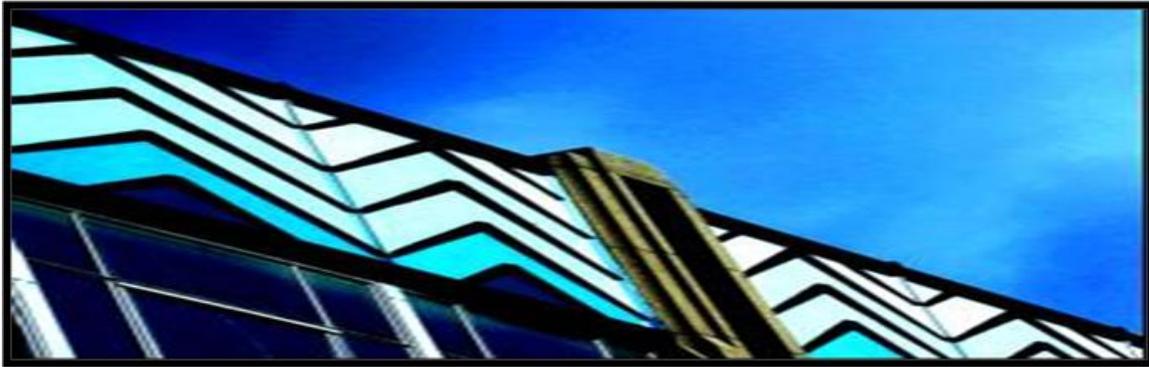


RETAIL MARKET ANALYSIS

Old Takoma Business Association (OTBA)



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and **Sagesse, Inc.**

EXECUTIVE SUMMARY

Randall Gross / Development Economics (RGDE) completed a Retail Market Analysis for the Old Takoma Business Association (OTBA). Based on the findings from this market analysis, RGDE and his associates also provide strategic recommendations to strengthen and enhance the unique Old Takoma commercial district, maximize Takoma's market capture, retain and grow existing businesses, and recruit new business to the area. The overall process for this study included a retail market analysis, stakeholder input, strategic planning, and outreach to potential tenants and investors.

Retail Market Findings

The Retail Market Analysis found that there will be gross demand for about 160,000 square feet of retail business use in the Old Takoma study area over the next five to seven years. Given that there is about 100,000 square feet in existing retail use, the study determined that there will be "net" warranted retail demand for about 60,000 square feet of additional retail space in the near future. About 53% of this demand is for "shopper's goods" stores, mainly in the general merchandise category and in certain specialty goods. About 19% of the demand will be for convenience goods, including expansion of grocery store food opportunities. There is also significant demand for entertainment, plus some additional eating & drinking and personal service use.

Based on the findings of the market analysis and input from the consumer intercept surveys, the following new business mix has been recommended to compliment and build on the existing OTBA business base:

- Expand Takoma Park-Silver Spring Co-Op and include outdoor café
- Gardening Center; with supplies, garden/cooking classes, and programming associated with the Farmer's Market
- Local-source restaurant, and a "streetcar" diner offering breakfast
- Health spa / fitness & medicinal; child & senior health specialties
- Sporting goods store (e.g., bicycling center, with linkages to trail systems)
- General merchandise anchor store
- Destination art supply store
- Pub or bar (or move Olive Bar to street front)
- Information "Hub," with book/music store & coffee, Internet café, IT Center (classes/offices), and non-profit offices & information center
- More live performance & film, including an expanded regional music/dance festival and summer movie nights
- Rehabilitation of the Takoma Theatre as a community arts & cultural center; also environmental meeting & conference space in heart of district
- Tourist attraction (streetcar museum or alternative energy Innovation Center)

The Three Unique Districts

A focus of this recommended mix is on strengthening the overall destination draw of the OTBA area, since many specialty businesses can benefit from maximizing regional inflow. The study recommended integration of these new or expanded uses within the three existing unique business districts, *rather* than expansion of the business districts to create one long corridor. The 4th & Metro area should remain focused on dining, culture, civic/community uses & entertainment, anchored in part by the rehabilitated Takoma Theatre. Old Takoma would remain focused on specialty shopping, but with infill development including an anchor (general merchandise store) to strengthen the links from the Metro along Carroll. Takoma Junction would remain a distinct and separate convenience commercial district anchored by an expanded food Co-op. Pedestrian activity (such as outdoor café) and pedestrian linkages would be strengthened between the co-op and other retailers across Carroll at Takoma Junction.

Marketing Strategies

Key strategies for marketing, business recruitment, physical development, and management were recommended to help guide OTBA in strengthening the business districts. An emphasis on more pro-active programming and marketing was encouraged. Programming should include an extensive public art campaign (some of which is already underway), celebration of gateways and improved streetscape, façade improvements, and business signage were emphasized. Marketing themes should be focused on the community's unique brand of progressivism, with a particular focus on health of mind, body, and spirit.

Key marketing strategies include development of a comprehensive marketing plan, to help guide overall efforts. Branding and imaging should be developed for all marketing outreach materials. Again, the community's unique characteristics, such as its political progressivism, might be emphasized in marketing and branding efforts. The marketing strategy made some mention of the importance of "curb appeal," to include maintenance and improvement of the physical space (addressed further through development strategies). Printing of collateral materials, such as brochures, was deemed to be important, along with website and online marketing. Beyond regular online sites, the strategic role of e-marketing and social media like Facebook is explored as it is particularly relevant to the marketing efforts of a specialty, destination-oriented business district like OTBA's. Advertising strategies are discussed, along with special events as fundraisers and opportunities to increase exposure. Finally, a public relations outreach campaign is encouraged.

Business Recruitment

Business recruitment efforts began with consultant outreach to target tenants and developers based on the findings from the market analysis. However, such outreach should continue into the future, led by OTBA. A recruitment plan should be developed to target the types of businesses identified in the recommended mix based on the market analysis. The OTBA should work directly with the City of Takoma Park, D.C. Mayor's Office for Planning & Economic Development, and Montgomery County on a local entrepreneurship program to encourage local, independent businesses. These types of businesses are most likely to lend the OTBA area its unique qualities for attracting destination shoppers. Montgomery County-Maryland National Capital Park & Planning Commission and the D.C. Office of Planning should also contribute to the development of an Urban Design Plan for the OTBA area, as a basis for future development and business recruitment.

Development & Management

Development and management strategies were recommended that focus on enhancing the business district as an operating space. First, there is the recommendation for infill development to "activate" dead spaces, especially between the Metro and the heart of the Old Takoma business district on Carroll Avenue. Infill development would help address one of the serious deficiencies identified as part of the site assessment of physical conditions in the study area. The lack of active commercial activity on certain blocks between the Takoma Metro station and the main part of the Old Takoma district creates a serious gap that reduces the overall draw of the commercial district as a destination. Interim use of the Ecco Park site was recommended, although this may be mooted if the project does move forwards as planned within the next few months. Creating commercial frontage for the Takoma Business Center is also recommended, but the physical and legal viability of such activity would have to be tested further. Redevelopment of several parking lots and integration of "pad" sites (CVS Drugstore, 7-11, etc) with new development is also recommended.

Permanent programmed use for the Metro "Park" is also recommended. One concept for programming is an alternative energy "Innovation Center" which could showcase cutting edge green building technologies and house meetings and conferences on the subject. The building could also offer ground-floor retail along with technology space and upper-floor residential use. Having a high-density use near the Metro is also in keeping with green, sustainable, transit-oriented development. Such activity could also showcase Takoma's progressive ideals, become a symbol for the community and a civic node in the heart of the district.

Urban design improvements, as noted above (public art, gateways, streetscaping, etc), are also an integral part of enhancing the physical environment and help to leverage private sector re-investment. Overall, an Urban Design Plan is recommended to help bring many of these concepts into a more comprehensive discussion and to place the ideas on paper for future development. When there is a physical plan with buy-in from community stakeholders and property owners, it is much easier to move physical projects forward and for key stakeholders to see how they can personally benefit from implementation. Planning efforts can also be used to strengthen management efforts, including consensus on later store hours and an overall parking management program. As a start, this strategy recommends longer time limits for the existing meters in the district to allow time for shopping. Specific actions and timetables for implementation of such strategies are contained in the Implementation Action Plan included at the back of this report.

Overall, the market analysis and strategic plans recommend strengthening OTBA as a destination commercial area with three distinct nodes. Because of the specialty nature of many of the existing businesses and the general lack of traffic and highway exposure, OTBA is more dependent on destination marketing strategies that take aim at specific target markets. Focusing on the community's unique history of progressivism and emphasizing its strengths as a hub for health of mind, body, and spirit can help to define specific marketing efforts. There is a need to create more synergies between existing uses through better physical planning, especially between the Takoma Metro station and Old Takoma. An Urban Design Plan can help address key issues including streetscape, infill development, traffic flow, parking management, and public art. The Market Analysis helps inform this future planning effort as the OTBA moves forward to strengthen its unique and exciting business environment.

INTRODUCTION

This report provides a summary of findings from a retail market analysis for the Old Takoma Business Association (OTBA). Based on these findings, the report also provides strategic recommendations to strengthen and enhance the commercial district, maximize Takoma's market capture, retain and grow existing businesses, and recruit new business to the area. The overall process for this study included a retail market analysis, stakeholder input, strategic planning, and outreach to potential tenants and investors (underway).

Inputs to the process included extensive field reconnaissance and site analysis to assess the overall marketability of the OTBA Study Area for retail businesses. OTBA and its economic restructuring committee provided input, along with business visits and interviews with 25 business owners or operators in the area. Interviews were also conducted with brokers and property owners. A consumer intercept survey was conducted with almost 140 shoppers in the OTBA area. Employees of Gryphon Scientific volunteered their time, uncompensated, to implement the survey. Takoma Park residents including Susan Lindauer also participated. Surveyors were trained by Sagesse, Inc., a member of the consulting team.

The market analysis involved the definition of trade areas and niche markets for OTBA businesses and potential products and services. Demographic analysis was conducted and retail demand forecasted for the trade area. An assessment of competitive commercial nodes was conducted in order to forecast the potential market capture for the OTBA study area, in terms of the types of establishments by specific retail category expressed in both sales and warranted square feet of retail space. An appropriate business mix (including specific types of stores) was recommended based on the findings for this market analysis.

Marketing and development themes and concepts were introduced and a stakeholder meeting was held to gather additional input. Finally, strategic marketing, development, and management plans were drafted along with an Action Plan detailing key steps for OTBA towards implementation over the next three years. Sagesse, Inc. provided invaluable input to the Marketing Strategy as a part of this consulting team. Outreach is now being conducted by the consultant to potential tenants, developers, local government, and investors to introduce the market findings and discuss key opportunities and constraints to site locations and development. Input from these outreach interviews will be incorporated into a brief summary Addendum report to be provided at a later date.

The report is structured to discuss the findings from the site reconnaissance, business interviews, and site analysis as part of an Existing Conditions summary in Section 1. Section 2 includes the findings from the Consumer Intercept Survey. Section 3 summarizes findings from a market demand assessment and Section 4 provides the retail market potentials and a recommended business mix for the OTBA Study Area. A marketing and business recruitment strategy is provided in Section 5, with development and management recommendations provided in Section 6. Finally, a draft Implementation Action Plan is provided in Section 7 as a guide for the way forward for OTBA over the next three years. Appendices at the back of the report include detailed tables.

As noted previously, a brief outreach report will be provided at a later date with information gathered through meetings with potential tenants, developers, municipal government, and investors. The report will include some more detailed recommendations with respect to business recruitment and development based on input gathered through the outreach. Collectively, the market report and follow-up outreach provide recommendations for OTBA to strengthen its businesses, attract and recruit new businesses, and capture a larger share of the potential market base. These reports stand only as a guide, and it is up to OTBA to define its own path in light of these recommendations.

Section 1. EXISTING CONDITIONS

This section describes existing conditions within the Old Takoma Business Association (OTBA) area and how these conditions impact on the general marketability of the area for retail businesses. Key factors affecting marketability include location and access, exposure, retail building space, parking, urban design, and general physical conditions. The existing business mix has been inventoried and is described in this section. In addition, existing business conditions are summarized based on information collected through interviews with almost 25 OTBA businesses. Finally, the overall image of Takoma Park is discussed as it relates to retail marketing.

Location & Access

The OTBA study area is located partly in Washington, D.C. and partly in Takoma Park, Maryland. It comprises a linear commercial district that stretches along portions of MD Route 195 (Carroll Avenue), MD Route 410 (East-West Highway), Laurel Avenue, and 4th Street, N.W. Carroll Avenue is the primary corridor through the study area and it is crossed by Eastern Avenue, the boundary between the District and Maryland. The business district is physically comprised of three distinct nodes:

- **Takoma Junction** (located at the intersection of Route 410 and Carroll),
- **Downtown Old Takoma** (located in the area surrounding the intersection of Carroll and Laurel), and
- **Old Takoma 4th & Metro** (located along Carroll, Cedar, and 4th Streets, N.W.).

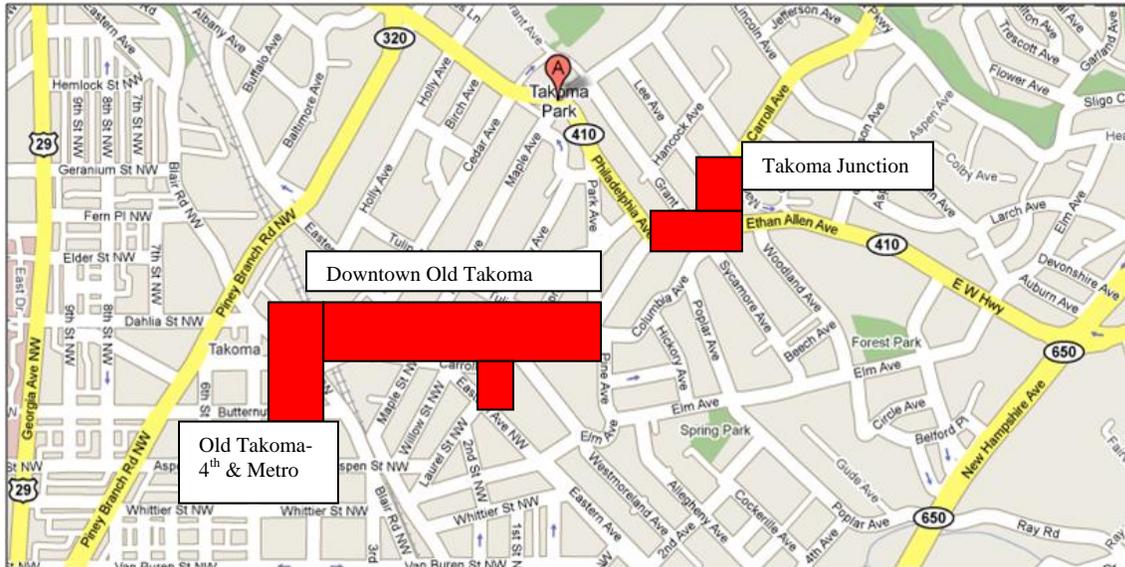
Takoma Junction is located in Maryland, Old Takoma 4th & Metro is located in D.C., and Downtown Old Takoma straddles the D.C.-Maryland border.

Local Access

Automobile access to the study area is generally provided by Carroll Avenue, from East-West Highway in Maryland and Blair Road or Piney Branch Road in the District. A number of neighborhood streets also link the commercial area to residents of surrounding communities in Takoma Park for pedestrian, bicycle, or automobile access. However, access can be confusing for visitors unfamiliar with the road network in the area. Several roads change names or merge with other roads. For example, Route 410 is also known variously as Philadelphia Avenue, Ethan Allen Avenue, and East-West Highway. Route 410

Randall Gross / Development Economics

also merges with Carroll Avenue for one block, between Philadelphia Avenue and Ethan Allen. Access from the south on the District side can be especially confusing. Traffic from downtown D.C. traveling north on Georgia Avenue or Piney Branch Road would have no indication of where to turn in this largely residential neighborhood in order to access the OTBA businesses. For those familiar with the road network, however, the study area is relatively accessible.



Map Showing the Three Commercial Nodes of OTBA

Regional Commutation & Vehicular Traffic

The study area is situated within the Washington Metropolitan Area, near several important Washington-area commuter routes. These routes include New Hampshire Avenue (MD Route 650), Piney Branch Road (MD Route 320), and Georgia Avenue (U.S. Route 29). These regional roads carry significant volumes of commuter traffic, mainly oriented north-south into downtown D.C. For example, Georgia Avenue carries 35,000 vehicles per day as it enters the District and New Hampshire Avenue carries 38,000. These roads link to the Capital Beltway (I-495) which in turn provides east-west access to communities throughout the Washington Metropolitan Area. However, these routes bypass the study area.¹

East-West Highway (Route 410), a less-traveled east-west route across southern Montgomery and Prince George's counties, does enter the study area for one block at the intersection with Carroll Avenue. Route 410 connects Takoma Park directly with downtown Silver Spring and nearby communities. Average Daily Traffic (ADT) on Route 410 (Philadelphia Avenue) near Carroll is 9,560, significantly lower than the traffic along the other commuter routes in the area. In fact, Route 410 traffic counts fall from a height of 22,240 in downtown

¹ Average Daily (vehicular) Traffic (ADT) counts generated by Maryland Department of Transportation, State Highway Administration, Highway Information Services Division, 2008.

Silver Spring to 13,410 near Colesville Road and 11,040 near Piney Branch, before reaching the study area. Therefore most of the traffic on this road is concentrated near Silver Spring.²

Carroll Avenue is the primary route through the study area, linking all three commercial nodes together. Carroll has an ADT of 9,892, according to Maryland Department of Transportation data from 2008. Therefore, Carroll carries significantly less traffic than nearby commuter routes. This is important because businesses located along or near Carroll Avenue do not benefit from the traffic volumes and therefore, exposure, generated along other nearby roads.

Pedestrian traffic is also modest on Carroll Avenue. In general, pedestrian volumes are high in the AM and PM rush hours, when local residents are walking to or from Metro. However, these volumes appear to fall off significantly during the working hours of the day. Some businesses have adjusted by opening later in the day and focusing their operating hours to the PM rush. There is some lunch hour pedestrian traffic generated by area offices, local government, retailers, and schools. According to data collected in 2005 by Wells & Associates, there is an average 785 pedestrians during the AM peak hour and 432 pedestrians during the PM peak hour at the Metro station (Carroll). At the intersection of Blair Road, Cedar Street, Carroll, and 4th, there is an average 376 pedestrians at AM peak hour and 379 at PM peak hour.³

While overall traffic volumes are relatively low compared with the regional arterials that bypass the area, there is some rush-hour congestion, particularly at Ethan Allen Avenue (East-West Highway) in Takoma Junction. The level of service (LOS) at the Junction is likely to be ranked fairly low, although traffic engineers would need to take a closer look at the signal performance to determine the severity of the problem at that location.

Mass Transit

The Takoma community developed in large measure as a result of the extension of streetcar lines from Washington into the area. Known as one of the first “streetcar suburbs,” Takoma has always had a strong relationship to rail transit. Metrorail carries many of Takoma’s current residents into D.C. or other areas for work and other activities. Metro’s Takoma station, which opened in 1978, is located on Carroll Avenue, between Cedar Avenue and Blair Road. The station has 146 parking spaces and 38 bicycle racks.

The Red Line provides access from Takoma to Union Station, Metro Center, Silver Spring, and other major transfer points. The station is also served by seven Metrobus and seven Montgomery Transit Ride-On lines. About 830 bus

² Ibid.

³ Wells & Associates, LLC. *Takoma Metro Joint Development Transportation Impact Study*, Dec. 21, 2005, p.14

trips are scheduled on a typical weekday, and 450 per day on weekends, according to bus schedules.

Washington Metropolitan Area Transit Authority (WMATA) data suggest that about 6,500 passengers boarded at Takoma Station in 2007. This compares with about 14,800 passengers boarding that same year at Silver Spring station. In 2009, boarding passengers are estimated at 6,800 based on annualized May figures. Takoma passenger counts appear to have increased at the rate of about 1.9% per year since 2002.

The most recent passenger surveys at Takoma Station were conducted in 2002. Those surveys indicated that 12,194 passengers boarded **and** alighted from Metro trains at Takoma Station. (Importantly, the number of Metro passengers traveling via Takoma Station is higher than the number of vehicles passing through the area on a daily basis). Information from the passenger surveys is discussed in more detail below as it relates to key factors impacting on the retail market.

Travel Mode. The 2002 passenger surveys also indicate that more than 41% of passengers walk to and from the station, while about 33% take the bus to/from the station. Just one-quarter of Takoma's Metro passengers arrive or depart by road transportation, with 14% park & ride, 8% "kiss" & ride, 1% bike, and less than 1% taking a taxi.

