

Economic Analysis and Initial Revitalization Concepts for Lake Anne Village Center



Prepared for



Prepared by



March 16th, 2005

Meeting Purpose / Agenda

- Introductions
- Project Context
- Work Completed
- Key Findings
- Revitalization Concepts
- Summary
- Next Steps
- Discussion

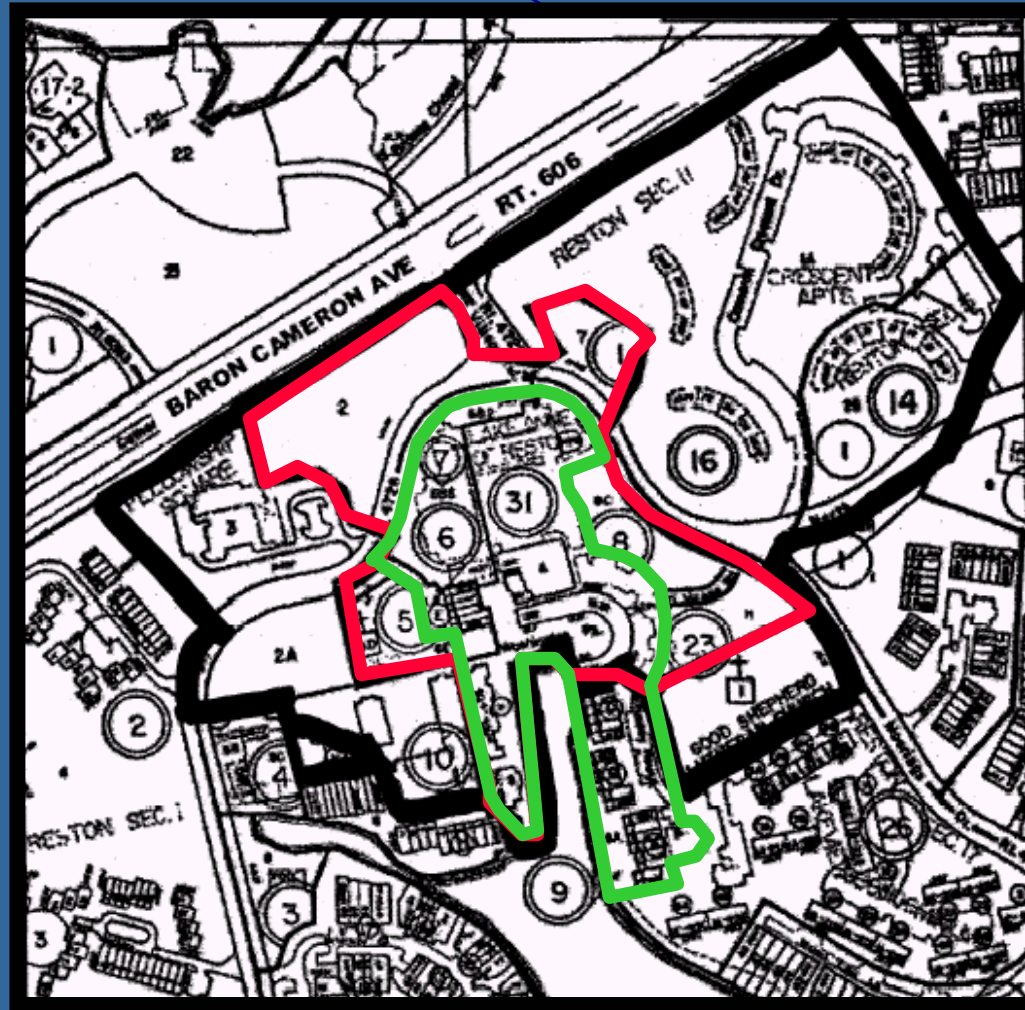


Project Context

- Objective 3rd party economic study
- Examine economic conditions & market issues
- Formulate revitalization concepts
- Input to subsequent public involvement (e.g. charette)
- Charette results in Master Plan
- Master Plan sets stage for potential developer selection

Study Area Comparison

(Commercial Revitalization Area (CRA), Historic Overlay District)



Objectives

- Preserve and maintain historic Lake Anne/Washington Plaza
- Increase vitality and enhance attractiveness of the existing civic and retail environments
- Retain Village Center character, style, and ambiance (Lake Anne is not Reston Town Center which is another use and function)
- Mix uses and incomes
- Promote quality design, European character
 - Wolf Von Eckhart - Piazza San Marco “not a mere square but a grand hall”

Work Completed

- **Project Mobilization**
- **Plans/Policy Review**
- **Infrastructure Overview**
- **Examined Institutional Issues**
- **Field Surveys/Interviews**
- **Opportunities/Constraints Analysis**

Work Completed

- **Public Meetings**
- **Market Analysis**
- **Revitalization Concepts**
- **Implementation Strategies**
- **Impact Evaluation**

Contacts

- RCRC
- Condo Association
- Merchants Association
- Two public meetings
- Institutions (RA, RCC, Reston Historic Trust)
- Individual merchants
- Residential cluster representatives
- Special contacts

Key Community Issues



- **Maintaining “Reston Spirit”**
- **Balancing Growth & Preservation**
- **Establishing Certainty & Future of Plaza**

Key Community Issues

- **Densities**
- **Shared Parking Opportunities**
- **Governance & Management**
- **Security & Maintenance**



Opportunities/Constraints

- Specialty themed eating and drinking setting
- Long established stores
- No traditional village center/community shopping center anchors (i.e. grocery store)
- Lack of visibility/access
- Incongruence with modern building practices (small floor plates)
- Relatively high operating costs
- Management constraints

Synthesis

- **No desire/need for major change in retail**
- **No desire for design changes on plaza**
- **Build on historic village character**
- **Improve image and recognition**

Synthesis (cont)

- **Address seasonality**
- **Enhance area as a destination**
- **Improve residential/commercial relationships**
- **Provide adequate funding for management/maintenance**
- **Not against density per se**

Physical/Infrastructure Evaluation

- High quality architectural design
- Unique built environment/ambiance
- Deferred maintenance
- Inequitable distribution of costs
- RELAC issues
- Poor signage, visibility, access, lighting
- Intermittent parking shortage

Market Observations – Retail

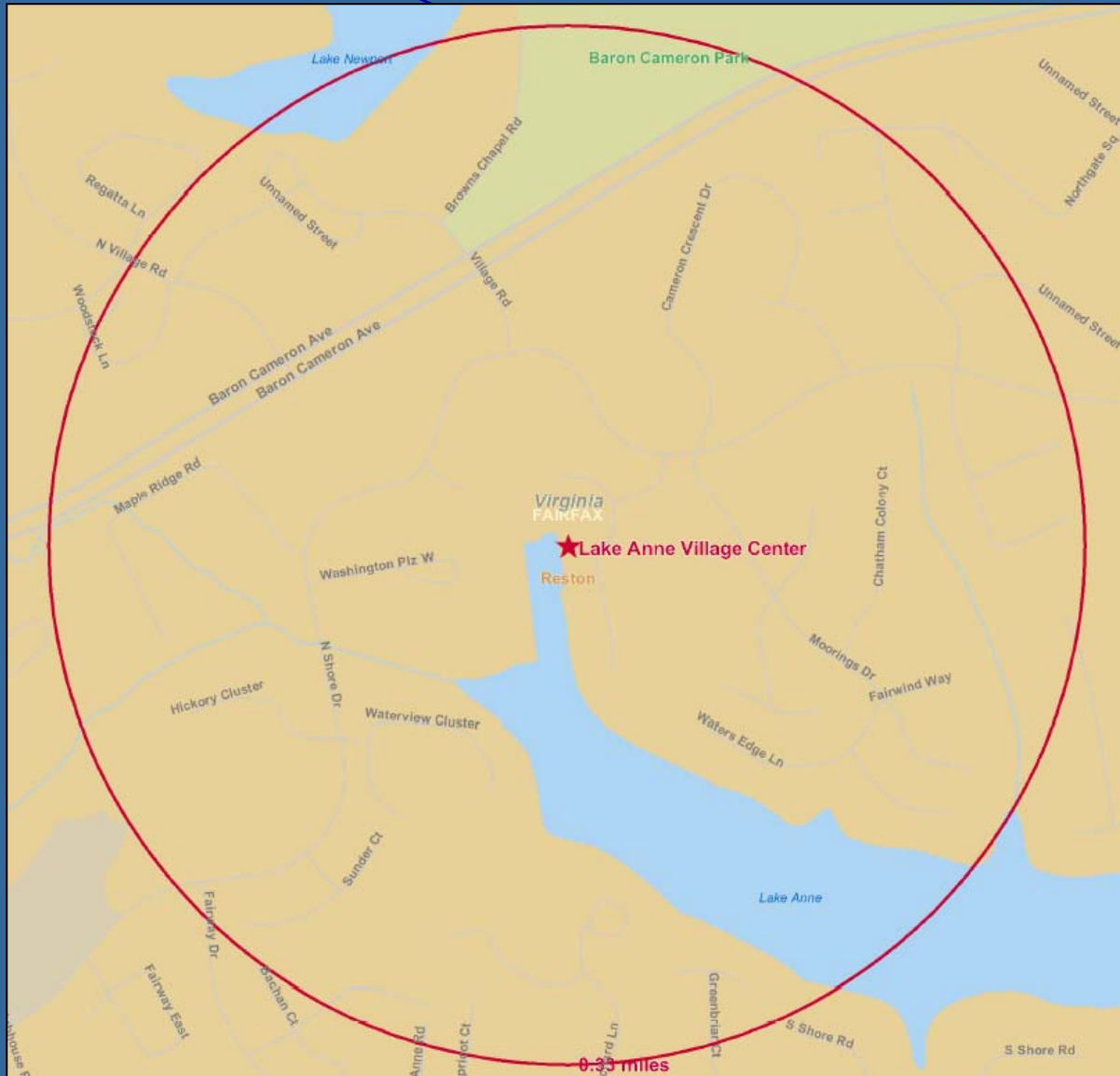
- Strong county demand
- Emphasis on grocery anchored retail
- Low vacancy 3%
- Neighborhood center rents up 2% to \$24.25/SF
- Significant local & regional competition
- Build on unique environment
- Address seasonality
- Address shortage of daytime activity, limited continuous use

