

## Appendix 8

Economic Development Analyses

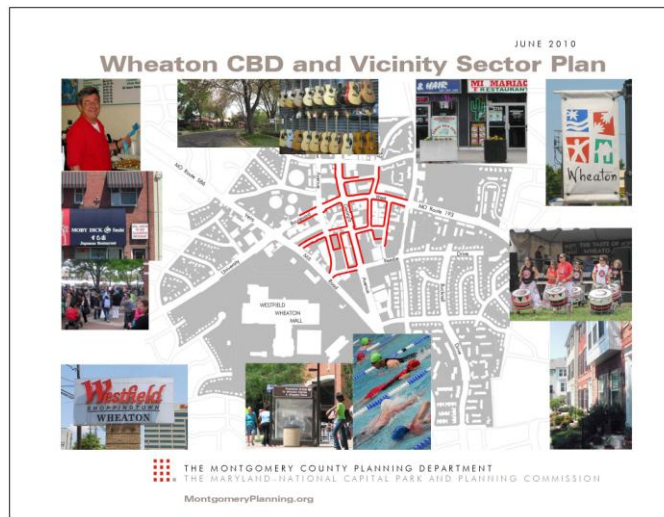
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International Downtown, March 2008

Urban Land Institute, September 2009

BAE, January 2010

M-NCPPC, January 2010



Wheaton CBD and Vicinity Sector Plan



# **Wheaton Central Business District**

**International Downtown Association  
Advisory Panel Report  
Wheaton Urban District  
Wheaton, MD  
March 15-18, 2008**



**International Downtown Association**

**Wheaton Advisory Panel**

**Wheaton, Maryland**

**March 15-18, 2008**

**Introduction**

Montgomery County has seen substantial growth and development in several of its larger business districts over the past two decades. Bethesda has blossomed into one of the most desirable downtown locations in the Washington DC metro area. Downtown Silver Spring has recently been transformed into a nationally recognized success story, combining office, residential and dining/entertainment uses around a business and intermodal transportation hub, and attracting a premier headquarters office in the Discovery Channel. Rockville is creating a town center anchored by a new and attractive county library.

Wheaton's Central Business District (CBD) has also seen some recent successes, including a multi-million dollar investment by Westfield in the regional mall (commonly known as Wheaton Plaza, but officially named Westfield Wheaton), and several hundred new market rate residential units. However, Wheaton residents, business owners, and County officials generally concur that Wheaton's business district development has not kept pace with other prominent business districts in Montgomery County.

With strong support from Wheaton residents, business owners and property owners, and grounded in the work of previous planning efforts, Montgomery County commissioned the International Downtown Association (IDA), in association with the Urban Agenda, Inc. to undertake an Advisory Panel on Wheaton's revitalization. This would provide additional perspective on redevelopment for the upcoming Wheaton Central Business District Sector Plan Review conducted by the Maryland-National Capital Park and Planning Commission (M-NCPPC). It would also serve to identify how County assets might be used as an impetus for Wheaton's redevelopment.

The panel, convened March 15-18, involved scores of local stakeholders. It engaged downtown revitalization experts from Michigan, North Carolina, Vermont and Washington DC.

With the County's interest in building a new Wheaton library, county officials wondered if moving this key facility into the heart of the CBD could serve to leverage additional development. At the same time, county officials sought to determine if other county assets, such as the Mid-County Regional Service Center and the County's numerous public parking lots, might also be brought into play.

Wheaton has benefitted from thoughtful planning; from investments by private sector interests in retail and residential development; from a wonderful collection of ethnically diverse restaurants and shops; from its prominence as a transit hub; and from its location at the convergence of three major state highways. Both county officials and local stakeholders now see the opportunity for Wheaton to become the next Montgomery County business district success story.

### **Advisory Panel Members**

David M. Feehan (Team leader) – President, International Downtown Association, Washington, DC

Betsy Jackson (Consultant) – President, The Urban Agenda, Inc., Ann Arbor, MI

David Diaz – President and CEO, Downtown Raleigh Alliance, Raleigh, NC

Ron Redmond – Executive Director, Church Street Marketplace District, Burlington, VT

Michael Stevens, President, Capital Riverfront Business Improvement District,  
Washington DC

Kathy Wendler – President, Southwest Detroit Business Association, Detroit, MI

### **IDA Panel Observations**

#### **Strengths and Assets**

Downtown Wheaton is *strategically located*. A major transportation hub, it sits at the intersection of three state highways, the Metrorail Red Line Wheaton Station, and the

Metrobus and Ride-On bus stations. It is easily accessible from much of Montgomery County and the northern sections of the District of Columbia.

*Leadership* is important to any business district. The County's staff and elected officials are focused on Wheaton as a priority and are willing to devote significant time and resources to making the CBD a success.

*The County leadership is willing to look at an array of roles for participation in redevelopment.* Among the options cities and counties often consider in revitalization areas are (1) leasing instead of buying, as a way to leverage private office development; (2) land swaps, to secure appropriate locations for both public and private development, and (3) entering into a partnership with a private developer.

Another important role the County plays is in terms of *business assistance*. Panelists wondered if this program is *coordinated and promoted* well enough.

The *Mid-County Regional Services Center* is an essential asset now, and it may be more so in the future. Besides providing a home for the Wheaton Urban District and the Wheaton Redevelopment Program, it offers County residents a host of other publicly funded services.

A second County facility of major importance is the *Wheaton Library*. This library serves not only traditional functions, but also is used as a community meeting place, a "common ground" where important community issues can be examined, debated and decided.

Just to the east of the CBD is *Wheaton Regional Park*, one of the County's most outstanding recreational assets. The park seems both well used and well located, though it may be hard to find for some.

There are a number of *nonprofit organizations* located in and serving the central business district. Several community members pointed out that, collectively, they help to establish the community's identity and give the community "soul."

The *residential area* surrounding downtown Wheaton is for the most part solid, and offers housing at a variety of price levels. This is important, because it means that both workers and business owners can live within a short commute from the Wheaton CBD.

*Residential development within the business district* has proven highly successful in terms of both apartments and condominiums. This popularity should help encourage future developers to undertake residential projects within the downtown, especially given proximity to the Wheaton Metro Station.

The Wheaton CBD has relatively little *office space*. Panelists believe that the CBD could support more, though perhaps not on the scale of Bethesda or Silver Spring. Because the CBD is an untested market for "Class A" commercial office space, the County will have to play a key role in attracting commercial office development to the CBD. It may need to be a pioneer by locating a significant department in Wheaton's CBD, either as a tenant in a private sector development or as a county facility that could anchor additional private sector development.

Another apparent asset is the *eclectic collection of niche restaurants and small businesses*. Though many of these are ethnic in character, there is great diversity. Few other business districts in the D.C metro area have a collection like the one found in downtown Wheaton.

The panelists were impressed by the *strong, well-informed and active citizen groups*. Some groups are officially sanctioned; others are independent resident advocacy groups. All have a deep interest and concern in what happens in *their* downtown – downtown Wheaton – and will work hard to move a consensus vision forward.

Overall, the Parking District has a sufficient supply of on-street and off-street parking, although some of this supply is underutilized. The County's parking inventory, for the most part, is well-situated and provides strategic development opportunities. A striking example is *Parking Lot #13, an extraordinarily important and valuable asset*. Its everyday vitality illustrates that it is the community gathering place, the "town square." It should be treated with care and developed with a view to the future.

The *Westfield Wheaton shopping mall* is benefiting from a major series of investments by the owner. The level of interior finish is excellent, and appropriate to the market Westfield wants to attract in the future. The owners have expressed a commitment to long-term ownership and investment. The mall was also seen by panelists as an opportunity for densification – including both office and additional residential development.

The *planning and visioning* that has taken place is an asset. Stakeholders have had numerous opportunities over the past few years to examine proposals, drawings and other options, and this has helped to build a consensus for positive change.

### **Weaknesses, Threats and Challenges**

Business owners and residents expressed the need for a *strategic economic development plan* for the CBD that will be clearly understood by all its stakeholders.

While the Mid-County Regional Service Center is an asset, its current location *does not represent the highest and best use* of a prime piece of real estate. This facility, at the southern end of Lot #13 and just north of the bus depot at the Metro station could be better utilized. In addition, the building, while suitable for its current uses, is neither historic nor architecturally significant.

While downtown Wheaton is home to a number of niche businesses and restaurants, panelists believe *these are not maximizing their market potential*. Some of the restaurants

reportedly cater primarily to local residents and specific ethnic groups, while their appeal could be county-wide or greater.

Some small businesses are dependent on *property owners who seem to be unresponsive to the needs of their tenants*. This lack of responsiveness, when it comes to repairs, maintenance, and the overall appearance of the building, can have a detrimental effect on the success of the tenants.

*Language barriers* were observed. Some ethnic businesses have window signs that are only in languages other than English, diminishing the opportunity to market to the broader Montgomery County area and beyond.

Citizen groups are, as previously noted, an asset to the business district and the community. However, these *groups expressed frustration* with the pace of revitalization and change. They described the process as one of “fits and starts” – and this includes both the planning process and development process. It should be noted that this is characteristic of the community development process and is not peculiar to Wheaton. However, efforts to explain starts and stops to citizens groups might be improved.

Lot #13 and other county-owned surface parking lots are prime sites for conversion to other uses. The *challenge*, according to panelists, will be to *replace parking lost through development* with convenient replacement spaces. The County has apparently anticipated this problem and county staff have options in mind.

As noted above, the Wheaton Regional Park is an outstanding facility. However, though the park seems well-used, *its association with the CBD could be strengthened*. It is too far for a lunchtime stroll, and signage directing auto and bicycle traffic is minimal.

Challenges exist as the County considers moving the library. Some participants, particularly some residents, expressed a *desire to see the library stay in a residential rather than commercial location*. Understandably, some who live nearby simply do not



want it to move. Panelists did not think the objections and challenges were insurmountable, and could be overcome by well-planned alternative uses for the site. Several interviewees noted what they called “silos” within County government. In other words, there seem to be *bureaucratic walls between various departments*, resulting in communication breakdowns and delays. This condition was noted between the County and M-NCPPC and between the County and State on transportation issues.

Some developers and business owners believe that the County is *unreasonably restrictive*, identifying requirements on variances, height restrictions, and permitting as examples. Some commented that these cause unnecessary delays, which increase the cost of development.

Some people interviewed by the Panel indicated concern that while M-NCPPC’s planning and development policies, role and authority, are clear to those in the development process, they are *confusing to the public*.

*Expectations regarding the implementation of the Arts and Entertainment District exceed the pace and scope of implementation.* Interviewees generally expressed support for the designation, but are unclear as to what this means, how it will play out over time, and who is responsible for making it happen.

*Marketing of the Wheaton business district and its assets is seen as weak* by interviewees and panelists. As a result, much of the news and other messages people in the County and surrounding area receive is negative – chiefly crime-related news.

The Central Business District is a *challenge for pedestrians*. Crossing the major arterials has been improved, but is still problematic. Pedestrian wayfinding systems seem nonexistent. The connections to Westfield Wheaton are unappealing, at least from the direction of the business district. The at-grade crossing leads visually into a parking garage. The pedestrian bridge over Veirs Mill Road requires climbing a couple of flights of stairs or waiting for a slow hydraulic elevator. The stair towers and elevators

sometimes reek of urine. Once a pedestrian crosses Veirs Mill on the bridge, a passage through the WMATA parking garage to a bottleneck pedestrian ramp is necessary.

### **IDA Advisory Panel General Recommendations**

Panelists believe that the County has a unique opportunity in Wheaton. The opportunity exists to *create a quality town center environment*, unique to the region. The success the County has had in Bethesda, Silver Spring and Rockville give the panel confidence that a similar degree of success is possible in Wheaton.

Wheaton possesses a *civic identity* that is unique. Key to the success of any business district is its ability to differentiate itself – to convey its own character, personality and identity – in other words, its *community DNA*. This civic identity, or community DNA, has roots in Wheaton’s history, geography, and demographic makeup. Communicating this civic identity will take work. It is not just a matter of creating a catchy slogan, logo or jingle. It requires carefully identifying, defining, and teasing out the most appealing features of downtown Wheaton.

Wheaton must be seen as a *desirable destination*, if its market potential is to be realized. As the panel was told, even the regional mall functions more as a community shopping center. There are two aspects to the issue of destination. One is to market downtown Wheaton itself as a “place to be.” The other is to attract destination retailers and restaurants who give those from outside the immediate Wheaton community a reason to visit downtown Wheaton periodically, and often.

Creating and promoting a cluster of *desirable amenities* will serve to attract for further business investment. Wheaton already possesses a number of amenities that simply need to be highlighted and promoted. *Building an outstanding library in a signature building* located in the heart of the business district will signal to potential investors that downtown Wheaton is moving in the right direction. This is particularly important in terms of office tenants, as the County seeks to expand the tax base in downtown Wheaton through the construction of new office buildings.

What are some of the desirable amenities that currently exist or might be induced to exist in downtown Wheaton?

*A strong arts community* already exists in Montgomery County and increasingly in the Wheaton area. Wheaton could be a magnet for artists because of its funky, eclectic character and its opportunities for inexpensive live-work spaces above some of the stores. Wheaton is a designated Arts & Entertainment District. Although this designation provides generous tax incentives for the creation of live/work space, such incentives have not been utilized. Artists are pioneers, and they have repeatedly proven that their choice of a given location leads to restaurant, entertainment, residential, and eventually other commercial uses. *The County should consider taking a more aggressive role to ensure the arts community is a key part of downtown Wheaton's revitalization strategy.*

*Food* is a major asset for downtown Wheaton. It is one of the primary reasons people who do not live or work in close proximity to the business district come here. Food-related businesses are a current asset and a great opportunity for downtown Wheaton. And this opportunity goes beyond restaurants and ethnic markets, to include catering operations, a culinary school, a major farmers market, glass, crystal and china (tabletop) retailers and suppliers, and a host of other businesses. Wheaton seems to do most of its restaurant business in the evening; a daytime lunch business could add measurably to the success of current and future establishments as the office component is expanded in downtown Wheaton.

Not every street-level business in downtown Wheaton is a restaurant. There are a number of independent *niche businesses* that give the CBD color, distinctiveness and appeal. The County should strive to make sure that these independent businesses are taken into account as development occurs. The fear on the part of many business owners and residents is that new development means displacement from the Wheaton business district. A carefully crafted program to provide information on other locations within the CBD, combined with a menu of helpful business assistance programs, could mean that

the vast majority of Wheaton's desirable niche businesses can not only survive but can expand in a revitalized downtown Wheaton.

One other major asset the County possesses in terms of creating a quality town center environment is the significant number of *County-owned properties* within and adjacent to the business district. In addition to Parking Lot 13, the County owns four additional surface lots within the CBD. All of these lots appear to be prime candidates to support later-stage, mixed-use development.

One constraint that often occurs in downtowns undertaking revitalization is that development sites are often in the hands of private, uncooperative owners. With eminent domain increasingly restricted and controversial as an economic development tool, local government is often stymied as it tries to package sites for development. Montgomery County is fortunate to have a number of strategically located sites within its control in downtown Wheaton.

### **Priority Recommendations**

The IDA Advisory Panel urges Montgomery County to “*grow the downtown from the inside out.*” In other words, the County should see parking lot #13 and the Mid-County Regional Services Center as “ground zero” for the first phases of redevelopment. These properties are currently County-owned; combined with the Bozzuto and Metro air rights sites, they offer a sizable opportunity in a key location. They are perceived by nearly everyone the panel interviewed as “the center of downtown.”

The panel urges the County to *create a new civic identity* by redeveloping a portion of Lot #13 into a “*town-square*” environment, with mixed-use development on surrounding parcels in subsequent phases. This could be the place where an enhanced farmers’ market occurs, where a street arts festival is held, or where people simply gather in nice weather to eat lunch, read the paper, and converse. The County should actively program this space.

As the County alters the use of Lot #13, it is critical to plan for *replacement parking*. This lot is the lifeblood for nearby businesses, and convenient replacement parking must be available as the lot is converted. Small businesses have a tough time surviving whenever construction occurs; loss of close-by parking could be the death knell for many. Parking replacement should be part of the pro forma analysis of the development as a whole, and specifically as part of the Wheaton Library relocation.

The *Wheaton library should be relocated to the southern end of Lot #13* and should be seen as not just a library (though it should be a great library). It should also *encompass an arts/cultural center*. This new facility should not be seen as being limited to just the library/cultural center. It could be a mixed-use facility, with offices, residential, retail, restaurant, and parking. The panel examined the possibility of including County recreation programs into this facility and concluded that these could stay in the current location north of the business district, incorporated into the Rafferty Center, especially because there is a private health club incorporated into the Westfield development.

*Social Services* are part of Wheaton's civic identity. They should be retained, but not necessarily within the priority development area. They should, however, be in appropriate, user-friendly facilities easily accessible by Metro and other public transit.

Panelists noted frequently the challenges pedestrians face in downtown Wheaton. A priority recommendation is to *develop and execute a traffic calming/pedestrian safety/circulation/parking plan and program* for the entire downtown district. One of the ways smaller businesses in the heart of the district could benefit from such a plan is that it would give them access to shoppers who now come to Wheaton only for the Westfield mall.

Panelists agreed that there is a need to *conduct a market study of the development opportunities* in the downtown district. The study should focus on market demand and feasibility for a number of uses, including public and private sector office space, retail, residential (both mixed/affordable and market rate) and cultural amenities. A focused

marketing and promotion plan can then be used to communicate Wheaton's potential and its ongoing revitalization.

The County has a *significant business assistance program*. It includes the Wheaton Business Innovation Center, and a variety of economic development tools, such as tax credits, financing, and workforce development programs. The panel recommends that the County examine ways to improve the target marketing of these programs, so that all downtown Wheaton businesses are aware of them and how best to use them. Funding for additional outreach might be a desirable first step for the County to consider. In addition to the already impressive list of services, the County should consider expanding to include business recruitment and business-to-business networking and mentoring services.

Summarizing the panel's recommendations, the County and its current and potential business partners need to:

- *Plan and develop a town center where parking lot #13 now stands, and use the development sites to the south – the Mid-County Center and the Bozzuto and Metro Station air rights – to create a central focus for future development.* This is where a striking, architecturally significant library, art and cultural center, and potentially mixed-use project – should be built. It is important that the plan identify future phases of development along the perimeter of Lot #13 as well.
- *Concurrently, develop a better understanding of the market potential for the CBD by undertaking a well-conceived and well-funded study (or series of studies) to serve as the basis for a comprehensive strategic and economic development plan for the entire CBD.*
- *Begin programming the town square (Lot #13) as soon as it becomes available.* This crucial space should be seen as a place of regular, enjoyable activity. It must also be recognized as safe and well maintained. Imaginative programming and expanded clean-and-safe services can make this happen.

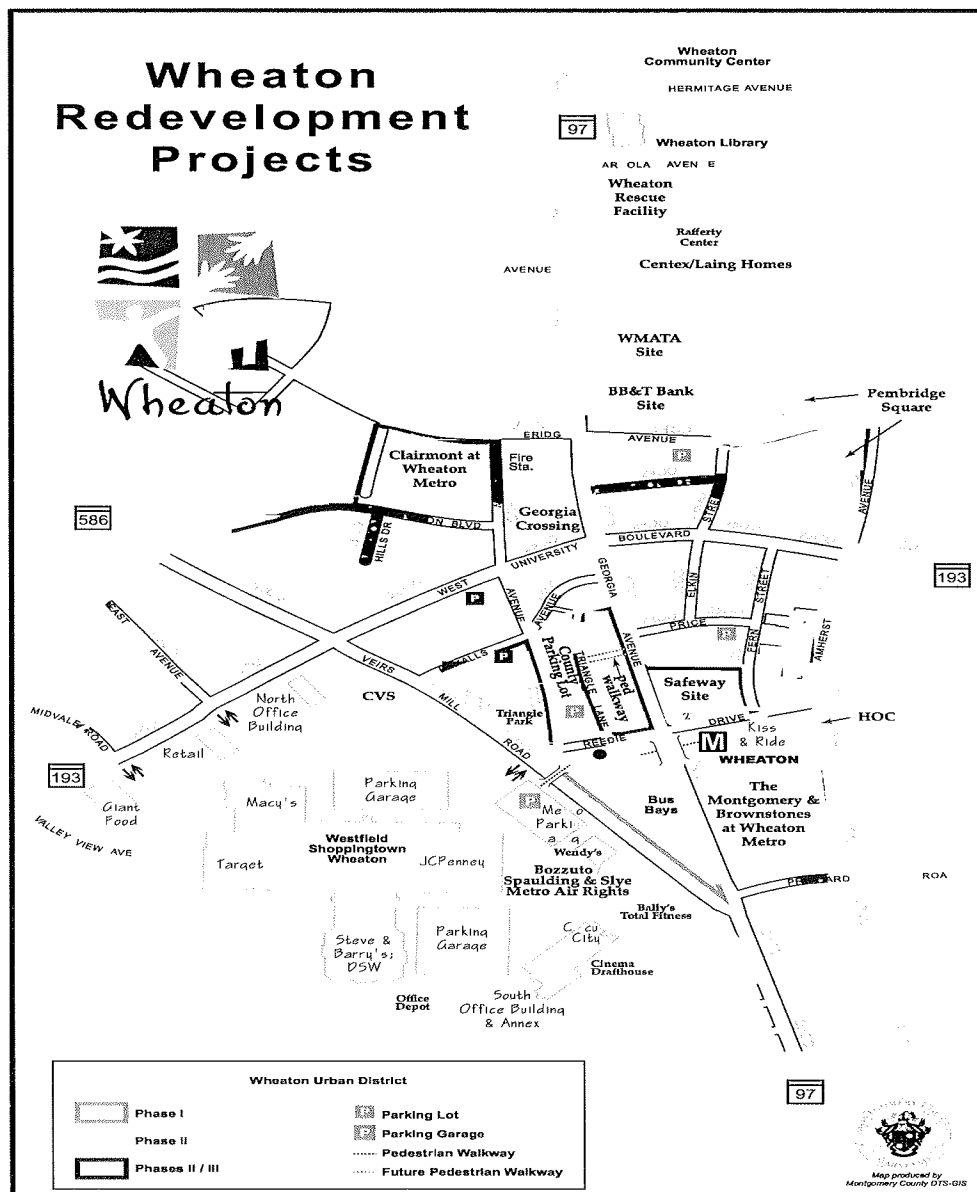
- *Make sure that parking is replaced simultaneously with the redevelopment of Lot #13.* Signage and promotion, in addition to providing actual replacement spaces, are essential. Some downtowns have actually been able to increase sales for local retailers during construction. Wheaton should learn how they accomplished this and adopt their methods. One example occurred during the removal of the pedestrian mall in Kalamazoo, Michigan.
- *Make downtown Wheaton the most pedestrian-friendly business district in Montgomery County.* Set the bar high. Investigate using Project for Public Spaces, the New York-based nonprofit experts, as consultants in order to achieve an extraordinary degree of urban walkability.
- *Develop and implement a new marketing strategy for Wheaton.* Make the program dual-focused – external and internal. It is just as important that local businesses and residents understand and support downtown revitalization efforts as potential businesses and residents from outside the area.
- *Invest in the public realm.* Sidewalks, streets and parking lots should not just be “industry standard.” Wheaton has, judging from many comments during interviews and meetings with the panel, an image problem. Chicago and some other cities have realized that creating beauty in the public realm is not only possible; it pays off handsomely in increased tax revenues and business investment.
- *Continue to invest in and expand the business improvement district’s Clean and Safe program.* As basic services are accomplished, businesses, residents and visitors will take better conditions for granted. The trick is to continually improve and innovate, so that people not only see a cleaner and safer environment; they actually see people doing the work, increasing awareness of this vital service.

### **Action Steps and Implementation Phases**

The IDA Advisory Panel has made many recommendations. To attempt them all simultaneously is folly; *it is essential that the County and the community approach these recommendations in phases.* There are several reasons for this. The first is opportunity: it is critical to leverage development opportunities – such as the relocation of the library –

in order to move the revitalization of downtown Wheaton forward. The second is focused attention and visual impact: creating a critical mass of development creates a sense of forward progress and increases support for future development initiatives. And third is investor confidence: once developers see initial success, they will be eager to be part of the next wave of development in the Wheaton CBD.

The panel recommends the following phases for the County's involvement in downtown Wheaton's redevelopment, with the caveat that economic and market conditions will play a significant role in the implementing the recommendations made below :





Phase I (0-3 years)	Phase II (5-10 years)	Phase III (10+ years)
<p>Plan “town center” development around Parking Lot #13, Mid-County parcel, and Bozzuto/Metro Air Rights site. Use portion of Lot #13 for “town green” development.</p> <p>Safeway site: Monitor progress of Park &amp; Planning’s Zoning Text Amendment to modify the northern boundary of the CBD. If approved by Council, Avalon Bay could continue to move through the planning process making the relocation of Safeway and subsequent construction on its site viable in Phase I.</p>	<p>(1) Pursue Phase II redevelopment of town center site by focusing on the Georgia Avenue block that abuts the town square site. Focus on local business retention, upper story residential and live-work space, and additional parking development.</p> <p>(2) Participate in/ influence private-sector developments undertaken east of Georgia Avenue to the CBD boundary.</p>	<p>(1) Pursue Phase II-III development of the town center site by focusing on a “bookend” site to a new Wheaton library proposed to be situated within the Bozzuto/Metro Air Rights project development. The “bookend” would include the property abutting Parking Lot # 13, northward to University Blvd., bounded by Grandview Ave to the East and Georgia Ave to the west .</p> <p>(2) Continue to use County real estate assets (parking lots, parking structure, tenancy potential, etc.) to leverage desired development.</p>
<p>Begin programming the “town square” as soon as it’s available. Manage the space, schedule/rent out for private events (weddings, etc.), create special events, etc.</p>	<p>(1) Continue to manage the town square space for uses described in Phase I.</p> <p>(2) Redesign and program Veteran’s Park as an integral element of redevelopment efforts east of Georgia Avenue.</p>	<p>(3) Review programming of town square and adjust as market potential dictates.</p> <p>(4) Assess physical conditions and make needed repairs or redesign.</p>
<p>Concurrently, conduct market study/feasibility analysis as basis for a comprehensive strategic and economic plan for the Wheaton CBD.</p>	<p>Use market data for Phase II development and make available to private-sector development projects.</p>	<p>Update market data and use for Phase III development.</p>
<p>Parking replacement as town green comes on line.</p>	<p>Creation of additional parking as a result of second phase of town center redevelopment.</p>	<p>Continue to assess parking needs as new development or parking demand increases dictate.</p>
<p>Focus on relocation of Wheaton Library to the town center development site; expand library development to include arts/cultural uses; incorporate mixed uses into the development.</p>	<p>Expand on cultural arts programming. Like town square, keep events and offerings fresh.</p>	<p>Incorporate cultural arts businesses and programming in additional phases of development, with special attention paid to clustering arts activities to maximize patronage.</p>

Create/execute traffic calming, pedestrian safety, access, circulation, wayfinding, and parking strategies for the whole CBD.	(1) Execute/manage traffic calming, pedestrian safety, access, circulation, and parking strategies for the whole CBD. (2) Realign Ennalls Avenue in preparation for Phase II-III development of block bordered by Grandview, W. University, Georgia, and Ennalls.	(1) Incorporate pedestrian access into all future development projects. (2) Create strong pedestrian, cycle, and vehicular connections between Wheaton Regional Park and the CBD.
Expand County services to small businesses. (retention, expansion, B2B, recruitment)	Use market data to redirect/enhance County services.	Use updated market data to redirect/enhance County services.
Create marketing and communications strategies to inform/promote strengths and plans for the CBD (Internal = community stakeholders. External = to general public, target consumer markets, media, potential new businesses and investors.)	Maintain and refresh marketing and communications program to reflect new realities.	Revamp downtown marketing and communications strategies.
Improve quality of investment in the public realm.	Maintain public space investments.	Review public space needs and redesign/maintain as required.
Expand/enhance County's commitment to 'clean and safe' activities.	Expand/enhance County's commitment to 'clean and safe' activities.	Consider physical expansion of 'clean and safe' boundaries as development expands to the periphery of the district.

## **Conclusion**

Of course, every downtown is unique; no two are exactly alike. But what makes downtown Wheaton unique? It is not its architecture; both panelists and interviewees agreed that downtown Wheaton's current physical appearance is not what gives it distinction. What makes downtown Wheaton unique is its combination of location, transit options, cultural diversity, and solid residential base.

But downtown Wheaton comes with its own set of dichotomies, contrasts that challenged the IDA panelists to think about their recommendations in new ways. To the panel, downtown Wheaton is:

- A suburban downtown in location, but decidedly urban in character;
- Blessed with exceptional public transportation, but still auto-centered in its operation;
- Seen by many as a moderate-to-lower-income area, but featuring \$800,000 townhomes and million dollar single family homes;
- Perceived as a struggling business district, but with few retail vacancies;
- The site of a major regional mall, but viewed by many as a community shopping district;
- Blessed with many strong, sophisticated citizens' groups, but struggling with how best to utilize their energies;
- Relatively clean and safe thanks to the business improvement district, but perceived by some – perhaps many – as unsafe;
- Home to numerous independent businesses, but with a Chamber of Commerce that is struggling to represent them; and
- Strategically located as a potential office center, but with little in the way of office development.

These seeming contradictions did not dissuade IDA panelists from seeing the enormous potential of the Wheaton CBD. They unanimously concluded that despite recent

economic downturns, Wheaton could truly become the next “major success story” in Montgomery County.

The new library and the town square project will signal the downtown Wheaton renaissance. The County has one opportunity to do this right. Care should be taken to ensure the design, concept, various components of development, and public involvement and awareness are optimal from the outset. At the same time, the County needs to remain attentive to the functional elements - circulation, wayfinding, pedestrian safety, business performance, cleanliness, safety, marketing, and more - of the entire Central Business District.

By taking these actions, the panelists are confident that rapid strides can be made in downtown Wheaton.

## **Addenda**

### **Acknowledgements**

Special thanks are offered to County Executive Isiah Leggett, the County Council, Natalie Cantor, Director of the Mid-County Regional Services Center, Tom Street, Assistant Chief Administrative Officer and Rob Klein, Director of the Redevelopment Program and its staff - Peter McGinnity, Sharon Lasswell and Olga Bernstein . The IDA Advisory Panel wishes to extend its thanks to the following participants during the panel’s visit:

Bruce Adams, Director, Montgomery County Office of Community Partnerships

Uma Ahluwalia, Montgomery County Department of Health and Human Services

Diane Anderson, Wheaton resident

Greg Baker, Montgomery Housing Partnership/Wheaton Redevelopment Advisory Committee

Tina Benjamin, Montgomery County Department of Economic Development

Frankie Blackburn, Executive Director, Impact Silver Spring

Mary Bradford, Director, Montgomery County Department of Parks M-NCPPC

Jill Brantley, Wheaton Library Advisory Committee

Moshe Briel, Wheaton-Kensington Chamber of Commerce

Tom Brown, Wheaton Volunteer Rescue Squad  
Kathleen Cahill, Mid-County Citizens Advisory Board, Holy Cross Hospital  
Teresa Cameron, Executive Director, Montgomery County Arts and Humanities Council  
Nguyen Mihn Chou, Montgomery County Office of Community Partnerships  
Lt. Jacques Croom, Montgomery County Police Department  
Karen Cordry, Wheaton Redevelopment Advisory Committee  
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Cheryl Czekaj, Wheaton Redevelopment Advisory Committee  
Blaise DeFazio, Montgomery County Office of Management and Budget  
Eleanor Duckett, Wheaton Redevelopment Advisory Committee  
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Leonard Greenberg, President, Greenhill Companies  
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Sonya Healey, Montgomery County Council  
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Manny Hidalgo, Executive Director, Leading Economic Development in the Community  
Judy Higgins – Kensington View Civic Association  
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Robin McElhenny, Washington Metropolitan Area Transit Authority  
Ian Morrison, Principal, The Royal Mile Pub  
Steve Morrison, Mid-County Citizen's Advisory Board  
Daniel Nachtigal, Executive Director, Through the Kitchen Door, Inc.  
Ken Nelson, Montgomery College  
Rick Nelson, Director, Montgomery County Department of Housing & Community Affairs  
Jennifer Deng Pickett, Mid-County Citizens' Advisory Board  
Freddy Real, Local First Wheaton  
Maritza Rivera-Cohen, Gilchrist Center for Cultural Diversity  
Morey Rothberg, Wheaton Redevelopment Advisory Committee  
Shelby Sannett, Wheaton Library Advisory Committee  
Donna Savage, Kensington Heights Civic Assn./ Wheaton Urban District Advisory Committee  
Matt Schmidt, Chair, Wheaton Redevelopment Advisory Committee  
Virginia Sheard, Kensington View Civic Association  
Duncan Smith, Westfield Wheaton/ Wheaton Urban District Advisory Committee  
Lisa Solomon, Wheaton Redevelopment Advisory Committee  
Dan Soma, Wheaton Redevelopment Advisory Committee  
Pilar Torres, Executive Director, Centro Familia  
Gustave Torres, Executive Director, Casa of Maryland  
Peter Tuck, Westfield Wheaton  
Fran Ware, Wheaton Library  
Shirley Washington, Wheaton Library Advisory Committee  
Robyn Watts, Wheaton Library Advisory Committee  
Tim Weins, President, Wheaton-Kensington Chamber of Commerce  
Larry White, First Baptist Church of Wheaton  
Bruce Wood, Wheaton Hills Civic Association

### **Advisory Panel Process**

*Saturday, March 15*

6:00 p.m.      Panel assembles at hotel and has dinner in downtown Wheaton

*Sunday, March 16*

- 9:00 a.m. IDA Advisory Panel members meet for orientation.
- 10:00 a.m. Tour of downtown. Individual panelists review materials, explore downtown on foot; gain first-hand, on the street “feel” for parking issues.
- 6:00 p.m. Dinner with Core Constituents.
- 8:00 p.m. Brief panel group meeting. Discussion of observations from tour and dinner.

*Monday, March 17*

- 7:30 a.m. Community Breakfast. Introduction of the IDA Advisory Panel to invited community leaders. Dave Feehan describes IDA and how the Advisory Panel process works. Each panelist makes some observations about his/her experience in management and, and about the importance of creating a healthy, high quality downtown. Panelists are instructed not to offer observations or opinions at this point. Attendees are told that the first day is devoted to listening, exploring and gaining understanding about downtown Wheaton and its unique characteristics.
- 9:30 a.m. Small Group Interviews
- 12:15 p.m. Working Lunch.
- 2:00 p.m. Small Group Interviews
- 4:00 p.m. Panel Working Session
- 6:30 p.m. Dinner with local team

*Tuesday, March 18*

- 7:30 a.m.      Panelist Working Breakfast. Identification of key local issues, application of best practices and successful strategies from other cities, key opportunities for strategic improvements. Panelists test various ideas for long term funding and sustainability.
- 8:30 a.m.      Interview with Core Constituents. Panelists test directions and strategies with local team and core constituents.
- 9:30 a.m.      Panel working session
- 12:00 noon     Working lunch
- 2:00 p.m.      Panel presentation to stakeholders







## **A Technical Assistance Panel Report**

### **Wheaton Central Business District**

Sponsored by:  
Maryland Department of Transportation,  
Office of Planning and Capital  
Programming

September 23-24, 2009

# **Wheaton Central Business District**

September 23-24, 2009  
A Technical Assistance Panel Report

ULI Washington  
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## About ULI Washington

### A District Council of the Urban Land Institute

ULI Washington is a district council of ULI—the Urban Land Institute, a nonprofit education and research organization supported by its members. Founded in 1936, the Institute today has over 34,000 members worldwide representing the entire spectrum of land use planning and real estate development disciplines, working in private enterprise and public service.

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policy makers dedicated to creating better communities.

ULI's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI Washington carries out the ULI mission locally by sharing best practices, building consensus, and advancing solutions through its educational programs and community outreach initiatives.

## About the Technical Assistance Panel (TAP) Program

The objective of ULI Washington's Technical Assistance Panel (TAP) program is to provide expert, multidisciplinary advice on land use and real estate issues facing public agencies and nonprofit organizations in the Washington Metropolitan area. Drawing from its extensive membership base, ULI Washington conducts one and one-half day panels offering objective and responsible advice to local decision makers on a wide variety of land use and real estate issues ranging from site-specific projects to public policy questions. The TAP program is intentionally flexible to provide a customized approach to specific land use and real estate issues.

#### **Robert M. Pinkard**

Chair, ULI Washington;  
Principal, The Pinkard Group

#### **Lisa W. Rother**

Executive Director  
ULI Washington

#### **Patricia A. Harris**

Chair, Technical Assistance Panel Program;  
Partner, Holland & Knight, LLP

#### **Jason L. Stuart**

Director of Community Outreach  
ULI Washington

#### **Yolanda Cole**

Vice-Chair, Technical Assistance Panel Program;  
Principal, Hickok Cole Architects

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# Acknowledgments

Both personally and on behalf of the Urban Land Institute Washington District Council (ULI Washington), the panel members and project staff would like to thank the Maryland Department of Transportation, Office of Planning and Capital Programming; the Office of Planning and Development, Montgomery County Department of General Services; and the Wheaton Redevelopment Program, for collaboratively inviting ULI Washington to Wheaton, in order to assist their efforts in redeveloping the central business district (CBD) of the area. Specifically, the panel would like to thank Gary Stith, Deputy Director, Montgomery County Department of General Services; Rob Klein, Director, Wheaton Redevelopment Program; and Pete McGinnity, Business Development & Intergovernmental Program Manager, Wheaton Redevelopment Program, for their work in initiating the Panel, preparing the briefing materials, touring the panel around the study area and providing on-site support, thereby ensuring that the panel was well-prepared prior to their arrival, and well-briefed and supported once they began working.

The panel would also like to thank Nancy Fox and Tim Thornton of Bay Area Economics, for their presentation to the panel, with preliminary findings from their market analysis of the region, and Kathleen Guinan, Executive Director, Crossway Community, Inc., and her entire staff, who hosted the panel during their work, and also provided the meeting facilities for the public sessions.

Finally, the panel was also very grateful to have the benefit of input from the many other stakeholders and neighborhood residents who attended the opening and/or closing sessions of the panel, as listed below:

Khalid Afzal	Montgomery County Planning Dept., Community Based Planning
Greg Baker	Wheaton Redevelopment Advisory Committee
Marcia Bond	Resident
Bob Burns	Washington Metropolitan Area Transit Authority (WMATA)
Natalie Cantor	Mid-County Regional Services Center
Sidney Cooper	Wheaton Urban District
Brian DiNunno	Resident
Marian Fryer	Wheaton Urban Development Advisory Committee
Darren Glasgow	BF Saul Company
Brian Greenan	Maryland Department of Transportation (MDOT)
Susanne Humphrey	Resident
Gary Johnson	Wheaton Regional Park Neighborhood Association
Sam Jones	University of Maryland
Chris Lindsay	Wheaton Redevelopment Advisory Committee
Gary Malasky	Washington Metropolitan Area Transit Authority (WMATA)
Tom Martin	Wheaton Redevelopment Advisory Committee
Robin McIlhenny	Washington Metropolitan Area Transit Authority (WMATA)
Amber Parcher	The Gazette
Kim Persaud	Wheaton Regional Park Neighborhood Association

Susan Petersen	Wheaton Redevelopment Advisory Committee
Michele Rosenfeld	Business Owner representative
Virginia Sheard	Kensington View
Paula Sternberg	Latino Economic Development Corporation
Sandy Tallant	Montgomery County Planning Dept., Community Based Planning

The findings and recommendations provided in this report are based on the collective expertise of the panel, along with the briefing materials, and information gleaned from the tour, stakeholder presentations, and roundtable discussions conducted during the panel's one and one-half day effort. ULI Washington hopes that the following information will contribute to the efforts already underway to maximize the potential of Wheaton and enliven its Central Business District, while at the same time preserving its unique character.



*Panelists meet with residents and community stakeholders at the beginning of the TAP process*

# ULI Washington Panel and Project Staff

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## Foreword: Overview and Panel Assignment<sup>1</sup>

Wheaton is an unincorporated, urbanized area situated in the southeastern portion of Montgomery County. It lies less than 2 miles north of the National Capital Beltway (Rte. 495), 3.6 miles north of downtown Silver Spring and is 4.1 miles north of the District of Columbia. Wheaton is 6.3 miles southeast of Rockville, the County seat. Less than 1 mile to the east is the incorporated Town of Kensington and the unincorporated area of Four Corners lies 3.2 miles to the west. Three State highways transect the Wheaton Central Business District (CBD): MD-97 (Georgia Avenue), MD-193 (University Boulevard), and MD-586 (Veirs Mill Road). These three roadways create the boundary for the core of the CBD.

The Wheaton CBD is maintained by the Wheaton Urban District. The Wheaton Urban District provides special services to the CBD to ensure that downtown Wheaton is maintained in a clean, safe and attractive manner to promote a vibrant social and business environment and long-term economic viability. These services include security, streetscape maintenance, tree maintenance, sidewalk repairs, marketing, and events.

The Wheaton CBD also includes one of Montgomery County's Parking Lot Districts. This designation insures adequate, convenient levels of parking through on-street, surface and structured parking throughout the CBD.

The County has made a number of improvements to the Wheaton CBD. Over 50,160 square feet of new sidewalks, lighting and landscaping/plantings have been constructed along Grandview Avenue, Ennalls Avenue, Fern Street and Georgia Avenue. Additional streetscaping is planned for Fern Street as well as a portion of University Boulevard from Veirs Mill Rd. to Georgia Avenue. A pedestrian walkway has recently been constructed that connects Georgia Avenue and Triangle Lane. Façade improvements have included multiple properties on Grandview Avenue, Georgia Avenue and Ennalls Avenue. Additional façade improvements are planned for Fern Street, Elkin Street and the south side of University Boulevard, between Veirs Mill Road and Georgia Avenue.

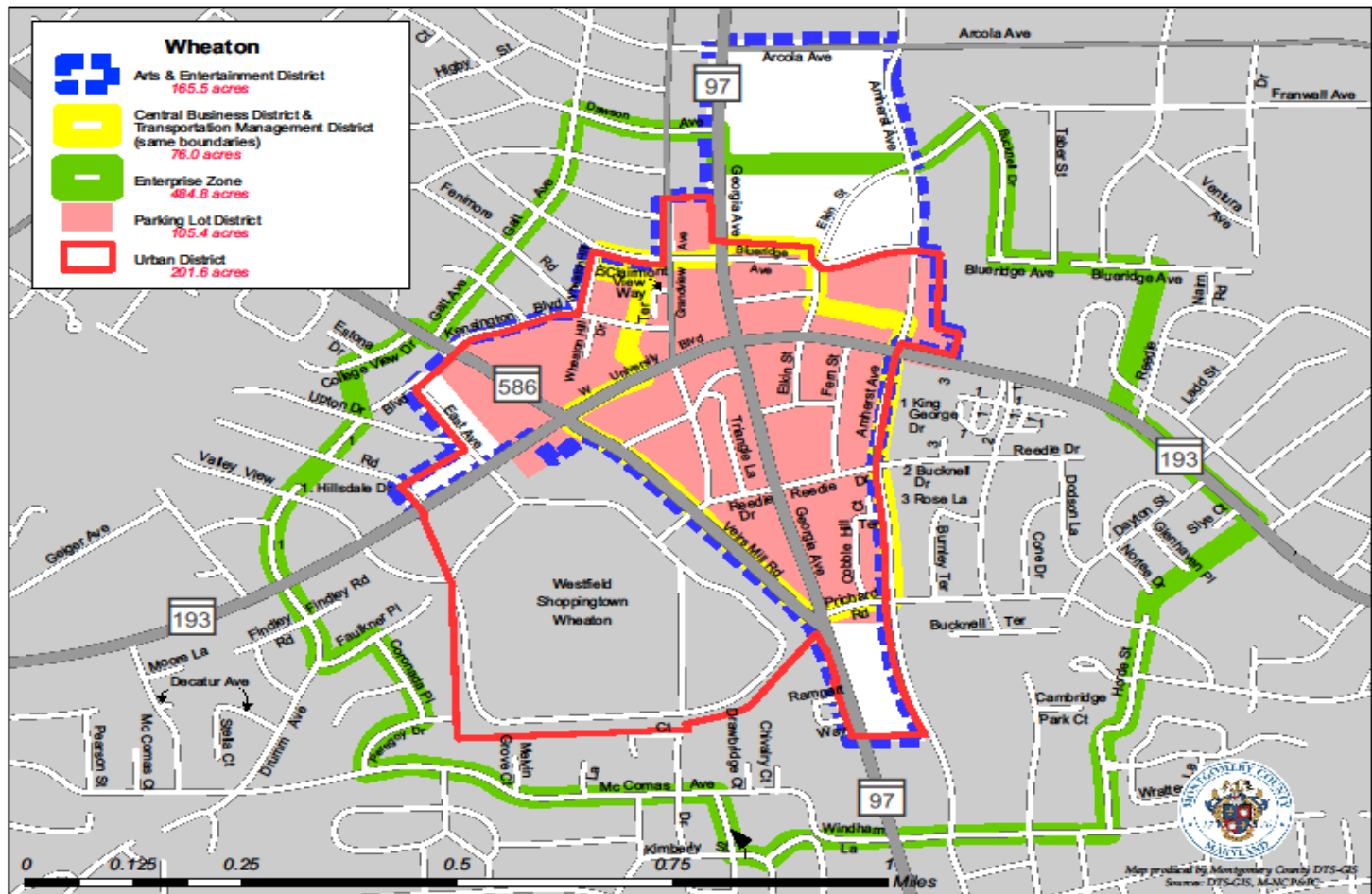
No public schools are situated within the boundaries of the CBD. However, four high schools, four middle schools and six elementary schools are within a two-mile radius of its center. The 536-acre Wheaton Regional Park, is less than two miles northwest of the Wheaton CBD. The park contains Brookside Gardens, whose award-winning horticultural displays attract over 400,000 people annually. County government facilities are both within, and proximate, to the Wheaton CBD. The Mid-County Regional Services Center is situated in the CBD, one block north of the intersection of Georgia Avenue and Veirs Mill Road. The Wheaton Library, one of the most active in the County's library system, and the Wheaton Community Center, operated by the

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<sup>1</sup> The information in the Foreword: Overview and Panel Assignment section of this report is excerpted from the Briefing Book that was provided by the panel sponsor.

