# Chapter 1. Baseline Studies Report

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## Chapter 1
## Baseline Studies Report

## Introduction

Gaithersburg, the third most populous city in Maryland, originally developed around its main thoroughfare, Frederick Avenue. This segment of the Maryland 355 corridor (a road that stretches from Washington, D.C. to Frederick) represents the subject matter of this report.

Historical accounts reveal that the oldest part of Gaithersburg was a village known as Log Town. Early settlers established Log Town during the mid-1750s when a group of plantation owners formed a community. Travelers routinely engaged that early settlement while traveling Georgetown to Frederick. By 1815, a commercial district had formed along the corridor. The intersection of Frederick and Chester Avenue emerged as particularly vibrant.

Gaithersburg was officially incorporated in 1850 when several small communities that had formed along Frederick Avenue consolidated. The City is named after Benjamin Gaither, who was the town's blacksmith and an individual who served both travelers and local residents.[1,2] The Forest Oak tree, which was planted in front of his house, now serves as the City's logo.

The arrival of the Baltimore and Ohio Railroad in Gaithersburg in 1873dramatically accelerated economic development. The railroad facilitated an influx of people during the summer as residents of Washington, D.C. sought to escape the heat. Agricultural businesses expanded as area farmers were able to ship products faster and with less risk of spoilage.[3] Since then, the city has developed into an important commercial and residential hub. Today, the city boasts a population in excess of 60,000.[4]

Thanks in large measure to its proximity to the nation's capital and a number of key federal agency headquarters, Gaithersburg has attracted a number of large life science and technology companies, including MedImmune, Qiagen, Novavax, Antex, IBM, and Lockheed Martin, many of whom placed regional headquarters in the city.[5] Associated commercial development had in turn helped trigger large-scale residential mixed-use developments around the city in recent

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[1] City of Gaithersburg. (n.d.) *Gaithersburg: The history*. Retrieved on January 14th, 2013, from http://video.gaithersburgmd.gov/H_042006.wmv

[2] City of Gaithersburg. (n.d.) *Gaithersburg: The history* (Web). Retrieved on January 14th, 2013, from http://www.gaithersburgmd.gov/poi/default.asp?POI_ID=111&TOC=112;111;

[3] Id.

[4] Census Bureau. (2010). 2010 Decennial Census, Profile of General Population and Housing Characteristics: 2010 2010 Census Summary File 1 (DP-01). Retrieved on April 24th, 2012, fromhttp://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_SF1_SF1DP1&prodType=table

[5] City of Gaithersburg, Finance Department. (n.d.) *Annual Report: FY 2012*. Retrieved on January 14th, 2013, from http://www.gaithersburgmd.gov/poi/default.asp?POI_ID=2224&TOC=107;82;2224;

decades. Many of these new neighborhoods are deemed to be highly livable. In 2012, Gaithersburg was listed as the 23rd best place to live in the nation by CNN Money.[6]

However, as this report will show using a combination of statistical and anecdotal information, the Frederick Avenue Corridor has not fared as well. Community demographics have become more challenging and the commercial corridor is increasingly being bypassed for more attractive settings in Rockville, Germantown and elsewhere. Faced with prospects for steady deterioration in property values, economic impact, tax base and quality of life, the City of Gaithersburg (i.e., the City Council) believes that it is time to reconsider the corridor's future and to invest, rezone and redeploy resources as necessary.

Purpose of the Study

The City of Gaithersburg hired Sage Policy Group, Inc. (Sage) and two fellow consultancies, the Traffic Group and Dewberry Consulting, to assess development potential along and in the vicinity of Frederick Avenue. The City selected the study team out of a group of 13 bidders. The study team has been charged with collection and analysis of the data associated within the five-mile segment of the Avenue enveloped in the City's limit, stretching from Shady Grove to Game Preserve Road.

The study team has analyzed this five-mile stretch in virtually every conceivable manner, including from the perspectives of economic dynamics, demographics, traffic flows, zoning, aesthetics and street-level dynamics. The study team has also conducted focus groups to acquire a more granular sense of community perspectives, solutions and bottlenecks. Ultimately, the study will be used to provide guidance to the City and stakeholders regarding the potential for renewed investment along the corridor.

From the beginning of the process, the study team has worked to determine the competitive advantage of the Frederick Avenue Corridor as a place in which to work, live and play. There are significant constraints to development, including a lack of available buildable land. As discussed below, certain potential upgrades, though desirable and likely to trigger better economic outcomes, are expensive. Perhaps most importantly, the level of deterioration to date has been modest. As a result, there are relatively few opportunities to tear down structures and rebuild since the vast majority of existing structures retain enough economic relevance to remain viable.

[6] CNN Money.(2012). *Best Place to Live*. Retrieved on January 14th, 2013, from http://money.cnn.com/magazines/moneymag/best-places/2012/snapshots/PL2431175.html

# I. Gaithersburg through a Statistical Lens

Gaithersburg is an expanding community. It is also a community shifting demographically, economically and educationally. For instance:

- Between 2000 and 2010, the city's population expanded 13 percent, though that was less than half the 1990-2000 growth rate;
- Though more than half of adults hold at least a bachelor's degree, the proportion of those with post-secondary education lags the countywide average;
- City residents' median income in nominal terms has expanded over the past decade, but the median income remains below the countywide average;
- More than 86 percent of Gaithersburg's business establishment are associated with small businesses with fewer than 20 employees; and
- One among every three businesses in the City engages in professional business services (administrative assistance, scientific consultation, etc.).

City Demographics

As reflected in Exhibit 1, between 1990 and 2000, the city's population grew 33.1 percent. Gaithersburg was among Montgomery County's most rapidly growing communities, likely the result of people moving from the District and from portions of the county closer to the District, including Bethesda and Rockville. During the same decade, the county's population expanded 15.4 percent and the state's by10.8 percent.

The subsequent decade represented a substantially different story. While Rockville's population expanded just 5.7 percent during the 1990s, it expanded 29.2 percent during the 2000s. Germantown's population expanded nearly 56 percent during the 2000s after growing 34.7 percent the prior decade, which means that the city's population was more than double its 1990 level by 2010. By contrast, population growth in Gaithersburg slowed significantly.

Exhibit 1: Population in Gaithersburg and Neighboring Municipalities, Montgomery County, and the State, 1990, 2000 and 2010

| | **1990** | **2000** | **2010** | ***1990-2000 % Growth*** | ***2000-2010 % Growth*** |
|---|---|---|---|---|---|
| ***Gaithersburg (city)*** | 39,542 | 52,613 | 59,933 | *33.1%* | *13.9%* |
| **Bethesda*** | 62,936 | 55,277 | 60,858 | *-12.2%* | *10.1%* |
| **Germantown*** | 41,145 | 55,419 | 86,395 | *34.7%* | *55.9%* |
| **Rockville (city)** | 44,835 | 47,388 | 61,209 | *5.7%* | *29.2%* |
| **Silver Spring*** | 76,046 | 76,540 | 71,452 | *0.6%* | *-6.6%* |
| **Frederick(city)** | 40,148 | 52,767 | 65,239 | *31.4%* | *23.6%* |
| | | | | | |
| **Montgomery** | 757,027 | 873,341 | 971,777 | *15.4%* | *11.3%* |
| **Maryland** | 4,781,468 | 5,296,486 | 5,773,552 | *10.8%* | *9.0%* |

Source: Census Bureau;*Importantly, these areas are Census Designated Places (CDP),distinct from incorporated cities.

Despite the relative lack of dynamic population growth during the 2000s, Gaithersburg's population can be characterized as relatively young. The median age of the city as of 2010 was 35.1 years, lower than the corresponding state and county figures. More than a third of the city's population is between age 25 and 44, which are prime household formation, earning and consuming years.

Although the population distribution by age group of Gaithersburg and neighboring communities is fairly uniform, certain communities are distinctly more youth-oriented than others. For instance, Silver Spring's median age is 33, with 37 percent of the population is aged between 25 and 44. The median age for Germantown is 33.7, though its relative youth is due to its larger proportion of children. By contrast, a larger proportion of senior population characterizes Bethesda.

Exhibit 2: Population Breakdown by Age Group, 2010

| | Age 0 - 14 | 15 - 24 | 25 - 34 | 35 - 44 | 45 - 64 | 65 and Over | *Age 24 –45* | *Median Age* |
|---|---|---|---|---|---|---|---|---|
| ***Gaithersburg*** | *20.7%* | *11.3%* | *17.8%* | *16.0%* | *24.6%* | *9.5%* | ***33.8%*** | ***35.1*** |
| **Bethesda*** | 19.2% | 9.6% | 11.1% | 13.8% | 29.4% | 17.0% | ***24.9%*** | ***42.5*** |
| **Frederick** | 20.0% | 13.5% | 17.0% | 14.9% | 23.7% | 10.8% | ***31.9%*** | ***34.6*** |
| **Germantown*** | 23.1% | 12.2% | 16.9% | 17.7% | 24.9% | 5.1% | ***34.7%*** | ***33.7*** |
| **Rockville** | 18.1% | 10.6% | 15.4% | 15.6% | 26.3% | 14.0% | ***31.0%*** | ***38.7*** |
| **Silver Spring*** | 18.2% | 12.5% | 21.3% | 15.8% | 23.9% | 8.3% | ***37.1%*** | ***33.0*** |
| | | | | | | | | |
| **Montgomery** | 19.8% | 11.7% | 13.6% | 14.5% | 28.0% | 12.3% | ***28.1%*** | ***38.5*** |
| **Maryland** | 19.2% | 13.9% | 13.2% | 13.8% | 27.7% | 12.3% | ***27.0%*** | ***38.0*** |

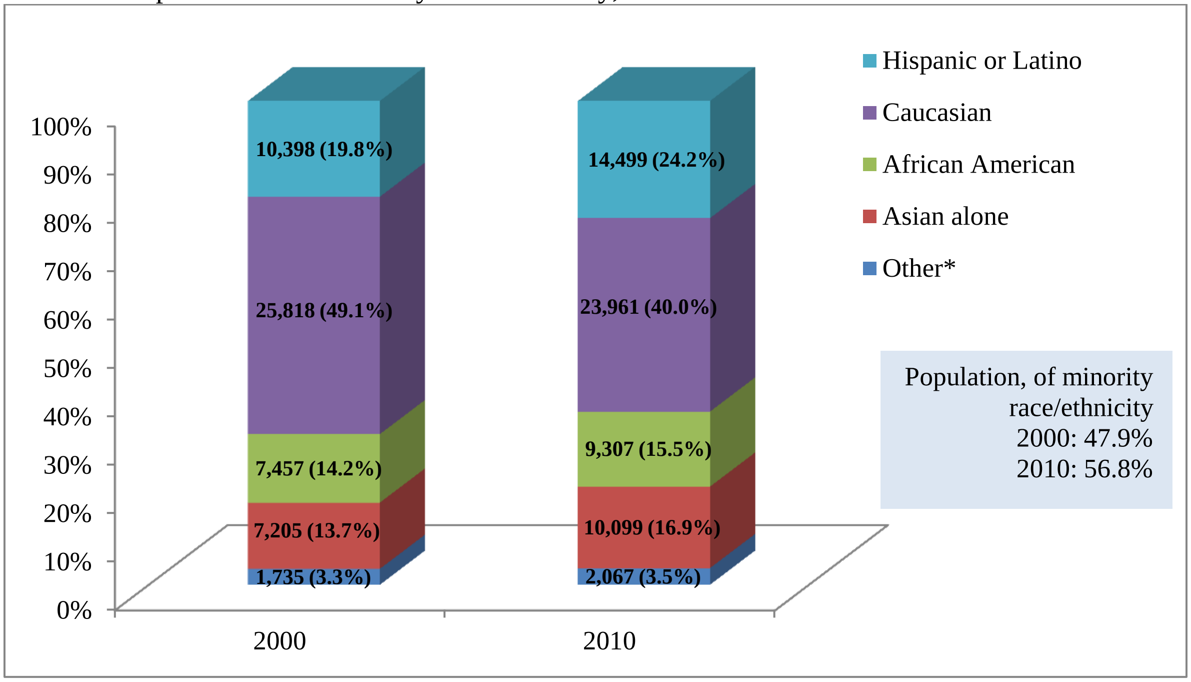
Source: Census Bureau *These areas are Census Designated Places (CDP) which is distinct from incorporated cities.

Gaithersburg has become intensely more diverse. The Caucasian population declined 7.2 percent during a recent 10-year period. By 2010, more than half of the city's population (56.8%) is characterized as of minority race or ethnicity. Hispanics now constitute more than 24 percent of the city's population. The city's Asian population has expanded 40.2 percent of the past decade. As a consequence, by 2010, Asians and Hispanics jointly comprised more than 40 percent of the city's population according to the most recent decennial census.

Montgomery County has a reputation for being highly educated. It is. According to the 2010 Census, more than 56 percent of the county's adult population (aged 25 years and older) holds a bachelor's degree or higher. The corresponding percentage for the state is estimated at 35 percent (Exhibit 4). According to several key measures, Gaithersburg is now slightly less educated than the county. Still, in Gaithersburg, more than 52 percent of adults held a bachelor's degree or higher in 2010 (46.7 percent in 2000).[7] In Rockville, the corresponding percentage was 60 percent and in Bethesda 84 percent.

[7]Census Bureau, American Community Survey. (2010*). Selected Social Characteristics in the United States (DP-2; 3-year Estimates)*. Retrieved on March 1st, 2013, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_3YR_DP02&prodType=table

Exhibit 3: Population Breakdown by Race/Ethnicity, 2000 v. 2010




Source: Census Bureau
*Native American (including Alaskan Native, Pacific Islanders, Hawaiian) and people of multi-race or ethnicity

Exhibit 4: Breakdown of Adult Population (aged over 25) by Educational Attainment, 2010 (3-year Averaged Data)[8]

| | **Less than High School** | **High School Degree or equivalent** | **Associate Degree or some college** | **Bachelor's degree** | **Graduate or professional degree** | ***Pct. of adults with Bachelor's degree or more*** |
|---|---|---|---|---|---|---|
| Gaithersburg | 10.9% | 15.5% | 21.2% | 28.6% | 23.9% | *52.5%* |
| Bethesda* | 2.2% | 4.6% | 9.0% | 31.2% | 52.9% | *84.1%* |
| Frederick | 11.5% | 23.3% | 30.4% | 21.4% | 13.4% | *34.8%* |
| Germantown* | 8.8% | 13.9% | 29.3% | 26.3% | 21.7% | *48.0%* |
| Rockville | 7.7% | 14.1% | 18.3% | 24.1% | 35.8% | *59.9%* |
| Silver Spring* | 17.7% | 14.1% | 18.3% | 22.5% | 27.4% | *49.9%* |
| | | | | | | |
| **Montgomery** | 9.6% | 14.2% | 20.0% | 26.5% | 29.7% | *56.2%* |
| **Maryland** | 12.1% | 26.3% | 26.0% | 19.7% | 15.9% | *35.6%* |

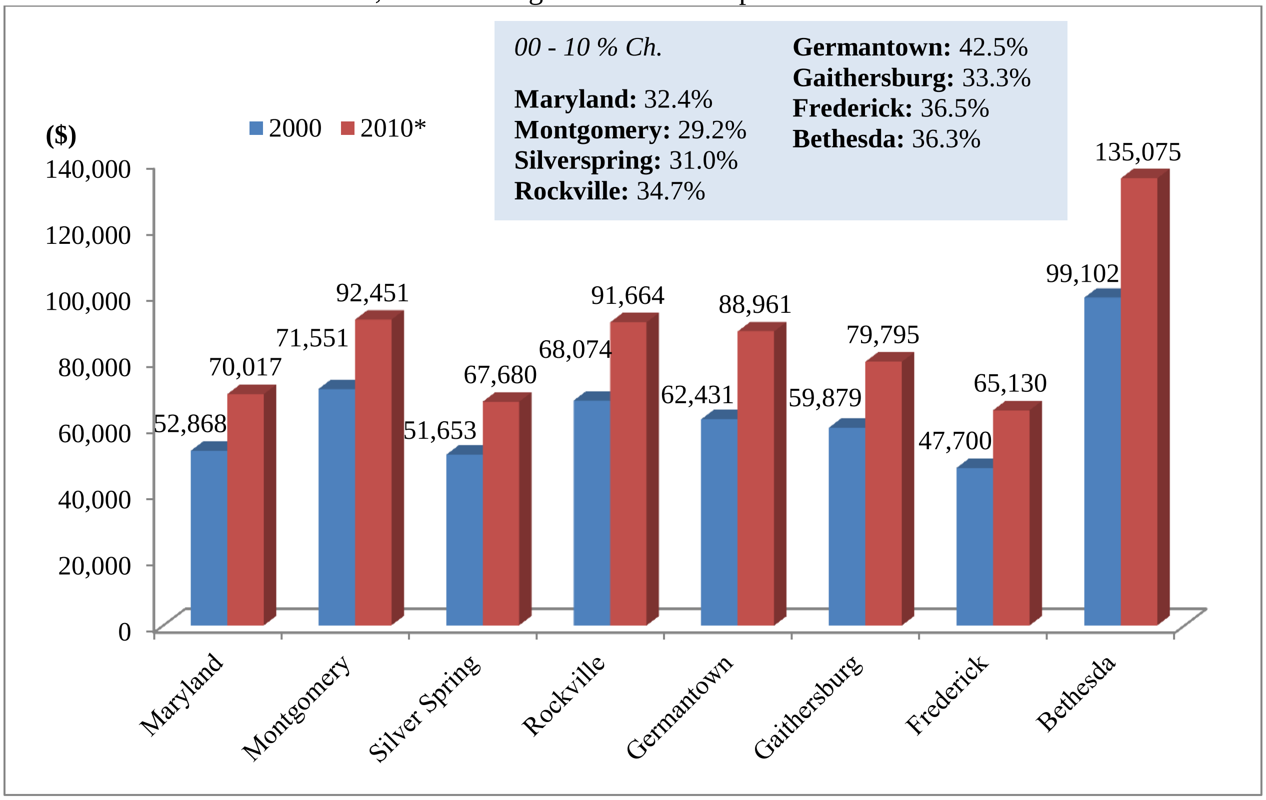
Source: Census Bureau, American Community Survey (3-year Estimate)*These areas are Census Designated Places (CDP) which is distinct from incorporated cities.

Before adjusting for inflation, median family income in Gaithersburg grew 33.3 percent between 2000 and 2010.[9] Consumer price index (CPI) data for all urban consumers indicates that the aggregate price level expanded 26.7 percent between 2000 and 2010, which means that real income growth during the 2000s was approximately 7 percent.[10] The exhibit below indicates

[8]Id., Census Bureau, American Community Survey. (2010).
[9]U.S. Census Bureau.(n.d.).
[10]Bureau of Labor Statistics. (n.d.) Consumer Price Index: All Urban Consumers (U.S. City Average). Retrieved on March 1st, 2013, from http://data.bls.gov/cgi-bin/dsrv

that Gaithersburg's income levels are below the countywide average, which is also consistent with the city's somewhat lower level of educational attainment.

Exhibit 5: 2010 Median Income, Gaithersburg v. Other Municipalities

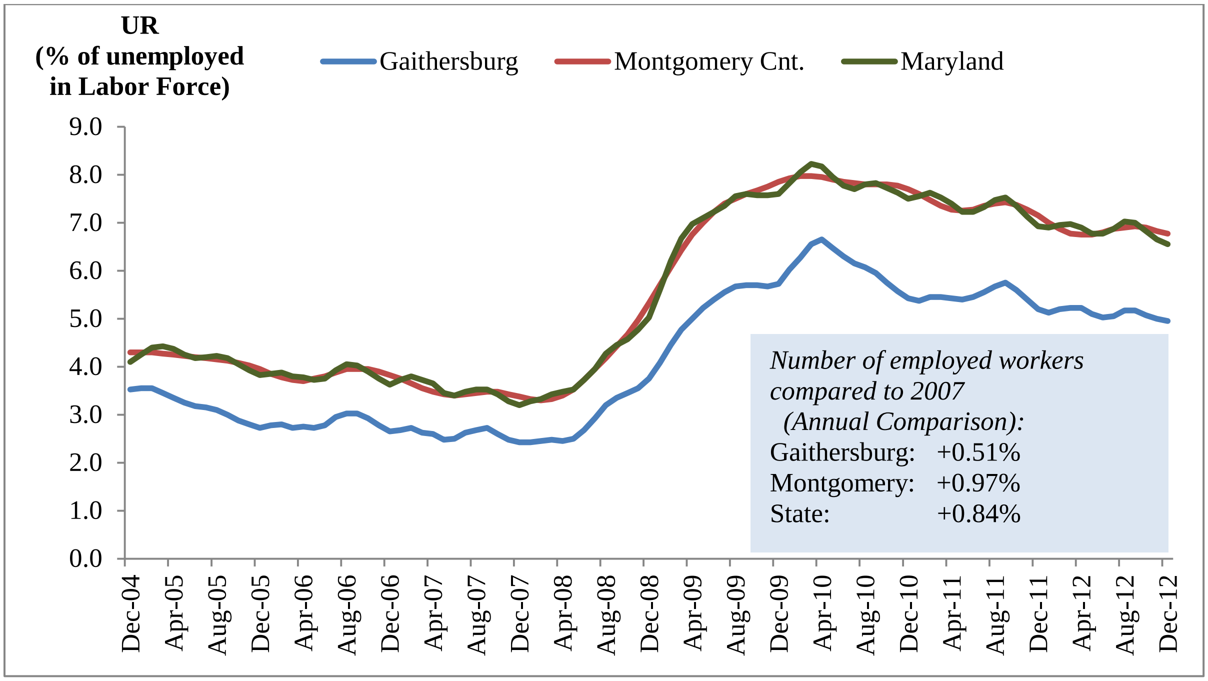



Source: Census Bureau, American Community Survey (3-year Estimate)

What is not consistent with lower educational attainment and lower incomes is lower unemployment, but that's precisely what one observes in Gaithersburg. Between 2005 and 2012, the city's unemployment rate was on average 1.4 percentage point *lower* than the county's. According to the Bureau of Labor Statistics, the pace of job creation has fully recovered from the 2007–2009 recession. Recent data indicate that the city's employed population is approximately 0.5 percent greater than the previous peak achieved in 2007.[11] It is likely that many recent immigrants to the city possess less educational attainment than more established Gaithersburg families. However, many of these immigrants came to America to work and are in fact working, which helps explain how the city is simultaneously associated with lower educational attainment and unemployment – a statistical rarity.

[11]Bureau of Labor Statistics. (n.d.) *Local Area Unemployment Statistics* .Retrieved on March 1st, 2013, from http://data.bls.gov/cgi-bin/dsrv; Bureau of Labor Statistics. (n.d.) Retrieved on March 1st, 2013, from http://data.bls.gov/cgi-bin/dsrv

Exhibit 6: Unemployment Rate, Four-month Moving Average, Gaithersburg v. County & State, 2005-2012




Source: Bureau of Labor Statistics

Exhibit 7 reflects the number of business establishments located within nine zip codes located in Gaithersburg. Between 2000 and 2010, the number of businesses in these Gaithersburg zip code areas more than doubled, in large measure because of an enormous increase in micro-enterprises. Nearly three in four businesses has less than 9 employees

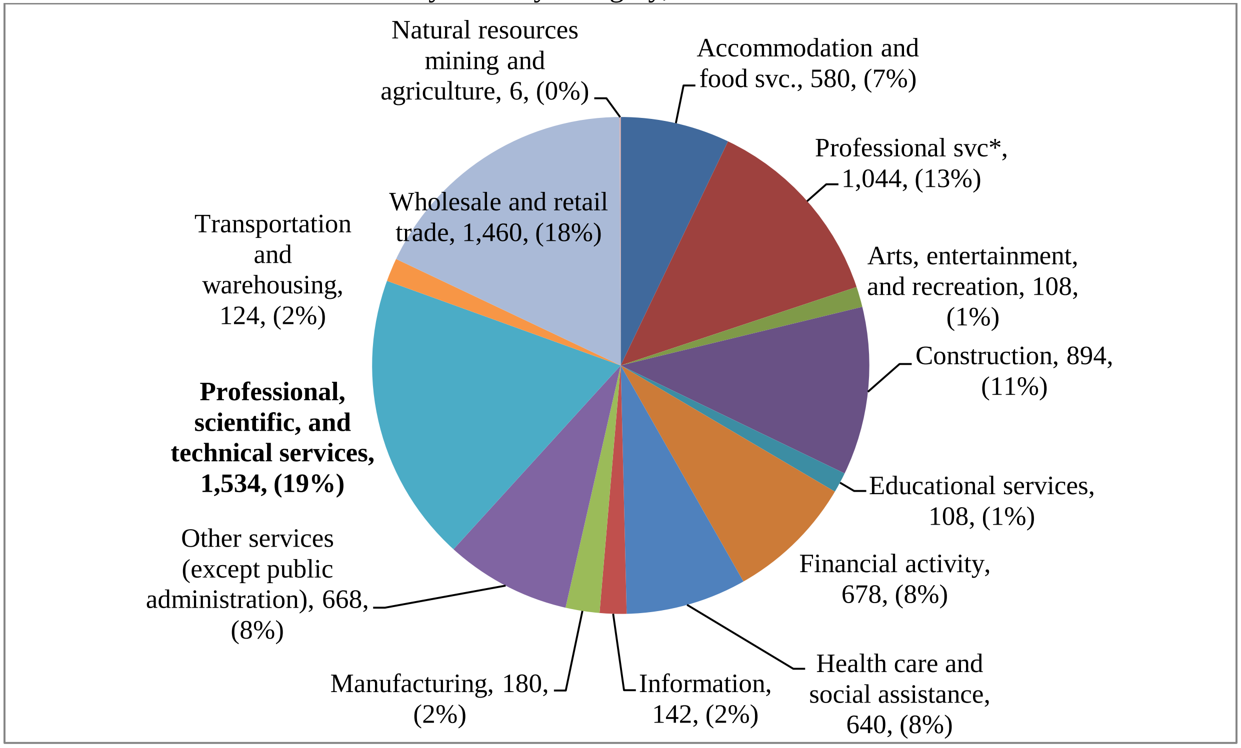
Exhibit 7: Number of Business Establishment by Size (measured in number of employees), 2000 v. 2010

| | ***2000*** | | ***2010*** | |
|---|---|---|---|---|
| | *Number of Establishments* | *% of Total Establishment* | *Number of Establishments* | *% of Total Establishment* |
| ***All establishments*** | ***3,718*** | ***100%*** | ***8,166*** | ***100%*** |
| 1 to 4 employees | 1,917 | 51.6% | 4,510 | 55.2% |
| 5 to 9 employees | 691 | 18.6% | 1,400 | 17.1% |
| 10 to 19 employees | 509 | 13.7% | 1,128 | 13.8% |
| 20 to 49 employees | 382 | 10.3% | 692 | 8.5% |
| 50 to 99 employees | 125 | 3.4% | 246 | 3.0% |
| 100 or more employees | 94 | 2.5% | 190 | 2.3% |

Source: Census Bureau, Zip Code Business Pattern. The total for consolidated area of 9 zip code areas including: 20877, 20878, 20879, 20882, 20883, 20884, 20885, 20898, and 20899.

