

Retail Market Assessment
Nauck Town Square Center

Prepared January 28, 2006 (Revised March 18, 2006)
For Rhodeside & Harwell
On behalf of Arlington County Government

Introduction

This report provides findings from a retail market assessment for the Nauck Town Square Center (“the town square”) Plan. While the Plan focuses on design of the square itself as a public space, there was also a need to better understand how surrounding business uses might interact with the town square and how the town square might help build greater market support for these businesses. Arlington County is particularly interested in the demand for retail space surrounding this square. Retail uses help enliven a public space, generate pedestrian traffic, and help ensure that the space does not become a “dead zone” within a largely residential community. Also, there is a need to understand the opportunities for several existing retail and other businesses in or near the square, several of which offer significant cultural heritage value.

The previous, *Nauck Village Center Action Plan* included findings from a retail market study, conducted by Faithworks, Inc. in 2004. This market analysis does not aim to preclude the findings from the previous study but rather, to further test and confirm or refine those findings.

The report includes a brief summary of the existing context, including a summary of findings from the previous study, as it pertains to businesses in the area. A demographic analysis is conducted based on definition of retail trade areas for the town square. Expenditure potentials are projected based on those demographic forecasts, and demand at the town square is determined based on a competitive retail analysis. Finally, strategic recommendations on an appropriate business mix and concepts are provided as a basis for pro-active marketing associated with the square and surrounding development.

1. EXISTING BUSINESS CONTEXT

Nauck is a community in south Arlington County that is starting to feel the pressures of the booming Arlington housing market. Like many other low-income African-American neighborhoods, Nauck was virtually ignored by investors until development pressures drove up prices in surrounding areas. Long-time Nauck businesses and residents are concerned that the area will lose the last vestiges of its cultural heritage and sense of community in the face of escalating property values and gentrification. The existing operating context for Nauck businesses is described below, based in part on a Site Assessment and on interviews and meetings with area businesses and County staff.

Background & Cultural Heritage

Nauck has long been home to a vibrant black community in Arlington County, Virginia. Even *prior* to the Civil War in this southern slave state, free blacks owned land in what is now known as Nauck. According to the *Nauck Village Center Action Plan*, Nauck attracted black families from Freedmen's Village and other locations and Little Zion Church (Lomax AME) was relocated to Nauck in 1875. The school that served the black community from a one-room building in 1885 has been replaced by more modern facilities over time but still serves this community and others as the Drew Model School.

During the long and painful era of segregation, black residents of Arlington were restricted from living in most other neighborhoods. After World War II, Dunbar Homes co-operative housing was constructed in the neighborhood and some of the black families displaced by the construction of the Pentagon relocated to Nauck.¹ According to residents, Nauck became the largest of Arlington's segregated communities.

Business District

Nauck was the first of Arlington's black neighborhoods to give rise to a small business community, primarily to serve the needs of the neighborhood's residents but also because black entrepreneurs had few other options for locating a business during that era. Nauck's savvy entrepreneurs included the first licensed black pharmacist in the State of Virginia, Mr. Leonard Muse. Now into his 80s, Mr. Muse still operates his Green Valley Pharmacy and serves as a cultural icon in the community.

¹ Nauck Village Center Action Plan, adopted by the Arlington County Board, July 10, 2004. (pp. 2-3).

Nauck was served by an electric streetcar line, with stops at 24th Road (the “Green Valley Stop”), 19th Street, and behind the current location of Mt. Zion Church (the “Peyton Stop”). The small business district that flourished near the Green Valley streetcar stop at one time included not only the Green Valley Pharmacy, but also Shady Dale Restaurant, several barber & beauty shops, and other businesses. The Whittenburg family’s Majestic Barber Shop has continued operating in Nauck for 40 years. Naomi’s TV service has also operated for many years at this location. Various social and charitable organizations were also established to serve this vibrant community, including Arlington Masonic Lodge #58. Due in part to the lack of choice, the small district flourished as a place for people to meet and for the community to gather.

