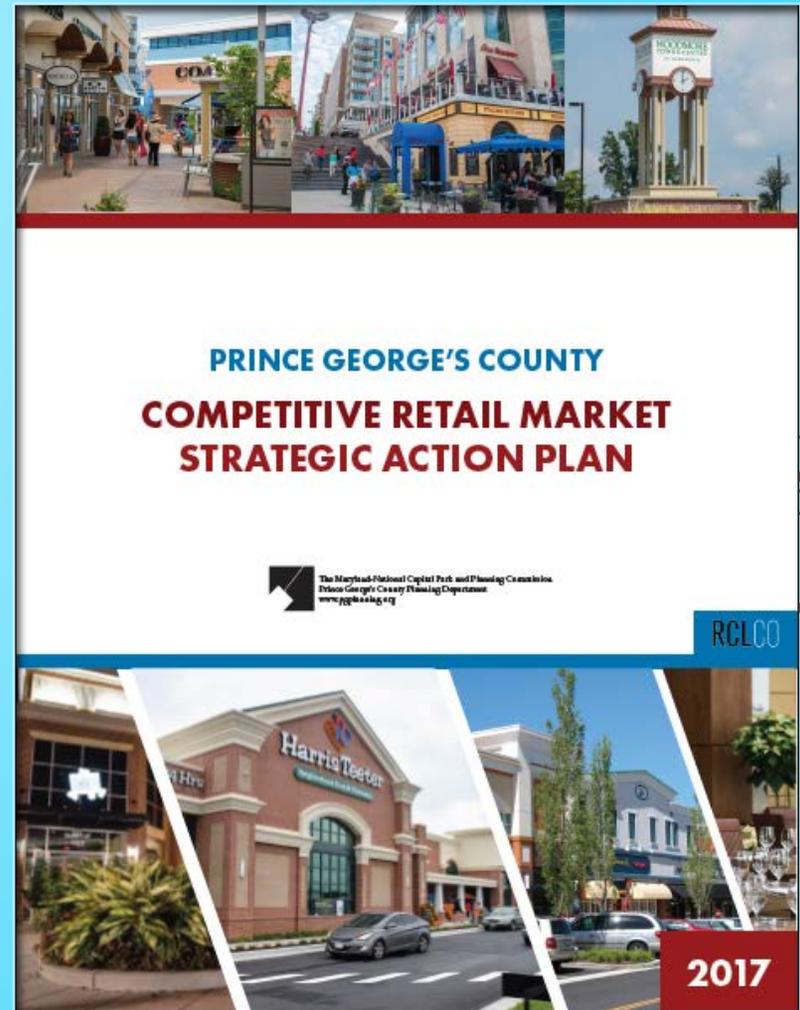


PRINCE GEORGE'S COUNTY COMPETITIVE RETAIL MARKET STRATEGIC ACTION PLAN

Prince George's County Council
Planning, Housing and Economic
Development Committee (PHED)
Briefing
January 17, 2019



The Prince George's County Competitive Retail Market Strategic Action Plan

**Robert Charles Lesser and Company (RCLCO) Real Estate Advisors
The Community Land Use and Economics Group, LLC. (CLUE)**

Prince George's County Retail Strategic Plan Steering Committee

Prince George's County Office of the County Executive

Prince George's County Council

Prince George's County Economic Development Corporation

Prince George's County Department of Housing and Community Development

Prince George's County Redevelopment Authority

Prince George's County Conference & Visitors Bureau, Inc.

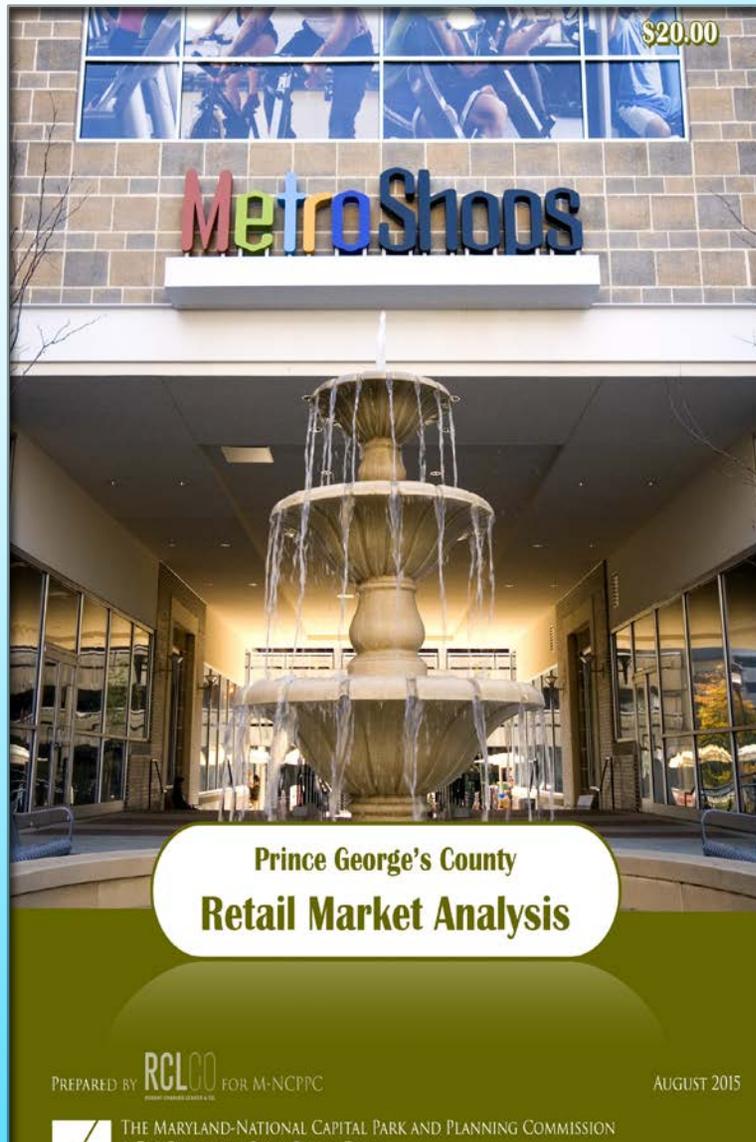
M-NCPPC Prince George's County Planning Department

The Prince George's County Competitive Retail Market Strategic Action Plan



Five-year action plan that includes:

- ✓ Specific policy recommendations
- ✓ Implementation strategies by targeted geographic locations that align with Plan Prince George's 2035 recommendations for guiding future development within the County
- ✓ Rationale and data to support strategies
- ✓ Estimated fiscal and economic impacts of recommended strategies on the County
- ✓ Competitive retail marketing strategy and recruitment techniques to help attract and retain high-quality retailers that complement the County's "Experience! Expand! Explore!" marketing strategy



2015 PRINCE GEORGE'S COUNTY RETAIL MARKET ANALYSIS

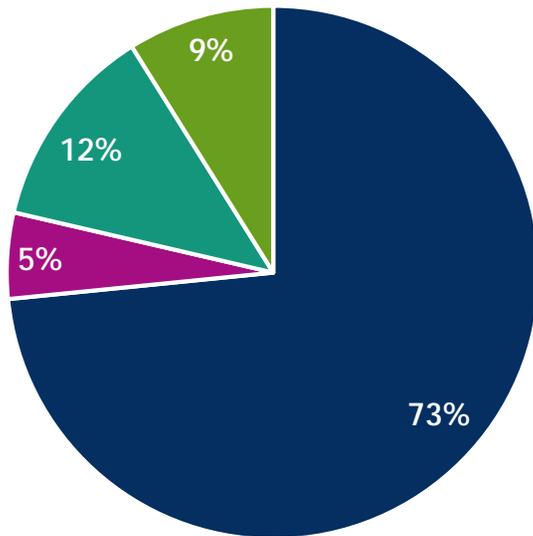
- RCLCO calculates \$8.6 billion of retail demand potential available to the County.
- Spending gap of \$1.4 billion or 20.1 million sf of high-performing retail space.
- Overall, every trade area can support additional high- and mid-quality tenant offerings.
- County is not significantly over-retailed relative to the national or regional average retail square feet per person.
- Challenge for retail pertains to quality more so than quantity.
- Over-supplied with retail at price points for which market demand is thin.
- Under-supplied with higher quality retail for which unmet market demand exists.

http://www.pgplanning.org/Resources/Publications/Retail_Market_Analysis.htm

UNMET RETAIL DEMAND

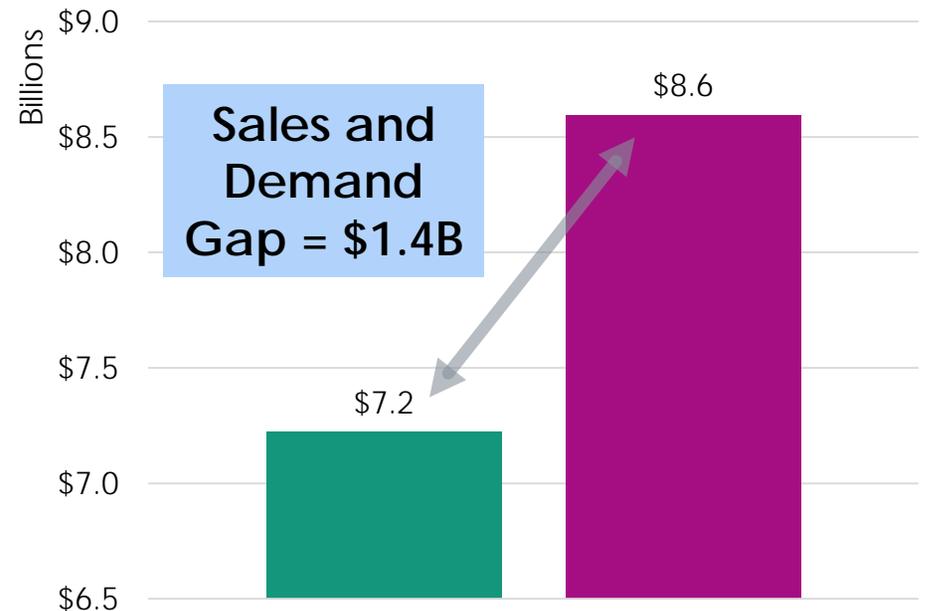
County has Unmet Demand for Higher-quality Retail Fueled by a Strong Middle Class Underserved by Existing Retail.