In 2010, nearly 20 percent of all businesses established in Gaithersburg were in the professional scientific classification. Other key categories are retail and wholesale trade (18% of all establishments) and other professional services (13%). See Exhibit 8 for additional, relevant statistical detail.

Exhibit 8: Business Establishment by Industry Category, 2010



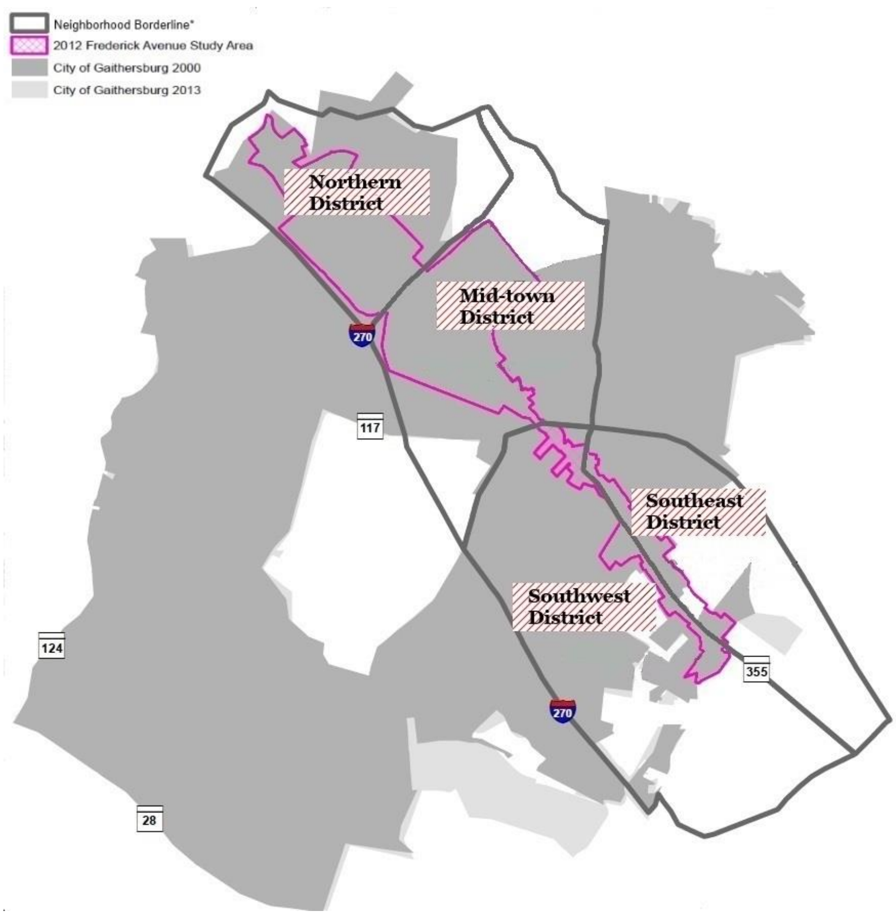

Source: Census Bureau, Zip Code Business Pattern *Includes administrative services, waste management, remediation services, and management of companies and enterprises.

## II. A Deep Statistical Dive into the Frederick Avenue Corridor

The previous section focused upon citywide economic and demographic dynamics. As this section will demonstrate, many of these dynamics are applicable to the Frederick Avenue Corridor, which is also associated with rapid immigrant population growth, significant business start-up activity, including of immigrant-owned businesses, and demographic characteristics that represent a bit of a departure from longer-term Gaithersburg history.

### i. Corridor Demographics

For the purpose of this analysis, the relevant sections of the Frederick Avenue Corridor and proximate areas have been divided into four neighborhoods – the North District, Mid-town District, Southeast District, and Southwest District. The study area reflects City of Gaithersburg considerations. The study team selected these neighborhood designations based on geographic definitions utilized in the 2000 decennial census. The map below supplies a sense of how these designations relate to the relevant portion of Frederick Avenue/MD 355.




A number of new census tracts were introduced in Gaithersburg during the 2010 Decennial Census. The following exhibit provides detail regarding census tracts used in 2000 and 2010, respectively. The data below have largely been organized using these census tracts. The study team pulled data from both the decennial census databases and the American Community

Survey.[12] Due to limited data availability, the analysis of the four focus areas is restricted to basic population and housing profiles.

| | 2000 Census | 2010 Census | Land area in million sq.ft.* | |
|---|---|---|---|---|
| Northern District: | 7007.12 | 7007.22, 7007.21 | 33.37 | (33.34) |
| Mid-town District: | 7007.13, 7007.14 | 7007.13, 7007.23, 7007.24 | 43.06 | (43.05) |
| Southwest District | 7007.05 | 7007.17, 7007.18 | 57.81 | (58.81) |
| Southeast District | 7007.04 | 7007.04 | 31.06 | (31.37) |

* The size of land areas for each District based on 2000 and 2010 Census definition (figures in parenthesis indicate the total land area as defined in the Census 2010). The discrepancy in land area between the two Censuses is limited to less than two-percentage for each District.

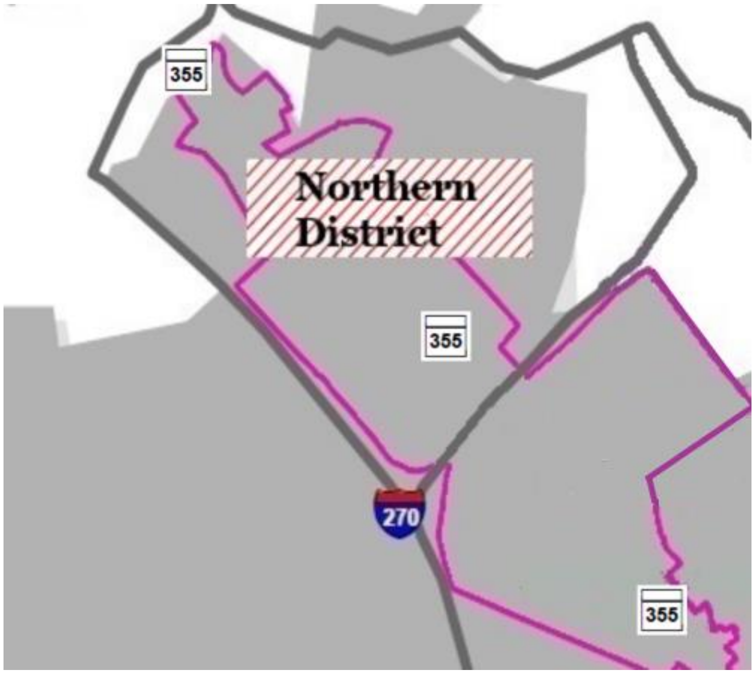
In the pages below, the reader will find two sets of discussions for each district. The first set of discussions revolve around relatively large geographic areas, parts of which sometimes fall outside of City of Gaithersburg limits. The second set of discussions for each district pertains to an area more closely tied to Frederick Avenue itself.

## Northern District

The District in its Entirety

The Northern District corresponds to the portion of the Corridor north of MD 124 (Montgomery Village Avenue). The District encompasses approximately 33.37 million square feet of area. The District includes both substantial residential and commercial segments.

[12] Census 2010 did not implement the "long-form" questionnaire, which was used as a basis for imputing detailed demographic data in prior years. For this reason, the study team relied heavily upon American Community Survey five-year averaged data to generate as much granularity as possible.

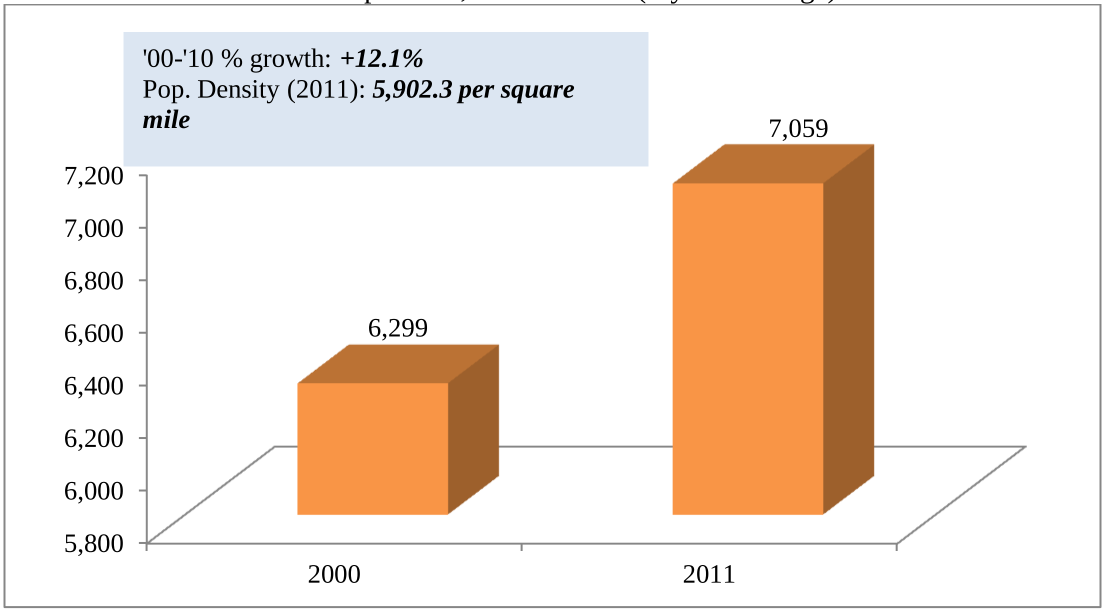



| Northern District | |
|---|---|
| : District border line<br>: City territory | ***Census Tracts included in the analysis (as defined in 2010 Census):***<br>7007.22, 7007.21 |

Source: Census Bureau

As of 2011, the Northern District's population was estimated at approximately 6,300. Between 2000 and 2011, population in this district expanded 12.1 percent. Among the four districts under consideration, the Northern District is the second-most populous. Though this is a densely commercial area, population growth has been significant and as of 2011 the district's population density was 5,902.3 per square mile. The population of school-aged children (younger than age 14) living in this District expanded 37 percent from 990 to 1,360 between 2000 and 2011, helping to reduce the district's median age.

Exhibit 9: Northern District Population, 2000 v. 2011 (5-year Average)




Source: Census Bureau

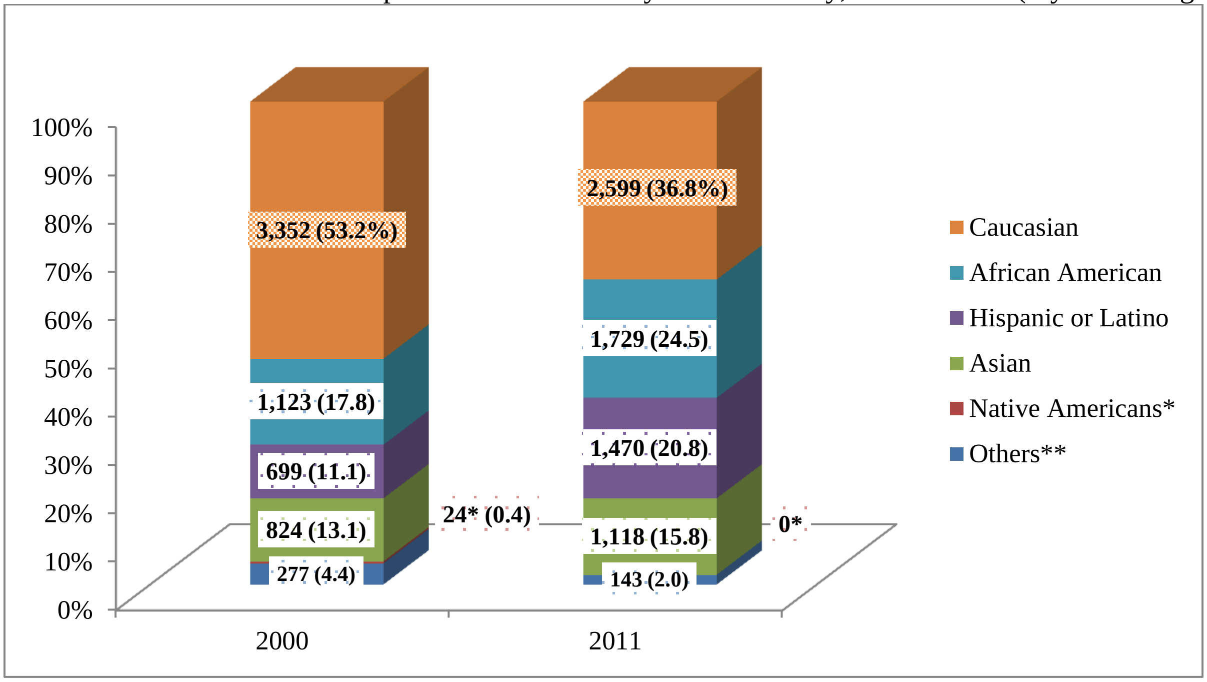
Exhibit 10: Northern District Population by Age Group, 2000 v. 2011 (5-year Average)

| Total Population | **2000** | **% of the Population** | **2011** | **% of the Population** |
|---|---|---|---|---|
| **Total** | **6,299** | **100.0%** | **7,059** | **100.0%** |
| < 14 | 989 | 15.7% | 1,358 | 19.2% |
| 15 - 24 | 844 | 13.4% | 887 | 12.6% |
| 25 - 44 | 2,526 | 40.1% | 2,717 | 38.5% |
| 45 - 64 | 1,453 | 23.1% | 1,603 | 22.7% |
| 65 < | 487 | 7.7% | 494 | 7.0% |
| **Median Age*** | *34.8* | -- | *31.9* | -- |

Source: Census Bureau *Average of median age for multiple Census tracts.

Exhibit 11 reflects the breakdown of Northern District population by race and ethnicity. Between 2000 and 2011 the District lost 22.5 percent of its Caucasian population. By 2011, more than 60 percent of the population was classified as being of minority race and/or ethnicity. According to recent data, African-Americans account for 24.5 percent of total population. Roughly one in five residents is Hispanic/Latino. In 2000, this group comprised only 11.1 percent of Northern District population.

Exhibit 11: Northern District Population Breakdown by Race/Ethnicity, 2000 v. 2011 (5-year Average)




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian). **Includes people of multi-race or ethnicity. NOTE: Numbers in parenthesis are percentage of total population.

Exhibit 12 reflects the educational attainment of the Northern District's adult population (age 25 and older). Between 2000 and 2011, the proportion of those with a college degree or higher expanded from 45 percent to nearly 50 percent. However, the proportion with a graduate degree actually declined from 22 percent to 15 percent, which is telling. Data indicate that older, highly educated households are disproportionately leaving the community, tending to be replaced by younger households associated with a college degree as their highest form of educational attainment.

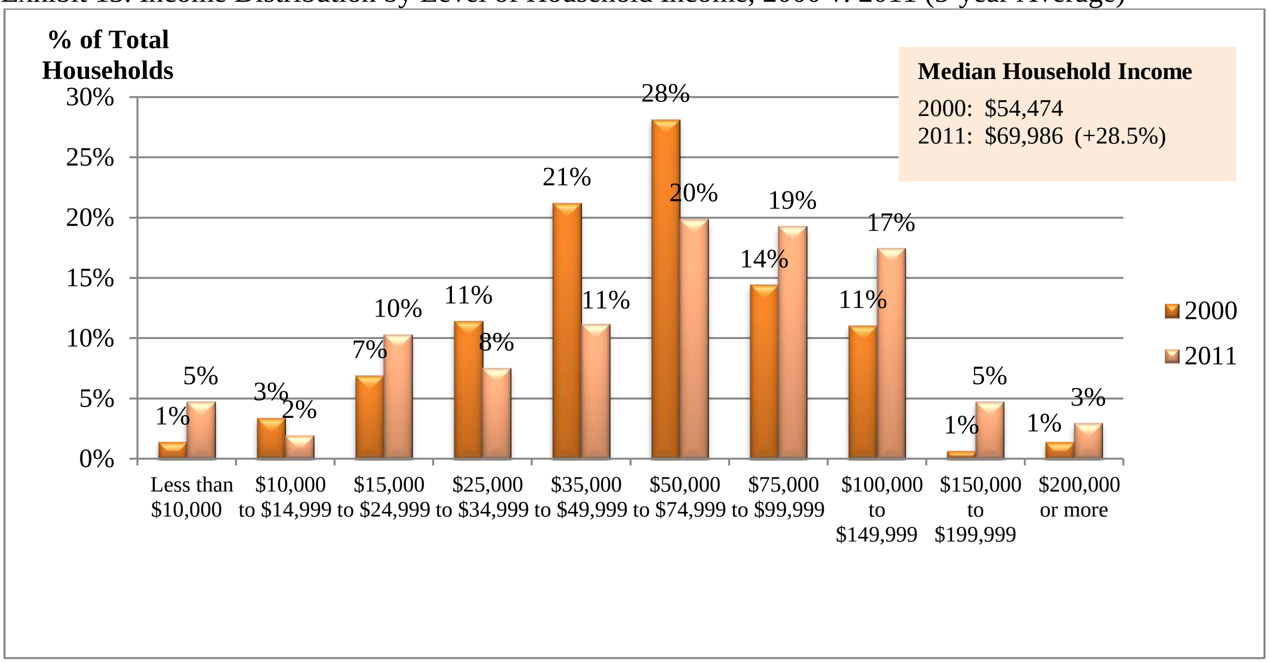
Five-year average median household income in 2011 for the Northern District residents was approximately $70,000 (in 2011 dollars). In nominal terms, income had grown 28.5 percent since 2000. Exhibit 13 provides household income data for 2000 and 2011. Note that income disparities have widened over time, with higher proportions of households generating below $10,000 and above $200,000 per annum in 2011 vis-à-vis 2000.

Exhibit 12: Population Aged 25 and Older by Educational Attainments, 2000 v. 2011 (5-year Average)

| | 2000 | | 2011 | |
|---|---|---|---|---|
| **Population 25 years and over** | **4,466** | **100.0%** | **4,814** | **100.0%** |
| Less than 9th grade | 99 | 2.2% | 138 | 2.9% |
| 9th to 12th grade, no diploma | 226 | 5.1% | 441 | 9.2% |
| High school graduate or equivalent | 838 | 18.8% | 626 | 13.0% |
| Some college, no degree | 1,070 | 24.0% | 1,002 | 20.8% |
| Associate's degree | 228 | 5.1% | 225 | 4.7% |
| Bachelor's degree | 1,033 | 23.1% | 1,644 | 34.2% |
| Graduate or professional degree | 972 | 21.8% | 738 | 15.3% |
| | | | | |
| **Up to High School Degree** | *1,163* | *26.0%* | *1,205* | *25.0%* |
| **More than Bachelor's Degree** | *2,005* | *44.9%* | *2,382* | *49.5%* |

Source: Census Bureau

Exhibit 13: Income Distribution by Level of Household Income, 2000 v. 2011 (5-year Average)




Source: Census Bureau

The following exhibits provide snapshot data regarding the Northern District's employment situation. Labor force participation is high and has been rising over time as has the number of employed despite a predictable increase in the unemployment rate. Job growth has been rapid in distribution and wholesale segments. Other rapidly expanding industries include entertainment and retail. However, the presence of financial services, a high-wage sector, has shrunk substantially (Exhibit 15).

Exhibit 14: Employment Situation in Northern District, 2000 v. 2011 (5-year Average)

| | **2000** | **2011** |
|---|---|---|
| Population 16 years and over | 5,265 | 5,652 |
| In labor force | 4,166 | 4,669 |
| Civilian labor force | 4,120 | 4,638 |
| **Employed** | **3,979** | **4,433** |
| **Unemployed** | **141** | **205** |
| Armed Forces | 46 | 31 |
| Not in labor force | 1,099 | 983 |
| ***Unemployment Rate (as % of civilian labor force)*** | *3.4%* | *4.4%* |
| ***Labor Force Participation Rate*** | *79.1%* | *82.6%* |

Source: Census Bureau

Exhibit 15: Employed Population of 16 Years and Over by Industry, 2000 v. 2011 (5-year Average)

| | ***2000*** | ***2011*** | *Absolute % Ch.* |
|---|---|---|---|
| **Civilian employed population 16 years and over** | **3,979** | **4,433** | **11.4%** |
| Agriculture, forestry, fishing & hunting, & mining | 0.4% | 0.0% | -100.0% |
| Construction | 4.0% | 5.3% | +50.0% |
| Manufacturing | 6.1% | 1.4% | -74.9% |
| Wholesale trade | 0.6% | 1.2% | +108.0% |
| Retail trade | 10.8% | 14.4% | +49.0% |
| Transportation & warehousing, & utilities | 2.6% | 4.3% | +85.4% |
| Information | 6.7% | 1.8% | -69.7% |
| Finance & insurance, & real estate & rental & leasing | 7.9% | 4.1% | -41.5% |
| Professional, scientific, & management, & administrative & waste management services | 18.6% | 21.3% | +27.1% |
| Educational services, & health care & social assistance | 19.1% | 20.1% | +17.7% |
| Arts, entertainment, & recreation, & accommodation & food services | 8.6% | 12.0% | +56.3% |
| Other services, except public administration | 5.5% | 4.8% | -1.4% |
| Public administration | 9.2% | 9.2% | +10.6% |

Source: Census Bureau

Based on housing data for 2011 (5-year average), there are approximately 250 vacant homes in the Northern District, or 7.6 percent of all housing units. The homeownership rate is approximately 50 percent, which is slightly lower than the city's 56.5 rate, and is consistent with the presence of younger families, many of which do not yet have incomes consistent with homeownership status.[13] That said, the proportion of owner-occupied dwellings in the district rose between 2000 and 2011, which cannot be said of many communities.

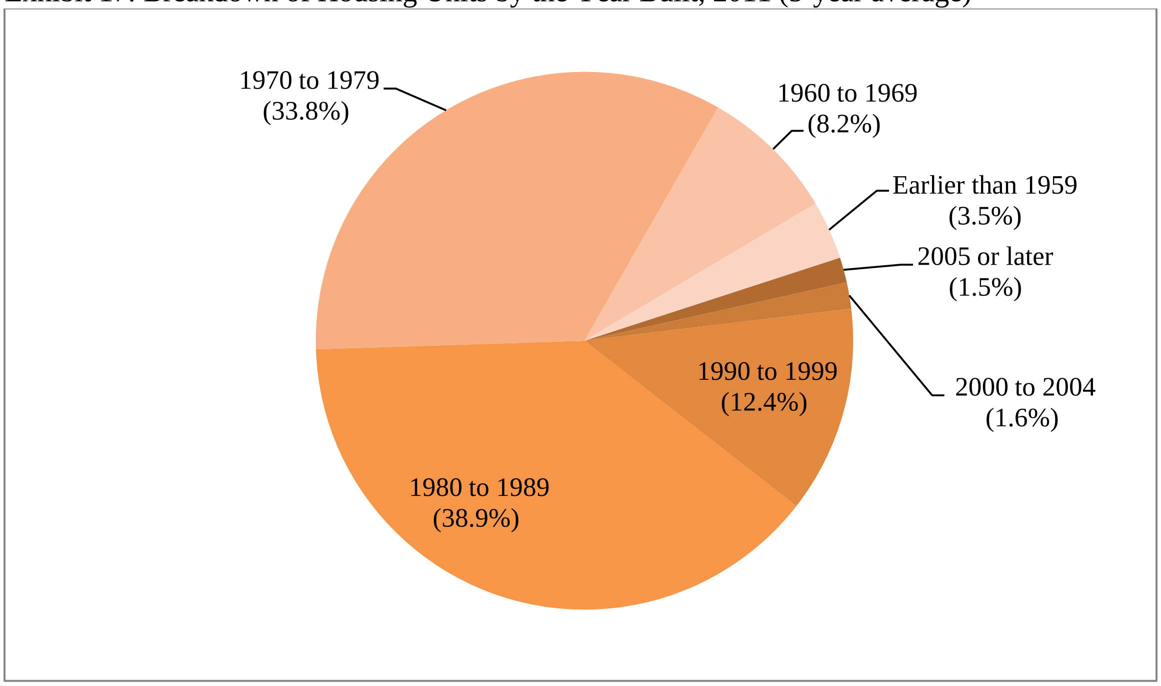
Exhibit 16: Total Housing Units and Breakdown by Tenure and Occupancy of the Unit, 2000 v. 2011 (5-year average)

| | **2000** | % of Total Units | **2011** | % of Total Units |
|---|---|---|---|---|
| **Total housing units** | **3,093** | | **3,294** | |
| **Occupied housing units** | 2,936 | 94.9% (100%)* | 3,045 | 92.4% (100%) |
| **Owner-occupied** | 1,453 | 47.0% (49.5) | 1,593 | 48.4% (52.3) |
| **Renting** | 1,483 | 47.9% (50.5) | 1,452 | 44.1% (47.7) |
| **Vacant housing units** | 157 | 5.1% | 249 | 7.6% |

Source: Census Bureau *Percentages in parenthesis are expressed in terms of total occupied housing units.

As reflected in Exhibit 17, nearly half of the district's housing units are more than thirty years old (built before 1980). Fewer than 2 percent have been built since 2005. On the other hand, the proportion of homes that are in excess of 40 years old is the lowest among all corridor districts.

