

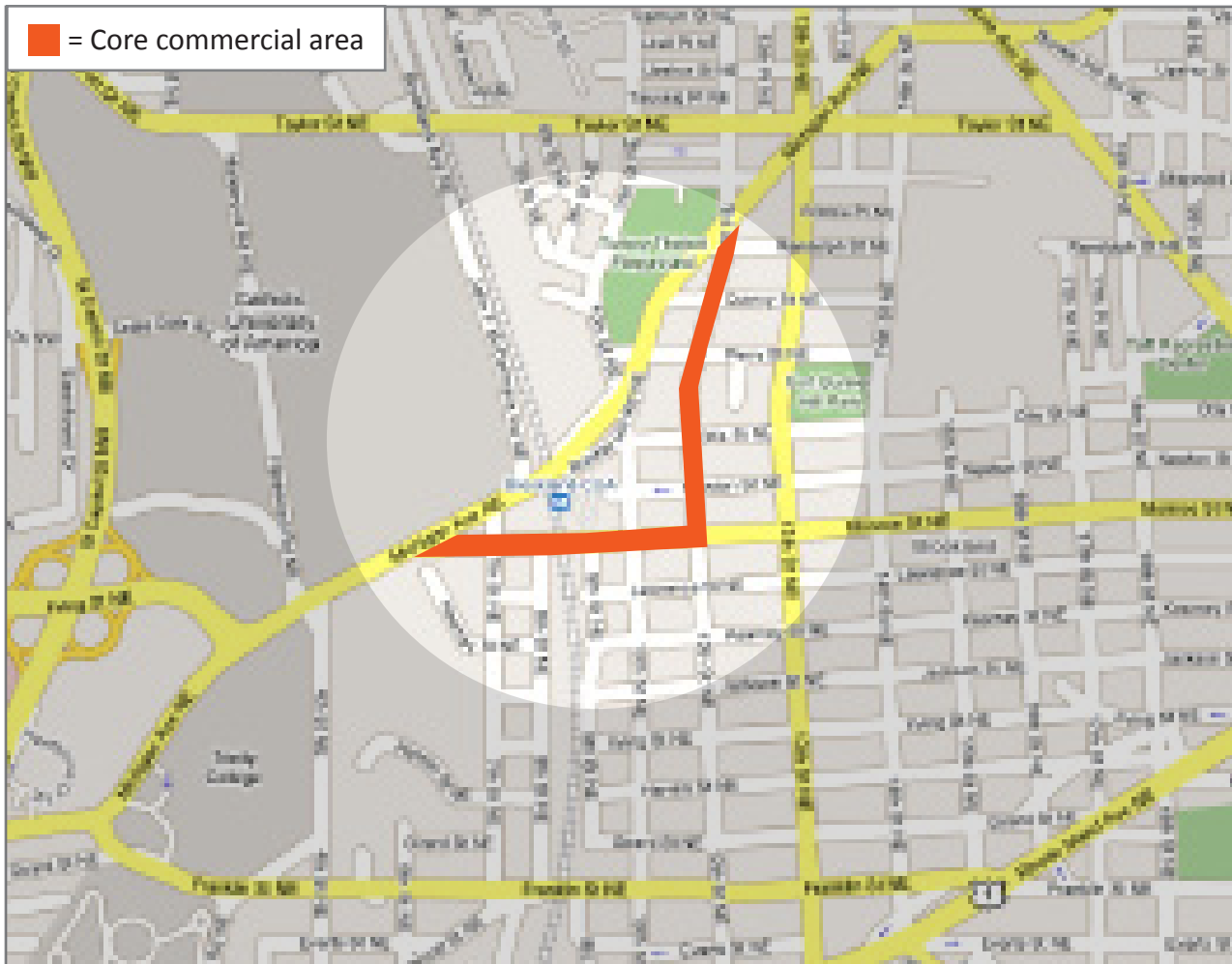
Brookland

SWOT Analysis, Retail Demand Analysis, Strategy and Preliminary Planning Diagrams

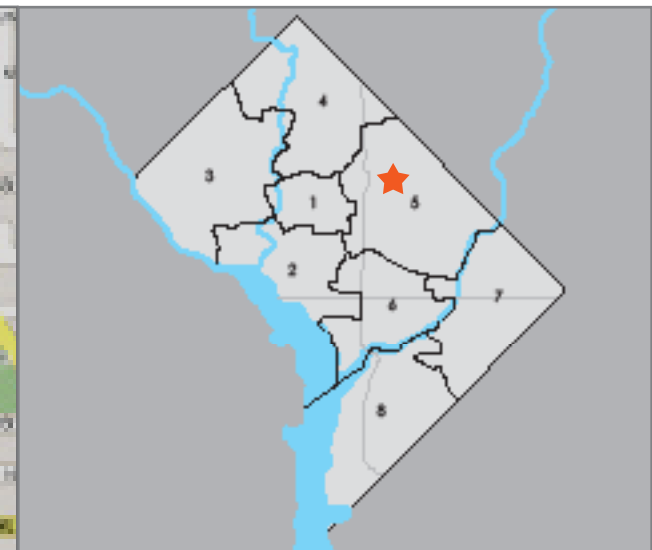


Brookland SWOT Analysis





■ = Core commercial area



Boundaries

12th Street NE from Michigan Avenue NE south to Monroe Street NE; Monroe Street NE from 12th Street NE west to Michigan Avenue NE

Zoning

Brookland is zoned as commercial for the entirety of 12th Street. The northern area of this strip is designated for neighborhood shopping, while the southern area near its intersection with Monroe Street is specified as a medium-density community business center. Monroe Street is zoned primarily as residential (specifically, as one-family, semi-detached dwellings). This zoning changes along the Metro rail tracks, which are zoned as low-bulk commercial light manufacturing. While most of the surrounding area is residential, several regions are specified as mixed-use diplomatic overlay districts. Catholic University represents a large parcel of government-owned property.

Overview

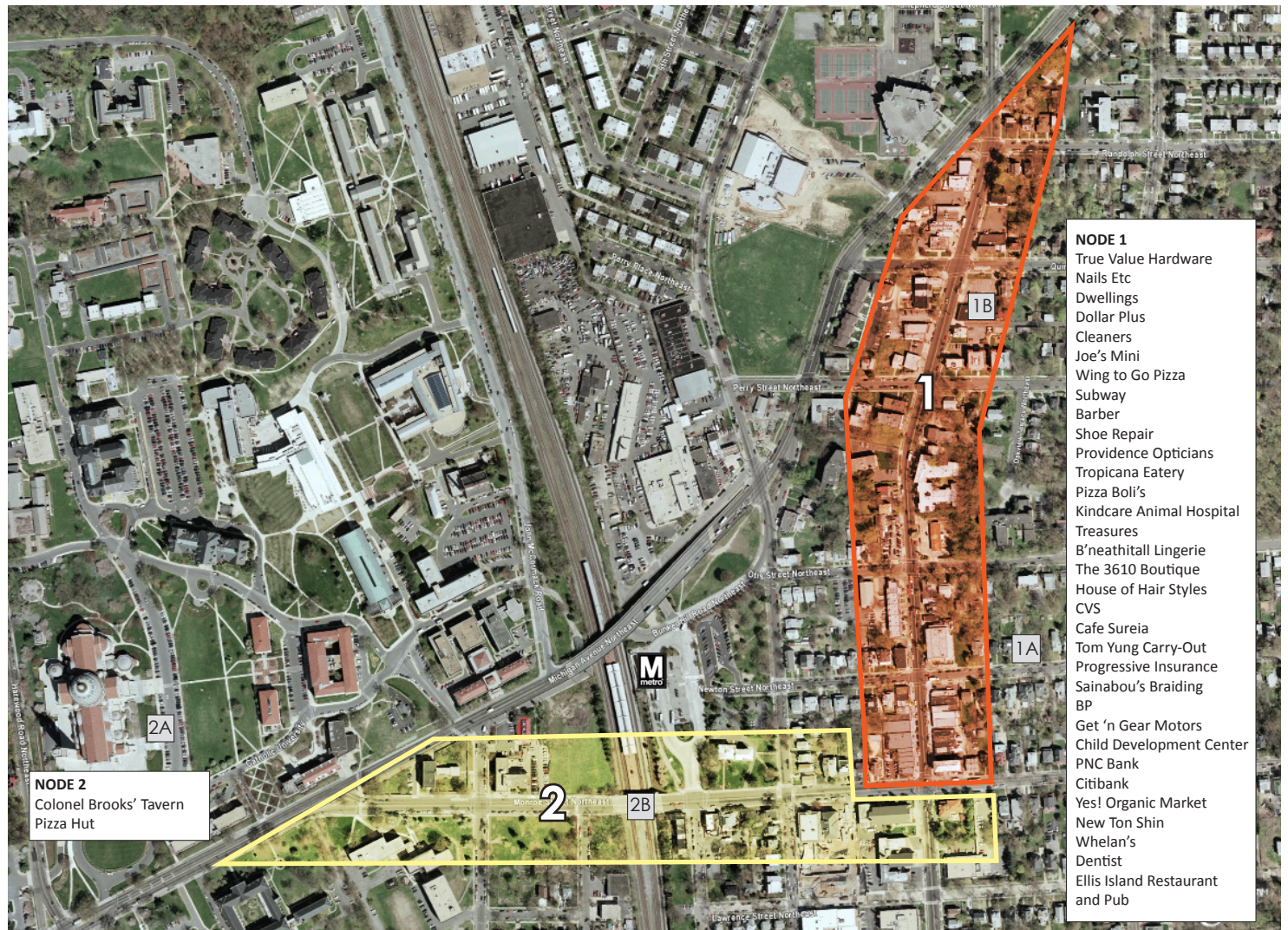
Brookland is a lively submarket with a variety of restaurants, cafes, boutique shops, and neighborhood services. Its surrounding middle-class neighborhoods have picturesque single-family homes and woody open space. Nearby Trinity and Catholic Universities lend a strong student presence to the area, while several medical institutions provide a large employee base. Directly outside the submarket, major tourist attractions like the Basilica of the National Shrine of the Immaculate Conception (the nation's largest Catholic Church) draw over 500,000 visitors each year. The submarket has a strategic location near the Brookland-CUA Metro station.

1 12th Street

Despite its small size, 12th Street is the submarket's primary road. Its mix of small-scale retail and residential buildings gives this corridor an authentic Main Street feel; its independent retailers and historic building stock contribute to its eclectic charm. While there are opportunities to fill gaps and make cosmetic improvements, there is less potential for major redevelopment here because adjacent homes limit depth. The Brookland/CUA Metro Station Draft Small Area Plan recommends a potential increase in FAR and height on 12th—these actions would increase potential for infill development here.

2 Monroe Street

Although it is larger than 12th Street and has a prime location, Monroe Street currently acts as a secondary road in this submarket. Its surrounding land is sparsely developed, especially between Michigan Avenue and the Metro station. However, this area is ideally situated for denser, transit-oriented development because of its proximity to the Metro and Michigan Avenue. The open space west of the Metro tracks is slated for high-density development with significant retail.



