stores-44814	2,776,994	0	2,776,994
Clothing Accessories Stores-44815	214,363	0	214,363
Other Clothing Stores-44819	489,411	0	489,411
Shoe Stores-4482	932,402	0	932,402
Jewelry, Luggage, Leather Goods Stores-4483	719,590	1,794,200	(1,074,610)
Jewelry Stores-44831	657,482	1,793,035	(1,135,553)
Luggage and Leather Goods Stores-44832	62,108	1,165	60,943
Sporting Goods, Hobby, Book, Music Stores-451	2,965,617	519,278	2,446,339
Sporting Goods, Hobby, Musical Stores-4511	2,341,401	519,278	1,822,123
Sporting Goods Stores-45111	1,164,646	0	1,164,646
Hobby, Toys and Games Stores-45112	763,460	1,039	762,421
Sew/Needlework/Piece Goods Stores-45113	239,322	0	239,322
Musical Instrument Supplies Stores-45114	173,974	518,239	(344,265)
Book, Periodical and Music Stores-4512	624,216	0	624,216
Book Stores and News Dealers-45121	516,844	0	516,844
Book Stores-451211	461,410	0	461,410
News Dealers and Newsstands-451212	55,433	0	55,433
Prerecorded Tapes, CDs, Records-45122	107,372	0	107,372
General Merchandise Stores-452	21,091,783	6,364,254	14,727,529
Department Stores Excl Leased Depts-4521	8,224,561	0	8,224,561
Other General Merchandise Stores-4529	12,867,222	6,364,254	6,502,968
Miscellaneous Store Retailers-453	4,465,245	811,918	3,653,327
Florists-4531	176,184	200,748	(24,564)
Office Supplies, Stationery, Gift Stores-4532	1,243,948	7,928	1,236,020
Office Supplies and Stationery Stores-45321	664,884	0	664,884
Gift, Novelty and Souvenir Stores-45322	579,064	7,928	571,136
Used Merchandise Stores-4533	368,200	323,175	45,025
Other Miscellaneous Store Retailers-4539	2,676,912	280,068	2,396,844
Foodservice and Drinking Places-722	16,132,936	4,859,180	11,273,756
Full-Service Restaurants-7221	7,430,105	3,166,834	4,263,271
Limited-Service Eating Places-7222	6,597,349	456,001	6,141,348
Special Foodservices-7223	1,272,720	0	1,272,720
Drinking Places -Alcoholic Beverages-7224	832,761	1,236,345	(403,584)

21222 ZIP CODE

Retail Stores	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	640,503,013	410,979,980	229,523,033
Furniture and Home Furnishings Stores-442	16,488,922	7,000,879	9,488,043
Furniture Stores-4421	8,450,990	3,824,403	4,626,587
Home Furnishing Stores-4422	8,037,932	3,176,476	4,861,456
Electronics and Appliance Stores-443	14,424,376	3,218,338	11,206,038
Appliances, TVs, Electronics Stores-44311	10,652,207	3,158,328	7,493,879
Household Appliances Stores-443111	1,904,142	220,226	1,683,916
Radio, TV, Electronics Stores-443112	8,748,065	2,938,102	5,809,963
Computer and Software Stores-44312	3,396,055	60,010	3,336,045
Camera Photographic Equip Stores-44313	376,114	0	376,114
Building Material, Garden Equip Stores -444	76,523,243	16,536,035	59,987,208
Building Material and Supply Dealers-4441	69,376,531	16,207,976	53,168,555
Home Centers-44411	27,937,560	2,768,661	25,168,899
Paint and Wallpaper Stores-44412	1,149,939	794,041	355,898
Hardware Stores-44413	7,105,646	4,360,912	2,744,734
Other Building Materials Dealers-44419	33,183,386	8,284,362	24,899,024
Building Mat., Lumberyards-444191	12,582,354	3,239,180	9,343,174
Lawn, Garden Equip, Supplies Stores-4442	7,146,712	328,059	6,818,653
Outdoor Power Equipment Stores-44421	700,825	328,059	372,766
Nursery and Garden Centers-44422	6,445,887	0	6,445,887
Food and Beverage Stores-445	113,170,107	121,166,756	(7,996,649)
Grocery Stores-4451	98,208,636	112,072,062	(13,863,426)
Supermarkets, Grocery Stores-44511	93,010,408	92,382,023	628,385
Convenience Stores-44512	5,198,228	19,690,039	(14,491,811)
Specialty Food Stores-4452	8,034,244	1,072,668	6,961,576
Beer, Wine and Liquor Stores-4453	6,927,227	8,022,026	(1,094,799)
Health and Personal Care Stores-446	55,924,070	90,084,487	(34,160,417)
Pharmacies and Drug Stores-44611	44,671,736	85,387,814	(40,716,078)
Cosmetics, Beauty Supplies, Perfume Stores-44612	3,999,377	919,080	3,080,297
Optical Goods Stores-44613	2,217,410	1,161,089	1,056,321
Other Health/Personal Care Stores-44619	5,035,547	2,616,504	2,419,043
Gasoline Stations-447	88,477,036	43,109,086	45,367,950
Gasoline Stations With Conv Stores-44711	65,730,275	36,519,221	29,211,054
Other Gasoline Stations-44719	22,746,761	6,589,865	16,156,896
Clothing and Clothing Accessories Stores-448	37,625,163	12,066,132	25,559,031
Clothing Stores-4481	28,613,584	6,489,138	22,124,446
Men's Clothing Stores-44811	1,621,787	460,009	1,161,778
Women's Clothing Stores-44812	6,348,429	1,102,474	5,245,955