Distribution of Demand by Consumer Market, 2014



- Households
- Non-Resident Employees
- Visitors
- Outside Capture

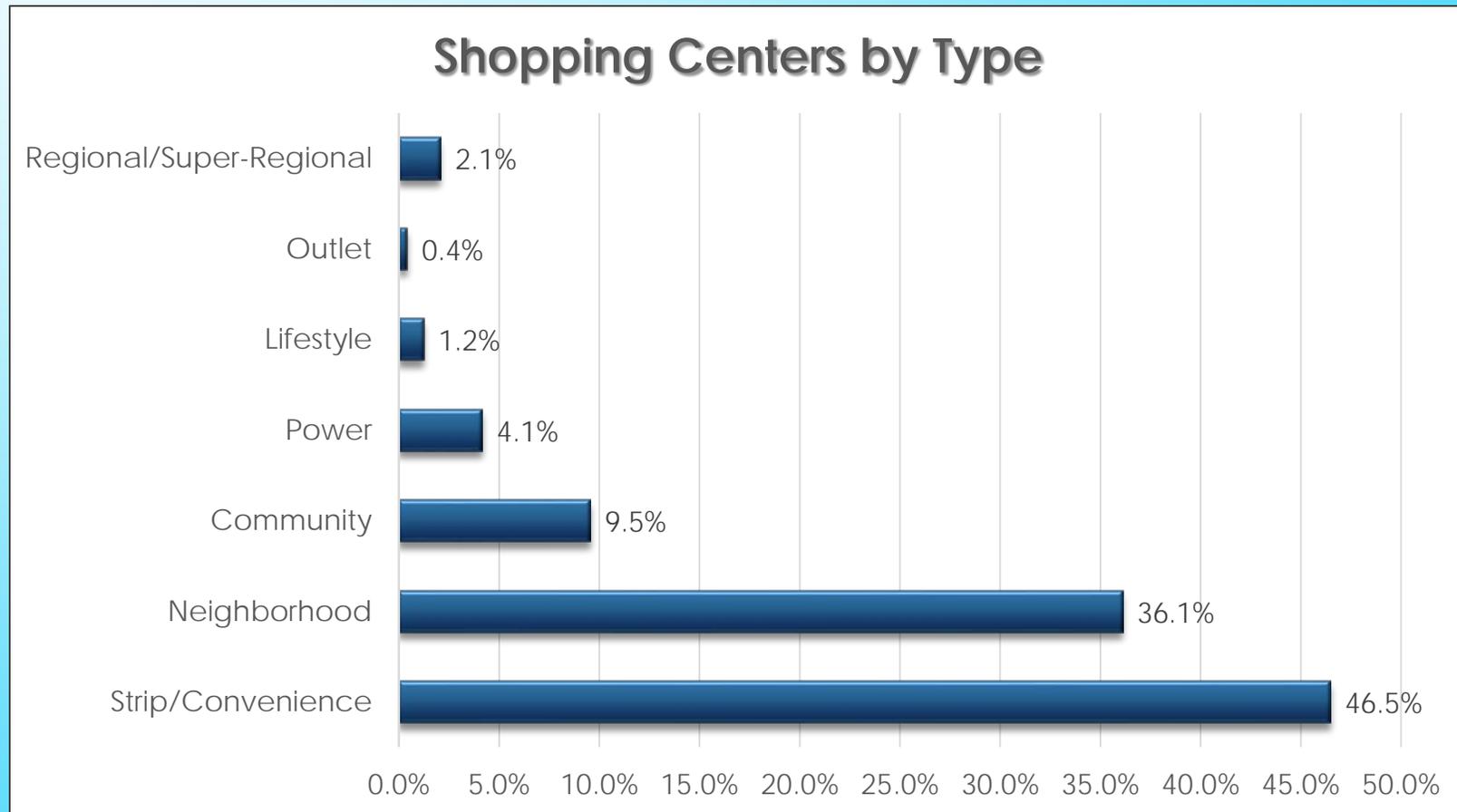
Gap Between Existing Retail and Supply, 2014



- Total Retail Sales Generated incl. Estimated Grocery
- Total Retail Demand

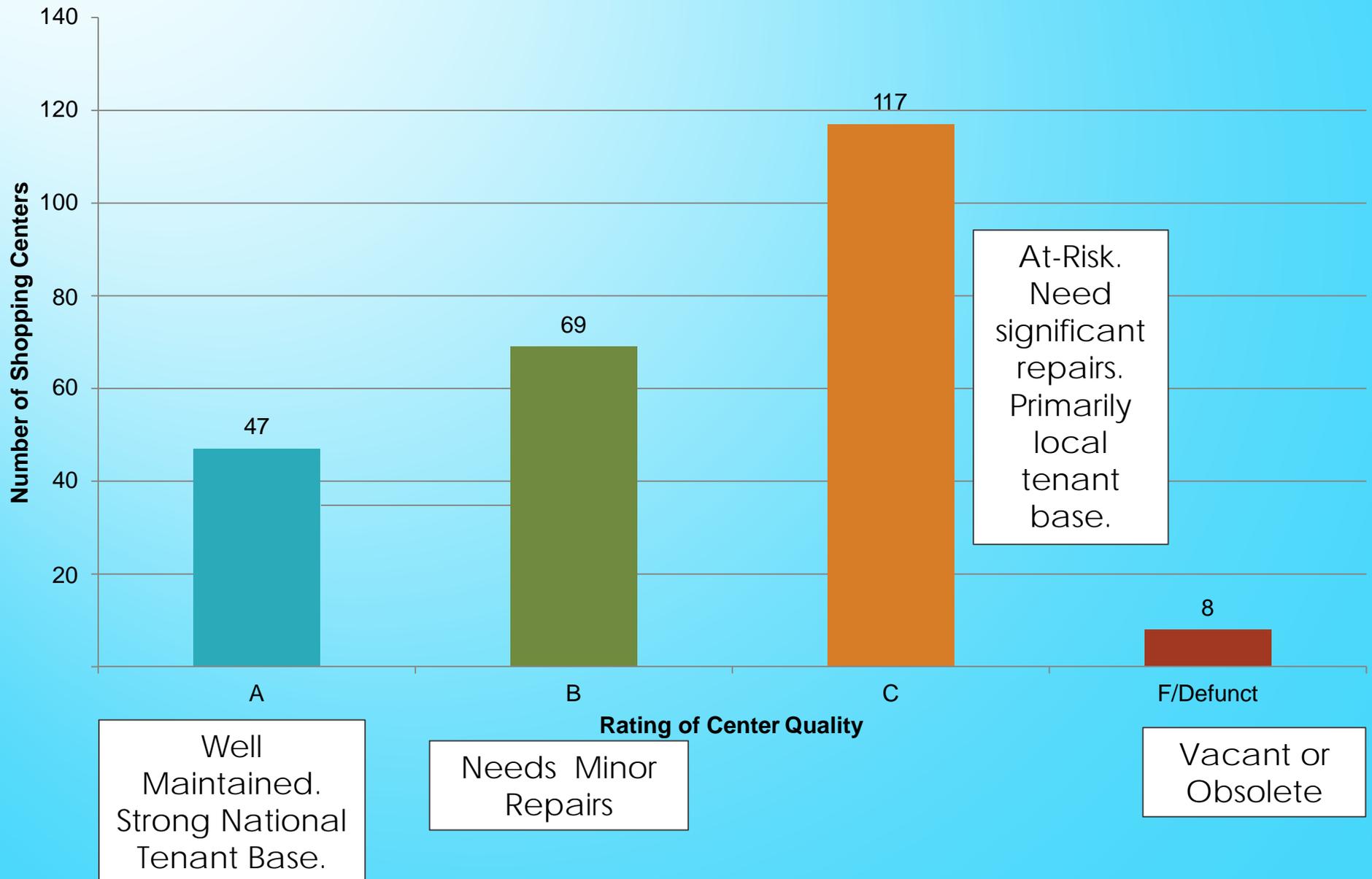
PRINCE GEORGE'S COUNTY RETAIL INVENTORY

Surveyed 241 shopping centers & 10 main streets.
Evaluated quality of tenants, building, vacancy, surrounding land uses,
and other qualitative and quantitative factors.