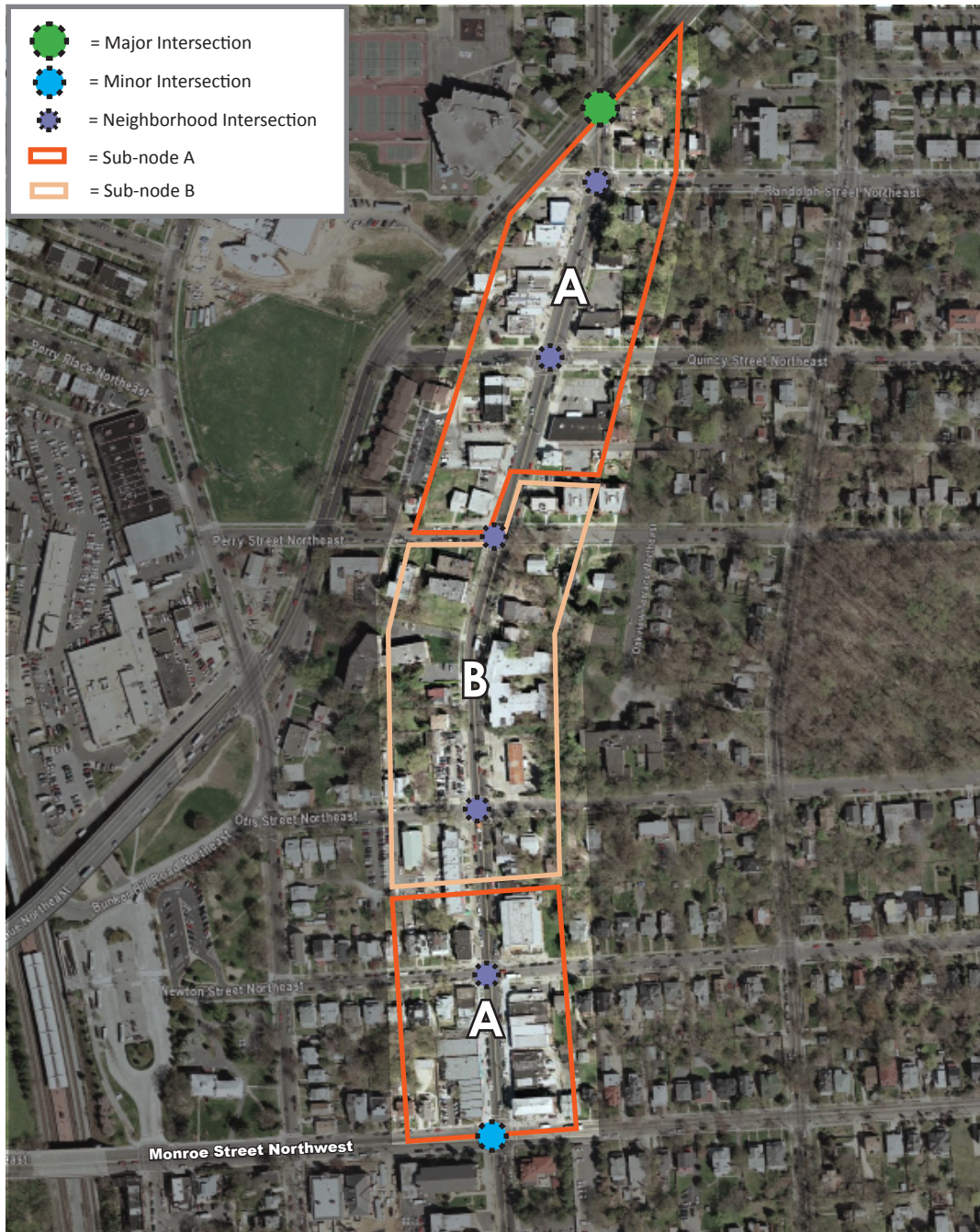
- NODE 1**
- True Value Hardware
 - Nails Etc
 - Dwellings
 - Dollar Plus
 - Cleaners
 - Joe's Mini
 - Wing to Go Pizza
 - Subway
 - Barber
 - Shoe Repair
 - Providence Opticians
 - Tropicana Eatery
 - Pizza Boli's
 - Kindcare Animal Hospital
 - Treasures
 - B'neathitall Lingerie
 - The 3610 Boutique
 - House of Hair Styles
 - CVS
 - Cafe Sureia
 - Tom Yung Carry-Out
 - Progressive Insurance
 - Sainabou's Braiding
 - BP
 - Get 'n Gear Motors
 - Child Development Center
 - PNC Bank
 - Citibank
 - Yes! Organic Market
 - New Ton Shin
 - Whelan's
 - Dentist
 - Ellis Island Restaurant and Pub

- NODE 2**
- Colonel Brooks' Tavern
 - Pizza Hut

Note: Tenant lists do not include all businesses located in the submarket.



Retail Node 1: 12th Street



12th Street can be divided into 2 sub-nodes: *Inline Retail* and *Residential Buildings*.

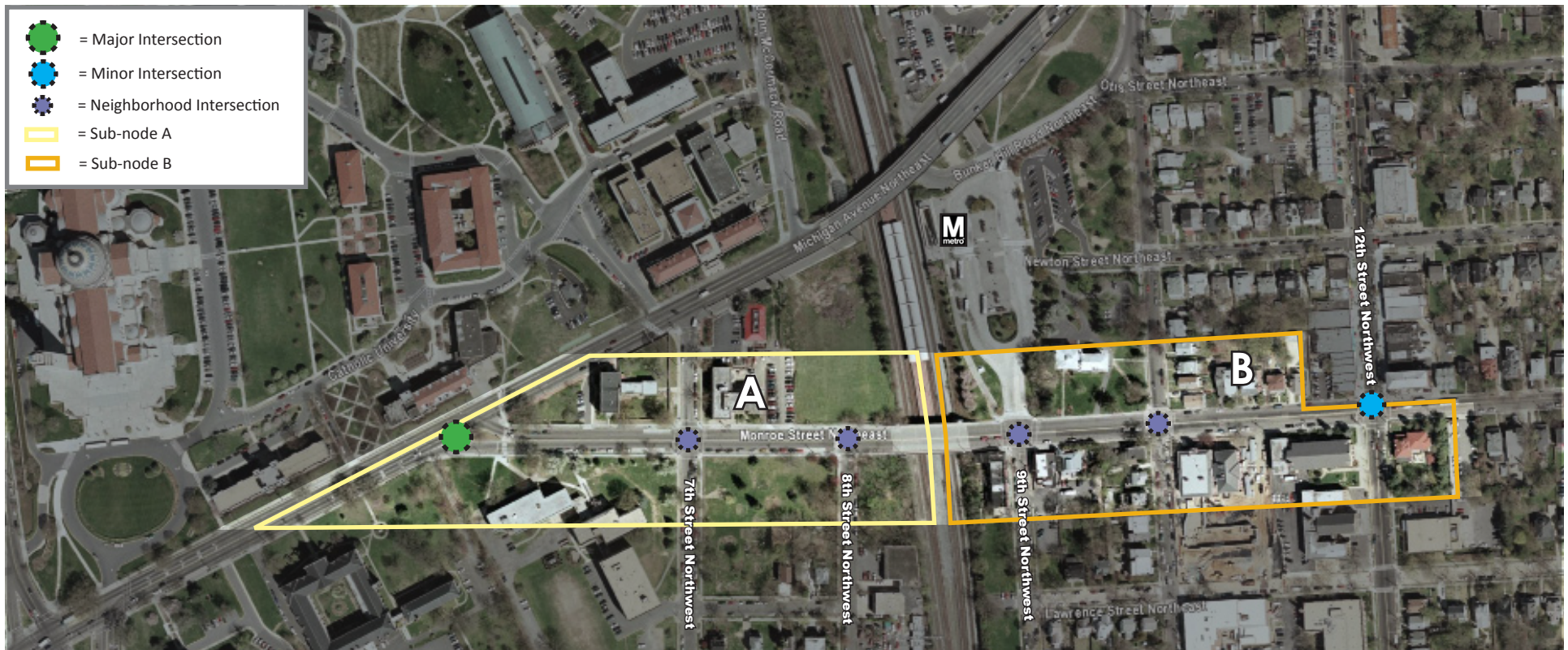


A - Inline Retail anchors the southern and northern ends of 12th Street, establishing it as the submarket's primary retail corridor. The main retail zone is north of the intersection with Monroe Street, where a prominent brick building with a ground-floor hardware store anchors the block; it extends just past Newton Street, where an iconic Art Deco theater houses a CVS. Inline retail picks up again further north (though it peters out before the intersection with Michigan Avenue), where there are several retail pads with banks and a Yes! Organic Market. Because single-family homes are directly behind these sections of inline retail and there is no defined service alley separating them, 12th Street has limited potential for expansion. Michigan Avenue also confines development north of Perry Street.



B - Residential Buildings comprise the woody middle section of 12th Street. The range of residential building types and uses here enhances the corridor's eclectic quality. Buildings include: rowhouses with boutique shops, single-family homes whose ground floors and front yards have been converted to inline retail, regular single-family homes, and mid-rise apartments. Because many of these buildings have larger footprints and front yards, there are several gaps in the streetscape and retail flow. While some of these gaps can be better utilized, residential breaks are appropriate in this neighborhood-serving corridor.

Retail Node 2: Monroe Street



Monroe Street can be divided into 2 sub-nodes that are separated by the bridge above the Metro tracks: West of the Metro and East of the Metro.



A - West of the Metro, Monroe Street is sparsely developed despite its proximity to Michigan Avenue and the Brookland-CUA Metro station. Like the surrounding religious and institutional campuses, Monroe Street has occasional large buildings among its sprawling grassy areas. However, this area is slated for significant high-density redevelopment, including 80,000sf of retail. It will be essential to differentiate this area's retail from that of 12th Street to ensure the viability of both.



B - East of the Metro, Monroe Street becomes denser, though it still retains its small-town open feel. While the north side of the street is mostly single-family homes, the south side has a cluster of charming restaurants and shops between the bridge over the train tracks and 10th Street. East of 10th Street, there are several academic institutions. Unlike the western section, this area has less potential for redevelopment because of its adjacent houses and institutions.

Retail Infrastructure

Streets & Blocks

Although it feels like a residential road and is smaller than Monroe Street, 12th Street acts as the submarket's Main Street. The retail portion of 12th Street has no traffic lights (except for at its intersections with Michigan Avenue and Monroe Street, which cap the district's northern and southern ends, respectively) and only one lane of thru traffic in each direction. While regular plantings and a historic building stock keep the streetscape from being stark, its wide expanse of concrete pavers deadens the corridor. The sidewalk becomes more residential (i.e. smaller and surrounded with grass on both sides) north of Otis Street, above the main retail strip. In contrast to 12th Street, Monroe Street is a larger thoroughfare with traffic lights and 2 lanes of traffic in each direction. Because of the lack of development around the street, there is little pedestrian activity. There are no sidewalk plantings, but there are surrounding woods.



Intersections

The largest intersections occur at the submarket's 2 peripheral intersections with Michigan Avenue. Despite their size, these intersections represent the least lively areas of both Monroe and 12th Streets. The submarket's main intersection is its central point, where Monroe and 12th Streets cross. While the southern half of this intersection is a continuation of Monroe Street's academic institutions, its northern half marks the beginning of 12th Street's retail corridor. This clear division of street character prevents the intersection from functioning with 4 cohesive corners. Because the area's remaining intersections are all neighborhood-scaled, this submarket lacks a significant 4-cornered intersection that functions as an authentic community gathering spot.



Buildings

This submarket has a wide range of buildings. In terms of retail, shops line 12th Street and are small-scale (either 1-story inline retail or shops in residential buildings). There are also several mid-rise apartments interspersed between shops, although nice single-family homes predominate as residences. The most iconic building within the submarket is the Newton Theater, an Art Deco cinema on 12th Street that now houses a CVS. Like many of Brookland's buildings, this theater has architectural significance and gives the street an old-fashioned charm. Directly outside the submarket (close to Monroe Street), prominent religious buildings line Michigan Avenue. The most notable of these is the Basilica of the National Shrine, which draws around 500,000 visitors each year.



Alleys & Service

This mostly residential submarket does not have a designated system of alleys for service and loading. Most retail is small and abuts single-family homes, so there is limited room for clearly defined rear service. Parking is sometimes hidden behind a row of shops, although it is rare that an individual shop (even a large one like CVS) has its own parking; an exception is retail pads like PNC Bank, Citibank, and Yes! Organic Market. Occasionally, there are service areas in the gaps between buildings (see image below), a setup that forces 12th Street to be a service road as well as the neighborhood's Main Street.



