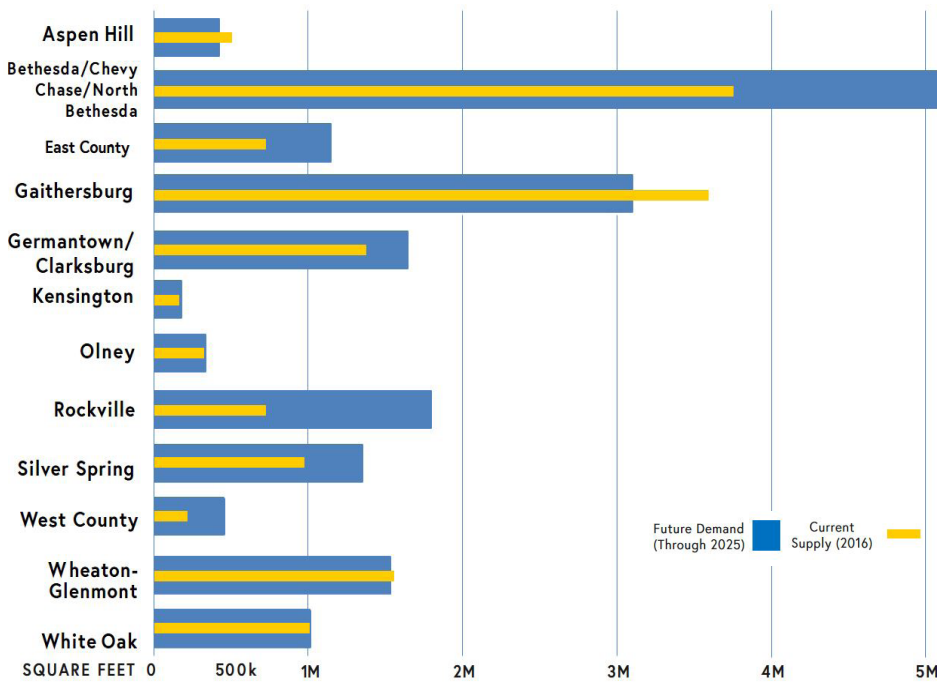# RETAIL IS
STRONG & BALANCED
IN MONTGOMERY COUNTY

Montgomery County's Retail Trends Study reveals a healthy balance in retail markets across the county, but identifies the need for more neighborhood goods and services in most communities.

Why a Retail Trends Study?

The retail economy is rapidly evolving as more people shop online and customers seek retail located in the centers of their communities. Utilizing a comprehensive analysis of supply and demand according to subareas across the county, this report proactively addresses the impact of these trends on the current retail market, seeks out areas for new retail opportunities and proposes detailed recommendations to maintain and improve the vibrancy of retail environments.

Supply and Demand in County Submarkets

Chart categories (top to bottom): Aspen Hill, Bethesda/Chevy Chase/North Bethesda, East County, Gaithersburg, Germantown/Clarksburg, Kensington, Olney, Rockville, Silver Spring, West County, Wheaton-Glenmont, White Oak.

X-axis: SQUARE FEET — 0, 500k, 1M, 2M, 3M, 4M, 5M

Legend: Future Demand (Through 2025) — blue; Current Supply (2016) — yellow

24.7 MILLION SQUARE FEET
TOTAL COUNTYWIDE RETAIL SPACE

6.8 PERCENT
COUNTYWIDE RETAIL VACANCY RATE

FOR RENT

Montgomery County is balanced:
While a significant surplus of retail exists in other parts of the Washington region, the retail supply compared to demand in Montgomery County is relatively balanced across its submarkets, with room for growth in the near future.

County Versus National Retail Supply

23 SQUARE FEET PER CAPITA

24 SQUARE FEET PER CAPITA

🛒 **NEIGHBORHOOD GOODS & SERVICES (NG&S)**
Convenience retail that depends on patronage of local residents and workers, such as grocery stores, hardware stores, drugstores and dry cleaners.

