

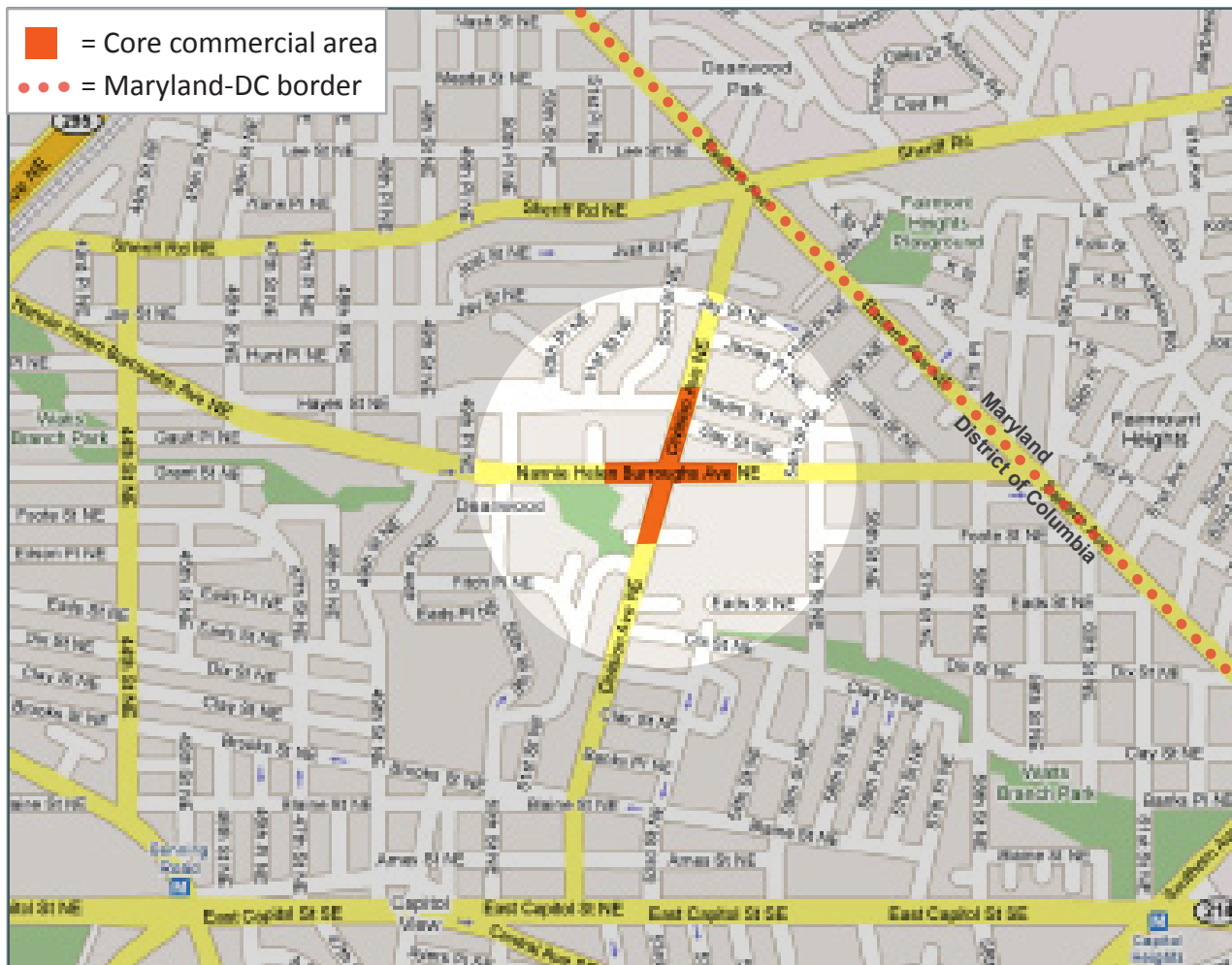
Nannie Helen Burroughs

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



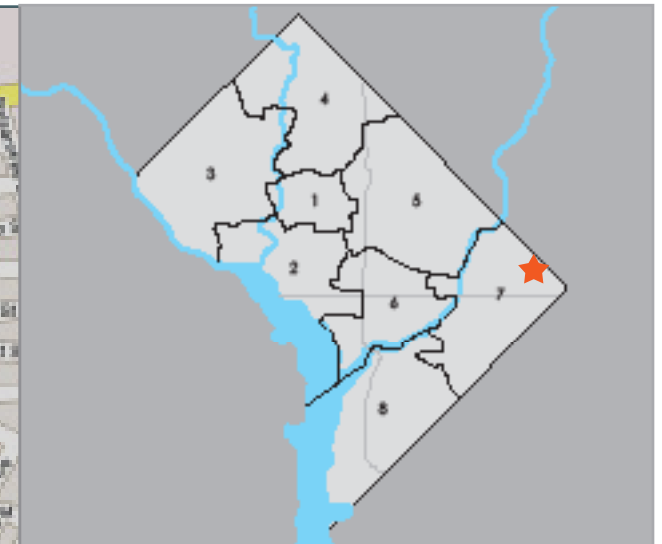
Nannie Helen Burroughs SWOT Analysis





Overview

This submarket is one of the District's older communities and boasts a diverse mix of family types, housing styles, open space, and public facilities, though it has struggled with disinvestment. Recent years have seen continued improvements to Marvin Gaye Park, a 1.6-mile-long park that runs along the Anacostia River's largest tributary. This community amenity, the submarket's proximity to an active retail center at Minnesota Avenue & Benning Road, as well as easy access to important corridors such as Kenilworth Ave (I-295), Eastern Ave, and East Capitol Street contribute to its appeal as a residential choice. It is somewhat removed from Metro access; the closest stations are: Deanwood, Benning Road, and Capitol Heights.



Boundaries

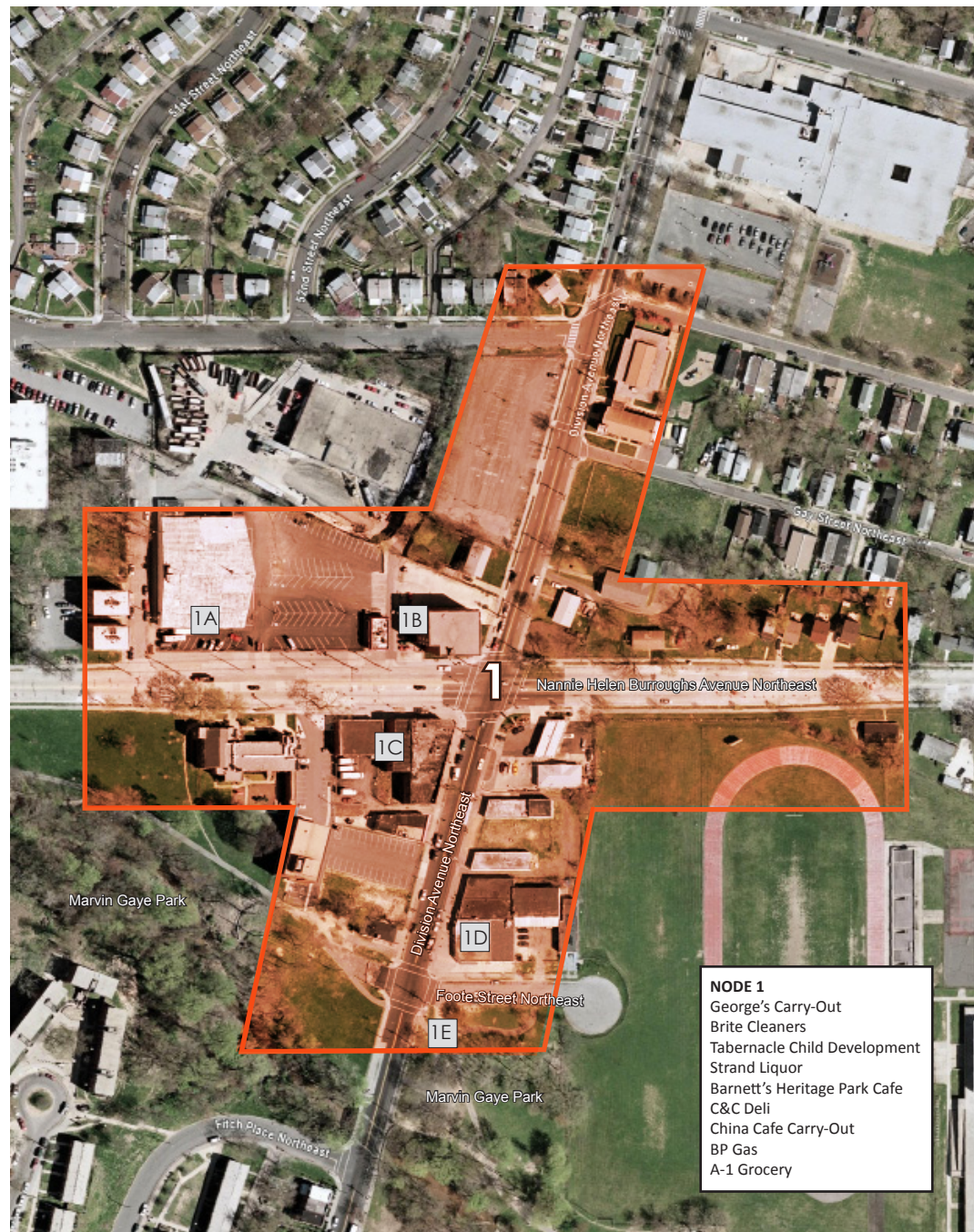
Nannie Helen Burroughs Ave from 51st St, NE east to half block from intersection with Division Ave, SE; Division Ave, NE from Hayes St, NE south to Foote St, NE

Zoning

The Nannie Helen Burroughs & Division Aves submarket is zoned mostly as commercial, and is surrounded primarily by residential. Just south of Hayes Street is a small triangular area of commercial-light manufacturing low bulk, a zone that also exists further west along Kenilworth and Minnesota Avenues (not shown on map). Marvin Gaye Park (formerly Watts Branch Park) runs just south of the site as a ribbon of government-zoned land.