Strengths

- There is already a promising mix of retail on 12th Street, including restaurants, cafes, boutiques, and a boutique organic grocery store
- A good historic building stock lends old-fashioned charm to parts of the 12th Street streetscape and defines it as a unique place
- Vast amounts of open land near the Metro station have potential for T.O.D. redevelopment along Monroe Street
- The submarket has a built-in capture from its solidly middle-income residential base
- A large student population at Catholic and Trinity Universities anchors the submarket with over 10,000 students
- Easy access to the Brookland-CUA Metro station makes this submarket more accessible and pedestrian-friendly
- Nearby tourist attractions (like the Basilica of the National Shrine of the Immaculate Conception and the Franciscan Monastery) bring over 500,000 visitors to the area annually
- Large expanses of parkland, such as Turkey Thicket Playground and Fort Bunker Hill Park, are community amenities and beautify the submarket
- Existing infrastructure is scale-appropriate for current densities and has potential to balance pedestrian and automobile use; similarly, infrastructure is mostly in good condition and will improve with the already-funded Brookland Streetscape project

Weaknesses

- The proximity of single-family homes to shops as well as residences that break the streetscape limit potential for expanding retail on 12th Street
- Despite its ideal location near the Metro and nearby universities, Monroe Street is an underutilized road with little pedestrian activity
- The Brookland-CUA Metro station is difficult to find, and also lacks signage and easy pedestrian access
- The submarket lacks an intersection that is cohesively anchored on all 4 corners to form a successful community gathering spot
- The streetscape on 12th Street is not consistently pleasant, especially where there are blank building facades (e.g., alongside the CVS building between Otis and Newton Street, as well as the area north of Quincy Street) and where there is inconsistent building frontage
- Properties are in poor condition, especially the few existing commercial buildings

Opportunities

- Strengthen 12th Street as an eclectic, smaller-scale retail corridor, making cosmetic improvements and filling gaps where possible
- Consider recommendations made in the Brookland/CUA Metro Station Draft Small Area Plan for a potential increase in FAR and height on 12th Street—these actions would increase potential for infill development here
- Implement DDOT recommendations for improved streetscape and traffic calming techniques along 12th Street to help enhance the pedestrian and retail experience
- Redevelop open land on Monroe Street (west of the Metro station) as a larger-format mixed-use offering that serves the nearby student bodies
- Within new redevelopment on Monroe Street, establish a major intersection that acts as a community gathering spot; this intersection would be an appropriate place for community events such as the Farmers Market
- Improve pedestrian accessibility to the Metro station by making more obvious signage and pedestrian pathways
- Continue efforts to improve and upkeep parkland surrounding the submarket

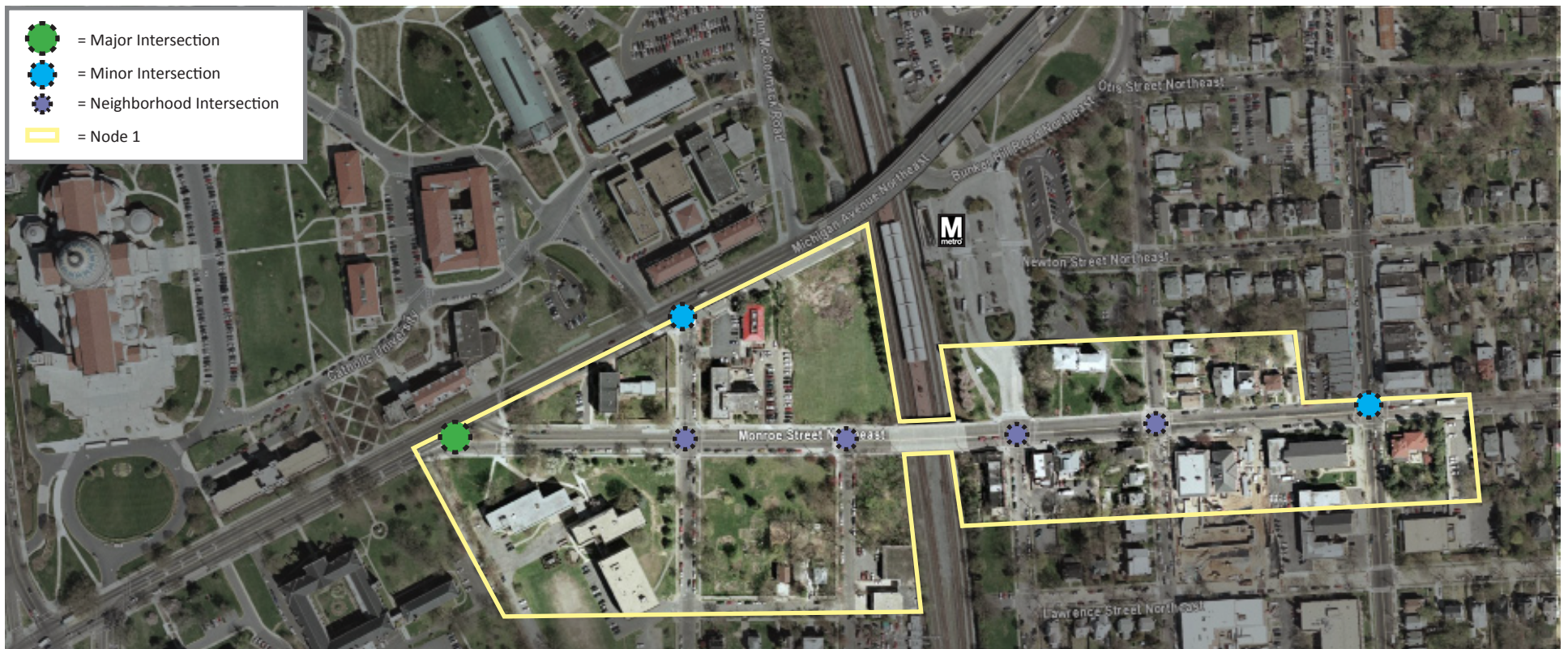
Threats

- Adjacent submarkets that are quickly redeveloping (Georgia Avenue-Petworth and the U.S. Soldiers' & Airmen's Home) may act as competition
- Monroe Street will have to be carefully redeveloped to complement rather than detract from existing offerings on 12th Street; these two corridors must have different merchandising strategies for both to be viable (Monroe Street should be branded as national credit tenants; 12th Street as boutique/specialty goods and services)

Brookland Preliminary Planning Diagrams



Planning Analysis Node 1: Monroe Street










General Observations about Existing Area:

- 1) Homes and public open space occupy the land east of the Metro, while much of the land west of the Metro is either undeveloped or under single ownership. These factors improve the chances of creating an integrated retail or mixed-use development.
- 2) While many patrons will be walking or coming by Metro, large-scale retail developments (which could potentially be supported here) generally have regional drawing power. Therefore, major infrastructure improvements will be necessary to support a significant increase in consumer population.

Retail Planning Principles:

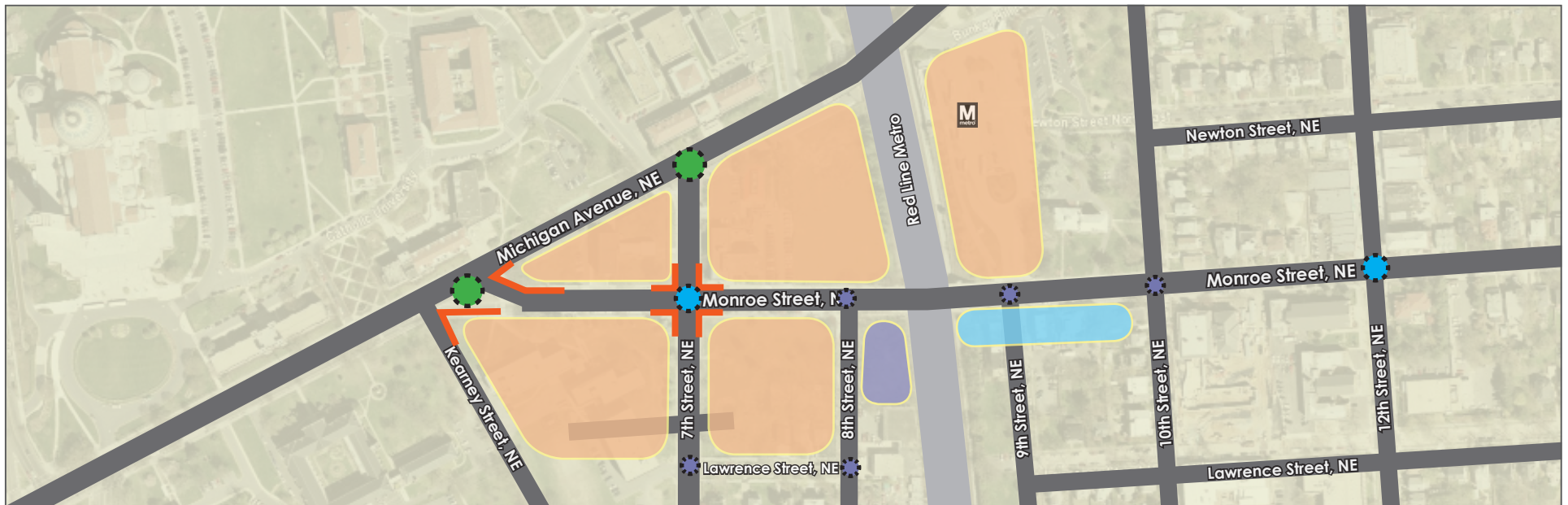
- 1) Consider mixed-use densities to promote a more walkable, transit-oriented environment, especially considering this planning node's proximity to the Brookland-CPA Metro station.
- 2) Provide wayfinding at the Metro station that provides directional and local area information to reinforce the position of new developments within the existing community.

Planning Concepts Node 1: Monroe Street

-  = Prime Corner
-  = Mixed-Use Opportunity
-  = Single-Use / Transitional
-  = Reinvestment Opportunity
-  = Major Intersection
-  = Minor Intersection
-  = Neighborhood Intersection

The following concept diagram is intended to be used as a general guide for retail improvement opportunities. Actual building configurations and mix of uses should be reviewed on a case-by-case basis.

Redevelopment Option 1









HIGH-DENSITY, MIXED-USE DEVELOPMENT OPPORTUNITIES

Favorable physical conditions such as large block dimensions, strong visibility, and close proximity to the Brookland-CUA Metro station make this area prime for high-density mixed-use buildings. Parcel depths here can support retail anchors that currently do not exist in the overall trade area.

Current merchandising along 12th Street should be carefully considered when developing a retail strategy for Monroe Street; new retail development here should have a distinct merchandising strategy in order to complement 12th Street's uniqueness rather than compete with it. Although these two retail nodes will be branded differently, shoppers and pedestrians should be able to move freely between them. To this end, it is important to improve pedestrian amenities on the bridge above the Metro tracks to maintain the overall cohesiveness of the neighborhood.

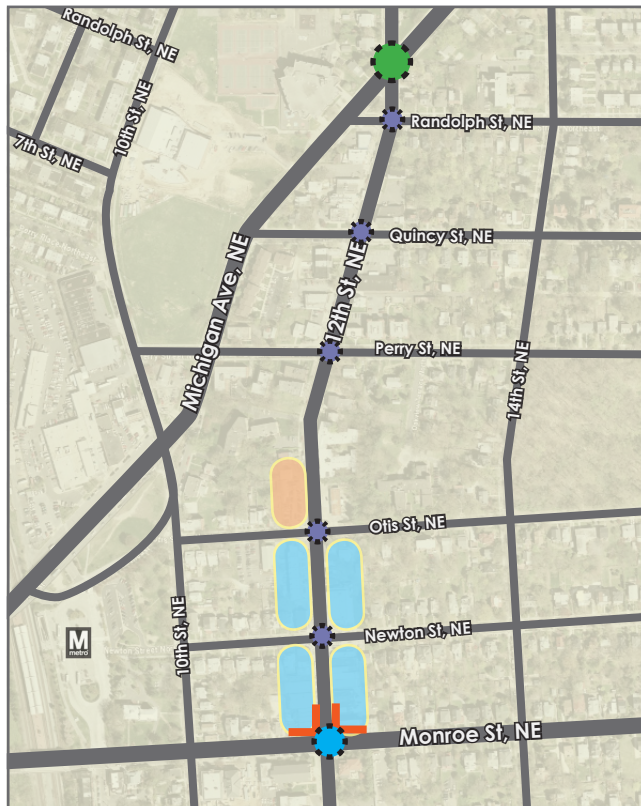
Integral to success in this node will be restructuring Michigan Avenue's intersections with Monroe and 7th Streets. Strengthening pedestrian and vehicular access at these intersections is a must. Both intersections should be viewed and designed as gateways that lead into the heart of the development, which is located at the intersection of Monroe and 7th Street. A four-sided, active intersection at the core of the redevelopment will become a "Main and Main" for the new district.

Planning Concepts Node 2: 12th Street

-  = Prime Corner
-  = Mixed-Use Opportunity
-  = Reinvestment Opportunity
-  = Major Intersection
-  = Minor Intersection
-  = Neighborhood Intersection

The following concept diagram is intended to be used as a general guide for retail improvement opportunities. Actual building configurations and mix of uses should be reviewed on a case-by-case basis.

Redevelopment Option 1



REINVESTMENT/REPOSITIONING OPPORTUNITIES







The existing cluster of retail along the first two blocks of 12th Street north of Monroe Street provides patrons with a dynamic two-sided shopping experience. Since this is the most vibrant area of the corridor, continuing to focus the critical mass of retail here is important. There is room for retail expansion in this two block area through filling vacant or underutilized lots; however, any new development should be consistent with the current scale and character of existing buildings.

Implementing signage and storefront guidelines as well improving other components of the built environment (e.g., lighting, sidewalks, curbs, street furniture, and traffic calming techniques) as outlined in the District Department of Transportation's 12th Street Streetscape Study will help to enhance retail viability and the pedestrian experience along this corridor. In addition to guidelines, a distinct merchandising strategy should be adopted for the 12th Street node. This strategy should embrace a better mix of retail categories and tenants, including higher-quality restaurants and specialty stores, that serves the community's needs while reaffirming the district's unique brand.

Wayfinding will be integral to the continued success of 12th Street's retail, especially once the large development along Monroe Street comes online. Obvious wayfinding that clearly indicates the character of 12th Street should guide consumers from the Metro to this retail district.

Beyond the residential buildings that line the 12th Street block between Otis and Perry Streets, retail cohesiveness begins to taper off. The Yes! Organic grocery store is a destination and attracts consumers; however, retail expansion in this area is not advised. The retail environment along 12th Street will continue to evolve organically; as such, redevelopment efforts should be focused on the better-positioned retail offerings along Monroe Street.

