Richmond Highway
Market Assessment Study

Prepared for:

Fairfax County Economic Development Authority

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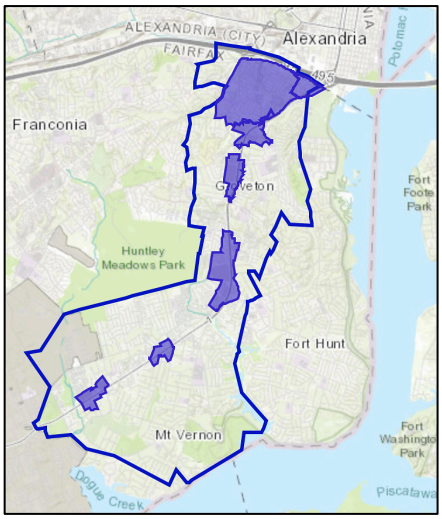
Executive Summary

Anchored on the north end by the Capital Beltway and the Huntington Metro station and on the south end by Fort Belvoir and Mount Vernon Memorial Highway, the Richmond Highway (U.S. 1) corridor encompasses a number of disparate communities. As a major historic transportation route, the corridor developed over decades as a collection of auto-oriented shopping centers, freestanding retail and service businesses and multiple apartment complexes taking advantage of the corridor's bus network. As a result, the corridor faces a set of issues common to many older highway corridors – congestion exacerbated by too many curb cuts, visual clutter from signage and parking lots lining the street, fragmented property ownership and obsolescent facilities. Despite continued efforts to support redevelopment, change has been hindered by the fact that many of these aging facilities are still generating an adequate return for their owners.



Going forward, introduction of Bus Rapid Transit (BRT) along the corridor creates an opportunity for greater transformation with major public investments and the implementation of the *Embark Richmond Highway* plan. The plan calls for focused redevelopment in six nodes – Community Business Centers (CBCs) – along the corridor.

Population and Household Profile and Forecast

The corridor is home to 83,324 residents living in 30,257 households. Ethnically and economically diverse, this population includes 45 percent White, 25 percent Black, and 8 percent Asian residents with Hispanics of all races representing just over 30 percent. Twenty-six percent of residents were born outside of the U.S. Corridor households have a median income of just under $81,000 as compared with $118,780 countywide. Thirteen percent make less than $25,000 and 22 percent earn $150,000 or more. Residents make greater use of transit than other Fairfax County residents, but almost 62 percent drive alone to work. While white-collar occupations predominate, blue-collar and service occupations employ a larger share of corridor residents than in the county as a whole.

Over time, regional population growth pressures, the opening of Amazon's HQ2 in Arlington, the BRT transit improvements, and the corridor's changing nature will lead to household growth in the corridor. Given the limited availability of land, most of the future residential growth will result from redevelopment of older garden apartment complexes, older shopping centers and other opportunity sites for increased density. The new housing will replace existing facilities or, in other cases, supplement existing uses by building on parking lots. The new housing is expected to be overwhelmingly concentrated in multi-family apartment and condominium and townhouse developments with little new single-family detached housing. The development pipeline of proposed projects now includes five sites with a total of 3,371 proposed new housing units.

Households in the corridor are forecast to increase 50 percent with the addition of 17,600 new households by 2035. This forecast incorporates the impact of BRT but does not consider the potentials associated with extension of the Metrorail Yellow Line. Achieving this forecast is not automatic, the corridor will need supportive land use policies and investments to achieve its potential.

Redevelopment opportunities will likely focus on areas where the value of potential development greatly exceeds the value of current improvements. A mapping exercise reviewed the value of land parcels in the corridor to identify those where the land value exceeds the improvement value (i.e., where the land value is greater than half the total property value). What it reveals are a series of properties and multiple small older buildings that could be good redevelopment candidates. Lining the corridor, they were most prevalent from Penn Daw south.

Retail Market

The Richmond Highway corridor includes 3.9 million square feet of retail space, which has an overall vacancy rate of 3.2 percent, indicating a market in good balance between supply and demand. Some of the largest shopping centers with high occupancy are Mount Vernon Plaza in Hybla Valley and Beacon Centre in Beacon / Groveton. Depending on the type of store, corridor retailers operate in a highly competitive market with customers also considering stores and restaurants in Eisenhower Valley, Old Town Alexandria and the National Harbor portion of Prince George's County.

The analysis defines trade areas from which retailers in each CBC draw the largest share of their customers. Comparing spending by those trade area residents to actual sales by sales by CBC offers an indication of the potential for additional retail growth. The cluster that includes North Gateway, Huntington and Penn Daw shows a reasonably good balance between expenditures and sales of Neighborhood Goods & Services (NG&S) (such as grocery stores and drugstores) and of Food & Beverage (eating and drinking establishments). There is some unmet demand but not enough to support the addition of another grocery store. The situation is similar in the cluster that includes Beacon / Groveton and Hybla Valley / Gum Springs though NG&S sales exceed trade area residents' expenditures due to the presence of the two large shopping centers. The South County Center and Woodlawn CBCs show a much smaller level of sales relative to expenditures, attributable in part to its proximity to Fort Belvoir and its high number of veterans eligible to take advantage of Fort Belvoir's large commissary and post exchange facilities as well as the outflow to Beacon / Groveton and Hybla Valley / Gum Springs shopping centers.

The situation is different among stores that sell "shoppers goods," which include the types of goods typically sold in department stores (e.g., general merchandise, apparel and accessories, furniture and home furnishings and other miscellaneous goods (GAFO)).

Shoppers tend to seek out retail locations that allow them to comparison shop among several stores, so these types of stores most often cluster in shopping centers and larger retail districts. Within the Richmond Highway corridor, up to half of trade area residents' shoppers goods dollars are spent outside the corridor. Typically, such a large outflow would indicate potential for development of additional GAFO stores in the corridor; however, the competitive strengths of major clusters of shoppers goods retailers make it difficult for many areas to meet that demand internally. The corridor has a good representation of many large GAFO retailers, particularly discounters, including Walmart, Costco, Home Goods, TJ Maxx, DSW Shoe Warehouse and Marshalls, but it can't meet all the GAFO needs of its trade area residents.

The retail industry is undergoing major shifts with increasing competition from e-commerce, over-retailing and the effects of the COVID-19 pandemic. The continued growth in e-commerce sales increased to almost 15 percent of all U.S. sales in 2019 and technological advances are likely to accelerate that growth. The U.S. has 23.5 square feet of shopping center space for every man, woman and child. This compares with 4.5 square feet per capita in Europe. At the same time, many retail chains are over-leveraged financially and facing bankruptcies and other restructuring moves that are closing stores. The pandemic has impacted almost all retailers with the greatest hits being incurred by entertainment venues (e.g., movie theaters), bars and restaurants. Richmond Highway retailers have fared somewhat better than other retailers given their emphasis on sales to residents (rather than office-based workers) and the focus on discount and convenience goods.

Future population growth will increase local expenditures and create support for new retail facilities. Some of the increased spending generated by new residential development will be captured by existing retailers achieving higher sales and some will divert to e-commerce. Over time, there will be opportunities for new retail space, but the County should be cautious about incentivizing retail development and requiring inclusion of retail space in future housing developments.

Recognizing that a decade is a lifetime in the rapidly changing retail word, the analysis provides estimates of future retail development potential to 2030 by CBC, reflecting anticipated growth in the corridor's population constrained by a continued shift toward e-commerce.

Potential Retail Demand by Category[1] by Commercial Business Center					
		Incremental New Retail Space Demand, 2020-2030			
Community Business Centers	Existing Retail Square Footage	Low		High	
North Gateway / Huntington	163,000	44,000	-	51,000	
Penn Daw	338,000	54,000	-	59,000	
Beacon / Groveton	439,000	96,000	-	106,000	
Hybla Valley / Gum Springs	1,000,000	217,000	-	239,000	
South County Center	36,000	3,000	-	3,000	
Woodlawn	430,000	33,000	-	35,000	
CBCs Total	**2,406,000**	**447,000**		**493,000**	

Note: [1]This retail analysis focuses on the categories of Neighborhood Goods & Services, Food and Beverage, and General Merchandise, Apparel and Accessories, Furniture and Furnishings and Other Shoppers Goods. It excludes auto-related businesses, building supplies/lawn center stores and gas stations.

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

One of the challenges moving forward will be attracting retailers to new mixed-use developments. The higher costs associated with new mixed-use development means that the new retail spaces will carry higher rents than do existing shopping centers and freestanding spaces. Achieving those higher rents will depend on creating a pedestrian environment and good connections to adjoining neighborhoods as well as adequate parking to attract customers to these new facilities. Quality public spaces can help to create an active and welcoming setting to support retail uses. Care must be taken in designing retail spaces within mixed-use projects to assure that they have adequate visibility, modern store configurations and windows, easy-to-access parking, opportunities for curbside pickup, bike racks and good pedestrian traffic flow.

The higher rents required for newly constructed retail space may exceed what long-time legacy businesses and businesses serving minority markets can afford.

Hotel Market

Richmond Highway has 13 hotels, including 10 chain-affiliated hotels with 1,124 rooms and 3 independent hotels with an additional 204 rooms. More than one-third of the rooms were built during the 1960s and 1970s. The supply is focused in the northern end of the corridor with 818 rooms in chain hotels and at the southern end with 306 modern hotel rooms.

They serve the large tourist market attracted to the Nation's Capital, Alexandria and Mount Vernon as well as business travelers. Prior to the COVID-19 outbreak, the hotels were performing at high occupancy levels – 75 percent in the northern cluster and 65 percent in the southern cluster. The pandemic restrictions have devastated the travel industry, which may require as long as four years to recover fully. With restored traveler confidence and a return to previous travel levels, the northern sector will be able to support an additional hotel. In the longer term, the market should be able to support another hotel in the southern sector as well. While addition of a conference center in the corridor could potentially provide a small increase in room bookings, the incremental revenues would be unlikely to justify the initial investment and the likely need for annual operating subsidies.

Office Market

Job growth in the corridor favored education and health care services, leisure and hospitality, and trade industries, which have a lesser dependence on office space. The loss of one-third of its professional and business service jobs between 2010 and 2017 suggests a fundamental weakness in office demand. Pre-COVID changes in office use patterns have reduced demand across the region as more workers choose to telework some portion of the week, office layouts change to provide less space per worker and technology relieves the need for extensive storage of paper-based records. The 20- to 30-percent decline in office use per employee over the last 20 years has greatly reduced the amount of space required even as office-based employment grows. With 18.3 million square feet of vacant office space, Fairfax County has the highest vacancy rate among the region's competitive jurisdictions at 15.5 percent, well in excess of the 8-percent rate that would indicate a market in healthy balance between supply and demand. This is largely a reflection of high rates of new office development since 2000. Until that vacancy level is much reduced, it will be very difficult to find financing for a new office building except for a single-tenant, purpose-built structure.

Richmond Highway's inventory of office space is somewhat limited with a total of 1.2 million square feet of space – 1 percent of the county's total office supply. Much of the space is occupied by tenants serving the local area population, such as doctors, dentists, real estate and insurance agents, attorneys and physical therapists, particularly south of Huntington. Such tenants tend to be stable and rooted in the community. The corridor has seen almost no new office construction for the last 17 years, which has allowed it to maintain a lower vacancy rate of 8.9 percent, only somewhat higher than desirable and much lower than the county-wide vacancy rate.

The COVID-19 pandemic has disrupted office markets as companies have shifted to teleworking and started to rethink their office use strategies. This disruption is likely to last at least the next two to four years.

The Richmond Highway corridor's long-term office potentials focus on space for smaller tenants, including those occupied by neighborhood-serving businesses. Additional opportunities may exist to attract some small companies supporting the new Amazon HQ2 or companies leaving Arlington's National Landing in search of lower rents. Potentials for new office space are estimated at 180,000 square feet through 2026 and 380,000 square feet from 2027 to 2032.

Office Demand Conclusions, 2021-2032		
Community Business Centers	Near-Term Office Demand (2021 - 2027)	Mid-Term Office Demand (2028-2032)
Huntington / North Gateway	150,000	250,000
Penn Daw	25,000	75,000
South County Center	5,000	30,000
Woodlawn	-	25,000
Richmond Highway Corridor	**180,000**	**380,000**
Source: Partners for Economic Solutions, LLC		

Recommendations

- Invest in place-making to create a new image for the corridor and distinctive character elements for each CBC. Successful transformation efforts rely on a package of physical improvements to create a pedestrian-friendly environment that supports walking and biking as well as driving.

- Allow each CBC or small clusters of CBCs to distinguish itself with a unique brand consistent within an overall corridor.

- Expand the corridor's daytime population using non-traditional anchors such as public libraries and community centers to attract people who may then also shop in local stores or patronize local eateries.

- Limit the use of special exceptions for uses that are incompatible with the long-term vision for the corridor for a defined time period (e.g., five years), incorporating a sunset provision. The Department of Planning and Development's Community Revitalization Section should be consulted to determine the appropriateness of the special exception and whether there are other factors that should be considered in any decision to extend the time period.

Residents value unique, long-time retailers and international businesses that serve the corridor's many ethnic populations. Three major market threats face legacy/international businesses in an urbanizing market – high rents, credit-worthiness and changing market demographics.

- Preserve at least a portion of the existing stock of older retail space that will continue to be available at the lower rents new and long-time independent businesses need. Help businesses buy their buildings for long-term control.

- Consider requiring provision of small retail spaces at affordable prices and/or business relocation assistance in public/private partnerships that receive County support.

- Continue providing technical assistance to the corridor's small businesses in a manner that is culturally appropriate. Hands-on technical assistance to help local businesses take full advantage of social media and the Internet for online sales can be invaluable. As the local customers change with redevelopment, targeted assistance can help legacy and international businesses to shift their merchandising, business focus, facilities and/or business practices to better appeal to the new customer base.

- Continue providing loans and grants to help businesses finance capital needs such as building upgrades and façade improvements.

- Communicate and work with businesses throughout the BRT and other corridor improvements to ensure continuous access, effective signage and financial support to offset the impacts of construction.

Next Steps

Transforming Richmond Highway's commercial strip into a series of urban communities that can compete for future development will take time, particularly given the length of the corridor. Effective implementation will require leadership and resources. The efforts should be carefully targeted sequentially to one or two CBCs at a time to achieve the desired impact rather than spreading activities thinly across the entire corridor.

Over the next one to three years, prioritize the following actions:

- Bring together the many County and area organizations involved with Richmond Highway revitalization to develop a near-term implementation strategy with clear lines of responsibility, timelines and the necessary staff and financial resources;
- Analyze properties along the corridor within the CBCs impacted by acquisitions during BRT construction and identify buildings and parcels for targeted reuse and/or assembly;
- Consider adapting the RISE program for continued business assistance in the corridor;
- Coordinate with existing small business assistance providers (e.g., the Small Business Development Center at George Mason University) and local Chambers and business organizations to leverage valuable resources and networks;
- Develop a manual/directory of business assistance programs, translate it into multiple languages and market the assistance through existing organizations and networks, being sure to provide appropriate outreach to legacy and ethnic businesses
- Reach out to businesses impacted by the BRT acquisitions with an assistance package to help them relocate or adapt to the reduced size of their properties.

- Develop a marketing and financial assistance plan to support local businesses during the construction of BRT improvements.
- Work with partners, possibly including arts and community groups, to develop interim uses for underutilized parking lots in two or three sites.

I. Introduction

The County has been working with Richmond Highway for more than two decades, achieving important successes but at a slower pace than desired. Now the *Embark Richmond Highway* plan promises new opportunities with the substantial investment in superior Bus Rapid Transit (BRT) service in the corridor, possible extension of Metro's Yellow Line and other public space improvements.

Richmond Highway exhibits the common challenges of Route 1 corridors up and down the East Coast. As the area's original transportation route, Route 1 attracted multiple businesses developed primarily on independent parcels through the years, resulting in a piecemeal pattern of development and property lines. Independent motels and food outlets served the traveling public. Then construction of Interstate-95 shifted away most of the through travelers, leaving behind older structures that no longer had market support. In the 1960s, shopping centers emerged as the dominant retail model with acres of parking along the roadway. Most of the larger centers were constructed in the 1970s and 1980s, but smaller infill strip retail centers have continued to be developed periodically since then.

The corridor attracted single-family homes and apartments for households seeking lower-cost housing and/or a more rural setting, including many military families. Over time, the older apartment complexes filtered down to lower-income households, and the corridor emerged with a significant concentration of Hispanic households. Fort Belvoir has exercised a continuing influence on the corridor with variations in force levels. The Base Realignment and Closure Act of 2005 transferred multiple major commands from Arlington and other locales to Fort Belvoir.

With the aging of the private building stock, population shifts and reduced incomes, the corridor declined physically and economically. The proliferation of curb cuts and signage contributed to a degraded public realm and major congestion along the corridor. Sprawl development continued to take advantage of lower-cost greenfields in exurban jurisdictions to the south and west. Massive increases in gas prices slowed, but did not stop, that trend.

In the late 1990s, the County created an Office of Community Revitalization, which focused on the Richmond Highway corridor and other older commercial corridors. Several initiatives have been pursued resulting in major shopping center renovations and upgrades, reducing vacancies. Unlike many other stretches of Route 1, Richmond Highway is seeing the forces of decay turn around with increased demand and private reinvestment. Ethnic retailers and service businesses have emerged to serve the local population, taking advantage of older spaces with relatively low rents.

With extension of the Metro to Huntington, demand has increased significantly in the northern end of the corridor. Private developers and the County recognized redevelopment opportunities for new and higher-density housing. Higher-priced townhouse developments have replaced older commercial facilities. As rents, prices and land values have increased, parts of the corridor have reached the stage where structured parking makes sense as a means to achieve higher densities.

Redevelopment has been slower than market forces would suggest is possible due to a number of factors. Many of the underutilized sites are small, limiting opportunities for significant housing or mixed-use development. Auto dependence persists, requiring a higher parking ratio than in more urban locations with superior transit service and walkable environments. Those parking demands require larger sites and/or expensive investments in structured parking.

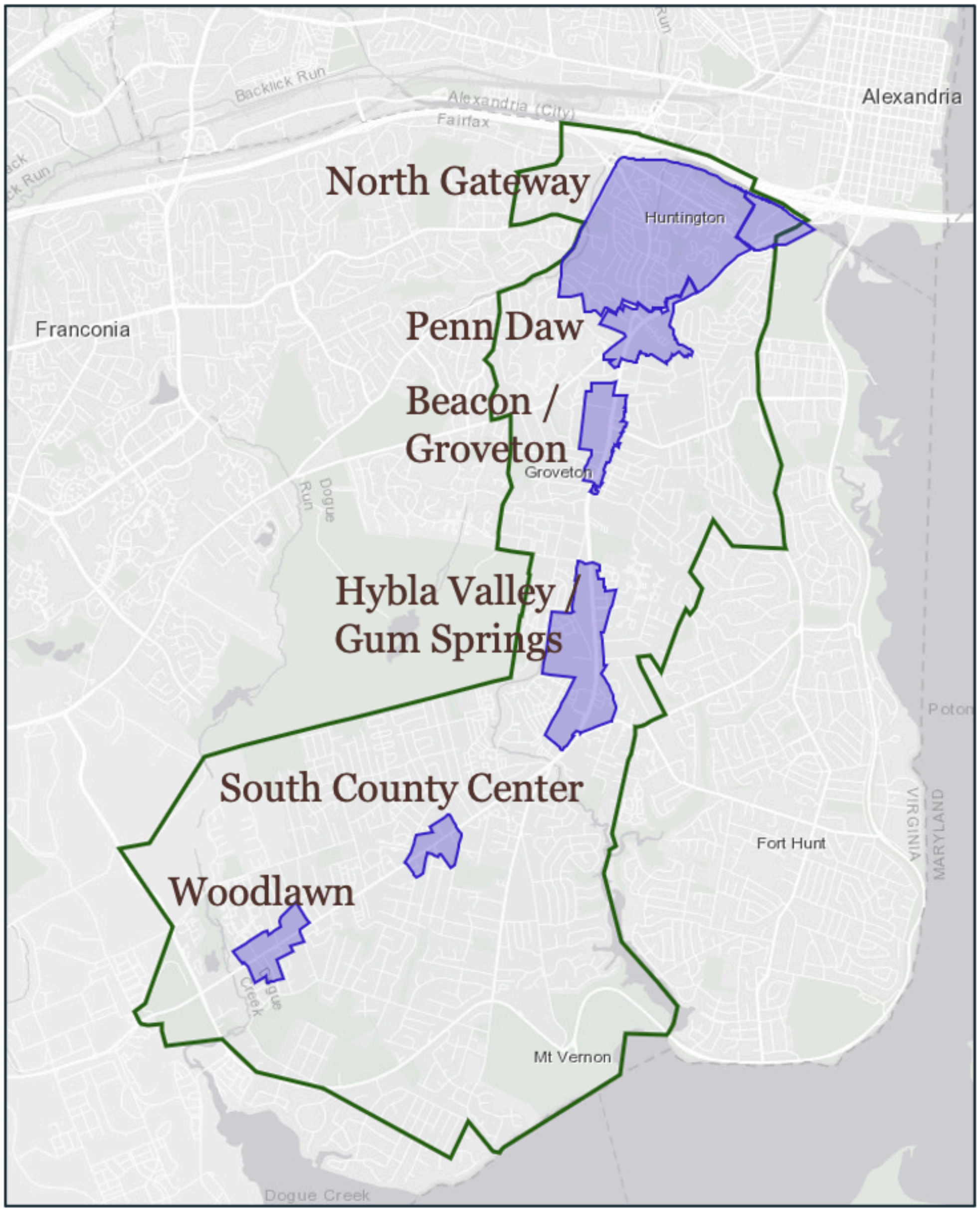
Owners of strip shopping centers continue to generate reasonably good returns from their properties with limited new investment and risk. To justify demolishing a viable real estate asset, owners and developers need to see a substantially higher return to compensate for the cost and risks of new development. Some owners have significant tax consequences associated with sale of their properties and/or no interest or expertise in taking on the challenges of new development. That is particularly true for sites suited to mixed-use development, which requires specialized expertise and deep-pocket investors.

For other sites, it can be difficult to unwind the leasehold rights held by existing retail tenants, particularly anchor stores and fast food restaurants, which typically have leases or lease options extending for 20 years or more. Even after the demise of a center's anchor store, it can take time to empty a center for redevelopment.

Over the last 10 to 15 years, the region has grown rapidly and generational changes, life/work preferences and environmental concerns have shifted demand away from sprawl subdivisions to more urban locations that allow people to live nearer to their work and use transit rather than owning a car. Recognizing this shift, the environmental imperative of reducing carbon emissions and the untenable levels of traffic congestion choking Northern Virginia, Fairfax County has committed to a major multi-modal vision for the corridor in the *Embark Richmond Highway* plan. Investment in BRT and possible extension of Metro's Yellow Line offer significant opportunities to transition Richmond Highway from its suburban strip commercial past to a more urban and sustainable future of mixed uses and great public spaces while accommodating many more residents and restoring respect for the region's natural features.

This market analysis begins demographic and residential potentials for the Richmond Highway corridor and each of six Community Business Centers (CBCs) defined in the *Embark Richmond Highway* plan. It then focuses on retail, hotel and office trends and potentials, addresses key issues facing the corridor and concludes with strategic recommendations for the corridor's future.

Map 1. Richmond Highway Corridor Community Business Centers



II. Demographic Analysis

The Richmond Highway study area consists of roughly 7.3 miles along the Route 1 corridor. To understand the context for real estate development and redevelopment, this section provides a review of existing demographic trends and real estate conditions within the Richmond Highway study area and Fairfax County along with comparisons to the broader metropolitan Washington region.

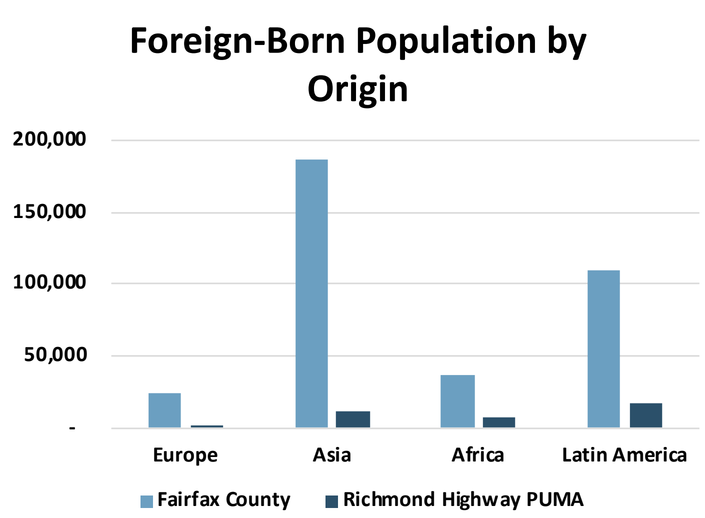
Demographics of residents within the Richmond Highway corridor, as well as residents in the specific station areas for the proposed BRT, provide insights as to market potentials. The review of significant demographic characteristics and trends highlights the socio-economic factors typically used by developers to determine the viability of investing in specific areas.

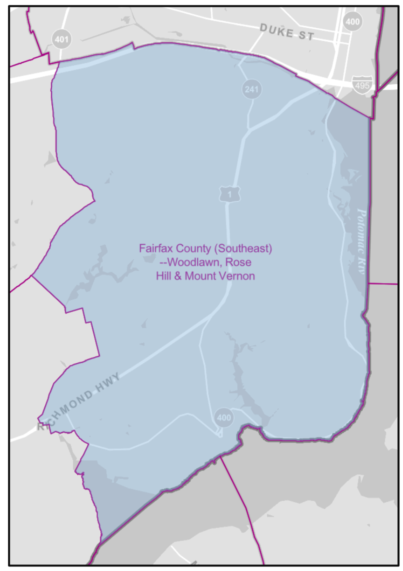
Richmond Highway Corridor Demographics

The Richmond Highway Corridor consists of 83,324 residents in 30,257 households, based on data provided by ESRI, a national demographic data provider. Over the last 20 years, growth in this section of Fairfax County increased the population by nearly 20 percent as the area densified and more diverse households with larger household sizes moved in. The population is relatively young with 30.2 percent of residents between the ages of 25 to 44 years old and a median age of 36.1 years corridor-wide. This compared to Fairfax County which has a median age of 38.9 years and 27.5 percent of households between the ages of 25 to 44. Singles represent 27.7 percent of households along the Richmond Highway corridor – significantly higher than Fairfax County with 22.5 percent single-person households. Even with this large percentage of singles, the average household size reached 2.70 persons per household in the Richmond Highway corridor, up from 2.53 persons per household in 2000. In contrast, Fairfax County's average household size estimated at 2.75 persons per household remained virtually unchanged from 2.74 persons per household in 2000.

The corridor's population is ethnically and economically diverse. Forty-five percent of the corridor residents are White and 25.3 percent Black while 30.4 percent (of all races) are Hispanic. Throughout the nation, Hispanics became the predominate racial minority in most suburban areas by the mid-1990s. The Hispanic population grew by roughly 3,320 new residents from 28.4 percent of Richmond Highway corridor residents in 2000 to 30.4 percent in 2019. Fifty-two percent of Fairfax County residents identified as White, nine percent as Black and only 16.7 percent as Hispanic with no growth in the Hispanic share reflected in the last decade. Persons identifying themselves as Asian alone represent 19 percent of Fairfax County residents (an increase from 17.5 percent in 2010) and eight percent of Richmond Highway corridor residents.

Beyond the racial and ethnic make-up of existing residents, the appeal of the Richmond Highway corridor for foreign-born immigrants creates an even more diverse mix of households. Foreign-born residents represent 26 percent of all Richmond Highway corridor residents within the Woodlawn, Rose Hill & Mount Vernon PUMA (a special Census geography shown in map below). In total this Richmond Highway PUMA has 146,342 residents of whom 37,724 or were born outside the country. In comparison, Fairfax County's foreign-born population makes up 31 percent of all county residents or 360,500 residents. In the Richmond Highway PUMA, roughly 45 percent of foreign-born residents were born in Latin America, 30 percent in Asia and 20 percent in Africa.





The median household income was $80,946 in the Richmond Highway corridor in 2019 – 32 percent lower than the $118,780 in Fairfax County as a whole. The disparity within the county and incomes is evident in the 13.1 percent of households earning less than $25,000 in the Richmond Highway corridor, compared to seven percent in Fairfax County.

As the Richmond Highway corridor continues to shift to a more urban format, the transit options offer residents good commuting options with 17.4 percent of Richmond Highway corridor commuters using transit as compared to 9.8 percent countywide. However, reliance on private vehicles trends continues – 61.7 percent of employed Richmond Highway corridor residents and 70.7 percent of Fairfax County residents drive alone to work.

Sixty percent of the Richmond Highway corridor's employed residents work in white-collar jobs, a smaller share than the 77 percent of Fairfax County's employed residents. Blue-collar occupations employ 19 percent of Richmond Highway corridor residents, much more than the 11 percent of Fairfax County residents working in blue-collar occupations. Service industries employ 21 percent of corridor residents.

The following section provides demographic statistics specific to individual BRT station areas; more specific data tables located in the Appendix provide further breakdowns with full datasets. It should be noted that the station demographic areas overlap.

