

Arlington Economic Development Commission
1100 N Glebe Rd, #1500,
Arlington, VA 22201

Business Meeting Minutes
Tuesday, October 8, 2019

<u>Member Name</u>	<u>Present</u>	<u>Absent</u>
Bates, Kate	X	
Blenkle, Andy	X	
Caiazzo, Jill	X	
Costa, Anthony		X
Denning, Tim	X	
DePalma, Lindsey	X	
Drzewiecki, Brian	X	
Dunn, Bill	X	
Jensen, Tom	X	
Kumar, Neal		X
Merlene, Nicole	X	
Ninassi, Carlo	X	
Patel, Toral		X
Pedowitz, Scott	X	
Poli, Frank	X	
Saint Juste, Guy	X	
Sampaio, Flavia	X	
Schoenfeld, Mary Margaret	X	
Singh, JJ	X	
Sisk, Avril Ussery	X	
Walsh, William	X	

1. WELCOME AND CALL TO ORDER

The regular meeting of the Arlington Economic Development Commission was called to order by Chair Poli at 8:03 AM.

2. APPROVAL OF MINUTES

Motion made by Commissioner Drzewiecki and seconded by Commissioner Caiazzo to approve the minutes of the September 10, 2019 meeting. Motion carried unanimously.

3. CHAIR'S REPORT

- No Report

4. DIRECTOR'S REPORT

- Interim Director, Alex Iams reported that the first meeting of the Northern Virginia Regional Economic Development Alliance will meet later today to develop its workplan.
- He also reported on a meeting that will be held between Arlington County and Bellevue, Washington to discuss how Arlington is addressing HQ2 related elements such as workforce and physical planning.
- Iams encouraged interested members to attend Amazon's Small Business Spotlight event at the Wharf on October 15.

4. INFORMATION AND DISCUSSION ITEMS

Columbia Pike Commercial Market Study, Summary of Findings and Recommendations – Steven Reilly, HR&A Associates (See Attachment 1) presented to the group. Kim Klingler, CPRO Executive Director, briefly discussed CPRO’s priorities and AED staff Marc McCauley provided next steps which will include a presentation to the County Board.

5. WORKING GROUP UPDATES:

- Workforce Task Force: Chair Sisk reported that the Task Force will be presenting its recommendations to the EDC in December.
- 4MRV Arts & Industry District Study – Technical Advisory Panel members Ninassi and Schoenfeld, discussed Phase I of the study, which is nearing completion. Phase 2, which will start in November, will be co-chaired by Schoenfeld.

6. OLD BUSINESS

- Chair Poli reported that the redevelopment project on the Rosslyn Holiday Inn site was approved by the County Board.

7. NEW BUSINESS

- Commission member Bates announced that the Arlington Chamber of Commerce is supporting Arlington restaurants by holding Arlington’s first ever Restaurant week from October 21-28.

8. ADJOURNMENT

The meeting was adjourned at 9:13 AM.

The next meeting of the Economic Development Commission will be held 7:45 AM, November 12, 2019. A recording of the meeting may be heard by contacting the AED offices.



COLUMBIA PIKE COMMERCIAL MARKET STUDY

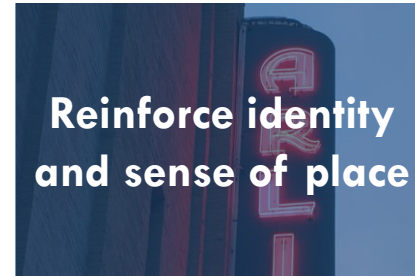
SUMMARY OF FINDINGS AND RECOMMENDATIONS

OCTOBER, 2019

HR&A
Analyze. Advise. Act.

HR&A undertook a commercial market study as part of broader ongoing efforts to enhance the Columbia Pike Corridor.