Planning Concepts Node 1: Monroe Street

-  = Prime Corner
-  = Mixed-Use Opportunity
-  = Reinvestment Opportunity
-  = Major Intersection
-  = Minor Intersection
-  = Neighborhood Intersection

The following concept diagram is intended to be used as a general guide for retail improvement opportunities. Actual building configurations and mix of uses should be reviewed on a case-by-case basis.

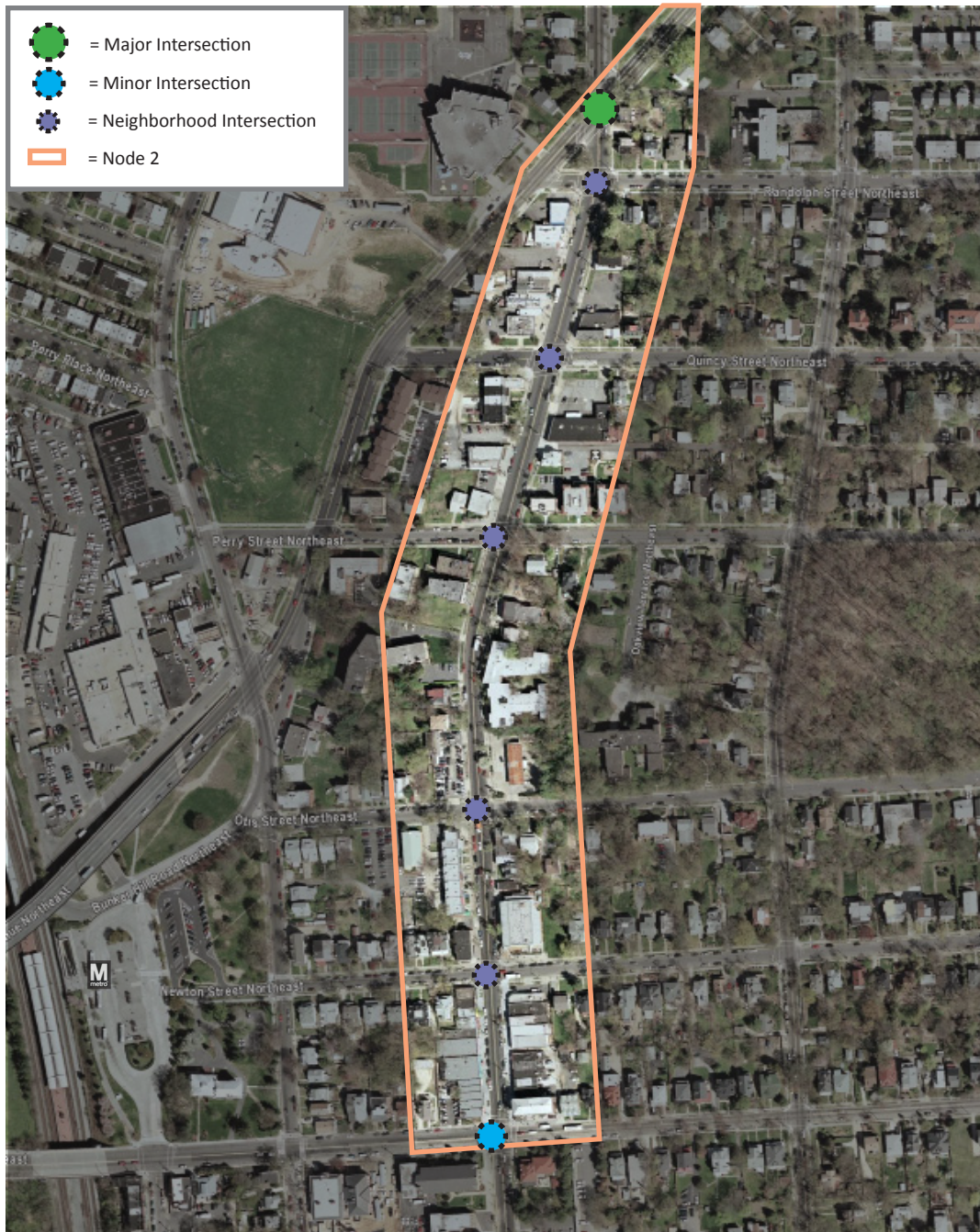
Redevelopment Option 2



HIGH-DENSITY, MIXED-USE DEVELOPMENT OPPORTUNITIES

This option still establishes a “Main and Main” intersection at Monroe and 7th Streets; however, it shows a more aggressive plan for increasing density around the Metro station. Brookland’s convenient access to other areas of the city via the Brookland-CUA Metro Station is a principle factor for increasing density here. However, because there are limited vacant and underutilized parcels surrounding the Metro, creative solutions will be needed for Brookland’s mixed-use neighborhood center to reach its full potential. As per the Brookland-CUA Metro Station Small Area Plan-Master Plan Report (dated August 28, 2007), potential options such as decking over the Metro rail lines should be explored.

Planning Analysis Node 2: 12th Street



General Observations about Existing Area:

- 1) Community outreach initiatives, such as the Historic Brookland Main Street commercial revitalization program, have restored most of what 12th had to offer in its heyday. Storefront and streetscape improvements are some of the new methods that have been employed in order to revitalize and reactivate the area in recent years.
- 2) Physical constraints have made it difficult for building owners to lure regional anchor tenants; however, this has allowed smaller mom-and-pop stores to find a niche in this unique, charming neighborhood.
- 3) These local, independent store owners bring with them an eclectic and artsy feel that has begun to define the district's brand.
- 4) The addition of the Yes! Organic grocery store to the merchandising mix here reinforces 12th Street's boutique retail character.

Retail Planning Principles:

- 1) Continue with streetscape and storefront design guidelines in order to protect and enhance its visual appeal.
- 2) Support the local retailers that will have to compete with new development along Monroe Street.
- 3) Clearly define this district as a unique shopping destination through branding and wayfinding techniques that add stability to the shops of 12th Street.

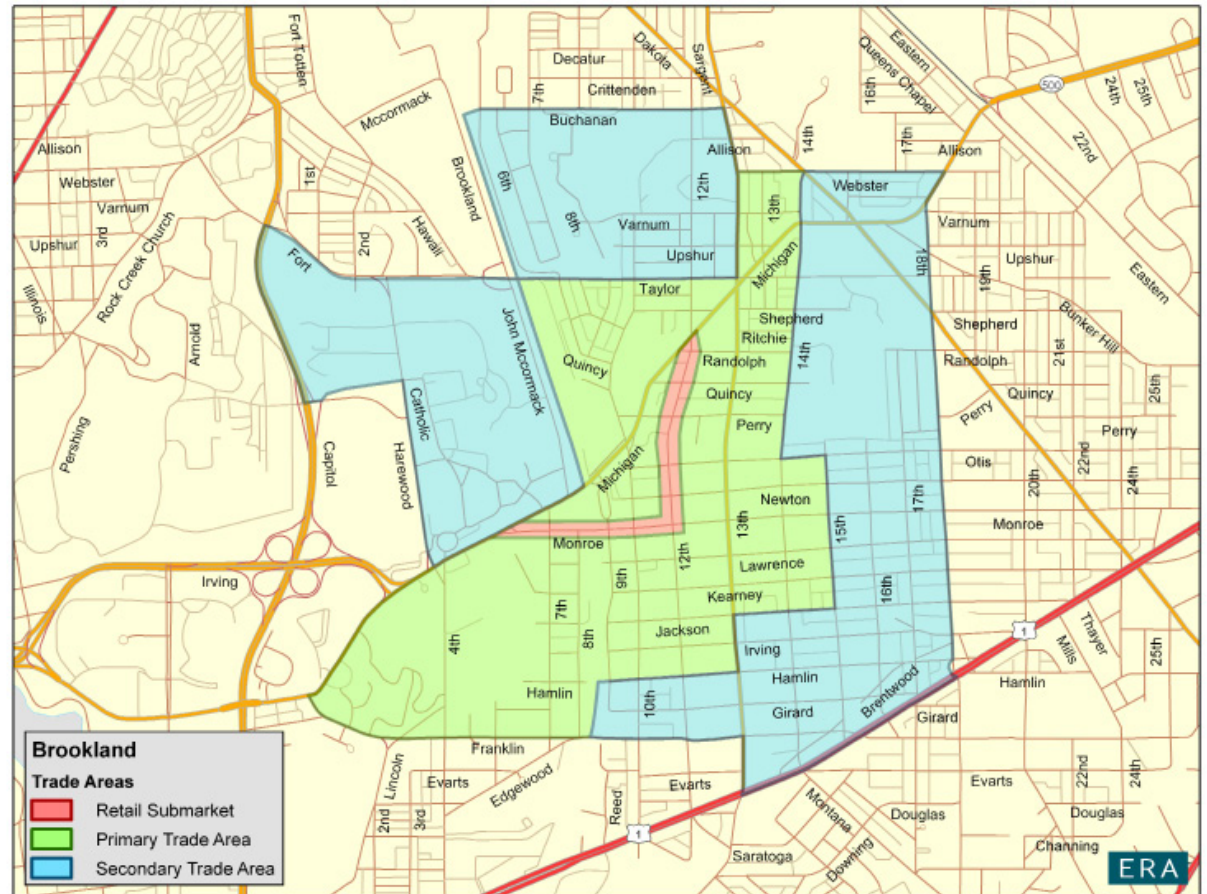
Brookland Retail Demand Analysis



The retail submarket is located from 12th St NE from Michigan Ave NE to Monroe St NE and Monroe St from 12th St west to Michigan Ave, NE

Key Elements

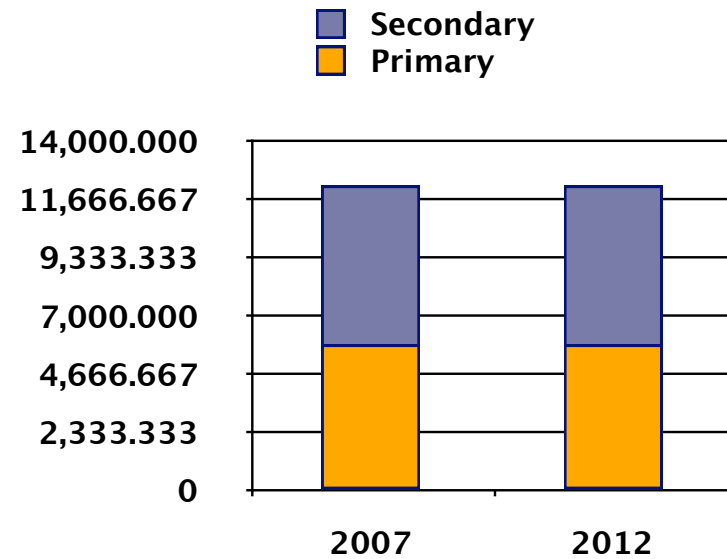
- Trade areas assess residents and other potential customers who could be drawn to the site
- The primary trade area encompasses the block groups within a ¼ mile of the retail submarket; the secondary trade area includes the block groups within a ½ mile of the retail submarket (reasonable walking distances for pedestrian shopping)
- Primary trade area residents are expected to be frequent customers, with a focus on those living closest to the site; Secondary trade area residents are expected to be consistent, but not frequent customers
- Potential customers who are not primary or secondary trade area residents are accounted for by an “inflow” factor; this is a percentage applied to potential expenditures at the site



The Brookland Neighborhood trade area is expected to have minimal increases in population and housing units in the over the next five years

- The population in the primary Brookland Neighborhood trade area is expected to increase by 76 people over the next five years – from 5,706 in 2007 to 5,782 by 2012
- Population in the secondary trade area will increase by 57 residents
- It is important to note that undergraduate students at Catholic and Trinity Universities are not included in counts and projections provided by ESRI
- ERA recognizes the significant impact students at CUA and Trinity have on retailers in the Brookland neighborhood and they are accounted for in the retail demand analysis by adjusting capture rates
- The total trade area is expected to add 74 households over the next five years; if proposed projects are built there will be a significant impact on trade area retail