Purpose of Trip. More than 74% of all boarding passengers at Takoma Metro in 2002 were traveling to work and 69% of alighting passengers are traveling from work. Wells & Associates also notes that the Metro parking lot is essentially filled to capacity during working hours. The WMATA surveys indicate that 12% of alighting passengers at Takoma Station are traveling on a "personal" trip, such as to visit family or friends, 5% for job-related business, 4% for school, and less than 4% expressly for shopping or dining. Only 3% are alighting at Takoma for sightseeing. Thus, the share of Metro passengers arriving in Takoma for shopping, dining, or sightseeing is relatively low. Based on the survey data, it is estimated that about 500 Metro passengers arrive in Takoma each day on average expressly for shopping or dining.

Exposure

Locations within the study area offer businesses a limited degree of exposure. Those businesses located near Takoma Metro Station and the WMATA parking lot gain relatively good exposure to pedestrian and vehicular traffic due to their proximity to the station. In general, however, the study area overall suffers from a lack of exposure because of its location off of the main commuter roadways and surrounded by low-density residential neighborhoods. This would not be a problem were it not for competitive retail activity stretching along other commercial corridors and concentrated in major commercial nodes

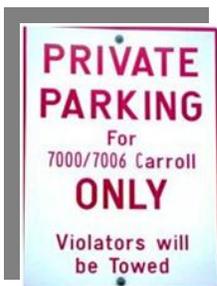
throughout the region. In this context, the OTBA commercial district acts not as a “downtown” for small city, but rather as a hidden gem competing in the complex retail market of a major metropolitan area.

Signage & Naming

Compounding this problem is the lack of signage indicating directions to the OTBA area from roads such as New Hampshire Avenue, Georgia Avenue, and Piney Branch Road. In particular, there is a need to direct traffic towards the study area from Georgia Avenue via Piney Branch as well as from New Hampshire Avenue. Within the OTBA area itself, there are several signs and small gateways but the boundaries of the area or its three distinct nodes are not clearly defined through gateway signage. Nor is there a distinct and consistent brand or message portrayed texturally or pictorially in signage, posters, consistent urban design treatments, or other aspects of the urban environment. Apparently Takoma business district directional signs did exist on D.C. streets at one time, but these were removed for road construction and never replaced.

There does not appear to be a consistent name used in business signs, directions, or street signs that links the disparate nodes together. If “OTBA” and “Main Street Takoma” are the two distinct organizations covering most businesses in the area, then these names only appear sporadically and not consistently throughout the area. Nor do names for each individual node register to the visitor. Either those names appear too infrequently, are coupled with other names for the area (e.g., Takoma Park), or do not appear at all. The name Downtown Old Takoma seems to be used infrequently on business signage and business owners themselves switch in conversation between Downtown Takoma Park and Old Takoma. Finally, the consultant was not able to identify any directional sign, map, street sign, business sign, gateway structure, public art work, or other visible marketing device that uses the name “Old Takoma 4th & Metro” within or near that particular node. Nor was it clear that all businesses know or use that name. Ultimately, there is a need for consistency in naming, whether for three individual nodes or for the area as one distinct district.

Parking



Most of the OTBA area has access to on-street parking, and there are also off-street parking lots available to shoppers in certain areas. Meters along Laurel Avenue allow on-street parking for up to 30 minutes. While it is important to ensure the availability of parking through turnover, 30 minutes is sufficient mainly for a convenience stop but does not allow sufficient time for shopping in a mile-long corridor of small specialty stores. Short-term parking should be limited to areas where convenience stores are concentrated, while longer-periods would normally be allowed in districts that are trying to encourage destination shopping.

Parking lots located behind the Laurel Avenue shops have been set aside for consumers. However, there is insufficient directional signage for these lots and visitors who are unfamiliar with Takoma may not be aware of these lots. Finally, there are lots such as the one between Willow and Carroll that offer high visibility and availability at a prime parking location, but yet restrict parking to building patrons. The scope of this study did not include an assessment of parking demand & supply or management in detail. Rather, this study only provides general context from the marketing perspective.

Buildings & Physical Conditions

The OTBA area generally presents a positive, clean and attractive physical environment for shoppers. The areas' historic character is an important asset, along with the diversity of building types and styles. Key observations with respect the area's physical layout and conditions are summarized below.

Massing of Nodes

The OTBA area includes a total of about 100,000 square feet of existing retail commercial space (discussed in more detail later in this section), plus housing, office, apartments, funeral home, churches, and other building uses. The largest share (about 45%) of the ground-floor building space is concentrated in Downtown Old Takoma (along Carroll between Willow and Tulip, and along Laurel from Carroll to Eastern). Downtown Old Takoma is most recognizable as a traditional downtown or main street commercial district, because of its tightly-woven collection of small street-front retail shops and other businesses. The highest concentration or "100% Corner" is located at the Clock Tower (intersection of Carroll and Laurel), where there are ground-floor retail businesses on three street fronts. Laurel Avenue has its own distinct character, with a string of long-running specialty stores.

There is one newer two-story mixed-use building in this area that has ground-floor retail and upper-floor office space, located closer to Tulip. This building is somewhat out of character with the small-scale, art-déco or early 20th century commercial structures in the area but does add some diversity to the architectural mix. Victory Towers, a 12-story high-rise senior apartment building is located nearby at the eastern end of the node. At the western end, the 10-story Takoma Business Center office building provides another high-rise "bookend" to the Downtown Old Takoma node. Here, the tight storefront densities have already dissolved into suburban set-backs.

The Takoma Junction node (with about 20% of the OTBA retail space) is generally confined to small attached street-front buildings in strips along Carroll Avenue, one block west and north from Route 410. Aside from the Takoma Park-Silver Spring Co-Op (TPSS), most of the retail space in this area is located

on only one side of Carroll Avenue. Because of the location of businesses and the smaller scale of retail use, Takoma Junction has less concentration and massing of commercial activity than the Downtown Old Takoma node.

Old Takoma 4th & Metro (roughly 30% of OTBA retail space) is confined to commercial buildings along 4th Street, N.W. and around the Metro, spread along Carroll Avenue up to Eastern/Willow. The 4th Street area at Carroll is, in some ways, a mirror image of the Takoma Junction area, with businesses located mainly on one street edge and around a corner (plus one large and distinct business across the street (The Culture Shop)). However there are is also a restaurant (Grand China) visible across Blair Road from the 4th Street shops. The Takoma Theatre building anchors the end of the strip, at Butternut Street. Other commercial buildings are located further up Blair Road.

Across from Takoma Metro is a mixed collection of relatively high-density commercial, religious, and residential buildings that continues along the south side of Carroll to Willow. One of the larger “storefront” buildings in this area houses a large funeral home. A CVS drugstore is located on the next block towards Eastern. A small 7-11 store and the Big Bad Woof are the only retailers located on the north side of Carroll east of the Metro, although the Bank of America and Community Printing are also located in this area. The undeveloped site of Ecco Park is located between these two retail businesses. In general, this area has the feeling of being a “no man’s land” because of the lack of street-front activity. This issue is discussed in greater detail later in this section. Other buildings in the area include the Douglas Building and the Washington Theological Seminary.

One-Sided Shopping. Even at the Clock Tower, the “100% corner” for retail activity, only three corners are actually retailed. One of the “corners” is occupied by lawns adjacent to Takoma Park 7th Day Adventist Church. Essentially, there is only one block in the entire mile-long stretch of the OTBA business corridor that has retail businesses on both sides of the street: Carroll Avenue between Laurel and Westmoreland. Practically all other blocks are “one-sided,” including:

- Carroll, between Westmoreland and Tulip (Savory is on the next block)
- Carroll, between Route 410 and Lee Avenue (except for the Co-Op)
- Carroll, between Grant and Philadelphia
- Laurel, between Carroll and Eastern
- Carroll, between Maple and the Metro (except for 7-11)
- Carroll, between Willow and Maple (one retailer on each side)
- 4th Street, between Carroll and Butternut

Historic Character

The OTBA study area offers a nostalgic character that shoppers appreciate. Many of the buildings are small in scale, built in the early 20th century. Several offer art deco or other architectural flourishes that provide the area with a sense of style. The small, streetfront buildings and tight walkways also provide a small town “main street” environment that shoppers also appreciate. While the district does not offer the early-American urban streetscape of an Alexandria or Georgetown, Old Takoma has its own place in the historical context of the Capital City.



Urban Design

Minor streetscape improvements have been made to the Downtown Old Takoma node, along Laurel Avenue (including a median strip and clock tower) and portions of Carroll Avenue in Montgomery County. This node is characterized by brick sidewalks, small-scale buildings, tree plantings, gaslite era lamps, and on-street parking. By comparison, the area between Downtown Old Takoma and the Metro station is characterized more by its lack of urban design, off-street parking, large parcels, and underdeveloped land. Overhead utility lines cross over most of the study area, but seem to be more visible and in higher concentrations along the stretch from Downtown to the Metro. Much of the urban design context has contributed to a physical disconnect and gaps along the corridor, as described below.

Surprisingly, the OTBA area lacks a strong public art program. Given that the area has a reputation for both the visual and performance arts, it seems a serious gap in marketing that there is not a vibrant public art display throughout the district. There are, however, open studio art tours, events, festivals, and other programmed activities celebrating Takoma’s strong arts scene. Also, there are public art projects planned or under way, including a mural at the Takoma Metro station.



Physical Disconnect & Gaps

The OTBA study area is long and linear in shape, stretching more than one mile along Carroll Avenue and adjoining streets. The sheer length of the district presents a challenge to some consumers, who would not choose to park at one end or the other and walk the entire length of the corridor and return. As a result of the district's physical configuration, it is more likely that shoppers will make trips to specific stores or destinations and visit nearby businesses, rather than consider the entire OTBA area as a single shopping experience. This effect is compounded by the presence of low-density "gaps" and a physical "disconnect" between the three commercial nodes. The lack of commercial uses, the presence of lower-density residential neighborhoods, a drastic change in business mix, and other factors serve to prevent shoppers from crossing from one node to another.

Downtown-Junction Gap. A large share of the OTBA businesses is concentrated within Downtown Old Takoma. Commercial activity within this node basically ends at Park Avenue, and there is a gap in commercial use between Park and the Takoma Junction node that starts at Philadelphia Avenue. The scale of the Takoma Junction node is relatively small, and the gap between these two nodes means that it is more difficult for Takoma Junction to benefit from proximity to the main commercial core of the district. Further, there are connectivity issues within Takoma Junction (discussed later in this section).

Downtown-Metro Disconnect. There is also a disconnect between Downtown Old Takoma and the Old Takoma 4th & Metro node. Some of this disconnect relates to the jurisdictional boundary between Washington, D.C. and the City of Takoma Park. For example, Montgomery County has invested in some streetscape improvements (see above) from their border through Downtown Old Takoma while D.C. has not made such improvements on their side. Thus, there is a visible difference between the two jurisdictions along Carroll Avenue.

More importantly, the overall urban environment changes dramatically between Willow and Cedar. Downtown Old Takoma and Old Takoma 4th & Metro



are both comprised of small-scale, 1 and 2-story vintage street-front commercial buildings. In the "no-man's land" between Willow and Cedar, however, there are large lots, more underutilized land, and larger building footprints. There is a high-rise office building with set-back (Takoma Business Center) and lower-density retail buildings like the CVS pharmacy with suburban-style parking in front. There is also vacant and under-utilized land in this area including the site of the proposed Ecco Park as

well as the open space behind Takoma Park 7th Day Adventist Church. Buildings located in Downtown Old Takoma seem to have their “backs” turned to this area (see photo to left), further isolating this node from the 4th & Metro node and the Metro station.

The Metro Overpass. Finally, the Metro overpass itself presents a physical barrier and disconnects businesses west of the Metro from the rest of the commercial district. If commuters are heading to or from Metro from Takoma Park, there is little incentive for them to visit businesses further west along 4th Street. Similarly, visiting shoppers would be less likely to walk west to 4th Street (except to visit a specific destination) than to travel up Carroll Avenue into Downtown Old Takoma, where the majority of shops are located. As noted above, there is a mural project underway to help soften the impact of this barrier.



Public Spaces

The OTBA area has several small public spaces that are available for community use and add amenity value to the commercial area. One of these is Gazebo Park, located at Carroll and Westmoreland Avenue in Downtown, where there is a Gazebo Stage available for concerts and other activities. There is also the small community triangle park created at the site of a former filling station in Takoma Junction. It is not clear that this space is used on a regular basis, but it does make a pleasant gateway out of the commercial area. Finally, the Metro Park provides a public green space adjacent to the Takoma Metro station.

Existing Retail Inventory & Business Mix

Existing businesses were inventoried and summarized by retail category in order to assess the existing retail mix. The OTBA area has a total of about 103,000 square feet of retail space, which is equivalent to the size of a community shopping center. This space is disaggregated into about 68 individual storefronts. There is a relatively equal distribution of space between convenience and shopper's goods, both at about 27 to 28% of the overall mix. Convenience Goods stores sell merchandise such as necessities for which the consumer spends minimum time and effort to purchase. Generally, consumers do not travel far from home or work to purchase convenience goods. Shopper's Goods stores sell “destination” merchandise for which the consumer spends more time and travels far greater distances to comparison shop. Eating & drinking establishments account for another 21% of the retail space. Personal services businesses (such as barber shops, spa treatments, and nail salons) occupy 12% of the space, and entertainment uses occupy 4% of existing retail space. However, it should be noted that entertainment space only includes

Randall Gross / Development Economics

venues designated for that use as their primary purpose. There are also restaurants in the area that occasionally offer live music performances and other forms of entertainment.

Table 1. **COMMERCIAL SPACE BY RETAIL CATEGORY, OTBA AREA, 2008**

Category	Number	Sq. Feet	Percent
Convenience Goods	10	29,435	28%
Shoppers Goods	23	27,800	27%
Eating & Drinking	13	21,650	21%
Entertainment	1	4,000	4%
Personal Services	13	12,250	12%
Vacant	8	8,200	8%
TOTAL	68	103,335	100%

Sources: State of Maryland, businesses, &
Randall Gross / Development Economics.

A more detailed inventory of existing retail uses is summarized in Appendix Table A1. Within the more detailed categories, personal services represent the largest number of businesses (13), followed by full-service restaurants (7) and fast-food restaurants (6). There are also a large number of apparel & accessory (5) and gift (5) stores, followed by home furnishings, food stores, and miscellaneous shopper's goods stores. The largest share of retail space is occupied by full-service restaurants and personal service establishments, followed by health & personal care stores (such as CVS). Fast-food restaurants, grocery, convenience food stores, apparel, and gift shops also occupy their fair share of the space.

Experience suggests that commercial nodes weighted equally between shopper's goods and convenience goods serve as destination shopping districts but are also heavily oriented to a local market base. This is the case with the OTBA area, which has a number of convenience businesses but is also oriented to destination shopping in the form of specialty merchandise. For the purposes of this report, "destination" businesses are those that draw their market in large measure because of their appeal as a destination for shoppers. Destination businesses can be large or small, chain or independent. "Specialty" businesses are destination stores that specialize in a unique category, style, or business model.



Progressivism & Other Niches

Takoma has developed a reputation over recent decades as a progressive community. The City of Takoma Park, in particular has been declared a nuclear-free zone, restricts the removal of mature trees, encourages green building practices, and votes for progressive legislation. Many of Takoma's retail businesses specialize in progressive merchandise or services that are oriented to fair trade, eco-sustainability, and healthy living (e.g., The Culture Shop, Still Point, and a large number of dance and yoga centers). Other businesses serve as destinations because their product is unique in the broader market (e.g., House of Musical Traditions, Big Bad Woof, Takoma Station Tavern). Many of Takoma's businesses offer something unique that creates destination appeal to the consumer.

Independents versus Chains

The OTBA study area is oriented towards independent and locally-owned businesses. In fact, it is estimated that at least 85% of the retail, dining, and personal service businesses in this area are independently owned and are not part of a chain. This emphasis on independence and the lack of national chains can be good for marketing specialty retail districts that cater to specific markets. Cities like Alexandria, Virginia have tried to minimize the impact of chains in their specialty Old Town shopping district. On the other hand, they have also realized that chains have sustainable marketing power and bring well-known brands that can help generate retail traffic which in turn benefits the local stores.

Chains are nothing new, with Kresge's, A&P, Kroger's, United Cigar, J.C. Penney's, F.W. Woolworths, and various chain drugstores already entrenched in many towns when Takoma Park and suburban Washington retailers were coming into their own in the early 20th century. The key is to attract the "right" chain businesses that can help strengthen the overall marketing image and spin-off sales to other independent stores without competing directly against them for the same market niche in the heart of the commercial district. It is also important to differentiate store *format* from *ownership*. Often, chain stores elicit a negative reaction because of their physical building scale and design format within a particular context. This is different than a reaction to the brand itself.

The OTBA area has several well-known national or regional brands including CVS Drugstore, Citgo, Subway, and 7-11. These convenience-oriented businesses are easily integrated with the fabric of the overall business district but design controls are important. For example, CVS operates a well-built, maintained, and landscaped store at a highly-visible location near the heart of the OTBA area. However, this store was developed according to typical suburban store formats that allow for at-grade parking lots and setbacks that severely increase the store's visual impact on perceptions of the overall district. Yet, CVS

operates “urban” store formats in numerous locations throughout the country and the Washington area that incorporate the business more sensitively into the urban environment.

Anchors

Many shopping centers are developed with “anchor” tenants, or larger destination stores that draw from a broader geographic trade area because of their scale, capacity, and branding. Anchor tenants are important to a shopping center because they generate spin-off sales to “line shops” or the smaller tenants that occupy the center. Shopping centers are merely developer purpose-built versions of central business districts, most of which had anchor stores as well. Because of competition from suburban shopping centers and the consolidation of the department store industry, even big city downtowns like Washington, D.C. struggle to attract and retain anchor retailers.

Smaller specialty shopping districts like OTBA’s also need anchors, although the relative size of such stores is less important than their destination draw. If a store is “one-of-a-kind” for the region, then it does not necessarily have to be a “big box” chain to generate spin-off to other businesses in the district. The existing OTBA area does not have any anchors in the traditional sense. Several unique businesses (i.e., Takoma Station, Takoma Park-Silver Spring Co-op, Big Bad Woof, House of Musical Traditions, and others) do help to draw destination shoppers from a broader (sometimes regional) market base. But given the OTBA area’s lack of visibility and its overall dependence on specialty consumer niches, there is a significant need to increase destination anchor business development.

Anchor Locations. Part of the issue with anchors relates again to the physical disconnect between individual nodes within the OTBA area. The primary convenience “anchor” for the area is the Takoma Park-Silver Spring (TPSS) Co-op. While this store is small in size (in comparison with typical supermarkets and even neighborhood grocery stores), TPSS attracts consumer inflow because its membership base extends beyond the immediate convenience market. In this respect, it is unlike other grocery stores that depend on convenience trade. Yet, TPSS is located at the extreme end of the one-mile long OTBA retail area. As such, its spin-off potential would be concentrated only at one end (Takoma Junction). But, even that is not entirely possible because it is located across a busy street from the rest of the Takoma Junction shopping area. The configuration and interaction of retail buildings in this area does not encourage significant cross-fertilization between TPSS and the other retail businesses in that node.

Similar issues of anchor connectivity constrain opportunities in the 4th & Metro area and in Downtown Old Takoma. A specialty music instrument supply business like House of Musical Traditions, which attracts customers from other states throughout the eastern U.S., is now somewhat isolated in its new (and

attractive) location on Westmoreland. While this new location has not hurt the retailer's business, it provides fewer opportunities to use a visible presence for this unique use in branding the district. Takoma Station Tavern is another important anchor use that does create spin-off to several adjacent businesses, but again this spin off is limited partly by the physical disconnect with the other OTBA businesses and partly by Metro underpass "barrier." Finally, the once-vibrant Takoma Theatre, located at 4th and Butternut streets, also anchors the district.

Vacant Retail Space

About 8% or 8,200 square of ground-floor retail space was vacant by early 2009, accounting for businesses that were renovating spaces or expected to move into unoccupied spaces within months. This vacancy rate is not particularly excessive for such a disparate retail corridor, especially given the lack of exposure. A shopping center operator would normally anticipate vacancies in the 5% range to allow for normal turnover and sufficient "churn" in the market. But downtown areas and urban commercial districts are not centrally managed, so vacancies in these areas tend to be higher on average. OTBA-area retail/commercial real estate appears to be performing well given existing conditions.

Other Key Uses and Economic Drivers

The OTBA area includes not only retail, restaurant, personal service, and entertainment establishments but also other types of business, civic, and residential uses. These uses help to generate and/or enhance the market for retail in the area. In fact, many cities are increasingly encouraging the development of housing and office space in their downtowns and business districts in order to strengthen the "captured" market. By increasing the numbers of people living and working within walking (or biking) distance of these districts, cities are creating more environmentally, economically, and fiscally sustainable commercial districts.