ONGOING INITIATIVES

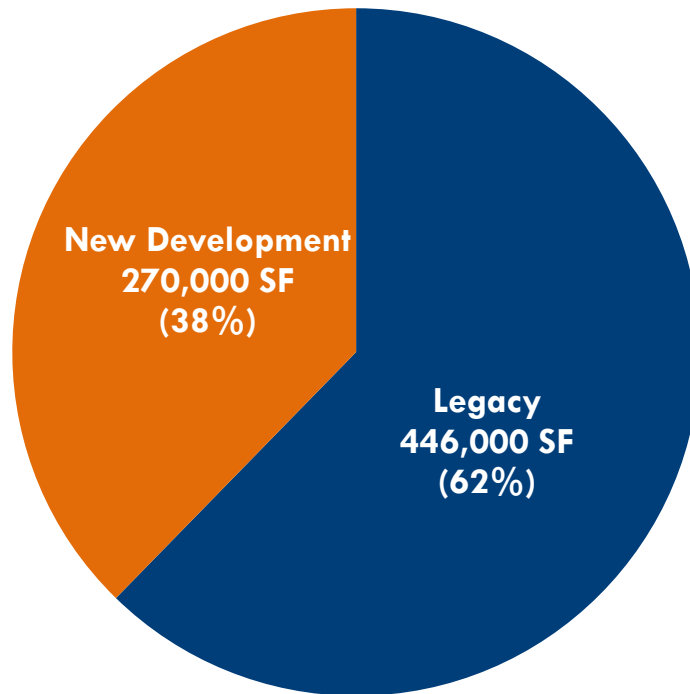


KEY QUESTIONS INFORMING RETAIL MARKET OPPORTUNITIES

- 1 What is the character and competitive positioning of Columbia Pike?
- 2 What retail opportunities exist for Columbia Pike and how do these opportunities vary across identified subareas of the Corridor?
- 3 Based on supportable retail and locational considerations, how can retail be positioned for success?

Market Transition | Columbia Pike is transitioning from an auto-oriented suburban corridor to a walkable urban corridor.

