

Commercial Market Study and Economic Development Strategy

Diagnostic

Table of Contents

1

Introduction

pg 3

2

Approach

pg 8

3

**Physical
Environment**

pg 18

4

**Business
Environment**

pg 26

5

**Market
Potential**

pg 34

6

**Administrative
Capacity**

pg 57

S.

Streetsense is an experience-focused strategy and design collective that creates brands people love and places people love to be. Powered by in-depth insights and an interdisciplinary approach, we enhance brands and places, drive consumer demand, and foster community.

Information conveyed, data gathered and analyzed, and recommendations made within this report are intended to provide information in regard to the subject matter covered. The content presented and conclusions reached are, on the date presented, believed to be an accurate representation of facts and conditions.

www.streetsense.com
DC / MD / NY / CA

1

Introduction

Introduction

The Town of Vienna is a small town in a rapidly growing and commercially competitive region - Fairfax County. Committed to its strategic planning goal of creating an economically prosperous community that is the “location of choice for unique, independent businesses”, the Town of Vienna hired its first Economic Development manager in 2019 to expand its business outreach and support initiatives in order to attract a healthy balance of industries, and enhance overall quality of life for both residents and visitors.

At this critical juncture in the Town’s evolution, particularly following a pandemic that has resulted in sales declines, small business closures, and accelerated shifts in consumer lifestyles, the Town is in need of a forward-thinking, clear, and actionable road map to guide business recovery and resilience efforts, as well as key investment decisions, in the coming years.

In support of this effort, Streetsense, in partnership with RCLCO, conducted a comprehensive commercial diagnostic that will help inform the Town’s zoning update and development of the Town’s seminal Economic Development Strategy.

Phase 1: Immersion and Discovery

Central to the success of this planning effort is community input and buy-in. To ensure improvements and strategies that are driven not only by market forces, but community needs and demands, the Consultant conducted several engagement efforts virtually (interviews and focus groups) between February-March 2021 to **a) collect qualitative data (stakeholder perceptions)**, particularly around issues in the business environment (doing business locally), local resources and capacity, regulatory processes, key opportunities for improvement; and **b) build trust and lasting partnerships between the Town and its constituents**. Following the pandemic, the retail and hospitality industries that have been hard-hit will require sustained communication and strategic support from the Town and its partners, or risk permanent closures.

The consultant also conducted site visits to gather field data, including observational assessments of the public realm/ storefronts/ access/ visibility and an inventory of ground floor retail spaces.

Phase 2: Diagnostic/Commercial Market Assessment

Informed by the qualitative data gathered from the earlier phase of work, the Consultant team then conducted a market assessment to identify best possible estimates of market-supported retail demand in 2025 and 2030, as well as demand for office, industrial and hotel in the Town of Vienna’s key commercial nodes.

The final Diagnostic combines findings from Phases 1-2 and identifies priority areas of improvement for the Town and each of its commercial nodes.

Phase 3: Economic Development Strategy

The final Strategy will serve as a guiding document for the Town to direct future capacity and resources towards economic development, and includes policy and program tools, as well as capital improvement recommendations that improve place qualities that help make the Town an attractive place to live and do business.

Town of Vienna | Study Area

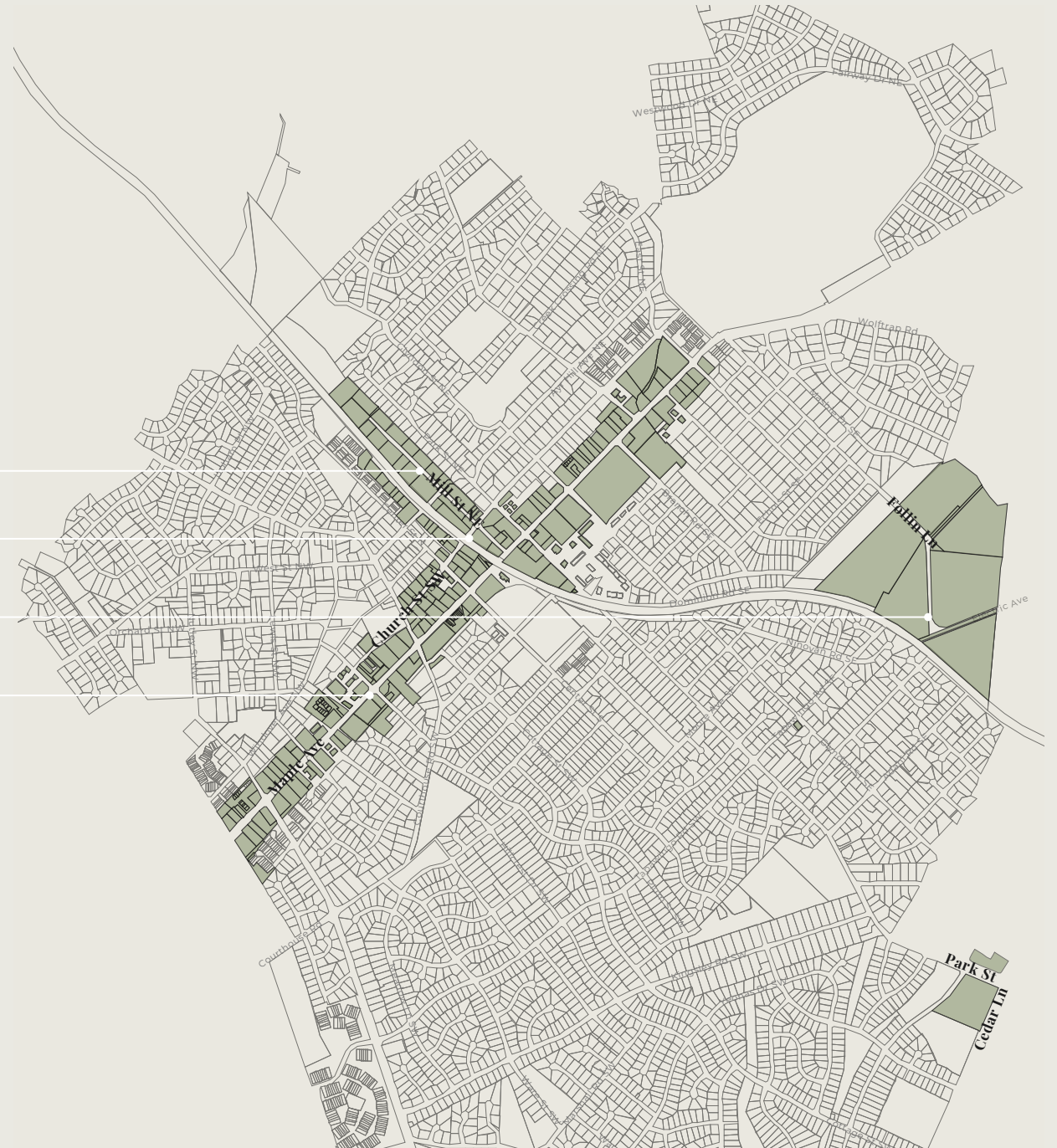
Key Commercial Nodes:

Mill Street

Church St

Follin Lane

Maple Ave



The Town of Vienna operates within a much larger, competitive commercial landscape, which affects the Town's ability to retain market share.



Businesses and customers have a wide range of options to choose from when making decisions on where to locate their business, or where to spend their money. Nearby commercial nodes that compete for spending in local convenience goods and services are located on highly visible corridors in strip-style centers with surface parking. They include, but are not limited to:

Local Competitors

Oakton Shopping Center

A 113,000 square foot center anchored by Giant Food and CVS Pharmacy and tenanted by mostly NG&S and F&B. The center sits across from Hunter Mill Plaza, at the intersection of Hunter Mill Road and Chain Bridge Road, and benefits from street networks to residential neighborhoods in Vienna.

Hunter Mill Plaza

Hunter Mill Plaza is a 63,000 square foot center. It benefits from adjacency with Oakton Shopping Center by offering convenience to customers visiting the area.

Pam Am Shopping Center

On Lee Highway and Nutley Street, the Federal Realty-owned, 227,000 SF shopping center is anchored by a Safeway, CVS, Micro Center, and Michaels. Pan Am Shopping Center competes for convenience-based shopping trips from Vienna residents and benefits from visibility of Lee Highway.

Fairfax Plaza

Fairfax Plaza, adjacent to the Mosaic District, benefits from activity and vibrancy of the regional destination. Fairfax Plaza itself is a smaller shopping center anchored by a Great Wall Supermarket, which caters to Asian households across the region by offering culturally specific household produce and goods.

Pike 7 Plaza

Pike 7 Plaza is a 169,000 SF center, anchored by Staples, DSW, and TJ Maxx, co-tenanted by mostly NG&S and F&B. The site also features a 9,200 square foot Crunch Fitness.

Tysons Square

Tysons Square is a 179,000 SF regional center anchored by Marshalls, Burlington, and Home Goods. This GAFO-dominant center is highly visible from Leesburg Pike.

Tysons Station

Tysons Station is a 50,000 square foot center anchored by Trader Joe's and sits across from Idylwood Plaza, at the intersection of Leesburg Pike and Interstate-66.

Idylwood Plaza

Idylwood Plaza is a 73,000 square foot center anchored by Whole Foods. The center benefits from adjacency to Tysons Station and accessibility from Interstate-66.



Regional, destination-oriented commercial districts that serve Northern Virginia includes a number of downtown Main Streets, shopping malls, and highly activated lifestyle centers. Many of these centers are also new or recently renovated and therefore offer businesses the benefit of highly visible and well-amenitized spaces.

Tysons Corner

Tysons Corner is a super regional shopping mall with over **2M SF of gross leasable area and mixed-used components**, including a lifestyle center, retail, office, hotel, and residential uses. Tysons is known for its **upscale offerings**, as well as **destination-oriented**, shopping and dining, attracting customers from across the region.

Tysons Galleria

Tysons Galleria is a **800,000 SF regional shopping mall**, with 80+ retailers and restaurants, including a large selection of **high-end luxury brands and first class dining** options. The site features “UrbanSpace”, a new food hall showcasing a selection of original concepts from the region. Tysons Galleria benefits from adjacency to Tysons Corner and **access by Metro and major thoroughfares**.

The Boro

A 4,000,000 SF mixed-used lifestyle center that is expected to be the largest dining and entertainment project in Tysons. The site will feature 330,000 SF of retail with a movie theatre, 1,400 residential units, 250 hotel rooms, and 2,650,000 SF of office. It is currently

anchored by a 53,000 SF Whole Foods.