Civic uses and meeting places also help bring patrons to the commercial area. The study area is home to a number of active dance and recreation facilities, schools, churches, organizations, and club facilities such as the Masonic Lodge. Disappointingly, however, neither the City of Takoma Park nor the District Government has a civic or meeting facility



located within the commercial area. Takoma Park is upgrading and rebuilding a fire station in the Takoma Junction area, however. The Takoma Park 1st Adventist Church brings people to events in the community and is located at a prime site on the "100%" commercial corner. However, the beautiful stone church appears somewhat physically isolated from the surrounding commercial uses.

Victory Towers. Within the OTBA area (mainly along Carroll Avenue), there are several residential areas. Almost all of the residential use in the study area is confined to the length of the corridor between Westmoreland and Ethan Allen. Some low-density housing is located between Tulip and Philadelphia. Victory Towers, located at 7051 Carroll (near the Gazebo), is a 12-story affordable senior housing facility with 187 units (including 99 efficiencies and 88 one-bedrooms).

The presence of the OTBA business district in this area provides an important lifestyle amenity to the residents of Victory Towers. However, while this



is a large facility, senior residents on fixed incomes will not generate substantial impact on the overall business sales in the area. This is even more so where convenience and other businesses are not located within a short walking distance from the facility. Further, Victory Towers has its own in-house amenities including beauty and barber salons, billiards, dining room (with many residents on meal plans), arts & crafts activities, etc. Finally, the residents have access to a 24-hour courtesy bus to take them beyond Takoma Park. Thus, the reason for residents to leave the facility on a regular basis is minimized. Nevertheless, some residents obviously do visit and occasionally shop in OTBA businesses.

Takoma Business Center. The office building at 6930 Carroll once housed the Adventist World Headquarters and is now known as the Takoma Business Center. The building houses a number of progressive social organizations and diverse professionals offering a variety of services, such as VegDC.com, Center for Health and Gender Equity, TruVoteMD, Compassion Over Killing, FairVote.org, Willow Street Yoga, Center for a New American Dream, Studio 405, MacLab, Sligo Computer Services, and others. As noted previously, this high-rise building was developed with a significant set-back that places it away from the street edge and reduces the interface with the shopper. While the green space in front of the building adds respite from commercial activity, it also reduces the linkages between the 4th and Metro and Downtown Old Takoma areas. More importantly, the overall amount of undeveloped and unfilled space in this area contributes to the perception that the area is longer and less interesting or less safe to walk. Nevertheless, the building is an important economic generator because employees in Takoma Business Center represent a captured market for lunchtime dining and shopping in the OTBA area.

Liz Lerman Dance Exchange. Liz Lerman Dance Exchange administers Liz Lerman dance company programs and offers training, exchanges, and other programs associated with the company. Liz Lerman has established itself as one

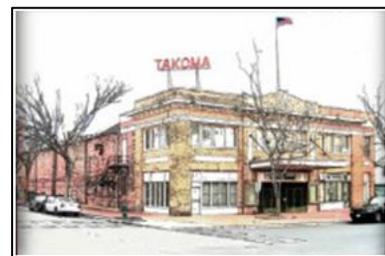
of the premier modern dance companies and the Takoma Park-based company performs internationally. Facilities are located on Maple Avenue behind the Takoma Business Center. Unfortunately, these facilities do not include an extensive performance venue since the company does not routinely perform in Takoma Park itself. The company has nevertheless contributed to Takoma's image as a center for dance and movement, with other uses such as Contradiction Dance @ Echo Park and the various yoga studios building on this reputation.

Strayer University. Located at 6830 Laurel Street, Strayer University is an adult commuter college with enrollment of 505, offering a full range of undergraduate and graduate degrees, with a focus on business, accounting, education, health services administration, information systems, criminal justice, and public administration. Classes are held throughout the day, Monday through Saturday, at the campus.

Washington Adventist Hospital. This major health care facility is located at 7610 Carroll Avenue north of the OTBA area. Plans have been approved to relocate the poorly-accessible hospital to White Oak in 2013. The 294-bed Takoma Park facility would be tentatively replaced by a "Village of Health and Well-Being," according to concepts being developed by Adventist HealthCare System. Potential uses could include health, education, research, and community services but exact plans have not been proposed. There is also a concept for a fitness center to be developed in partnership with Columbia College, with a gym, pool, primary care, wellness classes, and rehabilitation services. An estimated 1,300 hospital staff and medical professionals would relocate to White Oak. Until re-use plans are developed, it is not clear when and how many of these jobs would be replaced at Takoma Park. Thus, the loss of the hospital could have at least a temporary negative impact on those retail businesses in the OTBA area that generate sales from hospital-related workers.

Columbia Union College. Adjacent to Washington Adventist Hospital, Columbia Union College is a co-educational liberal arts college now known as Washington Adventist University. The university has approximately 1,100 students and 150 staff. The university offers an on-campus housing and meal program, but university students and staff do shop and dine in the OTBA area.

Takoma Theatre. The Takoma Theatre, located at 4th and Butternut streets in DC, opened as a movie theatre in 1923. The theatre was, for many years, a focal point for the community. The Takoma Theatre was eventually closed, suffering the fate of many historic, single-screen movie houses which were not perceived as profitable enterprises by the large cinema chains. Today, the Takoma Theatre Conservancy (TTC), a community-based non-profit organization, is seeing to acquire the theatre



property and rehabilitate it as a “community cultural arts and education center.” Activities envisioned for the facility include various programming, support for local arts groups, classes, and vocational training. The TTC commissioned a Needs Assessment which indicated “positive” demand for the facility and a focus on its use as a community arts facility.

Planned Projects

There are several development projects planned or under development in the OTBA study area including Ecco Park and a residential project by Douglas Development Corporation. Ecco Park is planned by SGA Architects as a four-story, mixed-use project to be located at 235 Carroll Avenue (the former Penske site) between Maple and Cedar in D.C. The building is to integrate green building features such as a green roof and use of recycled products in the construction. A total of 85 residential condominiums were planned, along with 6,000 square feet of ground-floor retail / commercial space. The project was supposed to be underway by 2007. Real estate financing conditions forced the developers to change the residential tenure to rentals and later place the project on hold. However, SGA now plans to break ground on the project by fall 2009 in partnership with DC-based Red Brick Development Company. Leasing of the studio, 1-bedroom, and 2-bedroom apartments (as well as the retail) would not commence until about three months before end of construction (or in 2011).

The Douglas Development project approved in 2007 includes construction of twin residential apartment buildings to be located on a 2.3-acre site behind CVS, between Willow and Maple. The site currently comprises a parking lot and several single-family houses. The two buildings will house a total of 75 rental units. WMATA has also presented proposals for redevelopment of parking and open space areas near the Metro station. These plans have included development of 90 townhouse units, but the concept is under revision. Other projects under development include John Urciolo’s infill redevelopment of commercial storefront space on Laurel Avenue.

Surrounding Area Uses

Most of the area immediately adjacent to or surrounding the OTBA study area is developed for modest-density residential uses. Takoma was a planned community developed starting in the 1880s. As a result, much of the housing adjacent to the commercial district dates from the late 19th and early 20th centuries. The housing was built by fine craftspeople and is extremely marketable and well-maintained today.

As noted earlier, the New Hampshire Avenue corridor is located just to the east of the OTBA study area, via Ethan Allen. This commercial corridor offers a significant level of mass commercial strip development, much of which is concentrated at the International Gateway at University Boulevard. The City of

Takoma Park developed a concept plan for design and redevelopment in the section of the corridor roughly between Ethan Allen and the District line, parallel to the OTBA study area. That plan calls for significant improvements in the streetscape and design framework for the area that would ultimately improve its functionality as an urban commercial district. The City of Takoma Park municipal offices and library are also located not far away from the study area

Festivals & Events

The area is host to a number of festivals and regular events which help to keep the commercial district busy year-round. The Takoma Park Street Festival has been a regular activity since 1981 and is focused in the Downtown Old Takoma area. The festival attracts attendance from throughout the Washington Metropolitan Area and beyond for a day of live performances on three stages as well as craft, food, merchandise, organization booths, and activities for families and children. Takoma Park also sponsors a popular Farmer's Market on weekends in Downtown Old Takoma.

Existing Business Performance

Interviews were conducted with nearly 25 businesses within the OTBA study area to collect information about business operations and performance, merchandising, markets, key issues and needs. The interviews were also held to gather input on possible opportunities and strategies. Key business performance indicators are discussed below.

Retail Sales

Retail and personal service businesses reported sales ranging significantly from \$60 to \$800 and more per-square foot. Sales averaged \$313 per square foot, excluding outliers. This is a relatively high sales volume for a Main Street business district. On the other hand, the OTBA area lacks large format stores and anchors which tend to have lower per-foot sales figures. The area also lacks discount merchandise stores (such as "dollar stores"), although there are vintage clothing shops that sell at reduced prices. Overall, the business district's sales data are driven by small specialty stores with merchandise priced for middle- and upper-middle-income consumers.

Sales have trended down by nine to ten percent during the past year among OTBA businesses, no doubt because of the national recession. However, there was again a significant variation in sales trends among businesses, with some reporting a decrease as high as 20% from the prior year while others saw an increase of up to 8%. In general, specialty category sales were down not only among OTBA businesses but nationally due initially to cautious spending but later to a decrease in discretionary income.

Tenure & Rents

Most of the businesses rent their stores, with only a few acting as owner-operators. It should be highlighted however that many of the renters noted that they have excellent relationships with their landlords and that the building owners have taken pro-active steps to help their business. This good will between renters and landlords is unusual, based on the experience of the consultant, since renter complaints more often outweigh compliments to landlords.

Based on information from the businesses as well as from landlords and brokers, rents are generally ranging from \$20 to \$30 per square foot in the OTBA area.⁴ This is consistent with several suburban strip centers in the area (ranging from \$19 to \$28 per foot). OTBA rents compare extremely favorably with competitive shopping nodes like Downtown Silver Spring (\$63 per square foot). Rents on M Street in Georgetown average \$140 per square foot, according to Co*Star. Downtown Washington's retail rents average \$100 per square foot overall. OTBA area rents appear to be stable. At least one retail property has been listed for sale recently in the OTBA area (7005 Carroll), for a price of \$280 per square foot.

Marketing & Merchandising

A fair number of OTBA area businesses either advertize or participate in joint (OTBA) advertizing activities. However, few reported significant benefits from paid advertising. Marketing and merchandizing tend to be "individualistic" with a focus on progressivism (fair trade, organics, multi-culturalism, vegetarianism). Many have unusually strong and powerful identity and concept branding, especially for independent businesses. There is a focus on customer service, which is one of the key factors that strengthen the competitiveness of independent stores over chains and "big boxes" in the marketplace. Joint advertising, if used properly, can be a powerful tool for branding and can also reduce the marketing overhead costs to individual merchants.

Summary

The OTBA Study Area includes three distinct nodes with over 100,000 square feet of retail uses. Downtown Old Takoma dominates the retail image of the area. There are unique strengths but there are also deficiencies in marketing. The existing mix is dominated by specialty businesses, which need a strong, coherent joint identity and message to encourage destination traffic. At the same time, the area lacks exposure because of its location off of main road corridors. Metro transit provides some exposure, but ridership at Takoma station is heavily oriented to local residents commuting to and from work. Shopping accounts for

⁴ Area landlords: Streetfront Downtown Old Takoma \$20-\$30 NN or NNN; Takoma Junction & 4th Street \$18 to \$25 FS; Below Grade Commercial \$15 FS.

only 4% of Metro trips through Takoma. There is a need to ensure that the district meets the consumer's "everyday needs" for convenience including visible parking (for those that drive), ease of access, and operating hours that accommodate commuters.

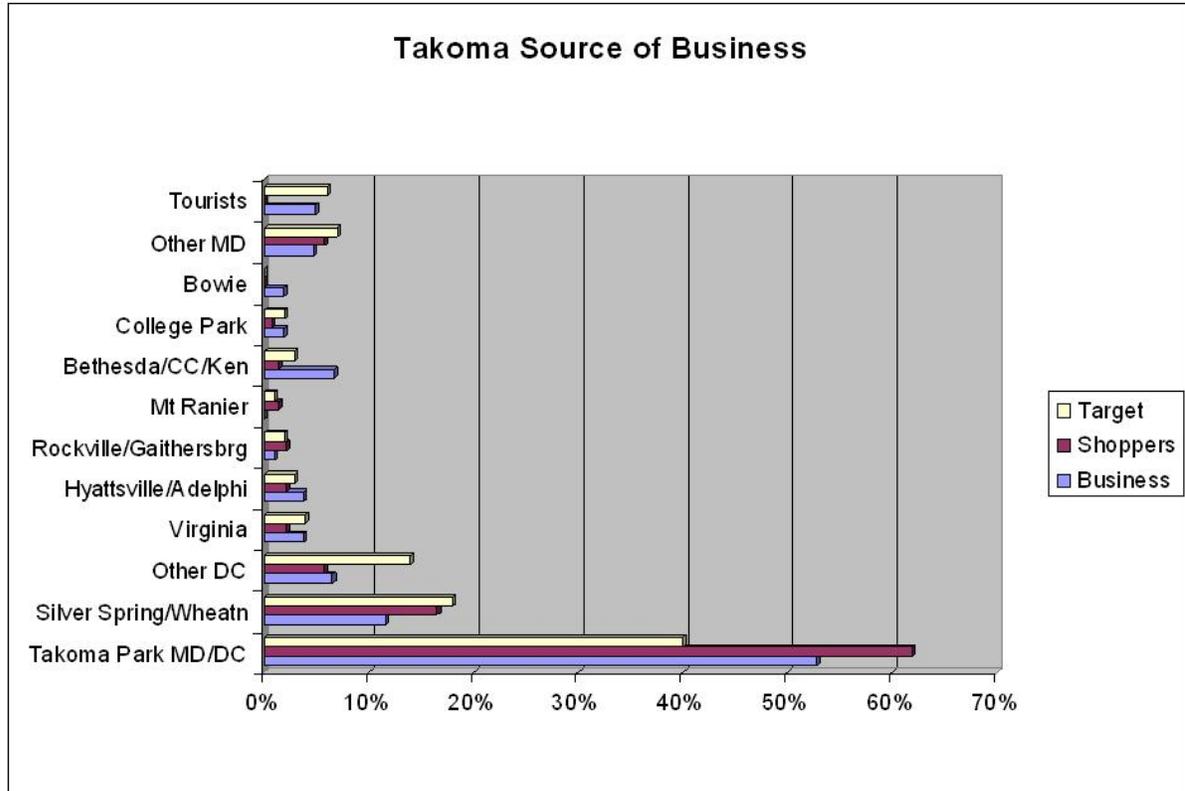
Businesses in the Study Area have a high degree of independent merchandising and offer strong customer service. But, the physical discontinuity of the district reduces opportunities for cross-merchandising and high-volume shopping. Takoma is a progressive place and a hub for the "creative class," but there are no indications of these vital aspects of local culture provided in public art, gateways, signage, or other design elements. There are opportunities to use more humor to build on Takoma's strong reputation as a uniquely progressive community.

Section 2. INTERCEPT SURVEY

In order to better inform the market analysis, an intercept survey was conducted with consumers in the OTBA area. A survey instrument was designed and administered by volunteers from Gryphon Scientific plus an area resident. The five volunteers were trained by the consultant team to conduct the survey. Surveys were administered in each of the three nodes (Takoma Junction, Downtown Old Takoma, and Takoma 4th & Metro) at various times of day and days of the week. Surveys were also conducted during the Farmer's Market held on weekends. Overall, a total of almost 140 consumers were interviewed for the survey throughout the OTBA area. Findings from this survey are summarized below.

Source of Business

The survey collected information on the source of business, including data on where consumers live and work by zip code. The information from the consumer survey (shown below in a maroon color) was then compared with the information collected from interviews with businesses (shown below in blue).



In general, both data sets show that the vast majority of OTBA consumers originate in Takoma Park or Takoma DC, accounting for more than 60% of those reached through the consumer survey and more than 50% using business estimates. The fact that local residents dominate area retail trade is not surprising given the relative lack of exposure and destination marketing for the district. In fact, many of the consumers live within walking distance or a short drive of the business district.

Residents of nearby Silver Spring and Wheaton generate the next largest share of OTBA retail trade, but this amount is considerably less (11-15% of the total) than that generated by Takoma residents. Residents from other parts of the District (besides Takoma DC) account for the third highest share, at about 5-6%. Other markets account for a relatively small share of the existing OTBA retail trade. None of the consumers in the intercept survey were identified as tourists, although businesses estimate that tourists may account for about 4% of their trade. Either way, given the huge volume of tourists in the Washington DC area, OTBA has not captured a significant share of the tourist market.

An effort has also been made to determine recommended targets for OTBA to achieve for each of these markets (shown in yellow on the previous chart). In general, it is recommended that OTBA aim to decrease its dependence on the local resident market (but maintain its orientation to local and independent stores), and increase its share of target markets in D.C., Silver Spring, "Other" Maryland & Virginia, and among tourists. The reasoning behind these targets and strategies for reaching them is described in more detail later in this report.

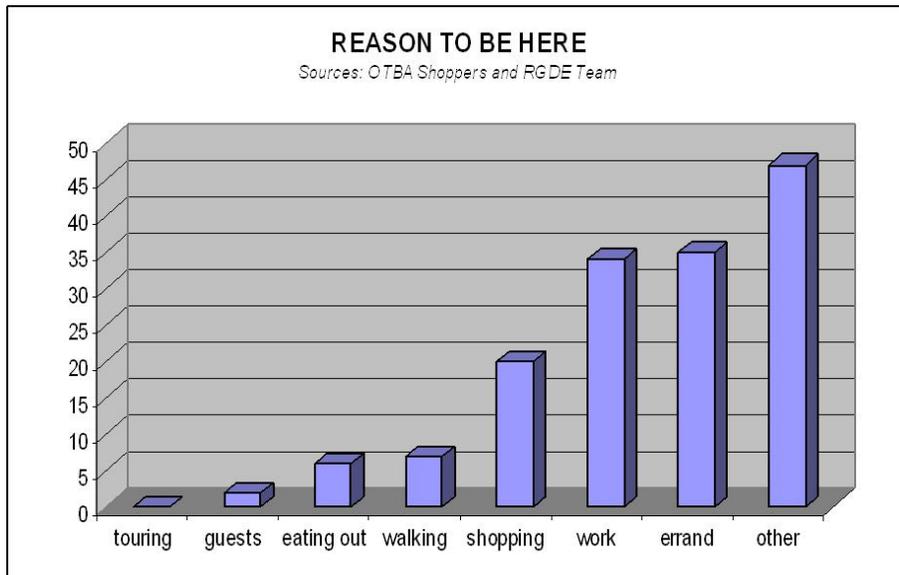
Consumer Behavior

Various data were collected on consumer behavior within the study area. For example, the survey found that most consumers were in the area because they live there or were passing through (both included in the "other" category). Residents were also there for work or were running an errand. Overall, a total of just 13.2% were there mainly for shopping. Still, this is higher than the 4% of surveyed Metro commuters who came to Takoma mainly for shopping.

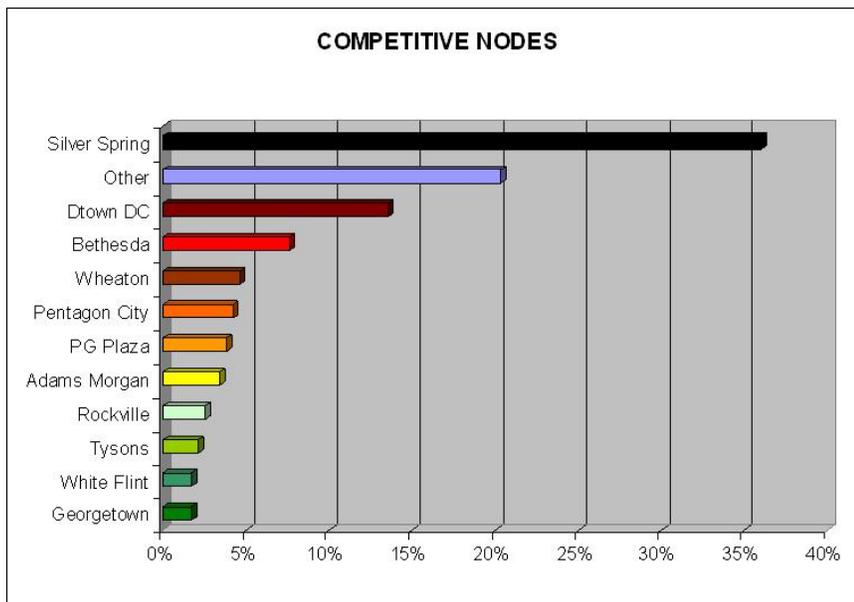
About 81% of surveyed consumers shop regularly in the OTBA area, with about 43% shopping on their regular commute and 20% attracted by a specific store. The consumers tend to most often purchase groceries and dine at restaurants. 70% shop in the area at least once per week and only 2.6% have never shopping there before. This suggests that the current retail consumer is a regular customer and that there are few tourists or other destination visitors that are unfamiliar with the area. More of the consumers drive (49%), but nearly as many take Metro (44%). The remaining shoppers walk or bicycle to the area.

