

# Arlandria Retail Market Potential

City of Alexandria  
Department of Planning and Zoning

### **Arlandria Retail Market Potential**

This section summarizes the report prepared by Randall Gross/Development Economics, entitled “Arlandria -- Our Place to Be: Market Potentials Analysis for the Arlandria/Upper Potomac West Retail District”, which is incorporated by reference as part of this document.

The market analysis assesses the near-term market demand for different types of retail stores and proposes an appropriate “interim” strategy that helps define a marketing identity and strengthen the retail environment.

#### **Existing Conditions**

Mount Vernon Avenue is the primary retail corridor through the neighborhood. The commercial area also extends up to one block beyond the intersection of Mt. Vernon Avenue and West/East Glebe Road in all directions. These additional retail areas are logical extensions of the Arlandria commercial district.

- Arlandria is in a central location, with good access and nice amenities, including Four Mile Run Park.
- Most traffic is short-cut or locally oriented, with little destination traffic.
- Limited visibility constrains opportunities for large, region-serving destination uses.
- There are few elements that help define Arlandria as a unique place.
- Arlandria is perceived as a Latino business hub with a strong sense of community.
- The district currently serves a distinctly local market, with an unusually high dependence on walk-in trade.

#### **Retail Inventory & Business Mix**

- Arlandria has 265,800 square feet of retail space, equivalent in size to a large community shopping center or a small shopping mall.
- There is very little vacancy, with most existing vacancy concentrated in the Safeway building and Mount Vernon Village Center.
- For a small, urban commercial district with 90 businesses, Arlandria has a surprisingly diverse mix of retail and other businesses.

# A Vision for the Arlandria Neighborhood

## Retail Inventory & Business Mix (continued)

- There is a large concentration of specialty food stores, ethnic restaurants, cleaners, and general merchandise stores.
- Arlandria is home to a nationally-recognized entertainment venue, The Birchmere.

COMMERCIAL SPACE BY RETAIL CATEGORY, ARLANDRIA, 2002		
Category	Sq. Ft.	Percent
Convenience Goods	69,735	26.2%
Shoppers Goods	47,239	17.8%
Eating/Drinking	26,528	10.0%
Entertainment	56,000	21.1%
Personal & Repair Svc	13,159	5.0%
Vacant	53,135	20.0%
<b>TOTAL</b>	<b>265,795</b>	<b>100%</b>
<i>All Comml Space</i>	333,383	
Sources:	City of Alexandria RE Assessments; Store owners/management; and Randall Gross / Dev. Economics.	

## Building Space

- About 40% of the retail space is concentrated in three shopping centers, with the rest of the retail space scattered in freestanding buildings or former residential properties.
- Commercial rents average \$28.17 per square foot, with a broad range from \$12 to \$38 per foot, depending on the building and tenant.
- The average age of buildings is about 50 years.
- Building values average \$95 per square foot, less than the cost of new commercial construction.

# A Vision for the Arlandria Neighborhood

## Customer Base & Sales Trends

- Sales are averaging \$286 per square foot, a healthy figure given national and regional averages. The highest performing stores are those with a regular, walk-in clientele.
- Almost 70% of the stores report increasing sales over the past three years, with an average rate of 3.3% per year.
- Following the events of September 11, 2001, many stores saw sales decline dramatically, with several stores reporting up to 40% loss.
- Most sales (72%) are generated from households within walking distance or within a five-minute drive of the commercial district.

