*Prince George's County*

# Retail Marketability and Competitiveness Study

Prepared for M-NCPPC by RCLCO

**May 2016**

*Prince George's County*

# Retail Marketability and Competitiveness Study

Prepared for M-NCPPC by RCLCO
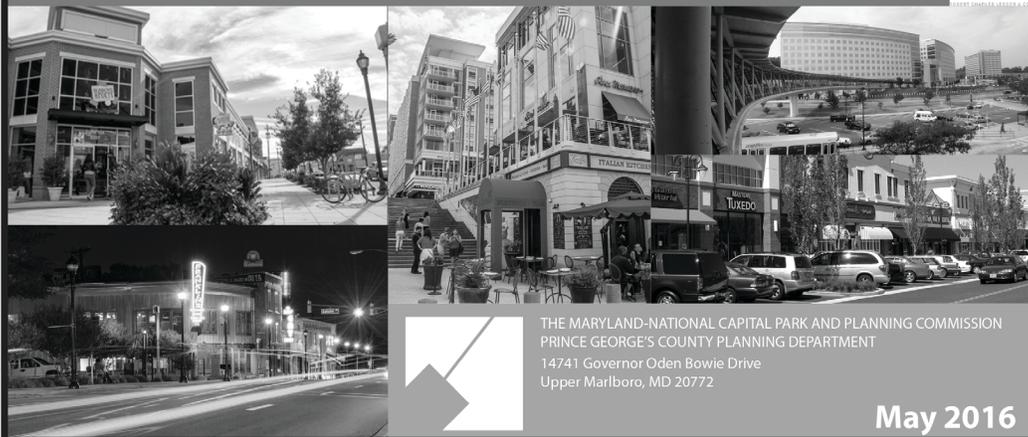
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
PRINCE GEORGE'S COUNTY PLANNING DEPARTMENT
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772

**May 2016**

**For additional information, comments, or questions, contact:**

**Jacqueline Philson**
*Project Manager*, Countywide Planning Division
The Maryland-National Capital Park and Planning Comission
301-952-3627 (voice) | jacqueline.philson@ppd.mncppc.org (e-mail) | 301-952-4336 (TTY)

Get the document online:
http://www.pgplanning.org/Resources/Publications/Retail_Marketability_and_Competitiveness_Study.htm

# Table of Contents

**Prince George's County Retail Marketability and Competitiveness Study**

**RCLCO**
ROBERT CHARLES LESSER & CO.

# Introduction

Prince George's County has a number of competitive advantages in attracting attainable luxury and high-quality retailers and restaurants to the County. The market is ripe with captive affluent residents that are currently not well-served. The County has many strong retail market areas, located near household density and disposable incomes that are successfully supporting retail centers. In addition, key mixed-use and commercial nodes and clusters are primed to attract higher-quality development, while other areas are in the process of adding the household and employment density that will further drive retail demand. These areas could support the actively expanding attainable luxury tenants whose business model is based on the wide market appeal of premium necessity goods of a high quality.

Notably, the US 1 corridor between Mount Rainier and I-495 has particularly strong growth potential. Development is already underway along much of this corridor and it will increase the appeal of this area in the near-term. National Harbor is another healthy development that draws tourists and regional residents to its restaurants, events, and unique waterfront orientation.

The success and expansion of neighborhood and regional restaurants in Prince George's County is being spurred by a number of factors. The growth in the number of young professionals with discretionary incomes and no children is driving demand and enhancing the attraction of new restaurants in College Park and Hyattsville.

Prince George's County has several areas that can support additional neighborhood-serving restaurants including Bowie, Greenbelt, Oxon Hill, and Laurel. Moreover, Greenbelt has the residential demographics and the employment concentration to support regional restaurants. Its appeal is influenced by the adjacent growing College Park area and the University of Maryland (UMD)-led development of the M Square Research Park. The County's transit-oriented development initiatives with denser office and residential development will make areas near New Carrollton and Prince George's Plaza strong candidates for regional restaurants.

The attraction of high-quality retail is an important aspect of meeting Prince George's County's economic development goals. This report identifies the most attractive locations for high-quality retail, restaurant attraction, and development in the near-term.

# Purpose of Marketability Analysis

The purpose of this marketability analysis is to evaluate Prince George's County's retail markets and their opportunities utilizing RCLCO's knowledge of retail success factors in order to identify areas of the County that are growing, areas that are stable, and areas that may need intervention. The marketability analysis begins with an explanation of the site selection criteria retailers consider when deciding where to locate, analyzes which areas of Prince George's County meet those criteria, and explains RCLCO's understanding of the alignment between existing centers and demographics at the submarket level.

This understanding is based on the research completed in the Prince George's County, Maryland High-End Retail Market Analysis[1] that outlines RCLCO's research on affluent spending patterns, tenant site and location criteria, developer and broker perspectives on Prince George's County, and the demographic and economic criteria important for high-end retail to succeed.

---

[1] RCLCO, Prince George's County High-End Retail Market Analysis, 2016. (http://www.pgplanning.org/Resources/Publications/High_End_Retail_Market_Analysis.htm).

The marketability analysis expands to the surrounding counties and Washington, D.C., which provides Prince George's County with a better understanding of how their marketability opportunities compare in size and strength to the marketability of other areas within the region with respect to attracting higher-end retail.

## Goals and Objectives

- Analyze Prince George's County according to site selection criteria of high-quality retailers in order to understand existing retail conditions and future potential of retail concentrations.

- Compare geographic distribution of retail centers by type, market segment, and property class to trade areas and market segmentation outlined in the demand analysis.

- Determine how each commercial corridor and its key retail centers might ideally develop over the next 10-20 years, and the role each one might play in overall commercial and economic development strategies.

- Identify gaps by center type within each trade area and recommend opportunities for new or repositioned retail within each trade area. This analysis will produce an understanding of the county's best overall strategic commercial development opportunities, locations to strengthen existing retail, and retail centers that may no longer be viable in the market.

## Key Findings

When deciding where to locate a store, retailers have a list of site selection criteria that serves as a first look at the market. These criteria usually include population density and median household income, as well as a lifestyle variable, such as concentration of college educated residents, office employment, or median age. The site selection criteria set a high bar for development locations. Along with these criteria, retailers also consider other factors such as market competition, accessibility to center, and the type of center.

- Compared nationally, Prince George's County has high incomes, density, and education capable of supporting high-quality retail.

- Prince George's County has some competitive advantages in attracting expanding attainable luxury retailers, as identified in the 2016 RCLCO Prince George's County High-End Retail Market Analysis report.[2]

- The County has a market that is underserved for high-quality retail. Existing higher-quality retailers in Prince George's County have a captive market audience that is not currently well-served.

---

[2] RCLCO, Prince George's County High-End Retail Market Analysis, 2016. (http://www.pgplanning.org/Resources/Publications/High_End_Retail_Market_Analysis.htm).

**RCLCO**
ROBERT CHARLES LESSER & CO.

- Two factors related to a retailer's initial location analysis from the first look business standpoint complicate the identification of the ideal County sites to attract high-quality retail.

  o Prince George's County has a disparity between where above-average-household density is located and where median-household incomes are high.

  o The County's prime retail locations must compete with the Baltimore-Washington region's super prime locations with higher population densities and some of the highest incomes and education levels in the United States.

- Prince George's County has key nodes and clusters that are primed to attract higher-quality development, and other areas that are in the process of adding the household and employment density that will further drive retail demand. These areas could support the actively expanding "attainable luxury" tenants whose business model is based on the wide market appeal of premium necessity goods of a high quality. Attraction of attainable luxury retailers, such as Whole Foods, is already occurring in the County in locations such as Riverdale Park Station, the mixed-use projects near UMD, and National Harbor. Other areas with demographics that could support this kind of retail include Hyattsville, Bowie, and Westphalia, as housing and office development continues to expand.

- Each submarket has varying dynamics in accordance with its demographics and the state of its retail. Overall, the analysis evaluated three categories of retail dynamics:

  o <u>What is Healthy:</u> The County has many areas of strong retail located near household density and disposable incomes that are successfully supporting retail centers. The US 1 corridor between Mount Rainier and I-495 has particularly strong growth potential and development is already underway along much of this corridor that will increase the appeal of this area in the near-term. National Harbor is another healthy development that draws tourists and regional residents to its restaurants, events, and unique waterfront orientation. Additionally, the



  submarkets each have at least one healthy, grocery-anchored retail center to serve its residents. The healthy centers are primarily taking care of themselves and the County should ensure that developers and owners have the tools and support to maintain the success of these centers.

  o <u>What is Stable:</u> The majority of Prince George's shopping centers fall into the stable category. They are serving their market segment successfully and should continue to, though they are not likely to experience as much growth as the healthy markets. Generally, these retail centers include grocery-anchored neighborhood centers and some of the community and power centers. Prince George's Laurel submarket stands out as a stable market, with good demographics that support the existing retail, but may be limited in their ability to move up-market due to nearby high-quality and well-performing regional retail centers in Anne Arundel County and Howard County. Stable retail also includes

RCLCO
ROBERT CHARLES LESSER & CO.

areas such as Langley Park that is characterized by centers that do not serve a wealthy clientele, but are very effectively serving their surrounding resident base.

- o <u>What is in Trouble:</u> Prince George's County also has a number of corridors or specific shopping centers that are at risk of failing and need intervention in order to retenant, reposition, or repurpose the centers to enhance the health of the immediate retail environs.

  The Mall at Prince Georges is a prime example of retail that is in trouble with falling tenant quality. The strong and growing demographics of the market area surrounding the Mall at Prince Georges suggest that repurposing would be a successful strategy for this location. Pennsylvania Real Estate Investment Trust (PREIT), the owner of the mall, recently announced a $25 million renovation and retenanting strategy.[3] The Mall, as is, is an asset at-risk of failing. The planned substantial improvements are in-line with the increasing demographics and improved marketability of the surrounding area.

  Reducing excess supply and adding additional market support from new residential and mixed-use development, along with repurposing or redeveloping the troubled centers will boost the performance of the other centers that remain.

---

[3] Washington Business Journal: http://www.bizjournals.com/washington/blog/top-shelf/2016/04/mall-at-prince-georges-plans-overhaul-signs-h-m.html, April 22, 2016.

# Demographic Criteria for High-End Retailer Site Selection

As discussed in the Prince George's County High-End Retail Market Analysis report, high-end and attainable luxury retailers are expanding as demand for high-quality necessity goods (organic groceries, cycling classes) increases and appeals to a large market. Prince George's County has strong potential to attract these retailers given its position in the wealthy Baltimore-Washington region and the County's existing gap in high-quality goods. In order to attract these retailers, the marketability analysis will pinpoint the areas that are appealing for this type of development based on factors such as high household density, high median incomes, an appropriate shopping center or district, and a dynamic environment. When retailers make decisions about where to locate they consider three important questions:

1. Will the surrounding market want the product they are offering at their price point? (demographic/economic requirements)

2. How do they fit into this place? (access, visibility, pass-by traffic requirements)

3. Is there a place or environment that they want to be in? (space requirement)

## Retailer Site Selection Criteria

Retailers have a specific set of site criteria that they look for when determining where to locate. RCLCO gathered information about these criteria from discussions with retail brokers, tenants, and developers in order to draw conclusions about a general set of criteria to be applied to Prince George's County. Most of the requirements include population density and median or average household income, with various additional criteria that may include education level, median age, traffic counts, cotenants, anchor institutions, and performance of surrounding retail and restaurants. The list of site criteria requirements is expansive, but for the purpose of this analysis, RCLCO utilized household income, population density, and percent college-educated population. The list in Figure 7.1 shows a sample of retailer's site criteria.

While we recognize this list is by no means exhaustive or representative of the specific retailers Prince George's County hopes to attract, it is a representation of site criteria available publically and through brokers. The list below includes tenants of varying quality, and even those on the lower end of the spectrum have high standards of population density and median income. While population density and income are general first look considerations for retailers, they are part of a more nuanced decision about site location.

# Prince George's County Retail Marketability and Competitiveness Study

*Site Selection Criteria for Selected Retailers*
*Figure 7.1*                                                                    ***United States***

| Retailer | Population | Radius (Miles) | Income | Income Metric | Other Criteria (Cotenants, Traffic, Psychographics) |
|---|---|---|---|---|---|
| ***Apparel*** | | | | | |
| Saks Off 5th | 400,000 | N/A | $85,000 | Average | |
| Loft/Chico's/White House Black Market | 150,000 | 5 | $75,000 | Average | |
| J. Crew | 200,000 | 10 | $75,000 | Average | |
| South Moon Under | N/A | N/A | $100,000 | N/A | Cotenants: lululemon, Blue Mercury, Banana Republic |
| Bevello | 200,000 | N/A | $75,000 | Average | |
| Sterling Jewelers | 250,000 | 10 | $75,000 | Average | |
| ***Services, Fitness, Entertainment*** | | | | | |
| Cobb Theaters | 100,000 | 5 | $75,000 | Average | |
| LA Fitness | 60,000 | 3 | $20,000 | Per Capita | |
| Complete Nutrition | 50,000 | Trade Area | $70,000 | Average | |
| Hand & Stone Massage Spa | 100,000 | 5 | $60,000 | Average | |
| Massage Heights | 30,000 | 3 | $80,000 | Average | |
| Lifetime Fitness | N/A | 5 | $70,000 | Median | |
| ***Grocery*** | | | | | |
| Wegmans | 50,000 | 3 | $85,000 | Average | |
| Publix | 20,000 | 3 | $50,000 | Median | |
| Kroger | 20,000 | 3 | $40,000 | Median | |
| Fresh Market | 150,000 | 5 | $75,000 | Median | |
| Whole Foods | 200,000 | 5 | $75,000 | Median | Psychographics of "leading edge of food" in area; like sites near large universities; 50% college educated; Home Owner (60%+ Owner Occupied Homes) |
| Sprouts Farmers Market | 100,000 | 3 | "above avg." | N/A | "High % white collar jobs"; 40% college educated |
| Trader Joe's | N/A | 5 | $64,000 | N/A | Median age of 44; 36,000 college educated in 5 mile; Home Owner (60%+ Owner Occupied Homes) |
| Costco | 200,000 | 5 | $75,000 | N/A | |
| ***Homegoods and Outdoors Goods*** | | | | | |
| Crate & Barrel | N/A | N/A | $75,000 | Average | |
| Pier 1 Imports | 150,000 | 5 | $60,000 | Median | |
| Mattress Firm | 100,000 | 5 | $65,000 | Average | |
| Dick's Sporting Goods | N/A | Trade Area | $70,000 | Average | |
| Cabela's | 250,000 | 30 | N/A | N/A | 75,000 cars per day (cpd) |
| Performance Bicycle | 700,000 | 10 | $75,000 | Average | |
| ***Restaurant -Quick Service*** | | | | | |
| La Madeleine | 60,000 | N/A | $75,000 | N/A | Female-oriented retail; 50,000 cpd |
| Pei Wei | 250,000 | 5 | $75,000 | N/A | |
| Smashburger | 50,000 | 3 | $60,000 | N/A | 50,000 cpd |
| CeFiore Italian Yogurt | 45,000 | 1.5 | $75,000 | Average | |
| ***Restaurants - Full Services*** | | | | | |
| J. Alexanders | 150,000 | 3 | $60,000 | N/A | |
| Wolfgang Puck Pizza Bistro | 200,000 | N/A | $80,000 | N/A | "Recycled funky sites such as gas stations" |
| World of Beer | 75,000 | N/A | $80,000 | N/A | |
| Cheesecake Factory | 25,000 | 5 | $75,000 | Average | Bloomingdale's, Nordstrom, Neiman Marcus |
| Chuy's | 50,000 | 5 | $65,000 | Average | |
| Dickey's BBQ Pit | 30,000 | N/A | $60,000 | Average | |
| Ted's Montana Grill | 60,000 | 3 | $100,000 | N/A | Urban properties |
| Bonefish Grill | 200,000 | 5 | $100,000 | Median | Pay most attention to performance of surrounding restaurants - demographics aren't the whole story |

RCLCO
ROBERT CHARLES LESSER & CO.

