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DC Retail Action Strategy

DRAFT

Tenleytown

Strategic Area Retail Assessment

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Submarket Summary

Tenleytown in the District of Columbia is an established retail, civic and office use district and a neighborhood shopping destination located on the Metro Red Line.

Originally known as "Tennally's Town," after the roadside tavern run by a John Tennally, this submarket includes both local and major retailers, restaurants, the studios of WAMU public radio, and services.

The submarket shares market area with Friendship Heights to the northwest. To the east, neighborhood residents may allow identify with businesses and services along Connecticut Avenue NW as well as Tenleytown.

The surrounding residential neighborhoods are affluent with significant available disposable income for improved retail performance, but the quality of the available retail does not reflect the spending power of the neighborhoods.

As Tenleytown is also the transfer point from Metro to Metrobus and American University shuttles, the submarket also serves as the "neighborhood center" for many AU students; there are also many public and private high school students in the area who use public transportation at the Tenleytown Metro station.

With the exception of notably successful operations in what could be called the "retail superblock" (Best Buy, the Container Store, etc.), many retail operations appear to be marginal businesses in poorly maintained spaces.

The commercial district is poorly defined as a retail area, as residential, office, and civic uses break the continuity of retail blocks, limiting opportunities for a contiguous strolling, shopping experience. Retail expansion is constrained because many parcels in the Metro station-centered commercial area are shallow and immediately adjacent to single-family residential properties, and redevelopment opportunities are limited without significant property assembly and adjustments in allowed heights.

Approach and Typology

Approach

The DC Retail Action Strategy assessed five submarkets that are established commercial districts with recognized market positions, but which may be in transition. The assessment was intended to address key strategic issues such as underperformance and positioning, with a view to protecting, maintaining and/or enhancing market share.

Some of these submarkets have been the subject of past studies, so the additional, in-depth demand analysis was considered unnecessary.

The strategic area retail assessments include:

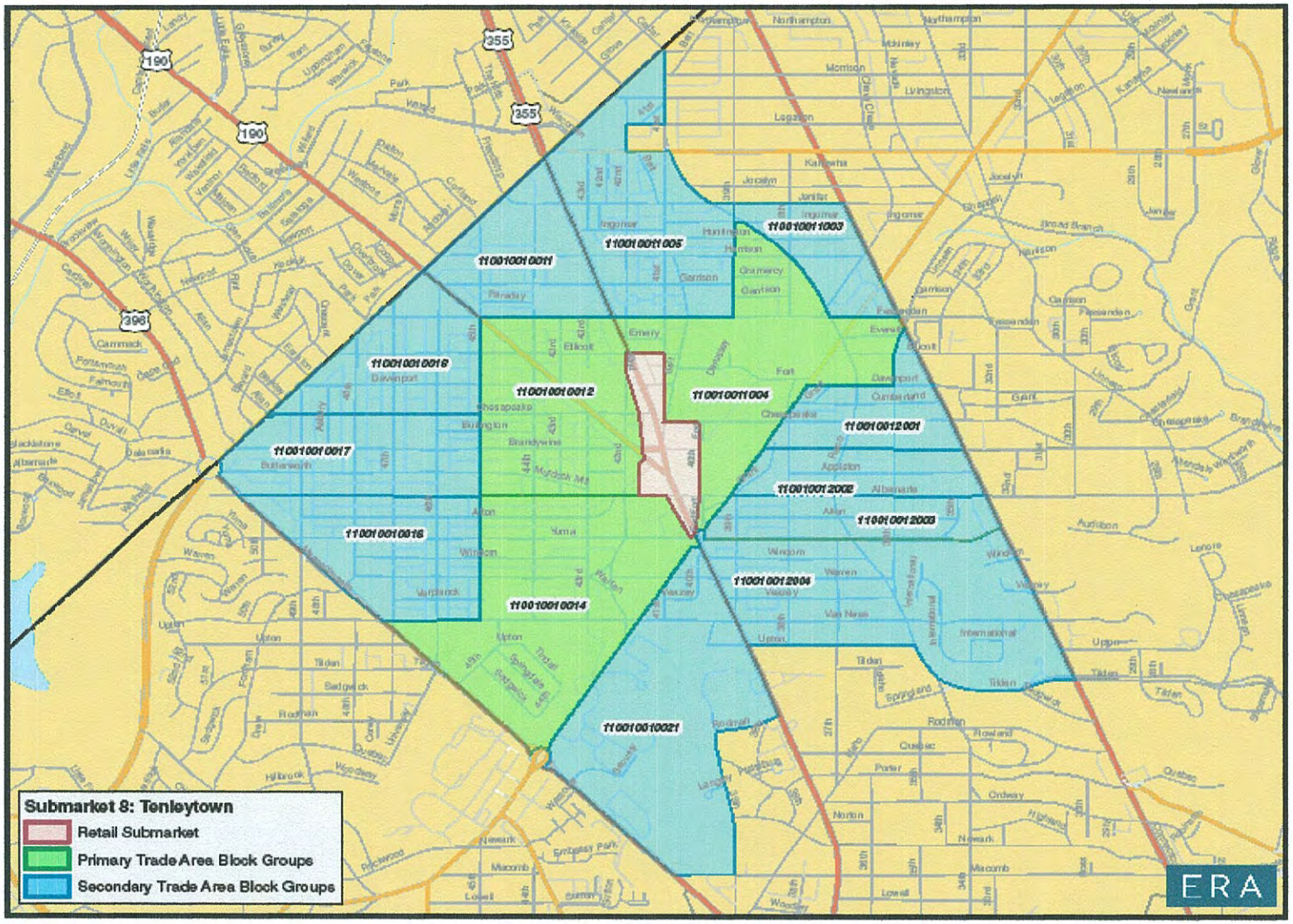
- A definition of boundaries for the commercial district ("submarket")
- Demographic and economic information about the immediate residential markets ("trade areas"). Primary trade areas generally represent one quarter-mile from the submarket; secondary trade areas generally represent one half-mile from the submarket. Census block group baseline data were assigned to the primary and secondary areas.
- Characterization of the type of district, how it functions and its positioning within the market
- An identification of strategic issues – strengths weaknesses, opportunities and threats
- Recommendations for physical, policy and zoning, merchandising, organizational, and development strategies to support the submarket.