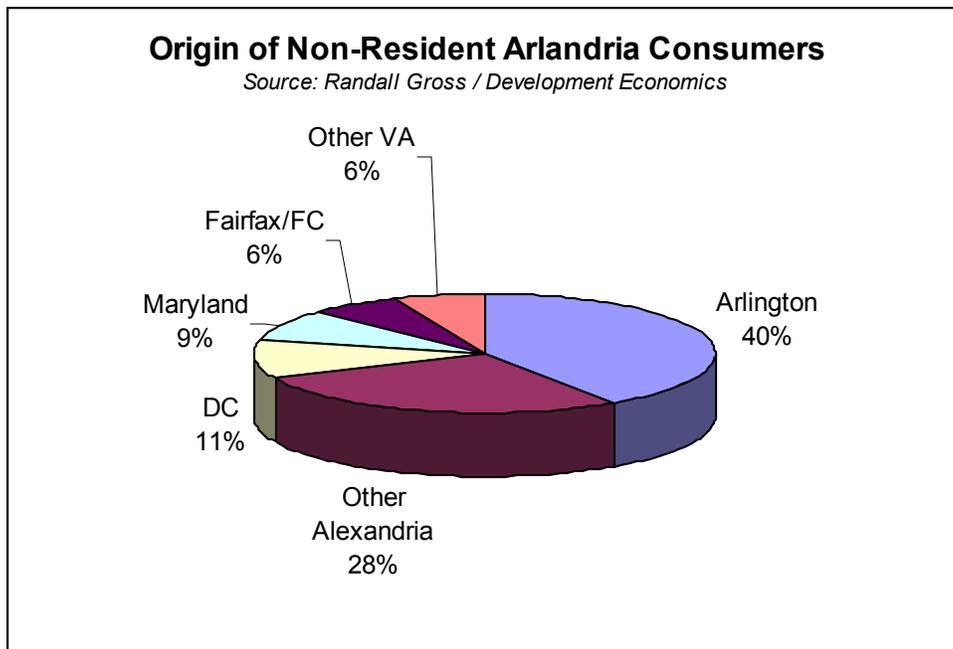
RETAIL SALES CHARACTERISTICS, ARLANDRIA BUSINESS DISTRICT, 2002		
<b>Average Sales</b>		
Mean	\$ 286.22	Per Square Foot
Range	\$65-\$950	Per Square Foot
<b>Local Origin/Walk-In</b>		
Weighted by Sales	72.3%	of Customer Base
Unweighted Average	64.3%	"
Median & Mode	80.0%	"
Range	5%-90%	"
<b>Sales Trends</b>		
Stores Increasing	69%	
Stores Declining	31%	
Total Sales Change	3.34%	Per Year
Change Since 9/11	up to -40%	
Sources:	Sample Arlandria merchants, realtors, Randall Gross / Development Economics.	

# A Vision for the Arlandria Neighborhood

## Consumer Intercept Survey

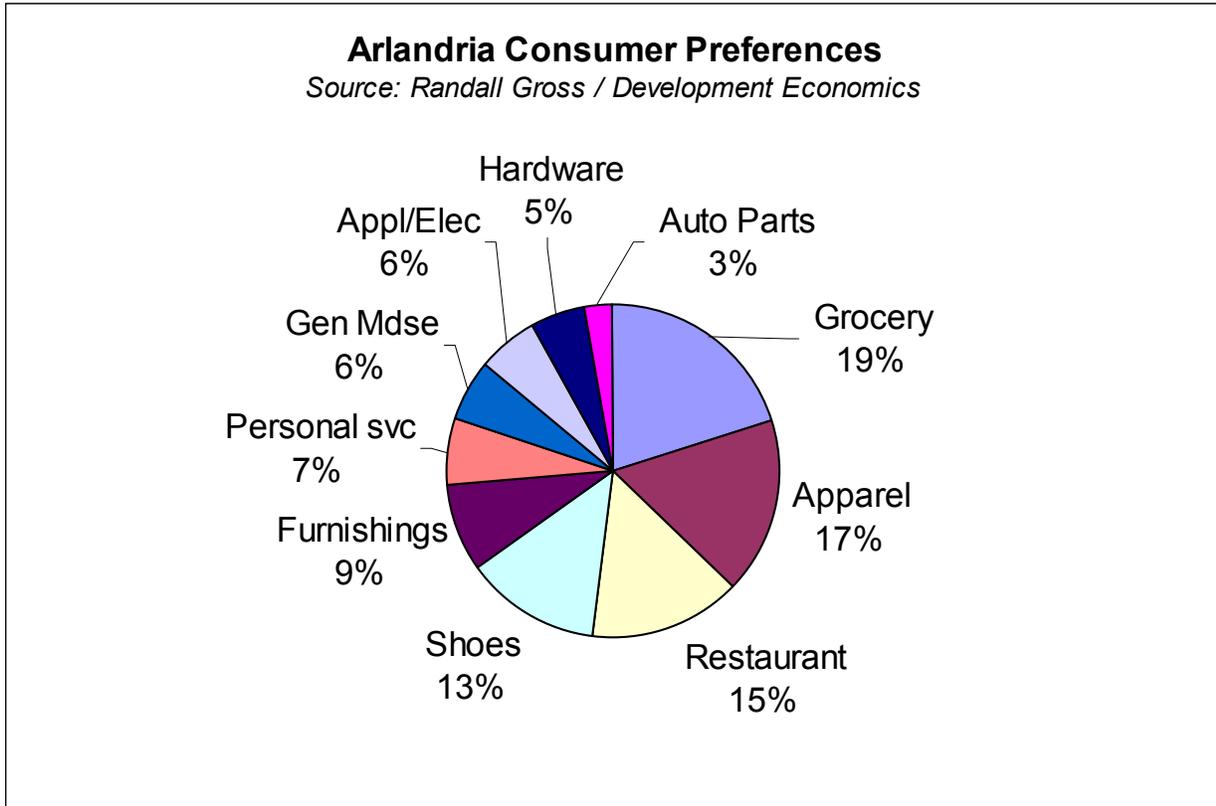
A Shopper's Intercept Survey was conducted to elicit input on Arlandria's strengths and weaknesses, competitive issues, and consumer demographics and behavior. Highlights of the survey are:

- Almost exactly 50% of the consumers interviewed live within the Arlandria neighborhood, confirming the importance of the walk-in trade to existing neighborhood businesses.
- Of the non-Arlandria shoppers, 40% are from Arlington and 28% are from other parts of Alexandria.
- Surveyed shoppers expressed the desire for grocery, apparel and shoe stores, and restaurants



# A Vision for the Arlandria Neighborhood

## Arlandria Consumer Retail Preferences



## *A Vision for the Arlandria Neighborhood*

### **Spending Behavior**

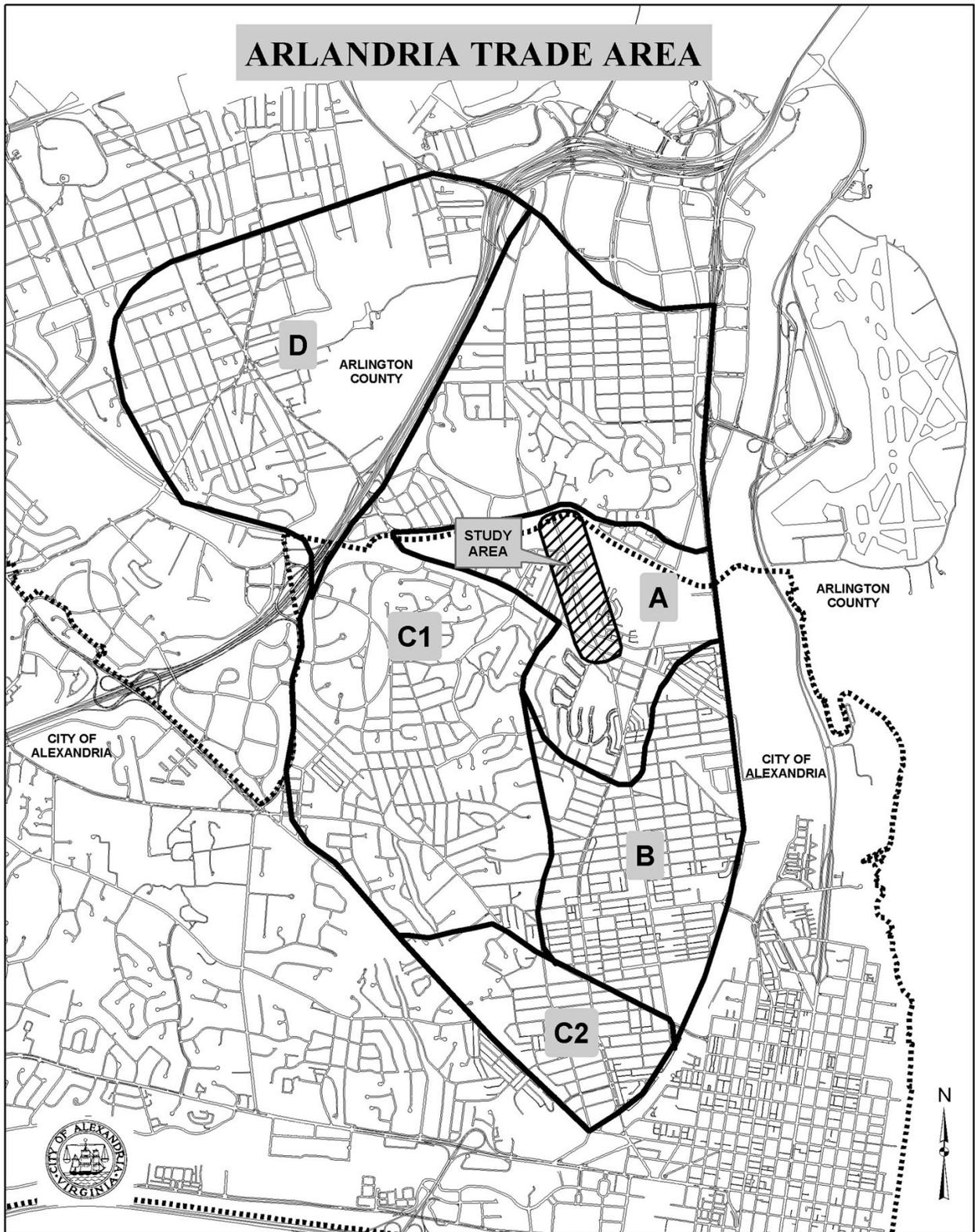
- The largest number of shoppers visit the area at least two times per week, with a weighted average of 2.48 trips per week.
- Arlandria shoppers spend an average of \$47.64 per trip, with the largest number of shoppers spending between \$30 and \$50 per visit.
- Overall spending is about \$6,000 per consumer per year.
- 70% of consumers have household incomes of less than \$30,000.
- 15% of consumer households have incomes in excess of \$50,000 per year.