With the end of segregation, Nauck, like many other vibrant black communities, probably began to lose its middle-class base as more mobile residents sought housing and shopping in areas that were formerly off-limits to them. While Nauck may never have had the high-density concentration of poverty seen in District neighborhoods, a significant portion of Nauck’s resident base nevertheless lacked mobility and economic opportunity. The loss of some middle class residents, the opening of access to competitive shopping opportunities for remaining residents, the paving of the streetcar lines, the overall lack of investment, and rising crime rates no doubt reduced opportunities for the small business community to expand and diversify. Given those conditions, it’s a wonder that some businesses actually survived and prospered. Such stamina is a testament to the abilities of the several remaining long-time business owners.

Location & Physical Characteristics

The Nauck Town Square Center site is located in south Arlington on Shirlington Road. While the town square is relatively proximate to Interstate 395, it lacks direct visibility and access from the highway and other major roads. Shirlington Road is a secondary access route, branching off of South Glebe Road north of the square and curving towards I-395 and into Shirlington. However, the square does not offer exposure or visibility from Glebe, which carries significantly more traffic than Shirlington Road.

The town square site itself is actually a triangle bordered by Shirlington Road on the east, S. Kenmore Street on the west, and 24th Street on the north. The Nauck residential community lies primarily to the east and north of the square, while the western side is flanked by the Drew Model School property and open space. Other than the school entrance, there is no direct access or exposure from the square west to other residential neighborhoods. To the south is a small industrial service area, one of only a few remaining within Arlington County, which abuts I-395. Thus, the opportunity for immediate pedestrian access from residential markets is limited to housing on the east and north sides of the square.

Drew Model School is housed in a new facility, located on a hill overlooking the square. Unfortunately, the design of the school did not anticipate the effort to establish a community public space in the town square and as such, it does not relate physically to the square. In fact, the school is somewhat isolated from the community by surface parking lots and open space.

The industrial area consists of moderate-sized industrial service firms in several blocks on the south side of Shirlington Road, just south/east of the town square. The industrial area has some excellent exposure from I-395 and nearby access from both Glebe and Shirlington roads. The north side of Shirlington Road, across from the industrial area, consists of a haphazard mix of personal and other service businesses housed in quasi-commercial and residential buildings. There are also several vacant lots and land in this area is presently under-utilized. However, there are investors with various concepts for redevelopment of portions of this 2 to 3-block stretch of Shirlington Road.

Existing Business Inventory

Business uses are located at the town square site and along Shirlington Road. The area examined in this study consists of a four- (2300 to 2600) block corridor of this road from 23rd Street south to the Washington Golf facility. The town square site is situated in the 2400 block. Within the site are several underutilized commercial parcels, including the burned-out building that once housed a community organization. Other existing uses on the site include a convenience store / fast food takeaway and parking.

Other than within the site itself, commercial uses mainly flank the east side of Shirlington Road, across from the square, or line Shirlington further south towards the Shirlington commercial area. However, the new mixed-use project one block north of the square on Shirlington is slated to include 5,900 square feet of retail/commercial space.

BDAG conducted a survey of Nauck businesses in 2002. That survey identified a total of 33 businesses throughout the commercial and industrial areas. Of the 20 businesses that responded to the survey, 50% had been in business at that location for more than 20 years.

The four-block Nauck commercial area defined above has a total inventory of over 242,000 square feet of commercial and industrial space, in 28 buildings. Of that amount, only 25,300 square feet (10%) is in retail use (in nine businesses). And of that, only **9,800 square feet** is located on or facing the Nauck Town Square. Altogether, there is 13,400 square feet of commercial space on the square, 26% of which is vacant first-floor space. These numbers are calculated based on data sourced from the Arlington County Department of Real Estate Assessments and from the businesses themselves. The inventory is summarized in the following table.

