

A CURRENT ASSESSMENT OF ARLINGTON'S COMMUNITY RETAIL BASE

RESEARCH IN SUPPORT OF THE SMALL BUSINESS TASK FORCE ON COMMUNITY RETAIL

Introduction

This report was prepared by Arlington Economic Development (AED) in support of the work of the Board-appointed Small Business Task Force on Community Retail (Task Force). Data was compiled by AED, based on a 1998 inventory of commercial areas which was updated between April and June, 2003. This database provides a comparison, and documents changes of both the built environment and tenant base, over the five-year period. Additional market information was collected from published secondary sources.

The Board's charge to the Task Force was converted into a series of research questions, focusing on changes in Arlington's retail and service business base over the study period. These questions address issues related to the continued and highly visible development, or more precisely redevelopment, in both Metro locations and neighborhood business districts. The questions include:

- How have trends relating to retail and service businesses affected Arlington's base? How has the business cycle affected the retail base?
- Have additional new tenants reduced the "leakage" of retail sales and provided new retail and service consumer choices for residents?
- What types of retail and service businesses have increased or decreased as the commercial areas have developed?
- Has new development displaced older existing businesses, forcing them to close or move out of the market area? Does displacement differ between Metro corridor and neighborhood commercial districts?
- Is there an adequate supply of retail space to permit the entry of new businesses into the market? Conversely, is there an oversupply of retail space, resulting in increasing vacancies and reduced assessments on commercial properties?
- Has there been substitution in the business districts, with national chains crowding out or replacing unique local businesses?



This report provides some answers to these questions.

Retail Demand and Sales

Most major components of retail demand within Arlington have increased over the past five years. Population has grown by 6,700 persons or 3.6 percent and employment has grown by 3.9 percent, an increase of 7,800 jobs. The real per capita personal income of Arlington residents increased by 14.3 percent between 1998 and 2003.¹ Demand could have been expected, therefore, to increase by as much as 18 percent, all other things remaining constant.

All other things have not remained constant, however. The national economy has softened significantly. Although the Washington area has outperformed nearly every other metropolitan area economically, local jobs, incomes, and financial stability have all been somewhat negatively affected by the downturn. The events on September 11, 2001 also slowed the economy, with direct effects on Arlington's retail and hospitality industries. Tourism suffered for many months and fewer visitors have meant lower retail, service and meals sales. Additionally, structural changes in a number of subsectors, including tourism, have resulted in differential impacts among various retail and service businesses. Some of this economic weakness was countered by historically low interest rates that put dollars back into consumer's pockets through home refinancing and debt reduction, and raised discretionary spending. How have all these factors, when combined, affected the Arlington economy?

Retail sales in Arlington have increased by 13.7 percent over the past five years (see Table 1). In constant dollars, this represents a modest increase of 3.9 percent, when substantial growth in retail demand was expected. In spite of lagging growth in real retail sales, some 1,256,000 square feet of retail space, approximately

13.8 percent of the entire retail base, was constructed and absorbed during the 1998-2003 period,

Across the region, retail sales also tracked with population growth, increasing by 9.2 percent in constant dollars between 1998 and 2003.² During this period, population increased by 10.2 percent. The data indicates that there were short-term declines in sales of home furnishings, apparel & accessories, and gasoline subsequent to September 11, 2001, and that these declines were proportionately smaller in scale regionally than in Arlington. While per capita real retail sales equate closely to population growth, increases in real per capita personal incomes have not been reflected in retail performance.

The retail study conducted by Bay Area Economics (BAE) for AED in 1999 identified a number of retail/service "leakages": product groupings that Arlington consumers bought in markets outside of Arlington, which are, in effect, lost retail opportunities.³ The sectors where leakage was most evident, and where Arlington was found to be most under-served, included furniture & home furnishings, food stores, and building materials & hardware. The 2003 Woods & Poole data verifies these findings; Arlington continued to lose market share in these categories, in spite of new market entrants.



¹ From the Bureau of Economic Analysis and the Bureau of Labor Statistics, as interpolated by AED.

² From Woods & Poole Economics.

³ The study was entitled "Retail Market Assessment of Arlington County Metro Station Areas and Commercial Districts" and was completed in June 1999. It was intended to provide an economic overview of the retail market and is referred to throughout this report as the "BAE Study."

Market Common at Clarendon alone should have nearly filled the home furnishings gap with the addition of Crate & Barrel, Pottery Barn and the Container Store. Add to this the new Hecht's Home Store in Ballston, and the Rosslyn-Ballston Corridor added many of the highest grossing and most popular retailers in this group to the local market in the past five years. Still, this category declined from 5.4 percent of all retail sales in Arlington to 4.8 percent five years later.

A new entry to the grocery store market, Harris Teeter, has built three new full-sized grocery stores in Arlington during the study period. Two of these are located in Metro corridor markets, Ballston and Pentagon City, while the third replaced an older neighborhood competitor, Super Fresh, with a larger, new store. Every Metro corridor market contains a major grocery store within walking distance of a transit station. The oldest of these, the Safeway stores in Rosslyn and Crystal City, are now ripe for renovation. Similarly, the increasingly competitive grocery market may prompt renovation, or redevelopment, of the major grocery stores along Columbia Pike. Arlington can also expect some higher-end, specialty grocers such as Sutton Place Gourmet and Trader Joe's to enter the market, reducing leakage in the future. Food stores have experienced a very modest increase in sales, but a decline in market share since 1998.