Mosaic District

Mosaic District is a **mixed-use lifestyle center** featuring a **walkable street environment** that creates a point of market distinction with placemaking. The district features 576,000 SF of carefully curated retail offerings, office, hotel, and residential uses. It is anchored by an urban format Target and Angelika **movie theatre**.

Reston Town Center

Reston Town Center is a **mixed-use lifestyle center** with over 425,000 SF of retail. The site is well known for its destination-oriented shopping and dining opportunities, with restaurants ranging from fast casual to full-service. Reston Town Center benefits from **direct access to the Metro and visibility from major thoroughfares**.

Fairfax Corner

Fairfax Corner is a **mixed-used lifestyle center with a walkable main street**. The center features over 325,000 SF of retail that is well known for its selection of restaurants and 14-screen **Cinemark**.

2

Approach

- Supply
- Demand



Business Environment

Anchors/Destinations

Nodes/Clusters

Tenant Mix

Competitive Districts



Administrative Capacity

Permits + Regulations

Zoning

Funding

Partners



Physical Environment

Access

Visibility

Public Realm

Private Realm



Market Data

Retail

Office

Industrial

Residential

Hospitality

Commercial DNA Approach

The Commercial-DNA approach, developed in partnership with the Local Initiatives Support Corporation, is an award-winning planning framework recognized by the American Planning Association (APA) and the International Downtown Association (IDA). The framework ensures a comprehensive and market-informed understanding of Town conditions that will guide the suite of economic development tools and strategies in the subsequent phase of work.

Every community, including the Town of Vienna, has a unique set of characteristics that shape opportunities for commercial growth and success. This includes local retail offerings, employment opportunities, existing anchors and destination drivers, customer density and spending characteristics, and overall access and transportation patterns, as well as place qualities.

The approach undertaken by the Consultant Team covers four key areas of analysis - **Physical Environment, Business Environment, Market Data, and Administrative Capacity.**

► *It is important to understand that each market does not operate in a silo. The various uses operate in an ecosystem and must be considered holistically toward economic development.*

Methodology

Physical Environment

Physical appearance matters. Place qualities impact both business and customer attraction. Shopper satisfaction surveys by the retail industry¹ give us some insight into what drives customer loyalty. Customers overwhelmingly cite the cleanliness, and by extension the safety, of a shopping area as a primary component of satisfaction. Any sign of physical decay and disinvestment therefore undermines the performance of local commercial districts. In the assessment of the Town's physical environment in commercial nodes, the consultant team conducted a qualitative visual survey of various elements in the public and private realm that impact customer perception.

Public Realm:

- 1) Sidewalks
- 2) Street trees and benches
- 3) Street lighting
- 4) Wayfinding/signage
- 5) Roadbed and crosswalks

Private Realm:

- 1) Window
- 2) Outdoor Display/Dining
- 3) Signage
- 4) Awning
- 5) Facade
- 6) Lighting

<i>Element</i>	<i>Guiding Principles</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>FAIL</i>
Sidewalks	Sidewalks should be wide enough to accommodate both the flow of customers and spillover retail/dining activity. In addition, sidewalks should be clean and well-maintained to ensure the safety and comfort of pedestrians.	More than 75% of side walks in the study area are cleaned, well-maintained and accessible to multiple users across different ages and abilities.	About 50% of sidewalks in the study area are cleaned and well-maintained.	More than 25% of side walks in the study area pose challenges to the pedestrian experience (including narrow sidewalks and lack of cleanliness/maintenance).	There are no sidewalks in the study area.
Street Trees and Benches	Sidewalks should facilitate a variety of activities, including resting, people-watching and socializing. Street trees and benches are key amenities that support such activities and should be made available without disrupting the flow of pedestrians.	Street trees and benches are readily available throughout the study area. They are well-designed, well-maintained, and offer shade and comfort to pedestrians.	Although street trees and benches are available across the study area, these amenities have not been cleaned or well-maintained, and require improvements.	Limited availability of street trees and benches creating uncomfortable pedestrian experience.	There are no street trees and benches in the study area.
Lighting	Street lighting improves pedestrian visibility and personal safety, as well as aids in geographic orientation.	More than 75% of the study area utilizes a range of lighting strategies to ensure safety of pedestrians and motorists, as well as highlight the identity and history of an area.	About 50% of the study area is serviced by street lighting that supports pedestrian visibility and safety.	Street lighting on the primary street in the study area does not support pedestrian visibility and safety.	There is no street lighting in the study area.
Wayfinding/Signage	A wayfinding system supports overall accessibility of a commercial district. It benefits pedestrians and bicyclists, and directs motorists to park and walk. Without clear visual cues, customers may find it difficult to park or may be less aware of local offerings.	There is a comprehensive and cohesive wayfinding system that offers geographic orientation to pedestrians, cyclists, and motorists. Signage reflects the brand and identity of the area.	Wayfinding in the study area is primarily geared towards directing motorists across the study area. There is limited signage to identify key assets and destinations to pedestrians.	Limited to no signage available throughout the study area.	There is no wayfinding/signage in the study area.
Roadbed and Crosswalks	Roads should be well-maintained to ensure safety of drivers and pedestrians. Crosswalks that are unsafe or inconvenient to customers may undermine accessibility between stores and overall shopper experience.	Roads are designed to balance the needs of motorists, cyclists, and pedestrians and create a safe environment for all users.	Roads are designed primarily to move motor vehicles across the study area efficiently, with limited crosswalks for pedestrians.	Roads are hazardous to all users.	The study area is not connected by any major roads.

Table 1: Public Realm Assessment Matrix. Source: Streetsense

<i>Element</i>	<i>Guiding Principles</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>FAIL</i>
Window	Storefronts that maintain a minimum of 70% transparency ensure clear lines of sight between the business and the sidewalk to enhance attractiveness of storefront, as well as improve safety for the business, customers, and pedestrians.	More than 75% of storefronts maintain windows with at least 70% transparency.	About 50% of storefront windows maintain windows with at least 70% transparency.	More than 25% of storefronts have windows with limited transparency.	All storefronts are boarded up and/or have limited transparency.
Outdoor Display/ Dining	Attractive window displays and spillover retail/restaurant activity on sidewalks or adjacent parking spaces can help contribute to overall district vibrancy.	More than 75% of storefronts feature an attractive window display and/or spillover merchandise and dining areas that align with the brand and identity of the district.	About 50% of storefronts maintain an attractive window display with limited spillover merchandise and/or dining areas.	More than 25% of storefronts have spillover merchandise display and outdoor dining that pose challenges to the pedestrian experience.	There is no spillover retail/restaurant activity in the district.
Signage	Signage can help customers identify the location of storefronts and businesses from a distance. Signage should also reflect the visual brand and identity of tenants to help attract new customers.	More than 75% of storefront signs reflect the unique brand identity of tenants and can be easily seen from more than 10 ft distance.	About 50% of storefronts have clear signage that reflect basic business information and can easily be seen from adjacent sidewalks.	More than 25% of storefronts have signage that does not communicate names of business or types of products/services being offered.	Storefronts in the study area do not have signage.
Awning	Awnings can provide shade during warmer months, enabling comfortable outdoor dining arrangements for customers. However, they must be well-maintained and designed in coordination with other elements of the storefront.	More than 75% of properties in the study area have retractable awnings that have been well-maintained and cleaned.	About 50% of properties in the study area have functioning awnings that have been well-maintained and cleaned.	More than 25% of properties in the study area do not have awnings and/or have awnings that are unusable or have not been cleaned and maintained.	Storefronts in the study area are not equipped with awnings.
Facade	Storefronts that use high-quality and durable building materials, as well as paint and color to differentiate from other businesses, can dramatically improve the appearance of the commercial district to potential customers.	More than 75% of properties have well-maintained facades. Limited structural enhancements are required.	Although most properties in the study area have clean and well-maintained facades, there is at least one significant property requiring structural facade improvements.	More than 25% of properties require significant building facade improvements, including power washing, painting, and structural enhancements.	All properties in the study area require significant facade improvements.
Lighting	Storefront interior lighting after business hours help enliven the corridor and boost security on the street.	More than 75% of storefronts have lighting that help illuminate sidewalks.	About 50% of storefronts have some interior lighting that help illuminate sidewalks.	More than 25% of storefronts do not have lighting.	All storefronts in the study area are shuttered and dark at night.

Table 2: Private Realm Assessment Matrix. Source: Streetsense

Administrative Capacity/Regulatory Framework

One of the most significant challenges that communities across the country face is the Euclidean zoning and land use regulations that define permitted uses – including what gets built and where. These rules often tightly regulate downtown environments and character of commercial nodes, using zoning as a tool to manage tenant mix and carving out restrictions that are frequently a direct result of biased community concerns.

Today, zoning and regulations in many places still do not recognize the realities of the marketplace. As the retail industry continues to see disruption from technology and innovation, accelerated by COVID restrictions that have oriented more shoppers than ever before towards on-line shopping platforms, municipality rulebooks for land use will need to adjust and become increasingly flexible to support and incubate new concepts and uses rather than pose impediments to economic recovery.

As such, the consultant team conducted an assessment of the Town's existing regulatory frameworks and processes - primarily focusing on any rules and regulations that impact store-

front marketing design (including signage, outdoor dining, outdoor merchandise display), innovative uses, as well as overall access and visibility of retailers in each commercial node.

This assessment included **a) review of the Town's regulatory text and zoning ordinances** and **b) interviews with Town staff that design/enforce the regulatory frameworks** as well as with property owners, tenants and developers who take instruction from and adhere to the Town's regulatory frameworks.