21222 ZIP CODE			
	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Gap/Surplus
Retail Stores			
Children's, Infants Clothing Stores-44813	1,787,663	24,165	1,763,498
Family Clothing Stores-44814	15,070,557	4,323,883	10,746,674
Clothing Accessories Stores-44815	1,164,884	347,139	817,745
Other Clothing Stores-44819	2,620,264	231,468	2,388,796
Shoe Stores-4482	4,831,443	1,836,418	2,995,025
Jewelry, Luggage, Leather Stores-4483	4,180,136	3,740,576	439,560
Jewelry Stores-44831	3,842,386	3,693,885	148,501
Luggage and Leather Goods Stores-44832	337,750	46,691	291,059
Sporting Goods, Hobby, Book, Music Stores-451	16,031,477	2,747,550	13,283,927
Sporting Goods, Hobby, Musical Inst -4511	12,751,344	2,607,947	10,143,397
Sporting Goods Stores-45111	6,327,313	821,324	5,505,989
Hobby, Toys and Games Stores-45112	4,222,966	1,268,384	2,954,582
Sew/Needlework/Piece Goods -45113	1,271,337	0	1,271,337
Musical Instrument/Supp. Stores-45114	929,728	518,239	411,489
Book, Periodical and Music Stores-4512	3,280,133	139,603	3,140,530
Book Stores and News Dealers-45121	2,706,846	58,132	2,648,714
Book Stores-451211	2,419,423	38,537	2,380,886
News Dealers and Newsstands-451212	287,423	19,595	267,828
Prerecorded Tapes, CDs, Records-45122	573,287	81,471	491,816
General Merchandise Stores-452	111,478,895	42,795,042	68,683,853
Department Stores Excl Leased Depts-4521	44,016,179	20,233,729	23,782,450
Other General Merchandise Stores-4529	67,462,716	22,561,313	44,901,403
Miscellaneous Store Retailers-453	23,476,790	19,631,069	3,845,721
Florists-4531	996,638	602,247	394,391
Office Supplies, Stationery, Gifts-4532	6,790,217	3,130,265	3,659,952
Office Supplies/Stationery Stores-45321	3,642,704	1,706,045	1,936,659
Gift, Novelty and Souvenir Stores-45322	3,147,513	1,424,220	1,723,293
Used Merchandise Stores-4533	1,995,775	556,416	1,439,359
Other Miscellaneous Store Retailers-4539	13,694,160	15,342,141	(1,647,981)
Foodservice and Drinking Places-722	86,882,934	52,624,606	34,258,328
Full-Service Restaurants-7221	40,077,952	27,413,154	12,664,798
Limited-Service Eating Places-7222	35,625,478	18,249,886	17,375,592
Special Foodservices-7223	6,874,332	1,347,598	5,526,734
Drinking Places -Alcoholic Beverages-7224	4,305,172	5,613,968	(1,308,796)

The leakage study for Dundalk is a “snapshot” in time. Consequently, there are factors that point to this being a more conservative look at retail potential depending on what factors are examined. For example, population growth would mean that there would be more customers in the future resulting in greater demand for certain retail categories.

This leakage study examines only the three-minute drive-time trade area identified for Dundalk. A successful store model might capture from well beyond this geography and could foster a burgeoning visitor market as well.