Hardware, paint and appliance stores are still somewhat underrepresented in Arlington. Local neighborhood home improvement stores are still commonplace, with 14 of these located in neighborhood centers and 3 in Metro locations. A Home Depot, considered a "category killer" in retail trade parlance, is located just outside of Arlington's border in Seven Corners. Regionally, building materials and hardware represent 5.0 percent of all retail sales, but only 1.6 percent of all retail sales in Arlington.

The product segment suffering the greatest losses has been auto-related uses. Many of these are represented by used car sales lots, which, by and large, have been interim or "holding" uses, awaiting the sale of the land to a developer consolidating parcels. Other auto-related uses, such as service or repair businesses, have been

crowded out of Metro area markets by higher economic uses. This trend has been particularly acute in Clarendon and Virginia Square, where 8 auto-related businesses have disappeared since 1998.

Based on the classification system incorporated in the Rosslyn-Ballston Corridor Retail Action Plan adopted by the County Board in May 2001, a summary of tenants by type and type of location can be found in Table 2. Both neighborhood and Metro locations offer a broad array of basic neighborhood-serving goods and services. In addition to convenience goods and services, the Metro locations contain most of Arlington's community and regional centers. Overall, except for hardware and building materials, there are no major gaps in the types of retailers present in Arlington. Of course, with 14 distinct Metro submarkets and 45 neighborhood districts, not all products and services are offered everywhere.

The greatest changes in business types within neighborhood retail districts are in restaurants (14 more), barber/beauty shops and specialty food stores (5 more each), and household appliances (3 more). Overall declines occurred in stationary/card shops, video/record stores, and medical offices. The business mix within neighborhood shopping areas has been relatively stable over the past five years.



Comparisons are not available for the Metro corridors because they were not included in the 1998 database. However, many of the changes in retail offerings in these locations were the result of new construction. Market Common at Clarendon, Pentagon Row, and Ballston Common represented the bulk of new retail construction. Their principal tenants were restaurants, home furnishings, and apparel retailers. Two bookstores also entered the market in the Rosslyn-Ballston Corridor. Many, but not all, of the tenants in the major retail projects represent national chains or franchises. Local convenience or service businesses have leased retail space in office or residential projects. The number of retailers in Metro locations has increased by an estimated 16.2 percent over the past five years.

The Urban Land Institute publishes an annual benchmark study of retail sales in shopping centers in the U.S. For 2002, the median retail sales per square foot of community and neighborhood sized centers was \$224 and \$259 respectively.⁴ In Arlington overall, retail sales were \$290 per square foot for all space, and significantly higher for small and mid-sized centers. Arlington retailers have strong market dynamics with which to work.

New Development

There has been a significant amount of new development in Arlington over the past five years. Included among the major projects is 4,559,338 square feet of office space, 1,265,698 square feet of retail space; 8,836 housing units and 354 hotel rooms (see Table 3). All three of the most significant retail projects were built in the Rosslyn-Ballston or Jefferson Davis Corridors. Market Common at Clarendon added 234,000 square feet of regional retail in the Clarendon submarket. Two additional phases of this same project, totaling 62,373 square feet, are currently under construction. Pentagon

Row added some 300,000 square feet of community serving retail to the Pentagon City market, and Ballston Common Mall built a 91,433 square foot addition. These three projects alone comprise 7.9 percent of Arlington's retail base, but significant new retail development is taking place in many other submarkets.

While Pentagon City and Clarendon have significantly enhanced their position as the principal retail, entertainment, and service business locations in Arlington, new retail development is also proceeding in Rosslyn and Crystal City.⁵ Redevelopment in Shirlington and along Columbia Pike is expected to result in new retail development. And additions or renovations to the existing commercial inventory are taking place from Arna Valley to Lee Highway.

In Rosslyn, the skywalk system, which never functioned as the second-story main street it was originally intended to be, is being dismantled and new street-level retail uses are being retrofitted. The redevelopment of the Central Place block with retail and entertainment uses is expected to create both added shopping and a sense of place to this submarket.

Crystal City, a Rosslyn contemporary that placed retail space below-ground rather than above, is also seeing new street level

retail, with 158,000 square feet of new retail development along South 23rd Street and Crystal Drive. Several new restaurants in the Buchanan House block have opened during the last two years.



⁴ From Dollars and Cents of Convenience Shopping Centers, Urban Land Institute, 2002.

⁵ An earlier AED study, *Shifting Markets, Office Development in Clarendon*, presents a more detailed discussion of retail concentrations in Metro area submarkets.

The mixed-use Pentagon Row project added 300,000 square feet of new retail space to Arlington's largest retail concentration, which also includes the Fashion Centre at Pentagon City and Pentagon Centre, to provide a total of 1,626,000 square feet of regional and community retail uses. This complex is Arlington's only true super-regional shopping draw.

Not all new development activity has taken place in Metro locations. New retail development has not yet commenced in Shirlington or along Columbia Pike, but several new projects have been approved or discussed as part of these Board-directed revitalization efforts. Arlington's neighborhood retail districts have also seen recent investment, with nearly 150,000 square feet of new commercial space constructed over the past five years. Most of this has been comprised of small expansions or the development of pad sites, as several shopping centers have undergone renovation.

