Bethesda Downtown Sector Plan
Implementation Advisory Committee (IAC)
Agenda
Friday, January 4, 2019

I. Presentation regarding the state of retail space and business in Bethesda and the area including local and national trends by Heather Arnold from StreetSense. See below for detailed notes.

II. NEW BUSINESS

- Discussion of possible IAC letter regarding the Farm Women’s Market development proposal as it relates to implementation of the Bethesda Downtown Plan. Draft letter distributed for comment. Determined the group could provide comments via email and that the draft letter will be discussed at the February 1, 2019 IAC meeting.

- Discussion of agenda for February 1, 2019 meeting to also potentially include review of Implementation Guidelines and status of the amenity fund for downtown Bethesda.

- Reminder for committee members to indicate if they are interested in becoming the next annual co-chairs for the IAC.

III. NEXT MEETING- FRIDAY, FEBRUARY 1, 2019


Meeting Notes and Attendees:

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IAC Members and Staff:
Amanda Farber, Dedun Ingram, Naomi Sprinrad, Jon Weintraub, Ramsey Meiser, Jack Alexander, Greg Rooney, Michael Fetchko, Anna Fierst, Steve Long, Emily Vaias

Other attendees:
Elza Hisel-McCoy – Planning Department Liaison, Aaron Kraut – Councilmember Friedson’s Office McLean Quinn – EYA, Barney Rush – Mayor, Town of Chevy Chase, Derrick Harrigan – BCC Regional Services Center, Rick Ammirato – BUP, Allan Glass – member of the public, Terry Long – member of the public, Jeff Oyer
Notes from StreetSense’s Heather Arnold presentation to Bethesda IAC 1/4/19

- The evolution of retail within our communities is a topic plaguing every community.
- StreetSense is an example of a business in a storefront after retail was unsuccessful.
- About 5 years ago, MCCPPC tasked StreetSense to look at Bethesda retail demand to inform the Bethesda Downtown Plan, which was just starting to be created.
  https://www.scribd.com/document/249651939/Bethesda-Retail-Study
- Within the last two years, planners have been saying, maybe we didn’t need to put retail everywhere. We tend to think in terms of more and more retail – but it’s actually a finite resource.
- I don’t want people to invest their life savings in a market with little or no opportunity for them to survive/prosper.
- In Bethesda, planners first said StreetSense’s premise was flawed, that retail is not a finite resource, because each household spends about $3800/year on groceries, $2400 on apparel, and so on. StreetSense gathers info from Bureau of Labor Statistics and the Census Bureau, and can pinpoint geographic spending on specific items. That allows them to calculate, demand as well as what retailers have to earn to cover their expenses.
- Bethesda has several submarkets – Wisconsin North, Wisconsin South, Metro Center, Bethesda Row, Woodmont Triangle, the Pearl District, and Arlington South. They operate differently and are not competitive with each other.
- Bethesda Row is destination oriented but serves the local populations; it is strongest in bringing in people, and best meets the needs of retailers. Store configurations are ideal – 1200 square foot rectangles, narrow openings to the street, 14-16’ ceiling, and a consolidated management structure.
- Woodmont Triangle has a similar ability to attract customers but it’s not as strong on supply. Rents are lower here.
- Metro – in theory, this should have the best retail, it’s at the core/center. But it’s at the intersection between two roads that see 50,000 cars a day. It’s on a commuter route; most businesses on commuter routes see peak visitors 4-7pm weekdays. Places like this lose their employee population on the weekends. In the Brookfield vs Clark debate over how to develop this, Clark’s proposal made no sense, this is not a great place for a large park.
- Pearl – this neighborhood exists because Wisconsin Avenue is a barrier. It has a growing population, new construction, and is somewhat isolated. There’s a Starbucks on East-West Highway on east of Wisconsin because people were unlikely to cross Wisconsin to get to any of the other Starbucks in Bethesda.
- Wisconsin Avenue (north and south) – a very different place. It’s not Bethesda’s main street, that ship has sailed. StreetSense encouraged no more retail because it was overwhelmingly becoming dentists'/whitening offices and showrooms, and recommended removal of large tenants on Wisconsin South. Parking is an issue throughout.
- Some districts in Bethesda are oversupplied with retail. Key questions to ask are, does a site have the sun and water it needs, is it in the right place, can you get to it?
Q&A

How right was the report?
It is still a bit early to tell. It was a big surprise that Community restaurant shut down. Key aspects for success are being visible, having parking simple, and Community was in the middle of everything. Arnold is surprised Brown Bag is returning at Metro plaza, thinks it’s brilliant.