Typology

The Tenleytown submarket may be classified as primarily a neighborhood-serving retail district. The business mix includes retailers that draw from beyond the surrounding neighborhoods – Whole Foods, the Container Store, and Best Buy – although most businesses rely on frequent neighborhood support as their primary market. The retail mix includes independent retailers and national chains.

The business and uses mix also includes personal services, civic uses (schools, public library, churches, etc.) and professional offices.

The submarket is located in Ward 3 and includes Wisconsin Avenue NW from Yuma north to Garrison; River Road from Wisconsin Avenue to Murdock Mill Road, NW



Tenleytown Submarket Trade Areas Household & Population Growth Trends, 2007 and 2012

Trade Area Population Notes

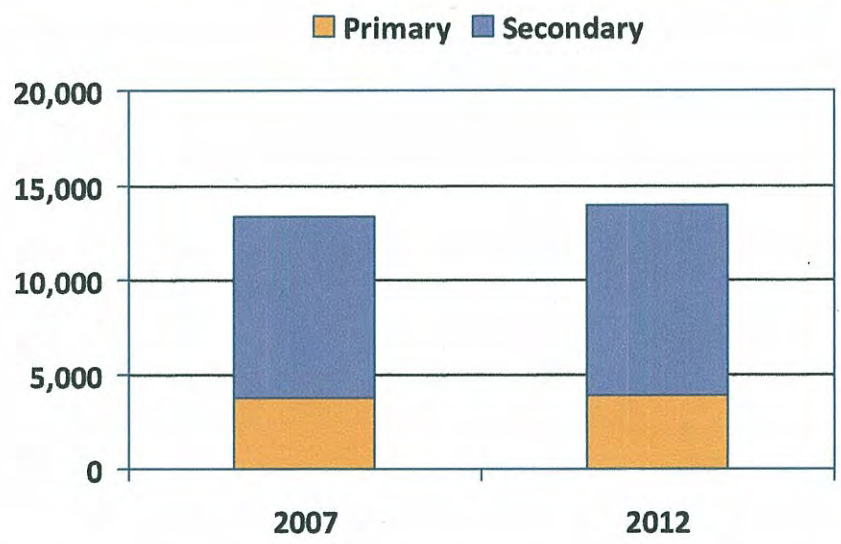
The chart and table representing household and population figures include the entire primary and secondary trade area have a relatively small resident market population. Population in the primary residential market area is estimated to grow by 168 persons; from 3,751 to 3,919 by 2012. By 2012, population in the secondary residential market area is projected to grow from 9,635 to 10,047.

Households in the primary residential market area are projected to increase by 80 over the next five years; in the secondary residential market area by 214 households.

Average household size is 1.86 and 2.33 respectively in the primary and secondary residential market areas. The household size in the primary area reflects one and two-person households; the secondary area includes more small families as well as singles and couples.

Tenleytown-AU Metro station serves the American University community. AU has 5,818 undergraduate students and 3,318 graduate students. Nearby high schools include Wilson, Cathedral, St. Albans and Sidwell Friends.

Trade Areas Population Growth, 2007 and 2012



Trade Areas Household Growth, 2007 and 2012

	2007	2012
Primary Area	1,601	1,681
Secondary Area	5,117	5,331
Totals	6,718	7,012

Source: ESRI Business Analyst; ERA 2007

Tenleytown Trade Area Population Age Cohorts, 2007 and 2012

Trade Area Population Trends

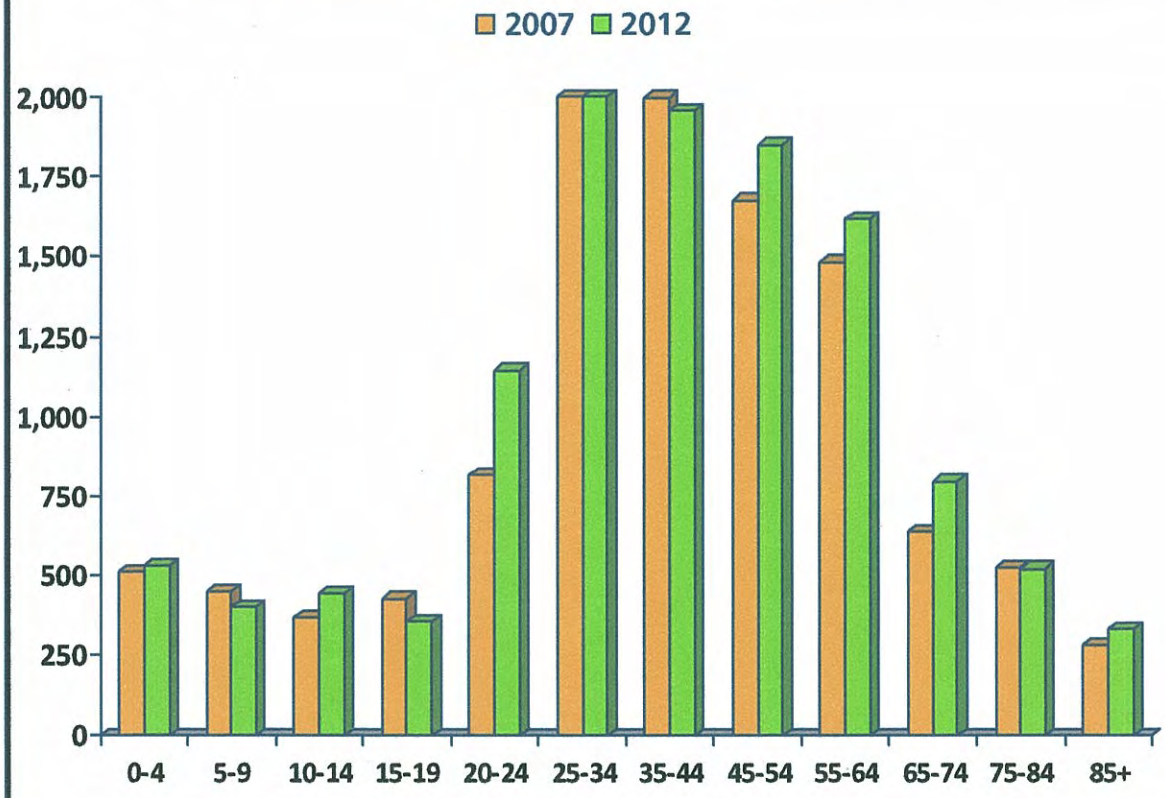
The median age of residents in the primary trade area is 43.7; 43.9 in the secondary area. reflecting a middle-aged household.