Development has resulted in an increased supply of retail space and consequently, new opportunities for retailers. In Arlington however, new development often implies redevelopment and the potential for demolition and displacement. While nearly 1.3 million square feet of new commercial space was added during the 1998 - 2003 period, some 207,314 square feet was lost through demolition. Not surprisingly, there was more demolition in the Metro locations than in neighborhood shopping locations, 122,924 square feet compared to 84,390 square feet (see Table 4). The amount of space added to, and subtracted from, the market in neighborhood locations was nearly equal over the study period, while Metro locations posted significant gains. The total retail base is evenly split, with the current supply of retail space at 4,558,608 square feet in Metro locations and 4,560,879 square feet in neighborhood business districts.

Displacement

A more detailed look at demolitions provides some insight into the displacement of existing tenants. Business displacement caused by the construction of the Hilton Garden Inn in Court House, Market Common at

Clarendon, and by the GMU Foundation project in Virginia Square provide useful case studies of displacement in general.

Seven tenants located in a small shopping center on Courthouse Road were displaced when their building was demolished in 2000 to allow construction of a new hotel. Of the seven, five successfully found substitute space in the Court House or Clarendon areas. Of those that did not, the office tenant relocated to other family owned property on Columbia Pike. The thrift shop, which was on a \$1 per year lease, was the only retail tenant unable to locate comparable space within the market area. Several of the relocated tenants have reported improved business at their new locations, although most have struggled with increased rental costs - but not inferior locations.

Little displacement resulted from the Market Common development. The former Sears automotive building on the site had been sporadically leased over the years to a series of small business tenants, none of which was equivalent to Sears as a retail draw. An automotive use, Flying Dutchman Transmission, was dislocated and replaced by a national chain retailer. Across Clarendon Boulevard, Blockbuster was displaced for Phase II of Market Common, but there are 10 other Blockbuster locations within 4 miles. Phase III dislocated a used car lot. The development of this sizeable project, with 296,000 square feet of new retail space, not only avoided substantial business displacement, but resulted in significant new opportunities for retail entry into the Clarendon market.



Four auto sales or service uses were displaced to make room for the expansion of the George Mason University campus. A small office building with 10 non-retail tenants was also demolished. The square footage of retail space to be supplied by the new construction significantly exceeds what was lost.

The greatest amount of displacement in Metro area locations has involved auto sales lots and service facilities. Eight of these were displaced in Clarendon and Virginia Square since 1998. Another three are located in Rosslyn on sites with approved site plans for new construction. These uses are hard pressed economically to remain in high-cost locations. Most are on short-term leases, are not-owner-occupied, and are nearly impossible to relocate within Arlington. In these cases, the displacement was or is likely to be permanent.

Table 5 lists 27 projects that have site plan approvals, but have yet to be built. These projects represent potential future displacement, but even in the aggregate, they will not have a significant impact on the existing retail landscape. As in the past, most displacement resulting from proposed new construction affects only used car lots or repair facilities.

A more intensive study of displacement and relocations may identify specific cases of hardship, but a general look at new development over the 1998 - 2003 period provides no indication of significant retail business displacement (except for the auto-related uses described above). The most severe case, the Courthouse Road example, resulted in most tenants successfully relocating within the same submarket area.



Opportunities for Market Entry

New market entrants, or businesses displaced from other locations, depend on a ready supply of available retail space. The supply of retail space available at any point in time is a function of turnover and vacancy rates. The two factors are linked. For instance, when a tenant leaves a retail space, a vacancy is created. If the property is rented quickly, the overall vacancy rate will remain constant. If the inventory of available space begins to increase in the aggregate, vacancy rates will climb. The ideal situation occurs when there is a reasonable level of turnover, with some businesses leaving and new ones entering the market, and with vacancy rates high enough to offer multiple choices to new entrants, but not so high that oversupply, economic hardship, and deterioration result.

Arlington has generally experienced this ideal situation for the past several years. Between 1998 and 2003, some 274 of the retail spaces in neighborhood business districts were reoccupied by different tenants, an annual turnover rate of 4.6 percent (see Table 6).⁶ This can be compared to a turnover rate in Metro locations of 6.0 percent annually. Turnover was slightly higher in Metro locations, where most of the new construction took place, consequently adding to the supply and the availability of space for lease. Vacancy rates are nearly equal in both types of locations, at 4.6 percent in the neighborhoods and 3.2 percent in the Metro locations. For comparison nationally, community and neighborhood sized shopping centers had 2002 vacancy rates of 5 percent and 9 percent respectively.⁷ Over the past five years, some 884,000 square feet of retail space has become available

⁶ This report measures a change in tenancy through a comparison of tenants in 1998 versus 2003 as a proxy for the turnover rate. This rate could actually be higher if these tenants had changed more than once over this period.

⁷ These are not true vacancy rates as normally measured, but are based on the number of storefronts vacant, not the square footage of vacant space.

in Metro locations and 332,000 square feet in neighborhood districts, a sufficient supply to allow a healthy market for new entrants.

Of course, these results are in the aggregate, and there is substantial variability among the business districts. Clarendon, Virginia Square, and Shirlington/Nauck have the highest vacancy rates - all are above 25 percent. The turnover rate was in double digits in Clarendon, Ballston, Virginia Square and Court House. These are areas where the greatest amount of redevelopment is underway. Overall, it is fair to conclude that an adequate supply of space becomes available regularly, throughout Arlington, sufficient to provide significant opportunities for market entry or relocation.