About two-thirds of these consumers purchase between \$10 and \$50 worth of merchandise in the area. Within selected categories, purchases

averaged \$42.50 (clothing), \$53.10 (restaurants), \$23.90 (hardware), and \$24.60 (personal services), and \$111.80 (groceries).



OTBA area consumers are clearly making their shopping choices against those in Silver Spring, by far the main competitor for retail dollars spent in the Takoma area. Other key competitive nodes include Downtown D.C., Bethesda, Wheaton, and various other commercial nodes in the region.



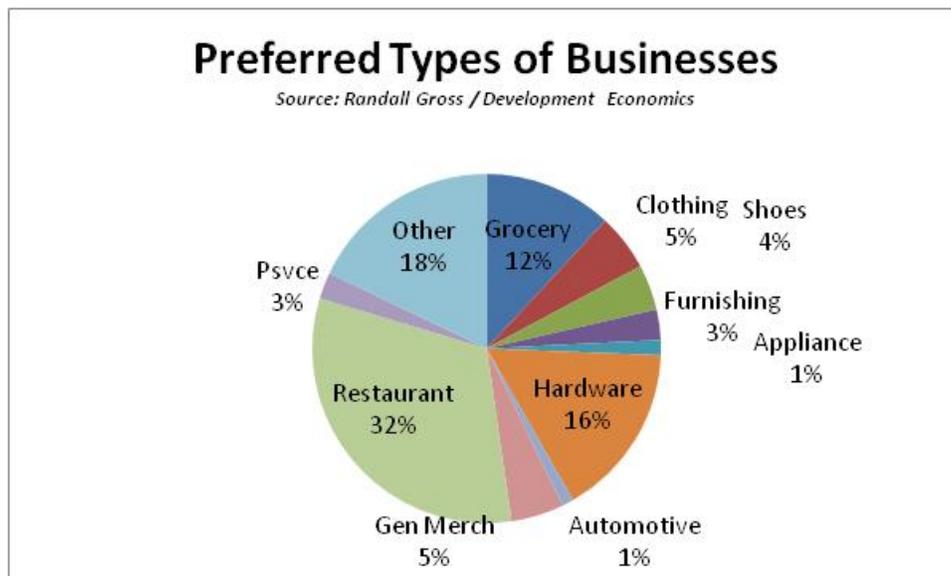
Other than the nodes listed on the survey questionnaire, consumers also noted College Park, Columbia/Howard County, Langley Park, Old Town

Alexandria, and U Street / Columbia Heights, grouped under “Other.” Finally some consumers noted that they shop online for some of their retail purchases.

Consumer Preferences & Perceptions

Consumers were also asked about their preferences for businesses within the area. The largest share of surveyed consumers would like to see restaurants. This is logical given that a fair share of those surveyed were visiting the area during work. About 16% stated that they would like to see a hardware store and another 12% would like to see a grocery store.

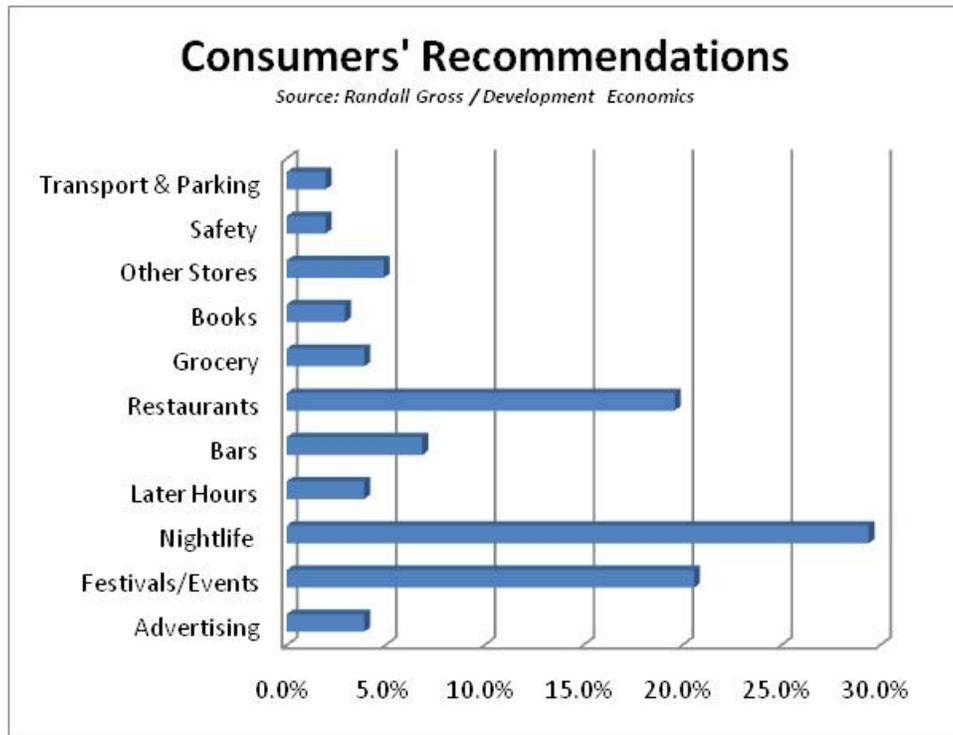
Other preferences include clothing and shoes (9% together), followed by general merchandise stores (e.g., department stores, 5%), furniture and home furnishings (3%) and personal services (3%). The “other” category captured 18% of consumers’ preferences. Specific types of “other” preferred businesses included bookstores and wine shops.



Consumers were also asked about the area’s strengths and weaknesses. In terms of weaknesses, 20% of consumers noted the need for more “diverse” stores. Almost as many noted issues with parking, such as availability and visibility of parking areas. A large share also noted a lack of eating places and “things to do” in the OTBA area. Very few consumers noted any issues with the quality of the merchandise. The perception that quality is high provides a strong positive marketing theme for OTBA businesses.

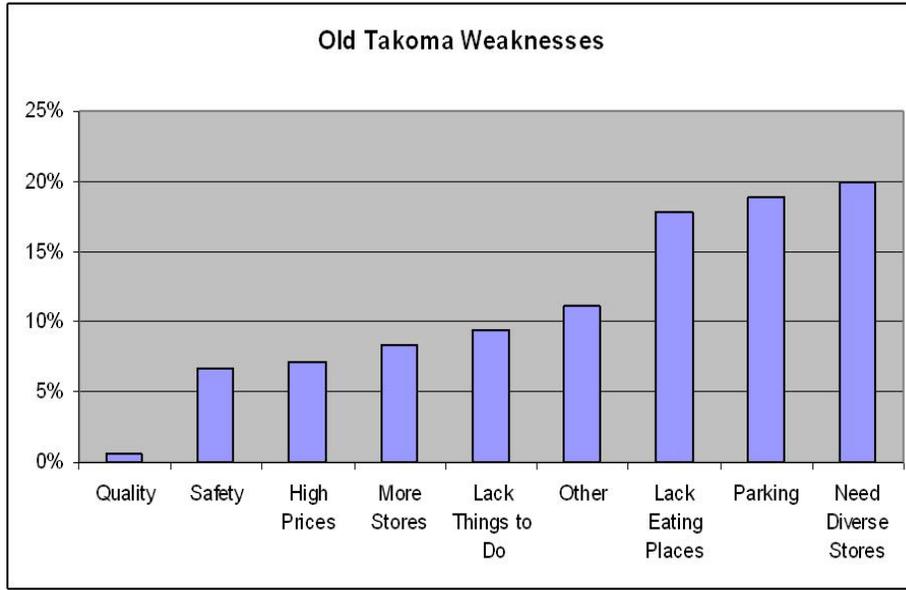
Consumers were also asked about their preferences using open-ended questions, to elicit their specific recommendations on what would attract people to the OTBA area. Restaurants were once again an important recommendation from about 20% of responses. Consumers provided specific restaurant recommendations including “ethnic,” Greek, Italian, Asian, gourmet, bagels,

Macaroni Grill/pasta, and sushi. However, an even higher share of the responses related to the need for more “nightlife” or entertainment, activities, and “things to do” at night and on weekends.

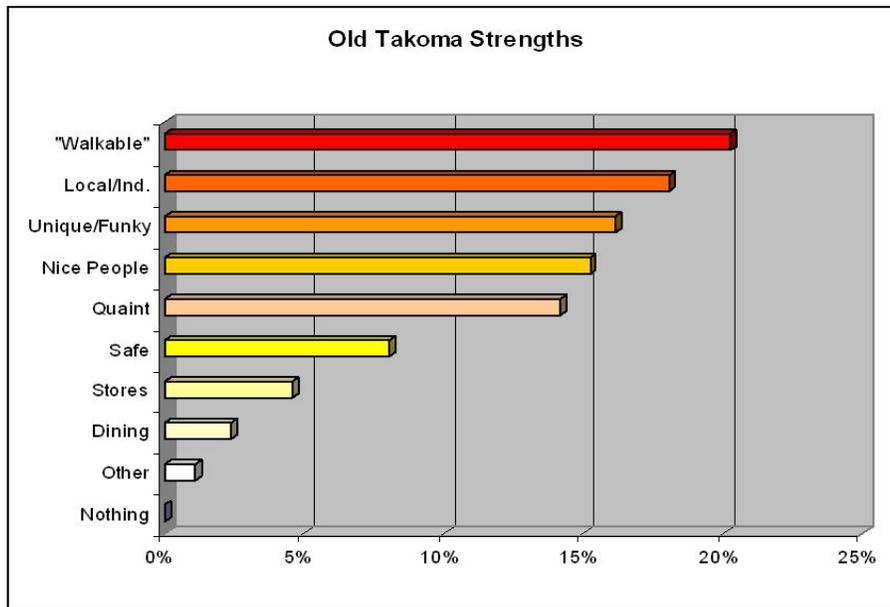


Nightlife accounted for 30% of responses and recommendations included arts & music, cinemas, video games, political lectures, bookclubs, and other activities. Often inter-related with the recommendation for more nightlife was an interest in more drinking places. Bars, such as sports bars, Irish pubs, and other drinking establishments were also listed alongside nightlife as key components to attract consumers to the area. Cumulatively, nightlife and bars together accounted for nearly 40% of all responses.

Also related to the desire for more activities was the recommendation in 20% of responses for more or larger festivals and events. Among the specific recommendations in this regard were “street” events; art & craft shows and festivals; concerts, acoustic, and other music festivals; movie nights; sidewalk sales; and other festivals. In terms of businesses, respondents listed grocery, books, and other stores including hardware, pets, antiques, crafts, nail salons, and “kids” stores. A few responses related to improved safety, design (Metro underpass), transportation access (commuter bus), and more parking.

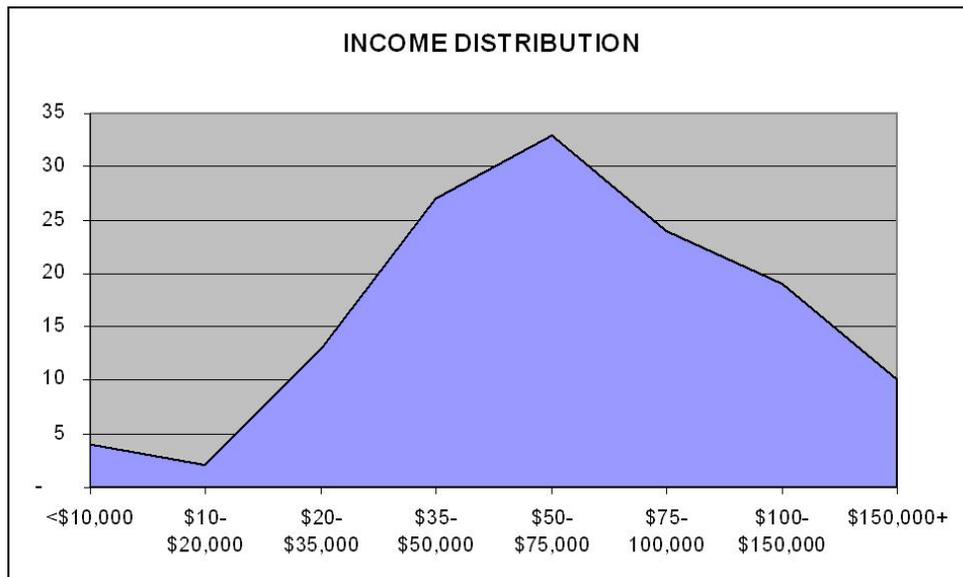


Like consumers in Old Town Alexandria and other historic downtowns, “walkability” has been ranked as a key strength for the OTBA business area. About one in five consumers ranked walkability as an important strength for the area. The fact that the area has a large number of independent (non-chain) and locally-owned stores is also considered a key strength by consumers. Related to this are the unique and “funky” characteristics of the area’s businesses, which consumers found to be a strength. Other key strengths include the area’s nice people and “quaint” historic ambiance. On a positive note, no one said that Takoma had no strengths.



Consumer Demographics

Various demographic data were also collected on the surveyed consumers to help determine characteristics and profile of the current OTBA shopper. For example, the survey found that the highest number of consumers had household incomes in the range of \$50,000 to \$75,000 per year. This was followed by the number of consumers with household incomes between \$35,000 and \$50,000 per year and those with incomes in the range of \$75,000 to \$100,000 per year. OTBA consumers tend to be affluent, with relatively few having incomes below \$35,000 per year.



About 55% of shoppers were female and 45% male. A higher number of female shoppers is normal in the retail market. The highest share (43%) of consumers was aged 20 to 40, which is lower than the local and regional population base as a whole. The preponderance of relatively young shoppers suggests lower disposable income for goods and services than among the “baby boom” generation (ages 45 to 63). About 38% of the consumers fell roughly into the baby boom category. Nearly 16% of consumers were aged 61 to 80, and there were very few under age 20 (and none over age 80).

Based on the surveyors’ admittedly subjective observations of ethnicity, it can be inferred that roughly 64% of respondents were Caucasian, 26% African-American, 6% Hispanic, and 4% Asian (mainly south Asians). While each group was fairly distributed throughout the study area, African-American consumers tended to be interviewed closer to the 4th and Metro area.

Section 3. DEMAND ASSESSMENT

This section summarizes findings from an assessment of retail market demand, generated as a basis for determining the potential for existing and new retail businesses within the OTBA study area. The trade area for OTBA is defined below and retail expenditure potentials for households within the trade area are forecasted through 2014.

Trade Area Definition

The OTBA study area lies within a large and complex regional retail market centered around Washington, D.C. Retail demand is determined by forecasting expenditure potential within the trade area from which OTBA businesses draw at least 75 to 80% of their market base. While it would be easy to draw a circle around Takoma and determine the retail demand generated there, this would grossly over-simplify the market. More realistic trade areas were determined based on a number of factors including road and Metro accessibility, natural and man-made barriers, commutation patterns, target demographics and other factors. The consumer surveys and area businesses also provided critical input to the definition of these trade areas. The trade areas are defined as follows:

- Convenience A: Study Area (*Tracts 7012.01 and 17.02*)
- Convenience B: Adjacent Takoma (*Tracts 7077.03, 7077.04, 7018*)
- Destination A: Takoma-Silver Spring (*Zips 20912, 20901, 20910*)
- Destination B: Takoma-D.C. (*Zips 20012, 20011*)
- Destination C1: Shaw, Dupont / Adams Morgan, Columbia Heights
- Destination C2: Capitol Hill area
- Destination D: Selected Arlington and Alexandria
- Destination E: Hyattsville/Adelphi/Mt. Ranier
- Destination F: Bethesda, Chevy Chase, Kensington
- Destination G: Wheaton
- Destination H: College Park

OTBA businesses would capture only a portion of the retail market potential generated by households in each of these trade areas.

Demographic Trends

Demographic trends were analyzed for each of the designated trade areas. These trends are summarized in Appendix Table 1. Key findings are discussed below.

Population and Households

The population and household base within the study area (Convenience Trade Area A) has been declining. Population is estimated at about 3,500, down by 300 or 8.0% from 1990. There are 1,500 households in the study area, down by 100 or 6.5% since 1990. The household base has not declined at the same rate as population because of an overall decrease in average household size in the area. Population has also been declining in the Takoma-DC area and parts of College Park. The population of D.C.'s Capitol Hill neighborhood was declining precipitously until 2000, but has actually increased since then with a re-birth of D.C. urban living. The number of households in Capitol Hill has increased rapidly due to an exodus of families and an influx of young single professionals.

Population has continued to increase in all of the other trade areas. Trade areas C1 and E have the largest population and household base overall. But, selected areas of Arlington and Alexandria have shown the *fastest* increase in both population and household base. The household base in Destination D Trade Area has increased by nearly 50% since 1990. Overall, population and households within the trade area have been increasing but areas closest to the OTBA study area are among the few that are declining. Trends within the two convenience trade areas are summarized below.

**Table 2. DEMOGRAPHIC TRENDS, PRIMARY TRADE AREA,
OLD TAKOMA BUSINESS ASSOCIATION, 1990-2008**

Factor	1990	2000	2008	1990-2008 Change	
				Number	Percent
<u>CONV A</u>					
Population	3,794	3,630	3,490	(304)	-8.0%
Households	1,620	1,563	1,514	(106)	-6.5%
HH Income	\$ 69,990	\$ 84,507	\$ 92,839	\$ 22,849	32.6%
<u>CONV B</u>					
Population	10,458	10,947	11,586	1,128	10.8%
Households	4,093	4,271	4,500	407	9.9%
HH Income	\$ 77,074	\$ 85,171	\$ 90,181	\$ 13,107	17.0%

Sources: U.S. Bureau of the Census; Claritas, Inc.; and
Randall Gross / Development Economics.

Household Income

While the population and household base within the study area (Convenience Trade Area A) has stagnated in recent years, household incomes have increased rapidly. Study area average household income is estimated at \$92,840 or about 33% higher than in 1990 (accounting for inflation). By contrast,

household incomes have fallen in areas of northwest and northeast D.C. (as represented by Destination Trade Areas C1 and C2). Again, the influx of younger singles may have had an impact on household incomes in these D.C. neighborhoods. Incomes have also fallen (after accounting for inflation) in the Hyattsville/Mt. Ranier area, perhaps due to a similar influx of young single professionals. Young people and single people tend to have lower overall household incomes.

Demographic Forecasts

Population, households, and average household incomes were forecasted through 2013 for the purposes of this study. Findings are summarized below and discussed relative to the various trade areas.

Population and Households

The population and household base within the study area (Convenience Trade Area A) is expected to continue declining marginally through 2013. However, it is anticipated that the rate of decline will slow in coming years. By contrast, population and households in neighboring areas of Takoma Park (Convenience Trade Area B) will continue to see increasing population and households.

**Table 3. DEMOGRAPHIC FORECASTS, OTBA
PRIMARY TRADE AREA, 2008-2013**

Factor	2008	2013	2008-2013 Change	
			Number	Percent
<u>CONV A</u>				
Population	3,490	3,406	(84)	-2.4%
Households	1,514	1,484	(30)	-2.0%
HH Income	\$ 92,839	\$ 91,446	\$ (1,393)	-1.5%
<u>CONV B</u>				
Population	11,586	11,939	353	3.0%
Households	4,500	4,621	121	2.7%
HH Income	\$ 90,181	\$ 88,828	\$ (1,353)	-1.5%

Sources: Claritas, Inc.; and Randall Gross /
Development Economics.

Population and households will continue declining, but at a slower pace, in adjacent Takoma and nearby Hyattsville and Mt. Ranier as shown in Appendix Table 3. Most of the trade area will see population and household growth at least through 2013 or 2014. The fastest growth will be in selected portions of Arlington and Alexandria Virginia as well as in northwest Washington neighborhoods including Adams Morgan, Columbia Heights, Dupont Circle, and Shaw.

Household Income

Household incomes are expected to fall during the 2008 to 2013 period in real terms throughout the trade area, largely as a result of the national recession. Within the Study Area (Convenience Trade Area A), household incomes will fall overall by about 1.5% by 2013. While the household base is growing in NW Washington, income levels are falling during the recession as they are in many areas. However, incomes will increase by 2013 in several affluent portions of the trade area, such as in Bethesda, Chevy Chase and Kensington (Destination Trade Area F); as well as in portions of Arlington and Alexandria (Destination Trade Area D). These areas have seen rapid income growth, which is expected to slow but not decline in real terms (after accounting for inflation). Income forecasts generated by Claritas, Inc. are based on national and regional economic forecasts and data from the U.S. Bureau of Economic Analysis (BEA). Again, this data is summarized in Appendix Table 3.

Expenditure Potentials

Retail expenditure potentials were forecasted for each segment of the trade area through 2014. The total household income (THI) was calculated for all households in each area, along with the share of household income spent on retail goods and services, in order to calculate retail expenditure potential.