Randall Gross / Development Economics

**Table 1. EXISTING COMMERCIAL INVENTORY,
NAUCK TOWN SQUARE AREA, 2006**

Type of Use	Number	Square Feet	Percent	Note
<u>Retail</u>				
Convenience				
Food Store	1	2,640	10%	
Pharmacy	1	1,800	7%	
Shoppers Goods		-		
Auto Dealer	1	1,305	5%	
Eating/Drinking	-	-	0%	
Entertainment	1	13,073	52%	Billiards
Personal Svcs	3	3,027	12%	Barber, Beauty
Vacant	<u>2</u>	<u>3,476</u>	<u>14%</u>	
Sub-Total Retail	9	25,321	100%	
<i>In Town Square</i>	5	9,809	39%	
<u>Other</u>				
Auto Service	2	13,388	6%	Auto Body
Repair Services	3	5,845	3%	TV, HVAC, IT
Funeral Home	2	2,760	1%	
Non-Profit Org	2	3,584	2%	Lodge, CDC
Industrial/Dist	8	179,034	82%	Lumber, IT, Svc
Vacant	2	12,449	6%	Whse
Sub-Total Other	19	217,060	100%	
Resid. Bldgs	12	51,064	N/A	Houses, Apts
TOTAL	28	242,381	100%	
<i>In Town Square</i>	7	13,393	6%	

Sources: Arlington County Department of Real Estate
Assessments and Randall Gross / Development
Economics.

Of the retail space within the Nauck area, more than 50% is in entertainment use at the Champion Billiards establishment located at 2620 Shirlington Road, on the periphery of this commercial/industrial corridor. Subtracting out that one use, there is only about 12,000 square feet of retail, entertainment, and personal services use within this four-block area.

To provide some sense of scale, below are comparisons of Nauck's retail / commercial utilization to that of several other urban commercial districts in the area (from Arlington County Economic Development and Randall Gross / Development Economics). This summary excludes several of the area's even larger retail and commercial nodes such as Pentagon City and Rosslyn.

District	Retail Square Feet	Total Commercial S.F.*
Nauck	25,300	28,900
<i>Nauck Square</i>	<i>9,800</i>	<i>14,218</i>
Shirlington	217,445	552,840
Arlandria	265,800	333,383
Clarendon	549,035	1,893,225
Columbia Pike	394,850	752,934
Ballston	890,316	6,848,585

*Note: Commercial includes retail and office, but excludes federal space.

Nauck is obviously an extremely small commercial node in comparison to the area's better-known commercial districts. Nauck lacks the access and exposure of these other commercial areas. More importantly, Nauck Town Square is even smaller than the typical neighborhood strip shopping center and lacks a retail anchor to spin-off demand for other shops. Having declined since its height in the 1960's, Nauck's business district today barely exists and is a shadow of its former, vibrant self. The town square and new housing developments offer the opportunity to re-establish at least some of this community's small but vibrant business node.

Business Performance & Concerns

Interviews and meetings were conducted with most of the retail and service businesses located in the Nauck area. Information was collected through those meetings to suggest that, while many of the business owners are "comfortable," they are often underperforming on a sales-per-foot basis (at an average of about 64% of national standards). Since one-half of the business operators own their buildings and have long paid off their mortgages, they do not have significant overheads and may not require high sales turnover to achieve income satisfactory to their needs and lifestyles. Those that are leasing their space, however, are paying a higher portion of their income to rent than is normal. Retail rents in this area are up to \$16.00 per square foot, based on information provided by the businesses. On the positive side, sales at Nauck-area businesses are generally increasing at the rate of about 5% to 10% per year on average.

Businesses report that 70% to 90% of sales are generated from outside of the Nauck area and only 10% to 30% from within Nauck. This suggests that even Nauck-area convenience businesses have adapted to the declining neighborhood market base by focusing instead on the broader market. The exception is Green Valley Pharmacy, which still primarily serves neighborhood residents.

Key Concerns

The BDAG survey found that the need for increased business assistance (40%), as well as the area's overall physical appearance (35%) were the primary issues impacting on business in the area. Safety, while still a concern, appears to have improved in the last few years. The interviews conducted for this market analysis confirmed findings from the BDAG survey that many of the business proprietors in the area live comfortably and that there are no overriding concerns about the location that would drive them to willingly seek another location.

However, business operators disclosed in the interviews that their most urgent concern is the prospect of gentrification as well as change encouraged by the County through this very planning effort. Escalating property values especially concern the one-half of business owners who rent their spaces, with the prospect that landlords will seek higher rents or a higher return from selling their property for redevelopment. As in the BDAG survey, the interviews found that business owners are especially distrustful of County Government after years without any encouragement or investment in the area.