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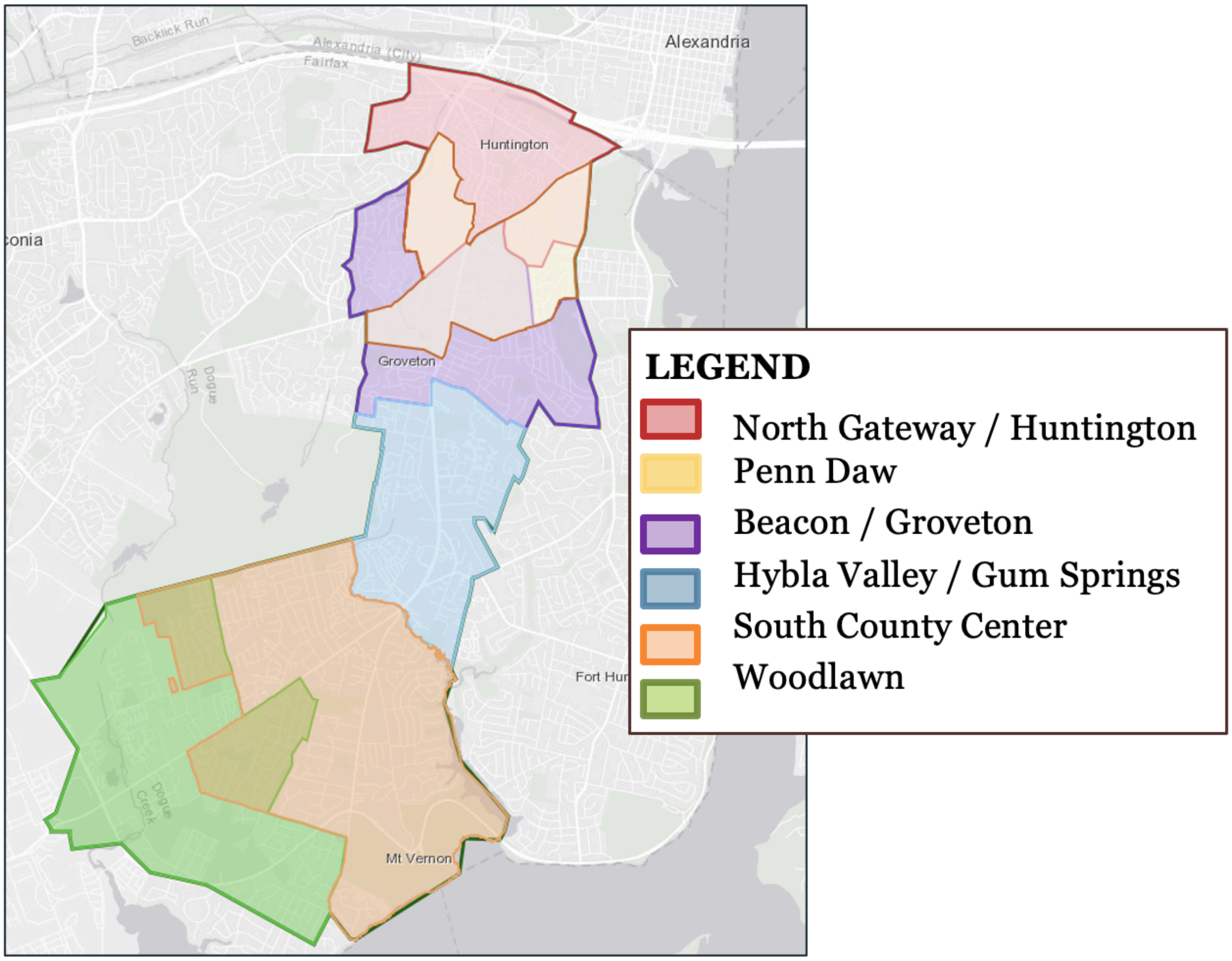
Map 2. Station Demographic Areas



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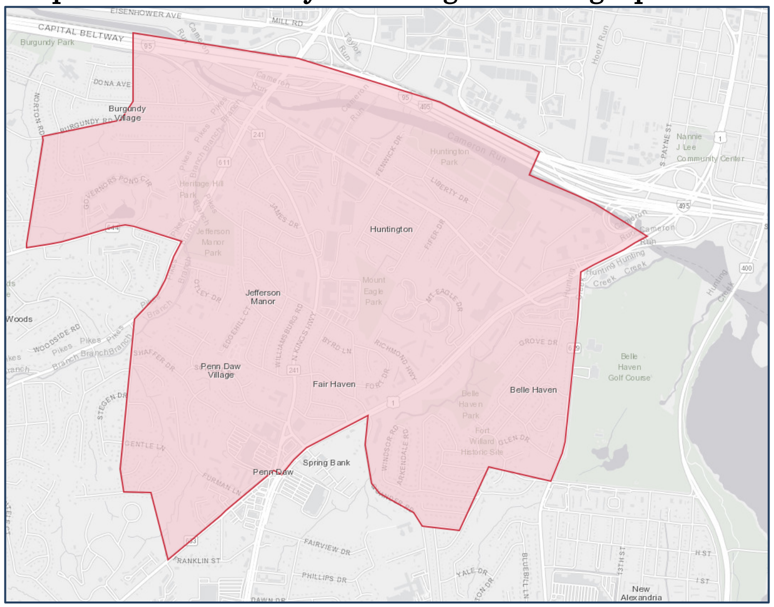
Map 3. North Gateway / Huntington Demographic Area

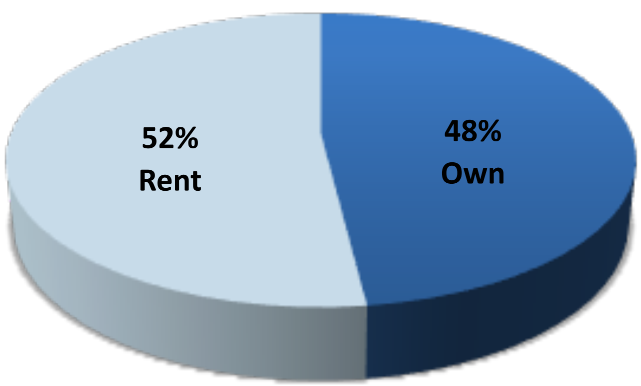


The North Gateway / Huntington area is bordered to the north by the Capital Beltway (I-495), and the terminus of the Metro Yellow Line at the Huntington Metro station abuts the Penn Daw section of Richmond Highway. Roughly 19,000 relatively affluent residents live in 8,600 households. Growth remained steady over the last decade with the addition of 1,233 new households. The rate of home ownership declined with the addition of new households in newly constructed rental buildings shifting the balance to 54.6 percent renters.

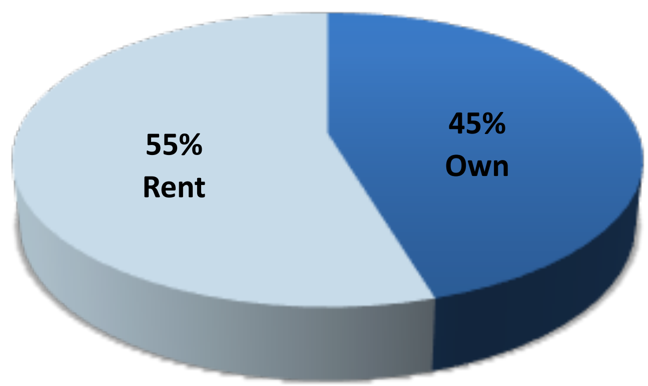
Area households have a 2019 median income of $96,673. In fact, 26 percent of area households earn more than $150,000 annually. Pre-COVID unemployment rates of 2.8 percent climbed to 9.1 percent as of estimates for third quarter 2020.

The median age of 38.1 years highlights the diversity of households and the lower percentage of children (19.8 percent) than elsewhere in the Richmond Highway corridor. Single-person households represent 41.1 percent of all households in the North Gateway / Huntington area.

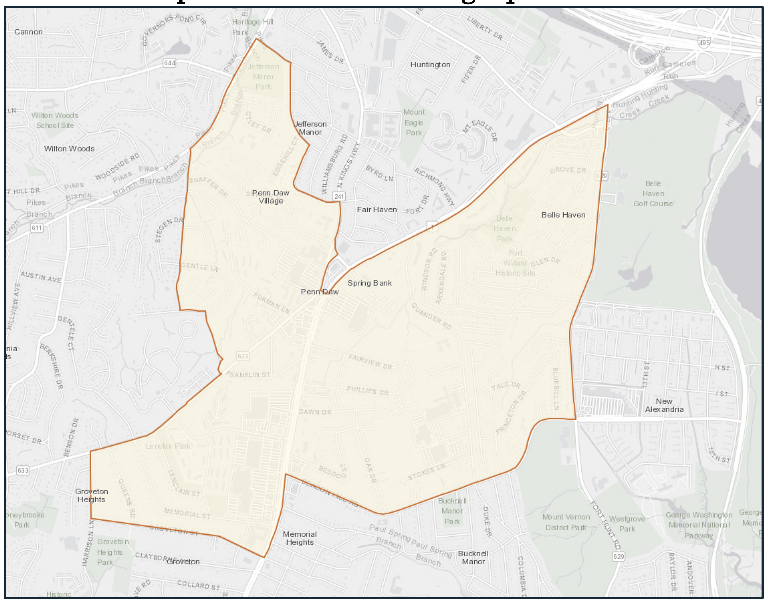
North Gateway / Huntington 2010 Tenure



North Gateway / Huntington 2019 Tenure



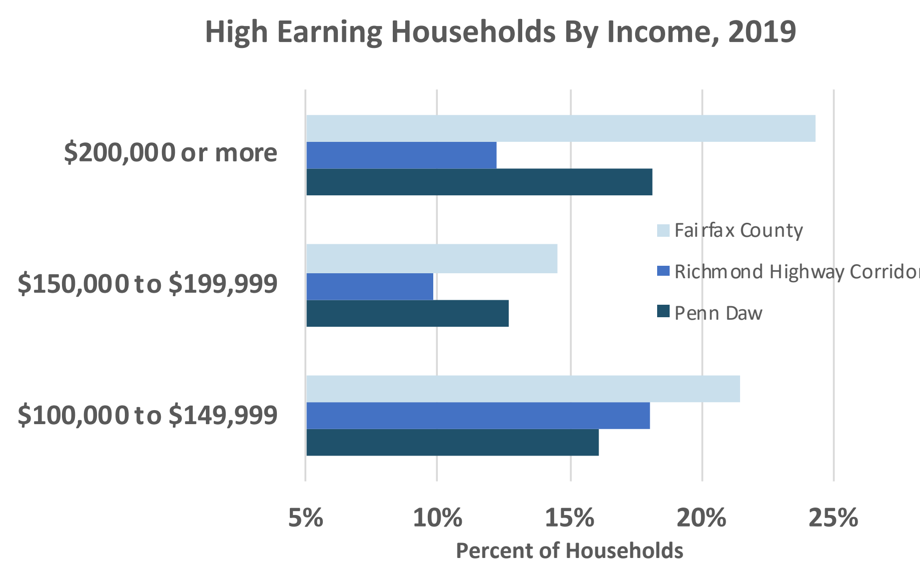
Map 4. Penn Daw Demographic Area



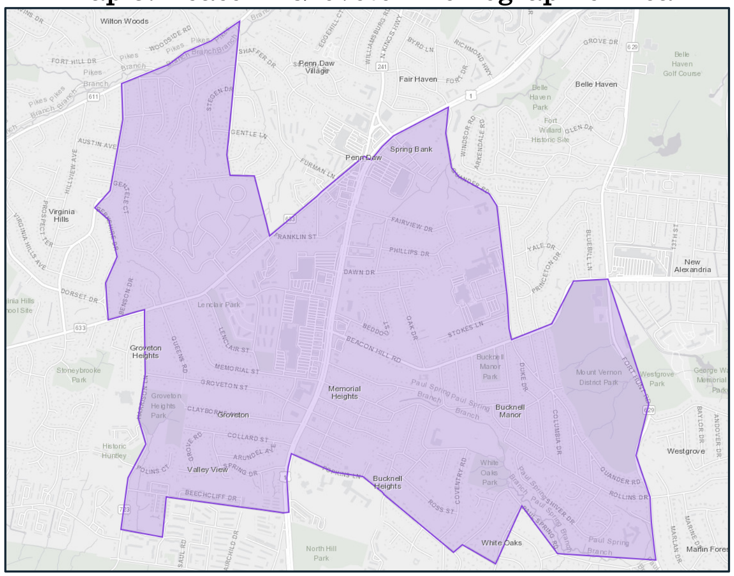
Immediately south of the Huntington Metro station area, Penn Daw follows North Kings Highway (Route 241) and Route 1 bordered by Belle Haven Country Club on the east with approximately 10,100 residents. This area overlaps the North Gateway / Huntington Area with equally excellent household growth gaining 17.2 percent or 1,479 new residents since 2010. The smallest of all the demographic areas, the Penn Daw demographic area overlaps with the Beacon / Groveton demographic area.

Penn Daw households have a median household income of $91,828, with more than 30 percent of households earning $150,000 or more. However, the area also has 27. 5 percent of households earning less than $50,000 annually.

The median age of 38.1 years highlights the diversity of households and the lower percentage of children – 28.1 percent as compared to 26.7 percent in the Richmond Highway corridor as a whole. Single-person households represent a quarter of all households in the Penn Daw area.



Map 5. Beacon / Groveton Demographic Area



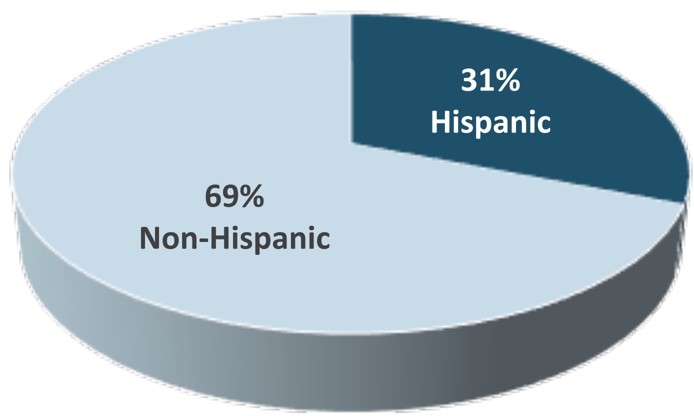
The Beacon / Groveton demographic area includes an overlapping share of residents from the southern Penn Daw neighborhoods. With more than 11,700 residents in 4,119 households, the Beacon / Groveton demographic area represents a small area with a median age of 37.8 years. With growth in the elderly age cohort, residents over the age of 65 represent 12.6 percent of the total population, up from 9.8 percent in 2010.

Within the Beacon / Groveton neighborhoods, 29.4 percent of households have only one person and another 26 percent are two-person households. In comparison, single households in Fairfax County represent 22.5 percent of all households. Beacon / Groveton's average household size of 2.84 persons compares with 2.70 for the Richmond Highway corridor as a whole.

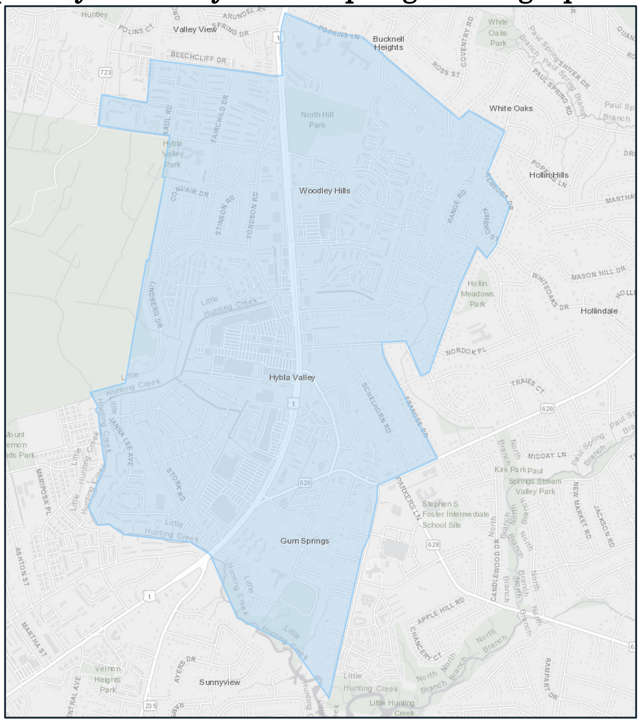
As new development has taken hold in the Beacon / Groveton community, the percentage of renters has increased to 39.7 percent from 33.1 percent in 2010.

Beacon / Groveton's population is ethnically diverse with 31 percent of residents self-identified as Hispanic. A review of 2010 Census data indicates that the White population declined from 57.5 percent in 2010 to 51.7 percent currently, as the percent of those residents identified as Black grew from 17.8 percent in 2010 to 20.2 percent.

Hispanic Population, 2019



Map 6. Hybla Valley / Gum Springs Demographic Area

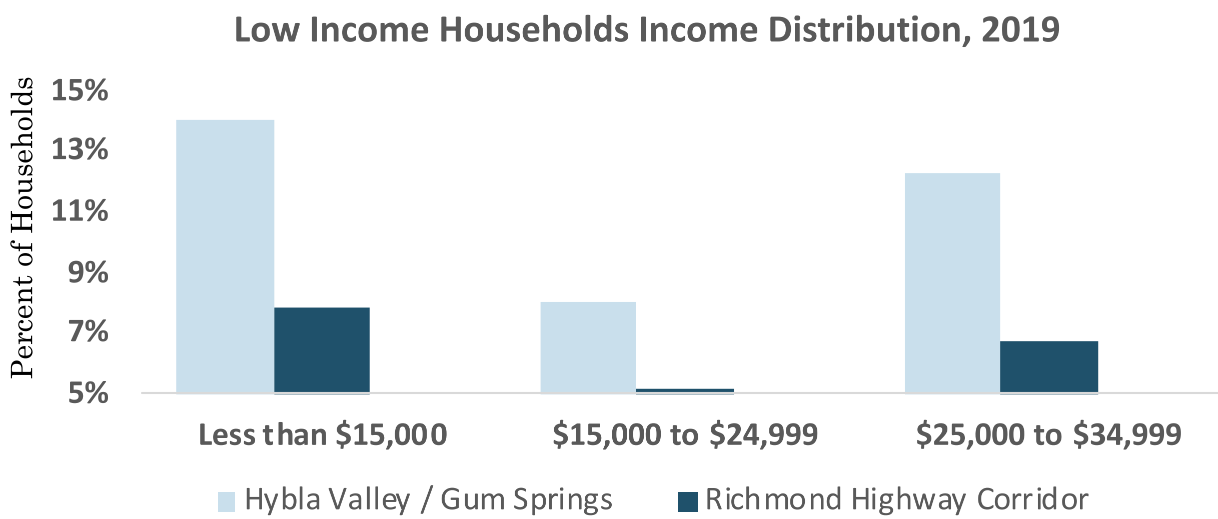


The Hybla Valley and Gum Springs communities include more than 18,280 residents in 6,329 households. They represent the most diverse section of the Richmond Highway corridor with 30.2 percent Black residents and 31.5 percent identifying as Hispanic, similar to Beacon / Groveton.

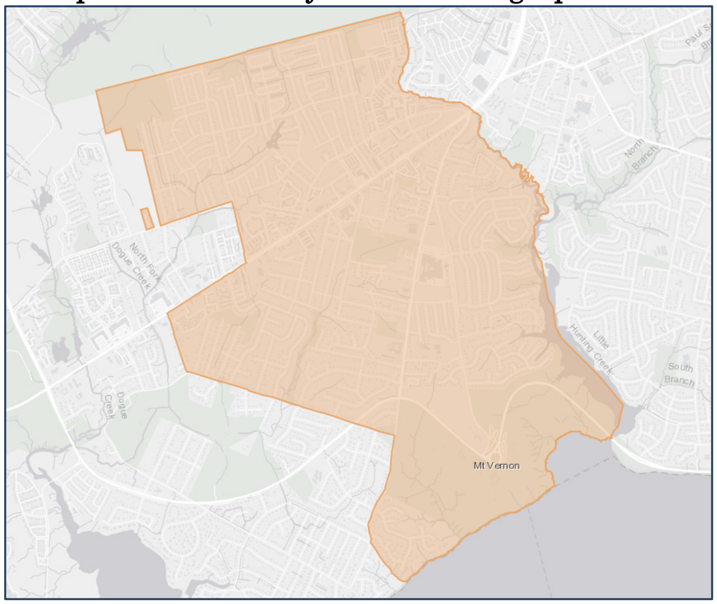
Within the Hybla Valley / Gum Springs neighborhoods, one of every four households has only one person and another 27 percent of households are two-person households.

The Hybla Valley / Gum Springs demographic area has the lowest median household income at $51,270 throughout the Richmond Highway corridor. This reflects the concentration of low-income households in Gum Springs with 22.1 percent of households earning less than $25,000 annually.

Pre-COVID unemployment rates of 4.6 percent climbed to the corridor's highest level at 12.2 percent as of third quarter estimates for 2020.



Map 7. South County Center Demographic Area

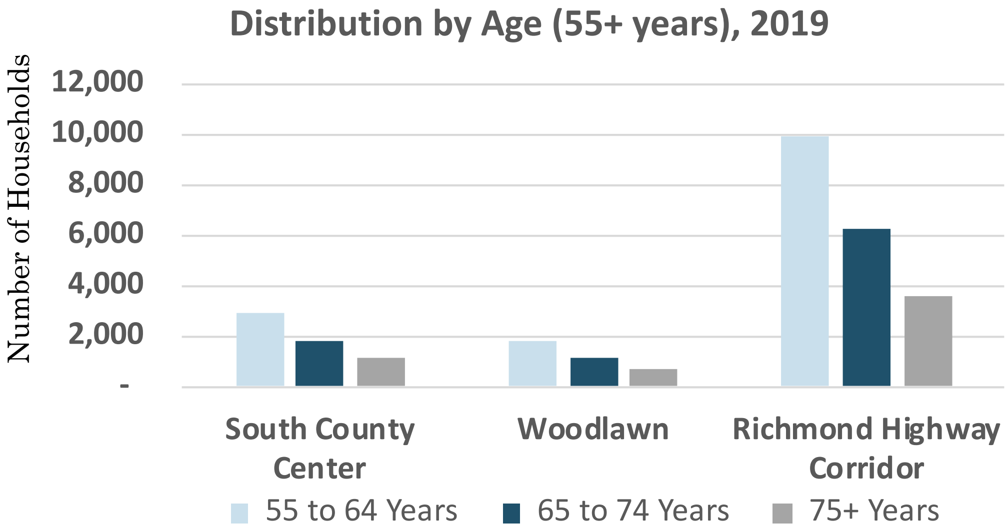


Towards the southern end of the Richmond Highway corridor, South County Center incorporates an estimated 24,000 residents in 7,800 households with a median household income of $80,630.

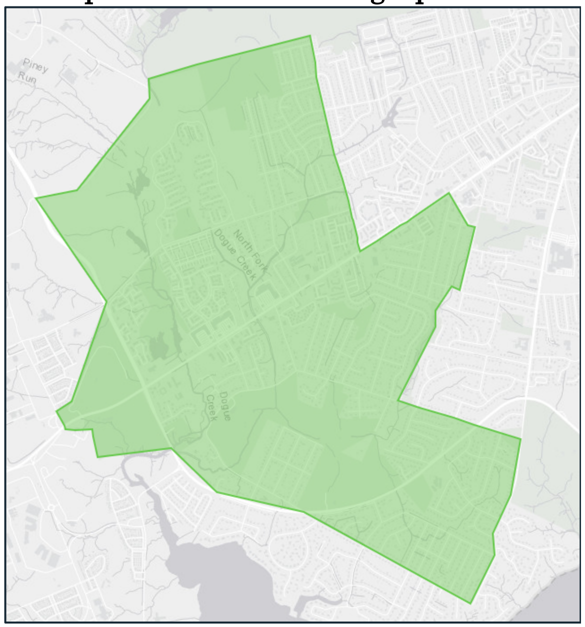
South County Center's average household size of 3.07 persons is the highest compared to all Richmond Highway corridor demographic areas. This reflects the fact that one-third of households consist of three and four people. Another 11.3 percent of households have five or more people.

South County Center's median age of 36.4 years obscures the quarter of residents under the age of 18 in the demographic area. This almost matches the Richmond Highway corridor in which 24.4 percent of residents are children under the age of 18. Not surprisingly, 6.3 percent of households are multigenerational households in contrast to 3.9 percent in Fairfax County.

With its close proximity to Fort Belvoir, roughly 10 percent of the South County Center population are veterans.



Map 8. Woodlawn Demographic Area

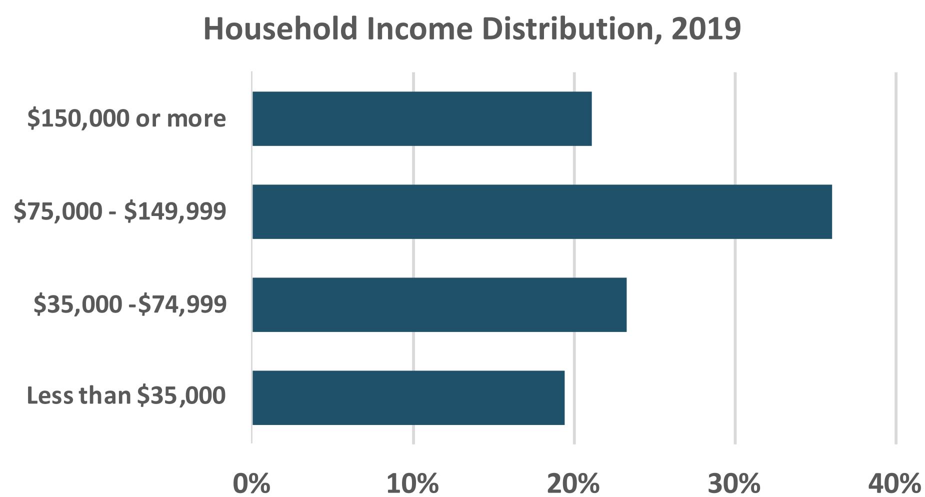


At the southern terminus of the Richmond Highway corridor in close proximity to Fort Belvoir, the Woodlawn demographic area includes 13,934 residents in 5,044 households, as estimated by ESRI. With the corridor's largest population gains, Woodlawn added roughly 2,573 new residents accounting for a 22.6-percent change from 2010 to 2019. The home ownership rate declined; the addition of households in newly constructed rental buildings caused the share of renters to reach 54.6 percent.

Throughout the area, households earned a median income of $82,419 in 2019. Twenty-one percent of area households earn more than $150,000 annually. This reflects the more affluent subdivisions in Woodlawn Manor and Woodley Hills.

The Woodlawn area's employment base with roughly 360 businesses had an unemployment rate of 11.1 percent as of third quarter of 2020 compared to the pre-COVID unemployment rates of 4.8 percent.

The average household size of 2.8 reflects the more suburban subdivisions and larger homes in the area. In addition, veterans in this demographic area represent roughly 11 percent of the total population.



III. Residential Projections

Richmond Highway's housing stock and population are quite diverse with a variety of traditional single-family subdivisions, groups of garden apartments, mobile home parks and townhouses. Historically, those residential apartments built in close proximity to the Route 1 / Richmond Highway corridor provided more affordable housing than that developed in the single-family subdivisions outside the corridor.

The residential market in this section of Fairfax County builds on the reputation of the school system, excellent access, the mix of uses providing access to restaurants and retailers, the quality of surrounding neighborhoods, proximity to historical assets such as Mount Vernon, and proximity to Fort Belvoir and other nearby Northern Virginia economic engines.

The station area planning effort completed with the *Embark Richmond Highway* plan illustrated the development capacity envelope based on planned BRT improvements. These BRT improvements could leverage new private transit-oriented development (TOD) that, in turn, could enhance BRT ridership.

Demand for in-city living in walkable mixed-use environments has been driving record levels of household growth and residential development in the region's core urban areas over the last 15 years. Interestingly, trends over the last five years indicate even faster population growth in first-ring suburbs with more affordable housing alternatives and similar live/work/play environments.

Demographic shifts associated with the Millennial generation (born between 1981 and 1996) coming of age with heavy debt levels while postponing marriage and child-bearing have created a surge in demand for rental housing options for singles, couples and roommates. The Richmond Highway corridor benefits from the aging of the Baby Boom generation as many have reached the age where their children have left the large family home allowing them to downsize to condominiums and apartments that relieve them of maintenance responsibilities. This may be particularly true for veterans interested in close proximity to Fort Belvoir Community Hospital.

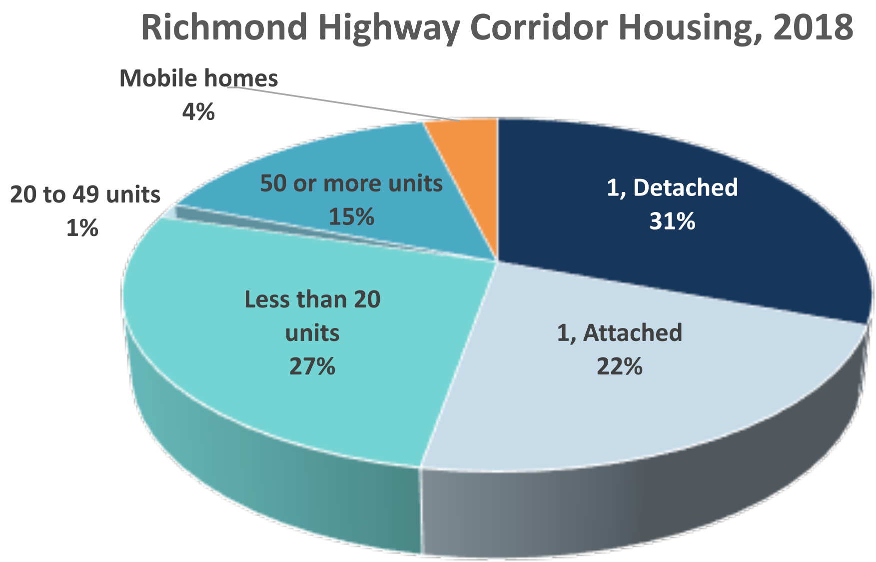
In keeping with the nature of the auto-oriented commercial corridor, multi-family development, low-density mobile home parks and nearby residential areas with more suburban style residential neighborhoods co-exist within the Richmond Highway area. To characterize the nearby residential areas, the analysis used a grouping of census tracts in the station demographic area for each CBC.

Existing and Proposed Housing Stock

In the Richmond Highway corridor, approximately 40 percent of the housing stock was built before 1970s, compared to only one of four (25.6 percent) housing units in Fairfax County.

As residential development grew in Fairfax County with 44.2 percent of housing units built in the 1970s and 1980s, the Richmond Highway corridor kept pace, adding roughly 39.5 percent of housing stock during those 20 years. More recently, residential housing units built from 2000 to 2009 make up 9 percent of the Richmond Highway corridor housing stock similar to the 11.3 percent in Fairfax County.

Single-family detached and attached units constitute 53 percent of the inventory as compared with 70.3 percent in Fairfax County. Roughly 15 percent of units are in buildings with 50 units or more, highlighting the dense apartment development along the Route 1 corridor. In contrast, all of Fairfax County has 9.7 percent of housing units in buildings with 50 units or more (Appendix Tables A 9 and A 10).



