

## Section 3: Retail

### ***Retail GFA***

**How does the proposed retail GFA compare to the existing retail GFA?** Today there is approximately 53,890 square feet of building area on the site; however, not all of this area is for retail use and not all of it is occupied. Approximately 14,060 square feet of the current buildings are used as warehouse and light manufacturing space. An additional 6,180 square feet is vacant. This leaves 33,650 square feet of poorly functioning retail space today. The proposed redevelopment would provide 33,495 sf of reformatted, pedestrian friendly space, with all of the ground floor plane allocated to retail (shops and parking) except for a small area for residential leasing and lobbies.

**What is the retail leasing strategy and vision for the project?** The retail space has been designed to appeal to a blend of regional and neighborhood tenants. The largest (13,000 square foot) space on the corner of Arlington Boulevard and Pershing Drive would be marketed as a potential anchor space to small format grocery stores. This space could also be subdivided into two or three medium-sized spaces of 4,000 to 5,000 square feet each for restaurant or general merchandising uses. The shop space located on the western end of Building #2 and throughout Building #1 would be marketed to small and mid-sized users and serve as neighborhood shop space, but would benefit as well from the traffic generated by the anchor space. Potential users include restaurants, cafes, coffee shops, day spas / hair salons, bakery, dry cleaners, art galleries, boutiques, gift shops, book stores, pet supplies, and the like. We have also requested that up to 20% of the retail space could be leased to professional office users such as an optometrist, dentist, accountant, attorney, and the like.

## Current Retail Utilization (as of October, 4 2007)

### Current Retail Utilization in the Duron and Lee Centers

#	Address	Tenant	GSF	Occupied	Storage / Warehouse	Adjusted Retail SF
1	2201 N Pershing Dr	Virginia ABC	8,660	Y	8,660	0
2	2151-A Arlington Blvd	Duron Paint	4,000	Y		4,000
3	2151-B Arlington Blvd	Eastern Carryout	1,850	Y		1,850
4	2151-C Arlington Blvd	Chaparasstique	1,650	Y		1,650
5	2151-E Arlington Blvd	Armands	2,022	Y		2,022
	<i>Sub Total Duron Center</i>		<i>18,182</i>			<i>9,522</i>
6	2207 N Pershing Dr	Dan Kain Tropies, Inc. (1)	6,000	Y	4,500	1,500
7	2209 N Pershing Dr	Moses McCray T/A Modern Shoe	900	Y		900
8	2207A N Pershing Dr	Paul Naurang (Storage Space)	900	Y	900	0
9	2211 N Pershing Dr	Flaxon Corp. T/A Royal Lee Deli	2,816	Y		2,816
10	2213 N Pershing Dr	Holiday Cleaners	2,060	Y		2,060
11	2215 N Pershing Dr	Vacant	2,060	N		0
12	2217 N Pershing Dr	Vacant	2,060	N		0
13	2219 N Pershing Dr	Vacant	2,060	N		0
14	2221-23 N Pershing Dr	The Stereo Man	3,090	Y		3,090
15	2225 N Pershing Dr	Eanes Office Products	2,086	Y		2,086
16	2227A N Pershing Dr	Barber Shop (2)	1,043	Y		1,043
17	2227B N Pershing Dr	Lucky Hair	1,043	Y		1,043
18	2233 N Pershing Dr	Lee Supermarket	9,590	Y		9,590
	<i>Sub Total Lee Center (3)</i>		<i>35,708</i>			<i>24,128</i>
	Total		<b>53,890</b>			<b>33,650</b>

(1) Assumes 75% of space used for storage and manufacturing.

(2) Only open 3 days per week. Other tenants in Lee Center are paying minimal rent and operating minimal hours.

(3) Many of the tenants in the Lee Center are paying minimal rent and are not viable ongoing concerns given normal market conditions.

# Potential Retail Merchandising Mix

2201 N. Pershing Drive, Arlington, VA



\*Note - This exhibit represents one potential mix of retail shops as envisioned by the applicant. The actual mix will vary based on leasing activity.

## ***Importance of Retail to Project Viability***

**Why is the success of the retail important to the overall success of the project? How much of an impact does the retail have on the overall project economics?** The program of this proposal is quite different from typical high-rise projects in the Rosslyn-Ballston corridor. Given our much lower building height, the retail component is a much larger percentage of the overall project in this case. Approximately 23% of the total projected annual income from the project is attributable to the retail, making it a critical component economically. In addition, because the retail makes up the entire ground floor plane of the project except for a small area for leasing and lobbies, it will set the overall tone and image for the buildings for residents and neighbors alike. Vacant storefronts and dark retail space along the site frontage would be extremely detrimental to the success of the residential component of the project as well as the retail component of the project as it would result in an uninviting and unattractive environment for both uses. We have paid great attention to the retail design and market position and must make it successful in order for the project to be economically viable.

## ***Retail Parking***

**Could the retail parking be provided underground?** The success of this project depends on the success of the ground floor retail space. Throughout the design process, the design team kept the needs of the retail space as the primary driver of the layout on the ground floor, since the residential is much more easily accommodated. To be successful, the retail has to function well both for neighborhood residents visiting on foot, by bicycle or bus, and for others who may be arriving by automobile. The parking for the retail is in a parking structure with residential or courtyard space above. While this represents a compromise from the retailers perspective (who would prefer surface parking), it is critical to accomplishing the urban design goals of bringing the storefronts up to engage the sidewalk, enlivening the streetscape, and introducing mixed-use development on the site.

The design team has tried to make the access to the structured parking behind the retail, and the access from the parking area to the front doors of the stores, as simple and comfortable for shoppers as possible. If the parking for the retail were underground, it would introduce another major hurdle for shoppers to overcome in order to patronize the project. It would be less clear how to access the parking, the environment within the underground garage would be less open, light, and inviting, shoppers would have to then take an elevator to access the retail from the parking, and the general experience would be far less convenient. This is why most retailers, particularly small neighborhood shop tenants, are extremely reluctant to locate in projects with underground parking.

There are very few precedents for successful neighborhood retail with underground parking in Arlington or elsewhere in the DC area. In the few locations where underground parking is found, it is typically in projects with a major anchor store (such

as a 50,000 square foot Whole Foods) and usually in very densely populated locations, neither of which apply to this project. Even in the heart of Clarendon, which is a major regional retail destination with numerous high quality anchor tenants to draw retail customers such as Crate & Barrel, Barnes & Noble, Whole Foods, Pottery Barn and others, the vast majority of parking included in the Market Common project, for example, is in above-grade parking structures and there is only one small component of underground retail parking which is mostly for retail employees.