[\(Detailed Analysis\)](#)

Market Observations - Retail

- **Primary retail market is 1/3-mile walkshed**
 - Needs special character of retailer
 - Requires special character of resident
- **Low net capture rate**
- **Highly seasonal**
- **Poor visibility**
- **No primary road access**
- **Potential to introduce more activities in walkshed**
- **Potential to enhance capture rates**

Walkshed (1/3-mile)



Market Observations - Residential

- **Top U.S. apartment market**
- **Condo conversions removed supply faster than transferred demand**
- **Low vacancy (3%), good growth in rents (4%), concessions down (8%)**
- **Shift from garden apartments to high-rise**

Market Observations – Residential (cont.)

- Pipeline down significantly for gardens (36%), up for high-rise (67%)
- Condo sales up (4,400 vs. 1,600) 45% conversions/pre-delivery switch
- Resale prices up 19%
- Prices high in \$350 to \$550/SF (e.g. Mercer, Midtown East)

Market Observations - Office

- Reston 2nd largest office market in county (after Tysons Corner)
- Decreasing office vacancy
- Strong demand from government related (particularly DOD) demand
- Lease rates steady
- Lake Anne
 - Small users
 - Local support/associations
 - Potential county/Reston Association activity
 - Opportunities for shared parking
 - Limited daytime demand to support retail

Detailed Revitalization Market Findings

- Sales/sq. ft. (\$252) approx. 46% of North Point (\$540) and 82% of Tall Oaks (\$308)
- Smaller stores would normally experience higher sales/SF
- Low net capture rate of applicable resident expenditures (21% vs. 61% for county)

Detailed Revitalization Market Findings (cont)

- **Relatively low net capture rate 21%**
 - **County: 61% net capture rate**
 - **Nearby Reston Villages: 46%-85% net capture rate**
 - **Case study Villages: 23 to 34% net capture rate**
- **Approximately 50% of sales from primary market area (varies greatly by store type)**
- **Strong opportunities for residential infill**
- **Modest opportunities for office infill**

[\(Detailed Analysis\)](#)

Comparison of Village Retail Areas

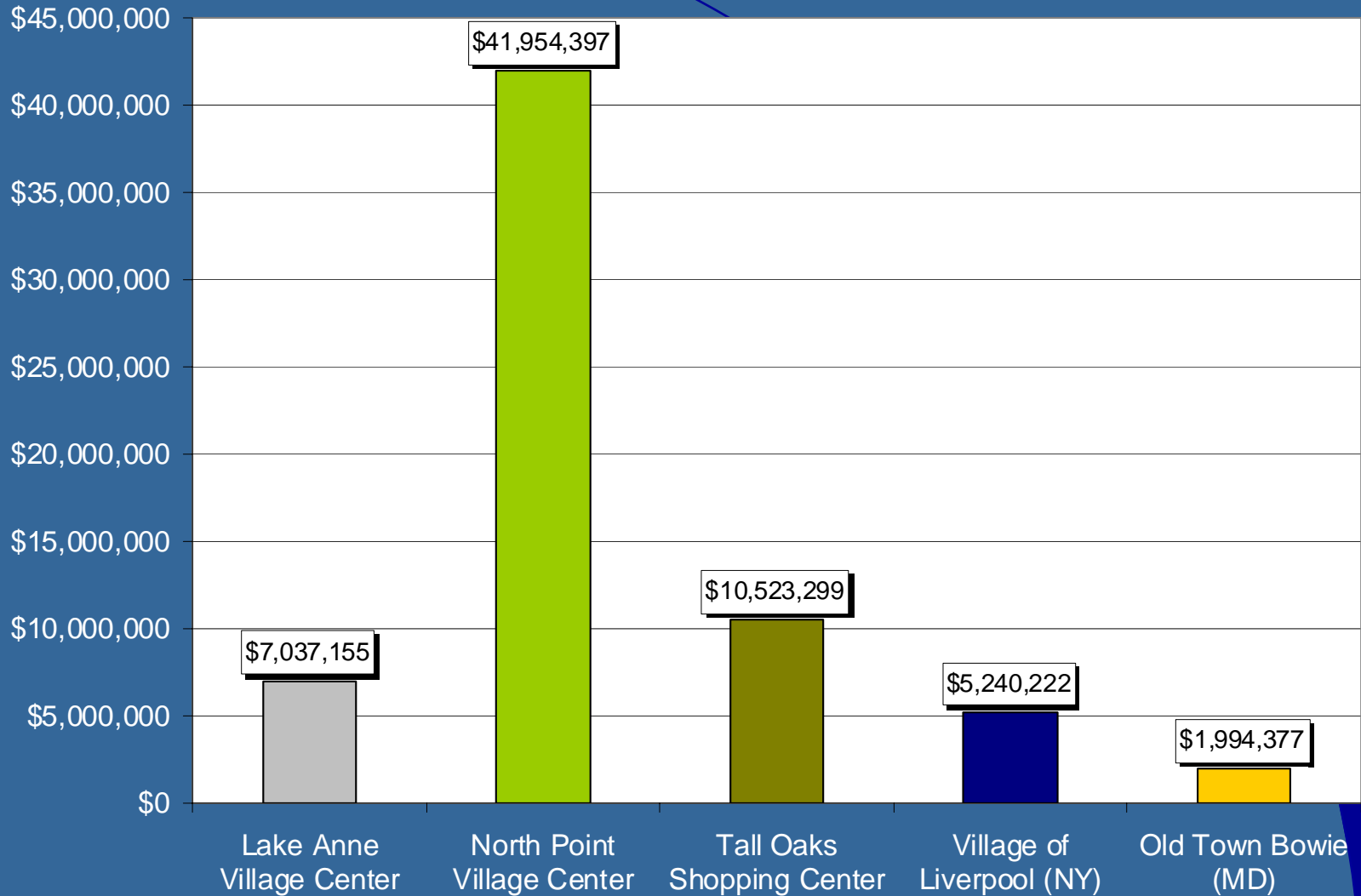
Category	Lake Anne Village Center	North Point Village Center	Tall Oaks Shopping Center	Village of Liverpool (NY)	Old Town Bowie (MD)
Population	3,093	2,970	1,753	2,435	967
At-Place Employment	316	567	315	807	394
Retail Trade Establishments	20	23	8	41	9
Total Retail Sales**	\$7,037,155	\$41,954,397	\$10,523,299	\$5,240,222	\$1,994,377