## Retailer Site Criteria Applied to the Baltimore-Washington Region

To better understand the dynamics behind the Prince George's County retail market, RCLCO mapped population density, median household income, college educated population, and employment density regionally. The first purpose of these maps is to identify where each criteria is met within Prince George's County. Retail is likely to locate at the convergence of these variables, and understanding the specific strengths and weaknesses of an area enhances understanding of the market. The second purpose is to understand how the County compares to the areas of the Baltimore-Washington region that already have the quality of retail that Prince George's County would like to attract. This reveals some of the reasons that Prince George's County may be passed over for other areas when retailers are making site location decisions.

Our overall findings indicate that despite the strong characteristics of the Prince George's County demographics by national standards, other counties within the region—some of the wealthiest and densest areas of the United States—are so favorable that it is difficult for the County to outcompete its neighboring markets. There is a disparity within the County in the location of where each site selection criteria is strong. While areas of the County inside I-495 meet criteria for population density, these areas do not meet the income requirements, and while areas outside I-495 have high enough incomes, the population density is low. This mismatch in population density and household income results in higher risk for retail tenants in an already competitive environment. As a result, attainable luxury retail or high-end retail attraction is increasingly challenging to capture. The following maps assess the site selection variables independently.

**Population Density:** Retailers look for certain population densities in order to ensure they have a deep enough market to financially support a store location. High-end retailers generally prefer denser areas, where they are able to reach a wider audience. RCLCO translated the population per radius requirements to population per square mile for the purposes of mapping. Most retailers are looking for population density of 2,000 to 3,000 people per square mile, which includes the census block groups in medium green and dark green in Figure 7.2. In terms of retailer locational criteria, this density level would most likely be expressed as a desire for a population of 50,000–80,000 within a 3-mile radius of their site.

Prince George's County has a cluster of medium and dark green areas inside I-495, though it lacks the concentrations of high density that are seen in Arlington and Fairfax, Virginia and within Washington, D.C. In terms of population density, the strongest potential for retail is in the submarkets of Langley Park-Hyattsville, Cheverly-New Carrollton, Laurel, and Branch Avenue, both because of the density in the County, as well as density in the areas just beyond the Prince George's County border.

*Site Selection Criteria: Population Density*
 *Figure 7.2*                                    ***Baltimore-Washington Region***
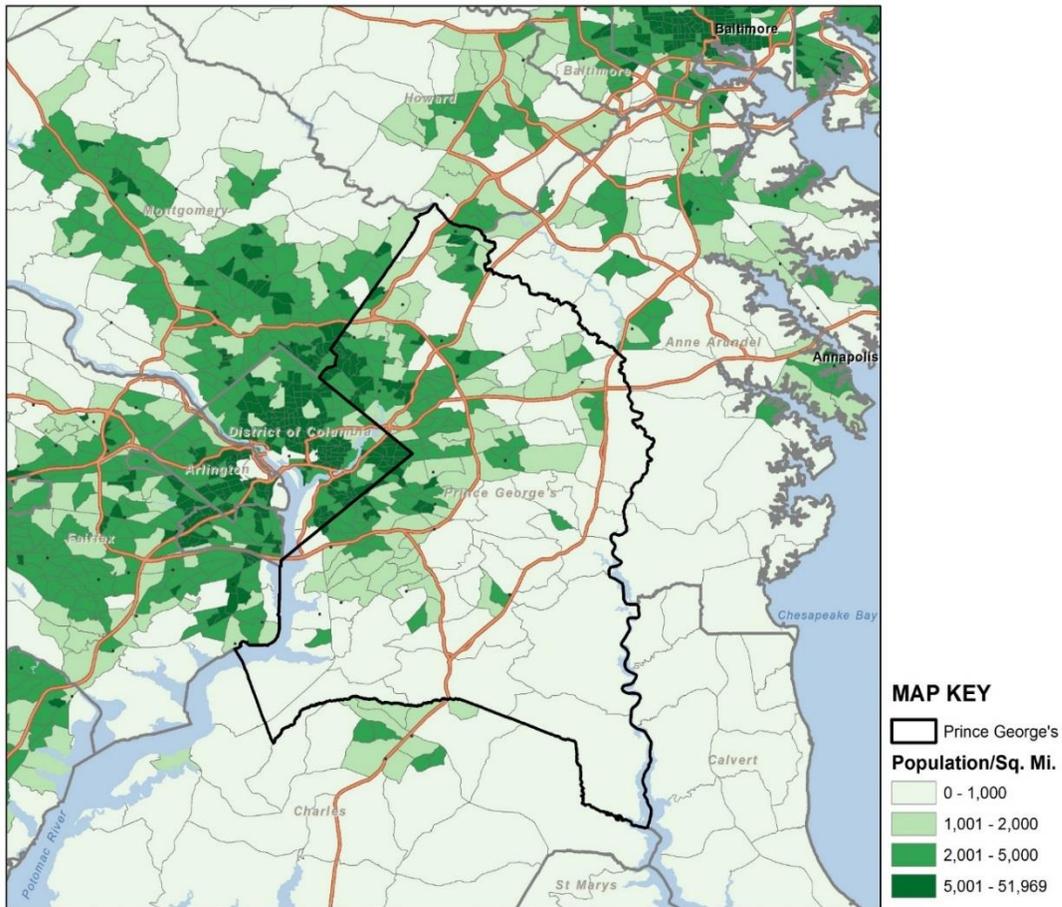
**Household Income:** Following population density, high-end retailers look for a measure of wealth and, more specifically, whether surrounding households will be able to afford their products at the price points they are offering. Most retailers are looking for a median household income above $75,000—the medium and dark green areas on the map in Figure 7.3.

Geographically, the majority of Prince George's County outside I-495 has a median household income above $75,000. Additionally, areas just over the Prince George's County border that share trade areas with the County have strong incomes, particularly on the north edge and east edge of the county. However, the areas within the County with higher household incomes are misaligned with the areas that have density. Inside of I-495, where there is population density, median household incomes are below $75,000 which does not meet the site selection criteria of many retailers. This misalignment causes a problem for retailers who need both market depth (volume of shoppers) and incomes that support high-quality priced goods.

*Site Selection Criteria: Median Household Income*
*Figure 7.3*                                                 *Baltimore-Washington Region*
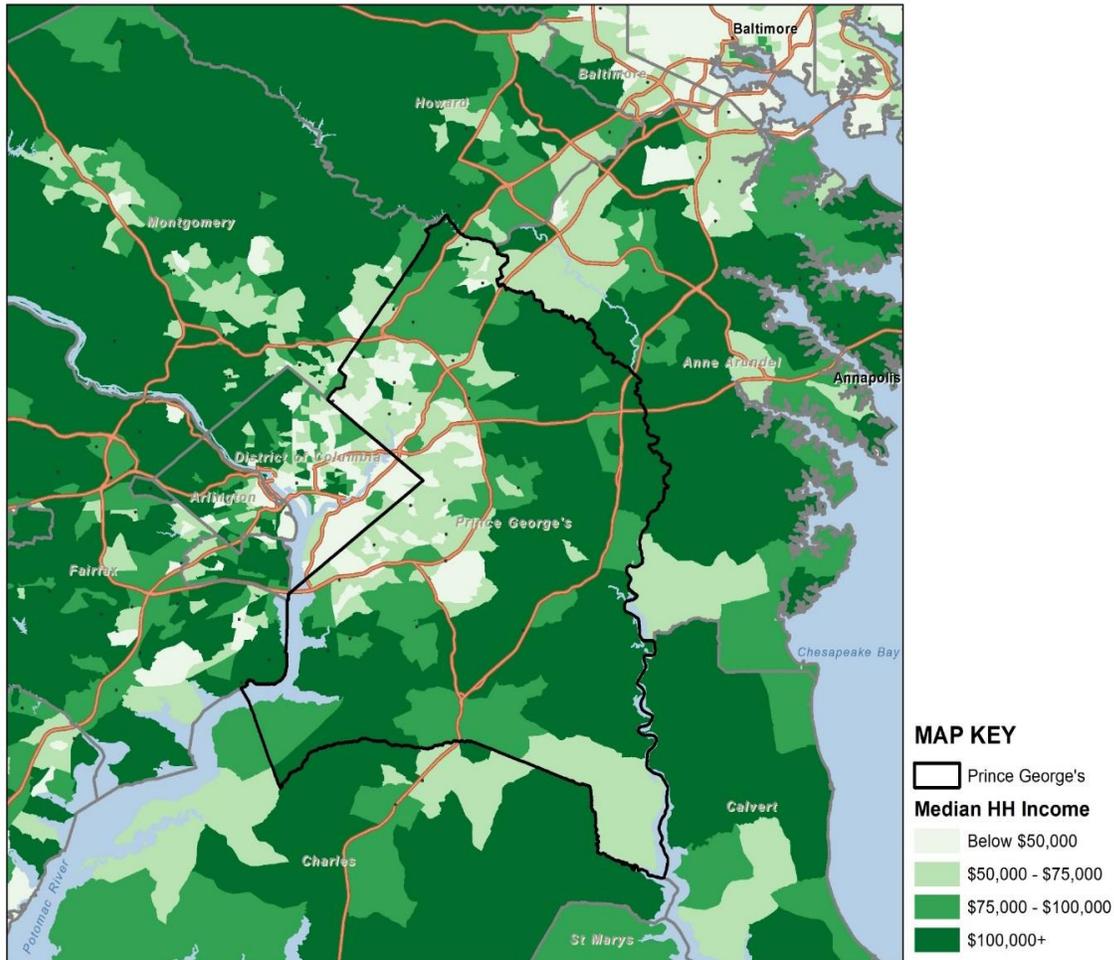
**Psychographic Niche:** Retailers look at the type of people within a census block group, what their preferences are, and how they will spend their money. Retailers have a number of different variables they look at to understand the area's psychographics, including population with a Bachelor's degree, population at a certain age, population with kids, "foodie" population, and white collar employees. RCLCO elected to use the variable expressed most frequently by retail brokers, tenants, and developers, and also the simplest measurable variable to represent this characteristic—the percent of population with a Bachelor's degree or higher.

Retailers require varying thresholds of education level and these are less clear cut than the population density and income requirements. The college-educated populations in Prince George's County are concentrated in the northern and central parts of the County, outside of I-495. College Park and the areas surrounding UMD also have a strong concentration of college-educated residents. Retail along the northern edges of the Prince George's County border could also benefit from the highly educated populations in Montgomery and Anne Arundel Counties.

*Site Selection Criteria: Percent College-Educated Residents*
*Figure 7.4*                                                                                    *Baltimore-Washington Region*
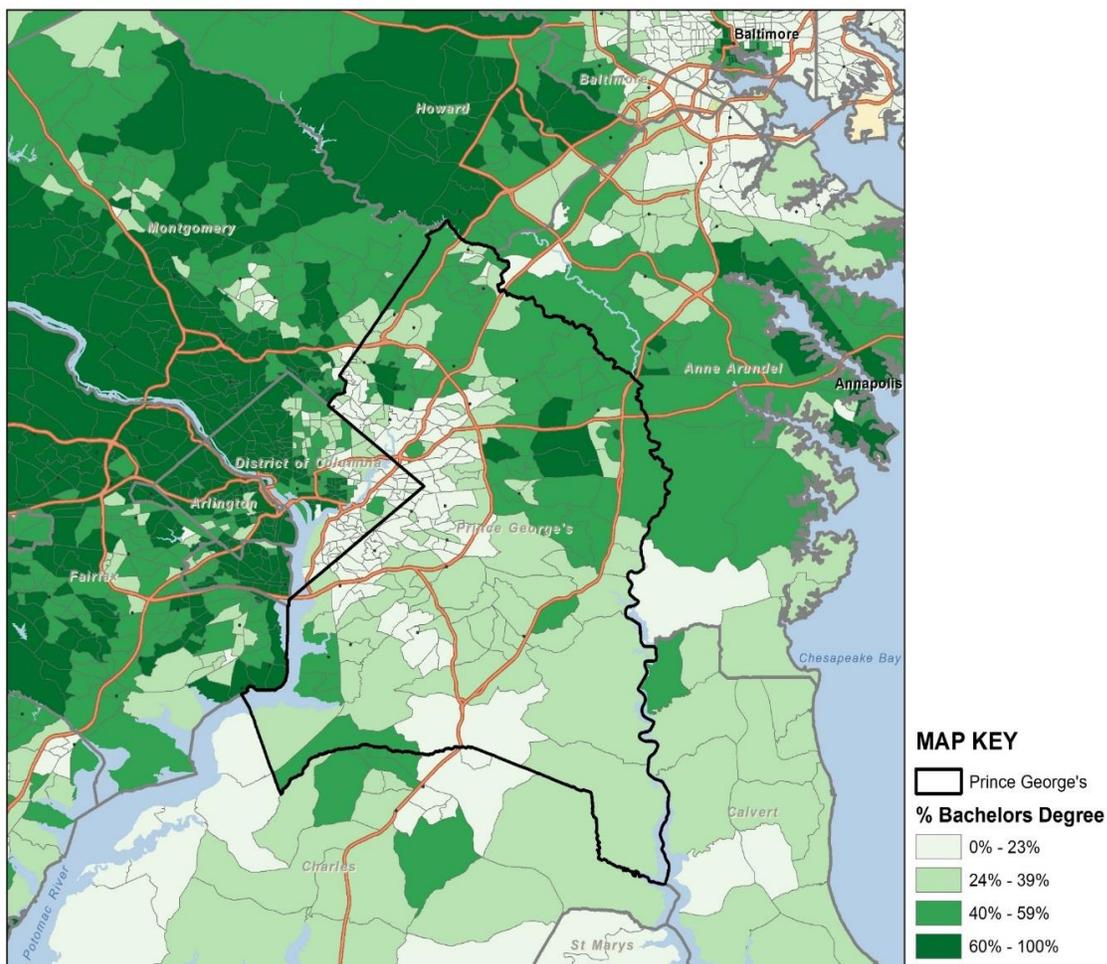
**Employment Concentrations:** Retailers, especially restaurants, desire strong employment concentrations in order to help support lunch and dinner operations. Employment is a particularly important component for restaurants with seven-days-a-week lunch and dinner service. Brokers report that restaurants that depend on a strong lunch business often look for 1.5 million square feet of office space or more within a 5- to 10-minute drive. Prince George's County has a few employment concentrations that approach these criteria, but as compared to the region, employment is less concentrated and densities are lower. The Baltimore-Washington corridor of Prince George's County has the most promising employment concentrations, which are additionally supported by employment concentrations in Anne Arundel County and Washington, D.C. that run along this same corridor. Areas around Laurel, New Carrollton, and

Greenbelt are beginning to develop employment densities that restaurants are looking for to meet site selection criteria. Traditional retail goods and neighborhood-serving restaurants (only open for dinner and on weekends) are not tied to these employment concentrations as much as regional restaurants.