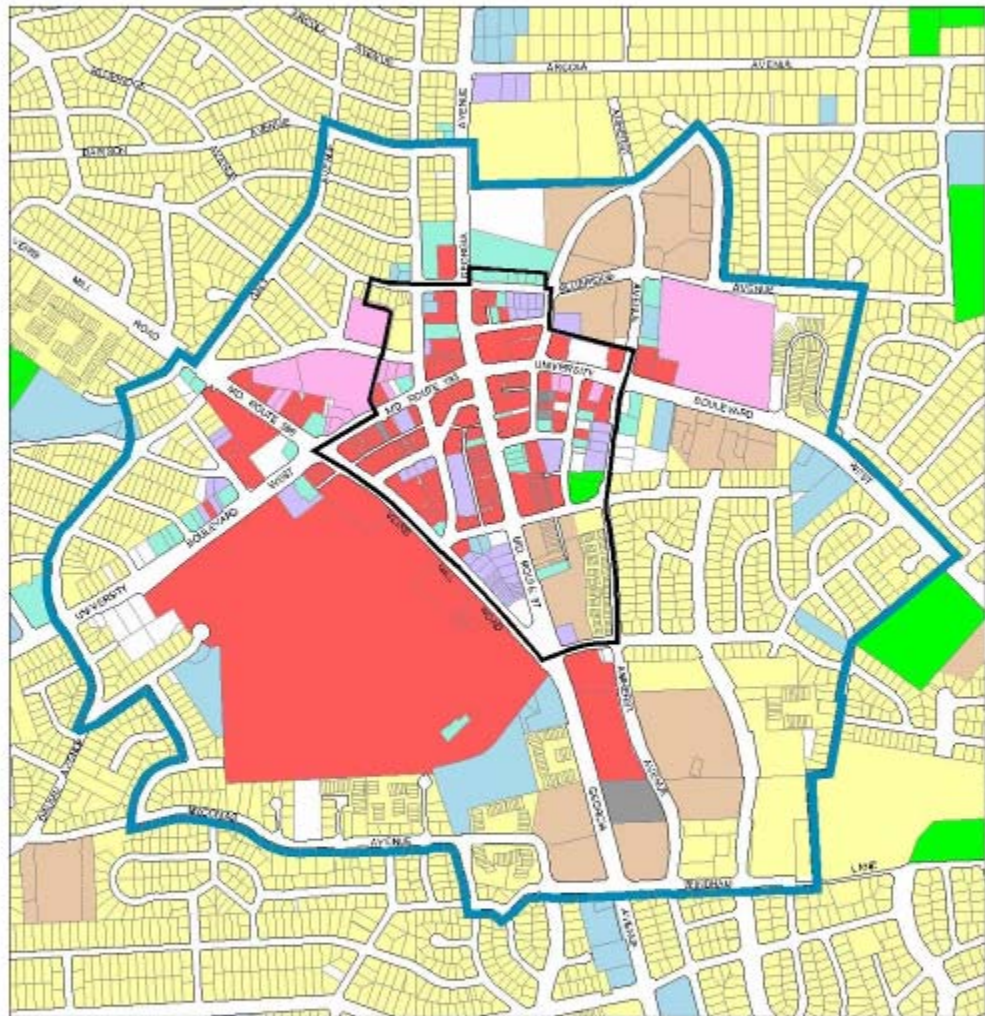
Department of Recreation, are adjacent to each other on Georgia Avenue. These lie just one block from the Wheaton CBD's northern boundary.

The Wheaton CBD is approximately 76 acres and its boundaries are illustrated in the following graphic, as are the boundaries of the Parking Lot District, Urban District, Enterprise Zone, and Arts & Entertainment District, which all serve this area.

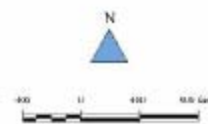


As the map below illustrates, the CBD - outlined in black, is almost exclusively devoted to retail use and parking. Prior to 2004, the CBD contained almost no residential uses. Since then, approximately 1,300 residential units have been constructed or are being planned. While office space is sparsely distributed through the Urban District, less than 225,000 square feet of office space is situated within the boundaries of the Wheaton Urban District.

## EXISTING LAND USE



- |                                    |               |
|------------------------------------|---------------|
| CENTRAL BUSINESS DISTRICT BOUNDARY | VACANT        |
| SECTOR PLAN BOUNDARY               | INSTITUTIONAL |
| SINGLE FAMILY RESIDENTIAL          | PARKING       |
| MULTI-FAMILY RESIDENTIAL           | UTILITIES     |
| OFFICE                             | INDUSTRIAL    |
| RETAIL                             |               |
| PARKLAND                           |               |

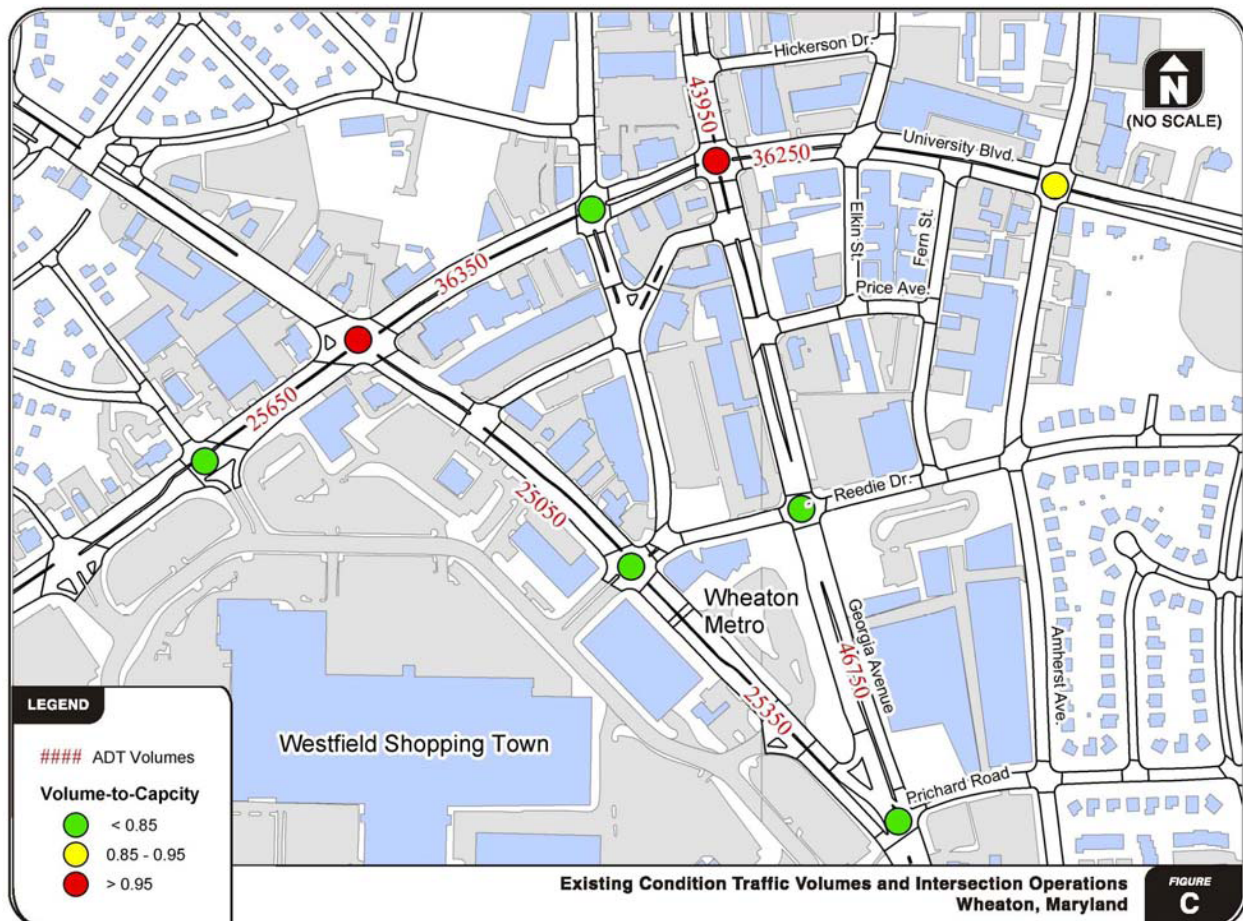


Wheaton Sector Plan



## Transportation and Accessibility

The Wheaton Metro Station opened in 1990. Adjacent to the Metro an intermodal transit center was constructed. The site houses 11 bus bays and provides connectivity between the Metro Red Line, nine County “Ride On” bus routes and eight Metro bus routes. WMATA is currently in the process of a Station Access Study for Wheaton’s transit center and the Montgomery County Department of Transportation is currently studying the implementation of bus rapid-transit lines that would use Wheaton’s transit center as one of its hubs. The Wheaton station is currently a major transit center with over 900 bus trips, 5,000 bus boardings and 4,500 rail boardings. On an average weekday Wheaton Metro Station serves an average of 9,300 rail passengers daily. In terms of vehicular traffic, the diagram below demonstrates the average daily volumes for the main thoroughfares.



(Source: Kittelson and Associates, Inc. - Wheaton Metro Station Area Pedestrian Safety Evaluation, November 2004)

### Statement of the problem:

While Montgomery County has had some success with the redevelopment of downtown Wheaton, the core of the CBD has not changed significantly and the community is not satisfied with the progress that has been made. Montgomery County is working with Washington Metropolitan Area Transit Authority (WMATA) and the Maryland-National Capital Park and Planning Commission (M-NCPPC) to solicit a private development partner to redevelop the core of the CBD through a public-private partnership using County- and WMATA-owned properties. The answers to several key questions would help the County and the private partner create a viable plan for this area of Wheaton.

### Questions to be addressed by the panel:

- 1) Identify the most viable market opportunities for the redevelopment of Wheaton which will allow Wheaton to be differentiated in the regional market and create its own identity. What **market niche makes sense for Wheaton?** Is there an **office market for new construction?** And are there special **cultural, educational, or entertainment uses that would spark reinvestment?** How can the County, WMATA, and the State of Maryland attract private investment in these opportunities? **What will the public sector have to do to make this happen?**
- 2) Identify ideas for the **integration of the WMATA property and the County property for redevelopment** of the Core while still **accommodating bus bays and circulation** near Metro.
- 3) What are the greatest **challenges to overcome** for the redevelopment of downtown Wheaton and what are the **strengths to build on?** This kind of question has been addressed before, but the panel's unique perspective is requested.
- 4) Westfield Wheaton Mall has a significant draw in the market. However parking structures, a major arterial and the internal orientation of the mall **create a separation between the mall and the downtown area and Metro.** How can a **stronger connection and synergy between the mall and downtown and Metro** be created through such things as physical changes, improved pedestrian connectivity, development along Veirs Mill Road, shared parking, coordination of marketing, etc.?
- 5) **Small local retail businesses create a unique character** for downtown Wheaton that **reflects the diversity and ethnicity** of the community. How can the viable **local retail businesses be retained** along with the character they create while **allowing redevelopment to occur?**

# Market Potential

In seeking to identify the best market niche for Wheaton within the context of the many other activity centers in the region, the panel spent a significant amount of time discussing the area's strengths and weaknesses. Fortunately—and unlike many areas seeking to redevelop—Wheaton already possesses a number of inherent strengths. Moreover, due to the large number of CBD parcels that are publicly-owned, and the laudable cooperation between Montgomery County and WMATA to make all those parcels available for a Request for Qualifications (RFQ) for redevelopment, there are multiple opportunities to “make something happen” here. Given the number of charrettes and other planning exercises in which citizens of the Wheaton community have dutifully participated over the years, the panel certainly understands the motivation behind wanting redevelopment to occur both sooner rather than later, and for it to include as large and all-encompassing of a project as possible: what some might call a signature project, or a game-changer. However, because the panel did take such careful note of both the strengths and weaknesses of the area, the panel concluded that an all-encompassing project was inadvisable.

Wheaton does indeed have several unique assets that can be built upon, and positive redevelopment activity is already occurring. On the other hand, Wheaton has not yet “proven itself to the market,” and also faces a number of issues regarding its street grid and overall connectivity. Furthermore, some of Wheaton's strengths, such as its eclectic retail mix, are also quite fragile, and could be irreparably harmed by any redevelopment projects that are ill-conceived or rushed. Thus, the panel recommends a gradual approach to redevelopment, focused initially on nurturing the strengths and addressing the challenges outlined below. Such an approach allows Wheaton's identity to continue to emerge organically, rather than through an attempt to force a desired result—something which the panel strongly feels would not only fail, but would also end up undermining the unique identity that Wheaton already possesses.

## Strengths

Diverse Culture. The panel was immediately struck by the diversity of the population in the Wheaton CBD, with a 2005 U.S. Census Survey showing a CBD population of 4,850 persons that is 18.4% Hispanic or Latino, 35.4% White Non-Hispanic, 23.2% Black, 20.6% Asian or Pacific Islander, and 4.1% representing another race. Such diversity is not only reflected in the retail mix, a strength that is discussed next, but also makes the area interesting and better able to promote itself as a unique destination, with festivals and other activities celebrating its culture. Given the number of other activity centers within the region that are also competing for new investment, residents, and employment, such diversity, if properly nurtured and promoted as the strength that it is, enables Wheaton to set itself apart from some of its economic competitors. Of course, cultural diversity can also lead to differing views within a community on issues related to development, such as what types of retailers should be pursued, or how public space should be programmed. As discussed in greater detail later in this report, however, the

panel is convinced that Wheaton is well-positioned to capitalize on its diversity, rather than be divided by it.

Eclectic retail mix. Wheaton's diversity is reflected in its retail mix, with both national chains represented in the Wheaton Westfield Mall, and smaller, local, and in many instances ethnic retailers represented on the streets. Furthermore, the importance of Chuck Levin's Washington Music Center as a key constituent of this mix cannot be overstated, and the panel thinks there are a number of opportunities to leverage these strengths even more, as shall be discussed later in the report. Tying all this retail together is a major challenge, but the most important thing to note is that the ingredients are already there. As is true with any smaller businesses, though, great care must be taken to "first do no harm": these businesses are often operating on a very thin margin, and as a result they, and the unique retail environment they provide, must not be taken for granted. The panel commends the Wheaton Redevelopment Program and other county and state agencies, as well as non-profits such as the Latino Economic Development Corporation, for their actions in support of this retail mix, including the ongoing streetscape and façade improvements, and the Small Business Development Center.

Double-sided retail. Many of the retail establishments can be easily accessed from both the front and the rear, particularly in the case of those establishments fronting Georgia Avenue that have the county parking lot behind them; this makes the buildings more interesting, enables them to be closer to the street, and also doubles the benefits that they provide in terms of placing "eyes on the street" and adding vibrancy.



*Rear section of double-sided retail (front facing Georgia Avenue), with recent façade improvements shown.*

Regional shopping draw. Although the mall certainly

poses a number of challenges as well, it is undeniably a magnet for shoppers, bringing consumers and their purchasing power in to Wheaton. Nor does the mall need to be perceived as a detriment to the eclectic, independent retail discussed above; smaller retailers benefit from the spinoff effects of the foot-traffic generated by larger, more established chains.

Existing parking districts; other special districts. With a number of County- and WMATA-owned parking garages and lots, Wheaton has plenty of available parking, which could provide an important benefit and incentive to future development. Unfortunately, some

of these existing parking facilities currently act as pedestrian barriers and/or are underutilized, but with the addition of design improvements and well-placed projects around these facilities they can be both better utilized and better connected. The ability to manage this parking as a cohesive system via the parking district should also facilitate this process. Similarly, the many other special districts in the area, including the Urban District, Enterprise Zone, and Arts & Entertainment District, all have the potential to serve as useful incentives, although the panel is unsure as to whether they are currently publicized and utilized to their full potential, as shall be discussed in the Implementation section.

Hub for Metrorail, Metrobus, and Ride On As noted in the introduction, Wheaton is a major transfer center, and given the trends toward an increased desire for transit-oriented living and working, the area is very fortunate to have this transit infrastructure. The system is currently underutilized, to be sure (as indicated by the 4,500 daily rail boardings, which places Wheaton in the bottom half of Metro stations) but given the ample opportunities for new development and improved connectivity discussed in this report, this number can be easily increased.

Geographic location. Wheaton's proximity to employment centers in both Silver Spring and Downtown D.C., particularly via Metrorail, enables it to market itself as a feasible residential location for those seeking a manageable commute, particularly given its relative affordability. This is, of course, a double-edged sword, in that Wheaton's location outside the Beltway makes it a less-competitive location for office and other uses than other more well-developed and concentrated centers.

Affordable. Considering it is only two Metro stops farther out on the Red Line than Silver Spring, and boasts a number of amenities, including those outlined above, Wheaton remains relatively affordable. As noted in the preliminary findings of the recent Bay Area Economics market analysis, rents near Wheaton Metro station for new 1- and 2-bedroom apartment units average \$1.50 to \$2.15 per square foot, and thereby offer value and convenience advantages relative to their Silver Spring competition, which have generally higher rents per square foot (\$2.00/SF and up), and which are in many instances not as close to the Metro station. Considering that even many young professionals are beginning to be priced out of the Silver Spring market, Wheaton provides a welcome alternative, particularly once some of the other improvements recommended in this report and elsewhere begin to be implemented.

Strong livable neighborhoods and vested/involved community. Surrounding the CBD, Wheaton maintains a stable and well-kept residential character. The Wheaton Regional Park, a major amenity, is also just over a mile north and west of the CBD, adding an important recreational element to the fabric of the area. Moreover, as evidenced by the participation of so many community members in the various planning processes that have taken place for Wheaton, members are informed, engaged and interested in the future of their community.



## Challenges

Auto-dominant design of road network. The preference given to moving traffic through the district on main arterial roads and the discontinuous/disjointed secondary road network is immediately clear, and as is the case with other communities that came of age during the same era, roads and the automobiles they serve dominate Wheaton, while pedestrians and other users, such as bicyclists, are secondary. This challenge unfortunately does much to undermine what should be the benefit of having a Metrorail station, as discussed in the next point.

Accessibility to METRO. The fact that Wheaton has an underground Metro station is very positive, but having to cross five and six lane roads to get to it is not; on some streets, you practically have to run to get across. Similarly, the large parking garages and lots that serve the mall, as well as the WMATA garage itself, also inhibit easy pedestrian access to Metro, as evidenced by the fact that fewer than a quarter of those riding Metrorail from Wheaton access the station via walking or bicycling, as opposed to more than half who do so in Silver Spring, according to WMATA's Daily Metrorail Boardings by Station and Mode of Access, 2005 (the most recent figures readily available).



*Even some of our fleet-of-foot panelists were marooned while attempting to cross the street on Viers Mill Road*

Scattered, ineffective office and retail space. As discussed above, Wheaton's retail is diverse, but it is also somewhat scattered; this is even more true for its stock of office space. Both retail and office tenants prefer locations where they are more concentrated. Unfortunately, this challenge cannot be easily remedied—at least in the case of office space—by simply adding more space on one or more of the available parcels, due to the next challenge listed.

Difficult location for office. The panel heard from a number of stakeholders that there is a desire for more office space in the CBD, in order to bring in greater daytime foot traffic, and to achieve other goals. Similarly, the panel fully recognizes all the benefits

which accrue from a good housing/jobs balance and a 24/7, or at least an 18/7, environment. Nonetheless, simply hoping for something to be true does not make it so, and the panel is unanimous in its belief that Wheaton is not well-positioned to attract development of, or users for, new large-scale office space. There are simply too many other office centers within the region that possess greater strengths, particularly in the near-term, where so much new office space has recently been built. In the words of one panelist, “There is no inherent reason for office to be here.” As discussed below, there are some opportunities for small, professional office space, however.

Safety perceptions. Although none of the panelists perceived any safety issues during their time in Wheaton, they did hear concerns regarding this issue from some of the stakeholders. During tours of the mall, and on the streets of the CBD, private security and the Urban District’s ambassadors, respectively, were present and noticeable, which was positive. Such safety concerns can be mitigated in part by the addition of more residents and infrastructure improvements that encourage more walking, adding more people on the street.

Public space lighting. Some of the panelists did note some gaps in the lighting of public spaces, the improvement of which could alleviate some of the concerns expressed in the previous point.

Potential lack of coordination among business organizations. Although the panel is impressed by the number of organizations and groups working on behalf of the Wheaton CBD, and views these resources as an undeniable strength, it was not made perfectly clear to the panel what distinct niche each organization occupies or how they align their efforts for maximum effect, which leads the panel to believe that developers or other businesses seeking to invest in the Wheaton CBD—or even current businesses seeking assistance—could face similar confusion.

Lack of effective branding. What is Wheaton’s story and what makes it a unique, interesting place to live, visit, work, develop, and invest? After spending a day and a half in the community touring, talking to residents and other stakeholders, and visiting local businesses, the panel was able to appreciate that such a distinct identity does indeed exist, but it does not seem that that identity has been encapsulated in a form that can be quickly digested by visitors or those outside the community, nor that such “selling” is taking place.

Fragmented property ownership. As mentioned previously, it is fortunate that there are a number of publicly-held parcels, and that WMATA and the County are committed to working with the community to help effect a shared vision, but there are many individual property owners who will need to be on board. This is frequently the case with any area seeking to redevelop, however, and is certainly not insurmountable.

Not all members of community involved in planning. Given the diversity of Wheaton, it is essential that all segments of the population be well-represented in the public planning process. This does not currently appear to be the case, as neither the Latino community

nor the residents of the new multi-family projects (who are generally younger than those in the more established residential areas) were represented in proportional numbers in the public meetings held by the panel. There are of course many factors which explain this lack of representation, and the ULI TAP process itself is not immune from fault, as our public sessions take place from 5:00-6:30 on weeknights, when some of these community members may still be working or otherwise unable to attend. Nonetheless, special efforts must be made to include all members of the community in planning for the future, in order for the process to succeed.

Constructing on WMATA parcels. While it is true that having Metrorail and/or Metrobus facilities immediately adjacent to or underneath one's property is an unparalleled benefit in our region, it also creates a host of challenges to any developer in terms of the need to maintain parking and bus operations and otherwise build to WMATA standards. Such challenges limit the number of developers who may respond to an RFQ issued for WMATA property, unless, of course, the market is so appealing and the benefits that may accrue to the developer appear substantial enough to make the additional burdens worthwhile. In the absence of such a well-proven market, a smaller pool of respondents may lead to less than the optimal result for the property, and given the declining store of undeveloped WMATA parcels, would be a major opportunity lost.

Isolation and single-use of mall. The panel was grateful that the Westfield Wheaton Mall management provided their input in to the TAP process, and appreciated the fact that the mall management truly does seek to be an active, supportive member of the community. Moreover, the panel understands the challenges facing the entire retail industry, and especially the enclosed mall sector, thereby forcing them to focus almost exclusively on mere survival in the near-term. This does not negate the fact, however, that the mall is an island unto itself in Wheaton, and does not connect well to its surroundings. Unfortunately, the problem appears to have been exacerbated by the garage that was built with public support for the Macy's, as well as by the WMATA garage, which creates an imposing barrier between the mall and the CBD.

### **Best Bets for Redevelopment**

In light of the strengths and weaknesses outlined above, the panel believes that the following uses have the greatest likelihood of success, while also providing the best complement to Wheaton's existing urban fabric:

Multi-family and townhome developments. Clearly there is a residential market in the Wheaton CBD. One entire new block has already been developed, and while it has not been long enough to determine what impact it has had or how the new residents will contribute to enlivening downtown, experience in other jurisdictions in the region has shown how developing a critical mass of new residents can have an exponentially positive impact on street life, particularly as retailers follow. Moreover, due to the appealing and similarly affordable single-family residential neighborhoods surrounding the Wheaton CBD, increasing the stock of multi-family housing opportunities within the CBD provides an opportunity for younger professionals to move in to an apartment

initially and then perhaps move in to a single-family home in Wheaton as they grow older; similarly, it also provides an opportunity for older residents to age-in-place and eventually move in to a residential unit that requires less maintenance than a single-family home, should they wish to do so.

Retail uses that cater to young professional residents and families. Due to Wheaton's relative affordability, the Wheaton CBD provides a rather unique opportunity within the region for younger professionals and families seeking affordable living in a location that is well-served by transit, with many urban amenities; as such, emphasis should be placed on attracting retail that caters to them, a component which seems to be missing now.

One or two strategically-located value anchors and national mid-level restaurants. The panel recognizes the value of the independent, smaller-scale retailers that currently exist in Wheaton, but also recommends marketing outreach to get one or two national chains, particularly in the restaurant category. As one panelist noted, even though many people may not like chains, rightly or wrongly they do add "familiarity" to a place for many consumers, while also providing a credit tenant to a shopping center. As long as balance is maintained—which should be easier given the number of independent restaurants already in existence—the two types of restaurants can work in a complementary fashion to help create a critical mass of destination choices and a sense of place. The example of Clarendon was cited by the panel, where the arrival of The Cheesecake Factory helped to build and attract other retail. The panel recognizes that a Ruby Tuesday exists in the mall, but having such a restaurant on the street would provide far greater spinoff benefits.

Live music venue, and civic branding organized around food, music, entertainment and culture. It is important to note that the panel is not recommending something on the scale of Live Nation, like the one that will exist in Silver Spring, or Strathmore, but rather smaller, incubator spaces that can provide new destinations, add liveliness to the area and help reinforce Wheaton's identity as a center for food, music, entertainment and culture. Such spaces could draw upon key strengths that already exist with Chuck Levin's Washington Music Center and the history that surrounds it, and with Wheaton's diversity. While Silver Spring has established itself as a film center, and Bethesda has a number of performing arts spaces, Wheaton has an opportunity to become a music center, which could also result in economic development opportunities in music production and other supportive functions.

International grocer. The panel also pointed to the benefits that accrue from international grocers, who often go in to older stores and renovate them, and to the suitability of the Wheaton CBD for such a use. During the panel feedback session, members of the community mentioned that such grocers exist within Wheaton, so it may be that these stores merely need to be more prominently featured.

Limited potential for office: small- to medium-scale professional only. As discussed previously, the panel does see a limited potential for small- to medium-scale,

professional office. Medical office, specifically, could have the potential for some success in the area, given potential connections to Holy Cross Hospital. While the panel recognizes the widespread sentiment in the community for more large-scale office space, they do not see a demand for such, and they note that the use of new residential projects to help create a sense of place should not be dismissed.

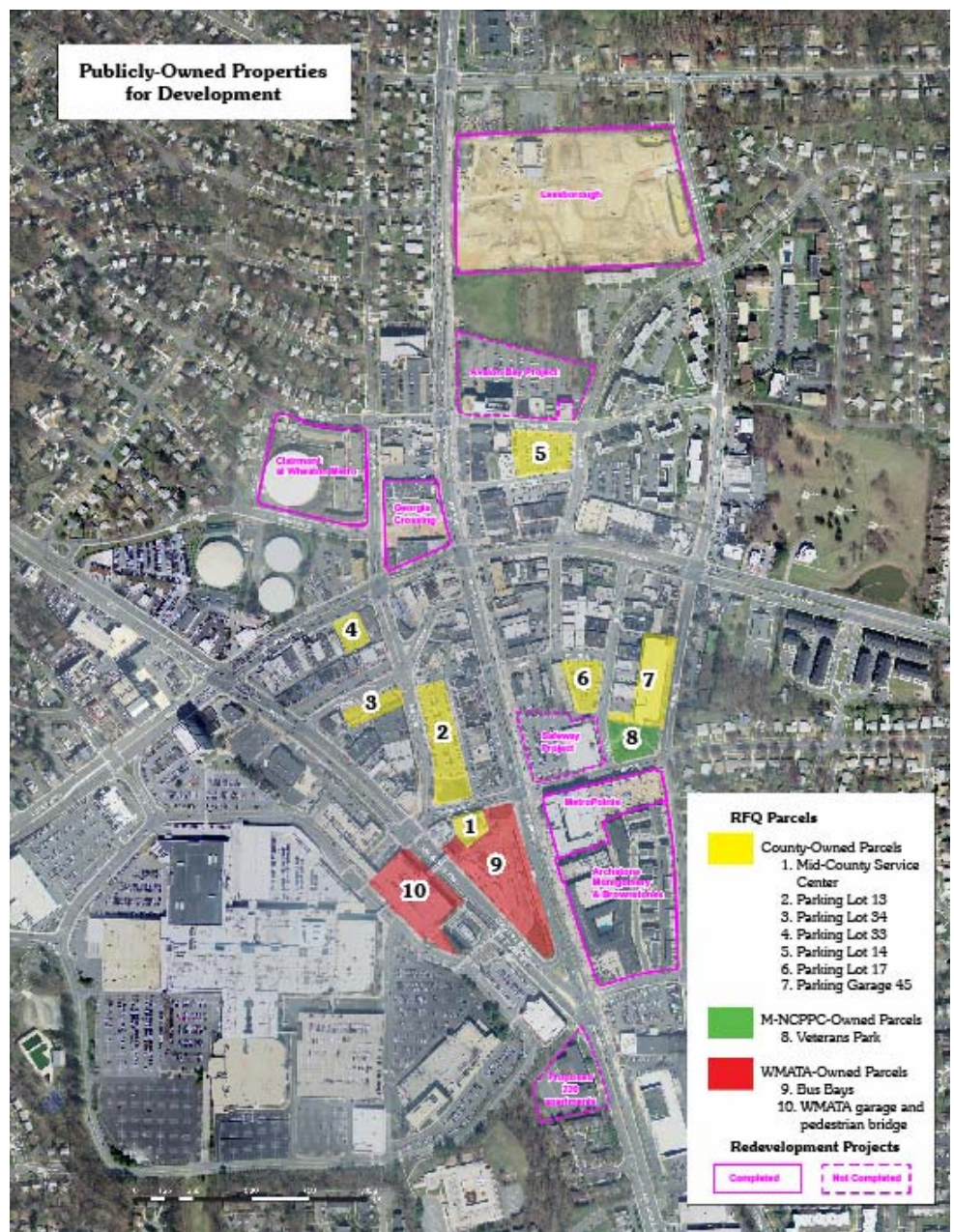


# Development Strategies

Based on the above findings regarding Market Potential, the panel sought to summarize their recommendations for development strategies and elements in one sentence: “Development strategies for the Wheaton CBD should be residentially-driven, filling in the gaps in retail and capitalizing on a music/cultural component, which must be supported by a new civic armature.”

## Creating Districts

In fleshing out this statement, the panel first noted that the Wheaton CBD is actually a rather large area, and due to the importance of creating a critical mass for each of the above-cited elements, a recommended approach would be creating districts where redevelopment efforts could be concentrated. These efforts could move in phases, coinciding with the market viability for each type of product (and with each laying the groundwork for the next, as is the case with additional residential creating a more inviting environment for new retail) and could eventually even include the mall. These districts would also fit nicely within the context of the publicly-owned sites that will be made available by the County and WMATA via an RFQ. To the right is the map of the RFQ parcels, and following is the panel’s map of proposed districts.





*Illustration 1: Districting Strategy for redevelopment, also showing potential new “green connections”*

With this districting strategy, Parking Lot 13 (RFQ Parcel #2) could become more of a music and civic district, or Town Center, drawing upon the existing retail surrounding the parking lot (including the Washington Music Center to the west) and the currently existing open space, which needs to be improved and expanded in order to allow for larger gatherings and events. To the east could be the entertainment and residential district, building upon plans that already exist for the Safeway redevelopment, with residential above.

To the north, the potential exists for an additional strong residential district, including the planned Avalon Bay project on the former BB&T Bank building site, and on the west, in the very long-term, would be the potential for a mixed-use commerce district on the site currently occupied by the mall.



The site currently occupied by the WMATA bus bays (RFQ Parcel #9) would serve as the intermodal district. As indicated in the illustration above by the purple asterisks, each district should also have a strong visual node incorporated within itself, to allow for immediate identification.

The panel did hear and consider suggestions from some stakeholders that the bus bays be relocated to the site to the north (RFQ Parcel #2) in order to better facilitate development of Parcel #9. Without being fully briefed on this idea, the panel cannot fully evaluate the feasibility or merits of such a proposal. However, the panel does strongly feel that the area to the north of the Mid-County Regional Services Center with its existing park and retail is actually one of the most interesting and successful parts of the Wheaton CBD, with the best sense of place, and should therefore be treated with care. This does not mean that all the existing buildings or uses must stay, but rather that the space already exists, and with some work could be a great place without having to wait for redevelopment. The panel is not convinced that putting the bus bays under Lot 13 has any real positive impact on the viability of the town square businesses, nor would it make it easier for those buildings to be replaced by something “nicer” or “better.” The best way to revitalize the town square businesses is to increase the residential density around them and bring in a broader mix of ages and incomes. Nor, without further information, is the panel certain that the cost of tunneling and placing bus bays under Parking Lot 13 is likely to be less expensive than construction over the existing bus bay location. Of course, if this is indeed the proposal that is strongly preferred by the community, and the county and/or state is willing to absorb this cost as a result, such a proposal could be implemented, but given prevailing economic conditions such a large public investment would appear to be unlikely.

### **Music and Entertainment as Overarching Theme**

The panel's focus on music and entertainment, as evidenced by the two proposed districts and by other references throughout the report, stems from the fact that the panel heard from stakeholders—and noted on their own—that currently there are many different communities in Wheaton, but they, and their businesses, seem to be operating separately from one another. In the panel's opinion, if there is anything that is cross-cultural, it is music. Creating such districts would further a civic branding effort focused on food, music, culture, and entertainment, which could in turn provide an organizing point for the community, and would help create a more cohesive Wheaton identity for both residents and those outside the community, who might thereby be prompted to learn more by visiting. Because only so many people will come from outside the community to visit such venues, though, the creation of the residential districts, and the addition of more people to the Wheaton CBD, is just as essential.

### **Phasing of Districts in Tandem with the Market**

Drilling down further in to each district, the panel suggested a phased approach, building upon strengths that currently exist and projects that have already been proposed. Such an approach can help build up the Wheaton CBD market, such that



when the time is ripe to take on the largest and most challenging projects, the incentive will be there for developers to do a first-class job, and the infrastructure will also be ready to accommodate and complement them.

Again and again, the panel heard the question asked, “What is the catalyst project?” Their response is that it is not going to be office that comes first, and that indeed it may never come, other than perhaps a 50,000- 100,000 foot scale small office project. Nor will it be retail, as there is already a lot of retail existing in the area. In the panel’s view, the nearest term opportunity is to bring more people to the CBD, something that is already happening with MetroPointe, Archstone, and the EYA and Centex townhomes. By continuing to promote such projects, over time more people will be on the ground, and retail will respond. To that end, the panel recommends the following approach:

### 1) Near term

a) Do whatever is possible to encourage **the Avalon Bay and Safeway projects** to move forward. On the eastern side of Georgia, there are several blocks that allow for near-term residential projects that can build on the success of MetroPointe. As the Safeway project is one that is in for approval right now, it is probably the nearest-term, moreover, it makes sense, as it adds density near the Metro, where it should be. Given the rents currently achieved at MetroPointe and Archstone, the panel does have some questions about whether such a high-rise project is viable without incentives, particularly given the presumed costs for construction of parking for the project. The panel recommends that the County do whatever it can to work with developer and make the project happen, including the potential provision of subsidies or incentives.

b) The other best opportunities for early-action multi-family projects are presented by **RFQ Parcels 6, 7, and 8**. As will be elaborated on in the Implementation section of the report, the panel advises the county to issue an individual RFQ for a combination of blocks 6, 7, & 8 (Price Square area) with the size of these combined parcels allowing for a good-sized, creative residential project. Block 7 already has parking that is underutilized; this would solve the problem of a residential developer coming in and paying for parking, as they could instead tether their project to the garage. The panel recommends further study regarding whether the current park should be moved so that the project can be more closely tied to the garage; given the current underutilization of the park, doing so would probably make the most sense, though, as the park could then be relocated within the combined parcel, and would then be well-activated by the new residential projects.

c) **RFQ Parcel 2 (Parking Lot 13)** offers the potential for both an enlarged and enhanced park and an additional 1-story retail building, or a 2-3 story building with ground-floor retail and residential or small office on top. In either scenario, the building would be located in the middle of the parcel and with angled parking, leaving **RFQ Parcel 3** as additional parking to serve it and the currently-existing retail surrounding the lot. Redevelopment of this parcel in such a manner would greatly complement the retail that already exists on each side of the parking lot, creating the type of two-sided,

walkable retail street environment that retailers and consumers prefer. The panel does caution, however, that the 2-3 story building scenario, while adding additional life to the area, could also lead to a parking challenge.

## **2) Mid term**

Most actions that need to be taken in the mid-term do not concern development strategies as much as they do infrastructure and street grid improvements, and as such are treated more thoroughly in the following Planning & Design section of the report. However, the eventual redevelopment of the **Ourisman site** on Viers Mill Road would appear to offer an excellent opportunity to provide better linkages between the mall and the Metro station and retail across the street. As the site is not a public-owned parcel, it falls outside the scope of this TAP, but it is nonetheless an important opportunity site, meriting further study.

And, although the panel did not spend as much time on this parcel, **RFQ Parcel 5** (Parking Lot 14) would appear to offer a mid-term opportunity for mid-rise residential and townhome development, with its prospects for redevelopment made stronger once the aforementioned infrastructure improvements are in place. Such a use would also be appropriate, as it would allow for density to scale down as you move farther away from the Metro station. The end result of all these projects would be both a great deal more people downtown, and also a nice mix, with more families up north, and more single professionals and other multi-family residents down closer to the Metro station.

## **3) Longer term**

The panel heard many stakeholders describe the **WMATA bus bay and garage parcels and the Mid-County Regional Service Center parcels (RFQ Parcels 9, 10, and 1)** as the marquee sites, and the most valuable and impactful for redevelopment. And indeed, the Panel agrees with this assessment, which is precisely why the panel does not think it makes sense to go out with those parcels now. As they are the most valuable sites, with the potential for the greatest density, the panel advises holding out until other critical mass and improvements are made, including sector plan completion and transportation and street grid improvements, in order to get the highest quality result possible.

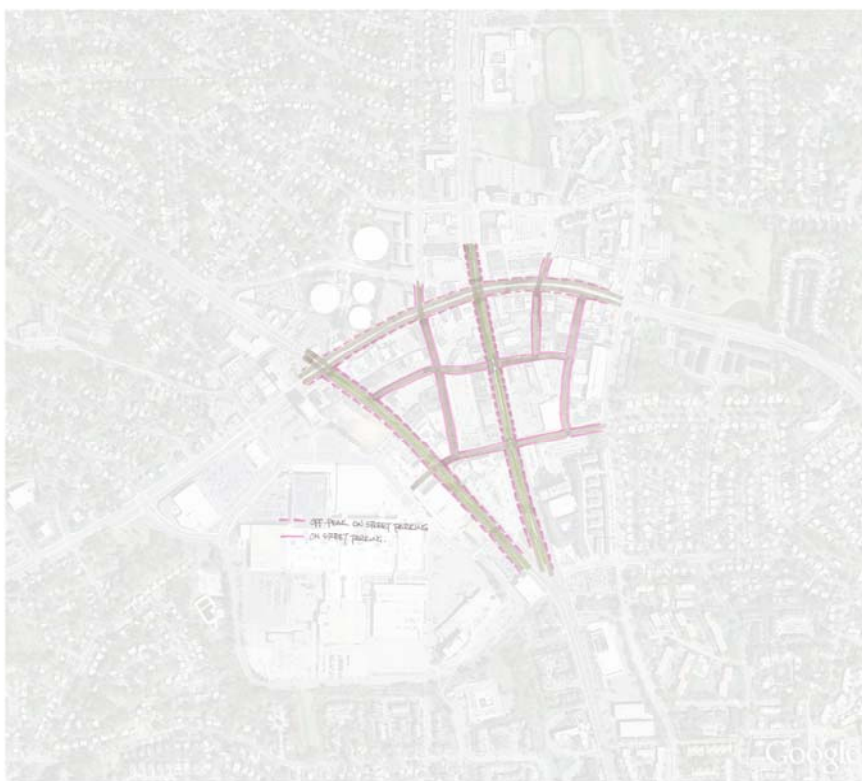
Also in the long term, and outside of the RFQ process, the panel noted that the part of the mall that is vacant and has a great deal of surface parking could provide an opportunity to create an urban village, with residential or mixed use project and with a rational street grid that connects to downtown. The panel therefore recommends working with Westfield on site plan, access and density enhancements, particularly on the southern half of site, in preparation for potential redevelopment when the time is appropriate.

## Planning & Design

As discussed above in the Development Strategies section of the report, in the near- to mid-term a number of design and infrastructure improvements also need to be made by the public sector, in order to spur and complement private redevelopment activity and allow for better connectivity in the Wheaton CBD and the community as a whole. They are as follows:

Increasing green connections. As sketched out in Illustration 1 previously, the green framework of the community should be improved through the addition of bike lanes and other features that better connect the CBD to its surroundings, including enhanced connections to the Wheaton Regional Park. Amherst Avenue appeared to offer promise for such a route. The panel was told that only 1% of Metrorail riders arrive at the Wheaton station via bike; when taken with the fact that there are less than 5,000 people per day boarding at the Wheaton station, providing better opportunities for people to access the station via bike would seem to provide a good opportunity to increase overall ridership at the station.

Allow for on-street parking and potential dedicated bus lanes. As seen in illustration #2 to the right, the panel recommends allowing for off-peak, on-street parking on Viers Mill Road, Georgia Avenue, and University Boulevard, as well as continuous on-street parking on other local streets, in order to tame traffic and provide additional parking opportunities for the retail facing the streets. This issue will need to be closely coordinated with the State Highway Administration, who maintains control of each of these roads.



*Illustration 2: On street parking and off-peak, on street parking potential*

Additionally, considering the importance of Wheaton Metro Station as a transfer center, and the fact that Viers Mill Road and Georgia Avenue have both been identified by County as opportunities for expanded bus service, the panel urges consideration of dedicated lanes for buses or BRT.

### Create additional street and pedestrian connections.

As seen in illustration #3 to the right, adding several new roads and pedestrian connections can create an improved grid network, allowing for both smaller roads and smaller, more walkable blocks with the creation of a more diffuse network, while also taking part of the load off major arterials such as Georgia Avenue and Viers Mill Road. The illustration to the right depicts some potential connections, but is in no way definitive;



*Illustration 3: Creating additional street and pedestrian connections*

rather, the panel merely provides this illustration as one potential example, and urges Wheaton residents to seek out such additional connections via the Sector Planning Process. Nor do all of the proposed new streets need to be dedicated to automobiles, as the photo below of a pedestrian street in Miami shows.





Additionally, such new streets can feature roundabouts and other design features that slow traffic, as demonstrated in the photo to the right.



Build to the street edge.

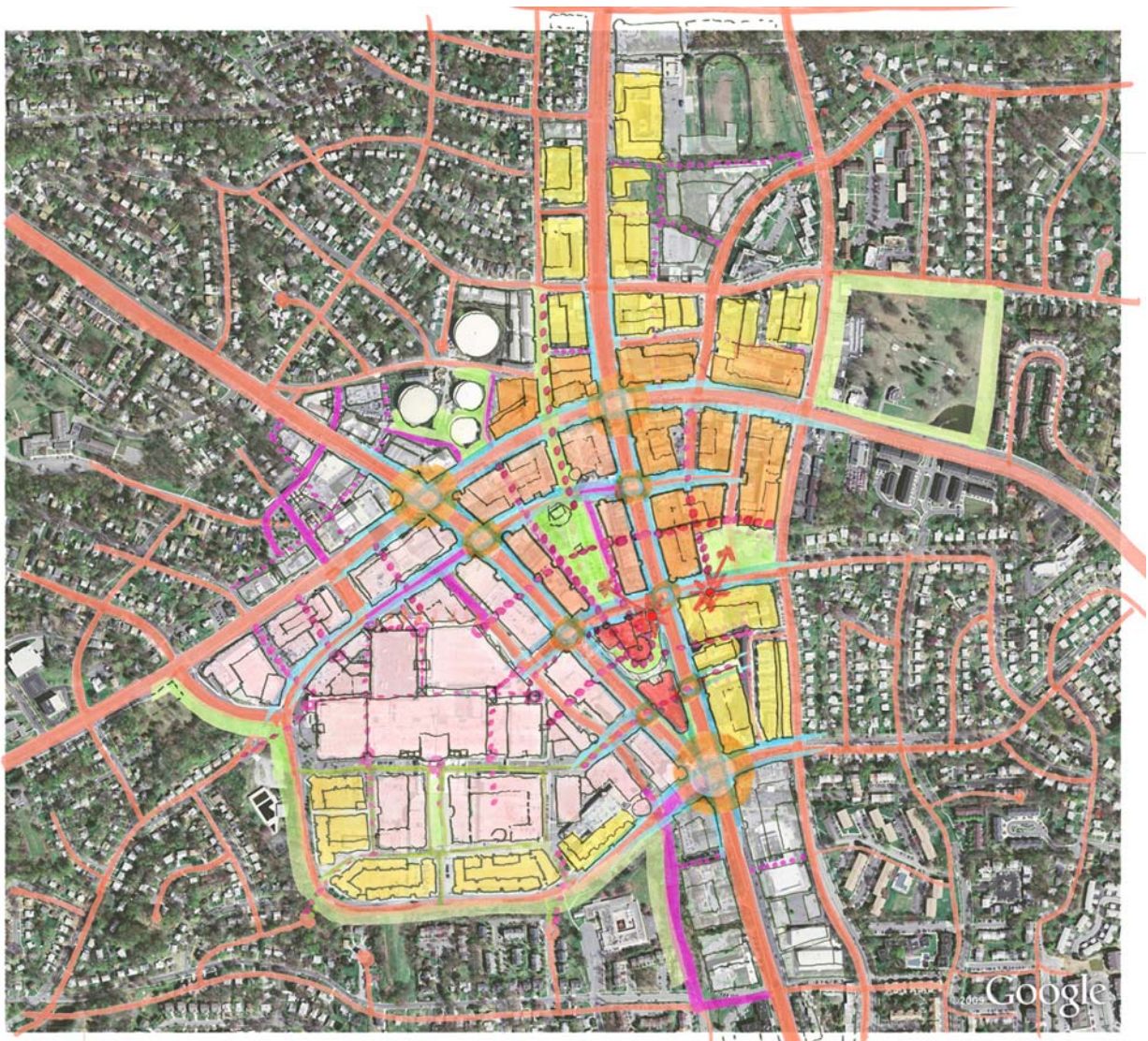
The panel also strongly recommends that future development be built to the street edge, with parking provided on street, as noted above, or via garages, in order to better frame the streets and create a more walkable and transit-friendly streetscape.



