

**BETHESDA CENTRAL BUSINESS DISTRICT**  
**ISSUES AND OPPORTUNITIES**

Prepared For:

Division of Commercial Revitalization  
Montgomery County Department of Housing  
and Community Development

February 1986

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February 25, 1986

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Dear Mr. Miner and Mrs. Anderson-Yopp:

This will transmit a report summarizing the findings and conclusions of our extensive study dealing with the complex issues circumscribing the development and redevelopment of an intensely developed urban area -- the Central Business District (CBD) of Bethesda. It was prepared for the Montgomery County Department of Housing and Community Development (DHCD), through its Division of Commercial Revitalization, to evaluate the ongoing and planned public and private redevelopment initiatives in the "core" area of Bethesda and their collective impacts (implications) on the "non-core" areas of the Bethesda CBD, with special emphasis on the retail sector.

The study was conducted at a time when substantive redevelopment in parts of the core area were well underway. The initial round of some thirteen projects when completed, will represent nearly one-half billion dollars worth of private investment in an impressive complex of new office, hotel, retail, residential, and service space in the heart of the Bethesda CBD, creating an exciting new physical environment. This private investment will be complemented by over \$65.0 million of public expenditures in parking facilities, road improvements, sidewalk and other streetscape elements, over the next five to six years. One cannot but agree that Bethesda's plan for revitalizing its Central Business District is one of the most ambitious in the country.

Despite its size and impact, however, the development initiatives in the core area represent only the beginning of the revitalization needs and opportunities for the rest of the CBD. This study was commissioned with the realization that perhaps there is a need to take a hard look at what has been accomplished and its implications for the rest of the CBD.

#### The Assignment

To put it within the context of this report, the consultant team was asked to "develop an overall management strategy and program for complex public and private actions relating to the redevelopment of the Bethesda Central Business District." This broad charge was identified cooperatively



by the various public and quasi-public agencies and institutions involved in the revitalization process in the Bethesda CBD.

Specifically, the study was to provide a basis for the formulation of programs and public responses to such diverse issues as:

- Business retention and expansion with an emphasis on the retail sector;
- Revitalization of the non-core area;
- Future direction and emphasis of the public improvement programs to areas outside the core;
- Ways to encourage private reinvestments in properties to enhance Bethesda's new physical image;
- Bringing a balance to the range of retail uses that address both daytime employee needs and the needs of the nearby residential market;
- Mitigative measures to protect established residential neighborhoods from commercial encroachment; and,
- Institutional and financial mechanisms for maintenance of public and private spaces.

In addition, the consultant team was asked to address other issues emanating from the process itself. Particular focus was to be placed on identifying ways to improve the public management process, to improve communication and coordination among the various public entities, and to identify possible public responses to achieve equity among the various commercial interests represented within the core and non-core areas of the Bethesda CBD. The subject matter is a complex one, cutting across many disciplines --physical, legal, economic, social, political, and others-- associated with urban redevelopment and revitalization processes.

During the early stages of the consultant's work it was found that given the market and real estate forces at work in Bethesda, it would not be reasonable to suggest a set of public programs and policies aimed at the retention of all retail businesses throughout the CBD that are practical and successful. Consequently, the emphasis of the study shifted to identifying appropriate areas of the CBD outside the core where broader commercial revitalization efforts could best complement the redevelopment objectives in the core area.

#### The Study Process

The study was commissioned in mid-April of 1985, and got underway in earnest in mid-May, with a series of initial interviews with representatives of key County agencies, including the Department of Transportation (MCDOT), the Division of Parking, the Maryland-National Capital Park and Planning Commission (M-NCPPC), the Department of Housing and Community Development

(DHCD), and others. The first of four meetings with the Bethesda Study Committee was held in early July at which time several survey instruments were reviewed and, subsequently, the survey process began. The Bethesda Study Committee was organized to guide the overall study and was composed of members representing key County agencies, including the Planning Board, quasi-public institutions, and business and civic interests.

The overall research process involved two separate but interrelated tracks. One involved the opinion research efforts; the other dealt with the quantitative and qualitative analysis relating to the identification of the retail market potentials for Bethesda.

It is important to emphasize that during the course of the study, the consultant team received input from over 1,300 individuals representing nearly every functional aspect of Bethesda -- residents, civic leaders, community and neighborhood organizations, retail customers, retail merchants, non-retail businesses, employees, developers, property owners, and public officials. This research work was designed to solicit opinions and perceptions from the various segments representing the broader Bethesda community. In this regard, the following survey work was undertaken:

- Four focus group sessions were held to solicit initial input and guidance from residents, civic association representatives, and property owners selected at random;
- Customer intercept surveys were administered to over 600 shoppers;
- Over 40 retail merchants located in various parts of Bethesda were surveyed;
- A mail survey of over 100 non-retail businesses was sent out with some 50 businesses responding;
- Face-to-face and/or phone interviews with over 20 property owners having an interest in Bethesda were conducted;
- An extensive evening meeting was held with the members of the Woodmont Triangle Merchants Association;
- Some 1,000 questionnaires were distributed to employees of seven participating firms located in Bethesda, with over 36 percent responding;
- Personal interviews were conducted with several Standard Method project developers with completed, ongoing, or planned activities in Bethesda;
- Substantive indepth interviews were held with representatives of approved Optional Method project developers;



- Frequent meetings were held with representatives of the Bethesda-Chevy Chase Chamber of Commerce, other private and/or quasi-public organizations, and the various public agencies deeply involved in the redevelopment process in the Bethesda CBD.

This study has relied heavily on the input provided by the various segments of the broader Bethesda community, each with something at stake in the "New Bethesda." The detailed findings of the various focus group sessions and surveys are presented in a separate document entitled, "Technical Appendix, Bethesda Central Business District, Issues and Opportunities." This main report draws upon and utilizes only the most relevant findings of the overall opinion research effort.

### Report Organization

This report is organized into four major sections. Section I presents a brief background framework on Bethesda from two interrelated perspectives. First, from the historic perspective in terms of Bethesda's evolution, growth and changes; second, from the standpoint of the more recent planning process affecting the development and redevelopment of the Bethesda CBD.

Section II deals with the changing structure of the Bethesda CBD -- key functional activities comprising the structure of the CBD as it exists today and the substantive changes that are in the offing as a result of new public and private development and redevelopment initiatives. In this context, the key features of each of the Optional Method projects, as well as programmed levels of public investments complementing private sector development initiatives, are briefly described.

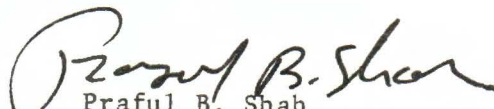
Section III deals exclusively with the retail market potentials of the Bethesda CBD and the implications associated with new retail development in the core area on retailing activity in the non-core areas. As part of this assessment, issues affecting the realization of the important "activity center" objective for the core area are presented, opportunities identified, and appropriate public/private actions are suggested.

Finally, Section IV presents the general findings of our overall research effort. They are couched in terms of implications of key issues and concerns identified and appropriate public responses are suggested for those issues amenable to public interventions.

We have enjoyed the challenge presented by this important undertaking and we hope that the results and conclusions of our efforts will be useful to the various Executive Branch departments, including your agency, in achieving the goal of coordinated development and revitalization of the entire Bethesda CBD.

Many persons too numerous to name individually gave invaluable aid in the preparation of this study. Thanks are extended to all who gave generously of their time and knowledge. Special thanks are extended to you in effectively guiding this complex undertaking and to the members of the Study Committee who gave liberally of their time and knowledge to make our efforts less difficult.

Sincerely,

  
Praful B. Shah  
President



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**SECTION I. DEVELOPMENT PLANNING FRAMEWORK FOR BETHESDA**

## SECTION I. DEVELOPMENT PLANNING FRAMEWORK FOR BETHESDA

Perhaps nowhere in the nation has the demographic pressure and economic incentive to build been stronger than in the Washington metropolitan area over the past several decades. Montgomery County, located directly north and northwest of the District of Columbia, is an integral and important part of this dynamic, ever-changing and expanding urban complex.

The economic activities making up the Montgomery County economy are fundamentally a part of the Capital City functions of Washington. Functioning for all practical purposes as an extension of the District of Columbia, Montgomery County has a predominantly services and trade oriented set of economic activities. These are functionally related to the Capital City and to the national and international economic, political, legal, medical, and defense related activities of the federal establishment.

The expansion of the federal government activities and related employment was the key generator of economic and population growth in the Washington metropolitan area during the quarter century after the end of World War II to 1970. The importance of the federal government in the total profile of the area economy, however, has lessened since 1970. Nevertheless, the evolution of the Bethesda Central Business District as an important and somewhat unique commercial hub is inextricably tied to the decentralization of these federal activities into areas outside the District.

### Early Development

Located in the lower-end of western Montgomery County, the Bethesda community has evolved from the tobacco plantations of the 18th century to an important commercial center serving a large, affluent suburban residential community. Initially, retail activity was clustered near the intersection of Wisconsin Avenue, Old Georgetown Road, and East-West Highway -- the location of the recently opened Metro station. Many of the surrounding farms were subdivided into single-family homes well before the beginning of World War II.



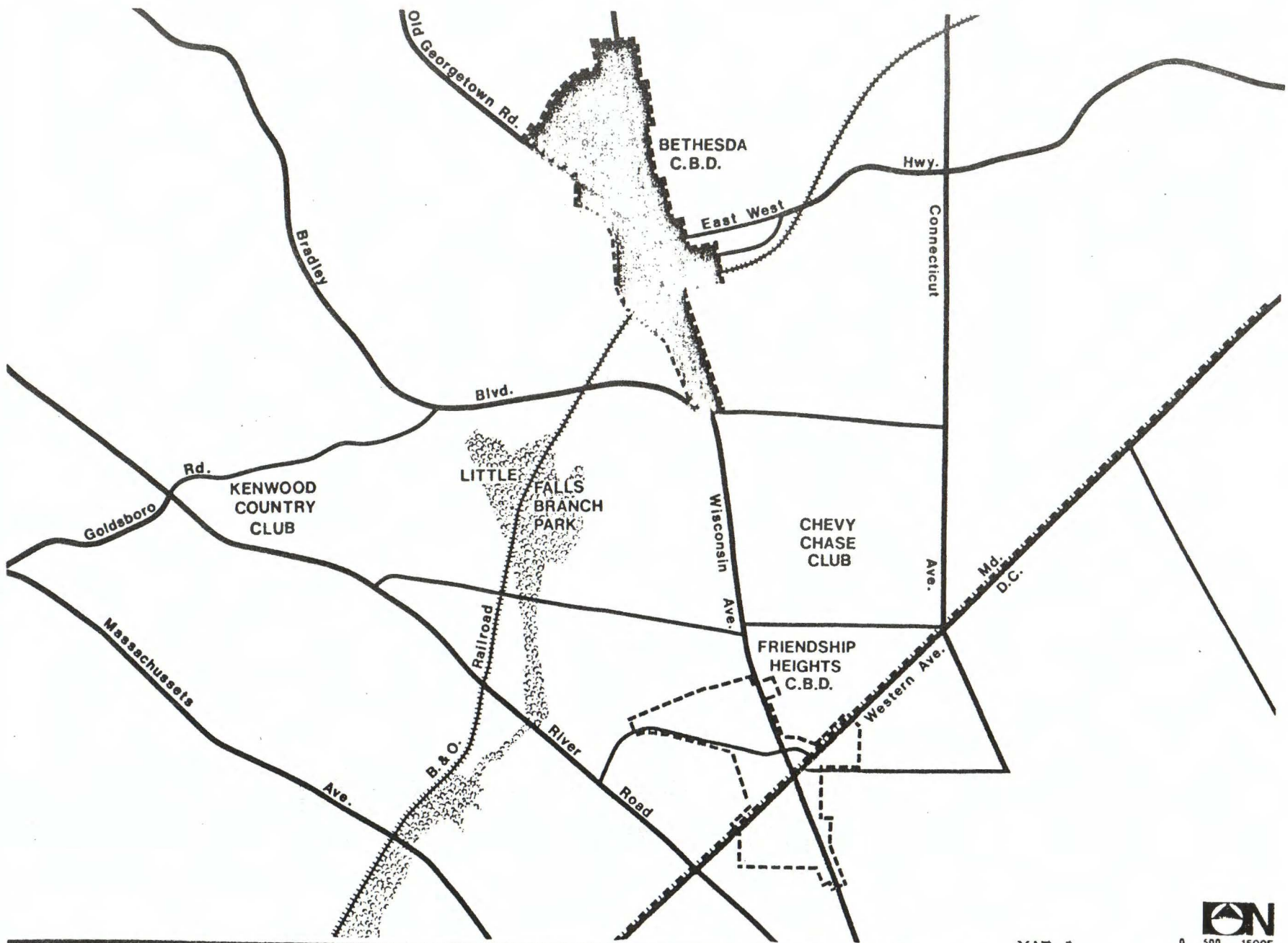
Intensive commercial development began to occur just before World War II. The establishment of the National Institute of Health (NIH) in 1935, and the establishment of the National Naval Medical Center opposite NIH along Rockville Pike in 1942, paved the way for the rapid urbanization of Bethesda.

Further commercial development spread into previously subdivided residential areas, particularly that area wedged between Old Georgetown Road, Battery Lane and Wisconsin Avenue, known as the Woodmont Triangle. The evolution of residential uses into commercial ones in the Woodmont Triangle area has some important implications for the purpose of this study.

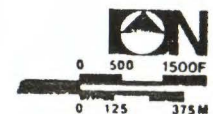
- First, the subdivision of farm land into relatively unplanned residential uses, some forty to fifty years ago, lead to the creation of haphazard street patterns within the Woodmont Triangle, which are confusing to those unfamiliar to the area.
- Second, the early subdivision activity coupled with subsequent rezoning and conversion of residential uses to commercial uses during the 1940's and 1950's, left Woodmont Triangle with fragmented land and building ownership. The plats of many such properties are either nonexistent, improperly recorded, or difficult to find in the County records. Furthermore, the multiple ownership of relatively small properties amkes land assembly in the Woodmont Triangle area difficult. This fact had a stong influence on subsequent efforts to encourage redevelopment in the CBD.

Although some new office and residential developments have occurred in the fringes, the interior of the Woodmont Triangle area has primarily retained its diverse mixture of retail, commercial, and service environments.

The rapid suburbanization of metropolitan Washington during the two decades following World War II found the Bethesda CBD functioning as an important convenience and service retail center meeting the daily needs of the relatively large, affluent residential community of western Montgomery County. However, continued expansion of the County's economy and population, coupled with Bethesda's strategic location, provided the basis for the development of office space in the CBD. By the early 1960's, for



MAP 1



# BETHESDA CBD

## REGIONAL LOCATION MAP



all practical purposes, the Bethesda community as a whole, including its CBD, was fully developed.

Today, the Bethesda CBD is second in size among the three CBD's in Montgomery County -- Silver Spring, Bethesda, and Wheaton. It is one of the two major commercial centers located in the Bethesda-Chevy Chase Planning Area (the other being the more intensively developed Friendship Heights area which is located about one and one-half miles south of the Bethesda CBD at the District line along Wisconsin Avenue). The following Map 1 shows the Bethesda CBD's location within the broader Bethesda-Chevy Chase Planning Area.

#### Development Environment in the 1970's

The expansion of the region's population and economic activity into the outlying areas was aided by the development of the Capital Beltway, Interstate 270, and by the improvements made to the major roads serving the County in the late 1960's and early 1970's. As the markets expanded outward, so did new, relatively large-scale shopping centers and office parks.

This increased rate of growth and new development outpaced the capacity of the public facilities to accommodate it. Thus, the growth syndrome of the 1950's and 1960's gave way to the anti-growth sentiments in the 1970's. Sewer moratoriums, more precise planning which resulted in down-zoning of business and industrial areas, and other restrictive development policies were put into effect in Montgomery County. The cumulative effect of these policies brought about a virtual halt to new development in Bethesda as well as in other selected parts of Montgomery County.

#### A Perspective on the Development Planning Process in Bethesda

As noted, the development (or redevelopment) process in the Bethesda CBD has operated within an institutional structure created over the years, particularly since 1970. This process was designed to accommodate change, deal with problems of congestion and obsolescence, better manage growth, and



protect the existing investments in established residential neighborhoods as well as other properties and facilities. Numerous rules and procedures for meeting those broad objectives were needed and new zoning ordinances and regulations governing land uses, development densities, and a myriad of other prescriptions have been adopted. Legal and administrative procedures and protections have been used to get the redevelopment process underway and to channel new growth in scale with the capacity of critical public facilities, particularly the road network serving the Bethesda CBD.

There have been three major planning and public policy documents that have been officially adopted to guide and regulate the nature, scale and timing of new development in the Bethesda CBD since 1970:

- The 1970 Master Plan for the Bethesda-Chevy Chase Planning Area;
- The 1976 Sector Plan for the Bethesda Central Business District; and,
- The 1982 Amendment to the Bethesda Central Business District Sector Plan.

The following pages briefly describe the key planning and public policy procedures and guidelines contained in each of the three major documents noted above. It is important to note that this is done in retrospect of the planning process and policies as adopted and implemented; they are presented here only to set a framework. These documents provide a context within which key issues circumscribing development (or redevelopment) in Bethesda are identified. With this background information, appropriate future public policy responses, courses of action, and strategies can be suggested and interpreted later in Section IV of this report.

#### The 1970 Master Plan

The Montgomery County Planning Board of the Maryland-National Capital Park and Planning Commission adopted a Master Plan for the entire Bethesda-Chevy Chase Planning Area in 1970. In many respects, this document set the stage for subsequent changes in land use, zoning,

development densities, and other prescriptions regulating development in Bethesda. The 1970 Master Plan:

- Located the Metro station and at the same time raised important questions with respect to the potential impact of the Metro on the CBD and surrounding areas, including the issues relating to managing and channeling growth;
- Called for needed public facilities, including the library and urban parks, which since have been completed; and;
- Reduced the size of the CBD.

This last point needs elaboration. The 1970 Master Plan concluded that the CBD, as then defined, was much too large when compared with its realistic economic potentials. Consequently, on August 15, 1971, in response to the Planning Board's recommendation, the County Council enacted an amendment to reduce the size of the CBD from 195 acres to 153 acres.

The planners of the 1970 Master Plan were unable to recommend land uses and zoning changes because of the lack of suitable zoning categories scaled to the needs of the CBD and the transit station areas. Consequently, the 1970 Master Plan served as the basis for the zoning categories, including high-density residential and mixed residential/commercial zones, that were created and applied in the 1976 Sector Plan.

#### The 1976 Bethesda Central Business District Sector Plan

In 1984, the Washington Metropolitan Area Transit Authority (WMATA) initiated service on Metro's Red Line through Bethesda to Rockville. This long awaited event represented a watershed in the development of the Bethesda CBD. The event itself had been anticipated for over a decade, and had begun to influence land investment decisions even before that. The expected coming of Metro vaulted Bethesda's CBD from the 1950's to the 1990's in real estate terms and spurred studies, public actions, private actions, and more studies.

The 1976 Bethesda Central Business District Sector Plan represented a critical milestone in the planning of "New Bethesda." It made use of new analytic techniques developed by the Planning Board to establish a development scale and zoning envelope in reasonable relationship to the ability of the public facilities, particularly the transportation system, to support such planned development.

In 1976, the Sector Plan study area outside the CBD consisted of an additional 253 acres. Thus, the Bethesda Study area (the entire Sector Plan Study area) totals some 406 acres.

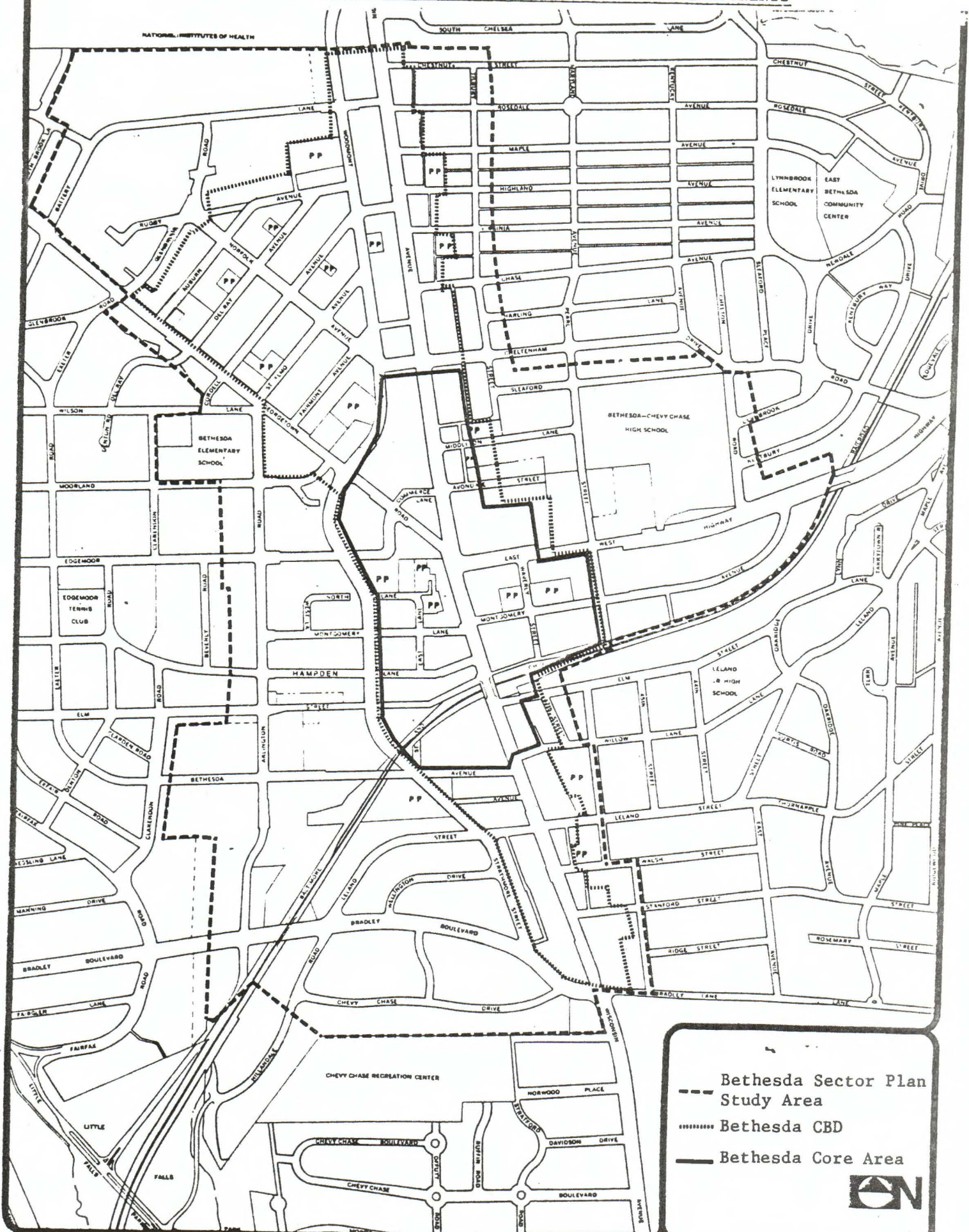
The following Map 2, shows the boundaries of the Bethesda Sector Plan Study area, the CBD, and the "core" area -- the area of focus for ongoing and planned (approved) new private sector development initiatives under the Optional Method project concept discussed in some detail later. It should be mentioned that for the sake of simplicity, the word "Bethesda CBD" is interchangeably used to either refer to the Sector Plan Study area or the CBD proper, as defined. The "non-core" area is that part of the Sector Plan Study area outside the defined limits of the Bethesda "core" area, as shown.

Development Envelope. Starting from where the 1970 Master Plan left off, the 1976 Sector Plan created a massive down-zoning from a theoretical building capacity of 63 million square feet of space in the study area to a "desired" and supportable building space of 12.4 million square feet-- a net increase of only 3.2 million square feet over the 9.2 million square feet of building space existing in 1972. Recognizing that some owners would not or could not build to capacity, and to allow flexibility in the marketplace, the 1976 Sector Plan created a zoning envelope for 6.2 million square feet of new development.

This higher level of development envelope reflected growth expectations for the Bethesda area over the ten-year planning period. The findings of a study produced by the Planning Board's Research Division in early 1975, indicated a total demand for approximately 5.1 million square



MAP 2. BETHESDA SECTOR PLAN STUDY AREA AND ITS COMPONENTS



- - - Bethesda Sector Plan Study Area  
 ..... Bethesda CBD  
 ————— Bethesda Core Area



feet of building space for various land uses in Bethesda over the ten-year span of the Sector Plan. This conclusion was generally supported by an independent consultant's study initiated by the County Executive.