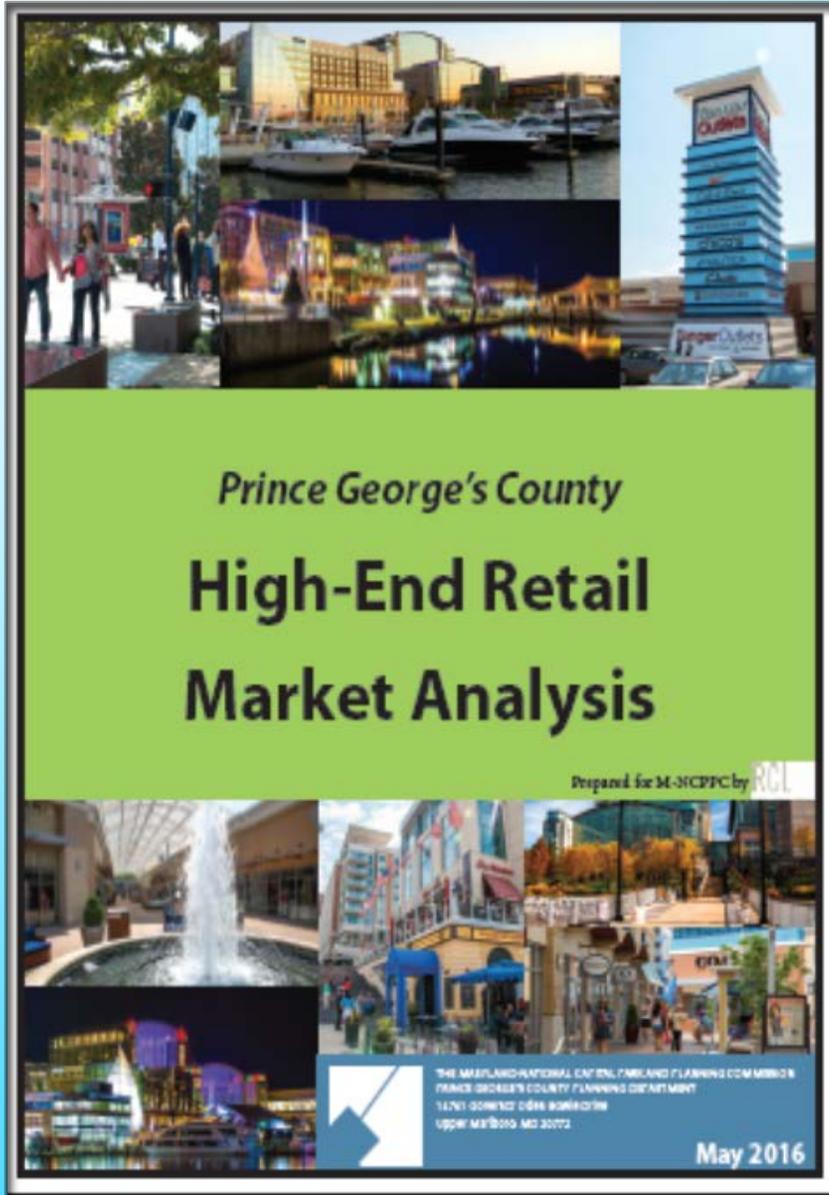
ALMOST 50% OF CENTERS NEED SIGNIFICANT REPAIR VERY FEW ARE COMPLETELY VACANT OR RUN DOWN

New retail centers built since 2006 often cannibalize tenants of older centers.



2016 PRINCE GEORGE'S COUNTY HIGH-END RETAIL MARKET ANALYSIS

- Affluent spending patterns are shifting from spending on luxury goods towards luxury experiences.
- Prince George's County is well-positioned to capture Attainable, Experiential Luxury/high-end retail at the right locations in the near-term. Unlike True Luxury, these retailers are expanding rapidly.
- D.C. region is already well-served by True Luxury retailers.
- High-end, mixed-use development with the potential to attract True Luxury retailers requires long-term vision and commitment (10+ years) and a high-barrier-to-entry market (strong local demographics with little future competition) as critical success factors.

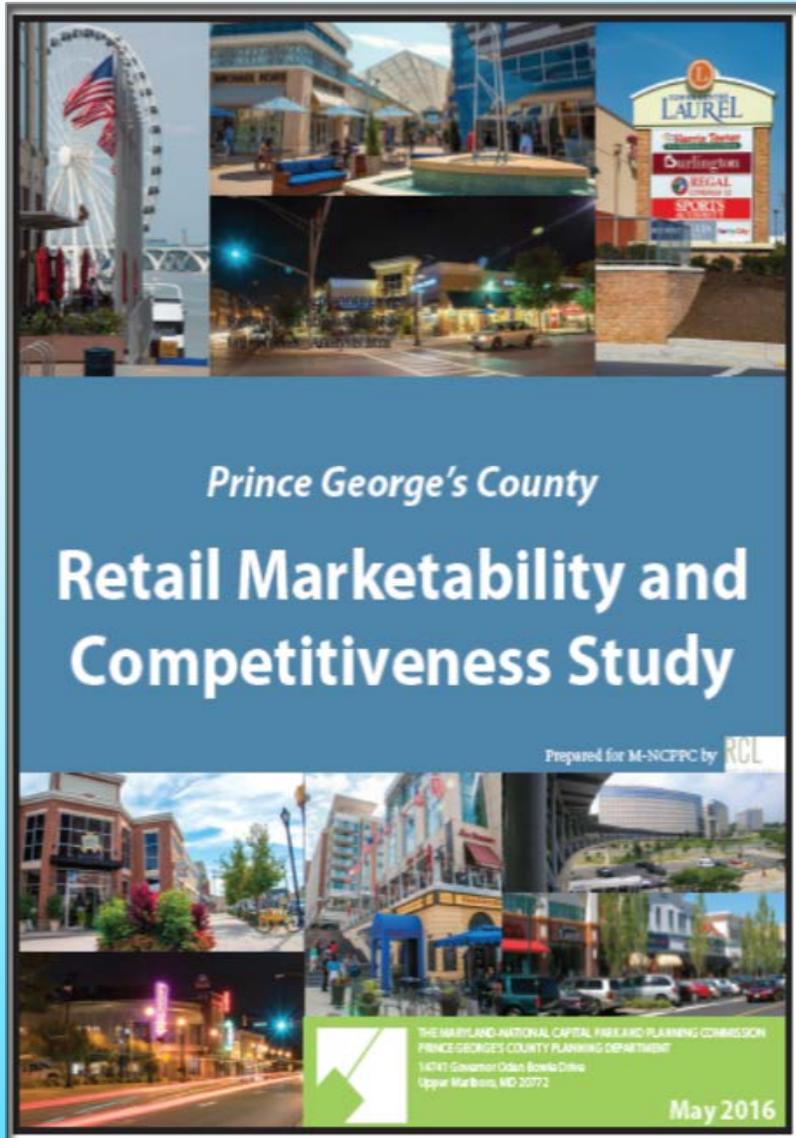


[http://www.mncppcapps.org/planning/Publications/PDFs/312/High-End percent20Retail percent20Deliverable.pdf](http://www.mncppcapps.org/planning/Publications/PDFs/312/High-End%20Retail%20Deliverable.pdf)

WHAT IS LUXURY AND HIGH-END RETAIL?

- ▶ **Luxury:** High-quality, high-status products sold at full retail price. Exclusive products not available at other stores that convey prestige based on brand name. Limited in distribution to 400 or fewer retail outlets in the US.
 - Traditional Examples: **Tiffany's, Prada, Barney's**
 - Customer: Age 25-45, Single, Net worth \$500k+, Income \$150k+
- ▶ **The New Luxury:** Quality, Authenticity, Craftsmanship, Unique – No Longer about the Brand Name. “Functional Luxury.”
 - Customer: “HENRY” – **High Earner Not Rich Yet**, Income \$100-250k, Increasingly Millennials
 - Examples: **Apple, Whole Foods, Sleep Number, Rent the Runway, Uber**
- ▶ **High-end:** Goods or services that appeal to sophisticated and discerning customers, are newer, more advanced, higher in price, of better quality, and usually more expensive. They may be sold directly by the retailer, in a department store, or other quality third-party retailers.
 - Examples: **Nordstrom, Bose, Under Armour, Timberland, Godiva, Guess**
 - Customer: Broader demographic draws from 10 – 15 miles, Income \$75k+

2016 PRINCE GEORGE'S COUNTY RETAIL MARKETABILITY AND COMPETITIVENESS STUDY

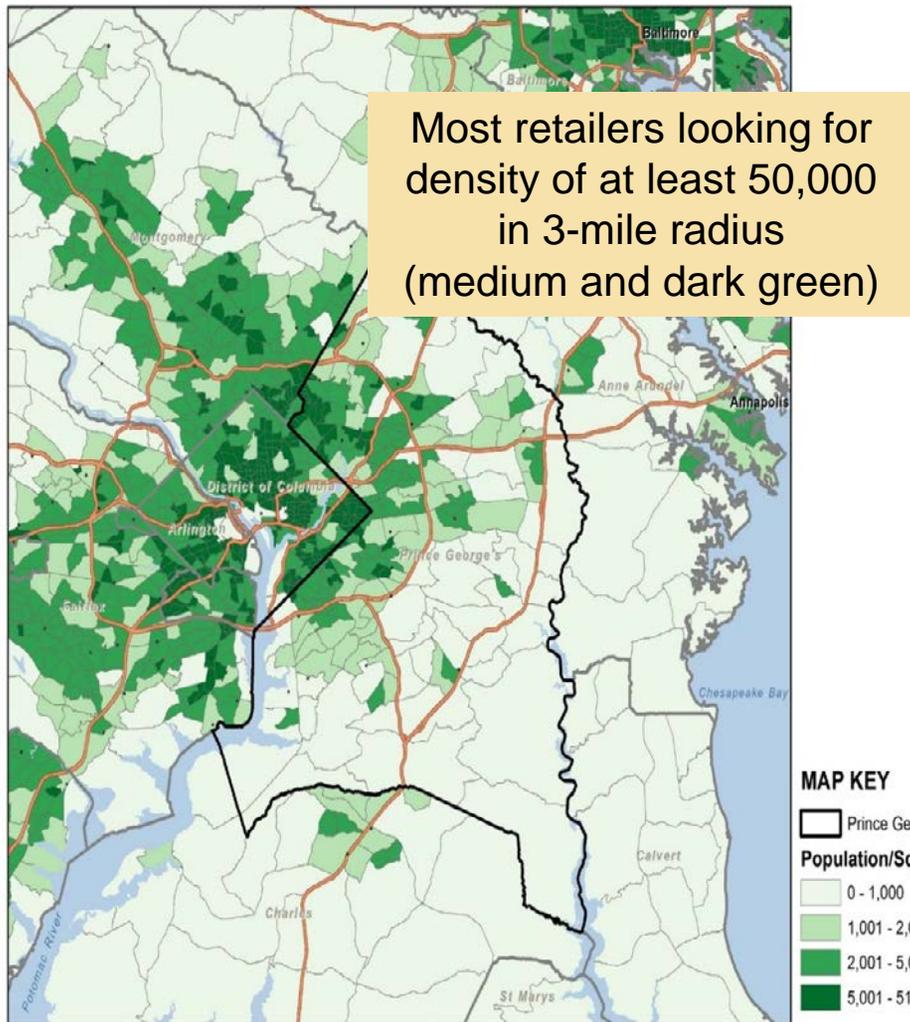


- County has competitive advantages in attracting attainable luxury and high-quality retailers and restaurants.
- Reducing excess supply and adding additional market support from new residential and mixed-use development, along with repurposing or redeveloping the troubled centers will boost the performance of the other centers that remain.
- The attraction of high-quality retail is an important aspect of meeting Prince George's County's economic development goals.