*Site Selection Criteria: Employment Density*
   *Figure 7.5*                                            *Baltimore-Washington Region*
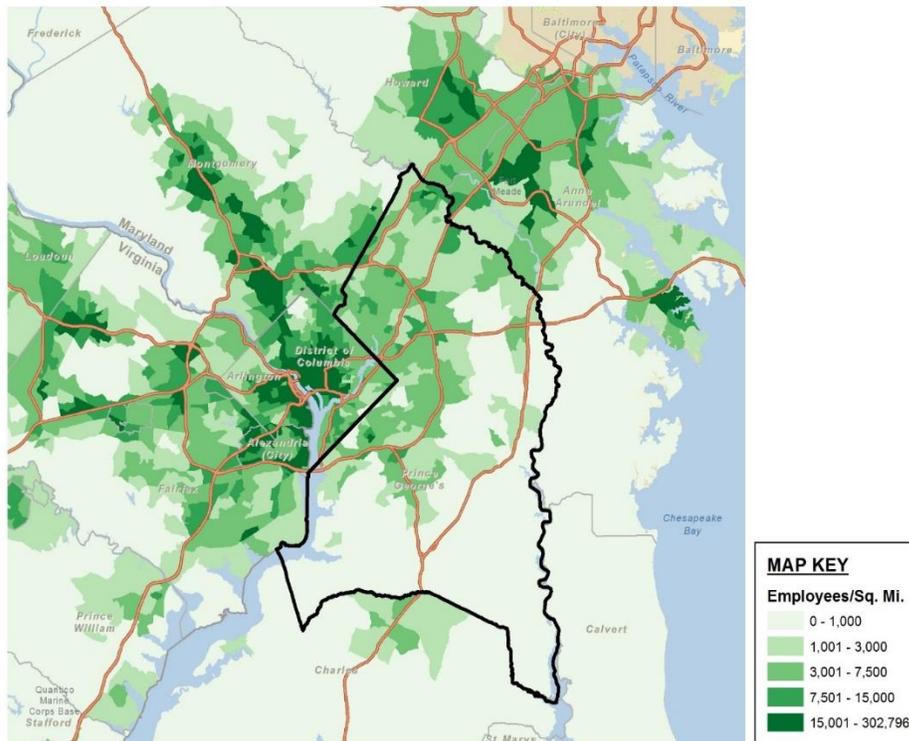


MAP KEY

Employees/Sq. Mi.

- 0 - 1,000
- 1,001 - 3,000
- 3,001 - 7,500
- 7,501 - 15,000
- 15,001 - 302,796

While the specific thresholds of the above variables can vary for any given retailer, the important takeaway is the comparison of Prince George's County to the Baltimore-Washington region. Fortunately, the region is one of the wealthiest and most educated areas of the country. Prince George's County is well above national averages for college educated residents, density, and household income. However, when retailers decide where to expand within the region, they have many options for super prime locations in areas neighboring Prince George's County.

The crux of the matter is not that retailers do not want to serve Prince George's County, but that retailers have the opportunity to enter nearby submarkets that surpass their location criteria preferences, which minimizes the risk of opening from a business standpoint. The challenge for Prince George's County will be educating developers, brokers, and retailers about areas that do match their criteria, and proving that there are areas where retail can flourish that do not match their criteria exactly.

The remainder of this report will evaluate the marketability of Prince George's County within each submarket and compare it to the existing retail inventory to determine which areas are healthy, which are stable, and which are troubled. Particular attention is paid to County Transforming Neighborhood Initiative (TNI) areas, Priority Investment Districts (PID), Transit-Oriented Development (TOD) sites, and opportunities for high-end retail.

# Marketability of Prince George's County

After evaluating the site selection criteria independently and understanding the strengths and weaknesses of the site selection criteria within and immediately surrounding the submarkets, RCLCO layered the factors in order to determine best locations, moderate locations, and locations that are unlikely to support higher-quality retail and restaurants in the near-term according to the thresholds that we evaluated in the above analysis. This analysis also furthers our understanding of why retail nodes and centers may be underperforming or capable of a better opportunity.

**Retail Marketability:** We assume that the most favorable locations will offer the site selection criteria desired by luxury retailers, including a population density of 500,000 residents in a 5-mile radius, a median household income of $75,000–$100,000, and a strong concentration of college degrees. These site criteria are then loosened to create an order-of-magnitude comparison of other locations in the region and County based on the site criteria identified above.



The map in Figure 7.6 shows typical population density, median household income, and education level that retailers require, with the strictest criteria shaded in yellow, red, and orange and the least strict shaded in purple, blue, and green. Prince George's County is lacking the volume and extent of these highly qualified areas, but it does have an underserved population in the dotted circle areas. These areas include Westphalia, Oxon Hill, Bowie, Laurel, the US 1 corridor, and Greenbelt. Additionally, there is a strong retail trade area inclusive of census blocks, located in Montgomery County and Washington, D.C., on the border of Prince George's County that will support retail offerings in the County.



One challenging market factor is that other suburban counties in the region meet (and surpass) these criteria, making them the most visible contenders for expansion. As shown on the map, Arlington and Fairfax have an abundance of red- and yellow-shaded block groups. However, unlike many of the areas in these counties, the upper wealth tiers of Prince George's County are an underserved market, while the markets in other counties have strong competition from existing retail offerings. The Action Plan will develop strategies for how to market these areas that may support high-quality retail and how strategic actions can assist in attracting retailers.

Despite less optimum demographics in some areas of the County as compared to other counties in the region, the Hyattsville Arts District and National Harbor have been successful in attracting higher-quality retail and restaurants even though the respective sites do not meet the ideal site criteria. National Harbor did this by creating its own customer base with the hotels, residential properties, and office properties. The Arts District accomplished this by adding residential density to an area that had above average demographics and building in an area that already had interest and investment by local entrepreneurs.

*High-End Retail Demographic Concentrations*
 *Figure 7.6*                                                    *Washington-Baltimore Region*
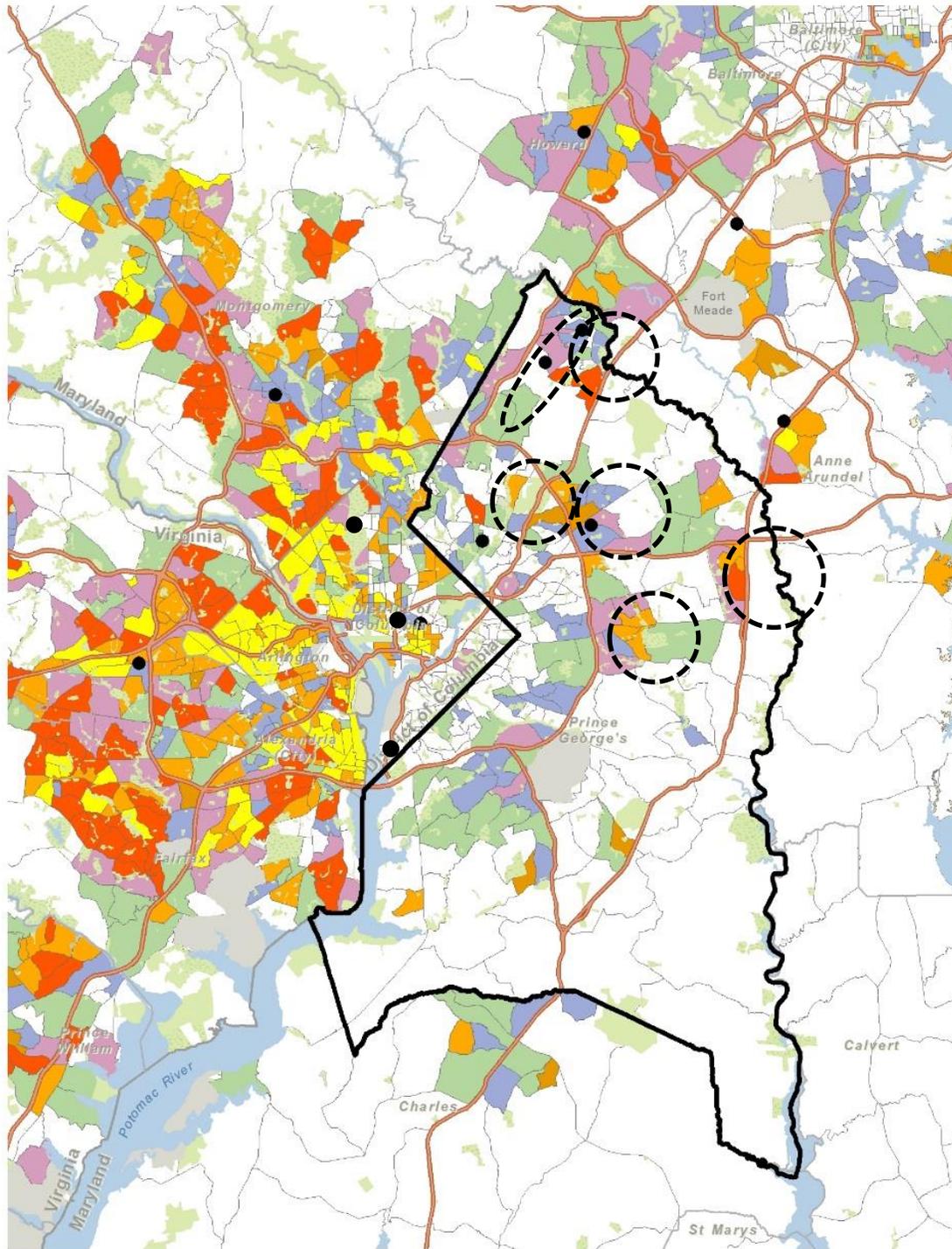
Not surprisingly, recently built high-end retail (identified by the black dots on Figure 7.6) has followed the paths of strong demographics and have located where there is perceived spending power. The centers with luxury retail and plenty of attainable luxury retail are in areas with large concentrations of yellow and red block groups, including the Mosaic District in Fairfax, Virginia, City Center in downtown Washington, D.C., and areas such as Georgetown, Chevy Chase, and Alexandria, as shown in Figure 7.6. As retail moves out to the suburban districts of Maryland, the demographic criteria are less stringent, but the quality tier of retail slides as well. The Mall in Columbia, Waugh Chapel, and Arundel Mills each have a concentration of strong demographics, but are more comparable to Prince George's County than to suburban Virginia or Montgomery County. This suggests that retailers similar to the latter centers would be achievable targets in Prince George's County.

The maps in Figures 7.7 and 7.8 show examples of higher-end retailers across many tenant categories and where they have located today. The clusters of these retail offerings are in downtown and northwest Washington, D.C., the Rosslyn-Ballston Corridor, Alexandria, and Tyson's Corner, which are all areas that match up with the yellow- and red-shaded areas in Figure 7.6. As these retailers become more familiar with local spending patterns, they would likely start looking at gaps in the market where a store could be supported, which will be areas with favorable demographics or market niches that can support a store, but may not meet all of the demographic criteria. This has already occurred with the Whole Foods that is under construction at Riverdale Park Station.

*High-End Grocery Stores*
*Figure 7.7*                                                                 *Baltimore-Washington Region*
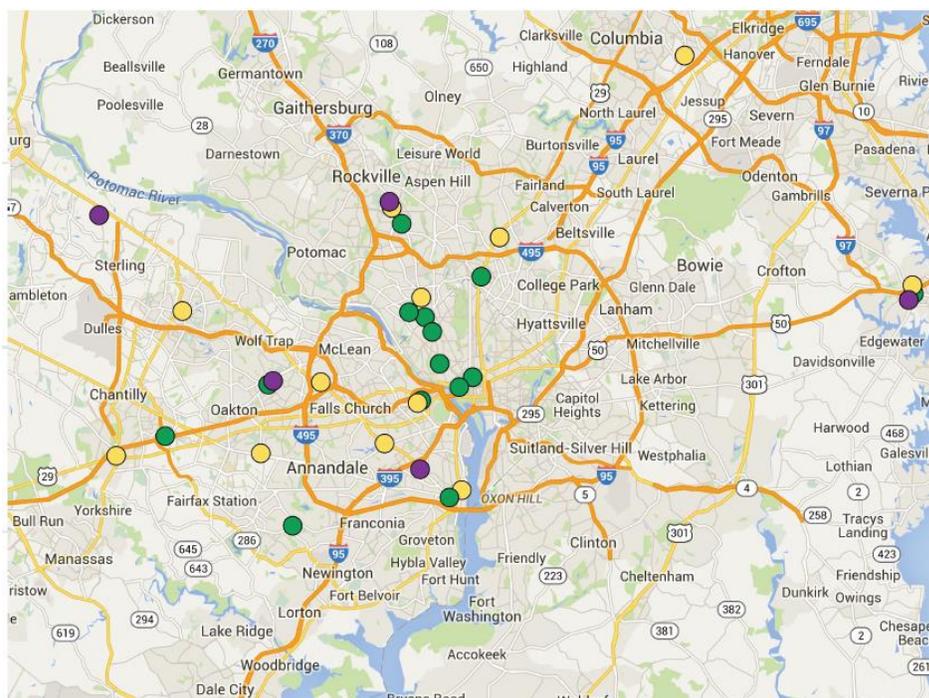


Grocery

○ Trader Joe's
● Whole Foods Market
● The Fresh Market
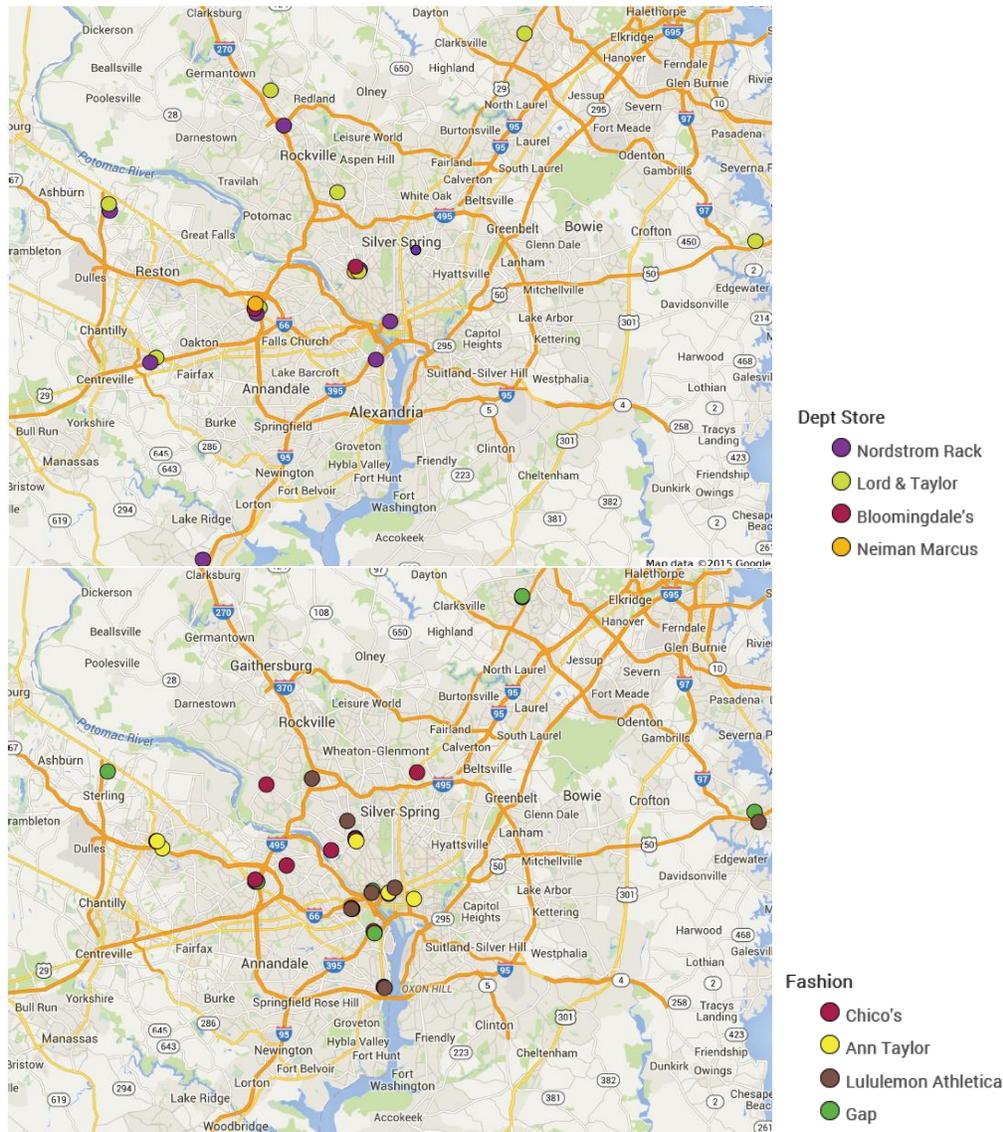
**Restaurant Marketability:** In a similar manner to goods retail, RCLCO mapped criteria for typical high-quality restaurants, as these criteria differ slightly from the requirements for goods retail. Within the restaurants, local and regional sites vary in their location criteria because of the differences in the markets they serve. Therefore, we mapped criteria for two different types of restaurant groups.