Households in the trade area tend to be older at peak-earning ages to be able to afford the relatively high prices of homes and apartments in the area.

Projected decline in the 25-34 cohort reflects aging population consistent with national demographic trends. The increase in 20-24 age cohort reflects the "Baby Boomlet" and aging children of the middle-aged population.

There is a significant number of retirees in the submarket. As these residents are no longer forming households, they have more disposable income for nondurable goods. Although they may be retired, these residents have sufficient net income to continue to afford a comfortable lifestyle.

Trade Area Population by Age, 2007 and 2012



Source: ESRI Business Analyst; ERA 2007

Tenleytown Key Demographics- Total Trade Area Household Profile

Household Characteristics of Note

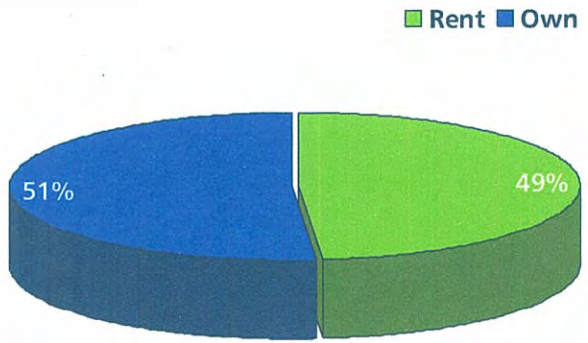
Homeownership patterns in the total submarket indicate that the market area is balanced between households that own their homes (51%) and those who rent (49%). Renters include AU students living off-campus.

The ownership pattern and home prices suggest that residents are stable, including high-value single family homes and condos and apartments. Retail uses appealing to an upper-middle income neighborhood and affluent students, along with specialty foods and food service offerings are appropriate for the market.

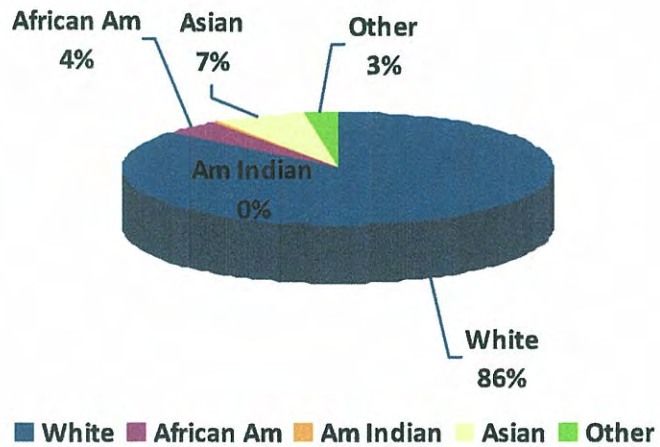
The resident market is majority White (86%) with African-American residents making up 4% and Asian residents making up 7% of the community.*

*Note that Latino or Hispanic residents may be self-identified as any of a number of racial groups. 1,107 residents are self-identified as of Hispanic-origin.

Trade Area Home Ownership, 2007



Trade Area Race/ Ethnicity, 2007



Source: ESRI, ERA 2007

Tenleytown Key Demographics- Trade Area Household Income and Spending Profile

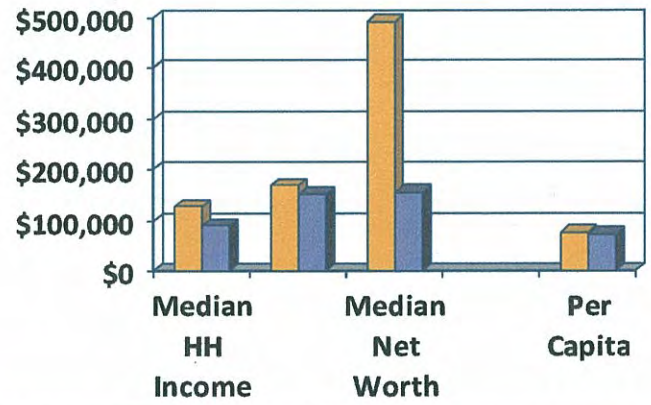
Income and Spending

The Friendship Heights area residential market median household income is $127,765 in the primary area and $90,143 in the secondary area. High net worth in the primary area ($492,559) may be assigned to high home values; more rental units are located in the secondary area.

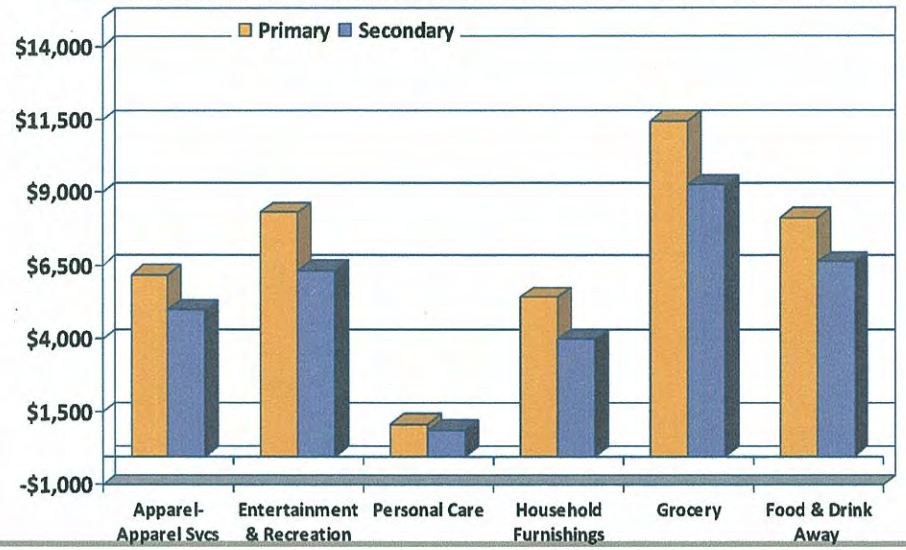
➢The stronger performing categories are groceries, entertainment, and food & drink away from home. Although residents are preparing meals for relatively small households, grocery costs may be higher due to purchases of pre-prepared items, specialty foods and an interest in gourmet cooking.