Development Form. The 1976 Sector Plan also addressed the issues of where and when this new development should take place in Bethesda. After a careful evaluation of three alternate development concepts, the Sector Plan recommended the "center" concept to achieve a desirable new urban form of development, with the Metro station as the focal point, around which new development with higher densities should concentrate.

New Tools. To achieve the desired development objectives, the 1976 Sector Plan created the new CBD and Transit Station-Residential Zones. These provided for "modest amounts" of development to occur as a matter of right according to the "Standard Method of development" and a "somewhat greater" amount of building space to be allowed with the permission of the Planning Board under the zoning ordinance's Optional Method of Development.

Development Staging. The 1976 Sector Plan provided for the development and redevelopment of the Bethesda CBD to occur in three sequential stages. Stage I permitted optional method projects to occur initially in the 5.95 acre central core and some adjacent areas. Stage II ensued and allowed development to occur in the balance of the CBD, except the Montgomery Triangle area, after net new development of 1.5 million square feet was committed in the core area -- Optional Method projects-- and when Metro was open. The plan specifically recommended deferring Stage II until Metro was operational or demonstrated available traffic capacity to support continued development in the absence of the Metro opening.

Stage III would ensue after 2.5 million square feet of development had been committed. By this staging approach, the Sector Plan designated early development priority to the core area. In line with the recommended development form most approved projects in the core area of Bethesda's CBD

were permitted to achieve an FAR of up to four, while the balance of the CBD was to carry FAR's of one and two. In addition, the 1976 Sector Plan emphasized neighborhood protection, improvement of the environment, and provision of community facilities. It also addressed urban vehicular and pedestrian movements and set general guidelines for urban design by providing "amenities" to ensure that the core area would function as a people-oriented "activity center" during and after working hours, seven days a week.

More importantly, as a further safeguard against over development, the Sector Plan called for the Planning Board to continuously monitor both new development and traffic conditions. The Planning Board was also directed to recommend changes in the development scale established in the Sector Plan or suggest other modifications and amendments, as appropriate and warranted by hard evidence, to achieve the Sector Plan goal of upgrading and improving the Bethesda CBD.

Two important events occurred during the early 1980's -- the period just prior to the adoption of the 1982 Amendment to the Bethesda CBD Sector Plan. These included two public hearings: one leading to the amendment of the Sector Plan in 1980 to permit a development commitment level of 1.5 million square feet; and, the second leading to the establishment of a moratorium by the Planning Board on any further optional method applications until the County Council acted to amend the staging elements of the Bethesda CBD Sector Plan -- the primary focus of the 1982 Amendment to the Sector Plan.

#### The 1982 Amendment to the Bethesda CBD Sector Plan

The purpose of this important amendment was not to deal with changes in zoning or the location of public facilities, but to amend the staging elements of the 1976 Sector Plan, and to modify the development scale as prescribed by that plan.



Rationale for New Staging Plan. The Planning Board's review of the latest information contained in the 1981-82 monitoring reports and other evaluations suggested that in spite of the postponement of the Metro opening from 1980 to 1984, there were other factors and conditions at work that affected a higher traffic capacity than was contemplated in the 1976 Sector Plan.

The Planning Board's assessment of the additional available traffic capacity was corroborated by an indepth transportation study sponsored by the Bethesda-Chevy Chase Chamber of Commerce. In essence, the decision to increase the modal split from twenty to twenty-five percent, and the use of new trip generation rates for each major land use category yielded a new development envelope equivalent to about 2,100 more trips. (The term "modal split" is used here as it is defined in the 1982 Sector Plan Amendment: "modal split is the percentage of trips that are made by transit, either Metro rail or bus transit.") Therefore, it was assumed that more people would use mass transit, thus allowing more trips for development.

Reinforcement of the Urban Form. The 1982 amendment thus set a new limit of 2,100 additional trips to be generated by specific new types of development. This use of transportation capacity was substituted for the total square foot cap traditionally used to define and control development. In doing so, it changed the basis for approving optional method applications by establishing what became known as the "Beauty Contest" and also made the "core" the designated first choice area for all such projects.

In retrospect, it seems that the major street capacity assumptions of the 1982 Amendment were based on an optimistic series of modal split decisions that were not consistent with information available regarding ridership on the new Metro, Ride-On buses, and the current habits of ride-sharing users. The 1976 assumption, as noted earlier, of twenty percent modal split for transit was increased to twenty-five percent. In addition 500 trips were freed up through the anticipated use of ride-share

programs. The push for what was called "induced vehicle-passenger density" would also include parking surcharges, staggered working hours, and parking support incentives for carpooling by favorable rates, designated spaces, and/or locations.

The optional method projects within the core area were allowed to absorb nearly eighty percent or 1,675 of the total additional 2,100 projected trips, while 115 trips were reserved for residential users within the CBD. The ability of standard method projects to go forward by right was acknowledged and 200 trips were granted for such projects.

In effect, the 1982 amendment reinforced one of the major premises of the 1976 Sector Plan: that because of small parcels, fragmented ownership, and the already developed nature of the study area in general, there would be a limited amount of development occurring outside the core area under the auspices of the standard method system.

Beauty Contest and Timetable. In order to compete for the limited trip capacity, developers interested in the higher densities permitted in the core by the optional method entered into a competition for the right to develop. The criteria for ranking ranged from measures such as the provision of housing uses, to elements such as the "enhancement of the pedestrian environment" and the "achievement of a functional/visual effectiveness." Ultimately, twelve of the thirteen projects submitted were accepted, filling over 1,639 of the 1,675 allocated trips. (This number of projects includes the Stage I Metro Center projects.)

A condition of the competition, which has become increasingly important, was the eighteen month time limit by which construction must be begun after the approval date of the project. It was considered important to have a uniform outside start date for the sake of fairness and also to create the kind of immediate impact that was needed to achieve the desired effect.



Activity Center Objective. A vital goal of the core area redevelopment process was to create a pedestrian shopping and activity center which would be an attractive magnet not merely from nine to five, but into the evenings and weekends. To create a healthy downtown a series of design objectives were promulgated to make sure that those properties be developed which could best enhance the pedestrian pathway system and transit usage by linking and extending outward from the Metro station. The Planning Board recognized the need to locate "stimulating " land uses along the major pathways, with pedestrian-oriented retail and food service preferred. The sidewalk environment was to be enhanced by use of specific materials, landscaping, lighting, street furniture, etc. An effort was made to encourage foot traffic for shoppers and to create "people places" that would generate pedestrian activity. The ultimate result was intended to be the creation of a sense of identity and place in the core area of Bethesda.

Included in the recommendations was the formation of a managing entity that would not only provide for cleaning and repairs of public areas, but that would also program activities and sponsor events in the public spaces created by the new developers. As part of the legal and administrative structure, optional method developers were required to sign a covenant with the MNCPPC whereby the developer agreed to be responsible for installation and maintenance of both on-site and off-site amenities.

The Housing Component. Partially to help encourage activity during evening hours and to make "New Bethesda" whole, it was felt important to provide some trip capacity for new housing developments as soon as possible. However, the 1976 Sector Plan did not envision this as happening until some later stage. A Transit Station-Residential zone to the west of the Metro station was established for the eventual construction of up to 1,500 units. It also became a major goal of County housing policies to have some residential development near the Metro station in order to reduce the need for the use of cars. Consequently, 225 trips were reserved for residential users in the 1982 Amendment.



### Proposed Amendment to the Sector Plan Limiting Standard Method Projects

Standard method development has been spurred on by the same market factors and profit motivations which have encouraged the larger "optional method" developers. While many of the early standard method projects were developed on a smaller scale than planners had anticipated, several have been in the 50,000 to 100,000 square foot category, and the larger projects are beginning to dominate. Because of the unexpected number of standard method projects which have received zoning approval or recently applied for building permits, four hundred more trips than originally anticipated in the Plan may occur. Therefore, the Planning Board staff in August of 1985 recommended that a maximum trip limit be established.

This proposed limit has been interpreted to be the 200 trips established in the 1982 Sector Plan amendment. Most of these trips have already been allocated and this policy would effectively stop additional standard method projects which require subdivision review. This moratorium would remain in effect at least until the current traffic studies are completed to test if more capacity exists, and a comprehensive revision of the Sector Plan amendment is undertaken. It is anticipated that the "after Metro" traffic studies will take approximately one year to complete and additional Sector Plan revisions will take two to three years.

### Implications of Key Events

The use of development moratoriums and other development control mechanisms and procedures has allowed the County to manage, control and channel growth. One cannot but be impressed with the availability in Montgomery County of a range of innovative tools and mechanisms for utilizing public leverages to spur private investment. Perhaps no other county in the country has access to better legal tools for effective development and redevelopment, and certainly few have exercised public leverages more effectively, particularly in getting more out of private sector investments in the CBD's, than Montgomery County.

The fact still remains, however, that Montgomery County has a fairly complex development process of institutional restraints, particularly as it relates to and effects the development and redevelopment of close-in, urbanized areas such as Bethesda. This is a characteristic of many local governments and often causes disaffections between the public and private sectors -- people, businesses, property owners, developers, and investor interests.

Some of the planning and public policies of the past, coupled with consideration of private real estate and market factors in Bethesda, raise important issues for the future of Bethesda's CBD outside the core. Major issues posed can be stated as follows:

- What impact does the estimated 2.2 million square feet have on market conditions in the CBD in the future?
- Is the twenty-five percent modal split achievable in Bethesda? If not, what does this mean to the area residents, retail and non-retail business, and to the County government?
- How does the proposed 1985 amendment to the Sector Plan limiting standard method development impact existing and future retailers, other businesses, property owners, employees, and residents of Bethesda?
- Is the programmed retail space in the core sufficient in size to create a "critical mass" for Bethesda to function as an effective after hours activity center -- a festive and active people place?
- Would the mix of retail activity, as envisioned by the various optional method developers, assure that Bethesda will reach this important goal?
- What implications, if any, does the new retail activity in the core area have on retailers in the non-core area?

It is important to point out that answers to some key questions, particularly those associated with traffic, parking, use of transportation facilities, and development capacity can only be adequately addressed after the completion of the "after Metro" studies. The subsequent two sections of this report attempt to present additional information pertaining to the approved optional method projects, public capital



improvement outlays programmed or committed, and an assessment of the retail market potentials for Bethesda. This process has produced a framework or reference context for some of the issues addressed in greater detail in Section IV of this report.

SECTION II. THE CHANGING STRUCTURE OF THE BETHESDA CBD



## SECTION II. THE CHANGING STRUCTURE OF THE BETHESDA CBD

Today, Bethesda is confronted with problems somewhat similar to those facing many downtown areas -- inadequate road capacity, an obsolete street system, traffic congestion, inefficient vehicular and pedestrian circulation, a relative lack of parking facilities, difficulties in land assembly due to small parcels, multiple ownership of properties, absentee owners, inconsistent and often incompatible land use patterns, and a somewhat cluttered and disorderly appearance to the urban landscape. Some of these problems are old; others are generated by development itself. None are easily resolved.

Paradoxically, the basic causes underlying some of these problems are the very factors that helped to create the Bethesda commercial area in the first place. As noted earlier in Section I, the rapid growth of suburban development and the decentralization of commercial facilities to serve the suburbanites, were the main forces which created Bethesda's commercial core in the two decades following World War II.

Within the historical context presented in the foregoing remarks, it becomes evident that:

- The basic infrastructure in Bethesda was well in place before the 1960's and the increased suburban development in Montgomery County. However, while roads, sewer, and water lines, and other public infrastructure facilities were being built in the outlying areas to accommodate growth, little was done to improve or augment the capacity of Bethesda's infrastructure.
- For many, Bethesda has become an important "through point" functioning as a "funnel" for trips to new businesses and residences located elsewhere.

The result has been that factors that made Bethesda functional in the 1950's and the 1960's, place it at a disadvantage today. Traffic congestion along major streets and intersections is common. While the coming of the Metro service in 1984 propelled the Bethesda CBD from the 1950's to the 1990's in real estate development terms, the full impact and contribution of

Metro in alleviating the traffic issue in Bethesda is still evolving. It will be some years yet before planners and others will have adequate information to comprehend the full ramifications of Metro. These two factors -- the coming of Metro and the local road capacity -- have heavily influenced and guided the planning and development/redevelopment process in Bethesda since 1970. However, in spite of the sporadic measures during the decade of the 1970's and the early 1980's, the Bethesda CBD has grown and acquired new functional roles.

### The Economic Structure of the Bethesda CBD

As shown in the following Table 1, the largest amount of growth in building space in Bethesda over the 1972-84 period occurred in the office category followed by the retail and services category and residential uses. Over eighty percent of the estimated expansion in the building space within the study area occurred in the Bethesda CBD.

The 1984 building space estimates, shown in Table 1 on the following page, are not definitive numbers; they are intended to convey an order of magnitude growth that has occurred within the Bethesda Sector Plan Study area and the Bethesda CBD proper, over the 1972-84 period. They are presented to illustrate the various functions that the Bethesda CBD performs within the broader Montgomery County and metropolitan Washington economy.

A cursory examination of the data presented in Table 1 would suggest that Bethesda represents the land use patterns, mix of uses and intensity of activity more along the lines of many of the nations's moderate-sized "central cities." However, a closer examination reveals that except for its substantive office functions, the Bethesda CBD represents a relatively more unique set of activities than those found in other moderate-sized central cities.

#### Office Uses

While relatively late in arriving, the office function is the most dominant activity within the CBD and the second largest space user within



Table 1. AN ORDER OF MAGNITUDE BUILDING SPACE INVENTORY  
BY USE, BETHESDA CBD SECTOR PLAN STUDY AREA,  
1972 AND 1984  
(In Thousands of Square Feet)

Use Type	Gross Leasable Area in 1972			Space Estimates in 1984		
	Inside CBD	Outside CBD	Total Study Area	Inside CBD	Outside CBD	Total Study Area
Commercial						
Retail & Services <sup>1/</sup>	786.7	308.9	1,095.6	830.0	350.0	1,180.0
Office Space	2,372.8	490.7	2,863.5	3,500.0	550.0	4,050.0
Hotel & Motel	512.0	--	512.0	520.0	--	520.0
Auto & Related Services	331.2	--	331.2	300.0	30.0	330.0
Subtotal	4,002.7	799.6	4,802.3	5,150.0	930.0	6,080.0
Residential	1,006.5	3,341.0	4,347.5	1,000.0	3,550.0	4,500.0
Industrial & Misc.	86.5	3.8	90.3	100.0	20.0	120.0
Total Space	5,095.7	4,144.4	9,240.1	6,250.0	4,500.0	10,700.0

Note: Class "A" office space is normally defined to include those buildings 10 years of age or under which are well maintained. Class "B" office space is normally defined to include those buildings 15 years of age or under which are well maintained. Class "C" office space is normally defined to include those buildings over 15 years of age which are well maintained.

<sup>1/</sup> Includes a substantial amount of Class "B" and "C" office space in relatively small, old structures. Does not include office, hotel and retail space approved for the Metro Center and the Clark Building -- optional method projects under the Stage I development program.

Source: 1972 figures are from the 1976 Bethesda Sector Plan document. 1984 figures express order of magnitude estimates made by Praful Shah & Associates, Inc. based on the 1976 Sector Plan data, windshield surveys, and available data for projects completed and space removed from the inventory over the 1973-84 period.

the Sector Plan study area. During the 1972-84 period, as shown in Table 1 earlier, the amount of office space in the Bethesda study area increased by nearly 1.2 million square feet, from about 2.9 million square feet in 1972 to over 4.0 million square feet in 1984. The Central Business District proper accounted for most of the growth in office space over this period.

As a result of the sewer moratorium, there was little new development in Bethesda over the 1974-77 period. Almost all of the net increment in office space in Bethesda has occurred since 1977. This is illustrated by the completion of the following major office projects in Bethesda over the 1977-84 period:

- The East-West Towers with a total of approximately 375,000 square feet of space;
- The Ford Building with some 221,000 square feet of space;
- The Air Rights III complex with 367,000 square feet of space making it the largest phased office complex in Bethesda with a total of some 720,000 square feet of space;
- 4520 East-West Highway Building at Waverly Street with some 174,000 square feet of space; and,
- Other projects, including renovation and/or conversion of a number of smaller buildings into office uses within the study area, including the CBD proper.

The federal government is one of the largest employers and office space users in Bethesda, particularly in the Woodmont Triangle area, followed by local and regional market oriented businesses, such as finance, insurance, real estate, medical, legal, and accounting firms. Among these, the finance sector, including banks and savings and loan associations, account for a significant proportion of the area's office space. In fact, over the years, Bethesda has evolved into a major "finance center" serving the diverse needs not only of the area residents and businesses, but those of others located in the County and the broader metropolitan region.

As a result of the proximity of NIH, the National Naval Medical Center and other medical facilities, Bethesda is also recognized as a major national and international medical center. Furthermore, because of its strategic location, access, amenities, and prestige, Bethesda has attracted



a number of professional service organizations as well, including architects, engineers, and other professional consulting firms.

#### Retail Uses

Although Bethesda is an important subcenter to the metropolitan Washington area, it does not function as a suburban shopping center in the current understanding of the term. Bethesda's retail differs from other moderate-sized central cities inasmuch as its retailing structure does not contain large department stores nor is it properly represented by certain types of shoppers' goods stores normally found in viable central cities or typical shopping complexes. Bethesda, as discussed in greater detail in the following Section III, functions as:

- A convenience center catering to the needs of a relatively large, affluent suburban community and a daytime work force; and,
- A specialty retail and service center meeting the needs of a broader regional market place.

#### Residential Uses

Residential uses account for the highest amount of building space in the Bethesda Sector Plan study area. Nearly seventy-nine percent of the estimated total residential space of about 4.5 million square feet in 1984 was located in the study area outside the CBD proper. A majority of the estimated 1.0 million square feet of residential space within the CBD consisted of multi-family apartment complexes. The completion of the Waverly House in the late 1970's added approximately 126,500 square feet of space. In addition, the study area has experienced an erosion of residential space through conversion into commercial (retail/services) and/or professional office uses.

#### Parking Facilities

While the amount of building space in the Bethesda CBD is estimated to have increased by about sixteen percent or by about 1.5 million square feet

over the 1972-84 period, the number of parking spaces, both public and private, grew by over thirty-four percent, during the same period.

The number of public spaces, as shown in the following Table 2, increased by 689 from 4,061 spaces in 1974 to 4,750 spaces by 1985. The largest amount of increase in public spaces was in off-street parking facilities, which increased by 671 spaces, while on-street metered spaces grew by only 18 over the same period.

Table 2. TRENDS IN PUBLIC AND PRIVATE PARKING SPACES,  
BETHESDA CBD, 1974 AND 1985

	<u>Number of Spaces</u>		<u>Change, 1974-85</u>	
	<u>1974</u>	<u>1985</u>	<u>Number</u>	<u>Percent</u>
Public Spaces				
On-Street Meters	646	664	18	2.8%
Off-Street Spaces	3,415	4,086	671	19.7%
Subtotal	4,061	4,750	689	17.0%
Private Spaces in Major Bldgs.	7,061	10,100	3,138	44.4%
Total Number of Spaces	11,123	14,950	3,827	34.4%

Note: The number of spaces in major buildings for 1985 includes spaces provided in Stage I, the Clark Building and Metro Center projects.

Source: 1976 Bethesda CBD Sector Plan and the Montgomery County Parking Division.

The relatively substantial growth in the office space, particularly between 1977 and 1984, resulted in the expansion of the number of private parking spaces from 7,062 spaces in 1974 to 10,200 spaces by 1985, a gain of 3,138 spaces, or an increase in excess of forty-four percent over the 1974 figures. Overall, the supply of public and private parking spaces in the Bethesda CBD increased from 11,123 spaces in 1974 to 14,950 by 1985, a gain of 3,827 spaces over the period.

#### The Making of the "New" Bethesda

Implementation of the 1982 Sector Plan Amendment produced a competition among potential developers that has become known as the Beauty Contest and resulted in the approval of twelve of the thirteen project plans submitted

(this figure includes the Stage I Metro Center projects). In addition, public Garage 49 is now being considered as a public-private mixed use project with emphasis on developing approximately 200 residential units over a public parking garage and providing for approximately 15,000 square feet of retail space. Specific plans are currently being formulated for this project. The expected approval of the Garage 49 mixed use project will bring the total of approved major projects in Bethesda's core area to thirteen.

#### Key Project Features

By the Fall of 1985, signs of major construction activity provided evidence that all the planning was finally resulting in actual buildings. By the time the Metro station opened in late 1984, the Clark Building at Metro Center was readied for tenants and construction was well underway on the balance of the huge Metro Center complex, including the Hyatt Regency hotel and the office tower. By November of 1985, Stage I of the Bethesda CBD's redevelopment process -- the Metro Center complex -- was complete.

Of the eleven remaining projects in the core area, four are currently under construction and are expected to be completed by the end of 1986. The remaining seven projects, including the Garage 49 mixed use project, are expected to get underway in 1986, with completion by the end of 1988. The location and construction status of the thirteen core area projects is shown on the following Map 3. Table 3, following the map, shows proposed (approved) building space allocation by major use for each of the thirteen major projects in the core area of Bethesda.

As shown in Table 3, the completion of the thirteen major projects by the end of 1988 would result in the addition of nearly 3.4 million square feet of building space in the Bethesda CBD. Office uses will account for over sixty-eight percent or in excess of 2.3 million square feet, followed by hotel space accounting for 434,360 square feet or 12.8 percent of all space. Residential uses will account for 10.4 percent or nearly 354,000 square feet of the total approved (programmed) space, followed by retail and service uses, including banking and stock brokerage operations, which will



1 1/2

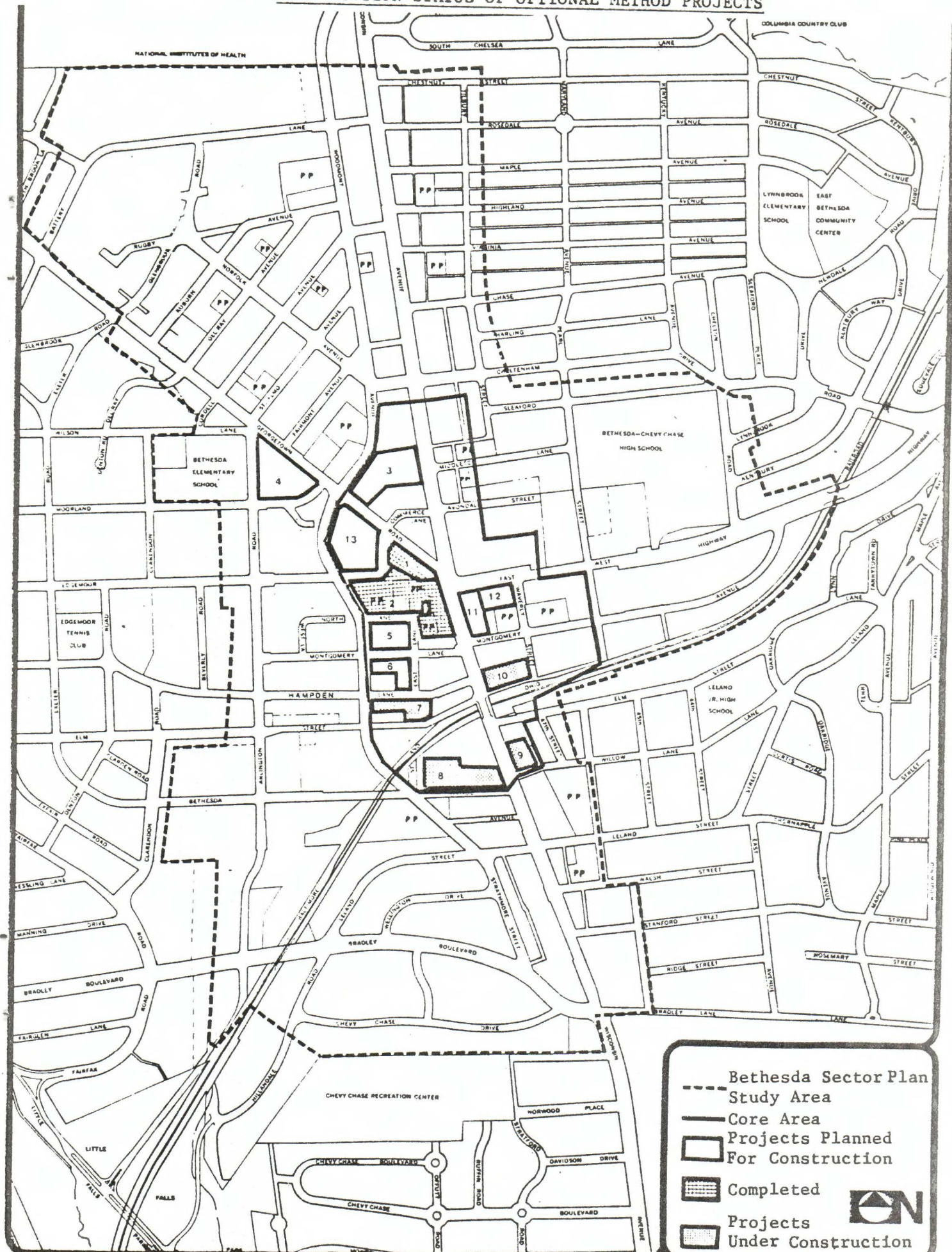


Table 3. SPACE ALLOCATION BY USE AND PROJECT STATUS,  
OPTIONAL METHOD PROJECTS, BETHESDA CBD, AS  
OF AUGUST, 1985

Map 3 Ref. #	Project	Proposed Space (sq. ft.)				Total Space	Construction Status
		Office	Retail/ Service	Resi./ Hotel	Other		
1	Clark Building	282,197	16,980	--	--	299,177	Complete
2	Metro Center	330,000	60,000	285,000	--	675,000	Complete <sup>1/</sup>
3	Bethesda Place	234,734	22,777	122,067	3,500	383,078	A.F.C.
4	Chevy Chase Garden Plaza	179,099	14,550	--	2,300	197,799	A.F.C.
5	Lorenz Building	238,710	48,372	--	11,628	298,710	A.F.C.
6	Salisbury Building	150,635	5,000	--	--	155,635	A.F.C. <sup>2/</sup>
7	One Bethesda Center	150,000	17,000	10,000	--	177,000	U/C
8	Artery Building	366,854	15,488	--	--	382,342	U/C
9	Gateway	126,320	15,564	--	--	141,884	U/C
10	Guest Quarters Hotel	--	6,100	149,360	5,000	160,460	U/C
11	7475 Wisconsin Avenue	136,100	12,342	--	--	148,442	A.F.C.
12	4600 East-West Highway	127,789	12,889	--	1,920	142,598	A.F.C.
13	Garage 49 <sup>3/</sup>	--	15,000	220,000	--	235,000	Planning
Total		2,322,438	262,062	788,277	24,348	3,397,125	

<sup>1/</sup>Approved for construction.