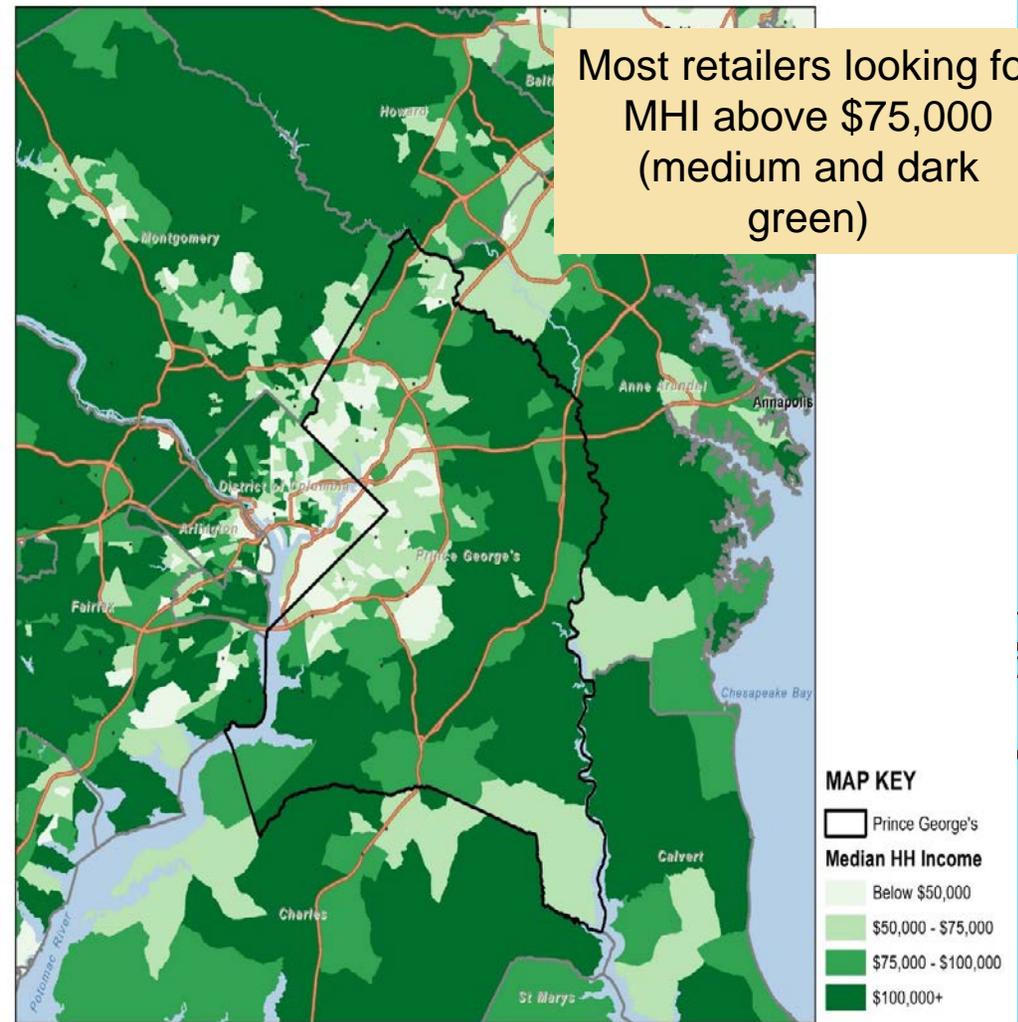
[http://www.mncppcapps.org/planning/Publications/PDFs/311/Retail percent20Marketability percent20Analysis percent20Deliverable.pdf](http://www.mncppcapps.org/planning/Publications/PDFs/311/Retail%20Marketability%20Analysis%20Deliverable.pdf)

LOCATION MARKETABILITY

POPULATION DENSITY

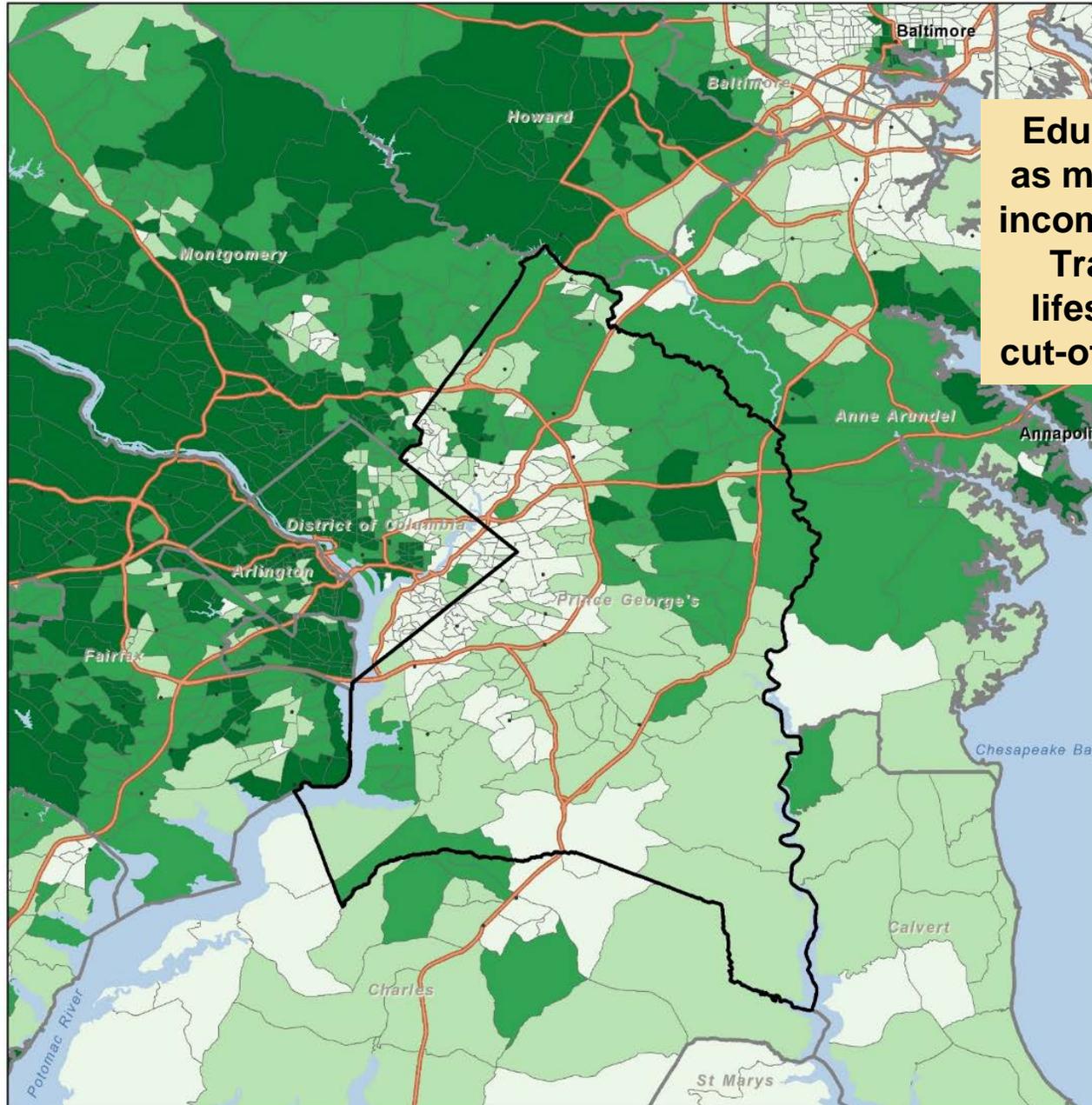


MEDIAN INCOME



Disparity Between Where Above-Average-Household Density is Located and Where Median-Household Incomes are High