Apartments

Along and surrounding the Richmond Highway corridor are many apartment complexes totaling an estimated 9,000 apartments with a healthy 5.2-percent vacancy rate. Half of the existing supply of apartments was built in the 1960s with another 19 percent built in the 1970s. Class C apartments, older units in fair to average condition, make up roughly 42 percent of the apartment supply, 63 percent of which were constructed in the 1960s. Along the corridor many of these more suburban-style garden walk ups with surface parking lots could be densified with additional buildings or reconstruction of the small apartment buildings. The existing mobile home parks, offering more than 730 units, provide a key affordable housing product along the Richmond Highway corridor and may be repositioned in future years. A property-by-property analysis evaluating the level of maintenance and reinvestment could further highlight the potential for redevelopment.

Reviewing the status of selected rental apartment developments for each of the potential station areas helps to guide projections of future household growth and identify opportunities for redevelopment. The brief review provided below by station area summarizes rents and occupancy rates:

- **North Gateway / Huntington / Penn Daw** – These three communities draw the same apartment market and achieve stable occupancy with rates above 95 percent for most properties. Monthly rental rates range from a high of $3.02 per square foot down to $1.66 per square foot. These apartments tend to consist of 40 to 45 percent one-bedroom apartments.
- **Beacon / Groveton** offers fewer apartment properties with no smaller-scale studio or efficiencies for rent. Rental rates vary from $1.59 per square foot at the low end to

$2.92 per square foot for more recently built modern apartments. Occupancy levels reported by CoStar suggest this market struggles to reach a healthy vacancy rate with many properties experiencing average occupancy of 90 percent, well below the 95-percent occupancy level generally considered to indicate a healthy balance between supply and demand.
- **Hybla Valley** apartment communities remain healthy with vacancy rates of five percent or less for the majority of the apartment buildings. Rents range from $1.31 per square foot to $2.42, suggesting a more affordable option for price-conscious renters than in Beacon / Groveton.
- **Woodlawn** – This community in close proximity to Fort Belvoir has very healthy occupancies at existing apartments complexes with many reaching above the 95-percent occupancy level that allows for healthy turnover. Apartment owners are able to charge slightly more with tight supply conditions; rental rates average between $1.40 and $2.29 per square foot.

Single-Family Options

Historically, residential development in the area has emphasized stable single-family detached subdivisions and townhouses. Over the course of the last year, 840 single-family detached homes sold along with 410 townhouses and another 373 condominiums.

During the last year, sales prices of single-family homes in the communities surrounding the Richmond Highway corridor ranged from $500,000 to $1.2 million. Those single-family homes along the water in the more affluent subdivisions reached a median sale price of $780,000 for sales in the last year. Townhouses sold for a median sales price of $420,000 and condominiums at $230,000 over the course of the last year.

Development Pipeline

The competitive market will continue to change over time with continued residential infill development. The Richmond Highway corridor housing market will benefit from BRT investment, the urbanization of the suburban commercial corridor and the preference for first ring suburban mixed-use environments among many Millennials unable to afford more expensive urban locations. The multi-family development pipeline in this section of Fairfax County includes the following projects:

- **Huntington Club** – redevelopment of 364 condominiums on 19.5 acres with roughly 1,420 units including an estimated 305 multi-family units, 200 condominiums, 850 condominium flats, and 65 townhouses. The commercial component of the redevelopment has two phases with a total of 30,000 square feet of retail, 460,000 square feet of office space and a new 115,000 square-foot hotel.
- **South Alex** – the Combined Properties' plan to add 400 apartments and 41 townhomes to a North Kings Highway site with Aldi as anchor grocer. A fire in February 2020 delayed construction progress with delivery of the pre-sold 41 townhomes planned for 2021.
- **Kings Crossing** – plans for infill residential development approved for a 350-unit apartment complex with an attached garage offering 560 parking spaces. Development activity has stalled on the project, and no completion date is available.

- **The Residences at North Hill** – a new residential development located between Hybla Valley and Gum Springs offering 219 affordable and workforce housing rental units, 60 units of independent living for seniors and 175 market-rate townhouses. Fairfax County Redevelopment and Housing Authority partnered with Pennrose Properties to redevelop the former mobile home park site. The large project, scheduled to open in 2022, adds green space along the corridor with the creation of a 12-acre park.
- **Mt Vernon Gateway** – a planned seven-story building with 500 apartments owned by Landmark Atlantic Realty / E. John Schrenzel Trust to be delivered in 2022.

Along the corridor, these five major residential developments and the 126-unit expansion of The Arden currently under construction will add a total of 3,371 units. Though not all of these developments will be built on their original schedules, this development pipeline represents a continued shift from traditional suburban single-family residential to a more urban scale.

Residential Potentials

The future pace of residential development in the Richmond Highway corridor will be impacted by the introduction of BRT, changes in interest rates and the availability of capital, the timing of competitive developments, demographic shifts, and public support for redevelopment and additional affordable and workforce housing.

BRT will improve the corridor's ability to compete for development by enhancing transit access and helping to focus activity into CBCs. That concentration of activity will create opportunities for mixed-use development, which helps to create a sense of place that can attract additional new development. With improved accessibility, the corridor should benefit from the influx of workers and residents anticipated to accompany the Amazon HQ2 facility in National Landing further north along Richmond Highway.

Nevertheless, although transit can influence and concentrate the location of new development, real estate is still strongly guided by the region's overall market conditions. Housing development responds to the number of households that need places to live and are willing and able to pay rents high enough to allow the developer to cover development costs and achieve an adequate return on investment. The corridor's prospects are affected by regional market demand and competition from other locations.

The ability to support new development depends on the balance of demand and supply. Multi-family development has flourished over the past decade with historically low interest rates and significant flows of financial capital into the housing markets. However, when markets become over-built and returns from other types of development become more attractive, it becomes more difficult to finance new residential development.

The public sector, including Fairfax County, the Commonwealth of Virginia and federal agencies, offers a series of assistance programs supporting redevelopment in targeted areas, which could help encourage additional residential development in the Richmond Highway corridor.

Based on forecasts generated by the Metropolitan Washington Council of Governments (MWCOG), the Fairfax County population will continue to increase with household growth expected at roughly 22,000 to 27,000 new households every five years, totaling 11.6 percent change from 2025 to 2035. The Richmond Highway corridor's expected household growth pace more than doubles that of the county as a whole with a total increase of 10,152 households or 27.4 percent during the same time period. Every five years the Richmond Highway corridor is projected to gain 3,700 to 6,400 new households.

Table 1. Household Forecasts (2020-2035)

	Households				Percent Change (2025-2035)
	2020	2025	2030	2035	
Richmond Highway Corridor	32,284	37,021	43,421	47,183	27.4%
Fairfax County	414,540	436,756	463,475	487,425	11.6%
County's Share of Regional Growth	19.4%	19.4%	19.5%	19.7%	
Washington Metropolitan Region	2,133,089	2,254,658	2,374,648	2,476,837	9.9%

Source: Metropolitan Washington Council of Governments; Cooperative Forecast 9.1a; PES, 2020.

These forecasts are generally consistent with recent trends and known development pipeline projects; however, they may prove to be somewhat optimistic in the face of the economic uncertainty experienced over the last eight months during the COVID-19 pandemic. The Richmond Highway corridor and county growth may have been overstated by relying on a number of approvals for which underlying financing approvals have not been finalized. The near-term household forecasts may be delayed somewhat by disruptions in the market.

It is not yet clear whether increased teleworking will impact households' locational decisions. Some workers no longer required to come to the office more than once a week may elect to move further out.

Residential market support projections rely on demographic trends, experience of recent developments, projected pipeline of new development activity and broad impacts on future development. These impacts on future development include consideration for the impact of BRT and Metrorail investments, as well as Amazon's HQ2 and other recent regional economic activators.

The following table projects future demand by type of housing unit including consideration for single-family detached, attached and multi-family units. The table projects no new single-family detached houses or mobile homes based on the high value of land in close proximity to the BRT and commercial zoning.

Table 2. Housing Projections By Demographic Area							
Period	**Single-Family Attached**	**Multi-Family**	**Total**	**Period**	**Single-Family Attached**	**Multi-Family**	**Total**
North Gateway/ Huntington				**Hybla Valley / Gum Springs**			
2020-2025	200	1,101	1,290	2020-2025	-	1,460	1,460
2025-2030	200	1,360	1,560	2025-2030	-	1,870	1,870
2030-2035	140	970	1,110	2030-2035	-	880	880
2035-2040	390	2,670	3,060	2035-2040	-	750	750
Total	**930**	**6,101**	**7,020**	**Total**	**-**	**4,960**	**4,960**
Penn Daw				**South County Center**			
2020-2025	41	899	940	2020-2025	-	420	420
2025-2030	80	1,410	1,490	2025-2030	-	370	370
2030-2035	50	920	970	2030-2035	-	340	340
2035-2040	130	2,300	2,430	2035-2040	-	310	310
Total	**301**	**5,529**	**5,830**	**Total**	**-**	**1,440**	**1,440**
Beacon Groveton				**Woodlawn**			
2020-2025	175	765	940	2020-2025	100	830	930
2025-2030	300	1,060	1,360	2025-2030	120	970	1,090
2030-2035	190	670	860	2030-2035	70	620	690
2035-2040	190	670	860	2035-2040	70	600	670
Total	**855**	**3,165**	**4,020**	**Total**	**360**	**3,020**	**3,380**
Source: Partners for Economic Solutions, 2020.							

CBC household projections by tenure are shown in Table 3.

Table 3. Housing Projections By Demographic Area By Tenure, 2025-2040							
Period	**Owner**	**Renter**	**Total**	**Period**	**Owner**	**Renter**	**Total**
North Gateway/ Huntington				**Hybla Valley / Gum Springs**			
2025	4,473	5,383	9,856	2025	2,377	5,340	7,717
2030	4,948	6,390	11,338	2030	2,821	6,673	9,494
2035	5,285	7,107	12,392	2035	3,030	7,300	10,330
2040	6,216	9,083	15,299	2040	3,208	7,834	11,042
Penn Daw				**South County Center**			
2025	1,925	2,628	4,553	2025	5,020	3,179	8,199
2030	2,321	3,648	5,969	2030	5,108	3,443	8,551
2035	2,578	4,312	6,890	2035	5,189	3,685	8,874
2040	3,223	5,976	9,199	2040	5,263	3,905	9,168
Beacon Groveton				**Woodlawn**			
2025	2,785	2,228	5,013	2025	3,203	2,721	5,924
2030	3,265	3,040	6,305	2030	3,525	3,434	6,959
2035	3,569	3,553	7,122	2035	3,725	3,890	7,615
2040	3,873	4,066	7,939	2040	3,921	4,330	8,251
Source: Partners for Economic Solutions, 2020.							

IV. Retail Market Analysis

Retail is one of the most competitive land uses, requiring constant evolution and repositioning to maintain market share. The shifts include formats, merchandising and supply channels. The retail industry is particularly susceptible to economic downturns, and the COVID-19 pandemic has revealed other vulnerabilities.

Retail Existing Conditions

The success of retail in any market area depends on the income levels and spending patterns of the area residents, workers and visitors. It is crucial to understand the dollars available and how area customers spend their disposable income. Such factors, coupled with the effects of competition, determine the need for specific types of retail and services based on consumer preferences.

Retail analysis breaks retailers into three main categories:

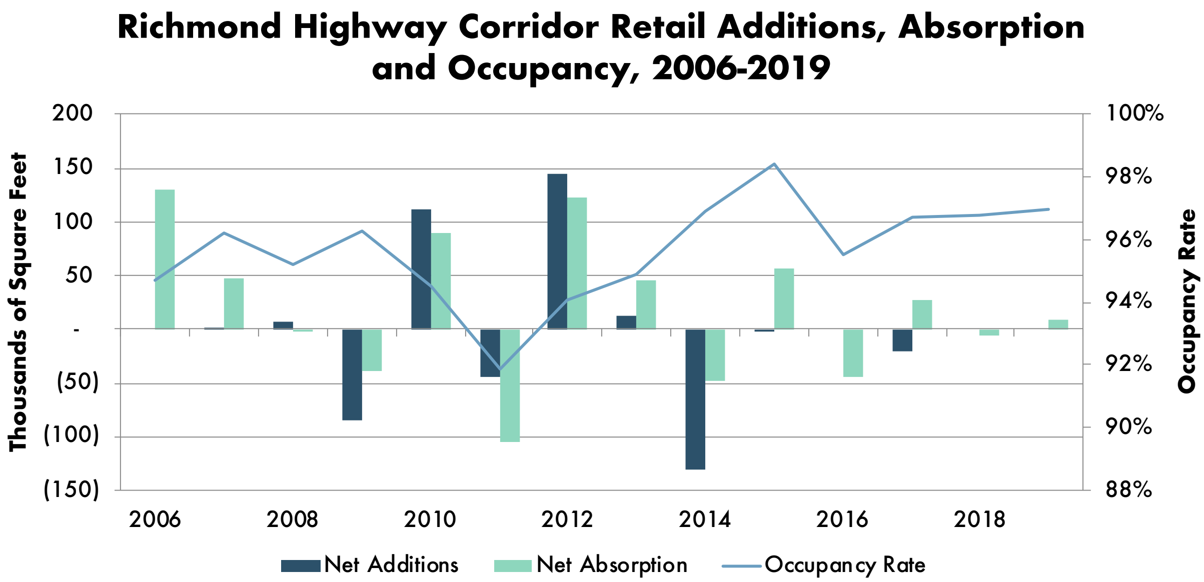
- Neighborhood goods and services (NG&S), which includes grocery stores and drugstores;
- Shoppers goods, which includes the type of merchandise typically sold in a department store – general merchandise, apparel and accessories, furniture and furnishings, electronics, sporting goods, books, and other miscellaneous types of retail (also known as GAFO); and
- Food and beverage (F&B), which includes the full range of fast food, carry-outs and sit-down restaurants and bars.

Customers choose retail opportunities based on convenience not only as it relates to their place of residence but also where they work. Typically, neighborhood shopping areas are anchored by grocery stores and emphasize convenience with very limited GAFO offerings. Customers are mobile and will travel to locations with multiple shopping alternatives and a cluster of stores to meet their shoppers goods needs. These are goods for which most consumers like to comparison shop, considering choices from several clothing stores, for example. This desire for convenient comparison shopping was the driving force in the creation of downtown business districts and then shopping malls. Few neighborhood business districts can support the number and variety of stores required to offer that comparison-shopping opportunity.

Developed in a suburban pattern, the Richmond Highway corridor with auto-oriented commercial along Route 1 includes a diverse mix of retail environments. The northern tip of the Richmond Highway corridor reaches the outskirts of Old Town Alexandria's luxury retail cluster and Eisenhower Valley, both located across the I-495 barrier. At the southern end of the Richmond Highway corridor, Fort Belvoir's military presence and the more suburban landscape reflects a more suburban-style retail format.

Inventory

The Richmond Highway corridor presents a vast collection of retailers clustered within the Community Business Centers (CBCs), often anchored by large shopping centers with major tenants and surface parking. Based on data provided by CoStar, the Richmond Highway corridor has 3.9 million square feet of retail space with a low vacancy rate of 3.2 percent in the first quarter of 2020. Over the last several months the retail environment has remained stable with a healthy vacancy rate at 3.3 percent. Growth continues in discount retailers, including TJ Maxx, Marshalls, DSW Shoe Warehouse and Home Goods.



As a largely built-out suburban community, the Richmond Highway corridor continues to adapt to the pressure for a more urban environment with the redevelopment of shopping centers and infill with more dense residential products. The corridor has seen minimal net new growth in retail space over the last 14 years. The space added by the new Costco and a second Walmart in 2010 and 2012 was offset by demolition of retail space to allow for redevelopment. CoStar estimates that the occupancy rate in 2019 was over 95 percent, down from a peak of 98 percent in 2015.

The Richmond Highway corridor suffers from many of the same concerns of other successful suburban commercial corridors initially built as auto-oriented shopping environments – an overabundance of surface parking, marginalized centers with limited reinvestment but stable tenancy, dominance of retail chains allowing for limited distinctions from other shopping areas, and congestion and internal circulation delays due to too many curb cuts. All of these factors contribute to create retail spaces that are not ideally configured for modern retailing and may not entice further mixed-use high-quality investment in the near- or mid-term.

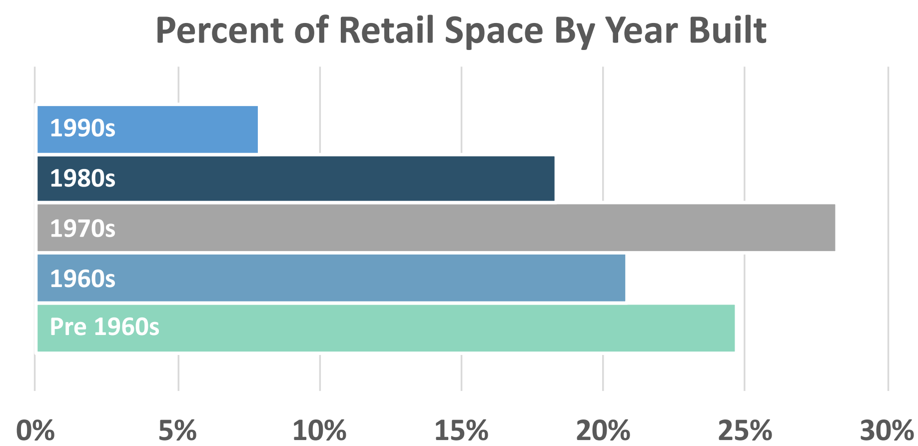
Retail Inventory by CBC

For each CBC, the inventory provides the total amount of space by retail category and other relevant factors to measure the health of the retail district. It should be noted that several CBCs do not function as independent retail areas but rather in connection with nearby retail in other CBCs or on the outskirts of these designated areas. However, the retail summaries provided for CBCs do not duplicate retail inventory but split the existing retail supply according to the CBC boundaries.

North Gateway / Huntington

As the north gateway to the Route 1 corridor, this retail access point incorporates roughly 218,000 square feet of retail space along major thoroughfares. Huntington Avenue, which runs from Route 1 west to Telegraph Road, allows for two connections over the Capital Beltway to the Eisenhower Valley and Old Town Alexandria; convenience retail and restaurants line the avenue closer to the Metro station.

Forty-five percent of total retail square feet was built before the 1970s. In fact, one-quarter of the space dates back to the 1950s. Over time, updates and renovations to some of these older shopping centers have helped maintain their competitive positions in respect to nearby retail competition.



Penn Daw

Adjoining the North Gateway / Huntington CBC, this section of the Richmond Highway corridor has roughly 300,000 square feet of retail space with only a few neighborhood shopping centers.

In comparison to the other Richmond Highway CBC's, Penn Daw offers the principal collection of newly built space with 62 percent of the total square footage built since 2000. Renovated in 2011, the 79,000 square-foot Walmart brings patrons from beyond the immediate area. The JBG's Kings Cross shopping center, constructed from 2011 to 2013, represents 46 percent of the existing retail space within the CBC and rents spaces at $37 to $46 per square foot triple net.

A large portion of the retail space along the corridor consists of small buildings with less than 10,000 square feet accounting for roughly 27 percent of the space in 25 buildings. One example is the historic Krispy Kreme with a drive-through that draws destination customers from the larger region.

Table 4. Supply By Size

Size	Buildings	Percent
Less than 5,000	17	12.7%
5,000 to 9,999	8	14.7%
10,000 to 49,999	6	39.5%
50,000 to 99,999	0	0.0%
100,000 or more	1	33.1%

Beacon / Groveton

With roughly 30 commercial retail properties in the Beacon / Groveton CBC accounting for more than half a million square feet of retail space, this CBC offers a broader community appeal. Several of the shopping centers anchored by national restaurant tenants such as Chili's, Famous Dave's Bar-B-Que, and T.G.I. Friday's offer familiarity and proven products for their customers.

The B.F. Saul Beacon Center built in the 1970s and renovated in the 1990s includes 360,000 square feet of space and acts as the retail anchor to the CBC. The center splits into two larger buildings: one with Lowe's and Giant; and another with big box retailers (Marshall's / Home Goods). This center reports nearly full occupancy.

In the immediate area, local bank buildings on outparcels represent a new vulnerability due to shifting national trends to eliminate brick-and-mortar bank branches.

Table 5. Supply By Size

Size	Buildings	Percent
Less than 5,000	14	6.6%
5,000 to 9,999	8	9.7%
10,000 to 49,999	3	7.1%
50,000 to 99,999	1	16.9%
100,000 or more	2	59.6%

Hybla Valley / Gum Springs

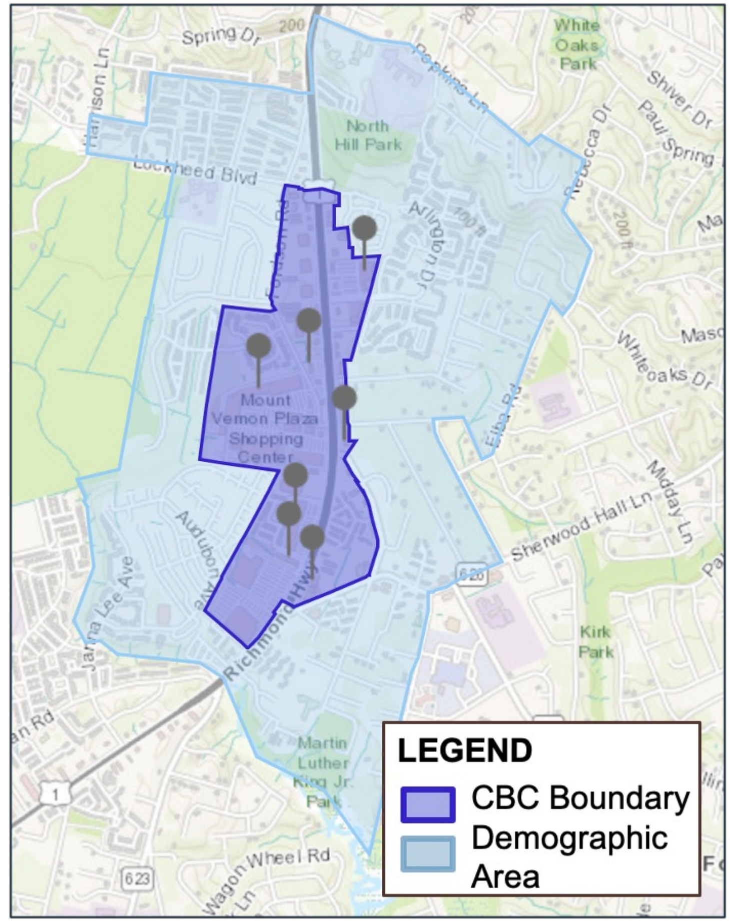
In the Hybla Valley / Gum Springs CBC, the cluster of large retailers is in shopping centers with surface parking lots fronting Route 1. On the map, the grey pins represent the significant shopping centers.

Federal Realty Investment owns approximately 360,000 square feet of retail in the Mount Vernon Plaza, categorized as a Power Center, which attracts shoppers from a larger trade area. Additionally, the auto dealers represented by Brown's Mazda (33,900 square feet) and Sheehy Honda (36,800 square feet), though not included in the retail analysis, draw customers from well outside the area.

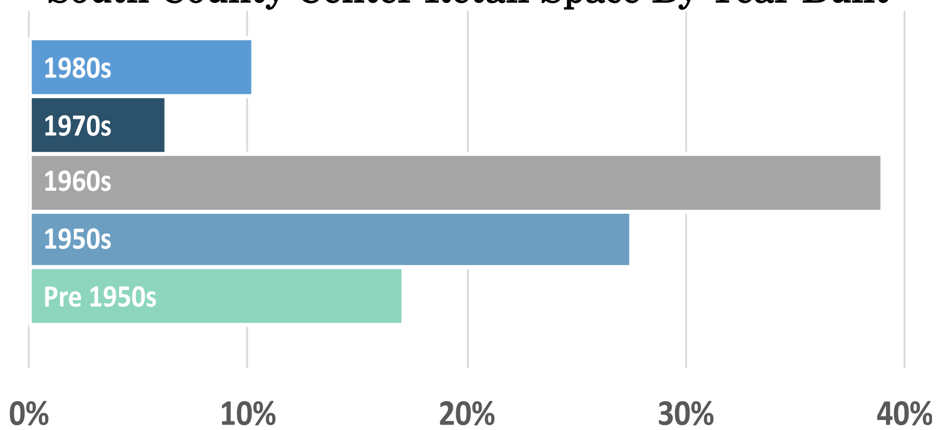
A review of the smaller-scale retail operations within this CBC revealed that roughly 90 percent of the space is occupied by neighborhood goods and service providers. These businesses include mainly personal services such as salons, real estate title, tax preparation and rental car operations. For example, Fordson Place, a 13,200 square-foot commercial building constructed in 2014, provides space for a salon and vitamin shop.

Fortunately, this section of Richmond Highway offers affordable space for independent restaurants and a few drive-to businesses as destinations for specialty food. As a key element to the character of the corridor, these legacy food businesses give the retail environment stability with their wide appeal to their customers.

Hybla Valley / Gum Springs Retail Conditions Map



South County Center Retail Space By Year Built



South County Center

This CBC located south after crossing Little Hunting Creek shifts the retail environment with fewer anchored shopping centers, more dispersed retail clusters and destination businesses such as Elsie's Magic Skillet. South County Center CBC has approximately 50,000 square feet of retail space. Much of the retail space, constructed prior to the 1960s (roughly 40,000 square feet) includes residential conversions to retail or stand-alone retail establishments with triple net rents averaging $25 per square foot.

Retail establishments along this section of Richmond Highway tend to target the Hispanic customer base. Outside the tightly drawn CBC, destination anchors like Taco Lucas help enliven the retail environment. Hybla Valley Center, the CBC's largest center, in the 7800 block of Richmond Highway has 23,850 square feet.

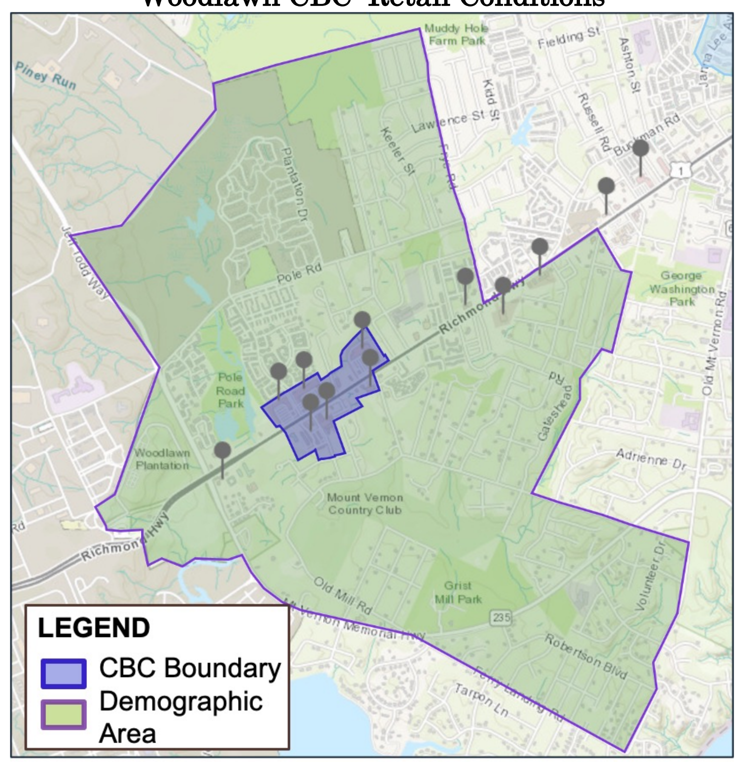
Woodlawn

Woodlawn serves as the southernmost area in the 7.3-mile Richmond Highway corridor. Woodlawn's retail environment consists of three key shopping centers: Woodlawn Shopping Center, Engleside Plaza and Sacramento Shopping Center.

The Woodlawn shopping center at 8724 Richmond Highway, has roughly 89,215 square feet with 2nd Avenue and Family Dollar as anchor tenants. The rents range from \$20 to \$24 per square foot triple net.

The addition of the TownePlace Suites by Marriott in 2016 helped increase food and beverage spending in the community.

Woodlawn CBC Retail Conditions



Trade Areas

Commercial retail businesses succeed by attracting many different types of customers, relying on demand from nearby residents, daytime workers and visitors as the three main sources. A primary trade area represents the geographical area from which the largest share (65 to 70 percent) of repeat sales to residents are derived, typically extending three to five miles with a driving time of 5 to 15 minutes with the size depending on the type of retail.

A secondary trade area generates between 10 to 20 percent of total sales and includes some shoppers from outside the primary trade area who live in the city of Alexandria or other Fairfax County locations. The pull of households from outside the immediate trade area often reflects the types of stores within the commercial district. For example, Costco and Walmart tend to pull from a larger trade area than their competition due to brand reputation.

It should be noted that the close proximity of several CBCs means that many of the areas compete with each other for customers. To avoid an overestimate of demand, these overlapping trade areas were merged and demand then spread among CBCs. Outside the CBCs, other competitive retail shopping centers and smaller retail offerings, such as the Belle View Shopping Center, exist along parallel thoroughfares.

The inflow demand for each section of Richmond Highway[1] consists of spending by persons from outside the primary and secondary trade areas, who are attracted by the type of business or services offered. These inflow customers may include daily commuters, military personnel or visitors to Fort Belvoir, and regional or out-of-area tourists. Daily commuters may stop along the Richmond Highway corridor to grab coffee and stop again on the way home for groceries or a carry-out meal.

The following series of trade area maps group Community Business Centers based on trade area definitions used to estimate associated retail expenditures and sales.

[1] For the demand analysis, CBCs are organized into three groupings: North Gateway / Huntington / Penn Daw, Beacon / Groveton and Hybla Valley / Gum Springs, and South County Center / Woodlawn.