<sup>2/</sup>Under construction.

<sup>3/</sup>Project size and use allocation estimated -- project in planning/design stage.

Source: Based on information contained in the M-NCPPC Staff Planning Reports for each project, modified when appropriate based on information provided by representatives of project developers. Total size and space allocation can be expected to vary for some projects.



account for 7.7 percent (262,062 square feet) of all approved space. Movie theaters, a health club, community art space, and meeting room facilities will add an additional 24,348 square feet to the existing inventory of building space in the Bethesda CBD.

#### Programmed Supply of Parking Spaces

The current policy to change transportation habits by limiting the number of parking spaces to fifty percent of the required level along with a phased elimination of on-street metered parking spaces along Wisconsin Avenue, will result in the addition of 5,840 parking spaces to the 1985 inventory of 14,950 spaces. This would amount to an increase of thirty-nine percent over the 1985 figure. By 1988, 10,790 public and private parking spaces are expected to be available in the Bethesda CBD.

Table 4. EXISTING AND PROGRAMMED PUBLIC AND PRIVATE PARKING SPACES, BETHESDA CBD, 1985-1988

	Existing Parking Spaces <u>1985</u>	Programmed Parking Spaces <u>1985-88</u>	Percent Change Over <u>1985</u>	Total Parking Spaces <u>1988</u>
Public Spaces				
On-Street Meters	664	-150 <sup>1/</sup>	-22.6%	514
Off-Street Spaces	4,086	1,700 <sup>2/</sup>	41.4%	5,786
Subtotal	(4,750)	(1,550)	32.4%	(6,300)
Private Space in Major Buildings	10,200	4,290 <sup>3/</sup>	42.1%	14,490
Total Spaces	14,950	5,840	39.0%	20,790

<sup>1/</sup> In 1985-86 it is anticipated that 21 metered parking spaces will be removed from Wisconsin Avenue with a total of 129 additional metered spaces to be removed in subsequent phases.

<sup>2/</sup> Initial Phase I construction of 500 spaces at garage 57 programmed for FY 87-88 with a total of 1,000 spaces programmed at garage 49 scheduled for FY 85-86, 200 spaces will be reserved for private development and 500 will be reserved for Metro Rail commuters.

<sup>3/</sup> Planned spaces in approved optional method projects.

Source: Montgomery County Government, Capital Improvements Program, FY 86-91; Division of Parking, Montgomery County Department of Transportation; and Praful Shah & Associates, Inc.



The construction of 500 spaces at public garage 57, programmed for development by fiscal year 1987-88, and 1,200 spaces programmed for garage 49, as shown in the following Table 4, will result in an addition of 1,700 new public off-street parking spaces, reaching a total of 5,786 by the end of 1988.

Over seventy-three percent of the programmed growth in the number of parking spaces is expected to occur through private efforts in the various optional method projects approved since 1982. The minimum number of parking spaces required under current zoning regulations and the number of spaces programmed to be built by each of the ten Stage II optional method projects is shown in the following Table 5.

Table 5. NUMBER OF PARKING SPACES, APPROVED OPTIONAL METHOD PROJECTS, BETHESDA CBD

Map 3 Ref. #	Project	Minimum Parking Required Under Zoning	Parking Spaces Built	Difference between Required and Built
3	Bethesda Place	827	738	- 89
4	Chevy Chase Garden Plaza	521	192	-329
5	Lorenz Building	661	668	7
6	Salisbury Building	246	427	181
7	One Bethesda Center	447	464	17
8	Artery Building	895	895	0
9	Gateway	455	229	-226
10	Guest Quarters Hotel	433	162	-271
11	7475 Wisconsin Avenue	359	359	0
12	4600 East-West Highway	<u>279</u>	<u>156</u>	<u>-123</u>
	Total	5,123	4,290	-833

Source: Division of Parking, Montgomery County Department of Transportation, and Maryland-National Park and Planning Commission.

As shown in Table 5, the number of parking spaces associated with new development required under the zoning regulations amounts to 5,123 spaces, while the number of spaces that will be built amounts to 4,290, resulting in a deficit of 833 spaces. The projects having a deficit in parking spaces

will pay Parking District fees in lieu of not building the required number of spaces. The programmed supply of parking spaces, as discussed above, leads to the following observations.

- First, the policy to provide 50.0 percent of the required parking facilities is based on the capacity of the local street system to handle traffic. By limiting the supply of parking, it is envisioned that more people will be forced to use public transit, more employers will be encouraged to participate in and promote carpooling, van pooling, ride-on, and other such traffic reducing mechanisms.
- Second, there is no way at present to gauge the amount of parking spaces in the private buildings that will be dedicated to individual tenants, set aside for visitors, and/or left for use by employees and the general public. The supply and demand principles would suggest that there is potential for a significant gap to exist between the parking rate structure within the private spaces, and the cost to park in the public sector garages. Under these conditions, higher use and abuse of public parking facilities can be foreseen unless they are closely monitored. As time goes by other adjustments, including varying rate policies between "premium" close-in facilities and those which are not in proximity to the core area, and strategic planning and provision of parking spaces for retail customers and for employees located in the non-core areas of the Bethesda CBD might be needed to achieve a balance between transit objectives and meeting essential business needs.

#### Negotiated Amenities

A vital objective of the public process was to convert the core area of the Bethesda CBD into a well-designed "people sensitive" place and an activity center with plazas, walkways, parks, and courtyards. These areas would be filled with an array of commissioned art works and stimulating land uses and public areas, both within and outside the buildings. The Beauty Contest served two important objectives:

- One, to extract the most from the private sector in building and maintaining a wide variety of public amenities; and,
- Two, to force the private sector to commence construction of projects in a relatively short period of time to achieve the desired effect.

The process produced impressive results in achieving its intent. The



following Table 6, briefly presents a description of the nature of off-site and on-site amenities that will be developed. It is done to convey a sense of what the Bethesda CBD will be like tomorrow. The description of amenities is presented for ten of the thirteen optional method projects. As can readily be seen, the planning process in Bethesda has been highly successful in leveraging public "muscle" to negotiate substantial commitments from the private sector.

Table 6. HIGHLIGHTS OF ANTICIPATED AMENITY PACKAGES IN MAJOR CORE PROJECTS

<u>Map 3</u> <u>Ref #</u>	<u>Project</u>	<u>Anticipated On-Site Amenities</u>
3	Bethesda Place	central courtyard; sculpture tower; entryway courtyard; mosaic sculptures
4	Chevy Chase Garden	botanical garden; cascading pools; fountain sculpture; murals and mosaics
5	Lorenz Building	Winter Garden (four level atrium/concourse) with small indoor concerts, four theater cinema, lush indoor plantings, and sculptured "water wall"
6	Salisbury Building	urban park with wide pedestrian promenade; ceramic-water sculpture
7	One Bethesda Center	plaza fountain; clock tower sculpture; metal and glass sculpture; landscaped seating area
8	Artery Building	lobby art gallery; landscaped courtyard; glass and copper columned sculpture; ornamental drinking fountain
9	Gateway Building	shoppers' arcade; landscaped entrance plaza; light pavilion; crystal sculpture; Willow Garden Theater
10	Guest Quarters Hotel	landscaped courtyard at entrance; mural with flowing water; bronze sculptures
11	4600 East-West Hwy	community art space for exhibits and small performances; glass sculptures; landscaped seating areas
12	7475 Wisconsin Ave	lantern sculpture; neon sculptures; interior sculptures of bronze and neon tubing

Note: In addition to these anticipated on-site amenities, all projects will include extensive streetscaping in accordance with design standards adopted for the core.

Source: Staff Report Site Plans, The Maryland-National Capital Park and Planning Commission; and, Praful Shah & Associates, Inc.



## Development Schedule

The following Table 7 summarizes the development schedule for the thirteen optional method projects.

Table 7. ANTICIPATED DEVELOPMENT TIMEFRAME OF OPTIONAL METHOD PROJECTS, BY PROPOSED USE OF SPACE, BETHESDA CBD, 1985-88

<u>Square Feet of Space by Use</u>	<u>Stage I</u>	<u>Stage II</u>		<u>Total</u>	<u>Percent</u>
	<u>2 Projects Completed, '85</u>	<u>4 Projects By 12/86</u>	<u>7 Projects By 12/88</u>	<u>Space by 12/88</u>	<u>Distribution Total Space</u>
Office	612,197	643,174	1,067,067	2,322,438	68.4%
Hotel	285,000	149,360	--	434,360	12.8
Retail	76,980	54,152	130,930	262,062	7.7
Residential <sup>1/</sup>	--	10,000	343,917	352,917	10.4
Other Misc. <sup>1/</sup>	--	5,000	19,348	24,348	0.7
Total	974,177	861,686	1,561,262	3,397,125	100.0%
Percent Distribution	28.7%	25.4%	45.9%	100.0%	

Note: Assumes that all projects including the Garage 49 mixed-use project in planning will be constructed and completed by the end of 1988.

<sup>1/</sup> Includes space for movie theaters, meeting rooms, set aside space for community use/art space, and health club space within projects.

Source: Praful Shah & Associates, Inc. Based on project construction start dates as established by the covenants signed by the developers and interviews with the representatives of various project developers (excluding Garage 49).

As noted earlier, the two projects in Stage I -- the Clark Building and the Metro Center mixed-use project -- were approved early in the planning process and both are complete. These two projects together represent a total of over 974,000 square feet of building space, or nearly twenty-nine

percent of the 3.4 million square feet of space represented by the approved projects.

The four projects currently under construction and scheduled for completion by the end of 1986, represent slightly less than 862,000 square feet of space, accounting for over twenty-five percent of the total space approved. The remaining seven projects approved for construction and expected to be completed by the end of 1988 account for over 1.5 million square feet, or nearly forty-six percent of the total building space approved for development in the core area.

The office uses dominate the overall land use and building space allocations, representing over sixty-eight percent of the total space approved for development. The retail component represents less than eight percent of the approved building space. Nearly fifty percent of the retail space will be developed during the 1986-88 period, and nearly all of the residential uses are expected to be developed during the later stages of the approved development programs.

#### A Perspective on Issues Posed

In retrospect:

- The County could not have successfully achieved the intended physical urban design and amenities objectives for the core area without the Beauty Contest process. If projects were allowed to "dribble-in" much of what was negotiated would have been lost.

The success of the Beauty Contest process, more than anything else, amplifies the actual as well as perceived locational advantages, image, and marketplace leverage that the Bethesda CBD commands. Recognizing these advantages, the developers went all out to win.

- By setting the development time frame for the optional method projects, by negotiating the public amenity packages, and by following-up to fill the gap area, the County made it possible for the Bethesda CBD to speedily achieve the development objectives authorized in the planning documents.

While the process assures the realization of important physical objectives, the Bethesda CBD may not be able to fulfill its intended functional objectives as rapidly.

- Some participants have expressed concern that real economic constraints in the marketplace may serve to delay or even prohibit completion and occupancy of all projects within the stipulated time frame.

The current "glut" conditions prevailing in the office market sector, within the broader metropolitan area, in Montgomery County, and in the Bethesda CBD, itself, pose serious problems for the developers of the optional method projects, as well as many others in the County government. This possible "glut" would pose problems in attaining the amount of retailing needed to achieve the overall objective in the CBD.

Office Market Conditions. That there exists an "overbuilt" condition in the metropolitan Washington area and in the Montgomery County office supply is clearly evident from the data presented in the following Table 8. As shown in Table 8:

- The total existing and scheduled office space in the metropolitan Washington area is estimated to approach nearly 164.0 million square feet of space. It is estimated that approximately 60.0 million square feet of this space, or 36.6 percent of the total space, was vacant as of the Spring of 1985.
- Even discounting the 27.0 million square feet of office space associated with announced new starts, the region, in the Spring of 1985, had an office space inventory which could meet the needs of the marketplace for over five to six years, or to the 1990-91 period.
- Office vacancy rates in Montgomery County were slightly higher than in the region as a whole. Of the total existing and scheduled space (27.0 million square feet) over 10.6 million square feet, or 39.3 percent of the total space in the County, was vacant as of the Spring of 1985.
- Historically, the annual office space absorption rates in the County have ranged between 1.2 million and 1.5 million square feet, with more recent absorption rates ranging between 1.7 and 2.0 million square feet.



Table 8. OFFICE SPACE INVENTORY AND VACANCY RATES BY DEVELOPMENT STAGES,  
MONTGOMERY COUNTY AND WASHINGTON METROPOLITAN AREA,  
AS OF SPRING OF 1985 (Space in Thousands of Square Feet)

Development Stage	District of	Montgomery County Sub-Areas				Rest of	Total	Prince	Subtotal	Northern	Total
	Columbia	Bethesda	Chevy Chase	N. Bethesda	Rockville	County	Montgomery County	Georges County	Maryland Portion	Virginia Jurisdictions	
Existing Class "A" Space	37,200	3,221	826	2,859	2,920	5,374	15,200	6,300	21,500	29,540	88,240
Amount Vacant	2,800	176	25	158	391	450	1,200	600	1,800	1,390	5,990
Vacancy Rate	7.5%	9.3%	3.7%	5.5%	13.4%	8.4%	7.9%	9.5%	8.4%	4.7%	6.8%
Newly Completed Projects	10,900	134	--	321	1,719	1,526	3,700	2,800	6,500	9,970	27,370
Amount Vacant	3,500	13	--	67	1,029	691	1,800	1,400	3,200	5,140	11,840
Vacancy Rate	32.1%	9.7%	--	20.9%	59.8%	45.3%	48.6%	50.0%	49.2%	51.6%	43.3%
Projects Under Construction	3,900	1,023	228	1,797	1,177	375	4,600	1,100	5,700	11,720	21,320
Amount Vacant	3,200	777	200	1,797	1,037	289	4,100	900	5,000	10,030	18,230
Vacancy Rate	82.0%	76.1%	87.7%	100.0%	88.0%	77.0%	89.1%	82.0%	87.7%	85.6%	85.5%
Announced New Starts	3,700	1,024	--	259	638	1,603	3,524	1,936	5,460	17,800	26,960
Amount Vacant	3,200	1,024	--	244	638	1,603	3,509	1,243	4,752	15,990	23,942
Vacancy Rate	86.7%	100.0%	--	94.2%	100.0%	100.0%	99.5%	64.0%	87.0%	89.8%	88.8%
Total Existing/Scheduled											
Space	55,700	5,402	1,054	5,236	6,454	8,878	27,024	12,136	39,160	69,030	163,890
Amount Vacant	12,700	1,990	225	2,266	3,095	3,033	10,609	4,143	14,752	32,550	60,002
Vacancy Rate	22.8%	36.8%	21.3%	43.3%	48.0%	34.2%	39.3%	34.1%	37.7%	47.2%	36.6%
Future Proposed Projects	2,445	--	265	480	2,980	4,042	7,767	5,199	12,966	22,917	38,328

Note: Class "A" office space is normally defined to include those buildings 10 years of age or under which are well maintained.

Source: Black's Guide; Office Market Updates from Major Commercial Brokerage Firms; and, Praful Shah & Associates, Inc.

- Thus, it becomes apparent that even if one ignores the space allocated for announced new starts, Montgomery County has a sufficient office space inventory to meet the market demand for the next four to five years.
- If one included the announced new starts -- the approved optional method projects not under construction by the Spring of 1985 -- the Bethesda CBD would have 5.4 million square feet of total existing and scheduled office space, 2.0 million square feet of which (39.0 percent) is vacant.
- The nearby and competitive North Bethesda and Chevy Chase areas collectively contain a total of nearly 6.3 million square feet of existing and scheduled office space, 2.5 million (39.5 percent) of which was vacant as of the Spring of 1985.

The Appendix B -- Market Considerations -- of the 1982 Amendment to the Bethesda CBD Sector Plan document states that:

"As of late 1981, there was 953,560 square feet of office under construction or in advance planning stages in the Bethesda CBD. Based on an average annual County construction rate of 900,000-1,000,000 square feet annually over the 1980's and optimistically assuming a twenty percent capture of total County construction for the Bethesda CBD, then the annual office potential in Bethesda would be 180,000-200,000 square feet per year. Through the end of the 1980's, this would indicate a maximum potential of 1,260,000-1,400,000 additional square feet."

The Bethesda CBD, over a relatively short period, will add some 2.0 million square feet of office space in addition to the recently completed Metro Center office building. Assuming a rather healthy rate of annual office space absorption in the range of 250,000 to 300,000 square feet, particularly during the period when the regional and Montgomery County office market is relatively soft, the Bethesda CBD has the committed office space supply to meet the market needs for over six to seven years, or to 1992.

From the standpoint of marketplace considerations, one might wonder if the Beauty Contest process created an "artificially" induced office space supply in the Bethesda CBD which the prevailing and anticipated demand conditions may not be able to completely fill or absorb, at least for some time to come. In fact, developers of optional method projects may have over



extended themselves. The important point to stress is:

- What implications does the current "glut" condition in the office market have for the future of Bethesda, and what actions might be considered by both the public and private sectors to deal with these issues?

In the recent past, metropolitan Washington has experienced similar "glut" office market conditions. The developer community has usually come up with innovative marketing approaches to deal with the soft marketplace. Many have had to make "deals" via offering extra allowances for the finishing of the interiors, cut rent levels, or even give six months or more rent free space to tenants agreeing to sign five or more year leases. These are real possibilities if the current momentum of leasing activity does not significantly improve. There is also the possibility that the public sector might consider extending the development time frame of optional method projects not already under construction if other steps are not successful.

In extending the development time frame, care should be taken to maintain the intended "fairness" among the optional method project developers. On the other hand, the completion of some of those projects situated closest to the Metro station is regarded as important to achieving the stated physical and functional objectives of the Bethesda CBD Sector Plan.

A number of public capital projects have been planned on the basis of achieving the intended mix of private sector projects. Any changes in this private sector program needs to be carefully followed by all public sector entities to ensure that the public sector capital budget funds are not expended unnecessarily. These possible consequences carry with them dilemmas for both the private and public sectors, and thus should be resolved through joint public-private dialogue.

Contemplated Retail Uses. Although the focus of the following Section III is on the subject of retailing, it is important here under the heading of "The Making of the New Bethesda" to briefly present the nature of retailing planned for the approved projects. Table 9 on the following page,



Table 9. CONTEMPLATED RETAIL USES, APPROVED OPTIONAL  
METHOD PROJECTS, BETHESDA CBD

Map 3 Ref. #	Project	Contemplated Uses
1	Clark Building	retail uses include restaurant, travel agency, food shop, bank
2	Metro Center	office complex -- retail pavilion which includes a food court, banks, cleaners, up-scale boutiques, restaurants hotel complex -- includes 2 restaurants and lounges, gift shop and ancilliary retail
3	Bethesda Place	retail uses include convenience retail such as a bakery, book store and cleaners, and other ancilliary retail which is undecided at this time
4	Chevy Chase Garden Plaza	retail uses include an outdoor cafe, restaurant, art gallery, jewelry store, boutique shops, and book store
5	Lorenz Building	high quality, up-scale convenience retail, including restaurants, fast food establishments, book store, shoe store, and various "impulse merchandising" type stores
6	Salisbury Building	an approximately 5,000 sq. ft. restaurant and approximately 10,000 sq. ft. of undecided ancilliary retail, including service retail
7	One Bethesda Center	retail uses include a bank, restaurant, jewelry store, stock brokerage, and other small shops
8	Artery Building	retail uses include a restaurant, art gallery in lobby, gourmet food shop and other specialty retail and food stores
9	Gateway	retail uses include a restaurant, Lowen's Toy Store, and other undecided convenience retail
10	Guest Quarters Hotel	an approximately 5,000 sq. ft. meeting space is planned
11	7475 Wisconsin Avenue	retail uses include approximately 6,000 sq. ft. of restaurant in the renovated bank space (below grade), a newsstand, an approximately 2,300 sq. ft. food court in the pedestrian tunnel, and banking services (above grade)
12	4600 East-West Highway	retail uses include Jerry's Sub Shop, and other undecided retail

Source: Information provided through interviews of developers conducted by Praful Shah & Associates, Inc.

describes the types of retailing that are contemplated or likely to go into each of the twelve projects for which information was solicited.

As noted earlier, a yet undetermined amount of the designated retail space within the approved optional method projects is expected to be devoted to such service activities as banking, stock brokerage, and other similar office-type operations. In fact, our discussions with some developers indicated that the amount of new space devoted strictly to the retailing of goods, including food and beverage, is likely to be considerably smaller than the approved building space figures suggest. This possibility raises some serious questions since retailing is such an important and needed ingredient for the future.

- Is the programmed retail space in the core sufficient in size to create a "critical mass" for Bethesda to function as an effective after hours activity center -- a festive and active people place?
- Will the mix of retail activities, as envisioned by the various optional method developers, assure that Bethesda will realize this important objective?
- Could the results of public and private efforts have produced greater results if critical retail studies were used to guide developers?

In the Bethesda CBD, a significant amount of retail space is scattered in various optional method projects. The major emphasis of new development in Bethesda is focused around the development office space. Most of the developers are not experienced in retail leasing and consequently have not paid adequate attention to the retail components of the projects.

It is recognized that the Planning Board's functions do not normally include performing market and/or retail studies for private sector developers. However, during the optional method review process the developers of key projects with key retail components were encouraged by the Planning Board to carefully evaluate and structure their retailing program in order to achieve a more active hours environment.



### Employment Growth

One additional comment needs to be made and that relates to the growth of the employment base within the Bethesda CBD over the remainder of the 1980's. In 1980, according to the information available, the Bethesda CBD provided jobs for 24,000 people. This was an increase of about 4,000 jobs from an employment base of 20,000 in 1974. Our current estimate suggests that by the end of 1985, the CBD's employment base will have increased to about 27,000 workers, an increase of about 3,000 jobs over the 1980 estimate of 24,000 workers.

