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February 1, 2012

VIA HAND DELIVERY

Ms. Susan Lareuse
Development Review Division
Maryland-National Capital Park
and Planning Commission
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772

Re: Cafritz Property

Dear Ms. Lareuse:

In response to the recent filing of the draft "Route One Communities Retail Market Study" prepared by Bolan Smart Associates and dated January 20, 2012, enclosed please find an executive summary prepared by Delta Associates summarizing the key elements of their updated market feasibility study. Importantly, both studies find that the trade area has underserved market demand for Grocery Store space and Restaurant space. The Delta study also projects that the trade area will remain undersupplied into 2015, and that a higher level of quality could be supported.

Review of the Bolan Smart Study reveals that within the Hyattsville/Riverdale Park/University Park Primary Trade Area, there exists a potential deficit of Grocery and Related space of 58,000 to 62,000 SF and (factoring in a 10% demand variance) that deficit could be as much as 112,000 SF. The deficit in the College Park Primary Trade Area could be as much as 155,000 SF. This range closely corresponds to the finding in

Ms. Susan Lareuse

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the Delta report of an undersupply of Grocery Store Space of 166,415 SF. If the "Related" convenience goods space (which has historically been oversupplied in this area) is removed from the Bolan Smart calculation, and the recent decision by Safeway to close its 33,000 SF Hamilton Street store is reflected by removing it from existing inventory, then the undersupply is even more pronounced.

Additionally, the Bolan Smart report indicates a potential deficit of 38,000 to 54,000 SF of Food & Beverage space which could be as high as 102,000 SF in the Hyattsville/Riverdale Park/University Park Primary Trade Area, and as high as 100,000 SF in the College Park Primary Trade Area. This finding also closely corresponds with the finding in the Delta report of an undersupply of 123,477 SF of Restaurant space.

Your consideration of this matter is appreciated.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Richard K. Reed".

Richard K. Reed

RKR:led

Enclosure

cc: Ms. Jane Cafritz
David Weisel, CRE

Key Site Evaluation Findings

- The area surrounding the site includes a mix of affluent and moderate-income communities.
- The subject site has good transportation access.
- The subject is convenient to employment centers, including the University of Maryland.
- The subject site has good visibility and accessibility.

Existing Retail Supply

The subject's trade area contains an estimated 9.3 million square feet of retail space. Almost a quarter of the trade area's retail space is in three regional and super regional malls — The Mall at Prince George's, Beltway Plaza, and Capital Plaza. Retail vacancy is estimated to be 7.7%, indicating a healthy market (especially considering that Capital Plaza accounts for 20% of the vacant space). The existing supply includes about 1.2 million square feet of grocery store space and 898,000 square feet of restaurant space. There is no significant retail space currently under construction, but about 312,000 square feet is planned and could deliver by 2015.

Key Demographic Findings

The demographics of the subject's trade area are typical of a mature, inner suburb. In 2010 the subject's trade area had a population of 359,667 persons in 128,664 households. The trade area's customer base is augmented by the University of Maryland's flagship College Park campus, with 35,000 students and over 12,000 faculty and staff.

The number of higher-income households is growing. Although the number of total households is expected to decline, the number of households with incomes of \$50,000 or more is projected to increase between 2010 and 2015.

The daytime population of the subject's trade area includes about 49,000 office workers. The trade area contains about 11.8 million square feet of office space. About 400,000 square feet could be added by 2015, which would bring the number of trade area office workers to 51,000.

Grocery and Restaurant Supply/Demand Findings

The trade area currently has an undersupply of grocery and restaurant space. Our supply/demand analysis indicates that the subject's trade area has an undersupply of roughly 166,000 square feet of grocery store space and 123,000 square feet of restaurant space.

The trade area will remain undersupplied by 2015 even if all the planned space in the near-term pipeline is built. The trade area is projected to have an undersupply of approximately 108,000 square feet of grocery space and 81,000 square feet of restaurant space (both estimates exclude the planned space at the subject site).

**Trade Area Supply/Demand: Grocery Store Space
(square feet)**

	2010	2015
Supply [1]	1,228,321	1,272,965
Demand	1,394,736	1,380,736
Over/(Under) Supply	(166,415)	(107,771)

[1] Does not include the subject.

**Trade Area Supply/Demand: Restaurant Space
(square feet)**

	2010	2015
Supply [1]	897,851	930,483
Demand	1,021,328	1,011,136
Over/(Under) Supply	(123,477)	(80,653)

[1] Does not include the subject.

In general, retail space in the trade area is undersupplied, and a higher level of quality could be supported. Gaps remain in the retail landscape for successful retail concepts that are common elsewhere in the Washington metro area, yet are unavailable in Prince George's County and in the subject's trade area. We believe there is sufficient demand to support your planned retail development at the subject site.