<i>Principles for Commercial Corridor Success</i>	<i>Guiding Research Questions</i>	<i>Town Regulations to Assess</i>
Diversity of uses encourage all year round activation and creates a consistent and reliable customer base for businesses.	Are use groups flexible enough to support innovative concepts? Are allowed uses in each commercial node diverse enough to support co-location of and cross-shopping opportunities?	Zoning Table of Uses
Sidewalk vibrancy and ground floor storefront visibility signals the presence of commercial activity to potential customers and contributes to 'eyes on the street' safety.	Do regulations support business owners to provide seating outside storefronts? Is there an added cost to doing business with outdoor seating? How long does permitting process take? Do regulations enable business owners to easily beautify storefronts with landscaping/ decorative elements? Is there an added cost to doing business with outdoor furniture/merchandise display? How long does permitting process take? Do signage rules promote creative/ innovative designs that reflect store brand identities? Do regulations enable the creation of comfortable sidewalk environments?	Sidewalk cafe rules Outdoor Furniture rules Storefront Signage - Restrictions, General Requirements, Permit fees Storefront Window Requirements Awning Requirements
Convenience has risen as a critical factor in shopping experiences for urban residents with fast-paced and busy lifestyles. District accessibility plays a key factor in ensuring shoppers face limited barriers to purchase.	Do parking requirements reinforce auto-centric environment? Are there bike/micro-mobility parking or facility requirements to increase accessibility to commercial nodes?	Parking Requirements Bike Parking Requirements

Table 3: Regulatory Assessment Matrix. Source: Streetsense

Market Data: Retail

Understanding the existing conditions of the retail environment is a crucial first step to uncovering the best path forward and developing strategies and best practices that enhance the overall retail experience. To this end, Streetsense’s Retail Market Analysis begins with an **inventory** of all retail appropriate spaces (storefronts) within the Town - including vacancy, utilization, and occupancy by retail category.

With this understanding of the Town’s inventory, Streetsense then evaluates and draws **Trade Areas to determine customer density, profiles, spending patterns and expenditures.** Streetsense collects the total amount of available **retail expenditures** by retail category from which capture rates are assigned. Existing and projected retail demand is calculated as **total square feet per retail category.**

Total estimated, captured expenditures in each retail category are divided by expectations for sales per square foot by retail tenant type. The **result of this calculation yields an estimated total amount of demand for two scenarios:** one where sales per square foot is operating as “low-productivity” (yielding a higher amount of retail square feet, with the same volume of sales) and a “high-productivity” sales per square foot (yielding a lower supportable retail square footage).

Retail Category	Definition	Examples
Neighborhood Goods & Services (NG&S)	NG&S retailers rely on spending from nearby residents, students, and employees. NG&S is “convenience-based” retail that must be located within close proximity to a customer’s place of work or home with easy access (by foot/bike/transit, private vehicle) an/or convenient parking. Generally, customers will travel to the nearest NG&S offering available to them.	Grocery Store Neighborhood Market Convenience Store/Bodega Butcher/Delicatessen Pharmacy/Drug Store Dry Cleaner Laundromat Tailor/Seamstress/ Clothing Repair Nail And Hair Salon Barber Shop Spa Pet Food Store Pet Groomers Printer/ Mail Services
Food & Beverage (F&B)	F&B retailers can attract customers from a larger trade area than NG&S retailers, especially when they are clustered. A greater number of patrons will be interested in a collection of F&B establishments that cover a variety of options that serve food or alcohol that is consumed on premises.	Full-Service Restaurant Sit-Down Restaurant Quick Service Dining Fast Casual Restaurant Fast Food Restaurant Carry-Out Restaurant Ice Cream Shop Coffee Shop/ Cafe Bar/ Brewpub
General Merchandise, Apparel, Furnishings, & Other (GAFO)	GAFO retailers face a tremendous amount of retail competition, both from brick-and-mortar stores and online, for a relatively small percentage of household expenditures. GAFO retailers attract customers from farther distances, but rely on exposure and foot traffic generated by anchors.	Apparel/Clothing Store Electronic Equipment & Supplies Furniture Store Pet Supplies Store Book/Music Store Sports Equipment Store Hobby Craft Store Antique Store Gift Shop Automotive Equipment Store
Retail-Complementary Uses	Non-Retail uses, including gyms and wellness operators, are not calculated in terms of demand or measured by Streetsense. In these uses, site selection criteria is not strictly based on consumer sales and expenditures but whose customers highly complement that of traditional retail categories listed above.	All-Access Gym Training Gym Fitness/Martial Arts Studio Acupuncturist Banks Education/Learning Center Dance Studios

Table 4: Retail Category Glossary. Source: Streetsense

Retail Class of Space

Each storefront in the inventory was also rated according to level of suitability for retail occupancy and likelihood the space will remain as retail space in the future (based on national retail tenant expectations industry-wide). Note: Expectations of local tenants and small businesses seeking smaller spaces with unique architectural qualities may differ from industry standards.

Class A Space: High quality retail space. Typically located on a corner or prominently situated within an inline strip of retail, floor-to-ceiling height of 14 feet or more, storefront that is at least 20 feet wide, highly visible, properly lit exteriors and display spaces, and well-constructed.

Class B Space: Mid-quality retail space. Diminished representation of Class A qualities, requires maintenance to operate to a typical retailer’s standards, floor height less than 12 feet, and storefront width less than 15 feet.

Class C Space: Poor retail space. Building is aging/ requires large investment to bring to typical retailer standards, small or covered windows, and further diminished representation of Class B qualities.

Built-to-Suit (BTS): Retail space that was built out to the look, feel, and specifications of a specific retailer that makes re-purposing the space for a different retailer difficult or impractical. Commonly seen with fast food restaurants along a primary road.

Market Data: Office

From the Fortune 500 headquarters to the local dental practice, many different types of businesses require office space. However, the exact type, location, and size of space that these businesses require can vary from one user to the next. To determine future office support in the Town of Vienna, it is therefore important to first understand the types of users that are fueling demand for such spaces, not just in Vienna but also in the region as a whole.

This level of understanding is important because office demand is governed at the regional level, and where it ultimately manifests is influenced by local factors that make office a stronger or weaker fit for any given jurisdiction, neighborhood, or site. For example, certain types of export-driven industries gravitate to locations with strong regional accessibility and deep labor pools. Meanwhile, local-serving businesses tend to concentrate in the same communities as the people that they serve.

As such, the opportunities that are available to Vienna are not only tied to the trends occurring within the region, but also influenced by its appeal to these different types of businesses. For the purposes of this assessment,

RCLCO therefore conducted the following tasks:

- **Inventory of existing supply** in the Town today;
- **Analysis of local employment base**, with the goal of identifying users who are present in the Town or could be attracted to it in the future;
- **Projection of future employment growth** in the region, as well as the industries that are likely to drive that growth;
- **Determination of the capture of such growth** that Vienna can attract, both in its current state and if it were to take action to become more attractive to key industries.

Sector	Definition	Examples
Professional & Business Services	The Professional & Business Services sector is large and varied, and it generally comprises jobs that provide specialized services for others. Many of these jobs require certifications, and they tend to be both highly competitive and high-paying. These jobs tend to cluster together in areas that are convenient to major roadways, transit options, and retail, as well as their workforces	Legal services Accounting, tax preparation, and payroll services Scientific research and development services Architectural and engineering services Management consulting services Advertising, public relations, and related services Administrative and support services
Financial Activities	This Financial Activities sector includes establishments that engage or facilitate financial transactions, as well as those which lease, sell, or operate real estate. These jobs operate in varied locations, with larger financial institutions tending to gravitate to major employment cores and smaller service-oriented firms typically choosing to locate near the people they serve.	Commercial banking Credit unions Credit intermediation and related activities Insurance agencies and brokerages Investment advice Lessors of real estate Offices of real estate agents and brokers
Education & Health Services	This economic sector includes establishments that fall into two distinct industries—Educational Services and Health Care & Social Assistance—and collectively offer a range of key services, including instruction, training, medical care, and social assistance. Jobs in this sector tend to concentrate near major educational or medical anchors, as well as in the neighborhoods they serve.	Offices of physicians Offices of dentists Offices of mental health practitioners Offices of physical, occupational, and speech therapists Educational support services Exam preparation and tutoring Automobile driving schools
Other Sectors	A number of other economic sectors include jobs that can utilize office space, albeit in smaller quantities. These sectors include Trade, Transportation, & Utilities; Other Services; Leisure & Hospitality; Construction; and Manufacturing.	Newspaper publishers Social advocacy organizations Art dealers Electronic repair and maintenance Death care services

Table: Largest Drivers of Office-Using Employment (Fairfax County, VA). Source: Bureau of Labor Statistics; RCLCO

Market Data: Industrial

Both nationally and regionally, many of the users who have historically fueled demand for industrial spaces are now facing headwinds. In particular, the dual threats of technological changes and rising real estate prices have pushed many manufacturing and service businesses to relocate to more affordable and remote locations, or cease operations altogether. This dynamic is especially common in the case of industrial sites that are near existing housing and office, which can make such sites attractive for redevelopment and thus push tenants from their existing spaces. On the other hand, the need for last-mile distribution and data centers is growing, suggesting that—while some types of industrial users are moving or closing—others are becoming increasingly prevalent.

An understanding of the trends at play, including the types of users who are likely to grow or decay in the region moving forward, is necessary to determine future industrial support in the Town of Vienna. The approach used to evaluate industrial support is therefore similar to that which was used to analyze the office market. For the purposes of this assessment, RCLCO conducted the following tasks:

- **Inventory of existing supply** in the Town today;
- **Analysis of local employment base**, with the goal of identifying users who are present in the Town;
- **Projection of future employment growth or decay in the region;**
- **Determination of the capture of growth or decay** that is likely to occur in Vienna, as well as whether there is an opportunity to attract additional users from elsewhere in the region.

Sector	Definition	Examples
Trade, Transportation & Utilities	This Trade, Transportation, and Utilities sector makes up one of the largest portions of private sector employment nationally, comprising a variety of establishments ranging from wholesale and retail trade to warehousing and power generation. Locally, most of these jobs are consumer-facing, often related or complimentary to retail.	Motor vehicle and parts dealers Lawn and garden equipment and supplies stores Building material and supplies dealers Warehousing and storage Postal service Electric power generation Water, sewage, and other systems
Professional & Business Services	The Professional & Business Services sector is large and varied, and it generally comprises jobs that provide specialized services for others. In addition to high-paying “white collar” jobs, this sector also includes jobs that provide services to local businesses and households. While jobs in the former category often occupy office buildings, jobs in the latter category can require off-site industrial spaces.	Carpet and upholstery cleaning services Exterminating and pest control services Janitorial services Waste collection Security systems services Testing laboratories
Manufacturing	This industry includes establishments that produce goods through the use of manual labor or machinery. Some of these jobs can also have a consumer-facing element to them, with people relying on such businesses for production and repair needs. Nationally, the number of jobs in this industry has decreased in recent years, as automation has become increasingly prevalent in the workplace.	Food manufacturing Beverage manufacturing Retail bakeries Computer and electronic product manufacturing Printing and related support activities Furniture and related product manufacturing
Other Sectors	Businesses in the Information and Construction sectors can also utilize industrial space. Although common in other parts of the region, these industries are somewhat less prevalent in Fairfax County, generally, and Vienna, specifically.	Wired and wireless telecommunications carriers Data processing, hosting, and related services Building equipment contractors Utility system construction

Table: Largest Drivers of Industrial-Using Employment (Fairfax County, VA). Source: Bureau of Labor Statistics; RCLCO

Market Data: Residential

The economic and demographic diversity of any given community is inextricably linked to the composition and affordability of its housing inventory. Without a mix of product types and price points, a community may be unable to serve certain market segments, including those who already exist in it today as well as those that could potentially be attracted to it in the future.