Exhibit 17: Breakdown of Housing Units by the Year Built, 2011 (5-year average)

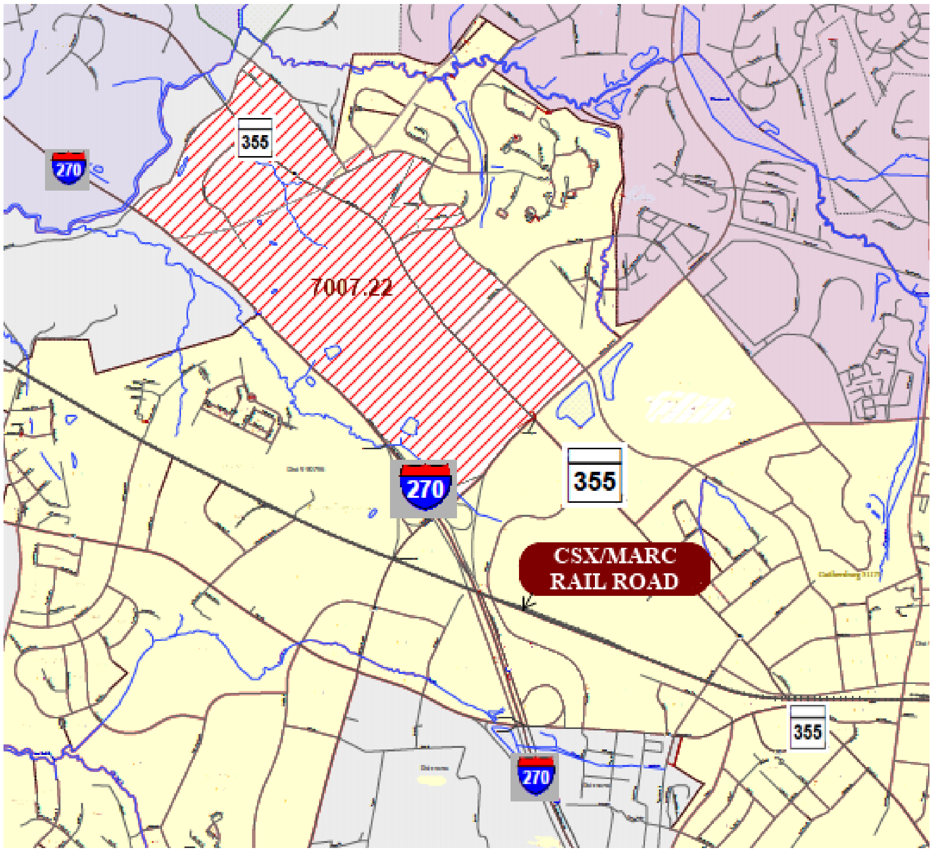



Source: Census Bureau

<u>The Corridor's Portion of the Northern District</u>

Within the Northern District are approximately 400 acres of land that are part of the Frederick Avenue Corridor as defined in this study. This represents a rather limited geographic area and therefore the population numbers discussed below represent a small portion of Gaithersburg's population. It is important to note that the demographic characteristics of this portion of the Northern District are most directly impacted by the economic activities along the Corridor. The map below indicates the area of interest using red diagonals.

[13] Census Bureau. (n.d.) *2007-2011 American Community Survey 5-Year Estimates.* Retrieved on April 19th, 2013, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?fpt=table

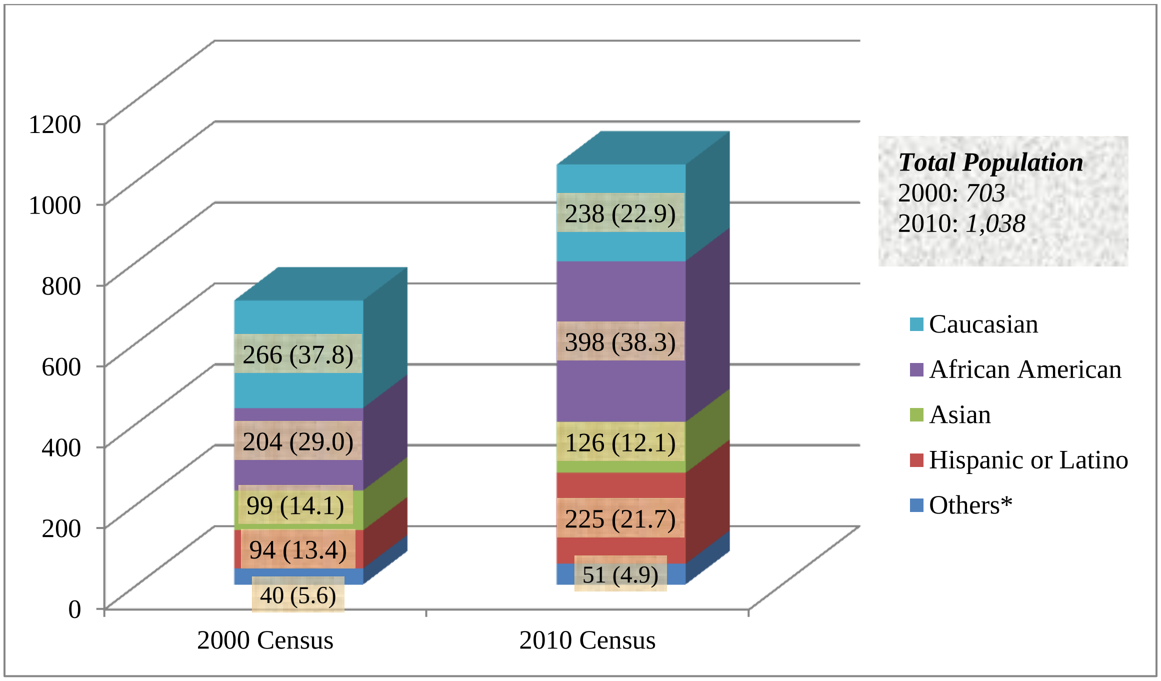



| Northern District Focus Area | |
|---|---|
| **"7007.22"**: Census Tract Number<br><br>: Focus Area | ***Census Blocks included in the analysis (as defined in 2010 Census)***:<br>Census Tract 7007.22, Block 1011, 1012, 1013, 1014, 1016, 1017, 2004, & 2003 |

Source: Census Bureau

According to the 2010 Census, the Northern District's population is 1,038. The population expanded by 335, or 47.7 percent, since the 2000 Census. Most of the new residents in the area are of either African-American or Hispanic descent. The number of African-American and Hispanic residents rose by 194 and 131 respectively over the course of the decade (this represents 325 of the 335 citizens added on net over that 10 year period, or 97 percent). While the minority population expanded quickly, the number of Caucasians shrunk by 28 between 2000 and 2010. Statistical detail is provided in Exhibit 18 below.

Exhibit18: Total Population and Race/Ethnic Breakdown of Northern District, Corridor Portion, 2000 v. 2010




Source: Census Bureau *Includes Native Americans, Alaskan Native, Pacific Islanders/Hawaiians, and people of multi-race or ethnicity. NOTE: Numbers in parenthesis represent percentage of total population.

Exhibit 19 summarizes the age breakdown of the Frederick Avenue Corridor's portion of the Northern District. While this is generally a youthful population, the proportion of senior population rose from 11.8 percent in 2000 to 22.3 percent in 2010.

Exhibit 19: Population Breakdown by Age Group, 2000 v. 2010 Census

| | 2000 | | 2010 | |
|---|---|---|---|---|
| **TOTAL** | **703** | **100%** | **1,038** | **100%** |
| Age < 17 | 176 | 25.0% | 269 | 25.9% |
| 18 - 29 | 172 | 24.5% | 208 | 20.0% |
| 30 - 49 | 272 | 38.7% | 329 | 31.7% |
| 50 - 64 | 64 | 9.1% | 184 | 17.7% |
| 65 < | 19 | 2.7% | 48 | 4.6% |
| **Median Age:** | | *30.6* | | *31.5* |

Source: Census Bureau *Averaged median age weighted by the population of each census block in the focus area.

According to the 2010 Census, a total of 440 housing units were identified in this section of the study area. Based on a comparison with the 2000 Census, the area added more than 100 housing units, or 35 percent. Despite the rise in available housing units, the residential vacancy rate fell from 8.3 percent to 6.4 percent between the 2000 and 2010 Census. However, homeownership declined during this period. According to the 2010 Census, residents owned approximately 12.6 percent of total occupied units, down from 18.7 percent in 2000. For purposes of comparison, the homeownership rate in the entire Northern District is greater than 50 percent.

Exhibit 20: Housing Statistics, 2000 v. 2010 Census

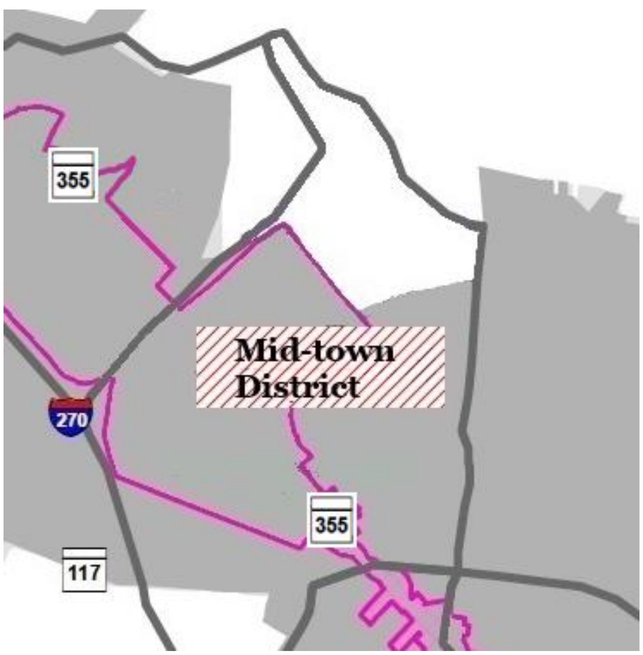
| | 2000 Census | 2010 Census |
|---|---|---|
| **TOTAL HOUSING UNITS** | **326** | **440** |
| **Vacant Units** | 27 | 28 |
| *Vacancy Rate* | 8.3% | 6.4% |
| **Occupied Homes** | **299** | **412** |
| Owner | 56 | 52 |
| Renter | 243 | 360 |
| *Home ownership rate* | 18.7% | 12.6% |

Source: Census Bureau

## Mid-town District

<u>The District in its Entirety</u>

The Mid-town District represents the portion of the Corridor delineated by MD 124 and Diamond Avenue. The District is primarily a commercial one, occupied largely by retailers and office buildings. Major establishments include Lakeforest Mall, Olde Towne (enterprise zone), and the Fairgrounds. From a traffic perspective, this represents one of the busiest portions of the Corridor and includes an entrance to I-270.

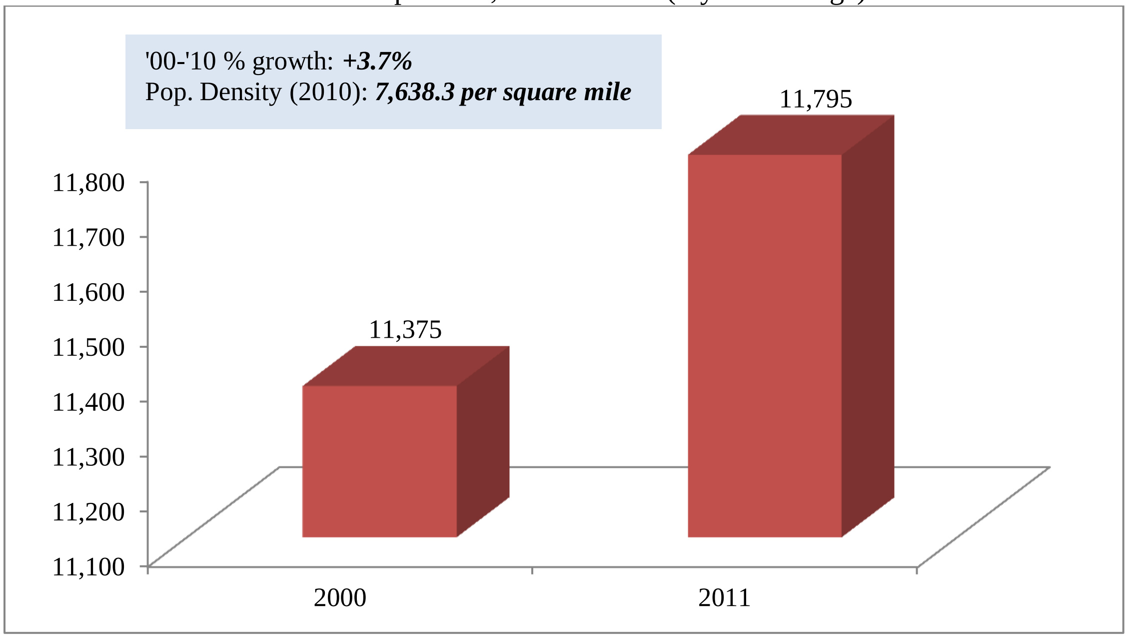



| **Mid-town District** | |
|---|---|
| : District border line<br>: City territory | ***Census Tracts included in the analysis (as defined in 2010 Census):***<br>7007.13, 7007.23, 7007.24 |

Source: Census Bureau

Exhibit 21 reflects population dynamics in the Mid-town District. Population growth in this district has been slow, rising less than 4 percent between 2000 and 2011. Population density is high, however, at more than 7,600 people per square mile, which is the highest density among the Frederick Avenue Corridor's four districts.

Exhibit 21: Mid-town District Population, 2000 v. 2011 (5-year Average)




Source: Census Bureau

As reflected in Exhibit 22, this district's population is rapidly aging. Median age stood at nearly 43 years by 2011, up from less than 37 years just eleven years prior. Roughly 18 percent of the district's population has achieved the age of 65.

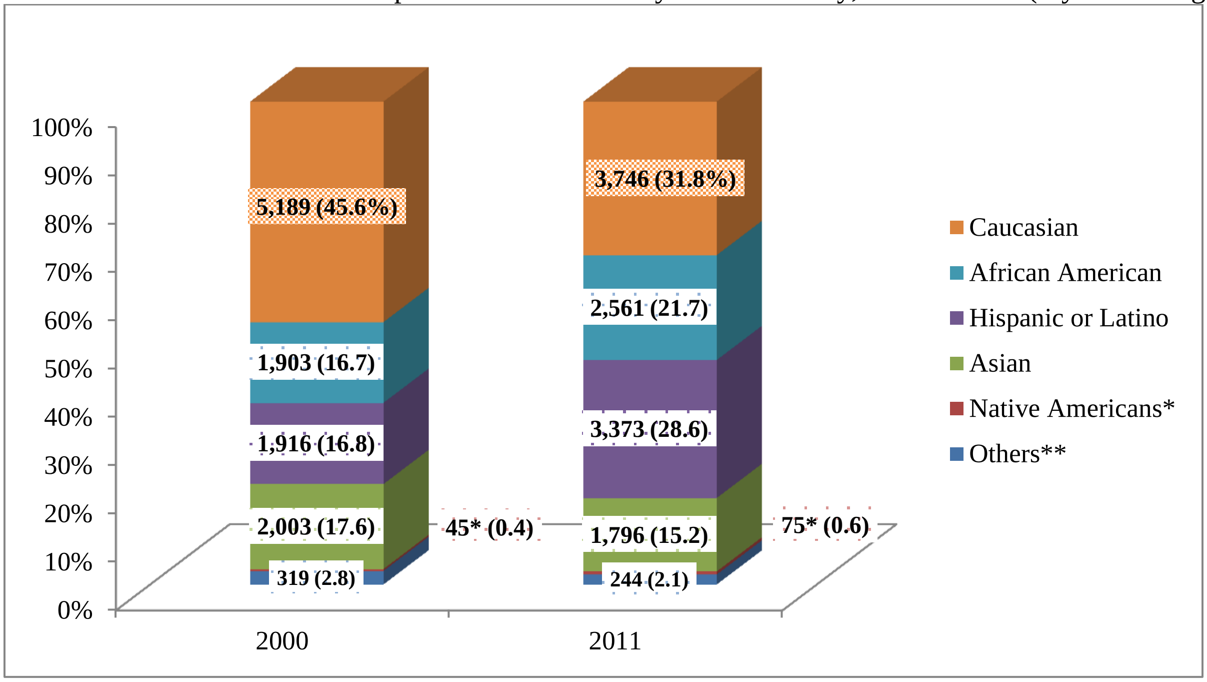
Exhibit 22: Mid-town District Population by Age Group, 2000 v. 2011 (5-year Average)

| Total Population | **2000** | **% of the Population** | **2011** | **% of the Population** |
|---|---|---|---|---|
| **Total** | **11,375** | **100.0%** | **11,795** | **100.0%** |
| < 14 | 1,862 | 16.4% | 1,987 | 16.8% |
| 15 - 24 | 1,200 | 10.5% | 1,034 | 8.8% |
| 25 - 44 | 4,295 | 37.8% | 4,491 | 38.1% |
| 45 - 64 | 1,602 | 14.1% | 2,214 | 18.8% |
| 65 < | 2,416 | 21.2% | 2,069 | 17.5% |
| **Median Age*** | *36.6* | -- | *42.8* | -- |

Source: Census Bureau *Average of median age for multiple Census tracts.

As reflected in Exhibit 23, the Mid-town District is majority minority. Caucasian population as a proportion of total district population declined from 45.6 percent to 31.8 percent between 2000 and 2011. During the corresponding period, Hispanic population rose 76 percent, pushing Hispanic population share to nearly 29 percent by 2011.

Exhibit 23: Mid-town District Population Breakdown by Race/Ethnicity, 2000 v. 2011 (5-year Average)




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian).
**Includes people of multi-race or ethnicity NOTE: Numbers in parenthesis are percentage of total population.

Exhibit 24 reflects educational attainment in the Mid-town District. By some measures the district has become more educated; by others, less educated. While a higher proportion of the district's population has achieved a high school degree relative to 2000, a lower percentage has a bachelor's or graduate degree. It appears that many of those moving into the district have a high school degree as their highest form of educational attainment while many who moved out were associated with college degrees or better.

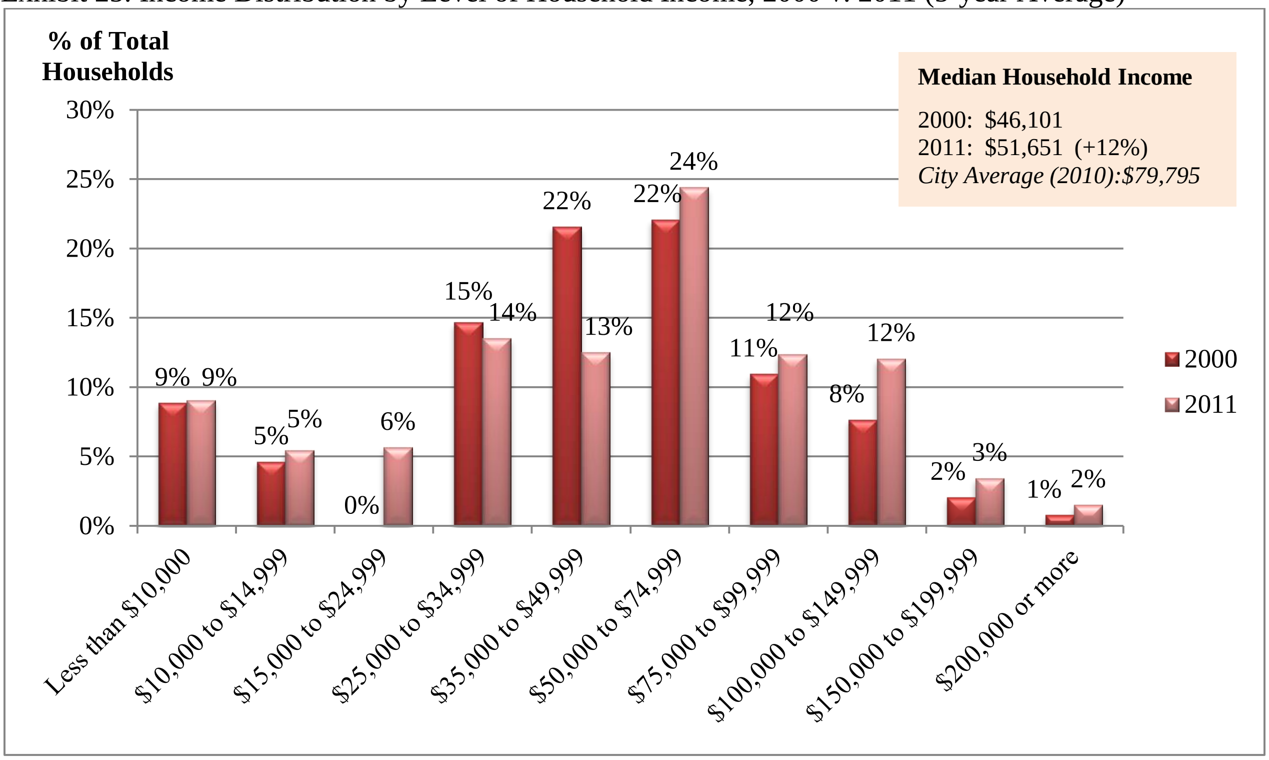
Exhibit 24: Population Aged 25 and Older by Educational Attainments, 2000 v. 2011 (5-year Average)

| | 2000 | % of the Population | 2011 | % of the Population |
|---|---|---|---|---|
| **Population 25 years and over** | **8,313** | **100.0%** | **8,774** | **100.0%** |
| Less than 9th grade | 480 | 5.8% | 806 | 9.2% |
| 9th to 12th grade, no diploma | 741 | 8.9% | 876 | 10.0% |
| High school graduate or equivalent | 1,420 | 17.1% | 2,260 | 25.8% |
| Some college, no degree | 1,478 | 17.8% | 1,362 | 15.5% |
| Associate's degree | 282 | 3.4% | 485 | 5.5% |
| Bachelor's degree | 2,130 | 25.6% | 1,865 | 21.3% |
| Graduate or professional degree | 1,782 | 21.4% | 1,120 | 12.8% |
| | | | | |
| **Up to High School Degree** | 2,641 | 31.8% | 3,942 | 44.9% |
| **More than Bachelor's Degree** | 3,912 | 47.1% | 2,985 | 34.0% |

Source: Census Bureau

2011 median income for the Mid-town District residents was approximately $52,000, the lowest level among the four corridor districts and about 35.3 percent below the citywide median for 2010. The district's median household income expanded just 12 percent in nominal terms between 2000 and 2011, considerably slower than the national inflation rate of 30.6 percent during the corresponding period.[14]

Exhibit 25: Income Distribution by Level of Household Income, 2000 v. 2011 (5-year Average)




Source: Census Bureau

[14] Bureau of Labor Statistics. (n.d.) Consumer Price Index. Retrieved on March 1st, 2013, from http://data.bls.gov/pdq/SurveyOutputServlet

Exhibits 26 and 27 below reflect the employment situation of Mid-town District residents. Compared to other neighborhoods in the Corridor area, the labor participation rate among Mid-town residents is low, with 64.6 percent of adults participating in the labor force in 2011. That is up from 61.9 percent in 2000, however, and not low by national standards.

The unemployment rate among civilian workers was 4.9 percent in 2011, lower than the 12-month average rate citywide. The employment status among civilian workers had improved substantially compared to a decade ago when the unemployment rate was 7.5 percent. According to Census estimates, 49.3 percent of all civilian workers are engaged in retail trade, education/health services, or professional services. Interestingly, employment in the arts/entertainment/accommodation segment experienced the fastest rate of growth during the decade of the 2000s among major job producing segments and as of 2011 represented 14.2 percent of the total employment base (7.6% in 2000). By contrast, employment opportunities for residents declined between 2000 and 2011 in retail and financial categories. The increase in the share of construction employment may be surprising, but probably reflects the nature of the work that residents do today relative to past populations. This is not necessarily an indication of strength in the local construction industry.

Exhibit 26: Employment Situation in Mid-town District, 2000 v. 2011 (5-year Average)

| | **2000** | **2011** |
|---|---|---|
| Population 16 years and over | 9,402 | 9,615 |
| In labor force | 5,823 | 6,212 |
| Civilian labor force | 5,794 | 6,140 |
| **Employed** | 5,358 | 5,842 |
| **Unemployed** | 436 | 298 |
| Armed Forces | 29 | 72 |
| Not in labor force | 3,579 | 3,403 |
| ***Unemployment Rate (as % of civilian labor force)*** | *7.5%* | *4.9%* |
| ***Labor Force Participation Rate*** | *61.9%* | *64.6%* |

Source: Census Bureau

Exhibit 27: Employed Population of 16 Years and Over by Industry, 2000 v. 2011 (5-year Average)

| | ***2000*** | ***2011*** | *Absolute % Ch.* |
|---|---|---|---|
| **Civilian employed population 16 years and over** | **5,358** | **5,842** | **9.0%** |
| Agriculture, forestry, fishing & hunting, & mining | 0.0% | 0.0% | N/A |
| Construction | 5.5% | 7.2% | +40.7% |
| Manufacturing | 6.4% | 4.1% | -29.7% |
| Wholesale trade | 1.2% | 1.0% | -4.8% |
| Retail trade | 15.0% | 9.6% | -30.4% |
| Transportation & warehousing, & utilities | 3.0% | 2.7% | 0.0% |
| Information | 5.4% | 2.4% | -52.2% |
| Finance & insurance, & real estate & rental & leasing | 9.3% | 5.2% | -39.4% |
| Professional, scientific, mng't, admin.& waste mng't services | 21.5% | 20.3% | +3.0% |
| Educational services, & health care & social assistance | 13.5% | 19.5% | +57.5% |
| Arts, entertainment, recreation, accommodation, food services | 7.6% | 14.2% | +104.2% |
| Other services, except public administration | 5.9% | 5.0% | -6.9% |
| Public administration | 5.8% | 8.9% | +68.0% |

Source: Census Bureau

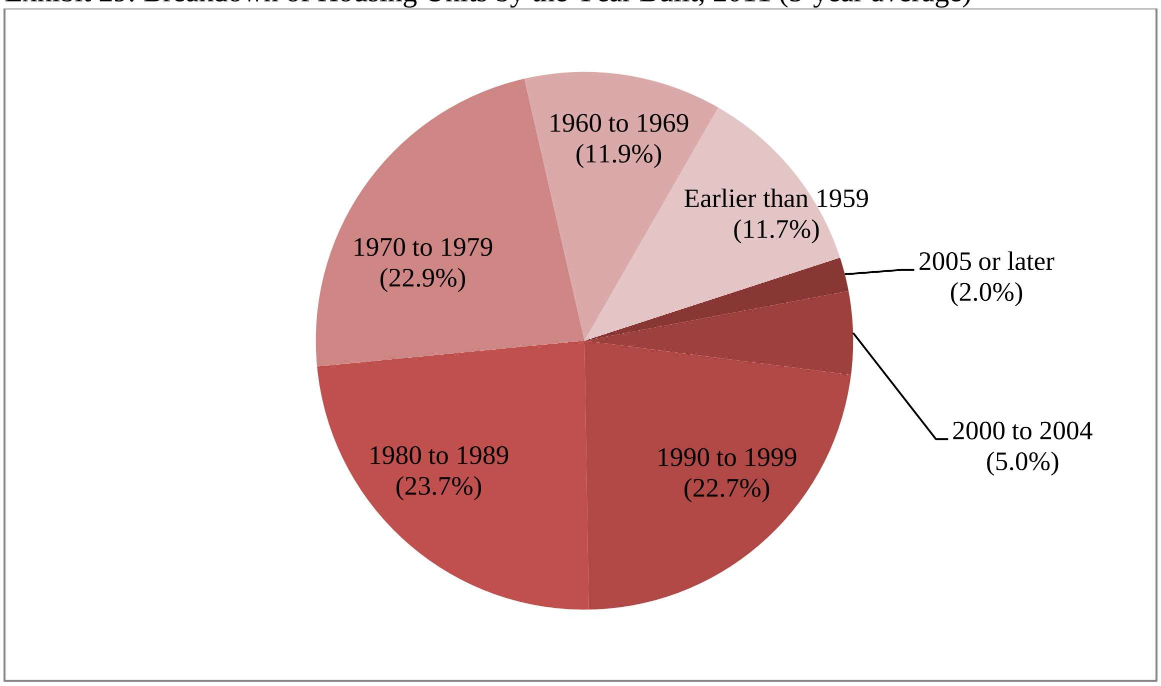
Exhibits 28 and 29 summarize tenure and the age of housing units for the Mid-town District. Between 2000 and 2011, vacancy increased from less than 5 percent to 6.6 percent. Vacancy does not appear to be problematic. However, the homeownership rate in this District is the lowest among the four districts under consideration. Dwellings in the district are relatively newer, with more than half of housing units fewer than forty years old (See Exhibit 29).

