

# King Street Retail Analysis

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**Figure 1:** King Street is lined with numerous specialty shops and restaurants that combine to form an exciting historical shopping destination.

## 1.0 INTRODUCTION

### 1.1 Executive Summary

This study finds that Old Town Alexandria has the opportunity to increase its market share of retail and restaurant sales by expanding its business mix and implementing a series of policy, marketing and physical enhancements. Even during the current economic downturn, Old Town can support 250,000 square feet (sf) of additional retail and restaurant space, generating more than \$100 million in additional annual sales revenue. These gains can be made primarily by capturing local and regional spending that is occurring elsewhere. Old Town's \$584 million annual visitor spending can also be increased by expanding King Street's business mix to meet tourist shopping trends and expectations.

King Street's business potential is being artificially suppressed by a confluence of correctable non-market factors. Old Town businesses could capture this additional spending by implementing modern merchandising and business practices. This growth also requires effective marketing, a Business Improvement District (BID) and more cooperation between the public and private sectors. Improvements in parking, lighting, management and signage will also enhance King Street's commercial sustainability.

#### **Key Recommendations:**

- Implement a Business Improvement District or similar strategy for improved marketing and management.
- Improve signage for retailers, visitors and parking.



- Expand King Street Trolley levels of service.
- Improve streetscape lighting.
- Expand marketing to include all local and national businesses.
- Install parking meters along all of King Street and most side streets.
- Improve parking deck access, lighting and signage, and simplify rate schedule.
- Encourage business employers and employees to park in parking garages by increasing the rate of on-street parking and reducing the rate of garage parking.
- Install temporary “pop-up” stores in key locations.

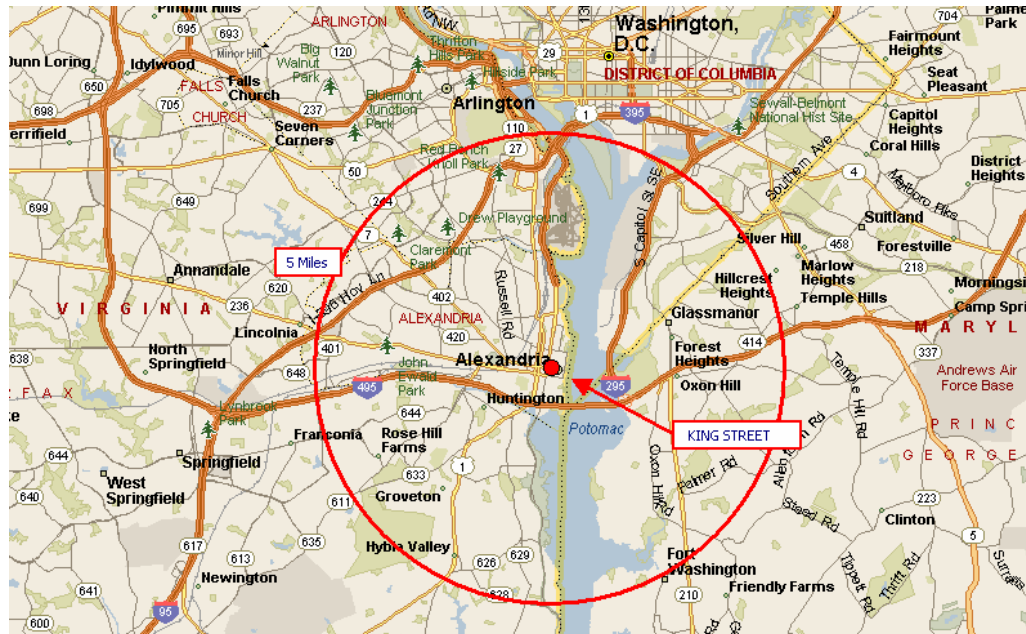


Figure 2: King Street is located six miles south of Washington, D.C.

*The broad purpose of this study is to identify the challenges and opportunities to increase Old Town’s commerce without compromising the quality of life for its surrounding neighborhoods or its historical heritage.*

## 1.2 Purpose of Study

Gibbs Planning Group (GPG) has been retained by the City of Alexandria to conduct an independent third-party analysis of King Street’s urban characteristics and City policies as they relate to the Old Town Commercial District. The broad purpose of this study is to identify the challenges and opportunities to increase Old Town’s commerce without compromising the quality of life for its surrounding neighborhoods or its historical heritage. Both issues are intertwined and dependent upon each other.

The following issues were addressed by GPG in this study:

- What are the strengths, opportunities and concerns of Old Town's commerce from the point of view of community groups, organizations, residents, workers and City staff?
- What are the general trends and opportunities for Old Town's business sales and growth?
- What do Old Town retailers and restaurants consider their major strengths and opportunities? What have been individual business sales trends during the past five years? Is King Street a good location for their business model?
- How is Old Town's built environment - including the streetscape, parking and waterfront - impacting Old Town's commerce?
- What specific changes in City policy and ordinances, including parking, security, signage, maintenance and building approvals, would Old Town's businesses, property owners, residents and stakeholders like to have modified? Will these modifications have the desired effect on King Street's commerce?
- What is the potential growth for retail and restaurant expenditures for the next five years?
- How is the new King Street Trolley impacting Old Town's businesses? Are there opportunities to improve the Trolley operations to expand Old Town's commerce?



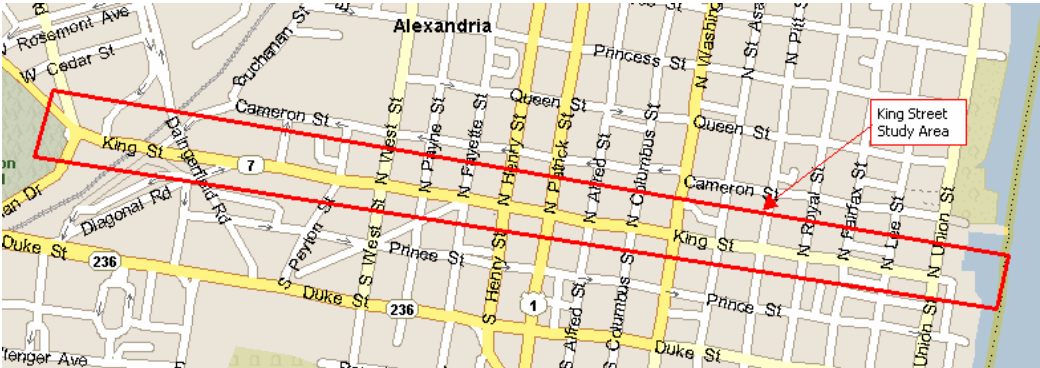
*Figure 3: King Street provides a popular amenity for Alexandria's neighborhoods and the surrounding community.*

## **2.0 CHALLENGES & OPPORTUNITIES**

### **2.1 Overview**

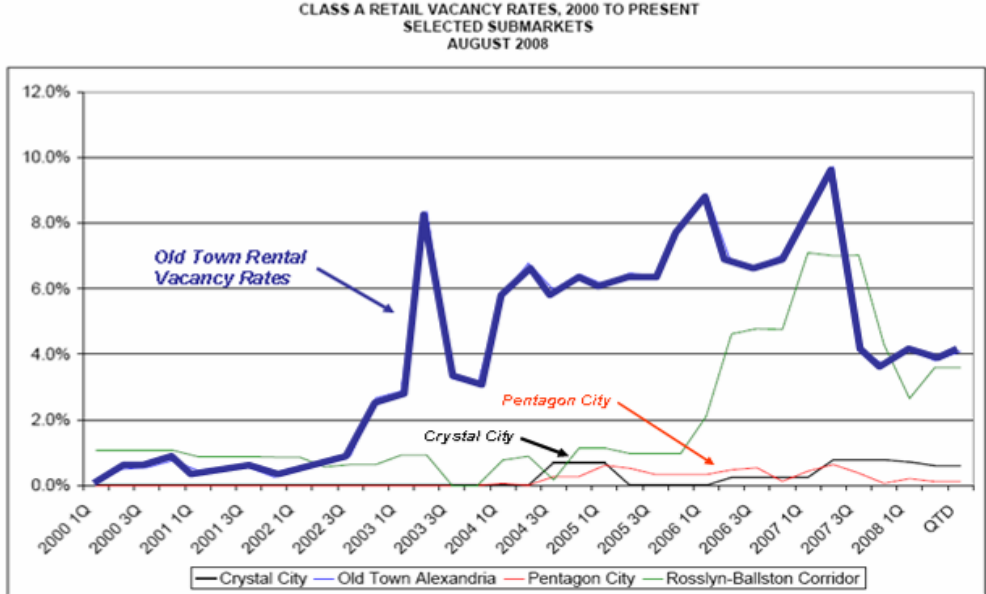
Old Town's King Street commercial area serves as an amenity for the surrounding neighborhoods, as well as a leading regional and national tourist destination. Many of the residents interviewed during this study stated that it was King Street's unique urbanism that attracted them to Old Town. Realtors attribute Old Town's residential desirability and high values to King Street's fine historical

character. The area's tree-lined streets, waterfront, quaint shops and restaurants provide goods and services nestled in a historic urban setting that is not available elsewhere in the Washington, D.C., region.



**Figure 4:** This study focuses on the 1.2 miles of King Street located between the waterfront and the Metrorail station.

While King Street and the surrounding neighborhoods represent one of our nation's most picturesque urban historical settings, King Street's commercial viability is challenged. High real estate costs and steep rents, combined with fluctuating sales, make it difficult for some landlords and businesses to earn a market rate of return on their investment. Recently a number of popular retailers including The Discovery Store, Elizabeth Stone Gallery and Olsson's Book Store have closed in Old Town. The closures have occurred for a variety of market and non-market reasons. Numerous other businesses, including antique shops and boutique retailers, have indicated that they are considering closing or moving from Old Town.



SOURCE: Costar



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retail vacancy  
04-12172.00  
Printed: 10/30/2008

**Figure 5:** Class A Retail Vacancy Rates 2000-August 2008 indicate a wide range, from 0.1% - 9.5% for Old Town (see blue line above). Source RGLCo.

King Street has a high rate of business turnover and commercial vacancies as compared to other shopping areas. An October 2008 study by Robert Charles Lesser & Co. (RCLCo) found that Old Town's commercial vacancy rates ranged from 0.1% in 2001 to nearly 10% in 2007 and back to 4% in 2008. At the same time, the Crystal City and Pentagon City shopping centers maintained relatively stable occupancy rates of 99%. (See Figure 5)

*The relevancy of many of King Street's businesses for the day-to-day needs of its neighborhoods and the City at large has gradually diminished to a point where the surrounding residents must rely on suburban shopping centers for most of their primary retail, restaurant and grocery essentials.*

Suburban developers have proven more than willing to provide for this unmet commercial demand. The region has an abundance of attractive shopping centers including Pentagon Row, The Clarendon Market Common, Potomac Mills, Tyson's Corner, Georgetown and Reston Town Center. More than 1.5 million sf of combined additional retail space is planned at National Harbor and an expanded Potomac Yard Shopping Center.

*Old Town is not working as a cohesive shopping destination that serves the primary commercial needs and desires of its community.*

Numerous well-intended private sector actions, community pressures and public policies have led to an ironic condition; local residents must drive to suburban strip centers and malls for most of their essential goods and services. Many King Street businesses depend on tourism or purpose-driven shoppers for their livelihood. As a result, Old Town is not working as a cohesive shopping destination that serves the primary commercial needs and desires of its community. This dependence on individual shopper trips and large numbers of tourists is an unsustainable condition for one of America's first and finest cities.





**Figure 6:** *Old Town businesses must work with multiple property owners and retrofit small historic buildings for modern merchandising to meet consumer demands.*



## 2.2 Business Opening Challenges

Opening a business in an historic urban area presents several unique challenges usually not found in suburban shopping centers. Fortunately, King Street has a market demand that can compensate for many of its real estate challenges. Many business owners must self-finance their tenant improvements, reducing needed capital for operations, marketing and inventory. Old Town is not a centrally managed business district; stores have various hours of operations and overlapping services and the area lacks strong marketing.

Retail Space Available for Lease				
		SF Available	\$/SF	Zoning
<b>116-126 King Street</b> 	Former major retail location on lower King Street.	3,653	\$53	CD
<i>KLNB Retail</i> Steve Combs 202-420-7776				
<b>210 King Street</b> 	Perfect for many uses, including a restaurant.	5,212	\$23	CD
<i>Vaaler Real Estate</i> Tom Hunt 703-450-9394				

**Figure 7:** Available Old Town properties are published on the Alexandria Economic Development Partnership web site and in a brochure. (Photo source: Alexandria Development Partnership web site.)

When locating in Old Town, businesses must first find a suitable building in an appropriate location. While King Street has hundreds of individual properties, the buildings are often the wrong size or in need of significant improvements in order to make the space usable. Most of King Street's buildings have low ceilings and are too small for modern retailers.

The *Alexandria Economic Development Partnership, Inc.* (AEDP) publishes a detailed brochure illustrating available retail space. This brochure details the available building size, location, zoning, quoted rent, and broker contact information. The publication is informative, easy to use, and a significant contributor toward the City's high occupancy levels. The AEDP's web site provides numerous helpful business resources including seminars, lending guides, and small business resource assistance. AEDP will be launching a new, improved, web site on June 1, 2009.