COLUMBIA PIKE RETAIL BY TYPE



NEW URBAN TYPOLOGY



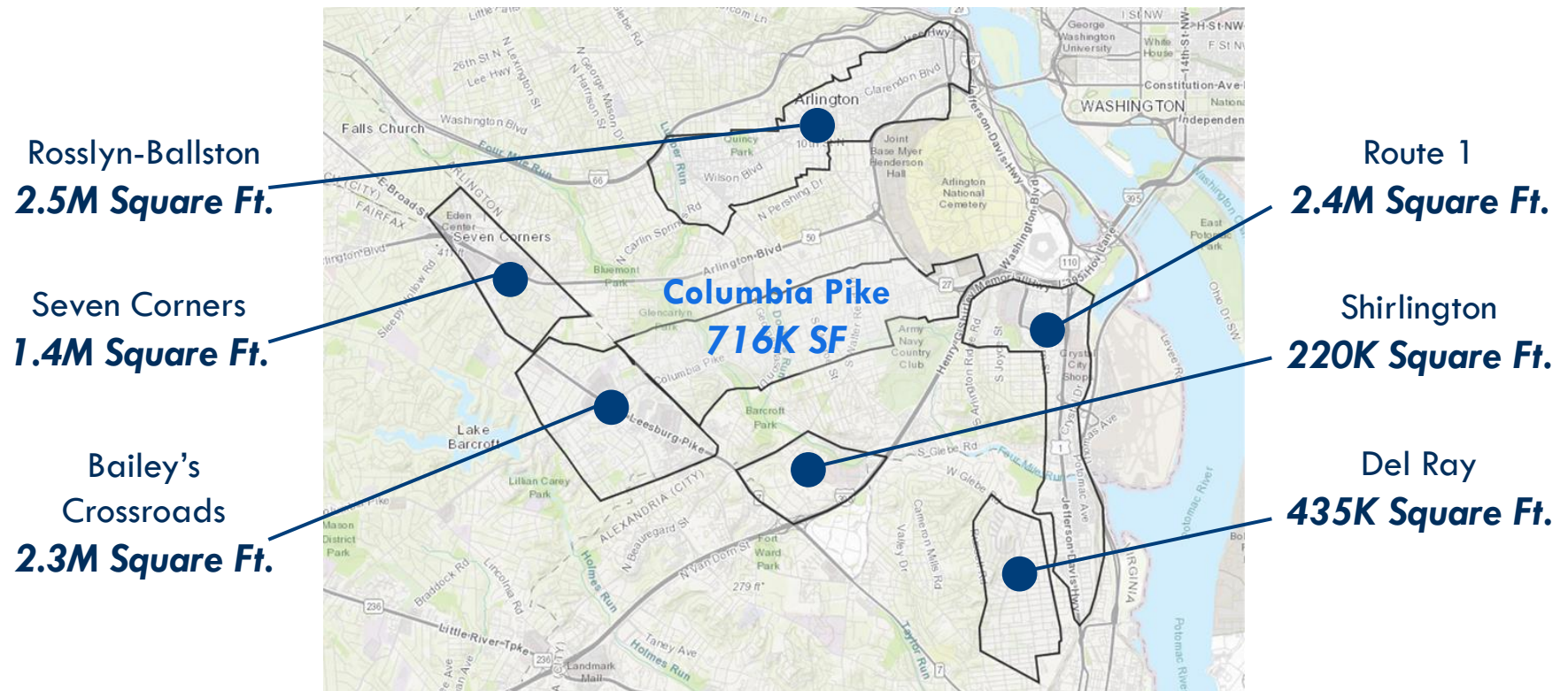
AUTO-FOCUSED LEGACY



IMPLICATIONS | Columbia Pike is still in an early phase of evolving into a more urban place and its trajectory is similar to other corridors that have densified over time.

Competitive Landscape | Surrounding retail nodes compete with Pike retail, and many offer destination uses such as clothing stores.

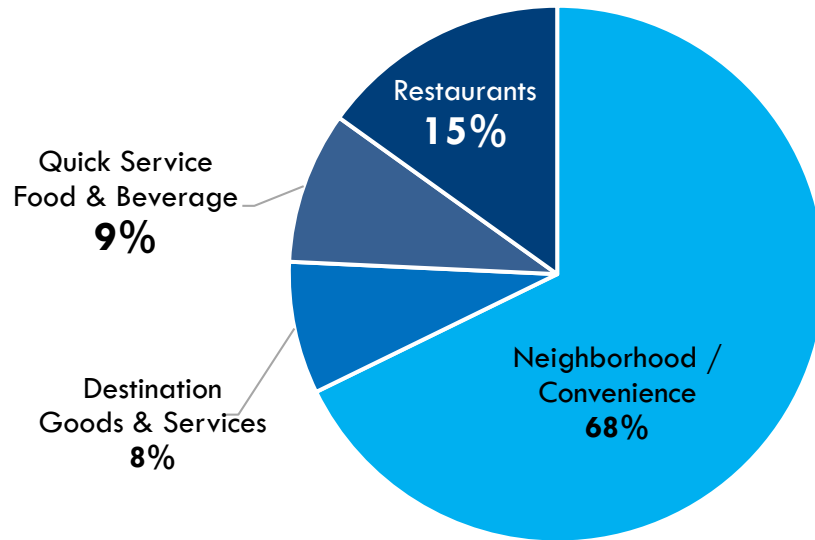
RETAIL INVENTORY BY COMMERCIAL NODE



IMPLICATIONS | Retail on Columbia Pike is supplemented by retail in nearby corridors, which provides options to nearby residents, workers, and visitors who may choose to shop elsewhere.

Retail Character | Retail tenants are primarily neighborhood-serving uses for local residents and workers, plus through-traffic.

SHARE OF RETAIL BY TYPE,
COLUMBIA PIKE STUDY AREA, 2019



NEIGHBORHOOD SERVING TENANTS

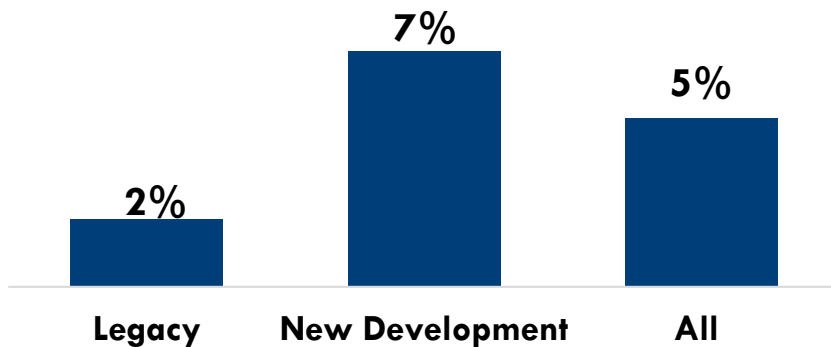


IMPLICATIONS | Based on existing retail character and the competitive landscape of nearby centers of retail, **Columbia Pike is best positioned to support and attract neighborhood-serving retail.**

Note: Share of retail by type is based on space occupied by each retail type.
Source: Arlington Economic Development, HR&A Advisors

Legacy Storefronts | Market conditions for legacy storefronts are healthy, with vacancy rates lower than in new development.