LOCATION MARKETABILITY EDUCATION LEVEL



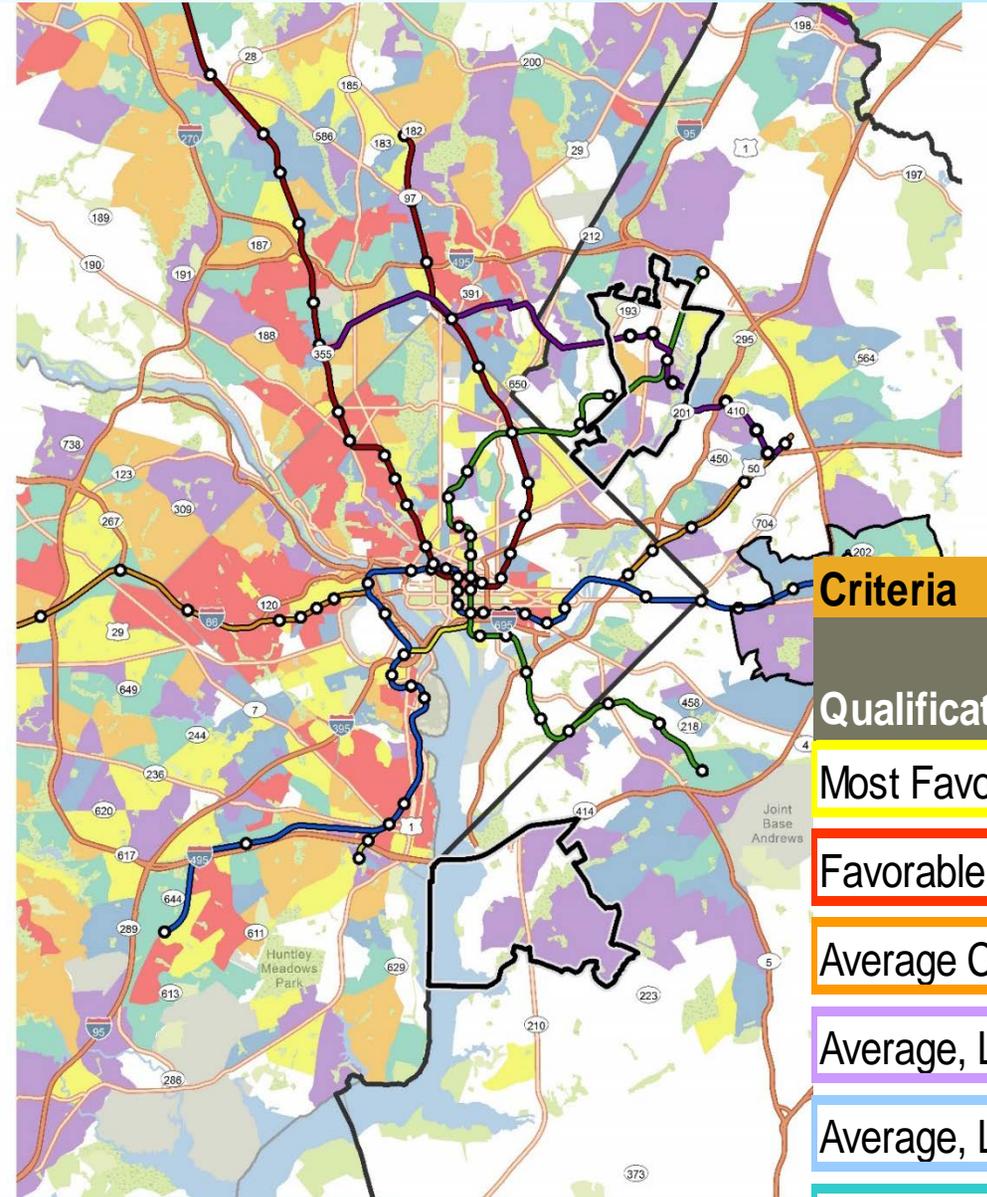
Education levels cited as more important than income by Whole Foods, Trader Joe's, other lifestyle retailers, but cut-off less well-defined.

MAP KEY

- Prince George's
- % Bachelors Degree
 - 0% - 23%
 - 24% - 39%
 - 40% - 59%
 - 60% - 100%

LOCATION MARKETABILITY

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



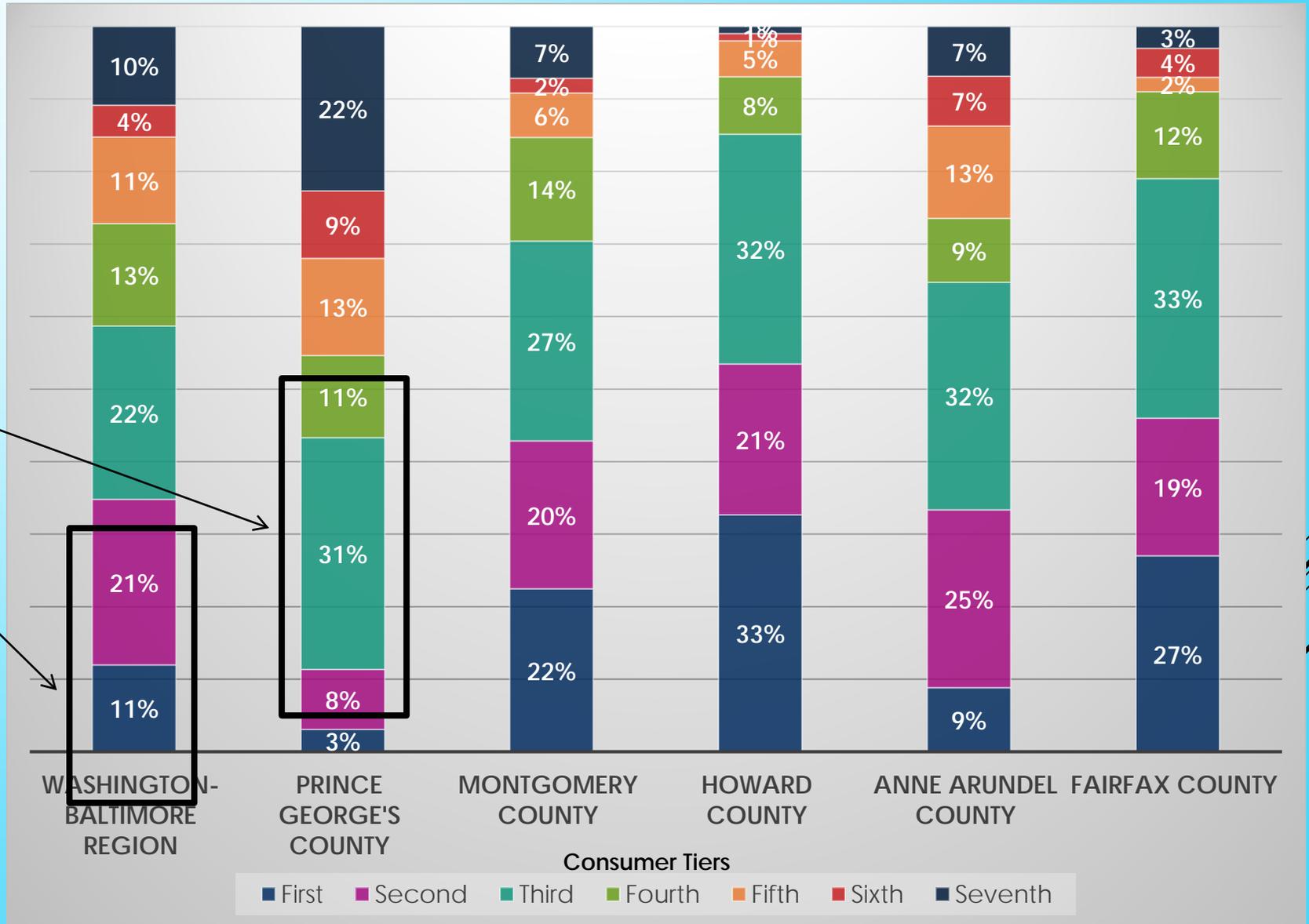
Criteria

Qualification	Median Income	Density	Education %
Most Favorable Conditions	\$100,000	5,000	60%
Favorable, Lower Density	\$100,000	2,000	60%
Average Conditions	\$75,000	2,000	40%
Average, Lower Density	\$75,000	1,500	30%
Average, Lowest Density	\$75,000	1,000	30%
Below Average Conditions	\$60,000	400	30%

REGION EXTREMELY AFFLUENT, BUT COUNTY HAS STRONG UNDERSERVED MIDDLE CLASS

Prince George's top 30-40% of consumers likely underserved by available retail in County

Region and nearby counties have 30-40% of consumers in top spending tiers; County only has 11%



Prince George's County

Dynamic and Growing Robust Economy with

Many Competitive Advantages in Attracting High Quality Retailers and Restaurants



- ✓ Captive affluent residents are currently not well-served.
- ✓ Strong retail market areas located near household density and disposable incomes that could successfully support the actively expanding, attainable, and experiential luxury retail market for premium high quality necessity goods.
- ✓ Key mixed-use and commercial nodes and clusters primed to attract higher-quality development.
- ✓ Areas in the process of adding the household and employment density that will drive retail demand.
- ✓ Growth in the number of young professionals with discretionary incomes and no children that drives demand and enhances the attraction of experiential luxury to the County.

Prince George's County Dynamic and Growing Robust Economy with

Many Competitive Advantages in Attracting High Quality Retailers and Restaurants



- Attraction of attainable luxury retailers, such as Whole Foods, is already occurring in locations such as Riverdale Park Station, the mixed-use projects near UMD, and National Harbor.
- Other areas with demographics that could support this kind of retail include Hyattsville, Bowie, and Westphalia, as housing and office development continues to expand.

PRINCE GEORGE'S COUNTY COMPETITIVE RETAIL MARKET STRATEGIC ACTION PLAN

Plan Prince George's 2035 Implementation

- *Develop a countywide strategic plan for future retail development.*
- *implement its recommendations through the new Zoning Ordinance, master plan process, and public private partnerships with county agencies.*
- *Inventory older commercial areas and shopping centers to identify candidates for potential (re)development and rezoning to accommodate residential infill or other neighborhood-serving uses.*

Empower Retail Business Development Champion

Align Retail Development Planning, Policy, and Investments with Marketability



PRINCE GEORGE'S COUNTY
COMPETITIVE RETAIL MARKET
STRATEGIC ACTION PLAN

Target Retail Development Based on Unique County Attributes

Prioritize Investments to Optimize High-End Retail Attraction

Increase Spending Power Surrounding Targeted Retail Centers

Repurpose or Redevelop Weaker Retail Centers

STRATEGIC ACTION PLAN MATRIX AND TIMELINE

STRATEGIC ACTIONS		IMMEDIATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1.1	Create and fill retail director position						
1.2	Build strategic retail partnerships						
1.3	Develop an interactive economic development toolbox						
2.1	Coordinate development policies, planning, and investments						
2.2	Focus on Areas with existing strong marketability						
2.3	Coordinate land use with retail goals in zoning process						
2.4	Review high density zoning and locations						
2.5	Leverage or request resources from regional agencies						
2.6	Evaluate and identify land uses that would Repurpose Retail						
3	Designate target areas for high-quality retail attraction						
3.1	Evaluate target area vicinity						
3.2	Fund needed transportation improvements						
3.3	Identify and fill gaps in organizations						
3.4	Provide full support for existing small area plans in target areas						
4	Create long lasting, high value places over the long term						
4.1	Pursue high-end tenants.						
4.2	Streamline the entitlement process for high priority retail sites						
4.3	Develop and implement creative strategies						
4.4	Capitalize on emerging growth areas						
4.5	Address disparity between household density, incomes						
5	Repurpose or redevelop weaker retail centers with other uses						
5.1	Assess low quality centers to identify for retail, repurposing						
5.2	Revitalize troubled centers						
5.3	Repurpose distressed or failing retail centers to non-retail						
5.4	Partner with property owners to facility redevelopment						
6	Strengthen targeted trade areas with other uses						
6.1	Identify and support needs in markets						
6.2	Monitor neighborhoods surrounding stable centers						
6.3	Stimulate local business development to building tenant base						
6.4	Build on the County's healthy and stable centers and corridors						

Legend	
Lead Agency	
	Economic Development Corporation (EDC) [Includes Office of the County Executive]
	Retail Implementation Director (Retail Director)
	Prince George's County Council (CC)
	M-NCPPC Prince George's County Planning Department (Planning)
	Redevelopment Authority (RA)
	Department of Public Works and Transportation (DPW&T)
Co-Leads or Partners	
Prince George's County Office of the County Executive (CEX)	
Department of Permitting, Inspections and Enforcement (DPIE)	
Municipalities	
Prince George's County MD Conference & Visitors Bureau (PGCVB)	
Prince George's County Department of Housing and Community Development (DHCD)	

EMPOWERED RETAIL BUSINESS DEVELOPMENT STRATEGIST AND CHAMPION

Opportunity 1

Expand and maintain knowledge of local retail properties and centralize available resources within a new position.