Source: ESRI Business Solutions

* 2004 data (nonoverlapping 1/3-mile radii from Reston Museum at Lake Anne and grocery store anchors at other two sites)

** Total retail sales and potential have been adjusted to exclude retail store types not applicable in Lake Anne

Retail Areas – Sales Comparison



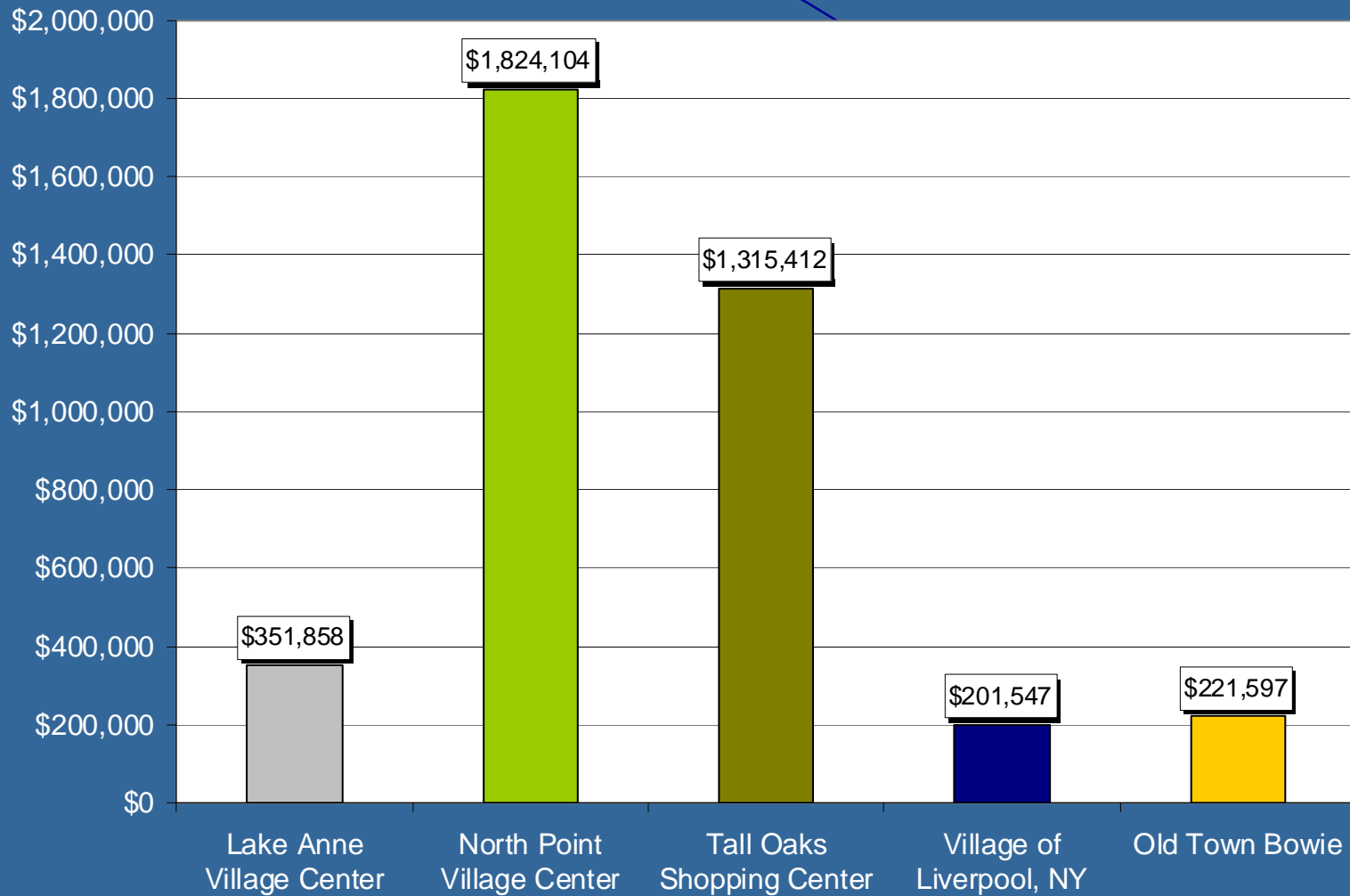
Comparison of Retail Performances

Category	Lake Anne Village Center	North Point Village Center	Tall Oaks Shopping Center	Village of Liverpool, NY	Old Town Bowie	Fairfax County
Sales per Establishment	\$351,858	\$1,824,104	\$1,315,412	\$127,810	\$221,597	\$1,007,836
Sales per Capita	\$2,275	\$14,126	\$6,003	\$2,988	\$1,136	\$6,833
Sales as % of Disposable Income	6.7%	38.7%	22.8%	11.4%	4.3%	28.2%
Net Capture Rate (Sales/Expenditures)	21.1%	84.8%	46.4%	34.1%	23.0%	61.3%

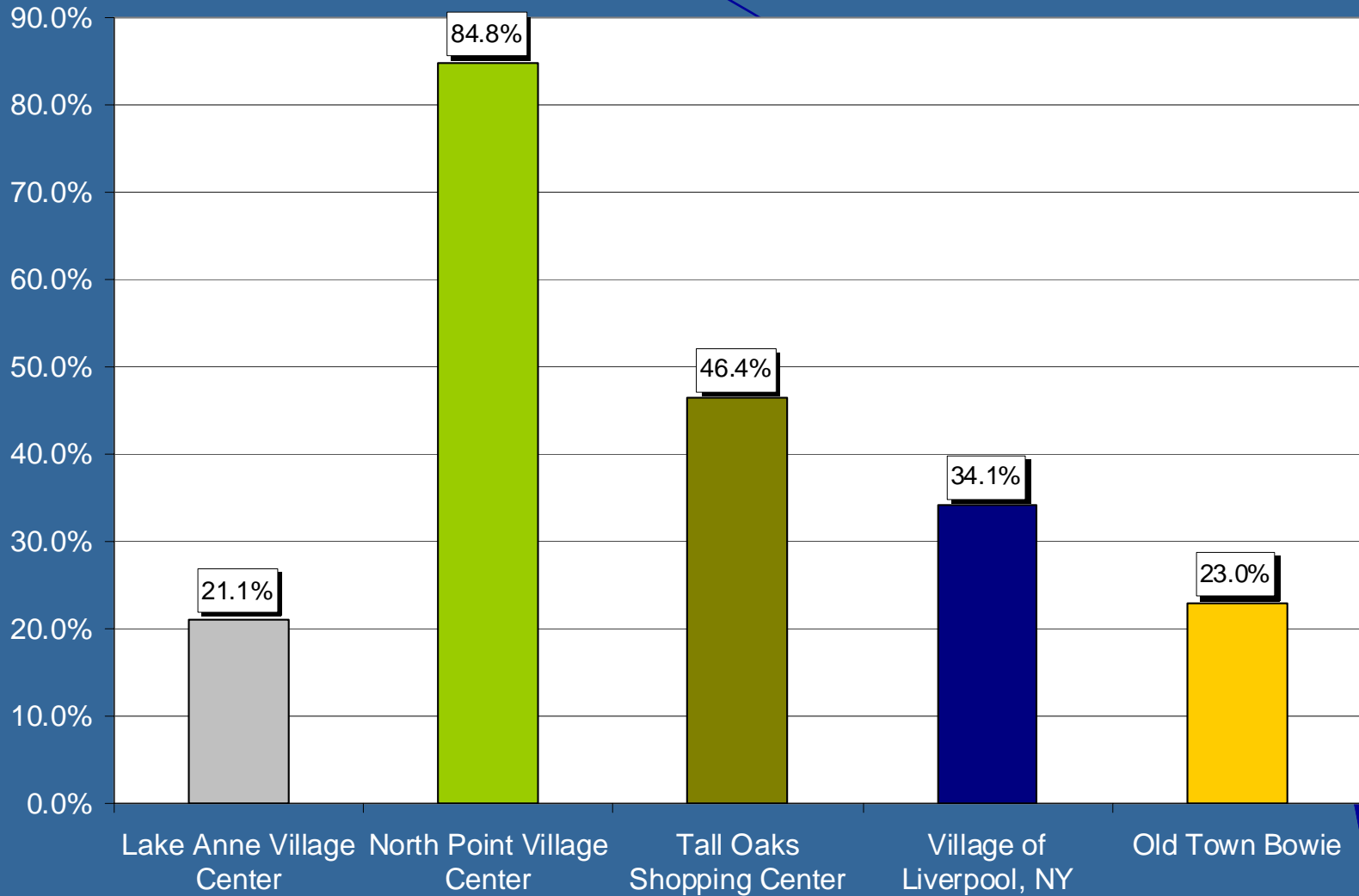
Source: BBP Associates, ESRI Business Solutions