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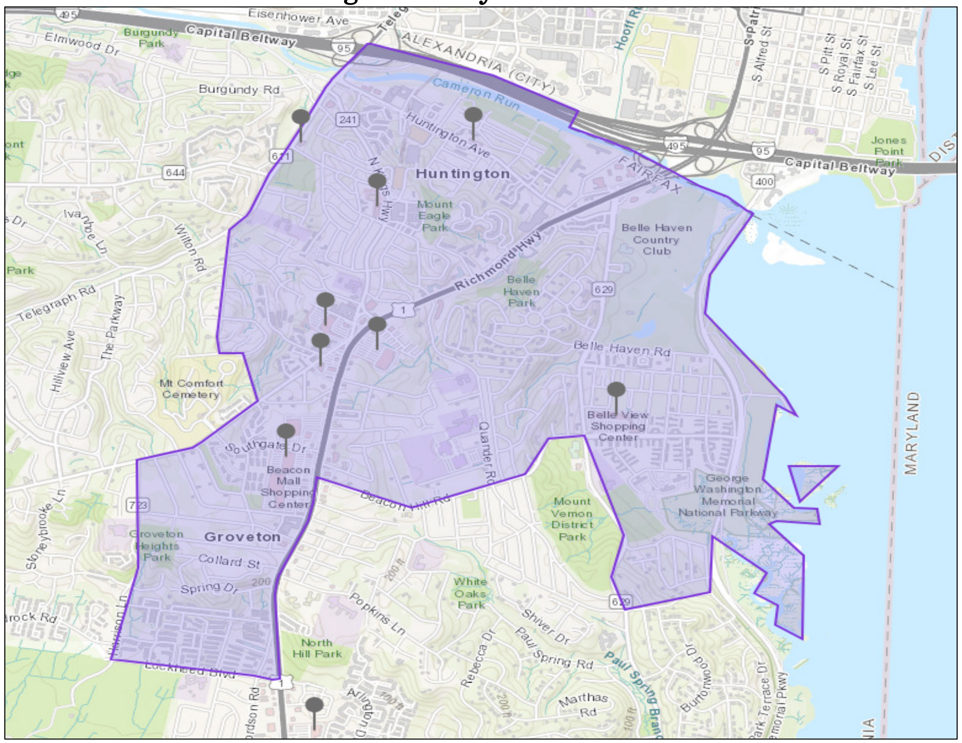
North Gateway / Huntington / Penn Daw— Neighborhood Goods & Services / Food & Beverage Primary Trade Area



This PTA represents the sales for both neighborhood goods and services and food and beverage establishments. Customer spending on neighborhood goods and services nearly always reflects customers' ability to conveniently access stores. Grocery store anchors attract shoppers for other stores located in the same neighborhood shopping center.

A review of sales data for neighborhood goods and services highlights residents' spending or demand of $127 million annually. This exceeds current sales of the stores located within the PTA reflecting the competitive nature of this retail environment that leads some trade area residents to frequent stores outside the trade area. The difference represents outflow to other stores or centers.

In the current auto-oriented environment customers tend to drive in private vehicles or take public transit to access the restaurants, bars and other food establishments along this section of Route 1. Without a notable cluster of restaurants, patrons must determine their dining choice in advance rather than choose among several restaurants in one location. Food and beverage expenditures are estimated at $60 million with slightly higher sales of $62 million, reflecting inflow demand.

Table 6. North Gateway / Huntington / Penn Daw Sales and Expenditures by Retail Category, 2019

	Demand (Retail Potential)	Current Sales	Retail Gap
Industry Group		(in thousands)	
Neighborhood Goods & Services			
Food & Beverage Stores	$96,000	$89,000	$6,000
Grocery Stores	$89,000	$85,000	$3,000
Specialty Food Stores	$3,000	$0	$3,000
Beer, Wine & Liquor Stores	$4,000	$4,000	$0
Health & Personal Care Stores	$31,000	$18,000	$13,000
Total Neighborhood Goods and Services	**$127,000**	**$107,000**	**$20,000**
Food & Beverage			
Food Services & Drinking Places	$60,000	$62,000	-$2,000
Special Food Services	$1,000	$0	$0
Drinking Places - Alcoholic Beverages	$1,000	$0	$1,000
Restaurants/Other Eating Places	$59,000	$62,000	-$3,000
Total Food & Beverage	**$60,000**	**$62,000**	**-$2,000**

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

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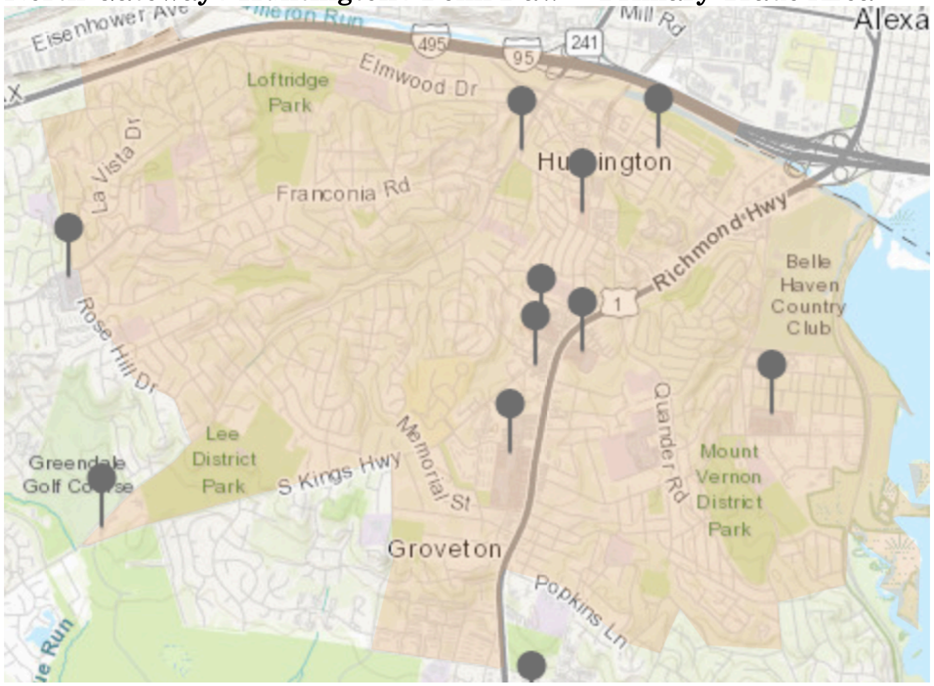
North Gateway / Huntington / Penn Daw— Primary Trade Area



This PTA represents the area for shoppers goods or GAFO sales for the North Gateway, Huntington and Penn Daw CBCs. While separated from Alexandria by the Capital Beltway, the stores along this section of the corridor compete with retail in Eisenhower Valley, Old Town Alexandria, National Harbor and, to a lesser extent, further south along Route 1.

The grey pin points on the map highlight significant shopping centers within the marketplace, including several outside the Route 1 corridor that provide competition.

This section of Richmond Highway offers major clusters of shoppers goods retailers with regular and discount department stores, including Walmart and Marshalls.

The total GAFO demand from the PTA shoppers far exceeds sales of $148 million in the stores located in this area. This should be expected as many of these customers likely travel outside the trade area to shop for clothing, furniture and other general merchandise.

Table 7. North Gateway / Huntington / Penn Daw Shoppers Goods Sales and Expenditures, 2019

	Demand (Retail Potential)	Current Sales	Retail Gap
Industry Group		(in thousands)	
General Merchandise Stores	$155,000	$112,000	$43,000
Clothing & Clothing Accessories Stores	$45,000	$6,000	$39,000
Furniture & Home Furnishings Stores	$32,000	$5,000	$27,000
Electronics & Appliance Stores	$28,000	$4,000	$24,000
Sporting Goods, Hobby, Book & Music Stores	$24,000	$8,000	$16,000
Miscellaneous Store Retailers	$31,000	$13,000	$18,000
Total Shoppers Goods	**$315,000**	**$148,000**	**$167,000**

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

Future new retail construction should be focused on redevelopment of existing obsolete / vacant retail space or at high intensity development sites such as the Huntington Metro station.

Infill along the Richmond Highway corridor in the Penn Daw community will be less than 30,000 square feet and supported by new residential infill development activity.

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The Beacon / Groveton / Hybla Valley / Gum Springs retail cluster is able to compete successfully for retail spending by virtue of the Beacon Center owned and managed by BF Saul and Federal Realty Investments' Mount Vernon Plaza. Estimates of demand from residents and those daytime workers indicate an annual demand for $155 million compared to $184 million in sales volume for neighborhood goods and services.

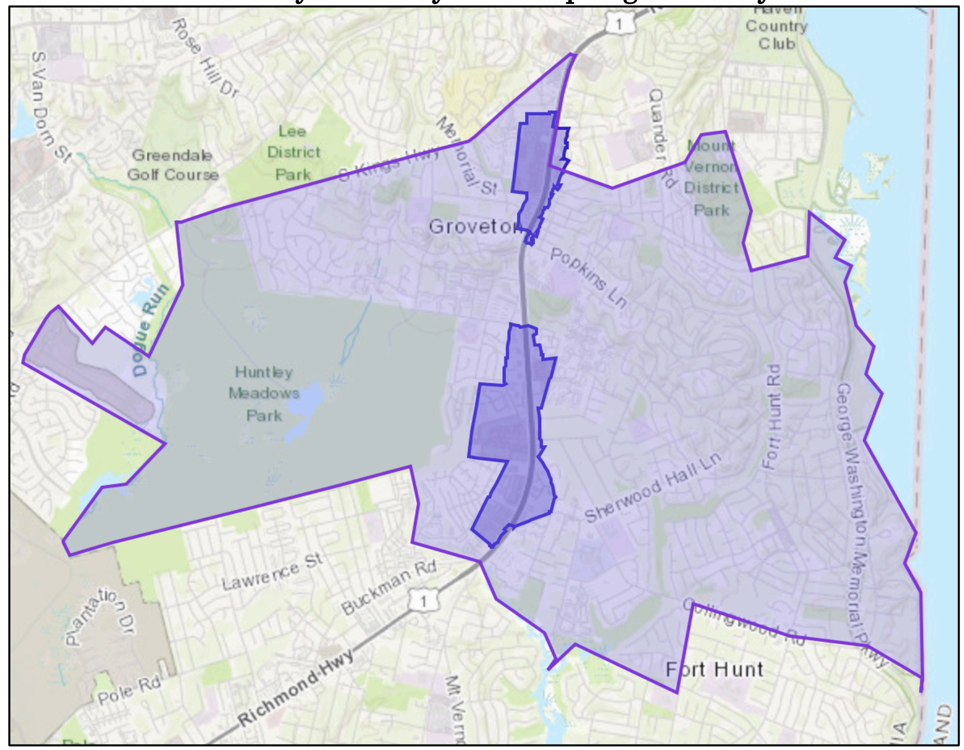
Spending on food and beverage establishments reached $73 million with PTA restaurants capturing roughly $64 million in sales each year.

Table 8. Beacon / Groveton / Hybla Valley / Gum Springs Sales and Expenditures by Retail Category, 2019

	Demand (Retail Potential)	Current Sales	Retail Gap
Industry Group		**(in thousands)**	
Neighborhood Goods & Services			
Food & Beverage Stores	$117,000	$125,000	-$8,000
Grocery Stores	$108,000	$119,000	-$11,000
Specialty Food Stores	$3,000	$1,000	$3,000
Beer, Wine & Liquor Stores	$6,000	$5,000	$1,000
Health & Personal Care Stores	$39,000	$59,000	-$20,000
Total Neighborhood Goods and Services	**$155,000**	**$184,000**	**-$28,000**
Food & Beverage			
Food Services & Drinking Places	$73,000	$64,000	$8,000
Special Food Services	$1,000	$0	$1,000
Drinking Places - Alcoholic Beverages	$1,000	$0	$1,000
Restaurants/Other Eating Places	$71,000	$64,000	$7,000
Total Food & Beverage	**$73,000**	**$64,000**	**$9,000**

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

Beacon / Groveton / Hybla Valley / Gum Springs Primary Trade Area



The trade area customers spending at the Penn Daw GAFO shops travel regularly to the Beacon Center for Marshall's and HomeGoods comparison shopping. Spending on shoppers goods by residents of both the PTA and STA totaled $849 million. This compares with total sales of $527 million in the PTA, leaving $321 million in demand not captured in Beacon / Groveton / Hybla Valley / Gum Springs. Some of those uncaptured expenditures are spent elsewhere in the corridor. Others are spent in competitive jurisdictions.

Beacon / Groveton / Hybla Valley / Gum Springs PTA & STA

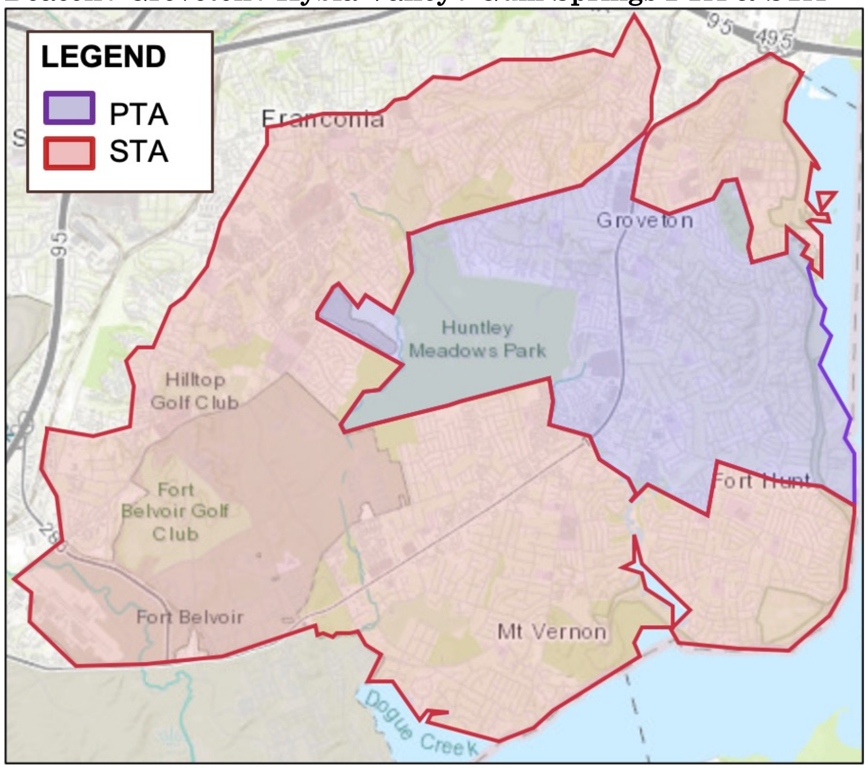


Table 9. Beacon / Groveton / Hybla Valley / Gum Springs PTA and STA Shoppers Goods Sales and Expenditures, 2019			
	Demand (Retail Potential)	Current Sales	Retail Gap
Industry Group	(in thousands)		
General Merchandise Stores	$476,100	$442,500	$33,600
Clothing & Clothing Accessories Stores	$93,000	$11,400	$81,600
Furniture & Home Furnishings Stores	$140,000	$32,400	$107,600
Electronics & Appliance Stores	$4,000	$9,600	-$5,600
Sporting Goods, Hobby, Book & Music Stores	$73,300	$6,900	$66,400
Miscellaneous Store Retailers	$62,100	$24,400	$37,700
Total Shoppers Goods	**$848,500**	**$527,200**	**$321,300**

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

South County Center and Woodlawn communities offer stable selections for neighborhood goods and services. However, their location between the commercial clusters in Hybla Valley/ Gum Springs and the offerings at Fort Belvoir limit the stores' potential sales to nearly $67 million, while demand from residents reaches $121 million annually.

The sparse number of food and beverage establishments in this section of Route 1 reflects the inability of the PTA to capture the estimated $63 million in food and beverage demand. In fact, sales estimates suggest the area captures little more than half the total demand or roughly $36 million annually. It should be noted that many of the diverse food offerings draw a large crowd from outside the community.

Estimates indicate that households spent $86 million on shoppers goods for the South County Center and Woodlawn Primary Trade Area. Sales and household spending estimates by ESRI indicate that the existing complement of retail space has not captured all the area's potential. This suggests many of these residents travel outside the trade area to stores further north on Route 1 or south to the military shopping alternatives at Fort Belvoir. This most accurately reflects the limited general merchandise opportunities in this section of Richmond Highway due to the well-positioned retail competition.

South County Center / Woodlawn Primary Trade Area

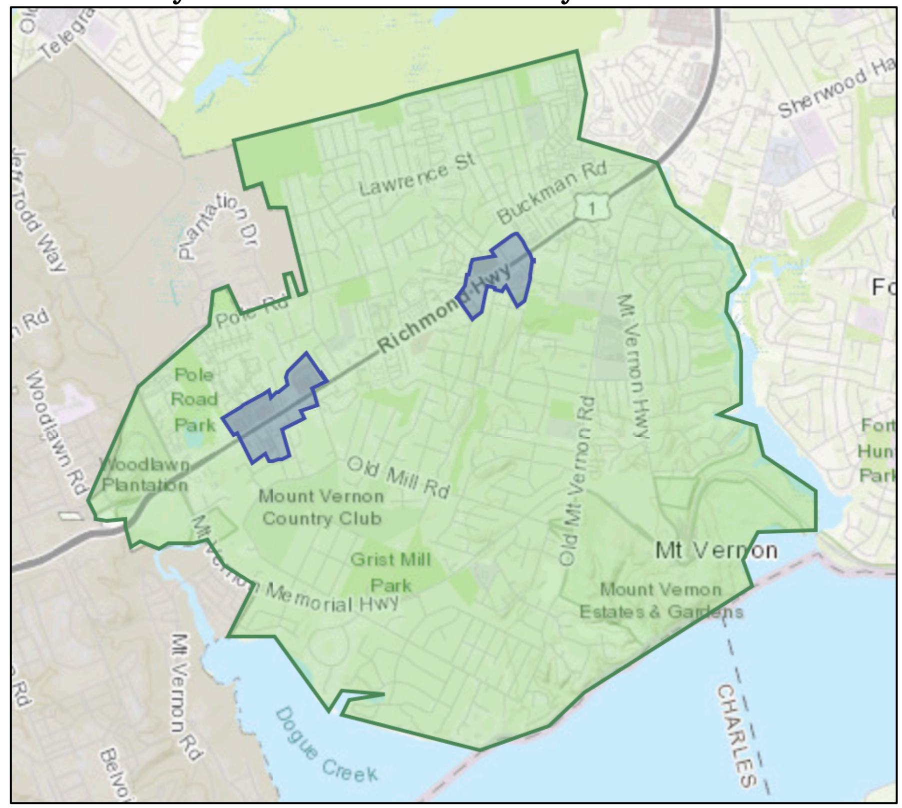


Table 10. South County Center & Woodlawn Sales and Expenditures by Retail Category, 2020				
		Demand (Retail Potential)	Current Sales	Retail Gap
NAICS	Industry Group		(in thousands)	
Neighborhood Goods and Services				
445	Food & Beverage Stores	$100,700	$57,300	$43,400
4451	Grocery Stores	$30,400	$3,900	$26,500
4452	Specialty Food Stores	$15,900	$5,600	$10,300
4453	Beer, Wine & Liquor Stores	$103,400	$4,100	$99,300
446, 4461	Health & Personal Care Stores	$20,400	$10,200	$10,200
	Total Neighborhood Goods and Services	**$121,100**	**$67,500**	**$53,600**
Food and Beverage				
722	Food Services & Drinking Places	$63,100	$36,200	$26,900
7225	Special Food Services	$800	$0	$800
7223	Drinking Places - Alcoholic Beverages	$900	$0	$900
7224	Restaurants/Other Eating Places	$61,400	$36,200	$25,200
	Total Food and Beverage	**$63,100**	**$36,200**	**$26,900**
Shoppers Goods				
452	General Merchandise Stores	$103,400	$4,100	$99,300
448	Clothing & Clothing Accessories Stores	$20,400	$10,200	$10,200
442	Furniture & Home Furnishings Stores	$11,200	$2,600	$8,600
443	Electronics & Appliance Stores	$63,100	$36,200	$26,900
451	Sporting Goods, Hobby, Book & Music Stores	$95,300	$32,700	$62,600
453	Miscellaneous Store Retailers	$11,600	$1,000	$10,600
	Total Shoppers Goods	**$305,000**	**$86,800**	**$218,200**
Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.				

Retail Expenditures and Sales

A review of all retail sales and expenditures throughout the entire Richmond Highway corridor provides a baseline for understanding the competitive retail environment amongst CBCs. As would be expected the entire Route 1 corridor appeals to several customer groups including area households and workers as well as the large number of visitors and tourists in the area for other reasons but compelled to stop for a convenience item or comparison shopping at discount retailers.

A review of demand and estimates of the current sales volumes for stores located throughout the entire Richmond Highway corridor indicates growth and gap potential in a few categories. Table 11 below compares total potential expenditures from residents, workers and visitors (i.e., total demand) with actual sales by local retailers to identify opportunities for additional retail space by category.

For neighborhood goods and services, current households spend roughly $300 million annually and area stores capture only $236 million, meaning customers travel outside the

Richmond Highway corridor to meet some of their types of retail and personal service needs. It is not unusual to capture less than the full potential of demand with competitive offerings in Eisenhower Valley and further south along the Route 1 corridor. In addition, the presence of the commissary on Fort Belvoir likely attracts many former or current military, leaking sales outside the Richmond Highway corridor to the base.

As would be expected, the extensive restaurant options along the Richmond Highway corridor – particularly with popular outparcels attracting national chains and legacy businesses catering to the diversity of surrounding residents – present sufficient opportunities especially when considering the competitive climate for eating and drinking spending. Again, area residents eat in restaurants and carry out food from outside the corridor when at work or on vacation and they travel to competitive restaurant clusters such as Old Town Alexandria, downtown DC or elsewhere in the region. So the gap between the $141 million demand for eating and drinking and the $127 million current sales estimates along the corridor is reasonable.

The disparities between demand and supply are greater for shoppers goods where overall demand from corridor residents totals $469 million and sales total $629 million. The resulting estimate of $159 million in inflow from outside the immediate corridor study area reflects the earlier analysis by CBC that considered demand from larger primary and secondary trade areas.

Table 11. Richmond Highway Corridor Retail Sales and Expenditures, 2019				
		Demand (Retail Potential)	Current Sales	Retail Gap
NAICS	Industry Group	(in thousands)		
Neighborhood Goods and Services				
445	Food & Beverage Stores	$226,700	$175,900	$50,800
4451	Grocery Stores	$209,500	$169,000	$40,500
4452	Specialty Food Stores	$6,600	$2,000	$4,600
4453	Beer, Wine & Liquor Stores	$10,600	$4,800	$5,800
446, 4461	Health & Personal Care Stores	$73,300	$60,000	$13,300
	Total Neighborhood Goods and Services	**$300,000**	**$235,900**	**$64,100**
Food and Beverage				
722	Food Services & Drinking Places	$141,300	$126,900	$14,400
7223	Special Food Services	$1,900	$500	$1,400
7224	Drinking Places - Alcoholic Beverages	$1,800	$0	$1,800
7225	Restaurants/Other Eating Places	$137,600	$126,400	$11,200
	Total Food and Beverage	**$141,300**	**$126,900**	**$14,400**
Shoppers Goods / GAFO				
452	General Merchandise Stores	$231,600	$506,300	-$274,700
448	Clothing & Clothing Accessories Stores	$67,300	$17,800	$49,500
442	Furniture & Home Furnishings Stores	$47,900	$40,100	$7,800
443	Electronics & Appliance Stores	$41,800	$14,900	$26,900
451	Sporting Goods, Hobby, Book & Music Stores	$35,300	$14,400	$20,900
453	Miscellaneous Store Retailers	$45,500	$35,200	$10,300
	Total Shoppers Goods	**$469,400**	**$628,700**	**-$159,300**

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

Retail Industry Trends

The U.S. retail industry is in transition as it shifts from the decades of retail growth, which finally began to slow at the start of the Great Recession in 2007. As the national retail industry became over-extended and pressure from e-commerce grew, many retail operations began to contract both new offerings and close existing stores. Whole categories of retailing (e.g., books, music and electronics) moved on-line almost exclusively. More and more retail space has shifted to experiential retail, such as restaurants, not easily replaced by on-line sales. Discount stores retained their appeal to shoppers seeking bargains, and grocery stores became increasingly important as shopping center anchors.

E-commerce, while representing 14 percent of worldwide retail sales in 2019 and nearly 15 percent of the total U.S. retail sales in 2019, continues to grow. The COVID-19 pandemic has disrupted basic retail operations and accelerated the shifts to e-commerce at least for the near term. As delivery networks develop and delivery options improve with autonomous vehicles, drones and other technologies, e-commerce will likely continue to expand, exerting competitive pressures on most retailers.

Though the impact of online sales on traditional retail models is often cited as the reason that the U.S. retail industry is undergoing dramatic changes, the underlying forces affecting retail are more complex. Also important is the nation's excessive supply of retail space. The U.S. has 24.5 square feet of retail space for every man, woman and child. This compares with 4.5 square feet per capita in Europe. The growth of retail space in the 1980s, 1990s and the last two decades reflected a push in new construction of retail space, even as retail vacancy rates climbed. Many retail chains were over-leveraged with high levels of debt and insufficient reserves to carry them through times of lower sales. As a result, more than 27,800 stores have closed in the U.S. over the last four years, impacting 425 million square feet of retail space, according to CoStar. While retail contraction helps retail sales and overall performance, these national retail chain closures did not shrink the excessive supply of retail space sufficiently to balance many retail markets.

Implications for Richmond Highway

As the retail landscape shifts nationally with disruptions to the marketplace, Richmond Highway shopping centers and individual retail outposts continue to adapt. Many individual retailers have expanded into online sales to compete for a larger market. Shopping centers in the corridor have repositioned toward the growing discount sector. Grocery stores have benefitted from shifts toward more cooking and eating at home during the pandemic. Shoppers' frequent trips to grocery stores declined at the beginning of the pandemic but have bounced back, though not completely to previous levels.

The other best performing retail spaces have focused on safe operations during the pandemic, such as outdoor restaurants or those more focused on delivery and carryout service. Throughout the Richmond Highway corridor, most retailers that focused on providing neighborhood goods and services safely as well as eating and drinking establishments remain open. County assistance has helped to offset some of the losses associated with capacity constraints, but things may worsen this winter when outside dining becomes less feasible.

Convenience goods retailers will likely become more susceptible to competition in the mid-term as shoppers' habits continue to change. The emerging channels that deliver fresh and prepared foods to the customer's door will continue to be desirable to many. Successful brick-and-mortar retailers need to offer more than goods and services by incorporating good customer service, experiences and solutions to customer problems. Eating and drinking places have a particular advantage in offering both food and the opportunity for socializing.

Space Activation: Replacing underutilized retail parking spaces, storefronts or vacant parcels with active temporary uses can create an impetus for market transition and may drive not only retail leasing but also larger-scale redevelopment. The term "temporary urbanism" incorporates many forms of space activation from simple festivals and one-time events to outdoor beer gardens. These efforts may incubate new businesses or establish outdoor exercise alternatives with flexible temporary structures.

With the restrictions put in place due to the COVID-19 pandemic, the use of outdoor space has begun to gain more traction. Along the Richmond Highway corridor, outdoor movie venues and simple food pickup have expanded the normal programming efforts. This large commercial auto-oriented district could further program the surface parking lots to draw customers to interact at a safe distance and help improve both the existing and future retail environment.

Rent Escalation and Building Investment: Interviews with area stakeholders and a review of the influx of national chain retailers over the last three decades reflect a tension between higher rents easily afforded by credit-worthy chain tenants and local entrepreneurs or retail businesses who feel marginalized. Interviews with property owners and retailers suggest that retail rent rates depending on the type of retail space and retailer terms range from the low $20's to about $37 triple net per square foot per year. This range of rents reflects not only the highly visible recently constructed retailer space, the lower quality freestanding stores and older shopping center space offered to entrepreneurs or retailers searching to test out a retail brick-and-mortar location.

In light of the many rapid changes occurring in the retail industry, caution should be used in planning and developing new retail space. Retail development opportunities are best focused at sites that reinforce and benefit from public open space, particularly places with active programming.

Retail Potential

The Richmond Highway corridor's complex commercial environment, developed as a suburban auto-oriented cluster of competitive shopping centers and smaller clusters of retail, will shift with the proposed transit improvements. The potential for new retail development in the corridor over the next decade will be affected by many factors, including:

- national retail trends continuing to shift sales from brick-and-mortar retailers to e-commerce;
- BRT impacts that will attract more people to live in the corridor and focus activity at stops, providing better support for mixed-use development;
- BRT-related reconfiguration of existing parcels with potential changes to the property frontage and access points as well as loss of parking spaces, partial demolition of some existing structures and other changes to existing ownership configurations based on potential assemblages and right-of-way acquisitions;
- cross-shopping patterns of existing area households; and
- the natural retail churning as consumer demands change and new retailers emerge to meet those demands.

Specific conditions unique to each cluster of shopping centers and retail offerings along the corridor affect capture rates, inflow levels (i.e., sales to shoppers from outside the trade area) and the resulting supportable retail development.

North Gateway / Huntington & Penn Daw: These three areas function together with several clusters with two distinct primary trade areas based on categories. The larger trade area for shoppers goods is impacted by regional competition, in particular centers like Tanger Outlets, which result in a lower capture rate for area retailers as trade area residents spend their GAFO dollars outside the trade area. Tanger Outlets-National Harbor offers roughly 350,000 square feet of retail with 80 outlet designer and name-brand stores. Huntington/Penn Daw food and beverage establishments as well as grocery stores compete with offerings in Eisenhower Valley and certainly Old Town Alexandria's restaurants. Finally, it should be noted that the Belle View Shopping Center also offers strong competition for other neighborhood goods and services and restaurants.

Beacon / Groveton and Hybla Valley / Gum Springs: The Hybla Valley / Gum Springs CBC and the Beacon / Groveton CBC draw customers from each other's trade areas. These two districts overlap too significantly to separate, and they benefit from the popularity of both cross-shopping and high levels of inflow from shoppers outside the trade areas to Costco and other large-format stores. To the east of Richmond Highway, the Hollins Hall Shopping Center offers another stable shopping center presenting area shoppers with competitive offerings that impact capture rates for retailers along Richmond Highway. The CBC shows the potential for growth with the recent addition of Skrimp Shack providing more food and beverage options at Mount Vernon Plaza. This area has savvy property owners with successful track records of accessing financing for mixed-use redevelopment efforts that may be willing to partner with the County.

South County Center / Woodlawn: The southern areas from South County Center to Woodlawn experience the greatest impact on sales from the nearby retail alternatives at Fort Belvoir with the commissary / PX and the Bestway grocery store all located outside the CBCs. Woodlawn could benefit from future increased visitation to area tourism assets and Fort Belvoir.

In the longer term, more intensive transit investment with an extension of Metro's Yellow Line to the northern and central portions of the Richmond Highway corridor could leverage greater residential development and commercial retail potential.