Summary

Nauck businesses once served a vital role in providing goods and services, not to mention a sense of community, to a neighborhood trapped by segregation. The Nauck business area has lost its primary function of serving the surrounding community. While Nauck was never a major retail shopping node, this tiny business area today competes for destination trade with such massive commercial nodes as Shirlington and Clarendon, the latter of which is 22 times the scale of Nauck. Still, Nauck offers as its primary asset a unique heritage that is still accessible through the continuation of its black-owned businesses.

2. RETAIL DEMAND ANALYSIS

This section provides a summary of findings from a retail demand analysis. The analysis specifically tested the market potential for retail, entertainment, and personal service uses surrounding the Nauck Town Square. Retail trade areas were defined for which demographic trends and forecasts were assessed. Based on those data, retail expenditure potentials were forecasted for the trade areas. The amount of retail demand that could be captured at the Town Square was then determined based on an analysis of the competitive supply.

Trade Area Definition

The Primary Retail Trade Area, from which the largest *percentage* of sales should be generated for Nauck Town Square, corresponds roughly to the boundaries of Census Tract 1031, as suggested in the Faithworks, Inc. study. This area is generally bound by Beauregard, Four Mile Run Drive, Interstate 395, and the park/golf course and is bisected by South Glebe Road. These roads and amenities form real and perceived boundaries beyond which people are less likely to walk or drive to the site except for destination purposes.

This market analysis defines a slightly different Secondary Trade Area from the one described in the Faithworks, Inc. study, which consisted of a circle drawn at a one-mile radius from the center of Nauck. Development of the modern city dictates that perfect radii can only define trading patterns if roads are designed in a perfect grid pattern and it travel time, transportation mode, residential development patterns, perceptions, and natural & human-made features are equal from all locations within the circle. In reality, the shape of a trade area is actually warped by these factors and elongated by ease of travel.

For Nauck, the secondary trade area (where sales would be generated based largely on marketing of *destination* goods), extends north to Columbia Pike, south along Four Mile Run to Braddock Road, east to Mt. Vernon, and north to Shirley Highway. Glebe Road is again the primary route bisecting the trade area, providing the necessary access into the Nauck area.

Demographic Analysis

Population, household, and household income trends and forecasts were analyzed for these trade areas, as described below.

Area 1 (Primary)

The primary trade area has a total estimated population of about 4,300. While the Nauck area of south Arlington was built out decades ago, there is new, higher-density housing being developed and a resulting increase in population. Claritas, Inc. recorded an increase of about 11 households per year between 2000 and 2005, but is projecting an acceleration of household growth in the Nauck area to about 74 households per year through 2010. Interestingly, Claritas is assuming that household growth will outstrip population growth, as low-density detached family units are replaced with townhouses and mid-rise condominiums catering to singles and couples.

Based on County pipeline project data, there are more than 1,000 housing units currently under development in the Nauck-Shirlington area. Shirlington Phase II includes both the Bozzuto project (241 mixed units) and Trammel Crow's Shirlington Village Condominiums (a 159-unit, 12-story structure). The 10 Piazza project includes 245 units. Both 10 Piazza and Shirlington Phase II are scheduled for opening in 2006. Within Nauck, Trammel Crow is developing Alexan, a 251-unit project on the Econo-Lodge site. A portion of these units fall within the Primary Trade Area, while the Shirlington units are located in the Secondary Trade Area. The Shirlington Crest project under development by Stanley Martin Homes will add another 177 townhouse units. Additional housing is under development even closer to the site at the 94-unit AHC property (Shelton), Bowman Hills (22 townhouses just south of 25th Street), and the Metropolitan (12 townhouses) just north of the site on Shirlington Road. The Shelton and the Metropolitan will also include 1,300 and 5,900 square feet of retail space respectively.

Table 2. NAUCK TRADE AREA DEMOGRAPHIC TRENDS & FORECASTS, 1990-2010

Trade Area	1990	2000	2005	2010	2000-2005 Change/Yr	2005-2010 Change/Yr
<u>Area 1</u>						
Population	3,875	4,150	4,319	4,527	34	42
Households	1,444	1,559	1,614	1,986	11	74
Ave HH Income	\$38,306	\$ 53,307	\$ 64,512	\$ 78,072	\$ 2,241	\$ 2,712
<u>Area 2</u>						
Population	30,520	33,272	36,171	39,686	580	703
Households	15,393	15,273	16,110	17,237	167	225
Ave HH Income	\$45,127	\$ 65,681	\$ 81,068	\$ 95,989	\$ 3,077	\$ 2,984

Sources: Claritas, Inc.; and Randall Gross / Development Economics.