**COLUMBIA PIKE RETAIL VACANCY
2019**



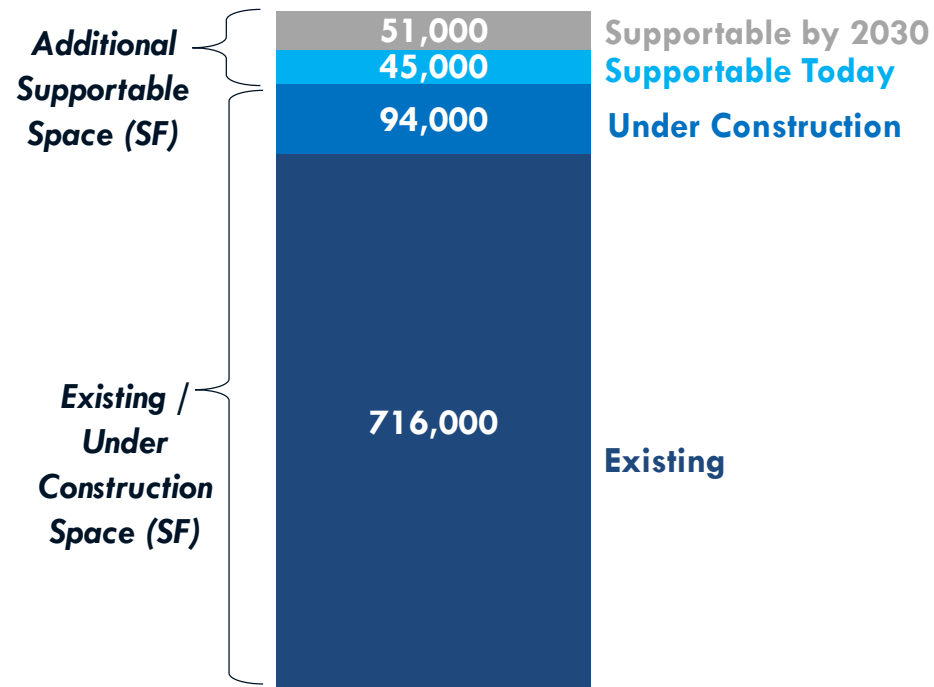
LEGACY STOREFRONT – COLUMBIA PIKE PLAZA



IMPLICATIONS | Columbia Pike is a well functioning retail market; however, **legacy tenants risk being displaced as new development occurs on their properties.**

Supportable Retail | There is additional, though limited, supportable retail potential for Columbia Pike over the next decade.

**EXISTING AND FUTURE SUPPORTABLE RETAIL (SQUARE FEET)
COLUMBIA PIKE STUDY AREA, 2019**



IMPLICATIONS | The Corridor can absorb additional retail inventory, though this **supportable space can be met fairly easily through new, well-positioned development.**

Retail Demand | For new development, demand generated by upper floor uses generally does not alone support ground floor retail.

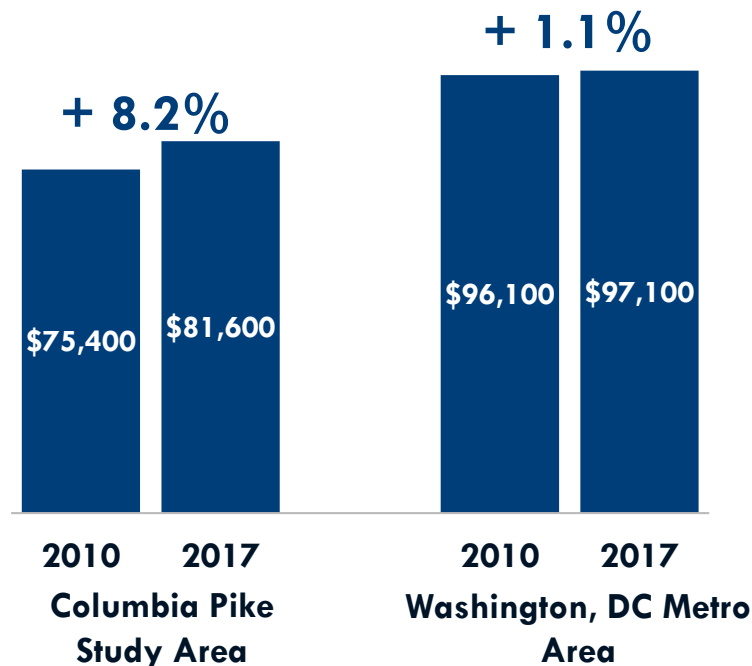
ADDITIONAL RETAIL DEMAND GENERATED BY USE

Use	Average Space	Additional Population	Supportable Retail (SF)
Hotel	200 Rooms	+ 71,000 Annual Visitors	7,000
Apartments	250 Units	+ 250 Households	3,860
Traditional Office	128,000 SF	+ 640 Workers	3,000
Co-working Space	30,000 SF	+ 300 Workers	1,420
Medical Office	3,000 SF	+ 15 Workers	70