* Total retail sales have been adjusted to exclude retail store types not applicable in Lake Anne

Retail Sales per Establishment



Net Capture Rates



Revitalization Approach

- **Strengthen ties/market capture of primary market**
- **Enhance specialty theme to attract more sales inflow**
- **Events programming/design enhancements to reduce seasonality**

Revitalization Approach (cont)

- Enhance European “feel”
- Promote distinctiveness from competing retail (e.g. wine & cheese, baker, arts & culture, plaza vendors)
- Grow the day & night critical mass and realize Master Plan densities through office & residential infill

Revitalization Approach (cont)

- **Continuum of actions**
- **Test over time**
- **Allow for phasing**

Revitalization Approach (cont)

Three key elements

- Marketing/merchandizing
- Organizational/funding
- Area infill/development

Strategic Marketing

- **Could enhance retail sales potential from increasing Village capture rate (10% increase in capture rate approximates 5% increase in sales)**
- **Could enhance retail sales potential from increasing sales inflow (10% increase in inflow approximates 4% increase in sales)**
- **Marketing/merchandising and organizational changes could address above retail strategies**

Strategic Marketing

- **New signage**
- **Enhanced lighting**
- **Monitor/survey clientele**
- **Improve service levels**
- **In-store promotions (particularly off-season)**
- **Targeted advertising (direct mail to current customers/area residents)**
- **Image/merchandising enhancements**
- **Modify store mix (more eating/drinking less convenience food)**

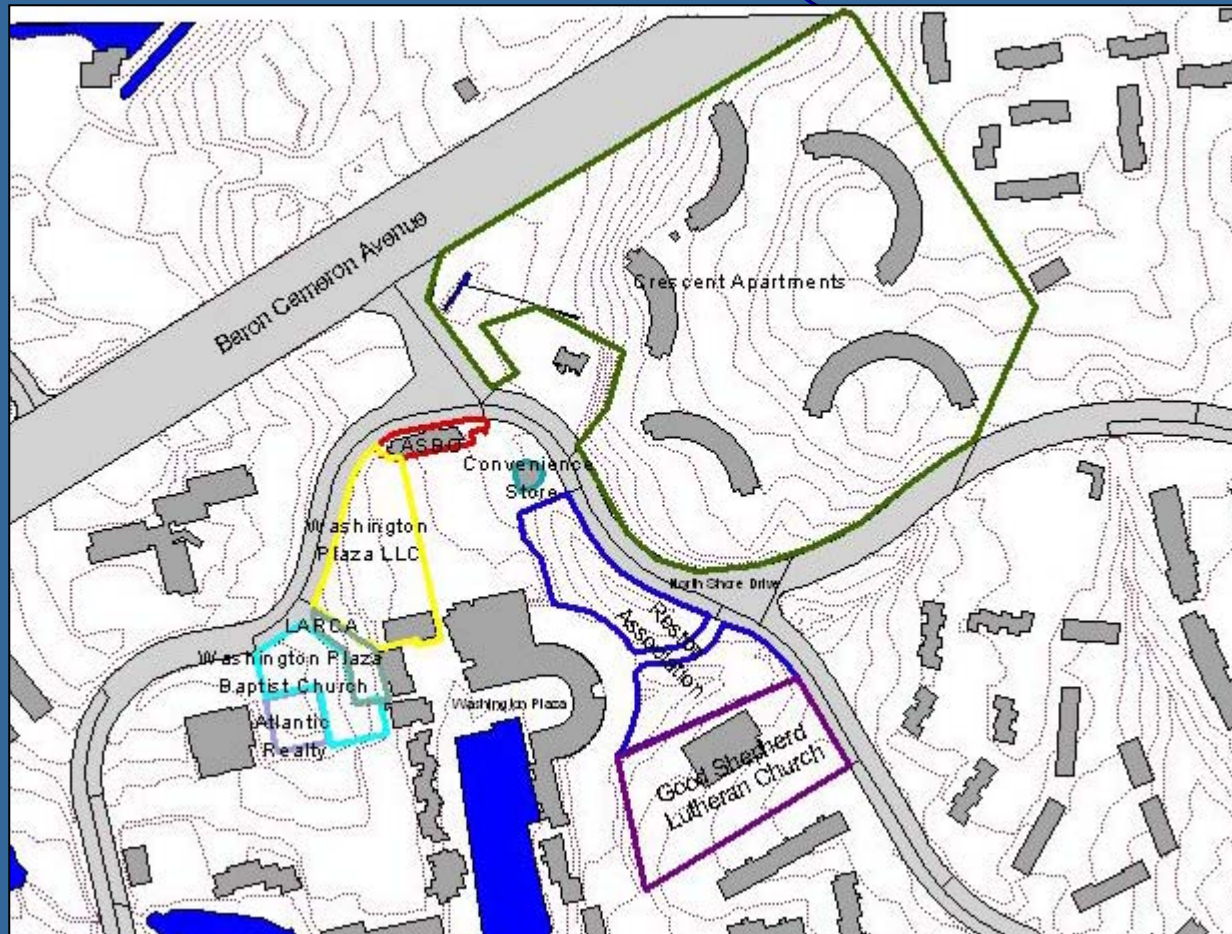
Organizational/Funding

- **Continuum of actions**
- **Condominium restructuring**
- **CRA expanded to include opportunity areas**
- **County seeded Business Improvement District (BID)**
- **Dedicated revenue stream (land lease) to support management/ maintenance**

Condominium Restructuring

- **Improve efficiency & redistribute costs**
- **Separate residential & nonresidential**
- **County provides incentive by assuming Washington Plaza costs, debt, and liability**
- **County guarantees public access to plaza and waterfront**

Revitalization Opportunity Areas



Infill Development

- Retain basic design/Washington Plaza
- Gateway enhancement & access changes
- Shared parking
- *Modest Infill*
- *Master Plan Realization*

Modest Infill

- **Moderate density (20 du/acre) development of Good Shepherd 44 units (7 low/moderate income)**
- **Modest office infill (25,000 SF)**
- **Retail sales generation = \$320,000**
- **Capital improvement costs = \$1.8 million**

Modest Infill – Estimated Capital Improvement Costs

- **\$750,000 – Streetscape enhancements**
- **\$500,000 – DHCD grants (e.g. signage, repairs, façade improvements)**
- **\$65,000 – Gateway features**
- **\$50,000 – Sidewalk replacement**
- **\$32,500 – Parking lot improvements**

Modest Infill Program

Good Shepherd Site (2.2 acres)