### **Market Potentials Analysis**

The larger Arlandria Retail Trade Area is generally bounded by Jefferson Davis Highway (U.S. Route 1) on the east, King Street on the southwest, 18th Street (in Arlington) on the north, and with an extension along Glebe Road to Columbia Pike on the northwest.

The Retail Trade Area is defined to include the region from which 75% to 80% of sales should be generated for businesses within the Arlandria commercial district. The boundaries were defined based on an analysis of transportation access, traffic flow, natural and man-made barriers, housing densities, driving and walking time and other factors. The Retail Trade Area is further subdivided into five subareas based on these factors (See attached Arlandria Trade Area map).

# A Vision for the Arlandria Neighborhood



## A Vision for the Arlandria Neighborhood

### DEMOGRAPHIC FORECASTS FOR TRADE AREAS, ARLANDRIA COMMERCIAL DISTRICT, 2002-2007

Factor	2002	2007	2002-2007 Change	
			Number	Percent
<u>Trade Area A</u>				
Population	11,342	11,913	570	5.0%
Households	4,377	4,592	215	4.9%
HH Income	\$ 64,465	\$ 67,449	\$ 2,984	4.6%
<u>Trade Area B</u>				
Population	9,102	8,826	(276)	-3.0%
Households	3,683	3,562	(121)	-3.3%
HH Income	\$ 87,018	\$ 97,562	\$ 10,544	12.1%
<u>Trade Area C1</u>				
Population	20,118	20,696	578	2.9%
Households	9,058	9,472	414	4.6%
HH Income	\$ 108,584	\$ 118,333	\$ 9,749	9.0%
<u>Trade Area C2</u>				
Population	3,439	3,410	(29)	-0.8%
Households	1,326	1,312	(14)	-1.1%
HH Income	\$ 163,007	\$ 189,298	\$ 26,291	16.1%
<u>Trade Area D</u>				
Population	14,424	14,853	429	3.0%
Households	6,829	7,028	200	2.9%
HH Income	\$ 61,998	\$ 63,770	\$ 1,772	2.9%

Note: Income expressed in constant 2002 dollars.

Source: Claritas, Inc. and Randall Gross / Development Economics.

- Total Personal Income in the Trade Area totaled approximately \$2.226 Billion in 2002 and is expected to increase by 8.5% during the next five years, to \$2.475 Billion in 2007.
- Retail expenditure potentials total \$693,907,000 in 2002 and are expected to increase to \$769,945,000 by 2007.