As these changes occur, Claritas, Inc. is also projecting a continued increase in the household income levels in Nauck. Average household incomes

increased by \$2,241 (4.2%) per year between 2000 and 2005. Claritas is suggesting that household incomes will increase by another \$2,712 (4.2%) per year through 2010.

Area 2 (Secondary)

The Secondary Trade Area is saw the addition of almost 170 households per year, from 2000 through 2005. Again, Claritas is anticipating accelerated housing growth in this area based in part on pipeline projects, with 225 households to be added per year through 2010. In this area, population will also increase at a slower pace than household growth, an indication of higher-density housing. Whereas incomes are expected to continue growing apace in Nauck, the secondary trade area will see a slowing rate of income growth.

Retail Expenditure Potentials

The total retail expenditure (sales) potential was calculated for both the primary and secondary trade areas, as detailed below.

TPI

Total Personal Income (TPI) was calculated based on the number of households and the average household income. The Primary Trade Area has current estimated TPI of \$104.1 million, an increase of \$21.0 million or 25.3% from 2000. By 2010, TPI is expected to increase by \$50.9 million (32.9%) to almost \$155.1 million. Thus, total income is increasing at an accelerating pace within the Nauck area, probably as a result of an influx of new housing units coupled with higher-income households.

Table 3. TOTAL PERSONAL INCOME FORECASTS, NAUCK TRADE AREAS, 2000-2010

Trade Area	Total Personal Income (\$000)			2000-2005	2005-2010
	2000	2005	2010	Change	Change
Area 1	\$ 83,106	\$ 104,122	\$ 155,052	\$ 21,017	\$ 50,929
Area 2	1,003,146	1,306,005	1,654,514	302,860	348,509
TOTAL	\$ 1,086,252	\$ 1,410,128	\$1,809,566	\$ 323,876	\$ 399,438

Source: Randall Gross / Development Economics.

The Secondary Trade Area saw an increase of \$302.9 million (23.2%) in TPI between 2000 and 2005, to a total of \$1.3 billion. TPI is expected to increase by \$348.5 million to a total \$1.65 billion by 2010. At 21.0%, this increase represents a slight moderation in the income growth rate within the larger

secondary market and is much lower than the rate of income growth expected within Nauck.

Expenditure Potential

The share of TPI utilized by households within the trade areas for each type of retail good or service was calculated to represent the retail expenditure potentials available within the trade areas in 2005 and 2010. The table below cumulates these data by major retail category.

Table 4. RETAIL EXPENDITURE POTENTIALS BY PRIMARY RETAIL CATEGORY

Type of Business	Area 1 (\$000)		Area 2 (\$000)	
	2005	2010	2005	2010
Convenience	\$ 14,265	\$ 21,242	\$148,885	\$188,615
Shoppers Goods	\$ 12,078	\$ 17,986	\$144,967	\$183,651
Eating/Drinking	\$ 5,831	\$ 8,683	\$ 63,994	\$ 81,071
Entertainment	\$ 416	\$ 620	\$ 6,530	\$ 8,273
Personal Services	\$ 1,041	\$ 1,551	\$ 10,448	\$ 13,236
TOTAL	\$ 33,632	\$ 50,082	\$374,824	\$474,846

Source: Randall Gross / Development Economics.

Primary Trade Area. Retail expenditure potential is approximately \$33.6 million within the Primary Trade Area, and is expected to increase to over \$50.0 million by 2010. Thus, almost \$17.0 million in retail sales potential generated by trade area households will be added during the next five years. Convenience goods (e.g., groceries, drugstore, etc) sales account for the largest share of overall retail potential, followed by shoppers (destination) goods, restaurants, personal services, and entertainment.