Exhibit 28: Total Housing Units and Breakdown by Tenure and Occupancy of the Unit, 2000 v. 2011(5-year average)

| | **2000** | % of Total Units | **2011** | % of Total Units |
|---|---|---|---|---|
| **Total housing units** | **5,296** | **100.0%** | **5,450** | **100.0%** |
| **Occupied housing units** | 5,046 | 95.3% (100%)* | 5,091 | 93.4% (100%) |
| **Owner-occupied** | 1,085 | 20.5% (21.5) | 1,036 | 19.0% (20.3) |
| **Renting** | 3,961 | 74.8% (78.5) | 4,055 | 74.4% (79.9) |
| **Vacant housing units** | 250 | 4.7% | 359 | 6.6% |

Source: Census Bureau *Percentages in parenthesis are expressed in terms of total occupied housing units

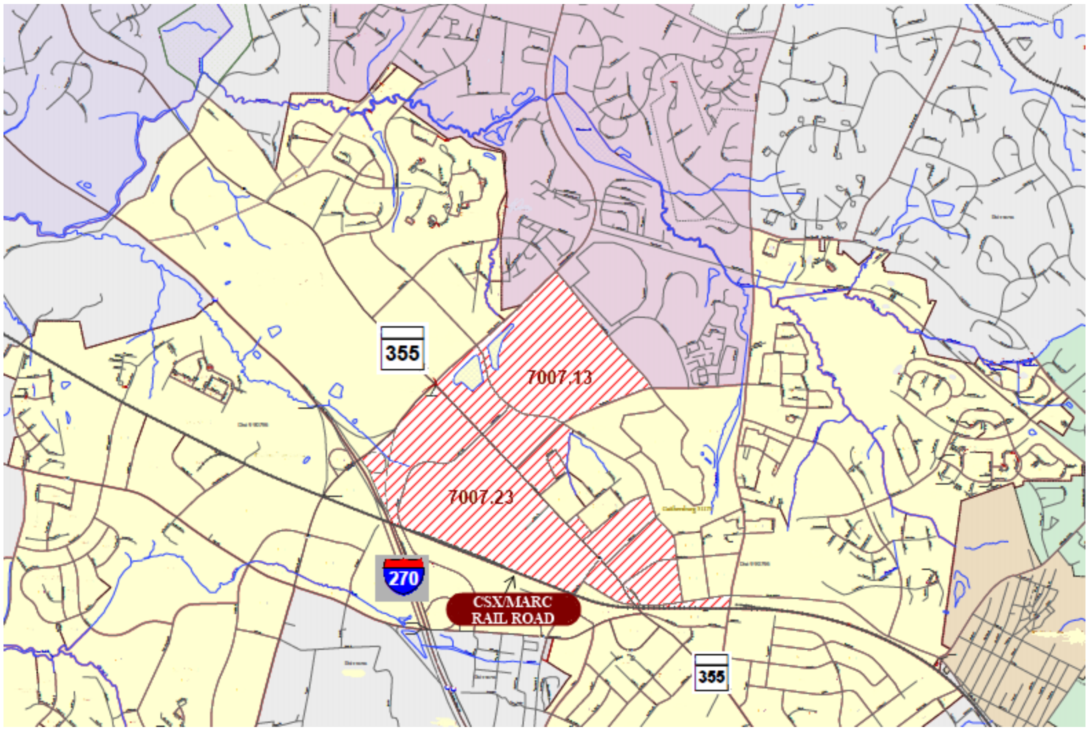
Exhibit 29: Breakdown of Housing Units by the Year Built, 2011 (5-year average)




Source: Census Bureau

<u>The Corridor's Portion of the Mid-town District</u>

Within the Mid-town District, there is approximately 349 acres of land areas that have been identified as being of particular interest to the Frederick Avenue study. This area is highlighted on the map below.

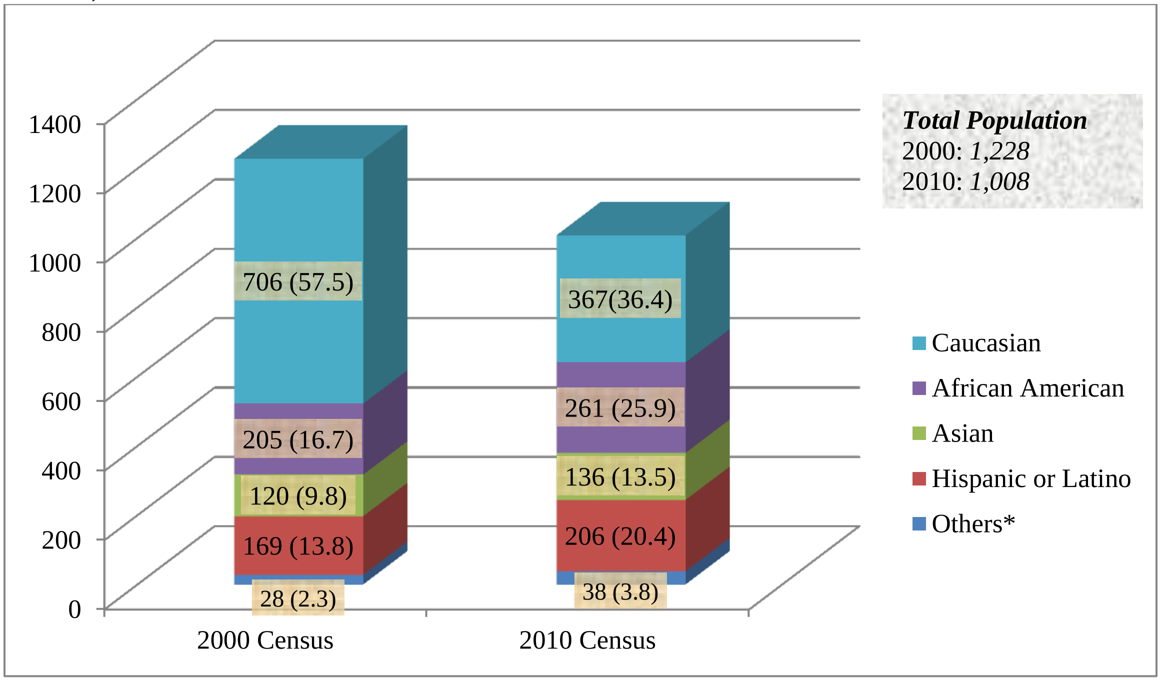



| **Mid-town District** | |
|---|---|
| **"7007.13" & "7007.23": Census Tract Number**<br>//////: Focus Area | ***Census Blocks included in the analysis (as defined in 2010 Census):***<br>Census Tract 7007.23, Block 1000, 1001, 1003, 1007, 1008, 1009, 1010, 1012, 1013, &1016<br>Census Tract 7007.13, Block 2010, 2011, & 2012 |

Source: Census Bureau

The following exhibit reflects demographic characteristics of this key portion of the Mid-town District. The area lost more than 200 residents during the decade of the 2000s. Statistically, all of those who left the area are Caucasian, with that population falling by 339 between 2000 and 2010. The loss of Caucasian population was only partially countervailed by the addition of more than 100 additional residents from minority communities. Presently, minorities represent more than half of this area's total population.

Exhibit 30: Total Population and Race/Ethnic Breakdown of the Mid-town District, Corridor Portion, 2000 v. 2010




Source: Census Bureau *Includes Native Americans, Alaskan Native, Pacific Islanders/Hawaiians, and people of multi-race or ethnicity. NOTE: Numbers in parenthesis represent percentage of total population.

The population of this area is generally older than other parts of the Corridor, with median age standing at a lofty 51.7 years. As indicated by Exhibit 31 below, in 2010, more than half (53%) of the population was more than the age of 50.Furthermore, the population that left between 2000 and 2010 were overwhelmingly those aged between 30 and 49 years, which represent prime working and income generating years.

Exhibit 31: Population Breakdown by Age Group, 2000 v. 2010 Census

| | 2000 | | 2010 | |
|---|---|---|---|---|
| **TOTAL** | **1,228** | **100%** | **1,008** | **100%** |
| Age < 17 | 181 | 14.7% | 134 | 13.3% |
| 18 - 29 | 158 | 12.9% | 113 | 11.2% |
| 30 - 49 | 375 | 30.5% | 227 | 22.5% |
| 50 - 64 | 186 | 15.1% | 195 | 19.3% |
| 65 < | 328 | 26.7% | 339 | 33.6% |
| **Median Age:** | | *49.6* | | *51.7* |

Source: Census Bureau *Averaged median age weighted by the population of each census block in the focus area.

Between Census 2000 and Census 2010, the area lost 12.3 percent of its housing units, which translates into 85 units. This implies a certain level of redevelopment, with new projects offering fewer units than the developments they replaced. Homeownership in this area is quite low, and stood below 17 percent as of the 2010 Census.

Exhibit 32: Housing Statistics, 2000 v. 2010 Census

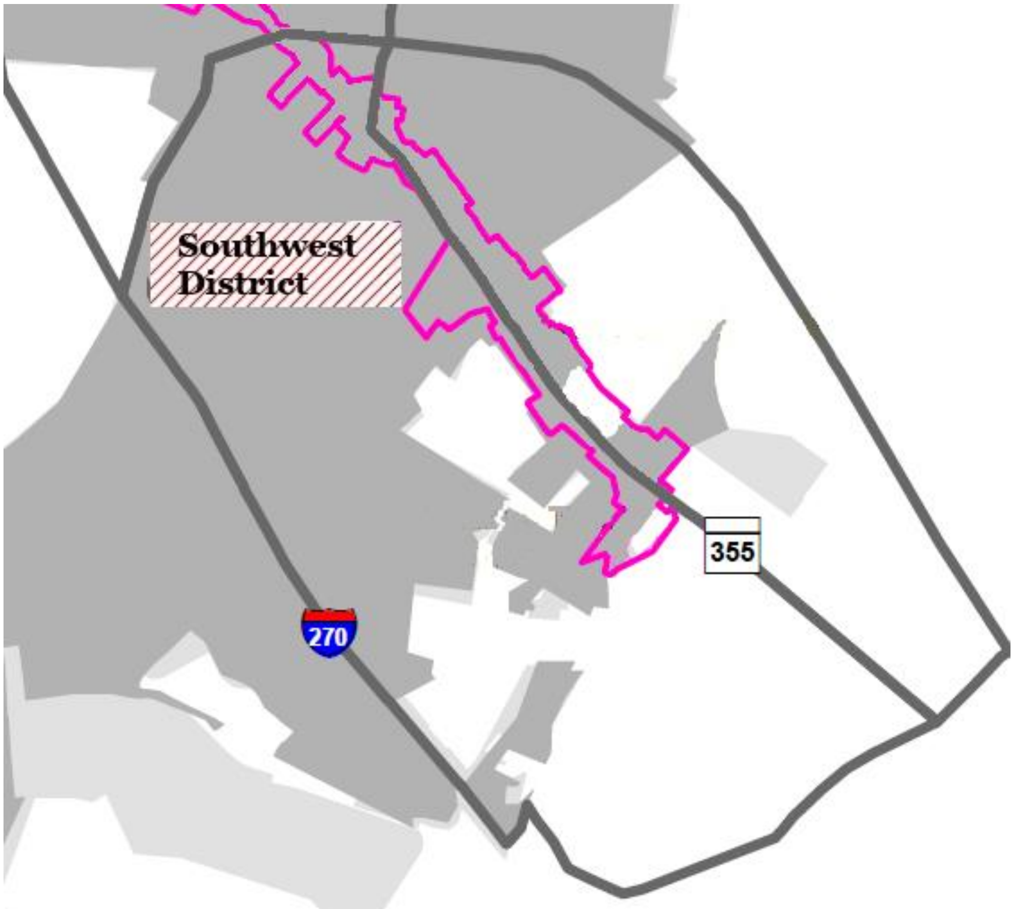
| | 2000 Census | 2010 Census |
|---|---|---|
| **TOTAL HOUSING UNITS** | **693** | **608** |
| **Vacant Units** | 28 | 29 |
| *Vacancy Rate* | 4.0% | 4.8% |
| **Occupied Homes** | **665** | **579** |
| Owner | 115 | 98 |
| Renter | 550 | 481 |
| *Home ownership rate* | 17.3% | 16.9% |

Source: Census Bureau

## Southwest District

<u>The District in its Entirety</u>

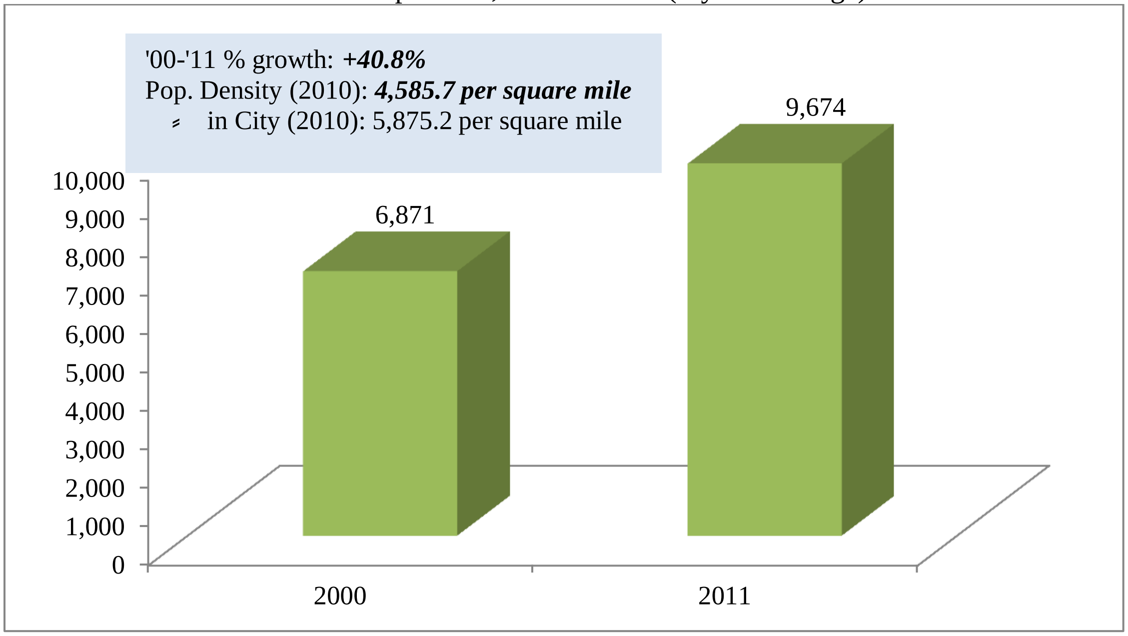
This district is primarily residential with a vast amount of public land, including Bohrer Park and Gaithersburg Public High School. The district's population in 2000 is estimated to have been 6,871, rising to 9,674 by 2011. Population growth during this period therefore exceeded 40 percent, rapid by corridor standards. By 2011, population density stood at 4,585.9 per square mile, slightly lower than the citywide average. As reflected in Exhibit 34, median age in this district is quite low at only 36 years. This is a youthful district. As the discussion below indicates, this district is significantly different from others along the Frederick Avenue Corridor and reminds stakeholders just how incredibly diverse are the areas adjacent to MD 355 in Gaithersburg.




| Southwest District | |
|---|---|
| : District border line<br>: City territory | ***Census Tracts included in the analysis (as defined in 2010 Census):***<br>7007.17, 7007.18 |

Source: Census Bureau

Exhibit 33: Southwest District Population, 2000 v. 2011 (5-year Average)




Source: Census Bureau

Exhibit 34: Southwest District Population by Age Group, 2000 v. 2011 (5-year Average)

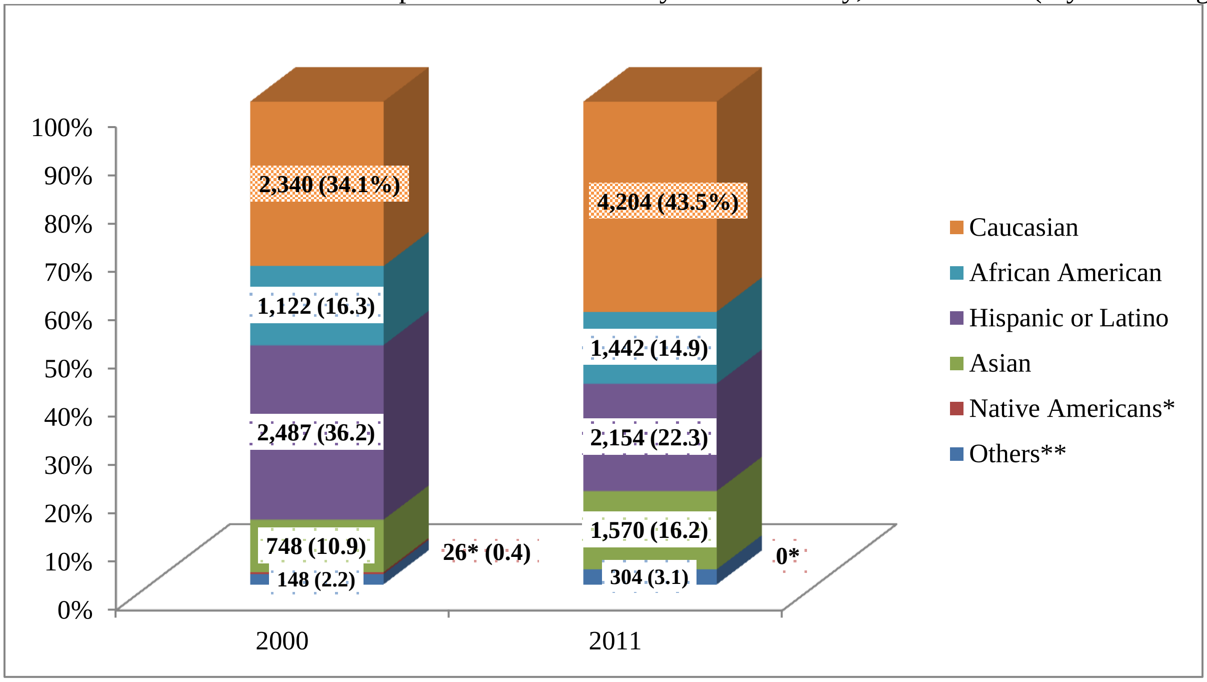
| Total Population | 2000 | % of the Population | 2011 | % of the Population |
|---|---|---|---|---|
| **Total** | **6,871** | **100.0%** | **9,674** | **100.0%** |
| < 14 | 1,550 | 22.6% | 1,815 | 18.8% |
| 15 - 24 | 925 | 13.5% | 1,023 | 10.6% |
| 25 - 44 | 2,741 | 39.9% | 3,588 | 37.1% |
| 45 - 64 | 1,344 | 19.6% | 2,339 | 24.2% |
| 65 < | 311 | 4.5% | 909 | 9.4% |
| **Median Age*** | *31.3* | -- | *36.0* | -- |

Source: Census Bureau *Average of median age for multiple Census tracts.

Unlike other corridor districts, the Southwest District experienced substantial growth in Caucasian population between 2000 and 2011 as reflected in Exhibit 35. African-American and Hispanic population shares actually declined during this period. By 2011, the Caucasian population share was up to 43.5 percent, up from 34.1 percent a decade earlier.

Educational attainment of adult population aged 25 and older is presented in Exhibit 36. Educational achievement advanced sharply over the course of a recent eleven-year period. By 2011, nearly one in four residents held a graduate degree and nearly 28 percent reported having a bachelor's degree as their highest form of educational attainment. During this same period, the proportion of the population without a high school degree declined massively. Along the dimensions of racial composition and educational attainment, the Southwest District appears far different from much of the balance of the corridor.

Exhibit 35: Southwest District Population Breakdown by Race/Ethnicity, 2000 v. 2011 (5-year Average)




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian). **Includes people of multi-race or ethnicity NOTE: Numbers in parenthesis represent percentage of total population.

Exhibit 36: Population Aged 25 and Older by Educational Attainments, 2000 v. 2011 (5-year average)

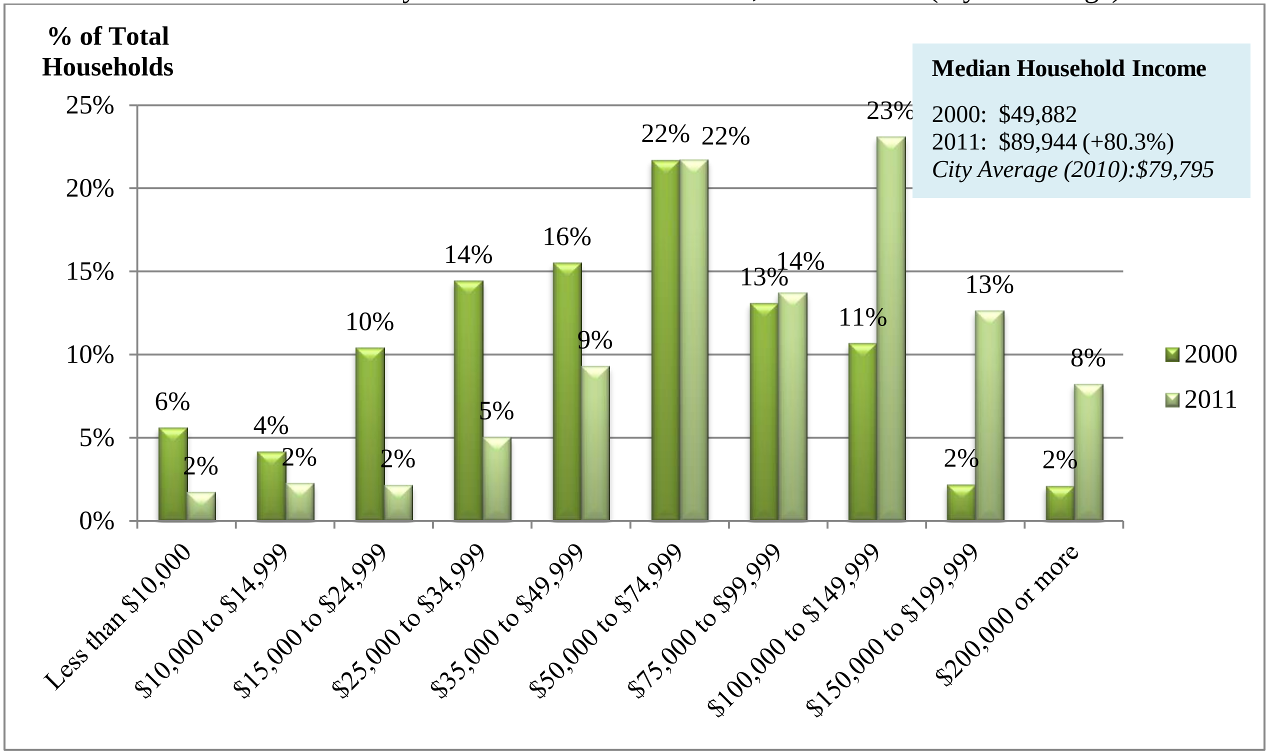
| | 2000 | % of the Population | 2011 | % of the Population |
|---|---|---|---|---|
| **Population 25 years and over** | **4,396** | | **6,836** | |
| Less than 9th grade | 615 | 14.0% | 344 | 5.0% |
| 9th to 12th grade, no diploma | 539 | 12.3% | 229 | 3.3% |
| High school graduate or equivalent | 773 | 17.6% | 1,055 | 15.4% |
| Some college, no degree | 848 | 19.3% | 1,294 | 18.9% |
| Associate's degree | 240 | 5.5% | 351 | 5.1% |
| Bachelor's degree | 879 | 20.0% | 1,881 | 27.5% |
| Graduate or professional degree | 502 | 11.4% | 1,682 | 24.6% |
| | | | | |
| **Up to High School Degree** | 1,927 | 43.8% | 1,628 | 23.8% |
| **More than Bachelor's Degree** | 1,381 | 31.4% | 3,563 | 52.1% |

Source: Census Bureau

Not coincidentally, median household incomes expanded more rapidly during the decade of the 2000s than in the other Frederick Avenue Corridor districts. In nominal terms, median household income expanded nearly 80 percent between 2000 and 2011. By 2011, median household income in this district exceeded the citywide average. As reflected in Exhibit 37, approximately 58 percent of the households earn annual incomes exceeding $75,000. Progress along the dimension of income fits neatly with the emerging educational attainment profile.

According to a 2011 Census Bureau national estimate, the median income of college graduates is approximately 81 percent higher income than that of high school graduates.[15]

Exhibit 37: Income Distribution by Level of Household Income, 2000 v. 2011 (5-year average)




Source: Census Bureau

Exhibits 38 and 39 below summarize the employment situation in the Southwest district. Nearly 80 percent of adults living in the district participate in the labor force. Among these workers, 5.1 percent were unemployed in 2011, up from 4.1 percent in 2000. Employment growth among this population was disproportionately apparent in financial services, information, professional services and the arts. This appears to be a community largely comprised of young, upwardly mobile professionals with substantially expanding purchasing power. By contrast, fewer residents in this district today depend upon jobs in retail or wholesale trade.

