

CLARENDON RETAIL

THE LAST FIVE YEARS

Arlington is always focused on the retail sector, with special concerns regarding occupancy levels, displacement by new development, the local vs. national retail balance, and the types of businesses in retail space. In 2009, the Economic Development Commission formed a Retail Task Force and made a series of recommendations in their report, *Boutiques, Bistros and Banks*¹ for more flexible rules regarding facades and signage. Arlington Economic Development (AED) staff bolstered some of these arguments for revised regulatory practices in our own report, *Room for Improvement*². Several years previously, AED had prepared a report for the Board's Small Business Task Force on Community Retail³, looking at the above issues and concluding the following:

- New development has had a minor displacement impact, except for auto related uses where displacement has been substantial.

Planned but un-built 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.



Kinder Haus Toys keeps the playful side alive in Clarendon.

- 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.

¹ See *Boutiques, Bistros and Banks*, 2009, http://www.arlingtonvirginiausa.com/docs/EDC_Retail_final_Dec2009.pdf.

² See *Room for Improvement*, 2010, http://www.arlingtonvirginiausa.com/docs/EDC_Retail_final_Dec2009.pdf.

³ See *A Current Assessment of Arlington's Community Retail Base*, 2003, <http://www.arlingtonvirginiausa.com/docs/AEDIssuePaper2.pdf>.

Figure 1: Clarendon Retail in New Development 2006-2011

Project	Business	Square Footage
Clarendon Center (South)	Burapa Thai & Sushi Restaurant	2,816
Clarendon Center (South)	Burke & Herbert Bank	3,507
Clarendon Center (South)	Circa at Clarendon	4,402
Clarendon Center (South)	Clarendon Alliance	639
Clarendon Center (South)	Massage Envy Spa	2,832
Clarendon Center (South)	Members Cleaners	572
Clarendon Center (South)	South Block Smoothie & Burrito Co.	714
Clarendon Center (South)	Trader Joe's	13,355
Clarendon Center (North)	AT&T Mobility	3,595
Clarendon Center (North)	BGR The Burger Joint	1,477
Clarendon Center (North)	Larry's Cookies & Ice Cream	1,105
Clarendon Center (North)	Pete's New Haven Apizza	4,028
Clarendon Center (North)	Rabbit	1,932
Clarendon Center (North)	Visual Health Optometry	748
Station Square at Clarendon	Cava	4,000
Station Square at Clarendon	Gold's Gym	20,922
Station Square at Clarendon	Kinderhaus Toys	4,770
Station Square at Clarendon	Le Pain Quotidien	2,787
Station Square at Clarendon	Pinkberry	1,474
Station Square at Clarendon	Urban Halo	5,390
The Phoenix at Clarendon Metro	Optical store (sold)	2,649
The Phoenix at Clarendon Metro	J. Khalil, D.D.S. (sold)	2,508
The Phoenix at Clarendon Metro	AA Locksmith	1,200
The Phoenix at Clarendon Metro	Main Street Bank	1,350
The Phoenix at Clarendon Metro	A-1 Clarendon Valet/Cleaners	1,350
The Phoenix at Clarendon Metro	Lyon Hall	6,705
Zoso Flats	Artisan Confections	1,153
Zoso Flats	Bakeshop	1,040
Zoso Flats	Kavenchy Spa & Salon	2,146
Zoso Flats	Screwtop Wine Bar	1,640
Zoso Flats	Virginia Center for General & Cosmetic Dentistry	2,348
	Total	105,154

Source: Arlington Economic Development, July 2011

This current report provides a more recent look at Clarendon as a case study to track retail changes and trends over the past five years. Retail growth has been substantial. Clarendon has added five new mixed-use projects whose retail components total 116,361 square feet of space. Equivalent to the approximate square footage of a neighborhood or

small community shopping center, this new space has attracted a diverse mix of tenants, including innovative local concepts and familiar regional or national brands. Over 90 percent (105,154 square feet) of the new space has been absorbed; 77 percent of the new businesses are local/regional operators and nearly half are located exclusively in Arlington. Specialty grocer Trader Joe's and apparel retailer Ann Taylor are two national chains to enter the Clarendon market that were additive to Clarendon's image. Retail space vacancies represent only four percent, nearly all in buildings built within the past five years.