## Apple Store



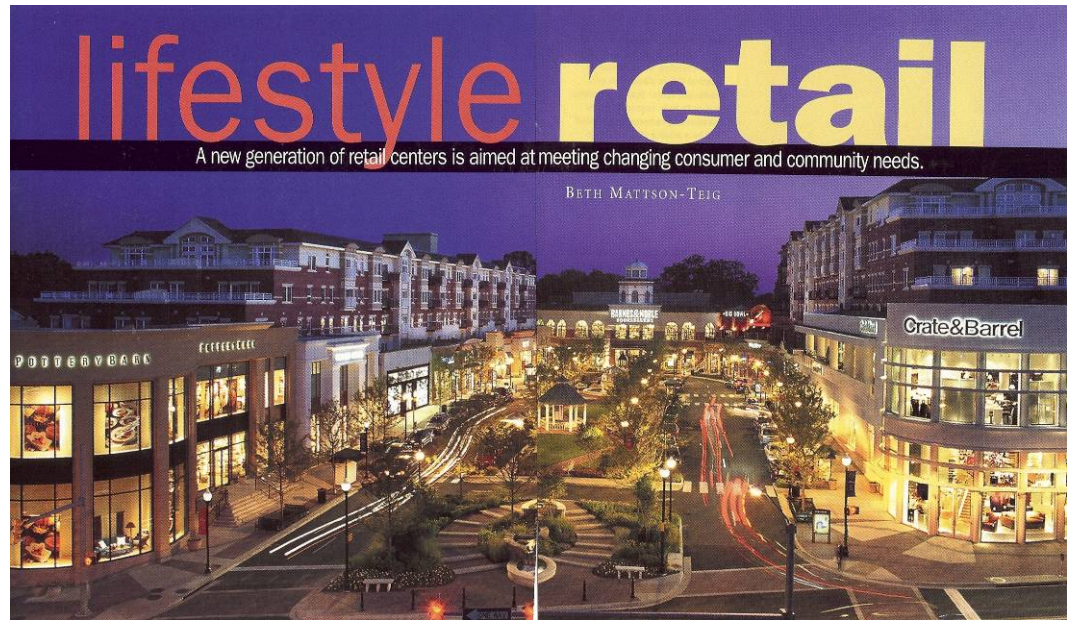
**Figure 8:** Apple reportedly sought to open a new Apple Store at the former McDonald's restaurant site, on the 600 block. Instead, the building was leased to a Walgreen's pharmacy. Apple was cited by many residents as one of the most preferred retailers for King Street.

Old Town's various properties and businesses are not represented by a single real estate broker. Prospective businesses must work with multiple agents, or directly with the property owner, when the space is not listed commercially. Leading regional and national retailers do not have the resources to seek out and explore King Street's individual property owners. As a result, many of the most sought-after retailers locate in shopping centers where they are recruited with sophisticated leasing plans.

For example, an Apple Store is reported to have recently attempted to open on King Street in the 600 block, but was not able to successfully negotiate a lease with the property owner. The space was leased instead to a drug store. Apple is extremely selective in its site selection, and its desire to open in Old Town indicates the area's strong demographics. Apple recently opened a new store along Charleston's King Street.

Old Town rents and lease terms are sometimes unreasonable, often resulting in inexperienced business owners committing to leases that cannot be supported by their business. King Street does not have a central management organization that coordinates business hours, marketing, parking, levels of service and business recruitment. Value-conscious and time-stressed shoppers often seek managed shopping centers. As a result, operating a business is less predictable along King Street than in a well-managed shopping district.

The timeframe for locating a space, negotiating a lease and obtaining the necessary City permits is too unpredictable for most business plans. Time is money, and it is difficult for new businesses to commit to a King Street location without having a guaranteed opening date. Shopping center developers engineer out the risk of opening new businesses with guaranteed opening dates and tenant improvement costs as a condition of the lease. It's not unusual for developers to agree to leases that impose steep financial penalties for delayed store openings. Locating prime businesses along King Street is more of a space (supply) issue rather than a demand issue.



**Figure 9:** Centrally managed shopping centers streamline leasing, tenant improvements, permitting, management and marketing, which allows the retailers to meet consumer preferences, yielding higher sales than most historic downtowns. Shown above: The Market Commons–Clarendon, located in Arlington, Va. (Photo source: ICSC)

**Recommendations:**

- Implement a business recruitment strategy to identify and recruit leading local, regional and national businesses to Old Town.
- Create a centralized database to list available Old Town properties; include properties, sizes, condition, photographs, architectural drawings, lease terms, broker and estimated required improvements to meet appropriate building codes.
- Continue to sponsor the Alexandria Economic Development Partnership’s programs including the small business resources, seminars and the Available Retail Space web site/brochure. Consider implementing a 1-800 *For Rent* contact number and web site that will direct prospective businesses to the appropriate real estate broker or property owner (this plan was successfully implemented by the West Palm Beach, Fla., Downtown Development Authority (DDA)).
- Implement an effective Business Improvement District (BID) or equal organization for marketing and management of the King Street business area. BID alternatives could include the U.S. Main Street program, and/or expanding funding for existing agencies such as the Alexandria Economic Development Partnership or the Alexandria Convention and Visitors Association.



**Figure 10:** A modern Marks & Spencer department store built inside an entire block of historic storefronts in Dublin, Ireland, illustrates how a “big box” format can be located in a historical urban setting.

### 2.3 Space Limitations

While Old Town has the statistical potential to add up to 250,000 sf of new retail development generating more than \$100 million in additional annual sales, it lacks the physical space and parking to easily accommodate this growth. The smaller historic buildings, multiple property ownership and relatively high development costs present unique challenges not found in most commercial locations. Many modern retailers and restaurants require 10,000-20,000 sf sizes with 18’ ceilings and on-site parking. Leading businesses will modify and downsize their conventional prototypes for strong historic districts such as Old Town. However, multi-level smaller stores must yield higher sales to offset increased management and marketing expenses.

*Locating prime businesses along King Street is more of a space (supply) issue rather than a demand challenge.*

Old Town could attract smaller department stores or large retailers such as Apple, Anthropologie, Brooks Brothers and even Kohl’s if appropriately sized parcels or buildings could be assembled. These new stores would need to be custom-built and a one-off design to fit a unique building or site condition. These one-off stores require an experienced development team that controls enough of the historic district’s building area to subsidize the one-off stores’ higher costs. Historic buildings sometimes need to be combined, and underutilized parcels acquired to create the necessary balance of new retailers. Extensive interior modifications are often required including leveling floor plates, combing floors to increase ceiling heights and addressing deviations from standard building codes.



Numerous small-to-medium-sized local, regional and national retailers can easily adjust to smaller buildings as shallow as 25' and as small as 200 sf. These micro-stores need to be grouped around anchor-type tenants that pull in shoppers. A City-owned surface parking lot located on the 900 block represents an in-fill opportunity for a small department store or larger retailer.



**Figure 11:** Recent examples of retailers meeting the challenges of historic buildings in Essex, Conn., Charleston, S.C. and Seattle, Wash.

The smaller building size challenges can technically be met in Old Town, and have been successfully tackled in numerous historic districts including Charleston, S.C., Miami Beach, Fla., and Pasadena, Calif.



**Figure 12:** Seaside, Fla., pop-up sushi restaurant (left) and a Gap x Pantone pop-up store in New York (Seaside photo source: GPG; Gap photo source: Hypebeast web site).

*Pop-up stores in Old Town would need to be designed in an appropriate historical character.*

Retailers are also experimenting with “pop-up” stores in tourist areas. Pop-up stores are located in movable containers or vacant storefronts, and open only during the prime season. They offer the experiential retail styles and trends that are not ready for permanent locations. Japanese retailer Uniqlo, Gap, JCPenney, Sears, Song Airlines and Target are experimenting with urban pop-up concepts. Seasonal pop-ups are ideally located in surface parking lots or underutilized public spaces. Seaside, Fla., has successfully utilized these micro-stores for more than 20 years, with some 150 sf street retailers reporting more than \$1 million in annual sales.

**Recommendations:**

- Seek out a database of successful historic building adaptations implemented by leading retailers and restaurants.
- Visit and meet with city officials of historic communities that have successfully implemented historic re-use of commercial buildings.
- Publish a booklet illustrating proven principles and examples of adaptive reuse of historic buildings by leading retailers, department stores and restaurants.

**2.4 Streetscape**

Old Town’s brick walks, mature trees and period lighting fixtures complement Alexandria’s historic character. The streetscape was improved decades ago and has been well-maintained since. There are some uneven walks, cracked mortars and worn paint, all of which create a wonderful patina not available in modern shopping centers. The author could not locate many seriously neglected areas in the public realm (an unusually high level of maintenance for such a highly trafficked city). Almost all of the focus group participants, including business and property owners, credited the City with doing a good job with the design and maintenance of the streetscape.



**Figure 13:** Many sidewalks located in the Lower King-waterfront area are overcrowded and difficult for pedestrians to use during peak seasons.

Narrow walks are common in similar cities such as Charleston. However, the sidewalks throughout Old Town are generally too narrow given the large pedestrian volumes. The period light fixtures were advanced for their time, but are now dated relative to competing historic districts and modern shopping centers. Several King Street blocks are missing pedestrian “walk” signals at north-south streets. The lack of these signals forces pedestrians to search for the

stop light or to guess about the safety of crossing the street. This situation is not only a potentially serious safety concern, but it also impedes pedestrian movement and cross-shopping along King Street (see Figure 13).

**Recommendations:**

- Continue the high level of maintenance and repair for the streetscape.
- Maintain the brick pavers, but repair bumpy and broken areas.
- Only widen walks where the on-street parking can be maintained; do not remove parking spaces for wider walks.
- Allow restaurants to lease adjacent on-street parking stalls for decked dining areas.
- Install pedestrian walk signals at all cross streets.
- Upgrade pedestrian light fixtures.



**Figure 14:** Lighting along King Street needs to be improved. Extending the hours for store window lights to 11:00 p.m. will encourage window shopping and enhance Old Town's nightlife. (Photo on right is Third Street, Naples, Fla.).

## 2.5 Lighting

Old Town has period streetscape fixtures and seasonal miniature festive tree lights located throughout the commercial area. This study noted that pedestrian and street lighting is insufficient for most areas of King Street, and is especially inadequate in the waterfront area and the side streets. In addition, the light source creates a greenish blue hue that washes out pedestrian skin color, creating a ghost-like appearance. This unflattering effect is inappropriate for a shopping district and reduces the motivation to purchase apparel, cosmetics and other key merchandise. The lighting may also adversely impact outdoor dining and the general feeling of security in Old Town.

*King Street's light source creates a greenish blue hue that washes out pedestrian skin color, creating a ghost-like appearance.*

Modern retailers and shopping centers carefully design lighting levels to create an exciting experience that enhances the pedestrian's appearance. Studies indicate that improving light levels can increase sales by up to 15%. New combinations of halogen and low-energy light sources that are precisely designed can improve the entire shopping area without creating glare and light



pollution. Light levels should be balanced between commercial and residential needs. Any additional lighting should be designed to have little or no negative impact on residential areas.



**Figure 15:** King Street's existing lighting (left) is dated and produces a green-blue color that is unflattering to pedestrians. Modern shopping districts utilize well-designed lighting fixtures that complement their setting and visitors' appearance.

#### **Recommendations:**

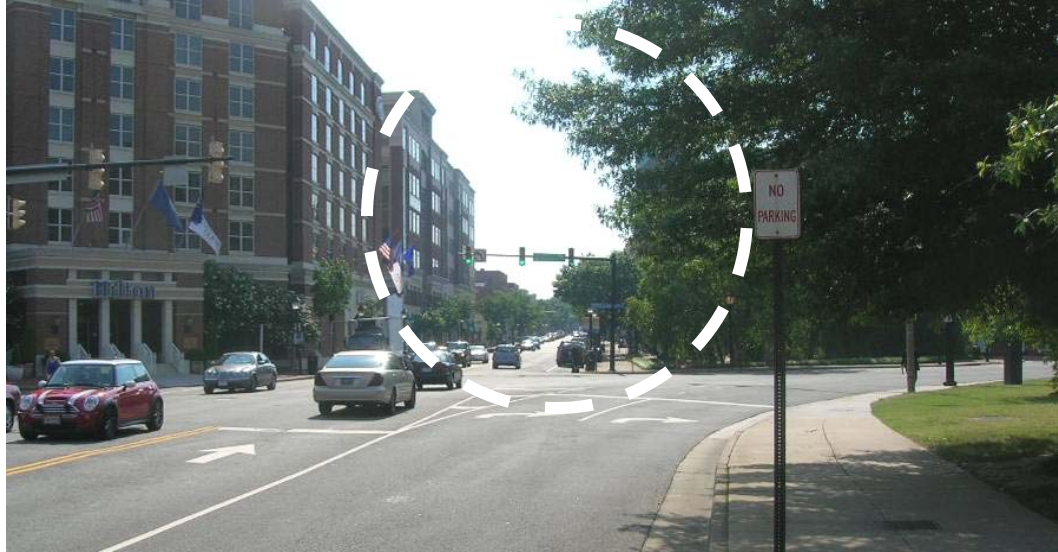
GPG recommends that the City implement a short, mid, and long-term plan to improve the street lighting in Old Town.

- *Short-Term:* Encourage store owners to leave display window lighting on until 11:00 p.m. and during weekends.
- *Mid-Term:* Measure light levels throughout the Old Town area and improve levels to meet or exceed retail industry standards for similar urban centers.
- *Long-Term:* Replace existing street lighting with color-corrected light sources that complement skin tones and enhance the public realm.

## **2.6 Visibility**

Many of King Street's businesses benefit from excellent visibility from multiple north-south streets, including eight corners along U.S. 1 (N. Henry and N. Patrick streets) and the busy George Washington Parkway. These blocks have 30,000 cars per day. The balance of King Street between the Metrorail and the waterfront has between 7,000 and 13,000 daily vehicular trips.

Views from the waterfront area are limited because of the Torpedo Factory building and a general disconnect at the east end of King Street. The Torpedo Factory's first level pedestrian tunnel leads to a dynamic presentation of historic Old Town. King Street terminates into a landscaped open space blocking all water views.



**Figure 16:** View of King Street looking east from the Metrorail station. The Hilton Hotel (on the left) is easily visible, but views of Upper King Street's shops and restaurants are hidden.

At the west end of King, views from the Metrorail station and the Carlyle Center are confusing. It is difficult for pedestrians to understand how to approach King Street from the station because of the street's angular geometry and limited views. The triangle park's sculpture and landscaping further restricts views of the Upper King area.

*The view of Upper King's commercial area is difficult to see from the Metrorail station.*

Most King Street businesses are located directly along the sidewalk and can be easily seen from passing cars and by pedestrians. Businesses located along Old Town's north-south side streets have limited or no views from King Street and face challenges in attracting casual shoppers. These businesses rely on direct marketing and temporary A-frame signage on King Street to attract customers. Several King Street businesses have ineffective storefront signage that is not easily visible from the street or the King Street Trolley riders.

**Recommendations:**

- Implement the street graphics systems and the Washington-King identity monuments proposed by the King Street Retail Strategy.
- Implement the Wayfinding Signage proposed by Sasaki Associates.
- Install pole-mounted store signage to identify side street businesses (see Section 5.7 below).
- Assist businesses in designing and installing effective storefront and signage that is effective for marketing, while also being compatible with their historical building and King Street's character.