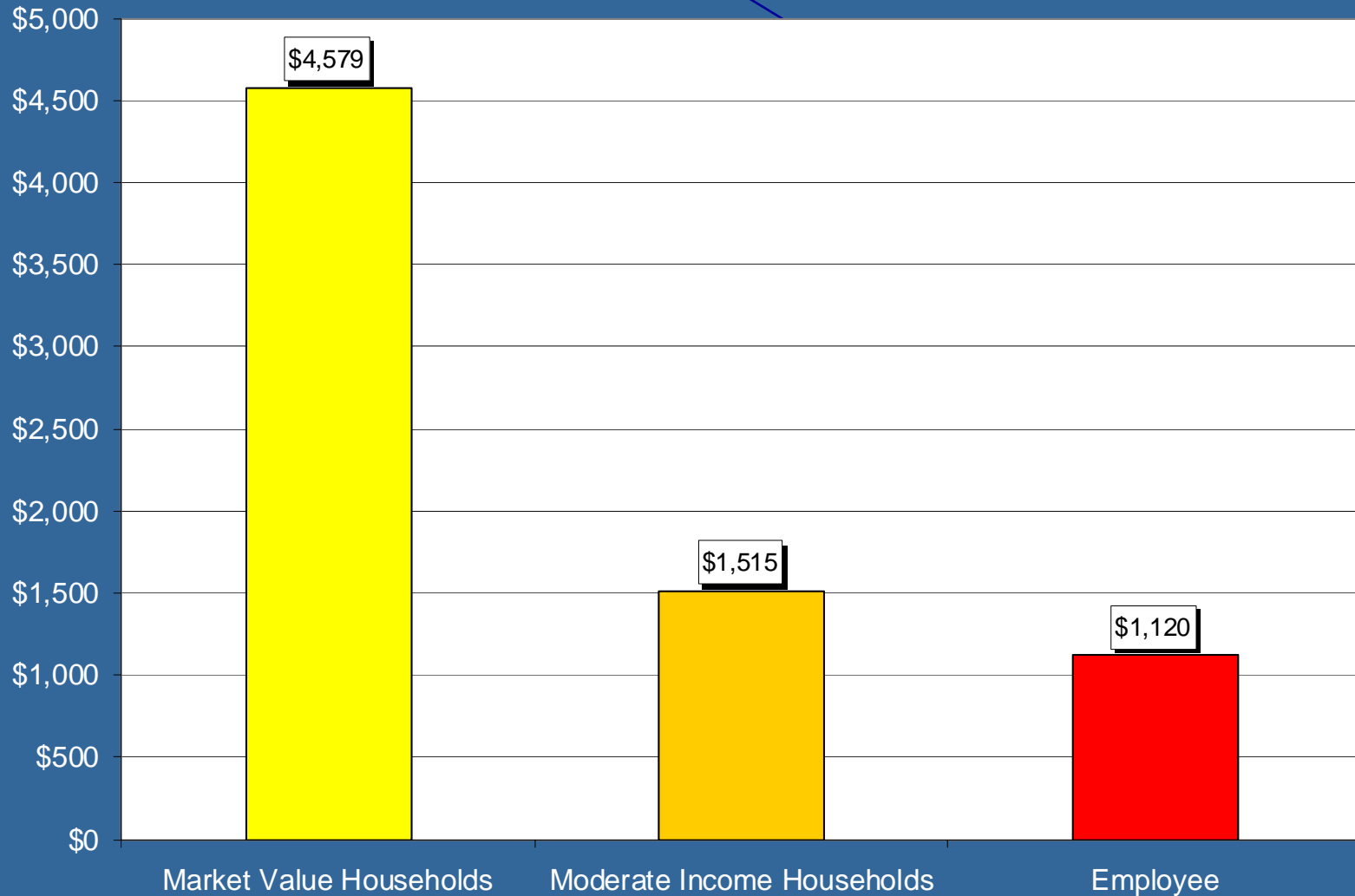
- 44 residential units (37 market rate, 7 low/moderate income)
- 88 parking spaces (structure/at-grade)
- 3 to 4 stories

Infill Office (1.1 acres)

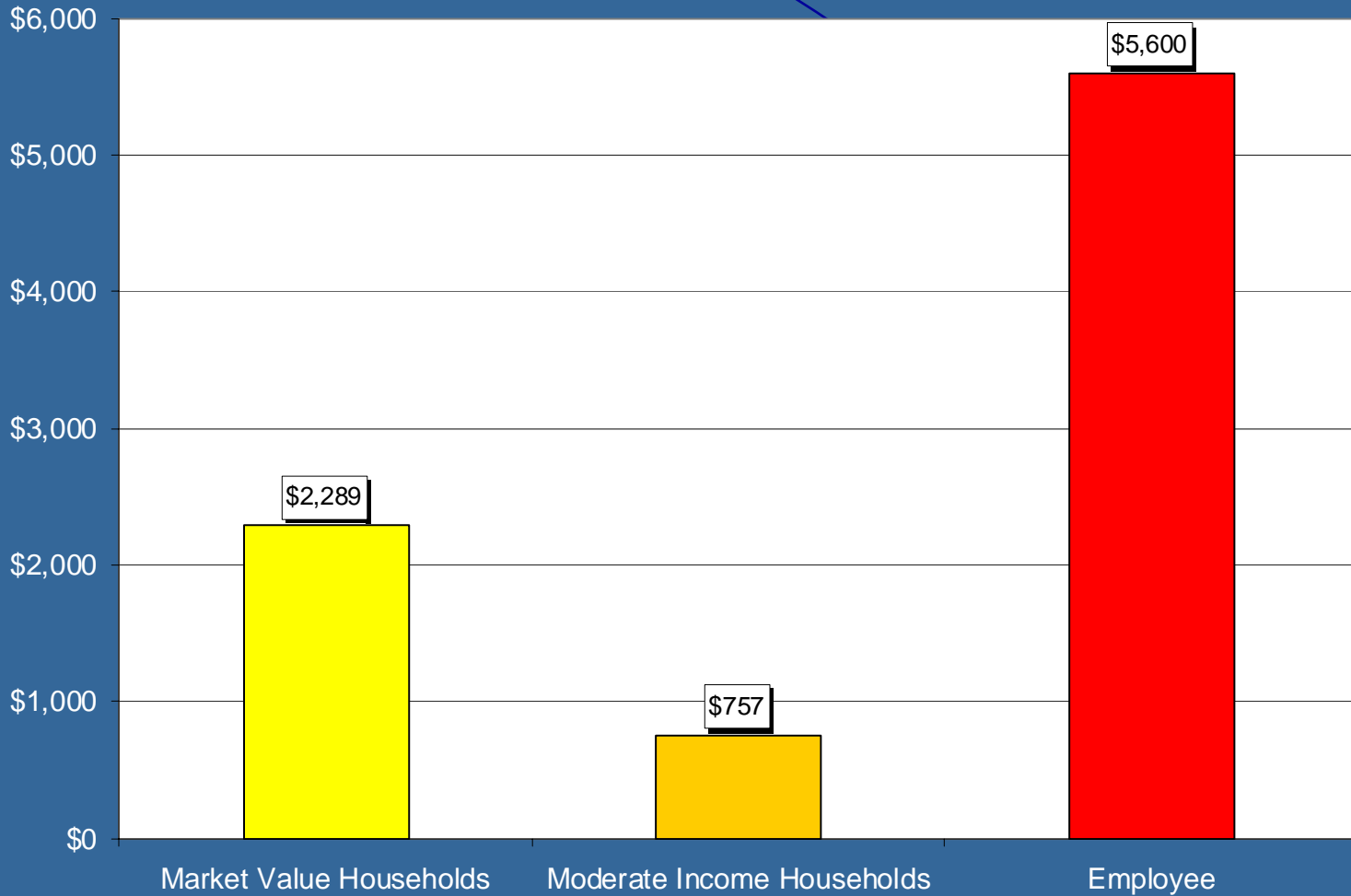
- 25,000 sq ft
- 2 stories
- 145 parking spaces
 - 56 below grade
 - 89 structured (2/3 stories)

(Detailed Analysis)

Annual Retail Sales Impact per New Household / Employee



Annual Sales Impact per 1,000 Square Feet of New Development



Master Plan Realization

Good Shepherd site (2.2 acres)

- 110 residential units (93 market rate, 17 low/moderate income)
- 220 parking spaces (under building)
- 3 mid-rise buildings, 6-10 stories

Infill Office (1.1 acres)

- 25,000 sq ft (2 stories)
- 145 parking spaces (56 below grade, 89 in 2/3 story structure)

Master Plan Realization (cont.)

- **Crescent Apartments site (16.5 acres)**
- **825 units (644 market rate, 181 low/moderate income replacement units)**
- **1,650 parking spaces (under building, 2 to 3 levels & surface)**
- **12-story landmark building**
- **Series of 6 to 10 story buildings, with 3 story at edge of site**

Master Plan Realization (cont.)