In Dundalk’s ZIP Code trade area, selected store sales equaled \$411.0 million. Same-year annual consumer expenditures were \$640.5 million. This represents annual retail leakage of \$229.5 million. In Dundalk’s three-minute drive-time trade area, annual retail sales were \$33.5 million. Same-year annual consumer expenditures were \$120.5 million. This represents annual retail leakage of \$87.0 million.

Naturally, Merritt Avenue located outside of the three-minute drive time accounts for this discrepancy. Since both geographies are leaking sales (which does not appear to be recouped in nearby geographies), the opportunities look conservative for the community as a whole as Merritt sees additional retail investment, the Village Center could benefit from a “halo effect.”

Cross referencing the tables is important as something leaking within the three-minute drive time may be fully supplied in the broader retail market. This is true of grocers that show virtual market equilibrium at the 21222 level.

3.3 Capture Scenario

The retail market potential for Dundalk combines many different facets of the data gathered above. Not simply a collection of numbers, retail markets depend on both quantitative and qualitative information. Moreover, just because there is retail market potential for a prospective retail store type, this in no way ensures the success of that store type in the community. There are many reasons why a business might succeed or fail and the retail market is but one of those factors. However, this does provide a synopsis guide for the “best potential” retail opportunities in Dundalk.

The following is a list of market-based retail opportunities (by NAICS category) under a ten-percent capture scenario, which assumes Dundalk Main Street District retailers can recapture one in every ten dollars currently leaking the area.

- *Home Furnishings*: \$149K, which translates to approximately 1,000 sq. ft.
- *Clothing*: \$514K, which translates to approximately 1,600 sq. ft.
- *Personal Care*: \$490K, which translates to approximately 1,100 sq. ft.
- *Groceries*: \$3.4M, which translates to approximately 5,500 sq. ft.
- *Sporting Goods*: \$245K, which translates to approximately 900 sq. ft.
- *Specialty Retail*: \$365K, which translates to approximately 1,460 sq. ft.
- *Dining*: \$2.2M, which translates to approximately 8,660 sq. ft.

A conservative estimate shows that (without growth and without expanding the trade area) the Dundalk Main Street Area could support another 20,000+ square feet of retail space.

3.4 Summary Market Observations

Key observations about the Dundalk Main Street District include the following:

- The Dundalk Main Street area currently serves as a neighborhood center meaning that is primarily serves its immediate surroundings but could expand its role as a community (or at some point even regional) center for specialty retail over time. This transition is important, as the current merchandise mix is not likely to remain viable as additional big box stores develop with more visibility and existing leases on chain retailers expire.
- Significant retail investment in Dundalk as a whole is a bellwether of an improving market overall with a number of new chain stores and restaurants locating along Merritt Avenue. This further encourages the Village Center to become more of a specialty district with independent retailers.
- In fact, few would argue that Dundalk reached its economic nadir in 2012 with the final closure of Sparrow's Point and is now recovering economically albeit in a more regional context.
- Suburban style retail development and development in the Main Street area of Dundalk are "apples and oranges" comparisons: new chain stores are highly unlikely to locate in the center. Chain stores already in the Village Center are capitalizing on value rents.
- Income disparities will continue to slow success in the Main Street area. This shows signs of changing however and the marketing effort from Dundalk Renaissance Corporation can play a key role.
- Consolidated ownership of key retail space presents unique opportunities and challenges for Dundalk. Limited rather than multiple ownership provides fewer points of contact provided the owners are motivated to invest in their properties to get better rents over time.
- A lack of local government control impedes nimble response to issues. Unlike a traditional City where the Village Center would be a primary focus, Baltimore County must address the issues of multiple centers with multiple interests.
- Most of eastern Baltimore remains under-retailed presenting opportunities for Dundalk.
- Dundalk Renaissance Corporation is using several state-of-the-art techniques to help the district: pop up shops, consistent marketing, and events. This represents a mature program capable of influencing future investment opportunities.
- Future success will hinge on non-profit, public, and private partnerships.

These observations will comprise the backbone of the recommendations to follow in the following section.

4.0 Recommendations

The recommendations below are divided into four broad themes and sub-recommendations. Where appropriate, the sections provide illustrated examples and recommendations for implementation time frames.