**Figure 17:** The Trolley links the Metrorail with the waterfront and has become a major contributor to King Street's commerce.

## 2.7 King Street Trolley

Since beginning service in April 2008, the King Street Trolley is reported to have carried almost 600,000 riders (as of January '09) between the Metrorail Station and the waterfront. By almost all standards, the Trolley has been a major success, especially for Old Town's restaurants. Compared to 2007, total meal tax revenue increased by 35 to 40% during July, August and September. (This increase was due in part to a 1% increase in the meal tax itself.) Additionally, GPG met dozens of Trolley riders who had taken the Metro and were on their way to dine at an Old Town restaurant, specifically because of the new Trolley service.

On the other hand, a small number of businesses located along upper King Street reported a significant decline in their customer traffic and sales last summer. These business owners claimed that the decline started in April, as a result of the Trolley operations. Although accurate pedestrian counts have not been taken to document the impact of the Trolley, based on reported sales drops by some upper King retailers it is fair to assume that the Trolley has reduced some pedestrian traffic and sales along some areas of King Street.

GPG did observe that the Trolley drivers were courteous and helpful to riders. A recorded message on several cars informed passengers of local historic sites and points of interest at each block. The drivers were willing to make stops upon request, but some riders were not aware of how to ask the driver to make a stop. Overall, however, the Trolley has generated more than 2,000 riders per day and is responsible for a significant increase in Old Town's restaurant and retail trade. Many of these users depend on the Trolley for frequent short trips, often only two to three blocks. The Trolley's "free" service and short headways are essential factors in its success, and GPG believes that even a minimal rider fee or irregular schedules would significantly decrease its usage. GPG has noted that during the timeframe of this study, the Trolley's service hours have been shortened, and that wait times have been lengthened.

The Torpedo Factory Art Center and many hotel owners and restaurants requested that the Trolley hours be extended to 9:00 a.m.-11:00 p.m. to better serve their students, employees and customers. Extending the Trolley hours would likely increase commerce and reduce parking demands in Old Town.



**Recommendations:**

- Improve passenger access to the wall-mounted stop-bell wire or install bell buttons on seats.
- Maintain 15-minute minimal headways.
- Expand hours to 9:00 a.m.-11:00 p.m.
- Install padded seating on all Trolley interior wooden benches.
- Maintain free rider program.
- Maintain marketing of Trolley system.
- Install benches and improved lighting at all Trolley stops.
- Assist businesses with visual merchandising and store planning enhancements to assist in the visibility from Trolleys.
- Consider selling limited advertising space inside and on the outside of Trolley cars to offset operating expenses for expanded service; it is acknowledged that this idea has recently been considered and rejected by the City.



**Figure 18:** *The Torpedo Factory Art Center is an important anchor for King Street and the entire community.*

**2.8 Torpedo Factory Art Center**

Now celebrating its 35th year, the Torpedo Factory Art Center is an important anchor for the lower King area and receives 500,000 visitors annually. The Art Center houses six galleries, a museum, retail and 82 studios with 160 visual

artists. The Center has a pedestrian portal linking King Street to the waterfront. The building's first level has several small retailers and an Old Town gift shop and information center. The Art Center is rented for private parties and is also used regularly by musical street performers. The combination of the waterfront area and the Torpedo Factory creates a regional draw and is a contributor to King Street's commercial livelihood. Parts of the Center and some of its studios appear tired and in need of updating. The Torpedo Factory also has the opportunity to expand its commercial mix to appeal to more of the Alexandria community and visitors and to improve its synergy with King Street and the Waterfront. A coffee shop, café, restaurant and/or wine bar should be considered with future Art Center enhancements.

The Old Town is also home to the Art League School, a vital community resource that holds classes in fibers, jewelry, photography, sculpture, painting, drawing and ceramics for more than 2,000 students per quarter. The Art League's classes are also conducted in two annex facilities: the Madison Annex located seven blocks north of the Torpedo Factory, and the Duke Annex located two blocks south. Interviews with Art League representatives indicated that the organization is in need of additional space, with all of their studios ideally consolidated into one building.

*The Art League's students and staff consider King Street's restaurants and specialty businesses to be an important amenity and the League would like to remain in Old Town if possible.*

It has been GPG's experience that similar cultural centers are critical anchors for commercial urban commercial districts. As a result, many developers are seeking cultural centers like the Art League and offering considerable incentives for them to locate in their new town centers.

**Recommendations:**

- Continue to support the Torpedo Factory Art Center's mission.
- Encourage the Art League's studios to remain in Old Town: assist with expansion needs.
- Expand the existing Torpedo Factory building with additional levels if possible and include uses that improve its synergy with King Street and the Waterfront.
- Implement cross-promotional programs between the Art Center and King Street retailers and restaurants.
- Update the Torpedo Factory's physical plant and encourage competition to promote improved studios and artists.
- Improve pedestrian connection to waterfront including lighting, surfaces and signage.

### 3.0 MARKET CONDITIONS

#### 3.1 Commercial Demand

Presently Old Town Alexandria has the potential to support up to an additional 258,000 sf of restaurant and retail growth. This opportunity reflects Alexandria's substantial residential, employment and tourism demographics combined with its quality historical character. King Street's 2008-2013 additional supportable retail includes:

<i>Supportable Business</i>	<i>2008</i>	<i>2013</i>
Antiques	2,400 sf	3,700 sf
Books & Music	500 sf	3,100 sf
Clothing	600 sf	5,900 sf
Collector Shops	10,300 sf	12,880 sf
General Merchandise	56,600 sf	77,200 sf
Gifts	14,400 sf	18,400 sf
Grocery	39,000 sf	64,000 sf
Garden Supply	37,100 sf	44,200 sf
Health & Personal Care	13,500 sf	21,700 sf
Pkg. Liquor & Wine	7,500 sf	10,500 sf
Restaurants	58,400 sf	82,600 sf
Specialty Foods	11,200 sf	13,800 sf
Toys & Crafts	2,500 sf	3,700 sf
<i>Total</i>	<i>254,000 sf</i>	<i>361,680 sf</i>

This additional commercial development could generate up to \$101.9 million in annual retail and restaurant sales in 2008, representing captured consumer spending that is presently leaking outside of Old Town. Expanding Old Town's market share will require numerous management and physical improvements to be implemented by both the private and public sectors.



**Figure 19:** Shopping is the primary activity for travelers. The visitors on the top right photo had purchased basic sports apparel at the Ross Dress for Less store located on N. Washington.

#### 3.2 Tourism Expenditures

Shopping is the most favored holiday-time activity of travelers. While on vacation, 77% of U.S. tourists and 89% of foreign visitors go shopping. More than half of U.S. adults traveling named shopping as their primary or secondary reason for travel. Clothing and shoes are the number-one items purchased by tourists in the United States.



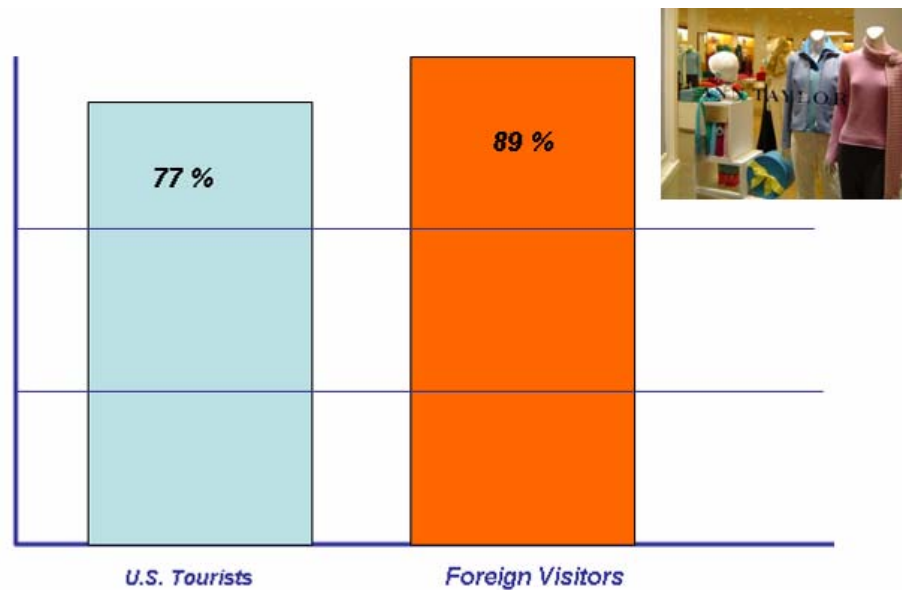


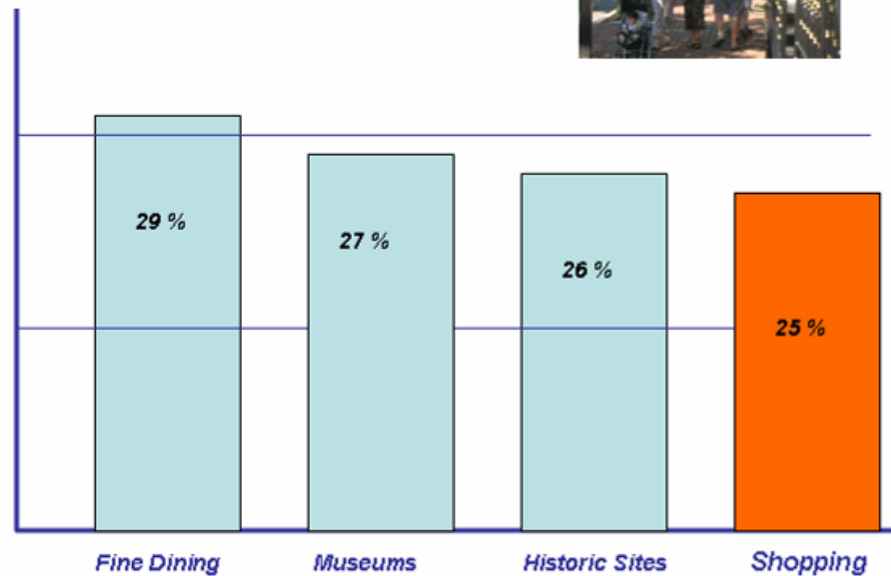
Figure 20: Tourism is the most popular activity of U.S. tourists and visitors to the United States.

One-third of the average tourist budget is spent shopping, with an average of \$333 spent on shopping during each trip taken. Tourists shop for several reasons including authenticity, boredom, functional needs, to extend the experience and for gifts. For example, General Growth Properties, the largest U.S. mall developer, reported that 31% of their 2001 total annual sales revenues were from tourists

*Tourist shopping behavior is different than when at home; they tend to spend more money and are seeking the highest quality possible. Both unique items and familiar name brands are preferred.*

However, shopping is only the fourth-leading activity of Old Town’s 3.3 million annual visitors (29% is fine dining, 27% is museums, 26% is historic sites and 25% is shopping). Old Town has an opportunity to increase tourist spending by expanding its marketing and store offerings to include leading brands that its visitors shop for at home. While this may seem counterintuitive, vacationers universally spend more time shopping and dining than any other activity, including cultural events, visiting historic sites, museums and parks and attending sporting activities.

## Old Town Visitors: Favorite Activities



**Figure 21:** Old Town visitors have numerous activities to choose from. Shopping is the fourth favorite activity and represents an opportunity for increased sales with additional marketing and retail development.

Tourist shopping behavior is different than when at home; they tend to spend more money and are seeking the highest quality possible. Both unique items and familiar name brands are preferred by tourists. Purchasing name brands also makes gift-buying less risky, as the item can easily be returned at home. This relatively recent trend is a result of shopping becoming a new form of entertainment and a way to spend time with family and friends. In addition, most households are too busy to shop while at home and prefer the more relaxed vacation setting. Research indicates that there is a direct relationship between visitor satisfaction and their spending level.

*Not including all retailers on Old Town's marketing materials reduces visitor traffic and is counterproductive. An alternative marketing approach should be implemented as quickly as possible.*

Alexandria's Official Old Town Map and web site for shopping and dining excludes all of King Street's national retailers and restaurants including: Ann Taylor Loft, Banana Republic, Chico's, Chipotle Mexican Grill, Restoration Hardware and Gap. It is GPG's understanding that businesses must join the *Alexandria Convention and Visitors Association* to be listed on the web site and map, and that the national retailers generally have policies against joining local organizations. However, many tourists pre-plan their stay around shopping and may choose to spend their limited time in the region where there are retailers that they are seeking. Not including all retailers on Old Town's marketing materials reduces visitor traffic and is counterproductive. An alternative marketing approach should be implemented as quickly as possible.



**Figure 22:** Old Town has a number of popular national retailers that are sought out by vacationers, including Gap, Restoration Hardware and Chico's.

Vacationers, especially foreign travelers, enjoy finding their favorite upscale brands and stores placed in unique urban settings. Leading retailers have adapted their standard formats to accommodate unconventional historic buildings. Tourist spending occurs in both conventional shopping centers and historical districts such as Old Town. Many major historic European and American cities have a balance of small specialty shops and leading retailers such as Anthropologie, Brooks Brothers, Coach and Ralph Lauren. Historic city centers such as Boston, Charleston, S.C., Miami Beach, Fla., New York and San Francisco have become preferred locations for leading national and international retailers to deploy new units. Locally, Georgetown has taken advantage of this trend.

*Vacationers, especially foreign travelers, enjoy finding their favorite upscale brands and stores placed in unique urban settings. Leading retailers have adapted their standard formats to accommodate unconventional historic buildings.*

Regional and national visitors are a primary revenue source for the City of Alexandria. In 2007, total visitor spending in the City topped \$584 million, generating \$19.5 million in City taxes, an increase of 3.3% from 2006 levels. The tourism industry also directly supported 5,600 jobs in the City. GPG projects that Old Town's total 2008 share of tourism retail and restaurant spending was \$192.8 million. GPG estimates that tourists spent \$121 million on dining and \$20 million on apparel, shoes and accessories along King Street in 2008.

Of Old Town's visitors, 76% stay overnight, with a four-night average. Old Town hotel room demand is reported to have had more than one million rooms sold in 2007. These overnight tourists represent a significant opportunity to both increase retail sales and to improve the quality of their Old Town experience by adding shopping alternatives. Kimpton Hotels has recently re-opened the King Street Holiday Inn as Hotel Monaco and has also opened the Lorien Hotel & Spa, a smaller boutique hotel, in the Upper King Street area. Figure 21 summarizes the estimated 2008 Old Town tourism spending by categories.