- **Remove ASBO / convenience store and enhance access/visibility to waterfront & parking**
- **Mixed use office : RA headquarters, replace ASBO, ground floor service retail (replacement), structured parking**
 - **35,000 sq ft office (2-3 stories)**
 - **5,000 – 10,000 sq ft service retail**
 - **300 structured parking spaces (210 new, 90 replacement)**
 - **New entry way**
 - **Landscaped enhanced surface parking**
 - **Pedestrian linkage to Crescent Apartment site**
- **Capital improvement costs = \$10.7 million**

Master Plan Realization – Estimated Capital Improvement Costs

- **\$4.5 million – Structured parking**
- **\$1.9 million – Acquisition & relocation**
- **\$750,000 – Streetscape enhancements**
- **\$500,000 – Access improvements**
- **\$500,000 – DHCD grants (e.g. signage, repairs, façade improvements)**
- **\$65,000 – Gateway features**
- **\$50,000 – Sidewalk replacement**
- **\$32,500 – Parking lot improvements**

Projected Revitalization Impacts

Summary - Revitalization Impacts

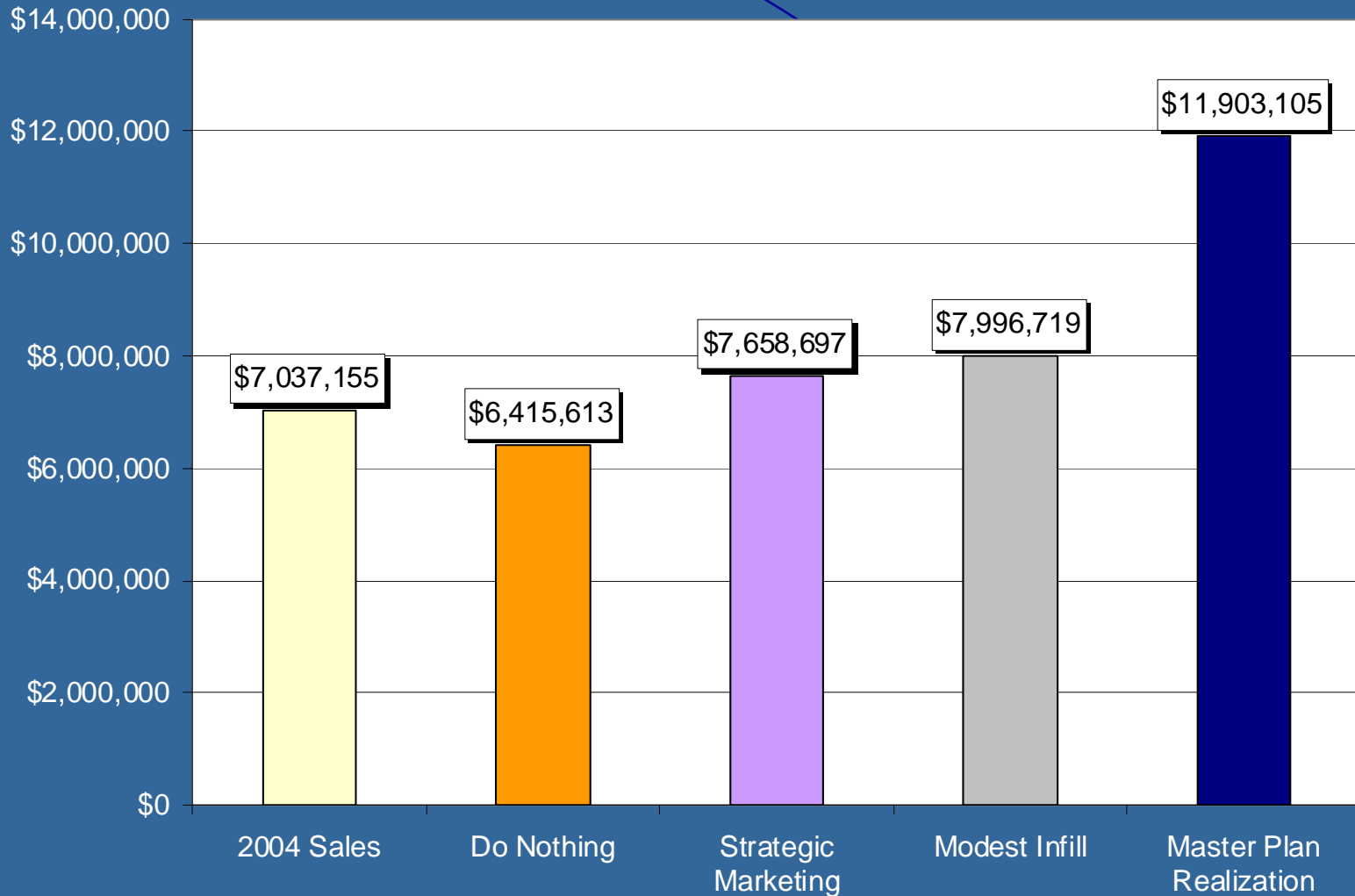
Impact	Do Nothing	Strategic Marketing	Modest Infill	Master Plan Realization
Change in Annual Retail Sales	-\$621,542	\$621,542	\$959,564	\$4,865,950
Percent Change in Annual Retail Sales	-8.8%	8.8%	13.6%	69.1%
Change in Households	0	0	44	754
Annual Cost to County	\$0	\$115,000	\$115,000	\$115,000
County Capital Cost	\$0	\$0	\$1,816,750	\$10,744,500
Annual Incremental County Tax Revenue*	\$0	\$6,215	\$304,752	\$5,227,876
Annual Return on County Capital Investment	NA	NA	10.4%	47.6%

Source: BBP Associates

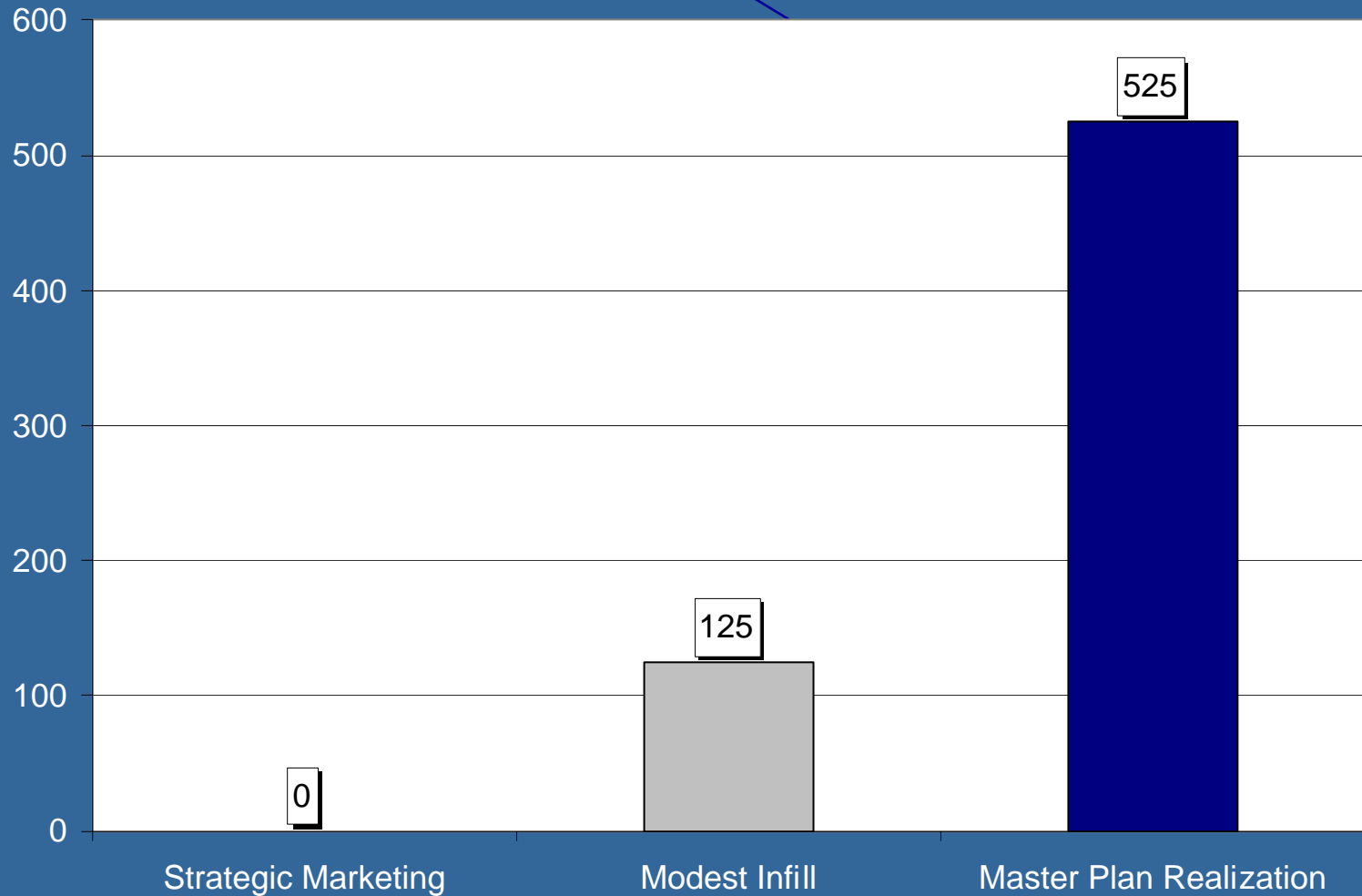
*Net new property tax revenue is for new development only