Substitution

Like displacement, substitution can best be determined through a detailed examination of tenant data. The term substitution as used here refers to the replacement of local retailers with national chains. National retailers have most often entered the Arlington market by locating in new developments, for example Market Common at Clarendon, Pentagon Row, or Ballston Common Mall. There have been a few isolated examples of new free-standing retail construction, mostly drug stores, built in Cherrydale, Clarendon, Crystal City and Columbia Pike locations. In few cases, however, have national chains located in older buildings in established commercial districts. Exceptions are those retailers with relatively small space requirements, such as Starbucks.

Sometimes considered an indicator of gentrification, Starbucks has moved into the Arlington market, establishing 8 new locations over the past five years. Three of these have located in new construction, with three more going into major shopping centers where national retailers are prominent. Indications are that Starbucks has not displaced other retail businesses, nor have they economically "crowded out" competing coffeehouses. Retail substitutions occurred in Rosslyn, where the

Starbucks occupies a former convenience store, in Ballston on Stuart Street adjacent to the Metro station and within the Ballston Common Mall, in the Crystal City Underground, and in the re-tenanted Lee-Harrison Center. In Virginia Square, the Starbucks is located on the ground floor of a new residential complex built over the Metro station, and in Pentagon Row and Market Common at Clarendon, in new retail complexes. Some of Arlington's most popular locally-owned businesses - Common Grounds and the Java Shack for example -

compete successfully with Starbucks in their midst.

So far, national chains have been additions to the market, not substitutes for competing local businesses. They have also been concentrated in major retail complexes in Metro locations. National chains dominate some retail sectors where economies of scale are vitally important competitive necessities, as in the case of food stores or drug stores. Chains offer desirable consumer choices, as long as unique local competitors are realistically able to remain or enter the market.



Summary of Findings

In summary, the findings related to the research questions posed earlier are as follows:

- A slower economy, coupled with the after-effects of September 11, 2001, have slowed retail sales growth in Arlington more than the rest of the region. Demand factors for Arlington - population growth, personal income, and employment - remain strong, and better performance is expected in the future.
- The "leakage" identified in the BAE study has continued, even though Arlington has seen substantial new market entrants in under-served subsectors. Home furnishing stores recently opened at Market Common at Clarendon and Pentagon Row have yet to have an impact on the aggregate sales in this category.
- New development has had a minor displacement impact, except for auto-related uses where displacement has been substantial. Planned but unbuilt development is the same, most significantly affecting auto sales and service businesses in Metro locations. In most cases where businesses have been displaced, retailers have successfully relocated within the same submarket.
- There is an adequate supply of retail space to permit the entry of new competitors into the market. Turnover and vacancy rates are sufficient to provide market opportunities, and development of additional new retail space, especially in Metro locations, offers even more choices. Vacancy rates are highest in the Rosslyn-Ballston Corridor where new construction is greatest.
- There is little evidence of substitution in Arlington, where national chains are "crowding out" traditional retailers, except perhaps among food and drug stores. Businesses unique to Arlington have survived, and even thrived, in spite of substantial competition represented by national chains. This is most clearly the case where products and services can be differentiated, for example, local coffee houses which compete effectively with Starbucks.
- The Arlington retail market is more vital than ever, with a mix of locational options for both national retailers and local businesses. Arlington's appealing demographics and strong demand factors, more than limitations on supply, are putting stress on the cost of retail space. High per square foot sales cause space costs to increase, although a number of "starter" markets remain for small retail formations, especially in non-Metro locations.

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Table 1: Retail Sales in the Washington, DC SMA and Arlington, Virginia

DC Metro Area Retail Sales Category	1998		2003 Projection	
	Region	%	Region	%
Building materials, Hardware	\$2,436,270,000	5.1%	\$2,935,770,000	5.0%
General Merchandise	\$5,336,330,000	11.3%	\$6,923,110,000	11.8%
Food Stores	\$8,375,030,000	17.7%	\$9,563,050,000	16.3%
Automobile Dealers	\$11,118,310,000	23.5%	\$14,324,940,000	24.5%
Gasoline Service Stations	\$2,361,110,000	5.0%	\$3,017,150,000	5.2%
Apparel & Accessories	\$2,823,700,000	6.0%	\$3,216,200,000	5.5%
Furniture, Home Furnishings	\$3,432,080,000	7.2%	\$3,851,600,000	6.6%
Eating & Drinking Places	\$5,450,020,000	11.5%	\$6,726,110,000	11.5%
Drug Stores	\$1,697,650,000	3.6%	\$2,326,280,000	4.0%
Miscellaneous Retail Stores	\$4,341,600,000	9.2%	\$5,614,900,000	9.6%
Total Retail Sales	\$47,372,090,000		\$58,499,100,000	23.5%

Arlington County Retail Sales Category	1998		2003 Projection	
	Arlington	%	Arlington	%
Building Materials, Hardware	\$34,336,000	1.7%	\$37,421,000	1.6%
General Merchandise	\$254,323,000	12.4%	\$299,909,000	12.8%
Food Stores	\$276,977,000	13.5%	\$290,066,000	12.4%
Automobile Dealers	\$496,058,000	24.2%	\$585,418,000	25.1%
Gasoline Service Stations	\$78,242,000	3.8%	\$91,323,000	3.9%
Apparel & Accessories	\$218,809,000	10.7%	\$229,696,000	9.8%
Furniture, Home Furnishings	\$109,948,000	5.4%	\$112,464,000	4.8%
Eating & Drinking Places	\$322,842,000	15.7%	\$370,151,000	15.9%
Drug Stores	\$85,099,000	4.1%	\$108,134,000	4.6%
Miscellaneous Retail Stores	\$176,095,000	8.6%	\$210,552,000	9.0%
Total Retail Sales	\$2,053,029,000		\$2,335,184,000	13.7%