➢ Food and drink away from home represents a larger portion of household expenditures than might be found in an area with more families with young children or working-class groups. Households in the submarket have high disposable incomes.

Submarket Income Statistics, 2007

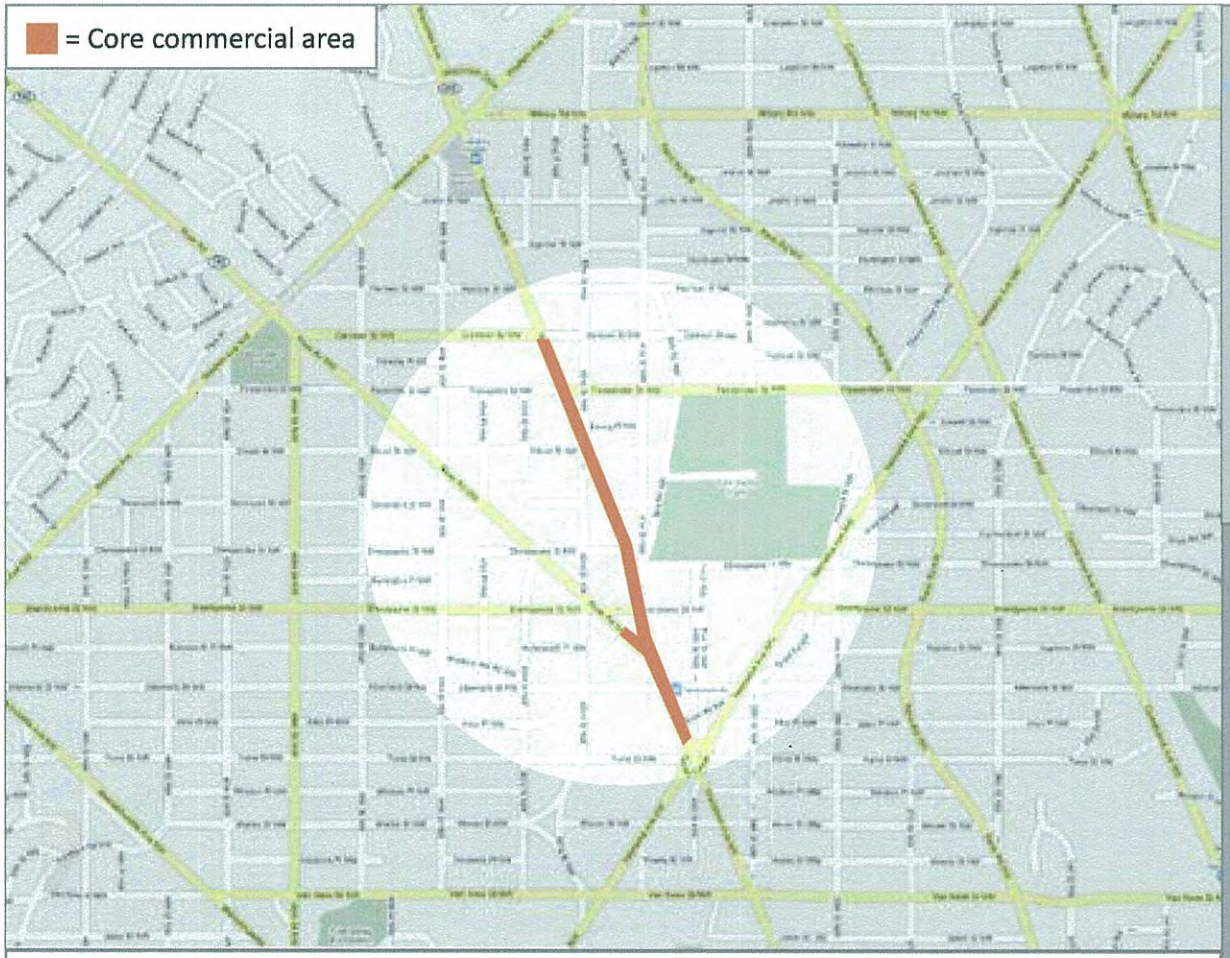


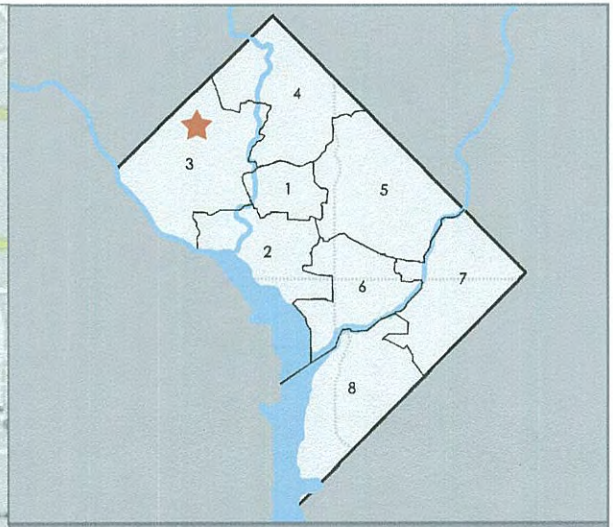
Estimated Annual Household Expenditures by Category, 2007



Source: ESRI, ERA 2007

Tenleytown Strategic SWOT Analysis





Zoning

Wisconsin Avenue, the submarket's spine, is a clear commercial corridor that extends both north and south of Tenleytown. Within the submarket, it is zoned primarily as a medium-density community business center; below Brandywine Street, it is a medium-bulk major business and employment center. Outside of Wisconsin Avenue, the submarket is almost exclusively residential, although this zoning varies from row dwellings and apartments closer in to one-family, semi-detached dwellings further out. Fort Reno Park represents a large area of land that is zoned as government-owned property.