A well-rounded housing inventory is important for many reasons. From a social equity perspective, such a housing inventory creates opportunities for people of varying backgrounds to take part in the community. However, there are business ramifications as well. To support talent recruitment and retention, companies are increasingly choosing to gravitate toward the locations in which their employees want to live. Furthermore, the presence of different market segments can also provide more varied retail support, while a homogeneity of nearby residents often produces non-diverse retail environments. Housing options that appeal to a mix households, including working professionals and other younger households in particular, can therefore bolster commercial appeal.

When determining the economic development strategy available to the Town of Vienna, it is important to examine its housing inventory, community affordability, and household base. RCLCO completed the following tasks for the purposes of this assessment:

- An **economic and demographic analysis** of the household base in Vienna;
- A **comparison of this household base to those in other jurisdictions** in Northern Virginia, in order to understand the market segments that are present or missing at this time;
- An **assessment of the housing preferences of different market segments**;
- An **examination of the existing housing inventory** in Vienna;
- A determination of any **market gaps**; and
- **Case studies of the types of housing** that could potentially help bridge such gaps.

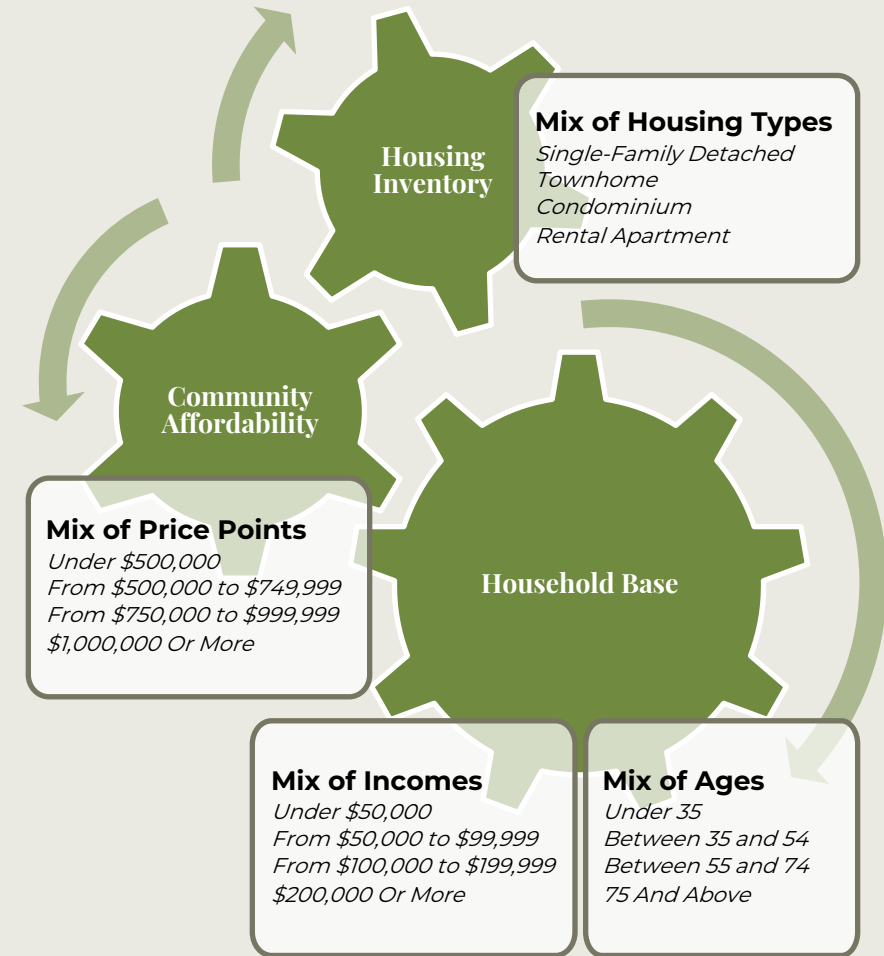


Diagram: Summary of Residential Framework. Source: RCLCO

Market Data: Hospitality

Successful hospitality development is both site- and market-specific. Even in popular tourism markets, an individual site may not be supportive of hospitality development if it does not offer the features and amenities that would entice visitors to choose to stay in that location over other options. Likewise, an exceptionally well-situated or amenity-rich site may still struggle to support hospitality development, if the area in which it is located does not attract sufficient visitors or traffic. The hospitality market is highly competitive for both of these reasons.

Furthermore, the COVID-19 pandemic will only increase the level of competition in the market, with hotel operators having to be more careful and deliberate with site and market selection until business and leisure travel return to normal levels, and until the lasting impacts of the pandemic are clear. Based on current national forecasts, it will likely take the hospitality market until the end of 2023 to return to pre-pandemic occupancies, and until the end of 2024 to return to pre-pandemic revenue levels.

To determine the ability of the Town of Vienna

to support a boutique hotel in the future, it is important to understand how such an operator would view the opportunities available in the Town. For the purposes of this assessment, RCLCO therefore completed the following tasks:

- An **analysis of the locations** in which local hotels have historically concentrated;
- A determination of the relationship between employment base and hospitality development; and
- An **examination of the types of locations to which boutique hotels have historically gravitated**, in order to understand the potential to attract one to Vienna.

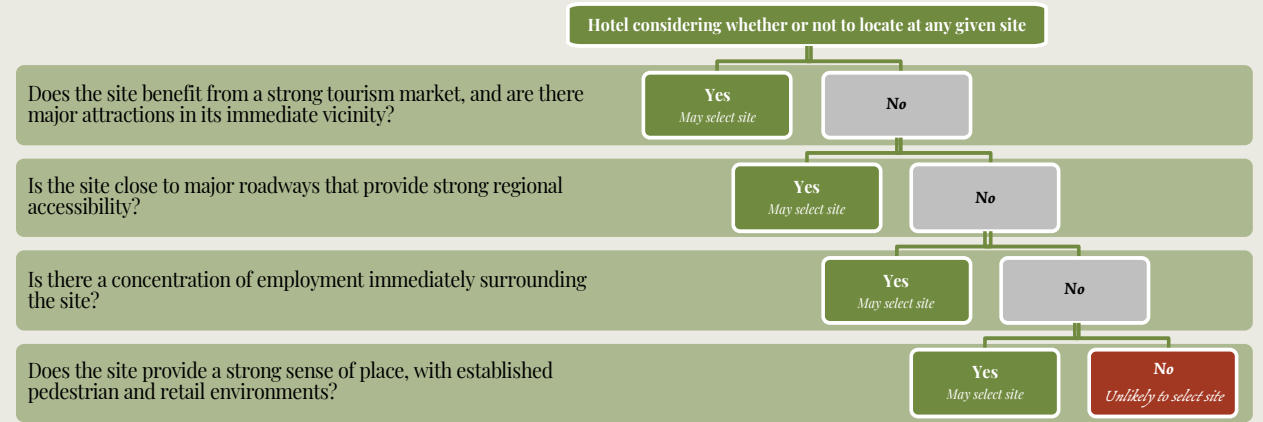


Diagram: Summary of Hospitality Framework. Source: Smith Travel Research; RCLCO

3

**Physical
Environment**

Access

Arriving by Car

Retailers reported that the greatest pain point for customers arriving by car is heavy traffic on Maple Avenue and adjacent streets leading to commercial nodes. The extended travel time results in customer perception of inconvenience.

Many streets in Town are designed with 'No left turn' or 'No right turn' rules restricting vehicle circulation around Town and posing inconvenience to customers - especially those attempting to access the commercial nodes from back roads (traveling in from Mosaic District) and from the Follin Lane office campuses, as well as those circulating and looking for parking closest to their final destinations/stores.

Although there are approximately 200+ public parking on-street and off-street spaces available to visitors in the core of the Town with a larger existing supply of parking spaces in privately-owned shopping centers along Maple Avenue, customers reported challenges in finding convenient parking during peak evenings when customer dwell times in Town are longer due to restaurant dining.

At this time, there is no shared parking structure/agreement to support complementary utilization of available parking lots across disparate shopping center properties and public parking.

Arriving by Walking and Biking

The trail presents an opportunity to support walking and biking into the commercial core for daily convenience shopping if complemented by pedestrian improvements along Maple Avenue.

The 5-Minute/0.25-mile walk shed is a standard that is often used as the average distance that a pedestrian is willing to walk before opting to drive.

In Vienna, there are few residents living within 0.25 mile of the commercial core of town when measured from the intersection of the W&OD Trail and Maple Avenue. As such, it is expected that most customers will arrive by car and must find parking within convenient proximity to their final destination storefront.

The public realm along Maple Avenue and on adjacent streets that connect residential neighborhoods to the commercial core have limited pedestrian amenities that support strong foot traffic (including lighting and wide sidewalks). Although the trail may facilitate foot traffic into the commercial core in the daytime, the lack of safe lighting and therefore active use in the nighttime minimizes its current ability to encourage local shopping/dining by walking at night.

Without significant improvements to the pedestrian environment, customers are unlikely to maximize cross-shopping opportunities between commercial

properties and are also likely to continue relying on the automobile to get to the commercial core. Key challenges to the pedestrian environment (by commercial node) are further outlined in the next section.