Retail Sales Per Capita	1998	2003 Projection	
Wash DC Metro Area	\$9,964.45	\$11,255.15	13.0%
Arlington County	\$10,996.99	\$12,394.82	12.7%

Source: Woods & Poole Economics

Table 2: Business Types in Neighborhood Districts 1998;2003

Type	Neighborhood Locations				Metro Locations
	1998	2003	Change	Percent Change	2003
Art or Antique Shop	1	1	0	0%	8
Bakery	9	10	1	10%	5
Bird Store, Pet Shop	1	1	0	0%	3
Book, Stationary or Card Shop	8	5	(3)	-38%	37
Clothing or Wearing Apparel Shop	8	7	(1)	-13%	82
Coffee Shop	6	8	2	25%	26
Delicatessen	5	4	(1)	-20%	12
Department, Furniture, Home Furnishings or	25	29	4	14%	28
Drugstore	8	8	0	0%	12
Florist or Gift Shop	10	9	(1)	-10%	4
Grocery Store	22	24	2	8%	25
Hardware, Paint or Appliance Store	15	14	(1)	-7%	3
Ice Cream or Confectionery Store	2	3	1	33%	26
Indoor Theaters	3	2	(1)	-50%	6
Jewelry Store	8	8	0	0%	37
Leather Goods/Luggage	1	1	0	0%	5
Meat or Fish Market	2	2	0	0%	1
Newsstand	0	0	0	0%	7
Optical Store	2	1	(1)	-50%	7
Restaurant	146	161	15	9%	251
Secondhand or Consignment Shop	10	8	(2)	-20%	5
Shoe Store	5	5	0	0%	19
Specialty Food Store	9	14	5	36%	2
Sporting Goods Store	7	6	(1)	-14%	13
Variety Store	26	26	0	0%	11
Video Tape or Record Store	10	7	(3)	-30%	5
Automobile Parts/Supplies	8	8	0	0%	6
Auto Sales	20	23	3	13%	32
Toy Store	2	2	0	0%	11
Electronics	12	12	0	0%	36
Animal Hospital or Vet	7	7	0	0%	2
Automobile Rental	9	10	1	10%	5
Bank or other Financial Institution	30	33	3	9%	43
Barbershop or Beauty Salon	57	62	5	8%	63
Catering Establishment	3	3	0	0%	4
Cloths Cleaning or Laundry Establishment	51	49	(2)	-4%	38
Dance Studio	2	2	0	0%	
Film Processing kiosk or Film Exchange	3	3	0	0%	7
Health Club	3	4	1	25%	9
Insurance Sales	6	7	1	14%	7
Locksmith	2	2	0	0%	4
Mailing Service	6	5	(1)	-17%	3
Medical or Dental Offices	20	17	(3)	-15%	26
Music Conservatory or Instruction	3	3	0	0%	1
Photocopy Studio	1	1	0	0%	1
Printing, Lithographing or Publishing	13	13	0	0%	19
Private Postal Service		1	1	100%	10
Repair Shop (appliances)	1	1	0	0%	
Real Estate Brokers	17	17	0	0%	3
Shoe Repair	1	0	(1)		3
Tailor or Dressmaker	9	10	1	10%	5
Tax Service	8	10	2	20%	7
Trade or Commercial School	4	4	0	0%	10
Upholstery Shop	4	4	0	0%	1
Daycare	2	2	0	0%	2
Automobile Services	68	66	(2)	-3%	21
Pool Service	3	2	(1)	-33%	2
Specialty Store	33	32	(1)	-3%	79
Taxi Services/ Courier	2	2	0	0%	3
Construction/ General Contractors	13	12	(1)	-8%	1
Heating/Electrical/Plumbing	11	11	0	0%	1
Moving/ Storage	3	2	(1)	-33%	2
Photography	0	0	0	0%	1
Cleaning Services	0	0	0	0%	2
Total	786	806	20	2.5%	1110

Source: Arlington Economic Development

Table 3: Construction Activity 1998-2003 (through June)