Displacement by New Development

There has been minimal retail displacement. CVS Pharmacy and Sala Thai Restaurant vacated a total of 14,865 square feet at 2900 10th St N in preparation for the Garfield Park at Clarendon Village development. CVS Pharmacy relocated to the Rees Building at 3141 Wilson Blvd (and adjacent storefronts), preserving its 1929 historic facade while renovating the 12,790 square foot interior. Sala Thai no longer operates in Arlington, having opened and then closed a replacement location in Courthouse. Along Clarendon Blvd, 27,812 square feet of retail space in a structurally-dated building was demolished, displacing five businesses, three of which relocated within Arlington; another modified its concept to operate only online; while the remaining business closed. Lastly, 25,201 square feet

Figure 2: Clarendon Retail Displacement 2006-2011

Previous Address	Redevelopment	Displaced Business Name	Outcome	Outcome Square Footage
2900 10th St N	Garfield Park at Clarendon Village	CVS Pharmacy	New location opened at 3141 Wilson Blvd	12,790
2901 10th St N	Garfield Park at Clarendon Village	Sala Thai	Initially relocated within Arlington; now closed	-
2610 Wilson Blvd	Owned by 2618 Wilson LLC	Mrs. McGregor's Garden Shop	Closed	-
2614 Wilson Blvd	Owned by 2618 Wilson LLC	CD Cellar	2607 Wilson Blvd	1,000
2618 Wilson Blvd	Owned by 2618 Wilson LLC	ShoeFly	2727 Wilson Blvd	1,200
2620 Wilson Blvd	Owned by 2618 Wilson LLC	Inspirato	Closed	-
2622 Wilson Blvd	Owned by 2618 Wilson LLC	The McGuire Collection	Operates online only	-
3012 Wilson Blvd	Clarendon Center (North)	Little Viet Garden	Closed	-
3014 Wilson Blvd	Clarendon Center (North)	Clare & Don's Beach Shack	Relocated to Falls Church	-
3016 Wilson Blvd	Clarendon Center (North)	A-1 Clarendon Valet/Cleaners	3110 Washington Blvd	3,110
3017 Clarendon Blvd	Clarendon Center (North)	Studio Body Logic	4001 9th St N	1,317
3018 Wilson Blvd	Clarendon Center (North)	Hot Shotz	Closed	-
3019 Clarendon Blvd	Clarendon Center (North)	Sjtorm and Theory	Closed	-
3020 Wilson Blvd	Clarendon Center (North)	British Foods & Goodies	2907 Wilson Blvd	1,400
3021 Wilson Blvd	Clarendon Center (North)	Members Cleaners	1174 N Garfield St (retained tenant)	572

Source: Arlington Economic Development, July 2011

of retail space was displaced for the Clarendon Center project, though a tenant retention program was offered to businesses that met a set of qualifying criteria. Four of the businesses obtained new space in Arlington (one was retained in the Clarendon Center project), three closed, and one relocated to Falls Church.

Turnover of Existing Space

Despite the influx of new retail space and fears that Clarendon's popularity could raise rents and "force" small businesses to close, turnover has not been a significant issue. Nearly 80,000 square feet of existing retail space "changed hands" at some point between 2006 and 2011 – assuming 20 percent (16,000 square feet) turned over annually (out of a total of approximately 600,000 retail square feet in Clarendon), turnover has been a relatively low 2.7 percent annually. The 2003 countywide study of retail turnover reported an average annual rate of six percent over a five-year period. Turnover

also has not necessarily been a result of development pressure and higher rents, but rather a mix of shifting markets and personal motivations. In the case of K.A.T. Video and Orpheus Records (whose storefronts were absorbed by Spider Kelly's expansion), technology shifted and the products offered were simply no longer in demand. Longtime pet favorite a.k.a. spot turned over the leash to Wylie Wagg after a family illness prompted the owner to move out of state. Murky Coffee (now Northside Social) was somewhat infamous for tax troubles in both Arlington and Washington, D.C.. Economic pressure from national chains was not the reason for businesses leaving.