Neighborhood restaurants generally serve an immediate market area and are often only open for dinner. These restaurants require a strong night and weekend crowd at least five nights a week, and a significant amount of their profit comes from alcohol sales. To be successful, nearby households must eat out often and have a high enough disposable income to support full-service pricing for meals. Generally, neighborhood restaurants are independently owned and operated by entrepreneurs. Examples of neighborhood restaurants are endless, ranging from a family-owned-and-run establishment to trendy concepts. A few examples of restaurants

considered high-end neighborhood restaurants for this report include Franklin's Restaurant & Brewery, Le Diplomate, and Cava Mezze.

Regional restaurants require a full lunch and dinner crowd seven days a week. To operate at this capacity, regional restaurants require similar, if not more stringent, household density and disposable income requirements and surrounding employment. Regional restaurants generally look for areas with over 1 million square feet of office space. The office workers will support the lunch service, while the households support dinner and weekend service. As with neighborhood restaurants, examples of regional restaurants can range from franchises such as Chili's and Maggiano's, to high-end steak houses such as Ruth's Chris Steak House, to locally owned and operated restaurants such as Founding Farmers and Clyde's. For the purposes of the marketability analysis, RCLCO analyzed Prince George's County for mid- and high-quality regional restaurants such as Founding Farmers, Maggiano's, and Ruth's Chris Steak House.

Figure 7.9 shows preferred demographics for neighborhood and regional restaurant site selection, with red highlighting the strongest locations, orange showing average locations, and purple showing mediocre locations. Prince George's County has several areas that could support neighborhood-serving restaurants, including Bowie, Greenbelt, Oxon Hill, and Laurel. These areas have some local neighborhood restaurants that are full-service, but would be able to support additional restaurants. Locations for regional restaurants are less apparent, mostly due to a lack of strong employment concentration. However, Greenbelt has the residential demographics and the employment concentration to support regional restaurants, especially with the adjacent, growing College Park area and the UMD-led development of the M Square Research Park.



Regional restaurants are likely to follow denser development, and will be attracted by the County's plans for transit-oriented development sites. Development near New Carrollton and Prince George's Plaza will be strong candidates for a regional restaurant after the office and residential development is a reality. Additionally, young professionals with discretionary incomes and no children eat out more frequently than other household types, driving demand for the restaurant business. While Prince George's County has comparatively less of this psychographic segment than the rest of the region (please see the Prince George's County

# Prince George's County Retail Marketability and Competitiveness Study

Retail Market Analysis), this demographic is located in the College Park and Hyattsville area near UMD, further enhancing the capability of this submarket in attracting new restaurants.

*Restaurant Demographic Concentrations*
*Figure 7.9*                                                    *Washington, D.C. MSA*
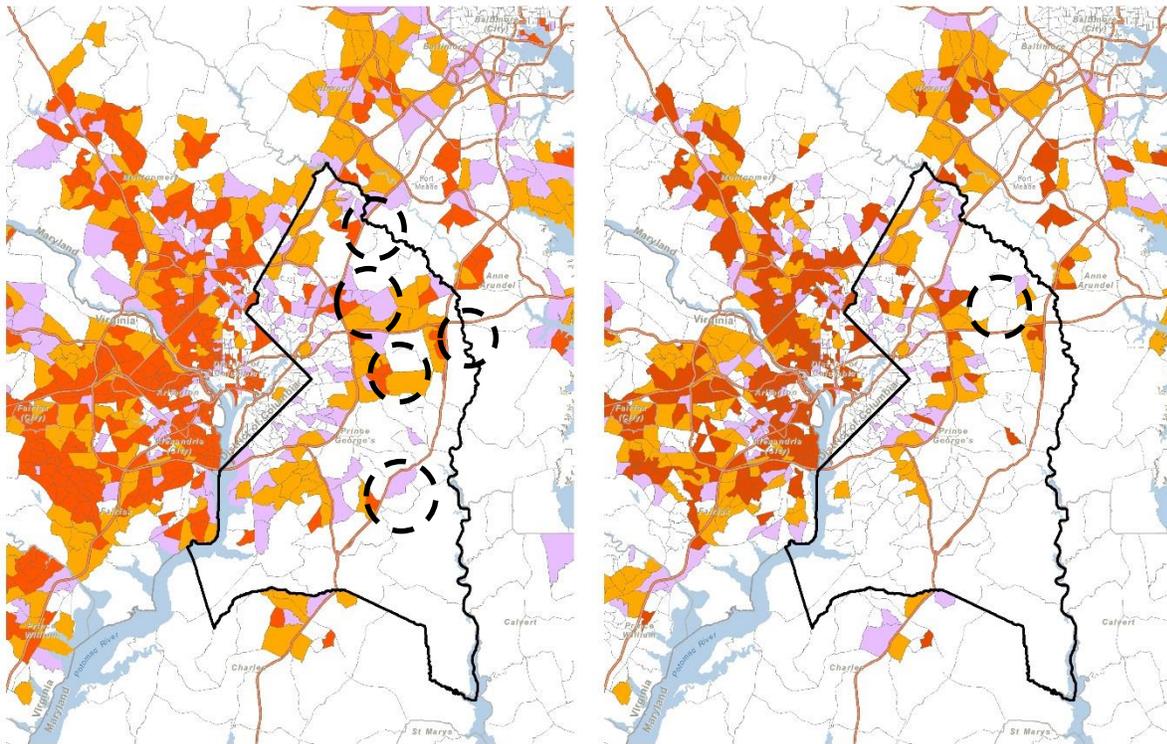


| RESTAURANT - NEIGHBORHOOD | Median Income | Density |
|---|---|---|
| 1. Strictest | $75,000 | 2,000 |
| 2. Medium Strict | $75,000 | 1,000 |
| 3. Least Strict | $60,000 | 750 |

| RESTAURANT - REGIONAL | Median Income | Density | Empl Density |
|---|---|---|---|
| 1. Strictest | $70,000 | 2,000 | 3,000 |
| 2. Medium Strict | $70,000 | 1,000 | 2,000 |
| 3. Least Strict | $60,000 | 1,000 | 1,500 |

Throughout the region, high-quality restaurant tenants have chosen to locate in the strongest demographic areas. Regional restaurants cluster in downtown Washington, D.C., Arlington, Tyson's Corner, and Bethesda. Areas comparable to Prince George's County, such as Gaithersburg, Glen Burnie, and Silver Spring, generally have one to two regional restaurants, but the majority of their higher-end restaurants are locally owned and there are only a few restaurants at the top price points. Locally serving restaurants tend to open in emerging neighborhoods that attract people with moderate or high disposable incomes who will eat out frequently. As of today, Washington, D.C. captures many of these restaurants on H Street, Shaw, and Brookland—though not exclusively. New housing development in suburban areas is shifting expansion of neighborhood restaurants beyond Washington, D.C. and into areas like Silver Spring and the Hyattsville Arts District. As many of the neighborhood restaurants are locally owned, the maps in Figure 7.10 show just a few examples of neighborhood restaurants such as Bonefish Grill and Nando's Peri-Peri.

*High-End Restaurants*
*Figure 7.10*                                                     *Washington-Baltimore Region*
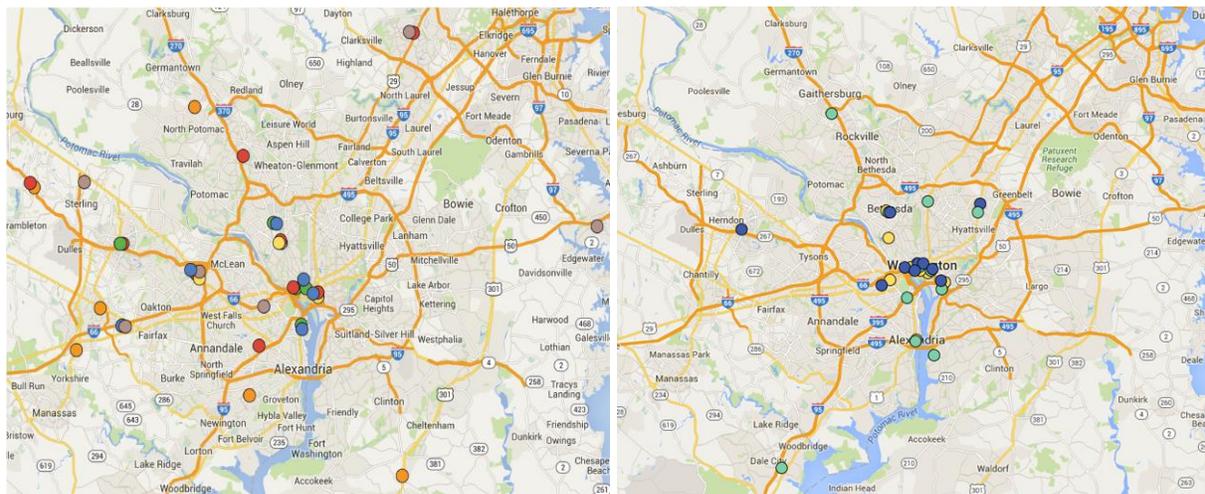


**Restaurant**
- 🔴 Clyde's
- 🟠 Bonefish Grill
- ⚪ P.F. Chang's
- 🔵 Ruth's Chris Steak House
- 🟢 Morton's The Steakhouse
- 🟡 The Capital Grille

**Fast Casual**
- 🟢 Nando's Peri-Peri
- 🔵 Sweetgreen
- 🟡 Le Pain Quotidien

# Marketability and Opportunities by Submarket

Following the evaluation of the County's existing retail environment and its regional potential, RCLCO looked at each submarket (Figure 7.10 A) to understand how the shopping center and tenant quality analysis, completed in the RCLCO Prince George's County Retail Market Analysis, aligns with the demographic and marketability conditions of each submarket. This marketability analysis overlays the existing shopping center inventory on top of the marketability factors, employment density, and transportation system. This provides a more complete understanding of how shopping centers and retail corridors are performing and the most likely trajectory of the centers. The trajectory provides information on whether retail corridors and individual centers have healthy markets, or if the County should consider playing a role in enhancing or maintaining the location's performance.

*Map of Local and Regional Trade Areas*
*Figure 7.10 A*                                          *Prince George's County*
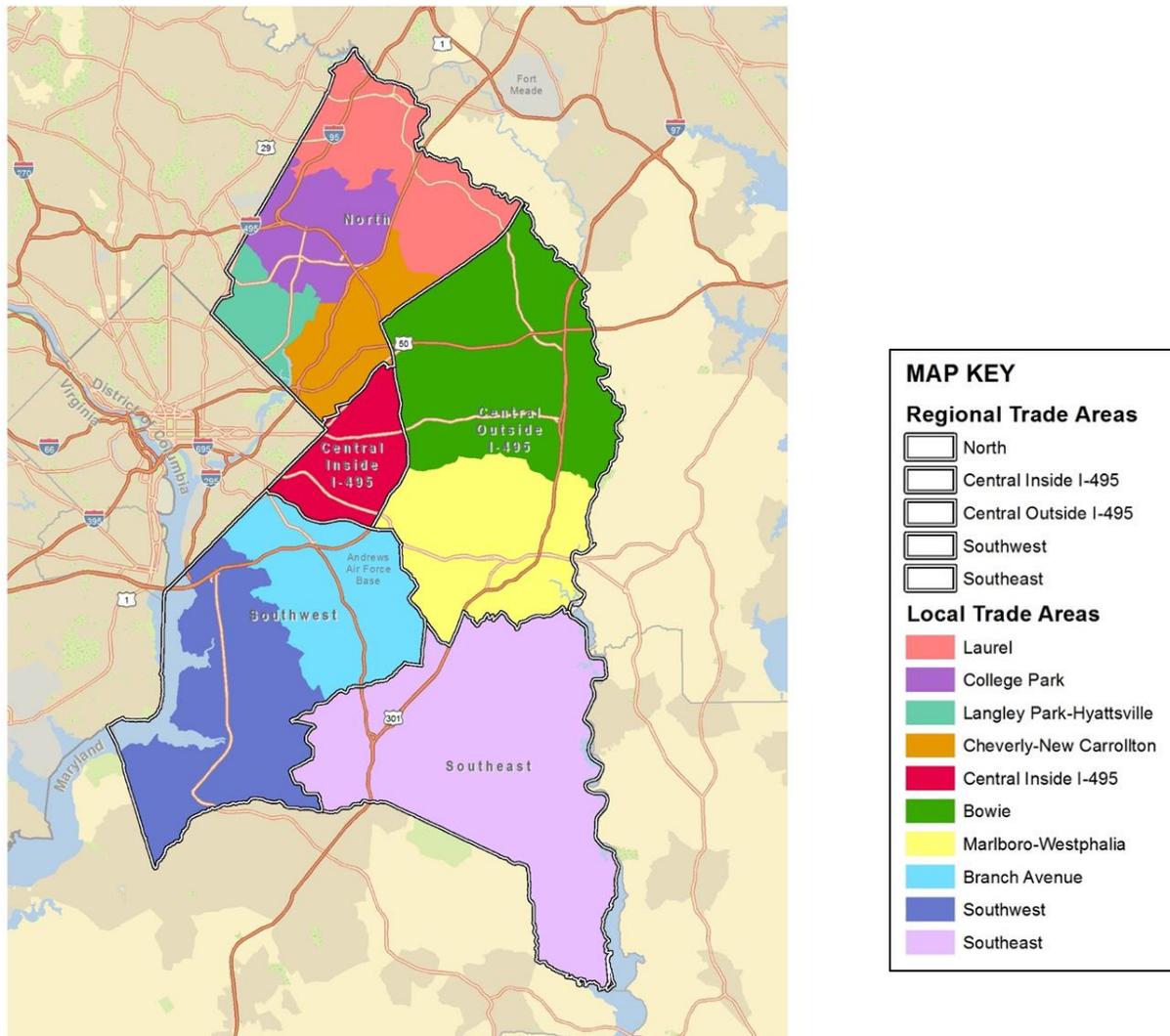
In the nature of understanding retail dynamics and the many factors that drive the success of retail, the following maps (Figures 7.11-7.20) contain a great deal of information that can be overwhelming to interpret. The descriptions below will help explain what the maps are displaying.

*Grayscale Block Groups:* These display combined factors of population density, household income, and education. The darkest block groups have the strongest demographics, and the criteria decreases as the shades lighten. The lightest gray block groups do not have demographic criteria meeting basic requirements.