Old Town cannot be sustainable on tourism shopping alone. The commercial district must also serve the desires and needs of its local residents. However, this study finds that King Street is presently not meeting the needs of many of its



visitors' shopping and dining needs, representing a significant opportunity for improved selection, service and revenue.

**Recommendations:**

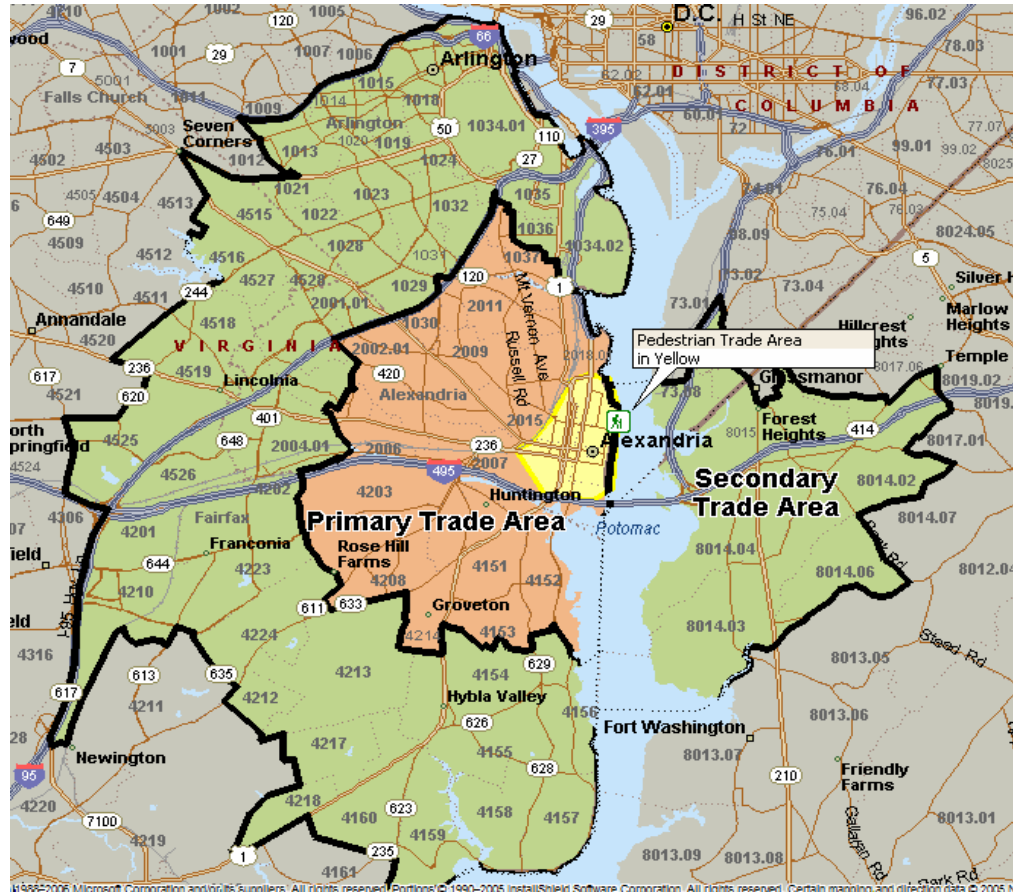
- Expand the existing marketing campaigns to promote Old Town as a shopping and dining destination for tourist groups both prior to and after arriving in the region.
- Expand the existing marketing programs focused on Old Town, the National Harbor and other regional hotel guests.
- Assist small independent businesses in orienting their merchandise and services for tourists, as well as their existing customer base.
- Identify the purchasing preferences of Old Town's regional, national and international tourists, including brands, stores, price-point, and categories.
- Cross-reference preferred visitor brands with stores desired by local residents to determine an ideal list of businesses that have the broadest possible appeal.
- Implement a business recruitment strategy to approach preferred retailers and restaurants and to coordinate with leasing opportunities.
- Feature leading national brands, retailers and restaurants on marketing materials and promotional efforts.

**3.3 Workforce Expenditures**

Old Town has a strong employment base of 73,600 daytime workers located within its pedestrian and primary trade areas (see Figure 23). Of this base, 80% are employed in offices and make a significant contribution to consumer expenditures. These workers directly support many of Old Town's restaurants and specialty retailers. The International Council of Shopping Centers (ICSC) 2003 "Office Worker Retail Spending Patterns," referenced in the RCLCo report, estimates that \$5,428.00 is spent annually by each Old Town employee.

**3.4 Old Town's Commercial Trade Area**

GPG defined three trade areas for the King Street Retail District, which have varying capture rates by retail category. The Pedestrian Trade Area utilizes the greater residential density and existing public transportation to capture greater amounts of the retail expenditure from the consumers who live in the immediate vicinity of King Street and Old Town. The Primary and Secondary Trade Areas account for 60% to 80% of King Street's sales (see the Methodology section of this report for further details).



**Figure 23:** The approximate trade area boundaries for the King Street-Old Town study area are outlined in black on the map above.

### 3.5 Potomac Yard Expansion

Located just 1.75 miles north of King Street, the total expanded Potomac Yard development is proposed to include a new Metrorail stop and 2.6 million sf of office space, 1.1 million sf of retail space, 5,800 residential units and 925 hotel rooms. The proposed Potomac Yard expansion will, at its 2020 completion, potentially generate traffic and up to \$35.9 million in additional retail and restaurant spending in Old Town, \$4.0 million in additional gross revenue in the Del Ray-Mt. Vernon District, and \$3.9 in additional retail spending in the Arlandria-Mt. Vernon District.

While the overall Potomac Yard development will likely make significant contributions to the City's commerce, it may also cannibalize some of Old Town's existing retail and restaurant sales. In addition to the existing large format anchors, approximately 230,000 sf of comparison retailers and 220,000 sf of restaurants are proposed for Potomac Yard. This 450,000 sf of additional commercial could represent 40-50 small retailers and 40-60 restaurants. These new stores would most likely offer leading national stores selling popular brands that are presently not available in Old Town.

Potomac Yard's first phase, Land Bay G, is planned as a town center similar to Reston Center and the Market Common at Clarendon. This phase is planned to

include 691,000 sf of office, 414 residential units, 625 hotel rooms and 189,000 sf of lifestyle tenants. This study finds that the first phase, if designed per industry standards for walkable town centers, will pose direct competition with many of Old Town's existing retailers and restaurants. It is acknowledged that the authentic historic architectural and urban character of King Street cannot be duplicated.



**Figure 24:** The existing Potomac Yard center includes a Target, Barnes & Noble Booksellers, a multiplex cinema and numerous large-format retailers. Source: Potomac Yard web site.

However, Potomac Yard's probable desirable retailers and restaurants, combined with its assumed easy parking and effective marketing and management, will attract many of Old Town's households and office workers. Potomac Yard's size, location and professional management may also attract some of Old Town's leading national retailers to move or deploy new units in the center. The commercial segment overlap can be overcome by Old Town focusing on improving parking, signage, vehicular circulation, marketing and business recruitment activities and the recommendations of this study and studies by others.



**Figure 25:** National Harbor will include a broad selection of prime restaurants and retailers. Source: National Harbor web site.

### 3.6 National Harbor

The National Harbor is a major regional mixed-use project located 2.5 miles across the Potomac River from Old Town. The total project build-out is projected to include 1,000,000 sf of retail, 500,000 sf of Class-A office space, 4,000 hotel rooms and a 470,000 sf convention center. National Harbor's first phase opened in early 2008 with a limited number of retailers and restaurants occupying buildings on the west side of the development. Old Town's historic King Street provides the National Harbor with an important amenity that broadens its appeal. Old Town is easily accessible from National Harbor by a convenient water taxi. The water taxi has had more than 100,000 riders during its first season.





**Figure 26:** The water taxi had more than 100,000 riders during its first season traveling to Old Town.

In anticipation of National Harbor's opportunities, the City of Alexandria invested more than one million dollars in 2007 to implement a series of measures recommended by a collaborative effort led by the Chamber of Commerce. The improvements included marketing, land and water transportation, historical interpretation, lighting, parking, security and signage. These efforts have been highly successful and numerous retailers and restaurants reported noticeable gains in traffic and sales from the Harbor's visitors.

*While Old Town has had a boost since the National Harbor's opening, King Street will need to stay focused on its marketing and visitor enhancements to maintain this momentum.*

While Old Town has had a boost since the National Harbor's opening, King Street will need to stay focused on its marketing and visitor enhancements to maintain this momentum. Presently National Harbor has opened or announced 20 restaurants including Ketchup, McCormick & Schmick's, Old Hickory Steakhouse and the Redeye Grill. National Harbor has a modern urban character and will include many prime retailers and restaurants and clubs that will capture more of its visitor time and spending.

**Recommendations:**

- Continue to implement policies and recommendations from the 2007 National Harbor Collaborative Report.
- Expand pre-marketing to National Harbor convention visitors.
- Expand pre-visit marketing of Old Town as a dining and restaurant destination to National Harbor and convention visitors.

**4.0 COMMUNITY COMMENTS**

As a part of this study, GPG conducted individual and focus group sessions with dozens of King Street business owners, community groups and citizens. These interviews were conducted in both group settings and at individual stores including restaurants, retailers, service providers, hotels and specialty foods stores. King Street has more than 1,600 businesses and almost as many points of view.



**Figure 27:** Dozens of residents and business property owners were interviewed during this study.

#### 4.1 Citizen & Public Group Interviews

Citizen and civic groups expressed a wide range of views on the strengths and challenges of King Street. Residents were united in their appreciation for the area’s authentic historic heritage and sense of community. Many residents walk along King Street and the waterfront as a frequent family activity. However, few of the residents reported that they regularly visit King Street retailers and restaurants. The King Street businesses were described as “too expensive,” “too geared for tourists,” or “not offering goods and services” that they needed. Instead, Old Town residents must drive to surrounding shopping malls for their primary retail and food purchases. All focus group participants found the waterfront, the Torpedo Factory and the farmer’s markets to be important local resources.

*The King Street businesses were described as “too expensive,” “too geared for tourists,” or “not offering goods and services” that they needed. ... There was little support for King Street to attract popular regional or national retailers.*

The residents and civic groups also expressed mixed opinions about the need to modify King Street’s existing business mix. Although many did not find Old Town’s businesses useful for their daily needs, there was little support for King Street to attract popular regional or national retailers. Residents express a concern that too many leading retailers and restaurants would change Old Town into a mall, and that it would lose its special character.

That being said, many of King Street’s national retailers were listed as the residents’ favorite businesses, including Ann Taylor Loft, Chico’s, Books A Million, Restoration Hardware, Starbucks, Gap and Whole Foods. Some residents expressed concern that the national retailers tended to locate only off-price stores in Old Town, rather than their flagship stores. Residents generally supported attracting the national chains they personally frequent, especially a flagship Apple Computer Store and Dean & DeLuca.

The pro-independent retailer sentiment was so strong that a majority of interviewees stated that they prefer driving to suburban shopping centers such as

Tyson's Corner for their major shopping, while maintaining King Street's status quo. A minority of the residents reported that they would welcome more family-priced restaurants and retailers, so that they could drive less and enjoy the walkability of Old Town. The author has experienced similar opinions in other historic downtowns and believes these views are based on a misunderstanding of how leading retailers can adapt to historical buildings.

Residents also acknowledged King Street's popularity as a national tourist destination, and were supportive of Old Town welcoming visitors. Except for tour bus parking and some traffic congestion issues, most of the citizens did not feel that King Street had too many tourists or that they negatively impacted the quality of life for the neighborhoods. It has been the author's experience that Old Town residents' acceptance of the large amount of tourism is not typical. In fact, the impact of tourism is often the major complaint of residents in other tourist destinations including Cambridge, Mass., Charleston, S.C., Orlando, Naples and Sarasota, Fla., and Santa Fe, N.M.



**Figure 28:** King Street has approximately 1,800 individual property owners extending over 1.1 miles.

#### 4.2 Property Owner Interviews

For the most part, property landlords had a different point of view than their tenants. Many property owners stated that rising taxes, lack of parking and strict building standards are responsible for their low returns on investment. Property owners were also concerned about parking for their customers and employees. A general “anti-business” attitude by the community and an overly subjective and bureaucratic approval process for new stores were also listed as primary causes for their under-performing properties. Low returns and high risk were most often cited as disincentives for the property owners to invest in their buildings.

*Low returns and high risks were most often cited as disincentives for the property owners to invest in their buildings.*

Many property owners have found that the types of retailers desired by the community do not generate enough sales to be able to afford market-rate rents. As a whole, most property owners were also opposed to a Business Improvement District (BID) type of management system because of its perceived



high cost to the tenants. On the other hand, many of the property owners expressed the need for an effective organization that promotes the Old Town commercial district, and that helps to focus on the special needs of its businesses.



**Figure 29:** King Street has a wide range of retailers and restaurants.

#### **4.3 Business Owner Interviews**

The majority of the commercial participants stated that while they liked operating in Old Town, their businesses are “struggling,” with the sales decline originating after the September 11, 2001 tragedy. Several retailers indicated that stores were breaking even or losing money. One of the upscale business owners claimed not to have taken any profit or personal income from the store since opening five years ago. These statements were not independently verified, but if true, underline a potentially serious warning sign for King Street’s long-term sustainability.

*Virtually every business and property owner faulted parking, high rents and the City of Alexandria’s “anti-business policies” as the primary factors in their financial decline.*

A few business owners reported sharp declines in pedestrian traffic and sales immediately after the King Street Trolley began operations. Virtually every business and property owner faulted parking, high rents and the City of Alexandria’s “anti-business policies” as the primary factors in their financial decline. Specific issues included:

- Lengthy approval process for business approval and opening.
- Subjective and arbitrary use of design standards.
- Application and permit fees.
- Reduced law enforcement patrols.
- Motorcycle parking along Lower King.
- Reduced Trolley service.
- The lack of marketing for the overall Old Town district.

While GPG often hears urban businesses scapegoat the local government for their challenges, the representations expressed by many King Street businesses were unusually consistent and blunt. It should be noted that the business owners stated that the City was doing a good job with streetscape maintenance and refuse handling, and that they are pleased that they opened their business in King Street.