Trade Area Population Growth, 2007 and 2012



Trade Area Household Growth, 2007 and 2012

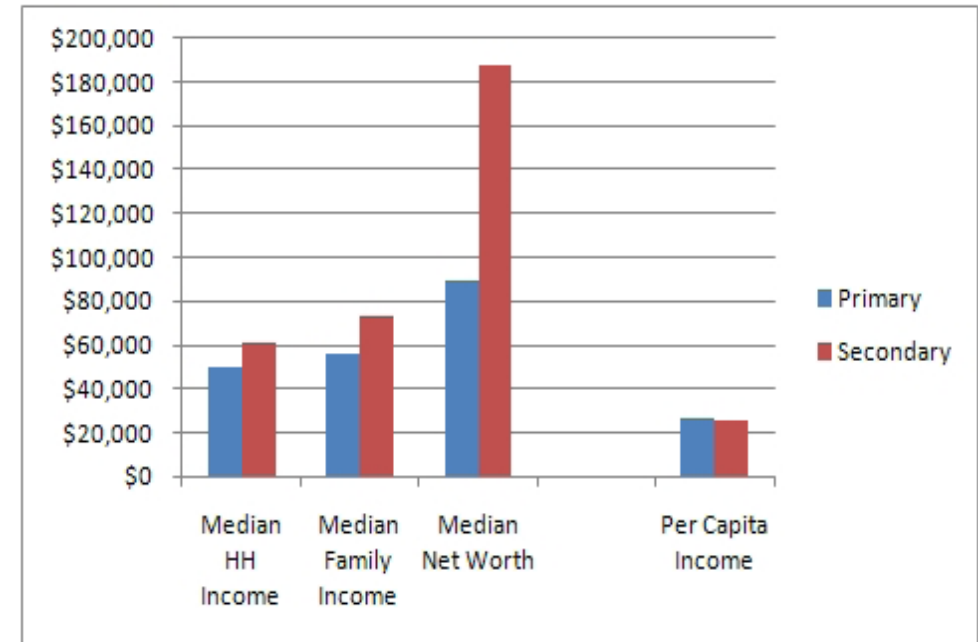
	Estimated 2007	Projected 2012
Primary	2,262	2,302
Secondary	1,652	1,686
Total	3,914	3,988

Brookland Neighborhood Key Demographics: Trade Area Household Profile

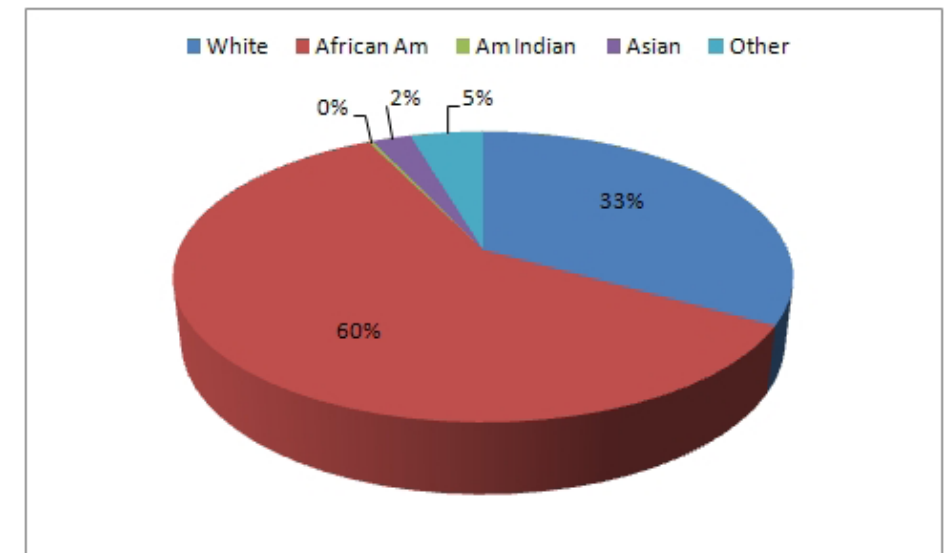
- The Brookland Neighborhood trade area has a solidly middle-income base
- Median household income in the primary trade area is \$45,515 and is \$61,323 in the secondary trade area
- The median net worth of the households reflect some greater home values for owners and additional assets, again a result of the mix of upper-middle, middle, and lower-middle income households
- Racially and ethnically, African-Americans make up 60% of households, followed by White at 33% and Other at 5%*

*"Other" includes mixed racial populations or self-identified as such. The group may include Latinos or Hispanics who do not identify with another race. Latino and Hispanic are ethnic groups, not racial, but may include people of several racial groups

Income Statistics, 2007



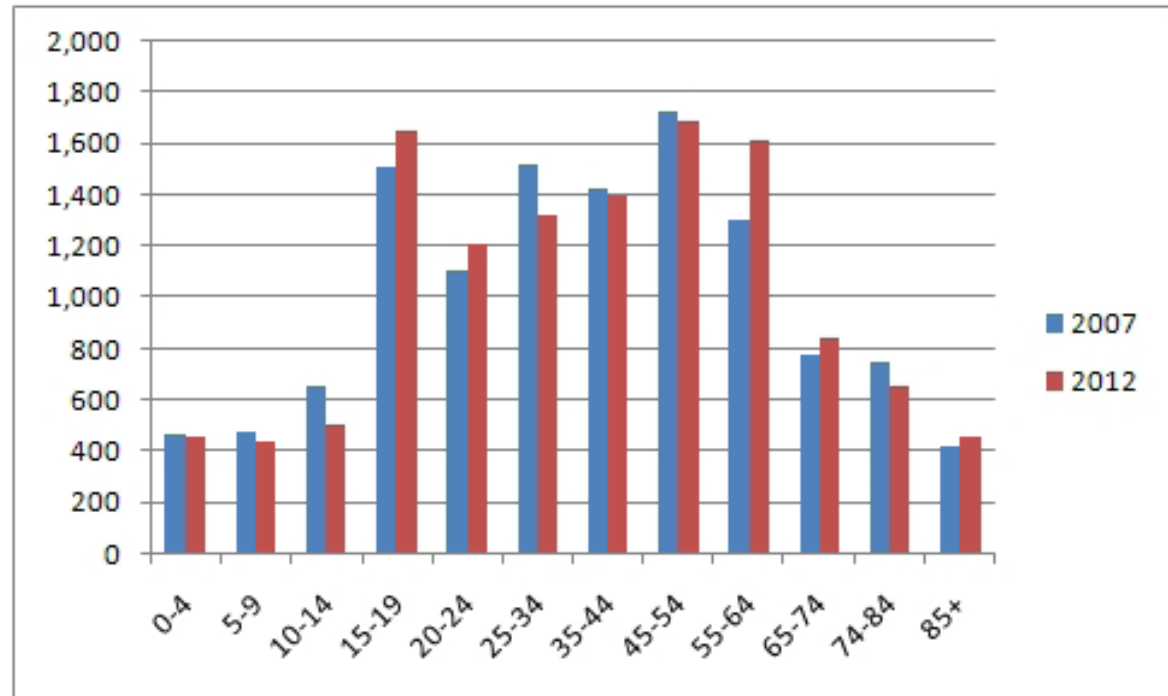
Racial and Ethnic Groups, 2007



Moderate projected population changes in young and mature residents and the continued presence of Catholic and Trinity University students will generate retail opportunities in the Brookland Neighborhood

Trade Area Population by Age, 2007 and 2012

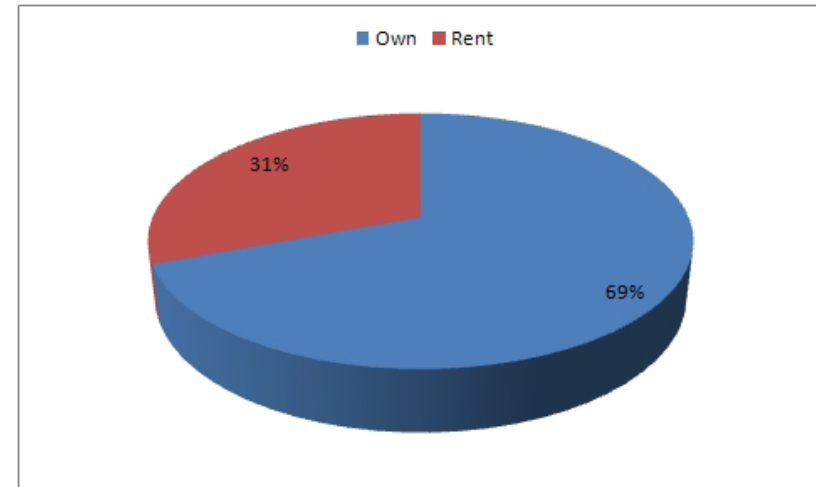
- Age cohorts 25 through 44 are expected to see a decline in population over the next five years, a negative indicator for residential and retail demand
- Growth in the 55 to 64 cohort will increase demand for goods and services associated w/ "Empty Nesters" and those heading towards retirement
- Growth among the 15 to 19 and 20 to 24 age cohorts indicates continued demand for family-oriented goods and services and young adult household formation-oriented items such as inexpensive furniture, quick service restaurants, bars, and pre-prepared foods at supermarkets



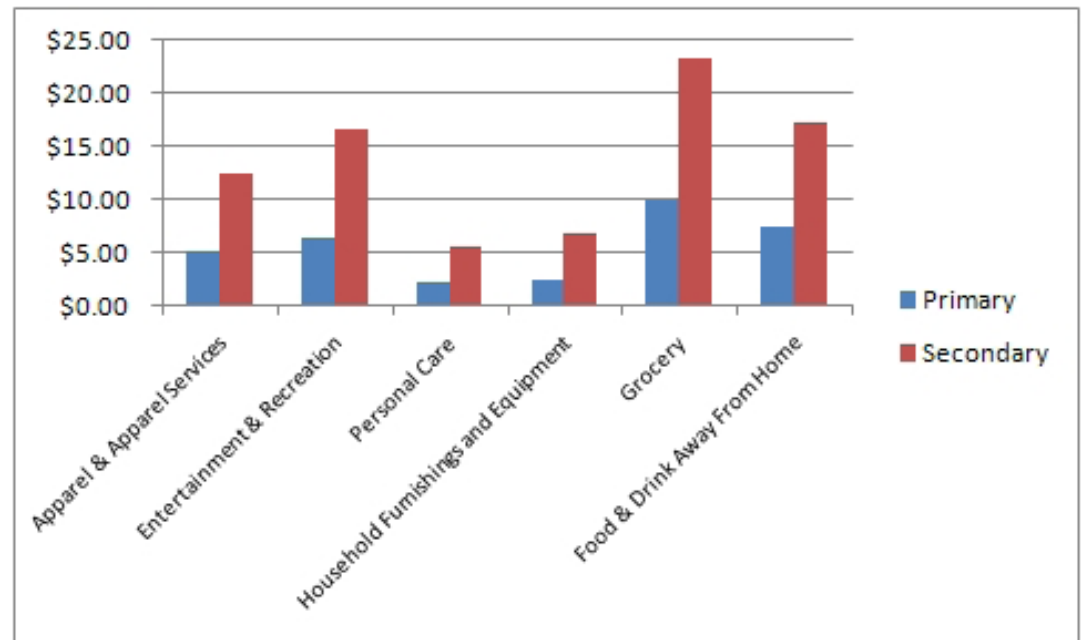
Brookland Neighborhood Key Demographics: Trade Area Household Profile

- A higher percentage of households in the Brookland Neighborhood trade area own their homes, versus rent (69% v. 31%)
- Reviewing the trade area's household expenditures provides a "snapshot" of how households spend their disposable dollars. In order to increase opportunities for retail sales in the community, the retail submarket needs to be able to capture more of the total expenditures available
- In 2007 trade area residents spent a total of \$116 million on products and services in the categories represented on the graph. This is total spending everywhere, not just in the trade area
- Market area residents spend the most money on groceries
- Food and drink away from home, especially in the secondary trade area, represents the second highest expenditures category in the trade area with entertainment and recreation coming in a close third