4.1 Reclaim Veterans' Park as Dundalk's "Front Yard"

Veterans' Park is a special place in the heart of the Dundalk Main Street District. As such, it should be reclaimed as a place for residents and visitors alike to congregate and enjoy this place without fear of safety or illicit activity. This park is not only the heart of the community from an historical standpoint, the success of the park directly correlates with the marketability of commercial property within the Village Center of Dundalk. A park that hosts positive activity will create economic opportunity in the adjoining blocks. Conversely, negative activities including loitering, panhandling, and illicit drug dealing will reinforce negative connotations not only of the Village Center but of Dundalk as a whole.

Is it incumbent on the community to unite to make this park the "treasure" of Dundalk and allow it to regain its place as the centerpiece of the neighborhood. This plan is not designed to recommend detailed park improvements but rather to suggest typical improvements that have helped other parks re-emerge as the centerpiece of their community.

Immediate recommendations 6 to 9 months:

- Limb up trees and cut back unnecessary vegetation to allow views to retail uses and reduce the park as a place to "hide." Currently Veterans park is thick with vegetation. Without cutting down trees, removing low limbs can have a dramatic effect on the views into and through the park. This is particularly important as the commercial spaces are hard to see from Dundalk Avenue.
- The Dundalk Renaissance Corporation should contemplate a "Veterans Corps" to conduct regular activities in the park. These park stewards along with other "friends of the park" could host regular events. Activities such as flag raisings, casual meetings, or small events can replace negative activities with positive ones. Many parks have advocacy groups that work to maintain them. A good example in Baltimore is the Friends of Wyman Park Dell www.wymanparkdell.org.

Mid-term recommendations 9 to 15 months:

- Contemplate additional ad-hoc events in the park itself. These events should involve partner organizations or even businesses. Morning classes, theatrical events, school events and other small activities will ensure the park is regularly programmed and used.
- Conduct a Veterans Park Master Plan to re-envision the park for the future. The Dundalk Renaissance Corporation should partner with Baltimore County to conduct a

Master Plan for Veterans Park. The plan should outline capital improvements, a landscaping plan, a management strategy, and overall improvements to the park. The plan should be mindful of the role of the park as Dundalk's "front door" space and traditional gathering place. Examples on the following page show how neighboring Baltimore City has worked to improve parks to make them more active for visitors.

Long-term recommendation 15-36 months:

- Program park improvements into the capital budget of Baltimore County and embark on construction. The Dundalk Renaissance Corporation can work with Baltimore County to promote this pivotal improvement to the park.



Figure 7: Pierce's Park at the Inner Harbor After a Renovation Making it More User Friendly



Figure 8: Before and After View of Wyman Park Dell



4.2 Continue to Build the Retail Base

The retail opportunities for the Dundalk Main Street Area are outlined in section 3 above. These opportunities will need to be cultivated through a concerted effort of the Dundalk Renaissance Corporation alongside public and private sector partners. While a clear opportunity gap exists in the market, it is a gap that will need to be filled through careful cultivation of independent businesses and local entrepreneurs.

Immediate recommendations 6 to 9 months:

- Continue pop-up shop initiative. The Dundalk Renaissance Corporation's pop-up shop initiative has been successful in launching new business in the Village Center. Independent start up businesses, cultivated through a non-profit partner like DRC and supported with affordable rents from private sector partners such as Blue Ocean represent one of the greatest opportunities to fill vacant space in the area.
- Implement "incubator" space in DRC office location. The DRC is looking to create an incubator space in its current location. This is an excellent way to cultivate not only retail businesses but professional services as well. Incubator space, co-working, and accelerator spaces are among the fastest growing segments of the market witnessing 87% and 83% growth in the last two years respectively.
- Conduct a "Dundalk is Open for Business" forum in the community. This forum can provide potential business owners a profile of the market in Dundalk, available properties in the Main Street Area, guidance on support services available to potential businesses. The event should last no longer than two hours, offer refreshments, and involve the following presenters that will give a brief overview of the following:
 - DRC staff should present findings of the market study, the support services that DRC provides through the Main Street program, and the overall role of the DRC in the community.
 - Private Sector Property Owners/Commercial Real Estate Representatives should provide an overview of the space available in Dundalk with a focus on the Main Street area, a brief synopsis of leasing basics, and if possible any incentives they have to promote local business.
 - The SBDC and/or a SCORE chapter should provide information on business plan support, start up assistance, and additional services they provide. Ideally, the organizations should promote a follow up consultation day in Dundalk so attendees can sign up for appointments.
 - Baltimore County should provide a brief overview of any assistance they provide start up businesses and an overview of the permitting process to get a business up and running within the County.
 - Existing Businesses should provide an overview of their personal experiences doing business in Dundalk (with a focus on the positives and helpful hints).