Overview

The Tenleytown commercial corridor is in one of the District's most affluent and well-educated areas and has the potential to become a prime shopping and dining district. However, it is currently hindered by its lack of a clear and distinct identity. With the exception of the retail cluster between Brandywine Street and Albemarle Street on Wisconsin Avenue, Tenleytown is characterized by an assortment of tenants in marginal spaces–interspersed non-retail uses make the retail here feel even more disjointed. Regardless, the submarket benefits from a stable population of office workers, as well as nearby college students at American University. While there is a high level of traffic here, the submarket has excellent access to public transportation, including the Tenleytown-AU Metro.

1 Neighborhood Corridor

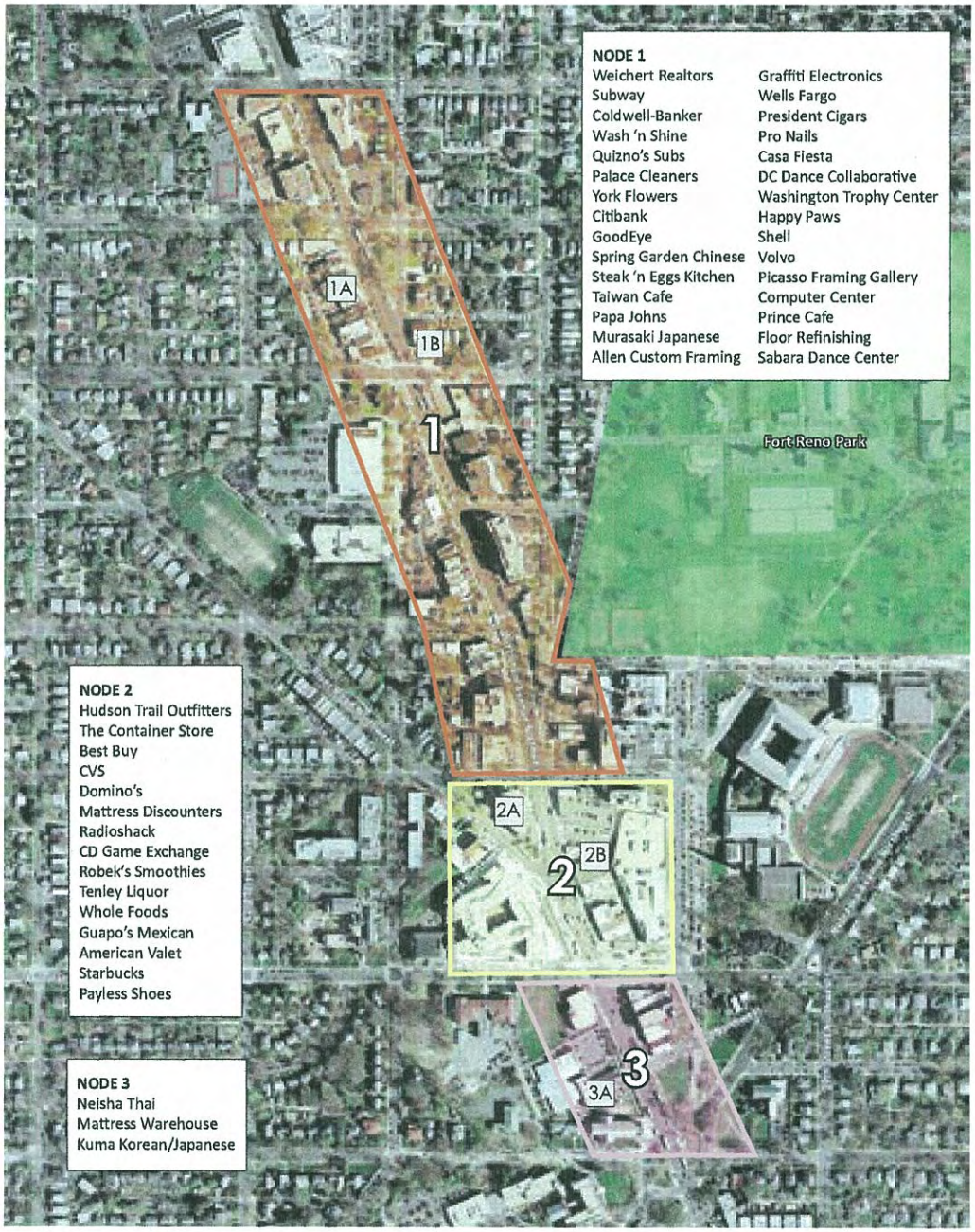
This node is the largest part of the submarket and defines much of its character. It is comprised of an assortment of neighborhood-serving retail in marginal buildings, as well as larger office and residential buildings. While retail in this area cannot change drastically without consolidation because of adjacent residences, its streetscape, building facades, and merchandising strategy can be greatly improved.

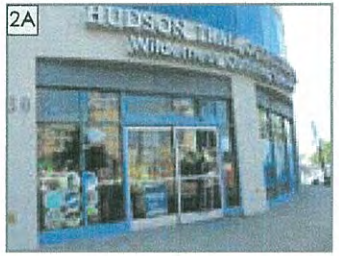
2 Retail Super-Block

This dynamic one-block area acts as the submarket's retail hub and only cohesive shopping center. While it is successful for the most part, its pad lots deaden the streetscape near Brandywine Street by breaking up the flow of retail.

3 Civic Corridor

This quiet community-oriented node is defined by stately buildings with civic uses. Neighborhood-serving retail in this node should be considered for consolidation and redevelopment; a mixed-use offering would better suit this prime location by the Metro.