Considering all of these factors, the initial calculation of the supportable development within each CBC estimated the share of trade area residents expenditures and inflow from outside the trade area that could be captured by groups of establishments coupled with information about typical sales productivity levels (measured as annual sales per square foot of space). Presently, the CBCs exhibit few significant retail gaps that would justify new retail construction except for a select few locations able to achieve a critical mass of restaurants, local services and small retailers supported by nearby housing, hotels and/or offices. These potentials for shifting demand, which could possibly take advantage of right-of-way acquisitions and property consolidations, will be important as the BRT investment takes shape and opportunities are created.

Recognizing that a decade is a lifetime in the rapidly changing retail word, Table 12 provides estimates of future retail development potential to 2030 by CBC, reflecting anticipated growth in the corridor's population constrained by a continued shift toward e-commerce. In addition to BRT, other Fairfax County and institution-based investment along the corridor will enhance the commercial performance of the Richmond Highway corridor. These investments may take years for construction and completion but could generate incremental supportable development. The pattern of future retail development will vary considerably based on the ownership, investment and management of existing supply for each of the Community Business Centers.

It should be noted that the longer-term impacts of the pandemic on the nation's small retailers and restaurants and the subsequent economic downturn will continue to shift the retail environment. At this point in the crisis, it is not yet clear how those impacts will change retailing over the long term. Fortunately, efforts by Fairfax County to assist small businesses have helped to prevent some of the potential business closures.

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Table 12. Potential Retail Demand by Category[1] by Commercial Business Center				
		Incremental New Retail Space Demand, 2020-2030		
Community Business Centers	Existing Retail Square Footage	Low		High
North Gateway / Huntington	163,000	44,000	-	51,000
Penn Daw	338,000	54,000	-	59,000
Beacon / Groveton	439,000	96,000	-	106,000
Hybla Valley / Gum Springs	1,000,000	217,000	-	239,000
South County Center	36,000	3,000	-	3,000
Woodlawn	430,000	33,000	-	35,000
CBCs Total	**2,406,000**	**447,000**		**493,000**

Note: [1]This retail analysis focuses on the categories of Neighborhood Goods & Services, Food and Beverage, and General Merchandise, Apparel and Accessories, Furniture and Furnishings and Other Shoppers Goods. It excludes auto-related businesses, building supplies/lawn center stores and gas stations.

Source: ESRI, Retail Marketplace Profile, 2020; Partners for Economic Solutions, 2020.

V. Hotel Market Analysis

The hospitality industry is the most volatile real estate sector with performance changing daily in response to the economy and other forces. External shocks such as the 9/11 attacks and the COVID-19 pandemic Hotel chains and individual operators adjust price points and prioritize quality service to stay competitive.

The hospitality industry links closely with the economy, generally reflecting its highs and lows. Visitors to a region may be traveling for a variety of reasons (e.g., business, passing through on a longer trip, visiting family or friends, tourism, visiting higher education facilities). More specifically visitors break into three major categories: business travelers; meeting and group travelers; and leisure or pleasure travelers. Lodging demand reflects not only the number of visitors to an area but also the potential to capture these visitor room-nights in a competitive hotel environment. Variations in lodging demand reflect the growth or decline in visitation from each market segment.

Hotels need close proximity to its customer base and tend to locate on well-traveled routes (roadways, rail lines and waterways) or near employment centers and tourist attractions, depending on the market segment of the particular hotel. Accessibility, visibility, area aesthetics and perceived safety rank top in factors considered when selecting a location. Collocation with retail, restaurants and entertainment operations enhances a hotel's appeal to potential customers. Richmond Highway hotels benefit from good visibility and proximity to generators of room-night demand.

Hotel Existing Conditions

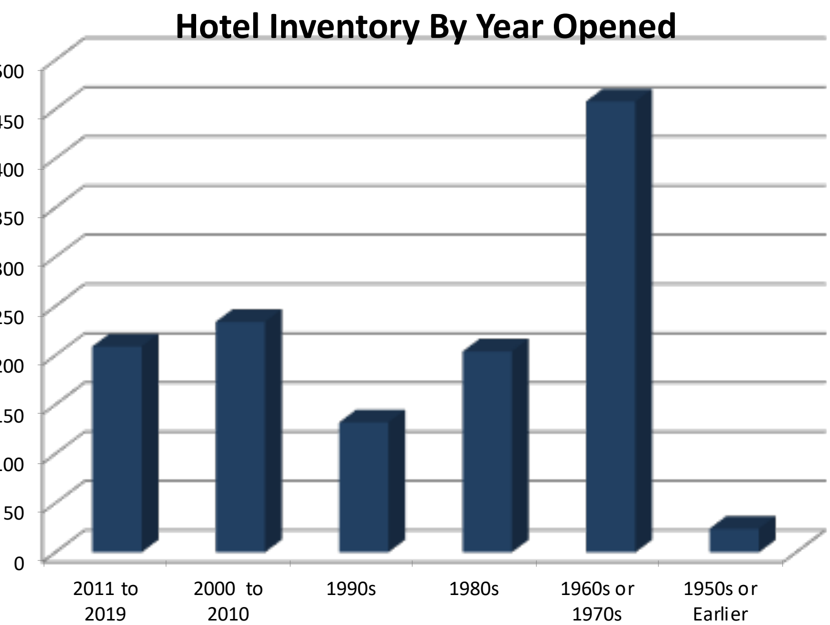
Most of Richmond Highway hotels rely on proximity to the expansive tourism draw of the nation's capital, Mount Vernon and Old Town Alexandria and on the nearby business communities. The two largest segments of hotel demand along Richmond Highway represent leisure accommodations associated with regional tourism and business travel reflective of Fairfax County's excellent business climate.

Lodging establishments are classified based on the quality of the space, finishes and service level, which are reflected in the room rates. They also break down into chain operations and independent hotels not associated with a chain. For this analysis, Richmond Highway hotels can be grouped into four broad categories: Economy; Midscale; Upper Midscale; and Upscale.

- Economy – Lowest priced lodging with limited service options. Red Roof Inn and the Red Carpet Inn are examples of this hotel type along the Richmond Highway corridor.
- Midscale – More moderately priced with limited service options. These hotels may be older with frequent upgrades to the furnishings and finishes keeping them

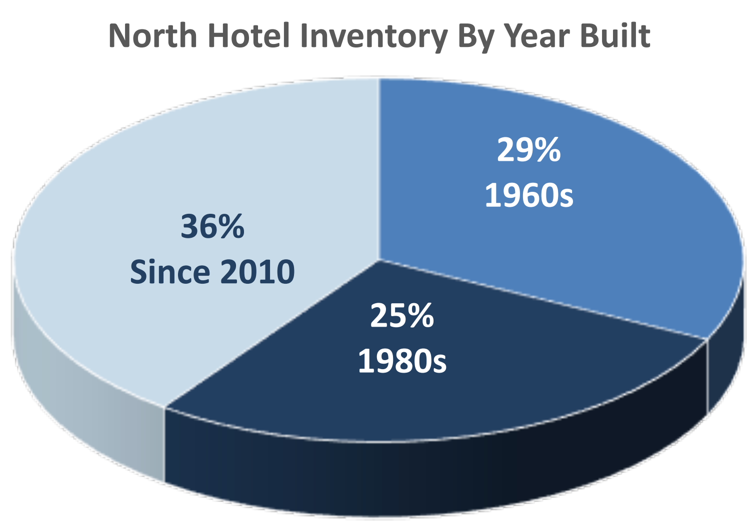
competitive. An example of this type is the Quality Inn Mount Vernon Alexandria built in 1985.

- Upper Midscale – Able to attract clientele based on added features compared to midscale operations, typically newer facilities. Within the Richmond Highway corridor, these operations tend to include guest suites with one or more bedrooms, separate living areas and kitchenettes or mini-refrigerators. Richmond Highway's upper midscale examples range from Holiday Inn Express & Suites to TownePlace Suites.
- Upscale – The highest priced product in the marketplace with amenities and desirable locations. In general, this operation includes major chains as well as specialty or boutique hotel offerings. One example along the Richmond Highway corridor is the SpringHill Suites Alexandria, which offers 91 rooms.



In total the corridor has 1,124 rooms in standard franchise / national chain lodging operations and roughly 204 rooms within independent hotels. The largest group of the rooms (45.2 percent) within this inventory could be categorized as upper midscale. Thirty-six percent or 458 rooms along the corridor were constructed in the 1960s and 1970s. Development of the rest of the hotel rooms spread fairly evenly over the following decades.

Along the Richmond Highway corridor, the hospitality industry segments into two distinct clusters. The northern hotel cluster (along Route 1 from the Capital Beltway I-495 to Lockheed Boulevard) has a dozen lodging facilities ranging from independent, economy hotels to upscale hotels, representing more than 1,050 rooms. PES profiled seven hotels within the northern hotel cluster accounting for 818 rooms (excluding independent hotels), inventoried in Table 13. Recent additions to the supply included a new Fairfield Inn, which opened in 2016 with 116 rooms. Unfortunately, a fire in September 2016 damaged the hotel and caused a temporary closure. The Fairfield Inn reopened 18 months later in March 2020 just prior to the COVID-19 restrictions on travel.



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The southern hotel cluster includes six hotels with a total of 656 rooms covering the spectrum from economy hotels to upper upscale hotels, primarily related to Fort Belvoir and Mount Vernon.

Table 13. Richmond Highway Hotel Inventory, 2020			
Property Name	**Rooms**	**Year Opened**	**Type**
Northern Richmond Highway Study Area			
Hampton by Hilton Inn & Suites Alexandria	213	1969	Upper Midscale
Fairfield Inn & Suites Alexandria	116	2017	Upper Midscale
Red Roof Inn Washington DC Alexandria	115	1988	Economy
Days Inn Alexandria South	108	1965	Economy
SpringHill Suites Alexandria	91	2010	Upscale
Quality Inn Mount Vernon Alexandria	89	1985	Midscale
Holiday Inn Express & Suites Alexandria Fort Belvoir	86	2010	Upper Midscale
Southern Richmond Highway Study Area			
Candlewood Suites Alexandria Fort Belvoir	57	2012	Midscale
Best Western Mount Vernon Fort Belvoir	132	1995	Midscale
TownePlace Suites Alexandria Fort Belvoir	93	2016	Upper Midscale
Red Carpet Inn Alexandria	24	1943	Economy
Note: Independent Hotel Inventory found in Appendix tables.			
Source: STR Global, 2020; Partners for Economic Solutions, 2020.			

Existing Competition

The regional hotel market includes several clusters of competitive lodging facilities with more than 4,000 rooms near the study area. The three competitive clusters most impacting the Richmond Highway corridor include hotels in Eisenhower East, National Harbor and Old Town Alexandria.

The Eisenhower East community directly across I-495 offers a mixed-use neighborhood clustered around large office buildings, multi-family rental projects, retail and a Metro station. The area's six hotels include upper upscale and upscale properties with a total of 832 rooms, all opened over the last 20 years. Currently, these rooms rent from $100 to $199 per night. The last addition to this inventory included 124 rooms at the Hyatt Centric Old Town Alexandria opened in January 2020.

In Prince George's County across the Potomac River is National Harbor, an entertainment and retail destination along the waterfront. National Harbor boasts a casino, retail outlets, nine hotels, marinas and restaurants. Originally planned as a 1.3 million square-foot mixed-use center, the project was derailed by the Great Recession and reconceived as a 650,000 square-foot center combining retail, office, residential and hotel space. This remains a significant competitive hotel cluster with 2,871 rooms in several modern hotel properties. The majority of these hotels opened between April 2008 and June 2009 as the casino and other commercial properties became operational. Hotel rates vary based on the types of properties with upper mid-scale properties such as the Hampton Inn & Suites (154 rooms) indicating a hotel room rate of $129 per night compared to AC Hotel by Marriott's (192 rooms) rate of $195 per night. The Gaylord National Resort and Convention Hotel hosts major conventions and other gatherings.

Old Town Alexandria's historic area attracts visitors and tourists with a series of upscale hotels and bed and breakfast establishments. Two key hotels provide 361 rooms with current hotel rates ranging from $114 to $118 per night. Hotel Indigo built in April 2017 constitutes an upper upscale offering with 120 rooms. The Alexandrian Old Town Alexandria opened in 1975 and as a high-performing property has received ample reinvestment to keep the property's 241 rooms competitive.

Table 14. Richmond Highway Competitive Hotel Inventory, 2020

Property Name	Number of Rooms	Year Opened	Type
Eisenhower East			
Hilton Alexandria	252	2000	Upper Upscale
Kimpton Lorien Hotel & Spa	107	2009	Upper Upscale
Hyatt Centric	124	2020	Upper Upscale
Hilton Garden Inn	109	2015	Upscale
SpringHill Suites Alexandria	240	2003	Upscale
Subtotal	**832**		
National Harbor, Prince George's County			
The Wesin Washington	195	2008	Upper Upscale
AC Hotel by Marriott	192	2009	Upscale
Residence Inn by Marriott	162	2009	Upscale
Hampton by Hilton Inn & Suites	154	2008	Upper Midscale
Club Wyndham	16	2009	Upscale
Gaylor National Resort & Convention	1,996	2008	Upper Upscale
Hyatt Place	156	2020	
Subtotal	**2,871**		
Old Town Alexandria			
Hotel Indigo Old Town	57	2017	Upper Upscale
The Alexandria Old Town	132	1995	Upper Upscale
Subtotal	**189**		
Total	**3,892**		

Source: STR Global, 2020; Partners for Economic Solutions, 2020.

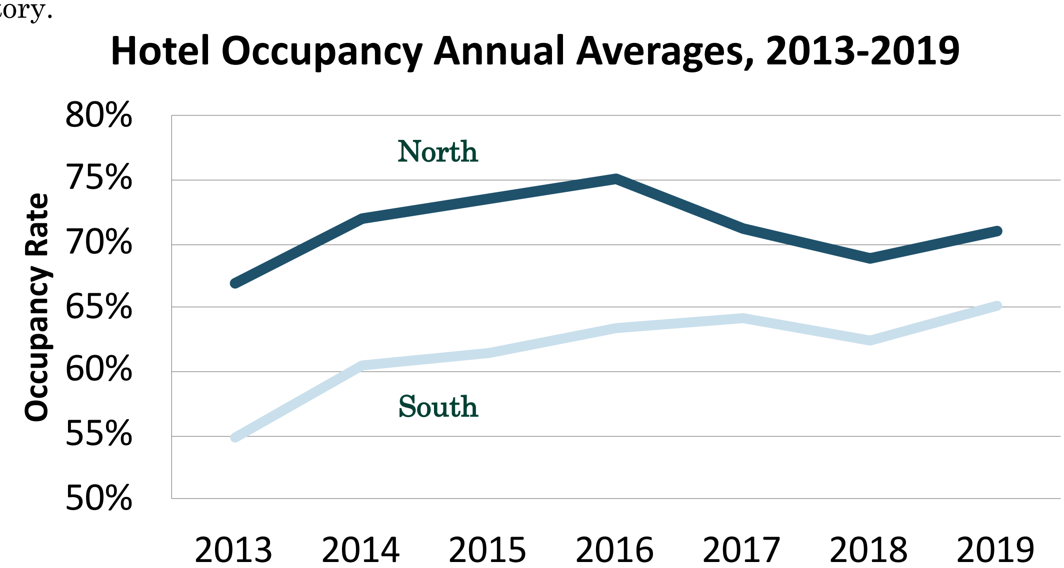
Outside these clusters of competitive hotels, Fort Belvoir offers on-base lodging operations for military personnel, visiting lecturers and other visitors to the base. These include two main facilities – Holiday Inn Express Knadle Hall and IHG Army Lodging Fort Belvoir. Information regarding the total number of rooms on base could not be confirmed. With the opening of the National Museum of the United States Army, the Fort Belvoir area has become competitive for the military reunion market, which could translate into increased business for Richmond Highway hotels.

It should be noted that in addition to the standard hotel competition, many travelers opt to stay in shared housing arrangements. These housing sharing options include the Airbnb and VRBO visitor, which offer a platform for home rentals.

Hotel Performance

The northern cluster of hotels has experienced strong occupancy rates over the past seven years with the current pandemic-related economic downturn not reflected in these statistics. As shown in the following graph, occupancy peaked in 2017 at 75.1 percent. In comparison, occupancy in the southern cluster hotels continued to climb over the last seven years growing by roughly 10 percent to reach 65 percent in 2019.

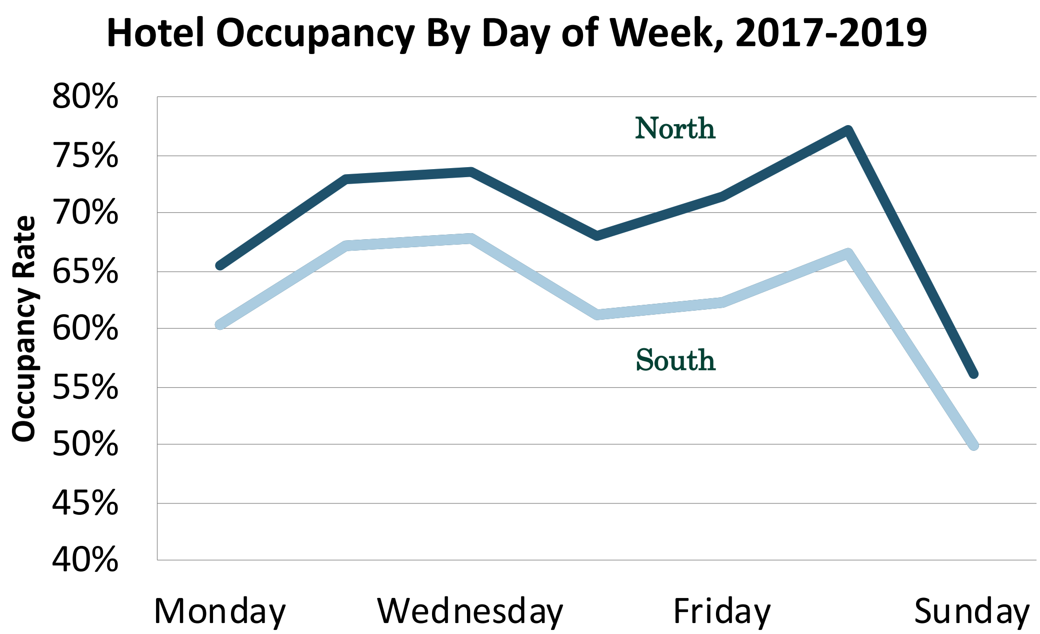
As would be expected, the average daily demand fluctuated during this time period with additions to the hotel supply pulling down occupancy rates. In addition, fires at the Fairfield Inn and Quality Inn impacted supply as their rooms came in and out of the inventory.



As a result of the increased competition, annual occupancy rates dropped slightly with new hotel openings from 2016 to 2018. However, these occupancy rates remained healthy and reflect a market in good balance with a limited opportunity for new hotel rooms in the northern hotel cluster. In general, during economic downturns, hoteliers chose to compete by adjusting room rates. Data pulled prior to the impact of the COVID-19 pandemic show the average daily rates for the northern hotel cluster increased by roughly 9.1 percent from 2013 to reach $112.46 in 2019. Average daily rates in the southern hotel cluster along Richmond Highway increased as well from 2013 to 2019 with a gain of roughly $16.02. It should be noted that those competitive hotel clusters with their own nearby attractions offer rooms to tourists at a slightly higher price point typically between $5 to $15 more per room night in asking rents. Though the average daily rate climbed during these seven years even as supply grew, the impact of the COVID-19 pandemic and the national decline in tourism have impacted rates significantly.

Over the 2017-2019 period, the hotels' average occupancy rates reached highest occupancy from April and extended at relatively high rates through October with markedly lower rates from November through March. This suggests that tourists are a significant source of demand.

By day of the week over the past three years, demand has been highest on weekends (Friday and Saturday nights) suggesting tourists and other non-business visitors for the northern Richmond Highway hotel cluster. The high occupancy mid-week indicates a large component of business travel also keeps these hotel clusters successful. The following graph show the variation in occupancy rates by day of the week.



Finally, the last measure of hotel performance represents the revenue per available room, known as RevPAR. This measure combines occupancy and average daily rate data to measure the market's ability to maximize room revenues. Over the last several years, RevPAR estimates for the U.S. have ranged from $83 to $86 with upper-midscale hotels throughout the U.S. averaging more than $75 RevPAR. It should be noted that hotels recovered from the 2008-2009 Great Recession with initial gains in occupancy fueled by rate discounts and eventually steady gains in RevPAR as travel demand returned faster than growth in the national hotel supply; peak gains occurred between 2014 and 2017. Along the Richmond Highway corridor, the northern cluster of hotels achieved a RevPAR of $79.93 in 2019, up 15.8 percent from $69.05 in 2013 but lower than the 2016 peak of $83.71. The southern cluster of hotels reflected similar growth patterns in RevPAR, reaching a peak of $74.27 in 2019 and gaining 38 percent or $20.46 in RevPAR.

Hotel Potential

The decision to open a new lodging facility within the Richmond Highway corridor will consider not only the projected future visitation but also the surrounding competition and proposed hotel development.

The potential for a large climb in visitation outside the market trajectory would likely require the presence of a new activity generator. The new National Museum of the United States Army could help generate additional demand though Richmond Highway hotels will compete with other area hotels for that business.

The effects of the COVID-19 pandemic on tourism greatly impact hotel demand along Richmond Highway. Statistics from the U.S. Department of Commerce, National Travel & Tourism Office and Travel Market Insights suggest that tourism to the nation's capital will decline by more than 53 percent in 2020 with an estimated total of 11 million visitors, down from the peak of 24.6 million total visitors in 2019. It should be noted that Destination DC, the District of Columbia tourism entity that tracks large events, indicates that 42 events have been cancelled for 2020 and 2021. While smaller groups continued to meet in the DC market with roughly 43,000 rooms booked from March to September, the revenue per available room (RevPAR) remained down roughly 81 percent in July for DC hotels. Interviews with local hoteliers along the Richmond Highway corridor report similar downturns in RevPAR ranging from 70 to 80 percent below the standard.

Though performing better than anticipated based on the economic climate, Richmond Highway hotels are still well below optimal occupancy and room rate levels. Research indicates that the recovery from the pandemic may take more than four years for local hotels to return to pre-COVID-19 performance levels. A turnaround in the economy and the eventual availability of a vaccine will improve these measures over time. In the near- to mid-term, there is no demonstrable need for additional hotels in the southern cluster. Over the near term with the redevelopment of the Huntington Club in the northern cluster, a final phase of the redevelopment may incorporate a hotel. The viability of this hotel will depend greatly on a return to normal tourism levels by 2023.

While addition of a conference center in the corridor could potentially provide a small increase in room bookings, it would be unlikely to justify the initial investment and the likely need for annual operating subsidies. Successful conference centers typically depend on the presence of a major meeting generator, such as a university or a major business cluster. Fort Belvoir could play that role, but it already has on-base facilities to accommodate meetings.

The new Bus Rapid Transit service could better connect Richmond Highway hotels to the Metro system and regional attractions. However, that transit improvement is unlikely to change hotel demand in the corridor significantly as visitors will be more likely to seek lodging near a Metro station to avoid the complications of accessing two transit modes.

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VI. Office / Research Market Analysis

Office market dynamics reflect the general economic conditions in a metropolitan region. The breakdown of those conditions to counties and cities helps shape their locational advantages for commercial development. In smaller geographic areas such as commercial corridors, the realities of future employment projections and the market's ability to support the existing office demand require careful examination of the existing office supply.

Developed over decades, Route 1 attracted multiple businesses developed primarily on independent parcels, resulting in a piecemeal pattern of development and property lines with office development occurring in existing residential buildings, small-scale buildings (less than four stories) and commercial mid-rise buildings.

Economic Context

The Metropolitan Washington region began to recover from the Great Recession of 2007-2008 starting in 2009 by relying on the federal government's presence and its extensive base of federal contractors and suppliers boosted by stimulus spending. However, the region's dependence on federal spending left it vulnerable to an economic downturn with the federal spending cuts required by sequestration in 2013. The following table highlights these employment trends in the Metropolitan Washington region and Fairfax County. The Metropolitan Washington region added an estimated 133,625 jobs from 2013 to 2017, with growth in leisure and hospitality; education and health services; professional and business services; and construction. The following industry sectors tend to require office space and so their employment growth often results in additional office demand: information; financial activities; professional and business services; and to a lesser extent, education and health services.

Table 15. Private Employment Trends, Washington Metropolitan Area 2007-2017

						2013-2017 Change	
Industry	**2007**	**2010**	**2013**	**2016**	**2017**	**Number**	**Percent**
Construction, Natural Resources and Mining	158,093	129,944	135,234	151,755	155,675	20,441	15.1%
Manufacturing	63,791	57,229	52,400	52,810	53,880	1,480	2.8%
Trade, Transportation and Utilities	339,790	348,088	355,339	366,673	368,954	13,615	3.8%
Information	72,632	79,883	74,412	72,302	72,014	(2,398)	-3.2%
Financial Activities	124,821	135,625	137,653	138,477	141,742	4,089	3.0%
Professional and Business Services	494,900	665,551	689,183	705,410	711,414	22,231	3.2%
Education and Health Services	203,793	318,892	330,726	358,171	363,179	32,453	9.8%
Leisure and Hospitality	164,619	216,717	242,106	263,855	271,218	29,112	12.0%
Other Services	85,240	146,456	151,707	159,796	164,309	12,602	8.3%
Total Private Employment	**1,707,679**	**2,098,385**	**2,168,760**	**2,269,249**	**2,302,385**	**133,625**	**6.2%**

Source: Longitudinal Employer-Houshold Dynamics (LEHD), Census; Partners for Economic Solutions, 2020.

Fairfax County's employment trends by industry show a growth of approximately 33,000 jobs from 2013 to 2017. Fairfax County's professional and business services industry

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gained 8,715 new jobs during the same time period while its information sector contracted with the loss of roughly 1,280 jobs or 5.7 percent of the workforce.

Table 16. Private Employment Trends, Fairfax County 2007-2017

Industry	2007	2010	2013	2016	2017	2013-2017 Change Number	2013-2017 Change Percent
Construction, Natural Resources and Mining	29,915	22,199	23,466	23,854	24,288	822	3.5%
Manufacturing	12,349	10,892	6,745	5,383	5,869	(876)	-13.0%
Trade, Transportation and Utilities	75,142	71,372	71,573	75,514	75,654	4,081	5.7%
Information	28,611	24,326	22,460	21,467	21,180	(1,280)	-5.7%
Financial Activities	36,633	31,186	31,706	32,156	34,196	2,490	7.9%
Professional and Business Services	206,657	217,221	222,545	228,310	231,260	8,715	3.9%
Education and Health Services	44,568	53,041	48,760	60,567	62,071	13,311	27.3%
Leisure and Hospitality	37,775	36,517	40,095	43,948	45,306	5,211	13.0%
Other Services	19,126	18,984	20,045	20,469	20,578	533	2.7%
Total Private Employment	**490,776**	**485,738**	**487,395**	**511,668**	**520,402**	**33,007**	**6.8%**

Source: Longitudinal Employer-Houshold Dynamics (LEHD), Census; Partners for Economic Solutions, 2020.

A further drill down to data at the Richmond Highway corridor level reflects an increase in the number of jobs with the gain of 1,261 new private jobs from 2013 to 2017. Surprisingly, the industry with the largest percentage gain was manufacturing, which added 78 new positions, more than doubling previous employment for the industry. Education and health services had the largest number of new jobs with an increase of almost 44 percent or 914 jobs. However, many of these jobs did not require office space. The professional and business service industry lost 502 jobs or 17.0 percent in the corridor from 2013 to 2017.

Table 17. Private Employment Trends, Richmond Highway Corridor 2007-2017

Industry	2007	2010	2013	2016	2017	2013-2017 Change Number	2013-2017 Change Percent
Construction, Natural Resources and Mining	810	577	679	754	731	52	7.7%
Manufacturing	45	46	55	118	127	72	130.9%
Trade, Transportation and Utilities	3,697	3,614	3,544	3,772	3,805	261	7.4%
Information	257	156	97	107	99	2	2.1%
Financial Activities	764	592	518	590	572	54	10.4%
Professional and Business Services	2,580	3,279	2,947	2,433	2,445	(502)	-17.0%
Education and Health Services	2,547	2,776	2,096	2,872	3,010	914	43.6%
Leisure and Hospitality	2,339	2,239	2,632	2,899	3,050	418	15.9%
Other Services	760	752	863	893	853	(10)	-1.2%
Total Private Employment	**13,799**	**14,031**	**13,431**	**14,438**	**14,692**	**1,261**	**9.4%**

Source: Longitudinal Employer-Houshold Dynamics (LEHD), Census; Partners for Economic Solutions, 2020.

For all three jurisdictions – the Washington Metropolitan Area, Fairfax County and the Richmond Highway corridor – the employment gains in office-using industries did not result in increased office development, as a considerable amount of space built prior to and during the Great Recession inflated the regional office supply and created extensive vacancies. At the same time, office demand declined as tenants made more efficient use of office space and allowed employees to work from home or other locations, open floor plans reduced the space associated with an individual worker and technology reduced the need for on-site paper storage.