*Illustration 4: Building to the street edges*



Combining all of the elements of the previous illustrations into one, illustration #5 below provides an idea of where and what type of redevelopment could occur based on the districts discussed earlier in the report. Much of this development would be residential dominant, but since the county is considering a new mixed-use CR zone, there is a possibility that a mix of uses would be permitted under certain circumstances. The illustration below also depicts how the new linkages outlined in Illustration 3 create block sizes suited to the type of development appropriate for each site. For example, a Class A office building is 120 feet wide by 240-270 feet long; residential buildings are 65-70 feet wide by 250-400 feet long; and parking garages are on modules of 60 feet, so they may be a minimum of 120 feet wide. Thus, if you take all the streets and look at the development pattern that can go in the corridors, while also including sufficient green space, you start to get a strategy that enables you to think the way the private development community thinks; this hopefully provides a useful starting point for the community as they undertake the Sector Planning Process and begin providing their input as to what they would like to see happen.



*Illustration 5: Potential Development Framework*

# Implementation

## RFQ Strategy

As depicted in Illustration 1, a number of County and WMATA-owned sites are being made available for redevelopment through an RFQ process. In thinking through the strategy for how these sites could best be utilized, the panel decided that because there are such different levels of market opportunity and potential for each of the sites, and because there may be very different types of developers interested in them, the best approach is to issue multiple modified RFQs aligned with the proposed subdistricts and tied to the sector plan. While these RFQs should not be proscriptive to the development community, they should provide guidance, indicating that the community views a parcel or group of parcels as a potential residential district, town center, or other development type. Utilizing such a process also signals that the community has priorities, which would not be the case if simply one all-encompassing RFQ were sent out.

The highest value sites are in the WMATA bus bay area (RFQ Parcels 9, 10, and 1), which are also the most challenging ones to develop, and the panel strongly feels that putting an RFQ for development proposals for these sites out now will not result in getting the best value or the highest and best use for them; holding them back and working through transportation and connectivity issues first is the better strategy.

The overall strategy can be summarized as follows, and is also depicted in Illustration 5, below :

- Issue multiple modified RFQs that recognize identified sub-districts that are tied to the sector plan.
- Phase RFQs according to market conditions, supporting infrastructure improvements, strengthening of Wheaton's brand in regional marketplace, and absorption potential
  - Separate RFQs for following parcels:
    - "Residential District": Parcels 6, 7, and 8 (near term)
    - "Town Center": Parcel 2, with Parcel 3 maintained as parking in supporting role (near term)
    - "Townhouse Enclave": Parcel 5 (mid term)
    - "High-Density Signature Site": Parcels 1, 9, and 10 (long term)
- Include a clearly stated one-page summary of all federal, state, and local development incentives available for use in developments in this area





*Illustration 6: Recommended RFQ Strategy*

## **An Integrated Approach to Community Building and Business Development**

The remaining piece of the puzzle for the Wheaton CBD is organization, telling the Wheaton story, and promoting it. These functions are particularly important in a down economy, when all communities are positioning themselves for the next wave of development; those which use this time wisely and emerge prepared will have a head start on their competition. It was not completely clear to the panel what distinct functions each organization operating in and on behalf of the Wheaton CBD are responsible for, nor how they align their efforts for maximum effect. The panel recommends designating a single entity to serve as lead for all management and economic development initiatives in the area, including Clean and Safe services, marketing/pr/branding, special events programming and management of the Town Center and park, business



attraction and retention, and advocacy. As political figures change at other levels of government, this organization would remain as a point of consistency.

### **Downtown Belongs to Everybody**

The panel believes that Wheaton's greatest strengths are its cultural diversity and its musical legacy, and that these strengths have not been capitalized on to their full extent. In terms of the cultural diversity especially, this seems to hold true both within the community itself, where groups appear to operate independently from each other, as well as in the promotion of the community to the rest of the region, where messages about this diversity do not appear to be prominently featured. Downtown Wheaton offers the opportunity to accomplish both, by focusing on the message: "Downtown is common ground for everybody; it belongs to everybody."

To that end, the panel recommends dramatically increasing programming activities on existing and proposed public spaces, including farmers' markets, music festivals, food festivals, concerts, arts and crafts shows, and holiday festival, using open-space programming to celebrate the ethnic diversity of Wheaton. Parking Lot 13 (RFQ Parcel 2), with an improved and larger green space incorporated into it, would provide the ideal setting for such activities, so everyone in the community knows there is always something happening there.

### **Forging Connections Through the Sector Planning Process**

The panel believes that the Sector Planning Process currently taking place in Wheaton provides the ideal vehicle for the members of the community to collaboratively address the issues raised above, and to begin forging connections with each other. The panel hopes that this report serves as a useful starting point for such discussions, and provides a market-based, long-term view of what could be possible.

# Appendix

Illustration 1: Districting Strategy for redevelopment, also showing potential new “green connections”

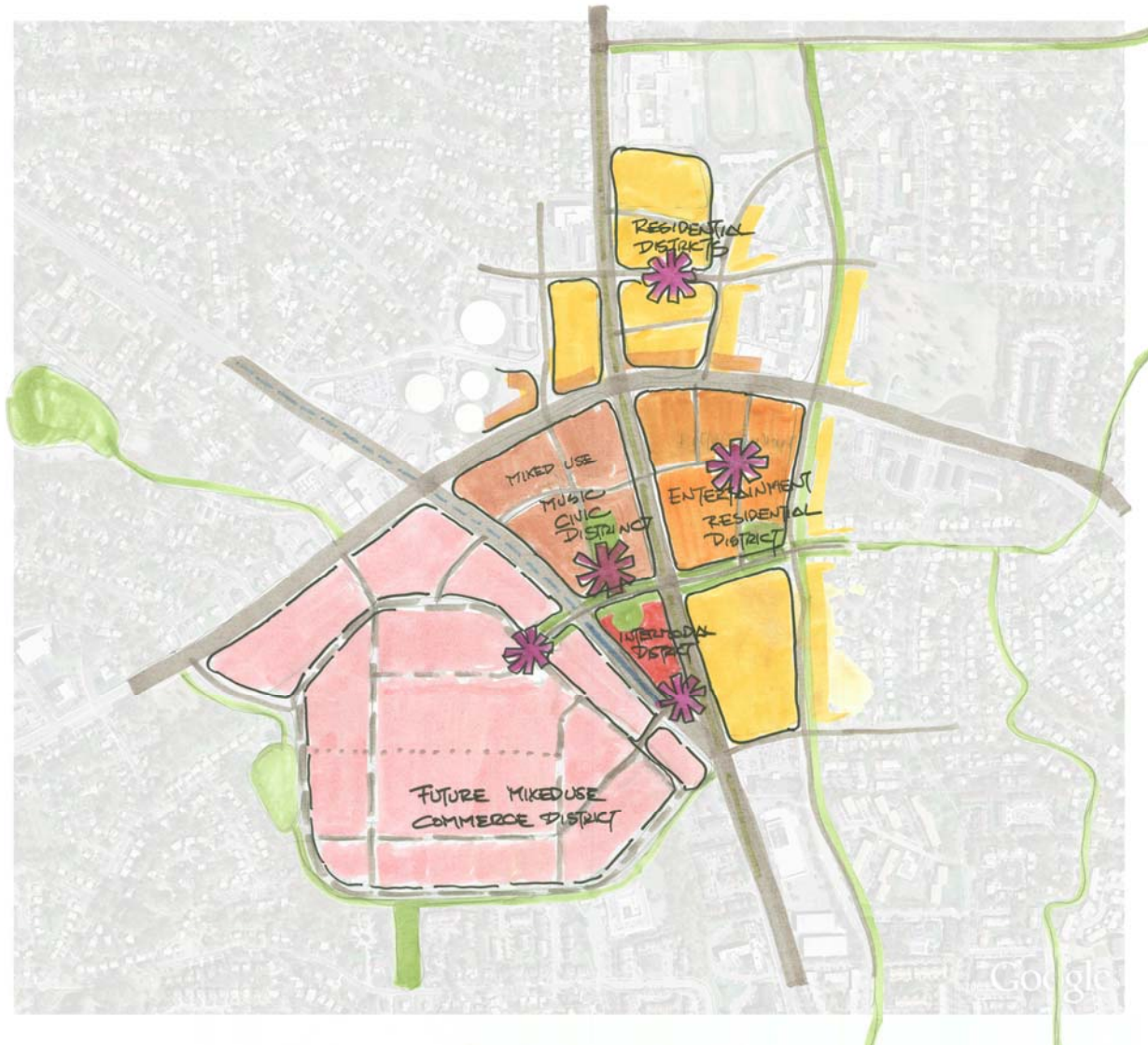


Illustration 2: On street parking and off-peak, on street parking potential

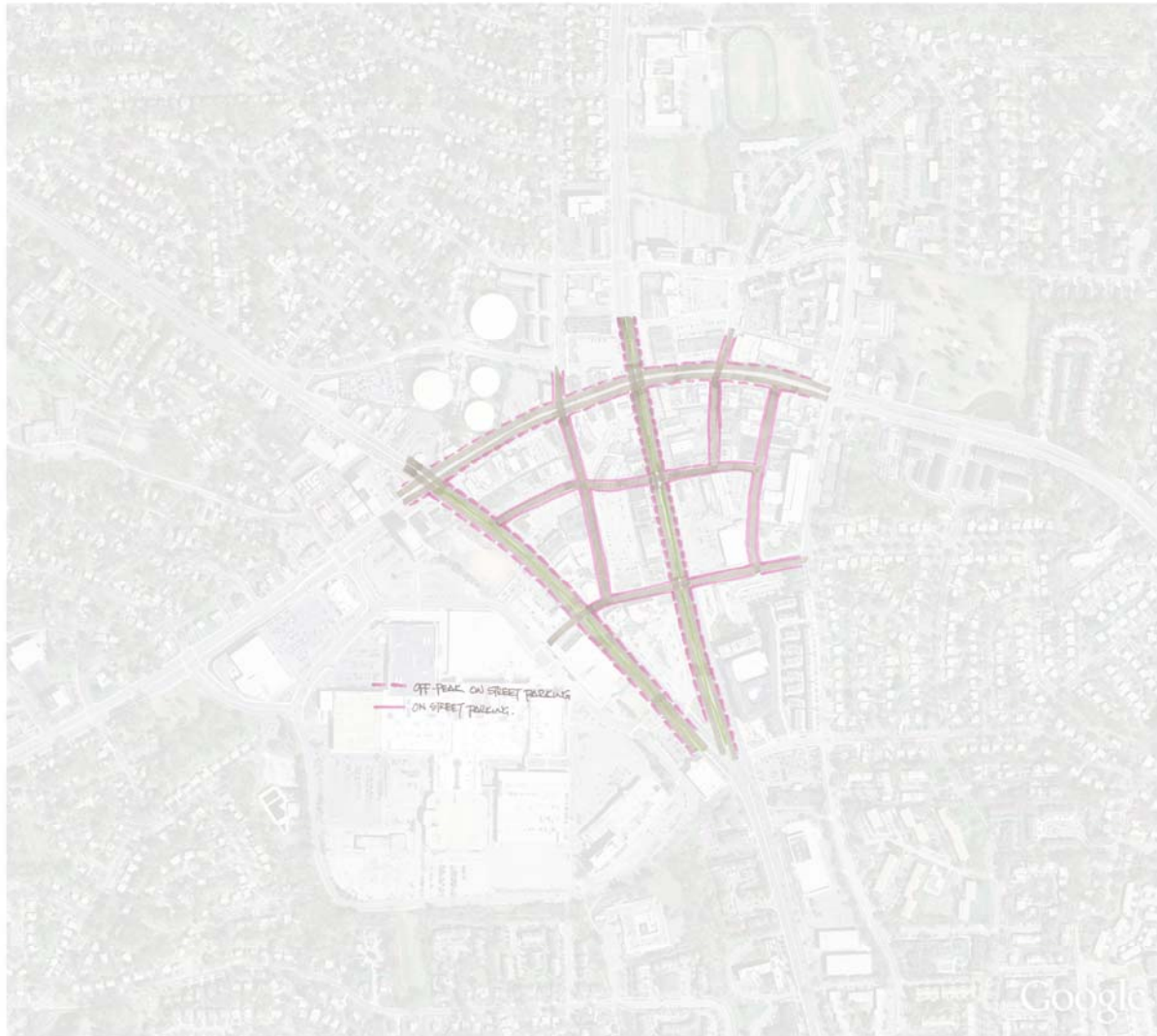




Illustration 3: Creating additional street and pedestrian connections

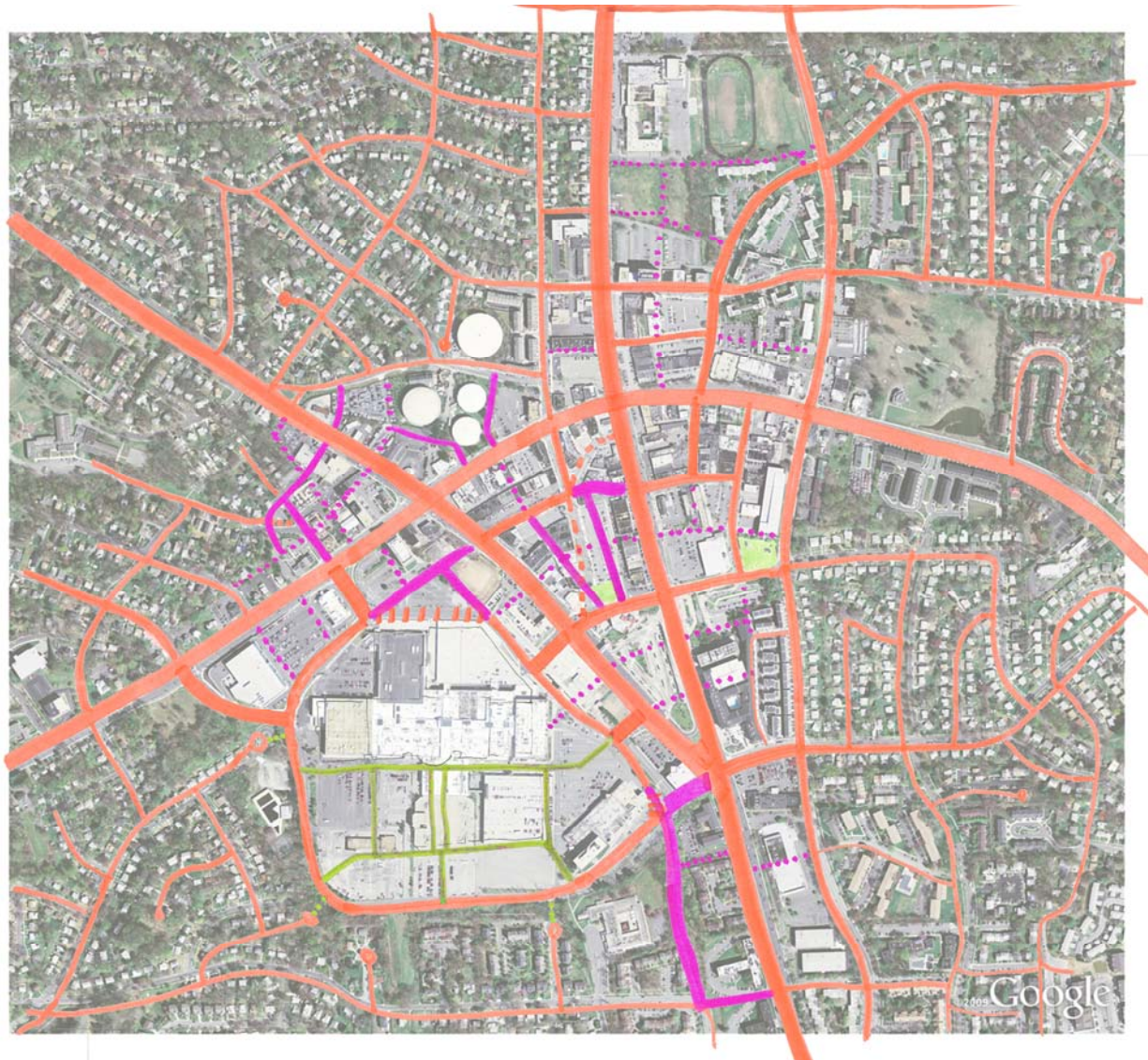


Illustration 4: Building to the street edges





Illustration 5: Potential Development Framework

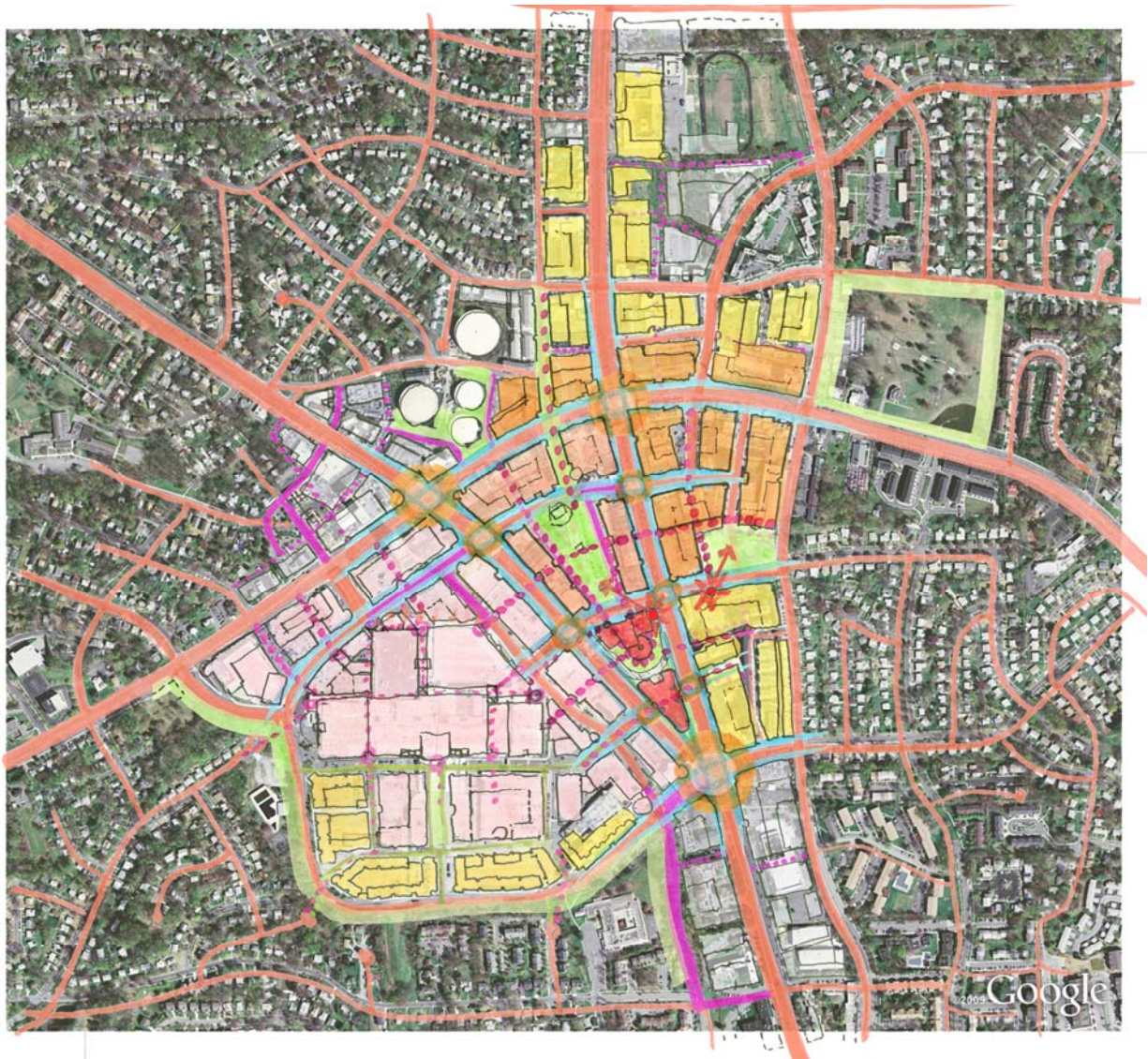
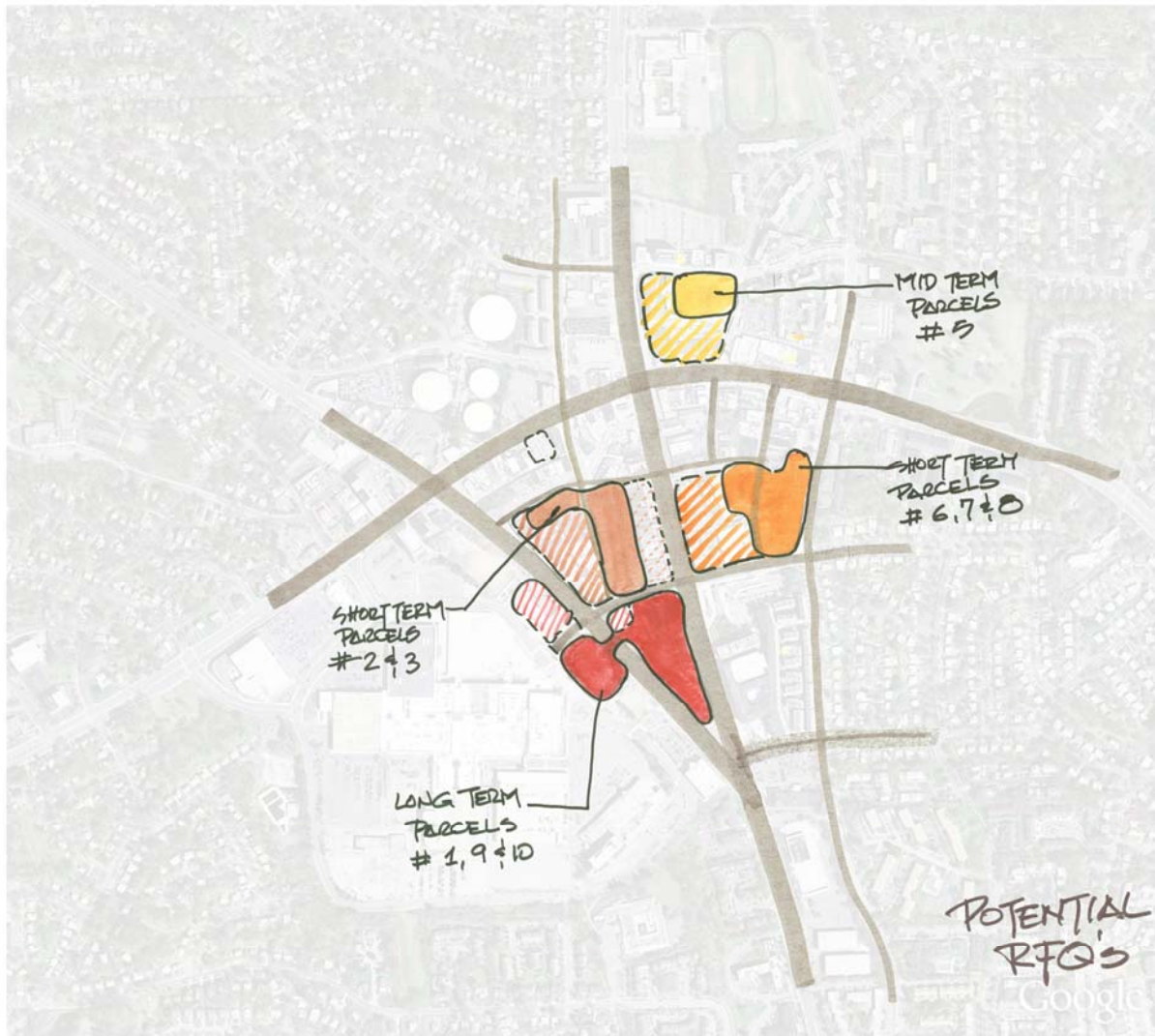


Illustration 6: Recommended RFQ Strategy



## About the Panel

### **David Kitchens (Panel Chair)** **Cooper Carry** **Alexandria, VA**

David Kitchens, AIA serves as Principal-in-Charge of Cooper Carry's Alexandria, Virginia office. In 25 years of service with Cooper Carry, David has led Transit Oriented Mixed-Use design efforts on a variety of award-winning projects including Mizner Park in Boca Raton, Florida. This mixed-use development has been recognized by a variety of organizations including the AIA, which bestowed upon it the Excellence of Design Award. Kitchen's work includes Bethesda Row in Bethesda, Maryland, which was awarded the Best Block in America 2002 by The Congress For The Urbanism, the Excellence Award from the Urban Land Institute and the Maryland/DC NAIOP Award of Excellence for Best Smart Growth Master Plan.

David is a member of the American Institute of Architects (AIA), the Urban Land Institute (ULI), the National Trust for Historic Preservation and serves on the annual Design Awards committee for the Maryland/DC NAIOP. He participates on AIA-sponsored Urban Design Assistance Teams, making recommendations to cities for downtown redevelopment. David holds Bachelors and Masters degrees in Architecture from the Georgia Institute of Technology. He is NCARB certified and is registered in over 25 states and the District of Columbia.

### **Robert E. Brosnan** **Arlington County** **Arlington, VA**

Mr. Brosnan has been the Planning Director for Arlington County since 1988 and has worked in Arlington since 1977. In his capacity as the Planning Director he is responsible for overseeing the Development Review Process, Comprehensive Planning, and Zoning Administration. Much of his career with Arlington has been focused on planning for two transit corridors that bisect the County and he has been closely involved in planning for and developing land use and zoning tools to encourage development as well as negotiating development proposals. This work was recently recognized when Arlington was awarded the first National Award for Smart Growth Achievement by EPA and a 2005 Sustainable Community Award from the National Association of Counties. The Planning Division has also recently completed working with the community to develop a form based code for the Columbia Pike Corridor to encourage the revitalization and works closely with the Housing Division to implement affordable housing policies and to encourage the construction of new affordable housing. During his time in Arlington, the county has seen the development of 20,280,399 sq. ft. of office/retail and 20,625 residential units in the two transit corridors

Mr. Brosnan received a Master's of City and Regional Planning from Catholic University and a BA in Business Administration; Management from Georgetown University.



**Grant Ehat**  
**JBG Rosenfeld**  
**Chevy Chase, MD**

Mr. Ehat co-directs the acquisition, business development and anchor leasing activities at JBGR. With more than 20 years of experience in the commercial real estate industry, he is actively involved in the entitlement, design, and development processes for the company's pipeline. Prior to joining JBGR in 1993, Mr. Ehat held positions with Glenn & Company and Commercial Property Associates. He holds a B.B.A. from James Madison University, is a licensed real estate broker in Virginia, Maryland, D.C., and West Virginia, and is an active member of ICSC and ULI. Additionally, Mr. Ehat sits on the advisory board for Washington First Bank.

**Marisa G. Flowers**  
**Green Door Advisors, LLC (GDA)**  
**Washington, DC**

Ms. Flowers combines real estate development experience in the private, public and non-profit sectors to provide a unique perspective to analyzing and managing the development process in complicated marketplaces. Green Door Advisors, LLC (GDA) is an urban focused full service real estate advisory firm founded in 2006. GDA was founded specifically to provide comprehensive advisory services to public sector and nonprofit clients, institutions, developers and others working in the increasingly complex urban and emerging markets. GDA leverages a deep level of knowledge and experience in public/private development in the Metropolitan D.C. and Southern California regions to provide the highest level of analytically based advisory services to its clients.

Ms. Flowers has led GDA engagements including; market analysis for urban residential developments (affordable, senior and market rate) and retail developments, financial and redevelopment implementation strategy for the redevelopment of public assets, inventory and development strategy for institutions, development management services for faith based community development corporations and tax increment financing for new retail and mixed-use projects, among many engagements.

Most recently, as the Director of Real Estate Transactions with the National Capital Revitalization Corporation (NCRC) in Washington, D.C., Ms. Flowers oversaw a team of Development Managers and directed over \$300M of real estate projects for the Corporation. Previously, Ms. Flowers was a Senior Consultant with Robert Charles Lesser and Company (RCLCO) and was engaged on over 40 real estate advisory projects throughout the United States, Mexico and the Caribbean and work for the Local Initiative Support Corporation. Ms. Flowers graduated Summa cum Laude from UC Berkeley with a Bachelor's degree in American Studies and received a Masters in City Planning from the Massachusetts Institute of Technology (MIT).

**Calvin Gladney**  
**Mosaic Urban Partners**  
**Washington, DC**

Calvin Gladney, LEED® AP, is a public-private partnership strategist, real estate developer, and trusted advisor to organizations seeking to sustainably transform urban communities.

Mr. Gladney is Managing Partner of Mosaic Urban Partners, LLC, a real estate development and advisory services firm based in Washington, D.C. Mosaic has a *passion* for public-private partnerships and its core purpose is to transform urban communities. Prior to founding Mosaic, Mr. Gladney served as Vice President of the Anacostia Waterfront Corporation (AWC), a District of Columbia quasi-public real estate corporation where he assisted the CEO with the management of the Corporation and was the project manager for a \$1B mixed-use redevelopment of 67-acres of District-controlled land.

Prior to his tenure at AWC, Mr. Gladney was General Counsel and Transactions Manager at BRIDGE Housing Corporation, a private developer in San Francisco, CA. At BRIDGE Mr. Gladney was the lead business person in the investment of \$60M of CalPERS equity in multiple real estate development deals. He also provided strategic advice on the development or management of more than 2700 apartment units throughout California.

Prior to his tenure at BRIDGE, Mr. Gladney was the first Senior Development Director and Counsel at the National Capital Revitalization Corporation (NCRC), a quasi-public District of Columbia real estate corporation. At NCRC Mr. Gladney managed the acquisition of NCRC's \$1B government real estate portfolio and helped select private developers for over \$250M of residential and retail development projects. Prior to his tenure at NCRC, Mr. Gladney was a transactional real estate attorney at Latham & Watkins in Washington, D.C.

Mr. Gladney graduated *cum laude* from Harvard Law School, received his B.S. from Cornell University and is a LEED Accredited Professional. He is a member of the Executive Committee of the Urban Land Institute's Washington, D.C. District Council, the Sustainable Business Network of Washington, D.C. and the D.C. Building Industry Association.

**Elisa L. Hill**  
**Elisa Hill & Associates**  
**Upper Marlboro, MD**

Elisa Hill is President of Elisa Hill & Associates, a consulting firm specializing in transit oriented development. She currently advises local government on transit oriented development issues. From 1990-2007 Ms. Hill was a Senior Development Specialist and Acting Manager in the Joint Development Program of the Washington Metropolitan Area Transit Authority (WMATA). During her tenure, Ms. Hill was instrumental in developing policies and guidelines that promoted the program's evolution into one of the most successful in the country. She personally managed several of WMATA's largest joint development projects. Her duties included participating in local planning and zoning processes; developing strategies to position properties in WMATA's joint development inventory to maximize economic benefits; evaluating development proposals; and negotiating development agreements.

Before joining WMATA, Ms. Hill was a principal in a residential condominium development firm and deputy director of a federally funded community development corporation, both in Boston, Massachusetts. She is a graduate of Brandeis University, Columbia University and Boston College Law School. She has also completed the Minority Developers' Executive Program at the Massachusetts Institute of Technology.

**Tennille Smith Parker**  
**City of Falls Church, VA**  
**Falls Church, VA**

Ms. Parker has served as a program analyst and housing specialist for the City of Falls Church since March 2003. In her current capacity as a program analyst, she is responsible for the management of the City's housing and social services contracts; management of the City's Community Services Fund grants; and coordination of the housing/social services component of the City's Continuity of Operations Plan. Previously, Ms. Parker was responsible for the development and implementation of affordable housing products and programs; negotiating the inclusion of affordable housing in mixed-use projects; administering the City's Federal Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) programs; and conducting outreach activities with affordable housing organizations and developers.

Prior to joining the City, Ms. Parker began her career in housing and community development at U. S. Department of Housing and Urban Development (HUD) in 1998 through an appointment under the Presidential Management Fellows Program. While at HUD, she worked as a community planning and development specialist specifically working with the CDBG program, and was responsible for CDBG regulatory and technical assistance for HUD's Mid-Atlantic, Southeast, and Caribbean offices.

Originally from Pittsburgh, Ms. Parker moved to northern Virginia to attend George Mason University, where she earned a Bachelor of Arts in Government and Politics. Ms. Parker also holds a Master of Public Administration degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University. She is on the board of the George Mason University Alumni Association and an active member of the Urban Land Institute Washington District Council.

**Trini Rodriguez**  
**ParkerRodriguez, Inc.**  
**Alexandria, Virginia**

Ms. Trini Rodriguez is a registered landscape architect and land planner, with degrees in architecture, landscape architecture and urban design from the University of Venezuela and University of Pennsylvania. She is principal of ParkerRodriguez, a landscape architecture and land planning firm of over 20 professionals. Ms. Rodriguez has nearly twenty years of experience managing the planning and design of large-scale, mixed-use projects throughout the United States and abroad. Her interdisciplinary expertise has served a broad spectrum of public agencies, institutions, private developers and corporations.

Ms. Rodriguez has been responsible for planning and design of Disney's *Celebration*, EYA's *Clarendon Market Common*, Greenvest's *Cameron Station*, Xerox's *Lansdowne*, Lerner's *Dulles Town Center*, Shooshan's *Liberty Center*, and landscape guidelines for Peterson's *National Harbor*. She is currently planning and designing LCOR's *North Bethesda Town Center*, UTC's *University Town Center*, Magruder's *Summerfield Metro* in Prince George's County, Mill's *Potomac Center* in Prince William County and a score of urban infill projects throughout the Washington metropolitan area.

Ms. Rodriguez is fluent in three languages, is LEED certified, and is an active member of the Urban Land Institute as well as the ASLA, and AICP.

**B. Campbell Smith**  
**Trammell Crow Company**  
**Washington, DC**

Mr. Smith is responsible for sourcing new deals and managing projects through the entire development process, including initial concept planning, design, financing, construction, leasing, and disposition.

Mr. Smith's strong background in finance and acquisitions, combined with his attention to detail and disciplined approach to project management, helps ensure that the client's interests are protected throughout the development process. He is known for his ability to interface with clients and the development team to ensure compliance with all contracts, schedules and budgets.

Mr. Smith has served as Vice President since 2006. Prior to that, he served as a Development Manager from 2005 to 2006, and as a Senior Associate in Corporate Development from 2002 to 2004. He was a Project Manager for Trinity Associates in Greenwich from 1996 to 2000.

He received his MBA from Stanford University, Graduate School of Business, in 2002, and received a BA in Economics and History, summa cum laude, from Duke University. His professional affiliations include memberships in NAIOP, Northern Virginia Chapter and NAIOP, Maryland/DC Chapter, the Urban Land Institute, and The Real Estate Group.

**Michael G. Stevens**  
**Capitol Riverfront BID**  
**Washington, DC**

Mr. Stevens is the executive director of the Capitol Riverfront Business Improvement District (BID) in the southeast waterfront area of Washington, DC – one of the city's most rapidly developing business centers and urban riverfront neighborhoods. He also recently helped coordinate the Center City Action Agenda 2007 – a community planning process that created a new strategic framework to guide development and public investment in downtown DC and its adjacent center city neighborhoods over the next ten years.

Mr. Stevens has been involved in the economic development, urban planning/urban design, and downtown/neighborhood development fields for the majority of his 30-year career. His work experience has included public planning agencies, private architectural and planning firms, nonprofit organizations, and business improvement districts. From 2000-2006 he served as the President & CEO of the Washington, DC Economic Partnership and helped build the organization as a partner in the District's economic development initiatives.

As Vice President of Development for the Center City Commission in Memphis, TN, Mr. Stevens was project manager for numerous downtown development projects including the new AAA baseball ballpark (AutoZone Park), as well as the administration of the agency's financial incentives. While Director of the Office of City Planning he helped create the first BID in Jackson, MS as a part of the implementation agenda of that city's Downtown Redevelopment Plan.

As the City of Dallas' Historic Preservation Officer Mr. Stevens led the effort to create the city's first historic preservation plan and was responsible for the landmark designation of over thirty (30) individual structures as well as seven (7) historic districts. He also participated or led a variety of neighborhood revitalization planning efforts in Dallas.

Mr. Stevens has participated in numerous downtown redevelopment efforts for cities such as Wichita, KS; Lubbock, TX; Dallas, TX; Nashville, TN; Memphis, TN; Jackson, MS; Washington, DC; and San Antonio, TX. He has also served on advisory panels for the Urban Land Institute and the International Downtown Association.

He holds a Master's degree in Urban Planning/Urban Design from Virginia Tech in Blacksburg, VA, and a BA in Urban Sociology from Millsaps College in Jackson, MS.

**Yolanda Takesian  
Kittelson & Associates, Inc.  
Baltimore, MD**

Yolanda offers 20 years of transportation planning experience focused on bridging engineering, planning, urban design, and economics to build walkable, comfortable, transit-friendly communities. She leads Kittelson's work in community transportation planning. Her collaborative approach creates plans that are technically, financially, and politically achievable. Prior to joining Kittelson & Associates, Inc., Yolanda served as Assistant Chief of the Maryland State Highway Administration's (SHA) Community Design Division, as Senior Planner for the Maryland Department of Transportation (MDOT), and as an Urban Planner for Anne Arundel County. She has taught courses in Context Sensitive Design for State DOTs in California and Maryland and has received industry awards for innovation in transportation solutions.

Yolanda has led a broad range of strategic and comprehensive plans designed to improve transit station areas, their access by all modes, and the attractiveness of the transit service to users. She advises agencies in policy, process and program solutions to enhance transportation options and leverage private investment.

**Wheaton Urban District Market Analysis:  
Part I Report**

**Submitted To:**  
Maryland Department of Transportation

**January 2010**

# Executive Summary

## Summary of Market Findings

### 1. How much new development could Wheaton capture in the short term and the long term?

Development trends, County wide growth projections, and supporting information inform estimates of Wheaton's growth in commercial and residential real estate. The market analysis recognizes that a revitalization strategy could, and should, change the trajectory of development in Wheaton. The summary below bifurcates the likely market potential that Wheaton could achieve under current conditions (baseline potential), as well as under conditions where a revitalization strategy is implemented and successful ("catalytic" potential).

- **Current Trends.** Wheaton has added an average of 127 units of new housing units per year over the last five years. With respect to office construction, there have not been any significant new office deliveries in the Kensington/Wheaton submarket since 2003, and there have been no office deliveries in the Wheaton Urban District in nearly a decade. Additionally, the submarket has seen a trend towards negative absorption of space in recent years.
- **Baseline Growth Projection: Office and Residential.** The baseline projection shown in Table ES-1 recognizes Wheaton's strong residential growth in recent years, but adjusts the office job growth to reflect the amount that Wheaton would need to add in order to keep its current share of office employment (1.1 percent) as the County's office employment grows.

**Table ES-1: Cumulative Office and Residential Development Opportunity - Baseline**

Baseline	0 - 10 Years	10 - 20 Years	Total
Office Space (SF)	134,000 - 150,000	141,000 - 150,000	275,000 - 300,000
Residential (Units)	1,000 - 1,300	400 - 500	1,400 - 1,800
Source: BAE, 2009.			

- **Catalytic Projection: Office and Residential.** The catalytic projection shown in Table ES-2 considers a scenario in which revitalization activities in the Wheaton Urban District are successful. Catalytic office demand assumes a higher than fair share capture of County forecasted office employment. The low end assumes a two percent capture and the high end of the range assumes a 3.5 percent capture (compared to 1.1 percent in the baseline scenario). This scenario would require aggressive intervention in the Wheaton Urban

District, by successfully drawing a major office tenant to anchor a new office building, and/or making other significant public investments in Wheaton that significantly increase its attractiveness for development of new office buildings.

**TableES-2: Cumulative Office and Residential Development Demand - Catalytic**

<b>Catalytic</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Office Space (SF)	243,000 - 426,000	256,000 - 449,000	499,000 - 875,000
Residential (Units)	1,100 - 1,500	2,300 - 2,600	3,400 - 4,100
Source: BAE, 2009.			

- **Projections for Retail Growth.** The growth in households and jobs in the scenarios presented above will increase demand for retail. In both scenarios, retail opportunity is bolstered by the incremental addition of office space and residential units, and assumes that every 10,000 square feet of office space will yield demand for 350 additional square feet of retail, based on analysis performed by the International Council of Shopping Centers. Residential demand is based on expenditure patterns of existing households, based on data from Claritas, and assumes an additional 3,200 square feet for every 100 households.

**Table ES-3: Baseline and Catalytic Retail Development Demand**

<b>Retail (SF)</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Baseline	37,000 - 47,000	18,000 - 21,000	55,000 - 68,000
Catalytic	44,000 - 63,000	83,000 - 99,000	127,000 - 162,000
Source: BAE, 2009.			

- **Projections for New Hotel Development.** Assuming that in Wheaton, hotel demand will be driven primarily by business activity as opposed to tourism, future hotel opportunity is gauged as a factor of new office absorption in the area.

**Table ES-4: Baseline and Catalytic Hotel Development Demand**

<b>Hotel (Rooms)</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Baseline	34 - 38	36 - 38	70 - 76
Catalytic	62 - 108	65 - 114	127 - 222
Source: BAE, 2009.			



**2. What are the strategic opportunities and challenges that will define the success of Wheaton in achieving its potential for new development, particularly for commercial development? Under what conditions is office development likely?**

- This market analysis follows on earlier analyses and studies of Wheaton which have highlighted Wheaton's strengths and challenges, including its diversity, affordability, and eclectic mix of ethnic restaurants and retail offerings. Wheaton Urban District's strategic location and excellent transportation access are also seen as strengths.
- Wheaton's proximity to several job centers, such as Rockville and Silver Spring, as well as its accessibility to job locations in Washington DC, makes Wheaton attractive to many dual-worker households who are increasingly seeking a convenient location with an urban feel.
- However, Wheaton's new developments have been positioned as a value alternative to competitive product in the nearby urban centers of Silver Spring and Bethesda, and neighborhoods in Washington D.C. The success of this type of housing in Wheaton provides a proven path for redevelopment, but both high-rise, higher-density housing and new office development are not feasible on most sites given current achievable rents/pricing.
- Even with a kickstarting of the office market with significant public intervention, the use of catalytic projects to spur private sector commercial development faces substantial challenges that pose risks to the strategy's success. Both short term and long term, excess supply of office space around the County and region is, and is expected to continue to be, plentiful. One way to demonstrate the size of the available supply is to compare the pipeline of office space approved (Table 11) to recent trends in office space absorption in the County. By this measure, it would require about 50 years to absorb the Table 11 pipeline.
- Wheaton faces additional challenges in its retail environment and the potential scale of redevelopment. Furthermore, a revitalization strategy will need to confront the challenges presented by an existing retail environment that does not currently encourage a shopper to visit multiple stores, and does not currently support the vision of Wheaton as a destination rather than a convenient stop on the way to somewhere else.

- Because the Wheaton Urban District is largely built out, only a limited number of sites that can be redeveloped fairly easily will be able to contribute to Wheaton's revitalization strategy.

### **3. What are Wheaton's strengths and weaknesses as a job center? Can it become a key economic driver for Montgomery County, similar to Bethesda or Silver Spring?**

- As mentioned above, accessibility to employees may be the most attractive feature of Wheaton for office development; however, the availability of attractive office sites in the county and region with more development momentum are a significant obstacle to increasing employment concentration in Wheaton.
- Using data from MWCOG from its Round 7 cooperative forecasts shows that Wheaton would have to see an unlikely increase in office space in order to achieve the jobs density of other County jobs centers. Achieving 80 jobs per acre for the Wheaton sector plan area, similar to densities in Bethesda or Silver Spring, would require about 30,000 more jobs. If all of those jobs were office based, over seven million square feet of new offices would be required.

## **Recommendations: Leveraging Wheaton's Unique Assets**

Part of the vision for Wheaton's revitalization, expressed by stakeholders, is its transformation into a destination. In other words, Wheaton needs to evolve to a place where a visitor parks a car and enjoys multiple attractions over a longer period of time, rather than just stopping to patronize a single store; a place recognized as a central spot, with a public space used as a meeting space and for people watching.

A destination strategy could perhaps be best supported by unique retail and entertainment offerings or programmed community gathering spaces that leverage Wheaton's particular assets and ultimately draw visitors from beyond the nearby surrounding area. One characteristic that defines Wheaton and makes it unique in the region is its eclectic ethnic restaurant, retail, and food concentration. Building a destination strategy that draws on this asset, such as a public market that incorporated ethnic retail, food stalls, related events, and support for entrepreneurs in these businesses, could be a worthwhile strategy to pursue. Further study of the feasibility of this concept would be needed in order to define them in terms of location, space requirements, and activity programming. These concepts would require some level of public support for their construction and ongoing operation, in addition to public investment in placemaking amenities

and infrastructure that support a destination strategy. Benefits that would accrue include greater market interest in development as Wheaton becomes better known for its assets, potentially attracting higher value residential development and office development. Transit is a major asset that can support this strategy, but a focus on provision of public parking in appropriate locations was also mentioned as a need for Wheaton as it revitalizes.

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# Introduction and Background

The following Summary Report highlights BAE's key findings from Tasks 2 and 3 of Part I of the Wheaton Urban District Market and Financial Analysis. Part I addresses the market opportunities for Wheaton based on key supply and demand conditions for residential, office, retail, and hospitality land uses.

Key questions answered include:

- How much new development can Wheaton capture in the short term (5-10 years) and long term (2020 to 2030)?
- What are the strategic opportunities and challenges that will define the success of the Wheaton Station Area?
- In particular, under what conditions can office development occur? What are Wheaton's strengths and weaknesses as a job center?

Part I defines the market opportunities for Wheaton with the goal of revitalization in mind, and addresses strategies to leverage the area's strengths and mitigate its weaknesses to fully capitalize on identified market opportunities.