*Retail Centers:* The retail centers are depicted by dots. The color of the dot indicates the quality of tenants in the center as analyzed by RCLCO in the Prince George's County Retail Market Analysis based on tenant brand, types of goods provided, and upkeep of the center. Again, darker dots represent the highest-quality centers. Navy blue indicates high-quality tenants, while light blue is low-quality tenants. The size of the dot represents the square footage range of the centers. The main street shopping areas are the blue lines.

*County Priority Areas:* These areas are represented by the transparent purple shapes. These are the areas that the County has earmarked as priority districts, including TNI[4] areas, PID[5], and TOD areas[6].

As an example, the best submarket would be a concentration of dark gray census tracts, with strong Metro and highway accessibility. Because the submarket has strong demographics, the retail should also be strong, as indicated by a dark blue circle. Block groups that are the lightest gray would be poor selections for a retail concentration because population density and/or household incomes are well below retailers' ideal criteria.

The remainder of the report will evaluate each submarket for (1) healthy retail, (2) stable retail, and (3) troubled retail as the centers relate to their surrounding demographics and infrastructure.

---

[4] The Transforming Neighborhoods Initiative (TNI) is an effort by the County to focus on uplifting six neighborhoods in the County that face significant challenges. Through this initiative, the County will improve the quality of life in those neighborhoods, while identifying ways to improve service delivery throughout the County.

[5] Priority Investment Districts (PID) are urban centers identified as part of the Plan Prince George's 2035 effort where the county would focus its resources to encourage private development.

[6] Prince George's County's 15 Metrorail stations represent economic opportunity for the County and private sector. With a robust regional rail system – the second largest in the country – Metro is a significant driver of development. TOD locations are being primed to take advantage of the growing demand for walkable, mixed-use, transit-accessible communities, particularly among young professionals who are key to developing an innovation economy. *(For more information see: http://www.princegoergescountymd.gov/sites/ExecutiveBranch/News/Pages/Jump-Starting-TOD-in-PGC.aspx)*.

## Langley Park-Hyattsville Retail Trade Area, Figure 7.11

*Marketability by Submarket*
 *Figure 7.11*                                                *Langley Park-Hyattsville Retail Trade Area*
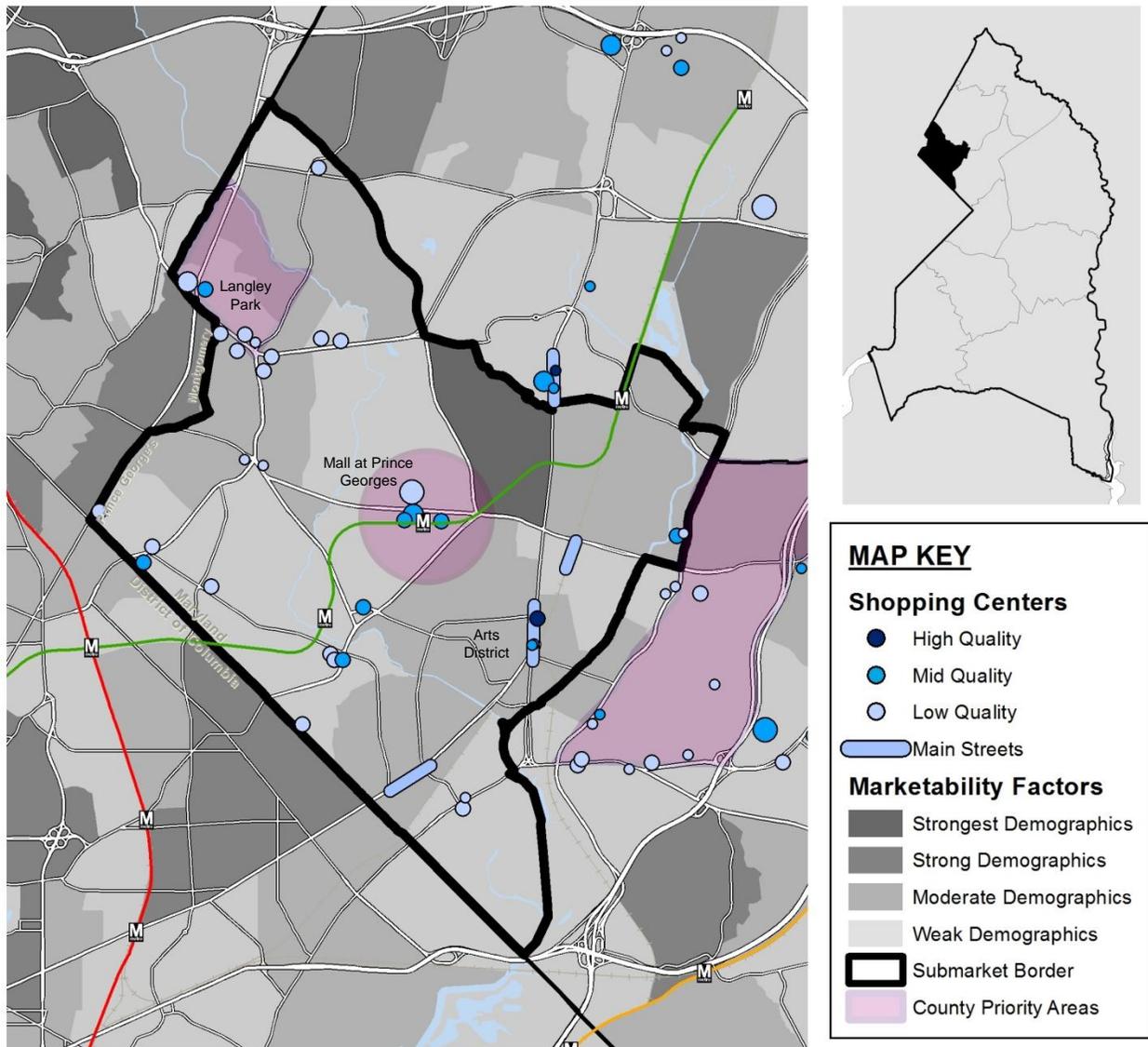


*What is Healthy:* The US 1 corridor between Mount Rainier and College Park has strong demographics and, until recently, little new retail that has responded to this upscale market. The last several years have seen, and the next few years will see, new centers attracting higher-quality retail. The US 1 corridor is healthy and opportunities will continue to flourish along this

corridor. The Arts District has provided this market with a new, walkable center hosting successful tenants, and the main street qualities will continue to develop and flourish. Riverdale Park Station and the new Whole Foods is following suit and will attract more high-quality retail when it opens. While Mount Rainier does not have





stable tenants today, the main street has "good bones" and walkability, and is likely to benefit from the growth headed north out of Washington, D.C. The retail spaces fronting the Riverdale Marc Station are currently vacant, though recently renovated. These spaces should attract good tenants due to the recently renovated space and favorable location and market area.

*What is Stable:* The University Boulevard corridor from the edge of the County to Adelphi Park (and the Langley Park TNI) has a large concentration of retail centers that do not have high-quality tenants. However, these centers are well-occupied and appear to be some of the busiest centers in the County. Though the centers could use a facelift, RCLCO believes the centers are adequately serving a market niche and are in stable condition in terms of performance. If the centers are performing as well as they appear, it will be difficult to persuade owners to spend money updating the real estate.



*What is in Trouble:* The Mall at Prince Georges has followed the trajectory of many of the nation's sub-Class A malls that have declined in quality and performance, as demonstrated by poor tenant quality and tenant balance, low rents, a poor food court layout and location, and dated interior corridors. The mall is in a strategic location to be wrapped into the success of US 1, providing a regional shopping center in northern Prince George's County. This site is an area that should be considered as a focus for redevelopment strategies over the next five years, and is already one of the County's priority districts as a transit-oriented site. A redevelopment strategy for the Mall at Prince Georges should also consider University Town Center, as the retail components have high vacancy and little traction at this time despite the on-site residential and office buildings. Pennsylvania Real Estate Investment Trust (PREIT), the owner of the mall, recently announced a $25 million renovation and re-tenanting strategy[7] that will likely move the Mall at Prince Georges from troubled to healthy.

---

[7] Washington Business Journal: http://www.bizjournals.com/washington/blog/top-shelf/2016/04/mall-at-prince-georges-plans-overhaul-signs-h-m.html, April 22, 2016.

**RCLCO**
ROBERT CHARLES LESSER & CO.

## College Park Retail Trade Area, Figure 7.12

*Marketability by Submarket*
*Figure 7.12*                                                    *College Park Retail Trade Area*
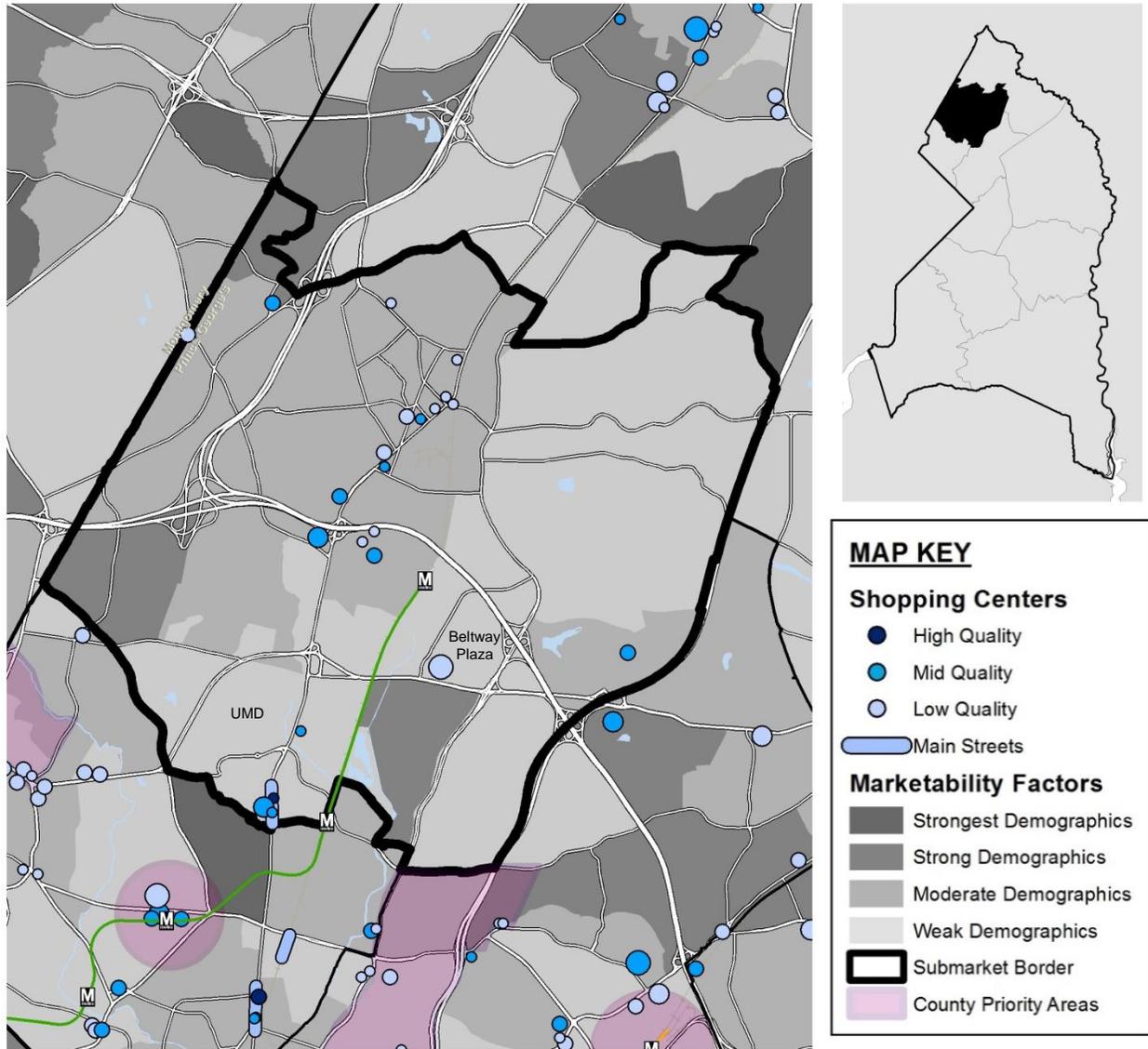


*What is Healthy:* The Baltimore Avenue retail corridor, continuing north from the Hyattsville Arts District to the IKEA just beyond I-495, is growing rapidly with several developments underway. In total, there are 60,000 square feet of retail planned or under construction in association with residential projects in the UMD area. This corridor is already under-retailed for higher-quality tenants, and the planned addition of high-income residential units, particularly in a walkable

context to retail space, is a very attractive environment for future tenants. The submarket has the region's first TargetExpress, a Nando's Peri Peri, Elizabeth Arden Red Door Spa, Insomnia Cookies, and Franklin's Grill and Oyster Bar, among other retail slated to open. Retail in this area will continue to grow and improve, and the market is already taking care of the pent-up demand and uncaptured spending potential in this area.



*What is Stable:* While the Beltway Plaza Mall could use some improvements aesthetically and for the interior tenants, the anchor ends of the mall have been repositioned towards the street and have a Giant Grocery Store, Marshalls, and Target that effectively answer neighborhood and community retail demand in the submarket. Because it is one of few shopping centers in the immediate area, it successfully serves a market despite the state of the exterior. The mall and surrounding areas should be maintained and improved with household and employment growth and as the owner has available capital and interest.



*What is in Trouble:* The US 1 corridor north of I-495 has several centers that are likely in trouble. These centers lack easy accessibility with the train tracks limiting entry points from the east. The few new and well-performing centers serve the immediate area well, while the remaining centers may fall further into disrepair due to lack of a sustainable market. While the area functions as something of a no-man's-land between the retail concentrations of Laurel and College Park, growth emerging from the north and the south is likely to benefit this area in the long-term.