Respectfully submitted,

DELTA ASSOCIATES



David Weisel, CRE
President, Consulting Division



David Parham
Senior Vice President and Project Director

QUALIFICATIONS OF THE AUTHOR



AN INTRODUCTION TO DELTA ASSOCIATES

*A Firm of Experienced Professionals Providing
Commercial Real Estate Research, Advisory & Valuation Services*

The firm's practice is organized in four related areas:

1. Valuation services.
2. Consulting and advisory services for real estate projects including market and demand/supply analyses, financial and development program analyses, and fiscal and economic impact studies.
3. Distressed asset recovery services to include property performance analysis and enhancement studies, debt structuring evaluation and note valuations, portfolio assembly due diligence, valuations and litigation support.
4. Subscription Data for select metro areas for office, apartment, condominium, retail, and industrial property types.

The firm has extensive experience in all aspects of the real estate advisory business including:

- market research and demand/supply analysis
- litigation support and expert testimony
- development programming and planning
- financial and fiscal analyses
- valuation services
- economic impact and revitalization studies
- strategic market research and market entry strategies
- property performance evaluation and "tune-up" recommendations
- site selection and lease/purchase evaluation
- highest and best use studies

Highly focused research and analysis is communicated in thoroughly documented and brief, well-written reports. Services are frequently undertaken with a team of other professionals -- lawyers, engineers, architects and planners. Delta appreciates and responds to the need for timely performance of assignments to comply with project schedules.

Valuations are a specialty of the firm -- *notes, entities* that own real estate and *partial interests* in real estate.

Consulting and advisory services are provided by an Executive of the firm who is Counselor of Real Estate (CRE) on a variety of subjects, to a broad spectrum of clients. Items addressed include market and financial feasibility analyses for proposed projects, site selection and pre-acquisition due diligence services, performance evaluation of existing income-producing properties, work-out strategies for troubled projects, investment analysis, and strategic market/submarket demand/supply analysis. Advice to clients emphasizes practical, yet creative, approaches that reflect the experience of the firm's senior staff. Clients served by the firm are varied and include:

- asset managers and advisors
- banks and insurance companies
- brokers and property managers
- corporate users and owners
- developers and REITs
- government agencies
- hotel chains and operators
- institutional investors
- law firms
- mortgage bankers and underwriters
- pension funds
- retailers

Subscription Data on the Washington/Baltimore area market is available from the firm in the form of affordable, subscriber-based quarterly publications. In addition, summary quarterly reports for LA/Orange County, Phoenix, Houston, Denver, San Antonio, Austin, Dallas/Ft. Worth, and Chicago are also available. These reports summarize the local economy, office and industrial markets.

Reports

- office
- apartments and condominiums
- retail
- industrial
- regional economy
- opinion survey of real estate industry leaders

Content

- land and building sales prices and cap rates
- vacancy, absorption and rent rates
- construction, deliveries and standing inventory
- current and historic data
- list of planned and under construction projects
- property type outlook and list of "players"

REPRESENTATIVE DELTA ASSIGNMENTS

Client	Service	Location	Purpose
MONY	Apartment Market Study	Tempe, AZ	Loan underwriting
Hines Interests	Office Market Database and Intelligence Report	Washington, DC	Annual Business Plan (20+ year assignment)
Federal Realty Inv. Trust	Retail Market Study	Buckhead, GA	Pre-development Planning
Ritz-Carlton	Condo Market Study	Washington, DC	Pre-development Planning
Washington R.E. Inv. Trust	Due Diligence Reports	DC Metro	Pre-acquisition studies of Apartment and Office Buildings
American Speech-Language-Hearing Association	Comparative Economics	Indianapolis, IN	Corporate Relocation Study
A New York Bank (confidential)	Evaluation of Distressed Asset	Baltimore, MD	Restructure a loan

A SELECTED LIST OF REFERENCES OF THE FIRM

The following individuals are a cross section of clients who can respond to questions about the work of Delta Associates and its principals. Available upon request are additional references in your specific business and/or geographic area.

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SHOPPING CENTER AND RETAIL FACILITIES PUBLICATIONS AND MARKET FEASIBILITY STUDIES

Publication/Subscription Data

- **Semi Annual Retail Outlooks Available by Subscription**
 - Covers the Washington, DC Metro area.
 - Only report of its kind, covering vacancy, rents, inventory, planned projects, trends, sales, etc.