## Geographic Areas Studied

The following describes the local geographic areas for which data is analyzed to understand physical, demographic, economic, and market conditions in Wheaton.

### ***Wheaton***

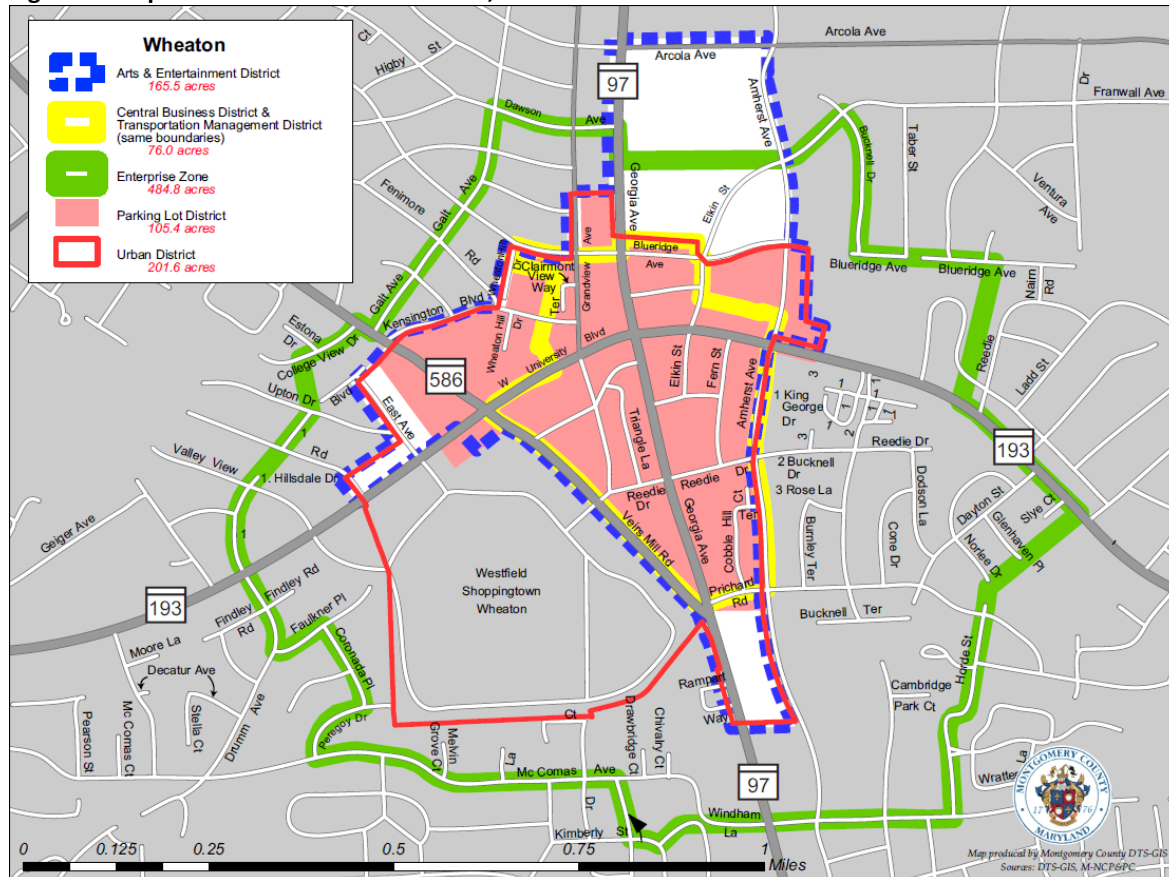
Wheaton has been defined differently by different organizations. For reference, throughout this report, the relevant jurisdictions are defined as follows:

- "Wheaton Central Business District (CBD)" – The 76-acre urban core of Wheaton where the majority of commercial development exists
- "Wheaton Urban District" – a defined improvement district that includes the CBD plus some additional area, including the Westfield Wheaton ShoppingTown complex.
- "Wheaton" – the 485-acre sector plan area as defined by Montgomery County

These areas are shown in the following map, with the green Enterprise Zone reflecting the defined sector plan area. The sector plan covers an area within a reasonable walking distance of the Wheaton Metro station, most of it within a one half mile radius.

The focus of the study and its recommendations is the sector plan area. References to Wheaton pertain to the sector plan's geographic area, unless otherwise described.

**Figure 1: Map of Wheaton Sector Plan Area, 2009**



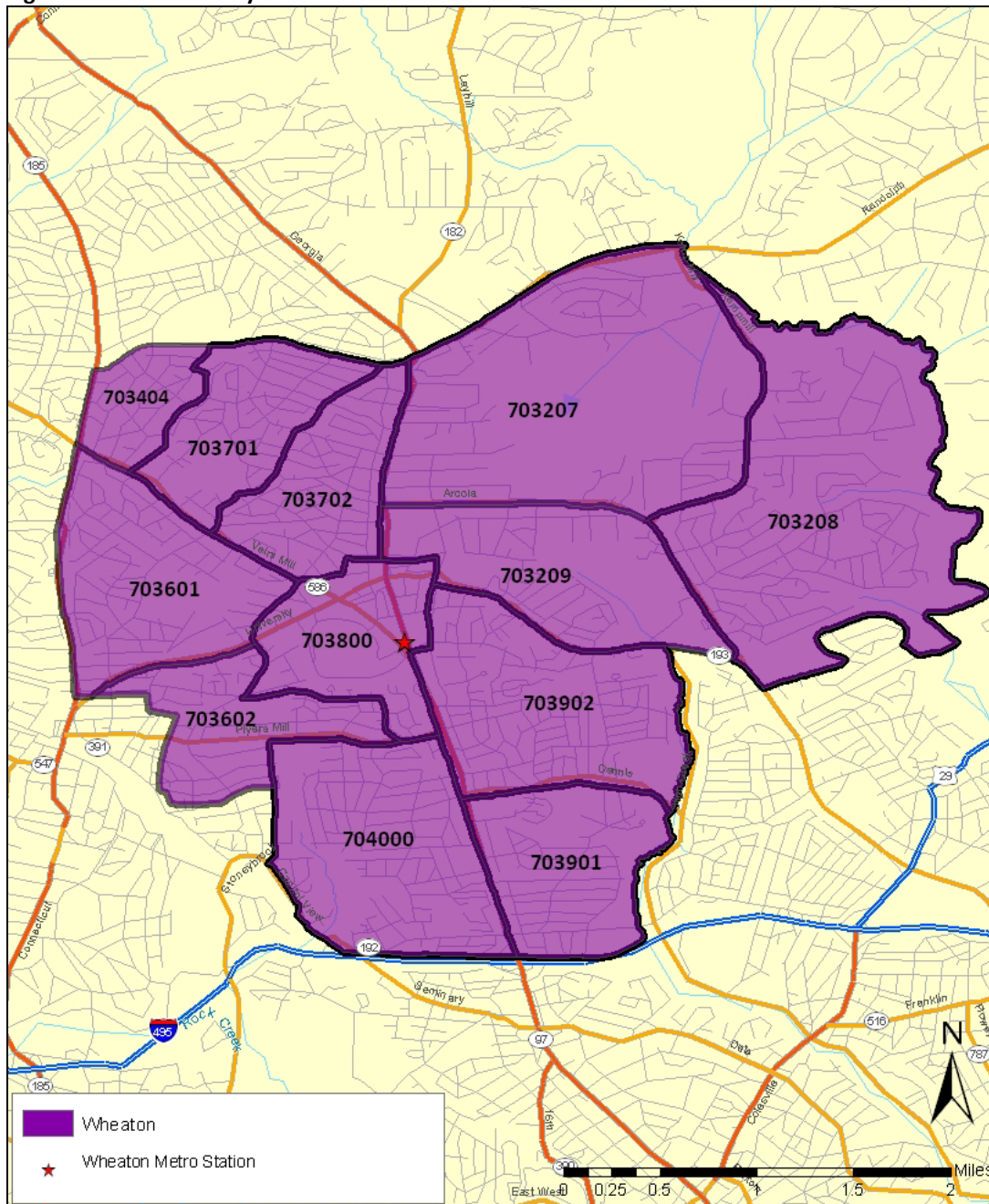
Source: Montgomery County Department of Economic Development, 2009; Maryland-National Capital Park and Planning Commission, 2009; BAE, 2009.

### ***Wheaton Neighborhood Study Area***

Figure 2 depicts the geographic area (the Study Area) that is the focus of the demographic profile. This Study Area generally is within about a two mile radius from the Wheaton Urban District. It represents the residential neighborhoods surrounding the Wheaton Urban District, within a short bike or bus ride, drive or walk to the Metro and retail and other amenities and services that are or could be located there. The Study Area shapes the residential character and identity of Wheaton and the Urban District with characteristics that are distinct in some respects from overall County-

wide demographic patterns. In the demographic profile, the characteristics of the Study Area are often compared to County-wide statistics to provide context.

**Figure 2: Wheaton Study Area**



Source: Maryland-National Capital Park and Planning Commission, 2009; ESRI; BAE, 2009.

### ***The Wheaton/Kensington Submarket***

Office space in the Wheaton Urban District is part of the Wheaton/Kensington submarket. Submarkets are typically used to track office market trends, and are often defined in a way that allows them to incorporate a sufficient amount of properties to provide meaningful aggregate data. The Wheaton/Kensington submarket includes the area highlighted on the map in Appendix B. Submarkets are geographic divisions of the larger market that are generally recognized by the business community and real estate industry by the names given to the areas. Submarkets are defined by “specific geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas.”<sup>1</sup> While it is useful to analyze the specific buildings comprising the relatively small office market in the Wheaton Urban District, using customized small areas below the submarket level can result in less meaningful aggregate data for comparison to other areas. As such, more meaningful trend analysis and comparisons are typically made on the submarket level.

## **Methodology and Report Organization**

This market analysis evaluates *demand* for new space, compares demand to current and future *supply* trends within the area likely to be competitive with Wheaton in attracting new residents, workers and shoppers, and considers local conditions that could impact Wheaton’s ability to attract future growth. This report is organized in a manner to highlight key information from the analysis up front and provide more information within the body of the report. The report follows the following sequence of chapters:

**Summary of Market Findings.** Using the analysis of office, residential and retail markets, this chapter addresses the three key questions that are the focus of the study. This chapter evaluates growth potential given demand and supply trends described in subsequent chapters, and evaluates the opportunities and challenges that define market potential in Wheaton.

Market potential is expressed as the rate of growth that Wheaton may be able to achieve over the next 20 years, or the share of Montgomery County’s projected growth that Wheaton could reasonably capture during that time period. Market potential takes into account existing growth projections for Wheaton as well as market characteristics that could have the most impact on Wheaton’s growth patterns.

- Office market potential is expressed as the share of projected County-wide growth that Wheaton might reasonably capture. Given Wheaton’s lack of office development in recent years, this method represents a deviation from recent trends but ties office

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<sup>1</sup> Source: CoStar, 2009



employment growth in Wheaton to a share of County growth proportionate with Wheaton's existing office employment. Employment growth is translated to office square footage using an assumption that 235 square feet is needed on average for each new worker<sup>2</sup>.

- Residential market potential uses recent development trends (average units per year built) as a base for projecting continued residential growth. The analysis considers the projected rate of growth in comparison to County growth trends and the history of growth in other centers of revitalization within the County.
- Retail market potential considers opportunities for increasing retail space in Wheaton as a result of additional demand brought by residential and office development.

The market findings recognize that a deviation from the existing development trajectory in Wheaton is desirable. The summary in this chapter discusses a “catalytic” path of growth, essentially an accelerated rate of growth for each land use, and makes basic recommendations on actions needed to achieve catalytic growth.

**Demographic and Economic Profile.** This chapter provides context on existing demographic and economic characteristics of Wheaton and adjacent areas, often comparing the characteristics of Wheaton to Montgomery County. This chapter describes current growth projections for the County and Wheaton, and discusses Metro ridership to complete this background overview.

**Office Market Overview.** More detail regarding office market conditions in Wheaton is provided in this chapter. The chapter describes existing inventory and gauges the strength of the Wheaton/Kensington submarket through a comparison of its supply conditions to other Montgomery County submarkets, including the available pipeline of County office space approved for construction. Demand trends are discerned through a qualitative analysis of the strengths of office-using industry sectors in Wheaton and projected industry sector growth in the County.

**Residential Market Overview.** This chapter explores residential market conditions in detail, looking at the strength of Wheaton through supply conditions such as building permit trends and recent construction. Demand characteristics likely to underpin market growth are evaluated by looking at projected demographics of household segments for a three-jurisdiction area including Montgomery County, Prince George's County, and Washington DC, the jurisdictions from which residents are currently attracted to new developments in Wheaton.

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<sup>2</sup> As found through an analysis of office space in the Metro Washington DC area by HVS. Source: Fuller, David P., Greg Otten and Caitlin McKenna. *The HVS Employment-Hotel Growth Index: A New Tool for Projecting Hotel Room Night Demand*. August 2008.

**Retail Market Overview.** This chapter examines key components of Wheaton’s existing retail market, including the existing use of retail space in the Urban District and the characteristics of the Kensington/Wheaton submarket that describe its health in comparison to the County overall. Although the presence of the Westfield Mall and certain retail destinations within the Urban District draw shoppers from much wider areas, the analysis focuses on the spending patterns of the neighborhoods immediately surrounding the Urban District.

To do so, the chapter explores opportunities for a more diverse retail base using a retail “leakage” analysis methodology that compares estimated spending power of the Study Area in various retail categories to the estimated sales by retail category within the Study Area. The analysis identifies retail categories where neighborhood expenditures exceed local sales, indicating a “leakage” of spending that is not captured by local stores. Neighborhood expenditure estimates are adjusted to reflect assumptions about how much spending could reasonably be expected to happen close to home, versus purchases that shoppers are likely to comparison shop over a broader geographic area. Similarly, in retail categories where estimated sales exceed estimated local spending power, this “surplus” of sales indicates the presence of stores that are drawing shoppers from a wider geography and serving as a destination that draws shoppers from a wider geography. This chapter provides more detail on the steps of this analysis, which aids in understanding how retail offerings could diversify to meet more local needs *and* strengthen the base for a more attractive destination shopping district.

The impact of residential and employment growth on retail demand in Wheaton is also evaluated in this chapter. Statistics on office worker spending patterns, in addition to the existing household expenditure patterns used for the retail gap analysis, are the basis for metrics that estimate increased retail demand from new office and residential development.

## Summary of Market Findings

This chapter summarizes the key findings of the market analysis and the opportunities and challenges that market conditions present for Wheaton, and assesses the likely market potential for Wheaton. The market analysis described in subsequent chapters of this report presents current and forecasted conditions that provide the foundation of a market-based revitalization strategy for Wheaton. The analysis also includes some general recommendations on a revitalization strategy that will allow Wheaton to achieve the potential of the catalytic market scenario.

### Key Findings and Conclusions

#### **1. How much new development could Wheaton capture in the short term and the long term?**

Development trends, County wide growth projections, and supporting information inform estimates of Wheaton's growth in commercial and residential real estate. The market analysis recognizes that a revitalization strategy could, and should, change the trajectory of development in Wheaton. The summary below bifurcates the likely market potential that Wheaton could achieve under current conditions (baseline potential), as well as under conditions where a revitalization strategy is implemented and successful ("catalytic" potential).

#### ***Current Trends***

Wheaton has added an average of 127 units of new housing per year over the last five years. This level of building has caused Wheaton's household growth to increase at a rate of about four percent per year, a healthy rate above the county average and on par with other urban centers. With respect to office construction, there have not been any significant new office deliveries in the Wheaton Urban District since 1986. Within the larger submarket there have been no significant new deliveries since 2003. There have been no office deliveries in the Wheaton Urban District in nearly a decade. Additionally, the submarket has seen a trend towards negative absorption of space in recent years.

#### ***Baseline Growth Projection: Office and Residential***

The baseline projection recognizes Wheaton's strong residential growth in recent years, but adjusts the office job growth to reflect the amount that Wheaton would need to add in order to keep its current share of office employment as the County's office employment grows.

**Table 1: Cumulative Office and Residential Development Opportunity - Baseline**

<b>Baseline</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Office Space (SF)	134,000 - 150,000	141,000 - 150,000	275,000 - 300,000
Residential (Units)	1,000 - 1,300	400 - 500	1,400 - 1,800
Source: BAE, 2009.			

Currently, Wheaton holds 1.1 percent of the County's office employment, according to Metropolitan Washington Council of Governments (MWCOG) data. Applying Wheaton's fair share capture of County office employment growth yields an average of 13,400 square feet of office demand per year over the next 10 years. Using another measure, the fair share of Wheaton/Kensington submarket's historical County net absorption of office space yields a similar figure: 15,000 square feet of demand per year. While these figures are stronger than recent historical trends in Wheaton, calculating a fair share capture details the amount of space Wheaton needs just to keep up with county growth trends. This level of office growth is modest and fits into a scenario where small scale office development occurs ancillary to residential or retail development, perhaps through the development of second story space suitable for medical, professional and service-related offices.

Residential growth estimates for the next 10 years take into account historical trends in Wheaton new residential delivery, which align with MWCOG forecasts of 130 units per year. One-hundred and thirty units per year represents an average annual growth rate of four percent per year, which is far stronger than the county forecast of 1.1 percent of year but on pace with other county CBDs. The 10 to 20 year estimate is also based on the MWCOG forecast and assumes that residential development momentum tapers off in the longer term. This assumption fits with a scenario where Wheaton continues to benefit from the momentum of residential development in the short term, but where momentum perhaps tapers off without the support of catalytic activity that sustains interest in Wheaton as a residential location.

***Catalytic Projection: Office and Residential***

The catalytic projection considers a scenario in which revitalization activities in the Wheaton Urban District are successful, leading to a repositioning and market acceptance of Wheaton as a successful downtown that supports its surrounding neighborhoods and also serves as an attractive destination for a wider market of visitors.

**Table 2: Cumulative Office and Residential Development Demand - Catalytic**

<b>Catalytic</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Office Space (SF)	243,000 - 426,000	256,000 - 449,000	499,000 - 875,000
Residential (Units)	1,100 - 1,500	2,300 - 2,600	3,400 - 4,100
Source: BAE, 2009.			

Catalytic office demand assumes a higher than fair share capture of county forecasted office employment. The low end assumes a 2 percent capture and the high end of the range assumes a 3.5 percent capture (compared to 1.1 percent in the baseline scenario). This scenario would require aggressive intervention in the Wheaton Urban District, by successfully drawing a major office tenant to anchor a new office building, and/or making other significant public investments in Wheaton that significantly increase its attractiveness for development of new office buildings. While this scenario faces considerable challenges and does not follow the most likely path of redevelopment in Wheaton, particularly given current market and economic conditions, total new office development under this scenario still represents only a small amount of the total office employment growth in the county over the next 20 years.

The residential projection in the first 10 years applies the baseline residential opportunity, which is healthy to begin with, and assumes that 10 percent of the increase in office employees will demand a residential unit within walking distance of their jobs. In the next 10 years, the household growth rate expands to five percent annually. While this assumption is aggressive, it is on par with the estimated residential growth experienced in Downtown Silver Spring from 2005 to 2010 (5.2 percent) after major revitalization. Again, this scenario relies upon a significant intervention in Wheaton's revitalization to create a more attractive downtown that offers amenities appealing to new residents, resulting in increasing demand for new multifamily residential units, supporting higher rents and sales prices for these units and spurring denser residential development.

### ***Projections for Retail Growth***

The growth in households and jobs in the scenarios presented above will increase demand for retail.

**Table 3: Baseline and Catalytic Retail Development Demand**

<b>Retail (SF)</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Baseline	37,000 - 47,000	18,000 - 21,000	55,000 - 68,000
Catalytic	44,000 - 63,000	83,000 - 99,000	127,000 - 162,000
Source: BAE, 2009.			

In both scenarios, retail opportunity is bolstered by the incremental addition of office space and residential units, and assumes that every 10,000 square feet of office space will yield demand for 350 additional square feet of retail, based on analysis performed by the International Council of Shopping Centers. Residential demand is based on expenditure patterns of existing households, based on data from Claritas, and assumes an additional 3,200 square feet of demand for every 100 households. Given currently high retail occupancy rates, meeting this additional demand would require new retail construction. However, the redundancy of many of the current retail offerings and the potential loss of some retailers through increasing competition may reduce the need for a net increase in retail space.

### ***Projections for New Hotel Development***

Assuming that in Wheaton, hotel demand will be driven primarily by business activity as opposed to tourism, future hotel opportunity is gauged as a factor of new office absorption in the area.

**Table 4: Baseline and Catalytic Hotel Development Demand**

<b>Hotel (Rooms)</b>	<b>0 - 10 Years</b>	<b>10 - 20 Years</b>	<b>Total</b>
Baseline	34 - 38	36 - 38	70 - 76
Catalytic	62 - 108	65 - 114	127 - 222
Source: BAE, 2009.			

There is existing office inventory in the area and currently no hotel rooms, which implies some demand is already leaking to surrounding areas. However, the above figures reflect strictly the incremental hotel demand based on new office delivery scenarios described above.

## **2. What are the strategic opportunities and challenges that will define the success of Wheaton in achieving its potential for new development, particularly for commercial development? Under what conditions is office development likely?**

### ***Wheaton's Strengths and Weaknesses***

This market analysis follows on earlier analyses and studies of Wheaton which have highlighted the Wheaton's strengths and challenges, including its diversity, affordability, and eclectic mix of ethnic restaurants and retail offerings. The Wheaton Urban District's strategic location and excellent transportation access are also seen as key strengths: accessible by Metro and a major bus transfer point for the area, it also has excellent automobile access to other parts of the County and close proximity to three interchanges with I-495. The Metro station could be an attractive feature of Wheaton to employers seeking greater commuting choices for employees, and targeting businesses seeking Metro access to fulfill sustainability objectives and/or meet

employee preferences could be the basis of an office attraction strategy.

Its location between the region's core in the District of Columbia and other job centers in Montgomery County makes Wheaton attractive to many dual-worker households who are increasingly seeking value and a convenient location with an urban feel. These strengths have contributed to the recent success that Wheaton has had in attracting new residential development, and position Wheaton to capture a healthy share of the County's and the region's projected household growth moving forward.

However, Wheaton's recent success in residential development also underscores its limitations without intervention to spur greater revitalization. Wheaton's new developments have been positioned as a value alternative to competitive product in the nearby urban centers of Silver Spring or Bethesda, and neighborhoods in Washington D.C. The success of this type of housing in Wheaton provides a proven path for redevelopment, but both high-rise, higher-density housing and new office development are considered infeasible on most sites given current achievable rents/pricing.

Wheaton faces additional challenges in its retail environment and the potential scale of redevelopment. Wheaton's retail, although presenting a healthy picture through low vacancy rates and relatively high rents, suffers from a lack of long term focus and organization among the many owners of retail space. Struggling merchants may not currently be equipped to succeed in the long term, especially in the face of redevelopment. Furthermore, a revitalization strategy will need to confront the challenges presented by an existing retail environment that does not encourage a shopper to visit multiple stores, and does not support the vision of Wheaton as a destination rather than a convenient stop on the way to somewhere else. Because the Wheaton Urban District is largely built out, only a limited number of sites that can be redeveloped fairly easily will be able to contribute to Wheaton's revitalization strategy.

### ***The Challenge of New Office Development***

It is clear that Wheaton has not been as attractive for office development as residential development. Kickstarting the office market will require active intervention of Montgomery County and/or other public sector involvement. Measures needed would include the relocation of government office space as an anchor to new office development, and/or the use of significant subsidies to lower the cost of building occupancy, in addition to investments that make Wheaton a more attractive location that is pedestrian friendly and oriented around Metro.

Even then, the use of catalytic projects to spur private sector commercial development faces additional challenges that pose significant risks to the success of this public investment strategy. Excess office space around the County and region will compete aggressively for new demand in

the short term. At the end of the third quarter of 2009, there were 8.7 million square feet of space throughout Montgomery County identified in CoStar as vacant and available for lease (9.3 million square feet total vacant). Furthermore, a looming crisis in financing commercial development is expected to hinder new office opportunities even in the strongest office submarkets. Longer term, the strength of the Washington, D.C. metropolitan region will create the demand for new construction, but supply will also be plentiful. One way to demonstrate the size of the available supply is to compare the pipeline of office space approved but not yet built (Table 11) to recent trends in office space absorption in the County. By this measure, it would require about 50 years to absorb the Table 11 pipeline, if it were all built. In addition to the pipeline of approved projects in the County, Wheaton will be competing against attractive locations around the region that are transit supported and zoned for office development.

### **3. What are Wheaton's strengths and weaknesses as a job center? Can it become a key economic driver for Montgomery County, similar to Bethesda or Silver Spring?**

To summarize, accessibility to employees may be the most attractive feature of Wheaton for office development; however, the availability of attractive office sites in the county and region with more development momentum are a significant obstacle to increasing employment concentration in Wheaton. Due to a lack of growth in office space in Wheaton, the Urban District and the Wheaton/Kensington submarket have both seen a decline in their share of the County's growing supply of office space.

#### ***Wheaton as a Jobs Center***

How much office development would Wheaton need to attract in order to become a jobs center for the County? One measure might be a comparison of Wheaton's employment density to other developed centers in the region. Using data from MWCOG from its Round 7.0 cooperative forecasts, the following table shows the job and household density for various closer-in mixed-use activity centers in the region, as defined by MWCOG, and compares them to jobs and housing densities found in Wheaton.

The growth in office space that would be needed for Wheaton to reach the employment density of many of the listed centers makes Wheaton's transformation into a jobs center unlikely. Achieving 80 jobs per acre for the Wheaton sector plan area, similar to densities in Bethesda or Silver Spring, would require about 30,000 more jobs. If all of those jobs were office based, over seven million square feet of new offices would be required;<sup>3</sup> retail employment would require more space since it is occupied by fewer employees per square foot. Given that a considerable

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<sup>3</sup> The amount of office square footage assumes 235 square feet of space per employee.



portion of Wheaton is built out with homes that are not anticipated to redevelop, a comparison to centers on the lower end of density may be more appropriate. In order to reach the density of Downtown Alexandria as calculated by MWCOG, over one million square feet of new office would need to be built in Wheaton (see Table 5). It should be noted that Wheaton also would need to grow significantly in households to achieve the household densities found in these urban centers; the housing units needed to reach the eight units per acre gross average density of Downtown Alexandria could be roughly achieved in 20 years of the baseline growth scenario and 10 years of the catalytic scenario.

**Table 5: Selected Urban Activity Centers, Washington, D.C. Region**

<b>Location</b>	<b>Acres</b>	<b>Jobs</b>	<b>Gross Job Density</b>	<b>Households</b>	<b>Gross Household Density</b>
Ballston/Virginia Square	533.6	33,077	62.0	9,003	16.9
Bethesda CBD	407.0	34,833	85.6	6,720	16.5
Clarendon/Court House	452.6	20,142	44.5	4,761	10.5
Downtown Alexandria	1436.9	39,423	27.4	11,593	8.1
Friendship Heights	820.1	28,320	34.5	10,903	13.3
Pentagon City	255.0	9,261	36.3	4,041	15.8
Silver Spring CBD	367.0	29,741	81.0	5,646	15.4
<b>Totals</b>	<b>4272.2</b>	<b>194,797</b>	<b>45.6</b>	<b>52,667</b>	<b>12.3</b>
<i>Minimum</i>	<i>255.0</i>	<i>9,261</i>	<i>27.4</i>	<i>4,041</i>	<i>8.1</i>
<i>Maximum</i>	<i>1436.9</i>	<i>39,423</i>	<i>85.6</i>	<i>11,593</i>	<i>16.9</i>
<i>Median</i>	<i>452.6</i>	<i>29,741</i>	<i>44.5</i>	<i>6,720</i>	<i>15.4</i>
<b>Wheaton Sector Plan Area</b>	<b>484.8</b>	<b>8,755</b>	<b>18.1</b>	<b>2,172</b>	<b>4.5</b>
Source: Metropolitan Washington Council of Governments, 2007; Maryland-National Capital Park and Planning Commission, 2009; BAE, 2009.					

**Table 6: Comparison of Lower Density Areas to Current Wheaton Density**

<b>Location</b>	<b>Acres</b>	<b>Jobs</b>	<b>Gross Job Density</b>	<b>Households</b>	<b>Gross Household Density</b>
Wheaton Sector Plan Area	484.8	8,755	18.1	2,172	4.5
Target Based on Minimum Densities	484.8	13,301	27.4	3,911	8.1
<b>Difference</b>		<b>4,546</b>		<b>1,739</b>	

Source: BAE, 2009.

The MWCOG centers only represent larger, denser, mixed-use areas in the region (and the centers above do not include employment-heavy centers such as Tysons Corner). There are examples of successful smaller-scale, transit-oriented urban revitalization projects that do not have a large-scale office presence. An example in the Washington D.C. metro area is the redevelopment adjacent to the Columbia Heights Metrorail stop. An area that struggled for 40

years after the riots of the late 1960s, the introduction of Washington D.C.'s only Target store anchors DC USA, a new retail development, and several mixed-income housing projects.

## **Recommendations**

Successful revitalization of Wheaton can be defined in many ways. Market forces have been shaping Wheaton towards more urban residential development at its core, but have not been providing Wheaton with the type of mixed use, pedestrian-oriented environment that many stakeholders envision for the area. Part of the vision for Wheaton's revitalization, expressed by stakeholders, is its transformation into a destination. In other words, Wheaton needs to evolve to a place where a visitor parks a car or arrives by Metro and enjoys multiple attractions over a longer period of time, rather than just stopping to patronize a single store; a place recognized as a central spot, with a public space used as a meeting space and for people-watching.

### ***Leveraging Wheaton's Unique Assets as Part of a Catalytic Destination Strategy***

A destination strategy could perhaps be best supported by unique retail and entertainment offerings or programmed community gathering spaces that leverage Wheaton's particular assets and ultimately draw visitors from beyond the nearby surrounding area.

One concept that defines Wheaton and makes it unique in the region is its eclectic ethnic restaurant, retail, and food concentration. Building a destination strategy on this concept, such as a public market that incorporated ethnic retail, food stalls, related events, and support for entrepreneurs in these businesses, could be a worthwhile strategy to pursue. Further study of the feasibility of these concepts would be needed in order to define them in terms of location, space requirements and activity programming. This initiative would require some level of public support for construction and ongoing operation, in addition to public investment in placemaking amenities and infrastructure that support a destination strategy. Benefits that would accrue include greater market interest in development as Wheaton becomes better known for its assets, potentially attracting higher value residential development and office development. Transit is a major asset that can support this strategy, but a focus on provision of centralized parking was also mentioned as a need for Wheaton as it revitalizes.

## **Background: Economic and Demographic Profile**

The following is an overview of current economic and demographic conditions in Wheaton. This chapter describes the households in and surrounding the Wheaton Urban District, as well as the businesses found in Wheaton and the economic climate impacting demand for space.

Characteristics of Wheaton are compared to Montgomery County in its entirety, to show similarities and differences in between the two geographies and to provide context for Wheaton's position within the county. A brief summary of available data on commuters using the Wheaton Metrorail station is also included. This overview forms a foundation for understanding the current strengths and weaknesses of Wheaton in attracting future development, as well as the base of demand for future office, retail and residential space.

### **Demographic Overview**

Table 7 shows general population and household trends for the Wheaton Study Area, using 1990 and 2000 Census data. Demographic trends are estimated to the current year and 2014 by Claritas, a private data provider. The Wheaton Study Area's population grew at half the rate of Montgomery County during the 1990 to 2000 period, and its average larger household sizes compared to the County contribute to more modest household growth. As the County's rates of population and household growth are estimated to have slowed since 2000, so has estimated growth in the Wheaton Study Area. However, it is important to note that the rate of household growth estimated by Claritas for the Wheaton Study Area may not correspond to the growth likely to have occurred through the construction of several housing projects in the past several years.

Income levels are lower in Wheaton, as indicated by a comparison of median household incomes in Table 7. The Wheaton Study Area has a different ethnic and racial makeup than Montgomery County as a whole. The percentage of Hispanic individuals in the Study Area (31 percent) is twice that of the County as a whole (see Appendix Table A-1).

**Table 7: Population and Household Trends**

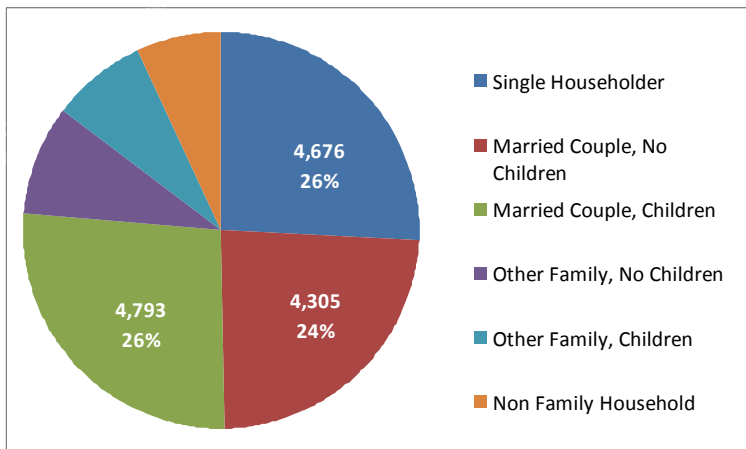
	Wheaton (a)						
	1990	2000	Annual Average Change 1990-2000	2009	Annual Average Change 2000-2009	2014	Annual Average Change 2009-2014
Population	46,431	49,724	0.7%	50,503	0.2%	51,106	0.2%
Households	17,353	17,924	0.3%	18,053	0.1%	18,180	0.1%
Avg. Household Size	2.64	2.74		2.76		2.78	
HH Median Income	\$48,530	\$61,952		\$78,432		\$87,007	
Median Age	34.5	36.9		39.1		39.9	
Household Tenure							
Renter	32.9%	30.3%		30.9%		31.1%	
Owner	67.1%	69.7%		69.1%		68.9%	
	Montgomery County						
	1990	2000	Annual Average Change 1990-2000	2009	Annual Average Change 2000-2009	2014	Annual Average Change 2009-2014
Population	757,027	873,341	1.4%	938,774	0.8%	974,037	0.7%
Households	282,228	324,565	1.4%	347,634	0.8%	360,261	0.7%
Avg. Household Size	2.65	2.66		2.67		2.68	
HH Median Income	\$54,089	\$72,138		\$92,851		\$104,023	
Median Age	33.9	36.8		39.2		40.1	
Household Tenure							
Renter	32.1%	31.3%		31.1%		31.0%	
Owner	67.9%	68.7%		68.9%		69.0%	
Notes:							
(a) Includes Census Tracts 703404, 703701, 703702, 703601, 703800, 703602, 704000, 703901, 703902, 703209, 703207, and 703208 in Montgomery County, MD.							
Source: United States Census, 2000; Claritas, Inc., 2009; BAE, 2009.							

### ***Household Type and Size***

Figure 3 shows the makeup of households by family type in the Wheaton Study Area. Over half of households do not have children. Compact transit-oriented development is often attractive to households without children, such as young singles and couples, as well as older residents who may be looking to downsize from a larger home.

The majority of households (56 percent) in Wheaton consist of one or two persons. This is similar to Montgomery County as a whole. In addition to small households, Wheaton also contains a fair number of households with five or more persons (15 percent). See Appendix Table A-3.

**Figure 3: Household Type in Study Area, 2009**



Note:

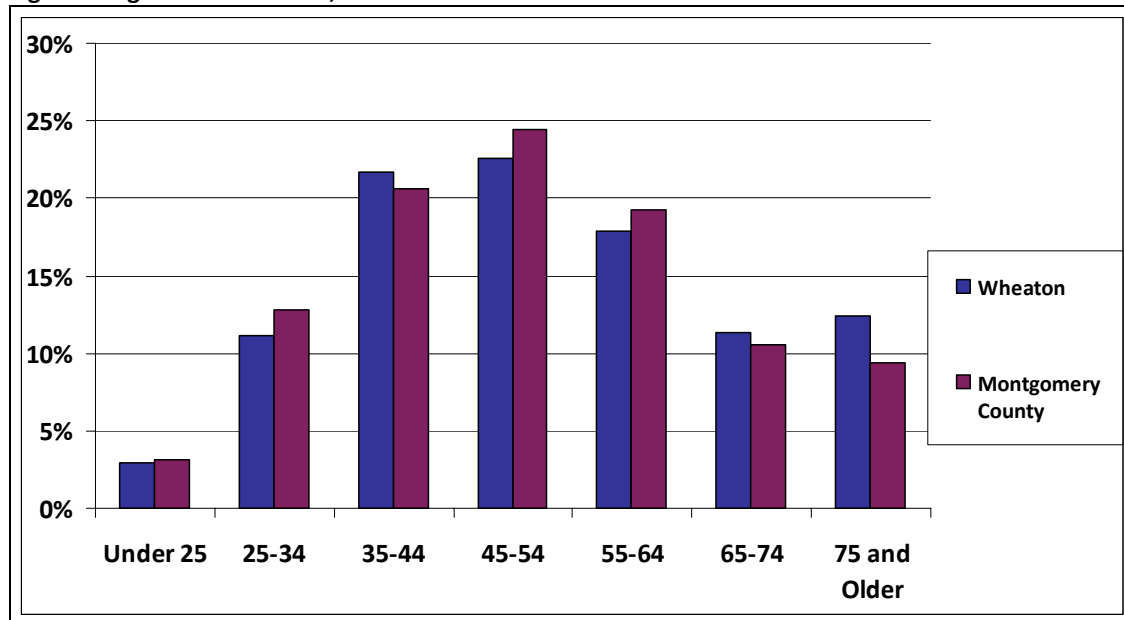
Study area is defined in Figure 2 and Table 7.

Source: Claritas, Inc., 2009; BAE, 2009.

### ***Age of Householder***

Wheaton has a slightly larger proportion of householders over the age of 65, compared to Montgomery County overall (Figure 4). Wheaton, however, has a lower percentage of householders in peak earning years. A large percentage (42 percent) of Wheaton householders are 55 years or older.

**Figure 4: Age of Householder, 2009**

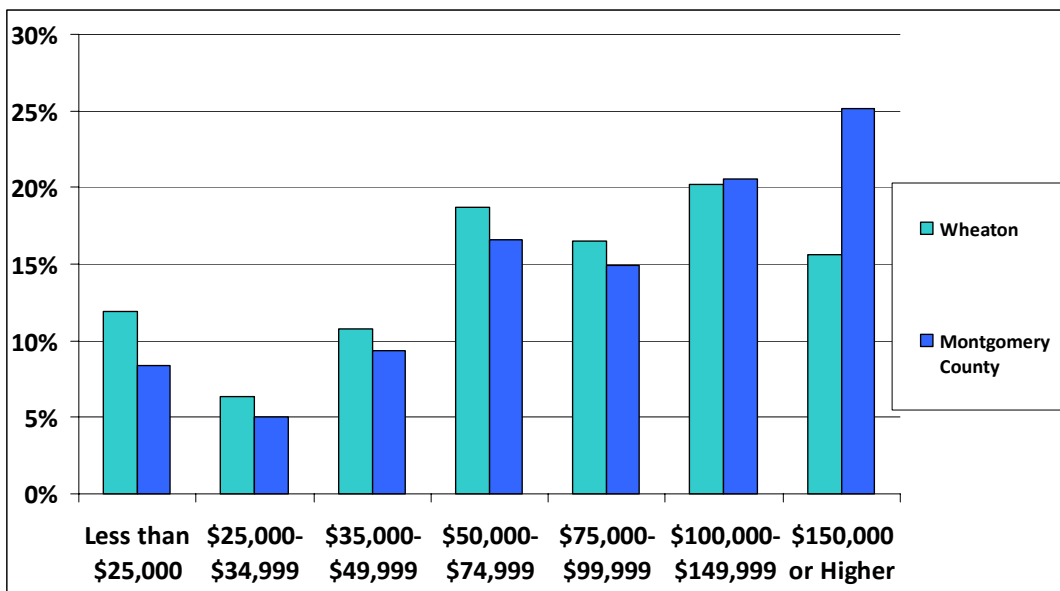


Source: Claritas, Inc., 2009; BAE, 2009.

### Overall Household Income Characteristics

Figures 5 and 6 show the household income characteristics of Wheaton households overall, and the median household income by Census tract. Most households (55 percent) in Wheaton earn between \$50,000 and \$150,000 per year. Within Wheaton, most high income areas are located farther from the Urban District, in areas characterized predominantly by lower density single-family residential development. The Census tracts closest to the Wheaton Urban District have the lower median household incomes, while the tracts located further out generally have a median household income over \$100,000. Much of this geographic pattern is likely driven strictly by housing type, as income qualifications are substantially higher for purchasers of single-family detached homes relative to those purchasing the smaller townhomes or renting units closer to the core of the Urban District.

Figure 5: Household Income, 2009



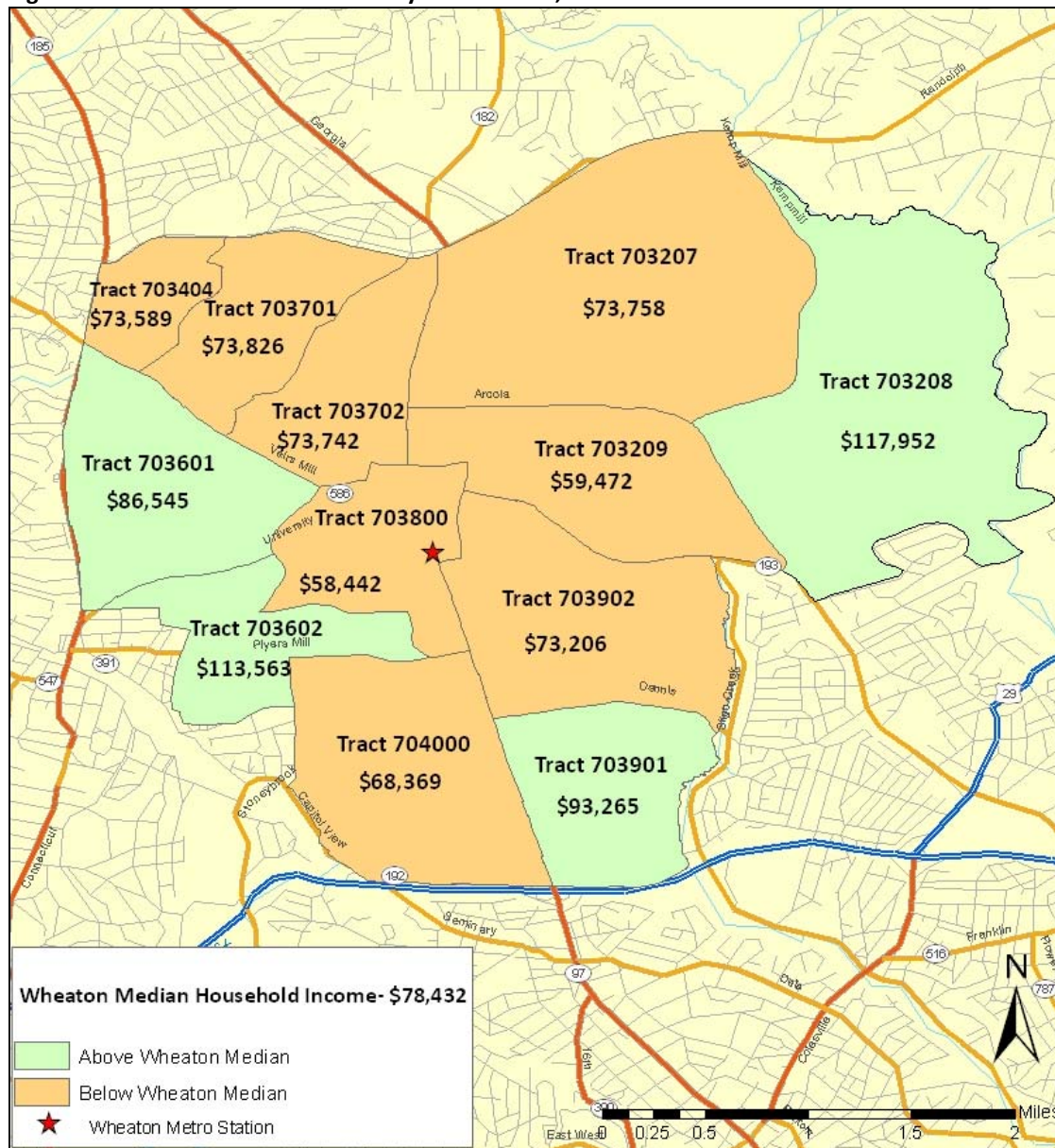
Notes:

Study area is defined in Figure 2 and Table 7.

Source: Claritas, Inc., 2009; BAE, 2009.



**Figure 6: Median Household Income by Census Tract, 2009**



Source: Wheaton Redevelopment Program, 2009; U.S. Census Bureau, 2000; Claritas, Inc., 2009; BAE, 2009.

### ***Household Income by Race of Householder***

In Wheaton, 41 percent of white households earn over \$100,000 per year (see Appendix Table A-6 for a detailed breakout of income patterns by race). This is in contrast to only 28 percent of African American households. The stratification in incomes by race is even more noticeable at the lower end of income distribution. While only nine percent of white households earn less than

\$25,000 per year, 18 percent of African American households and 17 percent of households of two or more races earned less than \$25,000 per year. Ten percent of households in Wheaton that identified their ethnicity as Hispanic earned less than \$25,000 per year, in contrast with 12 percent of non-Hispanic households.

## **Economic Overview**

### ***Employment by Industry***

The large amounts of retail space in the Urban District dominate its employment base, with 41 percent of its jobs found in the retail sector, according to Dun and Bradstreet data. Table 8 depicts the concentration of employment by industry sector using this data source, and compares the industry makeup of the Urban District to the county.<sup>4</sup>

In addition to the high concentration of jobs in the retail sector, Table 8 shows the high percentage of jobs in the Urban District that are in the health care industry, as well as various other service-oriented industries. The Administrative and Waste Services industry sector contains almost ten percent of the Urban District's employment. This industry represents a diverse range of personal and business services, including travel agencies and employment placement agencies to janitorial services and landscaping. Further industry-specific analysis of both Wheaton and the County shows that nearly all establishments in this industry sector are in administrative services.<sup>5</sup> "Other Services" includes a similarly wide variety of businesses, from personal care businesses such as nail salons and pet care that are typically housed in retail space, to repair services, to professional, labor and political associations.