Secondary Trade Area. Expenditure potential is close to \$375 million in the larger, secondary trade area. Retail sales potential within this area is expected to increase by over \$100 million or 27% by 2010.

Competitive Supply & Retail Demand

Competition from a growing number of large and small retail nodes will capture most of this sales potential. Several key competitive nodes were discussed earlier, including the nearby 217,000 square-foot **Village at Shirlington** (especially for eating/drinking and entertainment), where a new Harris Teeter supermarket will capture much of the Primary Trade Area's remaining potential for grocery store goods.

Significant competition for convenience and shoppers goods sales would also come from a variety of other shopping malls, districts, and strip centers. Among the larger competitive nodes and centers (and their retail square footage) are:

- **Potomac Yards** (600,000 square feet), especially for “big-box” shoppers goods purchases, entertainment, and restaurants.
- **Ballston** (890,000 square feet), including Ballston Common Mall, a major nearby regional shopping center.
- **Clarendon** (549,000 square feet), discussed earlier as one of Arlington County’s large retail and commercial nodes.
- **Landmark Center** (1.0 million square feet), one of the largest regional malls within a 10 to 15-minute drive of Nauck.
- **Pentagon City** (1.2 million square feet), a popular regional mall associated with a major employment node within a short, 5 to 10-minute drive of Nauck.
- **Shirley Park Shopping Center** (130,000 square feet), one of the closest convenience centers, anchored by a Giant Foods Store.
- **Arlandria** (266,000 square feet), attracts a share of Nauck’s growing Latino population.
- **Columbia Pike** (395,000 square feet), provides many of the day-to-day services, as well as restaurants and other amenities, to capture retail spending from trade area households.
- **Old Town Alexandria** (833,000 square feet) is a major shopping destination not only for households within the region but also for tourists and other visitors. Like Shirlington, Old Town captures a large share of the specialty district market.

Together, these shopping centers and districts have a total inventory of almost 6.1 million square feet of competitive retail space. That number does not include some of the smaller nodes in the area or other large, regional centers (e.g., Springfield Mall, Georgetown, Crystal City Mall, Tysons Corner I & II, Potomac Mills, etc) that capture spending from trade area households.

Site Capture

Retail demand at the Nauck Town Square site was determined based on an analysis of existing and planned competitive nodes. These demand forecasts were then compared with existing use to determine the amount of additional retail space or use that is warranted in the market. Appendix Table A-1 details the findings from this analysis by specific type of retail good or service. Table 5, below, summarizes these findings by major retail category.

**Table 5. WARRANTED RETAIL DEMAND BY TYPE OF GOOD,
NAUCK TOWN SQUARE, 2005-2010**

	Demand in Square Feet		Existing Use	Warranted Demand
	2005	2010		
Convenience	9,432	12,579	4,440	8,139
Shoppers Goods	4,153	5,873	-	5,873
Eating/Drinking	2,183	3,185	-	3,185
Entertainment	-	-	-	-
Personal Services	1,333	1,967	1,177	790
TOTAL	17,101	23,603	5,617	17,987

Source: Randall Gross / Development Economics.

This analysis finds existing gross demand for almost 24,000 square feet of retail space by 2010, significantly more than the 5,600 square feet of retail use that exists today (excluding the used car dealer and vacant space). After subtracting the existing retail uses, there is net demand to support almost 18,000 square feet of retail use. Of this amount, 8,100 square feet is in convenience goods, 5,900 square feet in shoppers goods, 3,200 square feet in restaurants, and 800 square feet in personal services.

However, while there is demand for these goods, demand is insufficient within certain categories to support the standard floor plate for those types of businesses. For example, Table A-1 shows that there is demand for less than 100 square feet of footwear, appliances, and electronics stores. None of those stores can operate with less than 100 square feet of space. Sales potential for such goods could be incorporated into the merchandise mix of existing businesses (such as if the convenience store were to sell some electronics merchandise), but that could dilute the store's core mix. Further, while there is insufficient demand to support another convenience store, the analysis suggests that there is an opportunity for expanding existing store space.

Demand is sufficient to support additional store operations in auto supply, miscellaneous shoppers goods, and eating & drinking; and to diversify the merchandise mix.