1 Nannie Helen Burroughs

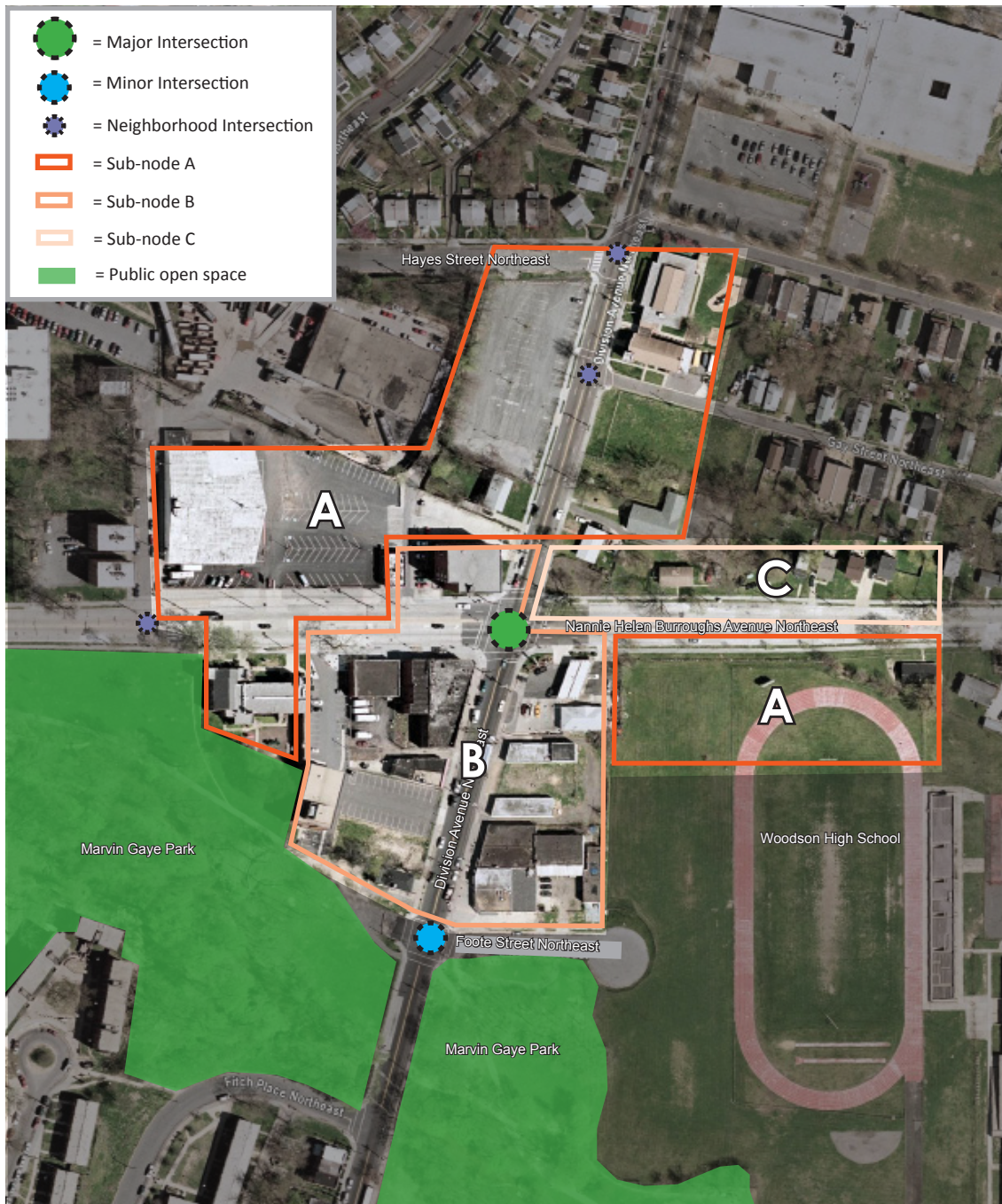
This small submarket is centered around the intersection of Nannie Helen Burroughs & Division Aves, but its pedestrian heart lies further south. Just north of Marvin Gaye Park, the liveliest retail zone is the block between Nannie Helen Burroughs Avenue and Foote Street. However, shops here are in poor condition and loitering by the park accounts for much of the pedestrian activity. This area has large lots with plenty of surface parking, as well as vast areas of parkland and school athletic fields. However, this submarket's economic indicators, as well as inconvenient Metro access and poor building conditions, make major redevelopment with large-format retailers unlikely. Instead of aspiring to become a regional retail destination, properties in this area (e.g., the Strand Theater building) should be strategically redeveloped to more adequately provide basic goods and services to the local population and hone its identity as a strong civic and commercial offering for the greater community.



Note: Tenant list does not include all businesses located in the submarket.



Retail Node 1: Nannie Helen Burroughs



The submarket can be divided into 3 sub-nodes: Community Buildings, Poorly Maintained Retail, and Single-Family Homes.



A - Community Buildings such as churches and schools dominate this submarket north of Nannie Helen Burroughs Ave. The Holy Christian Missionary Baptist Church is the area's largest building, while the Tabernacle Baptist Church is the area's most aesthetically pleasing. South of Nannie Helen Burroughs Ave and east of Division Ave, Woodson High School's athletic fields front the street.



B - Poorly Maintained Retail clusters around the intersection of Nannie Helen Burroughs and Division Aves. Many of these single-story small-format buildings are vacant and boarded-up, further limiting the selection of goods and services. The largest retail lot is the corner Strand Theater, which is currently vacant but poised for redevelopment under a District-led revitalization initiative.



C - Single-Family Homes occupy the area north of Nannie Helen Burroughs Ave that is not devoted to schools and churches. Within the immediate submarket, homes are across from Woodson High School's athletic fields.

Streets & Blocks

Nannie Helen Burroughs Avenue, which connects to Kenilworth Ave (I-295), is the submarket's dominant road. It has 3 eastbound lanes (one occupied by parking) and 2 westbound lanes. Division Avenue, which is slightly smaller with 2 lanes in each direction, has more pedestrian traffic, especially near Marvin Gaye Park. This bustling area has only 1 lane of through traffic in each direction, with the second lane occupied by parked cars. Except for green parkland, the streetscape in general is very stark. Wide, poorly maintained concrete sidewalks line the commercial-oriented portion of the submarket; the residential portion of the study area has narrow, suburban-scaled sidewalks.



Intersections

The major intersection occurs where Nannie Helen Burroughs and Division Avenues meet (see image below). Despite its size, this intersection is underwhelming because its corner buildings fail to activate it. These buildings include a newer, 4-story office building with no ground retail, the boarded-up Strand Theater, a BP gas station, and a single-family home that offers public notary services. Due to these conditions, this intersection represents a great redevelopment opportunity. The real heart of the neighborhood is slightly south at Division Avenue and Foote Street. This main pedestrian intersection is activated by a strip of retail anchored by Barnett's Heritage Park Cafe and the entrance into Marvin Gaye Park. This former "Needle Park" is now a cleaner commons called Heritage Green.



Buildings

The neighborhood as a whole has suffered from urban neglect, and its buildings are no exception. In particular, retail buildings are in very poor condition. The largest ones have been boarded-up (such as the Strand Theater at the main intersection) or converted for non-retail uses (the former Safeway is now used as a Baptist Church). The existing retail tends to be 1-story marginal shops with barred windows. The most inviting retail shop is Barnett's Heritage Park Cafe, a bright yellow building with a mosaic exterior that anchors the lively pedestrian intersection at Foote Street (see image below). Unlike retail buildings, single-family homes in the area tend to be in decent condition. However, many of them are for sale, especially in the hilly Deanwood neighborhood north of Hayes Street.