Retail Node 1: Neighborhood Corridor

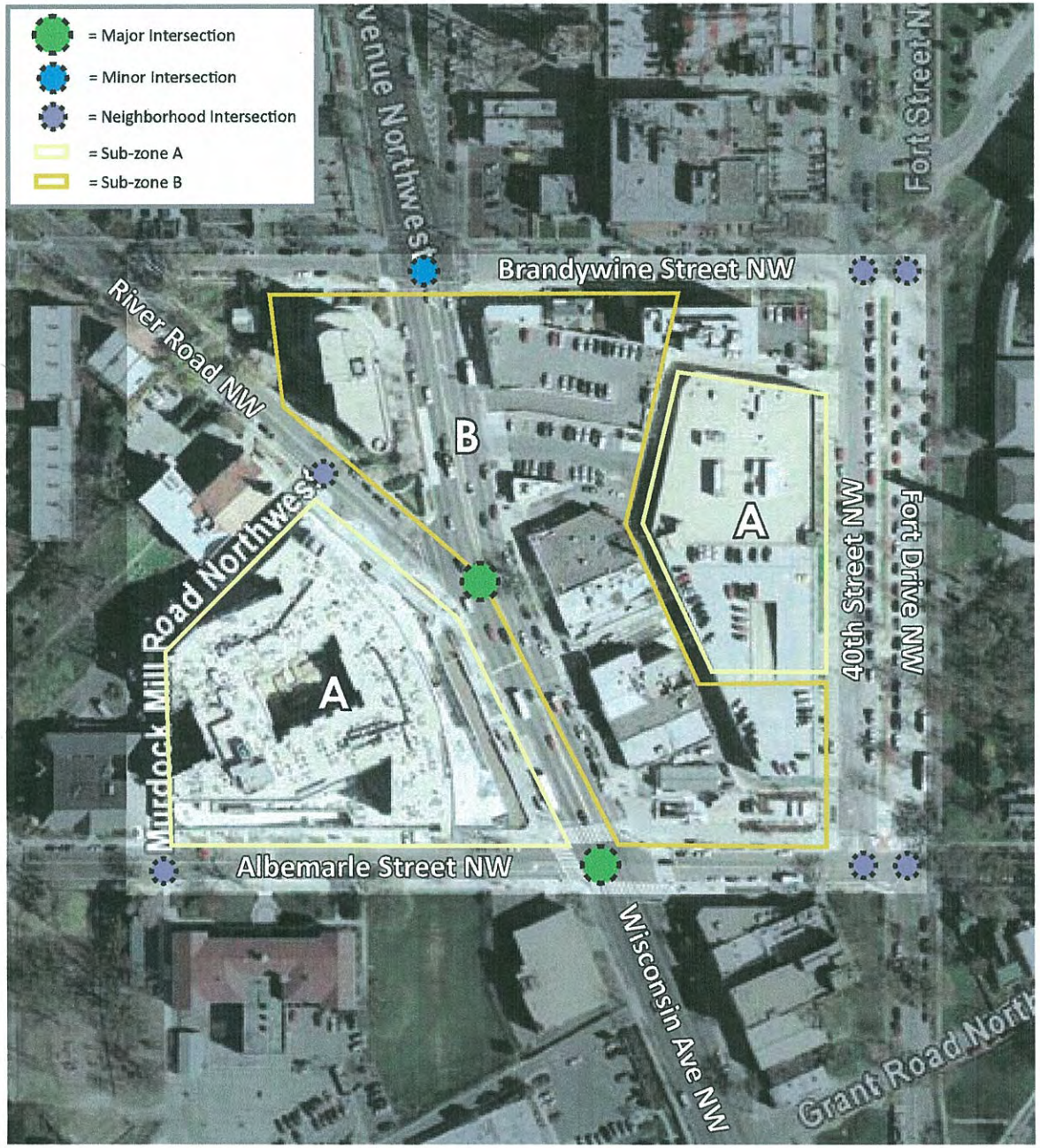
Tenleytown's hilly "Neighborhood Corridor" is composed of disparate building types that fall into 3 sub-nodes: Office Buildings, Marginal Inline Retail, and Residences.

A - <u>Office Buildings</u> with sparse retail mark the northern end of the submarket. These buildings read as a continuation of the string of offices in Friendship Heights (such as the WTTG Fox 5 studios), making it unclear where Friendship Heights ends and Tenleytown begins.

B - <u>Marginal Inline Retail</u> characterizes the majority of the Tenleytown submarket. These eclectic neighborhood-serving shops and quick-bite restaurants tend to be housed in 2-story buildings that are in fair to poor condition. While they are serviced by rear alleys, there is not room for expansion because of adjacent residences.

C - <u>Residences</u> break the flow of retail around Davenport Street. Unlike townhouses on the west side of Wisconsin Avenue, midrise apartments across the street have some ground-floor retail; however, their uniformity makes them less dynamic than the submarket's inline retail.

Retail Node 2: Retail Super-Block



Tenleytown's "Retail Super-Block" can be divided into 2 sub-nodes: Large-Format Anchors and Other Retail.

A - <u>Large-Format Anchors</u>, which include Whole Foods, Best Buy, and the Container Store, define the submarket's super-block of retail between Brandywine and Albemarle Streets. This cluster of large national-credit tenants stands in sharp contrast to the more fragmented corridor of neighborhood-serving retail north of Brandywine Street; it is the submarket's only cohesive destination location. This quality is enhanced by an increase in scale from Node 1, as tall offices set back behind the Container Store and Best Buy storefronts act as a gateway element at the apex of hilly Wisconsin Avenue.

B - <u>Other Retail</u>, supported by the anchors, generates the lively character of this super-block. The row of shops in front of Whole Foods is Tenleytown's most successful example of inline retail; these mostly national-credit tenants, which include Starbucks and Guapo's Restaurant, enliven the street with their colorful storefronts and outdoor seating. However, the street becomes much less inviting directly to the north; pad lots with large areas devoted to parking break up the energetic density of retail and create unappealing gaps in the streetscape.

Retail Node 3: Civic Corridor

The submarket's small "Civic Corridor" can be divided into 2 sub-nodes: Civic Buildings and Marginal Inline Retail.