IMPLICATIONS | Retail requirements in new mixed-use development **could create an oversupply of retail space as new development continues.**

Evolving Demographics | Ongoing demographic changes of local residents will impact tenanting as retail spaces become available.

CHANGE IN HOUSEHOLD INCOME, 2010-2017

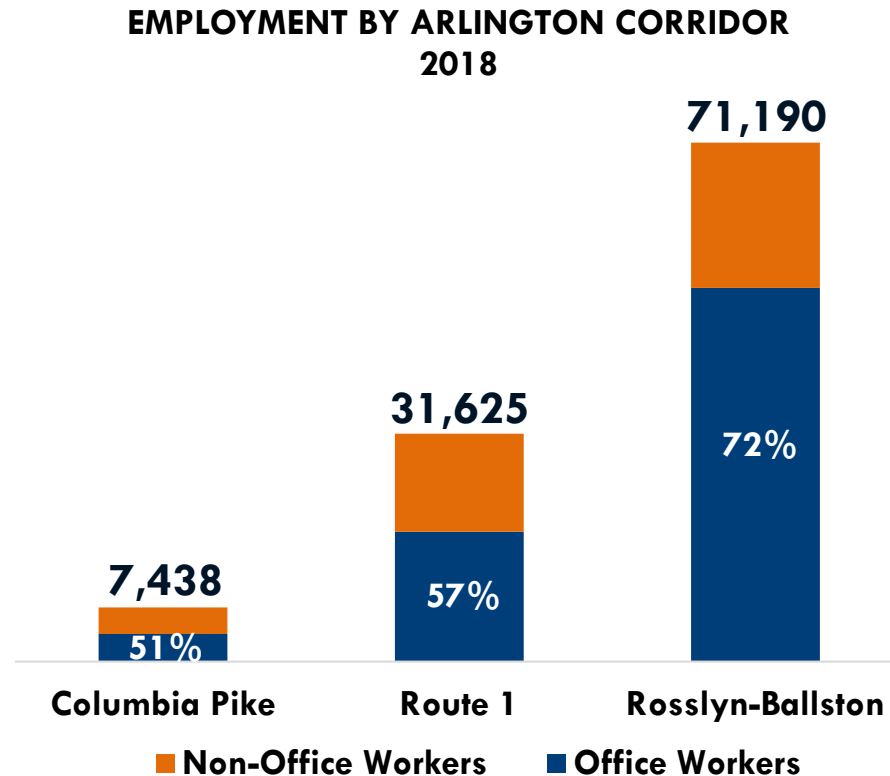


IMPLICATIONS | Changes in retail tenant types will be a gradual process, as retail changes tend to lag demographic changes due to retail lease structures.

Note: All dollar figures shown are in 2017 dollars. Change represents real change in income.