This high-level director will spearhead the strategic implementation of the Retail Strategic Action Plan, Marketing Strategy, and related initiatives. Based on economic development, commercial real estate planning, investment, marketing, management, policy implementation, and public-private partnership expertise, the person in this role will help coordinate input from relevant stakeholders and agencies. The retail director will also provide feedback on County planning and zoning policy, development, investment, and other decisions that may directly impact retail market opportunities.



ALIGN RETAIL DEVELOPMENT POLICY, PLANNING, AND INVESTMENTS WITH MARKETABILITY

Opportunity 2

Create places that support the location and demographic factors to enhance County marketability over the long term.

Retailers need strong demographics to succeed and the County should focus its retail efforts where priorities will align with strong marketability. Marketability is based on a combination of demographic and location characteristics that retailers look for when they choose where to locate, these include population density, incomes, education levels, transportation access, visibility, and daytime employment.¹

¹ Additional detail on how retailers apply these criteria is further discussed in RCLCO's 2016 *Prince George's County Retail Marketability and Competitiveness Study*.
https://issuu.com/mmcppc/docs/retail_marketability_analysis_deliv



TARGET RETAIL DEVELOPMENT BASED ON UNIQUE COUNTY ATTRIBUTES

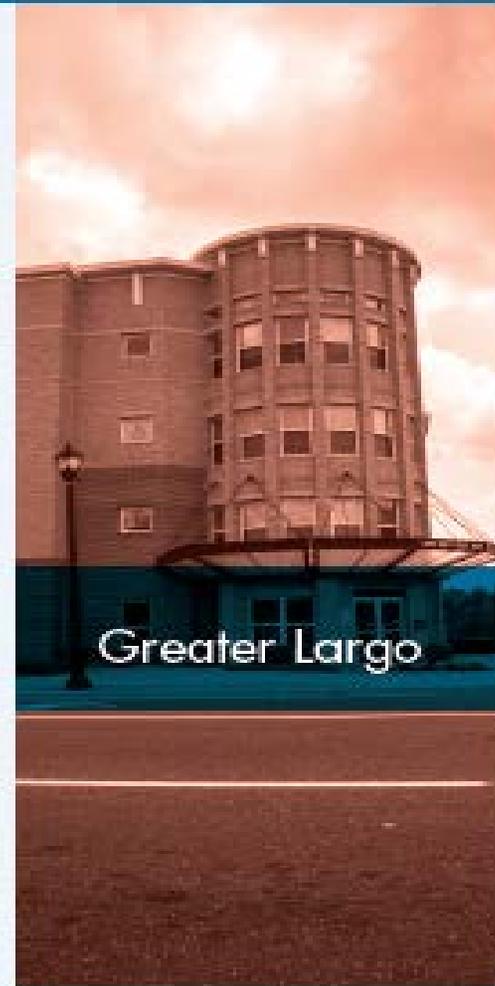
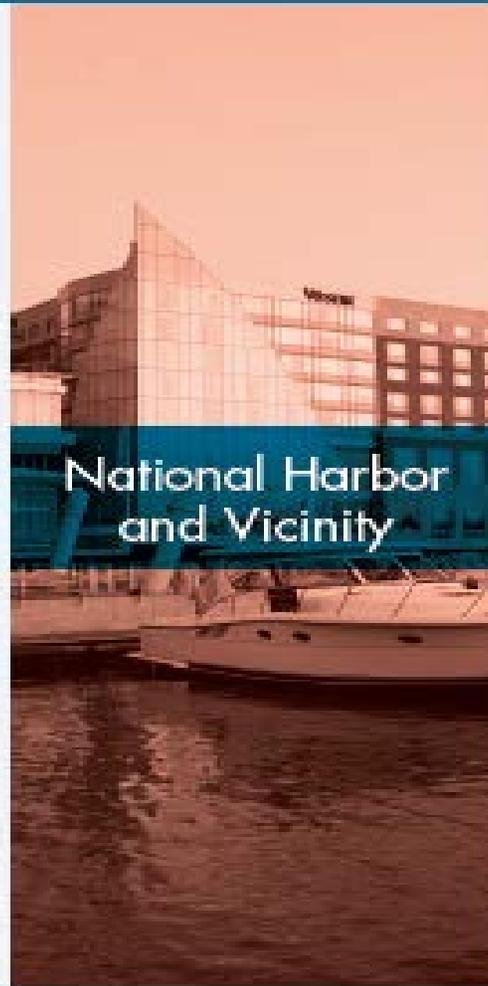
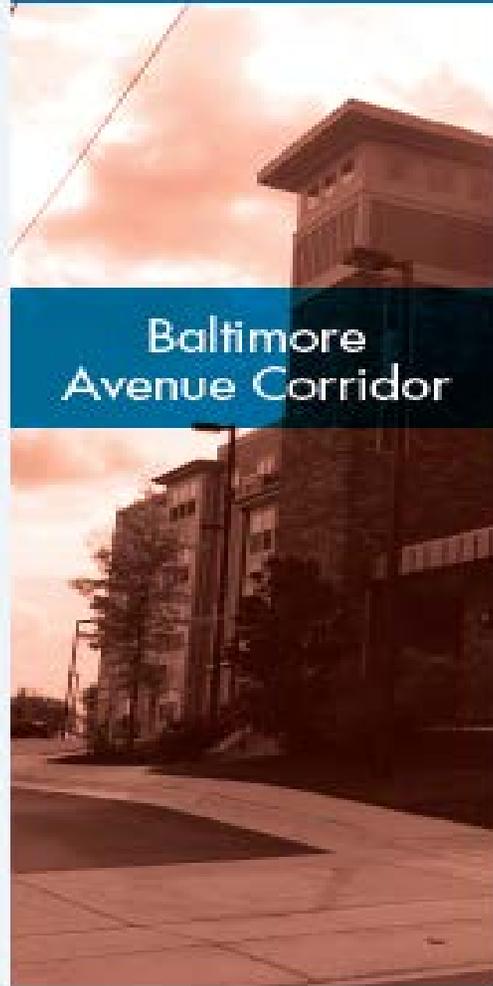
Opportunity 3

Focus on the three areas, Baltimore Avenue, Greater Largo, and National Harbor, with the strongest marketability today to attract the upscale retailers that the County desires and its current and future residents and employees will demand.

Prince George's County's competitive advantages for attracting attainable luxury and high-quality retailers and restaurants to the County include a market that is rife with captive affluent residents that are underserved, strong retail market areas located near household density and disposable incomes that are successfully supporting retail centers, key mixed-use and commercial nodes and clusters primed to attract higher-quality development, and areas in the process of adding the higher income household and employment density that will further drive retail demand. These areas could support the actively expanding "attainable luxury" tenants whose business model is based on the wide market appeal of high-quality, premium-necessity goods.