A minority number of businesses reported that sales were strong, meeting or exceeding projections. For the most part, these were new businesses, often restaurants. These successful business owners relied on their operation as their primary or sole income source and maintained extensive hours and innovatively merchandised stores. The highest-yielding businesses simply followed or exceeded industry standards, and invested considerable time and resources into their store or restaurant.

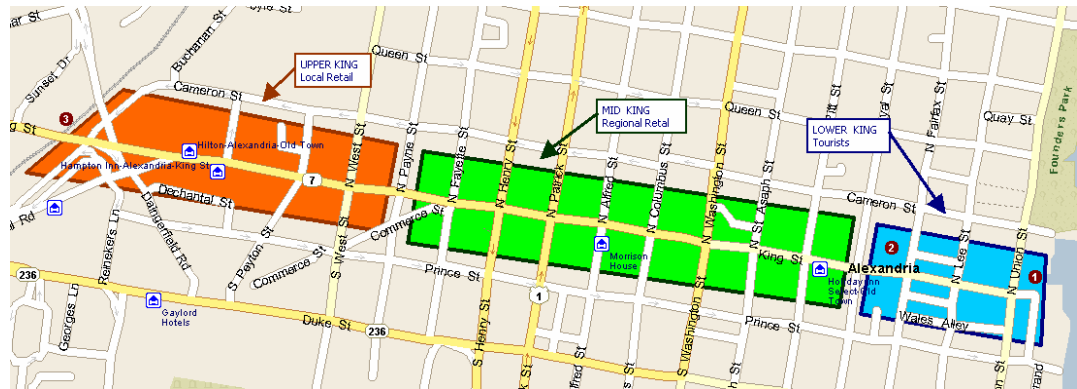
This level of investment is more difficult in historical urban districts, where many of the building owners will not contribute toward necessary tenant improvements. This lack of tenant improvements creates a “Catch-22” downward cycle, where minimal building investments result in lower sales, resulting in lower rents. This cycle is minimized at modern shopping centers where the management requires extended shopping hours, funds effective marketing campaigns and has the capital to improve tenant space to match customer expectations.

## 5.0 COMMERCIAL ENHANCEMENT OPPORTUNITIES



**Figure 30:** Old Town historically provided many of the primary goods and services needed by the Alexandria community, including large format retailing and national chain retailers.

## 5.1 Merchandising Strategy



**Figure 31:** King Street's retailers are grouped into three primary types: Local, Regional and Tourist. 1. Torpedo Factory Art Center, 2. City Hall, 3. Metrorail station.

King Street's mile-long commercial corridor is functioning as dozens of smaller sub-areas of business activities. Some retailers rely on purpose driven visits from existing customers, while other shops benefit from casual impulse purchases.

Overall, the King Street study area can be grouped into three primary overlapping commercial zones:

**PUBLIC MARKET**

**Reading Terminal Market** is an enclosed public market found at 12th and Arch Streets in downtown Philadelphia, Pennsylvania. Over 80 merchants offer fresh produce, meats, fish, groceries, flowers, baked goods, crafts, books, clothing, and specialty and ethnic foods.

**Pike Place Market**, open since 1907, is a public market overlooking the Elliott Bay waterfront in Seattle. It is a place of business for many small farmers, craftspeople and merchants and a popular tourist destination.

**Figure 32:** A public market similar to Seattle's Pike Place Market or Philadelphia's Reading Terminal Market could complement and expand Old Town's waterfront area.

- Waterfront:** The popular waterfront is a recreational destination and port of entry from the National Harbor water tax. However, the regional amenity has limited dining and shopping opportunities. Additional select dining and shopping could enhance the waterfront experience and expand its appeal.



GPG recommends that a Public Market be considered in some of the underutilized spaces or structures along the waterfront. In addition, some pop-up stores could be implemented during peak season.



**Figure 33:** Old Town's waterfront area is a valuable regional amenity.

- **Lower King:** The busiest commercial area, with numerous restaurants and retailers oriented toward visitor and entertainment business. Lower King extends approximately from the waterfront to City Hall. The Lower King area's existing tourism focus should be maintained. This area can accommodate high volume restaurants, specialty foods (ice cream, coffee, etc.) galleries, gifts, souvenirs, shoes and other visitor-oriented businesses.
- **Middle King:** A regional shopping area that includes many apparel and home furnishings stores and popular restaurants. Middle King's businesses appeal to the general community and offer many national stores including: Ann Taylor, Chico's, Banana Republic, Gap and Restoration Hardware. Middle King extends approximately nine blocks from the City Hall (Royal) to Payne Street. A parking structure will likely be necessary in the future for Middle King to reach its full commercial potential.



**Figure 34:** Crate & Barrel provides an important anchor retailer in the Harvard Square area of Cambridge, Mass. The large format store has been designed with street level retail to contribute to the streetscape. Such a junior anchor-type retailer would reinforce the Middle King commercial area.



GPG recommends that the Middle King area continue to focus on apparel, home furnishings, gifts sporting goods, shoes, toys, etc. (department store-type goods). Local, regional and national retailers should be sought out, including a junior anchor of 20,000-60,000 sf. A City-owned surface parking lot located on the 900 block represents an in-fill opportunity for a small department store or larger retailer. Restaurants that reinforce the retailer district should be encouraged (small- to mid-sized restaurants that are geared toward family and office demographics should be encouraged in the Middle King area). Care should be taken to prevent Middle King from becoming an entertainment or restaurant district.



**Figure 35:** The Upper King area has numerous small businesses, many of which are grouped around a new square. The square hosts a popular weekly fresh farmer's market during the summer.

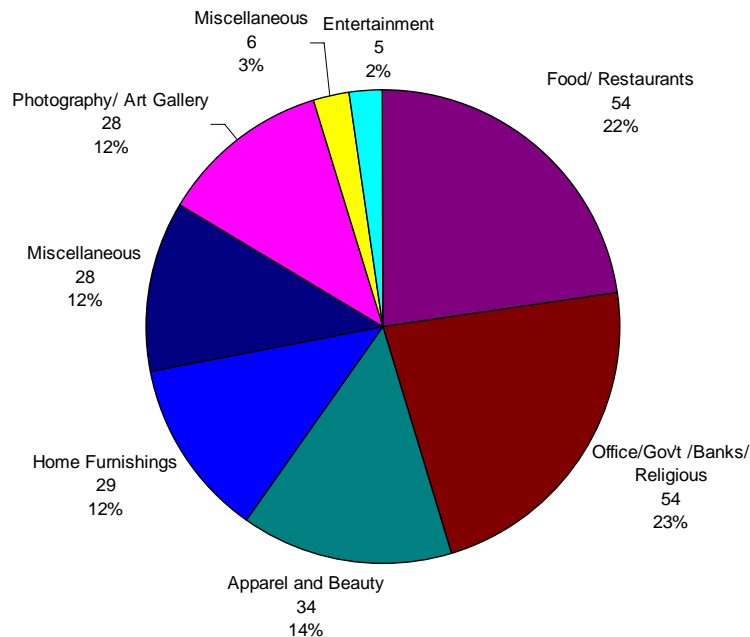
- **Upper King:** An emerging business area, Upper King has recently had numerous new hotel openings and hosts a popular new fresh farmer's market. The area is also surrounded with major employment centers that can support additional restaurant development. Upper King is mostly made up of small independent businesses, and has the least amount of pedestrian and tourist traffic. Many business owners in this area expressed interest in implementing new programs to increase the area's commerce, including a Business Improvement District (BID). Some of Upper King's five blocks do not have metered parking.

Upper King has the potential to expand its unique brand and collection of exciting one-of-a-kind shops and restaurants. This study recommends that the Upper King area be granted a limited number of exceptions to the Special Use Permit process in order to encourage a collection of small independent bistro cafes and clubs. In addition, several larger destination restaurants such as Capital Grill, J. Alexander's or Houston's Grill can meet the office demand and serve to anchor the area. A BID may have support and could offer a significant impact for the Upper King area.

There is not a single business type that should be overlaid along King Street. The existing three primary commercial districts have been apparently market driven, and should be King Street's ideal retail mix as one that meets the primary needs and desires of its residents, workers and visitors. Old Town historically serviced these commercial needs. But presently, King Street falls short of this goal. Old Town cannot be sustainable in the long-term by offering only the unique stores and restaurants that focus on a minor niche market segment.

*King Street's ideal retail mix is one that meets the primary needs and desires of its residents, workers and visitors. Old Town historically serviced these commercial needs.*

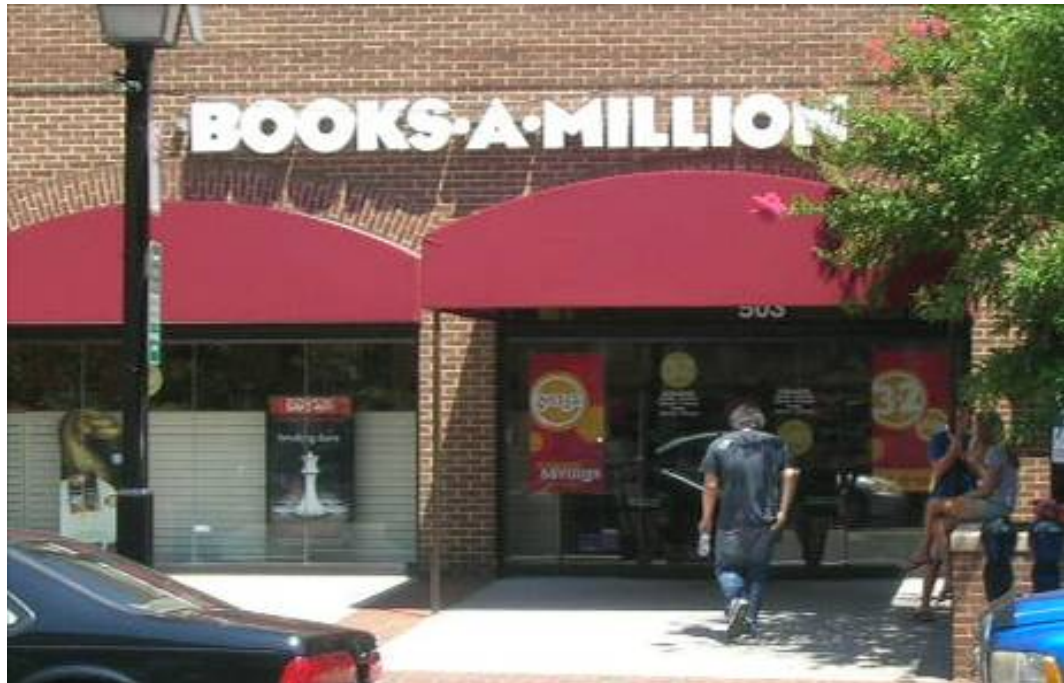
This study finds that King Street needs fewer tourist-oriented gift shops and quick-service food/snack shops. Many of the goods and services that Alexandria's residents are purchasing in the surrounding shopping centers should be located along King Street. This includes the regional and national brands that are preferred by the Old Town community. Additional soft goods, restaurants and neighborhood services that meet the price point and brands presently shopped by residents should be recruited along King Street.



**Figure 36:** King Street's first-level use by number and percent. Office, government and banks are the largest single King Street first-level use (by number) at 23%, followed by food and restaurants at 22% and apparel and beauty at 14%.

**Recommendations:**

- Revise policy to increase Old Town's market share by recruiting the leading brands and chains that are presently patronized by the Alexandria community elsewhere; however, retain a balanced mix of local, regional and national businesses.



**Figure 37:** Books A Million is one of King Street's largest retailers and provides goods and services that are desired by both the local community and visitors.

- Seek brands and price points that appeal to Old Town's residents, workers and tourists.
- Expand the existing public-private recruitment strategy to identify potential key businesses and attract them to Old Town.
- Maintain Old Town's present high design standards for new businesses.
- Establish a public-private task force to identify and modify specific business restraints and opportunities for improved public-private cooperation including length of business approval, special use permit for all restaurants, police patrols, employee parking, design standards and approval time-frame.

## **5.2 Restaurants & Entertainment**

King Street's more than 60 restaurants offer a wide range of dining experiences that appeal to tourists, workers, locals and regional residents. Restaurants represent approximately 22% of King Street's businesses by number and are the second largest use, followed by office. These restaurants offer everything from a quick snack to a fine gourmet experience. Recently, many of King's Street's restaurants have received noteworthy reviews from respected critics. Not all of King Street's restaurants offer consistent service and food, and there is room for improvement. Several of the tourist-oriented restaurants were less-than-average as compared to similar historical destinations. The waterfront food court-festival market is especially unworthy of Old Town.



**Figure 38:** King Street has more than 60 restaurants offering everything from a quick snack to a gourmet meal.

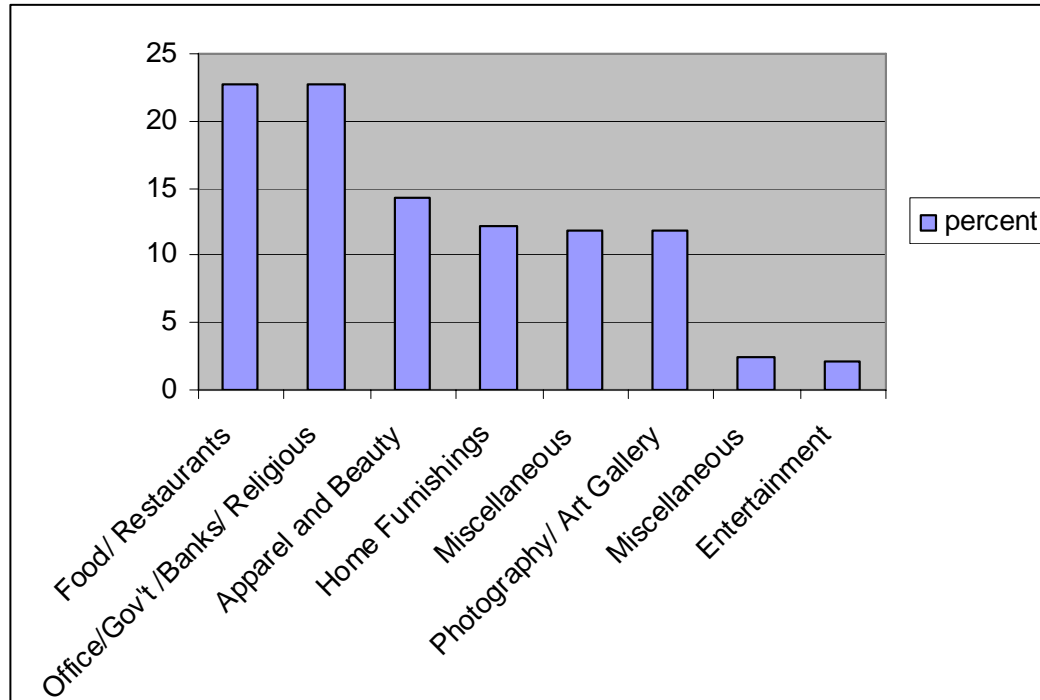
However, on the whole, dining is one of King Street's strengths and a unifier for the historic district's various users, providing a special place where visitors and locals can meet. The restaurants also contribute to Old Town's nightlife and provide a needed amenity for the office and hospitality markets. The recently encouraged sidewalk dining areas contribute to Old Town's lively streetscape and allows for restaurants to have needed additional table space.

