

EXECUTIVE SUMMARY

Retailing is a major social and economic influence in the Friendship Heights Sector Plan area. Friendship Heights offers a retailing environment that is distinct from other retail destinations in the Washington region. Its success stems from its location, surrounded by some of the most affluent residential neighborhoods in the region and a high-quality built environment. The continued success of retailing in the area will be determined by the continued attractiveness of the area for shoppers and the ability of the area's retail to evolve and take advantage of changing market conditions.

Recommendations

1. Flexibility should be provided in the Sector Plan to allow future retail development to adjust to changing market conditions.

The retail industry is ever changing, responding to consumers' shopping habits, behavior and economic and demographic composition. To remain competitive, the area's retailing must continue to adapt and capitalize on changing market conditions. The Sector Plan should provide general guidance that will allow future development to adapt to changing market conditions rather than constraining it with explicit conditions that may become outdated over the term of the Sector Plan.

2. The urban character of the area's retailing should be preserved and enhanced.

Friendship Heights offers a unique shopping experience, different from the traditional retail medium. Urban design elements presented in the Sector Plan should provide for the definition of Friendship Heights as a shopping district.

3. Because the availability and ease of parking plays an important role in where people shop, additional development should not degrade the convenience of parking in the area.

The automobile remains the major mode of travel for shoppers. There appears to be ample parking in the area, but it is fragmented and better coordination is required. Additional development should provide a well-located, well-designed and adequate number of short-term parking spaces for the safety and convenience of shoppers in the Friendship Heights area.

4. Street fronting retail should be encouraged along both sides of Wisconsin Avenue from one end of Friendship Heights to the other.

Street fronting retail along both sides of Wisconsin Avenue from Saks Fifth Avenue to Harrison Street in the District of Columbia is a common vision for the area among retailers and managers. The parking lot between Saks Fifth Avenue and the Chevy Chase Center remains the only major underutilized property along Wisconsin Avenue on the Montgomery County side of Friendship Heights. Ground floor retail space, on the Chevy Chase Land Company site, would help link this area with retail activity at the northern end of the Sector Plan Area. Linking could encourage additional pedestrian shopping and strengthen retail along Wisconsin Avenue.

Findings

5. Today, 15,000 additional square feet of grocery/drug store space is supportable.

The market currently offers a total of 22,700 square feet of grocery/drug space. The Giant store is 16,700 square feet and the CVS pharmacy is 6,000 square feet. The market area could support a total of 38,000 square feet of grocery/drug store space.

6. Today, the Friendship Heights comparison goods market is near equilibrium.

About 1.25 million square feet of comparison goods space exists in the Friendship Heights study area. The market area could support about 1.3 million square feet of space for comparison goods and services.

7. Long-range development is uncertain.

It is difficult to predict how many of the factors used to estimate space needs today will change in the future. Estimates of household and population growth are available but are dependent on a wide array of economic assumptions. Additionally, spending patterns can change over the next 20 years. The entire retailing industry has undergone significant changes in response to the way people shop. Based on past experience, continued change can be expected in the future.

8. Additional commercial development would strengthen the retail market, according to retailers.

A concentration of moderate- to up-scale retailing creates an image that some stores could not achieve by themselves. Most local owners and managers interviewed felt additional retail would complement rather than compete with the area's retailing and attract more shoppers. All those interviewed agreed that additional office space would help retailing in Friendship Heights. However, any additional development in the area should not reduce the convenience of area shopping.

9. Additional retail opportunities exist in the Friendship Heights market, according to retailers.

Additional home furnishing stores and products like electronics and children's toys could be supported by the market. All but two interviewees felt that the area could support additional restaurants. Retail that capitalizes on the lifestyle interests of area residents, including book stores, cafes and other entertainment-related products and services could perform well in the market. Retailing that takes advantage of deficiencies in the market by appealing to a specialized niche could also be supported by the market.

Interest by developers to redevelop the Woodies (Hecht's) site as a larger retail complex could capitalize on existing market opportunities. The location and size of the Woodies site, in the heart of Friendship Heights, makes it suitable for additional retail space. Plans to develop the Xerox site just across Western Avenue in the District of Columbia with a large retail component may, however, reduce market opportunities for a second retail development .

Trends

10. Friendship Heights has an opportunity to capitalize on the recent trend in entertainment retailing.

Entertainment and leisure facilities are becoming a key ingredient in new retail development. Developers are adding entertainment and leisure facilities to the traditional mix of retail stores to lure families to their shopping centers. Some retail developments are differentiating themselves from other centers by offering educational opportunities, some type of virtual-reality or motion simulation rides, or other new attractions such as interactive theater for children or life enhancement tenants that focus on health and well-being. A new and unique entertainment/leisure offering, along with both unique and popular tenants, could further enhance the image of Friendship Heights in an ever changing, competitive retail landscape.

Aspirations of real estate staff from Woodward and Lothrop, prior to its sale to May Department Stores, included the redevelopment of the Woodies site as an urban mall, with an emphasis on entertainment-related retail.

11. A smaller mall with a specific focus for specific customers is an emerging concept that will differentiate upscale malls.

The advantage of a highly focused mall is that it can be geared toward a specific segment of the local upscale population and markets retailers who recognize the economies this sort of center brings to their businesses.

12. While upscale retailing remains the focus of the area, in-roads are being made by value-oriented retail chains.

Value retail is a new alternative shopping experience in the Friendship Heights market, with the addition of TJ Maxx and Filene's Basement. Bargain shopping is very popular among consumers and is expected to be a force in retailing in the future. The proposal to develop an outlet type retail center on the Xerox site illustrates this growing trend.

When asked to comment on the introduction of discount stores to the area, the opinion among upscale retailers was mixed. Some opposed discount retailing in the area, while others felt it provided more opportunities and strengthened the area as a regional center. Most agreed, however, that the area focus should remain upscale. Many higher-end retailers discussed plans to market products to a wider income spectrum, providing a broader merchandising mix.

13. Family owned businesses are being replaced by national chains.

Friendship Heights offers a mix of family-run businesses and national chains. While it appears that some family-run businesses are having a harder time surviving in today's market, the collection of national chains in the area demonstrates its strength as a regional market.