# *A Vision for the Arlandria Neighborhood*

## **Competitive Framework**

Arlandria businesses have a specialized destination niche and must also compete against specialty retail districts and downtowns nearby and throughout the region. Competing local specialty districts include:

- Mt. Vernon Avenue (Del Ray)
- Old Town
- Shirlington

Other primary competing centers for destination shopping and entertainment are:

- Potomac Yard Center
- Landmark Shopping Center
- Ballston Common
- Pentagon City / Pentagon Row
- Crystal City

Several of the most proximate smaller retail nodes are:

- Shirley Park Shopping Center on South Glebe Road. This is the closest competition for convenience goods, with 80,000 square-feet of neighborhood convenience retail, anchored by Gold's Gym (formerly a bowling alley) and Giant Foods.
- Avalon @ Arlington Square. This new commercial area includes about 30,000 square feet of business and live-work space, with only about 30% occupied.
- West Glebe Road. Located along the western edge of the Arlandria neighborhood, adjacent to Arlington County, this small retail node has about 15,000 square feet of space.

# A Vision for the Arlandria Neighborhood

## Retail Potentials

Two scenarios were developed to account for in-flow sales to Arlandria's businesses from outside of the trade area.

### Scenario 1: Community Scenario

The results of the Community Scenario, which assumes primarily local trade area marketing, are summarized below.

<b>WARRANTED DEMAND BY USE, ARLANDRIA DISTRICT – COMMUNITY SCENARIO, ALEXANDRIA, 2002 &amp; 2007</b>				
<b>Type of Good</b>	<b>Gross Demand (SF)</b>		<b>Existing Uses 1/</b>	<b>Warranted Demand</b>
	<b>2002</b>	<b>2007</b>		
Convenience	65,762	72,650	69,735	2,915
Shoppers Gds	72,031	78,879	47,239	31,640
Eating/Drinking	20,250	22,112	26,528	(4,417)
Entertainment	4,349	4,996	-	4,996
Personal Svces	7,691	8,488	5,650	2,838
<b>TOTAL</b>	<b>170,084</b>	<b>187,125</b>	<b>149,151</b>	<b>37,974</b>
<i>Existing Vacant</i>			53,135	
<i>Excluding Safeway</i>			30,957	
<b>Net New Space</b>				<b>7,017</b>
<b>Note:</b>	1/ Existing Entertainment excludes Birchmere.			
<b>Source:</b>	Randall Gross / Development Economics.			

•With the existing inventory of retail space, there will be *net* demand for about 7,000 square feet of additional retail space by 2007.

## A Vision for the Arlandria Neighborhood

### Scenario 2: Destination Scenario

The Destination Scenario assumes the creation of a specialty niche market that appeals to higher-income households and niche markets both within and outside of the trade area, with the following demand.

<b>WARRANTED DEMAND BY USE, ARLANDRIA DISTRICT - DESTINATION SCENARIO, ALEXANDRIA, 2002 &amp; 2007</b>				
<b>Type of Good</b>	<b>Gross Demand (SF)</b>		<b>Existing Uses 1/</b>	<b>Warranted Demand</b>
	<b>2002</b>	<b>2007</b>		
Convenience	65,762	81,044	69,735	11,309
Shoppers Gds	72,031	83,346	47,239	36,107
Eating/Drinking	20,250	29,996	26,528	3,468
Entertainment	4,349	7,687	-	7,687
Personal Svces	7,691	8,569	5,650	2,919
<b>TOTAL</b>	<b>170,084</b>	<b>210,642</b>	<b>149,151</b>	<b>61,491</b>
<i>Existing Vacant</i>			53,135	
<i>Excluding Safeway</i>			30,957	
<b>Net New Space</b>				<b>30,534</b>
<b>Note:</b>	1/ Existing Entertainment excludes Birchmere.			
Source:	Randall Gross / Development Economics.			

- With the existing retail inventory, there would be a net new warranted demand for about 30-35,000 square feet of additional retail space in the district by 2007.

- The demand for new space is higher if several non-competitive existing retail buildings are excluded, including houses with a total of about 5,000 square feet. Thus, net new demand is closer to 40,000 square feet in this scenario.

- There is net demand for about 11,000 square feet of additional grocery store space in this niche-market, destination-driven scenario.

# A Vision for the Arlandria Neighborhood

## Recommended Mix

Arlandria should be marketed both as a local-serving, community-oriented convenience hub as well as a unique retail destination with broader market appeal. A niche-marketing concept and program would include the following recommended business mix.