Alleys & Service

There is no real alley network in this submarket, largely because it is not very retail-oriented. The existing retail shops are small and spaced out, so there is enough space in between for loading and dumpster storage. Also, because housing is not adjacent to retail, there is enough open space (like parkland or parking lots) for service and loading. Therefore, the necessary infrastructure would have to be built before redeveloping denser retail in this area. Litter is an obvious problem, especially in areas that are not activated by use, such as the sidewalk near Woodson High School's athletic fields and the large corner near the Strand Theater.



Strengths

- This submarket is part of a long-established community with a good balance of civic, commercial, and residential uses
- The major intersection is not overwhelming in scale; it has the proportions of a traditional Main Street crossing, which makes it suited to redevelopment or repositioning
- Major improvements to Marvin Gaye Park by Washington Parks and People, District agencies, and others have generated momentum for the area's revitalization; similarly, public planning and investment efforts are focusing resources in this area
- The Nannie Helen Burroughs Avenue corridor is a designated Great Street, and DDOT investment plans include the redesign of the corridor into a model of innovative, environmentally-progressive practices.
- The Nannie Helen Burroughs submarket is included in the boundaries for the recently designated Deanwood Main Street Program, offering great potential to support existing businesses and create an improved retail environment.
- The built-in population is largely pedestrian-based, which is ideal for small-scale, quality neighborhood goods and services retail offerings
- There is relatively stable housing in the area; it is an established community in the District and also proximate to major redevelopment
- Nannie Helen Burroughs Avenue is a major corridor that feeds directly into Kenilworth Avenue (I-295)

Weaknesses

- The submarket is removed from existing and planned transit (ie. Metro stations and future streetcar development)
- Retail properties tend to be in very poor physical condition requiring substantial upgrades for redevelopment
- The streetscape is stark with poorly maintained sidewalks and little greenery outside of the park
- The community lacks basic goods and services, such as a pharmacy/medical center and grocery store
- The area's lagging demographics make it difficult to attract established credit tenants, as well as many small- and large-format independent stores

Opportunities

- Focus on creating a retail zone with basic goods and services on both sides of Division Avenue between Nannie Helen Burroughs Avenue and Foote Street, which is the major existing retail node
- Restore the Strand building to anchor the major intersection and mark the northern end of the retail district—a major District-led mixed-use revitalization initiative is currently underway for this site as per the Deanwood Strategic Development Plan (which outlines a framework for public investment with the end goal of neighborhood stabilization and is intended to guide land use and development in the area)
- The District will invest over \$559 million into the redevelopment of the Lincoln Heights and Richardson Dwelling "New Communities" to create new housing, retail, offices, and amenities in and around the study area
- Nannie Helen Burroughs Avenue from Minnesota Ave to Eastern Ave NE will undergo \$5.5 million in infrastructure improvements to include the redesign of the streetscape and roadway configurations, identifying opportunities along the corridor for more tree plantings, streetlight enhancements, traffic signals, and continuing the network for pedestrian and bicyclist mobility
- Implement streetscape guidelines, which would likely require brick paving, regular plantings and trash cans, and better lighting to improve the pedestrian experience

- Continue to transform Marvin Gaye Park into a safe and clean community commons
- Be open to creating a commercial neighborhood group to help organize a redevelopment effort
- Leverage Great Streets Initiative, which is working with small business owners in the area to provide façade improvement grants to enhance storefront appearances and business signage

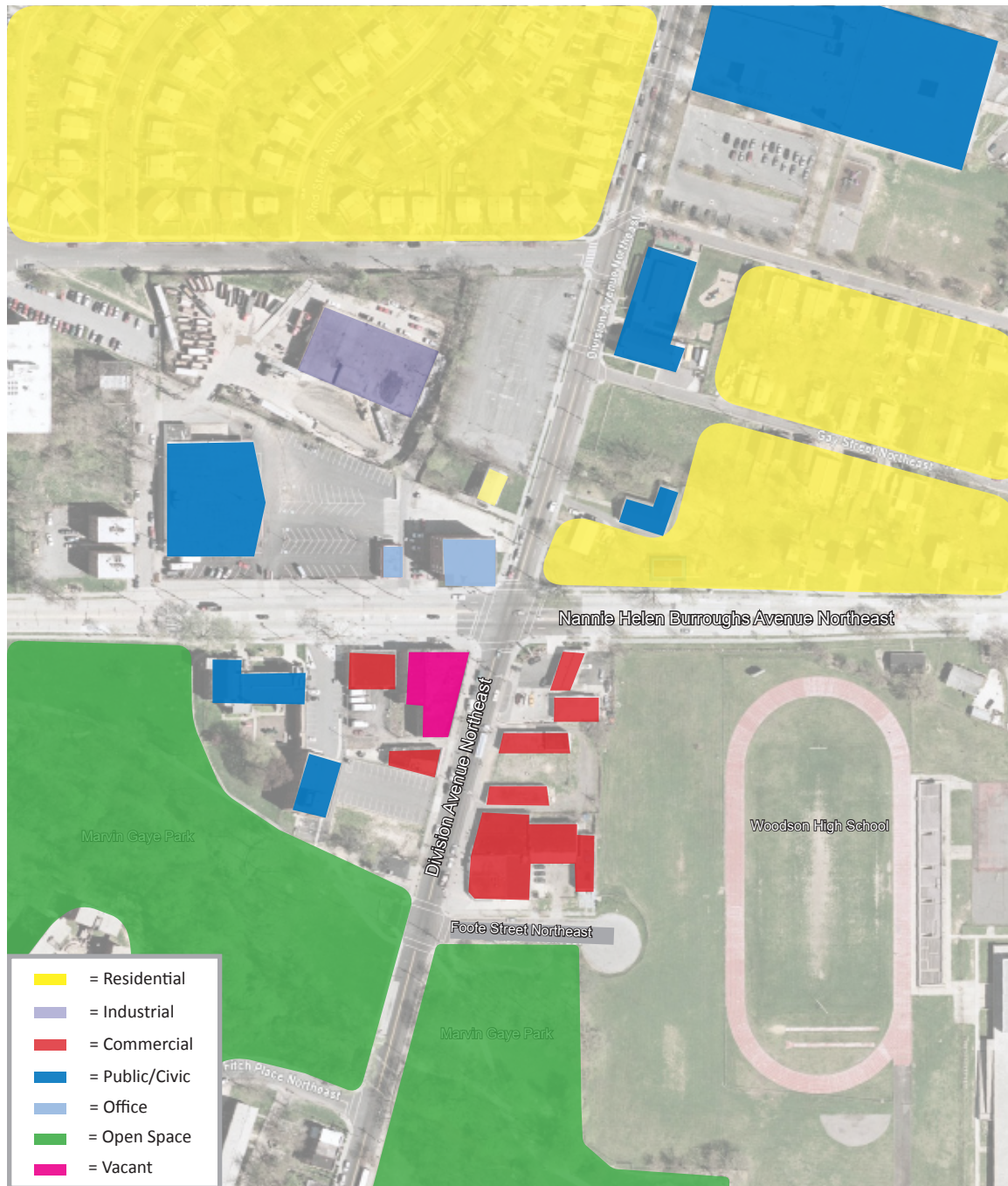
Threats

- The Minnesota Avenue-Benning Road and Capitol Gateway developments may draw consumer expenditures away from this submarket, as these larger retail centers may be more accessible and provide an improved range of goods and services; both are located near Metro stations and potential tenants would likely prefer to locate here
- Cooperation between the National Park Service and the District government is crucial for the regular upkeep of Marvin Gaye Park
- The perception of crime in this submarket is deeply entrenched and may perpetuate the cycle of poverty and lack of retail offerings

Nannie Helen Burroughs Preliminary Planning Diagrams



Planning Analysis Node 1: Nannie Helen Burroughs



General Observations about Existing Area:

- 1) The fragmented mix of uses located within the study area present a challenge to creating a dynamic retail environment.
- 2) While civic uses can attract people to an area and provide more exposure for retailers, parking needs associated with these uses have cut into the urban landscape creating large gaps.
- 3) Additionally, low-density commercial and low-scale residential building stock occupies land that would be more favorably suited for retail use. What remains is a fragmented strip of retail stores with neither a sense of place nor community.
- 4) A good balance of civic and residential uses adds to the authenticity of the Nannie Helen Burroughs and Division Avenues neighborhood.

Retail Planning Principles:

- 1) Focus redevelopment efforts on filling in gaps that currently exist at the well-proportioned intersection of Nannie Helen Burroughs and Division Avenue—the vacant Strand Theater building, currently poised for a major District-led revitalization, is the most significant real estate opportunity in the study area.
- 2) Enhance the streetscape at prime intersections to create a “Main Street” feel.
- 3) Gear retail efforts toward serving the patrons of the existing civic and residential uses.