Project	Submarket	Office Square Feet	Retail Square Feet	Other Square Feet	Housing Units	Hotel Units	Year Constructed
Courtland Place	Court House		2,000		564		1998
Brighton Gardens	Virginia Square				150		1998
Virginia Square Condo	Virginia Square				181		1998
GMU Law School	Virginia Square	130,000					1998
Bromptons at Ballston	Ballston				31		1998
Ballston Common Theaters/Retail	Ballston		91,443				1998
Harris Teeter	Ballston		49,442				1998
Stuart Park	Ballston	301,200	10,600		435		1998
Nature Conservancy	Ballston	172,855	5,800				1998
Park View Apartments	Ballston				22		1998
Eckerd Drug	Lee Highway		10,000				1998
Greenbrier Court	Lee Highway				29		1998
USPS - South Station	Columbia Pike			20,500			1998
Virginia Gardens	Columbia Pike				58		1998
Stafford Place II	Ballston	185,506	10000				1998
Bromptons at Clarendon	Clarendon				23		1999
Colonial Place III	Court House	264,000					1999
Courthouse Tower	Court House	244,279	12,831				1999
2201 Wilson Apartments	Court House		3,750		201		1999
Warwick House I	Crystal City				320		1999
CVS Drug	Crystal City		10,125				1999
Slavin & Sons	S. Glebe Road		7,280				1999
Eckerd Drug	Columbia Pike		11,922				1999
One Virginia Square	Virginia Square	121,002					2000
5101 Lee Highway	Lee Highway		12,000				2000
4100 N. Fairfax Drive	Ballston	249,430	11,414				2000
4501 N. Fairfax Drive	Ballston	194,599	7,250				2000
Clarendon Park	Clarendon				87		2000
Market Common	Clarendon		220,000		300		2000
Pentagon Row	Pentagon City		300,000		504		2000
Metropolitan at Pentagon City	Pentagon City				321		2000
3811 N. Fairfax Drive	Virginia Square	159,585	5,005				2000
E*TRADE Tower	Ballston	230,361					2001
Virginia Square Plaza Apartments	Virginia Square				226		2001
Ballston Gateway	Virginia Square	122,904	13,784				2001
3232 S. 11th Street	S. Glebe Road		8,960				2001
The Atherton	Virginia Square				123		2001
Lexington Square	Virginia Square				367		2001
Ballston Place	Virginia Square				383		2001
Ballston Point	Ballston	251,170	17,377				2001
Metropolitan at Arlington	S. Glebe Road				190		2001
Virginia Hospital Center	George Mason Dr	65,508		324,539			2001
Jefferson at Clarendon Center	Clarendon		14,089		252		2001
Library Courts	Ballston				84		2001
Substance Abuse Treatment Facility	Ballston			37,941			2001
Courthouse Metro Plaza	Court House	41,814	11,393				2001
Meridian III	Court House		8,000		270		2001
Hilton Garden Inn	Court House		2,400			193	2001
Warwick House II	Crystal City				212		2001
Courthouse Square	Lee Highway				22		2001
Hampton Inn/Suites	Crystal City					161	2001
Harris Teeter	Lee Highway		51,444				2001
2710 Washington Boulevard	Washington Blvd		6,400				2001
Avalon at Arlington Square	S. Glebe Road				842		2001
Birchwood Apartments - Addition	Virginia Square				53		2001
Quincy Tower	Shirlington	234,250	13,100				2001
Quincy Crossing	Virginia Square	110,000	9,100				2001
1801 N. Lynn Street	Rosslyn	347,295	6,565				2001
Gallery at Rosslyn	Rosslyn		4,268		314		2001
The Hartford Office	Clarendon	207,125	15,617				2001
Residences at Memorial Overlook	Rosslyn				35		2001
Gallery at Virginia Square	Virginia Square		7,150		231		2001
Rosenthal Chevrolet	Columbia Pike		8,960				2001
The Hartford Residential	Clarendon				70		2002
Arlington Gateway Office	Ballston	312,550	22,450				2002
Fairfield at Clarendon	Clarendon				417		2002
The Hudson	Clarendon		4,100		293		2002
St. Charles Catholic Church	Clarendon			30,000			2002

Project	Submarket	Office Square Feet	Retail Square Feet	Other Square Feet	Housing Units	Hotel Units	Year Constructed
The Continental (Arlington Gateway)	Ballston				411		2002
Metropolitan at Pentagon Row	Pentagon City				326		2002
Bromptons at Lyon Park	Pershing Drive	5,000	2,500		15		2002
Alcova Row	Columbia Pike				22		2003
Hunters Park	Cherrydale		4,600		74		2003
Bromptons at Cherrydale	Cherrydale		5,600		46		2003
Navy League	Court House	196,181	16,766				2003
The Market Place	Clarendon		39,620				2003
Market Common Phase II	Clarendon		22,753				2003
Liberty Center - Phase I	Ballston	328,740	5,000				2003
Berkeley at Ballston	Ballston		4,476		83		2003
Crystal City Retail/Office	Crystal City	84,034	158,364				2003
Lofts at Crystal Towers	Crystal City				215		2003
1633 Colonial Terrace	Rosslyn				34		2003
St. Ann's Catholic Church	Cherrydale			50,965			2003
Totals		4,559,388	1,265,698	463,945	8,836	354	

Source: Arlington Economic Development

Table 4: Major Demolitions 1998-2003 (through June)