TARGET AREAS AND POSITIONING

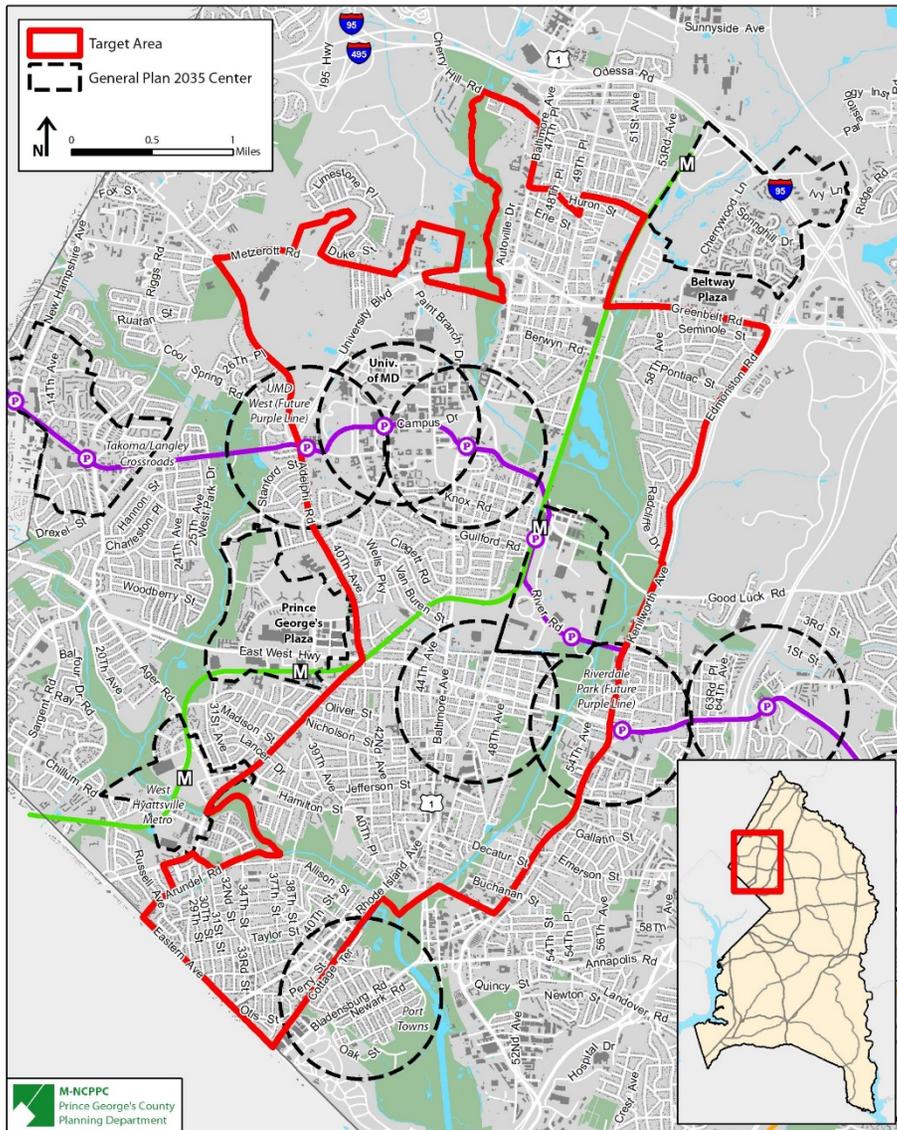


Plan Prince George's 2035 policy recommendations for guiding future growth align retail development policy and planning with marketability.

In accordance with Plan Prince George's 2035, the target areas provide a diverse mix of land uses in high-density, vibrant, and transit-rich Regional Transit Districts that have the capacity to become major economic generators.

Baltimore Avenue Corridor between Mt. Rainier and University of Maryland College Park (UMD) and Prince George's Plaza TOD Area

Baltimore Avenue Target Area

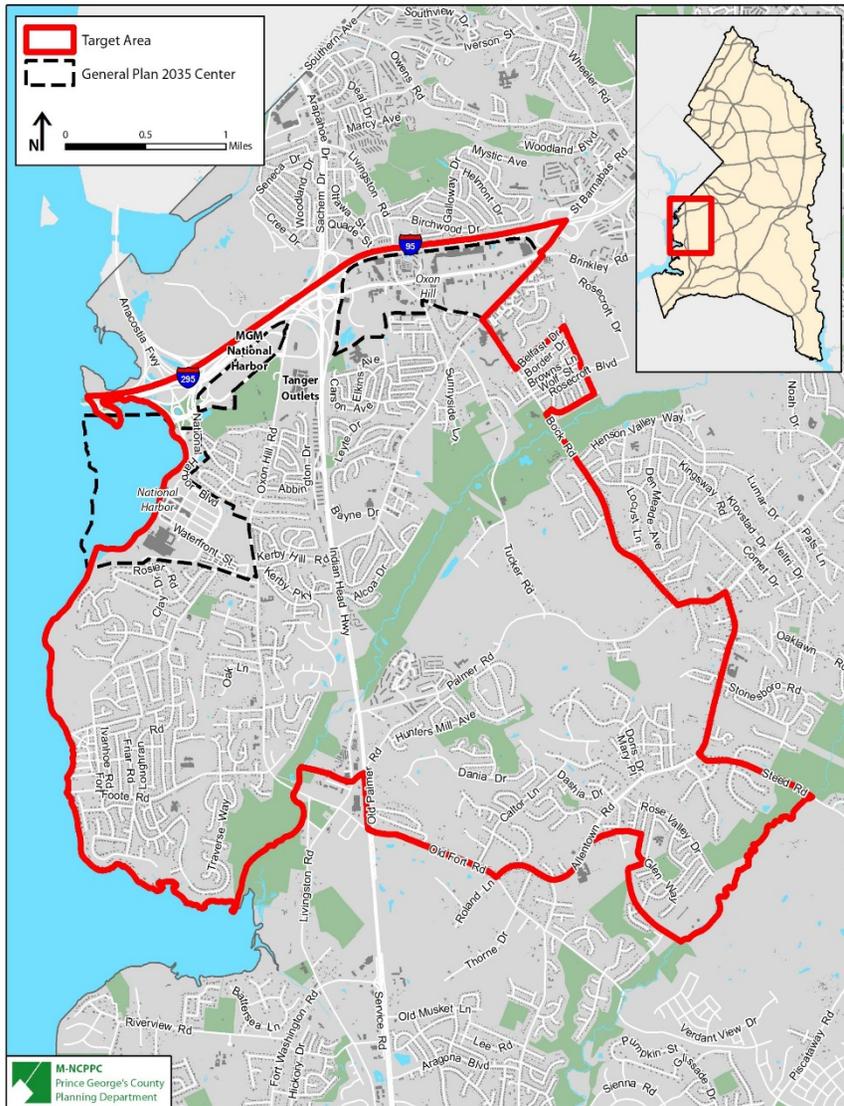


Retail in the Baltimore Avenue Corridor is expected to continue to grow and improve. The market is actively responding to pent-up demand and uncaptured spending potential in this area.



National Harbor

National Harbor Target Area

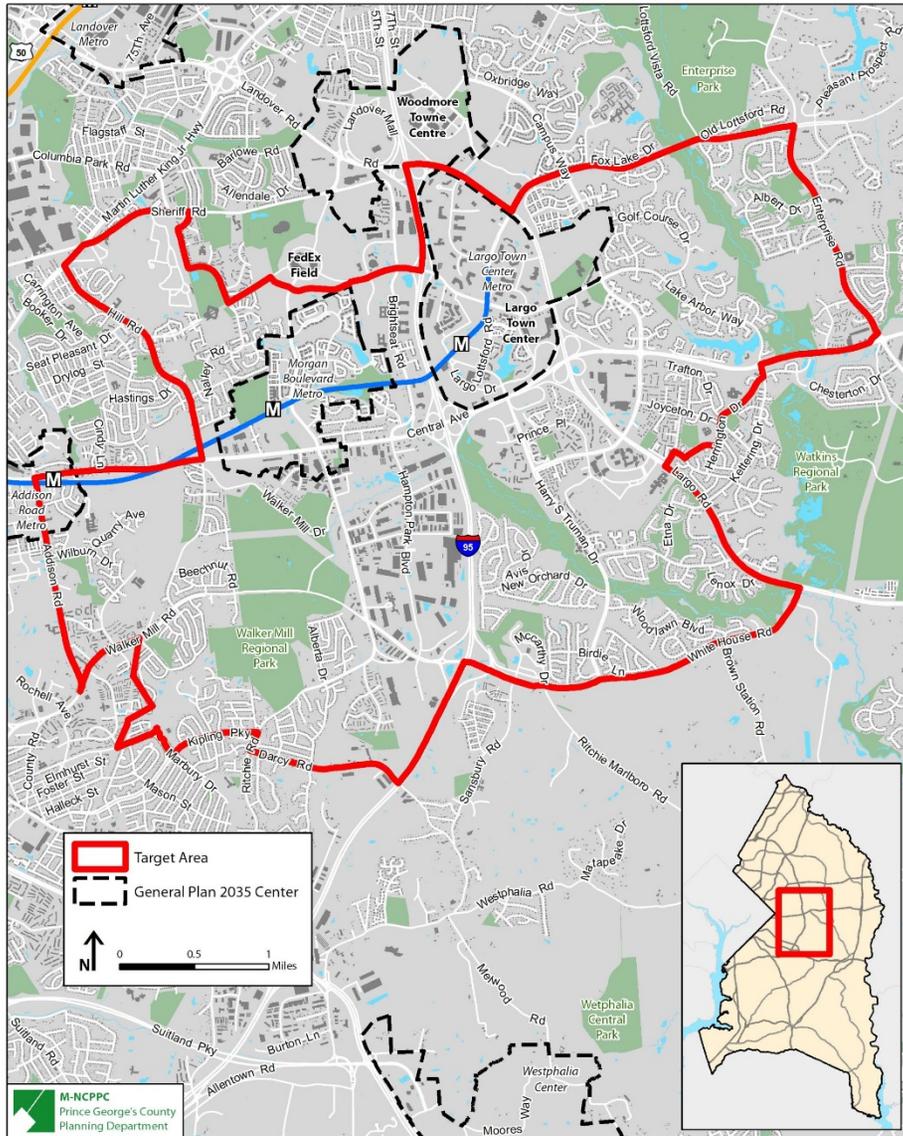


National Harbor Destination Location has been successful in attracting higher-quality retail and restaurants. Targeting Name-brand restaurants, large entertainment venues, specialty/experiential retail (ex: American Girl, Disney), high-end personal care services.



Greater Largo

Greater Largo Target Area



Greater Largo has key nodes and submarket clusters primed for attracting higher quality “attainable luxury” tenants. Prince George’s County Regional Medical Center will provide the critical anchor for a walkable medical district near the Largo Metro station that includes redeveloped retail.



PRIORITIZE INVESTMENTS TO SEED FUTURE LOCATIONS TO ATTRACT HIGH-END RETAIL OVER THE LONG TERM



Opportunity 4

Create long lasting, high value places to support high-end retail over the long-term by prioritizing the investments and physical improvements that will enhance existing strong retail destinations.

Create long-lasting, high-value places to support high-end retail over the long-term by prioritizing the investments and physical improvements that will enhance existing strong retail destinations. Create walkable places that include transit options and are settings that attract restaurants, entertainment, and retail activity. High-end retailers prefer to locate in vibrant, unique lifestyle centers and town center-type locations. Generally, these centers must be mixed-use, walkable, and compelling environments.