Total Household Income (THI)

Total Household Income (THI) was forecasted through 2013 for each of the individual trade areas.

Table 4 **THI FORECASTS, OTBA AREA**
PRIMARY TRADE AREAS, 2008-2013

Trade Area	THI (000) 2008	2013	2008-2013 Change Amount (000)	Percent
Conv A	\$ 140,558	\$ 135,706	\$ (4,852)	-3.5%
Conv B	\$ 405,815	\$ 410,476	\$ 4,661	1.1%
Shop A	\$ 3,355,298	\$ 3,460,465	\$ 105,167	3.1%
Shop B	\$ 1,895,496	\$ 2,178,037	\$ 282,541	14.9%
Shop C1	\$ 2,790,288	\$ 2,717,833	\$ (72,456)	-2.6%
Shop C2	\$ 1,840,894	\$ 1,751,007	\$ (89,887)	-4.9%
Shop D	\$ 1,803,442	\$ 1,998,185	\$ 194,743	10.8%
Shop E	\$ 2,469,841	\$ 2,365,432	\$ (104,409)	-4.2%
Shop F	\$ 4,980,660	\$ 5,494,331	\$ 513,671	10.3%
Shop G	\$ 1,447,498	\$ 1,452,379	\$ 4,881	0.3%
Total	\$21,129,789	\$21,963,850	\$ 834,061	3.9%

Notes: Total household income (THI) expressed in thousands of constant 2008 dollars.

Source: Randall Gross / Development Economics.

Overall, THI throughout the trade area is expected to increase by about \$834.1 million or 3.9% over the next five years. However, income growth is not distributed evenly throughout the trade area. For example, THI will increase by almost \$514 million in Destination Trade Area F, but will decline by more than \$104 million in Destination Trade Area E. THI within the Study Area (Convenience Trade Area A) will decline by almost \$5.0 million but will increase in adjacent Convenience Trade Area B by nearly the same amount. Thus, total income within the convenience trade market area will remain relatively stagnant over the next five years or so.

Retail Expenditure Potentials

Retail Expenditure Potential, or the amount of income that is available for the purchase of retail goods and services, stands at \$7,992,586,000 overall within the trade area. This amount is expected to increase by \$259.3 million to \$8,251,897,000 by 2013. This increase in expenditure potential results from the fact that overall THI is projected to increase (as noted above), yielding more spending power for retail goods and services within the trade area. The five-year forecasted increase in expenditure potential by primary retail category is detailed below:

Convenience Goods	\$ 75,553,000
Shopper's Goods	\$105,523,000
Eating & Drinking	\$ 33,741,000
Entertainment	\$ 5,011,000
Personal Services	\$ 39,483,000
TOTAL	\$259,311,000

An increase of about \$106 million in shopper's goods expenditures is forecasted for the trade area through 2013, followed by \$76 million in convenience goods expenditures, \$39 million in personal services, \$34 million in eating & drinking, and \$5 million in entertainment.

Inflow & Other Sources

Other sources of market demand are generated by workers, students, and tourists in the OTBA area. There are about 5,900 workers in the Takoma area, based on 2006 Census data. However, the number of workers proximate to the commercial area will decline by at least 1,300 when Adventist Hospital relocates out of the area and until that time when new uses (such as a health care campus) are developed on that site. Employment concentrated in the Takoma Park Business Center along with City of Takoma Park employees are critical sources of lunch-time business for area restaurants and shops. However, there is

a need to increase the office component in the OTBA area to strengthen weekday lunch business. Students are another source of business, although their numbers are small within the OTBA area. Many of the Strayer College students are commuters but other college students in the area generally live on campus and participate in meal plans. Tourists are an important potential source of business and are accommodated in the market analysis through an inflow factor. Clearly there are opportunities for the OTBA area to capture more of the region's huge tourist market. Based on the findings of the consumer intercept survey (coupled with interviews with businesses), OTBA does not capture its "fair share" of this market. Finally, events like the Farmer's Market can help attract inflow consumer base to the OTBA area. Visitors who participate in the Farmer's Market or other events can be encouraged to shop in local OTBA businesses, use local services, and dine in local restaurants.

Summary

The trade area for OTBA businesses has been defined and segmented into eight separate sub-markets based on a variety of factors. Convenience trade markets are clustered around the OTBA area including portions of Takoma-DC and Takoma Park, Maryland. Destination shopping would also be generated from nearby areas of Montgomery County and the District as well as neighborhoods further afield such as Capitol Hill, Adams Morgan, and parts of Arlington and Alexandria, as well as from other parts of Maryland, D.C. and Virginia. Demographic trends and forecasts were analyzed for these sub-markets and it was determined that there is overall growth in population, households, and income except in small geographic pockets. One of the stagnant growth areas is the immediate convenience trade area located surrounding the OTBA district. Expenditure potentials were forecasted and overall retail demand is expected to grow by almost \$260 million over the next five years or so.

Section 4. RETAIL POTENTIALS & RECOMMENDED MIX

Based on the retail demand assessment and on an analysis of the competitive framework, the retail market potentials for the OTBA area were forecasted by type of establishment. This analysis of retail potentials helps identify the key opportunities for existing businesses to grow or for development of new business base within the OTBA study area. Ultimately, this information is used to recommend an appropriate market mix for maximizing the retail sales potential for the OTBA area. The competitive framework is discussed below, followed by an assessment of site capture and overall retail potential. Finally, the recommended retail business mix is provided based on these market findings.

Competitive Framework

The OTBA area can only capture a portion of trade area expenditure potentials. Much of this demand is captured by competitive retail businesses and nodes throughout the region. The Washington, D.C. market has among the largest concentrations of retail activity in the country, much of which is oriented to a relatively affluent population. Some of the more competitive retail nodes and shopping centers are described below. Assessments of these nodes were conducted to determine the mix of businesses, target markets, business operating factors, and share of OTBA trade area market that is captured.

Downtown Silver Spring

Downtown Silver Spring was listed by the largest number of OTBA consumers as the location where they typically shop for similar goods and services. Over 35% of consumers listed Silver Spring, which is by far the highest share of any node in the region. Silver Spring has undergone a dramatic transformation during the past ten years, reversing its downward spiral and becoming a profitable retail location. Throughout the 1980's and 1990's, Silver Spring was characterized by the down-market City Place Shopping Mall, plus basic convenience and shoppers goods businesses serving mainly downtown workers and the lower-end of the consumer marketplace. The 300,000 square-foot City Place (nearly three times the size of total OTBA retail space) is anchored by Burlington Coat Factory, Marshalls, and Gold's Gym.

Downtown Silver Spring is a large and diversified business district, as befits the third most-populous place (albeit unincorporated) in the state of Maryland. Downtown has almost 7.3 million square feet of office space, making it an important employment node. The area also has over 5,000 high-density residential units. The construction of the massive 600,000 square-foot

headquarters for Discovery Communications, combined with the development of 500,000 square feet of new, middle-range indoor and outdoor retail shops and restaurants helped to enhance the area's reputation. Key anchors include a Whole Foods Market, Borders Books & Music, a 20-screen Regal Cinema, Ann Taylor, Office Depot, Pier 1, Men's Warehouse, and restaurants including Panera Bread, Red Lobster, Romano's, and Fuddrucker's. These developments, coupled with the opening of the American Film Institute (AFI) cinemas & cultural center at the rejuvenated Silver Theater helped to re-establish Silver Spring as a destination for shopping, dining, culture, and entertainment. Downtown Silver Spring is proximate to the OTBA business area and many area residents now commute there for these activities.

Downtown D.C.

Downtown Washington, D.C. is not only the center for federal government offices and international agencies, but is also a major shopping, business, residential, entertainment, culture, and tourism hub. Downtown D.C. is one of the largest office nodes in the world, with 106 million square feet of occupied office space and total employment in the hundreds of thousands. The National Mall, offering the Smithsonian Institution museums, the U.S. Capitol, the National Archives, and national monuments and memorials is one of the nation's premier visitor attractions. The number of additional tourist attractions off of the Mall in Downtown D.C. has exploded in recent years, with the opening of the MCI Center, remodeling of the National Portrait Gallery and American Art Museum, opening of the International Spy Museum and the Newseum, and other attractions joining older sites like Ford's Theater and the historic Willard Hotel.

Despite its success as an employment and tourism hub, Downtown D.C. has failed to re-establish itself so far as the premier shopping district in the region. Georgetown, being proximate to Downtown, still offers more shopping opportunities especially in the specialty end of the market. Downtown has yet to attract a major anchor department store, although it does have smaller ones. There is about 2,054,000 square feet of occupied retail space in the Downtown business improvement district (BID). Of this, about 720,000 square feet (35%) is in shopper's goods; 905,000 square feet in food, eating & drinking, and entertainment; and 430,000 square feet in personal services. In addition, there is about 223,000 square feet (8% of the total) in vacant space. Downtown has become a destination for dining and entertainment, with 125 destination restaurants catering to a diverse and sophisticated market. Development in the Chinatown area on the eastern edge of Downtown has contributed significantly to the entertainment mix. A new project, CityCenter DC will include 250,000 square feet of additional retail upon completion. This 10-acre mixed-use project has been delayed due to the financial crisis.

Bethesda

Bethesda is a thriving business district in one of the more affluent sections of the Washington metropolitan region. Bethesda is a major office node, with employment in excess of 43,000. With over 500 retailers, 200 restaurants, 20 art galleries, two live theaters, and two cinemas, Downtown Bethesda is a major competitor for shopping, dining, and entertainment expenditures. Bethesda Urban Partnership sponsors regular farmer's markets, like OTBA, but also hosts a regular artist market, summer concert series, art walk & guided tours, outdoor movies, and other regular events that have destination draw.

Taste of Bethesda attracts 35,000 people for a broad variety of live performance events and diverse food from 45 restaurants. Imagination Bethesda attracts 12,000 in attendance for children's events, fun, and entertainment. Over 1,500 people come on average to each of the Stars on the Avenue summer outdoor movies, 1,000 attend Bethesda's Winter Wonderland, and many are also attracted to the Bethesda Literary Festival. Bethesda has an State-designated Arts & Entertainment District, which of course provides funding and tax advantages for artists and arts organizations located there. Initiatives include the Bethesda Fine Arts Festival, featuring 140 artists, and Dance Bethesda, an annual "weekend of dance appreciation." OTBA has an opportunity to pick up on its strengths as a center for dance, and perhaps collaborate with Bethesda on a dance event circuit. Bethesda also provides the Trawick Prize (Bethesda Contemporary Art Awards), the juried Bethesda Painting Awards, Bethesda Art Walk, and the Bethesda Artist Market.

Wheaton Plaza Mall

Westfield Wheaton (Wheaton Plaza Mall), located at 11160 Veirs Mill Road, attracts shoppers from within the trade area for a wide selection of moderate-priced goods and services. The 1,331,398 square-foot regional shopping mall offers over 200 stores, with limited vacancy. Anchors include JC Penney, Macy's, Old Navy, Target, DSW Shoes, and the Children's Place. The mall has committed itself to "Think Green," and is using a renewable energy and resources campaign as an integrated component of its marketing effort.

Pentagon City Malls

There are several shopping malls at Pentagon City (Arlington) that attract shoppers from throughout the trade area. The Simon Group's Fashion Centre at Pentagon City is the largest, with 170 stores in almost 1.0 million square feet anchored by Macy's and Nordstrom, along with Ann Taylor, Talbot's, Banana Republic, and other chains. Pentagon Row offers convenience and shopper's goods stores anchored by Harris Teeter and Bally Total Fitness. The complex also offers 500 units of housing, an ice-skating rink, outdoor cafes, and a 10-

week summer concert series. Importantly, these centers depend not only on residents, destination shoppers, and tourists, but also on the massive employment base in the Pentagon City area. Restaurants especially require foot traffic from this office node to support lunch-time sales. Not far from the Pentagon City area is Shirlington, a popular retail & dining area with outdoor cafes and cinemas along a narrow street in what was once an industrial district. Such areas have succeeded in recreating the small-town “main street,” the original version of which exists in Takoma.

Prince George’s Plaza (The Mall at Prince George’s)

The Mall at Prince George’s (formerly Prince George’s Plaza) is one of a handful of destination shopping destinations in Prince George’s County, although there is finally a growing diversity of retail nodes in that jurisdiction. The mall offers over 900,000 square feet of retail space, anchored by JP Penney, Macy’s, and Target. Over eight million shoppers purportedly visit the mall annually.

Adams Morgan / U Street

For ethnic dining and specialty shopping, neighborhood districts like Adams Morgan and U Street have become very competitive for the OTBA market base. Adams Morgan has a Main Street group that markets and promotes businesses in the district. In addition to 350 very diverse, predominately local and independent stores and restaurants, Adams Morgan offers one of the region’s thriving live music scenes and successful annual event – Adams Morgan Day Festival. Adams Morgan just last year initiated its first successful Bow Wow Pow Wow, an event for pets and their owners. They are hoping to establish an annual pet parade (similar to that envisioned for OTBA). U Street has also come into its own as an important regional dining, entertainment, and shopping destination. This historic corridor was originally home to Washington’s black entertainment district during the segregation era and holds an important place in the city’s history. Landmarks include the Lincoln Theater, the Howard Theater, Duke Ellington’s home, and Ben’s Chili Bowl.

Other

Other competitive retail nodes include Rockville, Tysons Corner, White Flint, Georgetown, Ballston/Clarendon, College Park, Old Town Alexandria, and Columbia Mall, among others. Web chatter sometimes notes that housing and shopping choices are being made between Takoma and Ballston/Clarendon, with the latter described as “yuppified” and the former as “hippified.” Some businesses such as international restaurants on New Hampshire Avenue are also competitive for attracting local retail dollars. The 108,000 square-foot Takoma Park Shopping Center, located at New Hampshire and East-West Highway, is anchored by a Shoppers Food Warehouse & Pharmacy and offers convenience stores that capture a local market. New Hampshire Avenue is likely

to become more competitive in the future as the City of Takoma Park embarks on an upgrading and streetscaping of the road, and works pro-actively to recruit new development at Ethan Allen and New Hampshire.

Site Capture & Retail Potential

Based on the competitive assessment, the site potential for OTBA was determined in both sales and square metres of retail space by specific type of business establishment. The capture rates were informed as well by an assessment of existing and potential target markets for OTBA businesses.

Business Target Markets

As noted earlier in this report, OTBA businesses generate the vast majority of their sales from within the Takoma MD/DC area. Data from business operators suggest that at least 53% of their sales are generated from this immediate area, while the consumer intercept survey found that closer to 62% of shoppers originated within that area. For the purposes of this market analysis, a target of 40% has been set for sales generated from within Takoma Park, Maryland and Takoma-DC. Thus, the share of OTBA business generated from these existing market sources would be reduced by 22% over time in favor of a more diversified market base.

Table 5. SOURCES OF BUSINESS, OTBA AREA
BUSINESSES, 2008/9

Source	Information Base		Target	Change
	Business	Shoppers		
Takoma Park MD/DC	53%	62%	40%	-22%
Silver Spring/Wheatn	12%	17%	18%	1%
Other DC	7%	6%	12%	6%
Virginia	4%	2%	4%	2%
Hyattsville/Adelphi	4%	2%	3%	1%
Rockville/Gaithersbrg	1%	2%	2%	0%
Mt Ranier	0%	1%	1%	0%
Bethesda/CC/Ken	7%	1%	4%	3%
College Park	2%	1%	2%	1%
Bowie	2%	0%	0%	0%
Other MD	5%	6%	8%	2%
Tourists	5%	0%	6%	6%
TOTAL	100%	100%	100%	0%

Sources: Takoma Park businesses, shoppers, and
Randall Gross / Development Economics.

The market would be diversified towards other parts of the D.C. region as well as tourists. The share of business generated by portions of D.C. would increase from 6/7% to 12%, representing the largest increase in business. Neighborhoods of northwest, northeast, and southeast D.C. are already targeted by a number of OTBA businesses. However, these neighborhoods represent growing markets for OTBA specialty goods and it will be important to grow the capture of these nearby markets. Significant growth in the share of business generated by tourists is also targeted. The consumer survey identified zero tourists although businesses estimate that up to 5% of their sales are generated by tourists. Based on the information provided, it would seem that most existing tourists are actually friends or family of current Takoma residents or are former Takoma residents themselves. Thus, there is scope for increasing OTBA's capture of the huge Washington tourist base, particularly among young people who might be attracted to Takoma's progressive lifestyle-oriented businesses.

The market analysis also targets an increase in the share of business generated by affluent residents of Chevy Chase, Bethesda, and Kensington, who are less impacted by downturns in the economic cycle and have more disposable income available for the purpose of specialty goods. Other increases are targeted to suburban Maryland and Virginia (such as Arlington and Alexandria) which are seeing increased income and household base.

Retail Potentials

The market analysis determined that OTBA can capture demand for about 156,700 square feet of retail space at present, increasing to 162,500 square feet by 2013.

Table 6. SUMMARY WARRANTED RETAIL DEMAND BY USE OTBA AREA, TAKOMA PARK, 2008 & 2013				
Type of Good	Gross Demand (SF)		Existing Uses	Warranted Demand
	2008	2013		
Convenience	39,593	41,989	29,435	12,554
Shoppers Goods	61,402	63,711	27,800	35,911
Eating/Drinking	26,051	26,209	21,650	4,559
Entertainment	11,344	11,501	4,000	7,501
Personal Services	18,346	19,129	12,250	6,879
TOTAL	156,736	162,539	95,135	67,404
<i>Existing Vacant</i>			8,200	
Net New Space				59,204
Source:	Randall Gross / Development Economics.			

Given that there are about 95,100 square feet of existing retail uses in the OTBA study area, then there will be warranted demand for an additional 67,400 square feet of retail space in the study area by 2013. This demand includes about 35,900 square feet of shopper's goods space, 12,600 square feet of convenience goods, 5,000 square feet of eating & drinking, 7,500 square feet of entertainment, and 6,900 square feet of personal services space. There is about 8,200 square feet of existing vacant space. If this space were fully utilized, then there would be total net warranted demand for about 59,200 square feet of additional retail space in the study area. The demand is generated primarily by households within the trade areas. This potential is further disaggregated by specific type of retail establishment in Appendix Table 4, and discussed below.

Convenience Goods. As noted above, there is warranted demand for about 12,600 square feet of additional convenience goods space in the OTBA area, generated by trade area households. Much of that demand is for additional grocery store space (10,000 square feet) or the equivalent in sales growth for the existing grocery store (Takoma Park-Silver Spring Co-Op). There is also sales growth potential (about 5,000 square feet) for health & personal care stores such as CVS or others. Some of this demand can also be captured by the Farmer's Market, as a source of food and shopper's goods.

Shopper's Goods. There is warranted demand for another 35,900 square feet of shopper's goods stores in the OTBA area, generated primarily by households within the trade area. A large share of this demand (about 10,000 square feet) is generated for general merchandise or department stores. This volume is not sufficient to support the floorplate of a large department store, but is sufficient to support smaller general merchandise stores. There is also significant demand for books & music stores (about 4,600 square feet). Given that both books and music stores face tremendous market pressure from Internet downloads and "big box chains," OTBA would have to capture this demand through development of independent, niche businesses that could generate a following in the market. There is also significant demand (4,000 square feet) for additional toy, hobby, or game shops and sporting goods stores (about 4,700 square feet) that fill specialty destination niches. Other important market opportunities (or opportunities for sales growth among existing shopper's goods businesses) are garden supply (2,600 square feet), miscellaneous shopper's goods (2,100), apparel/accessories (1,800), and sewing & piece goods (1,200).

Dining & Entertainment. As shown in Appendix Table 4, there is warranted demand for about 12,100 square feet in dining and entertainment, generated primarily by households within the trade area. This includes about 7,500 square feet for commercial entertainment venues. The consumer intercept survey also identified a need for nighttime activities and entertainment, so the survey results coupled with the market findings suggest the need to fill this gap in the OTBA offering. Aside from commercial entertainment, there are opportunities to build on the area's cultural and civic base, such as through rejuvenation of the

Takoma Theatre space for cultural & community activities, conferences, and education. There is also warranted demand for full-service restaurants (5,400 square feet) and drinking establishments (3,000), although there is a slight over-supply of fast food and take away in the market.

Personal Services. Finally, the market analysis forecasted demand for about 6,900 warranted square feet of personal service uses (such as hair & nail salons, barber shops, seamstresses, shoe repair, massage businesses, tanning salons, and other care for individual needs that is typically housed in retail/commercial space). Trade area households generate most of this demand.

Recommended Retail Business Mix

Based on the findings of the market analysis and input from the consumer intercept survey, the following new business mix has been recommended to compliment and build on the existing OTBA business base.