Source: ACS 5-year 2013-2017, HR&A Advisors

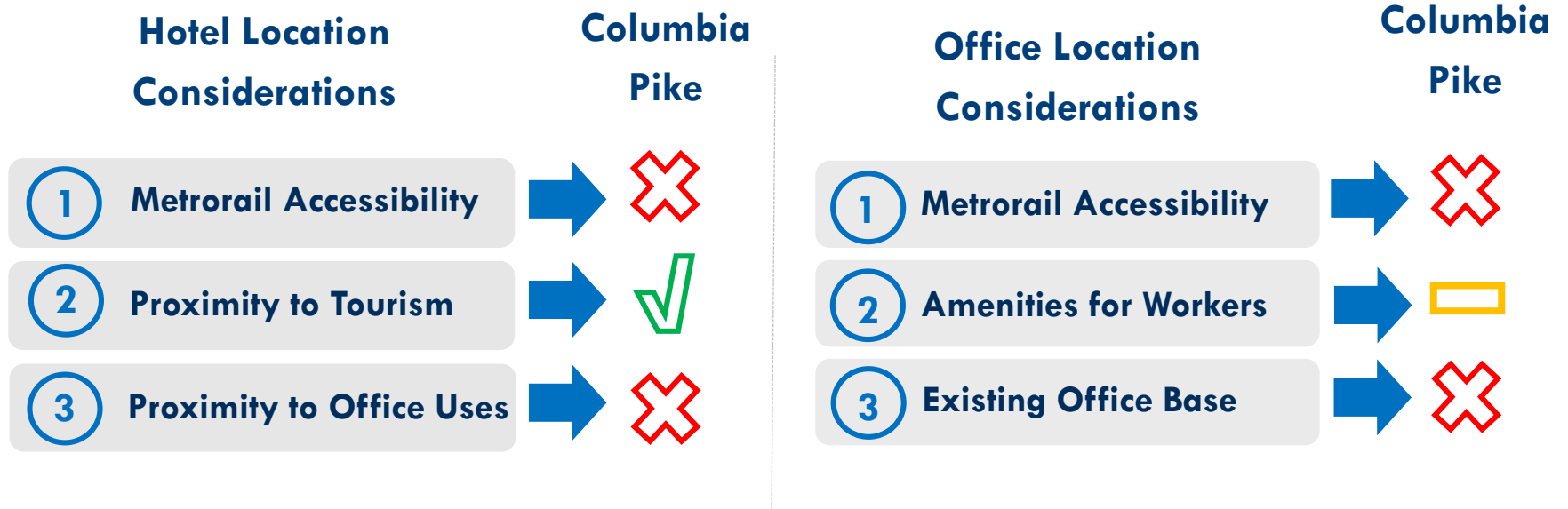
Office Workers | A small office worker population limits daytime activity.



IMPLICATIONS | Limited daytime population along Columbia Pike poses challenges to attracting some businesses, and **existing tenants are more reliant on demand from the residential consumer base.**

Non-Residential Growth | There is limited potential for office and hotel growth in the near-term.

LOCATIONAL CONSIDERATIONS OF HOTEL AND OFFICE USES



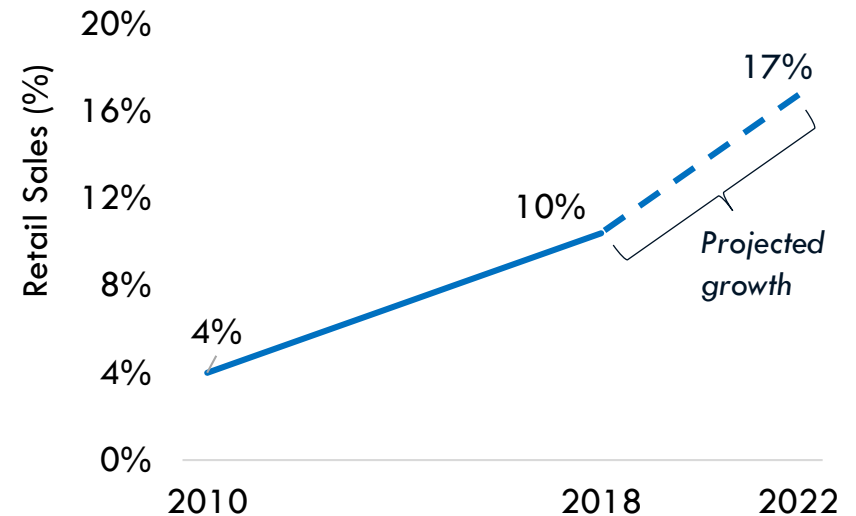
IMPLICATIONS | In the longer term, **spillover growth from Amazon's HQ2 development may present potential to support some office or hotel uses**, particularly on the eastern end of the Pike.

E-Commerce Impact | E-commerce continues to impact retail nationally, but Columbia Pike tenants are generally well positioned.