By the year 1990, if all the programmed developments are built and occupied, they would add approximately 13,000 new workers to the existing base of 27,000, reaching a total of 40,000 jobs by 1990.

In addition to this substantial job base, the two major Federal medical facilities -- NIH and the National Naval Medical Center -- employ some 20,000 workers, many of whom occupy relatively well-paid, professional positions. The existing and new retail, restaurants, and other facilities have the potential to draw on this nearby employee market as well.

### Programmed Public Capital Investments

An important element of the consultant's work program has been the examination of private and public initiatives to "develop a framework for continued County involvement in those areas that complement and supplement individual initiatives." Special public improvement funding for the CBD has been increasingly focused over the past decade to make this effort an effective partnership.

Within the core area alone, the private initiatives authorized over the next three to five years amount to nearly \$500 million. Currently, active publicly funded projects in the Bethesda CBD total over \$18 million, and another \$43 million is programmed for expenditure over the next six fiscal years. This clearly represents a significant level of public investment. It should be pointed out that this activity is directly linked to the

largest single public improvement undertaking in the history of metropolitan Washington -- the \$10 billion Metro system -- and that this is largely responsible for motivating this concentrated development effort in the Bethesda CBD.

Table 10 on the following page, provides a listing of the major capital improvement program expenditures made and planned for fiscal year 1984 and beyond. Within the core, as shown in Table 10, the 1,200 space Garage 49 and related public improvements to make the mixed used development planned for the Air Rights work, accounts for \$23.6 million of the \$38.9 million earmarked. The extension of Woodmont Avenue through this area will total \$9 million plus, and the tunnel under Wisconsin Avenue for Metro access, another \$3.5 million. In the non-core areas, the major funding is directed at parking garage construction and restoration, \$17 million of a total of \$27 million spent or programmed. The largest social program investment is the \$3.4 million set aside for the community center renovation of the Leland Junior High School building. The \$4.9 million of "mainstreet" improvements is discussed below.

#### Streetscaping/"Mainstreet" Improvements

An important part of the private developer optional method competition was the requirement that the developers include streetscape improvements that would have some uniform design characteristics and a series of amenities, as discussed earlier. The high cost of this work seemed justifiable only because of the higher development densities permitted under the optional method. By virtue of the location of individual projects, however, some gaps and edges of the core area would not be improved by private developers.

Recognizing the need to make the improvements a unified whole, the County set aside \$2.7 million to fill in the gap areas delineated on Map 4 on the following page. In addition, outside the core areas, the County has set aside the \$4.9 million sum to help in a variety of improvements. The current thinking is that the areas affected will include portions of Wisconsin Avenue, Old Georgetown Road, and East-West Highway. Improvements

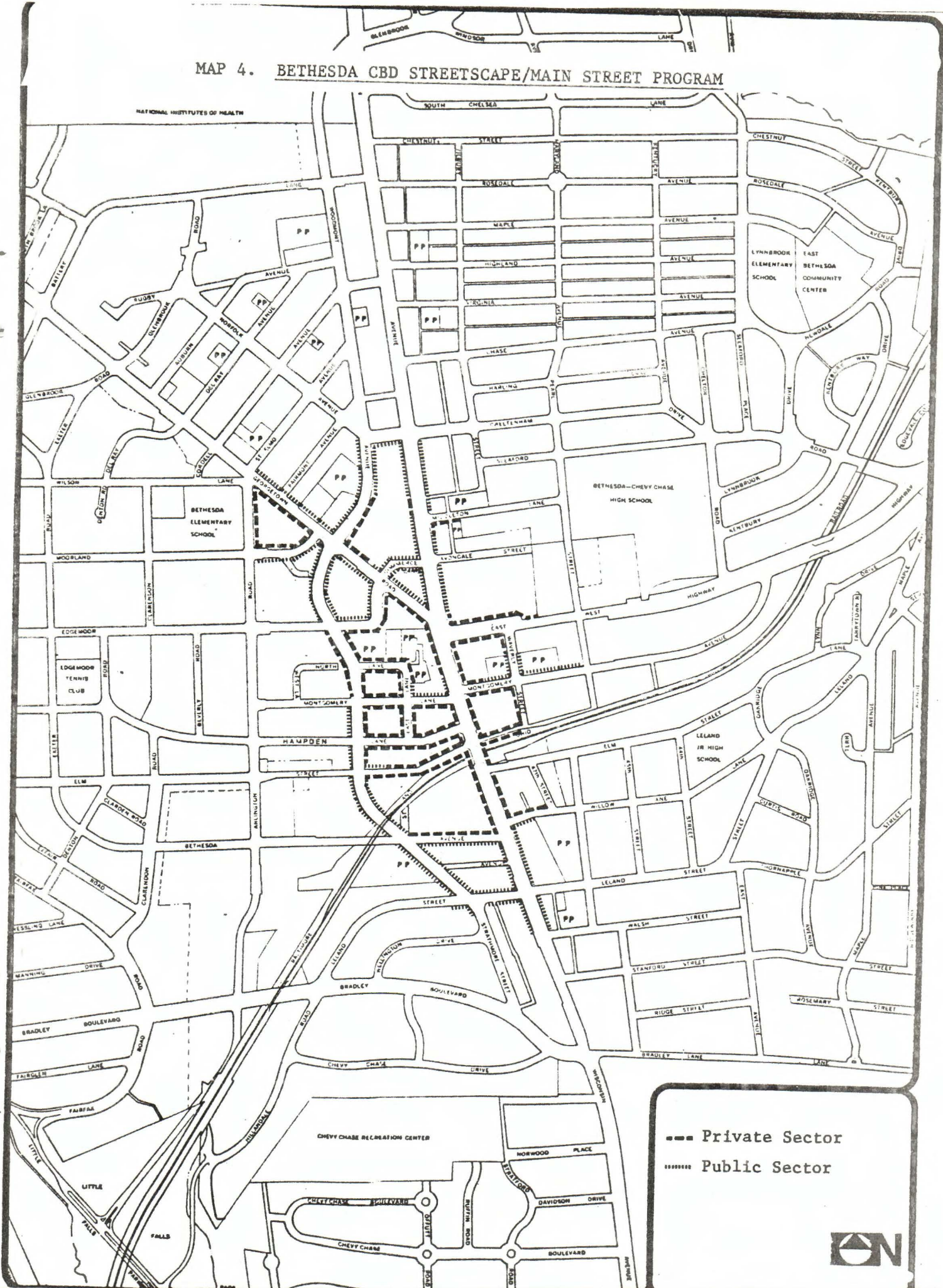


Table 10. COMPLETED AND SCHEDULED CAPITAL IMPROVEMENTS BY CORE AND NON-CORE AREAS,  
THE BETHESDA CBD, FY 1984 THROUGH FY 1991 AND BEYOND (In Thousands of Dollars)

<u>Project Description Forms</u>	<u>Total</u>	<u>Thru</u> <u>FY 84</u>	<u>FY 85</u>	<u>Total</u> <u>1986-91</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>Beyond</u> <u>6 Years</u>
<u>Core Area Projects:</u>											
1. Woodmont Ave. Extended	9,070	402	4,072	4,596	2,015	1,281	--	1,300	--	--	--
2. CBD Streetscaping	2,752	--	420	2,332	800	921	611	--	--	--	--
3. Garage 49, Parking & Residential	23,554	7,124	330	16,100	5,300	5,300	5,500	--	--	--	--
4. Metro Pedestrian Underpass	3,500	75	1,775	1,650	1,350	300	--	--	--	--	--
5. Art in Public Facilities	20	--	--	20	--	20	--	--	--	--	--
Subtotal, Core	38,896	7,601	6,597	24,698	9,465	7,822	6,111	1,300	--	--	--
<u>Non-Core Projects:</u>											
6. Garage 24 Deck, Leland & 46th	3,169	122	--	3,047	--	--	97	1,240	1,710	--	--
7. Garage 47, Restoration	3,961	--	--	2,031	166	1,675	25	70	25	70	1,930
8. Garage 57, Elm & Bethesda Avenue	6,803	--	3,040	3,763	195	2,239	1,329	--	--	--	--
9. Garage Renovation & Repair	3,091	310	481	2,300	650	410	310	310	310	310	--
10. Community Center (Leland J.H.)	3,405	--	--	3,405	425	655	2,210	115	--	--	--
11. "Mainstreet" Improvements	4,930	--	90	2,840	70	--	200	750	750	1,070	2,000
12. Tilbury Street Improvements	56	12	4	40	40	--	--	--	--	--	--
13. Woodmont Ave. (Wisc. to Battery)	1,611	473	26	1,112	22	810	280	--	--	--	--
Subtotal, Non-Core	27,026	917	3,641	18,538	1,568	5,789	4,451	2,485	2,795	1,450	3,930
Total, Core & Non-Core	65,922	8,518	10,278	43,236	11,033	13,611	10,562	3,785	2,795	1,450	3,930

Source: Montgomery County Government, Adopted FY 86-91 Capital Improvements Program, Volume 1.

MAP 4. BETHESDA CBD STREETScape/MAIN STREET PROGRAM





are expected to include such streetscaping work as new sidewalks, street lighting, benches and trees, and funds for such additional elements as the purchase of facade easements to facilitate private investment in existing buildings.

As had been the case in both Wheaton and Silver Spring, a prerequisite to the expenditure of public funds is a concurrent level of private reinvestment in existing buildings and businesses. Recommendations as to which parts of the non-core area in Bethesda offer the greatest opportunity for successfully implementing a well thought through and staged streetscape program and other business retention and revitalization program components are made in Section IV of this report.

SECTION III. RETAIL MARKET ANALYSIS



### SECTION III. RETAIL MARKET ANALYSIS

It is not the intent of this section of the report to present a retail market analysis for the Bethesda CBD in a traditional sense. The CBD's unique and specialized retailing structure does not lend itself to that approach. Rather, the focus of this section is to:

- Evaluate the structure of retailing as it exists within the core and non-core areas of the Bethesda CBD;
- Identify unique features of the retail market and the broader workings of retailing in the Bethesda CBD;
- Present a market framework for those components, particularly the convenience and specialty retailing segments;
- Identify the anticipated impacts of both the redevelopment initiatives and new retailing activity in the core area on retailing activity in the non-core areas of the Bethesda CBD; and,
- Comment on whether and how the core area can realize one of its key objectives, that of a twenty-four hour activity center.

During the course of the study, partly as a result of some important initial findings, the business retention/expansion issue became more defined and the primary emphasis of the study sharpened to:

- Identifying appropriate areas outside the core area of the Bethesda CBD where the broader commercial revitalization efforts might be focused.

This involved identifying those areas outside the immediate core where opportunities are ripe and where new strategies might be developed to complement and supplement the functional components and objectives of the core area redevelopment initiatives. It involved selecting priority areas where public investments in the form of streetscape improvements might be made to assure the physical and economic upgrading of non-core Bethesda.

The analysis and conclusions presented in this section draw heavily

upon the findings of our extensive market and public opinion research efforts detailed in a separate Technical Appendix.

### Bethesda's Retailing Structure

As noted in Section II earlier, although the Bethesda CBD has evolved into an important office and financial services subcenter to the metropolitan Washington area, it does not and perhaps was never intended to, function as a suburban shopping center that offers a concentrated comparison shopping environment with two or more anchor stores. The Bethesda CBD at the present time, functions as a:

- Convenience center (with groceries, dry cleaning stores, hardware stores, etc.) catering to the day-to-day needs of a relatively large but geographically contained, affluent suburban residential and daytime employee market; and,
- Specialty retail (jewelry stores, gift shops, etc.) and service center appealing to a wider regional marketplace.

The retailing activity in Bethesda is dispersed over a large area. As shown in the following three tables -- Tables 11, 12, and 13 -- its structure portrays a reasonably balanced mix of store types offering comparison shopping and convenience goods. A closer examination of the structure, as shown in Tables 12 and 13, reveals that the area's retailing is significantly skewed toward specialty goods when compared with other cities of this size. Bethesda, for example, does not have any sizable department store offering men's and women's apparel and accessories. In other words, the depth of the comparison shoppers' goods for items such as apparel, shoes, furniture and furnishings, and other general merchandise items typically offered by department and variety stores, is limited.

### The Size of the Retailing Sector

According to the data presented in Table 11, the Bethesda CBD, as of July 1985, contained approximately 379 retail establishments, twenty-six percent of which offered general merchandise, apparel and accessories, and furniture and furnishings types of goods (commonly referred to as the GAF

Table 11. SUMMARY OF THE CURRENT RETAIL STRUCTURE OF  
CORE AND NON-CORE AREAS OF THE BETHESDA  
CENTRAL BUSINESS DISTRICT, AS OF JULY 1985

	Number of Establishments				Total Study Area	Percent Distribution Study Area
	CORE AREA	Woodmont Triangle	Rest of Non-Core	Total Non-Core		
A. <u>Number of Establishments</u>						
<u>Shoppers Goods</u> <sup>1/</sup>						
GAF Type Stores	17	39	43	82	99	26.1%
Specialty Stores	28	51	45	96	124	32.7
Subtotal	(45)	(90)	(88)	(178)	(223)	(58.8%)
<u>Convenience Goods</u>						
Food	1	6	6	12	13	3.4%
Drugs/Pharmacies	1	2	4	6	7	1.9
Eating & Drinking	30	31	34	65	95	25.1
Subtotal	(32)	(39)	(44)	(83)	(115)	(30.4%)
All Other Retail <sup>2/</sup>	6	15	20	35	41	10.8%
Total Retail	83	144	152	296	379	100.0%
B. <u>Percent Distribution</u>						
<u>Shoppers Goods</u> <sup>1/</sup>						
GAF Type Stores	17.2%	39.4%	43.3%	82.8%	100.0%	
Specialty Stores	22.6	41.1	36.3	77.4	100.0	
Subtotal	20.2%	40.4%	39.4%	79.8%	100.0%	
<u>Convenience Goods</u>						
Food	15.4%	38.5%	46.1%	84.6%	100.0%	
Drugs/Pharmacies	28.6	14.3	57.1	71.4	100.0	
Eating & Drinking	31.6	32.6	35.8	68.4	100.0	
Subtotal	29.6%	32.2%	38.2%	70.4%	100.0%	
All Other Retail <sup>2/</sup>	14.6%	36.6%	48.8%	85.4%	100.0%	
Total Retail	22.4%	37.5%	40.1%	77.6%	100.0%	

Note: ( ) Indicate the totals for the major items presented above.

<sup>1/</sup> Includes general merchandise, apparel and accessories, furniture and home furnishings.

<sup>2/</sup> Includes building materials, hardware, auto dealers, gasoline service stations, and the like.

Source: Field Survey by Praful Shah & Associates, Inc.



category). In addition, it contained some 124 establishments merchandising a wide array of so called "specialty" goods.

Eating and drinking establishments dominated the structure of the convenience goods category. There were some 115 establishments in the Bethesda study area that were so classified. Thirteen of the 115 establishments were classified as food stores, ranging from large grocery store chains to gourmet foods, seafood, and other smaller food stores. The area contained some 95 eating and drinking establishments, including sit-down restaurants. As shown in Table 13, following, these accounted for a large proportion of this important category. There were seven drug stores and pharmacies in the area.

As shown in Table 11, some forty-one establishments classified under the "all other" retail category (consisting of building materials and hardware stores, auto dealers, gasoline service stations, and the like) were located in the Bethesda study area.

The core area contained slightly more than twenty-two percent, or eighty-five out of a total of 379, retail establishments in the overall Bethesda study area. The Woodmont Triangle area accounted for over thirty-seven percent or 142 of all retail establishments, while the remainder of the non-core area accounted for some 152 or forty percent of all retail establishments in the study area.

#### Retailing Mix in the Core and Non-Core Area

A closer examination of the existing retailing mix in the core and non-core areas of the Bethesda CBD clearly reinforces earlier impressions regarding its predominant orientation as a convenience and specialty center. It also reveals the following unique characteristics of the retailing role of the Bethesda CBD:

- The existing structure of the core area retailing is heavily dominated by small, specialty stores, followed by a relative preponderance of eating and drinking establishments, with sit-down restaurants leading the way;

Table 12. EXISTING RETAIL MIX WITHIN THE CORE AND NON-CORE AREAS,  
BETHESDA SECTOR PLAN STUDY AREA, AS OF JULY 1985

Type of Establishments	Core Area		Non-Core Area				Total Study Area		
	Number of Establishments	Percent Distribution	Wisconsin Avenue	Woodmont Triangle	S.W. Study Area	Subtotal	Percent Distribution	Number of Establishments	Percent Distribution
<b>SHOPPERS GOODS TYPE STORES</b>									
General Merchandise	--	0.0%	1	--	1	2	0.7%	2	0.5%
Apparel & Accessories									
Women's	4	4.7%	5	9	3	17	5.7%	21	5.5%
Men's	--	--	--	2	--	2	0.7	2	0.5
All Other	3	3.5	2	5	1	8	2.3	11	2.9
Subtotal	(7)	(8.2%)	(7)	(16)	(4)	(27)	(9.2%)	(34)	(9.9%)
Furniture & Home Furnishings									
Floor Coverings, Upholstery,									
Drapes	3	3.5%	9	3	--	12	4.1%	15	4.0%
Electronic Equipment	4	4.7	6	11	4	21	7.1	25	6.5
Appliances	1	1.2	2	2	--	4	1.4	5	1.3
Furniture, including Designers	2	2.4	3	7	5	15	5.1	17	4.5
Other	--	0.0	--	--	1	1	0.3	1	0.3
Subtotal	(10)	(11.8%)	(20)	(23)	(10)	(53)	(18.0%)	(63)	(16.6%)
Specialty Retail									
Antique Shops	--	0.0%	1	5	--	6	2.0%	6	1.6%
Sporting Goods	1	1.2	--	3	3	6	2.0	7	1.8
Book Stores	1	1.2	--	6	--	6	2.0	7	1.8
Stationery/Printing	2	2.4	2	4	4	10	3.4	12	3.2
Jewelry	4	4.7	--	5	5	10	3.4	14	3.7
Hobby, Games, Toys	--	0.0	--	--	2	2	0.7	2	0.5
Gift Shops	2	2.3	4	3	5	12	4.1	14	3.7
Camera/Photography	1	1.2	2	3	1	6	2.0	7	1.9
Fabric, Sewing, Needlework	--	0.0	--	2	1	3	1.0	3	0.8
Custom Framing/Art Gallery	4	4.7	--	9	2	11	3.8	15	4.0
Florist, Tobacco & Pipe	4	4.7	--	3	0	3	1.0	7	1.8
Optical Goods	2	2.3	5	2	2	9	3.1	11	2.9
Lamps & Lighting Accessories	--	0.0	1	1	--	2	0.7	2	0.5
All Other Miscellaneous Retail <sup>1/</sup>	7	8.2	1	5	4	10	3.4	17	4.5
Subtotal	(28)	(32.9%)	(16)	(51)	(29)	(96)	(32.6%)	(124)	(32.7%)
Total, Shoppers Goods Type Stores	45	52.9%	44	90	44	178	60.5%	223	58.8%

Table 12. EXISTING RETAIL MIX WITHIN THE CORE AND NON-CORE AREAS,  
BETHESDA SECTOR PLAN STUDY AREA, AS OF JULY 1985 (Continued)

Type of Establishments	Core Area		Non-Core Area				Total Study Area	
	Number of Establishments	Percent Distribution	Wisconsin Avenue	Woodmont Triangle	S.W. Study Area	Subtotal	Number Establishments	Percent Distribution
<u>CONVENIENCE RETAIL STORES</u>								
Food Stores								
Grocery/Bakeries	0	1.2%	--	1	3	4	4	1.0%
Specialty Foods	1	1.2	2	5	1	8	9	2.4
Subtotal	(1)	(2.4%)	(2)	(6)	(4)	(12)	(13)	(3.4%)
Drug Stores/Pharmacies	1	2.3%	1	2	3	6	7	1.8%
Eating & Drinking Establishments								
Restaurants								
Italian	1	1.2%	2	4	1	7	8	2.1%
Japanese	3	3.5	1	1	1	3	6	1.6
Chinese	1	1.2	4	1	1	6	7	1.8
French	1	1.2	--	4	--	4	5	1.3
Mexican/Spanish	1	1.2	1	1	1	3	4	1.1
All Other	12	14.1	7	6	4	17	29	7.7
Subtotal	(19)	(22.4%)	(15)	(17)	(8)	(40)	(59)	(15.6%)
Carry-out Shops	10	11.7%	5	12	3	20	30	8.0%
Ice Cream Parlors	--	0.0	--	1	2	3	3	0.8
Drinking Establishments	1	1.2	1	1	--	2	3	0.8
Subtotal, Eating & Drinking	(30)	(35.3%)	(21)	(31)	(13)	(65)	(95)	(25.2%)
Total, Convenience Retail	32	40.0%	24	39	20	83	115	30.4%
<u>OTHER RETAIL ESTABLISHMENTS</u>								
Building Materials/Hardware,								
Garden Shops, Paint/Wallpaper	1	1.2%	3	2	3	8	9	2.4%
Auto Dealers, Service Station Supplies	5	5.9	6	13	8	27	32	8.4
Subtotal, Other Retail	(6)	(7.1%)	(9)	(15)	(11)	(35)	(41)	(10.8%)
Total Retail Establishments	83	100.0%	77	144	75	296	379	100.0%
<u>MAJOR CONV. SERVICE/RETAIL ESTABLISHMENTS</u>								
Beauty Salons, Barber Shops	7	58.3%	6	13	6	25	32	52.5%
Music/Dance Studios	--	--	1	6	1	8	8	13.1
Fitness & Diet Centers	2	16.7	1	--	--	1	3	4.9
Dry Cleaners	3	25.0	4	3	3	10	13	21.3
Shoe/Luggage Repair	--	--	2	1	2	5	5	8.2
Total, Convenience Service	12	100.0%	14	23	12	49	61	100.0%

Note: Percent totals may not add to 100.0% due to rounding.

<sup>1/</sup> All other miscellaneous retail establishments includes pet stores, stamp, coins, newstands, currency exchange, arcades, costumes, party goods, clocks, greeting cards, energy, glass, and bath shops.

Source: Praful Shah & Associates, Inc.



- The Wisconsin Avenue corridor, both within and outside the core, is regarded regionally as the center for Oriental rugs, drawing customers from the area and elsewhere. Some of these operations are unique; they not only cater to the general public, but also provide tailored services and products to government agencies and the international community of Washington;
- With few exceptions, the core area's retailing structure is heavily oriented toward serving the needs of the daytime workers and commercial visitors;
- The relatively thin retailing profile within the core area is partly the product of ongoing new construction which displaced convenience and specialty businesses. Some of these businesses have closed, while some have found permanent locations elsewhere within the Bethesda area. Moreover, others have shifted into temporary quarters in Bethesda until such time when they can occupy space in newly completed projects.

As a consequence, the non-core area now represents the "traditional retailing fabric" in Bethesda. In fact, the non-core area outside of the Wisconsin Avenue corridor contains two significantly distinct retailing nodes:

- The retailing activity in the southwest study area -- broadly defined by Bradley Boulevard, Arlington Road and Bethesda Avenue -- is predominantly oriented to meeting the day-to-day needs of the broader residential market. This area contains the Giant Food store and pharmacy, the various stores located within the Bradley Shopping Center which, not too long ago was renovated, and the "Bethesda Row" adaptive reuse project containing a variety of specialty food and other retailing activity.
- The retailing activity in the Woodmont Triangle area can be characterized as heavily composed of specialty shops of various types catering to a broader regional clientele. The major elements represented within the Woodmont Triangle area include: a) radio, T.V., and electronic equipment stores; b) floor coverings, upholstery and drapery stores; c) antique shops; d) custom framing and art galleries; e) book stores; f) a relatively heavy presence of eating and drinking establishments; and, g) general specialty food stores as well as a large grocery store -- the Safeway market.

## Retailing Patterns of Shoppers and Employees

As noted earlier, an extensive amount of market and opinion research survey work was undertaken as part of the overall study process. The various population components represented in the Bethesda CBD were interviewed to solicit their views as to current conditions, perceptions, issues, and opportunities facing the Bethesda of today and the Bethesda of tomorrow. Relevant to the present topic are the findings of a survey of some 619 shoppers in Bethesda. Key findings are briefly described below to further illustrate the retailing role of Bethesda, its retailing nodes, needs met or unmet by the existing establishments, and similar aspects of retailing in the area.