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<sup>4</sup> The comparison of Urban District employment by industry to Montgomery County employment by industry uses Dun and Bradstreet records for Urban District businesses and Quarterly Census of Employment and Wages (QCEW) data (available from the United States Bureau of Labor Statistics) for Montgomery County as a whole. QCEW is based on unemployment claims records and does not include self employed persons or employment not covered by unemployment insurance, such as members of the military. Dun and Bradstreet data is obtained through a self-reporting collection method proprietary to Dun and Bradstreet, which may include some public sector establishments within different sectors.

<sup>5</sup> This broad industry sector is comprised of two primary subsectors: Administrative and Support Services, and Waste Management and Remediation Services. U.S. Census data provides more detail within this broad industry sector for different geographies. The Census Bureau's *Zip Code Business Patterns* shows that for Wheaton's 20902 ZIP Code, there were 54 establishments in 2007 that fell into the larger Admin/Waste sector. Of those 54 businesses, 53 were classified under the Administrative and Support Services subsector. A similar pattern (98% of establishments) was found in Montgomery County through the Census Bureau's *County Business Patterns* in 2007.

The Urban District's employment is less prevalent in Professional and Technical Services, Education Services, and Information. The Professional and Technical Services sector, including legal services, engineering, testing labs, and information technology as examples, is about six percent of Urban District employment, compared to nearly 14 percent of all County jobs in this sector. Also noteworthy is the small proportion of Urban District jobs found in Arts and Entertainment, comprising less than one percent of Urban District employment.

**Table 8: Employment by Industry of Wheaton Urban District, Compared to Montgomery County, 2008**

Industry	Wheaton Urban District		Montgomery County	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, and Hunting	0	0.0%	496	0.1%
Mining	0	0.0%	375	0.1%
Utilities	0	0.0%	731	0.2%
Construction	122	2.5%	28,546	6.2%
Manufacturing	23	0.5%	14,455	3.2%
Wholesale Trade	52	1.1%	10,017	2.2%
Retail Trade	2,035	41.2%	46,685	10.2%
Transportation and Warehousing	42	0.9%	3,638	0.8%
Information	36	0.7%	14,342	3.1%
Finance and Insurance	190	3.8%	21,770	4.8%
Real Estate and Rental and Leasing	175	3.5%	12,363	2.7%
Professional and Technical Services	300	6.1%	63,297	13.8%
Management of Companies and Enterprises	0	0.0%	7,886	1.7%
Administrative and Waste Services	484	9.8%	31,287	6.8%
Educational Services	21	0.4%	9,141	2.0%
Health Care and Social Assistance	627	12.7%	51,305	11.2%
Arts, Entertainment and Recreation	31	0.6%	7,256	1.6%
Accommodation and Food Services	400	8.1%	30,940	6.8%
Other Services, Except Public Administration	312	6.3%	21,925	4.8%
Government	N/A (a)	N/A	80,587	17.6%
Public Administration	89	1.8%	N/A	N/A
<b>Total</b>	<b>4,939</b>	<b>100%</b>	<b>457,042</b>	<b>100%</b>
Notes:				
(a) Indicates unavailable data..				
Source: Dun & Bradstreet, 2009; Wheaton Redevelopment Program, 2009;				
U.S. Bureau of Labor Statistics, 2009; BAE, 2009.				

## Household and Employment Projections

Table 9 demonstrates growth projections from the Metropolitan Washington Council of Governments (MWCOG) cooperative forecast Round 7.2, for the Wheaton Sector Plan area

(described as the Wheaton CBD) and Montgomery County as a whole. The forecast projects that Wheaton will outpace the County's rate of growth in households and population over the next 20 years, to 2020, and then grow at a more modest pace in the subsequent 20 years. Employment in Wheaton is projected to grow more slowly than the County's pace over the next 30 years, although the projection factors in short term gains in Wheaton employment. Wheaton currently is estimated to comprise about 1.7 percent of the County's total jobs, shrinking to about 1.5 percent in 2030 due to slower growth relative to the County. Given the concentration of retail in Wheaton, the Sector Plan area comprises a smaller share of the County's office employment – currently estimated at 1.1 percent of the County's total jobs.

**Table 9: Wheaton Policy Area and Montgomery County Growth Projections, 2005-2040**

Number of Households									
Area	2005	2010	Average Annual Change 2005-2010	2020	Average Annual Change 2010-2020	2030	Average Annual Change 2020-2030	2040	Average Annual Change 2030-2040
Wheaton CBD	2,172	2,629	3.9%	3,904	4.0%	4,309	1.0%	4,433	0.6%
Montgomery County	347,000	362,000	0.8%	408,000	1.2%	440,000	0.8%	460,000	0.4%
Number of Retail Employees									
Area	2005	2010	Average Annual Change 2005-2010	2020	Average Annual Change 2010-2020	2030	Average Annual Change 2020-2030	2040	Average Annual Change 2030-2040
Wheaton CBD	5,267	5,750	1.8%	5,783	0.1%	5,867	0.1%	5,909	0.1%
Montgomery County	88,836	90,294	0.3%	99,216	0.9%	106,879	0.7%	113,001	0.6%
Number of Office Employees									
Area	2005	2010	Average Annual Change 2005-2010	2020	Average Annual Change 2010-2020	2030	Average Annual Change 2020-2030	2040	Average Annual Change 2030-2040
Wheaton CBD	2,907	2,830	-0.5%	2,995	0.6%	3,598	1.9%	3,887	0.8%
Montgomery County	254,591	256,702	0.2%	308,510	1.9%	363,058	1.6%	396,052	0.9%

Source: Maryland-National Capital Park and Planning Commission Round 7.2 Projections, 2009; BAE, 2009.

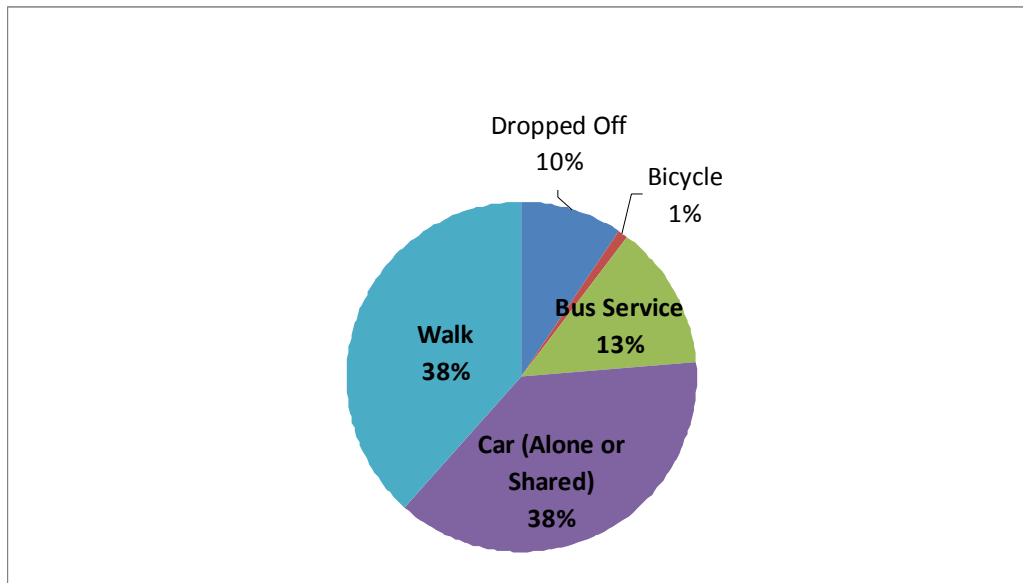
## Transit Profile

Figure 7 shows the various modes of transportation that commuters use to access the Wheaton Metro station. Over half arrived at the Wheaton Metro station by automobile or bus, with 38 percent of those individuals driving by themselves and parking at the station, as is typical of Metrorail stations located near the end of a route.

One of only four Metro stations in the Eastern part of Montgomery County is located in the Wheaton Urban District, giving it an advantage over many other central areas in the County. As shown in Figure 7, an equal number of users of the Wheaton Metro either walk or drive to the Metro. At peak travel times (weekday mornings and evenings) Wheaton Metro parking garages

are at approximately 60 percent capacity, suggesting an underutilization of the station from a commuter standpoint.

**Figure 7: Mode of Arrival to Wheaton Metro Station**



Source: Maryland Department of Transportation, 2009; Washington Metropolitan Area Transit Authority, 2009; BAE, 2009.

## Office Market Analysis

The following section provides an overview of supply and demand conditions (with detailed market data located in Appendix B), followed by a variety of analyses designed to estimate future demand for office space in Wheaton under different scenarios.

### Key Findings

**Wheaton's office rents and building types support service oriented and professional offices.**

Rents in the Urban District, averaging about \$25 per square foot, are lower than the county's average of \$29 but higher than the submarket's average of about \$23. The rent structure and older buildings make Wheaton attractive to smaller professional services tenants such as doctors and lawyers seeking a value over rents charged in nearby submarkets. This tenant mix provides stability to Wheaton's office market in changing economic conditions. However, Wheaton faces a challenge in supporting new office development, which will require higher rents than currently achievable in Wheaton unless a significant financing gap can be bridged.

**Wheaton's office space is dispersed, without a core, presenting challenges to marketing**

**Wheaton as an office center.** The Wheaton Urban District's office market contains about 400,000 square feet of space, about half of it found in two buildings on the mall property. However, either by driving through the center of Wheaton on its major thoroughfares or by emerging from the Metro, the lack of a cluster of buildings makes it is easy to miss that there is any significant office space in Wheaton.

**The Kensington/Wheaton submarket is relatively healthy but is not growing.** The performance of office space in Wheaton can be tracked over time through statistics available for a larger geographic area known as the Wheaton/Kensington submarket. The submarket has added no new office space since 2003. Its current vacancy rate, at 9.5 percent, is lower than the vacancy rate of other suburban submarkets that are farther from the core of Washington DC. However, as vacancy rates have increased since 2007, there has been negative net absorption of space with no new office deliveries.

**Current market conditions do not favor development of office space in the short term.** In addition to the challenges facing Wheaton in attracting a pioneering new anchor tenant to an office building at a rent well above the levels in existing buildings, current economic conditions do not favor new office development. A backlog of 2.9 million square feet is currently available in

Montgomery County to meet new demand in the short-term, and attractive alternatives to Wheaton exist to meet long term demand.

## Supply Conditions

### ***Wheaton Urban District Inventory***

According to CoStar and representatives from Westfield, the Wheaton Urban District, which includes the Westfield property, has approximately 360,000 square feet of office space. Of this space, 100,000 square feet, or 28 percent, is Class A, 98,000, or 27 percent, is Class B, and the remaining 161,000, or 45 percent, is Class C space (see Table 10). The Urban District represents a small fraction of the office space in Montgomery County and is not considered on its own to be an office submarket. Office space in the Wheaton Urban District represents 0.5 percent of all of the County's rentable office supply reported by CoStar.

**Table 10: Summary of Wheaton Urban District Office Inventory, 3rd Quarter, 2009.**

<b>Inventory (Class)</b>	<b>Square Feet</b>	<b>Vacancy</b>	<b>Avg. Rent</b>
CBD Total Inventory (primarily Class C)	187,603	14.4%	\$22.82
Westfield North Building (Class A)	100,000	9.2%	\$29.00
Westfield South Building (Class B)	72,000	17.8%	\$25.00
<b>Total/Wtd. Avg.</b>	<b>359,603</b>	<b>13.6%</b>	<b>\$24.98</b>

Source: CoStar, 2009; BAE, 2009.

Of the existing inventory in the Wheaton Urban District, close to half of it (48 percent) is comprised of the two office buildings on Westfield's property shown in Table 10. Of the remaining 187,000 square feet, about 120,000 of that is in two other buildings. No significant new office space has been added to the Urban District's inventory since 1986.

**Figure 8: Photo of Westfield North, Class A space in the Wheaton Urban District; Average Rent: \$29.00; Current Vacancy of Westfield North: 9.2 percent**



Source: Data: CoStar, 2009; Photo: BAE, 2009.

The remaining balance is scattered among numerous smaller buildings. Notably, these buildings are not concentrated in any one area, suggesting not only a lack of supply, but a lack of a cohesive core for office. This physically separated patchwork of office further detracts from the perception of Wheaton as an office submarket.

At 13.6 percent among all classes of office buildings, vacancy in the Urban District is higher than the larger Wheaton/Kensington defined submarket vacancy of 9.5 percent,



and just slightly higher than the County average of 13.1 percent. Although the Urban District's vacancy is somewhat higher than that of the larger submarket, it is achieving a slightly higher average rent of \$24.98 versus \$23.13 for the submarket.

**Figure 9: Photo of the "Computer Building," 87,000 square feet of Class C space in the Wheaton Urban District. Current Vacancy: 19.5 percent**



Source: CoStar, 2009.

market. The following section describes the characteristics of the submarket in comparison to other office submarkets in Montgomery County and the region, and details of the Wheaton Urban District's office inventory are shown in a later section.

Historical trends for the Wheaton/Kensington submarket show very little activity in the way of new deliveries. Sixty-five thousand square feet of new construction occurred in the submarket, outside of the Urban District in 2003, with negative net absorption over the past three years resulting in a steadily increasing vacancy rate (Figure 10).

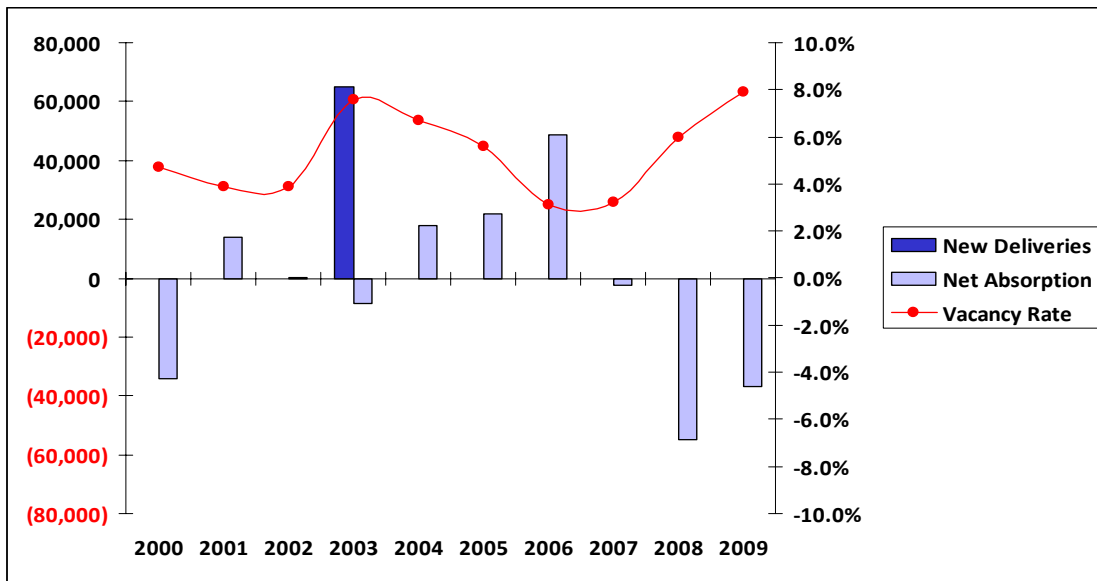
Although the vacancy rate has gradually increased in recent years, the submarket is still faring well relative to many other county submarkets (Figure 11), and is on par with the nearby submarkets of Silver Spring and Bethesda/Chevy Chase. Total available vacant space in the county amounts to over 8.7 million square feet. Assuming the 10-year average of 8.5 percent vacancy for the county represents market equilibrium, roughly 2.9 million square feet of vacant space needs to be absorbed to reach equilibrium.

Corresponding with the employment data in the previous section, private sector tenants occupying space in the Wheaton Urban District are almost exclusively service oriented, including medical, legal, insurance, accounting, and tax service providers (Appendix Table B-3).

### ***Submarket Trends***

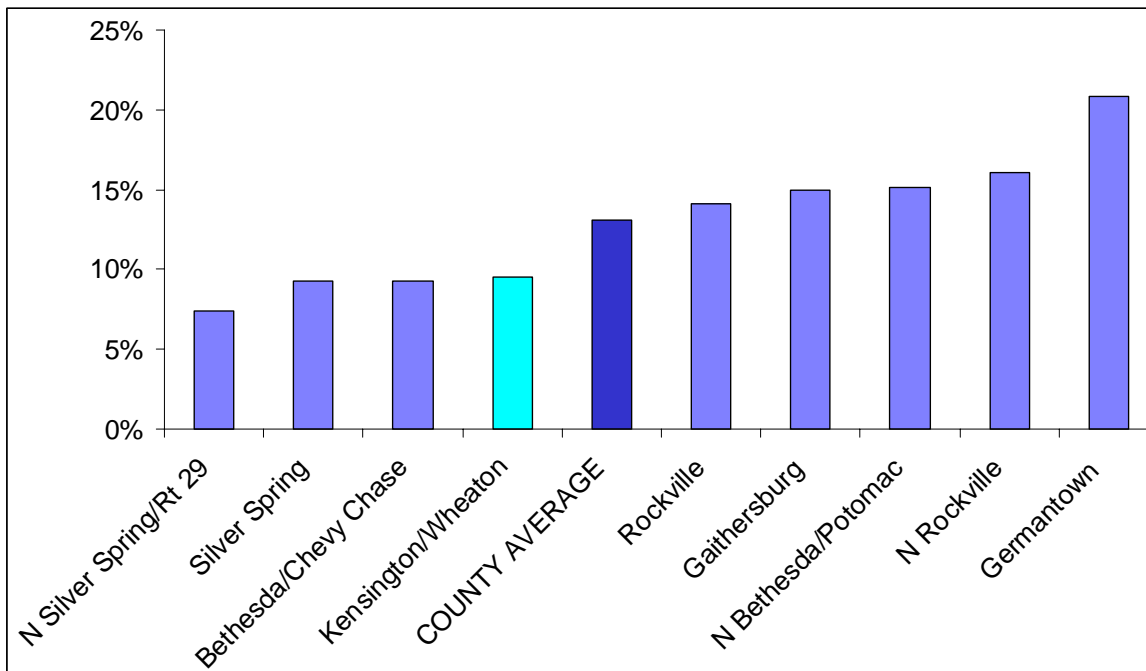
Analysis of the Wheaton/Kensington submarket allows a better understanding the larger context of the local Wheaton Urban District office

**Figure 10: Historical Trends in the Wheaton/Kensington Office Submarket, 2000-2009**



Source: CoStar Group, 2009; BAE, 2009.

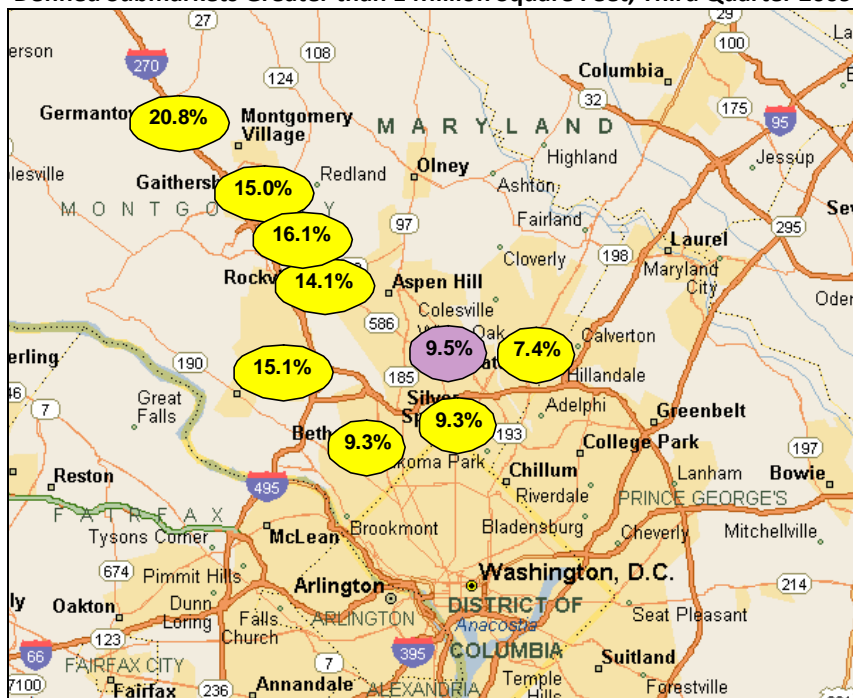
**Figure 11: Available Vacant Office Space, Montgomery County Defined Submarkets Greater than 1 Million Square Feet, Third Quarter 2009**



Source: CoStar Group, 2009; BAE, 2009.

As shown in Figure 12, submarkets inside and along the Capital Beltway have lower vacancy rates than submarkets radiating out from the Beltway along I-270. This pattern supports the notion that closer-in commercial submarkets with good access to the region's core are generally more resilient during downturns. It also supports the idea that Wheaton's key strength is its location and accessibility.

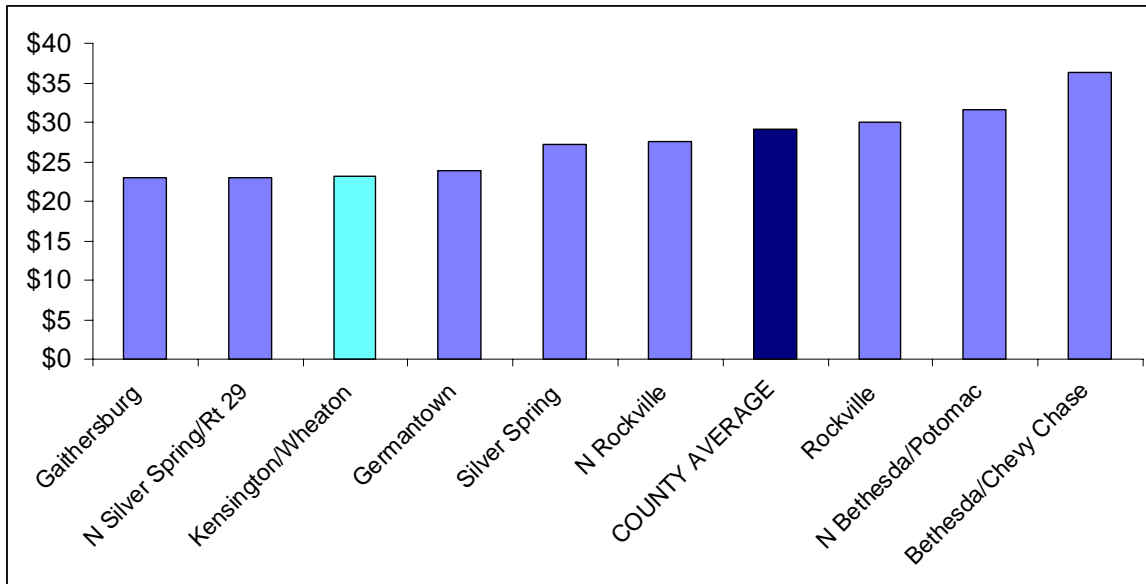
**Figure 12: Map of Submarket Vacancies by Location, Montgomery County  
Defined Submarkets Greater than 1 Million Square Feet, Third Quarter 2009**



Source: CoStar Group, 2009; BAE, 2009.

Achievable rents in the Wheaton/Kensington submarket fall into the lower tier of rents in the county, suggesting an office market positioned as a discount to the county's stronger submarkets shown in Figure 13.

**Figure 13: Average Annual Rents, Montgomery County Defined Submarkets Greater than One Million Square Feet, Third Quarter 2009**



Source: CoStar Group, 2009; BAE, 2009.

The Kensington/Wheaton submarket's relatively small amount of inventory and lower-tier rents also help explain its resilience (in the form of lower vacancies) during this economic cycle compared to other "established" office submarkets that have generally been overbuilt in recent years.

### ***Planned, Proposed, and Inventory Under Construction***

There is a large amount of commercial space planned, proposed, and under construction in the county to go along with its weakened fundamentals. Although large amounts of space have been approved, current conditions suggest that much of this development has been put on hold or delayed. There are currently about 33 million square feet approved, although much of this space could be many years away from being developed. The following table indicates that the majority of this approved space is concentrated on the I-270 corridor, in farther out submarkets.

**Table 11: Commercial Space Approved in Montgomery County by Defined Policy Area as of August 2009**

Policy Area	Total SF Approved			Total
	Single-Use Office	Mixed-Use Office (a)	Other Commercial	
Rockville City	2,267,165	2,148,570	750,985	5,166,720
Gaithersburg City	1,571,971	1,634,159	620,877	3,827,007
Clarksburg	2,001,639	907,000	283,720	3,192,359
Fairland/White Oak	2,473,532	32,909	317,806	2,824,247
North Bethesda	446,593	1,492,398	225,162	2,164,153
Germantown East	0	1,772,743	6,792	1,779,535
Germantown West	1,566,900	108,483	48,609	1,723,992
White Flint	0	1,366,250	236,949	1,603,199
Montgomery Village/Montgomery Airpark	26,500	1,268,211	0	1,294,711
Potomac	0	850,000	596,480	1,446,480
Friendship Heights	295,743	464,312	0	760,055
Silver Spring CBD	302,716	419,497	82,613	804,826
Research & Development Village	7,231	574,184	1,950,400	2,531,815
Bethesda CBD	223,300	340,428	220,439	784,167
Derwood	343,300	0	63,493	406,793
Rural	34,105	295,821	287,998	617,924
Bethesda/Chevy Chase	117,660	181,363	0	299,023
Twinbrook	0	258,915	76,914	335,829
Germantown Town Center	0	139,000	6,217	145,217
Silver Spring/Takoma Park	9,000	77,100	97,200	183,300
North Potomac	40,000	0	0	40,000
Kensington/Wheaton	1,800	18,320	232,854	252,974
Cloverly	3,172	0	223,148	226,320
Damascus	3,162	0	0	3,162
Aspen Hill	0	0	62,986	62,986
Glenmont	0	0	8,585	8,585
Grosvenor	0	0	0	0
Olney	0	0	579,755	579,755
Shady Grove	0	0	6,400	6,400
Wheaton CBD	0	0	4,000	4,000
<b>Total</b>	<b>11,735,489</b>	<b>14,349,663</b>	<b>6,990,382</b>	<b>33,075,534</b>
Notes:				
(a) Includes any mixed-use development where office is included.				
Source: Maryland-National Capital Park and Planning Commission, 2009; BAE, 2009.				

The majority of the 11.7 million square feet of approved single-use office development is located in the policy areas of Rockville, Gaithersburg, Clarksburg, Fairland/White Oak, and Germantown West.

## Demand Analysis

Continuing employment growth in the County and region will be the basis of demand that supports any new office space that gets built in Wheaton in the future. The analysis below focuses on anticipated County job growth and the potential for this job growth to occur in Wheaton.

Wheaton's current share of the county's office employment is 1.1 percent, based on MWCOG analysis. The current MWCOG forecast projects minimal growth in office employment in Wheaton.

### ***Office Demand: Sector-Specific Forecasts***

Data from Woods and Poole divide projected employment growth by sector over the next 10 years, as shown in Table 12.

Of the 22 sectors, over half of the county's job growth will be comprised of the top four sectors, Health Care & Social Assistance, Professional & Technical Services, Administrative & Waste Services, and Construction. High growth categories include sectors where Wheaton could potentially capture growth, given its existing industry concentrations. An economic development strategy for Wheaton is not in the scope of this market and financial analysis engagement. However, the current makeup of establishments in Wheaton and the characteristics of Wheaton's office market suggest it is fairly well positioned to capture portions of this growth in the following areas:

**Health Care and Social Assistance: The largest share of County growth, nearly 17 percent of estimated new jobs, will be in this sector.** 12.7 percent of the Wheaton Urban District's employment is made up of this category, comparable to 11.2 percent of the County as a whole. According to Census County Business Patterns data, over half of these establishments are comprised of physicians (37 percent) and dentist offices (21 percent).

**Table 12: Non-Farm Employment Growth by Sector, Montgomery County, 2010 - 2019**

Rank	Sector	Job Growth	Share of Total
1	Health Care & Social Assistance	14,100	16.8%
2	Professional & Technical Services	12,400	14.8%
3	Admin. & Waste Services	9,890	11.8%
4	Construction	7,120	8.5%
5	Real Estate, Rental, Leasing	6,230	7.4%
6	State & Local Gov't	5,690	6.8%
7	Educational Services	5,590	6.7%
8	Other Services Except Pub. Admin.	4,210	5.0%
9	Finance & Insurance	3,860	4.6%
10	Information	3,600	4.3%
11	Mgmt of Companies	2,920	3.5%
12	Arts, Ent. & Recreation	2,170	2.6%
13	Retail Trade	1,750	2.1%
14	Trans. & Warehousing	1,610	1.9%
15	Federal Gov't - Civilian	1,400	1.7%
16	Wholesale Trade	1,300	1.5%
17	Accom. & Food Services	470	0.6%
18	Federal Gov't - Military	60	0.1%
19	Mining	60	0.1%
20	Forestry, Fishing, Related	10	0.0%
21	Utilities	-80	-0.1%
22	Manufacturing	-350	-0.4%
	<b>Total</b>	<b>84,020</b>	<b>100%</b>

Source: Woods and Poole, 2009; BAE, 2009.

**Professional and Technical Services:** This sector represents the second largest category of employment growth, estimated to contribute about 15 percent of the County's new jobs in this period. Representing 6.1 percent of Urban District employment, this sector shows a weaker concentration compared to the 13.8 percent County wide presence. The sector contains lawyers, accountants, technology professionals and other consultants, and includes larger office users that would be typical users of new office space currently absent from Wheaton. This group of industries could be a challenge to target for Wheaton; however, highlighting Wheaton's strategic location in the region, as a midpoint between the District and County employment concentrations such as Rockville to the north, is one way to attract potential establishments in this sector and capture some of this sector's growth moving forward, particularly for users who are seeking a Metro-supported location.

**Administrative and Waste Services:** With 9.8 percent of employment in this sector versus 6.8 percent for the County as a whole, this sector is also expected to experience strong growth that Wheaton can leverage given the prevalence of employment in currently in this sector. This sector represents a diverse range of businesses, from travel agencies, executive search firms and court reporters to janitorial services and landscaping. Attracting employment in some of these categories may not bolster demand for office space that will help spur revitalization, but could increase Wheaton's employment base.



## Office-Based Demand for Hotel Rooms

Hospitality represents a secondary land use that will likely result from the addition of other land uses, in this case new office. Currently there are no hotels in Wheaton. According to the HVS Employment-Hotel Growth Index<sup>6</sup>, historically, there are typically 0.22 hotel rooms per 1,000 square feet of office inventory in the region. Applying this ratio to the Wheaton CBD office inventory (400,000 square feet) implies existing demand for 88 rooms that presumably gets met by the nearest hotels in Silver Spring. However, this ratio assumes a broad range of office users, instead of the somewhat narrow range of service-oriented office tenants comprising the Wheaton office market. Nevertheless, delivering additional office space to the area will yield increased hotel demand at this 0.22 ratio. Using occupied space as opposed to total rentable area, the historical ratio of occupied inventory to occupied room nights has been 16.6 SF/room night. Using the above fair-share absorption demand scenario, hypothetical new office absorption of 86,000 square feet from now through 2015 should yield demand for approximately 20 additional hotel rooms in the area in the next five years (assumes 65 percent occupancy). This increased demand, coupled with existing pent up demand, indicates that a small-scale hotel could be feasible as office gets absorbed in the area. This estimate can be adjusted in accordance to actual new delivery and absorption of office space in the market.

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<sup>6</sup> Fuller, David P., Greg Otten and Caitlin McKenna. *The HVS Employment-Hotel Growth Index: A New Tool for Projecting Hotel Room Night Demand*. HVS, August 2008.

# Residential Market Analysis

The following section provides an overview of residential supply and demand conditions (with detailed market data located in Appendix C), and a basic demand analysis designed to estimate future demand for residential units in Wheaton from various segmented market audiences.

## Key Findings

**Wheaton's housing stock offers a variety of high quality, reasonably priced units across the spectrum of product types, attracting a diverse base of middle income households.** The residential neighborhoods surrounding the Wheaton Urban District display a healthy mix of household sizes and types. The area's concentration of Hispanic/Latino households makes it poised to capture a good amount of this demographic going forward, which is projected to grow more rapidly in Montgomery County and the region than other household segments.

**Wheaton has been successful in delivering high quality, reasonably priced, low rise rental multifamily at its core.** Unlike the office market, Wheaton has a recent track record of success that it can build upon going forward. New rental projects close to the Metro are at healthy levels of occupancy. Rental product successfully competes for demand from renters seeking Metro access, a close-in location, and value relative to higher priced Washington DC submarkets.

**Wheaton currently has the opportunity to attract entry-level buyers and renters, and keep them in Wheaton as their housing needs change.** Several conditions position Wheaton to capitalize on this opportunity. A mix of new multifamily housing, townhomes, and older single-family detached housing stock can support households as they age, grow, and become more affluent. Wheaton's location between the D.C. core and the areas of Montgomery County where current and future jobs are situated makes it attractive as a value location for many dual worker households that commute in two directions. Wheaton also appears poised to have greater housing turnover in coming years, with a higher proportion of households headed by persons over 65 compared to the County. A revitalized core will further strengthen Wheaton's position as a desirable collection of neighborhoods that are highly accessible to both D.C. and its northern suburbs, and combine to make a place where households want to stay.

**Higher density housing will likely result from the Wheaton Urban District's revitalization, and will allow it to capture a more affluent segment of households.** Wheaton's success in providing housing at a price point that supports low-rise construction will be the starting point in its revitalization strategy, as it competes with places like College Park and Greenbelt for the deep pool of households seeking value in a close-in, transit supported location. As Wheaton's core is strengthened and it becomes even more desirable as a residential location, rents and sales prices

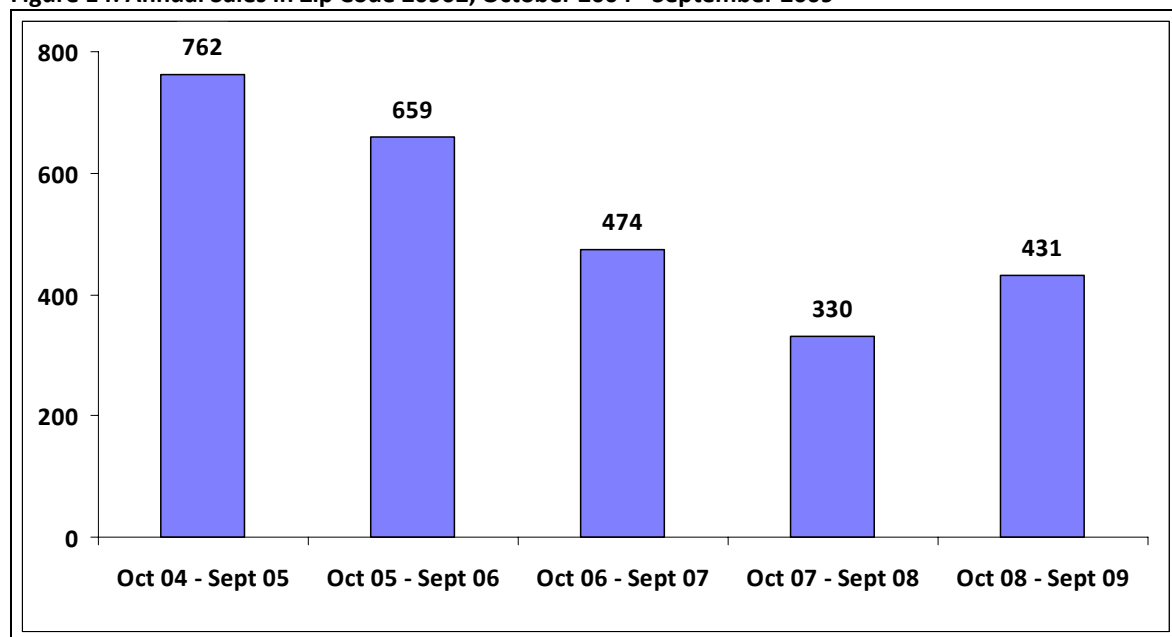
will more broadly support the higher density construction similar to mixed-use development currently contemplated at the Safeway site, in addition to increasing housing values in surrounding neighborhoods. Higher values will then position Wheaton to capture a more affluent segment of households. In particular, Wheaton could then be attractive to the growing segment of aging, downsizing, smaller households found in the County and the region.

## Supply Conditions

### **Sales Volume**

Like most of the region and nation, residential sales volume in Wheaton declined precipitously from 2004 to the present, with annual volumes less than half of what they were during the peak of sales volumes (Figure 15). Despite this sharp decline, the most recent 12 months do show a substantial 30 percent increase in volume over the previous 12-month period.

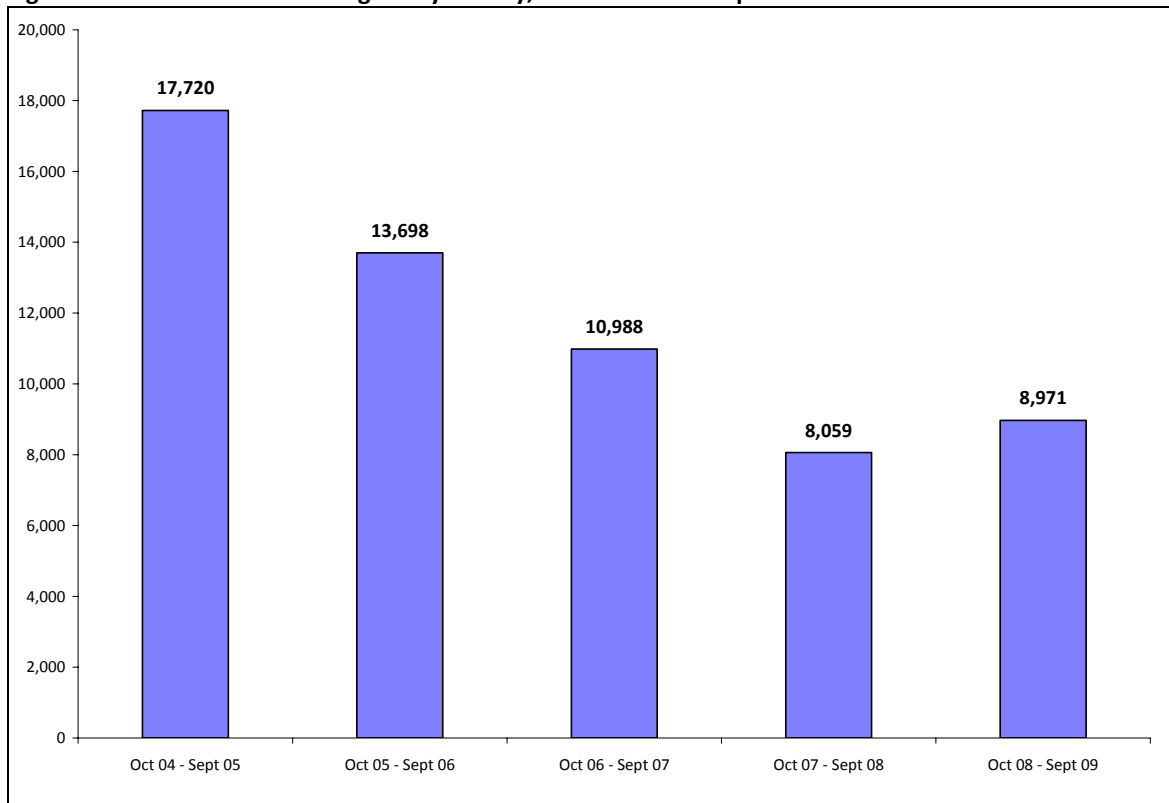
**Figure 14: Annual Sales in Zip Code 20902, October 2004 - September 2009**



Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.

This historical pattern is similar to that of the county, which has demonstrated a similar pattern:

**Figure 15: Annual Sales in Montgomery County, October 2004 - September 2009**



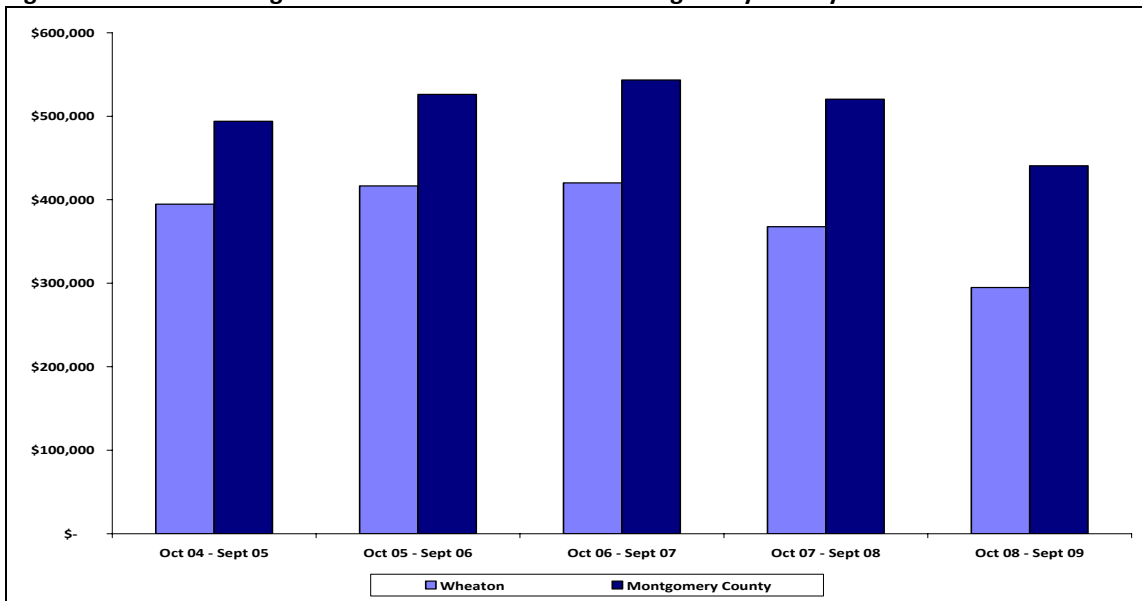
Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.

The county also experienced a sharp decline in volume, with a more recent uptick in sales, although the most recent 12 month period did not experience as much of an increase in volume as the Wheaton ZIP Code did (11 percent versus 31 percent). Over this five year period, the 20902 ZIP Code has represented a share of 4.5 percent of all county sales, with a range of 4.1 to 4.8 percent.

### ***Pricing***

Average prices in Wheaton have historically been at a discount to those of the county, and both the Wheaton and the county show a similar pattern with respect to pricing trends, peaking in 2006-2007 and declining since (Figure 17).

**Figure 16: Annual Average Sales Price in Wheaton and Montgomery County**

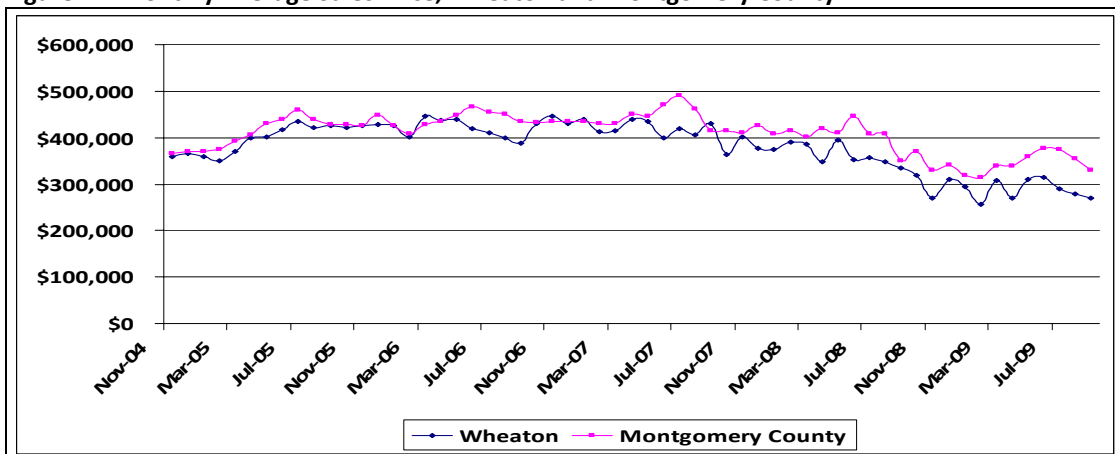


Note: Wheaton is represented by ZIP Code 20902.

Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.

The county as a whole has been more resilient in terms of price declines, with the average price down 19 percent from the peak while Wheaton's are down 30 percent. The median price in Wheaton is somewhat closer to that of the county as a whole, although in the most recent period the gap between the median price in Wheaton and the county has widened.

**Figure 17: Monthly Average Sales Price, Wheaton and Montgomery County**



Note: Wheaton is represented by zip code 20902.

Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.

In Downtown Wheaton, there are currently no new for-sale projects. The most recent project, Leesborough, which consists of townhomes and condominiums, is still under construction, but all available lots have been sold. More lots are planned for sale but their development has been delayed because the developer (John Laing Homes) has filed for Chapter 11 bankruptcy. The sold out units (sold by Centex) were bought primarily by households from the surrounding area, and most were drawn by the proximity to Metro.

#### *Planned and Proposed Development*

Table 13 shows the approved number of attached units for the policy areas in Montgomery County. Most of the approved development is concentrated in the western areas of the county, in the policy areas of Gaithersburg City and Clarksburg. While the Kensington/Wheaton policy area contains seven percent of the County's approved pipeline of attached units, the Wheaton CBD policy area only contains 180 approved multifamily units.

It should be noted that while there are few *approved* units, there are multiple projects that are in the initial development stages. Figure 18 shows the planned residential projects in the Wheaton CBD. In addition to the increase in transit-oriented development by local developers, Montgomery County has begun an effort to focus County development on areas accessible to transit.

