Retail Development Strategies

David Zipper
David.Zipper@dc.gov
(202) 615 2397
Washington DC: City Profile

Estimated annual retail “leakage” to the suburbs: $1 BILLION

Overall Demographics
- Size: 66.3 square miles
- Population:
  - Resident: approx. 602,000
  - Daytime: approx. 1.1 million
  - Metro: approx. 5.3 million
- Average Household Income: $93,100
- Annual Visitors: 16 million

Retail Market
- Total Retail Space: 8.5 million square feet
- Annual Retail Spending: approx. $7 billion
- DC retail per capita: approx. 14 sq ft
- US average per capita: approx. 23 sq ft
Why Retail Matters

- **Jobs**
  - $1 billion in retail sales = approx. 2,500 retail jobs
  - Attractive employment opportunities for lower-skilled workers

- **Tax Revenue**
  - $1 billion in retail sales = $60 million in District tax revenue

- **Resident Convenience**
  - Communities consistently request more shopping options nearby
  - Supermarkets can boost nearby property values by 4-7%

- **Neighborhood Activation**
  - Retail can increase foot traffic and enhance nightlife

- **Environmental Impact**
  - Shorter shopping trips = fewer car miles driven
  - Pedestrian-oriented retail is especially environmentally-friendly

Retail promotion is a high priority for the District of Columbia
The District’s Retail Strategy

1. Big Box Strategy
   Key Element:
   Introduce the city to retailers and brokers at the annual ICSC convention in Las Vegas

2. Downtown Strategy
   Key Element:
   Provide Tax Increment Financing (TIF) to attract “destination retail” downtown

3. Neighborhood Strategy
   Key Element:
   Utilize the Great Streets program to channel infrastructure and TIF funding toward emerging retail corridors

These strategies rely on good relationships with local retail brokers
Big Box Strategy: ICSC’s Annual Meeting in Las Vegas

Since 2001, the District has staffed a 2,400 sf booth

- 50,000 retailers, brokers, developers, and officials
- 70+ private meetings annually
- Mayoral attendance each year

Retailers Attracted (examples)

- Target
- Marshalls
- Bed Bath & Beyond
- Trader Joe's
- ALDI
- Costco Wholesale
Downtown Strategy: *Downtown Retail TIF*

**Program Overview**

- Created in 2004 by the District of Columbia government
- Offers tax increment financing to assist property owners in attracting unique retailers downtown
- Is intended to spur the development of “destination retail” in downtown DC

**Downtown Retail Priority Area**

Approximately $14 million of $5 Million in available TIF has been allocated
Downtown Strategy: *Examples of Recipients*

Recent TIF allocations have ranged from $2 million to $5 million
An effort to use public actions and spending to leverage private investments on nine major corridors.

**Locations**

1. 7th Street and Georgia Avenue NW
2. H Street NE
3. Benning Road NE & SE
4. Martin Luther King Jr. Ave SE & South Capitol Street
5. Pennsylvania Avenue SE
6. Minnesota Avenue NE & SE
7. Nannie Helen Burroughs Avenue NE
8. North Capitol Street
9. Rhode Island Avenue NE
Neighborhood Strategy:  *Great Streets*

**Program Elements**

- **Infrastructure Investments**
  - $100 million for paving, sidewalks, trees, and public art

- **Small Business Support**
  - $16 million for façade improvements, site acquisition, etc.

- **Retail Tax Increment Financing**
  - $95 million available to support tenant improvements

New Yes! Organic at 2323 Pennsylvania Ave, SE

H Street, NE (future streetcar route)
Lessons Learned

1. **Go TO the private sector to attract retail**
   - Don’t assume that retailers/brokers understand your market
   - When necessary, travel to retailers’ turf outside your city

2. **Focus on specific corridors, even blocks**
   - Retail activation needs a focal point in order to take root

3. **Support different strategies in various neighborhoods**
   - Downtown and neighborhoods often need different kinds of retail— and different kinds of support from the government
For More Information…

David Zipper

*Director of Business Development and Strategy*

Office of the Deputy Mayor for Planning and Economic Development

(202) 615-2397
david.zipper@dc.gov

www.dcbiz.dc.gov