Many business and property owners stated that Old Town could support numerous additional retailers and restaurants, but that community pressure and City policy is suppressing growth. Residential and employee focus groups requested that more affordable family-type restaurants be added on King Street, especially leading national chains that offer moderate prices.

*Dining is one of King Street's strengths and a unifier for the historic district's various users, providing a special place where visitors and locals can meet. The restaurants also contribute to Old Town's nightlife and provide a needed amenity for the office and hospitality markets.*

GPG's research finds that King Street can support up to 58,000 sf of additional restaurants in 2009, growing to 82,000 sf by 2013. This growth could represent 10-20 new restaurants or significant increases in sales for existing businesses. This increase is sustainable even if Potomac Yard develops its Land Bay G phase. Even when Potomac Yard is fully developed, King Street will be able to support 68,000 sf of new restaurant expansion by 2020. Should Potomac Yard not implement its expansion, King Street could support 107,000 sf of new restaurant growth by 2020.





**Figure 39:** King Street's first-floor use by percent.

These new food offerings will improve Old Town's sustainability by reducing the amount of dining spending that is presently occurring in the surrounding shopping centers and communities instead of in Old Town. These additional restaurants will also allow surrounding residents to walk for dining, rather than driving to the mall, and reduce vehicle usage. Dining trips often translate into shopping visits, especially to art galleries, book stores, home furnishings shops, jewelry stores, shoe stores and specialty stores. Expanded restaurant variety will also increase King Street's nighttime traffic and help meet the demand for the more family-friendly dining options desired by local residents.

King Street has a limited number of entertainment venues, mostly street musicians or live music located within a restaurant. Only 2% of King Street's total first-level businesses are entertainment based. The numbers and types of entertainment have been carefully controlled by the City to limit potential impacts on residential areas. Given the size of Old Town's market potential and its large numbers of visitors, King Street could accommodate up to 30-35% additional entertainment and recreational venues. While Lower King has a vibrant nightlife, Upper King is relatively quiet. The new hotels and emerging businesses in Upper King could be supplemented with 10-15 additional boutique night clubs, comedy clubs and other entertainment venues.

These new activities could include more live music, comedy, performing arts and family recreation such as bowling and sports. Entertainment and recreational activities contribute to an active streetscape, but their direct impact on improved retail sales cannot be clearly documented. Some commercial districts and developers encourage entertainment, while others minimize non-retail uses.

Additional entertainment activities need to be balanced with the quality of life of Old Town's residential areas.



**Figure 40:** Live street musicians performing at the Torpedo Factory (left), and a newly opened restaurant with music at National Harbor (right).

**Recommendations:**

- Additional select restaurants should be encouraged along the entire length of King Street; however, these restaurants should be planned and designed to minimally impact surrounding residential areas.
- New restaurants should include a balance of unique local, regional and a limited number of better national-chain restaurateurs, offering a broad range of price points and themes that are presently underrepresented in Old Town.
- Consider reducing the Special Use Permit requirements to allow for more boutique club and entertainment venues in Upper King.
- Consider streamlining approval process for small restaurants and night clubs of 40 seats or less.
- Many of these new local and regional restaurateurs can be found throughout the greater Potomac area. National restaurants could include J. Alexander's, Costa Coffee, California Pizza Kitchen, Dean & DeLuca, Clyde's Steakhouse, Cuba Libre, Hill Country Barbeque, Houston Grill, Kidfresh, and Mitchell's Fish Market.
- Allow additional entertainment venues including live music, performing arts, cinemas and family-oriented recreation such as bowling and fitness.

**5.3 Retailers**

Old Town is known for its many fine antique, boutique and specialty shops selling distinctive merchandise and services. These merchants are grouped into three primary zones along King Street's mile-long study area. Upper King, located between the Metrorail station and Payne Street, is mostly made up of

smaller independent businesses that service the local community. Middle King, located between Payne and Royal Streets, generally has a more regional appeal with more national retailers. Lower King, located between the waterfront and City Hall, is geared toward visitors and tourists. Old Town's side streets have smaller unique shops that service the local region.

The business owners can be classified into three primary groups:

**Long-Time Store Owners:** These businesses are often self-employed, with few staff members and low overhead. They mostly own their property or have below-market rents. Their businesses are focused on a specific niche category and have an established group of loyal clients that have purpose-driven visits to the business. The store owners are mostly not associated with a franchise or national chain and can keep most of their revenue. Some of these business owners do not seem to be earning their primary income from their business, often having a second source of income such as a spouse or pension for their primary income. Many of these businesses have limited daytime hours of operations, and dated store interiors and fixtures.

**New Business Owners:** Often open for less than five years, these small- to medium-sized businesses earn their primary livelihood from their business operations. These businesses pay market-rate rents, have large payrolls and debt. They work extended hours including weekends and evenings. These stores and restaurants tend to be fresh, clean, well-merchandised and competitive with national chains. However, in some cases, the businesses could significantly increase sales revenue with minor store planning and management enhancements.

**National Chains:** Historically, King Street has always had numerous national retailer chain stores. During the mid 1980s, leading national retailers such as Montgomery Ward deployed new prototype urban stores along King Street. Located at busy intersections and in the 300-700 blocks, the existing national retailers have invested considerable resources into tenant improvements. Studies indicate that the leading national retailers' and restaurants' success is based on their focused efforts to offer goods and services demanded by a wide range of demographics, including tourists. These stores offer merchandise, quality and prices sought out by today's consumers, typically resulting in sales significantly higher than similar independent stores. These higher sales equate to the ability to pay steeper rents, since commercial rents are typically 8 to 10% of gross sales.



**Figure 41:** An effective BID organization can improve maintenance, marketing and landscaping levels to equal or exceed those common in modern shopping districts.

#### 5.4 Business Improvement District

Although King Street is one of the most picturesque urban shopping destinations in the country, its physical character alone will not ensure economic sustainability. Old Town's small retailers and restaurants individually lack the resources to compete with major shopping centers and districts. Just having a unique store selling desired goods and services is not enough for the business owner to earn a reasonable living.

Except for the tourist-oriented Lower King 100-200 blocks and the Middle King 400-700 blocks, Old Town is not functioning as a cohesive shopping district. In spite of all of Old Town's vehicular and pedestrian traffic, there is little actual cross-shopping or impulse buying occurring in Old Town. Many of Old Town's businesses depend on single-purpose visits, with the bulk of their customers coming to visit a specific store or restaurant. Numerous veteran store owners reported that many of their first-time visitors had "*just discovered*" their store, even though they may have walked past it for years.

*Although King Street is one of the most picturesque urban shopping destinations in the country, its physical character alone will not ensure economic sustainability.*

Old Town's merchants and property owners also need an organized advocate to promote the best interests of the business district to the community and region. Important disputes over signage rights, the entitlement process, parking, special events, maintenance and security need to be addressed carefully, with the businesses' point of view effectively represented.

A Business Improvement District (BID) is an organization of property owners in a commercial district who tax themselves to raise money for neighborhood improvement (Heather MacDonald, Civic Bulletin 5/1996). BIDs have a clear appeal to their economic stakeholders as devices for controlling and enhancing areas in which they have a common economic interest by setting and implementing their own priorities (Laurence O. Houstoun, APA). In essence, those who benefit pay all the costs; those who do not benefit do not pay.



Property assessments are by far the major source of BID revenues. The cost per square foot of commercial space averages 10-15 cents per square foot, while costs expressed through a percentage of paid property taxes tend to hover around 5-6%.

The key to BIDs' accomplishments lies in their dissimilarity to big-city governments. They operate without civil service rules and red tape. They are a fresh start – it is easier for them to discard old, failed methods for novel approaches. They may be able to operate outside the rigid rules and procedures that stand as an obstacle to more effective governance in older municipalities. They can hire and fire employees based on performance, not civil service status or other government mandates (MacDonald).

### **Successful BIDs:**

New York City has been a pioneer in using BIDs to improve urban neighborhoods. The 34th Street Partnership BID spearheaded an impressive turnaround resulting in an upgraded streetscape, an absence of graffiti and litter, a distinctive and orderly appearance, masses of people on the sidewalks, and the transformation of two parks “as oases of quiet” for the area’s workers, visitors and residents (Robert H. Nelson, Mercatus Center at GMU Policy Primer). The success of Times Square illustrates the success of BIDs in producing safe environments. Despite an historic reputation for sleaze and crime, crowds are bursting along the sidewalks, thanks in part to the BID’s cleaning, safety, marketing and supplementary lighting. When crime came down, people again felt comfortable in the area, and an influx of new businesses began.

MacDonald writes: “Philadelphia, PA, dubbed ‘Filthydelphia’ by local wags, had been crippled by massive deficits and intractable municipal unions in the 1980’s. Thanks to the Center City BID, the historic downtown today is clean and orderly, with the sidewalks cleaned every night and swept continuously during the day.” BID expert and scholar Lorlene Hoyt noted that increased security thanks to BIDs in Philadelphia lowered property crime rates (which not only differentiated but also distinguished BID areas from non-BID areas) and the lower crime rates are not matched by higher crime rates in surrounding blocks. Local business activity has increased markedly.

Downtown business leaders in Baltimore have dispelled the area’s reputation for crime with patrols of uniformed “ambassadors” who assist tourists and discourage panhandlers.

The downtown Washington, D.C., BID area, once perceived as “dull, dirty and dangerous,” now reigns as the cultural and entertainment epicenter of the region. The 138 blocks of the Downtown DC BID, which includes Penn Quarter, have nearly 100 restaurants, along with boutiques, galleries, museums and theaters. The BID focuses on a wide range of services – from maintenance and beautification to providing support services for the homeless. They’ve also initiated a bus circulator service and manage special events, such as the Cherry Blossom festival. The city and the developers are working to iron out conflicts between commercial occupants and residents over such issues as better street lighting and time restrictions on construction and trash collection. BID employees provide extra sanitation and street services, and plans are in place for a Safeway as

a part of CityVista, a new complex of retail shops, rental apartments and condominiums. Lacking a central shopping district, the BID is working to create several contiguous blocks of retail to help restore the downtown's shopping core, rather than having stores disjointedly dotting the ground floors of office buildings. Three large retailers – clothiers H&M and Zara and furniture store West Elm – have taken ground-floor space in the restored Woodward & Lothrop building on F Street, the heart of the city's traditional retail area.

According to The U.S. Conference of Mayors' Report of 2000, after Denver's economic collapse in the mid-1980s, the revitalization of Denver's downtown was seen as critical to rebuilding the area's economy. Through an effective partnership between the Downtown Denver BID, the City of Denver, Keep Denver Beautiful, and volunteers from the community, downtown areas have been significantly improved by beautification projects and a proactive and consistent response to litter, graffiti and trash removal, all of which works to create an attractive business district. This partnership has helped to attract investment and spur economic development in the city, and to create a clean, safe environment that has both enhanced tourism and created incentives for residents to once again move into the city and do business in downtown Denver. According to public surveys, residents are reporting additional visits to the downtown area for reasons other than business, including attending sporting events and concerts, shopping and dining out.



**Figure 42:** The Old Town Boutique District has successfully implemented effective marketing and merchandising techniques to establish a brand and increase sales.

### **Alexandria Marketing Fund**

The potential of a special services district or BID-type of organization to increase customer traffic and sales revenue has been successfully tested by the *Old Town Boutique District*. The Boutique District includes twelve unique upscale fashion, home and jewelry stores located along Royal Street and the Lower King area. These businesses organized and launched an effective marketing campaign that focused on advertising, branding, direct mail and special events.

The District's marketing implemented beta-tested measurements and demonstrated sales increases of 25 to 30%. The Boutique District's total annual budget was approximately \$55,000. The group received a partial grant from the Alexandria Marketing Fund. As an alternative to an overall BID for the majority of Old Town's King Street, a series of Boutique Districts could be encouraged. However, these organizations rely mostly on volunteers and are difficult to sustain for extended periods.

### **Recommendations:**

More than ever, Old Town needs to adopt the proven management and marketing techniques of leading shopping districts in order to remain competitive,

vital and an amenity for the community. This is not to say that Old Town should become transformed into a shopping mall. In fact, just the opposite is true: King Street's unique historical character and numerous independent businesses will prove to be a competitive advantage over newer lifestyle centers, but only if modern marketing and management practices can be implemented. BIDs have been proven to effectively improve the viability of urban shopping districts.

*King Street's unique historical character and numerous independent businesses will prove to be a competitive advantage over newer lifestyle centers, but only if modern marketing and management practices can be implemented.*

BIDs are funded by special assessments on the property located within their improvement boundary. These funds are placed into separate accounts and controlled by a Board made up of property and business owners located within the BID. These funds can be utilized for specific management and marketing efforts as deemed appropriate by the BID Board. Typically, these funds are utilized to implement the following:

- Advertising campaigns for individual retailers and the district as a whole.
- Lighting improvements for the streetscape and individual businesses' signage systems.
- Improved maintenance and security.
- Business improvement seminars.
- Metrics and measurements of pedestrian counts, sales figures and shopper surveys.
- Business retention and recruitment through placemaking efforts.
- Grant applications.
- Community consensus-building and representation.

While it may be difficult to implement, a professionally managed BID or equal organization is necessary for Old Town to compete with modern shopping areas. A prior attempt to establish a BID was recently rejected by Old Town businesses. However, this study finds that Old Town has significant potential to increase market share and sales with this management tool. The importance of an effective BID type of organization cannot be over-emphasized.

