RESILIENT RETAIL
in the Internet Age
Google and Walmart partner with eye on Amazon.

Retail’s Toughest Year: A record for store closings.
December 27, 2017

Toys R Us closing all of its U.S. stores amid bankruptcy.
March 9, 2018

Barnes and Noble to Close on Bethesda Row.
March 31, 2017
Best Buy, Fair Oaks Mall, Fairfax VA

Wal-Mart, Fair Lake Shopping Center, Fairfax VA

THE E-COMMERCE TAKEOVER

E-Commerce Retail Sales as a Percent of Total Sales

Shaded areas indicate U.S. recessions

Source: U.S. Bureau of the Census

fred.stlouisfed.org
THE RAPIDLY CHANGING RETAIL ENVIRONMENT: TRENDS

**E-Commerce**

**Online Holiday Market Share**

- Amazon: 36.9%
- Best Buy: 3.9%
- Target: 2.9%
- Walmart: 2.7%
- Macy’s: 2.5%

**Experience-Based Retail**

**Showrooms**

**Urbanizing Formats**
EFFECT ON BRICK AND MORTAR RETAIL

Declining Malls

Changes to Anchor Stores

Non-Retail Uses

Underutilized Retail
Total amount of retail space in the US: **13 billion**

1 billion SF would need to be repurposed or demolished to reach equilibrium.

Ratio of retail per person (US): **23 square feet**

Retail per person (Loudoun County VA): 36 square feet

Retail per person (Montgomery County MD): 24 square feet

Retail per person (Washington MSA): 27 square feet
“WE AREN’T OVERRETAILED. WE’RE UNDER DEMOLISHED.”

Daniel Hurwitz, GGP
THE CURRENT STATE OF RETAIL

However, we also don’t have enough (of the right kind).
HOW DO WE CREATE ENDURING, “RESILIENT” RETAIL?
Resilient Cities, Peter Newman

“A **Resilient City** is one that has developed capacities to help absorb future shocks and stresses to its **social, economic, and technical systems and infrastructures [physical]** so as to still be able to maintain essentially the same functions, structures, systems, and identity.”
PURPOSE OF RETAIL

- Retail as Identity
- Retail as Amenity
- Retail as $$$ Generator
- Retail as Civic Use
- Retail as Commerce
RESILIENT RETAIL: FACTORS

Appropriate type

Demand
- 46% Neighborhood Goods & Services
- 28% Food & Beverage
- 18% General Merchandise & Apparel
- 8% E-Commerce

Supply
- 33% Neighborhood Goods & Services
- 17% Food & Beverage
- 50% General Merchandise & Apparel
Appropriate location

- Visible
- Accessible
- Centralized
RESILIENT RETAIL: FACTORS

Appropriate market
- Demand
- Place-Based
- Serves a variety of lifestyles
RESILIENT RETAIL: FACTORS

- Appropriate space
  - Reoccupied without (much) modification
  - Proper dimensions
How can government and industry work together to adapt to more resilient retail environments?

Panel Discussion

- Bobby Boone, Senior Retail Analyst, Streetsense
- Atul Sharma, Regulatory Planner, Montgomery County Planning Department
- Kristin Barden, Executive Director, Adams Morgan Partnership Business Improvement District
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AN EXPERIENCE CONSULTANCY
OUR VALUE

is created by curating unique experiences that differentiate an asset from its competitive set.

What’s Resonating:

+ Local context
+ Hospitality vibe
+ Seamless connectivity
+ Culture of belonging
+ Constant evolution
OUR PROMISE

WE CREATE BRANDS PEOPLE LOVE
AND PLACES PEOPLE LOVE TO BE

1. CREATE new brands + places
2. TRANSFORM existing brands + places
3. ACTIVATE new and existing brands + places
CONDITIONS IMPACTING THE RETAIL MARKET
BIG, EMPTY, AND INFLEXIBLE
OUT OF DATE & LIMITING
CONVENIENT
LINCOLN'S BAR-B-QUE

We are Closed for good. Thanks for Everything.

LINCOLNS BBQ | 931 Ellsworth Drive, Silver Spring, MD 20910 | 301 578 1660

Due to unforeseen circumstances, Adegas Kitchen Bar will be closed indefinitely on February 19, 2017.

We thank all of you for your years of support and patronage!
Understanding Change vs. Stability
Creating a flexible framework
Old Zoning  New Zoning  Market?
Regional Shopping Center Overlay Zone applies; building height may be increased.
Decoupling Parking From Retail
Encouraging Resilient Building Types
FAIRVIEW DISTRICT, Houston

Five floors of parking in this mixed use building can transition to other uses if parking demand drops.

BUILDING SECTION 1
The design employs flat floor plates and speed ramps, accommodating parking for 36 cars on floors 2 through 6 and retail space on the ground floor. Once the ramps are removed, the floors can be leveled and repurposed for alternate uses.

BUILDING SECTION 2
Opportunities for retail and residential programming open up in a flat-floor parking structure once ramps are removed, as shown in the reconfigured drawing of the Fairview District's garage.
Place Led Retail Development
Kristen Barden, Executive Director
Adams Morgan Partnership BID
Case Study: Adams Morgan – How to get residents to shop locally?

Adams Morgan has high population density and residents with high incomes but they don’t work here.

Answer: Create vibrant streets and experiences to match!
Events: Bike to Work Day and Adams Morgan PorchFest
Create a sense of community and document the impact to show retailers that it works!
Urban Dwell: How to combat online purchases? Create an inviting experience with sights, sounds and smells
Shop Small: Provide customized and personal service for customers and merchandise that they can’t get online
Thank you and Shop Adams Morgan!