3. STRATEGIC RECOMMENDATIONS

Strategic recommendations are made below for marketing and redevelopment within the areas surrounding the Nauck Town Square site. These recommendations are based in part on the findings from the retail market analysis, but also on input from the community and the planning team.

Marketing

The market analysis identified several uses for which there is potential demand within the next five years. The following marketing recommendations aim to maximize these opportunities through the development of a marketing concept and appropriate merchandise mix for the blocks surrounding the Square.

Overall Marketing Concepts

Design of the Nauck Town Square presents a unique opportunity to leverage a community-driven public amenity to create a new environment in support of retail businesses. The square and associated street and urban design improvements will enhance the overall physical environment and create a gathering place for the community.

The location of the square adjacent to the Drew Model School offers opportunities for creating a family-friendly environment that would attract businesses that cater to **youth and families**. As noted in the Recommended Mix that follows, there are opportunities for attracting hobby/toy/game and other youth-oriented stores to the square. The more the square can be physically and programmatically integrated with the school, the more opportunities there are for creating a youth-centered environment.

Interpreting **Nauck's unique black heritage** as part of the design of the square will help strengthen the opportunity for attracting visitors from outside of Nauck. Other opportunities for interpreting the unique story of Nauck will serve to further strengthen the destination potential of the square and surrounding shops and services.

Many communities have begun to re-examine and celebrate their African-American heritage. What makes Nauck's particularly interesting and unique is the role of the community's entrepreneurs and the survival of their businesses over a long period of time against all odds. Not only is it important to remind the residents and businesses in Nauck of this history, but also to re-tell their story to

children and visitors now and in the future. The recommended mix below provides several suggestions for integrating more interpretative elements in order to strengthen the market potentials for businesses in the area.

Recommended Mix

A merchandise mix is recommended below to maximize the opportunities presented in the market analysis and build on the community's heritage assets. The recommended mix focuses on existing strengths while incorporating businesses that capture opportunities in the market.

**Table 6. RECOMMENDED BUSINESS MIX,
NAUCK TOWN SQUARE**

Type of Business	Square Feet	Notes
Specialty Café/Store w/Interpretive Content	3,200	Destination "Soul Food" diner Celebrating Nauck heritage
Convenience Food	3,200	Expanded Convenience Store
Hobby/Toy/Game	1,500	Destination Specialty Store- Youth oriented
Auto Supply	2,000	395/Industrial Area
Other S.G. Store	1,500	Unique/Specialty Supply
Barber Shop	1,100	Traditional Barber Shop
Child Care Center	3,000	Association with School
Prof Offices	3,100	Home Office/Shingle
CDC Office	1,200	Non-Profit/Shingle
TOTAL	19,800	

Note: Retail on Nauck Town Square Center only.

Source: Randall Gross / Development Economics.

The redevelopment and expansion of The Shelton creates the opportunity for relocation of the convenience store into new, expanded space with parking. Ideally, this store would operate out of 3,200 square feet with corner exposure on Shirlington Road at 24th Street. Because of its location within the housing complex, the store would have a built-in market in addition to its commuter trade.

The *Nauck Village Center Action Plan* envisions development of mid-rise residential / mixed-use buildings on the east side of the square. It is recommended that redevelopment of those blocks incorporate a 3,200 square-foot specialty café / food store, such as a "soul food" diner that incorporates interpretive content from the Green Valley Pharmacy (such as the lunch counter, cases, equipment, and information about the history of the pharmacy and its proprietor). As such, the diner would serve as a visitor destination that celebrates

the history of Arlington and of Nauck's black business community. Such a restaurant/interpretive facility could be marketed as a destination to capture demand from within the secondary trade area and beyond. It should be located as close as possible to the original Green Valley Pharmacy.

Another business that could benefit from an emphasis on black business heritage is the existing Majestic Barber Shop. There would be sufficient demand for supporting and expanding this barber shop, assuming the area is pro-actively promoted and celebrated based on its black heritage. The black barber shop plays a central role in African-American culture and history (as evidenced by the succession of films built around this theme). Certainly, the Majestic could be celebrated and promoted in this respect if it were located facing onto the square.