- TPSS Co-Op: Expansion potential 10,000sf
 - Outdoor Café
- Gardening Center 3,000 - 5,000
 - Garden Supplies
 - Gardening & Cooking Classes
 - Programming associated with Farmer's Market
- Restaurants
 - Local-Source Restaurant 3,500
 - "Streetcar" Diner and/or Bagel Shop 1,000
- Personal Care & Services 10,000
 - Health Spa / Fitness / Medicinal
 - Child & Senior Health Specialties
- Sporting Goods 4,700
 - Bicycle / Cycling Center –
 - Regional Linkages to Trail Systems
 - Specialty Merchandise
- General Merchandise 9,500
- Destination Toys/Games/Art Supply (expansion) 4,000
- Pub/Bar – or Olive Bar to front 2,900
- Information Hub: 5,000
 - Book/Music Store & Coffee
 - Internet Café
 - IT Center (classes / office)
 - Non-Profit Offices & Information Center
- Live Performance & Film
 - Regional Festival – Expanded Exposure
 - Summer Movie Nights
- Local History – e.g., Streetcar Museum (tourist attraction)
- Civic Facility – e.g., arts/cultural center, meeting/conference space
 - Takoma Theatre rehabilitation

The recommended business mix builds on Takoma's existing reputation as a progressive community, with an emphasis on independent businesses, local sources, recreation and personal health, organic foods, and non-profit information. A psychographic analysis run by Claritas, Inc. for this area noted that the market is oriented to people with "Money & Brains," and is also characterized as the "Young Digirati" (the Internet generation), "Bohemian Mix," and "Urban Achievers." These marketing niches are determined based on demographics and actual buying habits among the population.

Retail Market-Based Uses

Rather than encouraging the development of a new grocery store, it is recommended that every effort be made to encourage the further development of **Takoma Park-Silver Spring Co-Op (TPSS Co-Op)** as a key anchor for the area, incorporating other uses such as an outdoor café and other functions that increase the exposure of and linkages with the surrounding Takoma Junction business district.

While there are shops that carry gardening supplies and plants, it is recommended that a **full-service garden center** be established due both to demand for this type of business as well as the opportunity to strengthen OTBA's reputation as a center for healthy and sustainable living. The gardening center would operate as more than just a plant & gardening supply shop, but would also offer seminars, gardening & cooking classes, and other activities in keeping with OTBA's role as a hub for the overall healthy living theme. The garden center could be associated with the Co-Op, but this is not necessarily required. The garden center and Co-Op could both be actively involved in programming associated with the Farmer's Market. Related to this could be a **local-source restaurant** that only carries dishes made from food grown in the region. There are interesting opportunities for the garden center and local-source restaurant to operate in tandem and to co-brand their products.

Personal care and services demand could be filled by additional businesses offering **health spas, fitness centers, and related services**. There is also an opportunity for specialists in children's health and related services. In keeping with the healthy-living theme, there is the opportunity for sporting goods stores such as a **bicycle shop / cycling center** with links to the trail systems. There are also other types of sporting goods stores that sell specialty merchandise that may be appropriate.

There is an opportunity for a mid-size general merchandise store (such as a "**specialty**" **department store**) of about 9,000 to 11,000 square feet. This opportunity is particularly important, given the need to fill space and create better linkages between Downtown Old Takoma and Old Takoma 4th & Metro. Such uses can help to anchor a retail or mixed-use project in that area. Another destination opportunity is presented by the market for a toy, game, or hobby

store, which might be oriented to **artist supplies** and/or all-natural / fair trade toys & games as an important marketing niche for the area or could include expansion of the existing toy store.

The need for nighttime activity and more entertainment could be filled by a **pub or bar** (such as the Olive Bar, moved up and expanded to the street front), along with an **information “hub.”** This hub could incorporate books & music merchandising plus an Internet café, IT center (classes and office), and non-profit offices & information center. Given the higher-than-average expenditures made by area residents on Internet and information services (the “Young Digirati”), this concept provides an opportunity to capture this market and provide services close to home.

Other Uses & Activities

Separate and apart from the findings of the market analysis, it is highly recommended that the OTBA further develop its event schedule and increase the regional and national exposure, scope, and scale of a folk/acoustic music and dance festival. The music and dance component is important to help solidify the area’s unique strengths as a center for the performing and visual arts. A summer G-rated movie night (“**Screen on the Green**”) would appeal to the many families with children in the area and would help fill a gap in nighttime activity and entertainment.

It is also recommended that Takoma Park pursue the opportunity of a Streetcar Museum, History of Progressive Politics Museum, or other visitor attraction that would appeal to tourists and local residents alike. The concept of a museum would need to be tested further beyond the scope of this retail study. Finally, there is a need for a stronger civic or cultural facility presence in the area. City of Takoma Park facilities (other than the fire station) are generally located several blocks away from the business district. There are no D.C. civic facilities in the area. The **Takoma Theatre** provides a public auditorium and theater for community-based programming, with seating for 516. This facility can offer arts & cultural space (as envisioned by the Takoma Theatre Conservancy) along with meeting or conference space that can help anchor the business district. Such a facility could help attract residents and visitors (such as to cultural events, classes, meetings, and conferences) on a regular basis. The Douglas Building also provides civic space, but there may be opportunities for more extensive facilities to house meetings and conferences. Obviously, decisions regarding civic, meeting, or cultural facilities must relate to the need and sustainable operating resources for such facilities.

Section 5. MARKETING STRATEGY

This section provides an overall marketing strategy for OTBA in order to strengthen the destination draw and diversify the market base for OTBA businesses. A discussion of the current marketing image for OTBA is provided below, followed by proposed marketing themes that could tie businesses together and thereby create greater drawing power. The marketing concepts for specific nodes within the OTBA area are also discussed. Best practices among key competitors in the region are discussed. Finally, specific recommendations are made in terms of marketing and business recruitment to help achieve these objectives.

Current Image

Takoma Park and Takoma-DC are known as progressive communities. The City of Takoma Park has taken the lead in passing progressive, if often symbolic, legislation that has put the small city in the national spotlight. For example, the City established itself as one of the world's first "Nuclear-Free Zones." The City and neighboring Takoma-DC pride themselves on their cultural, ethnic, and social diversity. The Takoma area is a hub for progressive non-profit activity, and there are a number of non-profit organizations based in the OTBA area. Businesses within the OTBA area carry products and services that emphasize healthy living and progressive causes. Overall, Takoma has a reputation for progressivism oriented to the following:

- Environmental sustainability and sensitivity
- Green/renewable energy & alternative transportation
- Fair trade products
- Organics
- Vegetarianism
- Cultural & ethnic diversity
- Family diversity
- Political activism – a focus on freedom of thought



Takoma also has an image associated with its history as a “streetcar suburb” of Washington, D.C. The area has a large stock of historic “gingerbread” housing and its commercial districts have a quaint early 20th century “small town” character. Young families find the Takoma area attractive because of the location close to downtown Washington but with the relative quiet, safety, and “room to grow” afforded by single-family detached homes.

Marketing Themes

In developing a marketing strategy for OTBA, it is critical to build on existing strengths and to “package” existing and potential businesses together into themes that strengthen the destination draw. Progressivism is obviously one marketing theme or “hook” that already attracts certain types of people and businesses to the OTBA area. Another, closely-related and more specific theme is the concept of **wellness**. So many existing and potential businesses and other local institutions cater to wellness of mind, body, soul, and planet. This concept focuses on strengthening the health of the person and of the overall environment. All marketing would emphasize the area’s focus on local, independent businesses. Key elements of these themes, in terms of businesses and institutions, are summarized below.

Theme	Existing Concept Lines	Proposed Concept Lines
Health & Body	Liz Lerman, Hot Bikram Yoga, Wisdom Path, Contradiction Dance, Zinn Chiropractic, etc	Bicycle shop, health & personal care (senior/child) services/merchandise, fitness center, partnership with new Medical campus (to replace hospital), Veggie diner/bakery
Planet	TPSS Co-op, Culture Shop	Garden Center, Local-sourced Restaurant, natural toys (see below)
Mind & Soul	House of Musical Traditions, Takoma Station, Kinetic Artistry, existing festivals, Churches, Strayer College	Book/music store (“Politics & Prose”) w/live music & political satire, regional acoustic music/dance festival, Summer movie nights, Internet café, Art/craft/sewing supplies (see below) Progressive politics / streetcar museum (See below)
Local & Independent (Small Town)	Fair Day’s Play, Big Bad Woof, Summer Delights, etc.	Destination toys/games/art supply (hand-made, all-natural fiber, fair trade), Children’s furnishings, streetcar / Progressive politics / local history Museum, Streetcar diner or bagel shop

Distinct Nodes

The OTBA study area consists of businesses along what is essentially a one-mile long road corridor (Carroll Avenue) and adjoining streets (such as 4th Street in D.C.). Experience suggests that the marketing of businesses along a corridor is made much easier and more effective if individual sections or nodes can be disaggregated and marketed based on their respective unique strengths.

This is not to say that OTBA should not also engage in the marketing of the businesses overall, but rather than the marketing can be further “layered” to focus on key elements of each distinct node. The marketing of these nodes is also wrapped into the physical development of the area described in more detail in Section 6 of this report. Key nodes and prospective marketing concepts are described below, along with prospective names for marketing purposes:

Downtown Old Takoma (“Old Town Takoma”)

This commercial node can be a destination with regional and national recognition, based largely on the themes identified above. Downtown should be developed and perceived as a true town center, with a diversity of business, institutional, and civic uses. Office uses such as non-profits are particularly important as they generate lunch-time employee expenditures in support of restaurants and other activities in the area. Health, wellness, heritage (streetcar era), entertainment, dining, events, and destination shopping are largely focused here. New anchor uses targeted for this area might include a general merchandise store, among others. The **progressive, health & wellness-**oriented image of Takoma Park is best attuned here for destination marketing. Physically, discussed in more detail in Section 6, the linkages between existing Downtown businesses and the Metro should be strengthened through new development on under-utilized parcels (some of which are already planned for development).

Old Takoma 4th & Metro (“Takoma Metro”)

In strengthening the physical linkages between Downtown and the Metro, the lines between Downtown and Takoma-DC will undoubtedly be blurred. If this occurs, it will invariably help in strengthening both existing nodes over the long-term by creating more destination draw for the district as a whole. Until that time, however, an interim marketing effort should focus on strengthening the 4th & Metro area (Takoma-DC) as a Metro-oriented neighborhood convenience district. A large share of the area’s retail traffic is generated by Metro, so there is a need to strengthen marketing to Metro riders through convenience and other uses that capture this market on both sides of the Metro. A “streetcar” diner (perhaps placed in a refurbished streetcar) or an *expanded* bagel shop located near the Metro, for example, would help capture this market. The diner may also have destination appeal.

The 4th Street corridor already has dining and live entertainment activity, which could be further developed and anchored through rehabilitation of the Takoma Theatre building as a community cultural venue. The location of the theatre at one end of the OTBA area is somewhat unfortunate (since its impacts would be much greater if the theatre were more centrally-located). However, the theatre can nevertheless provide an important anchor use and community activity generator.

Takoma Junction (“Takoma Junction”)

Takoma Junction is already a geographically distinct retail node and will probably remain so. Efforts to infill retail along the stretch between Savory and the Fire Station should be discouraged since this only serves to stretch activity out and weaken the core districts. Infill in that area would also encourage automobile usage (since it’s a road corridor), which does not seem to be an objective of the City of Takoma Park or its residents. As such, Takoma Junction can best serve the community as a **convenience district**, anchored by the Takoma Park-Silver Spring Co-Op. As noted previously, physical linkages need to be strengthened between the Co-Op and her sister businesses across the road. And, the Co-Op can create more spin-off through additional activities (outdoor café, expanded full-service gardening center, etc). In the long-run, however, due to physical constraints, Takoma Junction will remain primarily a smaller, convenience-oriented node.

Best Practices

Several examples of best practice have been researched in order to provide a framework for success for OTBA. Communities within the Washington region were examined specifically, since these are most familiar to OTBA members and are accessible for day visits and reconnaissance by OTBA. Two communities, Bethesda and Frederick, stand out as very successful examples of approaches for enhancing the overall marketing image and attracting destination shoppers.

Bethesda

Perhaps the most successful example of downtown marketing in the region is illustrated by Bethesda, represented through the Bethesda Urban Partnership (BUP). Clearly, Bethesda provides a very different scale, location, and market base from Takoma. However, the pro-active role that BUP has taken in marketing can provide important lessons learned for OTBA.

BUP is a non-profit organization organized in 1994 for maintenance and landscaping of the downtown district but also for promotion of downtown Bethesda through “innovative marketing campaigns and large-scale events.” BUP has 35 employees (many of whom work in landscaping and maintenance) and also manages transit services and an arts & entertainment district. Marketing services provided by BUP include the following:

- Community & regional events
 - Bethesda Literary Festival
 - Imagination Bethesda
 - Taste of Bethesda

- Summer Concert Series
- Winter Wonderland
- Bethesda Outdoor Movies: Stars on the Avenue
- Free guides to downtown restaurants retail, arts facilities, etc
- Web Site
- Arts & Entertainment District
 - Bethesda Fine Arts Festival
 - The Trawick Prize
 - Bethesda Contemporary Art Awards
 - Bethesda Printing Awards
 - Bethesda Art Walk
 - Bethesda Artist Market
 - Dance Bethesda
 - Play in a Day
- Bethesda Transportation Solutions – marketing of state and local commuter benefit programs and tax incentives to employers; also providing alternative transportation to reduce drive-alone commutation.

BUP has succeeded in transforming Bethesda's image from a relatively bland suburban office node into a vibrant center for the arts and culture. In part because of its designation as a State arts & entertainment district, Bethesda has a wealth of cultural activities that continue to make it a center for the arts. The use of awards and prizes, along with unique festivals, is a particularly interesting and successful approach to increasing Bethesda's visibility on the arts front.

Frederick

Frederick, Maryland provides another successful example of destination marketing and downtown revitalization in the region. This historic city located within an hour of Washington and Baltimore has a substantial base of architectural and cultural heritage within its 50-block downtown historic district. Certainly the city's history, coupled with its location, has helped to attract destination shoppers for many decades (especially for the city's furniture and antiques stores). However, the Downtown Frederick Partnership (DFP) and the city's economic development department and main street organizations have also worked pro-actively to attract destination shoppers through various marketing and promotions techniques.

For example, DFP manages promotions including gift cards and hotel packages. The gift cards are redeemable at over 150 shops in Downtown Frederick. Special hotel packages include "Arts-Away," which combines hotel and dinner with theatre tickets and free gifts. Other packages include the Ghost Tour, Church Ladies Basement, Frederick Film Festival, and Girlfriend Getaway. These packages help to extend the stay of day trippers from the Washington-Baltimore region. While Takoma is not as easily packaged as an overnight stay, there are plenty of opportunities for packaging businesses, meals, and gifts (such

as a Healthy Retreat with spa, yoga, dinner, and unique gifts) to attract regional visitors and tourists.

The organization (along with local banks and businesses) also sponsors “First Saturday” events which bring special activities each month to the downtown area. Other events sponsored by the DFP include Frosty Friday, the Great Frederick Float, Mayfest, Progressive Dinner, and regular “special” events. Such events include a Downtown Frederick Gives Back campaign where a portion of profits generated by restaurants on January 3 is given back to non-profits and charitable organizations. Patrons are encouraged to eat out on that day (which would normally be in a low-volume dining season). Other events include special art exhibits, book signings / discussions, lectures & movies, cartoon fest, theatre & children’s theatre performances, poetry readings, ice sculpture & demonstrations, dance and vocal performances, Much Ado About Books (literary festival), etc. The city’s National Museum of Civil War Medicine sponsors a number of Civil War-related lectures and events throughout the year. Overall, the city has succeeded in attracting regular destination patrons by focusing on a strong event schedule and loyalty programs such as the gift cards and hotel packages.

Programming & Design

As indicated from these successful examples, there is a need for OTBA to develop “soft” programming and also to use urban design to help strengthen the marketing of the OTBA area. Urban design improvements are recommended as one tool to enhance the character of the area, knit together the disparate elements into a coherent “district,” and solidify key marketing themes (such as progressivism or wellness) through physical design elements. Humor should also be introduced as an important element to celebrate Takoma’s unique brand of progressivism, history, and healthy lifestyle. Key design components include the following:

- **Public Art:** In a community that prides itself on its individual artistic expression, there is a surprisingly limited investment in public art & craftwork. Art should be available, visible, and accessible throughout the OTBA area and celebrated at key intersections. The clock tower is quaint, but does not really convey the expressive qualities of this unique community.
- **Gateways:** Celebrating arrival into the OTBA area and also distinguishing between the three distinct nodes within the district (e.g., Downtown/Old Town, Takoma Junction, and Takoma Metro).
- **Streetscape:** Consistent sidewalks, streetlights, and street signage within nodes or the district as a whole. Use of Vintage “streetcar era” hardware is recommended.
- **Façade Improvements:** Especially in the Takoma Metro area, to enhance attractiveness.

- **Business Signage:** Does not necessarily need to be consistent in design, but rather consistent in character and quality.

More detail on the urban design recommendations is provided in Section 6 of this report. Also important is programming, including events, festivals, and community functions. The area should be alive at all times with activities for local residents and regularly for visitors and destination shoppers as well. The area is already home to the Takoma Park Street Festival, held in the autumn since 1981. This festival attracts residents and visitors from throughout the Washington area for a full-day of live music performance, food, organization booths, and activities. There are also other festivals and events that attract people to the area. However, there is a need to expand the format of these events or develop a stronger unique branded festival with a regional and/or national following. The Takoma Theatre may provide an excellent venue to house performances and activities related to these events. Such festivals or events could include:

- Regional / National Acoustic Music Festival
- Dance Festival (or in combination with music)
- Eco-Fest or Green Building Show, Conference, or Event

Regular community-oriented events are also encouraged, in part to provide more activities to retain local shoppers, fill a gap in the entertainment offering, and extend shopping & dining into evening hours. Such events might include the following:

- Summer movie nights (“Screen on the Green”)
- First Fridays or TGIF music jams
- Halloween Party & other holiday events
- Craft fairs or competitions
- Community cultural events & classes, as envisioned for the Takoma Theatre

The local events require planning and venue/space, but in general can be accomplished rather easily. The larger events and festivals require more extensive research, planning, and implementation.

Marketing Program

A marketing program is recommended to help raise regional and national exposure. The following efforts provide a guideline for specific actions that can be taken in respect of marketing and promotions. Ultimately, these actions should focus on area strengths such as the caliber of local/independent stores and personalized service that set the area apart. Marketing should be implemented with an orientation to the target markets and to increasing destination trade. Efforts should be made for example to increase the D.C. share of the OTBA market from 6% to 12% and to increase OTBA’s capture of the

Washington tourism market. Indicative budgets are also provided below for each of these actions. These budgets serve as estimates only, and costs can vary considerably for example as a result of use of pro-bono services.

STRATEGY 1

Create a Comprehensive Marketing Plan

Cost: \$ 3,000

Before any ideas or initiatives should be pursued, a comprehensive marketing plan needs to be created. This plan will act as the blueprint when moving forward with any outreach strategies. It is the result of research insights, demographic audience targets, short and long term goals and identified trends. This is not a document that should be drafted and put on a shelf; it should be reviewed and updated frequently as need, budgets and trends allow.

When drafting this plan, findings from the Market Analysis should help act as a guide. For example, the market analysis determined potential for growth through targeting of certain geographic markets (e.g., selected D.C. neighborhoods), tourists, and area employees. The potential for growth among specific types of businesses was identified. Other considerations that should be taken into account include, but are not limited to: inventory of current and past marketing efforts, documenting of successes and areas for improvement; development of short and long term marketing goals; research of other market best-practices; establishing a budget; identifying potential partners; consideration of partnering with area business for Co-Op advertising dollars; creating an implementation timeline; and developing benchmarks and tracking systems to chart successes.

STRATEGY 2

Develop Branding and Imaging for All Marketing Outreach Materials

Cost: \$ 3,000

The concept of “branding” is a frequently used, and sometimes misunderstood term. The American Marketing Association defines a brand as a name, term, sign, symbol or design, or a combination of these intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers.

Branding is far more than just putting a logo or a tag line on a product; it is the foundation of marketing and an integral part of a business strategy. It is the proprietary visual, emotional, rational, and cultural image that you associate with a company or a product; it influences a thought-process in the mind of an audience and creates value. In creating a destination for retail commercial districts, branding is equated with “identity marketing” and is carried out not only in advertizing and materials, but also in physical improvements to the streetscape that help to set the area apart from competitive retail nodes.

To succeed in branding one must understand the needs and wants of your customers and prospects. The brand is deeply anchored in psycho-sociology, taking into account both tangible and intangible attributes. Those attributes compose the beliefs that the brand's audience recalls when they think about the brand in its context and in the promise that the product or service will deliver. In essence, the brand is the sum total of consumer experiences and perceptions, some of which you can influence, and others that you cannot. The objectives a good brand will achieve include: delivering the message clearly; confirming your credibility; connecting your target prospects emotionally; motivating the buyer; and generating user loyalty.