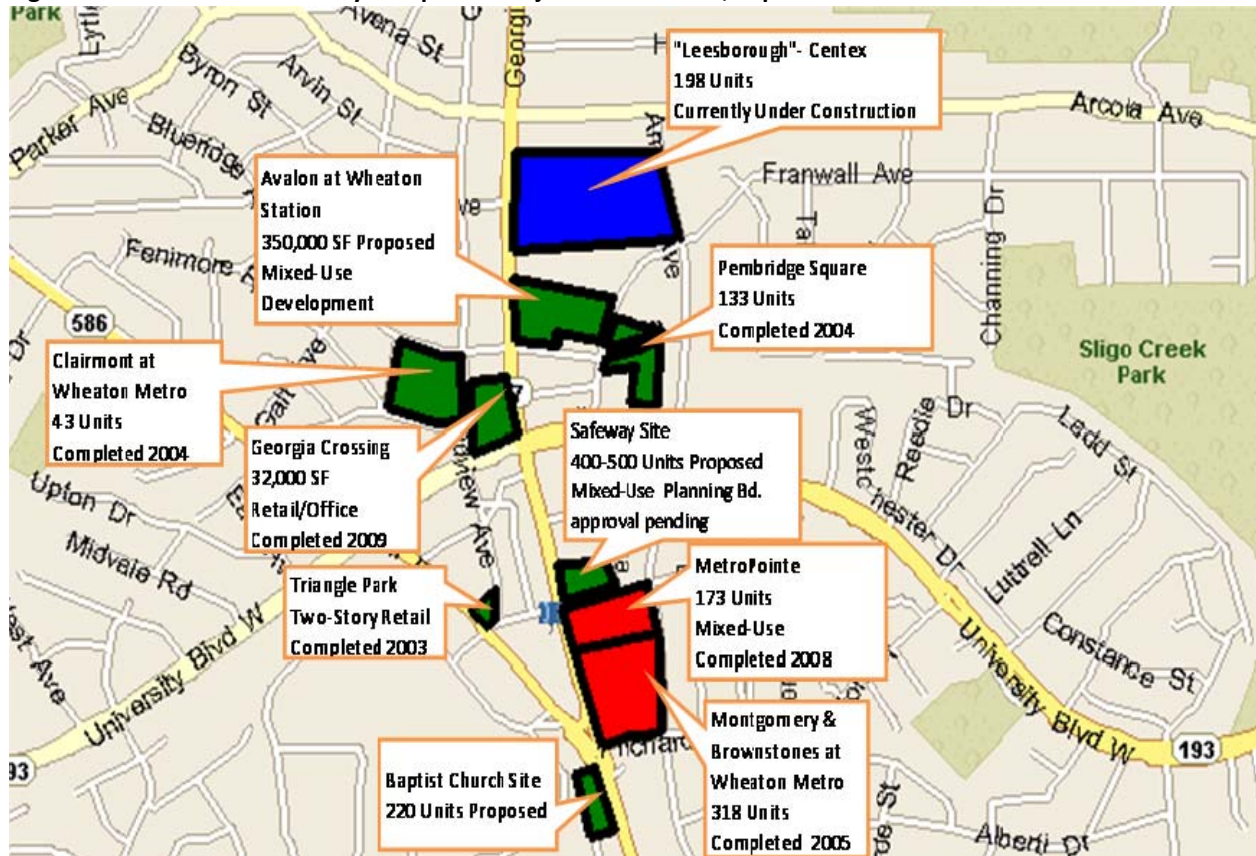
**Table 13: Attached Building Permits Approved, July 2009**

Policy Area	Total Attached Units Approved			
	Townhouse		Multifamily	
	Number	Percent	Number	Percent
Aspen Hill	54	0	46	0.2%
Bethesda CBD	12	0.2%	1,477	7.0%
Bethesda/Chevy Chase	39	0.6%	-	0.0%
Clarksburg	2,577	41.3%	2,361	11.3%
Cloverly	-	0.0%	-	0.0%
Damascus	52	0.8%	-	0.0%
Derwood	20	0.3%	-	0.0%
Fairland/White Oak	386	6.2%	-	0.0%
Friendship Heights	200	3.2%	733	3.5%
Gaithersburg City	1,220	19.6%	4,609	22.0%
Germantown East	143	2.3%	-	0.0%
Germantown West	214	3.4%	-	0.0%
Germantown Town Center	-	0.0%	604	2.9%
Glenmont	-	0.0%	-	0.0%
Grosvenor	112	1.8%	-	0.0%
Kensington/Wheaton	446	7.2%	45	0.2%
Montgomery Village/Montgomery Airpark	-	0.0%	-	0.0%
North Bethesda	-	0.0%	1,250	6.0%
North Potomac	85	1.4%	-	0.0%
Olney	198	3.2%	285	1.4%
Potomac	165	2.6%	547	2.6%
Research & Development Village	-	0.0%	168	0.8%
Rockville City	47	0.8%	3,516	16.8%
Shady Grove	36	0.6%	-	0.0%
Silver Spring CBD	-	0.0%	2,990	14.3%
Silver Spring/Takoma Park	121	1.9%	169	0.8%
Twinbrook	-	0.0%	-	0.0%
Wheaton CBD	-	0.0%	180	0.9%
White Flint	-	0.0%	1,973	9.4%
Rural	109	1.7%	-	0.0%
<b>Total</b>	<b>6,236</b>	<b>100%</b>	<b>20,953</b>	<b>100%</b>

Source: Maryland-National Capital Park & Planning Commission, 2009; BAE, 2009.



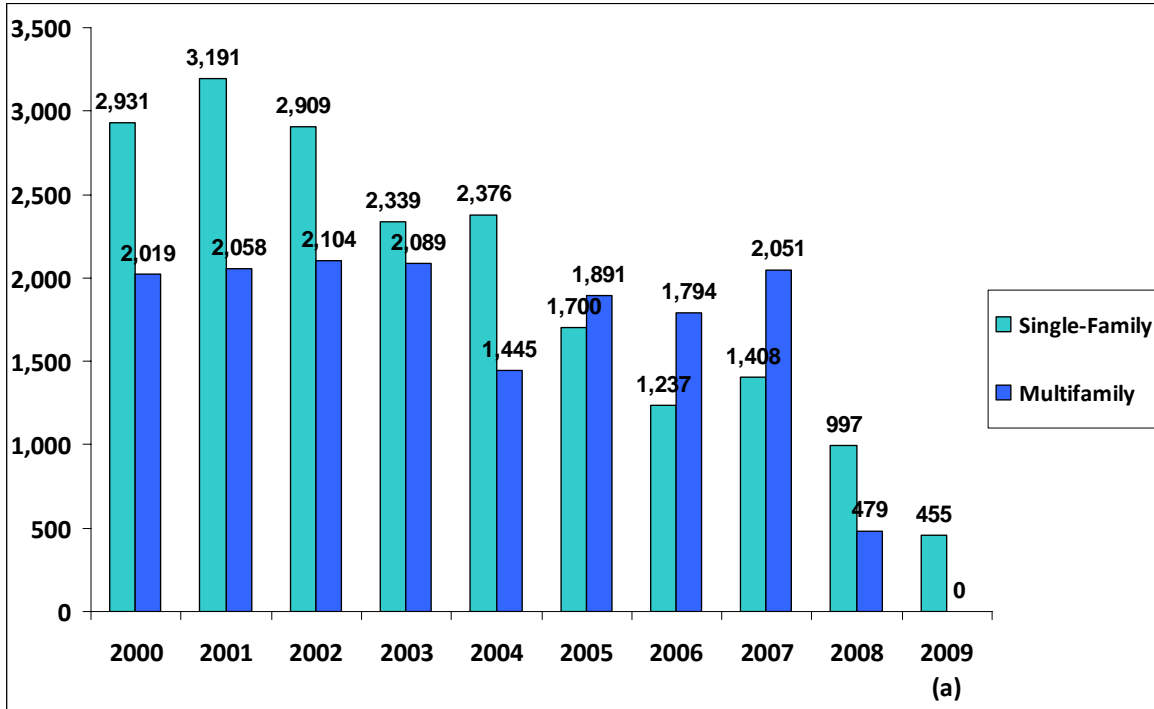
Figure 18: Planned and Recently Completed Projects in Wheaton, September 2009



Source: Wheaton Redevelopment Program, 2009; BAE, 2009.

Historical permitting trends indicate a gradual decline in new detached units from a peak in 2001, with multifamily permits maintaining a steady annual rate until 2008, when activity dropped substantially. From 2000 to 2007, the county averaged over 1,900 multifamily permits per year, but in 2008 there were fewer than 500.

Figure 19: Residential Building Permits Issued in Montgomery County, 2000 - July 2009



Notes:

(a)2009 is July year-to-date data.

Source: US Department of Housing and Urban Development, 2009; BAE, 2009.

### Rental Market

Multifamily rental units near the Wheaton Metro station are currently achieving an average of 95 percent occupancy. Of the two properties located closest to the station, the newer property is operating at 97 percent occupancy, even with high rents when compared to other properties in the area. While there are older, more affordable options available in Downtown Wheaton, two new communities have been developed in direct proximity to the Metro station, attracting many people from outside of the area.

- **Metropointe** –The 173 unit community was completed in 2008 and reached stabilized occupancy in May 2009. Units range in size from 560 square feet (studio) to 1,411 square feet (three bedrooms) and monthly rents (effective rents, which include current specials) range from \$1,158 to \$2,154. Effective rent ranges from \$1.53 per square foot for a one bedroom unit with a loft or a three bedroom to \$2.02 per square foot for a studio unit.

Tenants are drawn to the direct access to the Wheaton Metro station and the business center and fitness rooms. Currently, Metropointe is offering two months of free rent.

- **Archstone Wheaton Station** – The 243 unit project was completed in 2005, and is currently undergoing significant renovation. Monthly rents range from \$1,523 to \$1,910 and unit sizes are from 560 to 1,411 square feet. Rents per square foot range from \$1.47 for a two bedroom unit with a loft or den, to \$1.96 per square foot for a studio. Amenities available are similar to those offered at Metropointe: a fitness center, pool, and business center.

## Demand Projections

In recent years, Wheaton has experienced healthy demand for existing and new residential units, as evidenced by new for-sale and residential projects and resale volume. MWCOG data forecasts that the sector area will grow by an average of almost 130 households per year over the next 10 years, yielding a 4.0 percent average annual growth rate. This rate is strong compared to overall County growth, projected to at a 1.1 percent annual average over the same time period. The projection reflects thinking that denser growth will occur around transit stations, and that Wheaton's development will be dominated by residential construction, as supported by recent trends. Table 9 above provides a comparison of MWCOG projections for Montgomery County and the Wheaton CBD policy area to 2040.

Based on interviews with leasing offices and brokers, those households considering Wheaton also searched other closer-in, Metro-accessible Maryland locations, including Silver Spring, College Park, and Hyattsville, generally seeking an urban location, but at prices below the DC market. Many potential renters and buyers also considered Wheaton because of its strategic location between the District of Columbia and Rockville. Some households from outside of the region that have selected Wheaton are comprised of dual-income couples, with one member having found a job in a Maryland location like Rockville, and the other still seeking work.

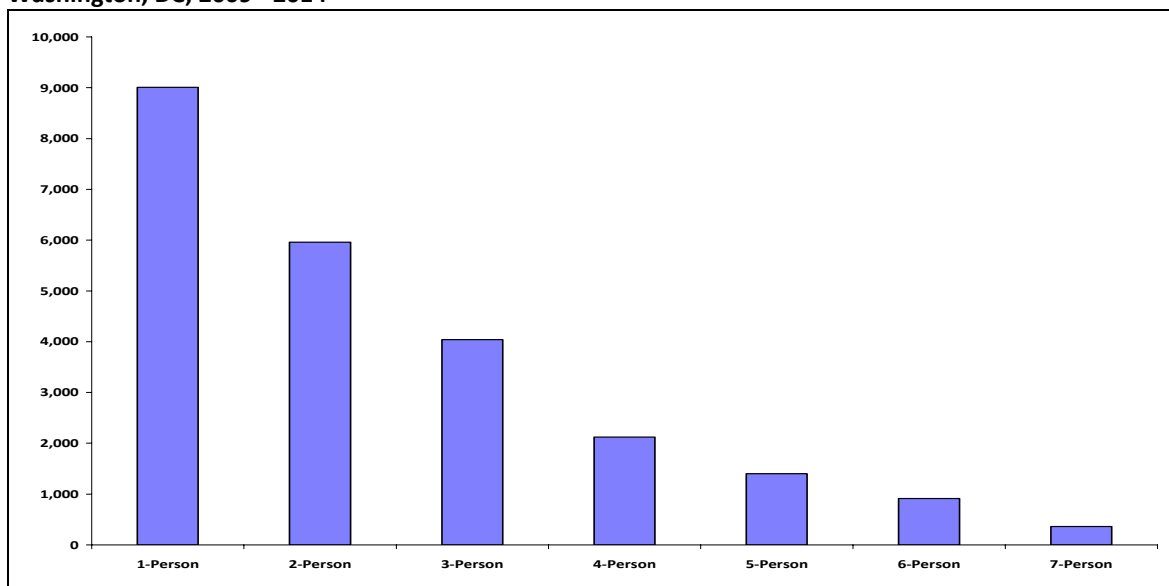
Based on Wheaton's strengths for residential development and demonstrated track record of new residential construction, the MWCOG forecast is a reasonable baseline estimate of future household growth. Given the continued improvements to the area, Wheaton could be poised to capture a higher amount of new households, and absorb new housing units at a faster rate. Future demographic trends indicate that new multifamily housing in Wheaton is well positioned to target growing market audiences in smaller and empty-nester households.

### ***Wheaton's Housing Opportunities from Emerging Demographic Shifts***

The growth of smaller households and Hispanic households represent two trends that suggest a positive outlook for Wheaton's capacity to capture a larger share of household growth in the future. Five-year demographic estimates from Claritas reflect how these trends, seen also on a national level, may impact local housing needs. The household trends discussed below are presented for a regional sub-market area including Montgomery County and two nearby areas – Prince George's County and the District of Columbia - from which market research suggests households may be drawn. Although the estimates from Claritas may not accurately reflect the impact of economic cycles on household growth trends in the short term, they are based on patterns already seen in the region and likely to continue.

From a regional perspective, Washington, DC, Montgomery County, and Prince George's County are forecasted to grow by a combined 23,800 households in the next five years. Of this growth, 80 percent will be in households with three or fewer persons, and 63 percent two or fewer (Figure 20). This household size trend converges with the multifamily housing product most suitable for the core of Wheaton.

**Figure 20: Growth in Households by Household Size for Montgomery County, Prince George's County, and Washington, DC; 2009 - 2014**



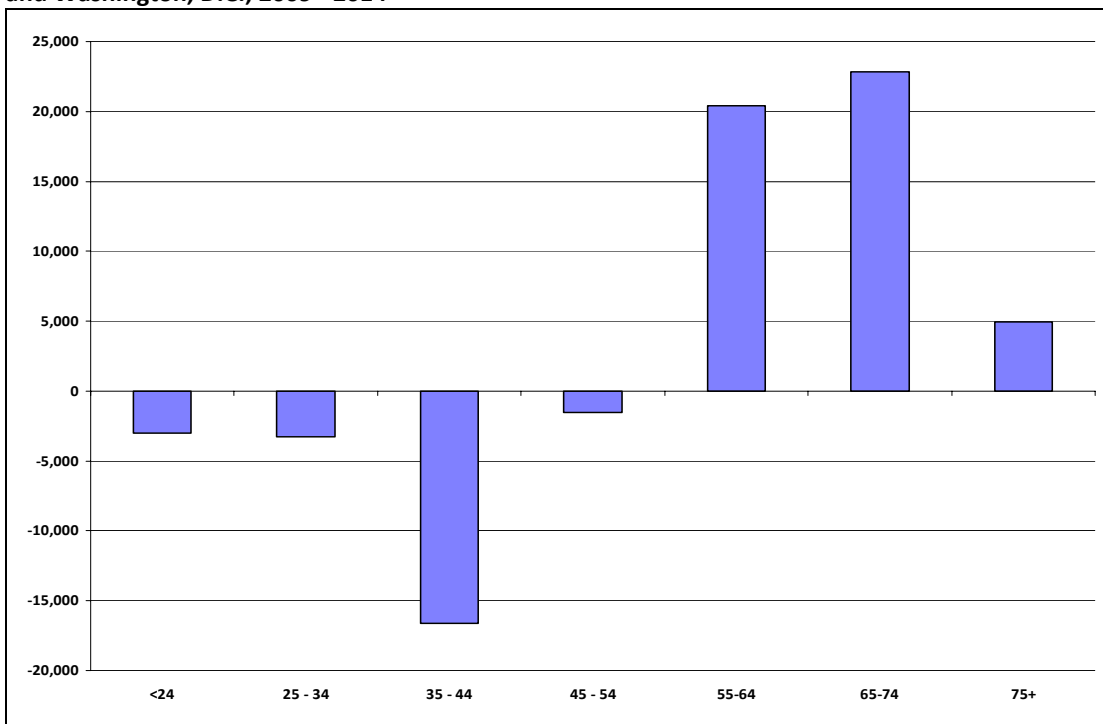
Source: Claritas, Inc., 2009; BAE, 2009.

Age and life stage will also be important with respect to positioning residential product and targeting various market segments. Of this 23,800 households of estimated growth, there will be net losses in younger age brackets with substantial growth in older age brackets as the Baby

Boomer generation continues to age (Figure 21). Households in the 55-74 age bracket will have an estimated increase of over 43,000 in the next five years. Although the housing needs of households within this group will vary, as a group they will be more likely to be seeking a smaller house in their next move than other age groups, given their life stage. Therefore they represent an ideal target for multifamily housing given their growing numbers and likely needs.

As indicated in Figure 21, younger households aged 25 to 44 will decrease in size and represent a smaller share of the County's households. However, this householder age group will still be significant in size, representing over one third of the County's households: 16 percent in between 25 and 34 years of age, and 18 percent in the 35 to 44 year old age group. The needs of these two groups may be different: older households will generally be in their peak earning years, younger households, particularly in the 25-34 years age segment, will generally be less affluent.

**Figure 21: Growth in Households by Age of Householders in Montgomery County, Prince George's County, and Washington, D.C.; 2009 - 2014**

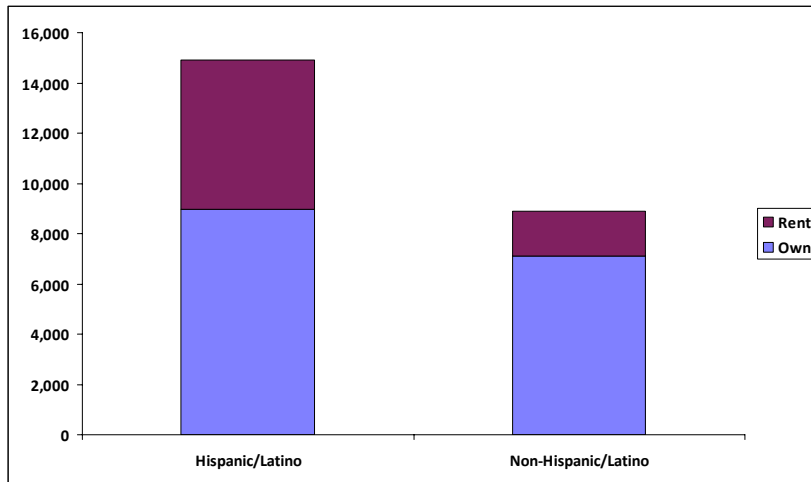


Source: Claritas, Inc., 2009; BAE, 2009.

Of all the new households Claritas forecasts for the District, Montgomery County, and Prince George's County, 63 percent will be Hispanic/Latino. Of these, 40 percent are expected to be renter occupied households, and 60 percent will be owner occupied. This renter propensity is double that of the new non-Hispanic/Latino households, which is forecasted to be 20 percent.

These trends suggest that rental demand could be stronger in the future relative to historical trends, and that strong opportunity may exist to develop rental apartments.

**Figure 22: New Household Growth by Ethnicity and Tenure, Montgomery County, 2009-2014**



Source: Claritas, Inc., 2009; BAE, 2009.

In summary, demographic shifts evident locally (and reflecting shifts taking place nationally) are likely to continue into the future, and continue to influence demand trends on a long term basis. Increased demand for housing resulting from these demographic shifts are very well aligned with the multifamily product that the Wheaton Urban District can offer. Positioning new residential in Wheaton to target smaller, 1- and 2-person households, younger (under 35) and older (55+) age groups should yield strong sales and leasing performance.

# Retail Market Analysis

The following section provides 1) an overview of retail market supply conditions, and 2) a demand analysis designed to estimate retail opportunities supported local residents surrounding the retail core. These households represent consumers most easily captured by the Wheaton Urban District, households who would consider the area as their neighborhood shopping district. The opportunities presented by local workers and commuters are also considered. Detailed market data supporting this analysis is found in Appendix D.

## Key Findings

**Retail statistics for Wheaton are strong.** Measured by average rents and vacancy rates, Wheaton is stable and healthy. It has some of the lowest vacancy rates in Montgomery County, with rents competitive to those in other submarkets.

**However, the character of Wheaton's storefront retail creates a challenging environment for its merchants.** The lack of focus on the layout of retail in the CBD does not support an environment where customers can easily browse and enjoy a walk through a shopping district. Instead, retail is oriented towards quick stops to one store by customers in cars. Duplication in the types of retail offered and the presence of multiple landlords create further challenges to a unified retail environment. Many merchants struggle in these conditions, evidenced by high turnover and few customers.

**The local residential market offers good opportunities for certain types of retail development.** An analysis of local expenditures compared to local sales confirmed that local stores are not capturing the household expenditures of the surrounding neighborhoods in many retail categories. This unmet demand points to opportunities for several types of stores that are characteristic of urban neighborhood shopping districts. Examples include a hardware store; pharmacies or health/personal care stores; a florist; and specialty housewares, gifts, cards and stationery stores, as examples. These types of businesses could be targeted in an effort to establish a retail environment more attractive to local households, which can then be the base for supporting additional retail offerings that support the growth of Wheaton as a destination.

**Certain Wheaton retailers are destinations.** The leakage shows that sales in certain retail categories far exceed what is supported by neighborhood households. Not surprisingly, the data show that Chuck Levin's Washington Music Center draws from a much wider area, as do the clothing outlets at the mall. The reported sales from the many restaurants in Wheaton indicate that while customers may be coming from longer distances to patronize these restaurants, revenues are low.

**Growth in households and workers in Wheaton will increase demand, supporting a relatively modest amount of retail square footage.** Using current local consumer expenditures as a guide, every new household in or around the Urban District will support an estimated 32 square feet of additional retail. Given estimated worker expenditures and typical sales per square foot, every 10,000 square feet of additional office space is estimated to support approximately 350 square feet of additional retail. In other words, one hundred new households will bring an estimated 3,200 square feet of additional demand that Urban District can tap into, and every 100,000 square feet of new office construction will likely increase demand potential for retail space by an estimated 3,500 square feet.

## **Supply Characteristics**

### ***Inventory***

The Wheaton retail inventory is comprised of 2.2 million square feet of space divided between the Westfield Wheaton Shopping Town and stores adjacent to the mall (comprised of 1.4 million square feet), and neighborhood serving centers scattered throughout the downtown area. The mall complex includes a Target, a health club, and other offerings that draw from a wider area than the immediately surrounding neighborhoods.

Outside of the mall complex, the retail mix is characterized by a wide variety of independent retailers, many with an ethnic theme and character, as well as multiple traditional neighborhood serving retailers such as CVS Pharmacy and Safeway. Appendix Table D-1 details the mix of tenants located in Wheaton.

### ***Retail Vacancy and Rents***

Retail in the Wheaton/Kensington submarket is stable, as shown in Figure 23. Currently, the vacancy is reported at 3.9 percent, with vacancy reported at less than one percent in many quarters since 2000. Vacancy rates over time have generally been slightly better than the County average, currently at 4.1 percent. Asking rents in the submarket have increased significantly since 2000, from \$12.00 per square foot in the fourth quarter of 2000, to \$27.77 in the second quarter of 2009. Within the Wheaton/Kensington submarket, there are 13 buildings located in the Wheaton Urban District.

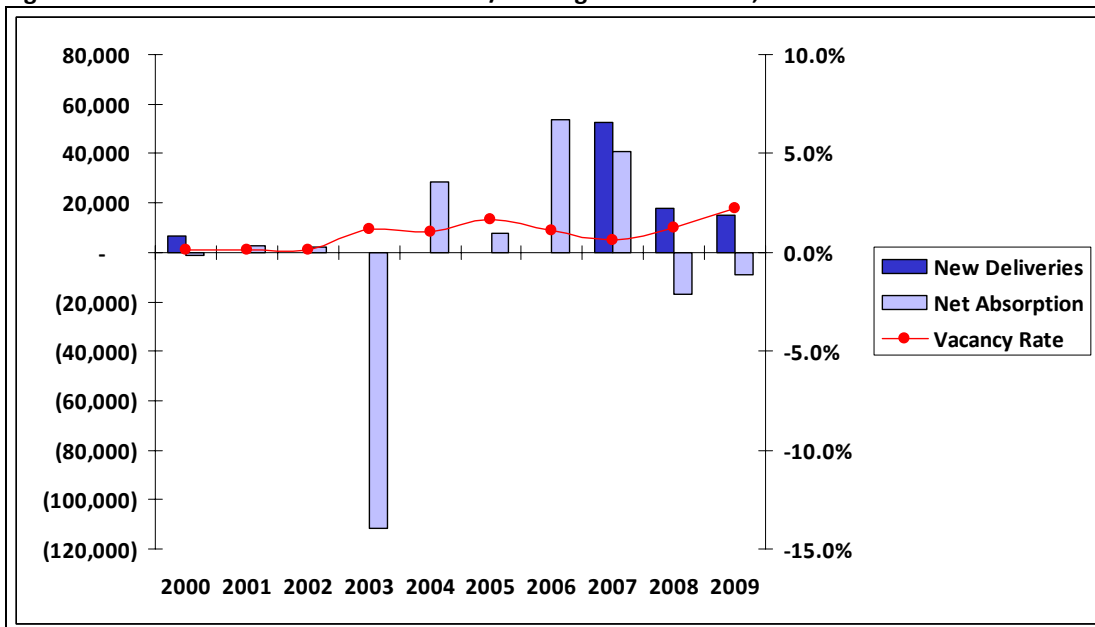
### ***Character of Wheaton's Shopping District***

Although statistics demonstrate that retail is relatively healthy in the submarket, anecdotal evidence suggests that some independent retailers in the storefront shopping district are struggling, with frequent turnover of space and insufficient customers, particularly during the day. Several factors may be contributing to this condition. The physical condition and layout of stores



in the Urban District, outside the mall, do not support customer browsing of storefronts and a pleasant pedestrian experience. Parking in many parts of the district is not sufficient for retailer needs, particularly since it is a car-oriented retail environment where customers want to park in front of the building of the single business they intend to patronize. There are multiple owners of retail space, challenging the presentation of a coordinated approach to merchandising, tenant selection, and signage that can be found in retail environments with a single or few landlords.

**Figure 23: Historical Retail Data in Wheaton/Kensington Submarket, 2000-2009**



Source: Montgomery County Department of Economic Development, 2009; CoStar Group, 2009; BAE, 2009.

## Demand Analysis

Demand for retail goods and services in the Wheaton Urban District comes from many sources and is shaped by a variety of shoppers. The following demand analysis looks at the extent to which local demand can support a greater variety of retail space in Wheaton. In addition, the analysis examines the impact that new residents and workers could have on retail offerings in the Urban District.

### ***Capture of Local Demand***

The primary purpose of this analysis is to understand the role that local expenditures can play in shaping retail offerings in the Urban District. The analysis undertakes the following steps:

- Annual expenditures made by households within the Wheaton Study Area are estimated, broken down into retail categories coded using the North American Industry Classification System (NAICS).
- Those expenditures are compared to estimated sales by retail category within the Wheaton Urban District.
- If expenditures in a category exceed sales, there is a demand surplus (a “leakage”) that could potentially be captured within the Urban District.
- If sales in a retail category exceed expenditures, then Urban District stores in that category are being supported by more sales than local expenditures support, and the stores in that category are successfully drawing in customers from a larger market area than the Study Area.

An analysis of retail expenditure leakage indicates that there is unmet demand potential from local residents, with close to half of that potential in the Building Materials, Garden Equipment, and Supplies category. Table 14 provides a comparison of retail sales and estimated consumer expenditure data in the Wheaton Study Area, for categories of expenditures where the analysis indicates that leakages exist. Expenditure categories are coded by the North American Industry Classification System (NAICS). There is additional demand in the categories of Health and Personal Care, Furniture, and Food Services & Drinking Places (Table 15).

**Table 14: Retail Demand by NAICS Category**

NAICS Code	Store Category	Leakage	Potential Capture	Potential Sales	Sales/SF	SF Potential
4421	Furniture Stores	7,365,342	50%	3,682,671	\$400	9,207
4422	Home Furnishing Stores	4,155,461	50%	2,077,731	\$300	6,926
<b>442</b>	<b>Furniture &amp; Home Furnishing Stores</b>	<b>11,520,803</b>			<b>\$359</b>	<b>16,132</b>
4441	Bldg Material & Supplies Dealers	55,497,140	75%	41,622,855	\$450	92,495
4442	Lawn & Garden Equipment & Supplies Stores	6,047,101	75%	4,535,326	\$400	11,338
<b>444</b>	<b>Bldg Materials, Garden Equipment &amp; Supplies</b>	<b>61,544,241</b>			<b>\$400</b>	<b>103,834</b>
<b>4452</b>	<b>Specialty Food Stores</b>	<b>1,322,375</b>	50%	661,188	<b>\$400</b>	<b>1,653</b>
<b>446</b>	<b>Health and Personal Care Stores</b>	<b>18,643,867</b>	75%	13,982,900	<b>\$700</b>	<b>19,976</b>
<b>4511</b>	<b>Sporting Goods/Hobby</b>	<b>4,973,934</b>	75%	3,730,451	<b>\$375</b>	<b>9,948</b>
4531	Florists	791,274	75%	593,456	\$300	1,978
4532	Office Supplies, Stationery, and Gift Stores	423,257	75%	317,443	\$250	1,270
4539	Other Miscellaneous Stores	3,603,474	75%	2,702,606	\$300	9,009
<b>453</b>	<b>Miscellaneous Store Retailers</b>	<b>4,818,005</b>			<b>\$271</b>	<b>12,257</b>
7221	Full-Service Restaurants	870,438	50%	435,219	\$425	1,024
7222	Limited-Service Eating Places	5,510,124	50%	2,755,062	\$450	6,122
7224	Drinking Places (Alcoholic Beverages)	3,790,205	50%	1,895,103	\$350	5,415
<b>722</b>	<b>Food Services &amp; Drinking Places</b>	<b>10,170,767</b>			<b>\$432</b>	<b>12,561</b>
					<b>Total</b>	<b>176,360</b>

Source: Claritas, Inc., 2009; BAE, 2009.

The analysis is based on an assumption that there can be a higher capture of local resident demand for convenience categories versus comparison categories where buyers are more likely to shop beyond the local market. For this analysis, it is assumed that convenience categories could capture 75 percent of local resident demand, and comparison categories could capture 50 percent of local resident demand. It is important to note that the above square footage figures do not necessarily translate directly to square feet of opportunity for retail, as each category is contingent on identifying a specific physical location within the market area that fits specific site selection criteria (e.g., desired tenant size/footprint, traffic counts, tenant co-location, etc.). As such, although there is a total of 176,000 square feet of retail potential from local residents, much of this potential may not represent a strong fit within an urban center. For example, over 100,000 square feet of the space is in the Building Materials, Garden Equipment, and Supplies category, but the physical retail format of a large-scale home improvement center (e.g., Home Depot or Lowes) is simply not a good fit in the CBD. Therefore, the focus should be on categories that represent a better fit with the area.

This basic analysis suggests gaps in retail offerings that purchases from the surrounding neighborhoods could likely support, even without purchases from a consumers drawn to Wheaton as a destination. Examples would include:

- A small, independent *home furnishings store* that might include a selection of home accessories (lamps, clocks, picture frames), unique housewares, and/or a selection of

used/antique furniture.

- A *local hardware store* similar to a Strosniders, or an Ace or True Value affiliated store, that sells traditional hardware merchandise as well as housewares and small appliances.
- An additional pharmacy, beauty supply or health food store (*health or personal care stores*).
- Small, specialized retailers that offer a focused line of high quality, relatively inexpensive merchandise considered convenience retail purchases, such as a *florist*, or a shop offering *cards, gifts and/or stationery*.

Because the analysis includes the mall, there may be additional opportunities for the types of merchandise that households would seek out from stores serving a local customer base, covered in the categories that include retailers drawing from a larger area. One example might be a wine shop, covered in the grocery category where area stores are drawing a surplus of sales outside what local households are purchasing. It is also important to note that the demand analysis only covers retail goods, and not demand for services such as banking, insurance, or hair and nail salons.

Introduction of stores in these categories into downtown Wheaton could be a first step in supporting other retail offerings, as they can capture local household purchases that are currently happening elsewhere. In addition, they would be attractive to area workers and Metro commuters, provided that they were in locations visible and convenient to these groups. A foundation of attractive small storefronts catering to strong demand from these groups can then lay the groundwork for the introduction of additional stores that draw from a larger area.

Certain categories of retail also demonstrate large surpluses over expected local area spending, confirming that Wheaton is a major draw beyond local residents for certain store types.

**Table 15: Retail Surplus Categories**

Store Category	Surplus
Electronics & Appliances	13,518,427
Food & Beverage (including Grocery)	52,650,221
Clothing & Clothing Accessories	82,252,541
Musical Instruments & Supplies	13,525,649
Source: Claritas, Inc., 2009; BAE, 2009.	

Although these categories may not represent opportunities for future retail space, they do shed light on why shoppers from outside of the local area come to Wheaton. There is potential to emphasizing these concentrations as strengths and reasons to visit Wheaton in marketing efforts.

### ***Other Sources of Demand***

**Office workers.** Office workers are often seen as a key component of a strong retail market, as their expenditures can supplement those made by local households. Office worker spending is also beneficial because it supports retailers during the day, complementing purchases by area households that often occur in the evenings and on weekends. A survey of office workers in 2003 by the International Council of Shopping Centers (ICSC) provided insight into most expenditures that office workers make per week in downtowns with ample and limited retail services, as well as in suburban office centers. ICSC estimated that the average worker in an area with ample retail services spent \$2,861 annually near work. This figure includes an average of \$1,257 spent annually on lunches<sup>7</sup>. Workers in downtowns with limited retail spent an estimated \$2,630 on average. Adjusted to 2009 dollars<sup>8</sup>, workers with ample amenity retail spend an estimated \$3,260 near their office on average.

Assuming an average of 235 square feet per worker<sup>9</sup>, each additional 10,000 square feet of office space could yield \$138,723 in office worker expenditures to Wheaton annually, including \$60,977 in lunch expenditures. Opportunities for capturing lunch spending by employees are greatest in convenience and carry out offerings, as ICSC notes a shift in its 2003 survey results compared to its earlier (1987) survey towards less social, more convenience-driven, and shorter lunch hours.

**New residents.** The ongoing addition of new residents to the Wheaton area will generate more demand for retail as well. These residents will likely demonstrate relatively similar expenditure patterns to those existing households in the area. However, if the target market audiences comprising residential demand in the long term serve to change the demographic landscape dramatically over time, these expenditure patterns are likely to change. Nevertheless, for the purposes of this analysis, new households added to the area are assumed to demonstrate generally similar expenditure patterns. Based on this assumption, the addition of every 100 new households to the area yields around \$3 million in additional retail expenditures. Assuming typical sales per square foot thresholds and a local capture of 50 percent of this spending, an additional 3,200 square feet of retail would be supportable in the CBD for every 100 new households.

**Transit riders.** A more vibrant Wheaton urban center could attract more Metrorail riders to make retail purchases as they pass through the Metro station in the mornings and evenings. SmarTrip

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<sup>7</sup> *Office Worker Spending Patterns*. International Council of Shopping Centers, 2004.

<sup>8</sup> Based on a 14 percent change in the Consumer Price Index (CPI), All Urban Consumers, between the 2003 annual figure and August 2009.

<sup>9</sup> Based on ratio of net new jobs to net absorption of office space in the metropolitan Washington DC area. Source: BLS, CoStar, HVS, 2008

information available from WMATA from a recent weekday during the school year found a concentration of commuters who use the Metro parking lot come from within the residential Study Area, but also from a further distance, particularly from the south. Although the number of commuters arriving at the Wheaton station by car or bus outside the residential study area is difficult to quantify precisely, they can add support to convenience retail offerings such as prepared foods, banks, and florists as well as dining and comparison shopping offerings that would be part of a revitalized destination in the Wheaton Urban District.

### ***Tenant Opportunities***

Although a key component of Wheaton's character is its unique mix of local retailers, the health of the retail outside of the mall might benefit from businesses with proven business models. Surprisingly, despite current weak economic conditions and very weak retail fundamentals, over 100 different national retail and restaurant establishments are currently seeking to expand. Of this group over 70 have a presence in the Washington DC region. Although some of these retailers already exist in Wheaton, most do not. Of those firms without a presence in Wheaton, the list was filtered further to identify those retailers and restaurants that might be a good fit for Wheaton using various qualitative and quantitative criteria:

- Typical size
- Typical target demographics
- Whether or not the store/brand character mesh well with the character of Wheaton and despite a national brand, can still maintain Wheaton's authenticity

Around 15 to 20 of these businesses fell into the category of potential opportunities to explore further and include restaurants such as Five Guys. General retail categories that show strong potential for a location in Wheaton included clothing stores and specialty grocery stores. Although there are supply surpluses in these categories because of the mall, there may be opportunities for tenants who specifically prefer to co-locate within proximity to malls but not necessarily inside them. The complete set of these retailers and restaurants is presented in Appendix Table D-3. This list is not meant to be interpreted as a recommendation to convert Wheaton's retail from local to national. However, adding a few selected national tenants that have proven successful business models, complement the current tenant mix, and do not detract from the authenticity of Wheaton, can help optimize the overall Wheaton retail mix.

# Appendix A – Economic and Demographic Overview Supporting Data

**Table A-1: Racial and Ethnic Distribution, 2009**

Type	Wheaton Study Area (a)		Montgomery County	
	Number	Percent	Number	Percent
Non-Hispanic White	19,427	39.6%	497,814	54.5%
Non- Hispanic African American	9,094	18.5%	147,268	16.1%
Non-Hispanic Asian	4,914	10.0%	125,446	13.7%
Non-Hispanic Other	329	0.7%	5,357	0.6%
Hispanic	15,275	31.1%	138,301	15.1%
Two or More Races	1,464	3.0%	24,588	2.7%
<b>Total</b>	<b>49,039</b>	<b>100%</b>	<b>914,186</b>	<b>100%</b>
Notes:				
(a) Study area is defined in Figure 2 and Table 7.				
Source: Claritas, Inc., 2009; BAE, 2009.				

**Table A- 2: Study Area Household Type, 2009**

Type	Wheaton Study Area (a)		Montgomery County	
	Number	Percent	Number	Percent
Single Householder	4,676	25.9%	85,427	24.6%
Married Couple, No Children	4,305	23.8%	95,690	27.5%
Married Couple, Children	4,793	26.5%	96,839	27.9%
Other Family, No Children	1,629	9.0%	22,506	6.5%
Other Family, Children	1,401	7.8%	25,127	7.2%
Non Family Household	1,249	6.9%	22,045	6.3%
<b>Total</b>	<b>18,053</b>	<b>100%</b>	<b>347,634</b>	<b>100%</b>
Notes:				
(a) Study area is defined in Figure 2 and Table 7.				
Source: Claritas, Inc., 2009; BAE, 2009.				

**Table A- 3: Study Area Household Size, 2009**

Size	Wheaton Study Area (a)		Montgomery County	
	Number	Percent	Number	Percent
1 Person	4,676	25.9%	85,427	24.6%
2 Persons	5,467	30.3%	107,874	31.0%
3 Persons	2,916	16.2%	59,643	17.2%
4 Persons	2,362	13.1%	53,890	15.5%
5 Persons	1,314	7.3%	24,764	7.1%
6 or More Persons	1,318	7.3%	16,036	4.6%
<b>Total</b>	<b>18,053</b>	<b>100%</b>	<b>347,634</b>	<b>100%</b>
Notes:				
(a) Study area is defined in Figure 2 and Table 7.				
Source: Claritas, Inc., 2009; BAE, 2009.				

**Table A- 4: Study Area Age of Householder, 2009**

Age Distribution	Wheaton Study Area (a)		Montgomery County	
	Number	Percent	Number	Percent
Under 25	534	3.0%	10,792	3.1%
25-34	2,015	11.2%	44,358	12.8%
35-44	3,914	21.7%	71,569	20.6%
45-54	4,078	22.6%	84,900	24.4%
55-64	3,231	17.9%	66,796	19.2%
65-74	2,047	11.3%	36,664	10.5%
75 and Older	2,234	12.4%	32,555	9.4%
<b>Total</b>	<b>18,053</b>	<b>100%</b>	<b>347,634</b>	<b>100%</b>

Notes:  
(a) Study area is defined in Figure 2 and Table 7.

Source: Claritas, Inc., 2009; BAE, 2009.

**Table A- 5: Study Area Household Income, 2009**

Income Distribution	Wheaton Study Area (a)		Montgomery County	
	Number	Percent	Number	Percent
Less than \$25,000	2,146	11.9%	29,265	8.4%
\$25,000-\$34,999	1,153	6.4%	17,374	5.0%
\$35,000-\$49,999	1,950	10.8%	32,523	9.4%
\$50,000-\$74,999	3,370	18.7%	57,734	16.6%
\$75,000-\$99,999	2,971	16.5%	51,706	14.9%
\$100,000-\$149,999	3,651	20.2%	71,489	20.6%
\$150,000 or Higher	2,812	15.6%	87,543	25.2%
<b>Total</b>	<b>18,053</b>	<b>100%</b>	<b>347,634</b>	<b>100%</b>

Notes:  
(a) Study area is defined in Figure 2 and Table 7.

Source: Claritas, Inc., 2009; BAE, 2009.

**Table A- 6: Study Area Household Income by Race of Householder, 2009 (a)**

Income Distribution	White		African American		Asian		Some Other Race		2 or More Races	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under \$25,000	955	9.2%	636	17.8%	242	15.9%	184	10.4%	129	16.9%
\$25,000-\$34,999	601	5.8%	240	6.7%	112	7.4%	134	7.6%	66	8.6%
\$35,000-\$49,999	961	9.2%	435	12.1%	190	12.5%	277	15.7%	87	11.4%
\$50,000-\$74,999	1,813	17.4%	665	18.6%	282	18.5%	432	24.4%	178	23.3%
\$75,000-\$99,999	1,832	17.6%	605	16.9%	211	13.9%	197	11.1%	126	16.5%
\$100,000-\$124,999	1,415	13.6%	382	10.7%	199	13.1%	209	11.8%	40	5.2%
\$125,000 or Higher	2,838	27.2%	620	17.3%	287	18.8%	334	18.9%	139	18.2%
<b>Total</b>	<b>10,415</b>	<b>100%</b>	<b>3,583</b>	<b>100%</b>	<b>1,523</b>	<b>100%</b>	<b>1,767</b>	<b>100%</b>	<b>765</b>	<b>100%</b>

Notes:  
(a) Study Area is defined in Figure 2 and Table 7.

Source: U.S. Census Bureau, 2009; Claritas, 2009; BAE, 2009.



**Table A-7: Study Area Household Income by Ethnicity, 2009 (a)**

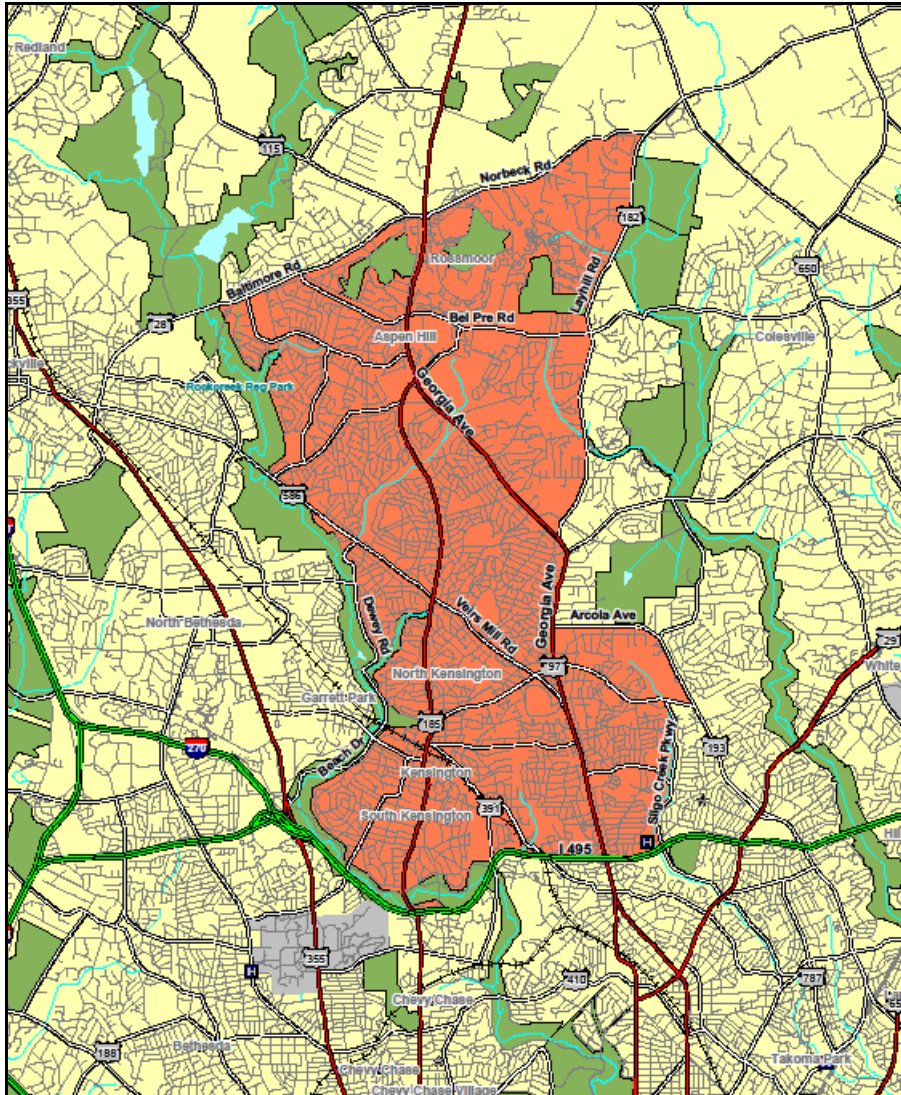
Income Distribution	Non-Hispanic		Hispanic	
	Number	Percent	Number	Percent
Under \$25,000	1,778	12.3%	368	10.3%
\$25,000 - \$34,999	859	5.9%	294	8.2%
\$35,000 - \$49,999	1,405	9.7%	545	15.2%
\$50,000 - \$74,999	2,493	17.2%	877	24.5%
\$75,000 - \$99,999	2,397	16.6%	574	16.0%
\$100,000 - \$124,999	1,856	12.8%	389	10.8%
\$125,000 or Higher	3,679	25.4%	539	15.0%
<b>Total</b>	<b>14,467</b>	<b>100%</b>	<b>3,586</b>	<b>100%</b>
Notes:				
(a) Study area is defined in Figure 2 and Table 7.				
Source: U.S. Census Bureau, 2009; Claritas, Inc., 2009; BAE, 2009.				