ONLINE SALES BY RETAIL TYPE
U.S., 2018

Electronics	55%
Sporting goods and hobby	45%
Office Products	35%
Furniture and Housewares	23%
Clothing	22%
Beauty and Cosmetics	9%
Food and Beverage	3%
Home Improvement	3%
Grocery	1%
All Retail	10%

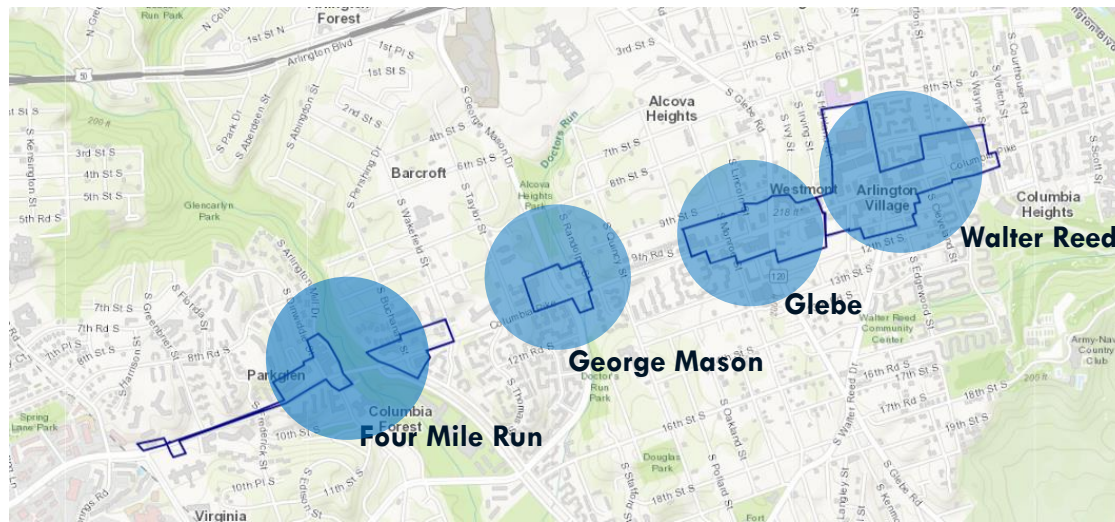
ONLINE SHARE OF TOTAL RETAIL SALES
U.S., 2010-2022



IMPLICATIONS | Columbia Pike is **relatively insulated from the impacts of e-commerce due to its existing retail mix**. However, retail there will continue to adapt to an evolving retail market.

Retail Nodes | Retail character evolves along the Corridor and there are defined nodes of activity.

COLUMBIA PIKE RETAIL NODES



Existing Retail Subareas, as defined by AED

IMPLICATIONS | Focusing new space in existing nodes will reinforce these locations as centers of activity.

Retail Nodes | Different nodes serve different functions based on retail market dynamics.

Main Street Node

Functions as a center of retail with a critical mass of activity to draw consumers from all parts of the Corridor.

Intersection-Based Node

Depends on new development and individual projects to grow their commercial character.

Neighborhood Node

Has smaller pockets of activity that provide retail to meet everyday needs of nearby residents.

RECOMMENDED RETAIL NODES ON COLUMBIA PIKE

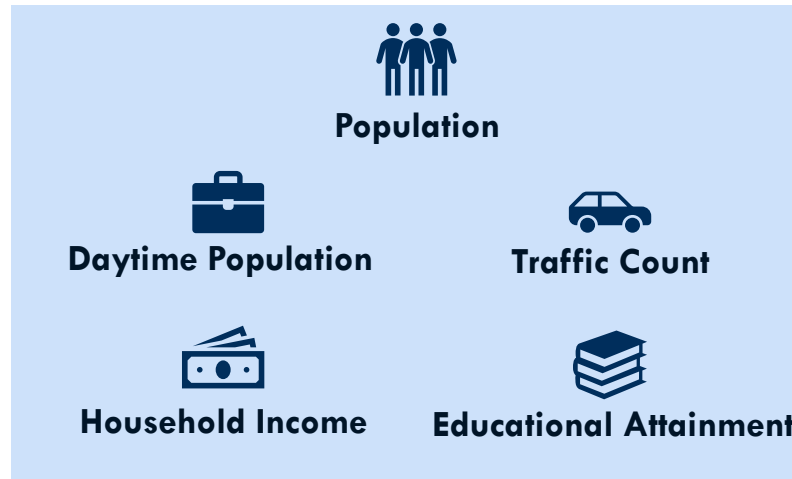


□ Existing Retail Subareas, as defined by AED

IMPLICATIONS | Distinguishing the character of different areas and reinforcing their unique identity is critical in the overall success of the corridor.

Retailer Considerations | Retailer's decision-making criteria for new locations impacts tenanting along Columbia Pike.