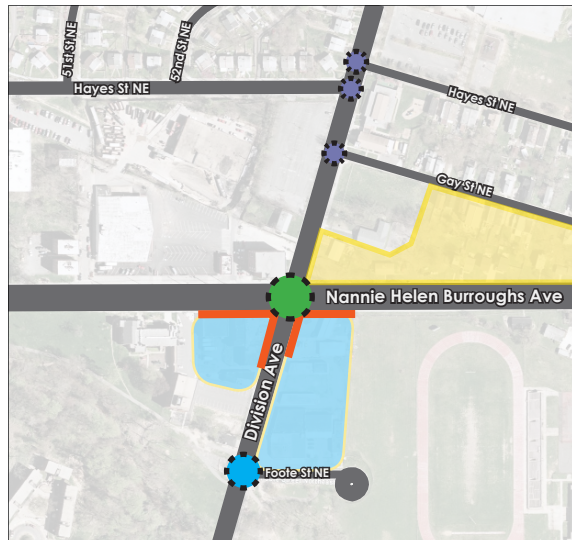
Planning Concepts Node 1: Nannie Helen Burroughs

- = Prime Corner
- = Consolidation Opportunity
- = Reinvestment Opportunity
- = Sensitive Low-Scale Residential Adjacencies
- = Major Intersection
- = Minor Intersection
- = Neighborhood Intersection

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

Two redevelopment options explore a varying degree of programming.

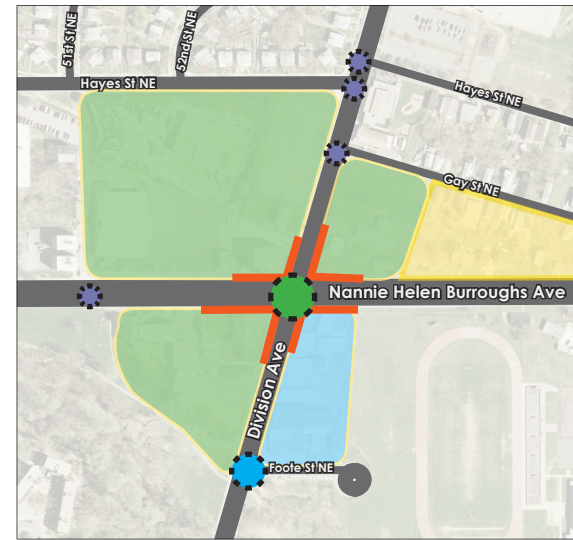
Redevelopment Option 1



REINVESTMENT/REPOSITIONING OPPORTUNITIES

Focus retail improvement efforts along Division Avenue to create a two-sided retail experience. Simple redevelopment efforts to restore existing buildings and fill in vacant parcels will dramatically enhance the area. In addition, adding basic range of pedestrian amenities and streetscape elements in these areas will energize the street corners and spur more comfortable pedestrian movement.

Redevelopment Option 2



CONSOLIDATION OPPORTUNITIES

Greater efforts to revitalize this node should consider large parcel consolidation that will bring significance to the intersection of Division and Nannie Helen Burroughs Avenues. Large parking lots, industrial buildings, and residential uses that currently exist at this “Main and Main” intersection deter the creation of a neighborhood-oriented retail destination. Creating a four-sided retail intersection will help to re-establish this node as the core of the Nannie Helen Burroughs submarket.

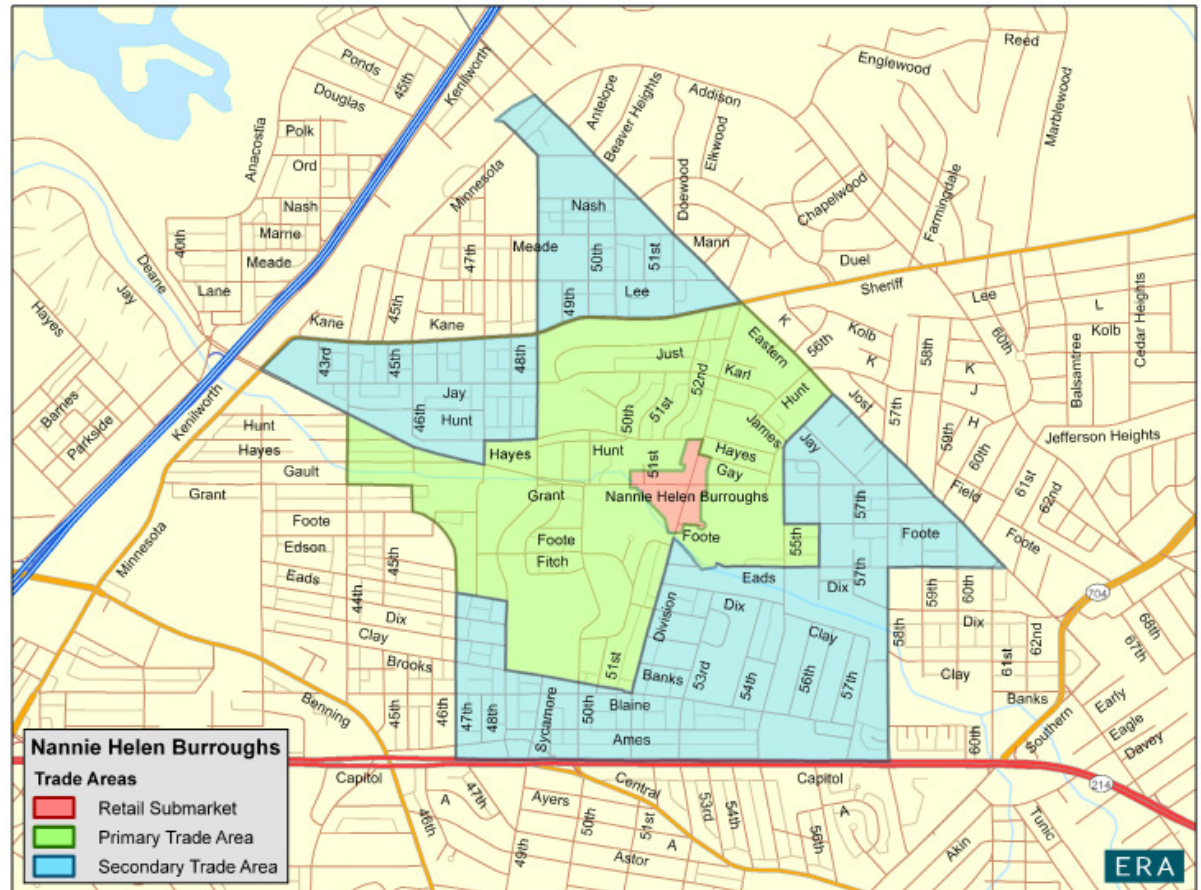
Nannie Helen Burroughs Retail Demand Analysis



The retail submarket is located along Nannie Helen Burroughs Avenue from 51st St NE east to half block from intersection w/ Division Ave SE and along Division Ave NE from Hayes St NE south to Foote St NE

Key Elements

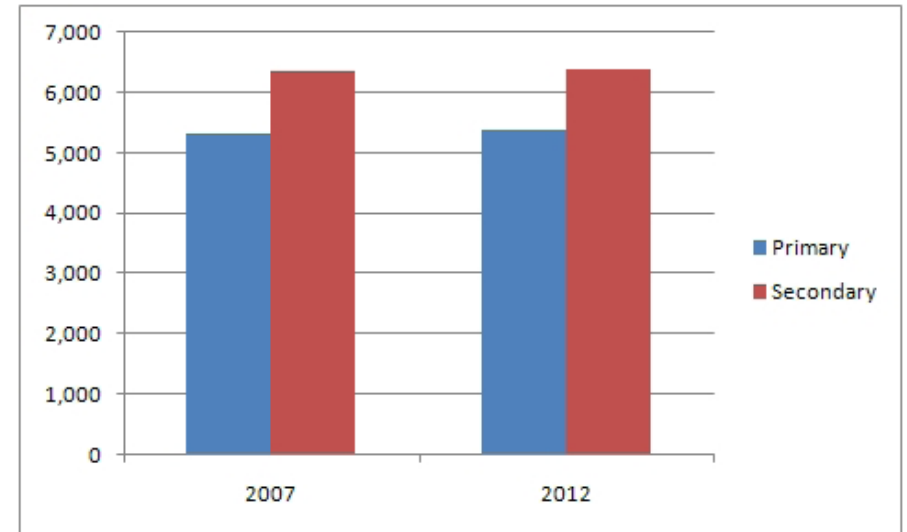
- Trade areas assess residents and other potential customers that could be drawn to the site
- The primary trade area encompasses the block groups within a ¼ mile of the retail submarket; the secondary trade area includes the block groups within a ½ mile of the retail submarket (reasonable walking distances 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 Nannie Helen Borroughs trade area is expected to have minimal increases in population and housing units over the next five years