**Table A- 8: Mode of Transportation to Wheaton Metro Station  
for Metrorail Riders**

Mode of Transportation	Number	Percent
Dropped off by someone	458	9.5%
Bicycle	33	0.7%
DC Circulator	8	0.2%
Drove a Car	1,757	36.6%
Metrobus	391	8.1%
Montgomery Ride-On	222	4.6%
Other Bus Service	16	0.3%
Rode with someone who parked	74	1.5%
Walked	1,836	38.3%
<b>Total</b>	<b>4,796</b>	<b>100%</b>
Source: Maryland Department of Transportation, 2009; Washington Metropolitan Area Transit Authority, 2009; BAE, 2009.		

## Appendix B – Office Market Overview Supporting Data

Figure B- 1: Kensington/Wheaton Office Submarket



Source: CoStar Group, 2009; BAE, 2009.

**Table B- 1: Office Market Characteristics, 2000-2009**

Year (a)	Kensington/Wheaton				Montgomery County			
	Average Rent (fs)	Net Absorption	New Deliveries (sf)	Vacancy Rate	Average Rent (fs)	Net Absorption	New Deliveries (sf)	Vacancy Rate
2000	\$19.49	(34,379)	0	4.7%	\$28.35	1,352,536	1,305,689	5.6%
2001	\$20.81	14,049	0	3.9%	\$28.13	(334,117)	2,295,873	9.9%
2002	\$20.75	156	0	3.9%	\$27.24	508,623	1,920,282	11.7%
2003	\$28.21	(8,698)	65,000	7.6%	\$26.28	1,645,701	1,791,061	11.6%
2004	\$24.07	17,693	0	6.7%	\$25.62	1,813,319	1,353,583	10.6%
2005	\$23.47	21,621	0	5.6%	\$25.70	1,282,127	296,238	9.0%
2006	\$24.05	48,563	0	3.1%	\$27.32	934,857	410,999	8.1%
2007	\$24.48	(2,367)	0	3.2%	\$29.63	105,504	991,818	9.4%
2008	\$24.15	(54,702)	0	6.0%	\$29.63	(130,499)	889,848	10.8%
2009	\$23.67	(36,630)	0	7.9%	\$28.84	(679,825)	875,368	12.4%

(a) Data represents the fourth quarter of each year for net absorption and vacancy rate, except for 2009, which represents the second quarter.

Source: Montgomery County Dept. of Economic Development, 2009; CoStar, 2009; BAE, 2009.

**Table B- 2: Office Inventory, Current Achievable Rents, and Vacancy  
by Submarket, Third Quarter 2009**

Submarket	Inventory	Rent	Vacancy	SF Vacant
I-270 Corridor North	558,907	\$21.11	0.8%	4,471
College Park (a)	18,600	\$21.32	22.7%	4,222
Gaithersburg	6,080,436	\$22.94	15.0%	912,065
N Silver Spring/Rt 29	3,223,549	\$23.01	7.4%	238,543
Kensington/Wheaton	1,971,820	\$23.13	9.5%	187,323
Germantown	2,767,688	\$23.94	20.8%	575,679
Outlying Montgomery County East	549,340	\$24.78	6.4%	35,158
Silver Spring	7,010,760	\$27.28	9.3%	652,001
N Rockville	11,929,866	\$27.60	16.1%	1,920,708
COUNTY AVERAGE		\$29.15	13.1%	
Rockville	9,092,707	\$29.97	14.1%	1,282,072
N Bethesda/Potomac	10,781,181	\$31.59	15.1%	1,627,958
Outlying Montgomery County West	807,770	\$33.15	24.2%	195,480
Bethesda/Chevy Chase	11,886,709	\$36.33	9.3%	1,105,464
<b>Total/Weighted Average</b>	<b>66,679,000</b>	<b>\$29.15</b>	<b>13.1%</b>	<b>8,741,000</b>

Notes:  
(a) College Park is included due to its proximity to the Study Area.

Source: Montgomery County Department of Economic Development, 2009; CoStar, 2009; BAE, 2009.

**Table B- 3: Inventory of Westfield Office Tenants, September 2009**

<b>Name</b>	<b>Building</b>	<b>Type</b>
Kia Tae Lee, CPA	Westfield North	Accountant
W.T.I. Financial Services, Inc.	Westfield North	Accountant
H&R Block Premium Tax Services	Westfield South	Accountant
Leibowitz & Band	Westfield North	Attorney
Law Office of Stanton J. Levinson	Westfield North	Attorney
The Law Offices of Paul A. Samakow	Westfield North	Attorney
Skirble, Joel Atlas	Westfield North	Attorney
Jezic, Krum & Moyse, LLC	Westfield North	Attorney
Montgomery Works	Westfield South	Career/Workforce Counseling
Educational Opportunities Center	Westfield South	Career/Workforce Counseling
Development & Continuing Education- Montgomery College	Westfield South	Career/Workforce Counseling
The Professional Development Institute, Administrative Offices	Westfield North	Career/Workforce Counseling
The Professional Development Institute, Classroom	Westfield North	Career/Workforce Counseling
The Professional Development Institute, Classroom	Westfield North	Career/Workforce Counseling
Workforce Solutions Group	Westfield South	Career/Workforce Counseling
Rehabilitation Experts of MD	Westfield South	Doctor/Mental Health
Mark Hirschfield	Westfield South	Doctor/Mental Health
Martha Mervens	Westfield South	Doctor/Mental Health
Linda Gordon	Westfield South	Doctor/Mental Health
Mary Boylen Wichansky	Westfield South	Doctor/Mental Health
Reed, Matthew, M.P.T.	Westfield North	Doctor/Mental Health
Matsumoto, M.D., Alan K	Westfield North	Doctor/Mental Health
Montgomery Foot & Ankle Association	Westfield North	Doctor/Mental Health
Montgomery Women's Fertility Center	Westfield North	Doctor/Mental Health
Riosenberg, Robert, M.D.	Westfield North	Doctor/Mental Health
Sapin Linda PhD.	Westfield North	Doctor/Mental Health
Siegel, Evan L., MD	Westfield North	Doctor/Mental Health
Spector, Adam K. DPM	Westfield North	Doctor/Mental Health
Total Health Services	Westfield North	Doctor/Mental Health
Urological Consultants, P.A.	Westfield North	Doctor/Mental Health
Eric M. Jeffries, MD	Westfield North	Doctor/Mental Health
NRH/Suburban Regional Rehab	Westfield North	Doctor/Mental Health
Oncology Care Associates, P.A.	Westfield North	Doctor/Mental Health
Orlitan, Eric A., M.D.	Westfield North	Doctor/Mental Health
Osteoporosis Assessment Center	Westfield North	Doctor/Mental Health
pH Advantage, LLC	Westfield North	Doctor/Mental Health
Wheaton Dental Partners	Westfield North	Doctor/Mental Health
Avin, Brian H, M.D.	Westfield North	Doctor/Mental Health
Cheryl A. Aylesworth, M.D.	Westfield North	Doctor/Mental Health
Baraf, Herbert, S.B., MD	Westfield North	Doctor/Mental Health
Bloom, Leonard S., MD	Westfield North	Doctor/Mental Health
Linda M. Burrell, MD	Westfield North	Doctor/Mental Health
The Center for Rheumatology and Bone Research	Westfield North	Doctor/Mental Health
Wellington-Goldsmith, Anne, M.P.T	Westfield North	Doctor/Mental Health
Linda R. Frey, M.D.	Westfield North	Doctor/Mental Health
Goldman, Robert L, MD	Westfield North	Doctor/Mental Health
Holy Cross Anesthesiology Associates	Westfield North	Doctor/Mental Health
Advanced Chiropractic & Rehab Center	Westfield North	Doctor/Mental Health
Allergy Care Centers	Westfield North	Doctor/Mental Health
Arthritis & Rehabilitation Therapy Services	Westfield North	Doctor/Mental Health
Silver Spring/Wheaton Chiropractic Center	Westfield North	Doctor/Mental Health
Paul J. DeMarco, MD	Westfield North	Doctor/Mental Health
Eckmann, Kenneth W. M.D.	Westfield North	Doctor/Mental Health
Famuyiwe, Yemi, M.D.	Westfield North	Doctor/Mental Health
Institute for Asthma & Allergy	Westfield South	Doctor/Mental Health
Sign Language Associates, Inc.,	Westfield South	Doctor/Mental Health
Office of Administrative Hearings	Westfield North	Government
Division of Rehabilitation Services	Westfield South	Government
Allstate Insurance	Westfield South	Insurance
State Farm Insurance	Westfield North	Insurance
State Farm Insurance	Westfield South	Insurance
AAA Insurance Agency	Westfield North	Insurance
Ewing, Hines, & Associates	Westfield South	Insurance
Acosta Services, Inc.	Westfield South	Miscellaneous/Unknown
Barrera & Co.	Westfield North	Miscellaneous/Unknown
JMP Associates, Inc.	Westfield North	Miscellaneous/Unknown
Equipo Atlas	Westfield North	Miscellaneous/Unknown
National City Mortgage Company	Westfield North	Mortgage Broker
Westfield	Westfield North	Property Management
TeleSec CORESTAFF	Westfield North	Staffing

Source: BAE, 2009.

## Appendix C– Residential Market Overview Supporting Data

**Table C- 1: Annual Sales in Zip Code 20902 and Montgomery County, October 2004 - September 2009**

<b>Time Period</b>	<b>Zip Code 20902</b>	<b>Montgomery County</b>
October 2004-September 2005	762	17,720
October 2005-September 2006	659	13,698
October 2006-September 2007	474	10,988
October 2007-September 2008	330	8,059
October 2008-September 2009	431	8,971
Source: Metropolitan Regional Information Statistics, 2009; Statistics, 2009; BAE, 2009.		

**Table C- 2: Annual Average Price in Zip Code 20902 and Montgomery County, October 2004 - September 2009**

<b>Time Period</b>	<b>Zip Code 20902</b>	<b>Montgomery County</b>
October 2004-September 2005	\$394,776	\$494,019
October 2005-September 2006	\$416,653	\$526,271
October 2006-September 2007	\$420,243	\$543,394
October 2007-September 2008	\$367,725	\$520,539
October 2008-September 2009	\$294,885	\$440,666
Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.		

**Table C- 3: Average Monthly Sale Price,  
November 2004 - September 2009**

<b>Time Period</b>	<b>Zip Code 20902</b>	<b>Montgomery County</b>
Nov-04	\$358,500	\$365,000
Dec-04	\$365,000	\$369,900
Jan-05	\$360,000	\$369,925
Feb-05	\$350,000	\$375,000
Mar-05	\$370,200	\$393,450
Apr-05	\$400,000	\$405,000
May-05	\$401,000	\$429,900
Jun-05	\$417,500	\$440,000
Jul-05	\$435,000	\$460,000
Aug-05	\$421,500	\$439,000
Sep-05	\$425,000	\$429,000
Oct-05	\$420,700	\$429,000
Nov-05	\$426,000	\$427,000
Dec-05	\$427,600	\$449,000
Jan-06	\$425,000	\$425,000
Feb-06	\$401,000	\$407,250
Mar-06	\$445,000	\$427,500
Apr-06	\$437,900	\$435,000
May-06	\$438,850	\$449,000
Jun-06	\$420,000	\$467,000
Jul-06	\$410,000	\$455,000
Aug-06	\$400,000	\$450,000
Sep-06	\$388,500	\$435,000
Oct-06	\$430,000	\$432,000
Nov-06	\$445,000	\$435,000
Dec-06	\$430,000	\$435,600
Jan-07	\$440,000	\$435,000
Feb-07	\$412,500	\$429,750
Mar-07	\$414,000	\$430,000
Apr-07	\$440,000	\$449,750
May-07	\$435,000	\$445,000
Jun-07	\$400,000	\$470,000
Jul-07	\$420,000	\$490,000
Aug-07	\$405,000	\$462,000
Sep-07	\$430,000	\$415,000
Oct-07	\$364,500	\$415,000
Nov-07	\$401,750	\$410,000
Dec-07	\$377,500	\$425,500
Jan-08	\$375,000	\$409,000
Feb-08	\$390,000	\$415,000
Mar-08	\$385,000	\$402,500
Apr-08	\$349,000	\$419,500
May-08	\$395,000	\$410,000
Jun-08	\$352,500	\$445,000
Jul-08	\$357,500	\$408,000
Aug-08	\$347,500	\$408,000
Sep-08	\$335,000	\$350,000
Oct-08	\$318,700	\$370,000
Nov-08	\$269,450	\$330,000
Dec-08	\$309,000	\$341,750
Jan-09	\$293,450	\$319,000
Feb-09	\$255,500	\$315,500
Mar-09	\$307,500	\$339,000
Apr-09	\$271,000	\$337,975
May-09	\$310,000	\$358,117
Jun-09	\$315,000	\$376,900
Jul-09	\$289,250	\$375,000
Aug-09	\$279,900	\$355,000
Sep-09	\$270,000	\$330,000
Source: Metropolitan Regional Information Statistics, 2009; BAE, 2009.		

**Table C- 4: Historic Building Permit  
Trends, 2000 - 2009**

<b>Year</b>	<b>Montgomery County</b>	
	<b>Single-Family</b>	<b>Multifamily</b>
2000	2,931	2,019
2001	3,191	2,058
2002	2,909	2,104
2003	2,339	2,089
2004	2,376	1,445
2005	1,700	1,891
2006	1,237	1,794
2007	1,408	2,051
2008	997	479
2009 (a)	455	0
Notes:		
(a) Includes building permits issued through July 2009.		
Source: U.S. Department of Housing and Urban Development, 2009; BAE, 2009.		

**Table C- 5: Growth in Households by  
Household Size in Montgomery County,  
Prince George's County and Washington, D.C.;  
2009 - 2014**

<b>Household Size</b>	<b>Number</b>	<b>Percent</b>
1-Person	9,010	37.9%
2-Person	5,960	25.0%
3-Person	4,040	17.0%
4-Person	2,120	8.9%
5-Person	1,400	5.9%
6-Person	910	3.8%
7-Person	360	1.5%
<b>Total</b>	<b>23,800</b>	<b>100%</b>
Source: Claritas, Inc., 2009; BAE, 2009.		

**Table C- 6: Growth in Households by  
Age of Householders in  
Montgomery County,  
Prince George's County and  
Washington, D.C, 2009 - 2014**

<b>Age</b>	<b>Change</b>
Under 25	-3,018
25-34	-3,261
35-44	-16,604
45-54	-1,537
55-64	20,395
65-74	22,852
75 and Older	4,968

Source: Claritas, Inc., 2009;  
BAE, 2009.

**Table C- 7: Growth by Tenure of  
Householder in Montgomery County  
Prince George's County and  
Washington, D.C., 2009 - 2014**

<b>Tenure</b>	<b>Hispanic/ Latino</b>	<b>Non-Hispanic/ Latino</b>
Rent	5,956	1,751
Own	8,964	7,124

Source: Claritas, 2009; BAE, 2009.



**Table C- 8: Population Growth by Race/Ethnicity (in 1,000s) for  
Montgomery County, 2000 - 2040**

<b>Year</b>	<b>White Non-Hispanic</b>	<b>Black Non-Hispanic</b>	<b>Asian American</b>	<b>Hispanic/ Latino</b>
2000	531.8	136.7	105.0	101.8
2001	535.5	139.8	109.5	108.0
2002	535.7	142.1	114.0	114.2
2003	534.1	144.0	118.0	118.9
2004	531.1	145.8	121.0	123.0
2005	529.4	148.1	123.6	126.9
2006	526.4	150.7	125.8	130.9
2007	523.6	152.1	128.7	134.8
2008	520.9	154.7	132.1	140.7
2009	513.9	158.0	136.0	148.0
2010	507.0	161.1	139.8	155.4
2011	500.0	164.2	143.7	162.9
2012	493.0	167.1	147.6	170.7
2013	486.0	170.1	151.5	178.6
2014	479.0	172.9	155.3	186.7
2015	471.9	175.7	159.1	195.0
2016	464.7	178.4	163.1	203.6
2017	457.3	181.1	167.0	212.4
2018	449.9	183.6	170.8	221.5
2019	442.4	186.1	174.7	230.8
2020	434.7	188.5	178.5	240.4
2021	426.8	190.8	182.3	250.3
2022	418.8	193.1	186.2	260.5
2023	410.7	195.3	189.9	270.9
2024	402.3	197.4	193.6	281.7
2025	393.9	199.4	197.4	292.7
2026	385.3	201.3	201.2	303.9
2027	376.4	203.2	204.9	315.4
2028	367.5	205.0	208.6	327.3
2029	358.4	206.7	212.3	339.3
2030	349.3	208.2	216.1	351.5
2031	340.0	209.6	219.7	364.0
2032	330.8	210.9	223.4	376.6
2033	321.5	212.1	227.2	389.3
2034	312.4	213.3	230.8	402.0
2035	303.2	214.3	234.5	414.9
2036	294.1	215.2	238.2	427.9
2037	284.9	216.1	241.7	441.2
2038	275.7	216.9	245.1	454.7
2039	266.7	217.4	248.4	468.3
2040	257.9	217.9	251.7	481.9
<b>Total Change</b>	<b>-273.9</b>	<b>81.1</b>	<b>146.7</b>	<b>380.1</b>
Source: Woods and Poole, 2009; BAE, 2009.				

## Appendix D– Retail Market Overview Supporting Data

**Table D- 1: Wheaton Retail Business Inventory, September 2009**

Business Name	Type
Dippin' Dots	Foodservice and Drinking Places
Acapulco Restaurant	Foodservice and Drinking Places
Alchemy Caterers	Foodservice and Drinking Places
Baja Bistro	Foodservice and Drinking Places
Baskin Robbins	Foodservice and Drinking Places
Best Chicken	Foodservice and Drinking Places
Bourbon Street Café	Foodservice and Drinking Places
Brazilian Market	Foodservice and Drinking Places
Brothers Restaurant and Carry-Out	Foodservice and Drinking Places
Bubble Tea	Foodservice and Drinking Places
Buffalo Wings & Beer	Foodservice and Drinking Places
Cabanita Restaurant	Foodservice and Drinking Places
Candy World	Foodservice and Drinking Places
Caramelo Bakery	Foodservice and Drinking Places
Catering by Anna Saint John	Foodservice and Drinking Places
Charley's Grilled Subs	Foodservice and Drinking Places
Chicago Bakery Inc	Foodservice and Drinking Places
Chicken Basket	Foodservice and Drinking Places
The Chicken Place	Foodservice and Drinking Places
Christina's Italian Ristorante	Foodservice and Drinking Places
Country Chicken/Pollo Sabroso	Foodservice and Drinking Places
Crisp & Juicy	Foodservice and Drinking Places
Dae Sung Kwan	Foodservice and Drinking Places
DeJaBel Café	Foodservice and Drinking Places
Dunkin Donuts	Foodservice and Drinking Places
Dunkin Donuts	Foodservice and Drinking Places
Dusit Thai Cuisine	Foodservice and Drinking Places
El Boqueron Restaurant	Foodservice and Drinking Places
El Pollito	Foodservice and Drinking Places
El Pollo Kiki Riki	Foodservice and Drinking Places
El Pollo Rico	Foodservice and Drinking Places
El Puente de Oro	Foodservice and Drinking Places
Full Key Restaurant	Foodservice and Drinking Places
Good Fortune Restaurant	Foodservice and Drinking Places
Granja de Oro	Foodservice and Drinking Places
Grill Cancun	Foodservice and Drinking Places
IHOP	Foodservice and Drinking Places
Intipiqueno	Foodservice and Drinking Places
Irene's Pupusas	Foodservice and Drinking Places
Irene's Pupusas 3	Foodservice and Drinking Places
Jose's Grill Fine American Cuisine	Foodservice and Drinking Places
Juanita's Kitchen	Foodservice and Drinking Places
Kantutas	Foodservice and Drinking Places
Kenny's Sub Shop	Foodservice and Drinking Places
Kentucky Fried Chicken/Taco Bell	Foodservice and Drinking Places
La Antigua	Foodservice and Drinking Places
Ledo Pizza	Foodservice and Drinking Places
Los Cobanos Restaurant	Foodservice and Drinking Places
Lucia's Authentic Italian Deli	Foodservice and Drinking Places

Matamoros Restaurant	Foodservice and Drinking Places
Max's Kosher Café	Foodservice and Drinking Places
McDonald's	Foodservice and Drinking Places
Mi Peru	Foodservice and Drinking Places
Paul Kee Restaurant	Foodservice and Drinking Places
Pho Heip Hoa Restaurant	Foodservice and Drinking Places
Pollo Campero	Foodservice and Drinking Places
Provisions LLC Catering	Foodservice and Drinking Places
Rock Creek Catering	Foodservice and Drinking Places
Ruan Thai Restaurant	Foodservice and Drinking Places
Samantha's Diner and Bakery	Foodservice and Drinking Places
Subway	Foodservice and Drinking Places
Super Chicken Pio Pio	Foodservice and Drinking Places
Suporn Thai Restaurant	Foodservice and Drinking Places
Telvis Restaurant	Foodservice and Drinking Places
Umberto's	Foodservice and Drinking Places
Won City	Foodservice and Drinking Places
Wong Gee	Foodservice and Drinking Places
Woomi Restaurant	Foodservice and Drinking Places
Arby's	Foodservice and Drinking Places
Dippin' Dots	Foodservice and Drinking Places
Hollywood East Café	Foodservice and Drinking Places
Honeybee Bakery	Foodservice and Drinking Places
Ice Berry	Foodservice and Drinking Places
Ice Ice Baby	Foodservice and Drinking Places
Green Leaf Grille/Bananas	Foodservice and Drinking Places
Hershey's Ice Cream	Foodservice and Drinking Places
McDonald's	Foodservice and Drinking Places
Ming Tree	Foodservice and Drinking Places
PJ's Rice Bistro Bar & Sushi	Foodservice and Drinking Places
Popeye's	Foodservice and Drinking Places
Quizno's Subs	Foodservice and Drinking Places
Ruby Tuesday	Foodservice and Drinking Places
Sarku Japan	Foodservice and Drinking Places
Sbarro	Foodservice and Drinking Places
Starbucks	Foodservice and Drinking Places
Starbucks	Foodservice and Drinking Places
The Steak Escape	Foodservice and Drinking Places
Subway	Foodservice and Drinking Places
Alamo Grill Tex-Mex	Foodservice and Drinking Places
Cabanita Peruvian Restaurant	Foodservice and Drinking Places
DeJaBel Café	Foodservice and Drinking Places
El Pugarcito del Callao	Foodservice and Drinking Places
Ferdinand's Restaurant	Foodservice and Drinking Places
Los Chorros Restaurant	Foodservice and Drinking Places
Marchones Italian Specialties	Foodservice and Drinking Places
Moby Dick Sushi	Foodservice and Drinking Places
Nava Thai	Foodservice and Drinking Places
Nick's Diner	Foodservice and Drinking Places
Nut House Pizza	Foodservice and Drinking Places

Royal Mile Pub	Foodservice and Drinking Places
Sergio's Place Restaurant	Foodservice and Drinking Places
Saigonese Restaurant	Foodservice and Drinking Places
Song Phat Noodle Grill	Foodservice and Drinking Places
Caramelo Bakery	Foodservice and Drinking Places
Gail's Vegetarian Catering	Foodservice and Drinking Places
GiraMondo Win e Adventures	Foodservice and Drinking Places
Dessie Ethiopian Restaurant & Market	Foodservice and Drinking Places
Auntie Anne's	Foodservice and Drinking Places
Auntie Anne's II	Foodservice and Drinking Places
Baja Fresh	Foodservice and Drinking Places
Candy World	Foodservice and Drinking Places
Dunkin Donuts	Foodservice and Drinking Places
Mrs. Field's	Foodservice and Drinking Places
Texas BBQ Factory	Foodservice and Drinking Places
Legends	Foodservice and Drinking Places
Banner's Hallmark	Miscellaneous Store Retailers
Dollar Ocean	Miscellaneous Store Retailers
Office Depot	Miscellaneous Store Retailers
Rainbow Image	Miscellaneous Store Retailers
UPS Store	Miscellaneous Store Retailers
Wheaton Newsstand	Miscellaneous Store Retailers
Four J's Party Supply	Miscellaneous Store Retailers
Instant Sign Center	Miscellaneous Store Retailers
Bennett's House of Flowers	Miscellaneous Store Retailers
V.A. Bag	Miscellaneous Store Retailers
Taramina Invitations, Favors & Accessories	Miscellaneous Store Retailers
The Little Bitts Shop	Miscellaneous Store Retailers
A-One Cash	Miscellaneous Store Retailers
The Four J's Party Supplies	Miscellaneous Store Retailers
The Gallery Flower and Gifts	Miscellaneous Store Retailers
Borders Express	Sporting Goods, Hobby, Book, Music Stores
Champs Sports	Sporting Goods, Hobby, Book, Music Stores
Sports Zone	Sporting Goods, Hobby, Book, Music Stores
Yankee Candle	Sporting Goods, Hobby, Book, Music Stores
Chuck Levin's Washington Music Center	Sporting Goods, Hobby, Book, Music Stores
Z7	Sporting Goods, Hobby, Book, Music Stores
Zodiac	Sporting Goods, Hobby, Book, Music Stores
Wild Bird Center	Sporting Goods, Hobby, Book, Music Stores
Wheaton Cycles Inc.	Sporting Goods, Hobby, Book, Music Stores
Video 95 by Nite	Sporting Goods, Hobby, Book, Music Stores
Video Liquidators	Sporting Goods, Hobby, Book, Music Stores
Uno Billiards	Sporting Goods, Hobby, Book, Music Stores
Thai Asian Tape	Sporting Goods, Hobby, Book, Music Stores
Tienda Sula y Musica	Sporting Goods, Hobby, Book, Music Stores
New Mya Video	Sporting Goods, Hobby, Book, Music Stores
The Official Washington Redskins Store	Sporting Goods, Hobby, Book, Music Stores
La Musica Record	Sporting Goods, Hobby, Book, Music Stores
Elli-Chai's One Stop Judica Shop	Sporting Goods, Hobby, Book, Music Stores
Emanuel Christian Bookstore	Sporting Goods, Hobby, Book, Music Stores
Dae Sung Video	Sporting Goods, Hobby, Book, Music Stores
Cadmus II Video Newstand	Sporting Goods, Hobby, Book, Music Stores
Billio Billiards	Sporting Goods, Hobby, Book, Music Stores
Barbarian Book Shop	Sporting Goods, Hobby, Book, Music Stores
Artistic Framing and Gallery	Sporting Goods, Hobby, Book, Music Stores

Wheaton Studio of Dance	Sporting Goods, Hobby, Book, Music Stores
Ray Picture Frame	Sporting Goods, Hobby, Book, Music Stores
The Toy Exchange	Sporting Goods, Hobby, Book, Music Stores
American Beauty Academy	Health and Personal Care Stores
Bath & Body Works	Health and Personal Care Stores
Bally Total Fitness	Health and Personal Care Stores
Bubbles	Health and Personal Care Stores
Carol's Daughter	Health and Personal Care Stores
Custom Tailors	Health and Personal Care Stores
CVS Pharmacy	Health and Personal Care Stores
Elle Braiding	Health and Personal Care Stores
Eterna Day Spa	Health and Personal Care Stores
General Nutrition Center	Health and Personal Care Stores
Hair Cuttery	Health and Personal Care Stores
Lenscrafters	Health and Personal Care Stores
Health Magic	Health and Personal Care Stores
JC Penney Optical	Health and Personal Care Stores
JC Penney Salon & Day Spa	Health and Personal Care Stores
Lovely Hair & Nails	Health and Personal Care Stores
Mastercuts	Health and Personal Care Stores
The Nail Bar	Health and Personal Care Stores
Perfumania	Health and Personal Care Stores
Piercing Pagoda	Health and Personal Care Stores
Regis Hairstylists	Health and Personal Care Stores
Scents & Such	Health and Personal Care Stores
Trade Secret	Health and Personal Care Stores
Vitamin World	Health and Personal Care Stores
CVS Pharmacy	Health and Personal Care Stores
Derrick and Darren's Barber Shop	Health and Personal Care Stores
AT&T Wireless	Electronics and Appliance Stores
AT&T Wireless	Electronics and Appliance Stores
Best Buy Mobile	Electronics and Appliance Stores
Digital Wireless Solutions	Electronics and Appliance Stores
F.Y.E. For Your Entertainment	Electronics and Appliance Stores
GameStop	Electronics and Appliance Stores
ID Communications	Electronics and Appliance Stores
Mobile Solutions	Electronics and Appliance Stores
Mobile Solutions	Electronics and Appliance Stores
Nextel Wireless	Electronics and Appliance Stores
PCC Wireless	Electronics and Appliance Stores
Radio Shack	Electronics and Appliance Stores
Ritz Camera One Hour Photo	Electronics and Appliance Stores
Simply Wireless	Electronics and Appliance Stores
Sprint	Electronics and Appliance Stores
Verizon FIOS	Electronics and Appliance Stores
Wireless Champs	Electronics and Appliance Stores
Washington Professional Systems	Electronics and Appliance Stores
TCS Associates	Electronics and Appliance Stores
Smart Computer Company	Electronics and Appliance Stores
Johanna's Vacuum Sales and Service	Electronics and Appliance Stores

WISE Comprehensive Solutions LLC	Electronics and Appliance Stores
Best Buy	Electronics and Appliance Stores
Choice Electronics	Electronics and Appliance Stores
Cingular Wireless	Electronics and Appliance Stores
ProTech	Electronics and Appliance Stores
Radio Shack	Electronics and Appliance Stores
Mobile One	Electronics and Appliance Stores
Jcomputers	Electronics and Appliance Stores
International Media Academy	Electronics and Appliance Stores
Da Lounge	Electronics and Appliance Stores
Cricket Wireless	Electronics and Appliance Stores
America Wireless	Electronics and Appliance Stores
Aeropostale	Clothing and Clothing Accessories Stores
Aldo	Clothing and Clothing Accessories Stores
American Eagle Outfitters	Clothing and Clothing Accessories Stores
Aria Collection	Clothing and Clothing Accessories Stores
Ashley Stewart	Clothing and Clothing Accessories Stores
Baker's Shoes	Clothing and Clothing Accessories Stores
Boardwalk	Clothing and Clothing Accessories Stores
Body Basic	Clothing and Clothing Accessories Stores
Chameleon	Clothing and Clothing Accessories Stores
Charlotte Russe	Clothing and Clothing Accessories Stores
The Children's Place	Clothing and Clothing Accessories Stores
CJ Watch & Jewelry Repair	Clothing and Clothing Accessories Stores
Claire's	Clothing and Clothing Accessories Stores
Deb & Deb Plus	Clothing and Clothing Accessories Stores
DSW Shoes	Clothing and Clothing Accessories Stores
DTLR	Clothing and Clothing Accessories Stores
Dynamix	Clothing and Clothing Accessories Stores
Easy Spirit	Clothing and Clothing Accessories Stores
Ego Vanity	Clothing and Clothing Accessories Stores
Elite Gold & Diamonds	Clothing and Clothing Accessories Stores
Express/Express Men	Clothing and Clothing Accessories Stores
Express Shoes	Clothing and Clothing Accessories Stores
Fashion Time	Clothing and Clothing Accessories Stores
Finish Line	Clothing and Clothing Accessories Stores
Footaction	Clothing and Clothing Accessories Stores
Foot Locker	Clothing and Clothing Accessories Stores
Forever 21	Clothing and Clothing Accessories Stores
G by Guess	Clothing and Clothing Accessories Stores
Gold Palace	Clothing and Clothing Accessories Stores
Gymboree	Clothing and Clothing Accessories Stores
Hat Shack	Clothing and Clothing Accessories Stores
Heritage Jewelers	Clothing and Clothing Accessories Stores
Hollister	Clothing and Clothing Accessories Stores
Hot Topic	Clothing and Clothing Accessories Stores
Journeys	Clothing and Clothing Accessories Stores
Kay Jewelers	Clothing and Clothing Accessories Stores
Kid's Footlocker	Clothing and Clothing Accessories Stores
Lady Footlocker	Clothing and Clothing Accessories Stores

Laila Rowe	Clothing and Clothing Accessories Stores
Lane Bryant	Clothing and Clothing Accessories Stores
Last Stop	Clothing and Clothing Accessories Stores
Lids	Clothing and Clothing Accessories Stores
Lucaya	Clothing and Clothing Accessories Stores
LVLX	Clothing and Clothing Accessories Stores
Man Alive	Clothing and Clothing Accessories Stores
Men's Wearhouse and Tux	Clothing and Clothing Accessories Stores
Milano	Clothing and Clothing Accessories Stores
Modern Image	Clothing and Clothing Accessories Stores
Motherhood Maternity	Clothing and Clothing Accessories Stores
New York & Co.	Clothing and Clothing Accessories Stores
Nine West	Clothing and Clothing Accessories Stores
Old Navy	Clothing and Clothing Accessories Stores
Pac Sun	Clothing and Clothing Accessories Stores
Payless Shoe Source	Clothing and Clothing Accessories Stores
Rave	Clothing and Clothing Accessories Stores
Ruby Jewelers	Clothing and Clothing Accessories Stores
Shaw's Jewelry	Clothing and Clothing Accessories Stores
Shoe City	Clothing and Clothing Accessories Stores
Shoe Department	Clothing and Clothing Accessories Stores
Stride Rite	Clothing and Clothing Accessories Stores
Sunglass Hut	Clothing and Clothing Accessories Stores
Sun's Jewelry & Clock	Clothing and Clothing Accessories Stores
Underground Station	Clothing and Clothing Accessories Stores
Up Against the Wall	Clothing and Clothing Accessories Stores
Victoria's Secret	Clothing and Clothing Accessories Stores
Zales Jewelers	Clothing and Clothing Accessories Stores
The Athlete's Foot	Clothing and Clothing Accessories Stores
Wilson's	Clothing and Clothing Accessories Stores
Whitehall Jewelers	Clothing and Clothing Accessories Stores
Washington Uniforms	Clothing and Clothing Accessories Stores
The Arc of Montgomery County Thrift Store	Clothing and Clothing Accessories Stores
Triangle Watch Repair	Clothing and Clothing Accessories Stores
Royal Jewelry	Clothing and Clothing Accessories Stores
Lindo Jewelry & Gifts	Clothing and Clothing Accessories Stores
Le Jewelry & Gifts	Clothing and Clothing Accessories Stores
Gold Center	Clothing and Clothing Accessories Stores
Gold Mine	Clothing and Clothing Accessories Stores
Diamond Jewelers	Clothing and Clothing Accessories Stores
Concord Jeweler	Clothing and Clothing Accessories Stores
Accent Jewelers	Clothing and Clothing Accessories Stores
Waldman and Diamond, Chartered	Clothing and Clothing Accessories Stores
Renegade T-Shirts	Clothing and Clothing Accessories Stores
Wheaton Body Shop	Motor Vehicle and Parts Dealers
Central Auto Care	Motor Vehicle and Parts Dealers
Giant Food	Food and Beverage Stores
Filipino Home Baking and Grocery Store	Food and Beverage Stores
Hung Phat Grocery	Food and Beverage Stores
La Salvadorenita Grocery	Food and Beverage Stores

Thomas Market	Food and Beverage Stores
Safeway	Food and Beverage Stores
Elbe's Beer and Wine	Food and Beverage Stores
Wheaton Winery	Food and Beverage Stores
Wheaton Natural Health Foods	Food and Beverage Stores
The Brazilian Market	Food and Beverage Stores
Sandy's Sweet Shop	Food and Beverage Stores
Shalom Strictly Kosher Market Deli	Food and Beverage Stores
Montgomery County Liquor Store	Food and Beverage Stores
Little Bitts Shop	Food and Beverage Stores
Mangos Market	Food and Beverage Stores
Partytime Beer & Wine	Food and Beverage Stores
Latin & American Market	Food and Beverage Stores
Latin-America Plaza Market	Food and Beverage Stores
Latino Market	Food and Beverage Stores
Le International Market	Food and Beverage Stores
Ethiopia Plus Market	Food and Beverage Stores
Brazilian Market	Food and Beverage Stores
Asian Food Inc	Food and Beverage Stores
Cheese & Wine Shoppe	Food and Beverage Stores
7-Eleven	Food and Beverage Stores
JC Penney	General Merchandise Stores
Macy's	General Merchandise Stores
Target	General Merchandise Stores
Mattress City	Furniture and Home Furninshing Stores
Mattress Discounters	Furniture and Home Furninshing Stores
Mattress Warehouse	Furniture and Home Furninshing Stores
All Eco Center	Building Material, Garden Equipment Store

Source: Westfield, 2009; Wheaton Redevelopment Program, 2009; BAE, 2009.

**Table D- 2: Wheaton/Kensington Retail Submarket  
Trends, 2000 - 2009**

Year (a)	Kensington/Wheaton			
	Average Rent (fs)	Net Absorption	New Deliveries (sf)	Vacancy Rate
2000	\$12.00	(1,203)	6,647	0.1%
2001	\$9.00	2,860	0	0.2%
2002	\$9.00	1,981	0	0.1%
2003	\$13.04	(111,565)	0	1.2%
2004	\$26.26	28,651	0	1.1%
2005	\$31.39	7,535	0	1.6%
2006	\$27.29	53,848	0	1.1%
2007	\$29.52	40,862	52,644	0.6%
2008	\$30.84	(16,674)	18,000	1.3%
2009	\$27.77	(9,144)	14,756	2.3%

(a) Data represents the fourth quarter of each year for net absorption and vacancy rate, except for 2009, which represents the second quarter.

Source: Montgomery County Dept. of Economic Development, 2009; CoStar, 2009; BAE, 2009.



**Table D- 3: Expanding Retailers and Restaurants, 2009**

<b>Retailer or Restaurant</b>	<b>Typical Size Range (SF)</b>	<b>Targeting Region? (a)</b>	<b>Fit with Wheaton? (b)</b>	<b>In Wheaton Already?</b>
Carter's/OshKosh	2,000-4,000	Yes	Strong	No
Citi Trends	5,000	Yes	Strong	No
Cost Cutters	900-1,200	Yes	Strong	No
Gamer Doc	80-1,500	Yes	Strong	No
H&M	10,000-40,000	Yes	Strong	No
Rainbow	5,000	Yes	Strong	No
Sprouts Organic Grocery	20,000-30,000	Yes	Strong	No
Sylvan Learning Centers	1,600-2,500	Yes	Strong	No
The Avenue	4,500	Yes	Strong	No
Boston Market	Up to 3,500	Yes	Moderate	No
Einstein's/Noah's	Up to 2,500	Yes	Moderate	No
Extreme Pita	1,000-2,000	Yes	Moderate	No
Extreme Pizza	Up to 2,500	Yes	Moderate	No
Jimmy John's	Up to 1,500	Yes	Moderate	No
Johnny Rockets	Up to 3,500	Yes	Moderate	No
Julie's Thin Crust	Up to 2,500	Yes	Moderate	No
L&L Hawaiian BBQ	Up to 2,500	Yes	Moderate	No
Maos Vegetarian	1,000	Yes	Moderate	No
Marco's Pizza	Up to 1,400	Yes	Moderate	No
Pho Hoa	2,000-4,000	Yes	Moderate	No
Pinkberry	Up to 2,000	Yes	Moderate	No
Pizzeria Venti	2,500	Yes	Moderate	No
Popeye's Chicken	2,500	Yes	Moderate	No
Red Mango	Up to 1,200	Yes	Moderate	No
Sandella's Flatbread	Up to 1,500	Yes	Moderate	No
Shakey's Pizza	Up to 4,000	Yes	Moderate	No
Smashburger	1,800	Yes	Moderate	No
Spicy Pickle	Up to 1,800	Yes	Moderate	No
Submarina	Up to 2,500	Yes	Moderate	No
ToGo's	Up to 2,400	Yes	Moderate	No
Bad Ass Coffee	Up to 1,800	Yes	Strong	No
Churro Station	800	Yes	Strong	No
Cici's Pizza	Up to 4,200	Yes	Strong	No
El Pollo Loco	Up to 3,500	Yes	Strong	No
Five Guys Burgers & Fries	1,000-2,000	Yes	Strong	No
Panera Bread	Up to 4,500	Yes	Strong	No
Sonoma Chicken Coop	5,000-8,000	Yes	Strong	No
Wing Stop	1,500	Yes	Strong	No
(a) The region is defined as the greater Washington, DC-Baltimore region.				
(a) Fit with Wheaton factors in quantitative criteria such as typical size and target demographics as well as qualitative criteria such as fit with Wheaton's character.				
Source: Colliers, International, 2009; Metrovation, 2009; BAE, 2009.				

# ECONOMIC ANALYSIS

January 12, 2010

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•STUDY AREA DEFINITION • STUDY AREA MAP •DATA NOTE

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### **employment**

•AT-PLACE EMPLOYMENT FORECAST •MAJOR EMPLOYERS •WHEATON WORKFORCE •ESTABLISHMENTS

### **retail gap analysis**

•RETAIL DEMAND •RETAIL SALES •RETAIL OPPORTUNITY GAP/SURPLUS

### **resident economic characteristics**

•POPULATION & HOUSEHOLD COUNTS •POPULATION CHARACTERISTICS • RESIDENT LABOR FORCE CHARACTERISTICS •MEDIAN HOUSEHOLD INCOME

# overview

## study area definition

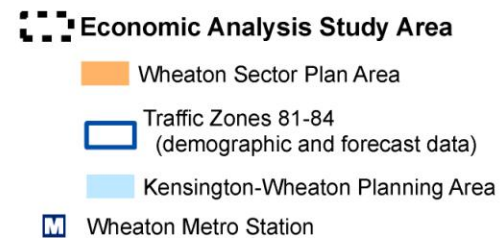
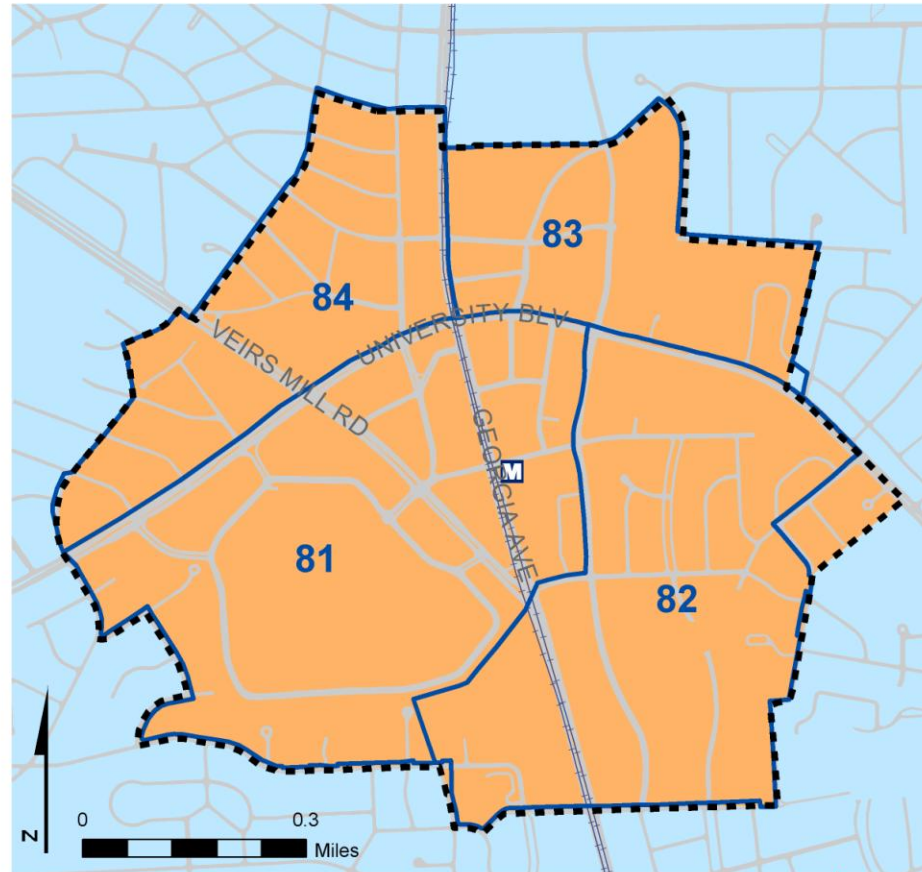
The study area for this report is the boundary of the Wheaton Sector Plan.

## data note

. All data for this report, , is based on information about properties, households, and business establishments located within the Plan area. The exception is data from the Round 7.2 COG forecast and demographic data from the 2008 Census Update Survey, which are reported for combined traffic zones 81 through 84. AS the map indicates, the forecast and demographic study areas are slightly smaller than the Plan area boundaries.

## economic analysis study area Wheaton Sector Plan

Research & Technology Center  
THE MARYLAND - NATIONAL CAPITAL PARK AND PLANNING COMMISSION



## executive summary

### commercial space

Wheaton has nearly 3.4 million square feet of leased commercial space in 175 buildings—two percent of the County’s total commercial square footage. No commercial space is under construction.

**Retail** space accounts for 80 percent of Wheaton’s commercial inventory. Half of its total 2.7 million square feet of retail space is in Westfield Wheaton Mall. Average per square foot retail rents are \$23.50 versus \$27.99 Countywide. Retail vacancies—historically close to zero—rose to an average of three percent in 2009, reflecting both the current recession and deliveries of new retail space.