Project	Submarket	Office Square Feet	Retail Square Feet	Housing Units	Notes
2820 Columbia Pike	Columbia Pike		20,000		Eckerd Drug
2800 S. Randolph Street	Shirlington		50,000		Best Products
2054 N. 14th St. (Dixie Bldg)	Court House	15,160			Verizon Plaza
2060 N. 14th St. (Southern Bldg)	Court House	15,160			Verizon Plaza
Langhorn Court Apts (3416 Wilson Blvd)	Virginia Square			36	
1309 - 1325 N. Courthouse Road	Court House	2,274	9,490		Hilton Garden Inn
801 N. Glebe Road	Ballston		8,700		Arlington Gateway
905 N. Glebe Road	Ballston		6,404		Arlington Gateway
925 N. Glebe Road	Ballston		5,204		Arlington Gateway
2425-2431 N. Harrison Street	Lee Highway		30,502		Harris Teeter
Arna Valley View Apartments	S. Glebe Road			73	Avalon at Arlington Square
Rutger Apartments	S. Glebe Road			103	Arna Valley View
1415 N. Taft Street	Court House			69	Meridian III
1559 Colonial Terrace	Rosslyn			63	Dakota Condominium
Magazine Building	Rosslyn	92,000			1801 N. Lynn Building
Arna Valley Apartments	S. Glebe Road			514	Avalon at Arlington Square
1001 N. Highland Street	Clarendon	26,021			Hartford Office Building
1021 N. Highland Street	Clarendon	1,179			Hartford Office Building
Gas Station/Car Wash	Clarendon		1,712		Jefferson at Clarendon Center
Arlington Food Assistance Center	Clarendon	3,000			Jefferson at Clarendon Center
Twin Oak Terrace Apartments	Rosslyn			165	Gallery at Rosslyn
3865 Wilson Boulevard	Virginia Square	8,400			Quincy Crossing Office
McClain Garden Apartments	Court House			21	Odyssey Residential
311 S. 6th Street	Crystal City		900		North Tract
5101 Wilson Boulevard	Wilson Blvd		900		Safeway Site
Trovato Bldg (1008 N. Randolph St)	Ballston	11,254			Berkeley Condominium
4105 N. Fairfax Drive	Ballston	6,194			Berkeley Condominium
Ballston Center 3	Ballston	175,154	6,550		Liberty Center
Auto Repair/Service	Virginia Square		9,118		GMU Foundation
Citgo Station	Virginia Square		1,830		GMU Foundation
3426 Washington Boulevard	Virginia Square		14,694		GMU Foundation
3422 Washington Boulevard	Virginia Square		5,700		GMU Foundation
Ollies Trolley	Clarendon		240		Fairfield at Clarendon
Video Store	Clarendon		9,850		Market Common
Arlington Motors	Clarendon		1,260		The Marketplace
2917-2921 Washington Boulevard	Clarendon		3,852		Fairfield at Clarendon
1010-1020 N. Fillmore Street	Clarendon		9,320		Fairfield at Clarendon
Arlington Truck Rental	Clarendon		5,680		Fairfield at Clarendon
2322-2334 Wilson Boulevard	Court House	3,196			Navy League Building
Lee High Apartments	Rosslyn			32	
Arlington Electronic Wholesalers strip	Cherrydale		5,408		Hunters Park
Totals		358,992	207,314	1,076	

Source: Community Housing and Development & Arlington Economic Development

Table 5: Site Plans Approved but Unbuilt 1998-2003 (through June)

Project	Submarket	Office Square Footage	Retail Square Footage	Other Square Footage	Housing Units	Hotel Rooms	Year
Rosslyn Metro Center Expansion	Rosslyn	254,536	12,368				1998
Court House Plaza Hotel	Court House					324	1998
3803 N. Fairfax Drive	Virginia Square	43,045					1999
Arlington Gateway - Hotel	Ballston					336	1999
4401 Wilson Blvd (NRECA II)	Ballston	216,116	12,000				1999
Clarendon Central Post Office	Clarendon	40,772	1,600				2000
Waterview	Rosslyn	623,176	7,510		185	160	2000
Eighteen 81	Rosslyn		4,400		176		2001
The Odyssey	Court House	1,500	6,800		306		2001
400 S. 11th Street	Crystal City	8,496					2001
Taylor Lee Court	Lee Highway				20		2001
Village at Shirlington	Shirlington		43,045		400		2001
WRIT - Rosslyn Center	Rosslyn		5,500		224		2002
Air Force Association Expansion	Lee Highway	17,531					2002
2900 Clarendon Boulevard	Clarendon	64,545	21,515		308		2002
Quincy Plaza	Virginia Square		9,602		499		2002
Arlington Ice Skating Center	Ballston	19,986		122,000			2002
Liberty Center - Phase II	Ballston	175,314	15,650		513		2002
Crystal Square 2 Expansion	Crystal City	7,100					2002
One Potomac Yard	Crystal City	648,000	6,000				2002
Palmer Site	East Falls Church				23		2002
Shirlington Library & Theater	Shirlington			54,396			2002
GMU Foundation Office	Virginia Square	192,448	13,275				2002
1800 Wilson Boulevard	Rosslyn		5,758		153		2003
FDIC - Phase II	Virginia Square	410,364	5,108				2003
Monroe Apartments	Columbia Pike				53		2003
950 N. Glebe Road (UTA Bldg)	Ballston	248,962	14,401				2003
Totals		2,971,891	184,532	176,396	2,860	820	

Source: Arlington Economic Development

Table 6: Summary of Commercial Characteristics 2003
Commercial Areas and Districts/1