Map of Surface Parking Lots within walking distance of Town Green (intersection of the trail and Maple Avenue). Source: Streetsense (2021)

Public Realm

Maple Avenue

Overall Grade **B**



Church Street

Overall Grade **A**



Mill/Dominion

Overall Grade **C**



Element	Maple Avenue				Church Street				Mill/Dominion			
	A	B	C	FAIL	A	B	C	FAIL	A	B	C	FAIL
Sidewalks	○	●	○	○	●	○	○	○	○	○	○	●
Amenities - Street Trees and Benches	○	●	○	○	●	○	○	○	○	○	●	○
Lighting	○	●	○	○	●	○	○	○	○	○	●	○
Wayfinding/Signage	○	○	●	○	○	●	○	○	○	○	○	●
Roadbed and Crosswalks	○	●	○	○	●	○	○	○	○	●	○	○

Overall Grade **B**

Sidewalks:
Narrow - average width of 4' with raised curb-side planter strips posing hazard to pedestrians

Sidewalk Amenities:
Well landscaped sidewalks, however, the limited width of sidewalks means there is limited opportunity for benches or other sidewalk amenities

Lighting:
Pedestrian-scale lighting available between Courthouse and Beulah

Wayfinding/Signage:
Signs along Maple avenue are limited to directional overhead street signs and street-facing mall directories

Roadbed and Crosswalks:
Roadway is 50' wide with 4-5 lanes of moving traffic. Although well-maintained, the thoroughfare sees heavy flow of vehicular traffic, with limited safe crossing opportunities. South of Lawyers Road, the average length between crossing lights is over 800' and north of Center St, average length between crossing lights is over 500'

Overall Grade **A**

Sidewalks:
Although sidewalks are narrow, building setbacks create opportunities for pedestrians to linger and step away from flow of traffic

Sidewalk Amenities:
In addition to street trees and benches, buffer areas on private properties are well-landscaped and often feature planters and additional seating

Lighting:
Pedestrian-scale lighting available across the district

Wayfinding/Signage:
Signs along Church St are limited to street-facing property directories

Roadbed and Crosswalks:
Narrow roadway measuring about 35' wide with convenient on-street parking creating buffer between sidewalk and moving traffic

Overall Grade **C**

Sidewalks:
No sidewalks available for pedestrians. Pedestrian/bike accessibility to this area is primarily via the W&OD Trail. However, the trail is not currently designed to allow users to filter off onto adjacent streets.

Sidewalk Amenities:
Trees planted on buffer landscaped areas on private properties provide shade for pedestrians however the lack of sidewalks limits opportunities for other amenities

Lighting:
Only overhead street lights are available creating limited visibility to any potential pedestrians in the area

Wayfinding/Signage:
No wayfinding/signage available

Roadbed and Crosswalks:
Roadway is well-maintained however it functions primarily for motorists and truck traffic on industrial properties

Private Realm

Maple Avenue

Overall Grade **B**



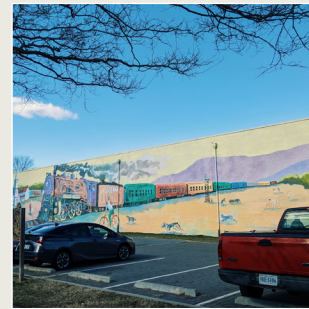
Church Street

Overall Grade **A**



Mill/Dominion

Overall Grade **B**



Element	Maple Avenue				Church Street				Mill/Dominion			
	A	B	C	FAIL	A	B	C	FAIL	A	B	C	FAIL
Public Art	○	●	○	○	○	○	○	●	○	○	●	○
Storefront Signage	●	○	○	○	●	○	○	○	○	○	●	○
Outdoor Display/ Dining*	○	○	●	○	●	○	○	○	-	-	-	-
Storefront Window	●	○	○	○	●	○	○	○	○	○	●	○
Facade	○	●	○	○	●	○	○	○	○	●	○	○
Storefront Lighting	○	●	○	○	●	○	○	○	○	○	●	○

* Not applicable to Mill/Dominion with limited retail/restaurant operators

Overall Grade **B**

Public Art:

Murals on properties - some are visible from the public right-of-way and others are tucked behind properties

Storefront Signage:

Most storefronts feature high quality signage that reflect the brand of local retailers

Outdoor Display/Dining:

Outdoor dining has grown through the pandemic as retailers have been unable to serve customers indoors. Retailers have leveraged this opportunity and have invested in outdoor seating and furniture to create comfortable outdoor dining areas.

Facade:

Although most properties have well-maintained facades, quality of facades diminish in older properties east of Glyndon St

Overall Grade **A**

Outdoor Display/Dining:

Most storefronts along Church Street feature an attractive window display and/or spillover merchandise and dining areas that align with the historic character of the district.

Storefront Window:

Despite small store frontages, most properties have maintained high levels of window transparency that ensure clear lines of sight between the business and sidewalks.

Facade:

Facades have been well-maintained and use high-quality and durable building materials, as well as a cohesive palette of paint color based on guidelines in the Church Street Vision.

Overall Grade **C**

Storefront Signage:

At this time, the tenants on Mill Street are primarily oriented towards the roadway and not the adjacent trail and therefore are only visible to customers arriving by car.

Public Art:

To compensate for the limited visibility of tenants to pedestrians/cyclists on the trail, a major property on Mill St has used a large mural to bring attention to the building which hosts a number of professional service and medical offices.

Outdoor Display/Dining:

Caboose Brewery is the only business on Mill St that has leveraged an outdoor dining space adjacent to the trail to maximize its visibility to trail users.

Competitive Place Qualities

Despite height and density of new developments, competitive markets have found other ways to maintain quality of place.

Old Town Alexandria

Overall Grade **A**

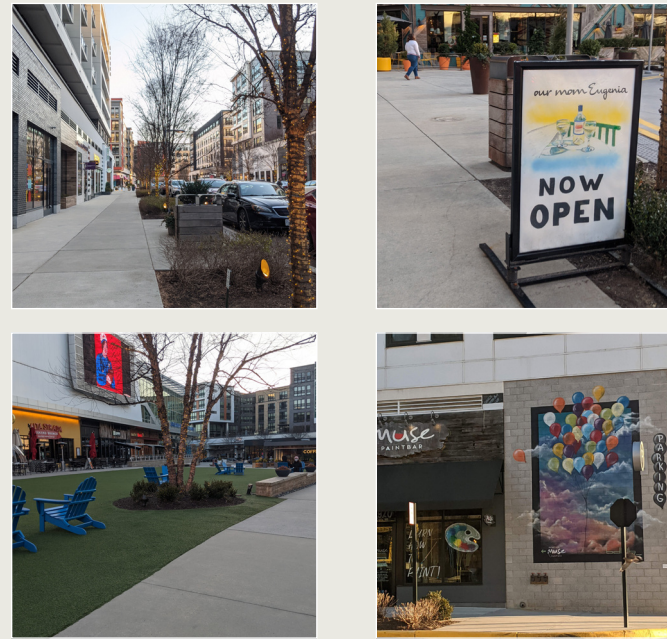


A well-preserved historic district with waterfront adjacency featuring destination dining, boutique hotels, and retail.

Sidewalk width: 10'+
Average building height: 3 storeys (protected by national historic district)
Average office asking rent PSF: \$25-40
Key place qualities: Well-maintained historic facades, colorful and varied landscape of storefront signage and awnings, active spillover retail activity on sidewalks

Mosaic District

Overall Grade **A**

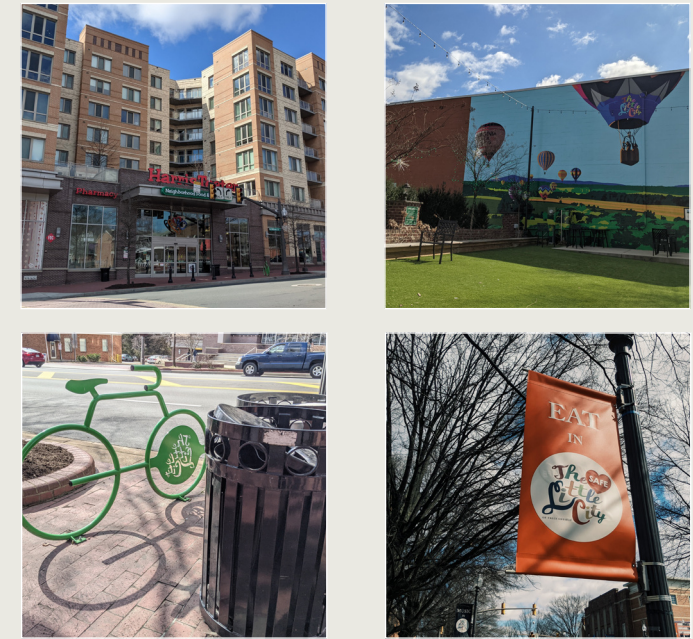


A single-owner pedestrian-oriented town center that supports park once and walk shopping experience.

Sidewalk width: 10'+
Average building height: 5 storeys
Average office asking rent PSF: Not available
Key place qualities: Cohesive public realm design with network of murals and open spaces, wide sidewalks measuring an estimate of 10'+ with new street furniture

Falls Church

Overall Grade **B**



A commercial district balancing old and new development along Broad Street/Route 7.

Sidewalk width: 6-8'
Average building height: 6 storeys
Average office asking rent PSF: \$25-30
Key place qualities: Well-programmed public spaces, outdoor entertainment anchors (Farmers Market, Theater) and dining, 'Little City' branding on street furniture/amenities

Old Town Alexandria

Overall Grade **A**

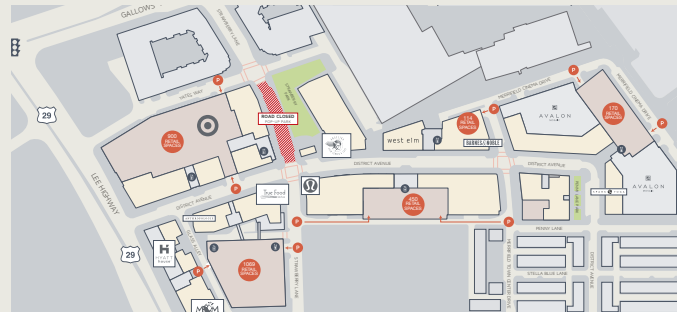


Pitt St

Road width: 35'
 On-street parking: Yes (along Pitt St and most side streets)
 No. of moving traffic lanes: 2 (bi-directional)

Mosaic District

Overall Grade **A**



District Avenue

Road width: 40'
 On-street parking: Yes (along District Ave and side streets)
 No. of moving traffic lanes: 2 (bi-directional)

Falls Church

Overall Grade **B**



Broad St

Road width: 50'
 On-street parking: No (only on Park Avenue and side streets)
 No. of moving traffic lanes: 4 (bi-directional)

4

**Business
Environment**

Retail Inventory Assessment

Total Retail Supply + Vacancy

There is approximately 1,051,000 square feet of existing retail-appropriate space within the Town of Vienna, of which 832,000 square feet is occupied by retail tenants.