- The the population in the primary Nannie Helen Borroughs trade area is expected to increase by 52 people over the next five years – from 5,327 in 2007 to 5,379 by 2012
- Population in the secondary trade area will increase by 45 people
- The total trade area is expected to add 68 households over the next five years
- The slow growth trend is shaped by several factors, including:
 - A general lack of residential density in the trade areas;
 - Large parcels held by institutions (churches, schools, etc.) reduces population counts;
 - Rising crime rate

Trade Area Population Growth, 2007 and 2012



Trade Area Household Growth, 2007 and 2012

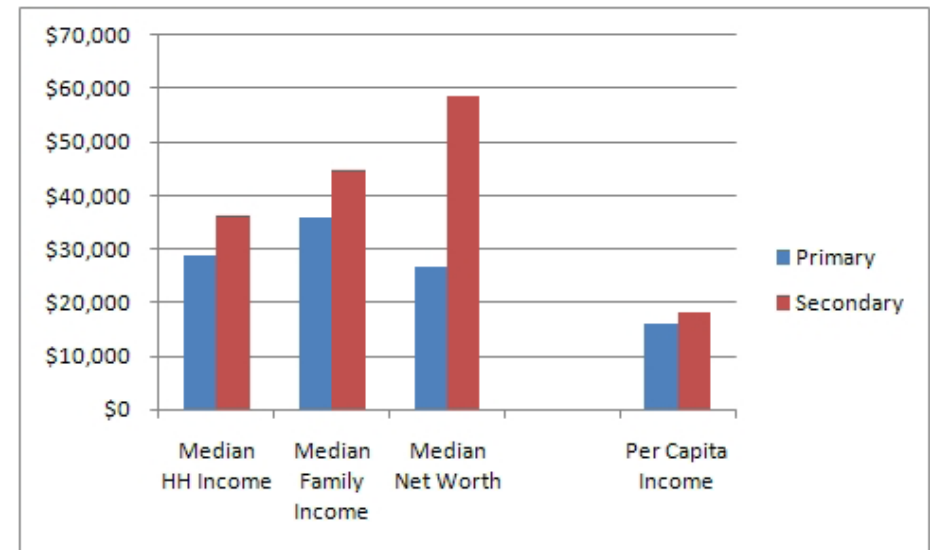
	Estimated 2007	Projected 2012
Primary	1,997	2,032
Secondary	2,440	2,473
Total	4,437	4,505

Nannie Helen Borroughs Key Demographics: Trade Area Household Profile

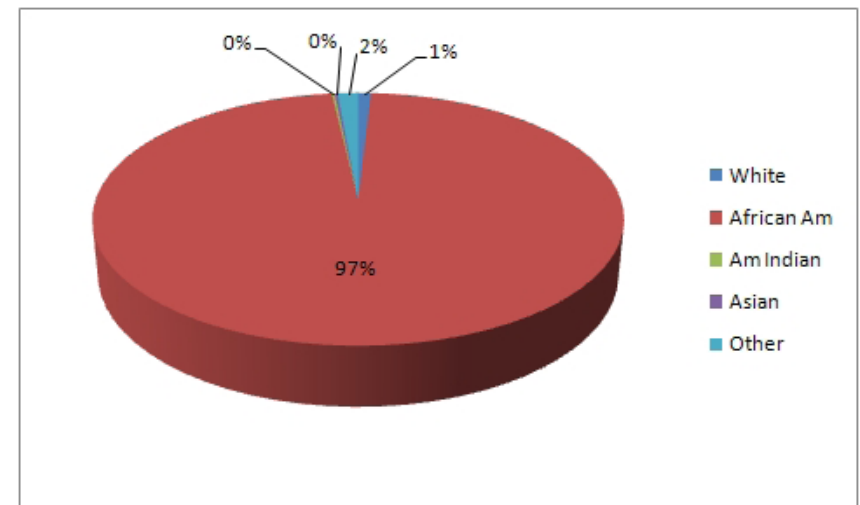
- Median household income in the primary trade area is \$26,698; \$36,112 in the secondary trade area. This difference is also found between the two areas in median family income and median net worth
- The larger difference between the primary and secondary trade areas in median net worth (\$26,692 v. \$58,735) may be a function of home ownership
- The primary trade area households could be categorized as middle and lower-middle income; the secondary trade area includes more moderate income households
- Population in the Nannie Helen Borroughs trade area is primarily African-American – at 98 %*

*"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



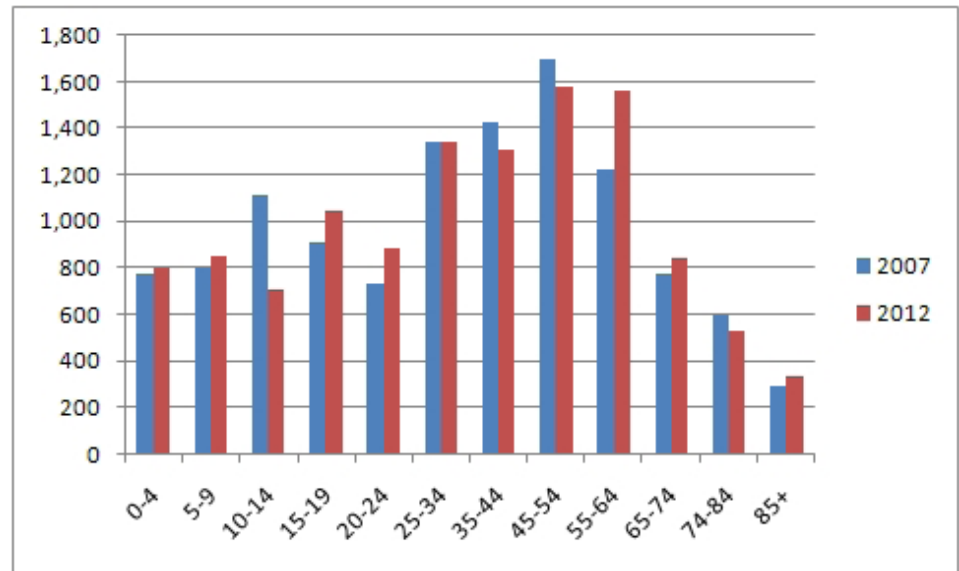
Racial and Ethnic Groups, 2007



Moderate projected population changes in young adult and pre-retirement households will generate retail opportunities

- Age cohorts 35 through 44 and 45 through 54 will see a decline in population over the next five years, a negative indicator for residential demand
- Growth in the 55 to 64 cohort (aging Baby Boomers) will increase demand for goods and services associated w/ "Empty Nesters" and those heading towards retirement
- Strong growth in population 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

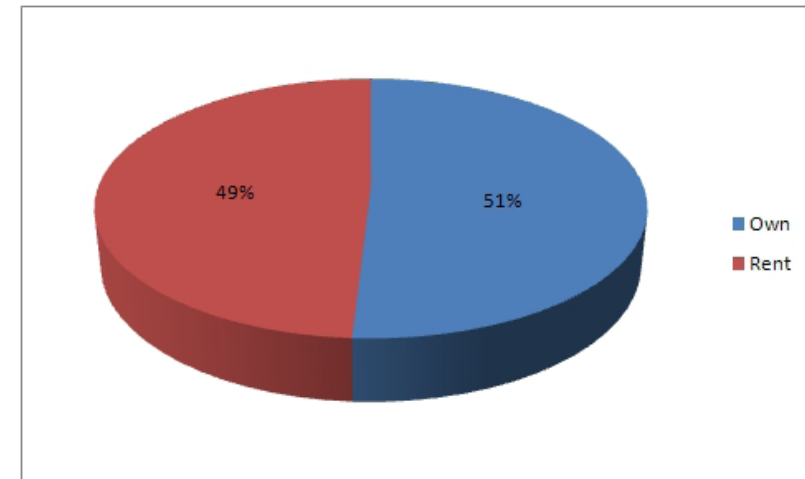
Trade Area Population by Age, 2007 and 2012