Home Ownership, 2007



Household Expenditures (In Millions) by Category, 2007

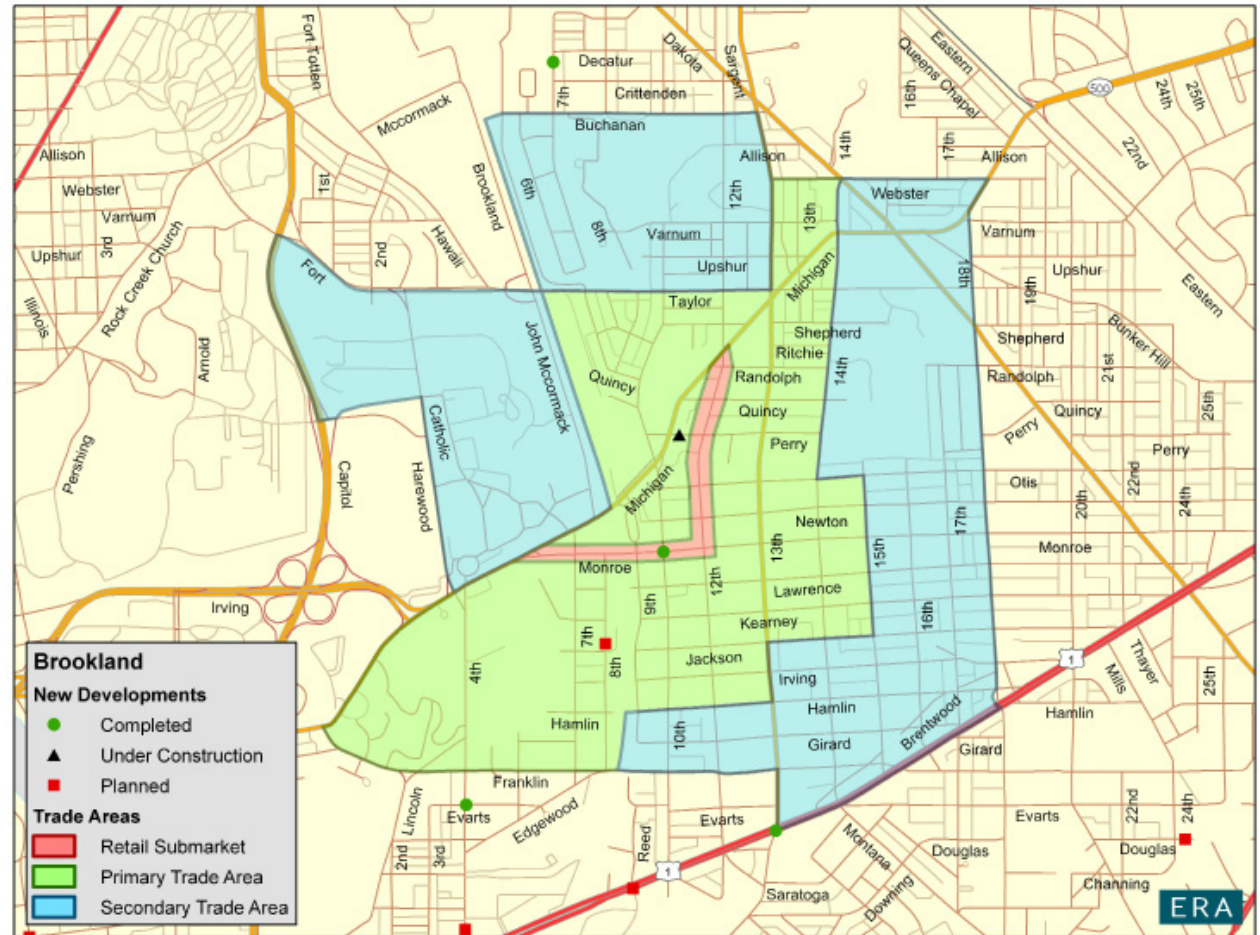


Development Pipeline

Pipeline Projects

projects are under construction or proposed in the Brookland neighborhood

- A new retail project was completed recently at Rhode Island Ave. and Brentwood Street that totals 55,000 sq.ft.
- Catholic University of America has a proposed mixed-use project on Michigan Avenue that may deliver 83,600 square feet of retail
- The Willbook is currently under construction near 12th Street and will deliver 16 new residential units
- Douglas Development Corp. has a proposed residential project at 816 Michigan Avenue that would deliver 400 units- if realized this project would significantly impact retail demand in the Brookland Neighborhood



Overview of Market Demand Analysis

The purpose of the market analysis is to provide quantitative data that, combined with qualitative analysis in the Strengths-Weaknesses-Opportunities-Threats (SWOT) section, inform the retail development strategy for the submarket and provide a tool to DC government, private developers and retailers, and community organizations for developing retail business opportunities.

Developing Estimates of Supportable Square Footage

A key component of the quantitative analysis is determining how much retail space is supportable in each submarket. To calculate this, retail demand or spending within the trade area along with an estimate of the spending that the submarket could capture are measured. Various factors are taken into account in developing submarket capture rates, such as the quality of existing retail offerings and trade area competition. Retail spending potential for each major retail category (Convenience Retail, Specialty Retail and Food & Beverage/Restaurants other Food Service) is divided by the retail industry standard for sales-per-square foot (sometimes called retail sales productivity) to arrive at an estimate of retail square footage that the submarket can support. Submarket demand is compared to supply by subtracting the existing retail inventory to determine the net supportable square feet for retail space.

For potential future development in 2012, pipeline residential and commercial projects, and associated increases in trade area expenditures, are factored into future demand. On the supply side, the pipeline of "under construction" and "planned" retail projects is subtracted from the estimate of supportable retail space, as it is assumed that the new space will absorb an equivalent amount of space at the threshold productivity levels.

Generally speaking, retail market demand analysis should not be considered conclusive, as it combines "typical" and "industry average" performance measures with professional judgment based on local conditions and knowledge of the market and retail industry. There are several factors that will determine the success or failure of any individual retail business; that is why the industry is constantly changing. This analysis is intended to guide the Retail Action Strategy to opportunities to recruit potential successful retail categories based on estimated demand potential.

*Estimated retail spending potential is based on household spending patterns, household income and household composition as reported by the Consumer Expenditure Survey prepared by the US Census for the US Bureau of Labor Statistics. For retail sales productivity rates, ERA used a range of retail industry-based sales per square foot estimates based on the company's experience in urban commercial districts similar to each individual submarket, as shopping center industry standards do not always reflect comparable performance in either market orientation or financial structure by locally-owned businesses or by smaller/older commercial buildings.

Retail Demand: Primary Trade Area Supportable Retail Space

Retailers measure business success by comparing their sales per square foot or productivity against their costs and revenue objectives as well as reported retail industry standards for comparable types of stores. The amount retailers can afford to spend for rent is also determined by annual sales (both the total amount and sales per square foot per year). Retail rents usually range between 8 percent and 12 percent of total annual sales. This industry standard is a benchmark by which retail performance can be determined.

Local retailers whose sales fall below these industry standards may be considered to be underperforming; the reasons for underperformance may be a result of the size of the market, stronger competitors with better merchandise, merchandising, and/or better pricing, or undercapitalization. Underperforming retailers may cause the analysis of supportable square footage to be underestimated. The higher performing operators can capture market share from existing retailers as well as new customers not currently patronizing a commercial district. When considering a commercial location or district such as the submarkets included in this analysis, retailers often review the levels of rent achieved by property owners as an indication of the level of sales that other retailers are generating.

Lower average rent levels also influence the amount that property owners can afford to invest in property improvements to retain existing tenants or recruit new ones. If property owners are unable to offer tenant improvements because rents are too low, the retailers are then required to increase the amount they must spend to prepare a building to become a store, café, or consumer service business. The greater the amount the retailer is required to invest in space improvements, the greater the financial risk, resulting in additional financial pressures during the early years while the retailer is becoming established and building a customer base. Districts presenting a higher risk of failure have difficulty attracting well managed, well capitalized businesses.

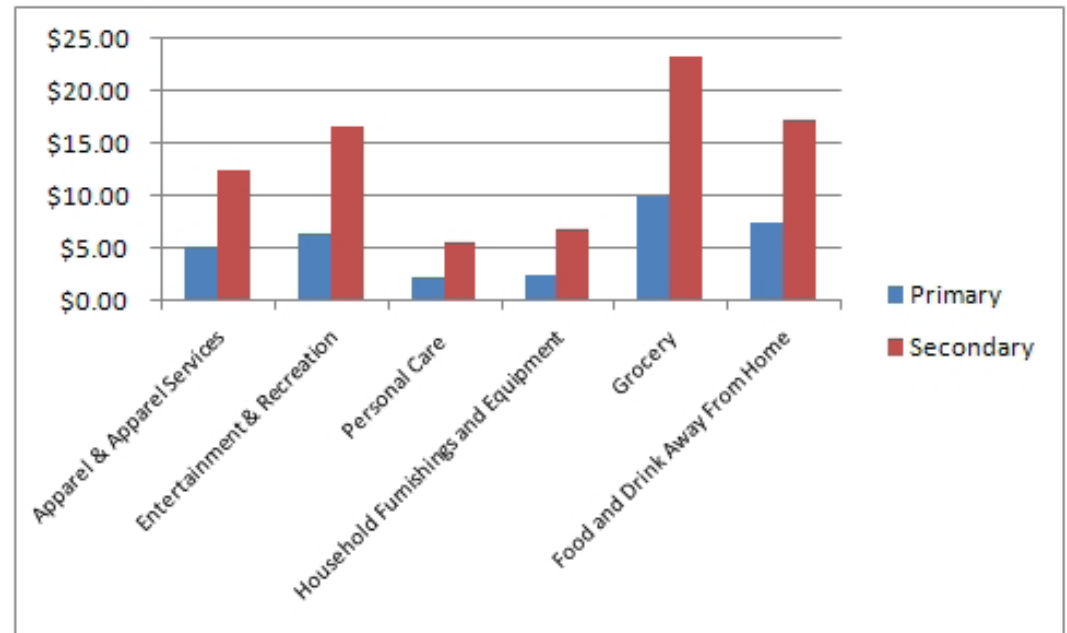
This relationship establishes the connection between the total sales that retailers can achieve, the amount they can afford to pay in rent, and whether the property owners will be willing (or able) to invest in major needed building upgrades (electrical systems, HVAC, tenant improvements) to attract or retain retail tenants.

Trade Area Resident Spending

- Retail opportunities are measured using trade area retail expenditures, which describe consumer spending patterns
- Expenditures typically cover resident spending, but have been adjusted to include worker, visitor, and other spending, as appropriate
- Key categories include:
 - Apparel and Apparel Services
 - Entertainment and Recreation
 - Personal Care
 - Household Furnishing and Equipment
 - Grocery
 - Food and Drink Away from Home
- Entertainment and Recreation includes expenditures such as fees and admissions, TV/video/sound equipment, pets, toys, recreational vehicles, sports equipment, photo accessories, and reading
- Personal Care includes stores such as, drugstores (excluding prescription drugs) cosmetic stores, and services (nail salons, hair salons, shoe repair, etc.)
- Grocery (food and drink for consumption at home) absorbs the most expenditures for the households in the trade area

Trade Area Expenditures By Category (In Millions), 2007

\$116 Million Total



Capture rates are applied to total trade area expenditures in order to estimate potential expenditures within the retail submarket

A capture rate is calculated as a percentage of sales expected from households or inflow shoppers in the entire trade area.

The rate is developed by examining the trade area's existing retail offerings, quality of retailers, the potential for increased sales with improved retail operations, size of the trade area and a professional judgment considering nearby competition and other available retail purchasing opportunities for customers.

The analysis utilizes capture rates specific to the trade area to calculate likely on-site spending within the retail submarket. For example:

- A 10% capture rate = \$10 of every \$100 spent will occur in the retail submarket
- Note that 100% capture rate is not possible, as the rate reflects all retail purchasing opportunities available to the shoppers in the trade area
- The capture rate is generally a major determinate of a retail submarket's viability

Brookland Submarket Capture Rates By Category

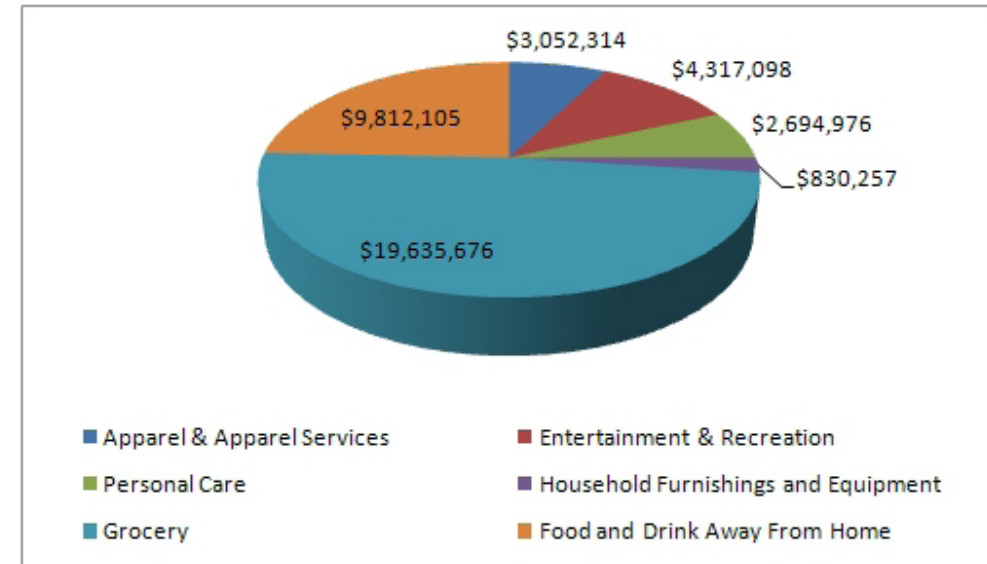
	Primary	Secondary	Inflow
Apparel & Apparel Services	20%	15%	5%
Entertainment & Recreation	25%	15%	5%
Personal Care	45%	25%	10%
Household Furnishings and Equipment	10%	8%	3%
Grocery	65%	45%	15%
Food and Drink Away From Home	45%	30%	15%