Services of the Firm

- **Market Analysis**
 - Market Studies are prepared by executives of the firm who are Counselors of Real Estate (CRE)
 - Survey of existing and proposed competitive retail space.
 - Projection of demand, by type of retail goods and services.
 - Definition of market area and key transportation system factors.
 - Comparison of supply and demand, by goods/services sold, so as to evaluate development opportunities.
- **Development Programming and Financial Analysis**
 - Tenant plan and timing recommendations.
 - Rent roll and retail sales estimates.
 - Specification of features, finishes, rents, work letter, etc.
 - Financial evaluation to include cash flow projections with estimated revenues and expenses of operations and/or development.
- **Project Evaluation and Repositioning**
 - Evaluation of underperforming retail center with comparison to peer group performance.
 - Recommendations for tenant, physical and marketing improvements and re-niching.

Illustrative of Recent Assignments

- **Regional Shopping Malls**

The principals have extensive experience in assessing market feasibility and re-use opportunities with dozens of regional malls. A sample listing follows:

- Valley Fair Mall, San Jose, CA
- Springfield Mall, Springfield, VA
- Fair Oaks Mall, Fairfax, VA
- Landmark Mall, Alexandria, VA
- Dadeland Mall, Miami, FL
- Burlington Mall, Boston, MA
- Montgomery Mall, North Bethesda, MD

- **Suburban Shopping Centers**

- **Lottsford Road Center**, Landover, MD. Market analysis and development program recommendations regarding timing and scale of development as well as tenant mix. Part of pre-development planning and zoning approval process, including expert testimony. A Washington Homes development.
- **Rio at Washingtonian Center**, Gaithersburg, MD. Market study of this entertainment anchored community center for evaluation of collateral on an existing loan. A Charles Ackerman development.

- **Urban/In-City Centers and Festival Retail Markets**

- **Grand Avenue**, Milwaukee, Wisconsin. Market study for 1.0 million S.F. retail re-development of downtown Milwaukee. A Rouse Company development.
- **Nashville CBD**, Nashville, Tennessee. Revitalization study for 200,000 S.F. of festive retail space as part of Nashville's re-niching its downtown.
- **Towson Commons**, Towson, Maryland. Market analysis and leasing plan of this planned 160,000 S.F. specialty retail center. Theater economics, structured parking and multi-floor issues addressed. A development of LaSalle Partners.
- **2000 Pennsylvania Avenue**, N.W., Washington, DC. A 70,000 S.F. urban center. Leasing upgrade plan and analysis of competitive peer group performance. An asset of George Washington University.
- **Torpedo Factory**, Historic Waterfront, Alexandria, Virginia. A 60,000 S.F. festive retail market. Large food court component. Market study on a land lease.
- **DuPont Down Under** food court in an abandoned trolley station under DuPont Circle, Downtown Washington, DC. Extensive evaluation of underperforming facility. Analysis of upscale food courts in the CBD and recommendations for re-niching the project. Involved issues of affordable rent, mix and volume of food types, access and visibility, among many others.

National Practice in Providing Retailers with Market Entry Strategies

The firm routinely assists retail tenants in entering a metro market area by providing site evaluations, business plans and entry strategies to a variety of store types including:

- Fast food & restaurant facilities
- Big box and discount stores
- Anchor Department Store
- Grocery and department stores
- Car washes

Clients/References for Shopping Center Services of the Firm

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DAVID WEISEL, CRE

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Qualifications in Real Estate Advisory Services

Mr. Weisel is President of the Consulting Division in Delta's Alexandria headquarters.

Mr. Weisel's clients include Fortune 100 companies, domestic and foreign real estate investment funds, real estate investment trusts, private investors, and federal, state and local governments. He has expertise in many property types, from Class-A office towers in New York City to abandoned manufacturing plants in the Carolinas; from resort facilities in Hawaii to single-room occupancy boarding houses in the Midwest; and from senior housing complexes to child-care centers. His work has taken him to more than 100 metropolitan areas and 40 states in the U.S. and to international markets as well.

Prior to joining Delta Associates in 2000, Mr. Weisel spent over five years with Arthur Andersen LLP, where he was a manager in the real estate valuation and consulting practice in the Washington, DC metropolitan area office of the firm's Strategy, Finance & Economics division. He worked for over two years for Riggs & Co. serving as valuation manager, asset manager, and investment analyst for a \$1 billion real estate fund. He worked for eight years with Real Estate Research Corporation (RERC), a national consulting firm, leaving as director of its Washington, DC office.

Mr. Weisel is a member of The Counselors of Real Estate, The Urban Land Institute, and the American Real Estate Society. He is an Affiliate Member of the Appraisal Institute. He has published several articles on real estate market and investment issues.

Mr. Weisel is a graduate of Harvard University where he received a master's degree in City and Regional Planning. He received a B.A. in Politics from Brandeis University.