Identify the top reasons that customers support your products over competitors' and build your messaging around those concepts. Deliver that message in every ad, news release, sales call and media interview. Integrate this strategy through your business members and with partners, and see that they implement it at every contact-point with the customer. Through consistent repetition of the most persuasive selling messages, customers will think of OTBA and buy from your businesses when they are deciding between shopping in Takoma or at competitive nodes.

A typical brand identity includes a brand name, positioning statement, category descriptor, organizational values, brand archetype, and the brand's key purchase factors with their tangible and emotional benefits (brand associations). A good brand name gives a strong first impression, is easy to remember, and evokes positive associations with the brand. The positioning statement tells, in one sentence, what types of products OTBA businesses offer, what benefits OTBA provides and why it is better than competitive nodes. The category descriptor lets your customers know where to place your brand in their mind and the associated relevance to their core beliefs. Linking your organizational values with your brand builds trust with your customers.

Brand archetype and personality adds emotion, culture and myth to the brand identity by the use of a famous spokesperson (Kirsty Alley for Jenny Craig), a character (Snoopy for MetLife), an animal (Duck for Aflac) or an image (Twin-Tailed Siren for Starbucks). The time it will take to develop the brand depends on the memory and openness of the brand's audience and the repetitive consistency of the organizations messaging. It can easily be equated with the investment needed in the building of a person's reputation.

In support of your brand, OTBA should consider: developing a Style Guide for partner and area businesses to follow; a review of the current OTBA organization logo; and building a photo library of high-quality, unique, local images that partners can use in their materials. Identity branding and marketing should focus within the theme areas presented in this report, such as those

equated with progressivism, wellness (of mind, body, planet, and spirit), and heritage (such as the streetcars that gave Takoma its purpose).

STRATEGY 3

Establish Community Vibrancy

Cost: \$ 3,000 - \$6,000 (interim projects)

With the considerable effort that goes into a well-branded community, efforts also need to be focused on ensuring that consumers know when they have arrived in that community. Having a distinctive identity for your community is the most obvious way of branding and is directly tied to the emotional connection to the consumer. It is the equivalent of what residential real estate professional's term as "curb appeal" of a home for sale. When the landscaping is inviting, the exterior freshly painted, grounds clutter-free and shrubs well trimmed it tells prospective buyers that the owner has taken care of the property and that it is a special place. In presenting a community much of the same approach should be taken, you want consumers to think of your community as a special place that they will build an emotional connection with over time.

Branding a neighborhood region can be readily done with vibrant street banners identifying the area and its unique features. These banners can be changed seasonally or to highlight special events, and can feature sponsorship logos as a way to offset costs. Artwork on banners should be bold and easy to read quickly; too many images or small typeface can diminish the impact considerably. These types of signs could be installed on main thoroughfares leading into community, on the perimeter and throughout the neighborhood itself. However it is cautioned that while banners can add a splash of color and solidify name recognition, they cannot replace a comprehensive program of urban design and public art that help to establish a unique identity for marketing the district. Again, urban design recommendations are provided in more detail in Section 6.

Create a sense of excitement throughout the community, at every corner. A goal may be to motivate a driver off a main thoroughfare and into the community or to venture out of the car and stroll the sidewalks. Create a festival atmosphere, support sidewalk activities, develop seasonal street cart vendors, license street performers, offer free or reduced-rate parking and coordinate efforts with area retailers.

STRATEGY 4

Print Collateral Materials

Cost: \$ 10,000

As much as marketing has evolved in the sophisticated virtual form of websites and social media, there is still a considerable desire from consumers to receive a tangible reminder of who you are and why they need to remember you.

In an effort to reach new audiences and communicate your messages print collateral materials may need to be created. Many communities have found success with foldout brochures featuring location maps and brief descriptions of area vendors. Brochures aimed specifically at capturing more tourists and hotel guests would help to build on the findings from the market analysis. This type of tool can be helpful in connecting the consumer with specific areas of interest and creating a sense of critical mass as a retail destination. These brochures can be costly to produce and distribute, and may need to be updated annually as venues changes; although some costs may be offset with advertising featuring local retailers.

Creating brochures listing annual events or custom postcards to promote targeted efforts are additional methods to keep your messages actively in front of consumers as you build your brand. Develop merchandise with your logo, tagline, website address and images to be distributed throughout the community; partner with local artists to create unique designs.

Collateral items don't always need to be in a traditional brochure style or format; focus on being relevant and memorable. (Certainly creative use of recycled materials would be appropriate for marketing of OTBA businesses). You may decide to concentrate resources into building and expanding your website with comprehensive and interactive information, maybe even building a custom iphone application; in this case your main mission would be to drive traffic to your website. Connect with existing distribution channels to disseminate your materials, including: tourism visitor centers; area businesses and retail outlets; community and business organizations; and membership groups.

STRATEGY 5

Website and Online Marketing

Cost: \$ 20,000

Website and online marketing are some of the most cost-effective and track-able methods available, with real-time detailed click-thru reports. Online advertising can be specifically targeted to geographic areas and or user demographics. It is the most interactive of all advertising methods and allows the advertiser to test various campaigns to see which generate the greatest response for a minimal amount of effort.

The current website www.MainStreetTakoma.org should be fully reviewed and updated with a greater focus on consumer attraction. Consider creating an entirely new website with a more "retail" focus. In addition, secure a new website URL that might better fit the brand, some suggestions of addresses that are currently available: VisitTakomaPark.com, TakomaParkDowntown.com, and TakomaParkEvents.com. You can purchase a new address at any time and have

it redirect to your existing site; in addition you may own more than one URL and have them redirect to specific pages on the site.

For instance, there appears to be many websites promoting various events in the area (www.takomaparkmarket.com, www.tpff.org, www.takomapark4th.org, www.takomaparkfilmfestival.org, www.tpjazzfest.org, www.takomafestival.com), but no one site that lists them all. You might consider buying www.TakomaParkEvents.com as the one site where all events are featured and have the URL redirect to the events page on your main website.

One of the greatest factors in determining a websites success in attracting visitors is by creating relevant content and regularly updating it on the site; the information should be current and give the visitor an added experience with each visit, encouraging them to return often. Increase images of the community, activity and people, as well as, feature stories of the people and businesses in the area.

Creating interactive areas can better engage visitors through map programs, surveys and online searchable databases. Incorporating advertising and promotion of area businesses can enhance the site and generate income as well. Creative concepts, such as linking an interactive site with the proposed book/music store/Internet café and political satire venue could generate an international following thanks to the broadcast potential of the web.

Add prominently displayed icons for visitors to follow you on Facebook, MySpace and Twitter, as well as incorporating Social Media Badges so that visitors can easily share your web content on their networks. Prominently feature areas where guests can sign up to receive your informational emails and newsletters. There is currently an area soliciting donations online with limited information. To increase the response rate this area should be enhanced with a separated page and not redirect immediately to Network for Good. It should include details on current operating budget, how the donation will be used and what difference will be made with the addition of their donation.

Currently when “Takoma Park” is searched on Google the www.MainStreetTakoma.org does not come up within the first two pages of results; this is a serious concern as most visitors don’t read beyond the first page of results, much less the second. If potential visitors cannot find you here, how will they find you? A Search Engine Optimization (SEO) plan should be developed so that content is crafted to include key search words in an effort to increase natural search engine rankings. Keyword search words can also be purchased as part of your advertising plan, and should be seriously considered.

STRATEGY 6

E-Marketing

Cost: \$ 8,000

E-marketing efforts can be an extremely cost-effective method for communicating with your network, with the greatest costs being the human capital need to create these programs. Regularly scheduled e-newsletters (quarterly at a minimum) should be sent to your database, keeping them up to date and supporting your brand. This is an excellent tool to promote upcoming events, feature profile stories of community successes and area businesses and offer exclusive promotions. These communications should include vibrant images and limited copy with links encouraging readers to visit your website for more information. E-cards can also be created for specific events and efforts.

Adding new members to your email list should be a top priority as you want to have aggressive annual growth goals in this area; identifying people that would like to receive future communications from you should be an essential component of your marketing plan. Always cultivate your email lists and recruit new members by enticing them to sign up at events and area shops. Consider incentives such as prize drawing to attract new members.

STRATEGY 7

Social Media

Cost: \$ 5,000

Utilizing social networking and user-generated content platforms to promote businesses often involves creating and participating in a dialogue with the target audience, rather than forcing an advertisement upon them. Social Media Marketing can also include creating and promoting viral content that is meant to be shared by users. Although some marketers are not comfortable with the lack of control over social media, when approached properly, social networks can be extremely effective channels for building product buzz, reputation management or corporate branding.

There are various forms of internet marketing that seek to achieve branding and marketing through the participation in popular social media networks (MySpace, Facebook, LinkedIn, Twitter), social bookmarking (Digg, Stumbleupon), social media sharing (Flickr, YouTube), review/ratings sites (ePinions, BizRate), blogs, forums, and news aggregators. Each social media site can be optimized to generate awareness or traffic.

Currently, one of the most popular is Facebook, founded in 2004 as a social utility that helps people communicate more efficiently with their friends, family and coworkers. The company develops technologies that facilitate the sharing of information through the social graph, the digital mapping of people's

real-world social connections. Anyone can sign up for Facebook and interact with the people they know in a trusted environment.

The fastest growing demographic on Facebook currently are those ages 35-54 and older, growing 276% in just the last six months. Facebook has over 200 million active users, with more than 100 million logging on at least once a day, with the average user having 120 friends on the site. Demonstrating that social media has become mainstream in a major way and in a relatively short amount of time.

Although most social media outlets are free to use, the real cost is the time invested in keeping these many sites current and up to date; as it is only with regular interaction that these efforts are truly successful. In addition, many business entities do not venture into the social media area for a lack of knowledge of how to best use and leverage it.

OTBA can address this by bringing in a consultant to host free education sessions to members and area retailers on how to use social media effectively. The more entities that are engaging in social media the more successful the efforts will be overall. Most postings on social media are featured on search engine results and are most often in the top results if they are recent postings; with positive efforts in this area you could greatly influence the top trending search engine results around your community.

OTBA should create a Facebook page, update regularly with posts, photos and event info, and invite friends. Ask all members and retailers to do the same. Creating a Twitter account is another way to reach an expanded audience. Through "micro-blogging" in 140 characters it can be a great way to promote events, inform and interact with followers, and offer limited specials and discounts. OTBA should also consider starting a yelp campaign and seed member businesses. OTBA should develop a blog, focusing on content that supports its branding mission. Follow other like-blogs and build readership.

STRATEGY 8

Advertising

Cost: \$ TBD

Although many new trends have emerged in advertising in recent years, there are still many traditional methods that are effective; particularly when implemented in conjunction with newer online methods. Identify media outlets and potential media partners in: print (newspapers, magazines, community newsletters); electronic (radio and television); outdoor and mobile; online (media, blogs, targeted resource sites); and pro-bono and non-profit opportunities. Also, propose Co-Op advertising packages with area retailers.

Target print media publications in the immediate area, as well as those that research target audiences in other geographical areas that will attract them to come to Takoma. Propose media sponsorships for events and inquire about pro-bono opportunities.

Electronic Media may be cost prohibitive, but consider inquiring about availability on unsold airtime inventory that can still reach target audiences. Promote events through PSA's (public service announcements). Take the opportunity to approach area businesses that are already using media and propose a partnership for expanded exposure. Propose media sponsorships for events and inquire about pro-bono opportunities.

Online Media can be pursued independently or bundled with any of the above media with for maximum reach and savings. Research websites and blogs that attract target audiences. Create on-line only campaigns to generate specific responses or to gather feedback with surveys. Online media is the most targeted and track-able of all advertising options.

STRATEGY 9

Events

Cost: \$1,500 to \$30,000+ per event

An assessment of area events should take place as part of developing your marketing plan, including: an inventory of what events have taken place; which have been successful and why; researching regional area events and identifying possible needs that could be filled; identifying open calendar dates where not much else is going on; and how to bring existing events to capacity.

Current events should be documented with photos and video that can be readily posted on website and used in collateral materials. When creating new events, OTBA should identify themes that will resonate with target audiences. Target days of weeks and times of day that will best match target audience lifestyle and schedules. Develop a varied calendar of events that offers something at a variety of times.

Enhance existing events by bringing in new partners (programmatic and financial) and assist with marketing outreach; identify areas for outreach partnerships. As part of your marketing outreach for these events solicit media and corporate sponsorships. Offer enticements for event participants to return and receive discounts at area retailers.

The large events suggested in this report focus on live (acoustic) music, dance, and environmental activism, which are strengths of the local community and business offering. Local events such as TGIF, Halloween party, and "Screen on the Green" concepts target local area residents. Some other event ideas to consider include: Pet-focused **Howl-o-Ween Parade** in late October or **Ugliest**

Pet Contest, story-telling readings or Urban Garden Camp; adult friendly features that encourage workers to stay after 5:00pm, a wine or home-craft beer festival; continuing education with sessions at area restaurants and retailers, featuring their expertise or cooking, knitting, gardening, wine making, painting etc...; and a speaker series built around progressive politics or other community themes of interest. Clearly many of these events could be integrated with a Takoma Theatre program, if the theatre is rehabilitated and reopened as a community-based cultural facility.

STRATEGY 10

Public Relations Outreach

Cost: \$ 15,000

As popular as social media is currently and as engaging as paid advertising can be, often times there is nothing more powerful than a story about a person or place that touches another person. This is most often accomplished through a targeted public relations outreach strategy.

It begins with media relations and keeping a list of current publications and reporters, including blogs and social media websites. Identify a spokesperson for your effort and strong retail owners that can readily respond to media inquiries. Supply spokespeople with media training and keep them updated on possible media inquiries. Pitch these spokes people to media outlets for guest interviews.

Track media coverage and online conversations about your brand and related issue by subscribing to Google alerts, and blog and Twitter feed readers; be aware of who is talking about you and what are they saying. Identify where media outreach efforts can be combined with other organizations for greater reach and impact. Post events to all regional area calendars of events. Pitch feature stories to regional and national media outlets for: events; business profile stories; trends in types of growing businesses; interesting small businesses growing in area; legacy, successful businesses; Takoma as a great place to live, work and play; and area news that ties in with a current national trend or story.

There are many publications and news features that are interested in homeowner profile stories, consider focusing on: historic preservationists; empty nester couples; residents that have lessened their commute, easier to get to job from here; renovation makeover; and first-time home buyers. In addition, you can pitch tourism publications with a day trip in Takoma or an "Insiders Guide" on what not to miss.

Business Recruitment

In addition to the marketing of existing businesses and of OTBA as an entity, it is critical to embark on an effort to recruit new businesses and expand or re-merchandise selected existing businesses in order to strengthen the overall

business mix. The foundation for business recruitment efforts is found in the findings of the Market Analysis, which has identified specific types of businesses and concepts to strengthen the business mix. Also critical would be to attract and recruit specific anchor businesses that would generate more destination draw and spin-off for the existing and potential new smaller retailers. Key steps towards business recruitment are outlined below.

STRATEGY 1

Consultant Outreach

Cost: \$0 (included)

The consultant on this assignment is utilizing the findings from the market analysis to approach prospective businesses, developers, and entrepreneurs to discuss opportunities within the OTBA area. The purpose is to share market information that may pique the interest of prospective tenants and investors, while also collecting critical information and feedback on site selection, business operating requirements, development objectives, financing, and incentives to help guide OTBA, the City of Takoma Park, Montgomery County, and the District of Columbia on approaches to help leverage business development in the area. Once this outreach has been completed, findings and recommendations will be summarized in a follow-up document.

STRATEGY 2

OTBA Outreach

Cost: \$0

The consultant's recommendations will help guide OTBA in further outreach to the same or different target tenants and developers. OTBA would conduct outreach, similar to the consultant's, to lay the groundwork for recruitment.

STRATEGY 3

Recruitment Plan

Cost: \$1,000

OTBA should develop a recruitment plan, similar to the marketing plan, that would focus on the targets, resources, timing, and methods for attracting and recruiting new businesses to the area. This plan would be informed by the market analysis and follow-up outreach, but would be refined based on the availability of resources and time among committee members.

STRATEGY 4

Local Entrepreneurship Program

Cost: \$1,000

Sources: City of Takoma Park and D.C. Economic Development

Because the marketing of OTBA will emphasize its strengths as home to locally-owned and independent businesses, it is important to embark on a proactive effort to attract, assist, and retain such businesses with the help of area economic development agencies. OTBA would take a lead in identifying and working with entrepreneurs from around the area, in coordination with area economic development departments, that may offer concepts and experience relevant to the recommended business mix. OTBA would also coordinate with the area's economic development departments on assisting those entrepreneurs and also on coordinating to assist in retaining existing local and independent businesses in the OTBA area.

STRATEGY 5

Urban Design Plan

Cost: \$35,000 - \$50,000

Sources: Montgomery County-MNCPPC / D.C. Office of Planning

An urban design plan is recommended that will provide a framework for urban design improvements but also for redevelopment within the OTBA area. The plan would also focus on specific project concepts and sites for development in line with recommendations from the market analysis and the follow-on outreach report. Development of new space may provide to be critical to the recruitment of new businesses. Therefore, having an urban design plan in place will help guide development that can accommodate new retail uses, including anchors. Urban design plan outputs are discussed in more detail in Section 6.

Section 6. DEVELOPMENT & MANAGEMENT

Recommendations for re-development, infrastructure improvements, and management within the OTBA area are provided in this section. While it is not intended that OTBA itself would participate in the redevelopment of the area, the organization should work as a facilitator to bring the appropriate agencies and developers to the table. Overall, an Urban Design Plan is recommended that would help guide development throughout the OTBA area over time. OTBA can have more direct input on management issues that affect business operations and the ability of businesses to maximize their market capture.

Infill: Activate “Dead” Spaces

As noted throughout the report, there is a need to reduce the physical gaps between businesses that impact on the overall competitiveness of the OTBA area. Infill development on key parcels is recommended over the long term in order to increase shopping densities. However, less capital-intensive interim measures to activate the street are also recommended in the short term due to market conditions.

Interim Use of Ecco Park Site

As the residential market recovers and development financing becomes more available, the developers of the Ecco Park project are likely to re-start their efforts. Until that time, there is a need to activate the street and fill the gap at this site located between the Metro station and Downtown Old Takoma. Interim use of the site would have to be negotiated with the developer/owner, since there are liability issues associated with any public access to the property. If the public sector were able to temporarily assume liability under a limited agreement with the developer, then opportunities for use of the site could include the following:

- Public Art installation (such as an “Art Park”).
- Festival site or temporary site for the proposed “Screen on the Green” summer movie showings.
- Dog Park, in coordination with the marketing of the adjacent Big Bad Woof store.

Commercial Frontage for Takoma Business Center

The high-rise Takoma Business Center is set back from the street, creating yet another “gap” in the commercial frontage between the Metro and Downtown Old Takoma. There is an opportunity to fill this gap with retail

development that opens onto the street and provides a commercial “face” to Carroll Avenue. Having retail frontage on Carroll can also help in marketing the Takoma Business Center’s office space by creating amenity value and increasing its visibility. This concept would have to be tested with the property owner and obviously, the physical “developability” of the site for this purpose would also have to be determined by an architect and/or planner. Because the property also abuts a municipal boundary, there are other legal and jurisdictional issues that would need to be resolved. Nevertheless, if physically and legally possible, then the concept could help provide urban storefront space at a critical location.

Permanent Programmed Use for Metro “Park”

The open space located on WMATA-owned land adjacent to the Takoma Metro station should be programmed with a permanent activated use. This site has high visibility and high value, being located in the pedestrian traffic zone adjacent to Metro. Possible programmed uses for this site could include a Festival Park with mixed-use development and an amphitheater for concerts, festivals, and ongoing community events. This site is also appropriate for a high-profile “green” development such as an alternative energy “Innovation Center,” developed in partnership with Strayer College, other institutions, or a local non-profit. This LEED-certified green building project could showcase cutting edge energy & building technologies with mixed-use tenancy including ground-floor retail, technology space, and upper-floor residential use.

Neither open space nor low-density townhouse development would be appropriate at such a prime, high-value location where Takoma has the opportunity to showcase its progressive values. Furthermore, it is important for land near Metro stations be developed with high-density employment and residential uses to maximize the sustainable benefits of transit-oriented development (TOD) throughout the Washington region. Development at Metro stations will accomplish much more than open land or low-density uses towards a reduction in the Washington region’s carbon footprint. Ultimately, such development will also benefit OTBA by increasing the destination draw and the market base for businesses in the area.

Redevelopment of Parking Lots

There are several private parking lots located along Carroll Avenue that provide sites for infill development. Such infill should be encouraged by working with the City of Takoma Park, District Government, and private property owners on an Urban Design Plan for this area. Overall, the plan should focus on increasing the density of housing and commercial development from the Metro to Downtown Old Takoma.