☕ **FOOD & BEVERAGE (F&B)**
Retail that serves food and/or alcohol consumed on premises, such as sit-down restaurants, cafes and bars.

🛍 **GENERAL APPAREL, MERCHANDISE, FURNISHINGS & OTHER (GAFO)**
Retail that can attract customers from further distances, such as clothing stores, furniture stores, bookstores and electronic stores, where shoppers are more likely to price compare.

Major Findings

Retail space is appropriately used:
Retail space is sometimes occupied by nontraditional retail (like banks and fitness centers) or non-retail uses, including professional offices. Few of these types of businesses in spaces dedicated for retail is often a sign of a healthy retail market and helps invigorate street life. In Montgomery County, less than 14 percent of spaces dedicated to retail are occupied by a non-traditional/non-retail use, which is healthy.

RETAIL SPACE DISTRIBUTION

13.6%
6.8%
79.7%

- Traditional Retail Uses
- Non-Traditional Retail/Non-Retail Uses
- Vacant
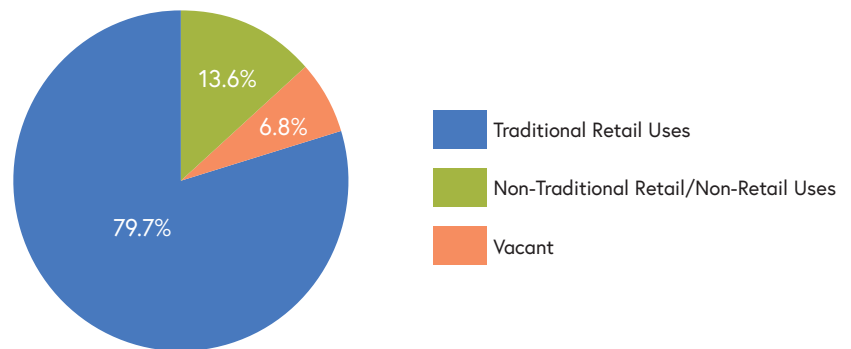
TOP RETAILERS

BY NUMBER OF STORES
1. 7-Eleven (49 stores)
2. Subway (48 stores)
3. Starbucks (44 stores)

BY SQUARE FOOTAGE
1. Giant (1,191,452 sf)
2. Macy's (726,952 sf)
3. Safeway (704,799 sf)

Montgomery County is appropriately supplied:
Unlike many cities and counties throughout the United States, Montgomery County has largely avoided the overdevelopment of retail space. In the majority of the county's submarkets, retail space is currently undersupplied or at a market equilibrium.

Diversity is an asset:
The amount of supportable retail space continues to shrink nationwide, and successful retailers must provide unique goods and experiences to distinguish themselves from the competition. Montgomery County's small businesses collectively offer a wide array of products and serve a highly diverse base of customers. They are in a position to thrive in the rapidly evolving retail market.

Key Recommendations

Expand Neighborhood Goods & Services offerings:
The total square footage of GAFO stores is decreasing nationwide and many of the county's submarkets are currently oversupplied in this category. As e-commerce continues to challenge brick-and-mortar sales, county submarkets (particularly those with many large-format stores) should transition into providing more neighborhood-serving retail, which is more resilient to market changes.

Prioritize the redevelopment of existing retail space:
When new shopping centers are constructed and existing developments are left to age, retail vacancy rates increase and overall sales decrease. In order to maintain a healthy retail supply, the redevelopment of existing spaces should be prioritized.

Condense retail at major intersections:
Retail centers are most successful when they are located at highly visible intersections. The study recommends that future retail developments continue to be placed at major intersections, particularly in areas experiencing residential growth, such as White Oak and Germantown-Clarksburg.

QUESTIONS, COMMENTS?

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Access the full Retail Trends Study at http://www.montgomeryplanning.org/retailstudy

RESEARCH + SPECIAL PROJECTS