- Approximately 84.0 percent of the shoppers interviewed came to Bethesda to shop by car;
- A large majority of the shoppers came to buy items such as groceries, drug store products, snack/meals, hardware, housewares, books, and the like;
- There is a relatively limited cross-over of shoppers shopping in the Woodmont Triangle area to stores located elsewhere in Bethesda, particularly the southwest study area;
- Some of the frequently mentioned stores which the shoppers intended to visit included the following: Stronsnider's Hardware, Giant Food/Pharmacy, Dart Drug, Bruce's Variety, Safeway, Crown Books, Bradley Drugs, Track Auto, the Video Place, Baskin-Robbins, and Swensen's Ice Cream Parlor, among others.
- About fifty percent of those interviewed were satisfied with the mix of retailing facilities available in Bethesda.
- Nearly ninety-five percent of the respondents mentioned that Metro has not affected their use of the area.

One thousand questionnaires were distributed to seven major Bethesda employers. Some of these employers were located within the Woodmont Triangle or in close proximity to it. Three hundred sixty-three completed questionnaires were received from the participating firms. The spending patterns of these employees and their perceptions of retailing in Bethesda currently and for the future were evaluated. The key findings of these employee surveys are briefly noted below.



- Based on these findings, the general employee profile shows a worker in his/her mid-thirties with an average household income of \$52,400 and a college and/or postgraduate degree. The average household size for these respondents was 2.6 members per household.
- Approximately eighty-five percent of the employees surveyed came to work by car.
- Of the total number of employee respondents, about thirty-one percent of the employee mentioned the proximity of their jobs to their homes as a reason why they liked working in Bethesda; the second most mentioned reason was the presence of Metro (22%). Of additional significance was the number (13%) who mentioned a good variety of restaurants and the convenience (within walking distance) of shopping and services to their place of work (13%).
- Of the sixty-seven percent of the respondents that indicated that they remained in Bethesda after working hours, a slight majority (55%) mentioned that eating was their primary reason for doing so. Additionally, eighteen percent mentioned that they stay in Bethesda after work to shop, and thirteen percent mentioned going to the movies.
- Approximately eight-four percent of the respondents indicated that during their working day they patronized stores and services available in the Bethesda CBD. Among these, sixty-one percent used banking services, thirty-six percent visited cleaners, thirty-five percent visited shoe repair shops, twenty-two percent used auto repair services, and eighteen percent used some kind of professional medical service.
- The majority of respondents (64%) indicated that even as a result of the changes taking place in Bethesda, they did not feel they would be staying in the CBD more often after working hours. Of the twenty-four percent who felt they would take advantage of the changes in Bethesda after hours, only eight percent cited better/more restaurants, seven percent cited more/better shops, and six percent stated that they felt there would be "more to do."

The findings of the shoppers survey clearly illustrates the predominant convenience oriented retailing function of Bethesda. It also points out the significant differences in the structure of retailing (retailing attractions) represented in the Woodmont Triangle area and the southwest study area.

What is implied in the employee survey findings is that there will be a significant market to be tapped by both existing and new business in the



Bethesda CBD. As noted before, the existing structure of the Woodmont Triangle retailing is unique, meeting the needs of both the local market as well as the broader regional market for specialty services and retail goods. By the mere fact of its proximity to the core area, Woodmont Triangle offers the opportunity to significantly complement the daytime service and retailing needs of the future marketplace provided that concerted efforts are extended to improve the retailing/activity environment within the Woodmont Triangle, particularly in those areas closes to the Metro station. (The detailed results of these surveys can be found in the separate Technical Appendix document.)

#### Relative Importance of the Woodmont Triangle

The relative importance of retailing in the Woodmont Triangle area is shown in the following Table 13. The information contained in this table shows that the Woodmont Triangle area accounts for:

- Over fifty-nine percent of apparel and accessory stores located in the total non-core area, and forty-seven percent of such stores in the total Bethesda CBD study area;
- Over forty-three percent of all non-core area stores selling furniture, appliances, electronic equipment, and home furnishings, and over thirty-six percent of such stores located in the total study area;
- Over fifty percent of specialty stores located in the total non-core area, and forty percent of the specialty stores in the total study area;
- Over forty-two percent of all non-core area restaurants, and nearly twenty-nine percent of all restaurants located in the study area;
- Nearly forty-six percent of all convenience retail stores in the non-core area, and over thirty-two percent of all such stores found in the Bethesda study area; and,
- Over forty-eight percent of "other retail" stores found in the non-core area of the Bethesda CBD.

In addition, as new office space is leased in the core area, the volume of activity for businesses in the Woodmont Triangle area could be expanded. The numbers are impressive, clearly pointing out the strong retailing role of the Woodmont Triangle area within the CBD. The completion of Woodmont

Table 13. WOODMONT TRIANGLE'S RETAILING STRUCTURE RELATIVE TO THAT OF THE TOTAL  
NON-CORE AREA AND THE BETHESDA CBD STUDY AREA, AS OF JULY 1985

Type of Establishments	Number of Establishments				Woodmont Triangle As a Percent of Total		
	Core Area	Non-Core Area		Total Non-Core Area	Total Study Area	Non-Core	Study Area
		Woodmont Triangle	Rest of Non-Core				
<b>SHOPPERS GOODS TYPE STORES</b>							
General Merchandise	--	--	2	2	2	0.0%	0.0%
Apparel & Accessories							
Women's	4	9	8	17	21	52.9%	42.9%
Men's	--	2	--	2	2	100.0%	100.0%
All Other	3	5	3	8	11	62.5%	45.6%
Subtotal	(7)	(16)	(13)	(27)	(34)	(59.3%)	(47.1%)
Furniture & Home Furnishings							
Floor Coverings, Upholstery & Drapes	3	3	9	12	15	25.0%	20.0%
Electrical Equipment	4	11	10	21	25	52.4%	44.0%
Appliances	1	2	2	4	5	50.0%	40.0%
Furniture, Including Design	2	7	8	15	17	46.7%	41.2%
Other	--	--	1	1	1	0.0%	0.0%
Subtotal	(10)	(23)	(28)	(53)	(63)	(43.4%)	(36.5%)
Specialty Retail							
Antique Shops	--	5	1	6	6	83.3%	83.3%
Sporting Goods	1	3	3	6	7	50.0%	42.9%
Book Stores	1	6	--	6	7	100.0%	85.7%
Stationery/Printing	2	4	6	10	12	40.0%	33.3%
Jewelry	4	5	5	10	14	50.0%	35.7%
Hobby, Games, Toys	--	--	2	2	2	0.0%	0.0%
Gift Shops	2	3	9	12	14	25.0%	21.4%
Camera/Photography	1	3	3	6	7	50.0%	42.9%
Fabric, Sewing, Needlecraft	--	2	1	3	3	66.7%	66.7%
Custom Framing/Art Gallery	4	9	2	11	15	81.8%	60.0%
Florist/Tobacco & Pipe	4	3	--	3	7	100.0%	42.9%
Optical Goods	2	2	7	9	11	22.2%	18.2%
Lamps & Lighting	--	1	1	2	2	50.0%	50.0%
All Other Misc. Retail <sup>1/</sup>	7	5	5	10	17	50.0%	29.4%
Subtotal	(28)	(51)	(45)	(96)	(124)	(53.1%)	(41.1%)
Total, Shoppers Goods	45	90	88	178	223	50.6%	40.4%



Table 13. WOODMONT TRIANGLE'S RETAILING STRUCTURE RELATIVE TO THAT OF THE TOTAL  
NON-CORE AREA AND THE BETHESDA CBD STUDY AREA, AS OF JULY 1985

Type of Establishments	Number of Establishments					Woodmont Triangle As a Percent of Total	
	Core Area	Non-Core Area		Non-Core Area	Total Study Area	Non-Core	Study Area
		Woodmont Triangle	Rest of Non-Core				
<u>CONVENIENCE RETAIL</u>							
Food Stores							
Grocery/Bakery	1	--	3	3	4	0.0%	0.0%
Specialty Food	1	5	3	8	9	62.5%	55.5%
Subtotal	(2)	(5)	(6)	(11)	(13)	(45.5%)	(38.5%)
Drug Stores/Pharmacies	2	1	4	5	7	20.0%	14.3%
Eating & Drinking							
Restaurants							
Italian	1	4	3	7	8	57.1%	50.0%
Japanese	3	1	2	3	6	33.3%	16.7%
Chinese	1	1	5	6	7	16.7%	14.3%
French	1	4	--	4	5	100.0%	80.0%
Mexican/Spanish	1	1	2	3	4	33.3%	25.0%
All Other	12	6	11	17	29	35.3%	20.7%
Subtotal	(19)	(17)	(23)	(40)	(59)	(42.5%)	(28.8%)
Carryout	10	12	8	20	30	60.0%	40.0%
Ice Cream	--	1	2	3	3	33.3%	33.3%
Drinking Establishments	1	1	1	2	3	50.0%	33.3%
Subtotal, Eating & Drinking	(30)	(31)	(34)	(65)	(95)	47.7%	32.6%
Total, Convenience Retail	34	37	44	81	115	45.7%	32.2%
<u>OTHER RETAIL ESTABLISHMENTS</u>							
Building Materials/Hardware, Garden,							
Paint/Wallpaper	1	2	6	8	9	25.0%	22.2%
Auto Dealers	5	13	14	27	32	48.1%	40.6%
Subtotal, Other Retail	(6)	(15)	(20)	(35)	(41)	(42.9%)	(36.6%)
Total Retail Establishments	85	142	152	294	379	48.3%	37.5%
<u>Major Convenience Service Retail</u>							
Beauty Salon/Barber	7	13	12	25	32	52.0%	40.6%
Music/Dance	--	6	2	8	8	75.0%	75.0%
Fitness/Diet	2	--	1	1	3	0.0%	0.0%
Dry Cleaners	3	3	7	10	13	30.0%	23.1%
Shoe/Luggage	--	1	4	5	5	20.0%	20.0%
Total, Convenience Service Retail	12	23	26	49	61	46.9%	37.7%

<sup>1/</sup> All other miscellaneous retail establishments includes pet stores, stamps, coins, newstands, currency exchange, arcades, costumes, party goods, clocks, greeting cards, energy, glass, and bath shops.

Source: Praful Shah & Associates, Inc.

Avenue extended north as well as south, and the proposed changes in traffic circulation patterns, present unique opportunities for the public and private interests to initiate important business retention and commercial revitalization programs.

There are a number of compelling reasons for this important conclusion. First, the Wisconsin Avenue corridor generally, and the core area in particular, will continue to undergo significant changes in their retailing structure toward those types of retail activities most able to afford higher rent levels. Second, the existing retailers along Wisconsin Avenue, and elsewhere in the Bethesda core area because of the private real estate forces at work, will tend to seek locations within older, more affordable areas in the Bethesda CBD. Our merchants survey clearly indicated that many of the existing retailers, if given the opportunity, would prefer to remain in the Bethesda area.

Third, the southwest retail node in the Bethesda study area is already well developed, serving the convenience retailing needs of the area residents. This area is somewhat removed from future employee concentrations. Therefore, Woodmont Triangle is the only major area within the Bethesda Sector Plan study area which presents opportunities to not only accommodate existing retailing activity, but to also accommodate new retailing, particularly those retailing activities affected by the private real estate forces present in the CBD.

What is implied in this is that perhaps the areas closest to the Metro station in the Woodmont Triangle area offer opportunities to coalesce the kind of retailing activity which will complement and supplement the retailing that might go into the new optional method projects. This would strengthen the broader activity center objectives for the CBD.

One additional point of some importance should be mentioned. Recognizing the problems posed by new development as well as the opportunities presented by it, merchants in the Woodmont Triangle area have organized and formed what is now the Woodmont Triangle Merchant Association. This is an important beginning. The association has the opportunity and the



potential to work with the public sector in instituting and effectuating physical and other improvements which will benefit all of Bethesda.

### Characteristics of Bethesda's Primary Trade Area

Most shoppers, exclusive of daytime employees, in the area live in Bethesda. There is, however, some small drawing power from Chevy Chase and the District. The Bradley Shopping Center and the Bethesda/Arlington Road area retailers serve a more restricted geographic market than other shopping nodes, such as the Woodmont Triangle area.

Our survey of shoppers revealed that the retailers in Bethesda draw about seventy-three percent of their customers from areas contained within four postal zip codes -- 20814, 20815, 20816, and 10817. These four postal zip codes translate into an area that is covered by twenty-four Census tracts. Eighteen of the twenty-four Census tracts encompass an area generally defined by the Bureau of the Census as "Bethesda Urban Place." Map 5 on the following page shows the overall boundary of Bethesda's primary retail trade area, including the area defined by the Census Bureau as Bethesda Urban Place. The key economic and demographic characteristics described in the following pages were derived from these two components of the overall trade area.

It is recognized that there are a number of establishments in the Bethesda CBD, including some popular restaurants, that draw their customers from a broader regional market. However, for the purposes at hand, the trade area as defined represents a reasonable market area from which a large segment of the Bethesda retailers draw a majority of their sales.

It must also be noted that a primary reason for isolating Bethesda Urban Place was that it is the smallest geographic area for which historical retail sales data was published in the 1977 and more recent 1982 Census of Retail Trade. Because of the absence of a major department store anchor, the Census Bureau stopped publishing retail sales information for the Bethesda CBD or portions of it that could be labeled as the "major retail center" area.



MAP 5. BETHESDA'S RETAIL TRADE AREA

The map displays the retail trade area for Bethesda, Maryland, with various numbered zones. The zones are labeled with numbers such as 10.01, 10.02, 10.03, 10.04, 10.05, 11.01, 11.02, 12.01, 12.02, 12.03, 12.04, 12.05, 12.06, 12.07, 12.08, 12.09, 12.10, 12.11, 12.12, 12.13, 12.14, 12.15, 12.16, 12.17, 12.18, 12.19, 12.20, 12.21, 12.22, 12.23, 12.24, 12.25, 12.26, 12.27, 12.28, 12.29, 12.30, 12.31, 12.32, 12.33, 12.34, 12.35, 12.36, 12.37, 12.38, 12.39, 12.40, 12.41, 12.42, 12.43, 12.44, 12.45, 12.46, 12.47, 12.48, 12.49, 12.50, 12.51, 12.52, 12.53, 12.54, 12.55, 12.56, 12.57, 12.58, 12.59, 12.60, 12.61, 12.62, 12.63, 12.64, 12.65, 12.66, 12.67, 12.68, 12.69, 12.70, 12.71, 12.72, 12.73, 12.74, 12.75, 12.76, 12.77, 12.78, 12.79, 12.80, 12.81, 12.82, 12.83, 12.84, 12.85, 12.86, 12.87, 12.88, 12.89, 12.90, 12.91, 12.92, 12.93, 12.94, 12.95, 12.96, 12.97, 12.98, 12.99, 13.00, 13.01, 13.02, 13.03, 13.04, 13.05, 13.06, 13.07, 13.08, 13.09, 13.10, 13.11, 13.12, 13.13, 13.14, 13.15, 13.16, 13.17, 13.18, 13.19, 13.20, 13.21, 13.22, 13.23, 13.24, 13.25, 13.26, 13.27, 13.28, 13.29, 13.30, 13.31, 13.32, 13.33, 13.34, 13.35, 13.36, 13.37, 13.38, 13.39, 13.40, 13.41, 13.42, 13.43, 13.44, 13.45, 13.46, 13.47, 13.48, 13.49, 13.50, 13.51, 13.52, 13.53, 13.54, 13.55, 13.56, 13.57, 13.58, 13.59, 13.60, 13.61, 13.62, 13.63, 13.64, 13.65, 13.66, 13.67, 13.68, 13.69, 13.70, 13.71, 13.72, 13.73, 13.74, 13.75, 13.76, 13.77, 13.78, 13.79, 13.80, 13.81, 13.82, 13.83, 13.84, 13.85, 13.86, 13.87, 13.88, 13.89, 13.90, 13.91, 13.92, 13.93, 13.94, 13.95, 13.96, 13.97, 13.98, 13.99, 14.00, 14.01, 14.02, 14.03, 14.04, 14.05, 14.06, 14.07, 14.08, 14.09, 14.10, 14.11, 14.12, 14.13, 14.14, 14.15, 14.16, 14.17, 14.18, 14.19, 14.20, 14.21, 14.22, 14.23, 14.24, 14.25, 14.26, 14.27, 14.28, 14.29, 14.30, 14.31, 14.32, 14.33, 14.34, 14.35, 14.36, 14.37, 14.38, 14.39, 14.40, 14.41, 14.42, 14.43, 14.44, 14.45, 14.46, 14.47, 14.48, 14.49, 14.50, 14.51, 14.52, 14.53, 14.54, 14.55, 14.56, 14.57, 14.58, 14.59, 14.60, 14.61, 14.62, 14.63, 14.64, 14.65, 14.66, 14.67, 14.68, 14.69, 14.70, 14.71, 14.72, 14.73, 14.74, 14.75, 14.76, 14.77, 14.78, 14.79, 14.80, 14.81, 14.82, 14.83, 14.84, 14.85, 14.86, 14.87, 14.88, 14.89, 14.90, 14.91, 14.92, 14.93, 14.94, 14.95, 14.96, 14.97, 14.98, 14.99, 15.00, 15.01, 15.02, 15.03, 15.04, 15.05, 15.06, 15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14, 15.15, 15.16, 15.17, 15.18, 15.19, 15.20, 15.21, 15.22, 15.23, 15.24, 15.25, 15.26, 15.27, 15.28, 15.29, 15.30, 15.31, 15.32, 15.33, 15.34, 15.35, 15.36, 15.37, 15.38, 15.39, 15.40, 15.41, 15.42, 15.43, 15.44, 15.45, 15.46, 15.47, 15.48, 15.49, 15.50, 15.51, 15.52, 15.53, 15.54, 15.55, 15.56, 15.57, 15.58, 15.59, 15.60, 15.61, 15.62, 15.63, 15.64, 15.65, 15.66, 15.67, 15.68, 15.69, 15.70, 15.71, 15.72, 15.73, 15.74, 15.75, 15.76, 15.77, 15.78, 15.79, 15.80, 15.81, 15.82, 15.83, 15.84, 15.85, 15.86, 15.87, 15.88, 15.89, 15.90, 15.91, 15.92, 15.93, 15.94, 15.95, 15.96, 15.97, 15.98, 15.99, 16.00, 16.01, 16.02, 16.03, 16.04, 16.05, 16.06, 16.07, 16.08, 16.09, 16.10, 16.11, 16.12, 16.13, 16.14, 16.15, 16.16, 16.17, 16.18, 16.19, 16.20, 16.21, 16.22, 16.23, 16.24, 16.25, 16.26, 16.27, 16.28, 16.29, 16.30, 16.31, 16.32, 16.33, 16.34, 16.35, 16.36, 16.37, 16.38, 16.39, 16.40, 16.41, 16.42, 16.43, 16.44, 16.45, 16.46, 16.47, 16.48, 16.49, 16.50, 16.51, 16.52, 16.53, 16.54, 16.55, 16.56, 16.57, 16.58, 16.59, 16.60, 16.61, 16.62, 16.63, 16.64, 16.65, 16.66, 16.67, 16.68, 16.69, 16.70, 16.71, 16.72, 16.73, 16.74, 16.75, 16.76, 16.77, 16.78, 16.79, 16.80, 16.81, 16.82, 16.83, 16.84, 16.85, 16.86, 16.87, 16.88, 16.89, 16.90, 16.91, 16.92, 16.93, 16.94, 16.95, 16.96, 16.97, 16.98, 16.99, 17.00, 17.01, 17.02, 17.03, 17.04, 17.05, 17.06, 17.07, 17.08, 17.09, 17.10, 17.11, 17.12, 17.13, 17.14, 17.15, 17.16, 17.17, 17.18, 17.19, 17.20, 17.21, 17.22, 17.23, 17.24, 17.25, 17.26, 17.27, 17.28, 17.29, 17.30, 17.31, 17.32, 17.33, 17.34, 17.35, 17.36, 17.37, 17.38, 17.39, 17.40, 17.41, 17.42, 17.43, 17.44, 17.45, 17.46, 17.47, 17.48, 17.49, 17.50, 17.51, 17.52, 17.53, 17.54, 17.55, 17.56, 17.57, 17.58, 17.59, 17.60, 17.61, 17.62, 17.63, 17.64, 17.65,



### Trends in Key Economic and Demographic Indicators

The accompanying two tables -- Tables 14 and 15 -- show historical trends in key demographic and economic indicators in Montgomery County, the defined Bethesda Primary Retail Trade area, and the Bethesda Urban Place portion of the overall trade area. As shown in Table 14, following, the total population in Montgomery County increased from over 522,800 in 1970 to over 579,000 in 1980, a gain of over 56,200 persons over the period. During the same period, the trade area's population declined from slightly over 98,000 persons in 1970 to 86,450 persons by 1980, a loss of nearly 11,600 persons over the 1970 population base.

While the trade area's population declined, the number of households living in the trade area increased by 2,554. A large proportion of the household growth in the trade area was confined within the area represented by Bethesda Urban Place. The growth in the number of households is attributed largely to the relatively rapid decline in the average household size. It is important to point out that the average household size in the trade area in 1980 was significantly below the level of the County as a whole.

These broad demographic trends have relevance to retailers in Bethesda. They clearly imply that the overall trade area has a larger proportion of elderly people, more empty-nester households, and more one and two person households than the County as a whole. These demographic patterns for the County and the trade area and its major component -- Bethesda Urban Place are shown in the following Table 15. This data also shows the relatively older housing stock that exists in the trade area as compared with that of the County as a whole. Over forty-seven percent of the trade area structures were built prior to 1949, compared with only 18.2 percent of all structures in the County.

### Forecast of Key Indicators

Based on the considerations of past trends and ongoing, planned and/or anticipated new development, the following two tables -- Tables 16 and 17--



Table 14. CHANGES IN SELECTED SOCIO-ECONOMIC INDICATORS, MONTGOMERY COUNTY AND BETHESDA PRIMARY RETAIL TRADE AREA, 1970-1980

	<u>Total</u>	<u>Population</u>	<u>Number of Households</u>			<u>Average Household</u>	
	<u>Population</u>	<u>In Households</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Size</u>	<u>Income</u>
<u>1970</u>							
Montgomery County	522,809	516,645	96,246	60,428	156,674	3.30	\$ 18,608
Bethesda Primary Trade Area							
Bethesda Urban Place	71,621	69,856	14,451	8,558	23,009	3.04	\$ 21,071
Rest of Trade Area	26,428	26,275	6,680	1,537	8,216	3.20	\$ 28,038
Total Trade Area	98,049	96,131	21,131	10,095	31,225	3.08	\$ 22,900
<u>1980</u>							
Montgomery County	579,053	573,451	134,139	73,056	207,195	2.77	\$ 34,283
Bethesda Primary Trade Area							
Bethesda Urban Place	62,736	61,709	15,645	9,578	25,223	2.45	\$ 43,508
Rest of Trade Area	23,714	23,544	7,148	1,408	8,556	2.75	\$ 49,940
Total Trade Area	86,450	85,253	22,793	10,986	33,779	2.52	\$ 45,138
<u>Change: 1970-80</u>							
Montgomery County							
Number	56,244	56,806	37,893	12,628	50,521	-0.53	\$ 15,675
Percent	10.8%	11.0%	39.4%	20.9%	32.2%	-16.10%	84.2%
Bethesda Urban Place							
Number	-8,885	-8,147	1,194	1,020	2,214	-0.59	\$ 22,437
Percent	-12.4%	-11.7%	8.3%	11.9%	9.6%	-19.40%	106.5%
Rest of Trade Area							
Number	-2,714	-2,731	468	-129	340	-0.45	\$ 21,902
Percent	-10.3%	-10.4%	7.0%	-8.4%	4.1%	-14.10%	78.1%
Total Trade Area							
Number	-11,599	-10,878	1,662	891	2,554	-0.56	\$ 22,238
Percent	-11.8%	-11.3%	7.9%	8.8%	8.2%	-18.2%	97.1%

Source: U.S. Census of Population and Housing, 1970 and 1980; and, Praful Shah & Associates.