Seventeen percent of commercial space in Wheaton is **offices**, versus 49 percent of space Countywide. Most area offices (82 percent) are in Class B and C buildings; Wheaton supplies only 0.3 percent of Montgomery County’s prime Class A office space. Office rents are comparatively low and stable, averaging between \$23 and \$24 per square foot for all types combined. Class A space rents for \$27.93 per square foot versus \$32.56 Countywide. Vacancies rose from eight percent in 2007 to 17 percent in 2009, above the Countywide rate of 14 percent.

Wheaton’s 128,000 square feet of **industrial / flex** space, which accounts for four percent of commercial inventory versus 21 percent Countywide. Less than 0.5 percent of Montgomery County’s total industrial/flex inventory is in Wheaton.

### at-place employment forecast

Wheaton had nearly 9,000 jobs in 2009, two percent of jobs Countywide. Current forecasts anticipate that by 2040, Wheaton will add 1,400 jobs, compared to the 200,000 jobs (39 percent) forecasted to be added Countywide.

### major employers

**Retail trade** is Wheaton’s largest job base (28 percent versus six percent Countywide) followed by **health care and social services** (15 percent versus 11 percent Countywide) and **professional, scientific and technical services** (11 percent versus 16 percent Countywide). Wheaton’s top three employers are retailers Macy’s, JC Penney, and Target, providing 200 to 300 jobs each.

### wheaton workforce

Most jobs in Wheaton (72 percent) pay less than \$3,400 per month; more than one-third (37 percent) pay \$1,200 per month or less. More than one-third (36 percent) of jobs in Wheaton are filled by workers under age 30, compared to 25 percent Countywide. Most workers live outside Wheaton; only nine percent of jobs are filled by Wheaton-Glenmont area residents, and 48 percent by Montgomery County residents overall.

## establishments

Wheaton's 821 establishments generated nearly \$700 million in total sales and revenue in 2008. **Retail trade** is Wheaton's largest business segment, with 177 establishments. Four percent of all retail establishments in Montgomery County are located in Wheaton. The next largest sector, **professional, scientific and technical services**, accounts for 14 percent of Wheaton establishments, compared to 24 percent Countywide.

## household economic characteristics

Wheaton has 4,600 residents living in 2,310 households—one half of one percent of population and households Countywide. Wheaton residents generally are very well educated; 37 percent of adults have a graduate degree, the same as the Countywide proportion. The share of residents lacking a high school education is half the Countywide rate (two percent versus 4.2 percent). Sixty-eight percent of Wheaton residents are employed. Compared to residents Countywide, they more likely to work for private, non-profit employers (24 percent versus 14 percent) and less likely to work in private, for-profit jobs (32 percent versus 44 percent). Half of Wheaton residents work in Washington, D.C., compared to less than a quarter of residents Countywide. Wheaton residents are more likely to take public transit than residents of the County as a whole (52 percent versus 18 percent). The median household income in Wheaton was \$62,405, compared to \$96,475 for the County as a whole in 2007.

## retail gap analysis

Wheaton is one of the County's main shopping destinations, attracting most of its retail dollars from outside residents. Wheaton residents spent \$86.4 million on retail goods and services in 2009, including \$12.1 million in automotive purchases. Retail sales in Wheaton approached half a billion dollars (\$462 million), led by clothing and accessories sales (\$106 million) and food-related purchases (with grocery stores and restaurants generating a combined \$89 million). Retail sales by Wheaton merchants exceeded the value of spending by area residents by \$375 million. Clothing, electronics, music, books, sporting goods and related merchandise were among the biggest sales categories to outside consumers.

# commercial space

## data note

This analysis of commercial real estate inventory and trends is based on CoStar data from third quarter 2009.

CoStar data tracks leasable commercial properties as reported by owners or brokers. Data on owner-occupied space generally is not included.

The study area is part of CoStar's wider Kensington-Wheaton Submarket. However, this analysis is limited to data for commercial properties within the Wheaton Sector Plan boundaries only.

## commercial space overview

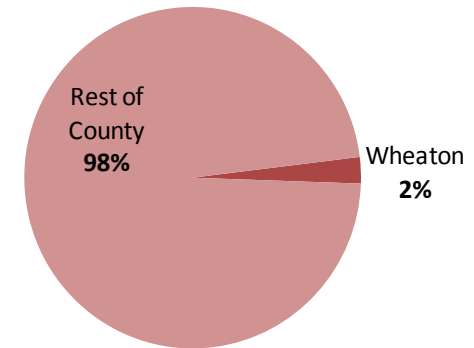
### Total Commercial Inventory

The Wheaton Sector Plan area has nearly 3.43 million square feet of leased commercial space in 175 buildings—two percent of Montgomery County's total commercial square footage.

### Development Activity

CoStar reported no commercial projects under construction in the study area in 2009.

Wheaton share of commercial square footage in Montgomery County



### existing leasable space inventory

as of 3Q 2009

type	RENTABLE BUILDING AREA		BUILDINGS	
	square feet	share of County	number	share of County
all leasable space	3,426,902	2%	175	4%
retail	2,728,808	7%	145	7%
office	570,899	1%	28	2%
industrial	126,519	1%	1	0.2%
flex	676	0.005%	1	0.3%

Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

# commercial space

overview, continued

## Commercial Inventory by Space Type

Wheaton's existing mix of commercial space is heavily weighted to retail, with relatively little office, industrial, or flex compared to the County as a whole. (Retail and office space are discussed in greater detail in following sections.)

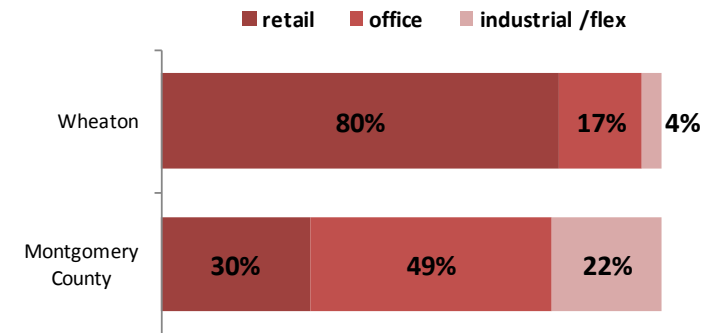
**Retail** is Wheaton's largest commercial real estate component by far, with 80 percent of total square footage in the Plan area. By contrast, retail makes up 30 percent of commercial space Countywide. With 2.7 million square feet of leasable retail space, Wheaton provides seven percent of the County's total retail inventory.

**Office** space is a small part of Wheaton's overall commercial space, accounting for 17 percent of space in the study area versus 49 percent Countywide. Wheaton's 571,000 square feet of leasable office space makes up less than one percent of all office space in Montgomery County.

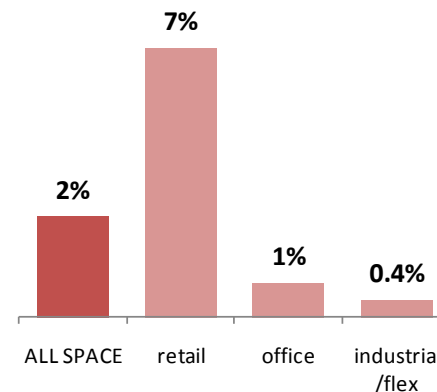
**Industrial and flex** space is relatively scarce in Wheaton, with one of each type of building. A single 127,000-square foot industrial property accounts for one percent of industrial space Countywide. A 676-square foot flex building provides a negligible share of the County's 14.1 million square foot flex space inventory. These two categories combined account for four percent of commercial space in the study area versus 21 percent Countywide. Wheaton has less than one half of one percent of Montgomery County's total industrial/flex inventory.

Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

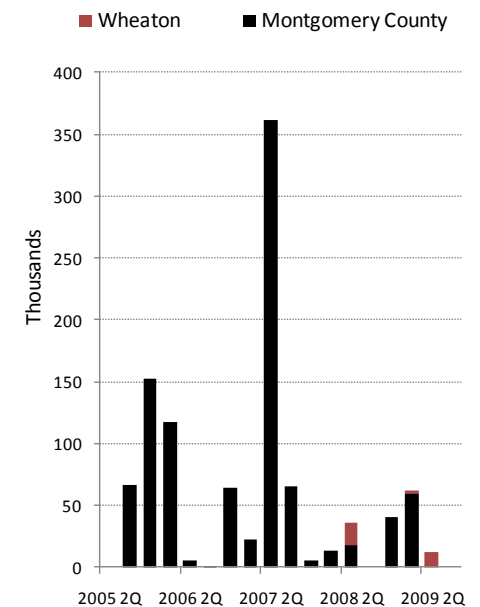
Wheaton commercial square footage by type



Wheaton share of commercial square footage in Montgomery County, by type



retail deliveries (square feet)



# commercial space

## retail space

### Existing Inventory

The Wheaton Sector Plan area contains 2.73 million square feet of leasable retail space in 145 buildings. About half (1.47 million square feet) of this inventory is concentrated in Westfield Wheaton Shopping Mall.

Nearly all retail properties outside the mall have less than 50,000 square feet of leasable space. The majority (64 percent) of retail spaces are smaller than 5,000 square feet.

### Development Activity

Since 2008, Wheaton has added three retail properties totalling 32,756 square feet, the first retail expansion in Wheaton since at least 1993. Wheaton accounts for 20 percent of retail expansion Countywide since 2008.

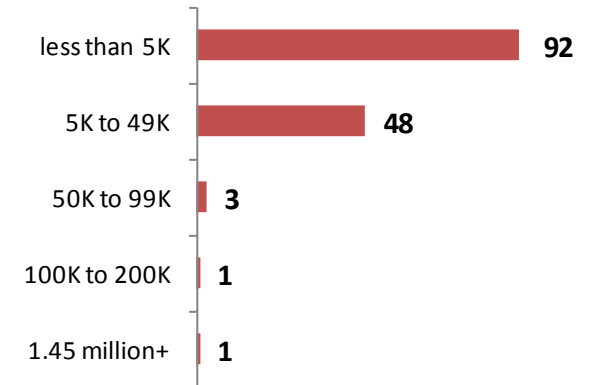
Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

### existing retail space inventory

as of 3Q 2009

type	RENTABLE BUILDING AREA		BUILDINGS	
	square feet	share of County	number	share of County
<b>Total Montgomery County</b>	<b>38,120,156</b>	<b>100%</b>	<b>2,026</b>	<b>100%</b>
Wheaton	2,728,808	7%	145	7%
Rest of County	35,391,348	93%	1,881	93%

### Wheaton retail space by size class (n=145)



### retail space trends Wheaton Sector Plan

Period	Existing Inventory		Vacancy		Net Absorption	Deliveries	
	Buildings	Leasable space	Total_Vacant_SF	Total_Vacant_pct	Total_Net_Absorption	Buildings	Leasable space
2009 3Q	145	2,728,808	73,871	2.7%	20,787	0	0
2009 2Q	144	2,727,178	94,658	3.5%	(6,008)	1	12,156
2009 1Q	143	2,715,022	76,494	2.8%	(37,253)	1	2,600
2008 4Q	142	2,712,422	36,641	1.4%	(2,657)	0	0
2008 3Q	142	2,712,422	33,984	1.3%	(10,205)	0	0
2008 2Q	142	2,712,422	23,779	0.9%	15,684	1	18,000
2008 1Q	141	2,694,422	21,463	0.8%	(10,936)	0	0
2007 4Q	141	2,694,422	10,527	0.4%	(4,278)	0	0
2007 3Q	141	2,694,422	6,249	0.2%	1,551	0	0
2007 2Q	141	2,694,422	7,800	0.3%	2,319	0	0
2007 1Q	141	2,694,422	10,119	0.4%	(4,619)	0	0
2006 4Q	141	2,694,422	5,500	0.2%	4,800	0	0
2006 3Q	141	2,694,422	10,300	0.4%	20,920	0	0
2006 2Q	141	2,694,422	31,220	1.2%	5,679	0	0
2006 1Q	141	2,694,422	36,899	1.4%	(500)	0	0
2005 4Q	141	2,694,422	36,399	1.4%	0	0	0
2005 3Q	141	2,694,422	36,399	1.4%	(4,020)	0	0



# commercial space

## retail space, continued

### Vacancy Rates

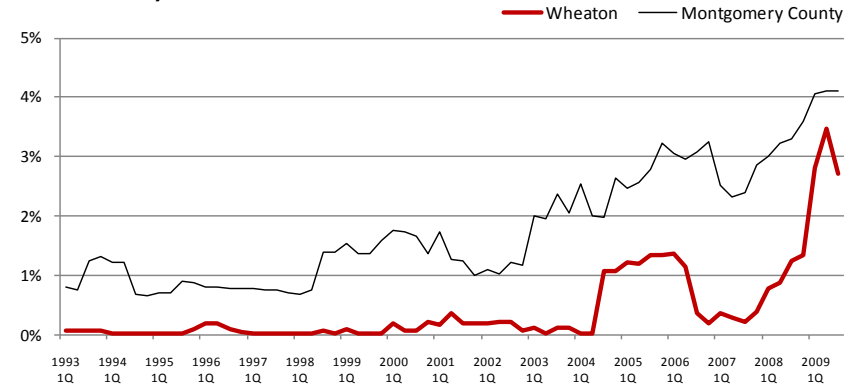
Wheaton retail vacancies historically have been well below the Countywide average, remaining under one percent for most of the past two decades. Vacancies rose to a high of 3.5 percent in 2009 following recent deliveries of retail space.

Despite the current recession, vacancies fell back to 2.7 percent in 3Q 2009, while vacancies Countywide remained above 4.0 percent.

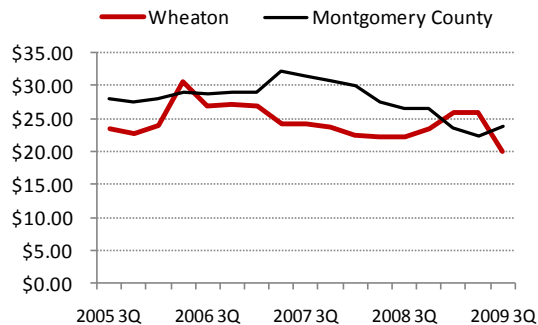
### Average Rents

Wheaton retail rents are comparatively low, averaging \$23.50 per square foot, versus \$27.99 per square foot Countywide.

retail vacancy trends



average retail rents  
per square foot



comparative retail rents  
per square foot



retail vacancies and rents

Period	retail vacancy rate		average lease rate	
	Wheaton	County	Wheaton	County
2009 3Q	2.7%	4.1%	\$23.50	\$27.41
2009 2Q	3.5%	4.1%	\$22.70	\$27.99
2009 1Q	2.8%	4.1%	\$23.90	\$27.44
2008 4Q	1.4%	3.6%	\$30.43	\$27.88
2008 3Q	1.3%	3.3%	\$26.85	\$29.05
2008 2Q	0.9%	3.2%	\$27.05	\$28.79
2008 1Q	0.8%	3.0%	\$26.76	\$28.99
2007 4Q	0.4%	2.9%	\$24.08	\$28.86
2007 3Q	0.2%	2.4%	\$24.08	\$32.20
2007 2Q	0.3%	2.3%	\$23.73	\$31.50
2007 1Q	0.4%	2.5%	\$22.51	\$30.79
2006 4Q	0.2%	3.2%	\$22.16	\$29.87
2006 3Q	0.4%	3.1%	\$22.16	\$27.43

Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

# commercial space

## office market

### Existing Inventory

Wheaton has 28 office buildings with a total of 570,899 square feet of leasable office space. The Plan area accounts for slightly less than one percent of all office square footage in Montgomery County.

- **Class A office space** is a relatively small part of Wheaton's total leasable office space (18 percent versus 49 percent Countywide). All 100,000 square feet of Class A space is located in one building—Westfield Wheaton North—built in 1963.
- **Class B office space** is Wheaton's largest office segment, with 49 percent of leasable square footage. Wheaton has nine Class B office buildings totaling 278,123 square feet of leasable space.
- **Class C office space** makes up a comparatively large part of Wheaton office inventory (34 percent versus 10 percent Countywide). Wheaton has 18 Class C office buildings totalling 192,776 square feet.

### Development Activity

No office buildings are under construction in Wheaton as of 3Q 2009.

Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

## office space trends

### Wheaton Sector Plan

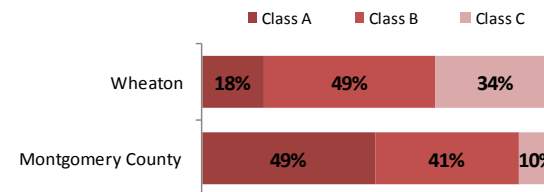
Period	Existing Inventory		Vacancy		Net Absorption	Deliveries	
	Buildings	Leasable space	Total_Vacant_SF	Total_Vacant_pct	Total_Net_Absorption	Buildings	Leasable space
2009 3Q	28	570,899	95,673	16.8%	(6,867)	0	0
2009 2Q	28	570,899	88,806	15.6%	(13,132)	0	0
2009 1Q	28	570,899	75,674	13.3%	1,583	0	0
2008 4Q	28	570,899	77,257	13.5%	(3,925)	0	0
2008 3Q	28	570,899	73,332	12.8%	(3,644)	0	0
2008 2Q	28	570,899	69,688	12.2%	(5,320)	0	0
2008 1Q	28	570,899	64,368	11.3%	(17,953)	0	0
2007 4Q	28	570,899	46,415	8.1%	(1,610)	0	0
2007 3Q	28	570,899	44,805	7.8%	13,773	0	0
2007 2Q	28	570,899	58,578	10.3%	7,029	0	0
2007 1Q	28	570,899	65,607	11.5%	(27,349)	0	0
2006 4Q	28	570,899	38,258	6.7%	1,344	0	0
2006 3Q	28	570,899	39,602	6.9%	(7,928)	0	0
2006 2Q	28	570,899	31,674	5.5%	984	0	0
2006 1Q	28	570,899	32,658	5.7%	5,184	0	0
2005 4Q	28	570,899	37,842	6.6%	5,655	0	0
2005 3Q	28	570,899	43,497	7.6%	(730)	0	0

### office space inventory

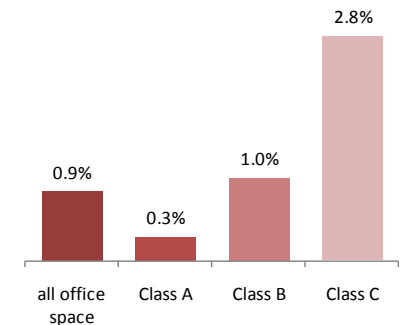
as of 3Q 2009

type	RENTABLE BUILDING AREA		BUILDINGS	
	square feet	share of County	number	share of County
<b>ALL OFFICE SPACE</b>	<b>570,899</b>	<b>1%</b>	<b>28</b>	<b>2%</b>
Class A Office Space	100,000	0.3%	1	0.5%
Class B Office Space	278,123	1%	9	1%
Class C Office Space	192,776	3%	18	3%

### office space by building class



### Wheaton share of County office square footage



# commercial space

## office market, continued

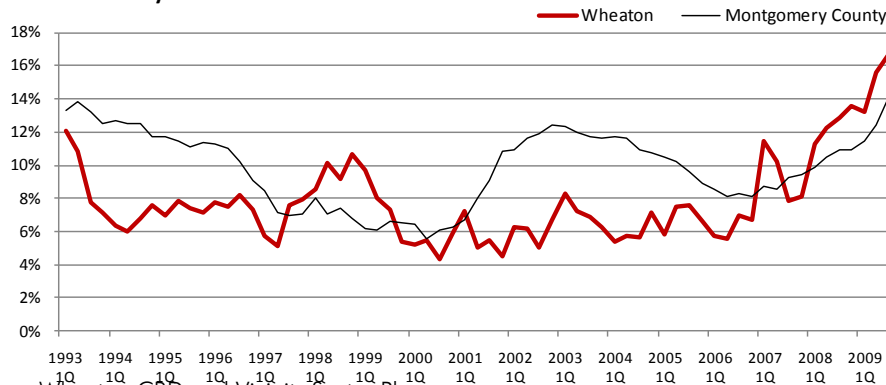
### Vacancy Rates

Until recently, Wheaton office vacancies have been below average for Montgomery County. Relatively affordable and highly transit-accessible, Wheaton's limited office inventory is readily absorbed by community-based medical, professional, and business service tenants. With very little office construction activity in recent years, Wheaton also tends to avoid vacancy rate spikes due to new space coming online.

Office vacancies have risen sharply over the past two years, from 7.8 percent in 3Q 2007 to nearly 17 percent as of 3Q 2009. In 3Q 2009, Wheaton had 95,673 square feet of vacant office space—16.8 percent of total office inventory compared to 14.1 percent Countywide. Nearly all vacant space (97 percent) was direct space, with only 3,000 square feet of sublet space currently vacant.

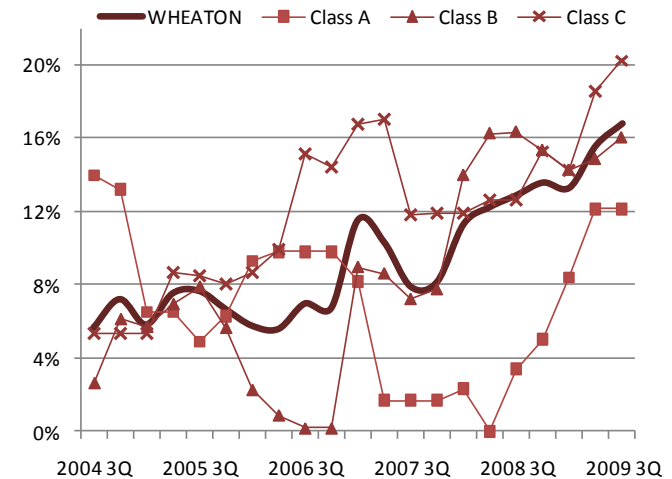
Wheaton's overall vacancy rate has been above the County average throughout 2009, driven by sharp rises in sub-prime (Class B and Class C) vacancies (16 percent and 20 percent respectively). Class A vacancies were 12 percent in Wheaton, below the 17 percent County average.

### office vacancy trends



Appendix 8

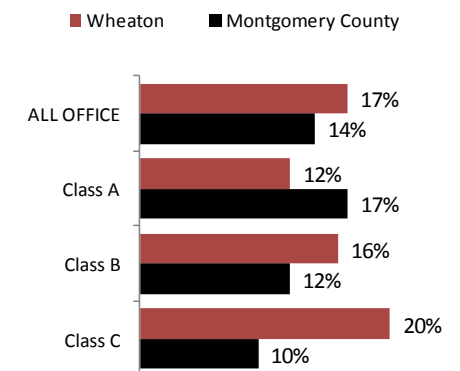
### Wheaton office vacancy rates by class



### office vacancy rate

Period	Wheaton	County
2009 3Q	16.8%	14.1%
2009 2Q	15.6%	12.4%
2009 1Q	13.3%	11.4%
2008 4Q	13.5%	10.9%
2008 3Q	12.8%	10.9%
2008 2Q	12.2%	10.5%
2008 1Q	11.3%	9.8%
2007 4Q	8.1%	9.4%
2007 3Q	7.8%	9.2%
2007 2Q	10.3%	8.6%
2007 1Q	11.5%	8.7%
2006 4Q	6.7%	8.1%
2006 3Q	6.9%	8.3%

### office vacancies by building class



Source: M-NCPPC analysis of CoStar data as of 3Q 2009.

# commercial space

## office market, continued

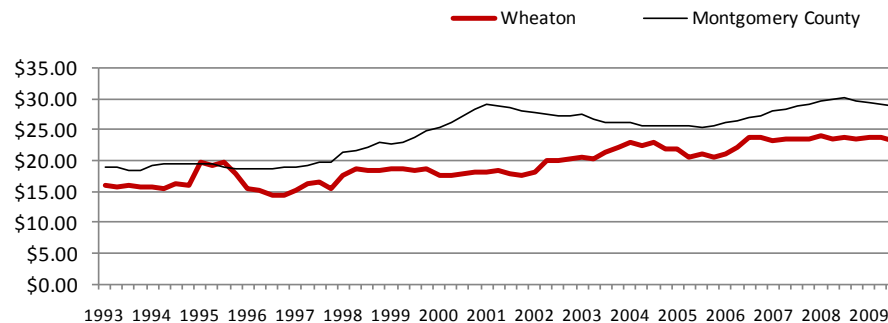
### Office Rental Rates

Wheaton office rents are comparatively low, averaging \$23.23 per square foot across all types of office space, versus \$28.76 per square foot Countywide in 3Q 2009. Sublet rents in Wheaton are very close to the County average, reflecting the relative scarcity of sublet office space in the study area.

Rents have been very stable over the past three years, staying between \$23 and \$24 per square foot.

Space in Wheaton's single Class A office building rents for \$27.93 per square foot, versus \$32.56 for Class A properties in Montgomery County as a whole. Class B office space rents for \$22.8 per square foot in Wheaton, compared to \$24.3 in the County as a whole. At \$22.8 per square foot, Class C office rents are the same as the Countywide average.

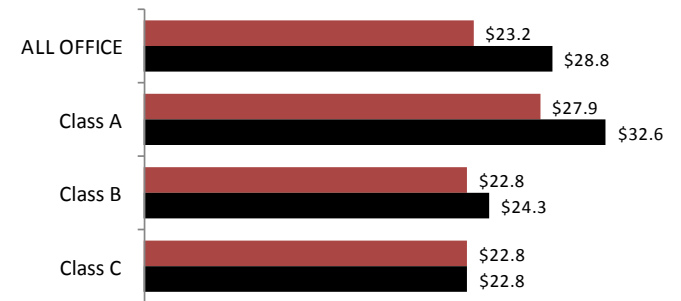
**average office rents**  
per square foot per year



### comparative office space rents

per square foot

■ Wheaton ■ Montgomery County

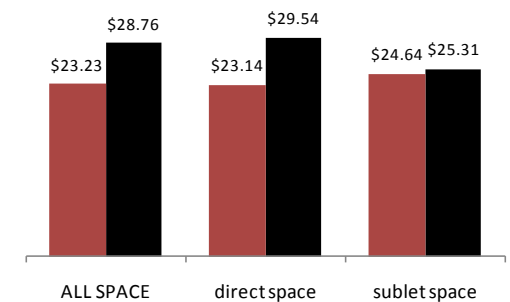


### average office rents

Period	Wheaton	County
2009 3Q	\$23.23	\$28.76
2009 2Q	\$23.65	\$28.99
2009 1Q	\$23.84	\$29.33
2008 4Q	\$23.57	\$29.61
2008 3Q	\$23.69	\$30.08
2008 2Q	\$23.63	\$29.81
2008 1Q	\$23.93	\$29.66
2007 4Q	\$23.45	\$29.22
2007 3Q	\$23.53	\$28.77
2007 2Q	\$23.61	\$28.39
2007 1Q	\$23.16	\$28.10
2006 4Q	\$23.67	\$27.26
2006 3Q	\$23.64	\$26.99

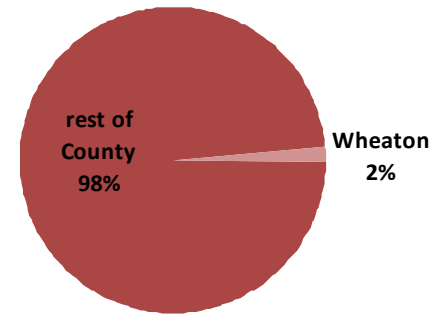
**office rental rates, direct v. sublet**  
per square foot

■ Montgomery County  
■ Wheaton



# employment

Wheaton share of Montgomery County jobs



## at-place employment forecast

### 2009 job estimate

Wheaton had an estimated 8,985 total and part time jobs in 2009, accounting for two percent of jobs Countywide.

With a population of 4,600, Wheaton has 1.95 jobs per resident, versus 0.5 jobs per resident Countywide.

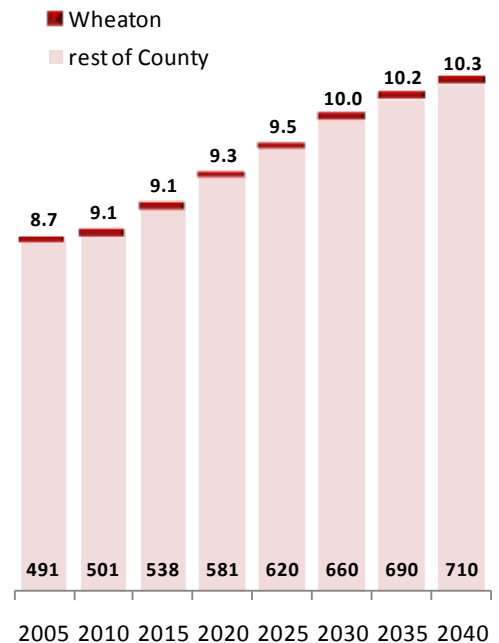
### Job Forecast

Based on current forecasts, the study area will add another 1,400 jobs by 2040, a 15 percent increase over 2009. Over the same period, the County as a whole is forecasted to add nearly 200,000 jobs, a 39 percent increase.

Lagging the pace of job growth Countywide, Wheaton's relative share of total County employment is forecasted to decline over time.

### job forecast

2005 to 2040  
thousands of jobs



Source: M-NCPPC Research & Technology center, Round 7.2 COG Forecast for combined traffic zones 81 through 84.

# employment

## major employers

### Retail

Retail trade is Wheaton's largest job sector, providing 28 percent of total area employment versus eight percent of jobs Countywide. Wheaton accounts for six percent of Montgomery County's retail job base. Westfield Wheaton's department store anchors—Macy's, JC Penney, and Target—are the three largest employers; with 200 to 300 jobs each, these three establishments together provide 35 percent of area retail jobs. Car dealerships provide the second largest share of retail employment, with more than 260 jobs in the study area.

### Health Care and Social Services

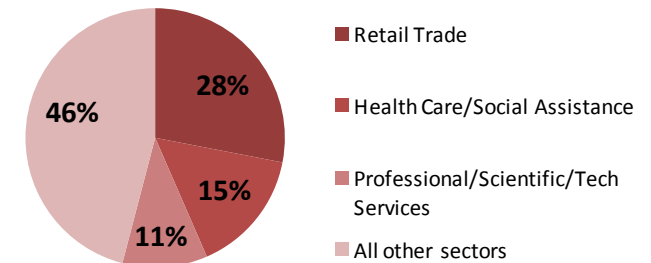
The second largest component of Wheaton's employment base, health care and social services provides 15 percent of area jobs, compared to 11 percent Countywide. Wheaton provides around two percent of all Montgomery County jobs in this sector. The largest employer in this sector is Capital Care, a nursing care facility.

### Professional, Scientific, and Technical Services

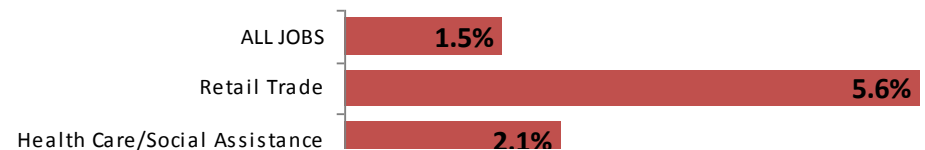
Professional, scientific and technical services (PST) establishments provide 11 percent of area jobs. Wheaton's largest employer in this segment is Jupiter Corporation, a federal engineering services contractor with 75 to 100 employees in the study area. While this sector is Wheaton's third largest employer, it is relatively small by Montgomery County standards. PST is Montgomery County's top job category, supplying 16 percent of jobs Countywide. Wheaton provides one percent of the County's PST jobs in the study area.

**Source:** M-NCPPC Research & Technology Center analysis of 2009 Dun & Bradstreet data. All Dun & Bradstreet data is for establishments located within the Wheaton Sector Plan boundary only.

**Wheaton job mix by industry**

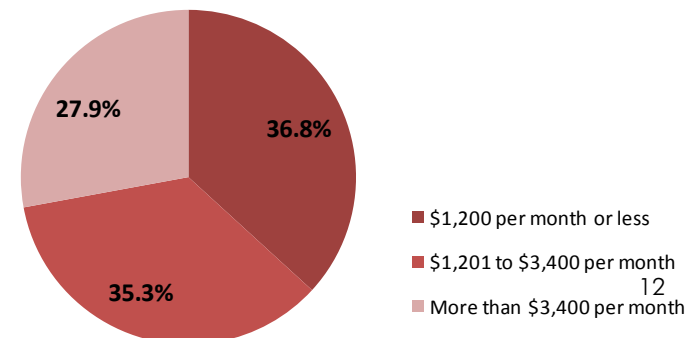


**Wheaton share of jobs in County by industry**



**Wheaton jobs by earnings**

A



# employment

## wheaton workforce

### Jobs by Earnings

Reflecting the preponderance of retail jobs—which tend to be part-time and lower-paying on average—more than half of all jobs in the Wheaton Sector Plan area pay less than \$3,400 per month (or \$41,000 annually). Thirty-seven percent pay \$1,200 per month (\$14,400 per year) or less.

### Jobs by Age of Worker

Eighty-five percent of Wheaton area jobs are filled by workers under the age of 55. Thirty-six percent of workers employed in the study area are under the age of 30.

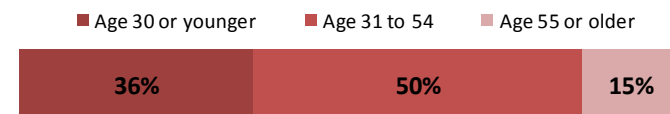
### Labor Shed

Wheaton jobs are filled by workers from all parts of the Washington, D.C. metropolitan region. Around half of area jobs (48 percent) are held by residents of Montgomery County. The other half of the workforce commutes into Wheaton from other Maryland counties (especially Prince George’s County, where 17 percent of area workers live), Washington, D.C., northern Virginia, and other locations.

Nine percent of all jobs in the study area are filled by residents of the immediate Wheaton-Glenmont Census Designated Place (CDP). The Aspen Hill and Silver Spring CDPs supply four percent of Wheaton’s workforce apiece.

Source: M-NCPPC analysis of US Census Bureau, LED Origin-Destination Data (2nd Quarter 2006).

### Wheaton jobs by age of worker



### where Wheaton workers live

<strong>Montgomery County</strong>	<strong>48%</strong>
Wheaton-Glenmont	9%
Aspen Hill	4%
Silver Spring	4%
Olney	3%
Germantown	2%
Gaithersburg	2%
Rockville	2%
other Montgomery County	22%
<strong>Other Counties</strong>	<strong>52%</strong>
Prince George’s County, MD	17%
Anne Arundel County, MD	5%
Baltimore County, MD	4%
Washington, D.C.	4%
All Other Locations	22%

# employment

## establishments

There are 821 establishments (business and government) in the Plan area. Wheaton business establishments generated nearly \$700 million in total sales and revenue in 2008.

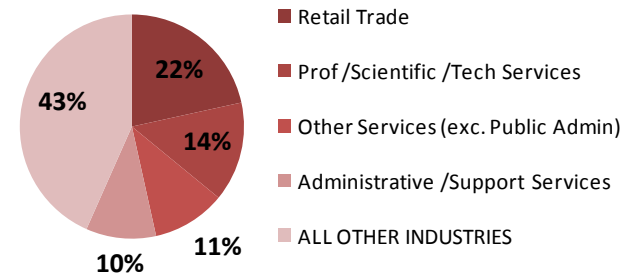
### Retail Trade

Wheaton's largest business segment, with 177 establishments, retail trade accounts for 22 percent of area establishments, compared to eight percent Countywide. Four percent of all retail establishments in Montgomery County are located in Wheaton.

### Professional, Scientific, and Technical Services

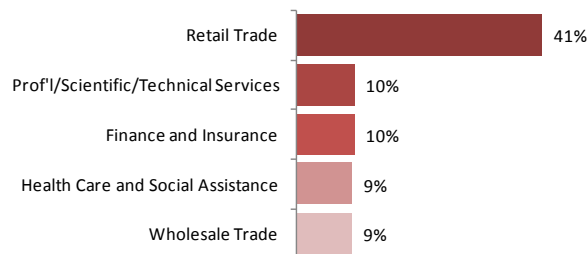
With 118 establishments, professional, scientific and technical services accounts for 14 percent of Wheaton establishments, compared to 24 percent Countywide. One percent of Montgomery County's PST establishments are located in Wheaton.

**Wheaton Establishments  
by Industry**



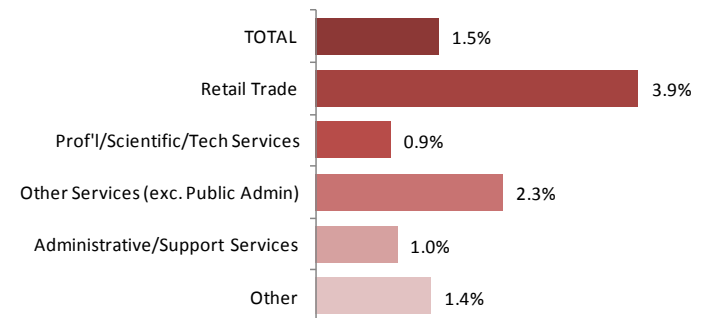
### Wheaton industry sectors

ranked by share of total estimated sales and revenue



Source: Dun & Bradstreet

**Wheaton share of establishments  
in Montgomery County**



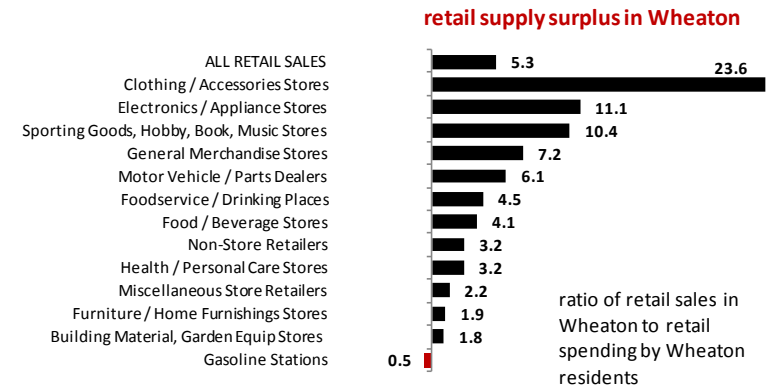


# retail gap analysis

## retail demand/retail spending

Wheaton residents spent \$86 .4 million on retail goods and services in 2009. Auto-related purchases accounted for the largest segment of consumer demand, with \$12.1 million spent by area residents.

Sales by Wheaton retailers approached half a billion dollars (\$462 million) in 2009. Clothing and accessories stores were the largest sales category, with \$106 million sold in area stores. Food-related purchases (including grocery stores and restaurants) generated a combined \$89 million.



## retail opportunity gap / surplus

Wheaton has served as a shopping destination in Montgomery County since Wheaton Plaza opened in 1960. Current retail spending patterns demonstrate that it continues to attract shoppers from outside the immediate area. Retail sales by area merchants exceeded the total value of spending by area residents by \$375 million. This retail “surplus” held across all major retail categories except gasoline stations. The ratio of local sales to local consumer spending shows that clothing, electronics, music, books, sporting goods and related merchandise were among the biggest draws to outside consumers.

### retail activity in wheaton sector plan area

	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/Surplus
<b>Total Retail Sales (major retail categories)</b>	<b>86,374,481</b>	<b>461,514,687</b>	<b>(375,140,206)</b>
Building Material, Garden Equip Stores	8,671,653	15,873,862	(7,202,209)
Clothing and Clothing Accessories Stores	4,508,745	106,323,730	(101,814,985)
Electronics and Appliance Stores	2,237,644	24,742,667	(22,505,023)
Food and Beverage Stores	11,373,991	46,197,228	(34,823,237)
Foodservice and Drinking Places	9,592,488	42,945,472	(33,352,984)
Furniture and Home Furnishings Stores	1,952,599	3,799,956	(1,847,357)
Gasoline Stations	9,292,231	4,624,309	4,667,922
General Merchandise Stores	12,073,674	86,529,379	(74,455,705)
Health and Personal Care Stores	5,101,777	16,148,874	(11,047,097)
Miscellaneous Store Retailers	1,947,781	4,261,189	(2,313,408)
Motor Vehicle and Parts Dealers	12,122,548	73,358,433	(61,235,885)
Non-Store Retailers	5,723,292	18,277,025	(12,553,733)
Sporting Goods, Hobby, Book, Music Stores	1,776,058	18,432,561	(16,656,503)

Source: M-NCPPC Research & Technology Center analysis of 2009 Claritas data. An “opportunity gap” reflects spending by County residents that local retailers are not capturing. A “surplus” is the value of retail sales above the total amount spent by area residents. The capture rate is the ratio of local retail sales to spending by area residents: A capture rate below 100 percent indicates that area retailers are losing potential sales to retailers located outside the County, while a rate above 100 percent shows the category attracts outside shoppers to Montgomery County.

# retail gap analysis

retail activity in wheaton sector plan area (by subcategory)			
	2009 Demand (Consumer Expenditures)	2009 Supply (Retail Sales)	Opportunity Gap/Surplus
<b>Total Retail Sales (retail sub-categories)</b>	<b>86,374,481</b>	<b>461,514,687</b>	<b>(375,140,206)</b>
Automotive Dealers	10,377,445	72,067,117	(61,689,672)
Automotive Parts/Accsrs, Tire Stores	1,063,294	1,291,316	(228,022)
Beer, Wine and Liquor Stores	718,434	8,689,319	(7,970,885)
Book Stores	335,349	1,617,582	(1,282,233)
Building Materials, Lumberyards	1,485,811	5,392,735	(3,906,924)
Camera and Photographic Equipment Stores	97,883	1,942,085	(1,844,202)
Childrens, Infants Clothing Stores	183,063	3,859,899	(3,676,836)
Clothing Accessories Stores	77,133	551,519	(474,386)
Computer and Software Stores	482,510	301,460	181,050
Convenience Stores	488,588	986,205	(497,617)
Cosmetics, Beauty Supplies, Perfume Stores	185,617	2,076,866	(1,891,249)
Department Stores Excl Leased Depts	6,030,351	84,244,213	(78,213,862)
Drinking Places - Alcoholic Beverages	478,478	214,079	264,399
Family Clothing Stores	1,728,563	43,906,373	(42,177,810)
Florists	155,249	98,216	57,033
Full-Service Restaurants	4,317,558	25,185,817	(20,868,259)
Furniture Stores	1,092,597	1,322,921	(230,324)
Gasoline Stations With Conv Stores	6,957,292	0	6,957,292
Gift, Novelty and Souvenir Stores	385,917	720,903	(334,986)
Hardware Stores	682,623	0	682,623
Hobby, Toys and Games Stores	391,676	1,077,358	(685,682)
Home Centers	3,313,724	0	3,313,724
Home Furnishing Stores	860,002	2,477,036	(1,617,034)
Household Appliances Stores	358,821	1,434,640	(1,075,819)
Jewelry Stores	628,627	18,221,471	(17,592,844)
Limited-Service Eating Places	3,992,213	14,052,621	(10,060,408)
Luggage and Leather Goods Stores	45,439	105,110	(59,671)
Men's Clothing Stores	206,829	7,896,506	(7,689,677)
Musical Instrument and Supplies Stores	130,682	13,084,244	(12,953,562)
News Dealers and Newsstands	18,110	15,756	2,354
Non-Store Retailers	5,723,292	18,277,025	(12,553,733)
Nursery and Garden Centers	606,041	394,674	211,367
Office Supplies and Stationery Stores	506,012	1,544,702	(1,038,690)
Optical Goods Stores	185,285	3,648,691	(3,463,406)
Other Building Materials Dealers	2,302,680	13,784,585	(9,996,094)
Other Clothing Stores	211,850	6,432,663	(6,220,818)
Other Gasoline Stations	2,334,939	4,624,309	(2,289,370)
Other General Merchandise Stores	6,043,323	2,285,166	3,758,157
Other Health and Personal Care Stores	328,233	573,869	(245,636)
Other Miscellaneous Store Retailers	697,908	1,676,334	(978,426)
Other Motor Vehicle Dealers	681,808	0	681,808
Outdoor Power Equipment Stores	105,811	0	105,811
Paint and Wallpaper Stores	174,963	1,694,603	(1,519,640)
Pharmacies and Drug Stores	4,402,643	9,849,447	(5,446,804)
Prerecorded Tapes, CDs, Record Stores	183,334	1,243,523	(1,060,189)
Radio, Television, Electronics Stores	1,298,430	21,064,483	(19,766,053)
Sew/Needlework/Piece Goods Stores	91,312	256,048	(164,736)
Shoe Stores	629,055	18,420,085	(17,791,030)
Special Foodservices	804,238	3,492,955	(2,688,717)
Specialty Food Stores	306,353	881,259	(574,906)
Sporting Goods Stores	625,593	1,138,050	(512,457)
Supermarkets, Grocery (Ex Conv) Stores	9,860,616	35,640,444	(25,779,828)
Used Merchandise Stores	202,694	221,034	(18,340)
Women's Clothing Stores	798,190	6,930,104	(6,131,914)

## resident economic characteristics

### population and household counts

The demographic study area has 4,600 residents living in 2,310 households in Wheaton—around one half of one percent of population and households Countywide.

### population characteristics

Wheaton residents generally are very well educated. As in the County as a whole, 37 percent of adults ages 25 and up have a graduate degree; 31 percent have a bachelor's degree, compared to 29 percent Countywide. The proportion of residents lacking a high school education is half the Countywide rate (2 percent versus 4.2 percent).

### resident labor force characteristics

Wheaton has 3,115 employed residents. Nearly 75 percent of area females ages 16 and older are in the workforce, compared to 69 percent of adult women Countywide. Compared to residents in the County as a whole, Wheaton residents are more likely to work for private, non-profit employers (24 percent versus 14 percent) and less likely to work in private, for-profit jobs (32 percent versus 44 percent); about a quarter are government employees, close to the Countywide average.

Half of Wheaton residents work in Washington, D.C., compared to less than a quarter of residents Countywide. Wheaton residents are more likely to take public transit than residents of the County as a whole (52 percent versus 18 percent).

### median household income

The area median household income in 2007 was \$62,405, compared to \$96,475 for the County as a whole.

Source: M-NCPPC Research & Technology Center, 2008 Census Update Survey