A - <u>Civic Buildings</u> dominate this southernmost node and are a clear shift in character from Node 2. This area is marked by stately buildings on sprawling grassy lots, such as St. Ann's Academy and Catholic Church. A prominent but vacant lot at the intersection of Wisconsin Avenue and Albemarle Street, which formerly housed the Tenley-Friendship Public Library, is an excellent opportunity for redevelopment as a civic anchor as part of a mixed-use development.

B - <u>Marginal Inline Retail</u> similar to the other neighborhood-serving shops and restaurants in the submarket lines the eastern side of Wisconsin Avenue. Although this strip of retail serves nearby students, it is not the highest and best use of this prime real estate across from the Metro station. This area represents an excellent opportunity for consolidation and transit oriented development. A mixed-use offering that is mindful of the civic buildings across the street would be an appropriate gateway into the submarket, and would also strengthen the major intersection at Wisconsin Avenue and Albemarle Street.

Streets & Blocks

Wisconsin Avenue, a major DC artery, is the submarket's spine. High levels of traffic are common along this road, which has 2 lanes of thru traffic in each direction and one lane of parking. From north to south, Wisconsin Avenue has significant grade change; it is uphill in Node 1, flat at the super-block apex in Node 2, and downhill in Node 3. The streetscape is in decent condition throughout the submarket, but is most appealing in Node 2, where the sidewalk is wide and activated by shops. Unfortunately, retail pad sites located on strategic lots fronting Wisconsin Avenue in the heart of Tenleytown create unappealing gaps in the streetscape.

Intersections

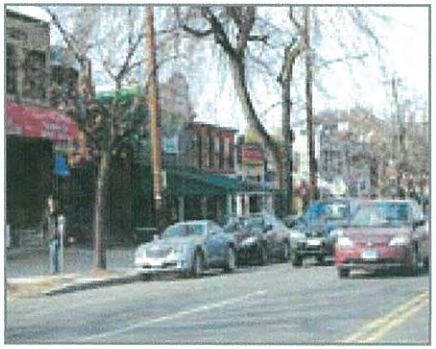
The submarket's most prominent intersection occurs at Wisconsin Avenue and Albemarle Street. This intersection marks the main entrance to the Tenleytown-AU Metro station and the southern end of the lively super-block. While the northern half of this intersection is successful, its southern half could be strengthened with stronger civic and retail anchors. The other major intersections are fairly successful: River Road and Wisconsin Avenue marks the heart of Node 2 and Tenley Circle, while overwhelming to pedestrians, is a defining southern gateway to the submarket. Intersections are much smaller in Node 1; this quiet, neighborhood-serving corridor would benefit from one upgraded intersection that acted as a mini-hub of activity.

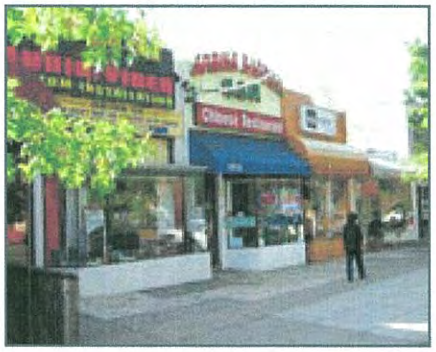
Buildings

While Tenleytown has disparate commercial buildings types that contribute to its lack of a cohesive character, marginal inline retail buildings predominate, especially in Node 1. These buildings tend to be fast-food or quick-bite restaurants, as well as neighborhood goods and services (especially electronics, framing, and mattress shops). Unlike neighboring Friendship Heights, there are few fashion-oriented shops here despite the affluent built-in population. The large-format anchors are an exception to this rule of small-scale retail. The submarket also has several larger office buildings and residences (both midrise and 2-story townhouses) that break up the flow of retail. The southern end of the submarket is marked by stately civic buildings, including St. Ann's Catholic parish.

Alleys & Service

There is a system of narrow alleys that runs behind the marginal inline shops that are characteristic of the submarket. These alleys help separate retail from adjacent residences. Newer retail in the super-block has separate space for service and loading; in this node, 40th Street and Fort Drive (which run along the rear face of Whole Foods) act as a service road.





Strengths

- The submarket has an affluent and fairly dense built-in population whose spending power is significantly higher than the District mean
- The retail inventory is a mix of large-format tenants (e.g., Best Buy, The Container Store, Whole Foods) and smaller, independent stores; the ancillary tenant mix should be improved to capitalize upon the semi-regional consumer base drawn here by the national retailers
- The submarket has easy access to public transportation, including the high-ridership Tenleytown-AU Metro station, making it less auto-dependent
- Tenleytown's proximity to several educational institutions, including American University and Wilson High School, anchors it with a significant student population
- Similarly, offices along Wisconsin Avenue anchor the submarket with a strong daytime population that supports food and goods/services retail tenants during business hours

Weaknesses

- The absence of a clear merchandising strategy as well as disparate commercial building types fail to give Tenleytown a cohesive identity from a retail perspective
- This lack of identity is exacerbated by the submarket's ambiguous boundaries; in particular, the northern part of Tenleytown blends into Friendship Heights without a defining gateway element
- The streetscape is not inviting, especially in Node 1; shops and restaurants are in marginal buildings interspersed with non-retail uses and gaps, making for a poor pedestrian experience
- Though large-format national tenants provide a dynamic anchor for this submarket, the ancillary retail space that lines Wisconsin Avenue is redundant from a merchandising perspective–there are few offerings other than fast food/quick-bite restaurants and framing/electronics shops
- Adjacent residences limit building depths for most of the submarket
- Although the submarket has excellent access to public transportation, commuter traffic along Wisconsin Avenue makes it feel auto-dominant
- Limited parking, particularly in Node 1, deters customers from shopping at smaller stores