Area	Square Feet	Tenants	Vacancy	Vacancy Rate	Turnover/2	Annual Turnover Rate	New Square Feet /3	Percent New
Arna Valley	10,030	2	1	33.3%	1	10.0%	-	0.0%
Ballston (Metro)	866,692	211	1	0.5%	9	0.9%	50,364	5.8%
Ballston -Glebe Road (Metro)	159,475	16	-	0.0%	15	18.8%	49,442	31.0%
Barcroft East	69,276	23	1	4.2%	2	1.7%	-	0.0%
Barcroft West	60,405	30	1	3.2%	7	4.7%	-	0.0%
Bluemont	63,651	24	1	4.0%	6	5.0%	-	0.0%
Buckingham- Crossroads	53,062	27	1	3.6%	8	5.9%	-	0.0%
Buckingham South	38,584	17	-	0.0%	6	7.1%	-	0.0%
Cherrydale	422,626	58	5	7.9%	15	5.2%	-	0.0%
Claremont (Route 7)	21,515	10	3	23.1%	1	2.0%	-	0.0%
Clarendon (Metro)	327,284	112	21	15.8%	30	5.4%	234,571	71.7%
Clarendon South (Metro)	107,533	11	5	31.3%	11	20.0%	-	0.0%
Clarendon, 10th Street (Metro)	126,188	28	2	6.7%	25	17.9%	14,089	11.2%
Clarendon, Wilson Boulevard (Metro)	168,344	51	8	13.6%	34	13.3%	-	0.0%
Colonial Village	90,193	39	2	4.9%	4	2.1%	-	0.0%
Columbia Heights	67,250	17	-	0.0%	1	1.2%	-	0.0%
Columbia Heights West	32,117	12	-	0.0%	3	5.0%	-	0.0%
Columbia Pike	989,265	195	13	6.3%	68	7.0%	-	0.0%
Courthouse Road (Metro)	7,166	3	-	0.0%	2	13.3%	-	0.0%
Courthouse, Wilson Boulevard (Metro)	91,331	50	3	5.7%	7	2.8%	54,463	59.6%
Crystal City (Metro)	315,000	137	-	0.0%	(a)	/(a)	-	0.0%
Dominion Arms	17,113	12	-	0.0%	3	5.0%	-	0.0%
Dominion Hills-East	6,526	5	-	0.0%	2	8.0%	-	0.0%
Dominion Hills-West	20,220	14	-	0.0%	8	11.4%	-	0.0%
East Falls Church	111,040	24	2	7.7%	6	5.0%	-	0.0%
East Falls Church-East	8,474	8	1	11.1%	1	2.5%	-	0.0%
Farlington	5,016	1	-	0.0%	-	0.0%	-	0.0%
Fort Myer	5,312	3	-	0.0%	-	0.0%	-	0.0%
Foxcroft Heights	7,422	5	-	0.0%	2	8.0%	-	0.0%
Glebe Walter Reed	11,363	7	-	0.0%	2	5.7%	-	0.0%
Glebe-Washington Boulevard	3,418	5	1	16.7%	2	8.0%	-	0.0%
Lee Garden (Pershing/ Route 50)	104,531	18	1	5.3%	2	2.2%	-	0.0%
Lee Heights	81,113	51	2	3.8%	13	5.1%	-	0.0%
Lee Highway (Brian to Veitch)	54,881	9	1	10.0%	-	0.0%	-	0.0%
Lee Highway (Harrison to Culpeper)	153,159	67	2	2.9%	18	5.4%	-	0.0%
Lee Highway (Lee-Glebe to Old Dominion)	147,129	60	9	13.0%	9	3.0%	-	0.0%
Lee Highway (Lexington to Harrison)	209,697	70	5	6.7%	16	4.6%	106,502	50.8%
Lyon Park	62,471	26	2	7.1%	8	6.2%	6,400	10.2%
Lyon Village/Spout Run	67,438	15	-	0.0%	3	4.0%	-	0.0%
Nauck	31,485	17	6	26.1%	2	2.4%	-	0.0%
Pentagon City (Metro)	1,626,000	192	-	0.0%	(a)	/(a)	300,000	18.5%
Reagon National Airport	36,600	60	-	0.0%	(a)	/(a)	-	0.0%
Rosslyn (Metro)	565,429	98	6	5.8%	(a)	/(a)	4,268	0.8%
Route 50/ Carlin Springs	38,380	13	-	0.0%	2	3.1%	-	0.0%
S. 23rd Street-East	72,197	39	2	4.9%	12	6.2%	10,125	14.0%
S. 23rd Street-West	38,664	13	-	0.0%	1	1.5%	-	0.0%
S. Eads Street	84,331	9	-	0.0%	-	0.0%	-	0.0%
S. Glebe Road	133,871	10	-	0.0%	1	2.0%	-	0.0%
Sequoia Plaza	12,287	3	-	0.0%	1	6.7%	-	0.0%
Shirley Park	129,489	10	1	9.1%	4	8.0%	-	0.0%
Shirlington Road	251,557	27	3	10.0%	9	6.7%	-	0.0%
South Four Mile Run	523,599	71	12	14.5%	14	3.9%	-	0.0%
Village at Shirlington	105,644	29	12	29.3%	7	4.8%	-	0.0%
Virginia Square, Washington Boulevard (Metro)	86,861	12	-	0.0%	6	10.0%	-	0.0%
Virginia Square, Wilson Boulevard (Metro)	111,305	47	16	25.4%	13	5.5%	31,139	28.0%
Westover	71,576	30	1	3.2%	2	1.3%	-	0.0%
Williamsburg Shopping Area	36,902	17	1	5.6%	3	3.5%	-	0.0%
Total	9,119,487	2170	154	6.6%	427	3.9%	861,363	9.4%
Neighborhoods	4,560,879	1204	93	7.2%	274	4.6%	123,027	2.7%
Metro Locations	4,558,608	965	62	6.0%	152	3.2%	738,336	16.2%

/1 Based on 1998 Commercial Revitalization Area Classifications

/2 Between 1998 and 2003

/3 New space added since 1998

(a) No information provided from 1998

Source: Arlington Economic Development