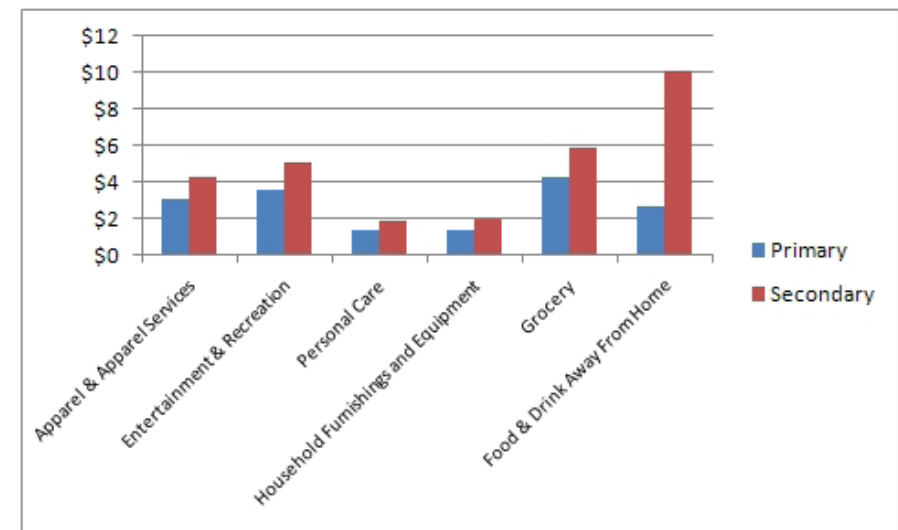
Nannie Helen Borroughs Key Demographics: Trade Area Household Profile

- The number of households that rent versus own their homes is split fairly evenly within the total trade area
- 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 \$47.2 million on products and services in the categories represented on the graph. This is total spending everywhere, not just in the trade area
- Food and drink away from home, especially in the secondary trade area, represents the highest expenditures category in the trade area. Increasing the number of available food and drink establishments in the retail submarket may offer an opportunity to increase market share of total available expenditures

Home Ownership, 2007



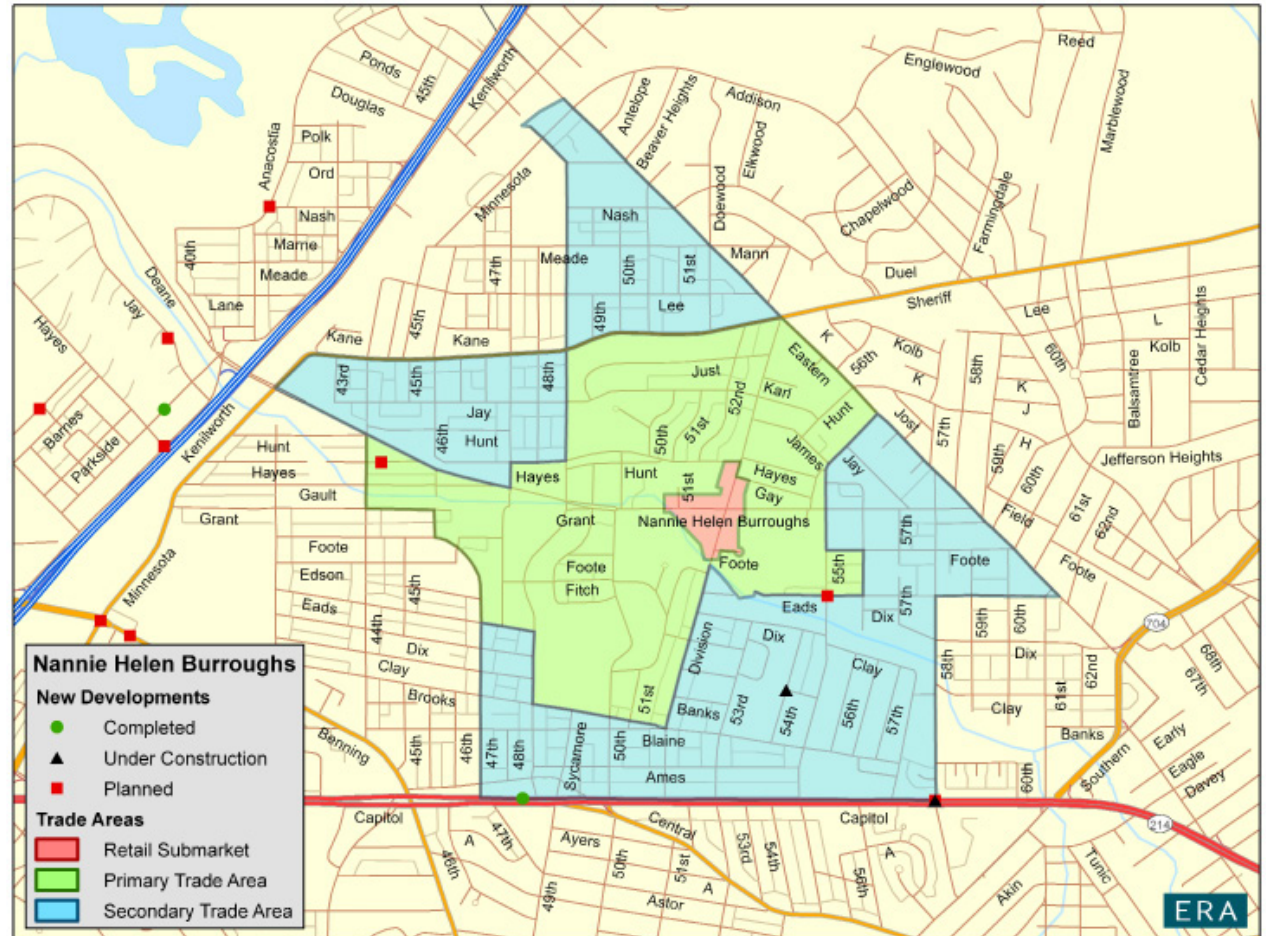
Household Expenditures (In Millions) by Category, 2007



Development Pipeline

Pipeline Projects

- There are six new developments in the Nannie Helen Burroughs trade area that will deliver residential, retail, education and office space
- Capitol Gateway Marketplace is the only project in the trade area proposed to deliver retail space with 110,000 square feet
- Other new developments include:
 - 104 rental units at GW Carver Senior Apartments
 - 53 residential units at 212 55th Street
 - 28 residential units at 4427 Hayes Street
 - Two education uses; Deanwood Recreation Center and Carter G. Woodson High School



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, retailers, and community organizations for developing retail business opportunities.

Developing Estimates of Supportable Square Footage

A key component of the quantitative analysis is the determination of the quantity of retail space 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, or tenant improvements) to attract or retain retail tenants.

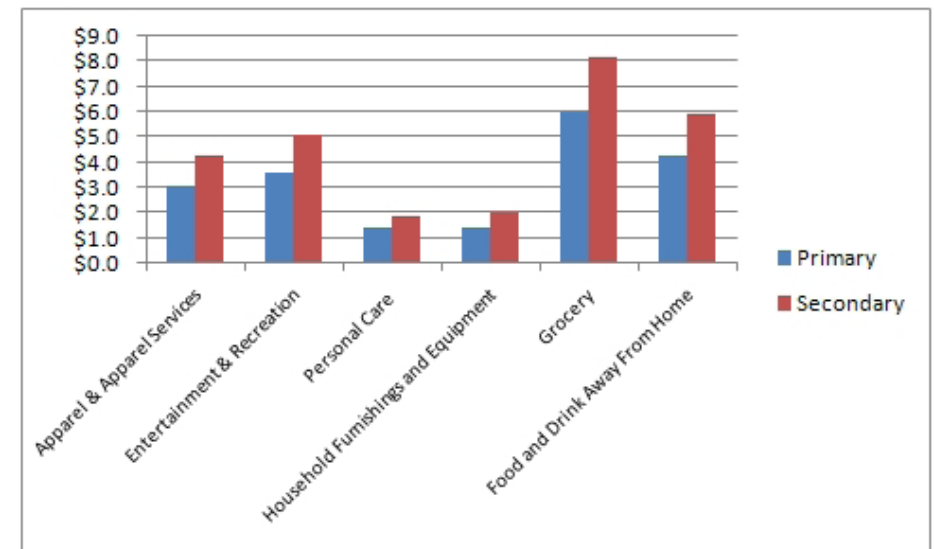
Trade Area Resident Spending

- 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

Source: ESRI Business Analyst; ERA 2007

Trade Area Expenditures By Category (In Millions), 2007

\$47.2 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

Nannie Helen Borroughs Submarket Capture Rates By Category

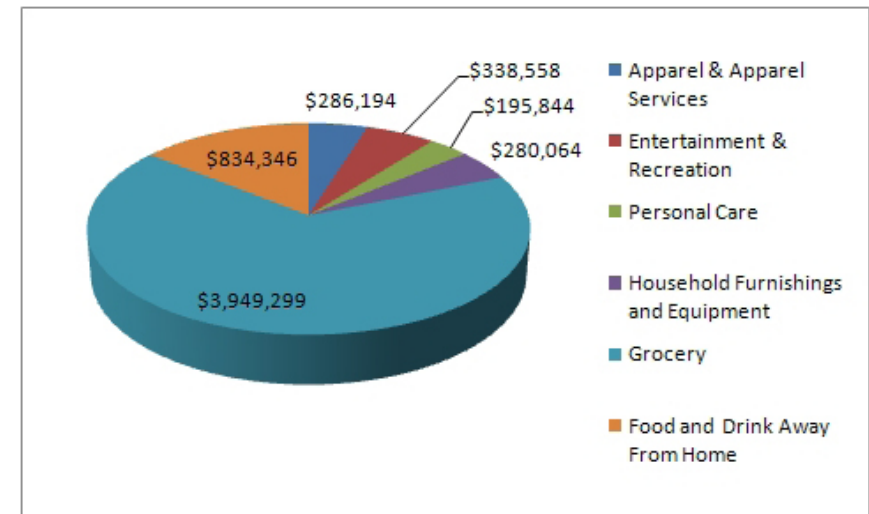
	Primary	Secondary	Inflow
Apparel & Apparel Services	5%	3%	1%
Entertainment & Recreation	5%	3%	1%
Personal Care	10%	3%	1%
Household Furnishings and Equipment	8%	8%	1%
Grocery	30%	20%	15%
Food and Drink Away From Home	12%	5%	2%