[15]Census Bureau. (B2004). *2011American Community Survey, Median earnings in the past 12 months by sex and educational attainment for population aged 25 years and over (B20004)*. Retrieved on April 1st, 2013, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_08_3YR_B20004&prodType=table

Exhibit 38: Employment Situation in Southwest District, 2000 v. 2011 (5-year Average)

| | 2000 | 2011 |
|---|---|---|
| Population 16 years and over | 5,259 | 7,814 |
| In labor force | 3,748 | 6,116 |
| Civilian labor force | 3,724 | 6,054 |
| **Employed** | 3,570 | 5,748 |
| **Unemployed** | 154 | 306 |
| Armed Forces | 24 | 62 |
| Not in labor force | 1,511 | 1,698 |
| ***Unemployment Rate (as % of civilian labor force)*** | *4.1%* | *5.1%* |
| ***Labor Force Participation Rate*** | *71.3%* | *78.3%* |

Source: Census Bureau

Exhibit 39: Employed Population of 16 Years and Over by Industry, 2000 v. 2011 (5-year Average)

| | *2000* | *2011* | *Absolute % Ch.* |
|---|---|---|---|
| **Civilian employed population 16 years and over** | **3,570** | **5,748** | **61.0%** |
| Agriculture, forestry, fishing & hunting, & mining | 0.4% | 0.0% | -100.0% |
| Construction | 10.6% | 7.1% | 8.2% |
| Manufacturing | 4.6% | 2.6% | -8.5% |
| Wholesale trade | 1.5% | 0.7% | -25.0% |
| Retail trade | 11.5% | 5.0% | -30.8% |
| Transportation & warehousing, & utilities | 4.2% | 1.9% | -27.2% |
| Information | 2.6% | 2.9% | 82.6% |
| Finance & insurance, & real estate & rental & leasing | 5.3% | 8.8% | 170.2% |
| Professional, scientific, & management, & administrative & waste management services | 16.5% | 21.2% | 106.9% |
| Educational services, & health care & social assistance | 14.8% | 15.8% | 71.6% |
| Arts, entertainment, & recreation, & accommodation & food services | 12.2% | 12.2% | 61.0% |
| Other services, except public administration | 9.4% | 9.4% | 59.6% |
| Public administration | 6.4% | 12.4% | 212.8% |

Source: Census Bureau

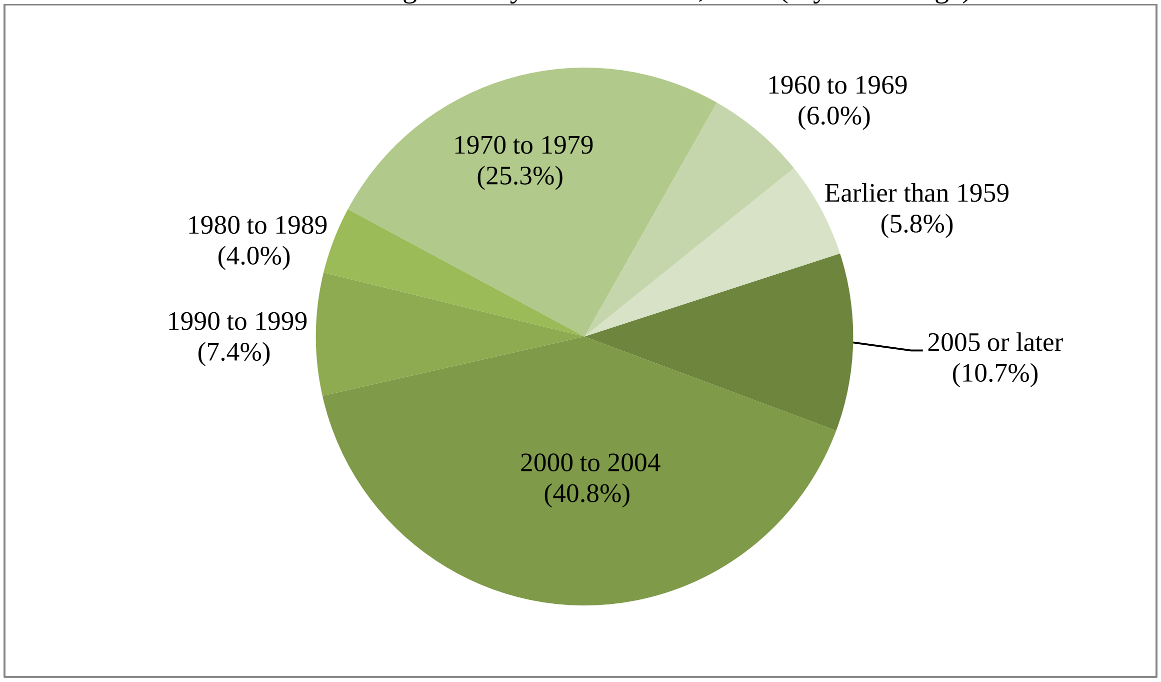
Exhibit 40 provides details regarding the Southwest District's housing situation. Among occupied units, nearly 58 percent are owner-occupied. Moreover, many of these homes are relatively newer. The proportion of homes that are younger than 30 years is 63 percent, the highest proportion among the four districts under consideration (see Exhibit 41).

Exhibit 40: Total Housing Units and Breakdown by Tenure and Occupancy of the Unit, 2000 v. 2011 (5-year average)

| | 2000 | % of Total Units | 2011 | % of Total Units |
|---|---|---|---|---|
| **Total housing units** | **2,286** | | **4,143** | |
| **Occupied housing units** | 2,220 | 97.1% (100%)* | 3,920 | 94.6% (100%) |
| **Owner-occupied** | 1,132 | 49.5% (51.0) | 2,269 | 54.8% (57.9) |
| **Renting** | 1,088 | 47.6% (49.0) | 1,651 | 39.9% (42.1) |
| **Vacant housing units** | 66 | 2.9% | 223 | 5.4% |

Source: Census Bureau*Percentages in parenthesis are expressed in terms of total occupied housing units

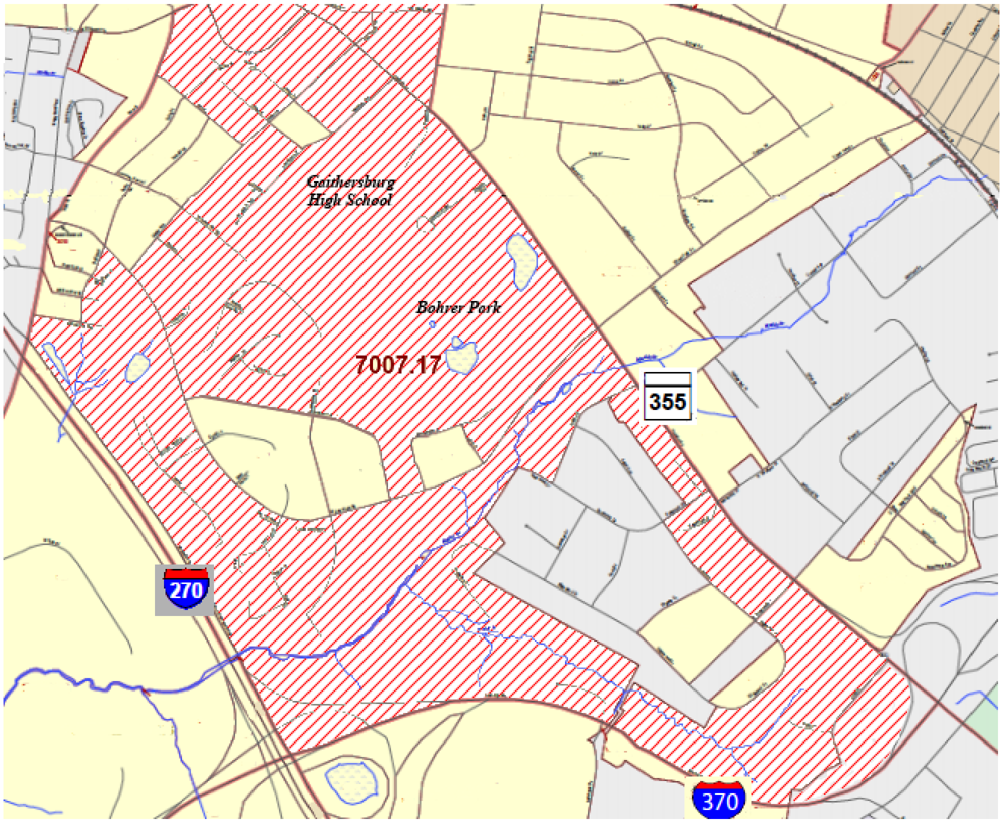
Exhibit 41: Breakdown of Housing Units by the Year Built, 2011 (5-year average)




Source: Census Bureau

The Corridor's Portion of the Southwest District

The map below shows the Corridor's portion of the Southwest District. It encompasses more than 530 acres of mostly public land.

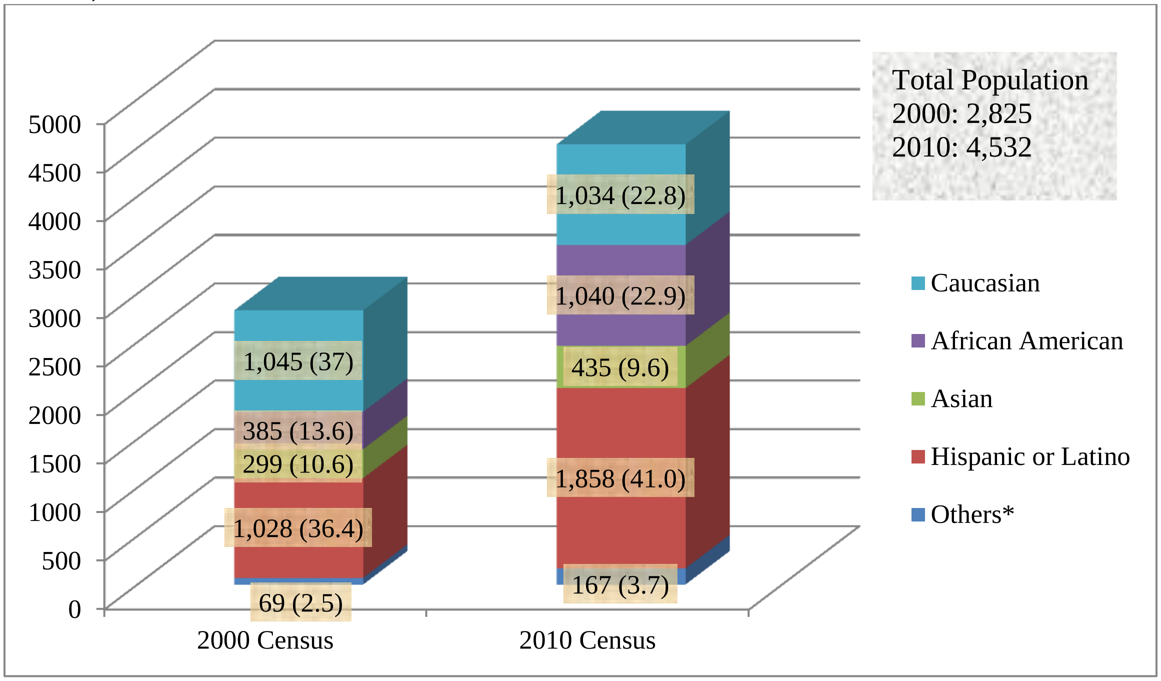



| Southwest District | |
|---|---|
| **"7007.17"**: Census Tract Number<br>: Focus Area<br>: Outside of City | ***Census Blocks included in the analysis (as defined in 2010 Census):***<br>Census Tract 7007.17, Block 1000, 2000, 2001, 2002, 2004, 2005, 3000, 4000, 4002, 4007, 4011, & 4013 |

Source: Census Bureau

Exhibit 42 below reflects the population breakdown of the Corridor's portion of the Southwest District, which grew by more than 60 percent over the decade. Similar to other districts, growth in the minority population contributed to this area's expansion. The Hispanic and African-American population in particular experienced rapid growth. Based on Census data, between 2000 and 2010, the Hispanic population in the area grew 80.7 percent and the number of African-Americans tripled. By contrast, the population of Caucasians fell by 1 percent.

Exhibit 42: Total Population and Race/Ethnic Breakdown of the Southwest District Corridor Portion, 2000 v. 2010




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian). **Includes people of multi-race or ethnicity. NOTE: Numbers in parenthesis represent percentage of total population.

The exhibit below reflects breakdown by age. As revealed by the data, the fastest growing population is senior citizens. The number of those aged older than 50 more than doubled during the decade (494 in 2000 vs. 1,084 in 2010). Younger cohorts, particularly those under the age of 30, still represent the largest portion of the population, but their proportion shrunk from 47.5 percent to 42.8 percent between 2000 and 2010.

Exhibit 43: Population Breakdown by Age Group, 2000 v. 2010 Census

| | **2000** | | **2010** | |
|---|---|---|---|---|
| **TOTAL** | **2,826** | **100%** | **4,534** | **100%** |
| Age < 17 | 677 | 24.0% | 1,047 | 23.1% |
| 18 - 29 | 655 | 23.2% | 894 | 19.7% |
| 30 - 49 | 1,000 | 35.4% | 1,509 | 33.3% |
| 50 - 64 | 347 | 12.3% | 764 | 16.9% |
| 65 < | 147 | 5.2% | 320 | 7.1% |
| **Median Age:** | | *31.6* | | *33.6* |

Source: Census Bureau *Averaged median age weighted by the population of each census block in the focus area.

This portion of the Southwest District represents the most densely populated part of the Corridor with more than 1,600 housing units in 2010. Between 2000 and 2010, the number of available housing units increased by over 54 percent, expanding by more than 600 units. The homeownership rate within this portion of the study area nearly doubled during the same period.

Exhibit 44: Housing Statistics, 2000 v. 2010 Census

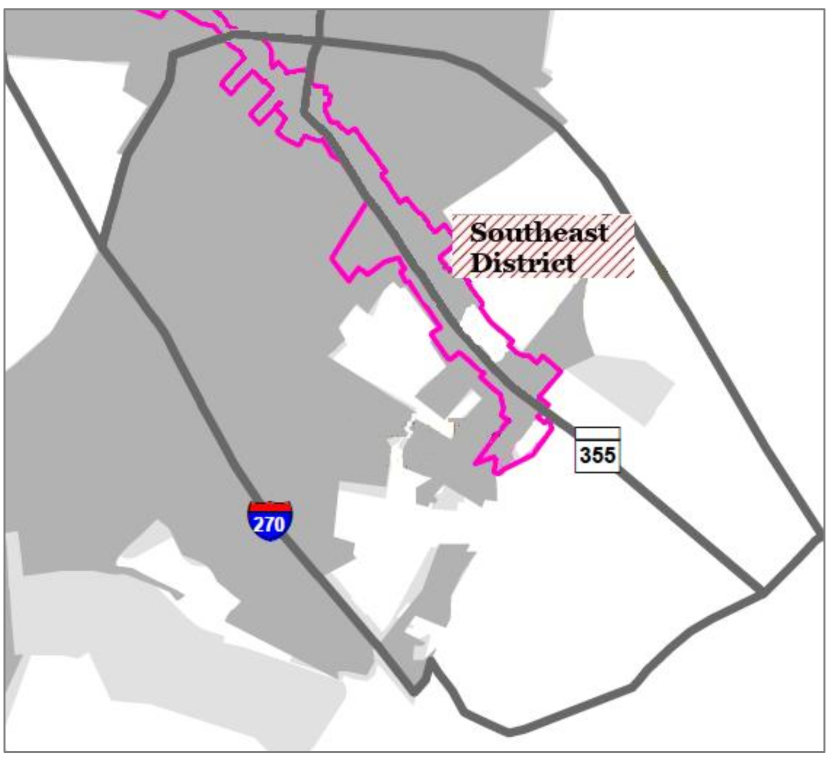
| | 2000 Census | 2010 Census |
|---|---|---|
| **TOTAL HOUSING UNITS** | **1,048** | **1,618** |
| **Vacant Units** | 33 | 155 |
| *Vacancy Rate* | 3.1% | 9.6% |
| **Occupied Homes** | **1,015** | **1,463** |
| Owner | 286 | 730 |
| Renter | 729 | 733 |
| *Home ownership rate* | 28.2% | 49.9% |

Source: Census Bureau

## Southeast District

The District in its Entirety

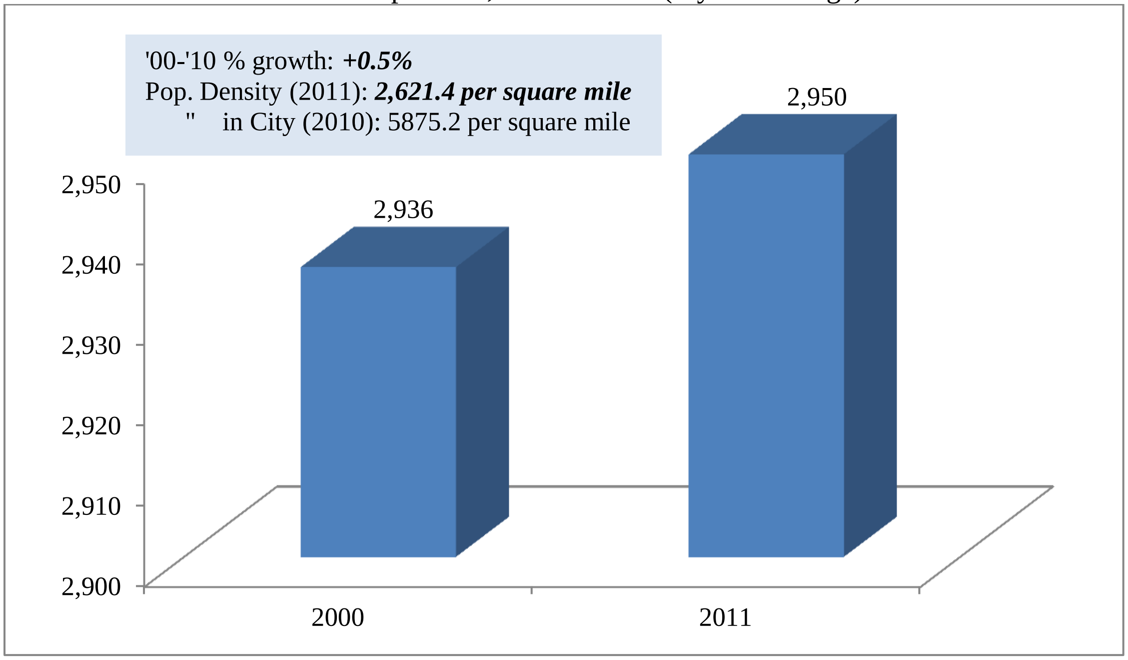
The Southeast District is located in the area south of Diamond Avenue and east of Frederick Avenue. The District encompasses more 30 million square feet of space with a mix of commercial and residential properties. A majority of the Southeast District is both outside of the Corridor and Gaithersburg city limits.




Source: Census Bureau

As of 2011, 2,950 people inhabited the Southeast District. Population density is approximately 2,621.4 per square mile, relatively low compared to the balance of Gaithersburg. District population barely expanded during the decade of the 2000s.

Exhibit 45: Southeast District Population, 2000 v. 2011 (5-year Average)




Source: Census Bureau

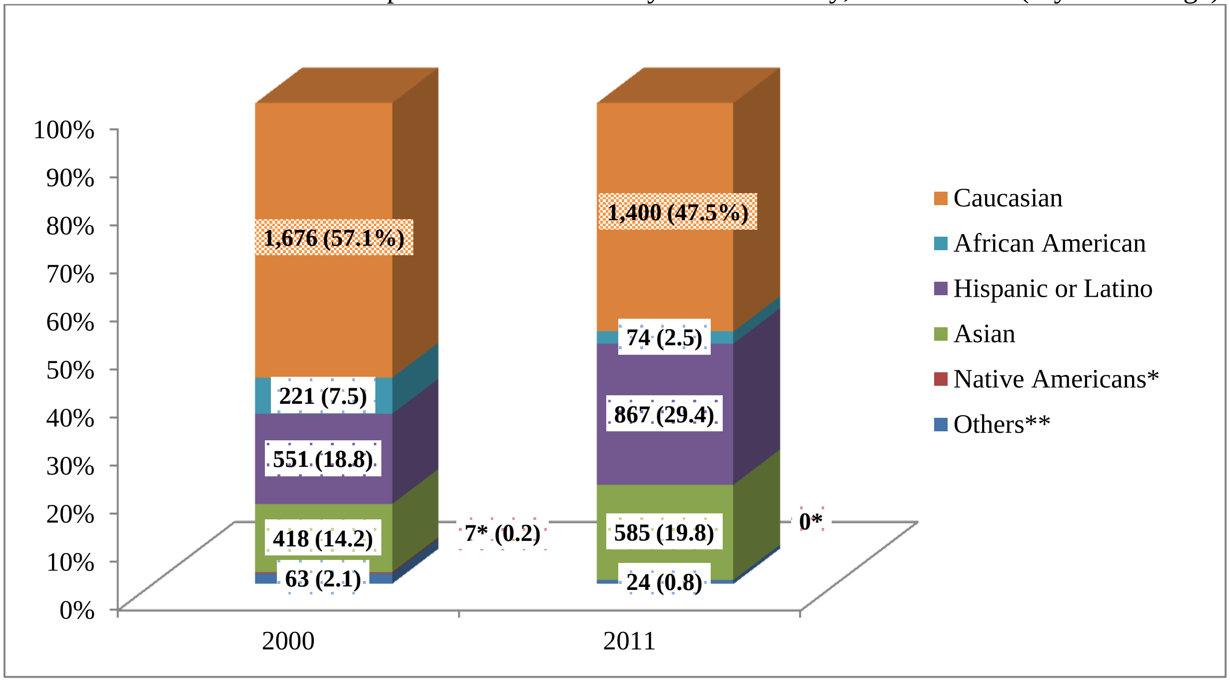
Exhibit 46: Southeast District Population by Age Group, 2000 v. 2011 (5-year Average)

| Total Population | **2000** | **% of the Population** | **2011** | **% of the Population** |
|---|---|---|---|---|
| **Total** | **2,936** | **100.0%** | **2,950** | **100.0%** |
| < 14 | 632 | 21.5% | 574 | 19.5% |
| 15 - 24 | 309 | 10.5% | 258 | 8.7% |
| 25 - 44 | 1,059 | 36.1% | 1,035 | 35.1% |
| 45 - 64 | 665 | 22.6% | 809 | 27.4% |
| 65 < | 271 | 9.2% | 274 | 9.3% |
| **Median Age*** | *36.5* | -- | *37.3* | -- |

Source: Census Bureau *Average of median age for multiple Census tracts.

Exhibit 47 indicates Southeast District population disaggregated by race/ethnicity. As with two other Districts, minority population, particularly among Hispanics and Asians, has risen significantly over the past decade. In terms of the percentage of population, Hispanics constituted less than 20 percent in 2000. By 2011, they represented nearly 30 percent of total Southeast District population. The proportion of Asian residents climbed from 14.2 percent to 19.8 percent during this period.

Exhibit 47: Southeast District Population Breakdown by Race/Ethnicity, 2000 v. 2011 (5-year Average)




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian).
**Includes people of multi-race or ethnicity

Exhibit 48 reflects the breakdown of Southeast adult population by educational attainment. The population of this District is relatively well educated, with more than 40 percent of the adult population holding a bachelor's degree or higher. The population of graduate or professional degree holders fell during this period, however.

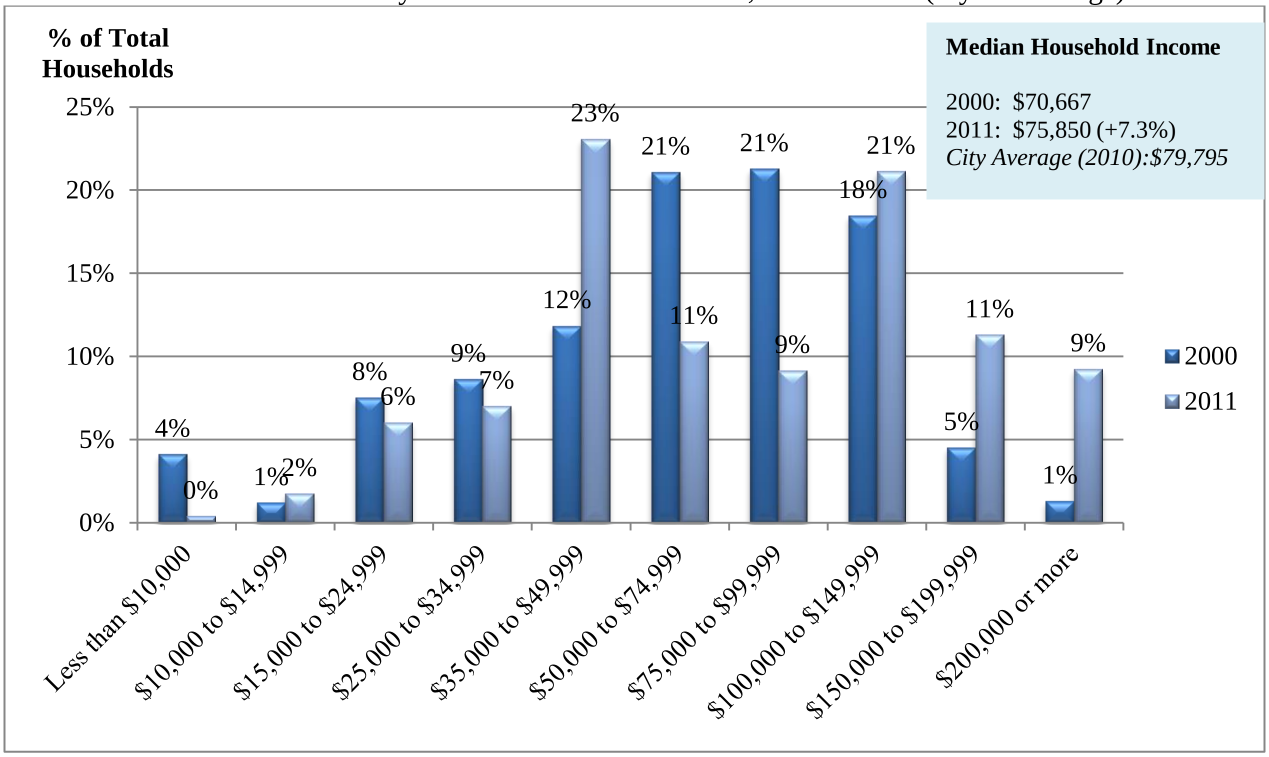
Exhibit 48: Population Aged 25 and Older by Educational Attainments, 2000 v. 2011 (5-year Average)

| | **2000** | **% of the Population** | **2011** | **% of the Population** |
|---|---|---|---|---|
| **Population 25 years and over** | 1,995 | | 2,118 | |
| Less than 9th grade | 245 | 12.3% | 122 | 5.8% |
| 9th to 12th grade, no diploma | 164 | 8.2% | 78 | 3.7% |
| High school graduate or equivalent | 291 | 14.6% | 382 | 18.0% |
| Some college, no degree | 357 | 17.9% | 467 | 22.0% |
| Associate's degree | 85 | 4.3% | 178 | 8.4% |
| Bachelor's degree | 404 | 20.3% | 530 | 25.0% |
| Graduate or professional degree | 449 | 22.5% | 361 | 17.0% |
| | | | | |
| **Up to High School Degree** | 700 | 35.1% | 582 | 27.5% |
| **More than Bachelor's Degree** | 853 | 42.8% | 891 | 42.1% |

Source: Census Bureau

Exhibit 49 reflects household income dynamics. By 2011, median household income, though rising only 7 percent between 2000 and 2011, approached $76,000/annum. Based on 2011 data, more than 40 percent of households reported annual income exceeding $100,000. The District's income growth of 7.3 percent was the slowest among other parts of the Corridor, probably due in large measure to an exodus of more highly educated, highly compensated professionals during this 11-year period.