Moving Forward

Redevelopment will be the primary source of new Class A retail space in Clarendon, likely leading to only minor future displacement of existing retailers in older properties. There is evidence that market-attentive, adaptable, high-

Figure 3: Clarendon "Changed" Retail Spaces 2006-2011

Address	2006	2007	2010	2011	Square Footage
1032 N Garfield St	Four Star Auto Center	Four Star Auto Center	Bolivian Motor USA	Bolivian Motor USA	1,763
1039 N Highland St	Vacant	David L. Shurtz, Esq	Potomac Crossfit	Potomac Crossfit	4,500
1112 N Irving St	R & M Creations	R & M Creations	R & M Creations	Tuya's Tailor	250
1116 N Hudson St	Photosonics/Museum of Modern Art	Restaurant TBD	Eventide (3165 Wilson Blvd)	Eventide (3165 Wilson Blvd)	7,180
2500 Wilson Blvd	The Tennis Factory	The Tennis Factory	First Commonwealth Bank of Virginia	First Commonwealth Bank of Virginia	5,379
2509 N Franklin Rd	a.k.a. spot	a.k.a. spot	Wylie Wagg	Wylie Wagg	1,400
2529 Wilson Blvd	Curves	Current Boutique	Current Boutique	Current Boutique	1,000
2607 Wilson Blvd	Like U Good Taste Gourmet	CD Cellar	CD Cellar	CD Cellar	1,000
2800 Clarendon Blvd	Myer-Emco	Myer-Emco	Myer-Emco	Ann Taylor	4,701
2825 Wilson Blvd	National Tire & Battery	National Tire & Battery	Walgreen's	Walgreen's	14,150
2831 Clarendon Blvd	The Framing Guild	The Framing Guild	Red Mango	Red Mango	884
2839 Clarendon Blvd	All About Jane	Vacant	Farinelli's	Crumbs Bakery	750
2950 Clarendon Blvd	Mama Quans	3 Bar & Grill	3 Bar & Grill	3 Bar & Grill	5,400
3100 Clarendon Blvd	Lady Hamilton	Vacant	Vacant	Mad Rose Tavern	4,000
3100 Clarendon Blvd	Clarendon Café	Vacant	Vacant	Bronx Pizza & Subs	2,100
3101 Wilson Blvd	Sette Bello	Sette Bello	Sette Bello	American Tap Room	7,998
3124 10th St N	RE/MAX Allegiance	RE/MAX Allegiance	Fit to Be Tan	Fit to Be Tan	1,500
3125 Wilson Blvd	Café Cozii	Goody's	Goody's	Goody's	600
3127 Wilson Blvd	Dat Hung Jewelry	Julia's Fashions	Julia's Fashions	Julia's Fashions	600
3171 Wilson Blvd	K.A.T. Video	K.A.T. Video	Spider Kelly's	Spider Kelly's	8,000
3173 Wilson Blvd	Orpheus Records	Orpheus Records	Spider Kelly's	Spider Kelly's	-
3175 Wilson Blvd	Clarendon Watch Company	Clarendon Watch Company	Spider Kelly's	Spider Kelly's	-
3181 Wilson Blvd	India Curry House	Spider Kelly's	Spider Kelly's	Spider Kelly's	-
3207 Washington Blvd	Molly Malone's	O'Sullivan's	O'Sullivan's	O'Sullivan's	3,000
3211 Wilson Blvd	Murky Coffee	Murky Coffee	Northside Social	Northside Social	3,800
				Total	79,955

Source: Arlington Economic Development, July 2011

performers can compete with larger regional/national chains to be successful in premium space in both new and older buildings. Clarendon's new developments are already filled with these types of businesses, including Kinder Haus Toys, Artisan Confections, Screwtop Wine Bar,

Bakeshop, Urban Halo, Lyon Hall, and more. The Small Business Roundtable regulatory and other reforms currently being looked at by staff and the County Board should only make it easier and more efficient for small retail businesses to become established in Arlington.

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