*Marketability by Submarket*
 *Figure 7.13*                                                    *Laurel Retail Trade Area*
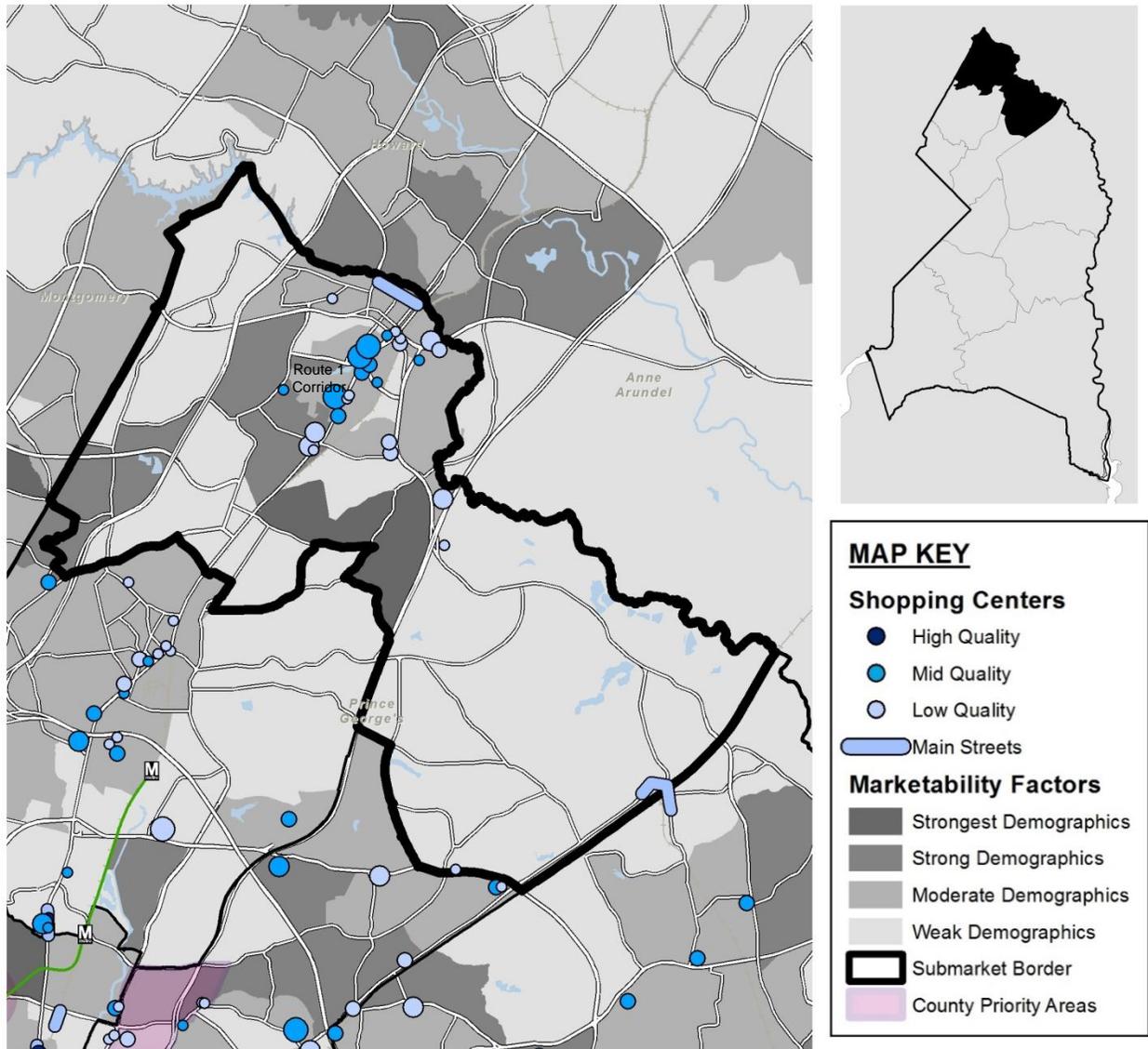


## Laurel Retail Trade Area, Figure 7.13



*What is Healthy:* The majority of shopping centers in the Laurel submarket are located along
US 1. The larger and newer centers are healthy with strong neighborhood and community serving tenants. Towne Centre at Laurel opened in the past year and has attracted some new tenants to the market, including Harris Teeter and Ulta Beauty. Retail in the Laurel market competes with centers in Howard, Anne Arundel, and Montgomery Counties. Because of the strong competition for regional and high-end retailers between these three counties, growth opportunities in the Laurel

submarket should be niche opportunities that are differentiated from surrounding shopping centers. The redevelopment of the Laurel Main Street would be an example of a niche growth opportunity that would not face as much competition from single-use shopping centers in Howard, Anne Arundel, and Montgomery Counties.

*What is Stable:* With the exception of the healthy centers, the majority of retail centers along the US 1 corridor vary between stable and in trouble. The smaller neighborhood and strip centers are mostly stable as they are well-maintained and tenanted with average tenants appropriate for the size of the center. The corridor is slightly over-retailed, resulting in occasional vacant storefronts, but the wealthier and denser population of Laurel has been able to support these centers adequately. Tenants are typical suburban offerings, such as Target, Michaels, Best Buy, Red Lobster, Olive Garden, and Old Navy, and the area has little variety in terms of quality. Much of this retail is effectively serving the market and will remain stable due to the density of the area and the pass-by traffic. The Laurel Main Street is still lively, though vacancies are appearing. Overall, the street is in good repair and should remain a viable retail street with neighborhood-serving retail.

*What is in Trouble:* The larger, big-box centers, along US 1 have seen some tenant cannibalization as new centers have been built, leaving older centers vacant. Some of these centers are in trouble and redevelopment and repositioning strategies will be explored in the strategic plan in the next phase. While most of the centers are not in dire condition, the market seems to be correcting its oversaturation—the current ownership is planning to remove 52,000 square feet of retail at its Laurel Shopping Center and add 180 multifamily apartments, which will benefit the corridor by adding density and removing some excess retail. As growth continues, RCLCO expects the retail market to stabilize, particularly as the demographics of Laurel are favorable. Centers off of US 1 tend to be in trouble, as some are hard to access and others do not receive enough pass-by traffic. A couple of these centers could be retenanted with neighborhood retail to serve the immediate residents, but that is probably the limit of their market potential in the near-term.

## Cheverly-New Carrollton Retail Trade Area, Figure 7.14

*Marketability by Submarket*
*Figure 7.14*                                    *Cheverly-New Carrollton Retail Trade Area*
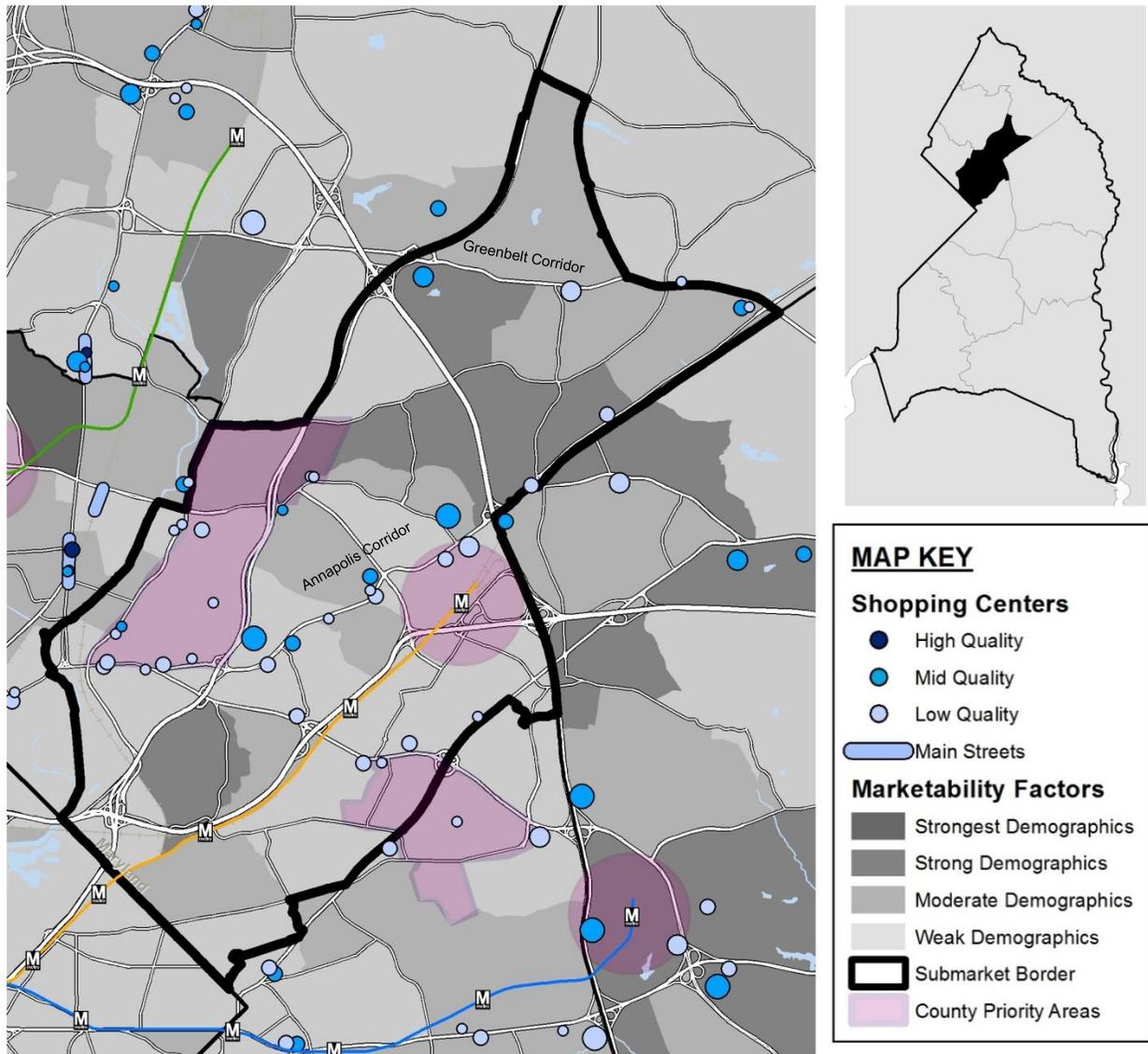


*What is Healthy:* The Greenbelt Road corridor, located within this retail trade area, is a good contender for a focused growth opportunity as the area has relatively strong household density and incomes nearby, employment at NASA Goddard, and few existing centers. With only a few restaurant options for lunch and dinner, there may be untapped market potential, particularly for full-service restaurants. Employment concentrations are high enough to interest some regional restaurants, and the surrounding residential demographics could support additional night and

RCLCO
ROBERT CHARLES LESSER & CO.

weekend restaurants. These options would be particularly compelling in a mixed-use or walkable format instead of in the existing shopping center arrangement.



*What is Stable:* The Cheverly-New Carrollton submarket has several stable community and neighborhood centers that serve the market well with grocery and convenience goods retail options. The Annapolis Road corridor has many shopping centers, a few of which are in stable condition and many of which are in trouble. Glenridge Center and Lanham Crossing are two of the more stable shopping centers along the Annapolis corridor. Many of the centers on this corridor offer the same type of space and have suffered from cannibalization of retailers as tenants have moved from an older center to a newer center. The top performing centers along the Annapolis Road corridor and Greenway Center on Greenbelt Road will likely continue performing well as long as a new center—which may cannibalize some of the better tenants as has occurred in the past—is not introduced. As the County invests in the New Carrollton PID, adding residential density and employment density, the retail should improve and stabilize as increased populations support the retail that is currently in varying conditions in the areas proximate to the Metro.
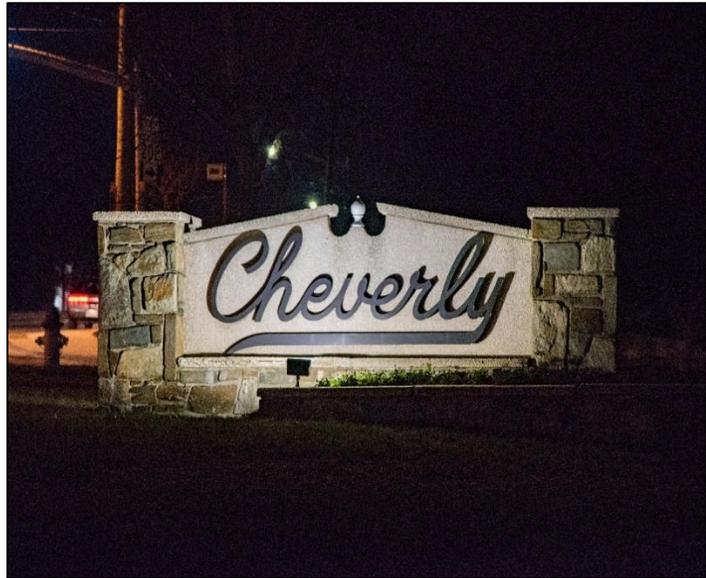
*What is in Trouble:* The remainder of the Annapolis Road corridor centers are low-performing based on sub-quality tenanting. These centers are likely to continue declining in tenant quality and center repair. Some of the failing centers are aging and need investment in order to compete with the newer centers. Other centers have visibility and access issues and may not be feasible to repair. These centers may have the opportunity for redevelopment into residential uses as the market's increasing densities and transit accessibility is nearby at the New Carrollton Metro and MARC Stations. As these centers fall into disrepair, some should be redeveloped into alternative uses to eliminate competition and boost the performance of remaining centers. The Capitol Plaza Shopping Center, a demolished mall site that now contains a recently constructed Walmart and international food market, is in need of redevelopment. This site should be considered for residential and commercial development.

## Bowie Retail Trade Area, Figure 7.15

*Marketability by Submarket*
*Figure 7.15* *Bowie Retail Trade Area*
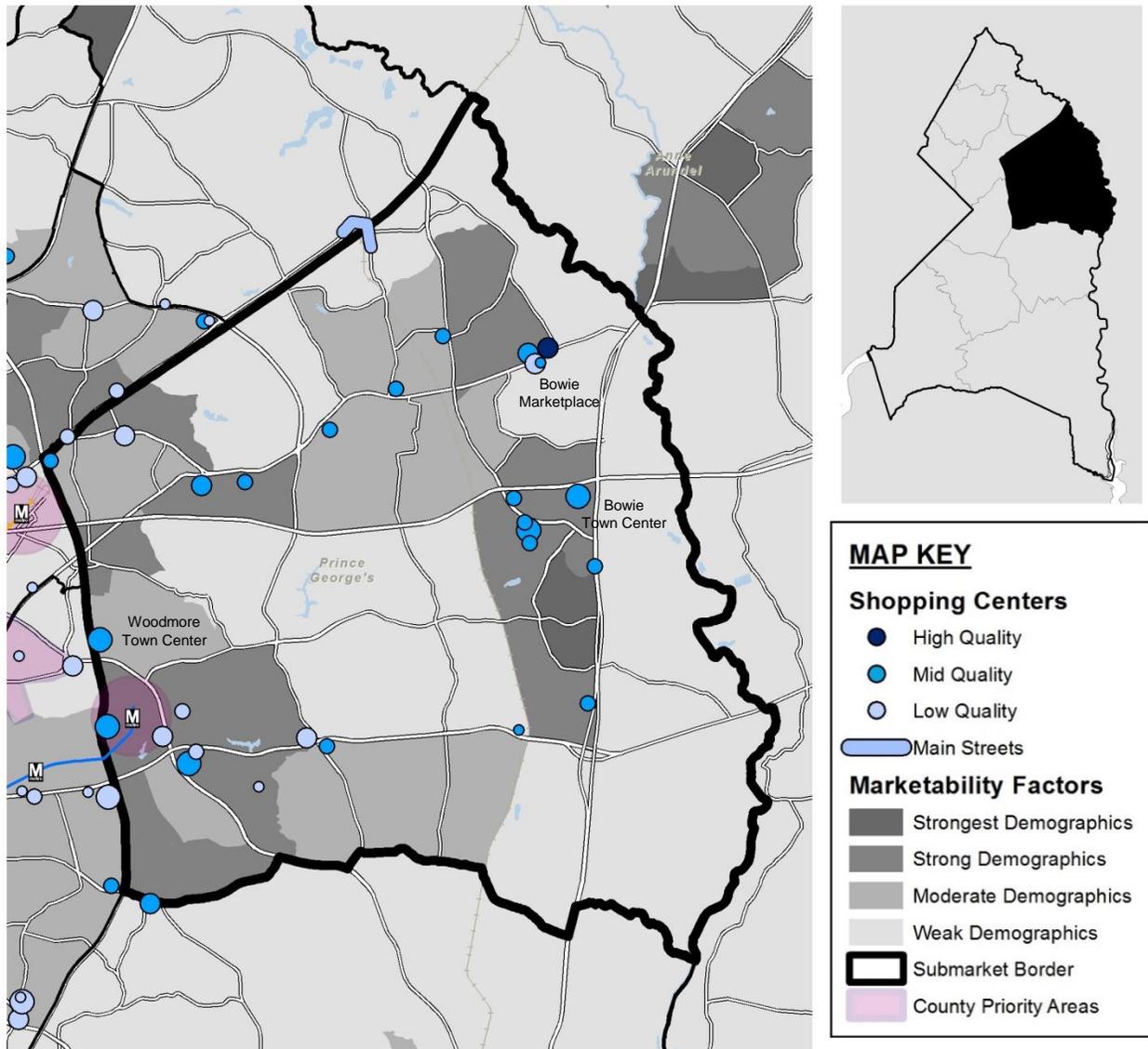


*What is Healthy:* Bowie has some of the highest quality shopping centers and strongest demographics in the County. In addition to its own residents, retail in Bowie serves residents from other submarkets that have inadequate retail options (Marlboro-Westphalia, Inner I-495). Healthy centers in this submarket include Woodmore Town Center, Hilltop Plaza, Vista Gardens Marketplace, and many neighborhood- and community-serving centers. These centers serve a submarket with the appropriate density and income to support higher-quality retail. The Bowie Marketplace redevelopment, which is currently under construction, could bring additional high-

end retail to the area. Woodmore Town Center is on the border of the submarket along I-495, and the anchors of Wegman's and Costco draw an additional customer base from outside the trade area compared to other neighborhood and community centers in the Bowie retail trade area. Townhomes and single-family homes immediately adjacent to the retail at Woodmore Town Center will further boost the viability of smaller-footprint retailers and restaurants, likely at a higher price point than the offerings today as the area densifies and truly becomes a town center concept with surrounding residential.