Table 15. RELATIVE DIFFERENCES IN SELECTED DEMOGRAPHIC AND HOUSING CHARACTERISTICS,  
MONTGOMERY COUNTY AND BETHESDA PRIMARY RETAIL TRADE AREA, 1970-1980

	Montgomery County		Bethesda Primary Trade Area					
	1970	1980	Urban Place		Rest of Area		Total Trade Area	
	1970	1980	1970	1980	1970	1980	1970	1980
<u>Age Distribution</u>								
Percent Under 5 Years	8.2%	5.7%	5.8%	3.6%	5.8%	4.4%	5.8%	3.8%
5-24 Years	37.7	31.9	35.4	26.2	33.8	27.2	35.1	26.4
25-44 Years	26.6	31.6	23.8	27.0	21.2	28.0	23.1	27.3
45-64 Years	21.2	22.1	27.4	29.4	28.3	25.7	27.6	28.4
65 Years and over	6.3	8.7	7.6	13.8	10.9	14.7	8.4	14.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Population	522,809	579,053	71,621	62,736	26,428	23,714	98,049	86,450
<u>Household Distribution by Size</u>								
Percent 1 Person Households	13.6%	21.0%	17.9%	28.7%	12.1%	16.5%	16.2%	25.6%
2 Person Households	26.6	30.8	29.8	33.9	31.9	36.5	30.2	34.6
3-4 Person Households	37.0	35.6	33.2	28.3	35.2	35.5	33.9	30.1
5 or More Person Hhlds	22.8	12.6	19.1	9.1	20.8	11.5	19.7	9.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Households	156,674	207,195	23,009	25,223	8,216	8,556	31,225	33,779
<u>Year Structure Built</u>								
Percent 1939 or Earlier	11.5%	7.8%	13.0%	17.7%	39.7%	40.4%	20.0%	24.1%
1940-49	13.9	10.4	18.1	24.9	21.6	19.2	19.0	23.3
1950-59	31.0	23.2	37.3	34.8	27.0	27.8	34.6	32.8
1960-69	38.9	31.4	31.1	17.8	11.2	9.0	25.8	15.4
1970-80	4.8	27.2	0.5	4.8	0.5	3.6	0.6	4.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Year Round Units	161,303	216,052	23,476	22,512	8,361	8,794	31,837	31,306
Median Value, Owner Occupied Units	\$32,900	\$97,300	\$41,900	\$147,200	\$35,000	\$139,731	\$37,800	\$135,300
Median Rent, Renter Occupied Units	\$ 165	\$ 331	\$ 170	\$ 391	N/A	\$ 403	\$ 169	N/A

Source: U.S. Census of Population and Housing, 1970 and 1980; and, Praful Shah & Associates, Inc.



present forecasts of population, number of households, total personal, per capita, and average household income for the defined trade area. These indicators are considered the primary focus generating future retail potentials for the Bethesda CBD.

As shown in the following Table 16, the trade area's population is projected to increase from 86,450 persons in 1980 to 87,000 persons by 1990. What is implied in these numbers is a gradual stabilization of the area's population during the early to mid-1980's, and a slight increase resulting from the development of new housing in the area. Inherent in these numbers is the assumption that the Bethesda CBD will be successful in developing new residential units programmed as part of its redevelopment process.

The average household size will continue to gradually decline over the period, resulting in greater gains in the number of households than in population. Thus, the number of households in the trade area are expected to increase from 33,779 in 1980 to 37,900 households by 1990. In both cases, more growth is expected to occur within the defined Bethesda Urban Place than in the remainder of the trade area.

Table 16. TRENDS AND FORECASTS OF POPULATION AND HOUSEHOLDS  
BETHESDA PRIMARY RETAIL TRADE AREA, 1970-1990

	<u>1970</u>	<u>1977</u>	<u>1980</u>	<u>1982</u>	<u>1985</u>	<u>1990</u>
<u>Total Population</u>						
Bethesda Urban Place	71,621	65,400	62,736	61,800	60,600	63,600
Rest of Trade Area	<u>26,428</u>	<u>24,500</u>	<u>23,714</u>	<u>23,200</u>	<u>22,800</u>	<u>23,400</u>
Total Primary Trade Area	98,049	89,900	86,450	85,000	83,400	87,000
<u>Total Households</u>						
Bethesda Urban Place	23,009	24,560	25,223	25,400	26,000	28,000
Rest of Trade Area	<u>8,216</u>	<u>8,440</u>	<u>8,556</u>	<u>8,700</u>	<u>9,050</u>	<u>9,900</u>
Total Primary Trade Area	31,225	33,000	33,779	34,100	35,050	37,900

Source: U.S. Census of Population and Housing, 1970 and 1980; and, Praful Shah & Associates, Inc.

### Income Forecasts

The total personal income in Bethesda's primary retail trade area, expressed in current dollars, increased from \$715.2 million in 1970 to \$1,524.7 million by 1980. Most recent personal income estimates for the trade area suggest that it is nearing \$2.0 billion. By 1990, the total personal income of trade area residents, as shown in the following Table 17, is expected to exceed \$3.2 billion. Furthermore, the total per capita personal income, again expressed in current dollar terms, is expected to grow from \$17,637 in 1980 to \$23,790 in 1985, and to \$37,100 by 1990.

The average household income of trade area households is projected to grow from \$45,138 in 1980 to \$56,610 in 1985, and to \$85,170 by 1990. What is implied is that the trade area is expected to continue to retain its affluent residential characteristics over the 1980's.

### Trends in Retail Sales

Table 18, on the following page, shows retail sales for Montgomery County and Bethesda Urban Place for 1977 and 1982. As shown, the total retail sales in the County increased by nearly \$1.3 billion from \$2.4 billion in 1977, to over \$3.7 billion in 1982. Retail sales in Bethesda Urban Place, of which the Bethesda CBD is a major part, increased from nearly \$364.2 million or 15.1 percent of the County total in 1977, to over \$484.3 million or 13.0 percent of the County total in 1982.

Our order of magnitude estimates show that retail sales in the Bethesda CBD in 1977 approximated some \$175.0 million or 48.0 percent of all retail sales in Bethesda Urban Place. The Bethesda CBD's retail sales in 1982 are estimated to approximate \$222.0 million or 46.5 percent of sales in Bethesda Urban Place.

As shown in Table 18, following, relatively impressive gains in sales in Bethesda Urban Place were registered in food stores, automotive groups, and eating and drinking categories over the 1977-82 period.



Table 17. TRENDS AND FORECASTS OF AGGREGATE MONEY INCOME, PER CAPITA AND AVERAGE HOUSEHOLD INCOME, BETHESDA PRIMARY RETAIL TRADE AREA, 1970-1990 (In Current Dollars)

	<u>1970</u>	<u>1977</u>	<u>1980</u>	<u>1982</u>	<u>1985</u>	<u>1990</u>
<u>Aggregate Money Income (\$000)</u>						
Bethesda Urban Place	\$484,825	\$ 903,320	\$1,097,400	\$1,206,119	\$1,422,200	\$2,305,800
Rest of Trade Area	230,360	373,105	427,300	472,149	562,000	922,200
Total Primary Trade Area	\$715,185	\$1,276,225	\$1,524,700	\$1,678,268	\$1,984,200	\$3,228,000
<u>Per Capita Income</u>						
Bethesda Urban Place	\$ 6,770	\$ 13,812	\$ 17,492	\$ 19,515	\$ 23,470	\$ 36,255
Rest of Primary Trade Area	\$ 8,717	\$ 15,230	\$ 18,020	\$ 20,350	\$ 24,650	\$ 39,410
Total Primary Area	\$ 7,294	\$ 14,200	\$ 17,637	\$ 19,745	\$ 23,790	\$ 37,100
<u>Average Household Income</u>						
Bethesda Urban Place	\$ 21,071	\$ 36,780	\$ 43,508	\$ 47,485	\$ 54,700	\$ 82,350
Rest of Primary Trade Area	\$ 28,038	\$ 44,207	\$ 49,940	\$ 54,270	\$ 62,100	\$ 93,350
Total Primary Trade Area	\$ 22,900	\$ 38,675	\$ 45,138	\$ 49,216	\$ 56,610	\$ 85,170

Note: Forecast of income between 1985 and 1990, expressed in current dollars, assumes an average annual inflation rate of 4.5 percent over the period.

Source: U.S. Census of Population and Housing, 1970 and 1980; and, Praful Shah & Associates, Inc.

Table 18. TRENDS IN RETAIL SALES, MONTGOMERY COUNTY AND  
BETHESDA URBAN PLACE, 1977 AND 1982  
(In Thousands of Dollars)

	<u>Montgomery County</u>		<u>Bethesda Urban Place</u> <sup>1/</sup>		<u>Bethesda's Share</u> <u>of County</u>	
	<u>1977</u>	<u>1982</u>	<u>1977</u>	<u>1982</u>	<u>1977</u>	<u>1982</u>
<u>SHOPPERS GOODS</u>						
<u>GAFO</u>						
General Merchandise	\$ 432,575	\$ 498,459	\$ 1,600	\$ 1,246	0.40%	0.20%
Apparel & Accessories	141,352	254,103	43,212	50,574	30.60%	20.00%
Furniture & Home Furnishings	130,884	230,683	29,495	34,602	22.50%	15.00%
Miscellaneous Specialty Retail	202,704	353,638	37,295	58,350	18.40%	16.50%
Subtotal	(\$ 907,515)	(\$1,336,883)	(\$111,602)	(\$144,772)	12.30%	10.80%
Eating & Drinking	182,671	293,424	45,065	64,553	24.70%	22.00%
Total GAFO	\$1,090,186	\$1,630,307	\$156,667	\$209,325	14.40%	12.80%
<u>CONVENIENCE GOODS</u>						
Food Stores	\$ 478,922	\$ 756,457	\$ 75,165	\$103,634	15.70%	13.70%
Drug & Proprietary Stores	87,819	124,745	9,975	12,475	11.30%	10.00%
Total Convenience Goods	\$ 566,741	\$ 881,202	\$ 85,140	\$116,109	15.00%	13.20%
<u>OTHER RETAIL</u>						
Building Materials	\$ 84,602	\$ 116,345	\$ 7,951	\$ 10,238	9.40%	8.80%
Automotive Group	478,533	746,270	89,483	108,209	18.70%	14.50%
Gasoline/Service Station	186,603	337,095	24,951	40,451	13.40%	12.00%
Total Other Retail	\$ 749,738	\$1,199,710	\$122,385	\$158,898	16.30%	13.20%
 TOTAL RETAIL	 \$2,406,665	 \$3,711,219	 \$364,192	 \$484,332	 15.10%	 13.00%

<sup>1/</sup> 1982 sales for Bethesda Urban Place estimated.

Source: U.S. Census of Retail Trade, 1977 and 1982; and, Praful Shah & Associates, Inc.



Our survey of merchants coupled with other published data suggest that the Bethesda CBD's retail sales performance has been good. Our estimate, as noted earlier, shows that retail sales in the Bethesda CBD in 1982 approximated some \$222.0 million. The relative standing of the Bethesda CBD within the broader Bethesda Urban Place, in terms of sales in 1982 by broad categories, is shown in the following Table 19.

Table 19. ESTIMATE OF RETAIL SALES  
THE BETHESDA CBD, 1982  
(In Thousands of Dollars)

	<u>Bethesda Urban Place</u>	<u>Bethesda CBD</u>	<u>Bethesda CBD as a Percent of Urban Place</u>
GAF	\$144,772	\$ 49,600	34.3%
Eating & Drinking	64,553	39,500	61.2%
Convenience Goods	116,109	32,500	28.0%
Other Retail	<u>158,898</u>	<u>100,400</u>	63.2%
Total	\$484,332	\$222,000	45.8%

Source: U.S. Census of Retail Trade, 1982; and, Praful Shah & Associates, Inc.

The sales estimates for the Bethesda CBD clearly reflect its retailing structure. The viable and relatively well represented auto and other retail establishments and the preponderance of eating and drinking places support the higher penetration of the broader regional marketplace. The relatively low level of general merchandise, apparel, and furniture (GAF) sales also illustrates the retail structure of the CBD. Sales in this category are estimated to have further declined since 1982 due to the closing of the Sloan's furniture store and displacement of stores affected by the ongoing

redevelopment process. The largest sales generator within the GAF category is the specialty retail component so well represented in the Bethesda CBD.

### The Bethesda CBD in a Competitive Context

To meet needs other than those provided for by the Bethesda CBD's retailers, the CBD customers patronize the regional shopping centers and other "up-scale" retail areas that are relatively close and accessible. Table 20, following, lists the centers that are patronized by the resident customers of the CBD that were surveyed.

Table 20. COMPETITIVE RETAIL CENTERS PATRONIZED BY  
RESIDENT CUSTOMERS IN THE BETHESDA CBD

	<u>Total</u>	<u>Bradley Shopping Center</u>	<u>Bethesda and Arlington</u>	<u>Metro Center</u>	<u>St. Elmo and Norfolk/Old Georgetown and Woodmont</u>
Mentioned other areas/shopping centers usually shopped at	96%	95%	97%	96%	98%
Montgomery Mall	55%	54%	52%	54%	72%
White Flint	38	31	44	44	39
Friendship Heights	13	21	15	1	7
Chevy Chase	8	5	13	10	7
Mazza Gallarie	8	4	10	9	13
Georgetown Square Park	6	8	7	7	3
Wheaton Plaza	5	4	3	6	6
Downtown Washington	5	1	7	5	7
Rockville Pike	4	2	4	9	4
Congressional Plaza	4	4	6	5	4
Westbard Avenue	3	6	3	-	-
Little Falls	3	6	3	-	-
Lake Forest	3	2	6	2	1
Tysons Corner	2	1	2	5	1
Bradley Shopping Center	2	-	2	5	1
Wildwood	2	3	1	2	1
Silver Spring	2	1	1	2	3
Other places	16	13	18	19	13
Nowhere else	3%	5%	2%	2%	1%
Refused	1	-	1	2	1
Total	100%	100%	100%	100%	100%
Number of Respondents	(619)	(215)	(152)	(132)	(72)

Source: Resident Shopper's Survey conducted by the consultant team.



The information presented in Table 20 serves to illustrate two important points:

- First, the Bethesda CBD's retailing structure represents significant gaps in the comparison shopping goods category. This need is well met by the major regional malls and other strip retailing facilities which are relatively close to and easily accessible from Bethesda. The leading competitive facilities include Montgomery Mall, White Flint Mall, and the retailing node at and around Friendship Heights in Chevy Chase, including the Mazza Gallarie just across the County line in the District.
- Second, this presence of the rather formidable amount of competitive comparison goods shopping facilities has precluded the Bethesda CBD in attracting and profitably accommodating major department stores and other GAFO type merchandise.

#### Trade Area Expenditure Potentials

The following two tables -- Table 21 and 22 -- summarize the retail expenditure potentials for two distinct market segments: the residential market; and, the daytime worker or employee market.

#### Residential Expenditure Potentials

The following Table 21 shows the resident expenditure potentials for GAFO, eating and drinking establishments, convenience retail, and other retail categories for the Bethesda Primary Retail Trade area, by each of its two submarket components -- Bethesda Urban Place and the Rest of the Trade Area. These expenditure potentials are shown for the years 1982, 1985, and 1990, and are expressed in thousands of current dollars.

- The resident expenditure potentials for the GAFO component were derived by using an average of 14.3 percent of projected aggregate money income. A factor of 4.5 percent and 5.0 percent of the total aggregate income was used to derive eating and drinking expenditure potentials for 1985 and 1990, respectively.
- The resident expenditure potentials for the convenience retail group was derived by using a factor of 10.0 percent of total aggregate income, while 12.3 percent and 12.5

Table 21. RESIDENT EXPENDITURE POTENTIALS FOR SELECTED RETAIL GOODS CATEGORIES, PRIMARY RETAIL TRADE AREA, BETHESDA, MARYLAND 1982-1990 (In Thousands of Dollars)

<u>Resident Expenditure Potentials</u>	<u>Bethesda Urban Place</u>	<u>Rest of Primary Trade Area</u>	<u>Total Primary Retail Trade Area</u>
<u>GAFO</u> <sup>1/</sup>			
1982	\$168,860	66,100	\$234,960
1985	\$203,375	80,370	\$283,745
1990	\$334,340	133,720	\$468,060
<u>Eating &amp; Drinking</u>			
1982	\$ 51,865	20,300	\$ 72,165
1985	\$ 65,420	24,180	\$ 89,600
1990	\$115,300	46,100	\$161,400
<u>Convenience Retail</u> <sup>2/</sup>			
1982	\$121,820	47,700	\$169,520
1985	\$142,220	56,200	\$198,420
1990	\$230,600	92,200	\$322,800
<u>Other Retail</u> <sup>3/</sup>			
1982	\$150,765	59,000	\$209,765
1985	\$174,930	69,130	\$244,060
1990	\$276,700	110,665	\$387,365
<u>Total Expenditure Potentials</u>			
1982	\$493,310	193,100	\$686,410
1985	\$585,945	229,880	\$815,825
1990	\$956,940	382,685	\$1,339,625

<sup>1/</sup> GAFO category includes general merchandise, apparel, furniture and home furnishings, as well as other specialty and miscellaneous retail establishments.

<sup>2/</sup> Convenience retail includes grocery stores, including specialty food stores, bakeries, drug and proprietary stores.

<sup>3/</sup> Other retail category includes automotive dealers, gasoline service stations, building materials, including hardware stores, and other such establishments not classified elsewhere.

Source: Praful Shah & Associates, Inc.



percent factors were used to calculate "other retail" expenditure potentials for 1985 and 1990, respectively.

As shown in Table 21, resident expenditure potentials for GAFO for the Bethesda retail trade area as a whole are projected to increase from nearly \$235.0 million in 1982 to \$468.0 million by the year 1990. The comparable figures for Bethesda Urban Place's component of the trade area were nearly \$169.0 million in 1982, and slightly over \$334 million for 1990.

Eating and drinking expenditure potentials are projected to grow for the trade area as a whole from nearly \$72.2 million in 1982 to \$161.4 million by the year 1990. In 1990, eating and drinking expenditure potentials of Bethesda Urban Place residents is calculated to amount to over \$115.3 million.

Resident expenditure potentials for the "other retail" category, including automotive dealers, service stations, building materials, hardware stores, and similar establishments, is projected to increase from nearly \$210.0 million in 1982 to over \$387.0 million by 1990. Trade area potentials for total retail is projected to increase from \$686.4 million in 1982 to over \$1,339.6 million by 1990.

It should be noted that the resident expenditure potentials, particularly for the GAFO and eating and drinking categories, as shown in Table 21 earlier, exclude work-time expenditure potentials of the CBD workers residing within the trade area. The worker expenditure potentials for GAFO and eating and drinking are estimated separately and discussed below.

#### CBD Employee Expenditure Potentials

The following Table 22 shows the specific steps and assumptions involved in deriving expenditure potentials of the Bethesda CBD workers and workers at the nearby federal medical institutions for GAFO and eating and drinking. Our sample survey of selected Bethesda CBD employees indicated that on the average, the CBD workers spend approximately \$700 annually for eating out during their lunch hour, and slightly less than \$400 for other

Table 22. RETAIL EXPENDITURE POTENTIALS OF THE BETHESDA CBD WORKERS  
AND EMPLOYEES AT NEARBY FEDERAL INSTALLATIONS, 1985-1990  
(In Current Dollars)

	<u>1985</u>	<u>1990</u>
<u>Employment Forecast</u>		
Bethesda CBD	27,000	40,000 <sup>1/</sup>
Nearby Medical Centers	<u>20,000</u>	<u>20,000</u>
Total	47,000	60,000
<u>Annual Worker Expenditure Potential</u>		
GAFO	\$ 400	\$ 560
Eating and Drinking	<u>700</u>	<u>1,040</u>
Total	\$ 1,100	\$ 1,600
<u>CBD Worker Expenditure Potentials<sup>2/</sup> (\$000)</u>		
GAFO	\$ 4,320.0	\$ 8,960.0
Eating and Drinking	<u>7,560.0</u>	<u>16,640.0</u>
Total	\$11,880.0	\$25,600.0
<u>Other Worker Expenditure Potentials<sup>2/</sup> (\$000)</u>		
GAFO	\$ 1,200.0	\$ 1,680.0
Eating and Drinking	<u>2,100.0</u>	<u>3,120.0</u>
Total	\$ 3,300.0	\$ 4,800.0
<u>Total Worker Expenditure Potentials (\$000)</u>		
GAFO	\$ 5,520.0	\$10,640.0
Eating and Drinking	<u>9,660.0</u>	<u>19,760.0</u>
Total	\$15,180.0	\$30,400.0

<sup>1/</sup> Based on the assumption that all approved optional method projects are completed and ninety percent of all space is occupied.

<sup>2/</sup> Assumes that forty percent of the CBD workers and fifteen percent of workers at the nearby federal installations spend money for retail purchases, including lunch during working hours at the annual rates as indicated.

Source: Praful Shah & Associates, Inc.



retail goods and services. (The annual expenditure of \$1,000 for retail goods and food is reasonable and in line with our survey findings in other major central business districts of mid to large central cities.)

As shown in Table 22, worker expenditure potentials for GAFO are projected to increase from \$5.5 million in 1985 to over \$10.6 million by 1990. Worker expenditure potentials for eating and drinking are projected to more than double over the five year period, increasing from \$9,660,000 in 1985 to \$19,760,000 by 1990. Total worker expenditure potentials are projected to increase from nearly \$15.2 million in 1985 to \$30.4 million by 1990. These expenditure potentials, as in the case of resident expenditure potentials, are expressed in current dollars.

#### Summary of Expenditure Potentials

Table 23, below, summarizes the resident and employee generated expenditure potentials for the GAFO, eating and drinking, convenience goods and all other retail categories. These expenditures potentials are presented for 1985 and 1990, and are expressed in current dollars.

Table 23. SUMMARY OF EXPENDITURE POTENTIALS, THE  
BETHESDA PRIMARY RETAIL TRADE AREA, 1985-1990  
(In Thousands of Current Dollars)

	<u>1985</u>	<u>1990</u>
<u>Resident Expenditure Potentials</u>		
GAFO	\$283,745.0	\$ 468,060.0
Eating and Drinking	89,600.0	161,400.0
Convenience Goods	198,420.0	322,800.0
All Other	244,060.0	387,365.0
Subtotal	\$815,825.0	\$1,339,625.0
<u>Employee Expenditure Potentials</u>		
GAFO	\$ 5,520.0	\$ 10,640.0
Eating and Drinking	9,660.0	19,760.0
Subtotal	\$ 15,180.0	\$ 30,400.0
<u>Total Expenditure Potentials</u>		
GAFO	\$289,265.0	\$ 478,700.0
Eating and Drinking	99,260.0	181,160.0
Convenience Goods	198,420.0	322,800.0
All Other	244,060.0	387,365.0
Total	\$830,240.0	\$1,370,025.0

Source: Praful Shah & Associates, Inc.

As shown, GAFO expenditure potentials are projected to increase from \$289,265,000 in 1985 to \$478,700,000 by 1990. Eating and drinking expenditure potentials are expected to increase from nearly \$99.3 million in 1985 to nearly \$181.2 million by 1990. While the employees will generate some expenditure potentials for the convenience and all other retail categories, they are expected to be relatively minor in comparison with other categories -- GAFO and eating and drinking -- and they are not projected.

The total expenditure potential represented by the trade area residents, the CBD employees, and employees at nearby medical centers are projected to increase from \$830,240,000 in 1985 to over \$1,370,000 by 1990.

To the extent that the new office space in the core area is leased, the impact of expenditures generated by these employees on establishments along Wisconsin Avenue and other nearby streets could be important. The retail support will be less if leasing of office space is slow. This may lead to reduced profits and possibly higher turnover rates among new retailers in some projects.

The relatively large number of new restaurant facilities that are planned for the new projects may affect some of the existing restaurant business. The Woodmont Triangle area has the largest concentration of restaurant facilities. Joint promotion, special events, and other marketing activities are suggested to retain a share of the market they previously maintained.

#### Implications of Core Area Redevelopment Initiatives

It is difficult at this time to gauge the full extent of the long-term impacts set in motion by the redevelopment initiatives in the core area on retailing both in the core area and in the non-core areas of the Bethesda CBD. This is so partly because of the uncertainties as to the:

- Total amount of space devoted to actual retailing and the mix of retail activities that might develop within the new projects in the core area; and,



- Extent of the sustaining power and the ripple effects of the private real estate factors currently operating in Bethesda and what effect these might have on retailing in the non-core areas.