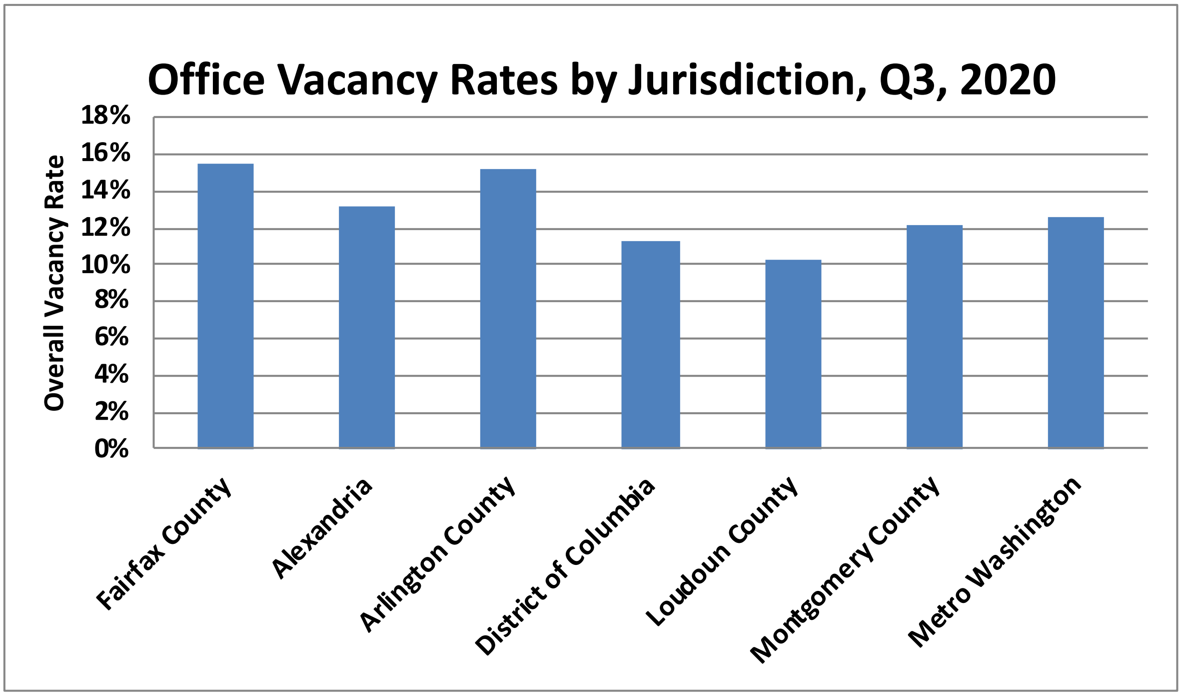
Though overall demand is slow and major vacancies persist, that does not mean that no new office buildings will be built, even in the near future. Regionally, several new buildings are successfully leasing space at high rents because of their suitability for open floor plan offices. With greater space use efficiency, companies can lease less space in a new building, often ending up with no increase in total rent while significantly upgrading their office space. Particularly competitive are mixed-use buildings that create a live/work/play environment in close proximity to Metro stations.

The economy is going through dramatic corrections as COVID-19 precautions have accelerated trends toward greater working from home. The effects of the pandemic on the regional economy continue to impact local employment rates, business growth and ultimately the demand for office space. Though most jobs in office-based industries were much less affected than those in public-facing industries (e.g., hospitality and retail), the massive shifts to teleworking are causing companies to rethink their office use strategies with a few notable companies shifting completely to teleworking. While it is unlikely that many businesses will completely abandon their offices given the importance of face-to-face socialization, collaboration and training, companies may reduce the amount of space they use with some workers coming in only one or two days per week. Office markets are likely to be disrupted for at least the next two to four years as the economy recovers from the pandemic and companies refine through their office use strategies.

Amazon's plans announced in 2017 to build Amazon HQ2 in Arlington suggest development of an estimated 6 million square feet of office space and 25,000 jobs by the mid-2030s. Amazon has said that it still plans to achieve the workforce projections, but the work-from-home trend responding to the COVID-19 pandemic may affect the scale and pace of the office development. The initial phase of development will result in a 2.1 million square-foot National Landing complex opening in 2023.

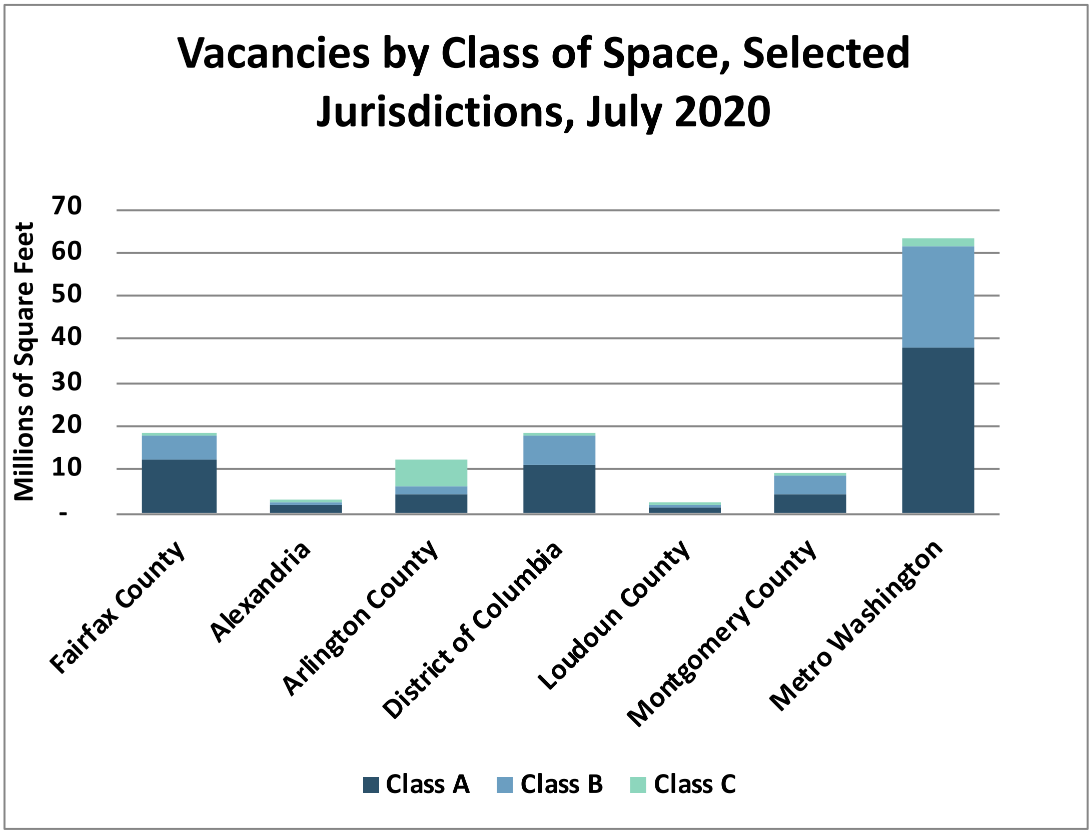
Office Existing Conditions

Within the metropolitan Washington regional office market, the total inventory reached 504 million square feet at the beginning of 2020. Fairfax County's office space represents 29 percent of this regional total with 118 million square feet.



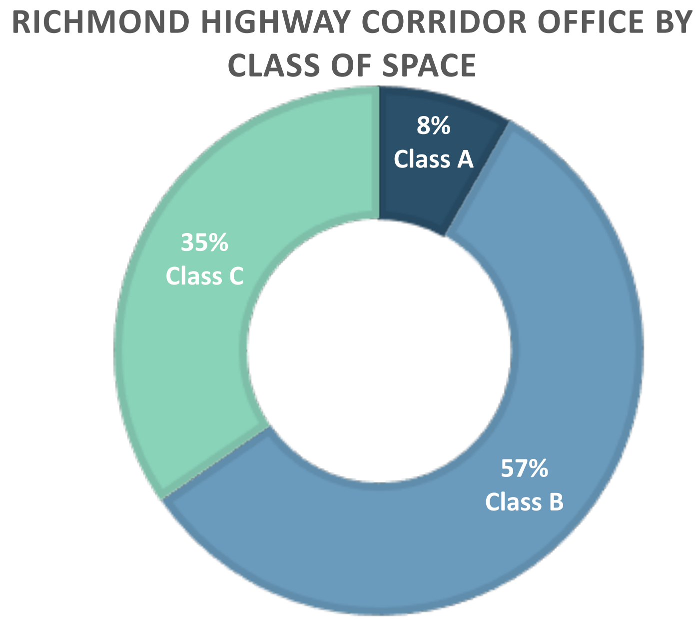
The regional office market has seen significant increases in vacancy rates over the past 15 years as new construction exceeded demand during the Great Recession just as demand declined precipitously. The metropolitan regional office market continues to struggle with high vacancies as the economics of office space meet the new realities of office demand. The metropolitan office market vacancy rate of 12.6 percent as of the third quarter of 2020 reflects an overhang of supply well in excess of the 8.0-percent vacancies that would indicate a market in good balance between supply and demand. With 18.3 million square feet of vacant office space, Fairfax County has the highest vacancy rate among the competitive jurisdictions at 15.5 percent, indicating a significant need to attract new tenants to occupy available office space. Over the past five years, net absorption (i.e., the increase in the amount of occupied space) in Fairfax County has averaged 672,000 square feet annually. Based on that historic absorption pace, the county's vacant space would represent a 13-year supply of space to reach an 8.0-percent vacancy rate if no new space were built. In fact, 2.67 million square feet of space are currently under construction across the county.

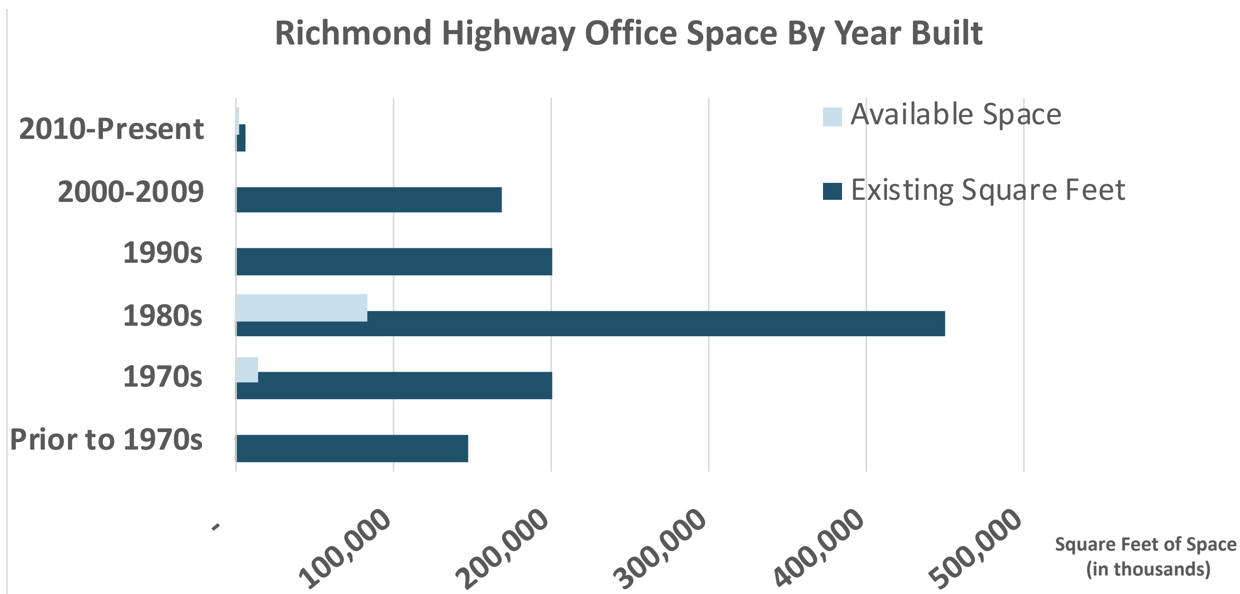
Classing of commercial space helps to evaluate existing supply by differentiating buildings by physical condition and operating performance. Class A represents those buildings with the highest level of building finishes in the best locations that command the highest rents, and Class C represents older properties in average condition, often in lesser locations, receiving lower than average rents.



The Richmond Highway corridor accounts for 1.0 percent of the county's total office inventory with 1.2 million square feet of office space. The majority of office space along the Richmond Highway corridor consists of pockets of general office space and neighborhood-serving offices for local doctors, accountants, insurance agents, physical therapists and attorneys. These types of office tenants depend on good access to the area's residential customer base. In addition, a few larger companies with sensitivity to occupancy costs locate along Richmond Highway. More often, larger corporate office users look for Class A office buildings in prominent locations with high-quality standard finishes, excellent access, state-of-the art building systems and communication system redundancy.

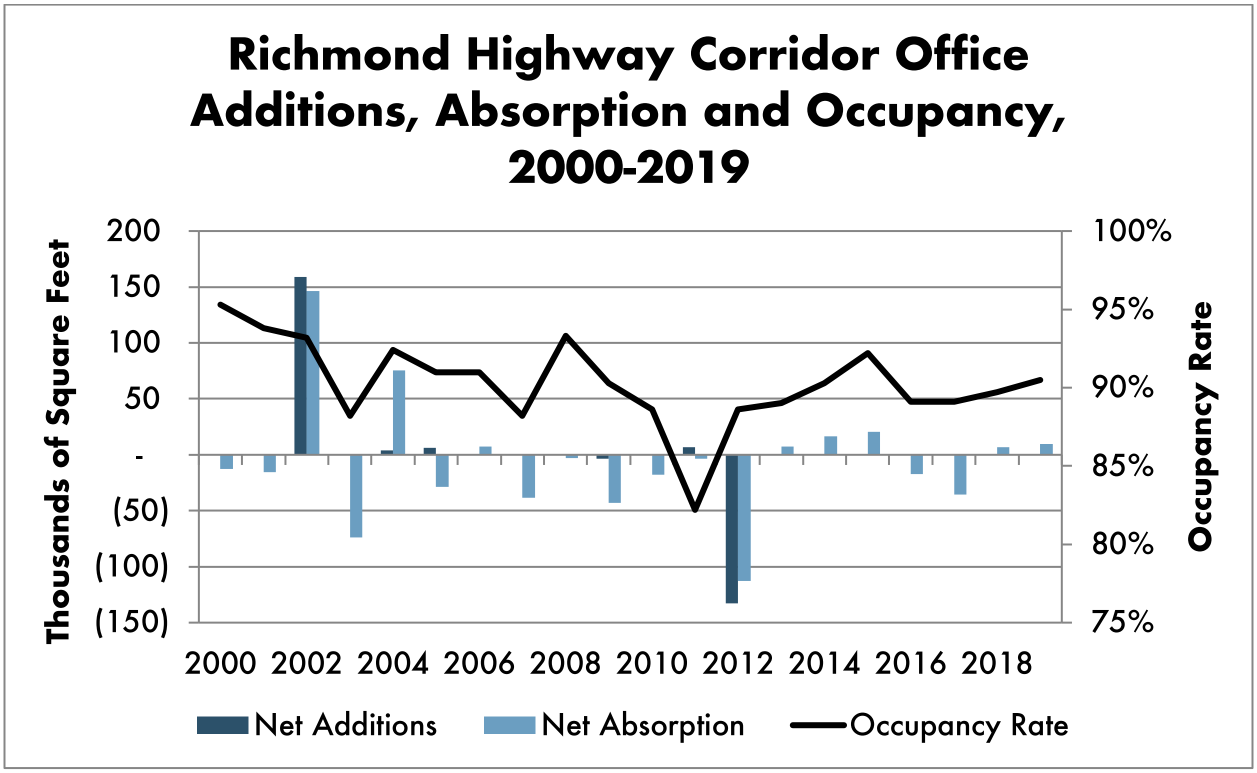
With 1.2 million square feet of space in 62 buildings, the Richmond Highway corridor office inventory is a mix of large and small, new and old buildings. Fifty-seven percent of the stock is in older Class B buildings; twenty-four Class C buildings offer 34.5 percent of the inventory. One-third of all the Class C office space was built prior to 1960, representing primarily small buildings of 6,000 square feet or less. More than half of the Class B space was built in the 1980s with another 27 percent of the space built in the 1990s. Offering eight percent of the total office inventory is the corridor's only Class A building with a total of 98,200 square feet in Huntington.





Smaller buildings of less than 30,000 square feet account for 53 buildings in the inventory of office space for all of Richmond Highway. The eight buildings with 30,000 square feet or more consist of mainly Class B buildings with 50,000 to 100,000 square feet of space. The corridor's office tenants vary significantly by size.

The following graphic tracks the corridor's office market over the past two decades. Net additions to the inventory (shown in the dark blue) have been minimal with one major building of 159,000 square feet delivered in 2002. Two buildings with a total of 132,600 square feet were demolished or converted to other uses in 2012. Net absorption (shown in light blue) averaged an annual loss of 4,400 square feet over the last 20 years. With 114,000 square feet of vacant available space, the corridor has an overall vacancy rate of 8.9 percent, only somewhat higher than desirable and much lower than the county-wide vacancy rate.



Along the Richmond Highway corridor three of the six designated Community Business Centers (CBCs) have significant amounts of office space. South County Center accounts for the largest inventory of office space with 320,223 square feet in nine properties. The overwhelming majority (86 percent) of the South County Center space is stable Class C space with high occupancies. The North Gateway / Huntington area abuts the Capital Beltway with its higher topography allowing for increased visibility for mid-scale office development. Plans for additional office development at the Huntington Metro station may expand its inventory of 248,000 square feet with proposals for another 446,000 square feet. Finally, Beacon / Groveton area has almost 155,900 square feet of office space, with only one Class B building and the remainder 44 percent of space classified as Class C. The small 63,000 square-foot office building scheduled to be incorporated in the Beacon at Groveton residential development will wait for a turn in the market cycle to begin construction.

For purposes of the office market conditions review, the 28,300 square feet of office space in Penn Daw, the 16,200 square feet in the Hybla Valley / Gum Springs CBC and Woodlawn's 31,500 square feet of office space reflect mostly neighborhood-service office demand.

Competitive Context

The demand for office space within the Richmond Highway corridor depends on the area's ability to compete both regionally and in the local context within each CBC. Throughout the Metropolitan Washington region, developers and jurisdictions vie to provide the most compelling incentive packages, offering concessions with rent reductions, more spending on tenant improvements and tax incentives to lure the few major office prospects in the market. As the Silver Line opens access to even more transit-oriented office sites in mixed-use communities, historically successful downtown DC will fight to keep an office foothold.

The regional competitive alternatives for office demand users, in particular along the northern section of Richmond Highway at the Huntington Metro station, include the Eisenhower Valley corridor, Old Town Alexandria and National Landing. A review of these markets Table 18 shows that each of these competitive locations has a much larger inventory of vacant space, offering office users a variety of space options at competitive rents ($23 to $33 gross rent).

Table 18. Competitive Office Submarket Conditions, Third Quarter, 2020

Submarket	Total Inventory	Vacancy Rate	Overhang of Vacant Space	Six Year Absorption (2014-2019)
Richmond Highway Corridor	1,204,114	8.9%	10,837	(8,464)
Competitive Locations				
Old Town Alexandria	14,594,555	9.0%	145,946	(41,794)
Eisenhower Ave Corridor	5,735,681	9.7%	97,507	214,360
National Landing	16,185,791	14.0%	971,147	672,164

Note: Overhang of vacant space refers to the difference between the current amount of vacant space and a more healthy vacancy rate of 8.0 percent.

Sources: CoStar; Partners for Economic Solutions, 2020.

Finally, new office space in the Richmond Highway corridor will compete with other existing office properties throughout the corridor.

Office Alternatives

The new vision for Richmond Highway hopes to develop the corridor as a location for more significant office development, possibly including a corporate office headquarters or regional office: research or innovation space; or a higher-education anchor. These new anchors would drive employment growth and complement existing and proposed mixed-use developments. This section evaluates the existing office and research market conditions and the corridor's ability to compete for these types of anchor users within the regional context.

Corporate and regional headquarters are the holy grail of economic development efforts. Most of the region's jurisdictions aggressively pursue all such opportunities, but the number of new headquarters offices is exceedingly small. The level of competition for the Amazon HQ2 project is indicative of the immensity of the challenge in focusing on such major single-tenant opportunities; every major and many second-tier cities competed. Successful competitors offered existing office space to accommodate the company's near-term needs along with sites for new construction; access to deep pools of talented workers and educational and training investments to generate a pipeline of future talent; outstanding regional, national and international accessibility; and mixed-use environments that offer live/work/play opportunities along with tax and other incentives.

Nowhere in the Richmond Highway corridor is there a site or an environment capable of competing successfully in that arena. The corridor will compete for more modest opportunities associated with much smaller office tenants. In fact, small businesses offer a stable foundation for job creation often targeted at the local population.

Innovation Uses

As the pace of office development stalls in many markets, economic development officials search for new users of commercial space beyond traditional office tenants. These prospective new users tend to seek some small component of traditional office space and an associated laboratory/ research facility, small-scale manufacturing (maker) space, and/or a showroom for proof-of-concept alternatives. Innovation space is an umbrella term for all these commercial uses.

Research & Development / Laboratory Space

Traditional research and development space began as one component of office development typically isolated on corporate campuses or associated with large institutional supports, such as universities or hospitals. At times these operations have valued proximity to federal agencies or exemplary technological infrastructure. Beyond organized research parks affiliated with universities, there are many other business parks that emphasize technology-based companies as well as informal clusters of technology companies that have developed over time, including those located in other sections of Fairfax County.

The experience of other research districts and research or technology parks provides insights into the potentials for the Richmond Highway corridor to offer research and development space. Direct university connections are typically an important factor in successful development of research and technology clusters. Tenants seek close affiliations with the university or college primarily to access the graduate student workforce and confer with research scientists. Another major factor is proximity to other tech companies, again related to access to experienced talent and for the benefits of collaboration.

The lack of a direct university relationship is a major competitive disadvantage for the Richmond Highway corridor. Many other potential locations have close proximity to the region's many universities with engineering and other programs. Over the longer term, Virginia Tech's presence on a new campus at Potomac Yard and Amazon's HQ2 in National Landing will bring new talent and tech activity to the Richmond Highway corridor in

Arlington and Alexandria. As that ecosystem develops and expands, greater opportunities will be created for the Richmond Highway corridor, but not in the near term.

Small laboratory users tend to locate where they can take advantage of existing lab space. Because lab space is very expensive to construct, the few developers that build lab space on a speculative basis are very selective in their investments, geographically targeting locations with existing clusters of biotechnology and related companies, major universities with large renowned biotechnology programs and/or proximity to major federal institutions such as the National Institutes of Health. In the Washington region, those locations have focused in Maryland's I-270 corridor and other parts of Fairfax County.

Proximity to the well-trained, available labor force at nearby Fort Belvoir may not be a reasonable attraction as the base offers ample on-site locational opportunities.

Maker Space (Small Scale Manufacturing)

Within Fairfax County existing maker entities such as Made in Fairfax Network offer local manufacturing businesses attractive spaces at affordable rental rates. The recently completed Small-Scale Production Initiative Report provides excellent guidance on these types of offerings in Fairfax County and the potential to provide satellite operations along Richmond Highway.

Small businesses creating tangible goods and offering busines / personal services or different types of experiential retail provide well-paying jobs, employ local residents more frequently than other businesses and tend to attract repeat local customers at a higher rate. These businesses tend to pay higher than minimum wages and may be more economically resilient in difficult economic times or will quickly fail, making room for another business. With the right operator, maker space could be a good addition to the Richmond Highway corridor. Unfortunately, one element of successful maker space, allowing for shared equipment and space for these small businesses, crafters and artisans, may be a challenging proposition until the COVID-19 pandemic health crisis dissipates.

Small-scale manufacturers often require special use permits and variances for operation. Working with Fairfax County to streamline the approval process for a temporary small-scale manufacturer to test a new product or service could help to attract and support entrepreneurs.

For artisan makers, small-scale manufacturers and food production operations, these start-up small businesses typically require less than 5,000 square feet and benefit from clustered locations. The former Mount Vernon high school property with spaces already divided into classrooms and sufficient communal shared spaces may work well for these types of users without the high cost of adaption required for other types of commercial space along the Richmond Highway corridor.

PES
Partners for
Economic Solutions

Office Potentials

Future demand for new office space in the study area is likely to be constrained by the large amount of existing vacant space in the corridor and the region as a whole, the significant amount of competitive space in Alexandria and National Landing and office tenants' increasing space efficiencies. Development of major new office buildings in the corridor is unlikely over the next 5 to 10 years, as developers will likely forego office development in favor of more profitable residential development.

In terms of positive market factors, the shift in locational preferences away from single-use office parks to mixed-use environments with Metro access and high-quality neighborhood amenities will support demand in the North Gateway / Huntington CBC as well as Penn Daw. Additionally, the impact of Amazon's HQ2 location in the nearby National Landing market may shift existing office users out of that area in search of a less expensive alternative. As a second-tier office market in first ring suburbs, North Gateway/ Huntington may benefit from the desire to be in a location that offers workers the ability to drive separately and remain socially distant while at work.

The office demand over at least the next five years will need to balance the shifts in existing supply. Ultimately office supply transitions will incorporate a mix of conversions and demolitions. With the economic growth spurred by Amazon's investment and the new BRT, the market may return to a better supply/demand equilibrium by 2026.

Table 19 summarizes the office development potential over the next 12 years by CBC. Existing neighborhood office capacity should satisfy demand for Beacon / Groveton and Hybla Valley / Gum Springs.

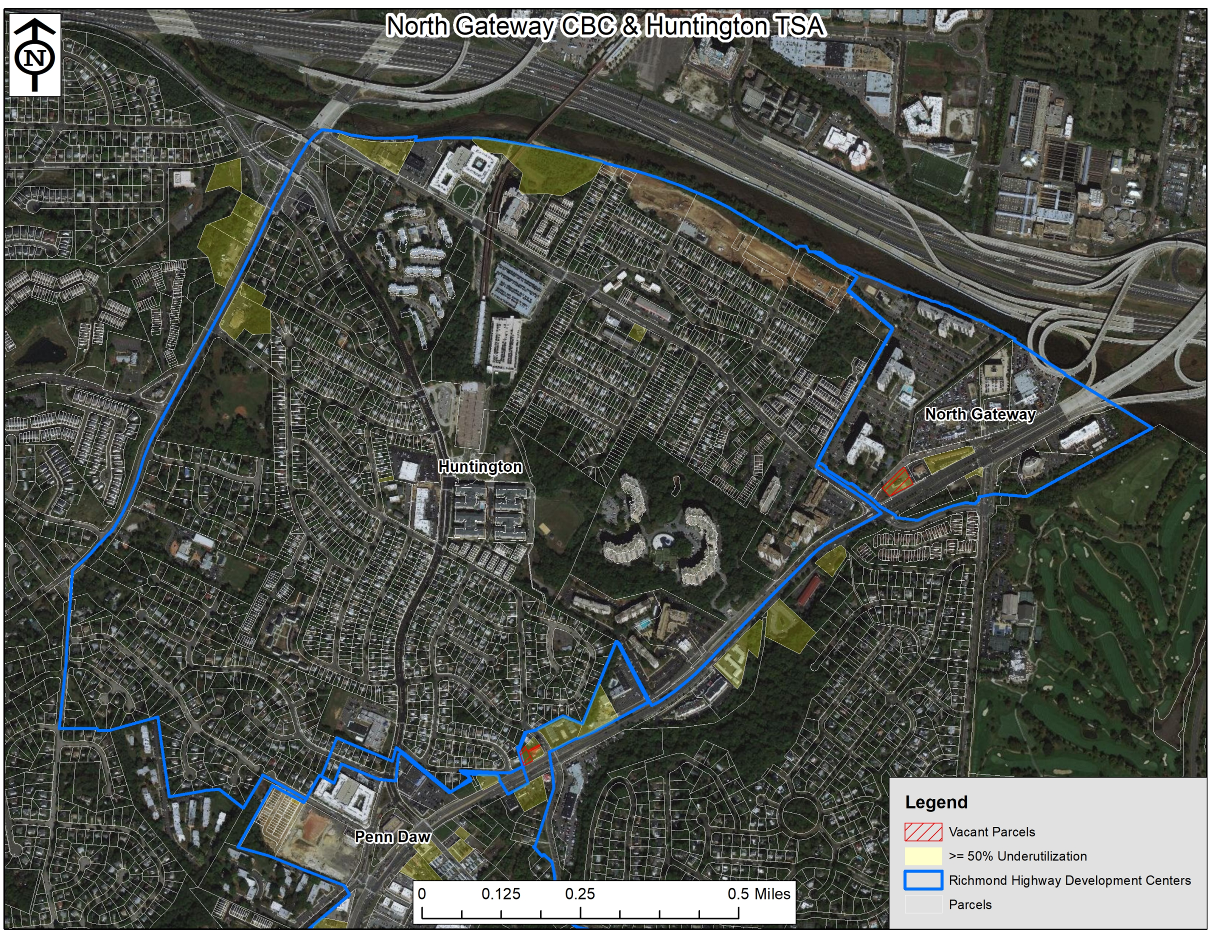
Table 19. Office Demand Conclusions, 2021-2032

	Near-Term Office Demand 2021-2027			Mid-Term Office Demand 2028-2032			Total Average Office Demand 2021-2032
Community Business Centers	Low Estimate		High Estimate	Low Estimate		High Estimate	
Huntington / North Gateway	150,000	-	175,000	225,000	-	250,000	**400,000**
Penn Daw	25,000	-	50,000	75,000	-	110,000	**130,000**
Beacon / Groveton	-	-	-	-	-	-	**-**
Hybla Valley / Gum Springs	-	-	-	-	-	-	**-**
South County Center	-	-	5,000	30,000	-	45,000	**40,000**
Woodlawn	-	-	-	20,000	-	30,000	**25,000**
Richmond Highway Corridor	**175,000**	**-**	**230,000**	**350,000**	**-**	**435,000**	**595,000**