Exhibit 49: Income Distribution by Level of Household Income, 2000 v. 2011 (5-year Average)




Source: Census Bureau

Exhibits 50 and 51 below reflect recent employment dynamics in the Southeast District. In both 2000 and 2011, the area labor force participation rate exceeded 70 percent, which compares favorably to national averages. Moreover, unlike the nation, labor force participation in this district has tended to rise over time. Unemployment in the area has been high by Montgomery County standards, however. By 2011, the civilian unemployment rate had risen to 6.7 percent, up from 4.1 percent in 2000.

More than 50 percent of residents are employed in education/health services, professional business services, and construction-related segments. Employment in the construction and professional business services industries expanded significantly between 2000 and 2011.

Exhibit 50: Employment Situation in Southeast District, 2000 v. 2011 (5-year Average)

| | 2000 | 2011 |
|---|---|---|
| Population 16 years and over | 2,255 | 2,317 |
| In labor force | 1,599 | 1,725 |
| Civilian labor force | 1,590 | 1,714 |
| **Employed** | 1,525 | 1,599 |
| **Unemployed** | 65 | 115 |
| Armed Forces | 9 | 11 |
| Not in labor force | 656 | 592 |
| ***Unemployment Rate (as % of civilian labor force)*** | *4.1%* | *6.7%* |
| ***Labor Force Participation Rate*** | *70.9%* | *74.4%* |

Source: Census Bureau

Exhibit 51: Employed Population of 16 Years and Over by Industry, 2000 v. 2011 (5-year Average)

| | *2000* | *2011* | *Absolute % Ch.* |
|---|---|---|---|
| **Civilian employed population 16 years and over** | **1,525** | **1,599** | **4.9%** |
| Agriculture, forestry, fishing & hunting, & mining | 0.9% | 0.0% | -100.0% |
| Construction | 8.0% | 12.8% | +67.2% |
| Manufacturing | 6.2% | 0.9% | -84.0% |
| Wholesale trade | 0.5% | 0.0% | -100.0% |
| Retail trade | 10.0% | 9.3% | -2.0% |
| Transportation & warehousing, & utilities | 1.4% | 2.8% | +100.0% |
| Information | 4.9% | 4.3% | -8.1% |
| Finance & insurance, & real estate & rental & leasing | 6.2% | 5.5% | -6.4% |
| Professional, scientific, & management, & administrative & waste management services | 17.0% | 26.9% | +65.4% |
| Educational services, & health care & social assistance | 20.4% | 14.9% | -23.2% |
| Arts, entertainment, & recreation, & accommodation & food services | 7.9% | 9.7% | +28.1% |
| Other services, except public administration | 6.9% | 7.9% | +21.0% |
| Public administration | 9.8% | 5.0% | -46.7% |

Source: Census Bureau

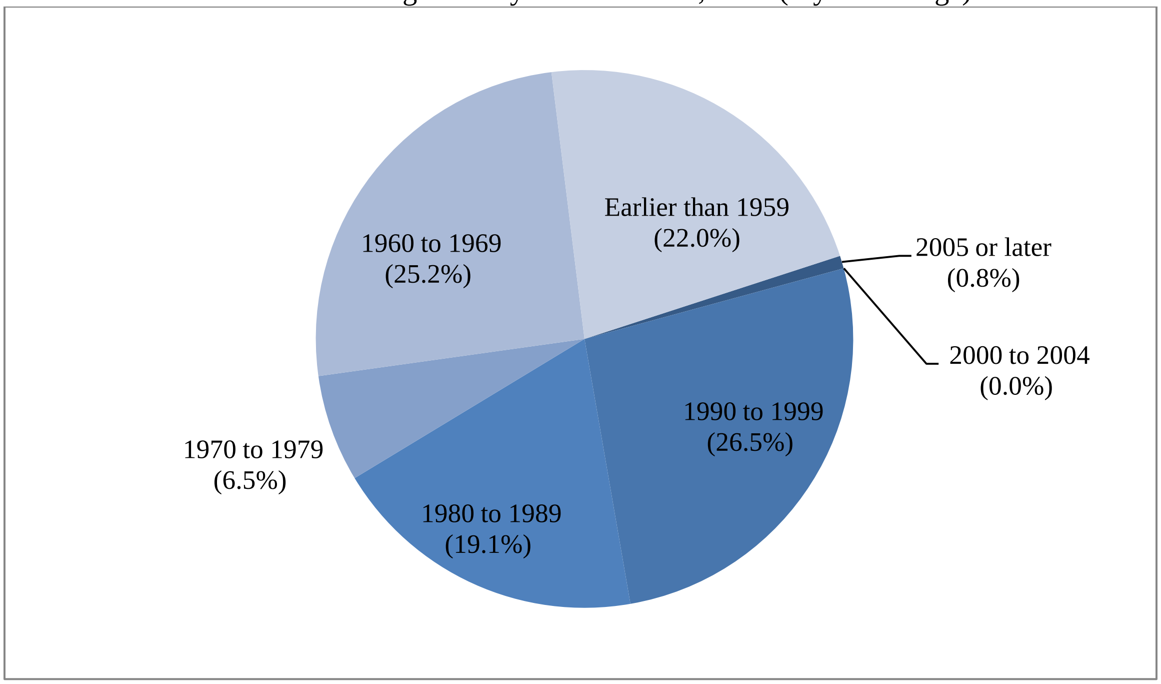
Exhibit 52 summarizes Southeast District housing statistics. The number of housing units barely increased between 2000 and 2011 and the community has been associated with exceedingly low vacancy rates. This is a very stable neighborhood. Homeownership is relatively high, standing at nearly 67 percent of occupied units by 2011. Housing stock is relatively old, however. As reflected in Exhibit 53, more than half (53.7%) of the housing units located in this District are older than 30 years. Less than 1 percent of housing units are 10 years old or less.

Exhibit 52: Total Housing Units and Breakdown by Tenure and Occupancy of the Unit, 2000 v. 2011 (5-year average)

| | 2000 | % of Total Units | 2011 | % of Total Units |
|---|---|---|---|---|
| **Total housing units** | **1,027** | | **1,038** | |
| **Occupied housing units** | 998 | 97.2% (100%)* | 1,027 | 98.9% (100%) |
| **Owner-occupied** | 680 | 66.2% (68.1) | 687 | 66.2% (66.9) |
| **Renting** | 318 | 31.0% (31.9) | 340 | 32.8% (33.1) |
| **Vacant housing units** | 29 | 2.8% | 11 | 1.1% |

Source: Census Bureau *Percentages in parenthesis are expressed in terms of total occupied housing units

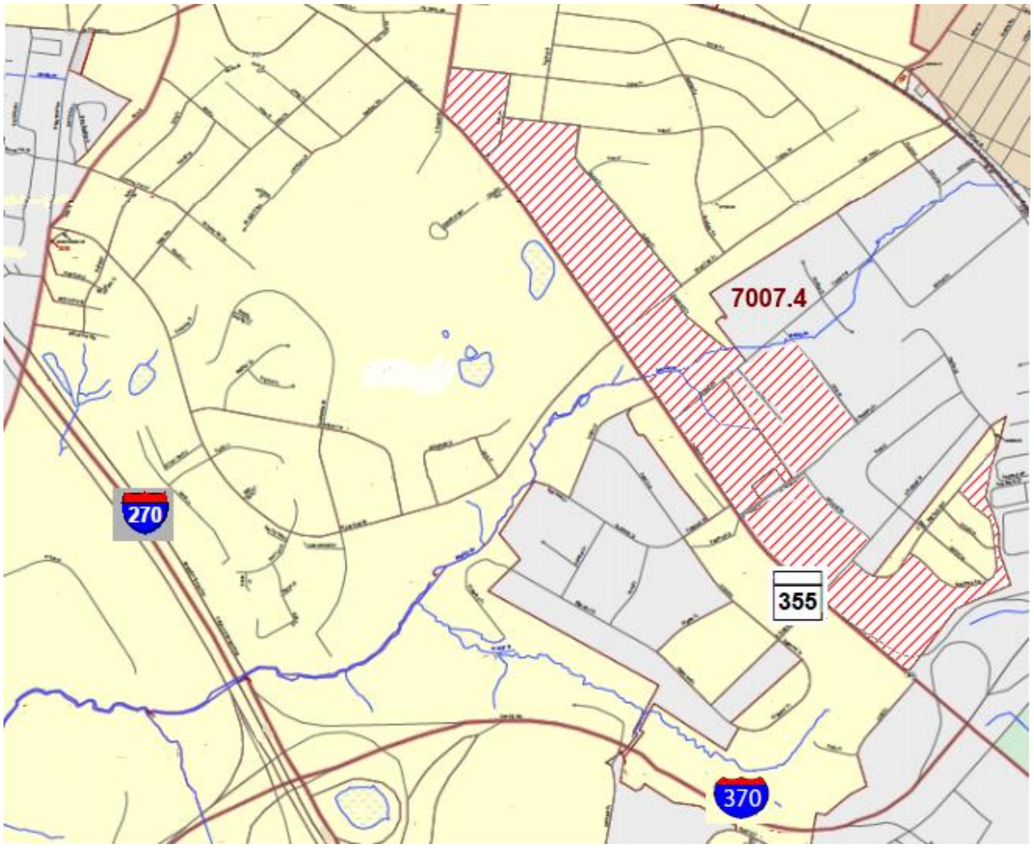
Exhibit 53: Breakdown of Housing Units by the Year Built, 2011 (5-year average)




Source: Census Bureau

The Corridor's Portion of the Southeast District

The following map shows the Corridor's portion of the Southeast District. The area encompasses slightly more than 110 acres of land and primarily consists of residential properties.

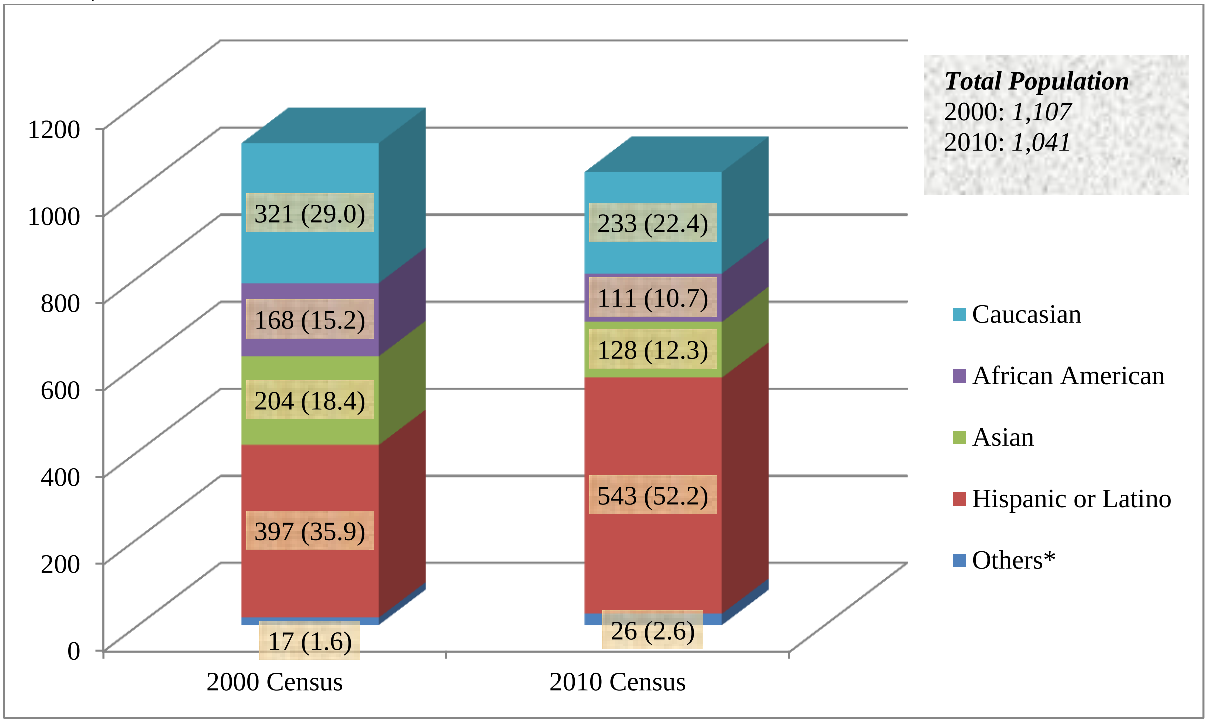



<table>
<tr><th colspan="2">Southeast Focus Area</th></tr>
<tr><td>"7007.04": Census Tract Number<br><br>: Focus Area<br><br>: Outside of City</td><td>Census Blocks included in the analysis (as defined in 2010 Census):<br>Census Tract 7007.04, Block 2012, 2023, 2027, 2028, 2029, 2030, 3001, & 3002</td></tr>
</table>

Source: Census Bureau

The following exhibit reflects the focus area 's population and racial/ethnic breakdown. Population stagnated between 2000 and 2010, falling by approximately 50 people over the course of the decade. Caucasian population contracted while minority population expanded. During the 2000s, Caucasian population shrank by 27.4 percent while Hispanic or Latino population expanded 36.8 percent. As of 2010, the Hispanic population comprised more than 50 percent of the entire population.

Exhibit 54: Total Population and Race/Ethnic Breakdown of the Southeast District Corridor Portion, 2000 v. 2010




Source: Census Bureau *Native American (including Alaskan Native, Pacific Islanders, Hawaiian). **Includes people of multi-race or ethnicity. NOTE: Numbers in parenthesis represent percentage of total population.

Residents of the Corridor's Southeast portion are generally younger than the Southeast District overall. As with other parts of the Corridor study area, population is aging. As of 2010, one in five residents was over the age of 50. The age breakdown of the population also reveals that most of the population who left during the decade was younger, with population falling only among one major group; those under the age of 30.

Exhibit 55: Population Breakdown by Age Group, 2000 v. 2010 Census

| | **2000** | | **2010** | |
|---|---|---|---|---|
| **TOTAL** | **1,107** | **100%** | **1,041** | **100%** |
| Age < 17 | 293 | 26.5% | 257 | 24.7% |
| 18 - 29 | 247 | 22.3% | 206 | 19.8% |
| 30 - 49 | 387 | 35.0% | 370 | 35.5% |
| 50 - 64 | 122 | 11.0% | 154 | 14.8% |
| 65 < | 58 | 5.2% | 54 | 5.2% |
| **Median Age:** | | *31.1* | | *33.3* |

Source: Census Bureau *Averaged median age weighted by the population of each census block in the focus area.

Exhibit 56 below summarizes housing statistics obtained from the 2000 and 2010 Census. The total number of available units did not change between 2000 and 2010. However, as a reflection of declining population, 33 homes were vacated during the decade on net, raising the housing vacancy rate to 12.4 percent from 3.9 percent.

Exhibit 56: Housing Statistics, 2000 v. 2010 Census

| | **2000 Census** | **2010 Census** |
|---|---|---|
| **TOTAL HOUSING UNITS** | **386** | **386** |
| **Vacant Units** | 15 | 48 |
| *Vacancy Rate* | 3.9% | 12.4% |
| **Occupied Homes** | **371** | **338** |
| Owner | 104 | 95 |
| Renter | 267 | 243 |
| *Home ownership rate* | 28.0% | 28.1% |

Source: Census Bureau

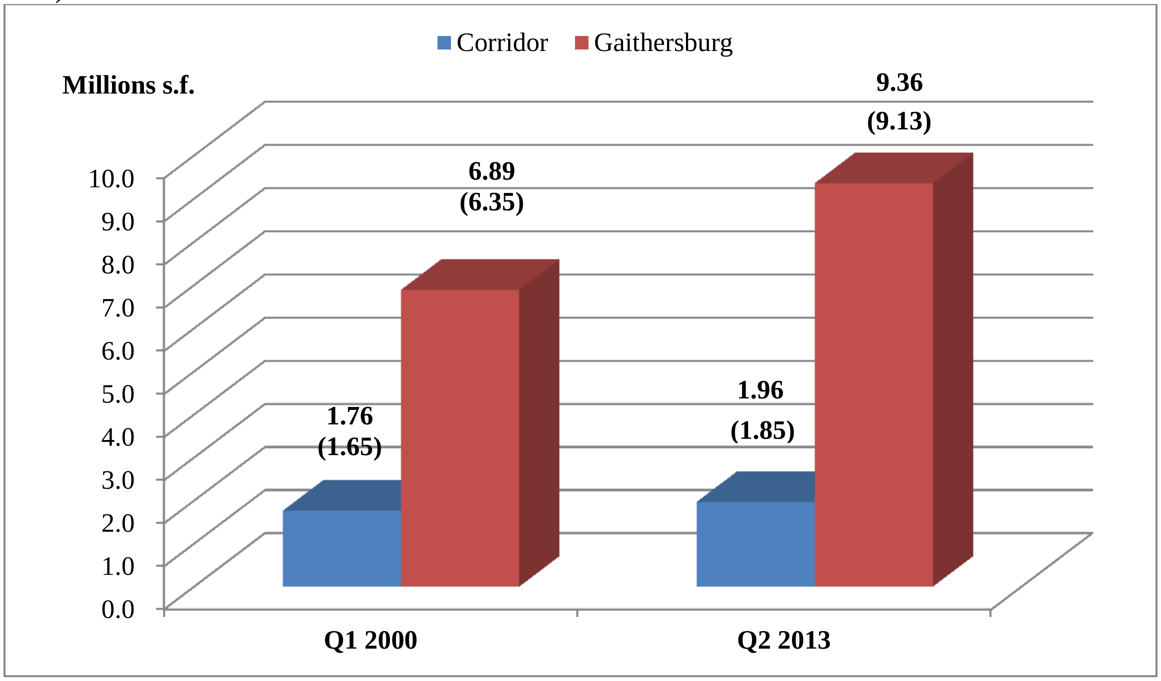
## III. A Statistical Overview of the Corridor's Commercial Markets

This section of the report analyzes conditions in local office and retail markets. The study team completed two separate focus groups with community opinion leaders to supplement this section's primarily statistical information. This section also analyzes assessed property values for properties located along the Frederick Avenue Corridor.

<u>Office & Retail Market</u>

According to CoStar data, there are approximately 2 million square feet of usable commercial office space along the Frederick Avenue Corridor. This represents approximately 21 percent of the total usable office space that exists in the City of Gaithersburg (Q2:2013). As reflected in Exhibit 57 below, office space development barely grew in the Corridor over the past decade. By contrast, cumulative usable office space in the city has increased at an annual average of 3 percent since the first quarter of 2000, expanding from 6.9 million square feet in Q1:2000 to nearly 9.4 million square feet by 2013.

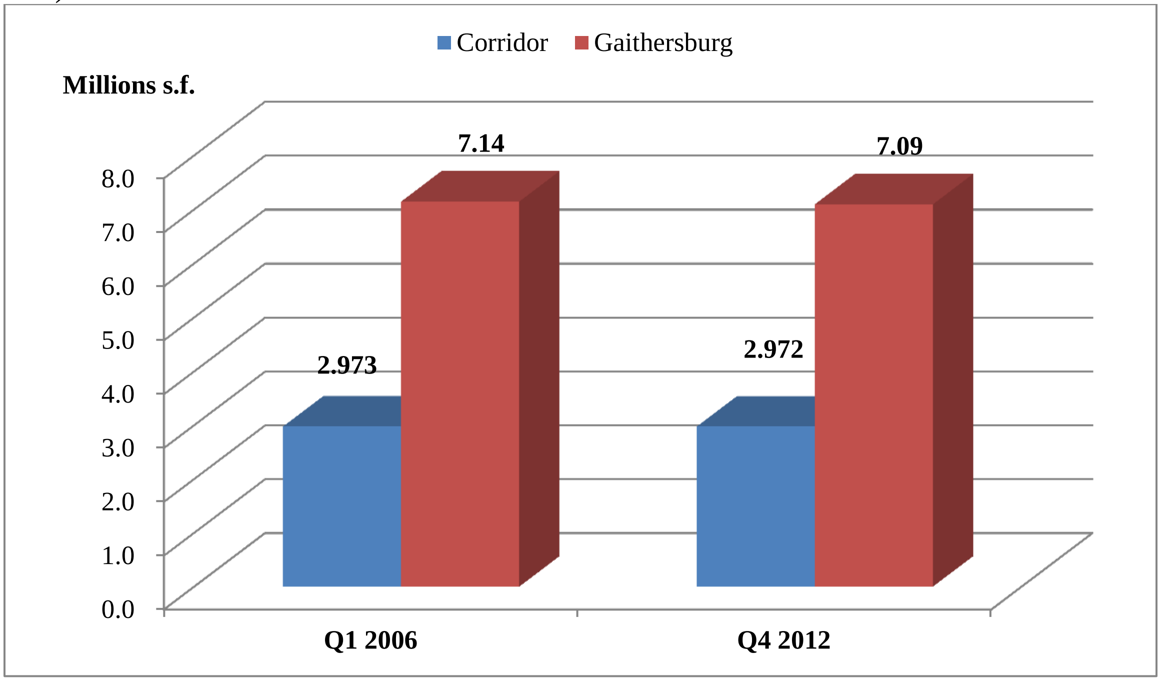
Exhibit 57: Historical Comparison of Usable Office Space*, Q1 2000 v. Q2 2013 (in Millions of Square Feet)




Source: Gaithersburg, Department of Economic Development, CoStar *Office space reflects the total rentable building areas (RBA) for A, B, and C properties. The figures in parentheses reflect the total RBA for A and B properties.

Exhibit 58 reflects existing retail space in the Corridor and citywide. Based on CoStar-supplied information, there are nearly 3 million square feet of usable retail space along the Corridor, which represents 42 percent of total citywide retail space. Compared to the first quarter of 2006, usable retail space has contracted slightly both citywide and in the Corridor (-0.7% citywide v. -0.1% in the Corridor). It should be noted that there are additional projects in the pipeline including the Spectrum at Watkins Mill, which will add over 210,000 square feet of commercial and residential space in the Corridor's Northern District.

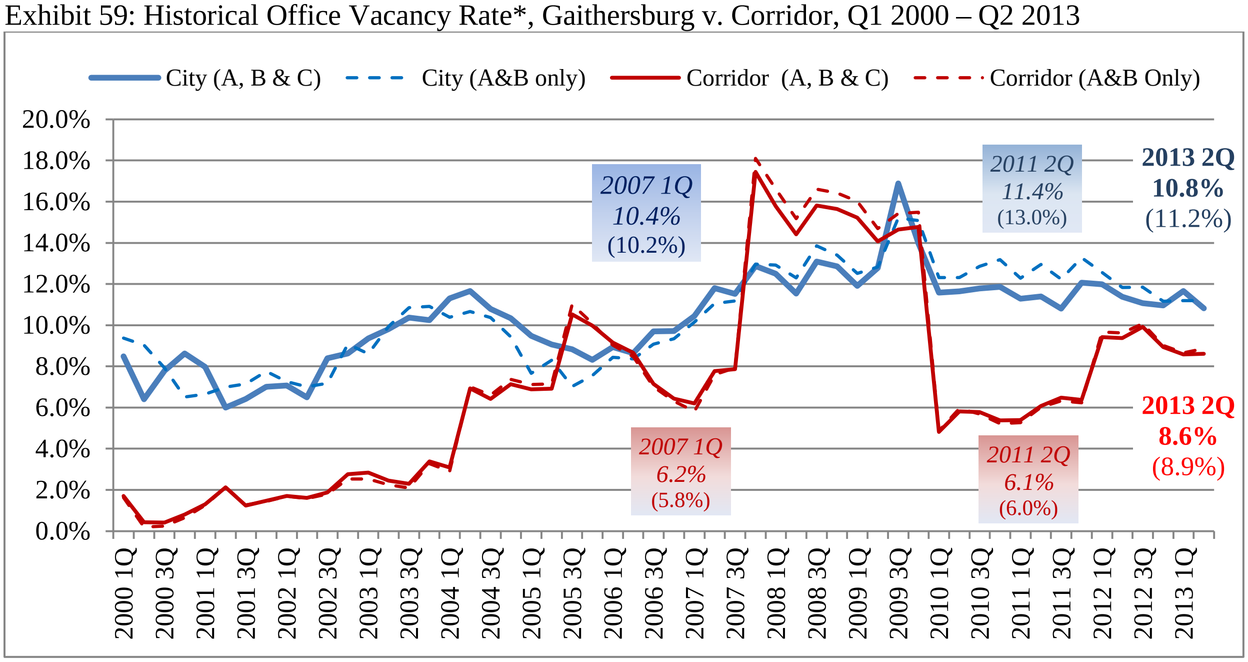
Exhibit 58: Historical Comparison of Usable Retail Space, Q4 2006 v. Q4 2012 (in Millions of Square Feet)




Source: Gaithersburg, Department of Economic Development, CoStar

Exhibit 59 reflects quarterly office vacancy rates for Gaithersburg and the Corridor. Despite slow growth in available commercial space over the course of a decade, vacancy increased to nearly 9 percent by the second quarter of 2013. The Corridor-wide vacancy rate however remained lower than that of the City's. It should also be noted that the Corridor is primarily comprised of Class B and C buildings.

Exhibit 59: Historical Office Vacancy Rate*, Gaithersburg v. Corridor, Q1 2000 – Q2 2013




Source: Gaithersburg, Department of Economic Development, CoStar*Includes sub-leasable space for all A, B, and C properties. Figures in parentheses reflect the vacancy rate among A and B properties only.