Retail inventory consists of:

- space leased to retail tenants
- vacant, retail appropriate space
- retail appropriate space currently occupied by a non-retail use (ground floor of gas stations, banks, entertainment, and so on)

Streetsense further evaluates the retail inventory based on the four commercial nodes where retail is present: Maple Avenue, Church Street, Mill/Dominion Street, and Cedar Park.

Commercial Node

Maple Avenue
781,050 SF

Church Street
106,520 SF

Mill/Dominion
82,810 SF

Cedar Park
74,270 SF

Character

A 1.25 mile neighborhood-and commuter-serving corridor

Consists of large mall properties that are greater than one acre each with many buildings built more than fifty years ago and not recently renovated. Tenants are primarily resident-serving/consumer-facing uses. For example, approximately 40% of existing retail tenants are Neighborhood Goods & Services, with grocery stores and pharmacies anchoring the district - Giant, Whole Foods, CVS, Wawa, etc. Office spaces are also most occupied by medical tenants (doctor's offices, acupuncturists, etc.) that service the local households.

A pedestrian-friendly retail and dining destination

Compact district measuring 1,100 linear feet between Dominion and Lawyers Road dotted by smaller properties with storefronts averaging 1,900 SF and short street frontages measuring an average of 60-70 feet creating a variety of experiences for pedestrians.

The nodes has the highest concentration of GAFO and F&B in Town, including local restaurants Caffe Amouri, Bazin's, Red Galanga, and Sushi Yoshi. GAFO tenants include Vienna Music Exchange, Bards Alley Bookshop, and The Clock Shop - store concepts that are increasingly met with competition from online sales.

A rapidly evolving district featuring a mix of traditional industrial and trail-complementary or lifestyle retail

Characterized by lifestyle and wellness uses including gyms, dance/yoga studios, juice shop, and anchored by Caboose Brewery.

Retail tenants are increasingly choosing to locate in the node due to lower rents, and availability of vast spaces that have high visibility from trail. The area continues to maintain a balance of primarily light industrial uses such as breweries and home furnishing/landscape/garden suppliers. These tenants are mainly consumer-facing and serve households in Vienna.

A hyper local commercial node offering fast casual dining and neighborhood services

Retail tenants are convenience oriented and focused on personal services

The business mix of the Town of Vienna truly reflects its small town character with a large share of businesses being locally-grown.

Only 1 in 5 retail business in the Town of Vienna is a national chain. These businesses, however, occupy larger spaces and measure about one-third of total retail supply (284,330 SF), of which most are located on Maple Avenue (84%).

Maple Avenue Retail Mix:



Church Street Retail Mix:

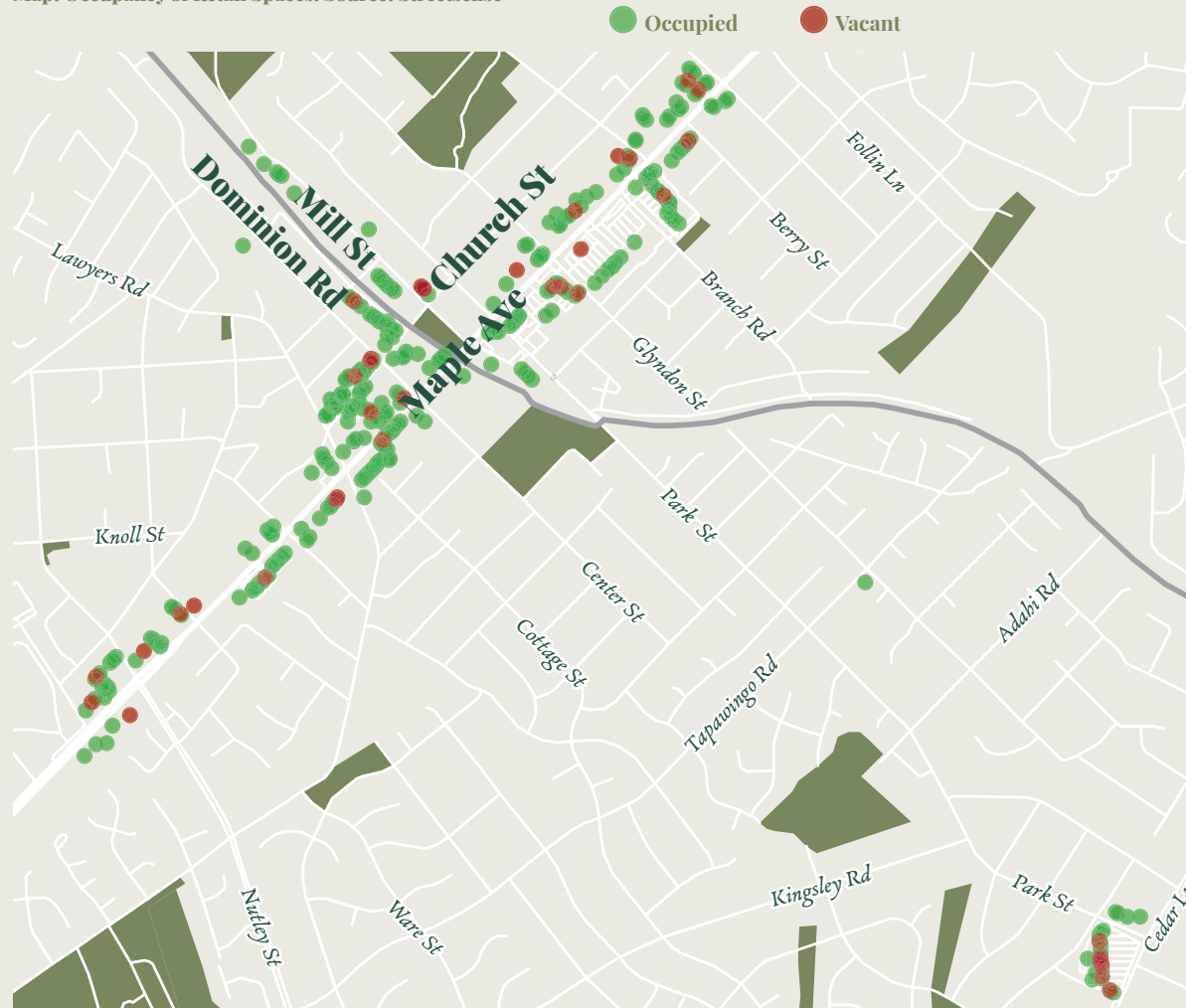


Cedar Park Retail Mix:



More than half of the existing National chain retail supply in Town is in Neighborhood Goods & Services categories and include stores like CVS, Whole Foods, and Giant.

Map: Occupancy of Retail Spaces. Source: Streetsense



Vacancy and Underutilization

The retail vacancy rate in Vienna is 9%. Of vacant retail spaces in the Town, few are Class A spaces.

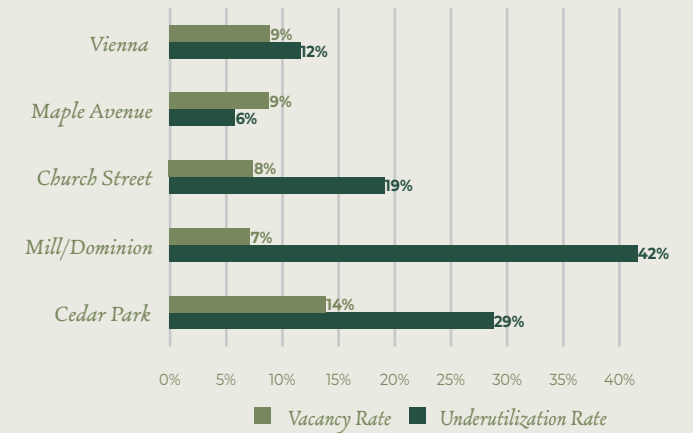
Across Vienna, approximately 52% of vacant space is Class B, or mid-quality retail spaces which will require maintenance to operate to a typical national retailer's standards (floor height less than 12 feet, and storefront width less than 15 feet).

Although the vacancy rate for Maple Avenue is comparable with other commercial nodes, in square footage it measures over 71,000 SF of vacant retail space (compared with 8,000SF in Church Street) - mainly on the eastern and western edges of the corridor, where Class B and C spaces are located.

The underutilization rate, which is defined as the percent of total retail space occupied by non-retail tenants is an additional 12%. The majority of non-retail tenants in these storefronts include gyms/studios, which are retail-complementary uses, and offices. Commercial tenants are essentially choosing sites/locations that work best for them regardless of whether the space was originally designed for its use. In addition to price,