Based on the findings of our surveys of Bethesda merchants, property owners, developers, residents, and others, coupled with our experience elsewhere some general observations can be made as to the likely impacts of these factors on retailing in the non-core areas of the Bethesda CBD. The following two paragraphs influence these observations.

- In Section II, the present and projected supply of parking spaces was discussed and suggestions with respect to manned garages and variable rate parking policies were made. The County's current goal is to provide for only fifty percent of parking demand. The contribution of ride-share, Ride-on, and vanpooling are critical in order to realize the assumed modal split and provide important parking resources for retailing.
- Our observations suggest that it is unlikely that Metro and other public transportation modes will supplant the use of the automobile as the major way to go shopping in Bethesda. Dry cleaning, grocery shopping, and other convenience retail trips require the use of the car and it will continue to be used for such trips. We conclude that the "carrot and stick" approach for the use of parking spaces may hold promise for forcing office workers to use public transit but should not affect parking for retail customers, nor for those types of businesses that by their very nature depend heavily on the use of the car and parking amenities.

#### A Qualitative Assessment of Likely Impacts

As noted before, the anticipation of the Metro's arrival some fifteen years ago set in motion factors and forces that have vaulted Bethesda's CBD from the 1950's to the 1990's in real estate terms. The escalating land and property values have continued to raise profit expectations among many property owners both within and outside the core area of the Bethesda CBD.

Real Estate Considerations. The redevelopment process and the ongoing private sector development have obviously kept the perceived profit flame burning. The initial impact has been on the retail merchants. For many, as

noted in the Technical Appendix to this report (pages 90-92), the rents have doubled and tripled. As a result, some merchants have been forced to relocate and some have gone out of business altogether. There are yet others whose space leases are due to expire in the near term and are in a quandary as to what options or course of action they might or can pursue.

There are other factors such as increased real estate taxes spawned by changes in assessment practices that may have contributed to the need to generate additional income. These and many other forces and counter-forces are expected to continue to affect the real estate sector in general, and retail/commercial operations specifically, in Bethesda for some years to come.

Areas Likely to be Affected. It is obvious that the retail structure of Bethesda will change over the next few years. There are no specific answers as to which areas and what merchants will be affected first or most. Based on the fragmented evidence available, only general observations can be made at this time.

- Retailing along Wisconsin Avenue can be expected to be affected first. Marginal or secondary retailers unable to afford higher rents will most likely be moved out of their locations and replaced by "up-scale" retailers who can afford to pay the higher rents. This process can also be expected to initiate physical upgrading of buildings by owners in order for them to achieve these higher rents.
- Escalating rents elsewhere will also cause retailers to seek locations that are affordable. The pressure is likely to go in the direction of older areas, such as the Woodmont Triangle area and other parts of the non-core area.
- This process and the pressures created by it are likely to raise rent expectations elsewhere, forcing out other existing marginal or secondary retailers, continuing the cycle.

Myth vs. Reality. It might be legitimately argued that this is the inevitable result of development/redevelopment in America. The fittest survive, and those that cannot change with the times must find other ways. While this argument might hold true in some areas, the question may be asked: Is it desirable or good for Bethesda?



Of course, the answers to this difficult question is a guarded "no." Bethesda's predominant convenience oriented retailing structure suggests that most establishments cannot easily upgrade their stores or merchandise. There is a limit to how much upgrading a dry cleaner, shoe repair shop, small grocery store, drug store, hardware store, etc., can do and still remain competitive and profitable. The point here is that there are likely to be sporadic changes in the nature of retailing in the non-core area. Those affected are likely to be those whose markets are somewhat restricted and whose ability to pay is limited. The market for "up-scale" retailing in Bethesda is limited; it is preempted by the existence of substantial facilities located in proximity to Bethesda (White Flint Mall, Friendship Heights, Montgomery Mall, etc.).

Furthermore, the current situation poses another important question: Is there anything that the public sector can do to mitigate the adverse impacts of these dynamic market forces? Is there a role for the public sector in successfully initiating a revitalization program? And if so, by what means and where? Is the retail activity found in various locations outside the core of great enough value to warrant special public consideration?

From the standpoint of public programs, retention would involve public intervention in the form of rent controls, direct or indirect subsidies to business, and other forms of interventions against the grain of private real estate forces.

On the other hand, the revitalization activity, particularly from the standpoint of the public sector, involves creating the necessary conditions conducive to private sector reinvestments in the upgrading of existing properties. This activity would enhance both public and private areas in a joint effort upgrading the total physical environment through such programs as facade improvements, streetscaping, special lighting, etc. To achieve these objectives public sector revitalization programs normally offer low interest loans and other financial incentives and technical assistance to encourage private sector response.

During the early stages of the consultant's work it was found that given the market and real estate forces at work in Bethesda, it would not be reasonable to suggest a set of public programs and policies aimed at the retention of all retail businesses throughout the CBD that are practical and successful. There are, however, focused opportunities to effectuate a retention cum revitalization program in the narrowly defined Woodmont Triangle area.

#### Issues Circumscribing the Activity Center Goal

As noted previously in Section II, a yet undetermined amount of the designated retail space within the approved optional method projects is expected to be devoted to such service activities as banking, stock brokerages, and other similar office-type operations. In fact, the amount of new space devoted strictly to the retailing of goods, including food and beverages, is likely to be considerably smaller than the approved building space figures suggest.

In addition, retail space is scattered in small amounts throughout the thirteen projects. Only three of the thirteen projects have any scale of retailing as a component of their total building space. Our extensive interviews with representatives of the optional method developers suggest that most have not given adequate thought as to the kind of retailing they are likely to have in their projects. Most developers are not used to leasing retail space, and since retail accounts for only a relatively small part of their overall projects, they have not formulated specific retail strategies. The most commonly mentioned use by nearly all project developers is having a restaurant in their project, followed by banking and stock brokerage uses, and a rather vaguely defined "other" retail. In several instances, developers indicated that they consider the retailing component as a "lost cause" in their projects.

In addition, a majority of the approved new retail space is not likely to come about until 1988, when all thirteen projects are expected to be completed. Moreover, a further deterrent to a positive retail structure is that the optional method projects are not grouped in a most effective



manner, at least in the context of a "critical retail mass," at the central corner of Wisconsin Avenue, East-West Highway, and Old Georgetown Road.

A majority of those interviewed, including representatives of the optional method developers, expressed reservations and/or doubts as the Bethesda's ability to realize its key activity center goal if it relies solely on the new retail expected from the optional method projects. As discussed earlier, the results of our employee survey also indicate that only a handful (24 percent) of those surveyed expect to visit Bethesda after work when the improvements are complete, and sixty-four of the respondents stated that they "will not" visit Bethesda more.

#### Opportunities and Actions

Our evaluations suggest that at least four essential conditions must be met or ingredients put into place if the Bethesda CBD is to realize this important activity center goal. First, the various optional method project developers need assistance in formulating an effective mix of retailing in their projects. The various developers might profit from collectively working toward developing a dynamic retailing mix that would complement other retailing in nearby projects. Variety and not duplication should be the major focus. There is nothing more dampening to the overall retailing environment than to see large blocks of prime street level space devoted to banking and other such service operations closed at the end of the day and on weekends and holidays.

Second, the goal of a lively activity center, if it is to be realized, needs skilled, professional help. The Bethesda CBD's activity component should be organized and managed, marketed and promoted in ways that achieve effective results.

Third, our evaluations suggest that the necessary "critical mass" is not achievable by the amount of new retailing space planned and the scattered nature of such space in a large number of projects. However, close-in portions of the Woodmont Triangle area offer opportunities to create an effective and attractive retailing mix that could complement and

supplement what is already in place and what is projected for the new projects around the Metro station -- the focus of activity in the Bethesda CBD.

Fourth, it has been recognized by most that the development of new residential units in and around the core area and elsewhere in the CBD is critical if Bethesda is to become an effective activity center, and more importantly, become a complete, new, vibrant entity. The prevailing economic factors are not conducive at the present for the attainment of the essential housing component of the overall redevelopment program. Housing is a critically needed component if the overall results are to be realized to encourage the development of new housing units for moderate and middle-income individuals in the Bethesda CBD.



SECTION IV. ISSUES, IMPLICATIONS AND ACTIONS

#### SECTION IV. ISSUES, IMPLICATIONS AND ACTIONS

The previous sections of this report and results of our research and survey findings raise important issues that have emanated from the overall development/redevelopment process of the Bethesda CBD. The purpose of this section is to identify the implications of the issues raised and appropriate public action responses that may be instituted. The issues dealt with herein are organized into three broad headings as follows:

- A. A Program Agenda for the Non-Core Area
  - Strategies for Commercial Revitalization and Business Retention
  - Protection of Residential Neighborhoods
- B. Institutional Considerations
  - Equity Among Core and Non-Core Area Commercial Interests
  - Augmenting the Effectiveness of the Public Management Process
  - Considerations for Urban Maintenance
- C. The Marketing of Bethesda -- The Need for Improved Communication

Clearly there are other issues which might be regarded as important, but the above list represents the findings of this particular study. The classification of issues into the three major categories is, of course, somewhat arbitrary. It was adopted primarily for the purposes of convenience; it is hoped that it will sharpen the discussion. Each of these issues is examined below.

##### Ripple Effect Considerations

Before discussing the individual issues as listed above, however, it is important to present a brief discussion on the dynamics of the redevelopment process relevant to Bethesda. The planning process, as it has evolved, needs to be coupled with a strategy that takes into account the ripple or multiplier effects of the massive development that is already committed in the Bethesda CBD. One of the planning goals was to leverage the positive effects of this new development in the core area so as to encourage and initiate the upgrading and commercial revitalization of the non-core areas.



The multiplier or ripple effect principle recognizes the important linkages between new primary investments and induced secondary activities in redevelopment projects. Rarely does a redevelopment project fail to generate the potential for additional investments and activities, usually in adjacent properties and/or areas. This trigger can have several causes--the creation of new consumer patronage by the primary development that can spill over and be tapped by other entrepreneurs, the provision of new environmental amenities or services (such as parking spaces) whose effects spread beyond the primary development facility itself, or the simple physical improvement of properties and elimination of blighting influences from an otherwise sound environment.

Redevelopment planning takes this multiplier effect into account--indeed the indirect benefits of many redevelopment projects can be more important than the direct benefits of the primary redevelopment projects. This often involves the provision of off-site public improvements and facilities in connection with the primary project development that can themselves trigger secondary actions in the immediate area. Recognizing and taking advantage of these induced development potentials is a necessary ingredient in any effective development/redevelopment approach.

It is important to note, however, that the immediate or short-term effect of some redevelopment projects can often run counter to the positive effects implied in the potential linkage. By creating a new mass of competitive space uses, a redevelopment process in the short-term can negatively impact adjacent properties, causing short-term dislocations, vacancies, and declines in customer patronage.

#### A Program for the Non-Core Area

The observations offered in the following pages are concerned primarily with the non-core area of the Bethesda CBD. They are based on the premise that what has been achieved in the core area is only the beginning in the public's commitment to upgrade the whole of the Bethesda CBD.

## Strategies for Commercial Revitalization and Business Retention

The non-core area of the Bethesda CBD has been subjected to and is likely to continue to be subjected to forces and counter forces in the near term. One set of forces is that generated by the market and real estate/profit motivation factors. These forces are primarily economic in nature. The other set of forces is what might be termed as those induced by public actions such as re-zoning and the proposed regulations governing development proposals requiring subdivision approval.

As was pointed out before, the economic and real estate forces operating in Bethesda are likely to have two kinds of general impacts. One, to encourage development and redevelopment of properties adjacent to approved new projects. Two, to raise rent/income expectations of property owners causing the dislocations of many businesses. The result will be an increasing amount of pressure on the non-redeveloped areas of the CBD such as the Woodmont Triangle.

The existing public policies regarding development in Bethesda are likely to negate the positive forces of reinvestment and rejuvenation of properties located in the non-core area, particularly those close to the core area and the Metro station. Our survey of property owners and others suggests that unless adequate economic incentives are available, reinvestment in existing properties in the areas outside the core will be affected, leading perhaps to a further physical deterioration.

Future public policies should be tailored to leverage the positives of what has been achieved in the core area to encourage private reinvestments in the non-core areas of the Bethesda CBD. If an appropriate reinvestment climate is created, it could help achieve the goal of upgrading the whole of Bethesda.

Program for the Woodmont Triangle. The extension and widening of Woodmont Avenue, the proximity of parts of Woodmont Triangle areas to the Metro station and optional method projects, and the factor of accessibility, offer significant opportunities for the public sector to initiate a



commercial revitalization program in that area. The Woodmont Triangle, as noted earlier, offers important opportunities for upgrading and restructuring its retail activities so as to complement and supplement the new retailing in the core, and help Bethesda realize its vital activity center objective.

To these ends, the following programmatic actions are suggested. They include what might be called "soft" activities and "hard" development actions.

#### Soft Program Components

##### A. Detailed Economic and Physical Planning

- Survey of the economic activity mix, i.e., structure
- Identification of property ownership patterns
- Analysis of the retailing mix -- its strengths and weaknesses
- Evaluation of the physical limitations and opportunities presented
- Determination of interest among property owners to reinvest
- Solicitation of increased merchant participation

##### B. Detailed Functional Planning

- Develop alternative functional (activity) themes that complement Metro and the core area
- Develop alternative physical themes to create high image identity within the Woodmont Triangle area
- Evaluate alternative traffic circulation patterns and improvements that enhance accessibility to and from, as well as within the Woodmont Triangle area
- Determine areas within the Woodmont Triangle area amenable to early public and private revitalization actions
- Determine overall strategy for staging of revitalization process

##### C. Technical Assistance

- Develop or encourage programs directed at small merchants to help them with product, merchandising, and marketing shifts that they might make in order to better serve the changing markets
- Encourage joint advertising by merchants
- Institute low cost loans or other incentive programs targeted to the upgrading of properties and business in a strategic manner to get the maximum effect
- Organize the broader Bethesda business community, including financial institutions, to seek their aid and contributions to revitalization goals

## Hard Program Elements

### Streetscape Program

- Develop criteria for streetscape for the Woodmont Triangle area with a view to creating a unique but cost-effective identity for the area
- Develop a staging strategy for streetscaping with initial emphasis on areas closest to Metro and the core
- Analyze the cost-effectiveness of underground utilities or options for utility consolidation
- Identify other needed public facilities
- Identify area where additional public parking spaces for commercial/retail users may be needed within the Woodmont Triangle area
- Assure that streetscape design includes necessary buffering of adjacent residential neighborhoods

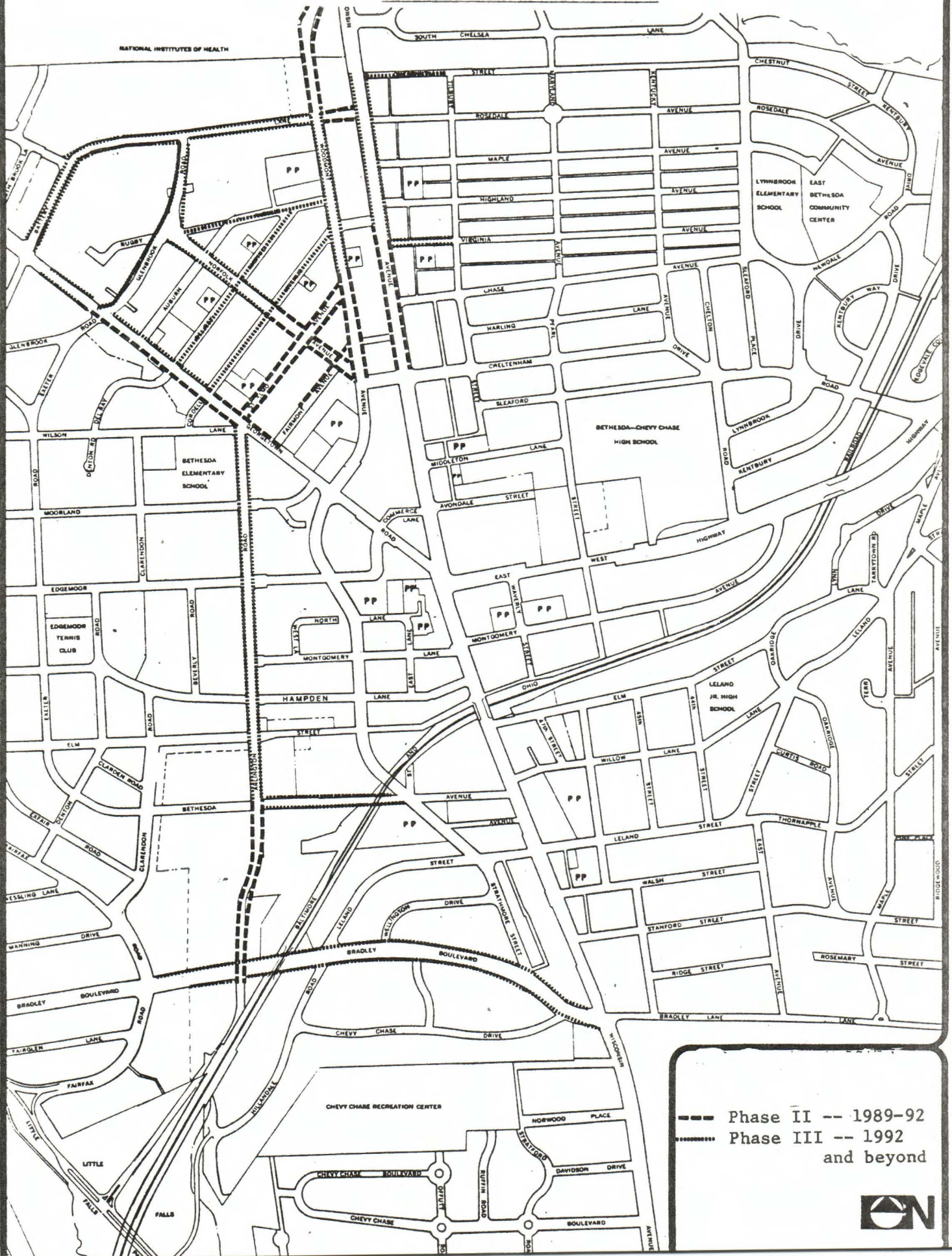
Other Priority Areas for Public Investments. Our evaluations clearly suggest that the Woodmont Triangle area offers the greatest potential and opportunity for implementing a successful commercial revitalization program in a non-core area of the Bethesda CBD.

Our review of the existing streetscape program (as detailed on the following Map 6) for the core area suggests that:

- The southern portion of Wisconsin Avenue, according to the Planning Board, has severe drainage problems and is in need of basic maintenance repair. Our review of the proposed mainstreet program for the core area and streetscape priorities discussed earlier, along with the recognition that the southern portion of Wisconsin Avenue has redevelopment opportunities, leads us to suggest that programmed/planned mainstreet streetscape related public improvements in that part of Wisconsin Avenue to Bradley Boulevard be deferred.
- The Phase II activities extending from 1989-1992 would involve a graduated streetscape program along:
  - portions of Norfolk Avenue westward from Wisconsin Avenue, all of St. Elmo Avenue and Fairmont Avenue from Old Georgetown Road to Wisconsin Avenue
  - existing Woodmont Avenue from Cheltenham northward to its intersection with St. Elmo Avenue and from Battery Lane to its merge with Wisconsin Avenue
  - Wisconsin Avenue from Cheltenham to Virginia Avenue
  - both sides of Arlington Road south of Bethesda Avenue to Bradley Boulevard involving tree planting and curb and gutter repairs, as appropriate.



# MAP 6. STREETSCAPE PRIORITY AREAS



--- Phase II -- 1989-92  
 ..... Phase III -- 1992  
 and beyond

**EN**



- Phase III activities extending from 1992 and beyond, would involve the streetscaping of the following areas:
  - all of the roadways traversing the Woodmont Triangle area not treated in Phase II activities, including Woodmont Avenue between Battery Lane and St. Elmo Avenue and the previously untreated portion of Old Georgetown Road
  - Wisconsin Avenue north from Virginia Avenue to Chestnut Street, including portions of Chestnut Street and Virginia Avenue to Tilbury Street
  - Arlington Road south from Old Georgetown Avenue to Bethesda Avenue and Bethesda Avenue east to Woodmont Avenue extended
  - Bradley Boulevard extending westward from Wisconsin Avenue to approximately Fairfax Road
- The suggested Phase II streetscape program areas, particularly along Wisconsin Avenue, Woodmont Avenue, and Old Georgetown Road, will form an important outer perimeter from the Woodmont Triangle. The streetscape program along these areas, including the interior of the Woodmont Triangle area should be of a distinctive character giving it an unique identity within Bethesda. It should not be as elaborate or extensive both in materials and scale as that contemplated for the core area.
- The nature of the streetscape program for areas involved in Phase III should be of modest character, generally involving filling the gap areas and minimum tree plantings and sidewalk repair, as appropriate.

#### Protection of Residential Neighborhoods

The importance of maintaining the integrity of well-established residential neighborhoods was well recognized in the Sector Plan for the Bethesda CBD. The condition of neighborhoods is a major factor in maintaining population stability and balance, and in creating new opportunities for attracting additional households into the area. Moreover, the residential tax base is an important contribution to the County's treasury; neighborhood deterioration can be a significant drain on tax productivity. Bethesda's neighborhoods because of their quality and the affluent character of their residents, must continue to maintain this "positive image" in the County.



The findings of our focus groups and opinion surveys of various populations representing the Bethesda CBD (as seen in the Technical Appendix), indicated that the redevelopment process in the Bethesda CBD has resulted in rising property values. This has been viewed by most of those affected as a positive. On the other hand, many of these same individuals felt that the intense redevelopment of the Bethesda CBD has also impacted on their neighborhood in a negative manner. They cited such examples as increased traffic intrusion, increased incidents of automobile accidents, and related personal safety issues. Many also stated this increased development will also bring an increase in crime, a loss of green space and an increase in trash and littering, as well as a further intrusion of commercial uses in areas adjacent to their neighborhoods.

The key components in protecting the integrity of residential neighborhoods from commercial intrusion include such things as landscaping, zoning, traffic controls and provision of open space and parks. Many of these measures have been used effectively by the Planning Board to protect neighborhoods on the east side of Wisconsin Avenue and areas adjacent to the CBD. As an example, the development of a major public library along Arlington Road provides an important buffer to the residential neighborhoods beyond. While much has been done to protect the integrity of the existing residential neighborhoods in proximity to the CBD, further steps might be taken to protect additional residential areas located adjacent to the Woodmont Triangle area. In particular, those individuals involved in program development in the Woodmont Triangle area should concern themselves with the protection of residential areas along Battery Lane.

### Institutional Considerations

There are a few issues that are primarily a product of the process followed in the redevelopment of the core area of the Bethesda CBD. Some of these key issues are further affected by the prevailing market and real estate forces in the Bethesda CBD. Nevertheless, they have a direct bearing on the objectives of this study and, therefore, are discussed here:

- Equity Among Core and Non-Core Area Commercial Interests

- Effectiveness of Public Management Process
- Consideration of an Urban Maintenance Program

An attempt is made to articulate each of the issues listed and to suggest public actions.

#### Equity Among Core and Non-Core Area Commercial Interests

The equity issue relates to the re-zoning of a significant portion of the Bethesda CBD outside the core area. In addition, the pending moratorium on the development of standard method projects requiring subdivision approval has led local property owners to perceive an existing inequity as stated by representatives at public hearings on this amendment.

The re-zoning of much of the land in the non-core area certainly kept some property owners from pursuing projects which would increase profits, be competitive, and build financial equity -- the basic motivational factors that drive our free enterprise system.

The rationale for these public actions lies in the capacity to accommodate added burdens on limited and constrained public facilities-- the capacity of the local street system to handle traffic at an assumed level of inconvenience to the users. There is little question that these institutional rulings and policies are intended for the good of the general public. Nevertheless, the actions have penalized some property owners for conditions which were unforeseen and unanticipated.

The point of the above remarks is not to question what has already transpired, but rather to seek amicable solutions which will bring a sense of fairness to the system and also preserve the broader objectives of the "public good." The full impact and inherent dichotomies of this complex issue are articulated by the following examples:

- An elderly business person wanting to retire within the next two to three years being displaced. Having no permanent address for his retail operation, he is unable to sell his business and thereby jeopardizes the value of his business which he has built up over time.



- A business operation wanting to expand operations on-site or with collaboration of the owners of the adjacent property, unable to do so. Therefore, he must seek other locations or alternatives not offering the optimum solution to the problem.
- The employees of an established commercial operation located in the non-core area must compete for parking space with potential new employees on an equal basis, possibly losing in the process. Employee retention and business efficiency/profitability thus are jeopardized for a business which has been located in Bethesda for over ten years to one which is relatively new.