Office space rental rates in the Corridor are actually below where they were in 2009, when the recession was at or near its apex. This is further evidence of a lack of adequate demand that began during the 2008 recession. According to focus group participants, office space users are bypassing the Corridor in favor of commercial markets in Rockville, Germantown or other parts of Gaithersburg, such as the Rio and Kentland developments (Exhibit 60). One of the goals of this study is to identify efficient ways to enhance the competitiveness of the Corridor.

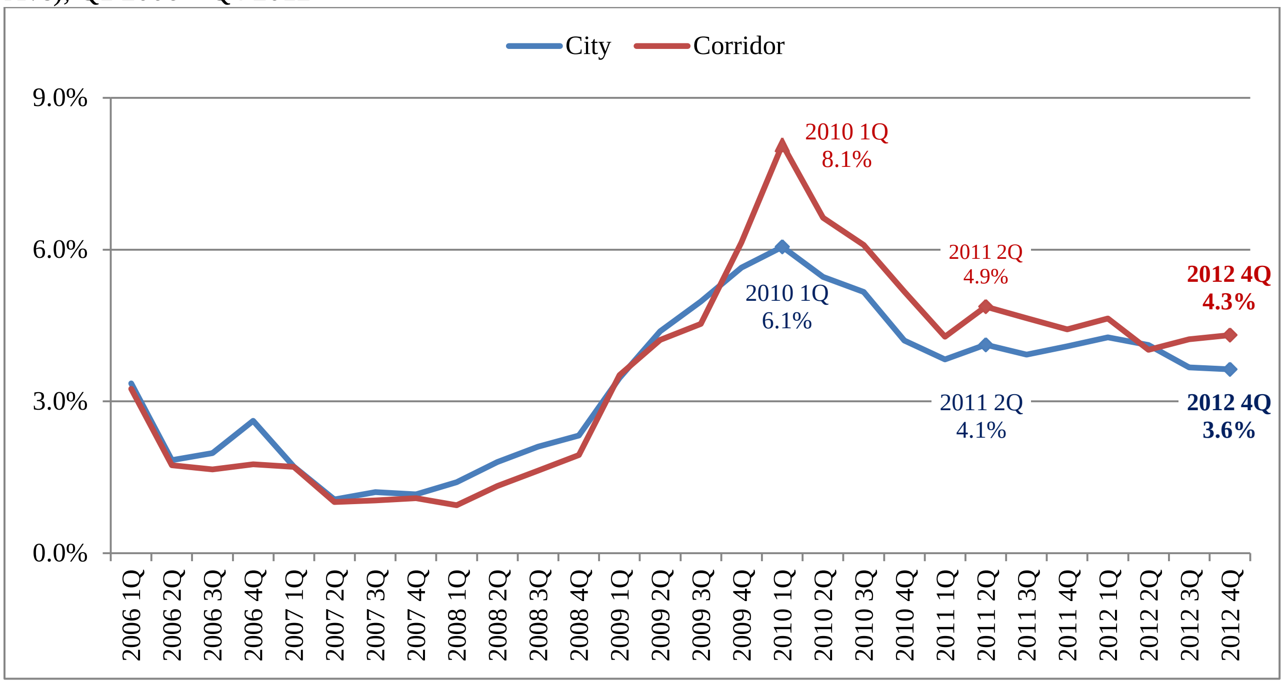
Exhibit 60: Office Space Rental Rate per Square Foot for A, B, & C Properties (A & B Properties), City v. Corridor, 2001 – Q1 2013

| | **City** | | **Corridor** | |
|---|---|---|---|---|
| **2001** | $25.7/sq. ft. | ($25.8/sq. ft.) | $21.3/sq. ft. | ($21.3/sq. ft.) |
| **2002** | $25.3 | ($25.4) | $23.2 | ($23.2) |
| **2003** | $23.7 | ($23.8) | $22.4 | ($22.6) |
| **2004** | $22.2 | ($22.3) | $22.5 | ($22.5) |
| **2005** | $21.3 | ($21.4) | $22.7 | ($22.8) |
| **2006** | $23.9 | ($24.0) | $23.1 | ($23.4) |
| **2007** | $25.0 | ($25.1) | $23.9 | ($24.1) |
| **2008** | $24.6 | ($24.7) | $23.7 | ($23.7) |
| ***2009*** | *$24.3* | *($24.4)* | *$22.8* | *($23.0)* |
| **2010** | $25.5 | ($25.7) | $22.7 | ($22.7) |
| **2011** | $24.1 | ($24.3) | $23.6 | ($24.0) |
| 2012 Q1 | $23.9 | ($24.1) | $22.8 | ($23.3) |
| 2012 Q2 | $23.9 | ($24.1) | $22.5 | ($22.9) |
| 2012 Q3 | $24.1 | ($24.4) | $22.6 | ($22.9) |
| 2012 Q4 | $24.4 | ($24.6) | $22.8 | ($22.8) |
| **2013 Q1** | **$24.4** | **($24.6)** | **$23.1** | **($23.0)** |

Source: Gaithersburg, Department of Economic Development, CoStar*Includes sub-leasable space.
All rates are on a triple net basis. NOTE: Figures are the rates for A, B, and C properties. Rates in parentheses are for A and B type properties only.

Exhibit 61 reflects retail space vacancy rates in the Corridor and citywide. The gap in vacancy between the city and the Corridor has expanded over time, with the Corridor struggling to suppress retail vacancy. Although retail vacancy has been trending down during the recent quarters, the rate has been higher compared to pre-recession times. Lowered vacancy had been reflected in the rental rate, which has fallen to less than $20 per square feet as of the fourth quarter 2012.

Exhibit 61: Retail Space Vacancy Rate, Gaithersburg v. Corridor (Montgomery Village Avenue – Summit Ave), Q1 2006 – Q4 2012




Source: Gaithersburg, Department of Economic Development, CoStar*Includes sub-leasable space

Exhibit 62: Retail Space Rental Rate per Square foot, City of Gaithersburg v. Corridor, 2006 to Q4 2012

| | **City** | **Corridor** |
|---|---|---|
| **2006** | **$17.8/sq. ft.** | **$25.1/sq. ft.** |
| **2007** | **$26.3** | **$23.6** |
| **2008** | **$28.2** | **$25.4** |
| ***2009*** | **$27.1** | **$23.0** |
| **2010** | **$25.8** | **$22.2** |
| **2011** | **$24.3** | **$20.7** |
| 2012 Q1 | $23.8 | $20.0 |
| 2012 Q2 | $23.9 | $19.3 |
| 2012 Q3 | $23.8 | $19.2 |
| **2012 Q4** | **$23.1** | **$19.5** |

Source: Gaithersburg, Department of Economic Development, CoStar
*Includes sub-leasable space. All rates are triple-N basis.

Value of Commercial Properties along the Corridor

As of 2010, there were 389 taxable commercial (including industrial) and residential properties along the Corridor. The aggregate assessed value of these properties approaches $1.1 billion. The aggregate value of commercial buildings is approximately $821 million, or roughly 76 percent of total value, reflecting the commercial orientation of the Corridor. Properties along the Corridor account for approximately 11.8 percent of total City assessed value.[16]

Exhibit 63 below details the breakdown of assessed values in the Corridor. Total value expanded by $330.8 million (44.4%) between 2000 and 2010. Commercial and industrial properties accounted for approximately 90 percent of that total growth. The growth in the value of taxable properties in the Corridor was significantly slower compared to the City overall, however. While the value of Corridor properties in the aggregate grew by 44 percent, City assessed value for taxable properties more than doubled. As a result, the Corridor's share of assessed value declined from 17.6 percent to 11.8 percent between 2000 and 2010.

Exhibit 63: Total Assessed Value of Taxable Properties along the Corridor* (In absolute dollar), Breakdown by Use, 2000 v. 2010

| | **2000** | | **2010** | |
|---|---|---|---|---|
| **TYPE OF USE:** | **Assessed Value** | **Proportion** | **Assessed Value** | **Proportion** |
| Agricultural | $3,510 | 0.0% | $3,510 | 0.0% |
| Commercial** | 555,676,650 | 74.6% | 820,756,200 | 76.3% |
| Industrial | 113,065,700 | 15.2% | 158,239,900 | 14.7% |
| Commercial Residential | 363,500 | 0.0% | 543,200 | 0.1% |
| Apartments | 70,603,800 | 9.5% | 86,651,500 | 8.1% |
| Residential | 4,866,070 | 0.7% | 7,651,290 | 0.7% |
| Exempt | 429,700 | 0.1% | 1,995,510 | 0.2% |
| **TOTAL:** | **$745,008,930** | **100.0%** | **$1,075,841,110** | **100.0%** |
| ***CITY TOAL ASSESSED VALUE*** | *$4,229,553,130**** | -- | *$9,138,520,080* | -- |
| Corridor proportion of City Total Assessed Value | 17.6% | -- | 11.8% | -- |

Source: State Department of Assessments and Taxation, City of Gaithersburg

*The Corridor geography includes approximately 4 properties located outside of the City's corporate limit.

**Commercial includes exempt commercial and commercial condominiums. ***Reflects "estimated actual value" rather than the assessed value. Prior to FY 2002, the State Department of Assessments and Taxation conducted assessments based on its 40-percent assessment method. Currently, assessments reflect 100 percent of the actual values.

## IV. Crime and Traffic along and in the Vicinity of the Corridor

Exhibit 64 reflects the number of Part I crimes recorded in the study area, which stretches from Education Boulevard and Montgomery Village Avenue. As defined by the FBI, Part I crimes include violent crimes against persons such as murder, rape, aggravated assault and against property (burglary, auto theft). Measured in this way, criminality declined 10.5 percent along the Corridor between 2009 and 2012 (137 cases in 2012 v. 153 cases in 2009). However, between 2011 and 2012, criminality increased significantly along the Corridor even as it declined city- and countywide.[17,18] Several focus group participants indicated that they feel less safe at night in

[16] City of Gaithersburg, Finance Department. (2010). Comprehensive Annual Financial Report, 2010. Retrieved on June 10th, 2013, fromhttp://www.gaithersburgmd.gov/Documents/finance/10_Gaithersburg_CAFR_Final.pdf, p.70.
[17]Gaithersburg Police Department, Office of the Chief. *Police Annual Report.* Reports are downloadable from http://www.gaithersburgmd.gov/poi/default.asp?POI_ID=372&TOC=107;85;1365;372;

the corridor and at least one focus group property owner indicated hiring a security guard within the last year.

Exhibit 64: Total Number of Part I Crimes* Reported in the Corridor Neighborhood, Gaithersburg, and Montgomery County, 2009 – 2012

| | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| **Frederick Avenue - Corridor** | 153 | 122 | 114 | 137 |
| **Gaithersburg** | 2,431 | 1,971 | 1,759 | 1,728 |
| **Montgomery County** | 25,131 | 21,739 | 19,367 | 18,498 |
| ***12-month % change, Part I Crime Reported to Police Department*** | | | | |
| **Frederick Avenue - Corridor** | -- | -20.3% | -6.6% | +20.2% |
| **Gaithersburg** | -4.0% | -18.9% | -10.8% | -1.8% |
| **Montgomery County** | -6.8% | -13.5% | -10.9% | -4.5% |

*"Part I" crime includes murder, rape, robbery, aggravated assault, burglary, larceny, and auto theft. Source: Gaithersburg Police Department; Montgomery County Police Department. NOTE: Crime statistics for Montgomery County and the City Gaithersburg are final figures verified with the FBI's Uniform Crime Reporting (UCR). The Corridor data are preliminary as they are not subjected to the UCR verification.

Exhibit 65 provides statistical detail comparing the level of Part I criminality in the area of the corridor relative to the city as a whole. Based on 2010-2012 crime statistics, in 2010, the total number of Part I crime reported in Corridor represented approximately 6.2 percent of all such crimes reported in the city. This share rose to 8 percent by 2012. Moreover, the Corridor suffered relatively high concentrations of murder, rape and robbery over the past three years. For instance, more than 10 percent of all robbery cases reported in Gaithersburg in 2012 occurred in and around the portion of the Frederick Avenue Corridor of interest. The only murder in Gaithersburg in 2012 happened along the corridor.

Exhibit 65: Breakdown of Part I Crime by Type in Corridor and in Gaithersburg, 2010 – 2012
(Figures in parenthesis are the percentage of Corridor crime in terms of total crime reported in the City)

| | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|
| | **Corridor** | **Gaithersburg** | **Corridor** | **Gaithersburg** | **Corridor** | **Gaithersburg** |
| Murder | -- | 1 | -- | 2 | 1 (100.0%) | 1 |
| Rape | 1 (***9.1%***) | 11 | -- | 12 | 1 (11.1%) | 9 |
| Robbery | 7 (***10.9%***) | 64 | 5 (***9.3%***) | 54 | 8 (10.4%) | 77 |
| Aggravated Assault | 6 (***8.2%***) | 73 | 3 (***5.3%***) | 57 | 3 (3.1%) | 97 |
| Burglary | 8 (***3.9%***) | 203 | 7 (3.6%) | 193 | 11 (5.6%) | 198 |
| Larceny | 92 (***6.0%***) | 1,533 | 90 (6.6%) | 1,367 | 111 (8.7%) | 1,282 |
| Auto Theft | 8 (***9.3%***) | 86 | 9 (12.2%) | 74 | 2 (3.1%) | 64 |
| **TOTAL Part I Crime** | **122 (6.2%)** | **1,971** | **114 (6.5%)** | **1,759** | **137 (7.9%)** | **1,728** |

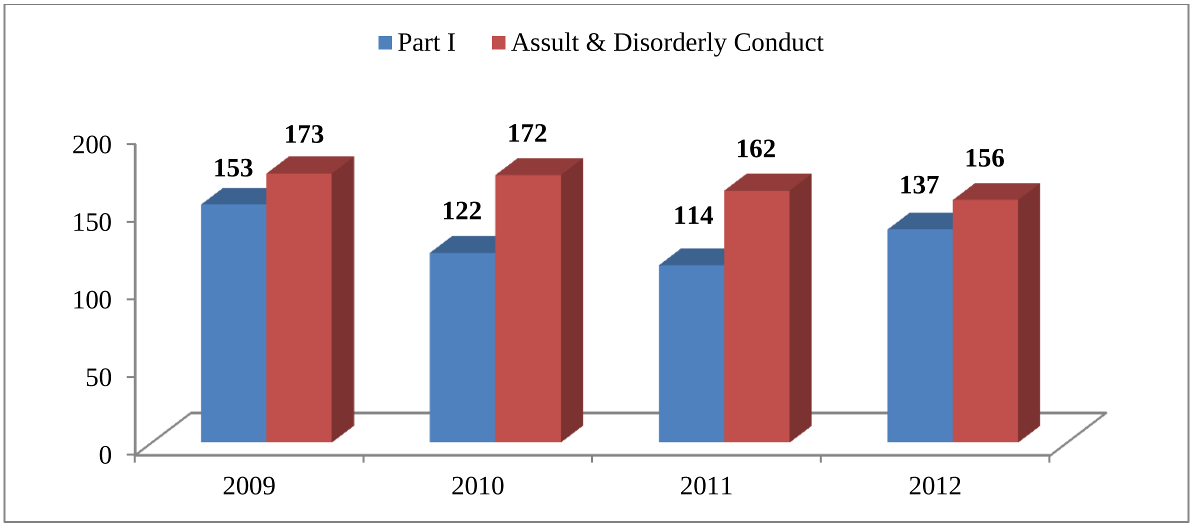
Source: Gaithersburg Police Department; Montgomery County Police Department

Police also track minor crimes, including minor assault and disorderly conduct. Some term these crimes "quality of life crimes." The damage caused by such crimes is limited, but they add to a

[18]Montgomery Department of Police. *Quarterly and Yearly Crime Statistics*. Reports are downloadable fromhttp://www.mymcpnews.com/crime-statistics/quarterly-crime-stats/

sense of foreboding. While Part I criminality increased in 2012, minor crimes have been in decline in recent years.

Exhibit 66: Number of Part I Crime and Minor Crimes Reported in the Corridor Neighborhood, 2009-2012




Source: Gaithersburg Police Department

## V. Brief Summary of Traffic Situation

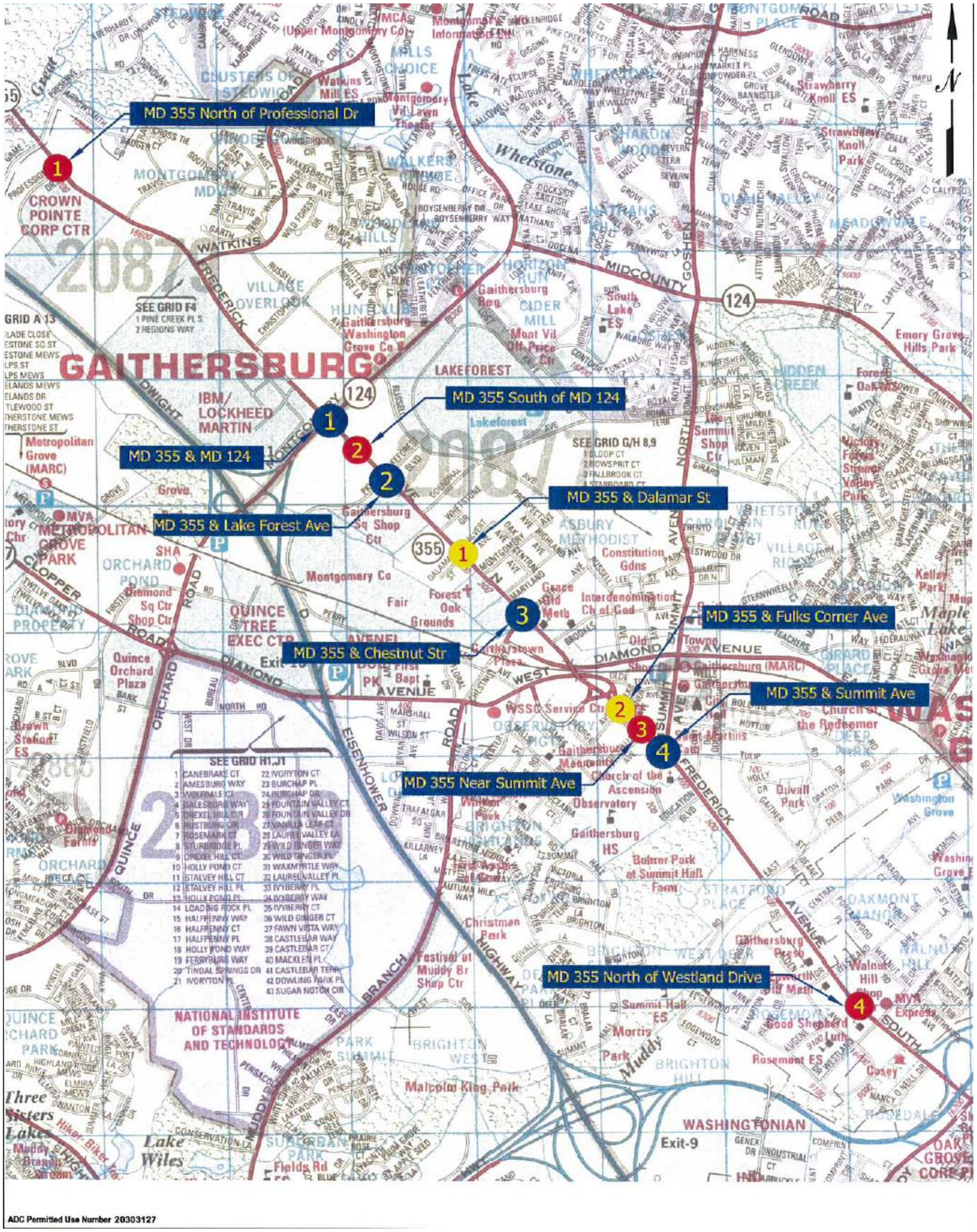
The study team conducted extensive analysis of traffic in and around the Corridor. The analysis involved a 24-hour on-site investigation to determine speeds, traffic volume, turning movement and vehicle classifications at various locations along MD 355. Investigation and data collection occurred on two separate dates; January 2013 for all intersections; June 2013 for MD 124 and MD 355 (repeat analysis). While traffic conditions relate to the level of economic activity, there are other forces at work. Many who use MD 355 are not using it in order to transact or visit the properties of interest to this analysis. Rather, much of the traffic that passes through the Corridor is destined to/from the Shady Grove Metro Station or points further to the south, including Rockville. It also serves as an alternative to I-270 that experiences high congestion particularly during the peak periods. The following map shows the relevant locations where data was collected for this assessment. The complete analysis is attached as an Appendix to the report.

Public Transportation and Bike Facilities

This portion of the MD 355 Corridor is primarily served by three Montgomery County Ride-On Bus Routes. These routes are the 55, 59 & 61. All of these routes operate with 15-20 minute headways during the peak periods. Copies of the route Maps are contained in the Appendix to this report.

Gaithersburg is also served by two railway stations, Metropolitan Grove and Olde Towne, which provides direct links to the MetroRail Red Line. The availability of the Public Transportation network in this area helps reduce some of the impact of vehicular traffic in the Corridor. On the other hand, bicycle facilities are relatively non- existent in the area.

Exhibit 67: Traffic Group's Areas of Focus




(NOTE: – AM, PM & Sat Turning Movement Count Locations; – Speed, Volume & Classification Count Locations; – 12 Hour Turning Movement Count Locations )

Average Daily Traffic

Exhibit 68 below indicates average daily traffic (ADT) for four critical road links along the Corridor. The Traffic Group conducted this portion of the analysis. Traffic volumes range between 25,000 ADT to a little over 40,000 ADT at the four locations. The daily traffic volume is highest in the portion of the Corridor near Montgomery Village Avenue (MD 124) and in the vicinity of South Westland Drive.

These volumes are 25-40 percent lower than the ADT's observed along MD 355 to the south of Gaithersburg in the Shady Grove Road and White Flint Mall areas. Additionally, these volumes are approximately 25-30 percent lower than those found along MD 97 in the Wheaton Area of Montgomery County. This comparison is simply to show that traffic in the MD 355 Corridor in the Gaithersburg area is still lower than in many other areas along MD 355.

The study team has identified three other comparable locations in Montgomery County: US 29 at New Hampshire Avenue in North Silver Spring, MD 28 in Rockville, and the Wheaton Mall area. The volumes at the intersection between US 29 and New Hampshire Avenue in Silver Spring are approximately 64,000 ADT, higher than any locations of the MD 355 corridor. However, the ADT along MD 28 in Rockville is substantially lower than anywhere in the Corridor, at approximately 15,000 per day. Traffic volumes near Wheaton Mall area are similar to the Corridor, at 38,000 ADT. This information is provided to show a comparison of traffic conditions in the MD 355 Corridor to other areas in Montgomery County.

Exhibit 68: Average Daily Traffic at Critical Intersections on MD 355

| **Location** | **Average Daily Traffic (cars/day)** |
|---|---|
| **North of MD 124 (Montgomery Village Avenue)** | 31,797 |
| **South of MD 124** | 35,508 |
| **North of Summit Avenue** | 23,520 |
| **North of South Westland Drive** | 40,635 |
| ***Comparable Intersections (Average Daily Traffic)*** | |
| **Silver Spring** –US 29 & New Hampshire Avenue | +/– 64,000 |
| **Wheaton, Wheaton Mall area –** Georgia Avenue & University Boulevard | +/– 38,000 |
| **Rockville –** MD 28 | +/– 15,000 |

Source: Traffic Group

The analysis indicates that average daily traffic along this stretch of MD 355 has increased by only 1 percent over the past five years.

Travel Speeds

Exhibit 69 represents traffic speeds in the Corridor. The 85th percentile speed ranges from 32 to 51 miles per hour. Traffic is slower in the vicinity of Summit Avenue. Interestingly, the 85th percentile exceeds the posted speed limit in each area, which ranges between 30 and 40 mph. This would indicate that traffic along these segments does not experience significant delay or congestion. This is both good and bad news as it indicates that traffic flow is relatively steady. However, the higher speeds could contribute to a sense of pedestrian and bicyclist insecurity

Exhibit 69: The 85th Percentile Speed at Critical Intersections

| **Location** | **Travel Speed*(miles per hour) Northbound/Southbound** |
|---|---|
| **North of MD 124 (Montgomery Village Avenue)** | 47.8 /51.0 |
| **South of MD 124** | 38.5/40.6 |
| **North of Summit Avenue** | 38.0/32.0 |
| **North of South Westland Drive** | 42.1/43.3 |

Source: Traffic Group *The 85th percentile recorded speed

Lane Usage & Volumes

During the period when traffic counts were recorded, volumes by lane were also observed. The goal of this aspect of the analysis is to determine the distribution of traffic in each direction across each of the three lanes. These data are important in understanding the utilization of the outside lanes to determine existing and potential impacts on transit usage and bicycle compatibility.

The study team analyzed traffic movements for four separate segments: 1) north of Professional Drive; 2) south of MD 124; 3) north of Summit Avenue; and 4) north of Westland Avenue. Exhibit 70 summarizes the results of these counts. The analysis reveals that at the north of Summit Avenue, outside lanes are used by less than 30 percent of the traffic in both the northbound and southbound directions. On the other hand, lane utilization is more evenly distributed south of Summit Avenue. Heavy vehicles comprise only about one percent of daily traffic volume.