Integrate “Pad” Sites

There are several high-profile “suburban” style pad sites (e.g., CVS Drugstore, 7-11) that should be integrated into mixed-use development with street frontage. These chains design and operate urban format stores nationwide as part of mixed-use buildings with street frontage. There is no reason why redevelopment along Carroll could not incorporate existing stores into their ground floor retail use. The chains would participate in such projects if they can be shown the financial feasibility and long-term market benefits of them.

Urban Design Plan

An urban design plan is recommended for the Carroll Avenue Corridor or OTBA study area, to help guide the future redevelopment of the area based in part on the findings of the market analysis. OTBA would facilitate the involvement of Montgomery County MNCPPC, City of Takoma Park, and the D.C. Office of Planning & Economic Development to work collaboratively on the plan. Key components of the plan would include the following:

- Existing Land Use & Zoning Maps
- Proposed Land Use & Zoning Plans
- Traffic & Parking Management Study
- Public Art Implementation Plan
- Recommended Urban Design Improvements
- Recommended Transport / Infrastructure Improvements
- Site Plans for Targeted Development Parcels
- Renderings of Proposed Development Concepts & Urban Design Improvements
- Directional Signage Program

The planning process would likely require up to one full year, including public and business input. The plan itself could serve as a marketing and recruitment tool for OTBA to attract businesses and developers, in collaboration with economic development agencies. Directional signage should be installed at key intersections in the District and Montgomery County to direct traffic to the OTBA area. This aspect can also be included in the Urban Design Plan.

Management Program

OTBA can help steer businesses to implement management measures that create more consistent and stronger market penetration. Other management measures are targeted to the City of Takoma Park. Several of these measures are summarized below.

Later Store Hours

The shopper intercept surveys, coupled with the WMATA Takoma Metro ridership surveys, suggest that much of the existing market base for OTBA businesses is generated by rush-hour commuters originating and alighting in the Takoma area. Many of these workers work past 5:00pm and do not arrive back in Takoma until later in the evening. As such, it is imperative that businesses consider scheduling their opening hours to accommodate the evening rush commuter (although some businesses like a coffee shop are more oriented to the morning rush). OTBA should work with businesses to move their store hours to 11am to 7pm or later, in line with similar businesses in Old Town Alexandria and other specialty shopping districts throughout the Washington metro area.

Parking Meters

Parking meters should encourage shopping by allowing longer stays in the areas with shopper's goods stores. At present, meters in some of these areas allow only 30 minute parking. While short-term parking meters help spur turnover, 30 minutes is really not enough time for shopping beyond one store. It is recommended that meters be extended to allow for up to two-hour parking in these areas and that special "meter holidays" allow for free parking on certain days of the week that are normally slow shopping days. Parking meters in areas with only convenience businesses can be set to 30-minute limits, but there are few blocks that are limited only to convenience in this area.

Property Ownership Programs

OTBA, in coordination with Montgomery County and D.C. economic development agencies, has a role to play in encouraging businesses into property ownership. Ownership provides businesses with more freedom and long-term stability. This is often a critical issue in areas where absentee landlords wreak havoc on small businesses by failing to maintain and upgrade properties, increasing rents at higher than market rates, and refusing to negotiate lease terms. Many OTBA businesses currently benefit from benevolent local-based landlords. Even so, property ownership can help protect businesses over the long term. Rent-to-Own programs and below-market capital loans can help spur businesses to ownership, with the help of local jurisdictions and banks.

Summary

Several key recommendations are made in this section for development of additional "infill" retail and mixed-use buildings on underutilized sites as a way of eliminating gaps in the "teeth" of the commercial district. Interim measures are also recommended that involve more soft programming. An Urban Design Plan is recommended to help guide future redevelopment as well as urban design & infrastructure improvements, rather than depending on a piecemeal approach

oriented to specific projects. Several management recommendations are also made with respect to store hours, parking, and property ownership. However, more detailed input with respect to development sites and projects will be provided based on the outreach being conducted to potential tenants and developers.

Section 7. IMPLEMENTATION ACTION PLAN

An implementation Action Plan has been designed to assist OTBA in carrying forward some of the recommendations contained in this report over the next three to four years. The plan includes recommendations for specific actions, along with suggested timetable, responsibility, indicative cost, and funding sources for each of these actions. There is a significant amount of work consolidated into the plan, so OTBA will need to assess its time and funding capacity in order to revise the schedule for these actions as appropriate.

It is noted that initial actions are oriented to facilitation, in respect of developing collaborative relationships with the three local governments (City of Takoma Park, Montgomery County, and the District of Columbia). Since the study area crosses jurisdictional boundaries (which accounts for part of the problem with disconnectivity), there is a need to expand collaborative efforts between OTBA and the *departmental staff* of the three jurisdictions. Nurturing of such relationships will help OTBA to capture funding for larger project expenses such as an Urban Design Plan, streetscaping, public art, and entrepreneurship development.

Basic marketing and advertising will remain the responsibility of OTBA, and there is significant funding required to follow-through on the marketing strategies. As such, it is recommended that OTBA continue to seek partnerships with individual businesses to donate specialty services (and by doing so gain exposure and other benefits). Particularly important services include web site & social networking site development; printing; conference & event planning; and art installations. The Marketing Plan must consider an expansion of fundraising and sponsorship efforts in order to meet the requirements for marketing as suggested in this report. The significant investments of time and funding can yield greater results, and OTBA has an important role to play in promoting the key recommendations in this plan to businesses, volunteers, and funders.

3-YEAR ACTION PLAN

GOAL: RECRUIT BUSINESS

#	Action	Timing	Responsible	Cost	Source
	Conduct outreach to sample tenants, entrepreneurs, developers, and investors & report on findings	7/09-8/09	RGDE	N/A	N/A
	Conduct follow-up outreach	8/09-10/09	OTBA	\$0	N/A
	Meet with economic development and commercial revitalization agencies in Montgomery County, Takoma Park, and D.C. to discuss recruitment & development recommendations	9/09	OTBA	\$0	N/A
	Develop Business Recruitment Plan based on findings from RGDE and OTBA outreach efforts	3/10-5/10	OTBA	\$1,000	OTBA Budget
	Develop local business entrepreneurship development & merchandising assistance programs	5/12-8/12	OTBA in coordination with City of Takoma Park, Montgomery County Division of Community Development (MCDCD), and D.C. Department of Small & Local	\$1,000 (planning) plus capacity-building and loan programs	Montgomery County Division of Community Development (MCDCD) and D.C. Department of Small & Local Business Development (DC DSLBD)

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			Business Development (DC DSLBD)		
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GOAL: WORK WITH BUSINESSES ON MANAGEMENT ISSUES

	Distribute Key Findings from retail market analysis to businesses	9/09	OTBA	\$0	N/A
	Hold strategic meeting with business owners to discuss later / consistent store hours <u>in light of market findings.</u>	9/09	OTBA	\$0	N/A
	Meet with parking enforcement divisions to discuss changing hours of metered parking.	2/10	OTBA	\$0	N/A

GOAL: IMPLEMENT MARKETING PROGRAMS

	Develop/Revise Comprehensive Marketing Plan, based on findings and recommendations in market analysis (and to include advertising budgets)	9/09-12/09	OTBA	\$3,000	OTBA Budget
	Develop marketing "package" with key demographics and	1/10-3/10	OTBA	\$1,000 + printing	OTBA Budget

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	findings from Market Analysis for use in marketing and business recruitment				
	Develop branding & imaging program	4/10-6/10	OTBA	\$3,000	OTBA Budget & donated services
	Print collateral materials for distribution based on Marketing Plan	8/10-12/10	OTBA	\$10,000	OTBA Budget & donated (in-kind) services
	Website & online marketing	9/10-ongoing	OTBA	\$15,000 - \$20,000	OTBA budget & donated (in-kind) services (along with business contributions and fundraising)
	e-Marketing program	2/12 - ongoing	OTBA & local web-based firms	\$8,000	OTBA Budget & donated (in-kind) services and advertising
	Social media	2/12 - ongoing	OTBA & individual businesses, web-based firms	\$5,000	Web-based firms, OTBA, and donated services
	Public relations outreach program	7/12-ongoing	OTBA and PR specialists	\$15,000	OTBA budget and donated services

GOAL: REHABILITATE TAKOMA THEATRE

	Coordinate with Takoma Theatre Conservancy on efforts to acquire theatre building. Encourage business participation in support of the TTC efforts.	10/09-12/09	OTBA	\$0	N/A
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GOAL: CREATE URBAN DESIGN PLAN

	Meet with M-NCPPC and D.C. Office of Planning to discuss urban design recommendations	10/09	OTBA	\$0	N/A
	Develop Interim “community vibrancy” program, targeting underutilized sites on Carroll Avenue. May include banners/flags, plantings, “Art Park,” dog park, murals, façade painting, and use of temporary art, design, & craft installations.	7/10-12/10 (including installation)	OTBA, with assistance from D.C. Arts & Humanities Commission	\$3,000 - \$6,000	OTBA Budget & donated (in-kind) services & sites
	Meet with transportation departments from Montgomery County and the District to discuss possibility of branded directional signage at key intersections in DC and Maryland	2/10	OTBA	\$0	N/A

	Develop RFP & contract with design/planning team to develop Urban Design Plan through to completion. To include land use plan, gateways, streetscape, signage, parking management, public art, and other elements as specified herein	1/11-12/11	OTBA, working in partnership with M-NCPPC, City of Takoma Park, and D.C. Office of Planning	\$35,000 - \$50,000	M-NCPPC, City of Takoma Park, and D.C. Office of Planning
	Permanent public art & craft competitions and installations.	12/11-6/12 (installation)	OTBA, with assistance from D.C. Arts & Humanities Commission	\$20,000 (initial installations)	D.C. Arts & Humanities Comm. (Public Art – Building Communities Grant)

GOAL: PLAN & IMPLEMENT NEW EVENTS & FESTIVALS

	Plan and initiate community events that have destination appeal, such as Howl-o-Ween Parade, Urban Garden Camp, Progressive Speaker Series, TGIF, and Screen-on-the-Green	10/10-10/11	OTBA, City of Takoma Park	\$1,000 - \$10,000 per event	Individual business sponsorships w/in-kind assistance from OTBA
	Research, development, planning, and implementation for two major festivals/events with regional & national exposure, such as:	5/12-ongoing	OTBA to form committees as appropriate with arts & performance	\$30,000+ for festival; \$15,000 for conference	Montgomery County Arts & Humanities Council* (MCAHC) and

	<ul style="list-style-type: none"> • <u>Acoustic Music &/or Takoma Dance Festival</u>. (It is acknowledged that Takoma already has such festivals, but the objective is to expand and broaden the market appeal to a regional / national audience). • <u>Green Building & /or Progressive Non-Profits Conference</u> 		institutions (e.g., Liz Lerman), individual businesses, progressive non-profits, etc.		D.C. Arts & Humanities Commission (Festivals DC Grant). *Note: Takoma Park Folk Festival, Inc. already receives grants from MCAHC.
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GOAL: IMPLEMENT METRICS & BENCHMARKING

	Metrics & Benchmarking – continuously measure progress in terms of sales data, attendance at events, advertising returns, consumer opinion surveys, etc.	ongoing	OTBA	\$0 - \$3,000	OTBA Budget
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APPENDIX TABLES

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Table A1. COMMERCIAL SPACE INVENTORY, OTBA AREA, 2008

Category	Number	(Percent)	Sq. Ft.	(Percent)
<u>Convenience</u>				
Grocery	1	1%	5,000	5%
Food	4	6%	5,035	5%
Health/Pers Care	1	1%	12,500	12%
Gas/Convenience	1	1%	1,400	1%
Florist/Lqr/Misc	3	<u>4%</u>	5,500	<u>5%</u>
Sub-Total	10	15%	29,435	28%
<u>Shoppers Goods</u>				
Apparel/Access	5	7%	5,300	5%
Jewelry	1	1%	600	1%
Shoes	-	0%	-	0%
Furniture& Floors	1	1%	2,500	2%
Home Furnishings	4	6%	3,500	3%
Appliances	-	0%	-	0%
Hardware/Bldg	-	0%	-	0%
Garden Supply	-	0%	-	0%
Gen Mdse/Dept	-	0%	-	0%
Auto Dealers	-	0%	-	0%
Auto Supply	-	0%	-	0%
Electronics/Comp	1	1%	1,200	1%
Books/Music	-	0%	-	0%
Camera/Photo	-	0%	-	0%
Gift, Novelty, Svr	5	7%	5,500	5%
Hobby/Toy/Game	1	1%	800	1%
Luggage/Leather	-	0%	-	0%
Office/Stationary	1	1%	900	1%
Sewing/Piece	-	0%	-	0%
Sporting Goods	-	0%	-	0%
Msc	4	<u>6%</u>	7,500	<u>7%</u>
Sub-Total	23	34%	27,800	27%
<u>Dining & Entertainment</u>				
Restaurants-FF	6	9%	8,750	8%
Restaurants-FS	7	10%	12,900	12%
Drinking Estabshmt	-	0%	-	0%
Entertainment*	<u>1</u>	<u>1%</u>	<u>4,000</u>	<u>4%</u>
Sub-Total	14	21%	25,650	25%
<u>Personal Services</u>	13	19%	12,250	12%
TOTAL	60	88%	95,135	92%
<i>Existing Vacant</i>	8	12%	8,200	8%
GRAND TOTAL	68	100%	103,335	100%

Source: Randall Gross / Development Economics.

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**Table A2. DEMOGRAPHIC TRENDS, PRIMARY TRADE AREA,
OLD TAKOMA BUSINESS ASSOCIATION, 1990-2008**

Factor	1990	2000	2008	1990-2008 Change	
				Number	Percent
<u>CONV A</u>					
Population	3,794	3,630	3,490	(304)	-8.0%
Households	1,620	1,563	1,514	(106)	-6.5%
HH Income	\$ 69,990	\$ 84,507	\$ 92,839	\$ 22,849	32.6%
<u>CONV B</u>					
Population	10,458	10,947	11,586	1,128	10.8%
Households	4,093	4,271	4,500	407	9.9%
HH Income	\$ 77,074	\$ 85,171	\$ 90,181	\$ 13,107	17.0%
<u>DEST A</u>					
Population	88,655	95,546	96,633	7,978	9.0%
Households	36,994	38,896	39,466	2,472	6.7%
HH Income	\$ 80,836	\$ 84,246	\$ 88,409	\$ 7,573	9.4%
<u>DEST B</u>					
Population	75,316	71,153	70,859	(4,457)	-5.9%
Households	29,096	28,324	28,535	(561)	-1.9%
HH Income	\$ 72,779	\$ 73,433	\$ 78,864	\$ 6,085	8.4%
<u>DEST C1</u>					
Population	108,101	107,703	114,869	6,768	6.3%
Households	45,830	47,727	51,981	6,151	13.4%
HH Income	\$ 58,541	\$ 66,294	\$ 53,679	\$ (4,862)	-8.3%
<u>DEST C2</u>					
Population	83,053	73,952	74,131	(8,922)	-10.7%
Households	32,770	31,823	32,477	(293)	-0.9%
HH Income	\$ 66,761	\$ 70,004	\$ 56,683	\$ (10,078)	-15.1%
<u>DEST D</u>					
Population	21,458	25,674	29,058	7,600	35.4%
Households	10,634	13,945	15,537	4,903	46.1%
HH Income	\$ 86,498	\$ 104,075	\$ 116,074	\$ 29,576	34.2%
<u>DEST E</u>					
Population	104,510	114,842	112,238	7,728	7.4%
Households	38,561	39,409	38,069	(492)	-1.3%
HH Income	\$ 70,028	\$ 66,147	\$ 64,878	\$ (5,150)	-7.4%
<u>DEST F</u>					
Population	67,560	72,319	74,639	7,079	10.5%
Households	29,326	31,955	33,194	3,868	13.2%
HH Income	\$ 132,103	\$ 149,240	\$ 150,047	\$ 17,944	13.6%
<u>DEST G</u>					
Population	41,029	44,048	45,421	4,392	10.7%
Households	15,188	15,560	15,791	603	4.0%
HH Income	\$ 92,445	\$ 91,068	\$ 91,666	\$ (779)	-0.8%

Note: Income expressed in constant 2004 dollars.
Sources: Claritas, Inc. and Randall Gross / Development Economics.

Randall Gross / Development Economics

**Table A3. DEMOGRAPHIC FORECASTS, OTBA
TRADE AREAS, 2008-2013**

Factor	2008	2013	2008-2013 Change	
			Number	Percent
<u>CONV A</u>				
Population	3,490	3,406	(84)	-2.4%
Households	1,514	1,484	(30)	-2.0%
HH Income	\$ 92,839	\$ 91,446	\$ (1,393)	-1.5%
<u>CONV B</u>				
Population	11,586	11,939	353	3.0%
Households	4,500	4,621	121	2.7%
HH Income	\$ 90,181	\$ 88,828	\$ (1,353)	-1.5%
<u>DEST A</u>				
Population	96,633	97,223	590	0.6%
Households	39,466	39,778	312	0.8%
HH Income	\$ 88,409	\$ 86,994	\$ (1,415)	-1.6%
<u>DEST B</u>				
Population	70,859	70,546	(313)	-0.4%
Households	28,535	28,649	114	0.4%
HH Income	\$ 78,864	\$ 76,025	\$ (2,839)	-3.6%
<u>DEST C1</u>				
Population	114,869	118,348	3,479	3.0%
Households	51,981	54,209	2,228	4.3%
HH Income	\$ 53,679	\$ 50,136	\$ (3,543)	-6.6%
<u>DEST C2</u>				
Population	74,131	74,113	(18)	0.0%
Households	32,477	32,863	386	1.2%
HH Income	\$ 56,683	\$ 53,282	\$ (3,401)	-6.0%
<u>DEST D</u>				
Population	29,058	31,044	1,986	6.8%
Households	15,537	16,395	858	5.5%
HH Income	\$ 116,074	\$ 121,878	\$ 5,804	5.0%
<u>DEST E</u>				
Population	112,238	110,876	(1,362)	-1.2%
Households	38,069	37,318	(751)	-2.0%
HH Income	\$ 64,878	\$ 63,386	\$ (1,492)	-2.3%
<u>DEST F</u>				
Population	74,639	76,010	1,371	1.8%
Households	33,194	33,905	711	2.1%
HH Income	\$ 150,047	\$ 162,051	\$ 12,004	8.0%
<u>DEST G</u>				
Population	45,421	45,421	-	0.0%
Households	15,791	15,876	85	0.5%
HH Income	\$ 91,666	\$ 91,483	\$ (183)	-0.2%

Note: Income expressed in constant 2007 dollars.
Sources: Claritas, Inc. & Randall Gross / Development Econ.

Randall Gross / Development Economics

**Table A4. WARRANTED RETAIL DEMAND BY USE,
OTBA AREA, 2008 AND 2013**

Type of Good	Gross Demand (Sq Ft)		Existing Uses	Warranted Demand
	2008	2013		
<u>Convenience</u>				
Grocery	14,619	15,063	5,000	10,063
Conv Food	3,061	3,144	5,035	(1,891)
Health/Pers Care	15,149	17,019	12,500	4,519
Gas/Convenience	2,667	2,661	1,400	1,261
Misc Conv	4,097	4,102	5,500	(1,398)
Sub-Total	39,593	41,989	29,435	12,554
<u>Shoppers Goods</u>				
Apparel/Access	7,043	7,112	5,300	1,812
Jewelry	1,131	1,135	600	535
Shoes	861	864	-	864
Furniture	2,679	2,550	2,500	50
Home Furnishings	4,088	4,129	3,500	629
Appliances	316	318	-	318
Hardware/Bldg	653	657	-	657
Garden Supply	1,318	2,647	-	2,647
Gen Mdse/Dept	9,472	9,428	-	9,428
Auto Dealers	517	523	-	523
Auto Supply	336	335	-	335
Electronics/Comp	1,421	1,431	1,200	231
Books/Music	4,596	4,619	-	4,619
Camera/Photo	280	283	-	283
Gift, Novelty, Svr	6,067	6,122	5,500	622
Hobby/Toy/Game	4,775	4,833	800	4,033
Luggage/Leather	295	298	-	298
Office/Stationary	851	952	900	52
Sewing/Piece	1,138	1,154	-	1,154
Sporting Goods	4,634	4,693	-	4,693
Msc S.G.	8,932	9,626	7,500	2,126
Sub-Total	61,402	63,711	27,800	35,911
<u>Dining & Entertainment</u>				
Restaurant-FF	5,007	4,990	8,750	(3,760)
Restaurant-FS	18,148	18,300	12,900	5,400
Drinking Estabshmt	2,897	2,920	-	2,920
Entertainment	11,344	11,501	4,000	7,501
Sub-Total	37,395	37,710	25,650	12,060
<u>Personal Services</u>				
	18,346	19,129	12,250	6,879
TOTAL	156,736	162,539	95,135	67,404
<i>Existing Vacant</i>			8,200	
Net New Space				59,204

Source: Randall Gross / Development Economics.