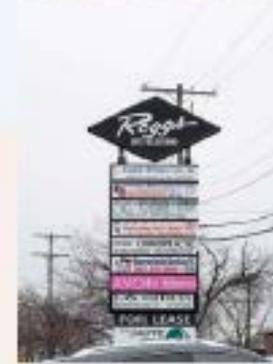


REPURPOSE OR REDEVELOP WEAKER RETAIL CENTERS

Opportunity 5

Many shopping centers are no longer viable for retail uses and the County should evaluate and incentivize owners to convert these properties to other uses with stronger market potential.

Prince George's County has a number of corridors and shopping centers that are at risk of failing. Reducing excess retail supply by repurposing or redeveloping the troubled centers will boost the performance and retail market competitiveness of the centers that remain and position them to better serve local market demand.



Distressed Shopping Centers Evaluation

Twelve Characteristics In Two Broad Categories

I. MARKET POTENTIAL

Characteristics related to the potential commercial strength of a shopping center site and the ability of businesses to succeed there—factors like a steady flow of cars or pedestrians passing by, and proximity to retail magnets.

- ✓ Unmet retail market demand
- ✓ Presence of a strong captive market
- ✓ Presence of a strong drive-by market
- ✓ Proximity to strong retail and/or dining magnets
- ✓ Healthy occupancy rate
- ✓ Positive public image

II. SITE CONDITIONS

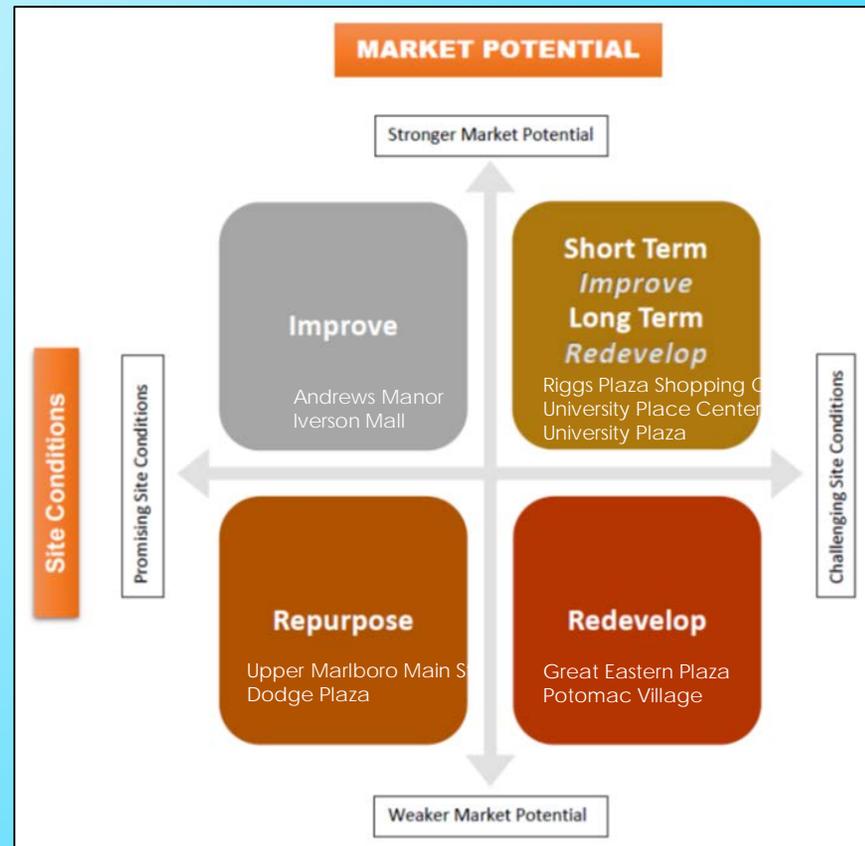
Characteristics related to the physical suitability of a shopping center site for commercial development and business success—factors like accessibility, attractiveness, and environmental health.

- ✓ Proximity to public transit
- ✓ Good visibility
- ✓ Attractiveness of the shopping center
- ✓ Attractiveness of the overall environment
- ✓ Environmental health (e.g., presence of environmental hazards)
- ✓ Property owner interest in making improvements

CASE STUDIES REUSE AND REDEVELOPMENT POSSIBILITIES

9 Case Studies

- ▶ Iverson Mall
- ▶ Dodge Plaza
- ▶ Riggs Plaza Shopping Center
- ▶ University Place
- ▶ University Plaza West
- ▶ Great Eastern Plaza
- ▶ Andrews Manor
- ▶ Upper Marlboro Main Street
- ▶ Potomac Village



INCREASE SPENDING POWER SURROUNDING TARGETED RETAIL CENTERS



Opportunity 6

Maintain healthy and stable retail centers by strengthening the surrounding market with other uses such as housing and office employment that will increase the spending power of the retail trade area.

Strengthening the market surrounding healthy and stable retail centers with high quality, dense housing and office employment will increase the spending power of target areas and lay the ground work for attracting higher-quality retail.



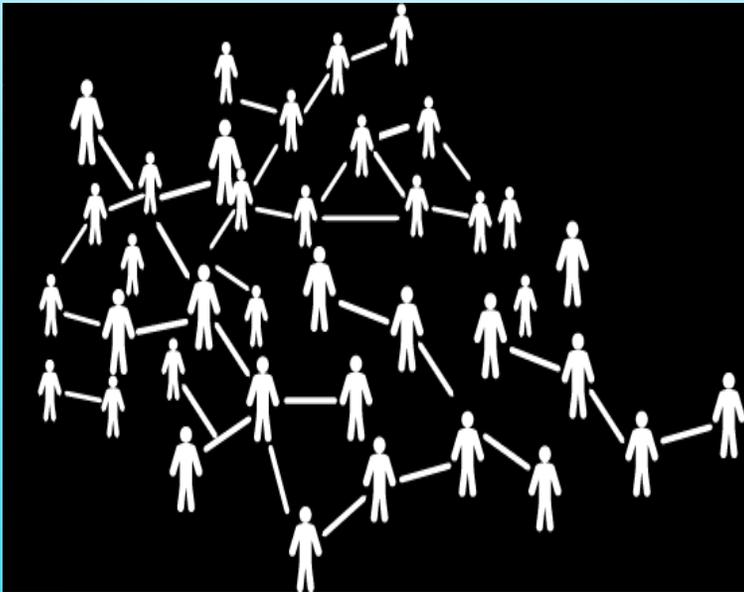
PRINCE GEORGE'S COUNTY COMPETITIVE RETAIL MARKETING STRATEGY

Prince
George's
county

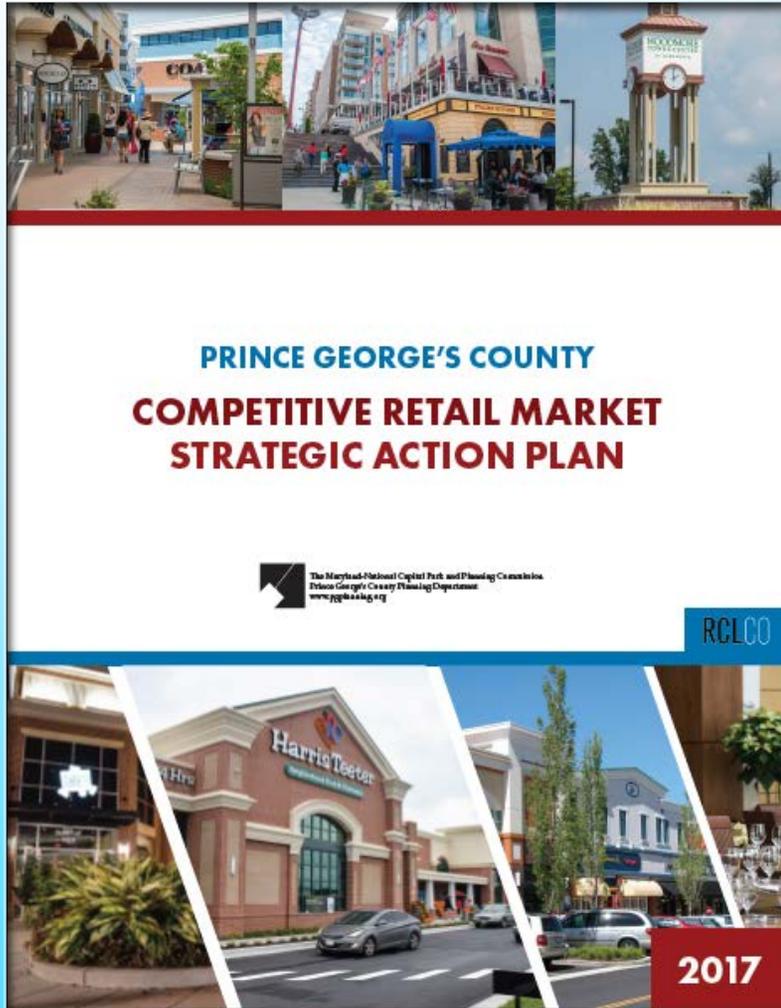
MARYLAND



experience
expand
explore



- Leverage existing County marketing efforts
- Promote doing business in Prince George's County
- Tell a clear, data-driven story about the County's growth and success of major retailers that have opened here
- Target "attainable luxury" retailers
- Expand outreach & message to key stakeholders



Links to Prince George's County Retail Publications:

http://mncppcapps.org/planning/publications/Books.cfm?name=retail&category_id=&pricemin=&pricemax=&Pubs_year=All&x=43&y=27

Prince George's Competitive Retail Market Strategic Action Plan

<http://mncppcapps.org/planning/publications/PDFs/327/CRMSAP%20WEB1.pdf>

Prince George's County Retail Market Analysis

http://mncppcapps.org/planning/publications/BookDetail.cfm?item_id=298&Category_id=2

Prince George's County Retail Marketability and Competitiveness Study

http://mncppcapps.org/planning/publications/BookDetail.cfm?item_id=311&Category_id=2

Prince George's County High-End Retail Market Analysis

http://mncppcapps.org/planning/publications/BookDetail.cfm?item_id=312&Category_id=2