*What is Stable:* Most centers in Bowie can be categorized as stable. These centers have appropriate tenanting within the submarket and relatively good upkeep. The Bowie submarket seems to be taking appropriate care of itself—demographics are strong enough to justify redevelopment of failing centers and strong enough to persuade new retailers to enter the market (Harris Teeter). The County's willingness to assist with new development and repositioning has been instrumental in helping developers get projects off the ground. Bowie Town Center has a strong national tenant list, and should remain stable with a similar tenant base moving forward. The Old Town Bowie Main Street is stable and is primarily tenanted by antique stores. While the street is in good repair, it is small and divided by the railroad tracks. We expect the main street to continue performing at its current status.

*What is in Trouble:* A few of the retail centers along Annapolis Road are in trouble of failing or have already failed. The corridor has struggled with new retail centers cannibalizing tenants from older centers, causing older centers to be vacant and fall into disrepair. Duvall Village demonstrated this phenomenon following the construction of Vista Gardens Marketplace. Vista Gardens, a power center, secured many anchor tenants, which caused the anchor space at Duvall Village, a small neighborhood center, to become vacant. A Walmart Supercenter has applied to fill the anchor space in Duvall Village, which will reactivate this shopping center. The Bowie Marketplace Mall is vacant and has been referred to as an eyesore to the community. However, Berman Enterprises has acquired Bowie Marketplace and has demolished the center to replace it with a mixed-use center anchored by a Harris Teeter. This will vastly improve the east end of the Annapolis Road corridor and help this center move from troubled to stable or healthy.

## Marlboro-Westphalia Retail Trade Area, Figure 7.16

*Marketability by Submarket*

| *Figure 7.16* | *Marlboro-Westphalia Retail Trade Area* |



**MAP KEY**

**Shopping Centers**
- ● High Quality
- ● Mid Quality
- ○ Low Quality
- ▭ Main Streets

**Marketability Factors**
- Strongest Demographics
- Strong Demographics
- Moderate Demographics
- Weak Demographics
- Submarket Border
- County Priority Areas
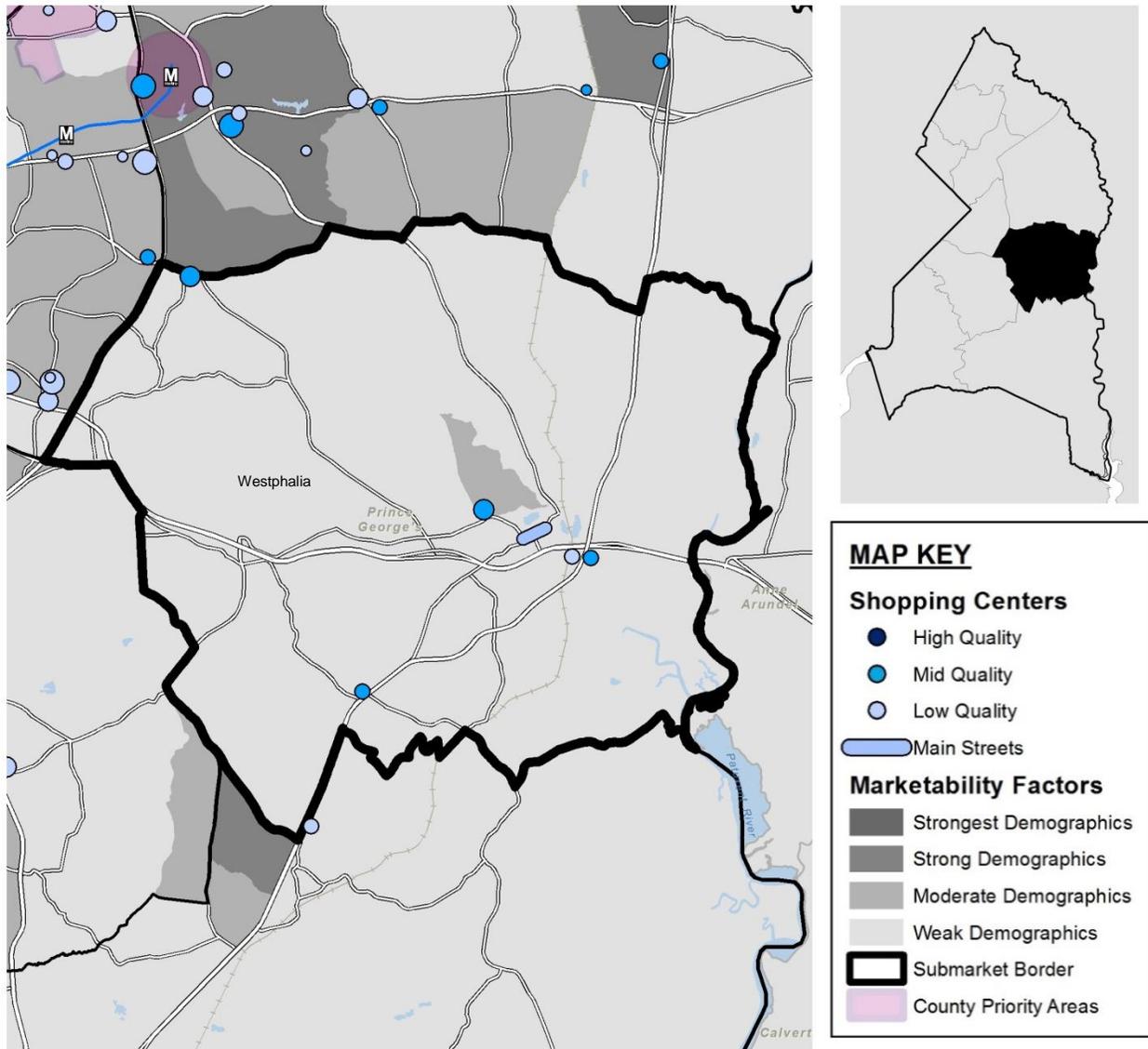
*What is Healthy:* The Marlboro-Westphalia retail submarket looks particularly sparse today, primarily due to very low density, which can be seen in Figure 7.2. However, household incomes are high and, at build-out, 14,000 new households are planned to be added with the Westphalia sector plan. With little existing retail, opportunity abounds to add retail in a compelling, walkable format that will be unique from existing shopping centers.

The Westphalia Sector Plan prescribes retail in town centers with denser housing development that should be able to attract higher-quality retail than exists in the area today. If this plan comes to fruition as a walkable retail environment surrounded by high-quality housing stock, it will be an asset to this submarket and region.

Some existing and aging centers are already being redeveloped in the submarket. Osborne Shopping Center was recently redeveloped, adding a 58,000 square foot, upscale Safeway. The center is in good repair and is healthy, serving the existing customers in the area.

_What is Stable:_ Marlboro Crossroads and Marlton Plaza are both neighborhood centers anchored by a grocery store (Giant and Food Lion). These centers are in stable condition and serving the surrounding market accordingly. These centers should remain stable with the presence of the grocery stores that attract surrounding households.

_What is in Trouble:_ The Upper Marlboro Main Street is a relatively troubled and aging main street with increasing vacancies alongside moderately priced restaurants and carry-outs (e.g., Ledo Pizza, Old Town Inn, and Subway), two banks, convenience retail, and business and legal services. This quaint main street is a small town center in need of façade improvements and consistent streetscaping. The concentration of the County Government offices provides daytime demand for retail and restaurants. This area may be increasingly in trouble with new competitive retail being planned at the Westphalia development if it delivers a walkable, main street retail experience.

Marlboro Village Center has high vacancy and is likely to be in trouble if action is not taken. Although the physical building is in decent repair, the tenanting is slipping and the center is not located on any of the major thoroughfares of Prince George's County. However, as one of the few centers in the area, it may be able to recruit tenants to fulfill market needs as the area densifies. It is possible the center could be reoriented, focusing on restaurants and convenience retail that will better serve the immediate population and employees nearby.

## Central Inside I-495 Retail Trade Area, Figure 7.17

*Marketability by Submarket*
*Figure 7.17*                                              *Central Inside I-495 Retail Trade Area*
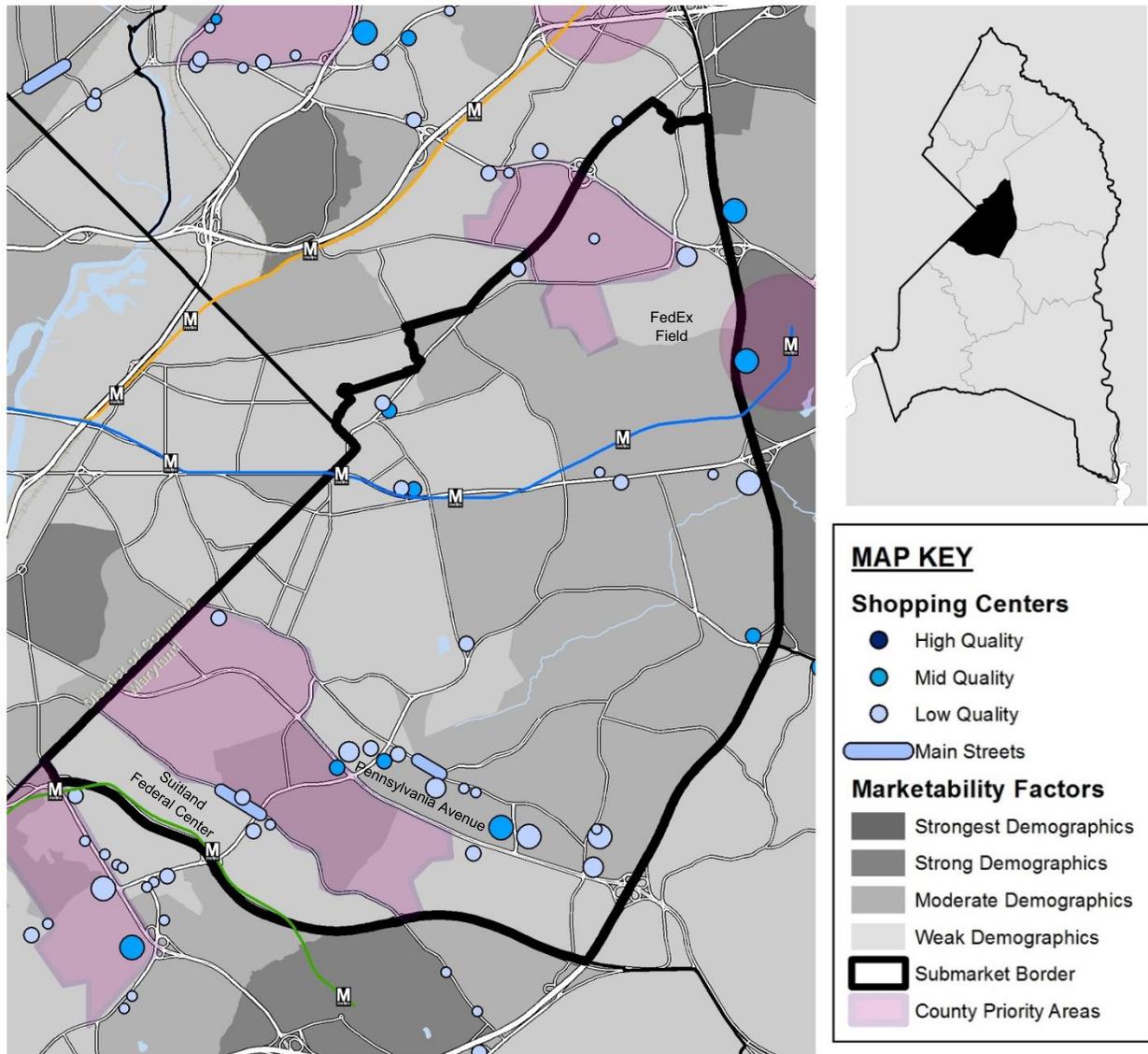


*What is Healthy:* The Central Inside I-495 retail trade area has a number of healthy centers such as The Shops at District Heights and Ritchie Station Marketplace that are effectively serving the surrounding market. Overall, however, this submarket does not currently meet enough of the demographic criteria necessary to support higher-quality retail development. Healthy centers that currently serve the residents in this submarket should be maintained. Those residents seeking higher-quality centers will be served by centers outside I-495, especially as Westphalia is developed.

*What is Stable:* Lagging demographics make this submarket unattractive to higher-caliber retailers overall, and therefore, maintaining and improving existing centers should be the focus within this submarket. The higher-performing shopping centers in the submarket, those along

Pennsylvania Avenue in particular, are positioned to serve the surrounding communities and should be maintained. Low-performing centers along this corridor should be watched for redevelopment opportunities as the submarket is currently over-retailed.

*What is in Trouble:* Retail centers adjacent to the U.S. Census Bureau show poor performance and upkeep, but have the potential for redevelopment and improvement. The U.S. Census Bureau has more than 7,000 employees and the main street at Suitland Road and Silver Hill could support lunch and neighborhood-serving retail oriented toward these employees, though the success of this retail may be limited by the presence of an on-site cafeteria on the Federal campus. Centers along the Central Avenue corridor are in deep disrepair and may need to be repositioned in the future, either with new tenants or as new land uses.

In the northern portion of the trade area, the centers adjacent to FedEx Field are not in good condition and have high vacancies, issues compounded by less-than-favorable demographics and high crime rates. Developing retail based on traffic from FedEx Field visitors is challenging due to the seasonality of events, but one or two of these centers may have the potential to be revived as retail. The Landover Mall site, now demolished, is also in this submarket. The site is awaiting redevelopment, with plans for a mix of residential and office development, with some complementary street retail. If selected for the new U.S. Department of Justice Federal Bureau of Investigation headquarters, the mall site will no longer be a retail opportunity.

