



# The Nation's Capital

Becoming  
a World  
Class Retail  
Destination

By Eric Rubin

**W**ashington DC's retail landscape looks very different than it did five years ago and retailers around the world and throughout the United States are beginning to take notice. Increasingly, the nation's capital is becoming a world class retail destination and an ideal location for international retailers seeking to enter the US market. It is also a hotbed of upstart retail concepts with big ambitions.

## The New Downtown

From the 1950s to the late 1990s, Washington, DC's downtown was in decline—many of the anchor department stores closed and lackluster retail and blighted streets left the city deserted at nights and on the weekends.

Today, it is a vibrant area with a healthy mix of local, national and international retailers and restaurant concepts along with a growing number of new residential units, new developers and newly redeveloped office buildings.

It began in 1998 with the debut of the Verizon Center (then MCI Center)—an indoor arena for the Washington Wizards and Washington Capitals franchises. Today,

it hosts over 220 events a year including concerts, sporting events and exhibitions. In 2003, a new Washington Convention Center opened and created another anchor venue hosting over one million visitors each year.

The street-level retail responded and throughout the downtown area new upscale restaurant concepts emerged to serve the existing daytime office population and the new nighttime visitors. National retail concepts including Urban Outfitters, Ann Taylor Loft, West Elm and American Apparel opened locations. New international imports including H&M and Zara also opened in the area.

Future downtown development on the site of the old convention center will truly take the revitalization effort to the next level. Hines and Archstone's mixed-use project includes over 400,000 square feet of retail space that will be a natural anchor site for the area and allow for a critical mass of higher end retailers—the missing category that downtown Washington is now ready to support.

## Diverse Retail Environment

Downtown will join already well-established retail destinations including Georgetown, Chevy Chase and Tyson's

Corner. Combined with many of the growing exurbs in Loudoun, Montgomery and Fairfax counties, the retail landscape now reflects a diversity and sophistication that makes it an ideal test market for new retail concepts seeking to enter the United States.

The downtown retail environment is a natural transition for many European concepts that are comfortable with streetscape retail. Compared to alternatives such as New York, DC is also far less risky because of lower barriers to entry.

The diversity of retail also allows, and almost demands, a multi-store strategy because each of the retail pockets serves exclusive audiences. Georgetown has become like Boston's High Street and acts as a destination for many of the city's tourists and exclusive residents. Chevy Chase serves the affluent populations of the immediate suburbs while Tyson's Corner is a regional powerhouse.

For international concepts, Washington, DC's embassies and growing prominence on the world stage has produced a very globalized population. The city's cosmopolitan appeal is far greater than it was ten years ago. It will continue to grow as Washington DC increases its presence as a prominent world city in the global economy.

**Strong Economy**

Buoyed by the federal government, Washington DC is often called "recession-proof." While that may be overstated, it is true that the area does not feel swings in the economy as strongly as other parts of the country because the government and related industries act as stabilizing forces.

There is also a very strong entrepreneurial spirit that has evolved out of the area's distinction as one of the