Where has retail worked/not worked for the community?
Metro plaza has not worked because that’s a point of collection for the workforce. Bethesda Row is regional in its appeal. Pearl District – a super neighborhood that’s evolving. Woodmont – losing the Safeway was a huge loss for the area. There are many obstacles to retail in Woodmont. It’s quite a large district but healthy retail here doesn’t congeal, it’s too scattered. It’s the historic retail center of Bethesda, so there are lots of old retail buildings. In fact, there’s an oversupply of retail, but with a proliferation of restaurants and nail salons. Nail salons are a sign of an over-retailed market.

What about retail for teens, retail for seniors?
Questioner’s teens like Georgetown and Montgomery Mall. That’s surprising they like those two. Teenagers are very fickle. The very young and the very old don’t like to shop where the other likes to shop at the same time.. Georgetown is very worried about declining retail. Montgomery Mall is a regional draw. And the regional context interplays with where the money goes – it’s a factor in retail spending leaving downtown Bethesda. This is known as “retail sales leakage” – people going to other locales to shop – shopping knows no boundaries. Bethesda leaks.
Her big concern is that vacancy begets vacancy, the longer a site is vacant. Sometimes retail space should be occupied by a flea circus instead of being left vacant.

On Wisconsin, don’t build it for retail in the first place. You must ask, can it become something else that still activates the sidewalk but isn’t retail – a ground floor gym for apartment residents or something. This is leading to a huge design trend, designing for conversion away from retail in the future – we’re building 100-year buildings but can only project 10 years into the future. Retail sites are now trending to 800 square feet (vs the 1200 mentioned earlier) but we’ve just build many buildings with 1200 square feet retail.

Given this change in the nature of retail, how do you retain small neighborhood retail?
What about the plans for the Farm Women’s Market (FWM)?
(Arnold said she was not familiar with the FWM proposal but in her office all the conversation about it was focused on open space. McLean Quinn of EYA gave a brief description of the plan – 30,000+ square feet of retail.)
Arnold says she would say this wasn’t a great idea.
A great question for the IAC is what happens if retail is not retail any more – if the use changes does it continue to activate the park? She’s not sure about their plan – they’re taking a chance. Make sure you’re not left with a vacant retail space.
Regarding mom and pop stores, there are fewer such stores opening with restaurants being an exception.

On the possibility of retail rent controls, there’s always been concern about that kind of control on retail. It’s very complicated, involving issues of both supply and demand. We’re already seeing contraction in national chains. According to one source, we may need to get rid of 1 billion (out of 13 billion) square feet of retail nationally, mostly from small retail spaces. The best way to support small retail is through Business Improvement Districts or merchants associations so they can present as a collective.

Note that you don’t have this at Bethesda Row, it’s a different animal. In general, the natural evolution is to rent to national chains.

Every retail district rises and falls. Right now Georgetown is struggling. Retailers need to be lighter on their feet.

In Woodmont Triangle, why do some retailers remain (Planet Comics), while others do not work (Goldleaf)?

There are hundreds of reasons. Retirement, rent, online etc. High rent is the most infrequent cause of retail loss. It is an interesting time in the evolution of retail – a retailer has to offer more than a product. A good example is Politics and Prose, which doesn’t just sell books but has programming. Good retail is a mix of science and art.

What about years-long vacancies?
Redwood had poor visibility so attracted only pedestrians. Lebanese Taverna had great visibility but poor access. 4000-6000 square feet are very difficult modules to rent.

In new buildings, we get banks and financial retail. Why?
They’ll pay the highest rent.

Retailers are getting displaced from their “homes” when older buildings are torn down.

Usually new development doesn’t generate as large an amount of retail people would assume.