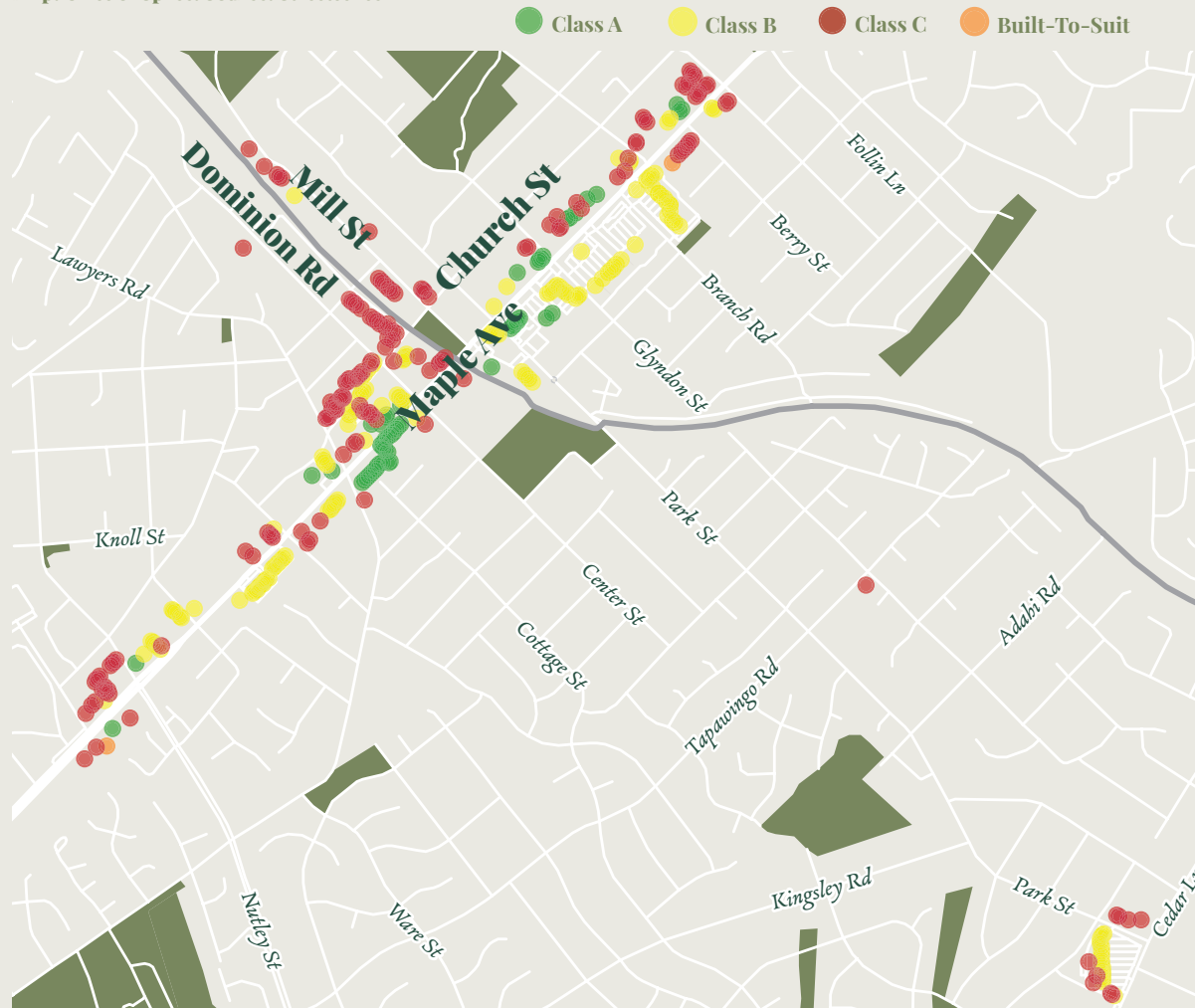
tenants may be making decisions based on other factors such as proximity to other complementary uses and uses that generate foot traffic or their businesses.

Vacancy Rate & Underutilization Rate by Node



Note: Figures rounded to the nearest thousand and detailed in the appendix.

Map: Class of Space. Source: Streetsense



Class of Space

The Town of Vienna is a predominantly Class B retail market, based on national industry classification.

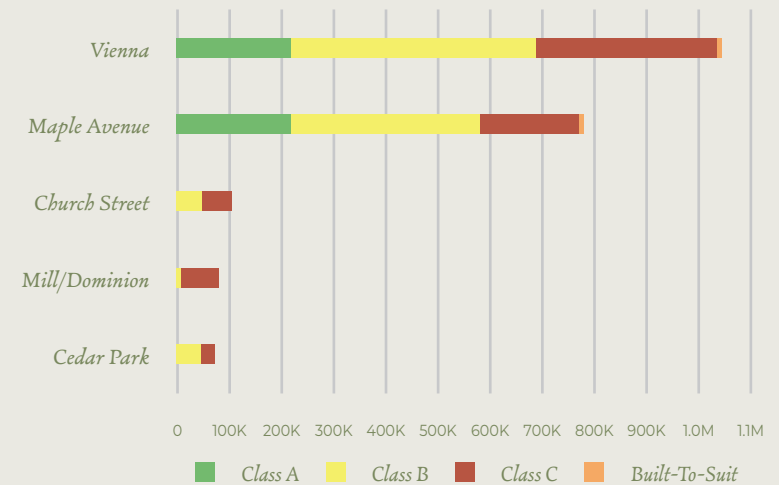
Class B space makes up the majority of spaces within the Town at 45%, or 472,000 SF, of the total inventory. Though present throughout the Town, most Class B space is present in the Maple Avenue node.

Class C space follows Class B at 33% of total retail spaces, or 345,000 SF, of the total inventory. These spaces allow new, local retailers to enter the market. Class C spaces are dominant in the smaller nodes with less visibility, such as Church and Mill Street.

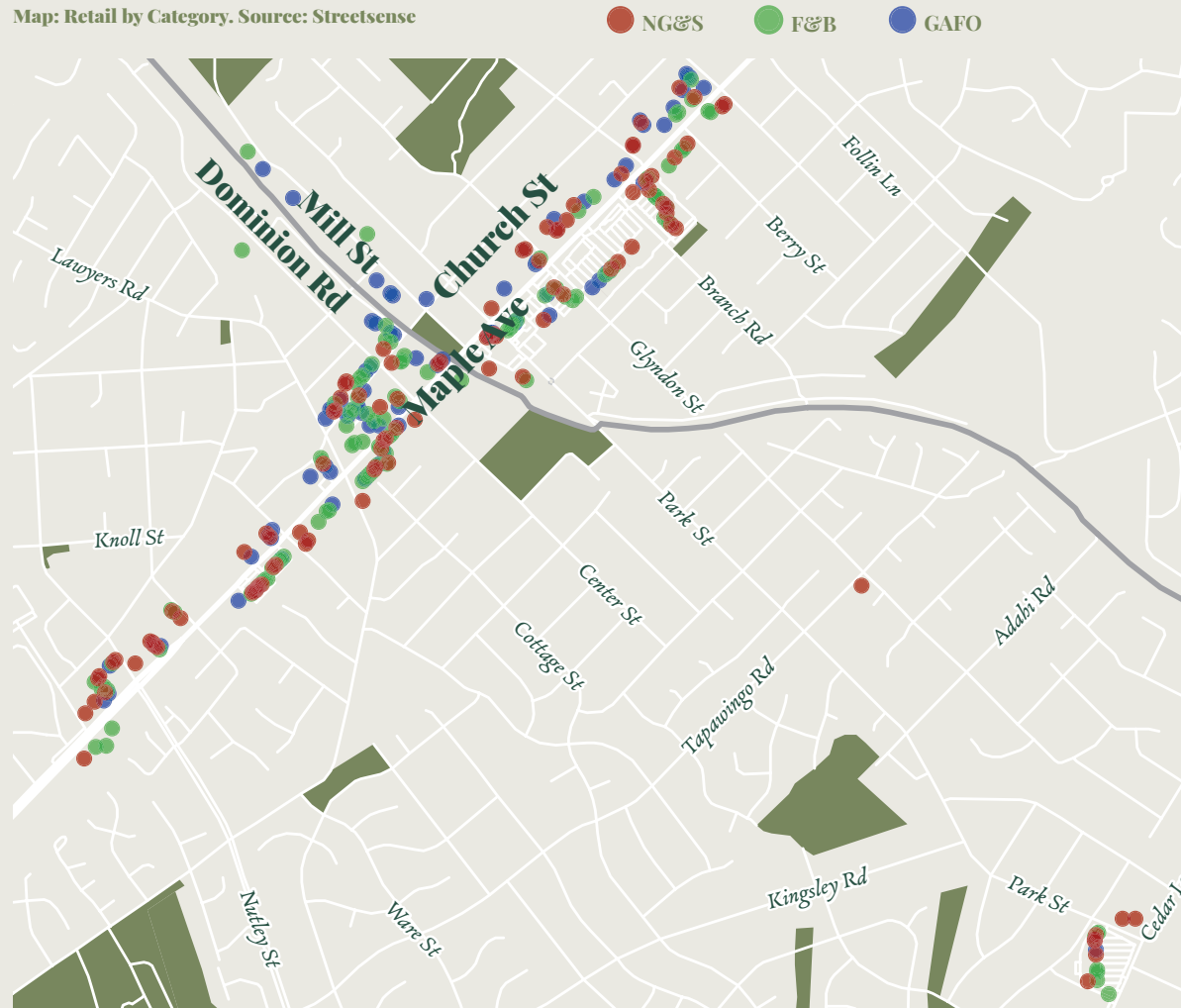
Class A space is present at 21%, or 220,000 SF, of the total inventory. Class A space is clustered along Maple Avenue, predominately towards the Town's central core, or the proposed Avenue Center District. Approximately 5% of the Class A space is vacant, indicating a healthy supply of Class A retail storefronts. These spaces are occupied by the Town's national tenants, such as Whole Foods.

Note: Figures rounded to the nearest thousand and detailed in the appendix.

Class of Space by Node



Map: Retail by Category. Source: Streetsense



Retail by Category

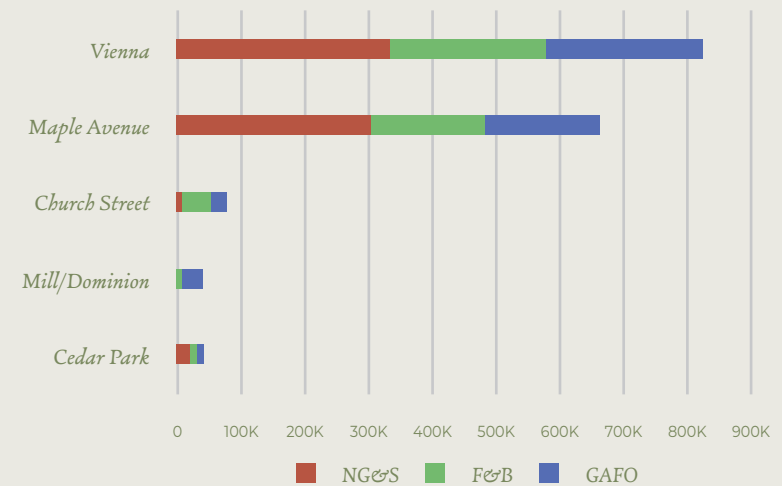
The Town of Vienna is a predominantly neighborhood serving market. NG&S tenants make up the majority of spaces within the Town at 41%, or 336,000 SF, of the total retail-occupied inventory. Most of these tenants are located in the Maple Avenue node, which is home to three full-service grocers.

predominantly clustered on the Maple Avenue, however these offerings are largely fast casual chains. Full-service, sit down restaurants along Maple Avenue is scattered and noncontiguous, with many operating in ground floor spaces of office buildings with surface parking.

In Town, the shares of F&B and GAFO retail are evenly distributed, at 30%, or approximately 245,000 SF each. Like NG&S, F&B retail is

Note: Figures rounded to the nearest thousand and detailed in the appendix.

Retail by Category by Node



Office Inventory Assessment

Office Supply + Vacancy

There is nearly 2.1 million square feet of existing office supply in the Town of Vienna, with an occupancy rate of 93.0%.