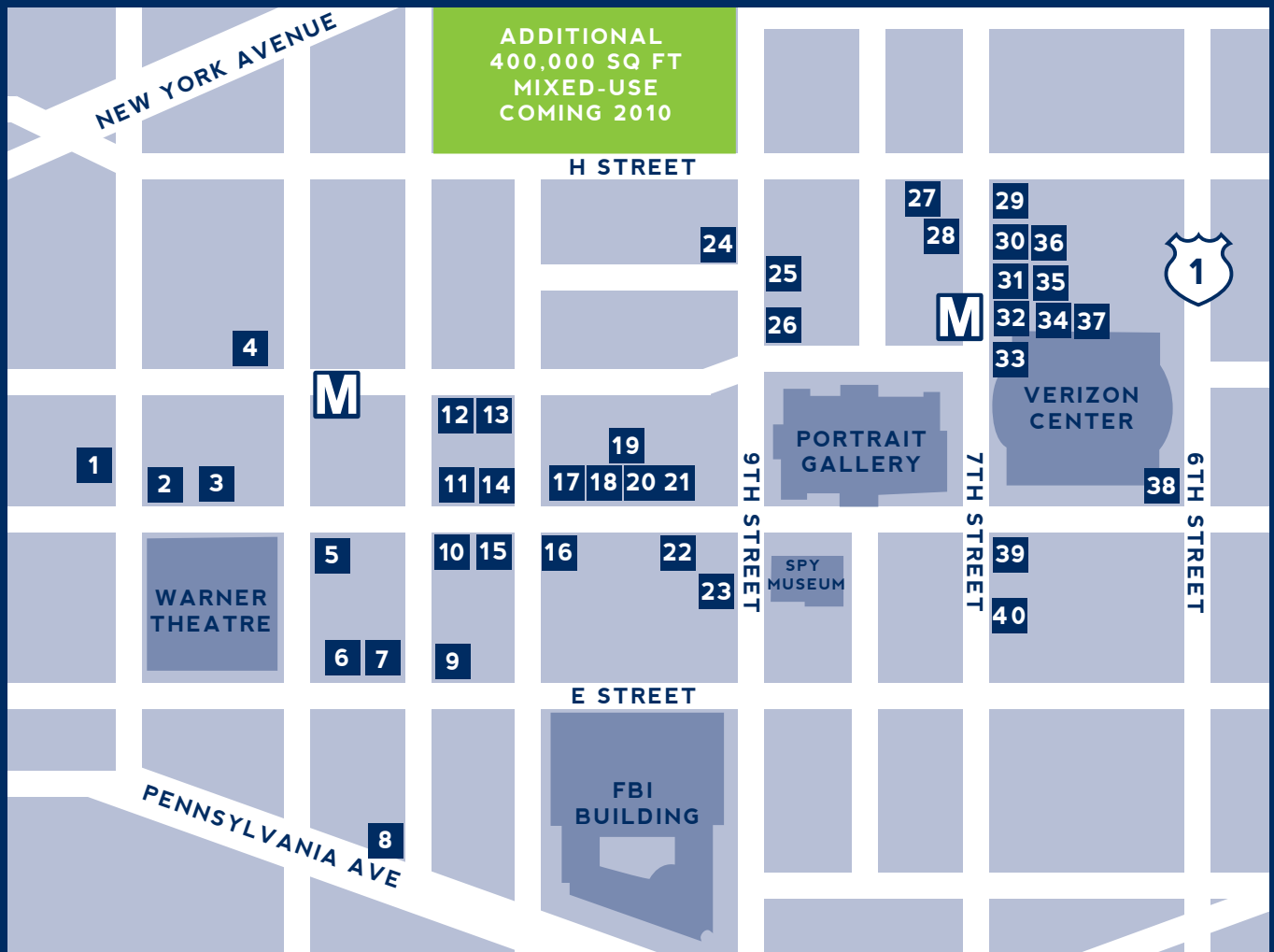
most highly educated cities in the world. Many of the best new retail concepts come from bright professionals and early retirees "burned-out" by the structure and routine of big corporate environments. Many of these individuals have the start-up capital required and the business acumen to run operations efficiently. Moreover, they have the drive and the intellectual skill to see opportunities and seize upon them.

Washington, DC must now be considered a world class retail destination and city. That designation will only grow in the coming years and retailers and landlords will be well served to recognize this trend and move quickly to capitalize.

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**RETAIL DEVELOPMENT IN DC'S PENN QUARTER NEIGHBORHOOD**

- 1 Ann Taylor
- 2 Banana Republic
- 3 The Oceanaire Seafood Room
- 4 Macy's
- 5 Celadon Spa
- 6 Barnes & Noble
- 7 ESPN Zone
- 8 Fogo De Chão
- 9 Landmark Theatres
- 10 JoS. A. Bank
- 11 H&M
- 12 West Elm
- 13 Madame Tussauds
- 14 Zara
- 15 American Apparel
- 16 Peruvian Connection
- 17 Mia Gemma
- 18 Co Co. Sala
- 19 L'Occitane en Provence
- 20 Cowgirl Creamery
- 21 McCormick & Schmick's Seafood Restaurants
- 22 Gordon Biersch
- 23 Ruth's Chris Steak House
- 24 Oya
- 25 Zaytinya
- 26 Fado Irish Pub & Restaurant



- 27 La Tasca
- 28 Legal Sea Foods
- 29 Urban Outfitters
- 30 Aveda Institute
- 31 City Sports
- 32 Clyde's
- 33 Ann Taylor Loft
- 34 Regal Cinemas
- 35 Lucky Strike
- 36 Bed Bath & Beyond
- 37 Bar Louie
- 38 Vida Fitness
- 39 Rosa Mexicana
- 40 ChopHouse & Brewery

Source: Madison Retail Group Washington DC