[\(Detailed Analysis\)](#)

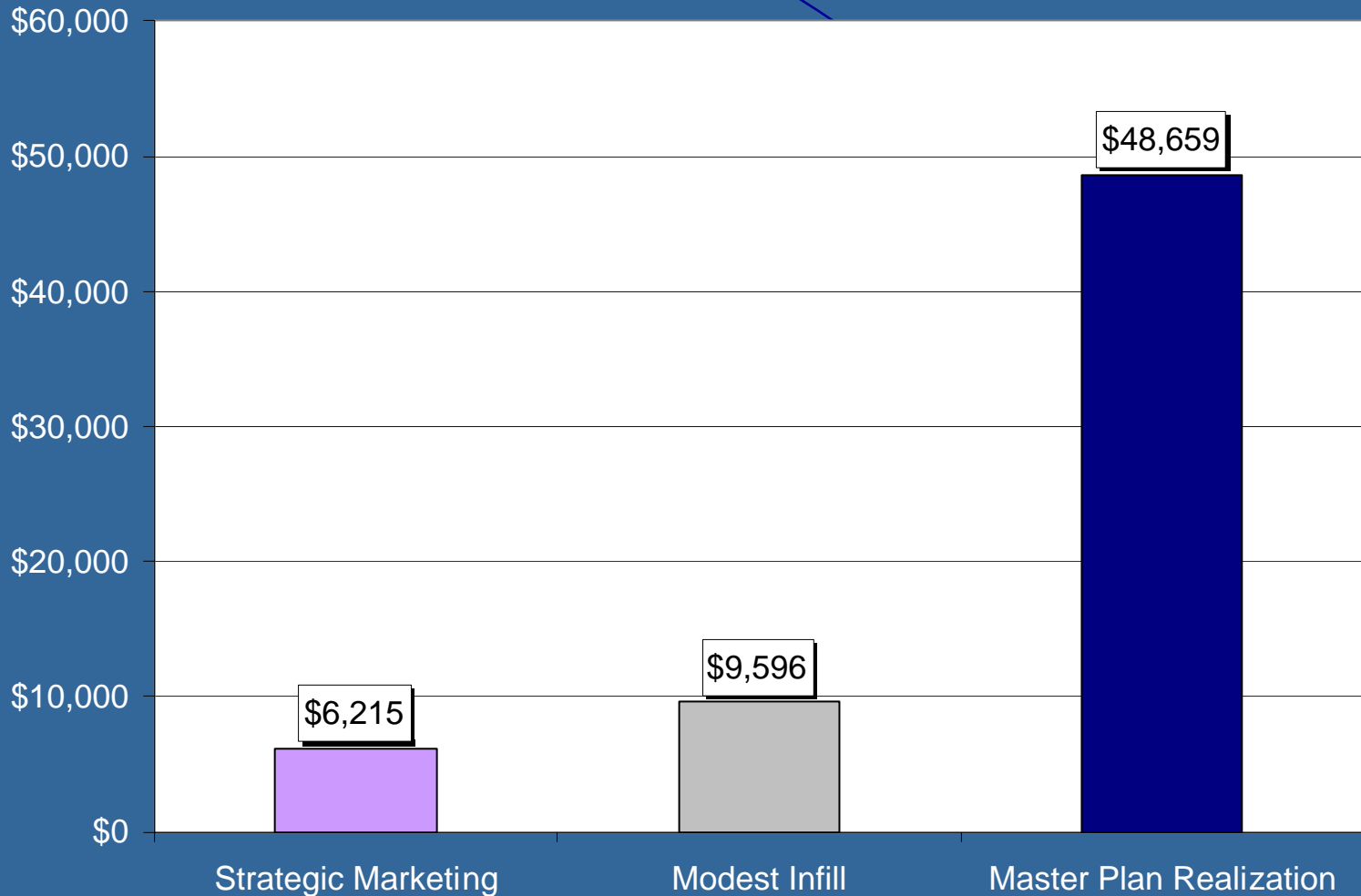
Retail Sales by Revitalization Concept (2004 Constant Dollars)



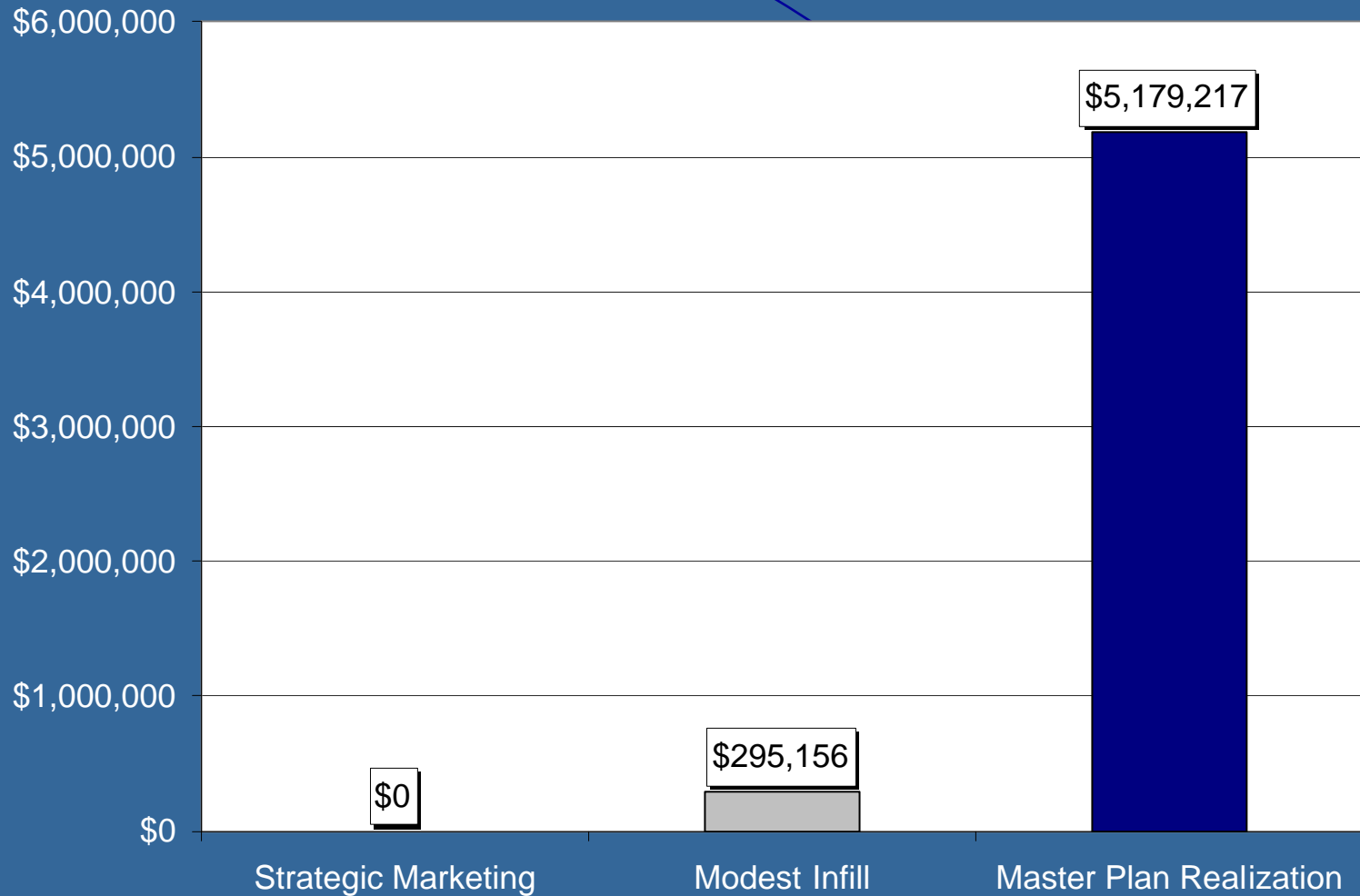
New Permanent Employment by Revitalization Concept