Source: ESRI Business Analyst; Economics Research Associates, 2007

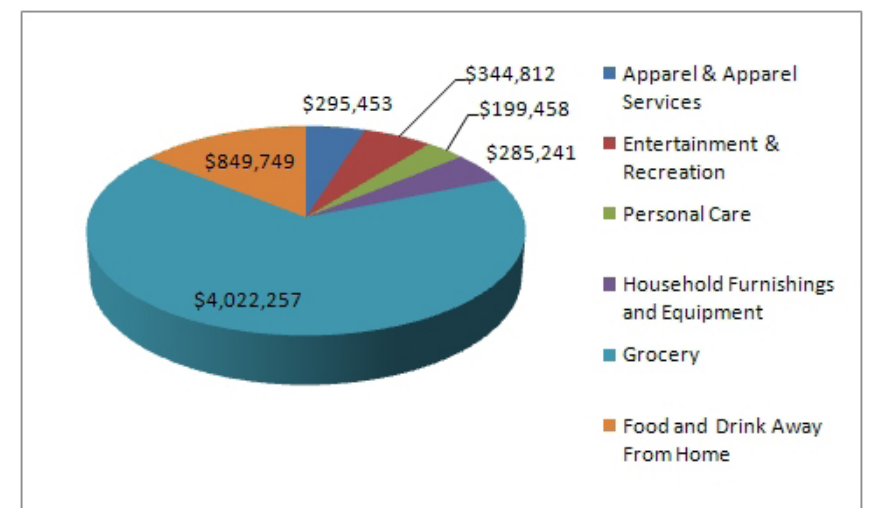
Estimated Captured Spending within the Retail Market

- Captured spending in the retail trade area was estimated to be \$5.9 million in 2007 compared to total trade area spending of \$47.3 million in the same year
- Captured spending in the retail trade is expected to be \$6.0 million in 2012 compared to total trade area spending of \$48.2 million in the same year
- ERA estimates in 2012, that Grocery spending will account for more than \$4 million annually and Food and Drink (away from home) will account for less than \$850,000 annually
- Captured spending in the retail trade area is expected to increase by a little over \$100,000 between 2007 and 2012, due mostly to minimal changes in population and income levels

Estimated Captured Retail Trade Area Spending, 2007
\$5.9 Million



Estimated Captured Retail Trade Area Spending, 2012
\$6.0 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

Nannie Helen Borroughs 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	\$ 250	\$ 350
Entertainment & Recreation	\$ 200	\$ 300
Personal Care	\$ 250	\$ 400
Household Furnishings and Equipment	\$ 200	\$ 350
Grocery	\$ 350	\$ 450
Food and Drink Away From Home	\$ 300	\$ 400

Source: International Council of Shopping Centers, Dollars & Cents of Shopping Centers 2006; 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 Nannie Helen Borroughs trade area can support between 17,190 and 22,920 square feet of retail in 2007

- The existing retail inventory totals 3,000 square feet within the retail submarket and was discounted to 150 square feet due to its low quality (see detailed explanation on page 17)

- The retail submarket has a net supportable square foot range between 17,040 and 22,770 in 2007

Estimated Net Supportable Square Feet 2007

Area	Low Range	Site Supportable	High Range
Apparel & Apparel Services	1,000	1,100	1,300
Entertainment & Recreation	1,500	1,700	2,000
Personal Care	700	800	1,000
Household Furnishings and Equipment	1,300	1,400	1,700
Grocery	10,200	11,300	13,600
Food and Drink Away From Home	2,500	2,800	3,400
Subtotal 2007 Supportable	17,190	19,100	22,920
Less Adjusted Existing Inventory 1/	(150)	(150)	(150)
Total 2007 Net Supportable	17,040	18,950	22,770

1/ Includes adjusted inventory

Source: ESRI Business Analyst; Economics Research Associates, 2007

2012 Net Supportable Square Feet

- Based on estimated trade area expenditures and capture rates, the Nannie Helen Borroughs submarket can support between 17,500 and 23,300 square feet of retail in 2012
- There is no 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
- The retail submarket has a supportable square foot range between 17,350 and 23,150 in 2012
- Neighborhood –serving, convenience retail would be most appropriate
- Significant residential development would be necessary to expand retail offering in the retail submarket

Estimated Supportable Square Feet 2012

Area	Low Range	Site Supportable	High Range
Apparel & Apparel Services	1,100	1,200	1,400
Entertainment & Recreation	1,500	1,700	2,000
Personal Care	700	800	1,000
Household Furnishings and Equipment	1,300	1,400	1,700
Grocery	10,400	11,500	13,800
Food and Drink Away From Home	2,500	2,800	3,400
Subtotal 2012 Supportable	17,500	19,400	23,300
Less Existing Retail 1/	(150)	(150)	(150)
Less Planned/Under Construction 2/	0	0	0
Total 2012 Incremental Supportable	17,350	19,250	23,150

1/ Includes adjusted inventory

2/ There are no new projects planned in the trade area

Source: ESRI Business Analyst; Economics Research Associates, 2007

Commentary on the Current Retail Inventory

According to CoStar Group Real Estate Information Services, there is 3,000 square feet of retail space in the Nannie Helen Borroughs 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 Nannie Helen Borroughs retail submarket and concluded that 95% 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

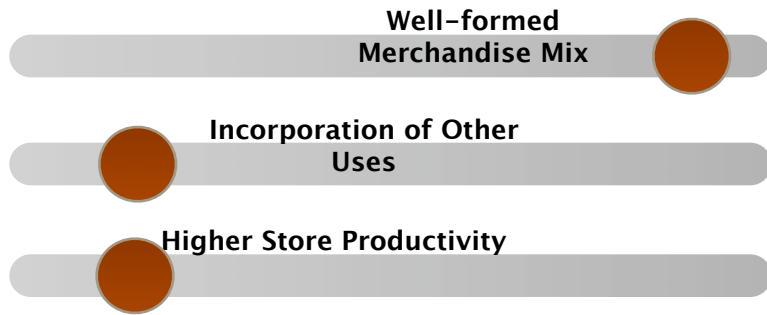
Existing Retail Inventory in Submarket	3,000
Less Discounted Space ("C" Grade)	2,850
Adjusted Existing Inventory	150

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

17,040 SF ← 18,950 SF → 22,770 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 storefront 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	\$ 155,778	5.3%
Entertainment & Recreation	\$ 181,098	6.2%
Personal Care	\$ 137,306	4.7%
Household Furnishings and Equipment	\$ 113,983	3.9%
Grocery	\$ 1,803,307	61.9%
Food and Drink Away From Home	\$ 521,132	17.9%
Subtotal	\$ 2,912,604	100.0%
Secondary		
Apparel & Apparel Services	\$ 127,582	5.3%
Entertainment & Recreation	\$ 154,108	6.3%
Personal Care	\$ 56,600	2.3%
Household Furnishings and Equipment	\$ 163,308	6.7%
Grocery	\$ 1,630,866	67.1%
Food and Drink Away From Home	\$ 296,854	12.2%
Subtotal	\$ 2,429,318	100.0%
Inflow		
Apparel & Apparel Services	\$ 2,834	0.5%
Entertainment & Recreation	\$ 3,352	0.6%
Personal Care	\$ 1,939	0.4%
Household Furnishings and Equipment	\$ 2,773	0.5%
Grocery	\$ 515,126	95.0%
Food and Drink Away From Home	\$ 16,360	3.0%
Subtotal	\$ 542,383	100.0%
All Markets		
Apparel & Apparel Services	\$ 286,194	4.9%
Entertainment & Recreation	\$ 338,558	5.8%
Personal Care	\$ 195,844	3.3%
Household Furnishings and Equipment	\$ 280,064	4.8%
Grocery	\$ 3,949,299	67.1%
Food and Drink Away From Home	\$ 834,346	14.2%
Total	\$ 5,884,305	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	\$ 162,581	5.5%
Entertainment & Recreation	\$ 184,434	6.2%
Personal Care	\$ 139,835	4.7%
Household Furnishings and Equipment	\$ 116,082	3.9%
Grocery	\$ 1,836,524	61.8%
Food and Drink Away From Home	\$ 530,731	17.9%
Subtotal	\$ 2,970,187	100.0%
Secondary		
Apparel & Apparel Services	\$ 129,947	5.3%
Entertainment & Recreation	\$ 156,964	6.3%
Personal Care	\$ 57,649	2.3%
Household Furnishings and Equipment	\$ 166,334	6.7%
Grocery	\$ 1,661,091	67.1%
Food and Drink Away From Home	\$ 302,356	12.2%
Subtotal	\$ 2,474,340	100.0%
Inflow		
Apparel & Apparel Services	\$ 2,925	0.5%
Entertainment & Recreation	\$ 3,414	0.6%
Personal Care	\$ 1,975	0.4%
Household Furnishings and Equipment	\$ 2,824	0.5%
Grocery	\$ 524,642	95.0%
Food and Drink Away From Home	\$ 16,662	3.0%
Subtotal	\$ 552,442	100.0%
All Markets		
Apparel & Apparel Services	\$ 295,453	4.9%
Entertainment & Recreation	\$ 344,812	5.7%
Personal Care	\$ 199,458	3.3%
Household Furnishings and Equipment	\$ 285,241	4.8%
Grocery	\$ 4,022,257	67.1%
Food and Drink Away From Home	\$ 849,749	14.2%
Total	\$ 5,996,970	100.0%