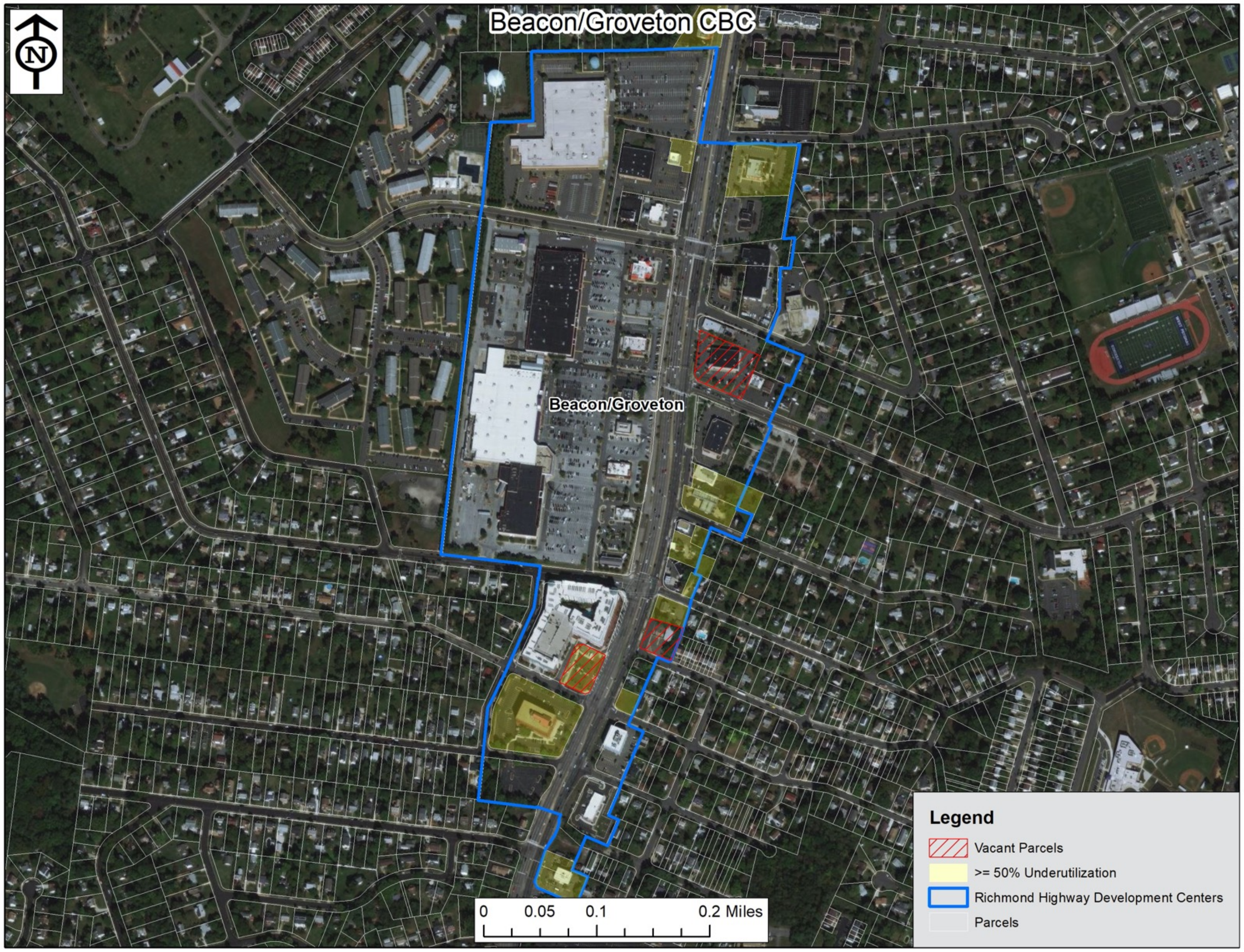
Source: Partners for Economic Solutions, LLC

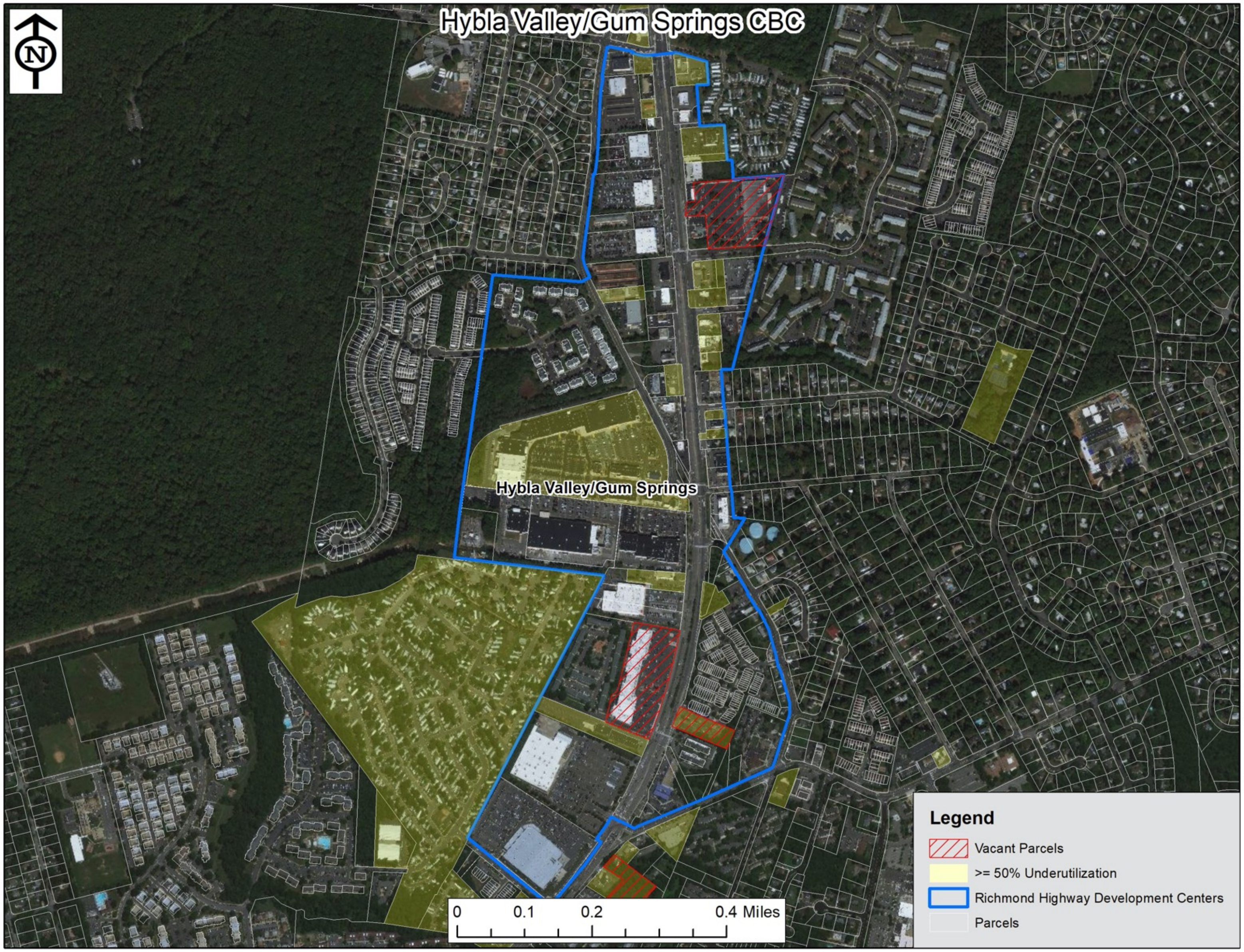
VII. Utilization Analysis of the Existing Inventory

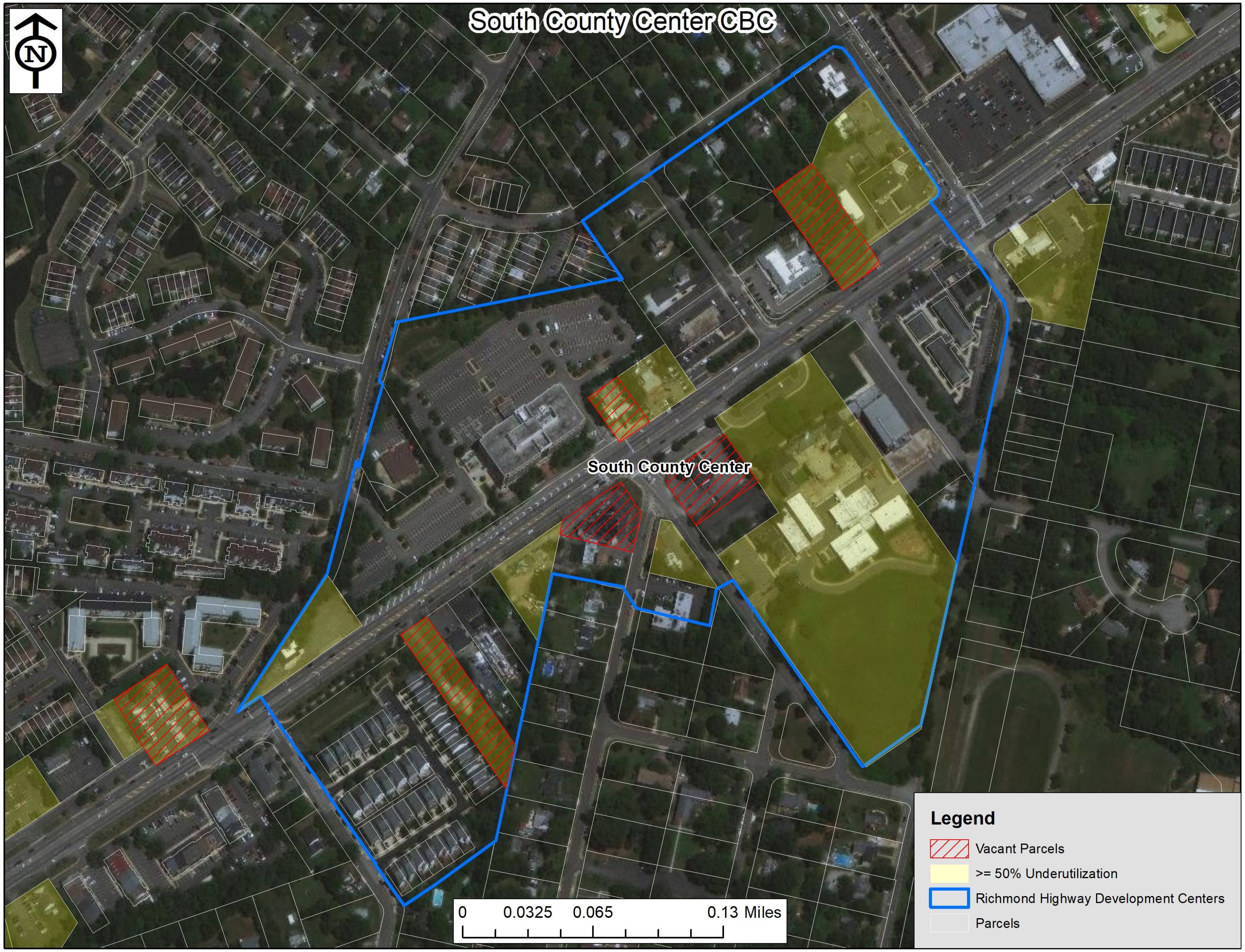
The utilization analysis for all commercial properties along the Richmond Highway corridor explored the existing position of properties and key indicators of redevelopment potential. It started with identification of parcels that are underutilized by virtue of having improvements valued at less than the value of the land. Contiguous properties were combined where one was identified as “false vacant” (e.g., a parking lot for an adjacent property) or vacant due to zoning restrictions and the properties had the same owner. A calculation of the ratio of assessed land value to assessed total value identified properties with ratios of 50 percent or more as being under-utilized. The results of this calculation are shown on the following maps and used to evaluate the existing commercial business environment.




Penn Daw CBC
N
Huntington
Penn Daw
Legend
Vacant Parcels
>= 50% Underutilization
Richmond Highway Development Centers
Parcels
0
0.05
0.1
0.2 Miles


Beacon/Groveton CBC
N
Beacon/Groveton
Legend
Vacant Parcels
>= 50% Underutilization
Richmond Highway Development Centers
Parcels
0
0.05
0.1
0.2 Miles


Hybla Valley/Gum Springs CBC
N
Hybla Valley/Gum Springs
0
0.1
0.2
0.4 Miles
Legend
Vacant Parcels
>= 50% Underutilization
Richmond Highway Development Centers
Parcels


South County Center CBC
N
South County Center
0 0.0325 0.065 0.13 Miles
Legend
Vacant Parcels
>= 50% Underutilization
Richmond Highway Development Centers
Parcels


Woodlawn CBC
N
Woodlawn
0
0.0425
0.085
0.17 Miles
Legend
Vacant Parcels
>= 50% Underutilization
Richmond Highway Development Centers
Parcels

VIII. Revitalization Recommendations

Close-in suburban communities with good transportation routes and transit service, such as the Richmond Highway corridor, offer key locations for growth with readily accessible transportation networks, infrastructure and designs that allow for efficient adaptation to urban patterns. However, several factors complicate and impede the urbanization process. Public intervention is often required to overcome those barriers. Suburban corridor transformation typically requires long-term focused efforts with committed leadership and resources. The *Embark Richmond Highway* plan provides a valuable vision for the corridor's future, but the plan alone is not sufficient.

The primary constraint on study area development has been the area's built-up nature driven by the automobile. The economics of redevelopment require property prices that allow the new development to generate an adequate return on investment. Redevelopment can be significantly delayed when the potential returns do not justify the costs and risks of new development.

When existing retail or office buildings are achieving good rents with low vacancies, they typically have property values that are too high to justify demolition and redevelopment. Acquiring such buildings for demolition and redevelopment is feasible only when the

- buildings are obsolescent due to age, condition or configuration,
- existing development uses a fraction of the development allowed by zoning,
- replacement uses could achieve high rents or prices,
- property owners are willing to sell, and/or
- the site is a small piece of a larger assembly that meets one or more of the first four criteria.

Those redevelopment decisions are influenced by the

- status of existing leases,
- conditions in the retail, office and residential markets,
- the amount and type of new development allowed by zoning,
- availability and cost of capital, and
- perceived development approval risks.

The opposition raised by some area residents to new development has raised the stakes significantly as delays add time, cost and risk to development costs. Delays during the approval process, costly modifications to design and scale, and required community benefits all represent major financial risks because return on investment depends on both the amount and timing of returns from new development. These threats dampen developers' willingness to invest in and pursue redevelopment.

A comprehensive implementation framework to guide the transitions along Richmond Highway would address the following five categories:

- Physical — targeting the creation of place first with available public buildings, promoting the use of art in public places, facade improvement programs, zoning and potential for property assemblage.
- Infrastructure — upgrades to public infrastructure along right-of-way or easements, side street connections and streetscape.
- Technical Assistance — working in conjunction with the Office of Economic Initiatives, Community Business Partnership and the Small Business Development Center, this work spans offering basic business assistance, reducing red tape, assisting in space relocation, and access to financing.
- Community Programs — engaging the broader residential and business community by activating open spaces with temporary urbanism.
- Investor / Lender Relations — marketing corridor opportunities to investors, property owners, Real Estate Investment Trusts (REITs) and developers, highlighting the different programs available to fill financial gaps such as federal Opportunity Zones and Fairfax County's Economic Incentive Program (EIP).

'The following section of the report outlines potential next steps to maintain and improve economic conditions along the corridor and to support successful transformation with new development activity targeted at the heavily anticipated BRT investment areas in designated CBCs.

Examples of Strip Commercial Corridor Transformation

Examples across the US with projects offering enhanced transit accessibility and urbanization of suburban commercial corridors include:

- **Second Street** in Rochester, Minnesota began to shift the suburban nature of a 1.5-mile corridor that connected St. Mary's Hospital to the Mayo Clinic and downtown with roadway improvements and changes in development patterns. Half of all Rochester jobs were within walking distance of the corridor. This effort made the Second Street corridor more pedestrian-friendly by reducing lanes from seven to six lanes, converting one lane into a bike lane to allow more bicycle activity. Sidewalks were widened, street trees planted, utilities buried, crosswalks improved, curb cuts reduced and small gathering spaces created, leading to a more urban atmosphere. Over the long term, the corridor will transition into a multi-modal corridor with improved bus facilities, pedestrian and bicycle facilities and a streetcar system. Plans were developed to concentrate density and intensity along Second Street. Three districts received distinctive plans that supported adjacent neighborhoods.

  Initiated in 2009 by stakeholders and the City of Rochester, the $7 million project increased property values significantly in the project's first year. The commercial corridor's overall commercial vacancy rate dropped from 5.5 percent in 2008 to 2.5

percent in 2019. Vehicle speeds dropped from 45-50 miles per hour to 30 miles per hour with the improvements, greatly improving pedestrian safety.

- **Aurora Avenue North** provides Bus Rapid Transit (BRT) in a multi-modal corridor from downtown Seattle to the City of Shoreline, Washington. Beginning with planning in 1998 and taking 18 years to complete, the three-mile-long project cost a total of $146 million for pedestrian and transportation improvements with funding from 21 different sources. The roadway itself was improved with landscaped medians, left-turn lanes, upgraded sidewalks and pedestrian amenities, enhanced crosswalks, new lighting and utility undergrounding. The Interurban Trail was improved to enhance regional bike access. The BRT RapidRide is one of six BRT lines run by King County Department of Transportation Metro Transit division. Since construction began, Shoreline has attracted many new businesses and 1,700 new housing units.

- **Hull Street corridor,** an aging commercial corridor (Route 360) serving South Richmond and the western part of Chesterfield County, was characterized by outdated commercial facilities, high speeds and minimal pedestrian amenities. The corridor received a federal Sustainable Communities grant and, under a partnership agreement, the City of Richmond and Chesterfield County undertook a cooperative revitalization strategy that included road and streetscape improvements, development of underutilized properties, open space improvements and economic/workforce development efforts. The City invested $36 million for sidewalks, crosswalks, medians, turn lanes, a bike path and landscaping in the corridor. From completion of the plan in 2013, the corridor's retail vacancies fell from 77,000 square feet (6.1 percent) to just under 10,000 square feet (0.7 percent) in mid-2020 according to CoStar. The office market did not fare as well, increasing from 23,500 square feet of vacant space in 2013 (7.5 percent) to 42,800 in 2019 (13.6 percent) and 55,300 square feet in mid-2020 (17.6 percent).

- **Arlington's Columbia Pike corridor** used form-based codes to transform the suburban commercial strip into a higher-quality urban environment. An intense community-led planning effort forged consensus on a new vision for the corridor that was then translated into new zoning guidelines incorporated in form-based codes that specified the form and placement of buildings in ways that enhance the public realm. Codifying that consensus allowed a shift in the development approval process that assured developers that if they designed in conformance with the codes, they would receive expedited approvals without the cost, time and risk of lengthy public reviews. That reduction in risk triggered a number of significant redevelopment projects including replacement of older shopping centers with mixed-use developments. Focused efforts on preserving housing affordability provided density incentives in exchange for committed affordable units. A Transit-Oriented Affordable Housing (TOAH) fund devoted 25 percent of incremental taxes to support development of new affordable housing. Corridor enhancements included new public open spaces, new bike and pedestrian infrastructure, and major streetscape improvements.

- **White Flint/Rockville Pike** began a long-term conversion of an intensive commercial strip corridor into a transit-oriented urban community as private landowners came together to form the White Flint Partnership. An intensive community engagement process resulted in an aggressive program to replace aging shopping centers with major mixed-use, office and residential developments building on the White Flint Metro station, Bus Rapid Transit and wholesale transformation of Rockville Pike into a pedestrian-friendly boulevard. From the planning process, a community organization, the Friends of White Flint, emerged to advocate for the redevelopment and continue to participate in the process going forward. The property owners agreed to accept a special tax to fund the major roadway, transit, park and other public improvements required to implement the plan. Significant progress has been made since the 2010 White Flint Sector Plan, including Federal Realty Investment Trust's acclaimed Pike & Rose mixed-use development that combines entertainment, retail, office and residential development surrounding a major public plaza activated by extensive programming. The full vision has not yet been achieved due in part to the regional slowdown in office development, which postponed several projects and the associated tax revenues for public improvements.

Lessons Learned

Key lessons emerge from these case studies:

- Major public investments are essential to change the physical environment and support private redevelopment efforts.
- Enhancing the pedestrian experience and placemaking are key to shifting from an auto-dominated strip to a more urban environment that attracts new residents and businesses.
- Corridor transformation takes time for public improvements and private investment to change conditions.
- Introduction of new transit services, such as the BRT planned for Richmond Highway, can help accelerate redevelopment by changing the public realm, focusing activity at station area nodes, improving accessibility and increasing demand.
- Supportive zoning can create the densities required to encourage private redevelopment investments.
- Successful implementation depends on forceful leadership by organizations with a clear mandate, dedicated staffing and resources.

Physical Reconfiguration / Infrastructure

Public Realm Enhancements

Successful transformation efforts rely on a package of physical improvements to create a pedestrian-friendly environment that supports walking and biking as well as driving. National examples combine a series of elements – streetscaping with sidewalk and street lighting, medians and turn lanes, bike lanes or trails, wider sidewalks, enhanced bus stops, narrower lanes to slow traffic, improved connections to adjoining neighborhoods and regional bike networks, and signage/banners – to improve the roadway corridor and its functionality for all users. The improvements then help to shift perceptions so that the corridor becomes more than just a traffic "sewer" to pass through as quickly as possible.

The Richmond Highway corridor does not have a unified public realm appearance. In parts, the area looks tired, inconsistent and indistinguishable from countless other commercial strip corridors across the country. The corridor's existing urban design character is characterized by strip commercial retail with little to distinguish nodes within the continuous strip. There are relatively limited pedestrian and bikeway connections into the neighborhoods, requiring even residents who live nearby to drive to neighborhood commercial destinations.

Transitioning to a pedestrian scale will be important to create pedestrian-friendly settings for urban development that depends on quality environments to compete for residential and commercial tenants. Opportunities should be explored to modify and adapt or redevelop shopping centers to accommodate multi-family development in an integrated environment while moving away from the dominance of parking lots along the corridor frontage.

The *Embark Richmond Highway* plan includes outstanding designs and guidelines for upgrading the corridor's public realm. The BRT plans incorporate a number of the key streetscape improvements. These guidelines serve as a companion to the Volume-I: Urban Design Guidelines for Commercial Revitalization Districts and Areas.

For retailers locating in a new mixed-use environment, there is an adjustment phase as they learn to compete with traditional retail space with immediately adjacent parking. The initial businesses need to work closely with the developers to assure visibility, clear paths from the thoroughfare to their business and associated parking, access to adjacent public spaces, provisions for curbside pick-up, and project marketing.

Preserving Opportunity for Higher and Better Uses

A key constraint on the ability to assemble and redevelop land along the Richmond Highway corridor is the existence of stable operating businesses or site-specific approvals for non-conforming uses. The corridor is home to many redundant convenient retail operations such as gas stations and storage facilities. These businesses offer viable commercial enterprises with an established customer base both from area residents and those outside the immediate community, sometimes tailoring to the needs of commuters, as well as providing jobs and generating taxes. Many of the convenience retail spaces along the Richmond Highway corridor were constructed in the last two decades and have not reached the end of their useful life. Despite lower rents and prices, these established convenience retail businesses offer property owners and operators (sometimes one and the same) sufficient return on their investment. The strong cash flow from current operations suggests less willingness to redevelop and take on new risk and debt. In many instances, this may inhibit future redevelopment.

Going forward before the BRT improvements are completed and the market is ready to support redevelopment for mixed-use projects, there will requests for special exceptions for conditional uses that are not compatible with the long-term vision for the corridor. The County should seek to limit any new such uses in locations that would prevent the desired redevelopment envisioned for the corridor. While gas stations, stand-alone convenience retail uses and storage may provide the best return in the near term, the long-term potentials should be protected. The zoning code allows for businesses that do not comply with the comprehensive plan to be developed as a conditional use (Z.O. Article 9). For such conditional uses, the County may establish a sunset provision (Z.O. Article 9-008, Time Limitations, Extensions, Renewals) to limit the use for a defined time period; in practice the time limits are rarely imposed. This sunset provision would allow the property owner to establish a temporary non-conforming use but still retain the future option for a higher and better use as part of a larger scale redevelopment. In the development review process, the Department of Planning and Development's Community Revitalization Section (DPD-CRS) should be consulted to determine the appropriateness of the special exception and whether a sunset provision should be applied. It should be noted that the applicant may appeal to the Zoning Administration Division (ZAD) for extension of use beyond the defined time period (Z.O. Section 9-012, Extensions of a Special Exemption). The ZAD review process for extensions should include a condition to consult with DPD-CRS and others to determine the use's impact on the goals of the Embark plan.

Assemblage

Several properties along the Richmond Highway corridor have obsolete structures on narrow lots unable to meet the needs of modern commercial users. Also problematic are some of the former residences converted to commercial use. These commercial properties are low-quality retail spaces; their limited storefront windows make it difficult for passing drivers to understand the nature of the commercial offerings. Customers prefer interesting, active, and attractive public environments. These areas may be ripe for assemblage or transition to other uses over time.

Fairfax County recently established the Economic Incentive Program to assist in assemblage in specific sections of the county. The program provides a 10-percent reduction in site plan fees, partial abatement of real estate taxes and expedited zoning scheduling. The tax relief abates a portion of the incremental taxes generated by the increase in property values after development relative to the values prior to redevelopment for up to 10 years. Eligible properties must include assemblages of a minimum of two acres not previously submitted for rezoning or site plan approval.

As the corridor shifts with more urban infill development, such properties within the CBCs should be considered primary targets for mid- to long-term redevelopment.

Technical Assistance

Long-time small businesses and businesses that serve ethnic markets are a critical element of Richmond Highway's retail offerings, providing unique shopping opportunities and an authenticity not available from shopping centers populated by national and regional chains.

However, these legacy/ethnic businesses face three major market threats in an urbanizing market – high rents, credit-worthiness and changing market demographics. New construction typically requires much higher rents than do older strip shopping centers, limiting the number and types of retailers and service providers than can make the transition into the newly created spaces. Developers of new mixed-use projects are often pressured by their lenders and investors to limit their leases to credit-worthy tenants (including chain retailers) who can sign longer leases, particularly if the developer is responsible for significant tenant improvements. Urbanization is often accompanied by gentrification as the new housing demands higher rents and the area's appeal to potential renters and homebuyers increases with improved accessibility. The loss of older housing that has accommodated recent immigrants and other lower-income households pushes those residents from the area, diminishing the customer base for some legacy/ethnic businesses. Older businesses need to adapt their business offerings and marketing to appeal to new area residents and take advantage of the improved transit service.

Potential responses group into four major categories:

- access to appropriate spaces;
- technical assistance – leases, financing, technology;
- financial assistance; and
- support during infrastructure construction projects.

Access to Appropriate Spaces

Essential to the continued success of legacy brick-and-mortar business operations in the corridor is access to appropriate facilities at affordable rents. Pressures associated with urbanization and transit improvements often lead to demolition of low-density, older stores in favor of new mixed-use developments. Newly constructed spaces typically carry significantly higher rents, often beyond the spending capacity of legacy and international businesses.

Long-time small businesses and businesses that serve ethnic markets benefit from preserving a portion of the existing stock of older retail space that will continue to be available at the lower rents that can be supported by new independent businesses and those working on tight profit margins. Redevelopment is unlikely to occur all at once up and down the corridor, so some opportunities will continue to exist for some time, particularly in the portions of the corridor more than a quarter-mile from a BRT station. As noted earlier, there are many economic incentives for property owners to continue renting out their existing facilities rather than sell or face the challenges and costs of redevelopment.

Building ownership is one of the most effective tools in giving businesses greater control over their futures. Technical and financial assistance to help businesses purchase their facility, either in total or as a commercial space condominium, would empower them. Most retailers are dependent on leased space whose future is controlled by an often-absentee landlord. The Community Land Trust model used most often for housing could have potential. The concept is to buy commercial facilities and sell the individual spaces at below-market prices subject to a low-cost ground lease. The Land Trust controls the resale of building spaces to keep the rents below market rates. Successful operation would require an established organization with financial resources and the capacity for long-term management and enforcement of the deed restrictions.

In cases where redevelopment is desirable, the County could provide zoning incentives whereby additional density is made available in exchange for provision of public benefits, including commitments to lease commercial space to legacy/international or small businesses at reduced rents. Deed provisions and mechanisms for long-term enforcement would be needed. This incentive zoning could be modeled on inclusionary zoning for affordable housing. It should be understood, though, that the value created by additional density allowed in mixed-use developments might otherwise be used to support affordable housing.

County influence on leasing in redevelopment projects is much greater where public assistance is provided to support redevelopment. In a public/private partnership, the County could require that retail spaces be provided for legacy or small businesses at reduced rents. County funding of a portion of the public/private partnership development costs would then provide a mechanism to offset the burden on the project's financial feasibility.

Another provision could require that relocation assistance be provided to legacy and ethnic businesses displaced by the redevelopment so that the businesses would not need to go dark for the one to two years of construction.

Business Assistance

The overriding reality for small business owners is that there is never enough time to run a business. Most small business owners work long hours in the store or restaurant, waiting on customers, cooking, managing employees, maintaining the books, ordering and completing the hundred different daily tasks essential to successful retailing. Many business owners, particularly immigrant owners, may lack the skills, knowledge and contacts to negotiate a favorable lease, access financing, successfully navigate County processes or take their businesses online. Hands-on technical assistance provided by trained professionals can be very effective in helping such businesses survive and thrive. Low-cost legal assistance could be invaluable to business owners in negotiating fair space leases consistent with best leasing practices. Individuals or groups that can provide such services in a culturally appropriate manner can be particularly effective. Local governments often contract with non-profit organizations, such as the Latino Economic Development Center, to provide targeted services to small businesses.

Other communities hire neighborhood equity coordinators to provide similar services to entrepreneurs active in lower-income communities. Outreach is particularly important in reaching individual business owners and gaining their trust.

The COVID-19 pandemic has highlighted the importance of going online. Hands-on technical assistance to help local businesses take full advantage of social media and the Internet for online sales can be invaluable.

Aa the local customers change with redevelopment, targeted assistance can help legacy and ethnic businesses to shift their merchandising, business focus, facilities and/or business practices to better appeal to the new customer base. Experienced retail consultants can work with individual businesses to understand the new customers and respond with effective adjustments to their long-time business practices.

Financial Assistance

Access to capital is a major issue for many small and ethnic businesses. They often lack access to bank financing and may not have the ability to borrow from family and friends to cover start-up and other costs. The Small Business Administration provides small business loans for fixed assets; technical assistance can help local businesses to apply and qualify. The grant programs providing funds for COVID-related improvements and job preservation have been invaluable. The County has been very effective in helping to deliver those funds in a timely manner. Fairfax County's RISE grant program assisted 94 businesses in the Richmond Highway corridor, totaling $1 million in assistance. Over the long-term, a revolving loan fund available to businesses not otherwise eligible for private financing could be effective, particularly if provided in conjunction with local lending institutions.

Façade improvement grants/loans have long been an important tool in supporting retail businesses to upgrade their buildings and improve their image and customer appeal. Leveraging private investment with public dollars creates an ideal partnership and the ability to do more with fewer resources. Façade improvement programs operated by local jurisdictions provide funding to local businesses for improvements to the exterior of commercial properties, ranging from exterior painting to new signage. Often one store owner's investment becomes "contagious" and encourages other property owners to follow suit.

The structure of façade improvement programs should always be underwritten with minimal requirements: personal guarantee; evidence of two or more estimates for the proposed work; authorization from property owner if tenant-based improvements; and nominal application fee (to cover credit history report and staff time). Across the nation the amount of façade improvement funding varies from $10,000 requiring a 50-percent private business match up to $30,000 for specific projects. Many façade improvement programs use a conditional loan, which reverts to a grant if the applicant meets all requirements (e.g., makes improvements to the structure in a timely fashion). Some jurisdictions couple façade improvement programs with free architectural assistance for designing the improvements.