Source: ESRI Business Analyst; Economics Research Associates, 2007

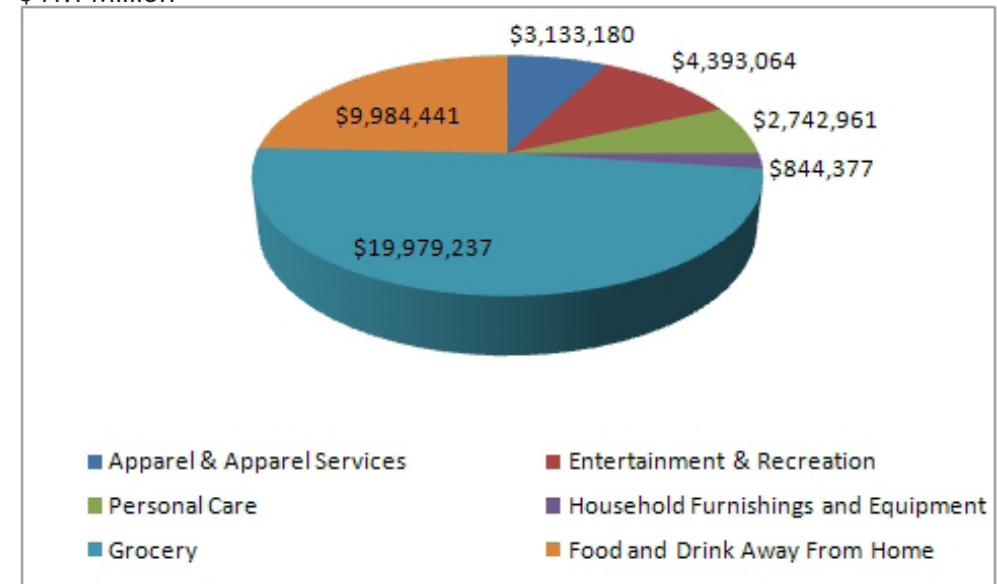
Estimated Captured Spending within the Retail Market

- Captured spending in the trade area was estimated to be \$40.3 million in 2007 compared to total spending by the trade area is \$116 million in the same year
- Captured spending in the retail submarket is expected to be \$41.1 million in 2012 compared to total trade area spending of \$118 million in the same year
- ERA expects by 2012 that Grocery spending will account for more than \$19.9 million annually and Food and Drink (away from home) will account for approximately \$9.9 million annually
- Captured spending in the retail trade area is expected to increase by more than \$734,000 between 2007 and 2012, due mostly to minor changes in population and income levels

Estimated Captured Retail Trade Area Spending, 2007
\$40.3 Million



Estimated Captured Retail Trade Area Spending, 2012
\$41.1 Million



Productivity and Typical Store Size

- A calculation of store productivity is typically based on optimal performance of quality retailers, not actual operators
- However the lower quality of the retail space available in this retail submarket requires that a lower than “optimal” productivity rate must be used to adjust the supportable square footage calculation
- The square footage of retail type does not indicate number of stores since stores sizes vary

“Typical” stores sizes might be:

- Apparel 3,500 SF
- Accessories 2,000 – 10,000 SF
- Personal Care 2,000 – 10,000 SF
- Household Furnishings 3,500 – 10,000 SF
- Grocery Stores- 30,000 to 65,000
- Restaurants 3,000 – 6,000+ SF
- Quick Service food 1,200 – 3,500 SF
- The retail submarket offerings could be anchored by a supermarket, a collection of restaurants and neighborhood-focused goods and services

Source: ESRI Business Analyst; ERA 2007

Brookland Submarket Comparable Productivity

- The best way to estimate a site’s productivity is to assess annual sales per square foot for comparable projects
- The type of retail often impacts the sales per square foot (i.e. jewelry versus furniture)

Category	Sales per Square Foot	
	Low	High
Apparel & Apparel Services	\$ 300	\$ 400
Entertainment & Recreation	\$ 250	\$ 450
Personal Care	\$ 350	\$ 600
Household Furnishings and Equipment	\$ 300	\$ 500
Grocery	\$ 450	\$ 550
Food and Drink Away From Home	\$ 400	\$ 500

1/ International Council of Shopping Centers, Dollars & Cents of Shopping Centers 2006

Source: Economics Research Associates, 2007

While the productivity rates used for this submarket were based on national averages as reported by the International Council of Shopping Centers (ICSC), ERA used the lower national rates to reflect space limitations and likely performance in the submarket. The rate still reflects the minimum productivity that would be needed for a quality retail operation return on investment.

2007 Net Supportable Square Feet

- Based on the current and projected level of households spending in the market area, the Brookland submarket can support between 95,500 and 127,300 square feet of retail in 2007

- The existing retail inventory totals 129,247 square feet within the retail submarket. In order to take into account the lower quality space it was discounted to 109,860 square feet (see detailed explanation on page 18)

- Due to the existing amount of retail in the Brookland neighborhood, the retail submarket has a net supportable square foot range between negative (14,360) and 17,440 in 2007

- This negative supportable square footage number indicates that the Brookland neighborhood has a sufficient amount of retail square feet to meet current demand but may need to be enhanced with changes in tenants and offerings

Estimated Net Supportable Square Feet 2007

Area	Low Range	Site Supportable	High Range
Apparel & Apparel Services	9,200	10,200	12,200
Entertainment & Recreation	15,600	17,300	20,800
Personal Care	6,900	7,700	9,200
Household Furnishings and Equipment	2,500	2,800	3,400
Grocery	39,200	43,600	52,300
Food and Drink Away From Home	22,100	24,500	29,400
Subtotal 2007 Supportable	95,500	106,100	127,300
Less Adjusted Existing Inventory 1/	(109,860)	(109,860)	(109,860)
Total 2007 Net Supportable	(14,360)	(3,760)	17,440

1/ Inventory adjusted for condition

Source: ESRI Business Analyst; Economics Research Associates, 2007

2012 Net Supportable Square Feet

- Based on estimated trade area expenditures and capture rates, The Brookland Neighborhood submarket can support between 97,200 and 129,700 square feet of retail in 2012
- There is approximately 83,600 square feet of new retail planned in the trade area
- The existing retail square footage and planned new projects are subtracted from the subtotal to arrive at net supportable square footage for 2012
- Due to the amount of existing and pipeline retail in the Brookland Neighborhood, the retail submarket has a negative supportable square foot range between (96,260) and (63,760) in 2012
- Additional space could be accommodated with an increase in population

Estimated Supportable Square Feet 2012

Area	Low Range	Site Supportable	High Range
Apparel & Apparel Services	9,400	10,400	12,500
Entertainment & Recreation	15,800	17,600	21,100
Personal Care	7,000	7,800	9,400
Household Furnishings and Equipment	2,500	2,800	3,400
Grocery	40,000	44,400	53,300
Food and Drink Away From Home	22,500	25,000	30,000
Subtotal 2012 Supportable	97,200	108,000	129,700
Less Existing Retail 1/	(109,860)	(109,860)	(109,860)
Less Planned/Under Construction 2/	(83,600)	(83,600)	(83,600)
Total 2012 Incremental Supportable	(96,260)	(85,460)	(63,760)

1/ Includes adjusted inventory

2/ Includes new retail at the Catholic University of America site.

Source: ESRI Business Analyst; Economics Research Associates, 2007

What Does Negative Supportable Square Feet Mean?

- Negative supportable square feet indicates that, at a certain point in time, there may be more retail space than the current market expenditure potential can support
- Many existing retailers in Washington DC
 - operate in lower priced spaces that can be considered functionally inefficient/obsolete (too small, too shallow, in poor condition, etc.) or
 - are not well capitalized to compete in an improved environment. ERA has 'discounted' the square footage of these retailers in many areas to reflect the qualitative/competitive differences in operating capacity
- Markets evolve and shift as the amount and type of available retail changes; what today may appear to be oversupply can attract new spenders from outside the immediate trade area and become positive over time (such as Adams-Morgan or downtown Washington near the Verizon Center). A 'negative' supportable square footage estimate in 2012 does not mean an area is permanently oversupplied
- Retail submarkets may have a retail store mix imbalance and unfulfilled retail potential. These areas may have too much of one kind of retail and not enough of other types. An improved retail mix could increase demand and reduce the perceived oversupply of retail space.
- The retail submarket strategies will include programs and incentives to assist local retailers operating in growth/expanding markets where substantial new retail is being introduced

Commentary on the Current Retail Inventory

According to CoStar Group Real Estate Information Services, there is 129,247 square feet of retail space in the Brookland Neighborhood retail submarket. To determine net supportable square feet, the existing retail space is subtracted from the gross supportable square feet. One major determinant of opportunity relies on the quality of the existing space – how competitive is the space relative to the rest of the trade area and other competitive districts?

ERA analyzed the existing retail along the Brookland Neighborhood retail submarket and concluded that 15% of the retail inventory in the trade area was Grade “C”, or inadequate, for contemporary retailing needs. In order to calculate supportable square footage, the existing space was discounted by removing the Grade “C” inventory from the equation.

Inventory Adjustment

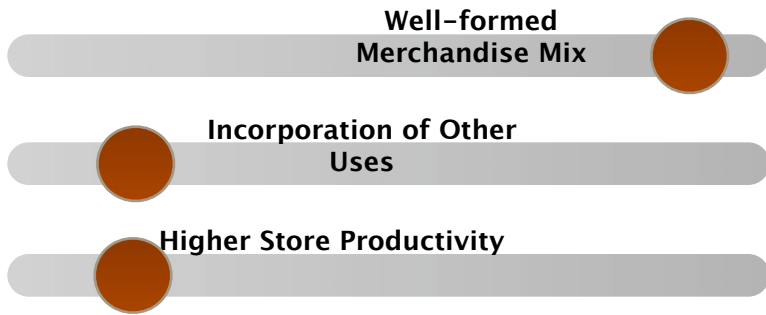
Existing Retail Inventory in Submarket	129,247
Less Discounted Space ("C" Grade)	19,387
Adjusted Existing Inventory	109,860

Source: CoStar; Economics Research Associates, 2008.

Multiple factors will ultimately affect the supportable square feet and success of the retail sub-market's offerings over the long-term

Factors Affecting Store Supportable Square Feet, 2007

(14,360) SF ← (3,760) SF → 17,440 SF



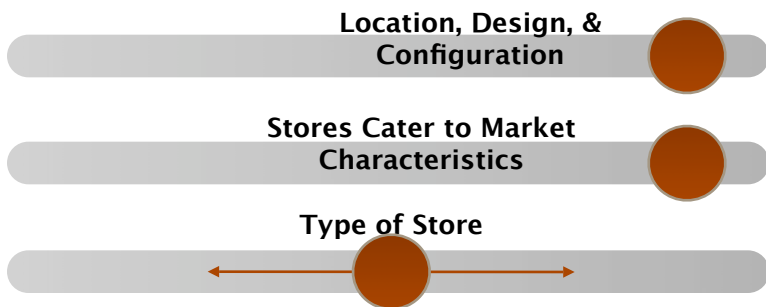
The success and appeal of a retail district is directly linked to its merchandise mix and its function as a destination.