The DRC should leverage these partners to help promote the event and use the Live the Unexpected Brand to get media involvement. The goal is to reach out to anyone

interested in starting a business in Dundalk with full expectation that not all businesses will locate in the Main Street District.

Mid-term recommendations 9 to 15 months:

- Host a food truck rally. The food trucks in the Baltimore area have a great following. Dundalk should consider hosting a food truck rally to promote the community to outside visitors, bring locals into the Main Street District, and showcase the possibility of food related retail in the market.

Long-term recommendation 15-36 months:

- Consider redevelopment of the former Heritage Food Market (or other location) into the Dundalk Makers Center. Like incubator space, “makers spaces” are becoming a huge national trend. These spaces provide artisans, craftspeople, retailers, and others a chance to bring their product to a market in a supportive coworking environment. The food opportunities in the core of the Main Street District are robust. Such a place could take on several forms including individual spaces or stalls for small footprint businesses or become a more aggressive food oriented program centered around a commercial kitchen in the district. The DRC and its partners should explore similar spaces in the Baltimore/DC area to learn best practices and helpful tips.

4.3 Connecting the community

Mid-term recommendations 9 to 15 months:

- Improve wayfinding sign system directing people to the Main Street District. Currently there are a few ageing signs that direct people to the Village Center. These signs could be replaced over time and complemented with a wayfinding sign system to curate the visitor experience to Dundalk. These signs might not be limited only to the core area but could include major parks, recreational amenities, and public facilities. Examples of such signs are shown in Figure 9 below.



- Consider neighborhood identification signs to support investment in Dundalk living. In addition to the wayfinding signs, an important pride building campaign would include introducing neighborhood identification signs in the historic area of the community to reinforce the distinct nature and history of each community.

Long-term recommendation 15-36 months:

- Consider added parking along Dundalk Avenue to slow traffic and make buildings more economically viable. This is an effort that will take serious study but could greatly enhance the economic viability of Dundalk Avenue through the Main Street area by calming traffic, increasing parking availability, and providing for a safer way for pedestrians to cross this busy street. It is likely that a temporary “test” of this could demonstrate how effective this would be with traffic. “Road diets” of this nature are becoming increasingly common in commercial districts to create a stronger investment climate.

4.4 *Fostering Partnerships*

Immediate recommendations 6 to 9 months:

- Continue the partnership with owners of Dundalk Village Center. The DRC has ongoing discussions with day-to-day management staff of Dundalk Village Center, this dialogue should continue. The success of this plan directly correlates with the willingness of private sector partners to engage in pro-active partnerships with non-profit entities such as the DRC. These partnerships are time-tested to generate more stable tenant base, higher rents, and stronger property values.
- Explore targeted code enforcement. While partnerships are a very effective way to affect change in neighborhoods like the Main Street district, having a partnership with local government to create targeted code enforcement programs that ensure the commercial and residential properties are properly maintained is an important tool. For property owners who regularly invest in their properties such targeted enforcement protects their investment, for property owners who are less motivated to maintain properties, targeted enforcement can be an effective tool to ensure that buildings remain safe and contribute to the community.

Long-term recommendation 15-36 months:

- Consider joint venture management mechanism for merchants in the Main Street District. Over time, the Dundalk Renaissance Corporation may want to consider a joint venture mechanism to manage properties within the Main Street District. Many models exist to do this including one of the most successful in Burlington, Vermont with the Church Street Marketplace. This type of partnership can be complex but very effective to have a united marketing, programming, and management entity in place for a district such as the Village Center in Dundalk.
- Consider local investment mechanism. Another long-term consideration is a local investment tool whereby sources like “crowd funding” can help support potential businesses. Maryland recently passed enabling legislation that helps define how local investment programs could work within the state.

5.0 Summary and Conclusion

Dundalk's rich history is about to celebrate a milestone as it crosses the century mark in the coming three years. The Dundalk of the twenty-first century is already very different than the community created through the vision of leaders in the early nineteen hundreds. No longer a "company town," Dundalk is now a collaborative community made up of key partners. These partners, working side by side with the Dundalk Renaissance Corporation can transform this richly historic district into the "Garden City" envisioned when it was created – a place where the Town Center played a crucial role in the lives of every citizen, a central place of commerce, and a place to celebrate the community. The market opportunities exist and the community spirit is alive.