Nannie Helen Burroughs Strategy



Nannie Helen Burroughs & Division Avenues

Introduction

The Nannie Helen Burroughs and Division Avenues submarket is a neighborhood-serving retail cluster centered at the intersection of these two roads, extending along Nannie Helen Burroughs from 51st Street NE to a location one-half block from the intersection at Division; along Division from Hayes Street NE south to Foote Street NE. The existing retail businesses are clustered in the half block of Nannie Helen Burroughs immediately east of the intersection, culminating at Marvin Gaye Park. The commercial area includes the site of the former Strand Theater and an adjacent building that has been the subject of redevelopment proposals requested by the Deputy Mayor's Office for Planning and Economic Development (DMPED). The Nannie Helen Burroughs submarket is included in the boundaries for the recently designated Deanwood Main Street Program, offering great potential to support existing businesses and create an improved retail environment. Also, the Nannie Helen Burroughs Avenue corridor is a designated Great Street, and DDOT investment plans include the redesign of the corridor into a model of innovative, environmentally-progressive practices.

The primary and secondary trade areas adjacent to the submarket are relatively small with nearly 4,440 households in 2007; the projected household level in 2012 is about 4,500 for the combined trade areas. Annual median household income in the trade areas is \$26,698. The Market Demand Analysis estimates that the trade areas for this submarket can support between 17,350 and 23,150 square feet of retail space across all categories, with groceries as the category most in demand.

The relatively low residential population in neighborhoods surrounding this key intersection do not generate sufficient demand to support large-scale retail development. Also the lack of available land to support easy in-and-out parking makes the area non-competitive in attracting commuter-consumers that could help support retail. Much of the retail demand for the area will continue to be met by larger retail nodes outside of the neighborhood – including retail centers in both the East Capitol/Southern Avenue area and the Minnesota/Benning area. There does exist, however, sufficient demand and physical space for neighborhood-serving convenience retail that could also support a planned increase in office workers at community facilities. The result could be a strong neighborhood retail center anchored by community facilities that significantly improves the quality of retail available to residents.

Retail enhancements in Nannie Helen Burroughs and Division Avenues will require both provision of more attractive space, as well as a heightened sense of security and activation. Because the size of the market is small and incremental retail space is limited, creative incentives will be necessary to attract new retail operations. The supportable incremental space ranges from approximately 17,000 square feet up to about 23,000 square feet. The general visual quality of the area needs substantial investment and upgrading to become more viable. According to the retail demand analysis, nearly all retail inventory in the submarket is rated Grade "C" or inadequate for contemporary retailing needs. 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 Concept

The submarket currently lacks basic neighborhood retail offerings and the recommended retail strategy should be centered on attracting local/independent retailers who have been successful in other areas of the District. The SWOT identified a single node for retail strategies.

Node 1 – Nannie Helen Burroughs and Division Avenues NE: The BP gas station at the intersection should be encouraged to add a 3,000 to 5,000 square foot convenience store on its parcel, both as a business expansion for BP as well as a needed neighborhood retail enhancement. Providing basic neighborhood convenience needs such as milk, bread and sundries, this convenience store would expand the available goods for the neighborhood. Introduction of two to four dining/carry out locations (such as Cluck U or another Asian food carry out) would broaden the mix of offerings and create more street vitality. The area lacks a pharmacy. While a chain pharmacy such as Rite-Aid or CVS may not locate in an area with a relatively low number of households, there are independent pharmacies such as Super Pharmacy and Medical Equipment on H Street that may be interested. Given its successful expansion in other underserved areas of the city, a small scale grocer like Yes! Organic Market could potentially meet the neighborhood's demand for fresh foods and groceries.

The Washington Metropolitan Community Development Corporation (WMCDC) – Banneker Ventures development proposal for the Strand Theater includes approximately 18,000 square feet of retail/restaurant space and 17,000 square feet of office space, naming Sinfully Wright Catering and Café as an identified tenant, as well as some professional offices (financial planning and family medical services) in the upper stories.

Urban Design

Storefront improvements and better maintenance of the public realm, incorporation of streetscape improvements (street trees, lighting and better sidewalks) plus a general clean up would begin to reposition the area. Urban design elements pursued by the Great Streets Initiative should address improved lighting and pedestrian rights of way – particularly along Division Avenue through Marvin Gaye Park.

Both the Lincoln Heights-Richardson Dwellings New Communities Revitalization Plan and the Great Streets Initiative have called for concentrating retail and commercial development at the intersection of Nannie Helen Burroughs and Division Avenues. The lack of significant demand for retail in the area strongly dictates that to create a critical mass of retail, the goal for planners and developers should be to minimize retail development more than a block from the intersection. Given land ownership and lot sizes, the greatest opportunity for retail concentration is actually along Division Avenue, south of Nannie Helen Burroughs.

Transportation Improvements

According to the New Communities Revitalization Plan, a high percentage of residents of the area rely on bus transportation to access their retail needs. Any new development of retail at the primary intersection of Nannie Helen Burroughs and Division Avenues should be coordinated with the implementation of additional Metro bus stops along both streets to accommodate the needs of residents in this hilly area. This focus on Metro bus accessibility should also extend to facilitating resident access to larger retail centers to the east and west of the neighborhood.

Retail Support

Existing incentive programs can help stimulate investment in this potentially risky market. The entire Nannie Helen Burroughs submarket is within the DC Enterprise Zone. This allows local business and property owners to take advantage of tax credits for creating new jobs and making certain investments within the zone. All DC Enterprise Zone areas are also eligible for the DC Revenue Bond Program, which offers below market rate loans to businesses, non-profits, and other entities for a variety of capital improvement projects. This is especially important in the Nannie Helen Burroughs submarket where a significant amount of retail space is substandard. Other programs that could help spur development include tenant improvement allowances or rent subsidies.

The District's success in recruiting new retailers to this submarket will also rely on retailers' perceptions of crime and safety issues associated with operating a business in what has traditionally been a high-crime area. To address this concern, a network should be formed to provide retailers with regular interaction with area property owners and the Metropolitan Police Department. The intersection may also benefit in the short-term from locating a police substation as part of the new commercial development at the site

Ongoing technical support in the form of one-on-one business planning and counseling, may be paired with selective financial assistance.

Key Recommendations

1. Focus retail development at the main Nannie Helen Burroughs – Division Avenue intersection, particularly on both sides of Division north of Marvin Gaye Park.
2. Support the planned redevelopment of the Strand Theater building with a clear ground floor retail use connected to the street. Identify assistance for rehabilitation if necessary.
3. Attract a successful local/independent grocer to the location and facilitate the lease and build out of this new grocery store. Encourage location of a medical clinic to generate foot traffic along the corridor, as well as a street-level pharmacy to meet a retail need.

4. Complete urban design efforts to improve the appearance and safety of the area.
5. Improve public transportation infrastructure to facilitate shopping in the area and improve linkages to adjacent areas and the rest of the city.
6. Support programming of outdoor space by community groups to encourage shopping. This includes activities in Marvin Gaye Park and on the street.
7. Implement public safety improvements to encourage shopping and dining. For example, a network among retailers, property owners and the Metropolitan Police Department (perhaps locating a police substation as part of the new commercial development).
8. Coordinate development of additional residential units as close to the Nannie Helen Burroughs and Division Avenue intersection as possible to increase the volume of shoppers and street-level energy at the site, as well as focus more eyes on the street.