Exhibit 70: Daily Traffic Volume by Lane and Type of Vehicle along Various Sections on MD 355

| **MD 355 – North of Summit Avenue** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Northbound | | | | Southbound | | | |
| | | Lane 1 | Lane 2 | Lane 3 | TOTAL | Lane 1 | Lane 2 | Lane 3 | TOTAL |
| **Weekday** | Daily Volume | 994 | 5,271 | 5,732 | 11,997 | 5,392 | 4,068 | 2,063 | 11,523 |
| | % of TOTAL | 8.3% | 43.9% | 47.8% | 100.0% | 46.8% | 35.3% | 17.9% | 100.0% |
| | *% of heavy vehicles* | *2.9%* | *2.6%* | *1.5%* | *2.1%* | *2.1%* | *2.6%* | *3.4%* | *2.5%* |
| **Weekend** | Daily Volume | 819 | 5,807 | 5,573 | 12,199 | 5,184 | 3,899 | 1,779 | 10,862 |
| | % of TOTAL | 6.7% | 47.6% | 45.7% | 100.0% | 47.7% | 35.9% | 16.4% | 100.0% |
| | *% of heavy vehicles* | *2.6%* | *1.7%* | *1.1%* | *1.5%* | *1.8%* | *1.7%* | *3.0%* | *1.9%* |

| **MD 355 – North of Professional Drive** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Northbound | | | | Southbound | | | |
| | | Lane 1 | Lane 2 | Lane 3 | **TOTAL** | Lane 1 | Lane 2 | Lane 3 | **TOTAL** |
| **Weekday** | Daily Volume | 3,371 | 6,184 | 5,991 | **15,546** | 4,039 | 6,103 | 6,109 | **16,251** |
| | % of TOTAL | 21.7% | 39.8% | 38.5% | **100.0%** | 24.9% | 37.6% | 37.6% | **100.0%** |
| | *% of heavy vehicles* | *1.9%* | *0.7%* | *1.3%* | ***1.2%*** | *2.6%* | *0.7%* | *0.3%* | ***1.0%*** |
| **Weekend** | Daily Volume | 2,653 | 5,079 | 4,705 | **12,437** | 2,368 | 4,553 | 4,592 | **11,513** |
| | % of TOTAL | 21.3% | 40.8% | 37.8% | **100.0%** | 20.6% | 39.5% | 39.9% | **100.0%** |
| | *% of heavy vehicles* | *1.7%* | *0.2%* | *0.6%* | ***0.7%*** | *2.8%* | *0.4%* | *0.1%* | ***0.8%*** |

| **MD 355 – South of MD 124** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Northbound | | | | Southbound | | | |
| | | Lane 1 | Lane 2 | Lane 3 | **TOTAL** | Lane 1 | Lane 2 | Lane 3 | **TOTAL** |
| **Weekday** | Daily Volume | 5,424 | 6,858 | 6,743 | **19,025** | 4,727 | 6,231 | 5,525 | **16,483** |
| | % of TOTAL | 28.5% | 36.0% | 35.4% | **100.0%** | 28.7% | 37.8% | 33.5% | **100.0%** |
| | *% of heavy vehicles* | *2.2%* | *3.1%* | *1.4%* | ***2.3%*** | *1.0%* | *0.8%* | *0.8%* | ***0.9%*** |
| **Weekend** | Daily Volume | 4,168 | 4,970 | 6,333 | **15,471** | 4,339 | 4,994 | 4,008 | **13,341** |
| | % of TOTAL | 26.9% | 32.1% | 40.9% | **100.0%** | 32.5% | 37.4% | 30.0% | **100.0%** |
| | *% of heavy vehicles* | *0.8%* | *0.9%* | *1.3%* | ***1.0%*** | *0.6%* | *0.6%* | *0.3%* | ***0.5%*** |

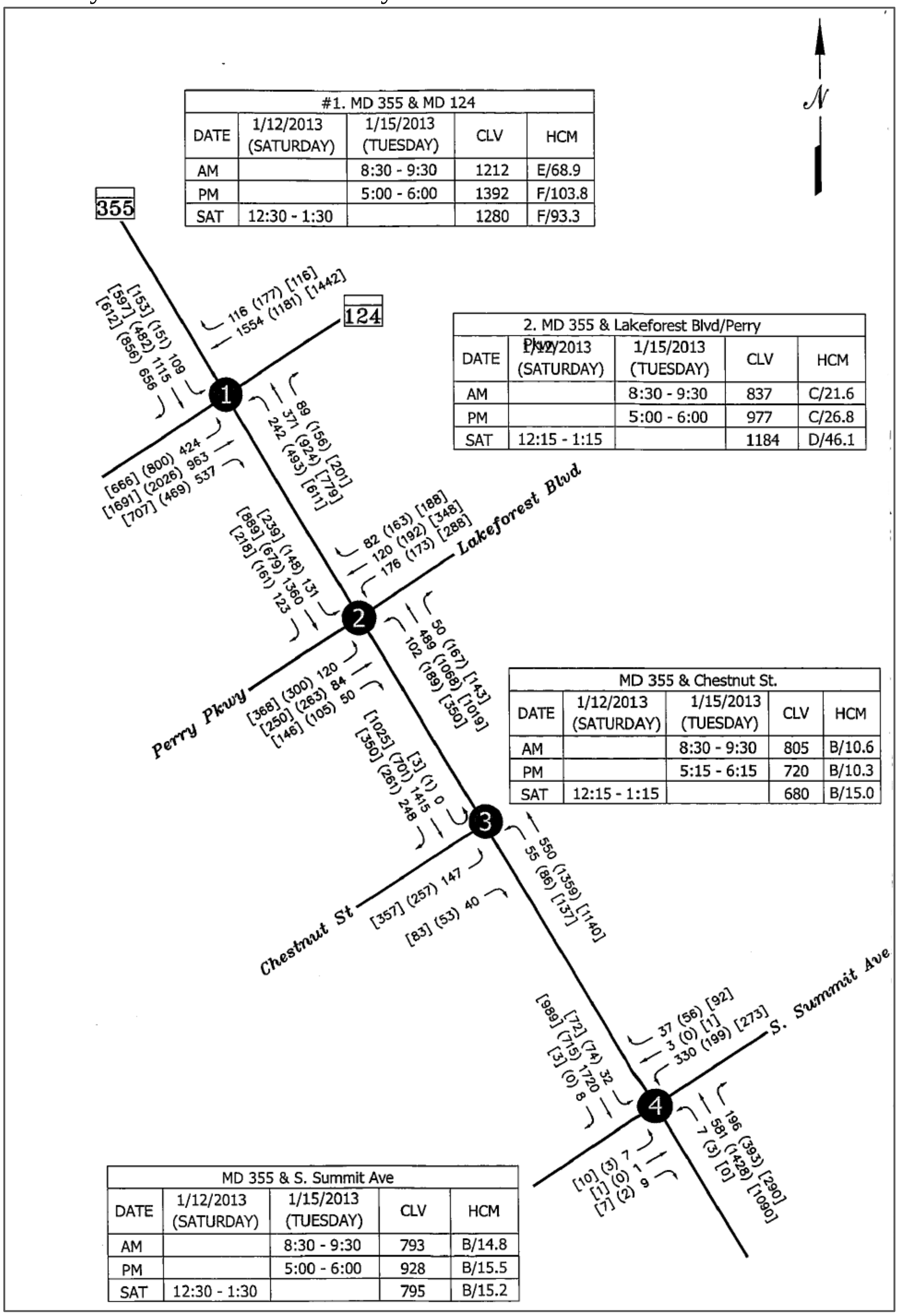
| **MD 355 – North of Westland Drive** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Northbound | | | | Southbound | | | |
| | | Lane 1 | Lane 2 | Lane 3 | **TOTAL** | Lane 1 | Lane 2 | Lane 3 | **TOTAL** |
| **Weekday** | Daily Volume | 6,685 | 7,539 | 6,520 | **20,744** | 6,359 | 7,464 | 6,068 | **19,891** |
| | % of TOTAL | 32.2% | 36.3% | 31.4% | **100.0%** | 32.0% | 37.5% | 30.5% | **100.0%** |
| | % of heavy vehicles | 0.7% | 0.5% | 0.3% | **0.5%** | 0.9% | 1.4% | 0.7% | **1.0%** |
| **Weekend** | Daily Volume | 5,281 | 5,861 | 4,647 | **15,789** | 4,682 | 5,726 | 4,272 | **14,680** |
| | % of TOTAL | 33.4% | 37.1% | 29.4% | **100.0%** | 31.9% | 39.0% | 29.1% | **100.0%** |
| | % of heavy vehicles | 0.4% | 0.2% | 0.1% | **0.2%** | 0.7% | 1.0% | 0.3% | **0.7%** |

Source: Traffic Group

## Quality of Intersection Operations

The study team also tracked intersection turning movement counts during weekday peak periods as well as on a Saturday to establish the highest one hour volume of traffic during each peak period at each intersection. The map below (Exhibit 71) reflects the distribution of traffic at the four signalized intersections. Exhibit 72 provides a more condensed version of this data.

Exhibit 71:Traffic Volumes at Four Intersections on Frederick Avenue (MD 355) and Level of Service, Weekday Peak Hours and Saturday Peak Hours




| #1. MD 355 & MD 124 | | | | |
|---|---|---|---|---|
| DATE | 1/12/2013 (SATURDAY) | 1/15/2013 (TUESDAY) | CLV | HCM |
| AM | | 8:30 - 9:30 | 1212 | E/68.9 |
| PM | | 5:00 - 6:00 | 1392 | F/103.8 |
| SAT | 12:30 - 1:30 | | 1280 | F/93.3 |

| 2. MD 355 & Lakeforest Blvd/Perry Pkwy | | | | |
|---|---|---|---|---|
| DATE | 1/12/2013 (SATURDAY) | 1/15/2013 (TUESDAY) | CLV | HCM |
| AM | | 8:30 - 9:30 | 837 | C/21.6 |
| PM | | 5:00 - 6:00 | 977 | C/26.8 |
| SAT | 12:15 - 1:15 | | 1184 | D/46.1 |

| MD 355 & Chestnut St. | | | | |
|---|---|---|---|---|
| DATE | 1/12/2013 (SATURDAY) | 1/15/2013 (TUESDAY) | CLV | HCM |
| AM | | 8:30 - 9:30 | 805 | B/10.6 |
| PM | | 5:15 - 6:15 | 720 | B/10.3 |
| SAT | 12:15 - 1:15 | | 680 | B/15.0 |

| MD 355 & S. Summit Ave | | | | |
|---|---|---|---|---|
| DATE | 1/12/2013 (SATURDAY) | 1/15/2013 (TUESDAY) | CLV | HCM |
| AM | | 8:30 - 9:30 | 793 | B/14.8 |
| PM | | 5:00 - 6:00 | 928 | B/15.5 |
| SAT | 12:30 - 1:30 | | 795 | B/15.2 |

Source: Traffic Group

Exhibit 72: Critical Lane Volumes at Intersections along Frederick Avenue (MD 355), Weekday Peak Hours and Saturday Peak Hours

| Intersection | Morning Peak Hour | Evening Peak Hour | Mid-day Saturday Peak Hour |
|---|---|---|---|
| **MD 355 & MD 124** | 1,212 | 1,392* | 1,280 |
| **MD 355 & Perry Pkwy./ Lakeforest Blvd.** | 837 | 977 | 1,184 |
| **MD 355 & Chestnut St.** | 805 | 720 | 680 |
| **MD 355 & Summit Ave.** | 793 | 928 | 795 |

Source: Traffic Group *The level of service is "D."

These traffic counts are useful in determining the acceptability of present levels of congestion given City and County standards. For purposes of this analysis, intersection capacity analyses were conducted for each intersection using both the Critical Lane Volume (CLV) and the Highway Capacity Manual (HCM) methodologies. The HCM methodology provides letter grades gauging the level of congestion and delay. A level of service (LOS) "A" indicates comfortable traffic flow while a LOS "F" indicates congestion and delay. It should be noted that differences in the CLV of an intersection between level of service (LOS) "D" and LOS "E" is based on a numerical calculation. In many cases, the difference cannot be perceived by the average motorist.

The MD 355 and MD 124 intersection experiences some delay based on the HCM methodology, which is an operational analysis, but is not used to determine adequacy based on City and County Standards. However, all of the intersections are currently operating within the acceptable congestion standards for the City, County, and the Maryland State Highway Administration (SHA) based on the acceptable CLV standard of 1,450 vehicles per hour or lower.

The MD 355 and MD 124 intersection in 2011 was shown to be operating at less than acceptable levels based on historic data obtained from prior studies, including SHA's 2011 study. For this reason, the study team conducted a second traffic count at this intersection in June of 2013 to verify whether traffic patterns are still consistent with the counts previously used for this report. The revised count conducted in June 2013 was more consistent with the count conducted by the Traffic Group in January 2013, which was used as a basis of this report. This intersection is sensitive to traffic conditions along I-270. If congestion exists along I-270, people utilize MD 124 and MD 355 to reach other routes to avoid the congestion. The different counts we have provided show that one of the primary differences is that the east-west traffic is significantly higher for the counts conducted in 2011 versus the more recent counts performed in 2013. This could be a result of dynamics related to I-270 and/or to the opening of the ICC. If and when the Watkins Mill interchange is constructed, a significant improvement to the MD 355 and MD 124 intersection would be anticipated.

The difference in the traffic counts for this intersection can likely be attributed to several factors. Traffic volumes particularly during the peak periods have generally decreased over the past couple of years in most areas of the state. This is particularly true in areas that have experienced congestion previously. People appear to be making more frequent and better use of public transportation, altering their commuting times, or using new roads. To a lesser degree, the current economic situation has also played a part in this decrease as more people carpool or no longer commute to work.

Future Traffic Signals

For a traffic signal to be installed at an intersection, that intersection must meet minimum criteria as outlined in the *Manual On Uniform Traffic Control Devices* (MUTCD). The State Highway Administration makes the final determination. To assess relevant traffic conditions, the Traffic Group conducted 12-hour turning movement counts at two intersections along MD 355: 1) at Fulks Corner Road and 2) at Dalamar Street.

1) Analysis of Data Collected at Fulks Corner Road

The Traffic Group concludes that this intersection indicates that the minimum warrants for signalization would be met at this location based on the total approach volumes. A large portion of the approaching traffic however involves right turns from minor streets and those turns are allowed in Maryland as "right turn on red." Most of the time, the right turn volumes are not counted toward meeting the needed criteria. In this particular case, the study team concludes that the Maryland State Highway Administration would not likely consider the right turn volumes from the minor streets. Therefore, the existing volumes would not meet the minimum requirements for signalization. Relevant data are presented in Exhibit 73.

Exhibit 73: MD 355 & Cedar Ave/Fulks Corner Ave, Traffic Counts by Hour and Signal Warrant Satisfaction

| | MD 355 & Cedar Ave/Fulks Corner Ave | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2013 Existing Traffic | | | | | | |
| | Major | Minor (Cedar Ave) Eastbound | | | Minor (Fulks Corner Ave) Westbound | | |
| Time | | left | thru | right | left | thru | right |
| 7:00 AM | 2072 | 10 | 2 | 34 | 5 | 1 | 35 |
| 8:00 AM | 2342 | 7 | 1 | 41 | 7 | 0 | 40 |
| 9:00 AM | 2414 | 13 | 5 | 28 | 13 | 0 | 37 |
| 10:00 AM | 1641 | 14 | 4 | 30 | 7 | 3 | 25 |
| 11:00 AM | 1686 | 8 | 2 | 24 | 5 | 5 | 55 |
| 12:00 PM | 1913 | 13 | 5 | 29 | 5 | 3 | 53 |
| 1:00 PM | 1822 | 13 | 5 | 22 | 9 | 4 | 52 |
| 2:00 PM | 1880 | 14 | 3 | 17 | 12 | 2 | 77 |
| 3:00 PM | 1984 | 8 | 2 | 15 | 6 | 3 | 85 |
| 4:00 PM | 2231 | 16 | 5 | 25 | 6 | 2 | 97 |
| 5:00 PM | 2388 | 10 | 4 | 42 | 7 | 3 | 165 |
| 6:00 PM | 2013 | 13 | 4 | 36 | 8 | 6 | 127 |

| | | Warrant #1 | | | | | | Warrant #2 4-Hour Volumes (4) | Warrant #3 Peak Hour Volume (5) |
|---|---|---|---|---|---|---|---|---|---|
| | | Condition A Minimum Vehicular (1) | | Condition B Interruption of Cont. Traf. (2) | | Combination of Conditions A and B (3) | | | |
| Existing Traffic | | Major | Minor | Major | Minor | 80% x Condition A | 80% x Condition B | see Figure 4C-2 of MUTCD | see Figure 4C-4 of MUTCD |
| Time | Major Minor | (420 VPH) | (105 VPH) | (630 VPH) | (53 VPH) | (336vph)&(84vph) | (504vph)&(42vph) | | |
| 7:00 AM | 2072 46 | X | | X | | | X | | |
| 8:00 AM | 2342 49 | X | | X | | | X | | |
| 9:00 AM | 2414 50 | X | | X | | | X | | |
| 10:00 AM | 1641 48 | X | | X | | | X | | |
| 11:00 AM | 1686 65 | X | | X | X | | X | | |
| 12:00 PM | 1913 61 | X | | X | X | | X | | |
| 1:00 PM | 1822 65 | X | | X | X | | X | | |
| 2:00 PM | 1880 91 | X | | X | X | X | X | X | |
| 3:00 PM | 1984 94 | X | | X | X | X | X | X | |
| 4:00 PM | 2231 105 | X | X | X | X | X | X | X | X |
| 5:00 PM | 2388 175 | X | X | X | X | X | X | X | X |
| 6:00 PM | 2013 141 | X | X | X | X | X | X | X | X |
| | hours satisfied | 3 | | 8 | | 5 | | 5 | 3 |

*Major – 3 lanes/Minor 1 lane; 85% Speed is > 40 mph; Speed factor = 0.7

| ***Summary of the Analysis:*** | ***Result:*** |
|---|---|
| Warrant #1-A (8 hours required) | IS NOT SATISFIED |
| Warrant #1-B (8 hours required) | IS SATISFIED |
| Warrant #1-combination A + B(8 hours required) | IS NOT SATISFIED |
| Warrant #2 (4 hours required) | IS SATISFIED |
| Warrant #3 (1 hours required) | IS SATISFIED |

2) Analysis of Data Collected at Dalamar Street

Based on turning movement counts conducted at this intersection, the Traffic Group determined that the MUTCD minimum criteria are not met at this intersection. Therefore, the Maryland State Highway Administration will not allow a traffic signal to be installed. Exhibit 74 provides relevant statistical detail.

Exhibit 74: MD 355 & Dalamar St/Business Access, Traffic Counts by Hour and Signal Warrant Satisfaction

| | MD 355 &Dalamar St/Business Access | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2013 Existing Traffic | | | | | | |
| | Major | Minor (Dalamar St) Eastbound | | | Minor (Business Access) Westbound | | |
| Time | | left | thru | right | left | thru | right |
| 7:00 AM | 1186 | 1 | 0 | 9 | 0 | 0 | 1 |
| 8:00 AM | 2012 | 0 | 0 | 1 | 0 | 0 | 0 |
| 9:00 AM | 2349 | 1 | 0 | 18 | 0 | 0 | 0 |
| 10:00 AM | 2405 | 3 | 0 | 7 | 1 | 0 | 3 |
| 11:00 AM | 2023 | 5 | 0 | 9 | 4 | 0 | 9 |
| 12:00 PM | 2023 | 1 | 0 | 6 | 0 | 0 | 11 |
| 1:00 PM | 2389 | 7 | 0 | 17 | 7 | 0 | 25 |
| 2:00 PM | 2300 | 5 | 0 | 47 | 5 | 0 | 17 |
| 3:00 PM | 2294 | 5 | 0 | 27 | 10 | 0 | 6 |
| 4:00 PM | 2309 | 2 | 0 | 22 | 8 | 1 | 21 |
| 5:00 PM | 2584 | 1 | 0 | 14 | 6 | 0 | 12 |
| 6:00 PM | 2671 | 7 | 0 | 20 | 3 | 0 | 9 |

| | | Warrant #1 | | | | | | Warrant #2 4- Hour Volumes (4) | Warrant #3 Peak Hour Volume (5) |
|---|---|---|---|---|---|---|---|---|---|
| | | Condition A Minimum Vehicular (1) | | Condition B Interruption of Cont. Traf. (2) | | Combination of Conditions A and B (3) | | | |
| Existing Traffic | | Major | Minor | Major | Minor | 80% x Condition A | 80% x Condition B | see Figure 4C-2 of MUTCD | see Figure 4C-4 of MUTCD |
| Time | Major Minor | (420 VPH) | (105 VPH) | (630 VPH) | (53 VPH) | (336vph)&(84vph) | (504vph)&(42vph) | | |
| 7:00 AM | 1186 10 | X | | X | | | | | |
| 8:00 AM | 2012 1 | X | | X | | | | | |
| 9:00 AM | 2349 19 | X | | X | | | | | |
| 10:00 AM | 2405 10 | X | | X | | | | | |
| 11:00 AM | 2023 14 | X | | X | | | | | |
| 12:00 PM | 2023 11 | X | | X | | | | | |
| 1:00 PM | 2389 32 | X | | X | | | | | |
| 2:00 PM | 2300 52 | X | | X | | | X | | |
| 3:00 PM | 2294 32 | X | | X | | | | | |
| 4:00 PM | 2309 30 | X | | X | | | | | |
| 5:00 PM | 2584 18 | X | | X | | | | | |
| 6:00 PM | 2671 27 | X | | X | | | | | |
| | hours satisfied | 0 | | 0 | | 0 | | 0 | 0 |

*Major – 3 lanes/Minor 1 lane; 85% Speed is > 40 mph; Speed factor = 0.7

| *Summary of the Analysis:* | *Result:* |
|---|---|
| Warrant #1-A (8 hours required) | IS NOT SATISFIED |
| Warrant #1-B (8 hours required) | IS NOT SATISFIED |
| Warrant #1-combination A + B(8 hours required) | IS NOT SATISFIED |
| Warrant #2 (4 hours required) | IS NOT SATISFIED |
| Warrant #3 (1 hours required) | IS NOT SATISFIED |

In sum, the results of this study indicate that traffic conditions in this area, while heavy at times, are still well within the acceptable City, County and State Highway Administration standards. Additional capacity is available before these standards are exceeded.

## VI. Determinations Derived from Focus Group Sessions

The study team held two focus group sessions in Gaithersburg; one on March 4th and another on March 29th, 2013. Each session lasted approximately 2 to 2.5 hours. Commercial real estate brokers and developers largely attended the first session. The second session included individuals, families and businesses that own land along the corridor. To protect the privacy of participants, no individual statements are attributed. The narrative immediately below summarizes the content of these discussions and merely perceptions of focus group members.

*Conclusion 1: The present situation of the Corridor is 'stagnant': not bad, but not good either and not promising*

The word "stagnant" emerged continuously during these discussions. Occasionally, focus group members indicated that the corridor is in decline, but is not yet severely distressed. Many focus group members indicated that the corridor in its current incarnation is neither attractive to consumers nor developers.

Many developers, realtors and property owners indicated that they have significant difficulty attracting/retaining tenants because of a general lack of upscale amenities and entertainment along the corridor. The corridor appears to be losing market share to proximate mixed-use developments that offer a more amenity-rich environment, many of which fall outside the City boundaries of Gaithersburg.

*Conclusion 2: The corridor requires a consistent vision*

During each of the two focus group sessions, several ideas were suggested regarding appropriate development visions for the Corridor. A group of commercial real estate developers and brokers suggested the need for large-scale residential development, which would help support retail activity in the adjacent/proximate areas. A number of developers view residential development favorably, though it was pointed out that an influx of new residents would necessitate new transit service that extends through city center. The development of better transit would also contribute to more predictable traffic flow along Frederick Avenue.

Local business owners held similar views regarding development and pointed out that either residential or commercial development would require the same level of public and private financial commitment and focus that nurtured downtown Silver Spring's renaissance during the 1980s and beyond. Rockville was also mentioned repeatedly as a possible model for the corridor's redevelopment and economic repositioning.

In sum, both focus groups seem to agree that the corridor requires a prime mover. Developers suggested that a focal point development will attract fresh, typically upscale clientele back to the area. The Fairgrounds and parcels around Lakeforest Mall were mentioned as possible locations for such a prime mover. The problem in developing these areas is that land ownership is fragmented, and land assembly along the Corridor has proven challenging in the past.

Both groups also agree that the Corridor lacks retail amenities. Some developers indicated that the area would benefit from large-scale retail development that would attract a new class of more upscale retailers to the area. That in turn may render proximate office space more attractive and susceptible to leasing activity. To create sufficient critical mass and economic energy, some local business owners also embraced the idea of improved mass transit. The location of such large-scale development could potentially be controversial. For instance, one business owner strongly believed that the Fairgrounds should remain forever unaltered. The popularity of this view is unknown, but it is clearly not universal.

Critically, focus group participants repeatedly mentioned that legal constraints established by various levels of government (e.g., City, County, and the State) were driving investment dollars away from the Corridor. While a number of focus group participants praised the City for its better than average permitting processes and performance along other dimensions, restrictions on what can be constructed along other portions of the Corridor render it vulnerable to under-investment – at least this was the judgment of several focus group participants. Based on the study team's investigations, it is clear that the City has amended height restrictions to render them less prohibitive and to create greater prospects for productive and profitable investment. As an example, the City recently modified its Zoning Ordinance to allow for height waivers up to 10 stories within certain sections of the Corridor.

*Conclusion 3: Traffic and criminality represent significant sources of concern*

Excessive traffic volume represented an issue for many at the focus groups. Although Traffic Group analyses indicate that traffic along this portion of the Frederick Avenue Corridor is not particularly burdensome (at least by Washington metropolitan area standards), many stakeholders indicate that traffic flow is one reason that they and others avoid engaging the Corridor.

There were also oft-mentioned concerns regarding criminality, including at and around Lakeforest Mall. Data indicate that over the past year, the area has become "rougher". The focus groups also suggested at least a mild deterioration of area perceptions.

*Conclusion 4: There are Opportunities*

First, the area needs a resurgence of investment and better competitive positioning. Second, the lack of elevated aesthetics contributes to the Corridor's underperformance. Third, the Frederick Avenue Corridor can handle greater density, needs a prime mover to drive change, and would benefit from mixed-use as opposed to single purpose development.

## VII. Summary of Baseline Studies Report

The demographics of the Frederick Avenue Corridor in Gaithersburg are shifting rapidly. In general, average levels of educational attainment are falling, minority population share is rising and income growth has been slow relative to citywide averages.

At the same time, there is evidence of significant entrepreneurship and business formation, though commercial investment in the Corridor has stagnated to a meaningful degree over the past decade. Growth in the value of taxable properties in the Corridor has been significantly slower compared to the City overall. While the value of Corridor properties in the aggregate grew by 44 percent over a recent 10-year period, City assessed value for taxable properties more than doubled. As a result, the Corridor's share of assessed value declined from 17.6 percent to 11.8 percent between 2000 and 2010. There is also evidence of rising criminality, though only very recently.

Traffic represents a frequent source of complaint, but the study team's traffic counts indicate that there is still capacity along the Corridor to support new investment. This is an important finding since many stakeholders agree that the Corridor is now characterized by a pattern of slow and steady decline as newer commercial districts, some of which are transit-oriented, attract greater levels of private investment. In the opinion of these stakeholders, the Corridor needs a prime mover – a signature investment that transforms the image of this commercial and residential district and restores its position as a community of choice.

The balance of this study provides additional insights in the form of market analysis, retail gap analysis, fiscal analysis and recommendations. The objective is to position the Corridor for economic and fiscal sustainability through a combination of targeted physical improvements and enhanced marketing. Finally, potential adaptive reuses for the Fairgrounds and Lakeforest Mall is discussed in greater depth later in the study. Square footage associated with Lakeforest Mall is not reflected in the retail discussion above.