Incorporating other uses and programs may limit retail space, but complement overall project

The trade areas are capable of spending a certain amount. If more \$\$ are spent in one store less \$\$ will be spent elsewhere

Factors Affecting Store Productivity

Low Sales / SF ← High Sales / SF



A store's size, placement within the district, interior and store-front design are part of total appeal for customers

Price-points and merchandise should accurately reflect the demographics and lifestyle characteristics of the customers

Merchandise quality/price positioning/merchandising/mark-up relative to cost of goods, as well as store size and other operating factors, influence a retailers' profitability (Sales / SF)

Detailed captured retail spending on site by category and market

2007 Potential Captured Spending on Site

Retail Categories By Market	Potential Spending Captured On-Site	Expenditure Distribution by Category
Primary		
Apparel & Apparel Services	\$ 1,054,449	7.6%
Entertainment & Recreation	\$ 1,625,920	11.7%
Personal Care	\$ 1,032,446	7.5%
Household Furnishings and Equipment	\$ 259,671	1.9%
Grocery	\$ 6,540,791	47.2%
Food and Drink Away From Home	\$ 3,339,475	24.1%
Subtotal	\$ 13,852,752	100.0%
Secondary		
Apparel & Apparel Services	\$ 1,852,516	8.4%
Entertainment & Recreation	\$ 2,485,602	11.3%
Personal Care	\$ 1,417,533	6.4%
Household Furnishings and Equipment	\$ 546,404	2.5%
Grocery	\$ 10,533,710	47.8%
Food and Drink Away From Home	\$ 5,192,790	23.6%
Subtotal	\$ 22,028,555	100.0%
Inflw		
Apparel & Apparel Services	\$ 145,348	3.3%
Entertainment & Recreation	\$ 205,576	4.6%
Personal Care	\$ 244,998	5.5%
Household Furnishings and Equipment	\$ 24,182	0.5%
Grocery	\$ 2,561,175	57.4%
Food and Drink Away From Home	\$ 1,279,840	28.7%
Subtotal	\$ 4,461,119	100.0%
All Markets		
Apparel & Apparel Services	\$ 3,052,314	7.6%
Entertainment & Recreation	\$ 4,317,098	10.7%
Personal Care	\$ 2,694,976	6.7%
Household Furnishings and Equipment	\$ 830,257	2.1%
Grocery	\$ 19,635,676	48.7%
Food and Drink Away From Home	\$ 9,812,105	24.3%
Total	\$ 40,342,427	100.0%

2012 Potential Captured Spending on Site

Retail Categories By Market	Potential Spending Captured On-Site	Expenditure Distribution by Category
Primary		
Apparel & Apparel Services	\$ 1,104,761	7.8%
Entertainment & Recreation	\$ 1,662,438	11.7%
Personal Care	\$ 1,055,634	7.4%
Household Furnishings and Equipment	\$ 265,503	1.9%
Grocery	\$ 6,687,696	47.1%
Food and Drink Away From Home	\$ 3,414,479	24.1%
Subtotal	\$ 14,190,511	100.0%
Secondary		
Apparel & Apparel Services	\$ 1,879,220	8.4%
Entertainment & Recreation	\$ 2,521,432	11.3%
Personal Care	\$ 1,437,966	6.4%
Household Furnishings and Equipment	\$ 554,281	2.5%
Grocery	\$ 10,685,553	47.8%
Food and Drink Away From Home	\$ 5,267,644	23.6%
Subtotal	\$ 22,346,097	100.0%
Inflw		
Apparel & Apparel Services	\$ 149,199	3.3%
Entertainment & Recreation	\$ 209,194	4.6%
Personal Care	\$ 249,360	5.5%
Household Furnishings and Equipment	\$ 24,594	0.5%
Grocery	\$ 2,605,987	57.4%
Food and Drink Away From Home	\$ 1,302,318	28.7%
Subtotal	\$ 4,540,652	100.0%
All Markets		
Apparel & Apparel Services	\$ 3,133,180	7.6%
Entertainment & Recreation	\$ 4,393,064	10.7%
Personal Care	\$ 2,742,961	6.7%
Household Furnishings and Equipment	\$ 844,377	2.1%
Grocery	\$ 19,979,237	48.6%
Food and Drink Away From Home	\$ 9,984,441	24.3%
Total	\$ 41,077,260	100.0%

Brookland Strategy



Brookland

Introduction

The Brookland submarket is comprised of two nodes that together have the potential to complement one another and become a regional retail draw. The first node is the traditional commercial corridor of 12th Street, which provides neighborhood-serving retail within small Main Street-style storefronts. The second node is Monroe Street, which currently has limited retail use, but includes sufficiently large parcels to accommodate larger format national retailers. These complementary uses would combine to serve a unique mix of consumers in the submarket. Sixty-nine percent of households are homeowners, indicating a demand for such goods as home furnishings and home products. A significant college student population from Catholic University and Trinity College provides a constant stream of 18 to 24 year old shoppers that will never age out of the population. These resident consumers are complemented by the 500,000 annual visitors to the major tourist destinations (such as the recently opened Lincoln Cottage at the Old Soldiers Home, the Pope John Paul Cultural Center and the Shrine of the Immaculate Conception) located not far from Brookland's retail nodes.

The resident population in the primary Brookland Neighborhood trade area is expected to increase by only 76 people over the next five years; from 5,706 in 2007 to 5,782 by 2012. While these projections do not include undergraduate students at Catholic and Trinity Universities, ERA recognizes the significant impact students at CUA and Trinity have on retailers in the Brookland neighborhood; they are accounted for in the retail demand analysis by adjustment of capture rates. The total trade area is expected to add only 74 households over the next five years; if proposed projects are built there will be a significant impact on trade area retail. The median household income in the primary trade area is \$45,515 and is \$61,323 in the secondary trade area. The median net worth of the households, averaging \$ for the primary and secondary trade areas, reflects some greater home values for owners and additional assets. Nearly 70% of the Brookland trade area residents own their own homes. Based on the SWOT Analysis, Retail Demand Analysis and Preliminary Planning Diagrams completed as part of this submarket analysis, the most efficient approach to maximizing the value, mix and appropriateness of retail in this submarket requires acknowledging the following basic assessments of the area and then taking the specific actions listed below.

Merchandising Concepts

Node 1- 12th Street: The main focus in this node is to retain the "local, funky, cool" vibe. The strategy should center on retaining the viable current mix of retailers and businesses by managing rent pressures. The 12th Street corridor should seek to fill current gaps in the street fronts with the same type of local retailers that have created the current eclectic feel, serving the neighborhood's needs. A potential additional use may be galleries which, along with some existing retailers could be fostered to expand to other neighborhoods. An effort should be made to both improve the mix of retail categories to include higher-quality restaurants and specialty stores and to enhance the offerings of existing retailers. Retail examples in these categories include consumer service businesses such as the Yes! Organic Market.

Node 2- Michigan Ave & Monroe Street: The retail merchandising strategy in this node should focus on local resident-serving businesses such as existing food service that will transition to the Catholic University of America (CUA) development that is expected to attract national retail-

ers. The anticipated mix at the new CUA development may include the following: the Catholic University bookstore in partnership with Barnes & Noble (which operates college bookstores on campuses across the country); a major grocery retailer (such as a neighborhood-scaled Safeway Pavilion or Trader Joe's at approximately 25,000 square feet, a coffee shop (Caribou, Starbucks or a local coffee shop operator such as Mayorga Coffee, ranging in size from 800 to 1200 square feet), quick-service and table-service restaurants (examples include a sandwich deli such as Lawson's and potentially a young fashion retailer such as South Moon Under, American Apparel or American Eagle Outfitters (which typically occupy 1,800 to 3,000 square feet). The two main corridors/nodes in this submarket should be merchandised in a way that emphasizes the unique aspects of each, such that their retail offerings do not compete with one another. Monroe Street (particularly west of the Metro Station) should target selected regional and national tenants requiring larger footprints (the grocery store for example), as part of a high-density mixed-use redevelopment project being planned for a larger assembled site owned by Catholic University. These larger retailers could target their service to the student population and certain needs of the surrounding community. Addition of the new retail mixed use project at CUA will introduce national retailers like American Apparel and American Eagle to the student and resident markets. Because the CUA project is managed and controlled by one owner, it will be the location sought by national tenants. This could encourage the way along 12th Street to focus more on locally owned specialty retailers and food service that reinforces the local family character. pedestrian linkage between the two shopping areas will provide potential retail area some clarity.

Urban Design

The key, four-corner retail intersection will be where Monroe and 7th Streets cross, but access to the submarket via Michigan Avenue depends on improved intersections at both Monroe and 7th Street as gateways to the retail corridors. The Michigan Avenue access points should provide better experiences for both pedestrians and vehicles. It will also be important to improve pedestrian amenities on the bridge above the Metro tracks to connect the two nodes; the current characteristics of the bridge and approaches to it do not create a pleasant connecting environment between the adjacent areas. Improving the appearance and programming of open space in the area – including the Turkey Thicket Recreation Center, would enhance the overall activity of the submarket and create a stronger focus for community connections and programming for residents, students and others.

Transportation Improvements

As outlined in the DC Department of Transportation's (DDOT) 12th Street Streetscape Study, streetscaping and storefront improvements will enhance the unique feel of the 12th Street corridor and provide individual retailers and property owners with the assistance they may need to invest in the appearance of their buildings.

Development should increase density along Monroe Street through mixed-use transit-oriented development that capitalizes on the submarket's adjacency to the Brookland-CUA Metro Station. This would include creation of an intersection along Monroe Street, near the Metro Station, to facilitate access to the proposed mixed-use retail development. Wayfinding signage should be installed to facilitate pedestrian access to and from the Metro Station and between the two nodes. The retail potential of this area relies on improved Metro connections and the wise assem-

blage and development of larger parcels along Monroe Street. Both of these will complement and enhance the existing and successful neighborhood-serving retail of 12th Street.

Supportable Square Footage and Evolving Markets

As described in the market analysis, the Brookland study area is an evolving market that (when pipeline projects are taken into account) will have more retail space than is supportable under existing and near-term market conditions. This estimate, sometimes indicated by so-called “negative” square footage, should not be viewed as a permanent condition, and will be affected by both near-term improvements as well as longer-term (beyond the five-year study period) growth through projects such as the mixed use project at Catholic University and other nearby development projects representing new residential and office space. Available expenditures and the rate at which Brookland can capture a share of those expenditures will be based on both evolution of the median household income levels as well as the quality and quantity of retail uses that are retained and recruited to the corridor’s two nodes. Introduction of new national and regional credit tenants near Catholic University will begin to shift the submarket’s ability to attract and sustain expenditures from the surrounding area.

To put into perspective the incremental resident demand needed to balance the planned/under-supported/“negative” space, using a disposable income estimate based on present and projected median household income levels for the primary and secondary trade areas and reasonable capture rates, the relative ‘oversupply’ of space in this district would require approximately 470 additional resident households to place retail supply and demand in balance. Some of these resident expenditures may occur as inflow from beyond the primary and secondary trade areas, particularly as the Catholic University Mixed-Use site is completed but the lower density of surrounding neighborhoods will limit the total available spenders over time. Longer term growth in the area’s residential space can add new residents as well, potentially providing another share of market support.

Based on reasonable percentages of household income spent on retail/dining/consumer services and an assumed rate of capture reflecting a good, typical mix of available offerings, each new resident in a commercial area supports between four and seven square feet of retail space. Each new employee will support between two and five square feet. While near the Pope John XXIII Center and Lincoln Cottage at the Old Soldier’s Home, the tourist/visitor market is less likely to be a major contributor to the Brookland study area; in areas with a strong tourism retail base, each visitor could be expected to support between one-half and one and one-half square feet of retail. In all cases, the range of supportable square footage is based on the quality and depth of available retail offerings, the quality of the public spaces and continuity of retail within the corridor, and relative proximity to where people live, work, or want to visit an attraction. The relative differences in spending support indicate the importance of the resident population as well as the student population (though their spending is more focused on casual dining and entertainment). The limited expansion potential compared to approved and planned retail development will require inflow from other markets to be sustainable.

Based on 2012 population projections, median household income levels of the resident population within the primary and secondary submarkets and the quality of existing retail offerings, the supportable square footage will require substantial appeal to outside markets. To sustain the projected ‘negative supportable square footage’ of retail in 2012 through residential growth alone, up to 470 new households would be required

in order to keep retail supply and demand in balance.

Retail Support

The District's Department of Small and Local Business Development (DSLBD) and reStore DC program should provide financial and operating support for the existing business association in the area, the Historic Brookland Main Street program, to facilitate implementation of a façade improvement program for existing property owners and retailers along 12th Street. These groups should also work together to program community events to activate the corridors. Technical support may include one-on-one business planning, market targeting assistance, and merchandising consulting.

As existing retailers along 12th Street retire or go out of business, an effort should be made by DSLBD to identify successful small business owners from elsewhere in the District of Columbia who could expand to Brookland, thereby maintaining the independent, unique feel of the corridor.

Key Recommendations

1. Ensure that retail planning considers the distinct, but complementary nodes within the submarket as unique merchandise mixes and development opportunities.
 - a. Node 1: Build on and upgrade the appearance of the successful Main Street-style neighborhood-serving retail along 12th Street, with a concentration on filling in physical gaps in the streetfront.
 - b. Node 2: Support higher-density mixed-use development along Monroe Street, particularly west of the Metro Station, with retail tenanting focused on national credit tenants requiring the larger footprints offered by the parcels along Monroe Street.
2. Implement DDOT's 12th Street Streetscape Study recommendations, including the following.
 - a. Create an intersection at Monroe Street near the Metro Station to facilitate pedestrian connections to and from the Metro.
 - b. Improve intersections along Michigan Avenue at both 7th and Monroe Streets to provide improved automobile and pedestrian access to the retail corridors.
 - c. Install wayfinding signage.
 - d. Improve pedestrian amenities on the bridge over the Metro tracks.
 - e. Coordinate streetscape and traffic improvements to make the Monroe and 7th Streets intersection the 100% corner, a gathering place

for pedestrians and location for more active programming of public space.

3. Community development entities or DSLBD should continue to assist local retailers as they adjust to new development opportunities.

a. A façade improvement program.

b. Recruit successful independent retailers from throughout the District to fill in gaps in the streetfront.

c. Program additional community events (i.e., a farmers' market) in public spaces to activate the sidewalks.