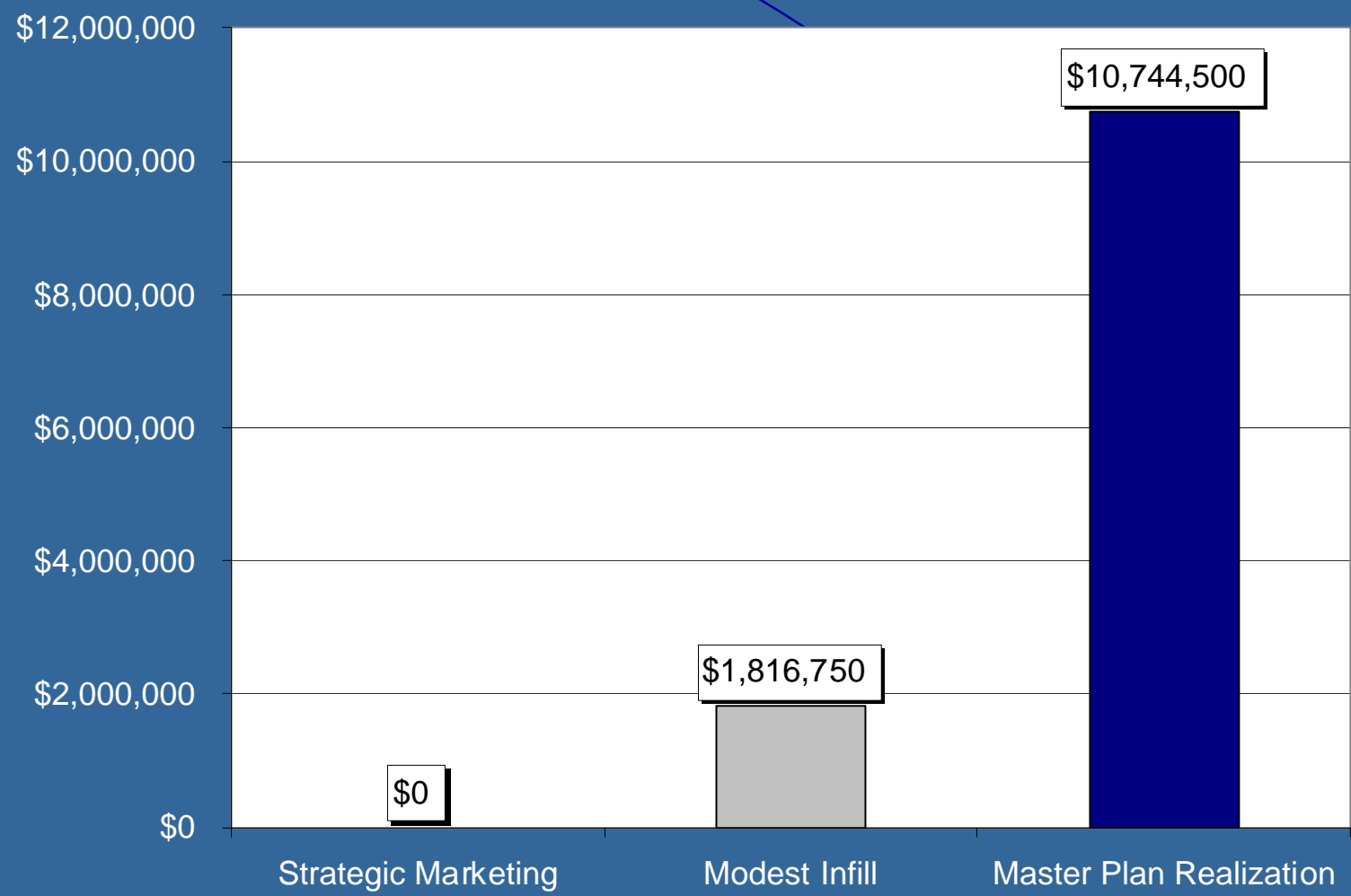
New Retail Sales Tax Revenue by Revitalization Concept



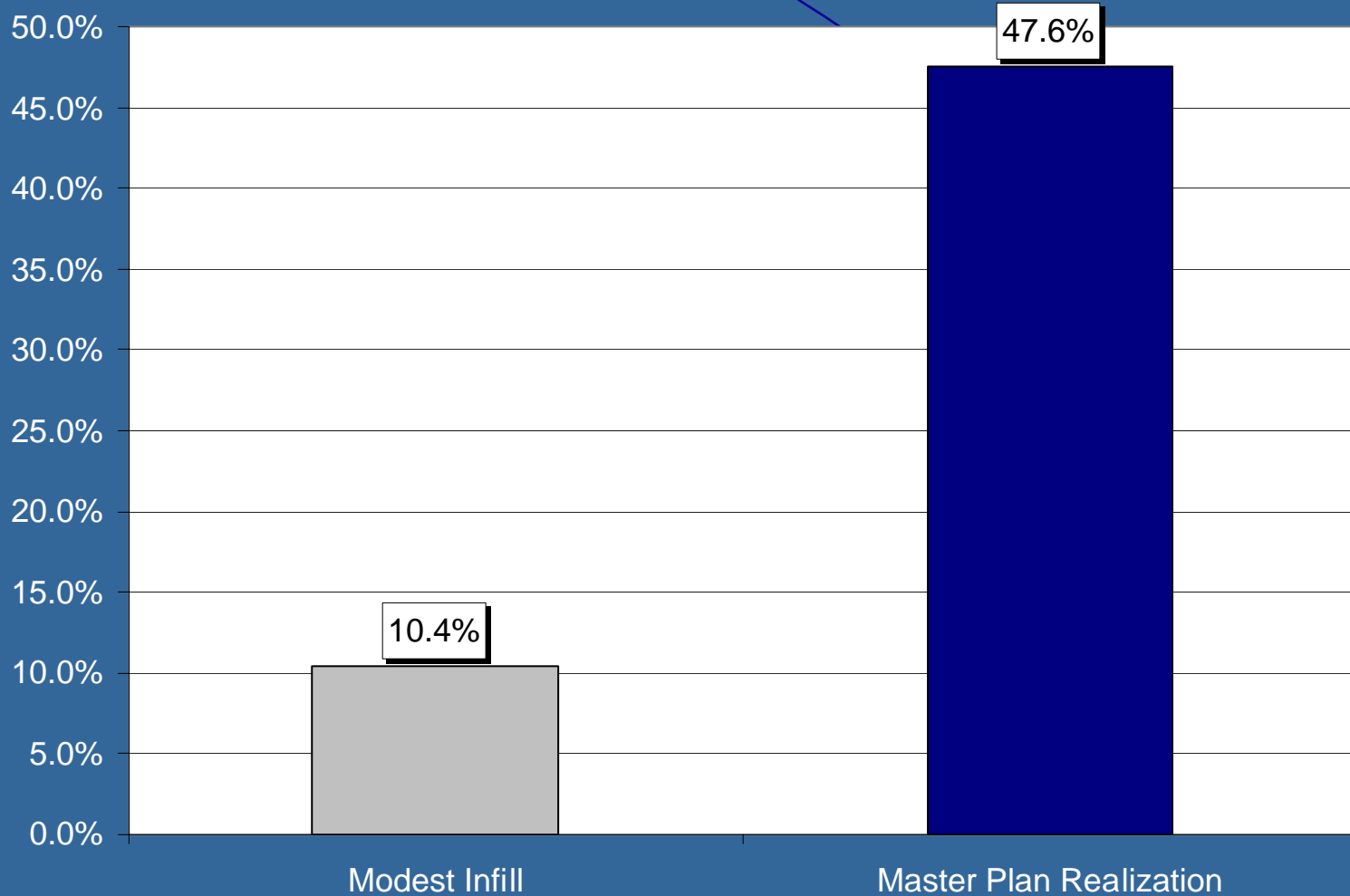
Property Tax Revenue of New Development by Revitalization Concept



Estimated Capital Improvement Costs by Revitalization Concept



Annual Return on Capital Investment (Tax Revenue / Capital Improvement Costs)



Summary

- **Do Nothing continues slow decline**
- **Increasing retail competition**
- **Lack of visibility & access**
- **Deferred maintenance**
- **Convolutated management structure**
- **Opportunity for infill especially residential**

Summary (cont.)

Revitalization concepts

- Marketing & merchandizing
- Organization & funding
- Area infill & development

Next Steps

- **Review findings**
- **Conduct Public Meeting**
- **Initiate charette process**
- **Finalize Implementation Strategies/ Recommendations**
- **Developer Solicitation**

Discussion / Q & A

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