DEMOGRAPHIC CRITERIA FOR RETAILERS



RETAIL SPACE CONSIDERATIONS

- **Visibility**
- **Proximity to existing stores**
- **Accessibility**
- **Competition**
- **Space Quality**
- **Co-Tenants**

IMPLICATIONS | Destination retailers in nearby locations generally consider Columbia Pike residents and workers to be part of their existing consumer base. For retailers who do decide to locate on Columbia Pike, they must **identify a retail space that meets their needs.**

Strategy Toolkit | HR&A identified five strategic themes that frame a toolkit of recommendations.



DEVELOP COORDINATED TENANTING AND ATTRACTION



FOCUS ON NODES



RIGHT-SIZE RETAIL



ENCOURAGE ALTERNATIVE USES



CREATE AN ENVIRONMENT CONDUCIVE FOR RETAIL



Tenant Attraction

Build connections to the retail community of brokers and tenants and develop initiatives for attracting desired uses.

Connect with Retail Community

- **Enhance retail support capabilities** to manage and implement coordinated retail initiatives and act as a liaison to the retail community
- **Hold semiannual retailer roundtable meetings** to hear challenges impacting retailers while also promoting coordinated actions
- **Publish a quarterly retail one-pager** to ensure retail brokers and property owners are informed on positive data and news about the Pike

Supportive Policies and Initiatives

- **Consider incentives to attract additional uses** such as an additional corridor anchor or a food incubator
- Consider **grants or low interest loans**, such as real estate improvement grant, **for legacy spaces**
- Consider **establishing a program providing design services** to owners of legacy spaces
- **Provide small business support for adapting to new technologies**
- Consider **implementing a relocation support program for displaced local legacy tenants** offering realty support or small business grants



Node-Based Approach

Concentrate retail at key nodes to draw customers and establish centers of activity along Columbia Pike.

Enhance Node Identities

- **Confirm key intersections and areas of focus** identified in this report to reinforce nodes
- **Market and brand** Columbia Pike nodes based on **unique attributes**

Supportive Policies and Initiatives

- **Focus infrastructure investments in nodes**



Right-Size Retail

Ensure future development provides an amount of retail space aligned with what can be supported by the market.

Reduce Required Pipeline Retail

- **Identify key focus areas** where ground story retail should be concentrated
- **Limit required ground story retail to Columbia Pike frontage**
- **Allow for additional uses** where retail has been required in the past

Look to Future Growth

- In non-priority commercial locations, **encourage development of flexible ground floor spaces that could be converted to retail** at a later date
- Expand zoning boundaries to **increase areas where residential density is permitted**



Alternative Uses

Encourage development of alternative commercial uses to better activate the Corridor during the daytime.

Activate the Corridor

- **Allow for greater flexibility for alternative retail space** uses on Principal Arterials

Supportive Policies and Initiatives

- **Encourage office development through incentives** such as a density bonus



Retail Environment

Continue building on existing transportation, infrastructure, placemaking, and ground floor activation efforts.

Placemaking

Create a Place

- **Use public art tailored to social media** to enhance identity
- **Add outdoor seating** along the sidewalk and in public areas in key nodes
- **Add additional programming and events** that provide exposure to the Pike
- **Add wayfinding** in key areas along the Corridor
- **Support retail pop-ups and interim uses** in new developments

Supportive Policies and Initiatives

- Continue to **focus on design and construction of streetscape improvements**
- **Locate traffic generating public facilities such as libraries in storefronts** to add an active use to the Corridor while also increasing foot traffic
- **Establish stewardship of infrastructure improvements** through dedicated funding to oversee upkeep



Retail Environment

Continue building on existing transportation, infrastructure, placemaking, and ground floor activation efforts.

Transportation and Infrastructure

Improve Bike/Ped. Connectivity

- **Promote safe bicycling networks** following recent completion of network paralleling the Pike
- **Improve sidewalk connectivity on streets leading to Columbia Pike** to ensure walkability from residential areas
- Where possible, **expand sidewalk width** along Columbia Pike to between six and ten feet
- **Add or promote “last mile” micromobility transportation options**, including bikeshare or scooters, to the Corridor at key nodes

Improve Car and Bus Connectivity

- **Improve signage to garage parking** along the Pike
- **Establish parking validation program** in garages
- Continue consideration for **establishing dedicated rideshare vehicles Pick Up/Drop Off (PUDO) zones** for at retail nodes
- **Place electric vehicle charging stations** along the Pike