Demand for specialty goods includes an opportunity for a 1,500 to 3,000 square foot hobby / toy/ or game store that would be unique in Arlington or the regional market. Such a store would build on destination potential not due to scale, but rather due to the unique brands or merchandising strategy. The store would also build on the school and family-oriented environment. While not tested as part of the retail market analysis, a child care facility, dentist, and other professional service businesses that support family health would help strengthen the overall mix. The CDC should also have a shingle: Given the small scale of business base, every business should be made more visible through signage and street frontage.

Other opportunities exist for automotive supply and other shoppers goods. Auto supply is best suited for the industrial / commercial areas further south along Shirlington Road, adjacent to the related auto-service and sales businesses.

Redevelopment

Clearly, redevelopment of the full "triangle" for the Nauck Town Square would eventually result in the displacement of several existing businesses, namely the convenience store and contracting business. This report has already recommended that the convenience store be integrated into the new AHC housing complex in a highly-visible corner location. Opportunities for equity or condominium ownership of the space should be explored with AHC so that the business has more control over its real estate expenses.

Ideally, the existing contracting business would relocate within a nearby existing industrial or commercial area. If the County is promoting the development of this square as a long-overdue amenity for Nauck and the broader community, then the County must be able to assist in relocating the business to a location that satisfies *their* needs.

Redevelopment of blocks surrounding the square is considered in the *Nauck Village Center Action Plan*. Again, the County can play a pro-active role in ensuring that redevelopment for mixed-use will encourage integration of the recommended mix of businesses. Integrating the interpretive content should be paramount and opportunities for financing the restoration of those contents should be explored. Unfortunately, historic preservation efforts have focused on building facades (most of which are not historically significant in Nauck) while ignoring the capital equipment and other contents of particular significance. Again, preservation and restoration of those contents is a high priority, identified by the residents of the community and confirmed through the market analysis as a foundation for the history and “niche” marketing of the area’s retail base.

The developer of the Bowman Hill townhouse project may be purchasing property south of the Square site along Shirlington Road for the purposes of constructing more residential development. Every effort should be made to ensure that the several small businesses there are accommodated within Nauck should development actually proceed in that area.

Summary

This market analysis finds that Nauck has as its primary asset significant cultural heritage and an opportunity to leverage that through the development of an interpretive Town Square. While the Nauck retail node is small and there is significant competition for the retail dollar, the area does offer several opportunities to build on its heritage and attract or expand on a small collection of unique retail businesses. Among those businesses would be a soul food diner or café with interpretive elements, toy/game store, barber shop & convenience store expansions, day care, and others.

Key redevelopment issues relate to the relocation of existing businesses from the Square property, redevelopment of sites along the west side of Shirlington Road (**south** of the Square), and strengthening the industrial area. This report provides several recommendations for purchase of these properties and the relocation of existing businesses, with the caveat that the County would facilitate these actions in order for the Square to be realized.

Appendix

**Table A-1. WARRANTED RETAIL DEMAND BY TYPE OF GOOD,
NAUCK TOWN SQUARE, 2005-2010**

	Demand in Square Feet		Existing	Warranted
	2005	2010	Use	Demand
<u>Convenience</u>				
Grocery	4,468	5,742	-	5,742
Food	2,290	3,207	2,640	567
Pharmacy	1,712	2,335	1,800	535
Gas	455	557	-	557
Misc Convenience	506	738	-	738
Sub-Total	9,432	12,579	4,440	8,139
<u>Shoppers Goods</u>				
Apparel/Access	192	325	-	325
Footwear	32	51	-	51
Furniture/Home Furn	352	469	-	469
Appliances	16	23	-	23
Hdwre/Bldg Supply	1,332	1,669	-	1,669
General Mdse	90	135	-	135
Home Centers	-	-	-	-
Auto Supply	1,098	1,795	-	1,795
Electronics & Comp	28	42	-	42
Misc S.Goods	1,013	1,365	-	1,365
Sub-Total	4,153	5,873	-	5,873
<u>Eating/Drinking</u>	2,183	3,185	-	3,185
<u>Entertainment</u>	-	-	-	-
<u>Personal Svces</u>	1,333	1,967	1,177	790
TOTAL	17,101	23,603	5,617	17,987

Source: Randall Gross / Development Economics.