What these examples indicate is the hardship which the broader process has created for some business interests and the uncertainties it may bring to the older commercial fabric of Bethesda.

The broader findings of our evaluations indicate that the public policies of the past and more importantly those being considered for implementation now (i.e., the intended amendment to the 1982 Sector Plan and the associated interim measures) have the potential to jeopardize the normal revitalization process that otherwise would be expected to occur in areas outside the Bethesda core. If this were to happen, it would have significant cost implications for the public sector to achieve the coordinated development of all of Bethesda encouraged in the Sector Plan. To achieve the broader goals established in the Sector Plan it is incumbent upon the public sector to maintain a balance between the interests of large as well as small and medium-sized property owners and businesses in both the core and non-core areas.

It is recognized that the scale of development in Bethesda is heavily influenced by the capacity of Bethesda's street system to carry traffic. However, perhaps it is time to consider alternative development permitting approaches that are not strictly based on "trip generation rates" and traffic capacity issues. An approach setting an outside limit on the scale of development might be considered in the interim until more definitive evidence is available to formulate more consistent and more equitable policies impacting development and revitalization processes in the non-core areas of the Bethesda CBD. Consideration might be given to stabilizing

property taxes in the non-core area -- an incentive for those who might upgrade their properties and a grace period for relatively stable tax rates for possibly three years or so after rehabilitation.

These options are offered for consideration after recognizing that the science of trip calculation is not perfect; trips generated by one kind of retail use or office tenant can vary significantly from those with somewhat different characteristics. It is recognized that on the one hand the modal split assumptions made place a high level of confidence in the ability of public initiatives to influence individual modes of travel, travel habits, and requirements. On the other hand, a review of policies suggests that perhaps the modal split assumptions driving Bethesda's development capacity and momentum may not be realistic or achievable. Perhaps further study is needed to propose new, adequate controls and development scale guidelines to narrow the equity or fairness "gap" among the core and non-core areas' commercial interests? Possibly then, the private sector will be encouraged to upgrade the non-core area and realize the broader goal of upgrading all of the Bethesda business district.

#### Effectiveness of the Public Management Process

There is little question in the minds of developers, property owners, lawyers, architects, and planners interviewed that the Beauty Contest process was an excellent idea and that the County staff did an outstanding job in defining and detailing its objectives. One of the most important outputs of the process will be that the "New Bethesda" will be a special place as a result. The new projects will be superior in design and amenities to traditional office and commercial structures. The new projects thus will be highly desirable places for new businesses.

While the results of the process are generally thought to be positive, some of those who have been involved expressed concerns as to how the process could have been managed. Some developers, in retrospect, found the optional method project process unusual when compared to other development areas outside of Montgomery County. The results of our surveys have identified specific areas for future consideration between the public



process guiding development and the developer's approach to planning and implementing projects include:

- adequate consideration given to the realities of the marketplace in the planning and implementation process;
- more established lines of communication between County agencies and developers should be set up and clarified at the beginning of the process;
- specific guidelines should be provided to the developer community in order to mitigate any possibility of confusion, uncertainty, and potential for excessive cost burdens incurred by the developers;
- the approval process and the steps involved therein should be clearly stated at the beginning of the process, and to the extent possible, minimized;
- adequate time should be allowed to the developer between planning (general site plan review process, the detailed design phase, and construction);
- recognition of and sensitivity to the developer's needs could be expected to produce more effective and efficient results.

#### Suggested Actions

While the planning for Bethesda's core area is largely complete, the County is deeply involved in the revitalization of its other important central business districts. Perhaps through the following actions, the process might be fine-tuned and better communication among the various public agencies may lessen some of the perceived problems in Bethesda. A more formal institutional approach to the planning and redevelopment of the County's CBD's is suggested. Consideration might be given to the establishment of:

- Inter-Agency Technical Task Force for the CBD's composed of representatives of agencies which must "sign-off" on projects at various planning, design, and site approval stages. The task force should also include representatives of other agencies who are not responsible for issuing approvals but are involved in other aspects of the CBD's overall revitalization and redevelopment process. The purpose is to formally streamline the site plan approval process and increase coordination among various public agencies involved in these CBD's at the staff level.

- Although there currently is an Executive Policy Task Force with a focus on County-wide development policies and issues what is suggested here is the formation of an Executive CBD Policy Task Force composed of senior public officials of the various agencies to formulate appropriate policies specifically for the County's CBD's in a coordinated way. The composition of this task force should include key agencies having an interest in the development of the County's CBD's, such as the Maryland-National Capital Park and Planning Commission, the County Department of Transportation, and the Department of Housing and Community Development. The members of this task force may also serve more formally as an advisory body to the County Executive on vital matters affecting development/redevelopment in the CBD's.

#### A Note on Urban Maintenance

A task force established by the County has been examining, for some time, the alternative institutional mechanisms which might be used to maintain public areas in various CBD's undergoing significant change in their physical and economic structure. The high level of amenities provided by the private sector in Bethesda and the extensive public investments committed for streetscape, lighting, street furniture, and other people oriented amenities, including works of art, call for an organizational structure capable of maintaining and renewing these unique features of the CBD's of tomorrow. The Montgomery County Planning Board took the lead by requiring the optional method developers not only to provide for these amenities, but also to maintain the various amenity elements of their projects.

The cost of maintenance in these CBD's of tomorrow will be high. Consideration has been given to various financing mechanisms to raise adequate funds to provide a high level of maintenance standards. These intensive efforts have resulted in a proposed bill that would create Urban Districts in Bethesda, Silver Spring, and Wheaton, replacing the old Suburban Districts.

The proposed bill recommends three kinds of policy responses to deal with maintenance, the organizational structure, and financing mechanisms necessary to provide for the upkeep of the new CBD's -- their public



infrastructure, amenities, and other special features. In Bethesda, the newly formed Urban District consists of the area covered by the Parking District plus the area east of Pearl Street between East-West Highway and the B&O Railroad, commonly referred to as the Montgomery Triangle. The budget estimate for the fiscal year 1987 in the amount of \$1,571,950, is to be raised through:

- An Urban District tax rate of 10.4 cents per \$100 of assessed valuation replacing the 9.0 cents per \$100 of valuation imposed by the Suburban District;
- A parking tax surcharge of five cents (\$0.05) per hour; and,
- A maintenance assessment charge collected from the optional method projects on the basis of the square footage of their off-site amenity areas with a limit that such funds collected do not exceed forty percent of the total maintenance budget for any given year.

In addition, the fiscal year 1987 budget expects to raise \$593,550 through special maintenance contracts with optional method developers for on-site (private property) work.

The proposed Urban District legislation has received substantial review by many interested individuals and organizations. It has undergone several drafts incorporating appropriate comments received during the formulation and review stages. Our review of the proposed Urban District legislation suggests that it represents a step in the right direction. It is comprehensive in its content and seeks to achieve the objective of maintaining the public and private investments committed for public spaces, amenities, and other elements in the Bethesda CBD.

#### The Marketing of Bethesda -- The Need for Improved Communication

Our extensive surveys of the various population groups in Bethesda revealed a lack of knowledge among many as to what was being planned for Bethesda's core, and what it will offer (represent) for the various segments of the broader Bethesda community. These surveys point to a need for improved communication and effective marketing for Bethesda.

For example, a higher proportion of employees surveyed (38.0 percent) expressed the opinion that Bethesda, when complete, will be "worse than today" than those saying it will be "better" (31.0 percent). Among shoppers, the negative outlook for the future is even greater -- 49.0 percent versus 31.0 percent.

A communication program designed to better inform people of Bethesda's plans and progress is recommended. People are likely to be more sympathetic about inconveniences if the reasons for these inconveniences is understood and the quality of the final product known.

Previously, in Section III of this report, suggestions were made with respect to the need for marketing and promotion of the people-oriented activities and programs in the CBD. What is suggested here is the need to market Bethesda as a whole.

Suggested Actions. It is suggested that the Bethesda-Chevy Chase Chamber of Commerce and the Bethesda-Chevy Chase Citizens Advisory Board take an active role in instituting a "community awareness/communication" program. Furthermore:

- Optional method developers need to inform the public about the special features of their projects. Amenity packages provided, special design features incorporated into the project, and other elements of interest to the general public might be contained in a well designed brochure. Projects under construction might post signs on the site noting the unique elements of the project.
- The Bethesda-Chevy Chase Chamber of Commerce should consider the development of a special brochure in cooperation with various developers giving particulars about each of the approved projects, including elements that will attract residents to the Bethesda core.
- A quarterly newsletter may be produced highlighting progress made, events to look forward to, and other facts and/or information of interest to the public.
- The Woodmont Triangle's Merchants Association in cooperation with the Chamber may produce a map and directory listing the retail products and services provided by the various businesses in the area as a means of attracting residents and new office workers to the area.



- The County should include news and facts about Bethesda's new look in its existing newsletters and publications. This could be coordinated through the Bethesda-Chevy Chase Center director's office.

APPENDIX A

NEGOTIATED AMENITIES, SELECTED OPTIONAL METHOD PROJECTS, BETHESDA CBD



**APPENDIX A. NEGOTIATED AMENITIES, SELECTED OPTIONAL METHOD  
PROJECTS, BETHESDA CBD**

The following pages briefly present a description of the nature of off-site and on-site amenities that will be developed in selected approved optional method projects in the Bethesda CBD. These descriptions are presented here to convey a sense of what the Bethesda CBD will be like when the approved optional method projects are completed. The description of amenities presented for ten of the thirteen projects is organized according to project numbers shown on Map 3 in Section II of this report. All projects will include streetscaping in accordance with design standards adopted for the "core."

**Bethesda Place:** Map reference #3.

Off-Site Amenities. As part of Bethesda Place's off-site amenity package, a series of pedestrian entry ways from Wisconsin Avenue, Woodmont and Old Georgetown Road will be provided. This will include a pedestrian bridge from Garage #49 connecting to the upper level courtyard. The sidewalks along Wisconsin Avenue, Woodmont and Old Georgetown Road will be rebuilt, including extensive streetscape work. The amenity elements will also serve to create an improved pedestrian environment to and from the Woodmont Triangle area. A landscaped trellis along the south side of the Old Georgetown Road entry to the Safeway parking lot will be constructed to complement the theme of the project.

On-Site Amenities. A central courtyard will serve as the focal point and the heart of the project, creating an enjoyable environment of public art. An artist has been retained to design free-standing walls and columns which will carry out the courtyard theme and will define the space of the central courtyard along with a sculpture tower which will dominate the courtyard art program.

The retaining walls surrounding the courtyard will be designed to afford low sitting walls as often as practical to accommodate people within

the plaza area. The courtyard will house a mosaic pool, gazebo, and moveable chairs and tables for lunch-time users.

In addition, an entryway courtyard will be provided with artistic mosaics which will animate the space and attract passersby to the interior of the project. The wall visible upon entry from Wisconsin Avenue will be designed by a professional artist as a curving structure to complement the circular art feature within the entryway.

Due to the physical complexity of the project, a professionally designed signage and graphics package will assist in directing shoppers, residents, and visitors throughout the project.

**Chevy Chase Garden Plaza:** Map reference #4.

Off-Site Amenities. As part of the off-site amenity package of the project, Arlington Road will be widened to provide an additional northbound lane. A fourteen foot building setback from the street curb on Arlington Road will be fully landscaped so as to complement the art program of the project. An appropriate amount of sidewalk along Old Georgetown Road and Arlington Road will be hand crafted by local artisans to create an attractive pedestrian passageway.

A trellis structure will extend from the garden terrace to the building. Other features such as the screening at street level of the loading docks to improve visual compatibility will be professionally designed and will be consistent with the overall design of the project.

On-Site Amenities. A botanical garden with split-level pool and fountain, seating areas, pathways, and gazebo will dominate the center of the project and will serve as a transition to the surrounding residential areas. The garden will be designed to include five themed gardens: a sun garden; a woodland garden; a rock garden; a shade garden; and, an aquatic garden. Landscaping for these areas will extend these themes. In addition, the use of differing materials and designs for the crafted benches located



within the garden will reinforce each theme. Kiosks will be located around the garden providing information on the various plantings.

The major art element of the botanical garden will be a fountain sculpture. Throughout the garden will be wall displays utilizing permanent materials incorporating such techniques as ceramic tiles, clay times, glass, carved brick, and silk screening on metal panels. These permanent murals or mosaics will serve as the medium of display for the public art pieces shown within the garden. In addition there are plans to develop a series of art elements to be placed around the garden which will highlight historical themes of Bethesda and the Beall family.

**Lorenz Building:** Map reference #5.

Off-Site Amenities. The off-site amenity package for this project will include landscaping, street furniture, lighting and sidewalk improvements around the building and under the plaza deck over North Lane. The developers also promise to maintain public passage from the plaza level to the Montgomery Lane level during Metro hours. The plaza deck will provide major public indoor space overlooking the Metro Center courtyard and the ice rink.

On-Site Amenities. The major on-site amenity of the project will be the Winter Garden which will provide the dramatic impact of the building as well as provide usable, active public space. The area will be designed as a four-level atrium-concourse featuring planted areas, seating areas with built-in benches and loose chairs, a "water wall," and a grand staircase from Montgomery Lane to the plaza level with a piano bar and food festival area. The Winter Garden will also include special artistic lighting and graphics associated with the food and retail components of the ascending levels and an area for small exhibitions.

A four-story glass atrium along Montgomery Lane will provide visual emphasis and attract pedestrians through the building up to the plaza level. The design and scale of the project is such that it creates an attractive

south edge to the Metro Center courtyard area and is visually compatible with adjacent projects.

A large linear area within the Winter Garden will be planted with palm trees and will serve as a gathering place for small indoor concerts in the colder months. This public space design provides considerable public amenity access, convenience, and shelter conducive to socializing and relaxation.

A strip of artistically designed granite trim along the building's base will "flow" into the atrium to become an expansive granite block floor at street level. The first level of the concourse will house shops and a four theater cinema center with a large sunburst marquee over the cinema complex entrance. The stairs leading up from this level will be flanked by stone covered, stepped walls with lush plantings and trees.

The central feature of the plaza level space will be a "water wall" under a curved skylight which will provide visual delight and pleasant ambient sound. This area will be enhanced by extensive landscaping. The plaza level walls will be stone covered and the ceiling will combine greenhouse construction with plaster coffers containing custom designed lighting.

The visual sweep of the project will produce an especially pleasing space that should prove an ideal complement to the outdoor public spaces of the Bethesda Metro Center.

Salisbury Building: Map reference #6.

Off-Site Amenities. This project will improve the east side of East Lane from Montgomery Lane to Hampton Lane in order to link and extend pedestrian pathways from Metro Station to adjacent commercial and residential areas. Along the perimeter of the site sidewalk improvements will be made, including brick paving, street trees, a tree "lawn," and special lighting. Driveway aprons will be rebuilt, as needed.



On-Site Amenities. The major on-site amenity for this project is the creation of a one-block long urban park and pedestrian promenade along East Lane. The park will be designed to accommodate an outdoor cafe and food vendors. All benches and feature lighting within the park will be custom crafted. The seating areas will include low sitting walls, benches, and moveable chairs.

A garden theme will be used for the elements of the park. These will be illustrated along the western wall, in the design of the fountain, within the two pavilions, and along an arcade. The main feature of the wall will be a ten-foot wet ceramic wave at one end with a Poseidon emerging from a shell at the other end. A variety of events centering around the fountain are also planned.

A smaller landscaped area will be provided on the southeastern corner of the intersection of Woodmont Avenue and Montgomery Lane to serve as a passive foreground for the building.

One Bethesda Center: Map reference #7.

Off-Site Amenities. The main focus of the off-site amenity package of One Bethesda Center will be the completion of pedestrian improvements surrounding the property. These improvements will be designed to link and extend pedestrian pathways along Hampden Lane, Elm Street to the Metro Station, the commercial core, and the adjacent residential areas. This work will include such things as new brick sidewalks, curb repair, street trees, and custom-crafted street lighting. The new pathways will not only heighten the visual appearance of the area, but will also serve to increase accessibility into the area.

On-Site Amenities. The major art works incorporated into the project will include: a plaza fountain of continuous granite with seating area, landscaping, and a small bridge; sculptured brick panels; a clock tower consisting of brick and pre-cast concrete with a metal roof; a major metal and glass sculpture incorporated into the walls and ceiling of the office lobby entrance; and, ceramic address plaques for the residential units.

Furthermore, the entryway will be constructed of flame struck and polished granite with stained glass.

**Artery Building:** Map reference #8.

Off-Site Amenities. The Artery Building's off-site amenity package will include the reconstruction of the west sidewalk of Wisconsin Avenue between Bethesda Avenue and the B&O Railroad right-of-way to the north, and the north sidewalk of Bethesda Avenue between Wisconsin Avenue and Reed Street to the west. The sidewalk areas will be custom-crafted with brick and granite. Special street furniture, including fieldstone benches, and landscaping will be provided.

On-Site Amenities. The primary on-site amenity and one of the building's innovative features will be the creation of an art gallery within the lobby of the building. As part of this amenity space, a courtyard area will be designed complete with landscaping and terraced, cascading pools filled with goldfish and water lilies.

In front of the building tables and moveable chairs arrayed within a specially landscaped area will be provided. Additionally, terraced plantings are planned to provide a trellis over the parking structure in the northwest corner of the property. Beneath this trellis will be sitting walls, benches, and tables with permanent inlaid chessboards.

The major commissioned work of the project will be a three-column cast-glass and copper sculpture which will serve as the focal point of the intersection and the corner of the project. A drinking fountain in the courtyard area which will be mounted on a rise of granite steps will also be commissioned. The fountain is to be constructed of cast-glass with recessed metal strips. Also included is a dramatic twenty-three foot triangular gray and red sandstone tower with brick metal inlay designed to visually draw visitors into the building's mezzanine area.



**Gateway Building:** Map reference #9.

Off-Site Amenities. As part of its off-site amenity package, the developers will complete the pedestrian link to Elm Street Park within the public right-of-way along Willow Lane between Wisconsin Avenue and 47th Street. Sidewalk improvements will be made to include multi-colored brick paving, landscaping (with street trees), and special lighting (painted metal light poles) along the property lines. New asphalt will be laid on 47th Street between Willow Lane and Elm Street. The intent of these off-site amenities is to create an animated pedestrian streetscape that will provide needed pedestrian improvements and linkages along Wisconsin Avenue and Willow Lane toward Elm Street Park and Garage #49.

On-Site Amenities. The intent of the on-site amenity package as conceived by the developers, is to provide animated and useful public places for the users of the Bethesda CBD. The shoppers' arcade along Wisconsin Avenue will provide covered space adjacent to proposed retail uses. The arcade will serve as a pathway along Wisconsin Avenue and Willow Lane. Also located along the arcade will be a walkers' map of the Bethesda CBD, a theatrical events bulletin board for the Willow Garden Theater as well as the Bethesda CBD, and the Washington region, and historical markers, benches, and special landscaping. A minimum of five custom-crafted plaques will be located along the sidewalk area to commemorate Lowen's Toy Store, the light pavilion, the Willow Garden Theater, and other retail stores within the building. The proposed entrance to Lowen's Toy Store will also be located along the shopping arcade.

The entrance plaza amenity space is designed to provide a setback to delineate the Gateway from the core of the CBD. Within the entrance plaza will be fixed seating, a small amphitheater, landscaping, and the entrance to the office lobby.

Also located within the entrance plaza will be a light pavilion which will serve as a gateway symbol marking the southern entrance to the business district. The pavilion design will blend with the garden theme of the streetscape plan and provide the setting for a crystal willow sculpture.

The amphitheater mentioned above, is to be called the Willow Garden Theater and is designed to provide an active, covered space for regularly scheduled public musical and theatrical performances.

Guest Quarters Hotel: Map reference #10.

Off-Site Amenities. As part of the project's off-site amenity package, a four foot wide landscaped, brick paved sidewalk will be built along the north side of Railroad Street, from Wisconsin Avenue to the hotel entrance. Also as part of the project, a fifty foot right-of-way will be constructed as part of Railroad Street between Wisconsin Avenue and Waverly Street with two moving lanes and two curbside lanes. This construction will include premium paving and rebuilt driveway aprons. Streetscape improvements will be made for the block on which the project is located, for the half block in front of the Air Rights Building, and for the south sidewalk of Montgomery Avenue between Wisconsin Avenue and Waverly Street, and the west side of Waverly Street from Montgomery Avenue to the hotel. The streetscape program will include street trees, street furniture, and decorative lighting.

On-Site Amenities. A public amenity space in the form of a courtyard will separate the hotel entrance from Wisconsin Avenue. The courtyard will be brick paved and lushly planted. It is to be designed around a water garden theme with ceramic embellishments and other commissioned works of art. Included is an exciting twenty-five foot mural designed by pressing flowers into wet clay and then glazing the fossil imprints to create an image of the seasons. A naturalistic flowing stream with cascading water at various intervals will play over and around the murals creating a dramatic visual effect. Portable chairs for public use will be provided in the courtyard along with seating walls at appropriate locations.

Two key bronze pieces will occupy prominent visual pedestals and form vertical focal points in the courtyard design. These pieces will provide the appropriate imagery for the space and relate to the wall murals and the planned plantings and lighting schemes.



Although no formal concert series is planned, some kind of programmed public entertainment will be provided in the courtyard at least twice a month during the warm weather months.

The restaurant and bar adjacent to the courtyard will feature crafted and/or stained glass to add to the overall visual effect. Furthermore, the hotel entrance will feature a colored awning, enlivened at night by small lights.

In addition, a smaller, linear garden is to be located on the Railroad Street side which will feature a commissioned bronze sculpture.

**4600 East-West Highway:** Map reference #11.

Off-Site Amenities. The off-site amenity package for 4600 East-West Highway will include the installation of premium paving and the provision of appropriate landscaping (lighting and street furniture) along the north side of East-West Highway in the public right-of-way to connect to the east with the sidewalk improvements of Waverly House. Similar sidewalk improvements will be made from the western edge of the property line eastward toward Waverly House and on the western side of Waverly House, along the side of the project. Portions of these sidewalks within the project area will be crafted by artisans in conformity to project design. All street furniture and lighting within these areas will also be custom designed and crafted. Driveway aprons will be installed, as required, along the property boundaries.

On-Site Amenities. The major on-site amenity area of the project will consist of an extensive Community Art Space. This will include indoor and outdoor exhibit space and an area for small arts performances. A major art work in glass will serve as a focal point. This work will be located in a special central show window near the building's lobby. At present, this work is conceptualized as a sculptured glass lily pond with carved foliage screens surrounding the pond which is lighted from below. In conjunction with the pool glass sculpture, a colonnade of glass columns across from the pool wrapping around the back of nearby retail is included. These columns

will be integrated with a built-in bench, lattice work, and climbing plants growing up the wall producing a garden bower effect.

In addition, smaller pieces will also be commissioned for the open area and public art space. These pieces will include light, etched glass with a glowing, magical quality. Portions of the ceiling and floor in the public space will be crafted by selected artisans.

7475 Wisconsin Avenue: Map reference #12.

Off-Site Amenities. The main thrust of the off-site amenity package for the project will be streetscape improvements along the property boundaries. This will include reconstruction of the south curb of East-West Highway. These improvements will include such things as premium paving, street trees in decorative tree grates, special lighting, custom designed street furniture, construction of crosswalks, and rebuilt driveway aprons, if required.

On-Site Amenities. The exterior focal point of the project will be a vertical "lantern" on top of the building at the corner of Wisconsin Avenue and East-West Highway. This will serve as a visual signpost for the center of the CBD. To carry this prominence into the evening hours, a neon sculpture and special building lighting will also be designed as part of the corner.

The building will be constructed of dark red polished granite at the base. The corner will be emphasized by a cast-stone semi-circular element running the full height of the building contrasting with the background building block of mirrored glass. The intent of this design is to highlight the landmark aspect of the project within the CBD.

Many major works of art will be incorporated into the design of the project, including a sculptured wall for the concourse level of the building and a "light piece" of neon tubing and fragments of geometric shapes and straight and wavy lines in a vibrant composition for the escalator. This work will include subtly colored bronze elements with a primitive quality



and will form a pleasant contrast to the neon pieces of the project. A visual work using neon for the ceiling of the rotunda space is also envisioned.