## **5.5 Special Events**

Old Town hosts numerous festivals and special events. These events attract thousands of visitors to Old Town – for many, their first trip to King Street. The events also contribute to building a better community for Alexandria as a whole.

However, the actual net impact of special events on increasing commerce is not conclusive. Some research indicates that people participating in free events tend not to have the interest or time to shop during the activity.



**Figure 43:** *The Saturday Public Market is one of the nation's oldest, and a popular event for the community.*

Anecdotal evidence suggests that some visitors will return after the activity and shop at specific stores noticed during the festival. Restaurants and specialty food stores such as coffee and ice cream shops generally report increased sales during festivals. General merchandise retailers report that their sales sharply decline during festivals, because their regular customers avoid the festival's congestion. Numerous businesses have reported that special event days are their worst sales days of the entire year. Many retailers actually close during special events because of reduced sales. For example, Old Town's businesses are closed during the Saturday morning farmer's market. Some of Old Town's businesses resent temporary businesses being able to intercept their sales during special events.

Investing community resources in special events has many advantages, but hosting events as a method of marketing the shopping district needs to be accurately measured. Other marketing efforts such as newspaper, direct mail, radio and cable TV should be considered as alternatives to special events.

**Recommendations:**

- Encourage restaurants and retailers to stay open during special events.
- Measure the impact of special events on business customer traffic and sales during and after special events.
- Plan parking, ticket sales, vendor booths and activities to contribute to existing businesses.
- Implement special events geared toward retailing, such as sidewalk sales and special holiday promotional days.
- Allow for existing businesses to participate in the festivals at special rates.





**Figure 44:** The Alexandria Convention and Visitors Association’s web site offers useful information and links for visitors.

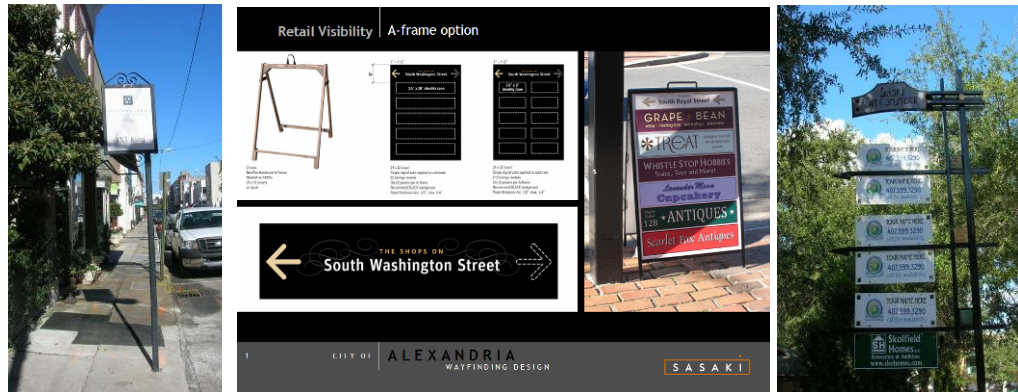
## 5.6 Marketing

King Street’s stakeholders, property and business owners agree that Old Town needs significant advertising and marketing to compete with the region’s other commercial districts. Old Town’s marketing is led by the Alexandria Convention and Visitors Association, which maintains a web site and publishes several brochures. The materials are attractive and user-friendly. The web site offers links to restaurants, boutiques, home furnishing stores and other King Street businesses.

The web site and marketing materials do not list King Street’s prime national retailers or restaurants. For example, a search for Restoration Hardware on the web site pulled up a map of the Pacific Ocean, even though the leading home furnishings store is located at 614 King Street. Ann Taylor, Banana Republic, Chico’s, Chipotle, Cosi and Gap are also excluded from the marketing materials and web site.

Given the priority that tourists place on shopping for known brands and store (see Section 3.2 above), Old Town should implement a balanced marketing strategy that includes the leading retailers.

- Promote Old Town’s retail and dining district to convention and tourist visitors prior to and during their trip.
- Develop cross-promotion campaigns with businesses, such as discounts during special events.
- Include national retailers and restaurants in marketing materials.
- Measure marketing efforts and focus resources on the most effective methods.



**Figure 45:** Tourist centers need directional signage to assist visitors with Wayfinding and shopping: Charleston, S.C. signs (left), the new King 'A'-frame sign standard (middle) and Winter Park, Fla.'s shopping signs for side street businesses (right).

## 5.7 Wayfinding Signage

The 2009 Wayfinding Signage Program designed by Sasaki Associates proposes a series of overall and specific recommendations for coordinating movement of pedestrians and vehicular traffic from the region into Old Town. These proposed graphic systems are necessary to attract local, regional and out-of-town visitors to King Street. In addition to Sasaki's proposals, GPG recommends the following:

### Recommendations:

- Side-street businesses (both name and logo) should be illustrated on pole-mounted signboards located along King Street.
- Install pairs of street-name signs at each intersection; label the cross-street with at least two street-name signs to improve pedestrian and vehicular orientation.



**Figure 46:** On-street parking is sought out by shoppers and essential for small independent retailers. One- to two-hour metered parking, with inexpensive parking decks, is the most effective method for balancing the parking needs of businesses and visitors. King Street should install metered parking for its entire length between the waterfront and the Metrorail.

## 6.0 PARKING

Parking offers a significant challenge to the King Street Retail District. The lack, or perceived lack, of parking was listed by almost all interviewees to be one of King Street's primary challenges. This concern was also noted as the second

most pressing concern (behind general marketing) by King Street business owners in the 2005 Alexandria King Street Retail Strategy study.

## 6.1 On-Street Parking

On-street parking represents only 19% of Old Town's entire parking inventory, but its importance for retail sales cannot be over-stated. A total of 47% of Old Town's businesses claim that the lack of parking discourages their customers.

*Old Town's employees and business owners are largely responsible for the lack of on-street parking.*

Many potential shoppers will avoid the visit and go elsewhere when they cannot find an on-street parking stall near their destination. This is especially the case for local shoppers seeking to make a quick purchase on the way to or from home. Time is considered the new luxury, and easy convenient parking is a primary factor in this trend. GPG has found that on-street parking is essential for competitive urban shopping districts. Each on-street parking stall can have as many as 30 different vehicles per day, equaling up to ten times the effectiveness of parking decks. In some cases, well-managed on-street parking can generate up to \$150,000 per year in direct retail sales.



**Figure 47:** Enforcement of parking standards is essential for commerce and to meet the needs of Old Town's visitors.

GPG noted that most of King Street's on-street parking is almost always filled during peak times, while the off-street parking garages are underutilized. The 2005 Alexandria King Street Retail Strategy found that the Waterfront and Government Center areas are fully occupied at mid-day and in the early evenings. The average duration of on-street parking was two hours, with 15% of the cars on seven blocks parking for more than six hours. Old Town's employees and business owners are largely responsible for the lack of on-street parking. A reported 77% of Old Town's employees drive alone to work and half of Old Town's employees use on-street parking for an extended time, returning to the car during the day to move it or fill the meter.

In fact, 61% of King Street's businesses have employees who leave work to move their cars. Surprisingly, several of King Street's blocks have no parking meters, and rely on an honor system or ticketing for management. As a result, only 58% of employees park off-street because of limited enforcement. The

present on-street parking policies are not working for the businesses, employees and especially for the shoppers.

GPG observed parking habits of King Street shoppers. It was noted that shoppers in Upper King in the 800-1400 blocks would park on side streets and walk to a specific store, then return to their car without visiting a second business. These pedestrians represent a missed opportunity for cross-shopping and multiple store visits.

***Recommendations:***

- Add metered parking for the entire length of King Street and most side streets.
- Limit street meters to two hours maximum and in some cases as little as 15 minutes when near quick-service businesses such as dry cleaners, mail centers and carry-out food restaurants.
- Install smart meter technology on all on-street meters, which allows for pre-paid and credit card usage as well as showing negative time and credits for unused time; it is acknowledged that the City has recently installed new meters along King Street, but GPG recommends that the potential increase in retail and restaurant sales from the new system should outweigh the cost and, if replacement is not possible, then smart meters should be installed in the areas of King Street with the highest use, and the existing meters moved to areas of King Street that are presently lacking meters.
- Change machines should be installed throughout the metered areas.
- Avoid common parking meter pay machines, as recommended in the *2005 Alexandria King Street Retail Strategy*, because of the relative inconvenience for shoppers.
- Manage on-street parking to be significantly more expensive than off-street decks (consider \$1.00 to \$2.00 per hour depending on the location).
- Implement a progressively punitive parking fine policy, where the first parking violation could be as little as a \$1.00, but subsequent violations would sharply increase in steps for frequent violations; there are wireless technologies that allow law enforcement officers to monitor individual vehicular violations.
- Implement and market a simpler parking fee plan for public garages: first two hours free (always) and \$1.00 per hour thereafter, excluding monthly permits; consider free Sunday parking.
- Off-street parking decks and surface lots should have coordinated marketing and signage campaigns as outlined in the *Sasaki Wayfinding*



Program, the 2005 Alexandria King Street Retail Strategy and the Leigh Coakley & Patrick Reidy Parking Analysis 2007.

- Improve pedestrian ingress and egress points to the Market Square, Torpedo Factory and Courthouse public parking decks.
- Encourage valet parking along King Street.



**Figure 48:** The City Hall parking garage has narrow sidewalks and is difficult for pedestrians to enter or leave from the Fairfax Street entry.

## 6.2 Parking Garages

The Old Town-King Street district has 12 parking garages (with various levels of public access) providing 1,200 stalls. The parking decks are generally well-located and in excellent condition. All of the decks need improved Wayfinding signage for both vehicular and pedestrian traffic. Additional directional graphics and lighting will also be needed to meet shopper and visitor expectations.

The City Hall parking garage is especially clean and well-lit. The deck offers public restrooms that are needed for Old Town. However, the restrooms are poorly signed and difficult to locate from the sidewalk. It is difficult for pedestrians to see and access the underground garage from King and Fairfax streets.

Most shoppers will seek to avoid the decks because of the perceived safety, difficulty and time required to locate a suitable space. Pricing incentives and improved signage will increase shopper deck usage, although most shoppers will seek on-street stalls or surface lots. However, these decks are essential for long-term shoppers, students and workers, which should not park on the street.

### **Recommendations:**

- Implement the Sasaki Wayfinding and graphic systems for parking decks.
- Improve lighting, finishes and graphics of garages to private sector standards found at National Harbor, Clarendon Market Commons, Tyson's Corner and other leading commercial districts.

- Continue manned pay stations in decks.
- Improve pedestrian access for the City Hall parking deck from King, Fairfax and Royal streets.

*This study concludes that many of Old Town's retailers and restaurants could increase sales by implementing proven modern store planning and merchandising practices.*

## **7.0 STORE MERCHANDISING & BUSINESS PRACTICES**

This study concludes that many of Old Town's retailers and restaurants could increase sales by implementing proven modern store planning and merchandising practices. Urban shopping districts are perceived (unfairly) by shoppers to be more expensive and to have less selection than average shopping centers. While most of the stores offer attractive exteriors, signage and interesting merchandise, they often fall short of meeting the desires and needs of today's busy shoppers. Alexandria has four primary shopper groups: local, regional, worker and tourist. While each of these groups has specific shopping habits and desires, the four general practices that follow should be considered by individual business owners.

*Urban shopping districts are perceived (unfairly) by shoppers to be more expensive and to have less selection than average shopping centers.*

### **7.1 Specialty Niche Focus**

It is difficult for small businesses to offer a wide range of goods and services with the appropriate depth of merchandise. Instead, small businesses can focus on a specialty niche product or service, in a shop that carries a full selection of the good or service. Such a selection can allow for the business to be competitive with large-format discounters that typically have limited selections.

#### **Recommendations:**

- Determine a specialty retail product or service category that has a reasonable appeal and demand such as collectibles, children's books, handmade cosmetics, shoes, etc.
- Design the business branding, name, signage, colors, fixtures, music, marketing and staff training to reinforce the brand; give the store the look and feel of the niche culture and characteristics appropriate to the product or service category.
- Update store name to match the business service.

- Maintain an extensive depth of merchandise in the selected niche; for example, a full selection of styles, colors and sizes, but in a specific category.
- Hold seminars and educational sessions on the store's product or service; make the store the "go-to" place for a particular product or service.

## 7.2 Extended Hours

Research indicates that more than 70% of all U.S retail purchases are made after 5:30 p.m. and on Sundays. Most of King Street's retailers and businesses are closed in the evening during these times and during the popular Saturday farmer's market. Closing early reduces the stores' market share, while also creating a lifeless streetscape in the evening. The reduced sales revenue limits the businesses' ability to hold extended hours. In other words: *The stores cannot maintain evening hours because they are not open in the evening.*

*Time is the new luxury... families are too busy to shop during the daytime.*

Time is the new luxury. Modern households are often single parents, two-income families or just too busy to shop during the daytime. Regular extended hours are a major reason why many of Old Town's residents and even tourists shop in the surrounding malls and large-format retailers.

### **Recommendations:**

- Extend weekday business hours until 7:00 p.m. minimum and maintain regular Sunday hours.
- Promote the extended hours with a marketing campaign; note that it will take more than one year for shoppers to adjust to the extended hours.
- Encourage closed stores to maintain illuminated window displays and signage until 11:00 p.m. to animate the street and promote window shopping.
- Consider special sub-districts or groups of businesses that offer extended hours if late hours prove impractical for a majority of King Street.
- Attract leading retailers and restaurants that maintain extended hours to King Street, to better serve the needs of the surrounding neighborhoods and contribute to a more active evening streetscape.



**Figure 49:** The Ben Silver clothing store, located on King Street in Charleston, has a historical storefront that reinforces its traditional line of clothing. Ben Silver also utilizes an effective catalog and web site that gives it an international list of clients that includes celebrities and heads of state.

### 7.3 Storefronts & Signage

Most of Old Town's storefronts are already models of the ideal small urban retailer design. In fact, Old Town is often utilized as a template by modern national retailers and shopping center developers. Most of the stores and restaurants have effective window displays and signage that reinforce the quality of the businesses' goods and services. Even numerous second-level businesses are effective in communicating their theme to street-level traffic. As much as possible, King Street should maintain its historic character, including all time periods. This diversity adds to its authenticity and allows it to better compete with modern malls. Innovative developers, business owners and the City's design standards are jointly responsible for much of this success, and their efforts should be supported.