<b>RECOMMENDED ADDITIONS TO INTERIM RETAIL MIX, ARLANDRIA COMMERCIAL DISTRICT</b>		
<b>Type of Store</b>	<b>Square feet</b>	<b>Specialty Niches</b>
Expanded Latin Grocery Store	10,000- 18,000	Latin Foods; Meats
Weekly Flea & Food Market	- -	Discount Mdse
Children's' Apparel & Toy Store	1,200- 1,500	Children's
Specialty Apparel & Svcs- Bridal	800- 1,200	Latin/Bridal
Specialty Apparel-Sporting Gds	3,500- 7,500	Health & Fitness
Discount Shoes 1/	1,200- 2,500	Discount
Home Furnishings-Specialty	1,500- 3,000	Asian Imports/Intl
Fabric/Sewing-Specialty	1,200- 2,700	Intl Fabrics/Imports
Garden Supply Center/Florist	1,000- 1,500	Intl Varieties
Books, Software & Music-Spanish	2,000- 3,000	Latin/Language/Intl
Family Entertainment Center	7,500- 10,000	Family
Family Restaurant	2,500- 4,000	Family/Children
<b>Total (Net New)</b>	<b>28,581 - 49,781</b>	
<b>Note:</b>	1/ Assumes replacement only.	
<b>Source:</b>	Randall Gross / Development Economics.	

The recommended interim retail mix builds on the area's existing strengths, including its strong Latino community, specialty ethnic food markets and international restaurants, while also enhancing the longer-term opportunities for capturing the broad destination market. With the location in the neighborhood of the Birchmere, a nationally-recognized entertainment venue, there is an existing destination "entertainment" draw to the area. Capitalizing on this market by promoting additional entertainment and restaurant venues may present a unique opportunity for the neighborhood to enhance its distinctiveness.

# *A Vision for the Arlandria Neighborhood*

## **Niche Marketing Strategy**

### *Multi-Cultural Community Theme*

- Highlighting specific cultural strengths helps create character, in the form of a unique business and community environment, that attracts people for the experience
- The Hispanic market is the most concentrated and fastest growing ethnic market in the trade area
- Arlandria has a large, vibrant and successful base of Latino and other ethnic-owned or themed retailers, restaurants, travel agents and other businesses
- The market includes middle and higher income households who are not yet fully tapped in Arlandria or elsewhere
- There is limited competition for the Hispanic market in Alexandria or in the neighborhoods immediately surrounding the trade area

### *Family-orientation Theme*

- A strategy to change the negative perceptions of crime
- Consistent with and builds on the ethnic marketing identity

### *Health and Recreation Theme*

- Four Mile Run Park is an exceptional recreation asset
- Opportunity to attract a major recreation or sport-oriented retailer with opening of new My Organic Market

### *The Arlandria Name*

- Traditional name used by residents and outsiders to describe the neighborhood
- Powerful word unique to this area

### *Business Mix*

- Latin grocery – expand on existing market
- Family entertainment venue and restaurant
- Sporting goods and equipment store
- Spanish and international books, music, software store
- Weekly flea and food market

# *A Vision for the Arlandria Neighborhood*

## **Niche Marketing Strategy - continued**

### *Design recommendations*

- Incorporate flags, banners and gateways that reinforce the cultural identity and the diverse international character of the area
- Provide better access to the Park and integrate it with Mt. Vernon Avenue
- Incorporate public art into the streetscape

### *Anchor recreation amenity*

- Explore additional recreational opportunities at the Park

### *Advertising and promotions*

- Focus on key marketing concepts of Latino community, family-orientation, and health and recreation
- Use humor to build recognition for unique and quirky Arlandria name

### *Programming*

- Regional soccer matches and training camp
- Outdoor family movie nights
- Multi-cultural street festival on Mt. Vernon Avenue
- Folk/cultural music festival (in conjunction with the Birchmere)
- Weekly flea market

## **Marketing and Promotions Organization**

A participatory organization to market and promote the Arlandria retail district will be necessary for the successful implementation of the recommendations. There are several organizations, including the Potomac West Business Association, Arlandria Business Association and Tenants and Workers Support Committee, as well as technical resources, including the City, Alexandria Economic Development Partnership and the Small Business Development Center, that should be brought together to work on the development of a marketing and promotions organization.