**RCLCO**
ROBERT CHARLES LESSER & CO.

## Branch Avenue Retail Trade Area, Figure 7.18

*Marketability by Submarket*
*Figure 7.18*                                              *Branch Avenue Retail Trade Area*
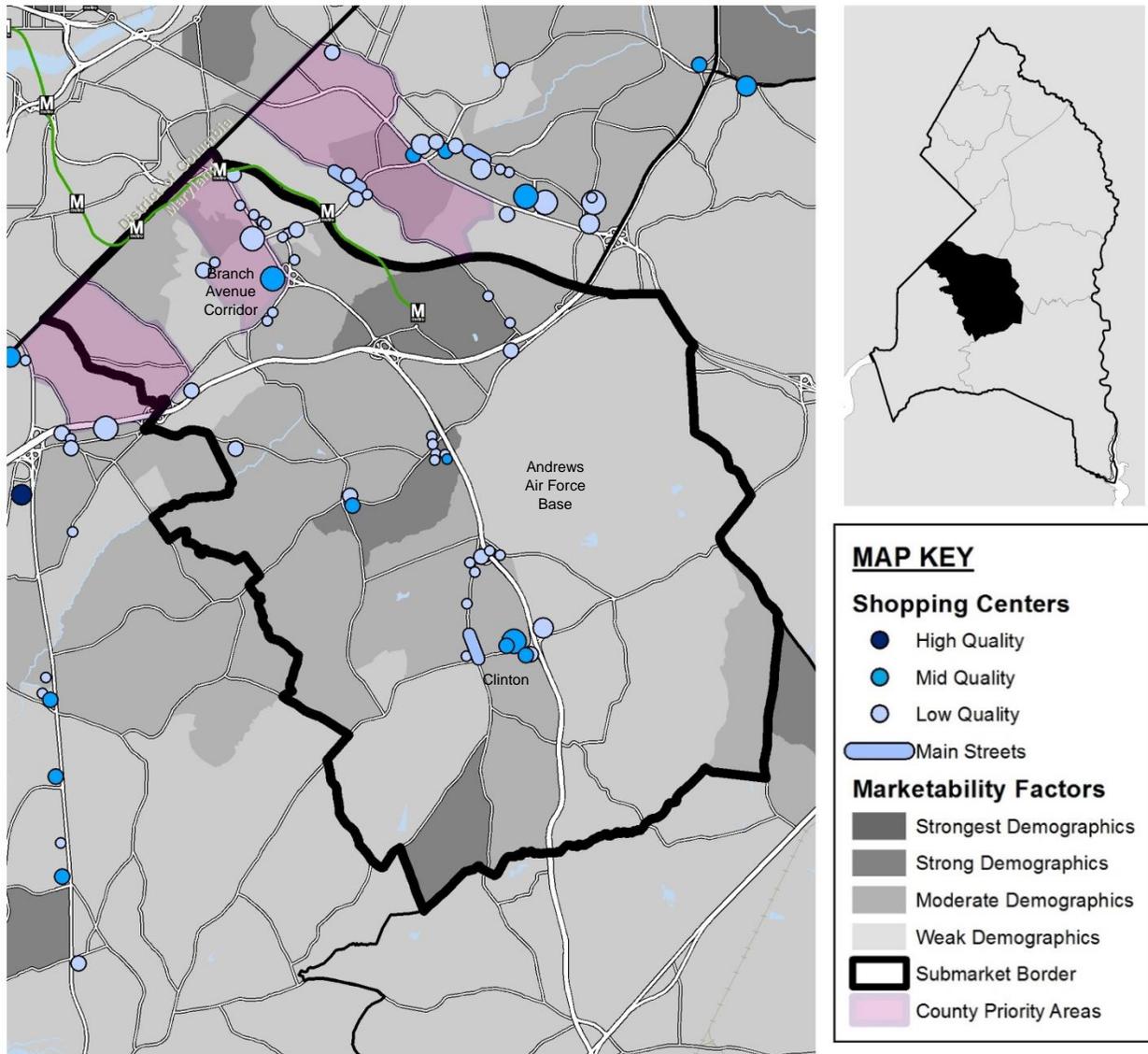


*What is Healthy:* Retail in Clinton is stable and should remain healthy under current market conditions. Retail offerings are varied in type and sufficient to serve the market. Additionally, centers along Woodyard Road on the west side of Branch Avenue—particularly the Woodyard Crossing shopping center—are well tenanted and in good shape. Overall, there is not much growth potential in this submarket in the near-term. The primary focus for this area should be on maintaining current centers and improving, or repositioning, struggling centers.

*What is Stable:* About half of the retail centers by Joint Base Andrews Air Force Base are in average physical condition, but may need some improvement to maintain their current market position. The performance of these centers would improve if some of the lowest performing

retail in this area was repurposed into non-retail land uses. This corridor is simply over-retailed, with too many small centers and no anchors to draw traffic.

*What is in Trouble:* The portion of the Branch Avenue submarket that is inside I-495 has severely run down centers and tenants. The demographics of this area do not support higher-quality retail and residents in this area are well-served by neighborhood retail centers in the nearby Pennsylvania Avenue corridor. Centers offering goods at a lower price point are probably necessary in this market, and the centers and retail should be maintained until they have little or no occupancy, at which point they should be repositioned into a use other than retail.

Similarly, the small retail centers outside of Joint Base Andrews along Branch Avenue should be repurposed. Although physical conditions are improving, this center does not effectively serve the existing market. The limited access off of Branch Avenue near the base is particularly challenging for this retail. Andrews Manor Shopping Center along Allentown Road is also in disrepair and in need of additional revitalization. The center's location near the main gate of the Joint Base Andrews Center may allow for revitalization and retenanting efforts, as there is a built-in market at the base, and military housing located inside, and to the west, of the base.

While the bones of the Clinton Main Street are solid, there are very few quality tenants. If the main street were to pursue a retenanting plan and streetscape improvements, this corridor could evolve into a stronger retail destination for nearby residents that diverges from the typical shopping center retail prevalent in the area. However, it will likely remain small-scale and locally oriented without intervention.

## Southwest Retail Trade Area, Figure 7.19

*Marketability by Submarket*
*Figure 7.19*                                           *Southwest Retail Trade Area*
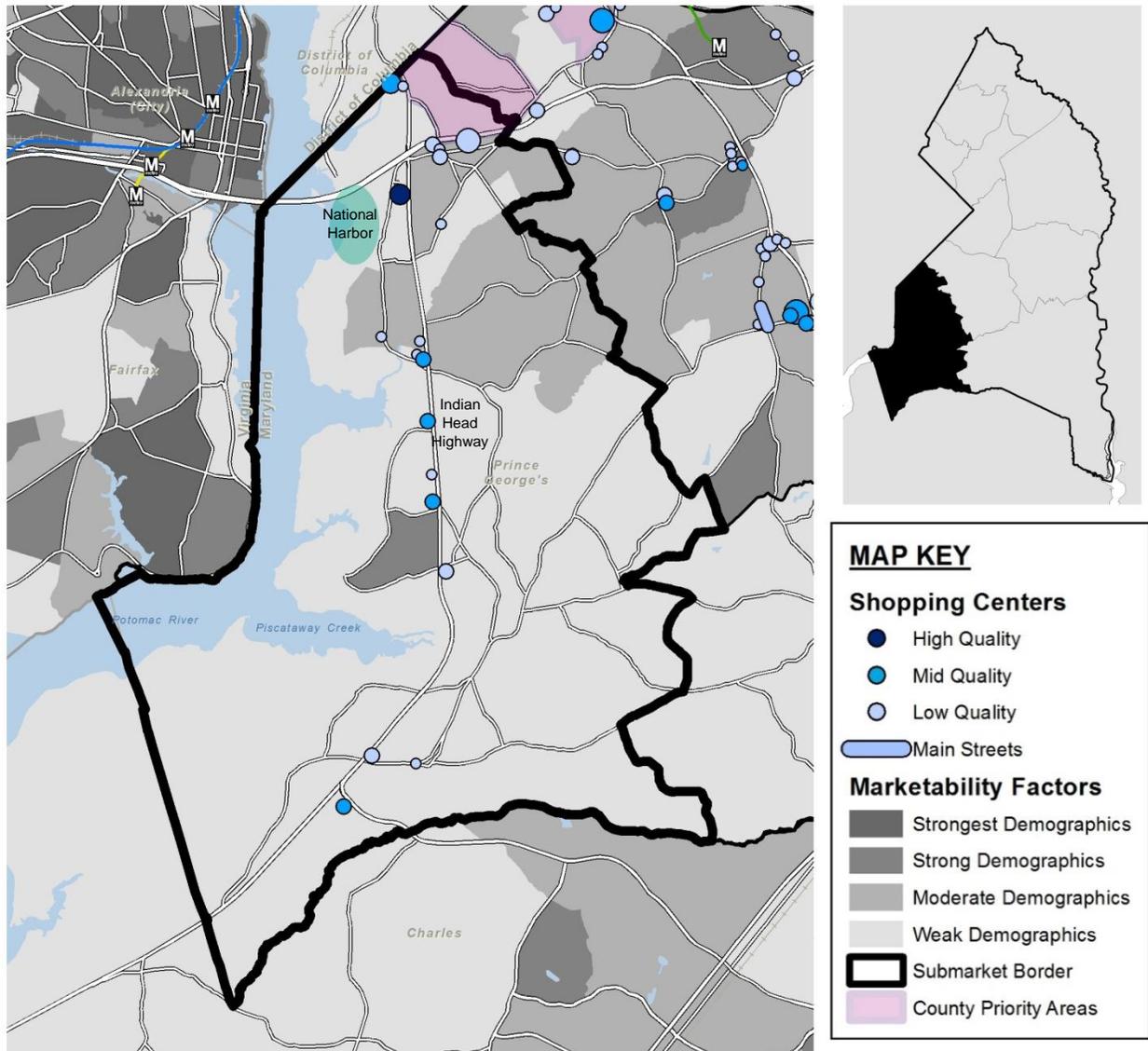


*What is Healthy:* Contrary to the rest of the County, the southern portion of the County does not have an oversupply of retail space. The low density of the southwest submarket has prevented overbuilding of large-scale retail, while high incomes in the area have successfully supported the retail that exists. Besides National Harbor, this submarket primarily has neighborhood- and community-serving retail centers along Indian Head Highway. The strongest performing centers in the southwest submarket, and those in the best state of repair, are grocery-anchored centers, which provide the main draw for traffic to the site. These centers are meeting market demand with grocery and in-line tenants.

National Harbor (the green oval on the map) and Tanger Outlets National Harbor are the major shopping destinations in the southwest. However, National Harbor is more akin to an entertainment district than a shopping center with the cluster of restaurants, tourist retail, and the mix of land uses. The outlet center serves a regional audience. The restaurants are performing very well, and we expect the retail performance to catch up with the restaurants as residential density continues to increase and additional tourists are drawn to the new MGM Casino that is under construction.

*What is Stable:* Grocery-anchored centers are in better physical repair than non-grocery anchored centers, though both types of centers are still well tenanted and not at risk of failing. Because the submarket's quantity of retail is in balance with the market size, these centers seem to be supported by the community. Tenant quality is expected to improve when density and household incomes increase and market demand creates an opportunity for higher-quality retail. In the near-term, this submarket has adequate retail with varied degrees of quality, and superior access to higher-end retail at National Harbor, in Alexandria, and in Charles County when needed. At this time, most retail in the southwest submarket is stable. The submarket does not require additional focus or efforts by the County to improve or stabilize local-serving retail in this area.

*What is in Trouble:* While some centers are performing worse than others, there do not appear to be centers in this submarket that need to be repurposed or repositioned at this time.

## Southeast Retail Trade Area, Figure 7.20

*Marketability by Submarket*
*Figure 7.20*                                                    *Southeast Retail Trade Area*
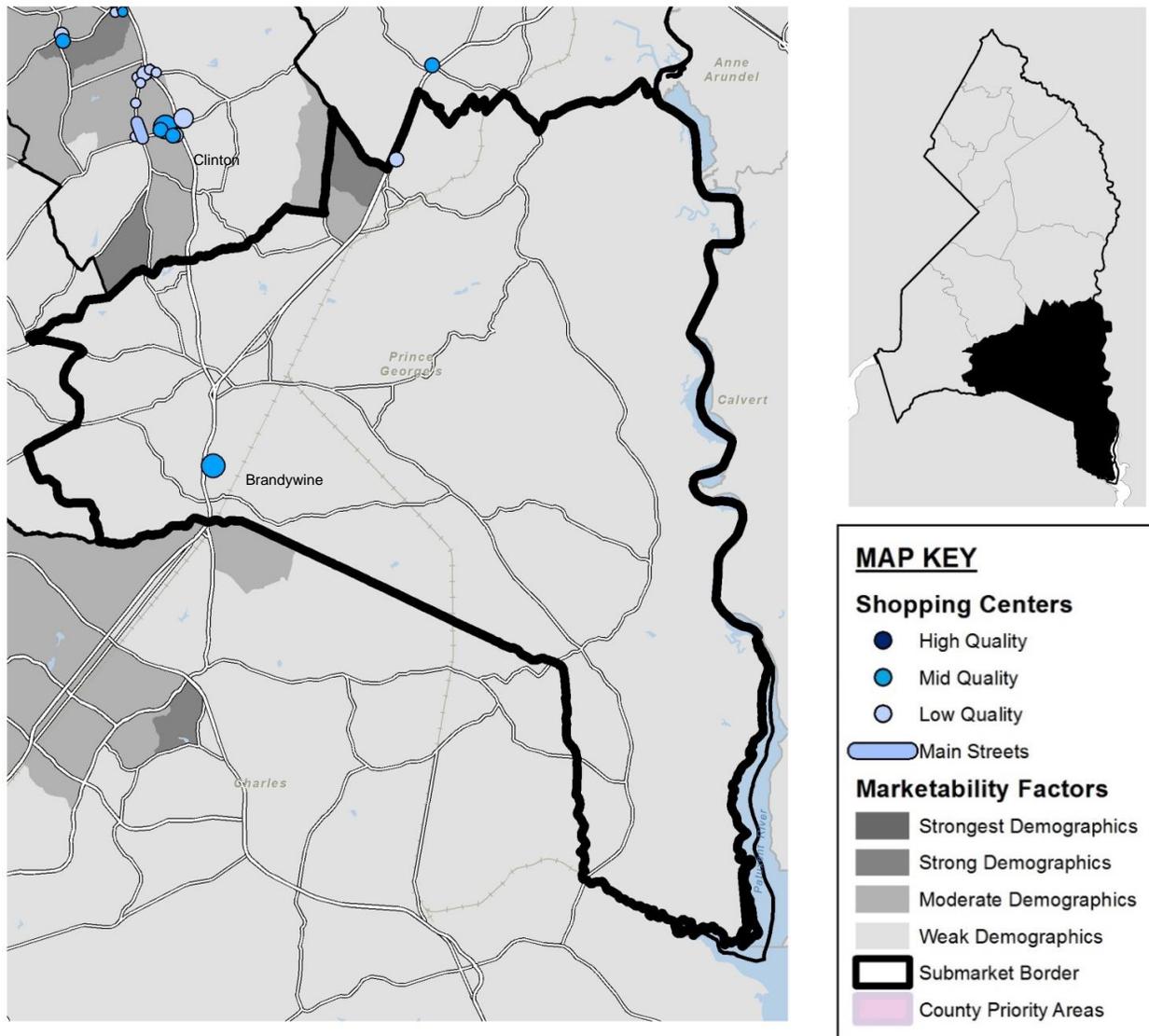


*What is Healthy:* Similar to the southwest, the southeast submarket has low density and high incomes that supports only a small amount of retail but is adequate for the existing retail to succeed. The only retail center in the southeast submarket, Brandywine Center, is a strong performer that serves as the power center of choice for much of the southeast and southwest submarkets. A Costco, Marshall's, Target, and Safeway, as well as smaller in-line stores, provide an array of options for residents. This center should continue to perform well. The submarket probably could not support additional retail beyond a neighborhood center (grocery-anchored) in the near-term. A cluster of retail just south of the County in Charles County meets market demand for retail in southern Prince George's County.

*What is Stable:* Existing centers are in healthy condition at this time.

*What is in Trouble:* Existing centers are in healthy condition at this time.

# Acknowledgements

RCLCO
ROBERT CHARLES LESSER & CO.