**Figure 34:** Most of Old Town's stores and restaurants have effective window displays and signage that reinforce the quality of the businesses' goods and services.

It should be noted that the majority of property and business owners interviewed during this study complained about the bureaucracy, expense and general adversarial experience of the building's design approval process. However, all stakeholders took pride in King Street's authentic architectural character. No one complained about the outcome of the City's strict architectural design standards,



only the process. *Note: The author is not confirming that the design approval procedures are exceptionally burdensome relative to other historical districts.*

**Recommendations:**

Below is a summary of generally accepted storefront design standards:

- At least 70% of the first level should be clear glass, even if the first level is an office or non-retail use.
- The storefront's signage, awnings and materials should remain in character with the historic framework of the building; this does not suggest that all buildings should attempt to recreate 18th century architecture – many of King Street's buildings are 20th century modern.
- Awnings should be projecting no more that six feet and at least eight feet above the walk; awnings should be a single plane, rather than a curve, with no side panels, to allow for more light; plastic and internally illuminated awnings should be prohibited.
- Doors facing the street should be recessed into the building façade when practical.
- A horizontal break between the first level and upper levels will help focus attention on the retailer.
- Upper-level businesses should be allowed to have window signage and projecting signs up to 24 square inches.



**Figure 50:** Exciting but simple store windows define the merchant's brand and pull shoppers into the store.

#### 7.4 Merchandising & Window Displays

Many of Old Town's retailers could increase visitor traffic and sales revenues by implementing proven visual merchandising practices. Shoppers today are seeking quality goods and services as well as value. Stores that are poorly organized, unclean and difficult-to-shop confuse customers. Below is a summary of modern merchandising principles:

- Window displays should be simple and easy to understand within a few seconds; do not attempt to load the display area with a sample of the store's entire stock.
- Change window displays weekly; borrow display props from other Old Town businesses (antiques, bicycles, barbecues, wheelbarrows, etc.).
- Keep the back of the display window open, to allow the entire store interior to be visible from the sidewalk.
- Keep the front entry zone open, to allow shoppers into the store without feeling crowded.
- Create a "front-and-center" display table or fixture that is visible from the sidewalk and promotes holiday and seasonal goods; many national retailers generate 25% of their daily sales from this type of display.
- Most shoppers turn right upon entering a store and tend to walk in a counter-clockwise movement around the store; organize displays down the middle of the store to allow for this circulation and locate prime merchandise on these middle tables.
- Allow for movement toward the outer walls of the store; avoid dead-end cul-de-sac type aisles; shoppers generally do not want to walk past the same merchandise twice.
- Locate the point-of-purchase in the middle of the store, preferably on the right-hand side.
- Locate larger merchandise on the back wall, paint the wall surface dark and brightly illuminate the merchandise.
- Offer sale and promotional merchandise year-round; keep in-season and prime goods on a limited sale of 10 to 15%, which will reinforce the value of the store.
- Avoid handmade and taped signage, place signs in frames and utilize published advertisements for featured merchandise and services.
- Promote leading brands and list the nameplates in the store window and throughout the store.

- Promote the store owner: Tell the owner's story and explain why the owner and the store's offerings are unique.
- Broadcast aroma and music both inside and outside that reinforces the brand and theme (as allowed by City code and not to disrupt residential).
- Offer educational sessions to explain the store's special goods and services; many tourists and Old Town residents are seeking to continue their education and enjoy learning about new things.
- Constantly update the store: Change finishes, colors and update fixtures as often as possible.
- Retain professional independent advice; many shopkeepers maintain stores that appeal to their own taste, rather than those of their customers.
- Display a small sample of store merchandise or theme outside (with proper City permits).



**Figure 51:** *Effective lighting is one of the most effective tools for improving retail sales.*

## **7.5 Store Lighting**

Interior lighting is the single most effective factor in enhancing the overall appeal and sales of retailers and restaurants. Good lighting can create an atmosphere that reinforces the store's unique niche, the quality of the merchandise and even direct the movement of the shopper. Many of Old Town's retailers are inexperienced with store planning and lighting techniques, or do not have the capital to invest in necessary store lighting and fixtures. Building owners are

often not willing to invest in needed tenant improvements that are essential for competitive commerce because of the non-credit worthiness of the business.

**Recommendations:**

Business owners need to implement the best lighting they can afford. A coordinated public-private program to offer low interest loans or grants for store lighting and other store enhancements could potentially allow preferred independent retailers to remain sustainable.

Below is a summary of general proven lighting design guidelines:

- Merchandise should be illuminated with quality halogen-type fixtures.
- Display windows should be brightly illuminated to compensate for direct sun and to attract attention during the evening.
- Restaurants generally need three light sources: ceiling, wall and tabletop; ceiling lighting should be soft and directed toward interior architectural features and tabletops.
- Retailers should highlight promotional and seasonal merchandise with focused, directed halogen-type lighting that orients the shopper from the street or upon entering the store.
- Energy savings can be gained with skylights, windows and motion detector lights; low-wattage fluorescent-type lighting has its place in ceiling fixtures and back room areas, but has not yet been perfected to the point of being suitable to replace all store lighting sources.

**7.6 Cross-Merchandising**

Many Old Town retail displays are not representative of Old Town's unique character. One of the most cost-effective promotional tools is for various retailers and restaurants to utilize borrowed merchandise as display props. This cross-merchandising allows for each store to gain multiple customer access, as well as creating a more unique shopping district.

**Recommendations:**

- Individual businesses should seek out each other and establish a lending network to allow for cross-merchandising.
- Men's apparel can borrow bicycles, sporting goods or hardware equipment such as a wheelbarrow.
- Art galleries can lend to specialty retailers, restaurants and home furnishing stores.
- Antiques are suitable for displays for most business types.



## 7.7 Store Maintenance

There is a direct correlation between the goods and services sold and the quality of the store's maintenance. A dirty, cheap-looking store does not suggest a good value – in fact, it suggests just the opposite.

### Recommendations:

- Maintain clean stores, including all surfaces, windows and fixtures; clean display windows weekly and the front door daily.
- Keep the front door and storefront freshly painted and clean; front doors often need painting monthly.

## 8.0 SIMILAR HISTORIC DISTRICTS

Old Town Alexandria is an American icon with no real equal. Every historic town center has its own set of challenges and opportunities. That being said, Charleston, S.C.'s King Street and Naples, Fla.'s Fifth Avenue and Third Street are downtowns with some parallels to Old Town and with whom the author has consulted.



**Figure 52:** Charleston has been returned to its position as the region's primary commercial center and is the preferred location for new businesses. Recently, Apple, Brooks Brothers and Pottery Barn have opened new stores along Charleston's King Street. The City retains a balance of independent, regional and national retailers that reinforce each other's commerce.

## 8.1 Charleston, South Carolina

Considered one of America's leading historic destinations, Charleston has made a radical recovery during the past 30 years under the leadership of Mayor Joseph P. Riley. Charleston was a neglected Navy town and virtually destroyed during 1989's Hurricane Hugo. Mayor Riley embraced a long-term master plan and established high standards for architecture and the public realm.

Extensive waterfront parks, parking decks and rigorous historic preservation and building design standards have led to a new Charleston. A luxury mixed-use hotel and retail development, Charleston Place, opened in 1988 at the intersection of the City's historic market, the antiques district and its commercial King Street. This flagship hotel and collection of luxury shops such as Gucci and St. John proved that Charleston's historic downtown could support leading international retailers.



**Figure 53:** Charleston has retained much of its utilitarian and functional streetscape. Note overhead wires and broken walks.

One of the Mayor's primary objectives was to return Charleston's King Street to its place as the region's primary shopping destination. The City successfully sought out prime national retailers that had up to then only located in the surrounding malls. The Mayor's objective was to make the peninsula's neighborhoods more desirable and sustainable by providing the goods and services that are needed and desired by its residents within walking distance.

*One of the Mayor's primary objectives was to return Charleston's King Street to its place as the region's primary shopping destination. The City successfully sought out prime national retailers....*

Charleston continues this policy and has successfully opened a smaller-sized Saks Fifth Avenue department store (the first in the country), supermarkets, Brooks Brothers, Louis Vuitton and, most recently, an Apple computer store along King Street. The City has also found that these popular retailers have helped increase sales to the smaller independent businesses and restaurants, as well as to the City's many antique dealers and art galleries.



**Figure 54:** Naples has two historic commercial districts that were expanded after implementing a master plan and building parking decks.

## 8.2 Naples, Florida

During the mid 1980s, Naples' historic downtown was tired and not representative of the community's upscale residents. Its two primary commercial areas, Fifth Avenue and Third Street, were lined with dated single-story shops. While attractive, both commercial areas shut down by 5:00 p.m. Residents and visitors drove to newer strip malls, shopping centers and malls for most of their shopping. Local country clubs were the primary hubs for fine dining.

*Naples did not recruit leading national retailers and restaurants. These leading retailers have located in the region's surrounding shopping centers.*

A group of concerned citizens, led by a local banker, commissioned Duany Plater-Zyberk Architects (DPZ) and GPG to develop a master plan that would turn downtown Naples into a more vibrant mixed-use city center. GPG discovered a significant pent-up demand for upscale residential, office, shopping and dining in the Naples region. The demand was being suppressed by a lack of parking, local zoning codes and little incentive for property owners to redevelop. Learning of this potential, the community elected to increase its downtown density, building heights and commercial area. The community also chose to attract more diverse retail and restaurants into the downtown areas.

DPZ developed a new master plan and building design standards. Taller mixed-use buildings were allowed under an optional or overlay zoning code. The existing code remained for those property owners that did not wish to improve their buildings. A key implementation tool was 300 new parking stalls that DPZ found. These new parking stalls were created by re-striping existing public parking lots and on-street stalls into a more efficient sizes. For the price of paint, the City was able to offer enough parking to support 90,000 sf of new building. The new parking stalls were offered to downtown property owners for free, on a first-come, first-served basis. The City also streamlined the approval process for new buildings that closely adhered to DPZ's codes.





**Figure 55:** Naples' Third Street area has dynamic lighting that reinforces its many unique upscale retailers and restaurants.

This incentive caused a rush for property owners to develop new mixed-use buildings along Fifth and Third. Some development plans were submitted within weeks of the planning effort. The successful new construction confirmed the demand for new urban residential and commercial properties in Naples. During later phases, the City also built two parking garages and a performing arts center. The Naples plan was almost completely implemented in two years. Unlike Charleston, Naples did not recruit leading national retailers and restaurants. These leading retailers have located in the region's surrounding shopping centers. The downtown became so lively in such a short period of time that the DPZ team was retained by the City to see if its commerce could be dialed down a little. The City is now one of the most popular downtowns in Florida and has contributed to an improved quality of life for the community.

## 9.0 CONDITIONS OF STUDY

### 9.1 Methodology

GPG conducted interviews with business owners, citizens, community groups, property owners, real estate professionals, retailers and restaurant owners. This analysis was performed between July and December 2008. GPG also observed pedestrian patterns, farmer's markets, city staff, retailer and restaurant service, parking garage management and on-street parking usage. More than 150 retailers and restaurants were visited by GPG during this study. *Note: Interviewees' statements have not been independently verified by GPG.*



GPG also conducted a detailed evaluation of most major existing shopping centers and retail concentrations in and around the greater Alexandria region. During this evaluation, GPG thoroughly drove the market and visited and evaluated most major existing centers (13 regional and community) in the area.

GPG visited the Old Town area during the daytime, as well as the evening, to gain a qualitative understanding of the retail gravitational patterns and traffic patterns throughout the study area. GPG also examined geographical and topographical considerations, traffic access/flow in the area, relative retail strengths and weaknesses of the competition, concentrations of daytime employment, and the retail gravitation in the market, using our experience defining trade areas for similar markets. Population, consumer expenditure and demographic characteristics of residents in the trade area were collected by census tracts from the *U.S. Bureau of the Census*, *U.S. Bureau of Labor Statistics*, *InfoUSA*, *ESRI* and *Claritas*, and updated based on information gathered from local planning sources.

Finally, based on the potential consumer retail category expenditure and existing retail and restaurant sales, GPG projected the net consumer expenditure capture potential (in terms of dollars), and converted the potential expenditure capture to potential retail sf growth.

The projected consumer expenditure capture is based on population and demographic characteristics of the trade area, existing and known planned retail competition, traffic and retail gravitational patterns and GPG's qualitative assessment of all three Alexandria Retail Districts. Net potential captured consumer expenditure is equated to potential retail development square footage with the help of retail sales per sf data provided by Dollars & Cents of Shopping Centers (Urban Land Institute and International Council of Shopping Centers), qualitatively adjusted to fit the urbanism of each of the three Alexandria Retail District study areas.

The following documents were reviewed by GPG during this study:

- *Alexandria Convention and Visitors Association Annual Report (2008)*
- *Alexandria Wayfinding Program (2008)*
- *City of Alexandria Wayfinding Initiative (2008)*
- *City OHAD Design Guidelines*
- *King Street Outdoor Dining Guidelines (2006)*
- *King Street Retail Strategy (June 2005)*
- *Potomac Yard Retail Impact Analysis (December 18, 2008)*
- *Old Town Small Area Plan (1992)*
- *Old Town Parking Utilization Study (2000)*
- *Retail Market Feasibility Study for Planned Retail Developments at Potomac Yard; Alexandria, Virginia (October 28, 2008)*
- *The Old Town Boutique District Proposal for the Alexandria Marketing Fund*
- *Van Dorn Commercial Corridor Analysis (November 5, 2008)*

## 9.2 Limits of Study

The findings of this study represent GPG's best analysis and recommendations for improving King Street's commerce and making Old Town's retailers more sustainable and competitive with other business districts. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions and other information developed by GPG's independent research effort, general knowledge of the industry and consultations with the client and its representatives.

No responsibility is assumed for inaccuracies in reporting by the interviews or in any other data source used in preparing or presenting this study. This report is based on information that was current as of February 28, 2009, and GPG has not undertaken any update of its research effort since that date.

This report may contain prospective financial information, estimates or opinions that represent GPG's view of reasonable expectations at a particular time, but such information, estimates or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

This study **should not** be the sole basis for programming, planning, designing, financing or development of any business, real estate investment or City policy. This study is intended for the use of the City of Alexandria for general planning purposes only and is void for other applications, locations or real estate developers.

-- END OF REPORT --