Support During Infrastructure Construction Projects

While the BRT and associated improvements to Richmond Highway can be expected to improve business conditions once complete, the construction period can be a time of great stress on small businesses. Access and visibility may be interrupted, traffic snarls can deter customers, and the construction activity may lead customers to believe the businesses are closed. Aggressive actions are needed to communicate with businesses and their customers about construction plans and activities. Continuous maintenance of access is critical to business success, particularly in a corridor as auto-oriented as is Richmond Highway. Clear signage to inform customers that the businesses remain open can be effective in reducing the negative impacts on customer activity.

However, some business impacts are inevitable during major infrastructure projects in heavily-travelled corridors. Small businesses that can least absorb the extended impacts of access limitations will need financial help to adapt to the new conditions and offset business losses. As much as possible, such grant and loan programs should try to minimize the red tape and paperwork required to qualify for assistance.

Community Programs

Public plazas and open spaces provide gathering places and opportunities for community activities that encourage people to linger, frequent additional businesses and interact with their neighbors. In some locations, the addition of a street grid helps to break up the shopping center super-blocks into multiple blocks with a finer scale that supports new development on a more urban scale.

As the County moves ahead to implement the *Embark Richmond Highway* vision, the introduction of BRT offers the opportunity to focus pedestrian activity and new development in nodes along the corridor. Placemaking will be critical in creating a new image for the corridor and distinctive character elements for each CBC. Quality public spaces can play an important role in supporting local businesses, particularly in CBCs. Public art and activities help to build community ties and loyalties, particularly when they emerge from an ethnic community's identity and history.

Activation is a hallmark of successful urban commercial districts. Shoppers and other community members seek out opportunities for interaction with their neighbors and others. The best business districts and neighborhood centers offer a series of programs and activities to draw in customers and patrons. These activities range from yoga in the park to farmers markets to major festivals. Such activities help residents become part of the community, connecting them with their neighbors and deepening their ties to the area. Richmond Highway could benefit from a more robust set of community activities.

Daytime Population and Non-Traditional Anchors

Local employees can form an important component of a retail district's sales, particularly in a downtown or other major office center. This "daytime population" provides valuable patronage as workers pick up breakfast, come out for lunch or stop for happy hour on the way home. Customers shopping during the day while nearby residents are away at work allow local restaurants and retailers to boost sales and make better use of their facilities. The Richmond Highway corridor benefits from the presence of 1.2 million square feet of office space, which will increase somewhat into the future. However, conditions in the overall office market will limit new office development. The addition of maker spaces as described earlier could help to expand the corridor's daytime population.

The daytime population can also expand with the growth in work-at-home trends and development of non-traditional anchors. During the COVID-19 pandemic the extent of individuals working from home has created a residence-based daytime population unusual for the corridor. Anecdotally, businesses report more mid-day businesses than typical before the pandemic.

Other commercial corridors take advantage of institutions such as hospitals and satellite college campuses as activity anchors. On a smaller scale, public libraries and community centers can serve the role of attracting people to the corridor who may then also shop in local stores or patronize local eateries.

Branding and Marketing

The Richmond Highway corridor suffers from a lack of positive branding and marketing. What image the corridor has now is rooted in the negative images of asphalt, traffic congestion, multiple signs, and inconsistent streetscapes. The introduction of BRT in the corridor will create an opportunity to create a new brand and marketing image in line with the major infrastructure investments. However, the scale of the effort and ability to promote cohesive options will be critical.

The length of 7.3 miles appropriate for planning efforts, including the *Embark Richmond Highway* plan and other transportation initiatives, contains such variability in character that a single brand would be insufficient. An overarching message of a cohesive corridor able to access many of the programs available via Fairfax County, Virginia and federal funding remains valuable. However, it is critical not to reflect the identity as either one umbrella corridor with station areas or as independent CBCs, but rather to do both simultaneously. For marketing and branding purposes, it would be best to allow each CBC or small clusters of CBCs to distinguish itself with a unique brand consistent within an overall corridor brand.

As an example, the transformation of Second Street discussed earlier revamped roughly 1.5 miles between US Highway 52 and West Circle Drive as an initial phase of re-branding the commercial corridor. This area became the Uptown District, but the designation did not extend the full length of Second Street.

In marketing its section of the larger New Hampshire Avenue corridor, Takoma Park created the brand "New Ave" and a vibrant logo. The brand was then propagated with a website, a newsletter, mailings to area residents and signage.

Along the southern section of Richmond Highway, recent efforts to link the tourism assets with linked promotional, ticketing and marketing efforts will help to attract more visitors. A good example of corridor tourism marketing is the Battle Road Scenic Byway that runs parallel to Route 2 in Massachusetts connecting Arlington, Lexington, Lincoln and Concord. With major tourism assets including Minute Man National Historic Park, this corridor's planning efforts from 2010 to 2011 helped brand the "Road to Revolution" and establish partnerships among the different jurisdictions and tourism assets. The branding effort focused on the corridor while allowing each individual community to retain its unique identity within the overall corridor marketing effort.

With the introduction of the BRT and associated roadway and streetscape improvements, a marketing program should begin for the individual CBCs as they develop distinct characters, activities and business clusters. Local organizations should be included in these efforts, using social media to reach their members.

In Austin, Texas, the Austin Independent Business Alliance (AIBA), a local non-profit, has established independent business zones. Businesses located in these zones choose to become members and benefit from access to staff resources that assist in organizing the management of the zone, particularly focusing on signage and a separate budget for area-wide marketing efforts. AIBA promotes "buy local" campaigns, membership directories and cross-marketing events and activities.

IX. Next Steps

Transforming Richmond Highway's commercial strip into a series of urban communities that can compete for future development will take time, particularly given the length of the corridor. Effective implementation will require leadership and resources. The efforts should be carefully targeted sequentially to one or two CBCs at a time to achieve the desired impact rather than spreading activities thinly across the entire corridor. Such sprinkling of activities and investments is often too little to make a noticeable difference.

Some of the revitalization activities outlined in the preceding section will be most appropriate in the mid- and long-term. This discussion of next steps focuses on the highest priority actions for the next one to three years.

Leadership and Organization

Public/private redevelopment and Main Street revitalization experiences nationally have demonstrated again and again the importance of dedicated organizations and staff. It will be very hard for any countywide organization to provide the sustained focus and resources essential to achieving change for Richmond Highway. The corridor needs people that come to work every day solely focused on advancing the *Embark Richmond Highway* plan, working with County agencies, business and property owners, developers and the community. Much of the change needs to happen one property and one business at a time, facilitated by personal interaction with skilled development specialists.

The first order of business should be to bring together the many County and area organizations involved with Richmond Highway revitalization to develop a near-term implementation strategy with clear lines of responsibility, timelines and the necessary staff and financial resources. Accountability must come with the responsibility and resources.

BRT Acquisitions

The BRT improvements will require a series of property acquisitions – roughly 17 acres based on the initial plans. Those acquisitions will affect a number of businesses starting in 2021, triggering assistance needs while also creating some longer-term property assemblage opportunities.

- Create a list of current properties along the corridor within the CBCs impacted by acquisitions during BRT construction.
- Prioritize buildings impacted by partial takings and parking reductions as targets for reinvestment funding.
- Identify any assemblage opportunities resulting from full or partial takings.
- Work with zoning administrators to assure that permits issued for uses not consistent with the long-term vision are subject to sunset provisions.

Business Assistance

During the COVID-19 pandemic, many local governments created specifical financial tools in the form of small business conditional loans or grants to help struggling businesses during the economic downturn. Without doubt, Fairfax County's RISE program offered support to many Richmond Highway corridor businesses. The County should consider adapting this program for continued use in the corridor. Coordination and partnerships with existing small business assistance providers (e.g., the Small Business Development Center at George Mason University) and local Chambers and business organizations would leverage valuable resources and networks.

- Develop a manual/directory of business assistance programs available through the County and all its partners active in the corridor and translate it into multiple languages.
- Market the availability of assistance through existing organizations and networks, being sure to provide appropriate outreach to legacy and ethnic businesses.
- Reach out to businesses impacted by the BRT acquisitions with an assistance package to help them relocate or adapt to the reduced size of their properties.
- Develop a marketing and financial assistance plan to support local businesses during the construction of BRT improvements.

Near-Term Activation

As the pandemic continues to impact the economic conditions, achieving the corridor's market potentials will require further support to increase activity. Rather than lose momentum, a series of focused interim uses should be developed for two to three sites along the corridor. As the following examples illustrate, interim uses on underutilized parking lots and sites waiting for redevelopment can enhance the area's ability to attract and support new development. Farmers markets, outdoor movies, free outdoor exercise classes, live music, festivals and children's events help to animate an area, bring residents out to participate and build community.

- Work with partners, possibly including arts and community groups, to develop interim uses for underutilized parking lots in two or three sites.
- Create a streamlined approach for approval of interim uses with a simple list of steps translated into multiple languages. Approvals should focus on key issues while providing flexibility within certain parameters.

Activation Examples

After a series of earthquakes in February 2011, Christchurch New Zealand began years of reconstruction and revitalization to sections of the city devasted by the natural disaster. Championed by the central government's infrastructure rebuilding and a series of non-profit entities, this effort enlivened parcels made vacant by demolition of failing structures. Throughout the city, the Christchurch City Council authorized transitional uses on the newly vacant sites. Positioned as a place for experimentation, the Commons emphasizes projects that engage the community and promote the greater community good, social change, collaboration, locals' creativity and diversity with the ability to be relocated. Key to these temporary urbanism efforts are partnerships with non-profit entities to support the activation of the space.

Among the temporary uses were a six-foot joy stick that allowed people to control a giant space invaders arcade game, the Dance-O-Mat – a coin-operated outdoor dance floor with surround sound system, lighting and access to play your own music, a makeshift grandstand, piano, green space with available sports equipment, a collection of food trucks, a community bike repair shed, and other elements to engage community members.

In Fortaleza, Brazil, a pilot project repurposed an underutilized road space to improve the community and gain public support for pedestrian safety efforts. With paint, planters, trash cans and benches, the 13,000 square-foot Charterers' Square adjacent to an existing retail strip was transformed into a temporary urban plaza. Volunteers and area residents painted the asphalt in bright geometric shapes to create a vibrant public plaza. Workshops were organized, including opportunities to learn to ride bikes and to build urban furniture. The public open space offers a new public space for performances, live music and outdoor games. The new activity drew residents to the area and boosted the sales of adjacent retailers.

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Appendix Tables

Table A1. Population and Household Trends, 2000-2019								
	North Gateway		Penn Daw		Beacon Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population								
2000	14,897		8,159		9,735		969,836	
2010	15,467		8,600		10,490		1,081,726	
2019	18,959		10,079		11,712		1,132,004	
2000-2019 Change	4,062	27.3%	1,920	23.5%	1,977	20.3%	162,168	16.7%
2000-2010 Change	570	3.8%	441	5.4%	755	7.8%	111,890	11.5%
2010-2019 Change	3,492	22.6%	1,479	17.2%	1,222	11.6%	50,278	4.6%
Households								
2000	7,114		3,210		3,774		350,752	
2010	7,394		3,181		3,774		391,627	
2019	8,627		3,659		4,119		407,392	
2000-2019 Change	1,513	21.3%	449	14.0%	345	9.1%	56,640	16.1%
2000-2010 Change	280	3.9%	(29)	-0.9%	-	0.0%	40,875	11.7%
2010-201 Change	1,233	16.7%	478	15.0%	345	9.1%	15,765	4.0%

Note: North Gateway and Huntington demographic area includes Census Tracts and Block Groups: 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, and 4151. Penn Daw demographic area includes Cenus Tracts and Block Groups: 4206 and 4151.001, 4151.002, and 4214.001. Beacon Groveton demographic area incorporated the following Census Tracts and Block Groups: 4151.002, 4153.001, 4153.002, 4153.003, 4208.003, 4214.001, and 4214.00.

Source: ESRI, Community Profile, 2020; Partners for Economic Solutions, 2020.

Table A-2. Population and Household Trends, 2000-2019								
	Hybla Valley / Gum Springs		South County Center		Woodlawn		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population								
2000	16,011		20,553		11,361		969,836	
2010	18,151		23,624		13,434		1,081,726	
2019	18,284		23,998		13,934		1,132,004	
2000-2019 Change	2,273	14.2%	3,445	16.8%	2,573	22.6%	162,168	16.7%
2000-2010 Change	2,140	13.4%	3,071	14.9%	2,073	18.2%	111,890	11.5%
2010-2019 Change	133	0.7%	374	1.6%	500	3.7%	50,278	4.6%
Households								
2000	5,928		7,208		4,516		350,752	
2010	6,409		7,836		4,980		391,627	
2019	6,329		7,802		5,044		407,392	
2000-2019 Change	401	6.8%	594	8.2%	528	11.7%	56,640	16.1%
2000-2010 Change	481	8.1%	628	8.7%	464	10.3%	40,875	11.7%
2010-201 Change	(80)	-1.2%	(34)	-0.4%	64	1.3%	15,765	4.0%

Note: Hybla Valley Gum Springs demographic area incorporates Census Tract Block Groups: 4124.004, 4125.001, 4125.002, 4125.003, 4154.011, 4154.012, 4154.013, 4154.023 and 4155.004. South County Center demographic area includes: 4216, 4217.01, 4217.02, 4159, and 4160. Woodlawn demographic area includes Census Tract Block Groups: 4160.002, 4160.001, 4217.021, 4218.001, 4218.002, 4218.003, and 4219.001.

Source: ESRI, Community Profile, 2020; Partners for Economic Solutions, 2020.

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Table A-3. Population by Age, 2019								
	North Gateway		Penn Daw		Beacon Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population by Age								
0 to 19 Years	3,751	19.8%	2,869	28.5%	3,115	26.6%	286,185	25.3%
20 to 24 Years	1,161	6.1%	575	5.7%	644	5.5%	63,303	5.6%
25 to 34 Years	3,518	18.6%	1,418	14.1%	1,574	13.4%	151,950	13.4%
35 to 44 Years	3,127	16.5%	1,455	14.4%	1,773	15.1%	159,570	14.1%
45 to 54 Years	2,419	12.8%	1,346	13.4%	1,664	14.2%	157,876	13.9%
55 to 64 Years	2,352	12.4%	1,187	11.8%	1,467	12.5%	153,559	13.6%
65 to 74 Years	1,665	8.8%	800	7.9%	910	7.8%	100,489	8.9%
75 to 84 Years	726	3.8%	326	3.2%	367	3.1%	42,775	3.8%
85 Years and over	240	1.3%	103	1.0%	198	1.7%	16,297	1.4%
Total	**18,959**	**100.0%**	**10,079**	**100.0%**	**11,712**	**100.0%**	**1,132,004**	**100.0%**
Median Age	**38.1**		**36.2**		**37.8**		**38.9**	

Note: North Gateway and Huntington demographic area includes Census Tracts and Block Groups: 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, and 4151. Penn Daw demographic area includes Cenus Tracts and Block Groups: 4206 and 4151.001, 4151.002, and 4214.001. Beacon Groveton demographic area incorporated the following Census Tracts and Block Groups: 4151.002, 4153.001, 4153.002, 4153.003, 4208.003, 4214.001, and 4214.00.

Source: ESRI, Demographic and Income Profile, 2020; Partners for Economic Solutions, 2020.

Table A-4. Population by Age, 2019								
	Hybla Valley Gum Springs		South County Center		Woodlawn		Richmond Highway Corridor	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population by Age								
0 to 19 Years	5,848	32.0%	6,748	28.1%	3,670	26.3%	22,232	26.7%
20 to 24 Years	1,395	7.6%	1,446	6.0%	859	6.2%	5,271	6.3%
25 to 34 Years	2,903	15.9%	3,338	13.9%	2,004	14.4%	12,742	15.3%
35 to 44 Years	2,652	14.5%	3,367	14.0%	1,922	13.8%	12,395	14.9%
45 to 54 Years	2,197	12.0%	3,214	13.4%	1,911	13.7%	10,942	13.1%
55 to 64 Years	1,757	9.6%	2,962	12.3%	1,827	13.1%	9,887	11.9%
65 to 74 Years	1,029	5.6%	1,821	7.6%	1,103	7.9%	6,231	7.5%
75 to 84 Years	384	2.1%	791	3.3%	466	3.3%	2,620	3.1%
85 Years and over	119	0.7%	311	1.3%	172	1.2%	1,004	1.2%
Total	**18,284**	**100.0%**	**23,998**	**100.0%**	**13,934**	**100.0%**	**83,324**	**100.0%**
Median Age	**31.4**		**36.4**		**37.2**		**36.1**	

Note: Hybla Valley Gum Springs demographic area incorporates Census Tract Block Groups: 4124.004, 4125.001, 4125.002, 4125.003, 4154.011, 4154.012, 4154.013, 4154.023 and 4155.004. South County Center demographic area includes: 4216, 4217.01, 4217.02, 4159, and 4160. Woodlawn demographic area includes Census Tract Block Groups: 4160.002, 4160.001, 4217.021, 4218.001, 4218.002, 4218.003, and 4219.001.

Source: ESRI, Demographic and Income Profile, 2020; Partners for Economic Solutions, 2020.

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Table A-5. Households by Size, 2018								
	North Gateway		Penn Daw		Beacon / Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Households by Size								
1 Person	3,312	41.1%	834	22.3%	1,219	29.4%	88,669	22.5%
2 People	2,717	33.7%	1,233	32.9%	1,081	26.0%	123,063	31.2%
3 People	1,029	12.8%	611	16.3%	596	14.4%	71,443	18.1%
4 People	597	7.4%	639	17.1%	687	16.6%	67,328	17.1%
5 People	234	2.9%	211	5.6%	254	6.1%	27,528	7.0%
6 People	98	1.2%	50	1.3%	92	2.2%	10,391	2.6%
7+ People	67	0.8%	165	4.4%	222	5.3%	6,025	1.5%
Total Households	**8,054**	**100.0%**	**3,743**	**100.0%**	4,151	**100.0%**	**394,447**	**100.0%**
Average Household Size	**2.20**		**2.75**		**2.84**		**2.75**	

Note: North Gateway and Huntington demographic area includes Census Tracts and Block Groups: 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, and 4151. Penn Daw demographic area includes Cenus Tracts and Block Groups: 4206 and 4151.001, 4151.002, and 4214.001. Beacon Groveton demographic area incorporated the following Census Tracts and Block Groups: 4151.002, 4153.001, 4153.002, 4153.003, 4208.003, 4214.001, and 4214.00.

Source: American Community Survey 2014-2018; Partners for Economic Solutions, 2020.

Table A-6. Households by Size, 2018								
	Hybla Valley / Gum Springs		South County Center		Woodlawn		Richmond Highway Corridor	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Households by Size								
1 Person	2,792	26.6%	2,745	18.6%	22,903	21.9%	47,195	23.7%
2 People	3,275	31.1%	4,506	30.6%	32,486	31.0%	66,294	33.3%
3 People	1,898	18.0%	2,912	19.8%	19,066	18.2%	35,015	17.6%
4 People	1,522	14.5%	2,645	17.9%	18,636	17.8%	29,656	14.9%
5 People	634	6.0%	1,212	8.2%	7,628	7.3%	13,198	6.6%
6 People	240	2.3%	456	3.1%	2,520	2.4%	4,863	2.4%
7+ People	155	1.5%	261	1.8%	1,510	1.4%	3,157	1.6%
Total Households	**10,516**	**100.0%**	**14,737**	**100.0%**	104,749	**100.0%**	**199,378**	**100.0%**
Average Household Size	**2.56**		**2.84**		**2.72**		**2.63**	

Note: Hybla Valley Gum Springs demographic area incorporates Census Tract Block Groups: 4124.004, 4125.001, 4125.002, 4125.003, 4154.011, 4154.012, 4154.013, 4154.023 and 4155.004. South County Center demographic area includes: 4216, 4217.01, 4217.02, 4159, and 4160. Woodlawn demographic area includes Census Tract Block Groups: 4160.002, 4160.001, 4217.021, 4218.001, 4218.002, 4218.003, and 4219.001.

Source: American Community Survey 2014-2018; Partners for Economic Solutions, 2020.

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Table A-7. Households by Income, 2019								
	North Gateway		Penn Daw		Beacon Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Household Income								
Less than $25,000	675	7.8%	436	11.9%	534	13.0%	28,614	7.0%
$25,000 to $34,999	323	3.7%	229	6.3%	232	5.6%	14,963	3.7%
$35,000 to $49,999	544	6.3%	343	9.4%	323	7.8%	24,477	6.0%
$50,000 to $74,999	1,424	16.5%	521	14.2%	635	15.4%	46,867	11.5%
$75,000 to $99,999	1,501	17.4%	414	11.3%	426	10.3%	46,895	11.5%
$100,000 to $149,999	1,951	22.6%	589	16.1%	805	19.5%	87,492	21.5%
$150,000 or more	2,209	25.6%	1,127	30.8%	1,164	28.3%	158,080	38.8%
Total	**8,627**	**100.0%**	**3,659**	**100.0%**	**4,119**	**100.0%**	**407,388**	**100.0%**
Median Household Income	**$96,673**		**$91,828**		**$93,613**		**$118,780**	

Note: North Gateway and Huntington demographic area includes Census Tracts and Block Groups: 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, and 4151. Penn Daw demographic area includes Cenus Tracts and Block Groups: 4206 and 4151.001, 4151.002, and 4214.001. Beacon Groveton demographic area incorporated the following Census Tracts and Block Groups: 4151.002, 4153.001, 4153.002, 4153.003, 4208.003, 4214.001, and 4214.00.

Source: ESRI, Housing Income Profile, 2020; Partners For Economic Solutions, 2020.

Table A-8. Households by Income, 2019								
	Hybla Valley Gum Springs		South County Center		Woodlawn		Richmond Highway Corridor	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Household Income								
Less than $25,000	1,400	22.1%	958	12.3%	633	12.5%	4,037	13.1%
$25,000 to $34,999	780	12.3%	430	5.5%	349	6.9%	2,051	6.7%
$35,000 to $49,999	895	14.1%	799	10.2%	373	7.4%	2,775	9.0%
$50,000 to $74,999	1,181	18.7%	1,437	18.4%	800	15.9%	5,252	17.1%
$75,000 to $99,999	621	9.8%	997	12.8%	980	19.4%	4,336	14.1%
$100,000 to $149,999	682	10.8%	1,434	18.4%	843	16.7%	5,547	18.0%
$150,000 or more	770	12.2%	1,747	22.4%	1,066	21.1%	6,792	22.1%
Total	6,329	100.0%	7,802	100.0%	5,044	100.0%	30,790	100.0%
Median Household	$51,270		$80,630		$82,419		$80,946	

Note: Hybla Valley Gum Springs demographic area incorporates Census Tract Block Groups: 4124.004, 4125.001, 4125.002, 4125.003, 4154.011, 4154.012, 4154.013, 4154.023 and 4155.004. South County Center demographic area includes: 4216, 4217.01, 4217.02, 4159, and 4160. Woodlawn demographic area includes Census Tract Block Groups: 4160.002, 4160.001, 4217.021, 4218.001, 4218.002, 4218.003, and 4219.001.

Source: ESRI, Housing Income Profile, 2020; Partners For Economic Solutions, 2020.

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Table A-9. Housing Units by Number of Units in Structure, 2018	North Gateway		Penn Daw		Beacon Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Units in Structure								
1, Detached	4,378	100.0%	-	0.0%	1,434	96.6%	122,743	96.8%
1, Attached	-	0.0%	-	0.0%	-	0.0%	134	0.1%
2	-	0.0%	-	0.0%	18	1.2%	211	0.2%
3 to 4	-	0.0%	1,904	50.2%	-	0.0%	461	0.4%
5 to 9	-	0.0%	1,869	49.3%	-	0.0%	1,091	0.9%
10 to 19	-	0.0%	-	0.0%	-	0.0%	261	0.2%
20 to 49	-	0.0%	18	0.5%	16	1.1%	663	0.5%
50 or more	-	0.0%	-	0.0%	-	0.0%	417	0.3%
Mobile Home	-	0.0%	-	0.0%	16	1.1%	328	0.3%
Other	-	0.0%	-	0.0%	-	0.0%	428	0.3%
Total	**4,378**	**100.0%**	**3,791**	**100.0%**	**1,484**	**100.0%**	**126,737**	**100.0%**

Note: North Gateway and Huntington demographic area includes Census Tracts and Block Groups: 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, and 4151. Penn Daw demographic area includes Cenus Tracts and Block Groups: 4206 and 4151.001, 4151.002, and 4214.001. Beacon Groveton demographic area incorporated the following Census Tracts and Block Groups: 4151.002, 4153.001, 4153.002, 4153.003, 4208.003, 4214.001, and 4214.00.

Source: American Community Survey 2014-2018; Partners for Economic Solutions, 2020.

Table A-10. Housing Units by Number of Units in Structure, 2020	North Gateway		Penn Daw		Beacon Groveton		Fairfax County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Units in Structure								
1, Detached	4,058	88.7%	-	0.0%	2,026	96.5%	122,743	96.8%
1, Attached	65	1.4%	-	0.0%	-	0.0%	134	0.1%
2	-	0.0%	-	0.0%	31	1.5%	211	0.2%
3 to 4	17	0.4%	2,851	49.7%	-	0.0%	461	0.4%
5 to 9	76	1.7%	2,791	48.6%	7	0.3%	1,091	0.9%
10 to 19	66	1.4%	22	0.4%	12	0.6%	261	0.2%
20 to 49	141	3.1%	-	0.0%	23	1.1%	663	0.5%
50 or more	135	3.0%	63	1.1%	-	0.0%	417	0.3%
Mobile Home	-	0.0%	12	0.2%	-	0.0%	328	0.3%
Other	17	0.4%	-	0.0%	-	0.0%	428	0.3%
Total	**4,575**	**100.0%**	**5,739**	**100.0%**	**2,099**	**100.0%**	**126,737**	**100.0%**

Note: Hybla Valley Gum Springs demographic area incorporates Census Tract Block Groups: 4124.004, 4125.001, 4125.002, 4125.003, 4154.011, 4154.012, 4154.013, 4154.023 and 4155.004. South County Center demographic area includes: 4216, 4217.01, 4217.02, 4159, and 4160. Woodlawn demographic area includes Census Tract Block Groups: 4160.002, 4160.001, 4217.021, 4218.001, 4218.002, 4218.003, and 4219.001.
Source: American Community Survey 2014-2018; Partners for Economic Solutions, 2020.

Table A-11. Retail Market Trends, Richmond Highway Corridor, 2006-2019						
Year	**Total Square Feet**	**Vacant Square Feet**	**Occupied Square Feet**	**Occupancy Rate**	**Net Absorption**	**Average Rent[1]**
Annual						
2006	3,908,059	205,673	3,702,386	94.7%	129,779	$22.86
2007	3,909,755	146,823	3,761,537	96.2%	47,251	$19.80
2008	3,916,123	161,747	3,729,076	95.2%	-1,742	$24.34
2009	3,831,684	133,380	3,689,504	96.3%	-39,572	$22.60
2010	3,943,184	213,809	3,725,693	94.5%	89,569	$21.58
2011	3,898,335	312,611	3,580,708	91.9%	-105,690	$21.53
2012	4,043,932	228,355	3,805,187	94.1%	121,884	$23.20
2013	4,057,132	205,605	3,851,527	94.9%	45,302	$24.34
2014	3,926,132	84,161	3,803,803	96.9%	-47,724	$22.12
2015	3,924,123	59,233	3,860,731	98.4%	56,928	$24.68
2016	3,924,123	154,877	3,747,007	95.5%	-45,170	$21.83
2017	3,904,302	119,879	3,773,766	96.7%	26,759	$20.29
2018	3,904,302	115,162	3,780,057	96.8%	-5,263	$27.24
2019	3,904,302	115,233	3,789,069	97.0%	9,012	$25.13
2009-2019 Change						
Amount	72,618	(18,147)	99,565	0.7%		$2.53
Percent	1.9%	-13.6%	2.7%	0.7%		11.2%

Note: [1]Full-service rent.

Sources: CoStar; Partners for Economic Solutions, 2020.

Table A 12. Office Market Trends, Richmond Highway Corridor, 1999-2019						
Year	Total Square Feet	Vacant Square Feet	Occupied Square Feet	Occupancy Rate	Net Absorption	Average Rent[1]
Annual						
1999	1,164,571	62,287	1,102,284	94.7%	18,748	$19.03
2000	1,164,571	45,711	1,109,760	95.3%	-12,712	$19.20
2001	1,164,571	72,011	1,092,560	93.8%	-15,370	$22.14
2002	1,323,571	89,809	1,233,762	93.2%	146,372	$22.91
2003	1,323,571	156,628	1,166,943	88.2%	-73,819	$19.79
2004	1,327,425	100,601	1,226,824	92.4%	75,581	$19.25
2005	1,333,425	119,635	1,213,790	91.0%	-28,734	$18.97
2006	1,333,425	120,196	1,213,229	91.0%	7,150	$23.86
2007	1,333,425	144,119	1,176,454	88.2%	-38,648	$24.22
2008	1,333,425	88,975	1,244,450	93.3%	-3,000	$24.01
2009	1,329,825	128,368	1,201,457	90.3%	-42,993	$21.54
2010	1,329,825	148,074	1,177,685	88.6%	-17,812	$21.79
2011	1,336,697	225,748	1,099,214	82.2%	-3,602	$19.82
2012	1,204,114	136,026	1,067,026	88.6%	-113,017	$22.40
2013	1,204,114	132,501	1,071,613	89.0%	7,587	$22.78
2014	1,204,114	116,372	1,087,012	90.3%	16,395	$21.24
2015	1,204,114	93,746	1,110,368	92.2%	20,660	$21.69
2016	1,204,114	128,490	1,073,270	89.1%	-17,052	$21.97
2017	1,204,114	123,022	1,073,334	89.1%	-35,737	$22.80
2018	1,204,114	120,930	1,080,222	89.7%	6,888	$22.56
2019	1,204,114	114,280	1,089,834	90.5%	9,612	$22.85
1999-2019 Change						
Amount	39,543	51,993	(12,450)	-4.2%		$3.82
Percent	3.4%	83.5%	-1.1%	-4.6%		20.1%

Note: [1]Full-service rent.

Sources: CoStar; Partners for Economic Solutions, 2020.

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