Opportunities

- Create a comprehensive merchandising strategy to make Tenleytown more cohesive; establishing a business association for the submarket would help to create a sense of camaraderie among various landowners and shopkeepers
- Brand the district, particularly in Node 1 where it is most disjointed, to help establish its identity and distinguish it from Friendship Heights
- Diversify the inventory of shops and restaurants with offerings that appeal to the affluent, well-educated consumer base in the area (i.e., fashion boutiques, higher-end sit-down restaurants, bookstores, etc)
- Upgrade a neighborhood intersection in Node 1 into a more substantial and engaging pedestrian environment; this scale-appropriate community hub could act as a gateway element for the northern end of the submarket
- Consolidate marginal inline retail in Node 3 and redevelop it as a community-oriented mixed-use offering that is an appropriate neighbor for the civic uses across the street; similarly, develop the former Tenley-Friendship library lot to make a stronger intersection by the Metro
- Redeveloping underutilized parcels proximate to the Tenleytown-AU Metro station could help bolster Tenleytown's identity as a vibrant, pedestrian-oriented commercial district

Threats

- The submarket's active citizenry may be more engaged and vocal than the area's merchants and professionals, which means it will be hard to get things accomplished
- As an established and developing district, Friendship Heights will be strong competition for potential retail development in this submarket
- Redeveloping underutilized parcels along Wisconsin Avenue could worsen traffic, especially during the morning and evening rush
- Multiple ownerships might not work together to support the overall merchandising strategy

Strategy Recommendations and Implementation

Organizational Management

Tenleytown would benefit from a retail support program such as a DC Main Streets effort. As the focus of the retail strategy for Tenleytown will remain as neighborhood-serving retail, resident and business interests will need to be represented in the service delivery structure with an understanding that the program is a business support program.

A strong property owner outreach effort will be needed to engage landlords in property redevelopment and rehabilitation efforts and to build support and cooperation for the leasing strategy.

Technical Assistance

Technical assistance should be available to property owners for storefront design improvement programs and for available financial incentives. As the Tenleytown strategy is small business-oriented, assistance in pre-opening (coordinating permitting and inspections) and coordinating submarket branding and marketing would encourage broader participation and improvements.

Strategy Recommendations and Implementation

Merchandising Strategies

The Tenleytown submarket retail mix blends primarily neighborhood and community-serving goods and services with a few destination retailers which draw inflow spending from outside the immediate area. Because of physical constraints of existing buildings in the commercial district and the lack of parcels available for larger development (and little neighborhood support for large-scale redevelopment), merchandising strategies for Tenleytown should focus on supporting and upgrading existing retail to better meet the needs and demands of residents in the adjacent neighborhoods. Additionally, as the submarket serves as a neighborhood shopping center for American University students as well as numerous high school students in the area, new businesses may be introduced to appeal to a young adult market segment.

Market area expenditures for food to be consumed away from home recommends additions to the current offerings such as a neighborhood Italian bistro, an Irish bar and grill or similar independent food service operations. A neighborhood ice cream or gelato shop would fit this mix. Popular regional chains such as Moby Dick's House of Kebobs or Five Guys Burgers and Fries could be successful in Tenleytown.

While most grocery needs are being met by the Whole Foods Market, a bakery or similar neighborhood food outlet for home consumption could still succeed.

Entertainment and recreation category expenditures are strong. While Best Buy covers many households' electronics needs, a slightly higher price-point specialty electronic business such as Myer Emco or Pro Video could appeal to affluent homeowners wanting full service and custom installation.

With the student and young adult markets, some apparel should be considered. Operators similar to American Apparel, a limited edition athletic shoe store or collectable T-shirts/skate wear could be considered.

Additional businesses to consider include a neighborhood pet shop and florist.

Physical Improvements

The disparate retail buildings and spaces in Tenleytown disguise the economic strength of the community. The strategy for physical improvements to support retail in the submarket should focus on rehabilitation of existing storefronts, including better maintenance, addition of attractive awnings and signs, and the redevelopment/infill of pad sites and underutilized spaces of inline retail space.

Streetscape improvements should focus on enhancement of pedestrian spaces along Wisconsin Avenue with landscaping, traffic-calming features and enhanced pedestrian circulation/crossing walks design at key intersections.

Implementation: Key Actions

1. Develop a comprehensive merchandising and retail support strategy by organizing a merchants association and/or DC Main Streets program. If a DC Main Streets program is not possible immediately, retail-oriented technical assistance may be provided through the Department of Small and Local Business Development (DSLBD) *re*StoreDC program.
   - Prepare a branding program and merchandising plan focused on enhancing the small business mix;
   - Target technical assistance for storefront design improvements;
   - Offer technical assistance to improve performance of existing retailers;
   - Develop an outreach effort for property owners to engage their support for physical improvements and leasing strategy;
   - Market the submarket toward specialty foods, restaurants, selected apparel and accessories and consumer service businesses that are better oriented toward the purchasing power and preferences of the resident and student populations.
2. Upgrade intersections and pedestrian circulation spaces in the public realm to create a more pedestrian-friendly environment and mitigate the impacts of high traffic on Wisconsin Avenue (enhanced crosswalks, street trees, sidewalk improvements, etc.).

Summary of Issues and Actions

Issue		Proposed Strategy	Comments	Type of Action	Responsible Party	Timeframe	Priority
Organization	a	Business association or DC Main Streets program	Develop business-oriented service structure around a business association and/or DC Main Streets organization.	Management	DSLBD	Short-to-Mid term	High
	b	Launch outreach effort to engage property owners	Build support among property owners for physical improvements and merchandising strategy.	Management	DC Main Streets or business association		
Marketing	a	Branding program	Program should focus on promoting and enhancing small business mix.	Marketing	DC Main Streets or business association WDCEP	Mid term	Middle
	b	Recruitment	Prepare merchandising plan				
Improve store appearance and performance	a	Design assistance	Provide technical assistance for façade improvements and business planning/performance assistance.	Management	DMPED reStore DC DSLBD DC Main Streets	Short-to-Mid-term	High
	b	One-on-one consultation					

Summary of Issues and Actions

Issue	*Proposed Strategy*		*Comments*	*Type of Action*	*Responsible Party*	*Timeframe*	*Priority*
Urban Design	a.	Upgrade intersections and pedestrian circulation	Improve pedestrian-orientation to mitigate high vehicular traffic impacts on Wisconsin Avenue.	Infrastructure	DDOT	Mid-to-Long-term	Middle-to-High