This occupancy rate is above the national average of 85.0%, and it is in the middle of the 90.0% to 95.0% range that generally points to healthy market conditions. However, a moderate amount of office space is currently occupied by other types of tenants, including retail in particular. As a result, the office utilization rate is slightly lower, at 88.8%.

As previously mentioned, commercial tenants are choosing sites that work best for them (regardless of the intended design of commercial spaces)- whether due to price, visibility, accessibility or other factors.

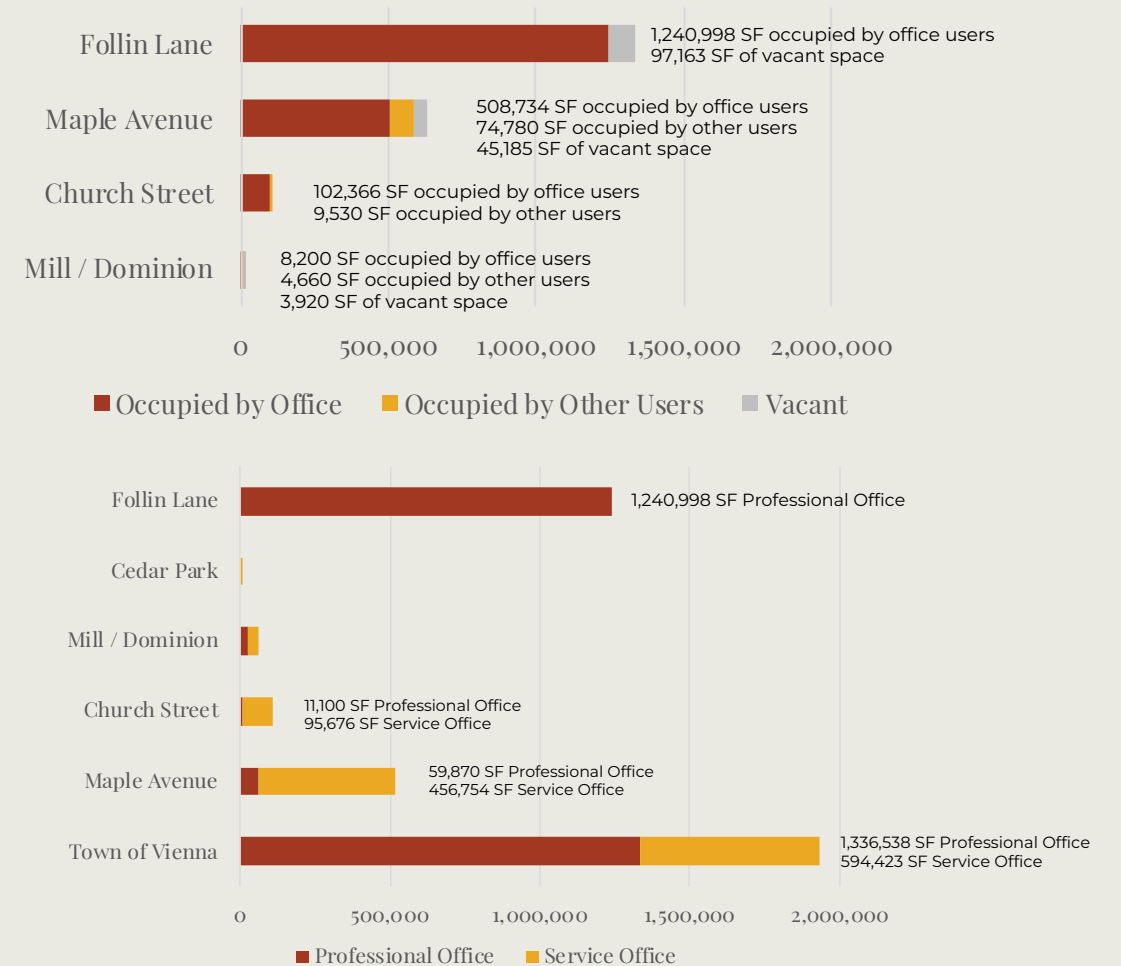
Office Tenant Profile

With the exception of Navy Federal Credit Union, most office tenants in the Town of Vienna are neighborhood- and service-oriented, as well as medical in many cases.

Of the 1.9 million square feet of space that office users occupy in the Town of Vienna, the majority is occupied by professional office users (69.2%). These users provide knowledge and expertise across a variety of industries, and they often draw from labor pools and customer bases from outside of the jurisdictions in which they operate.

However, it is important to note that, while professional office users do indeed occupy a large portion of space in the Town of Vienna, a single company—Navy Federal Credit Union—represents the vast majority of such space. Otherwise, most office users in Vienna tend to be neighborhood-oriented and consumer-facing, providing direct services to the local household base. These service office users represent 86.2% of the 690,000 square feet of remaining space that is not occupied by Navy Federal Credit Union. In Vienna, a large portion of these users tend to be medical in nature.

Chart: Existing Supply of Office in Vienna. Source: CoStar; CBRE; Fairfax County; Streetsense; RCLCO



Industrial Inventory Assessment

Total Industrial Supply + Vacancy

There is approximately 320,000 square feet of existing industrial space in the Town of Vienna, with an occupancy rate of 88.4%.

While this occupancy rate is lower than the national average of 95.3%, the difference is primarily attributable to a single, 35,000 square foot building that is currently vacant in the Follin Lane node; otherwise, industrial spaces in the Town are generally well-occupied, though often by office and retail users instead of industrial ones. The industrial utilization rate is therefore much lower, at 58.2%.

Industrial Tenant Profile

Similar to office users, most industrial users in the Town of Vienna are consumer-facing, providing production and repair services to the local community.

Of the 187,000 square feet of space that industrial users occupy in the Town of Vienna, the overwhelming majority (78.5%) is occupied by production, distribution, and repair companies. Although still industrial tenants, these users tend to have a consumer-facing side to their business, necessitating space that allows for some interaction with customers as well. Meanwhile, shipping, warehousing, and utilities tenants occupy a smaller share (21.5%) of this space, with most of it being attributable to self storage rather than true distribution space.

Chart: Existing Supply of Office in Vienna. Source: CoStar; CBRE; Fairfax County; Streetsense; RCLCO

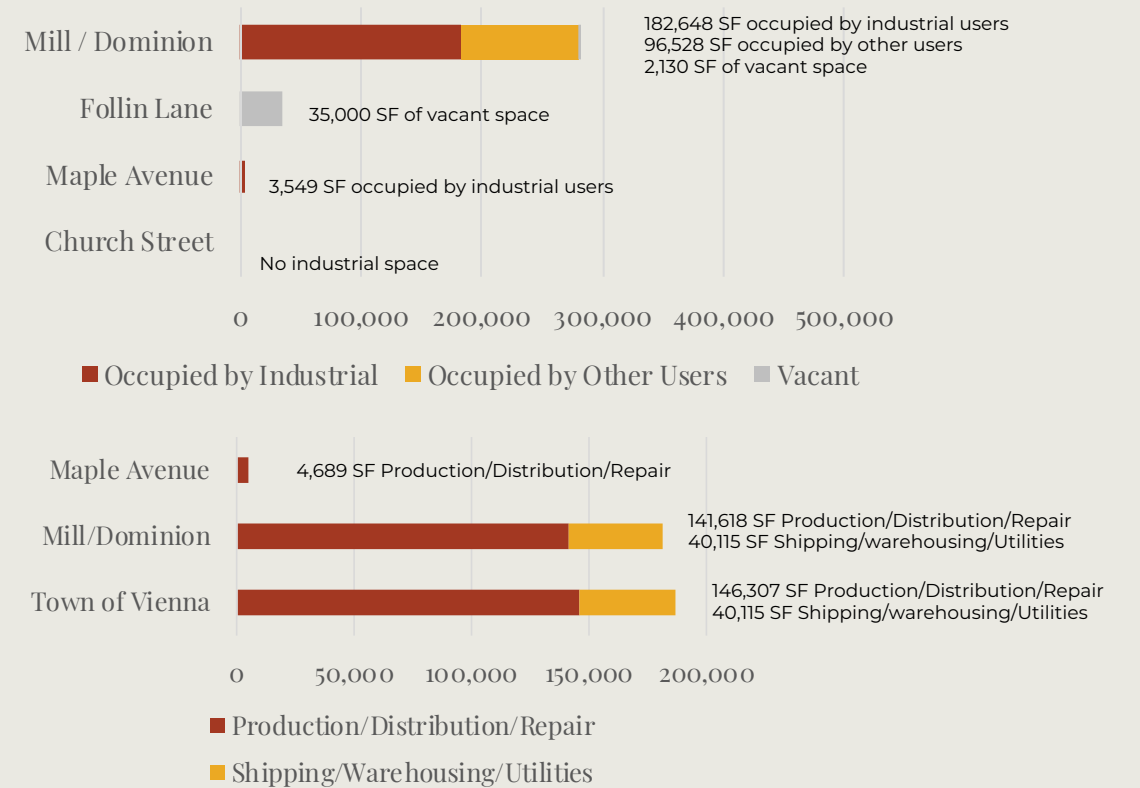


Table: Inventory of Office and Industrial Spaces (Combined). Source: CoStar; CBRE; Fairfax County; Streetsense; RCLCO

Type of Space	Occupant/Tenant							Total	
	Office	Industrial	Retail	Gym/Studio	Bank	Other	Vacant		
Office	1,860,298	-	86,480	790		1,700	146,268	2,095,536	► 93% occupied 88.8% occupied by intended use
Industrial	49,908	186,197	28,770	15,780		2,070	37,130	319,855	► 88.4% occupied 58.2% occupied by intended use
Other	19,840	1,140			38,089		2,276	61,345	
Total Occupancy	1,930,046	187,337	115,250	16,570	38,089	3,770	185,674	2,476,736	

Commercial Node	SF Occupied by Office User		SF Occupied by Industrial User		Total
	Professional Office	Service Office	Production/Distribution/ Repair	Shipping/Warehousing/ Utilities	
Follin Lane	1,240,998	0	0	0	1,240,998
Maple Avenue	59,870	456,754	4,689	0	521,313
Mill/Dominion	24,570	36,523	141,618	40,115	242,826
Church Street	11,100	95,676	0	0	106,776
Cedar Park	0	5,470	0	0	5,470
Total	1,336,538	594,423	146,307	40,115	2,117,383

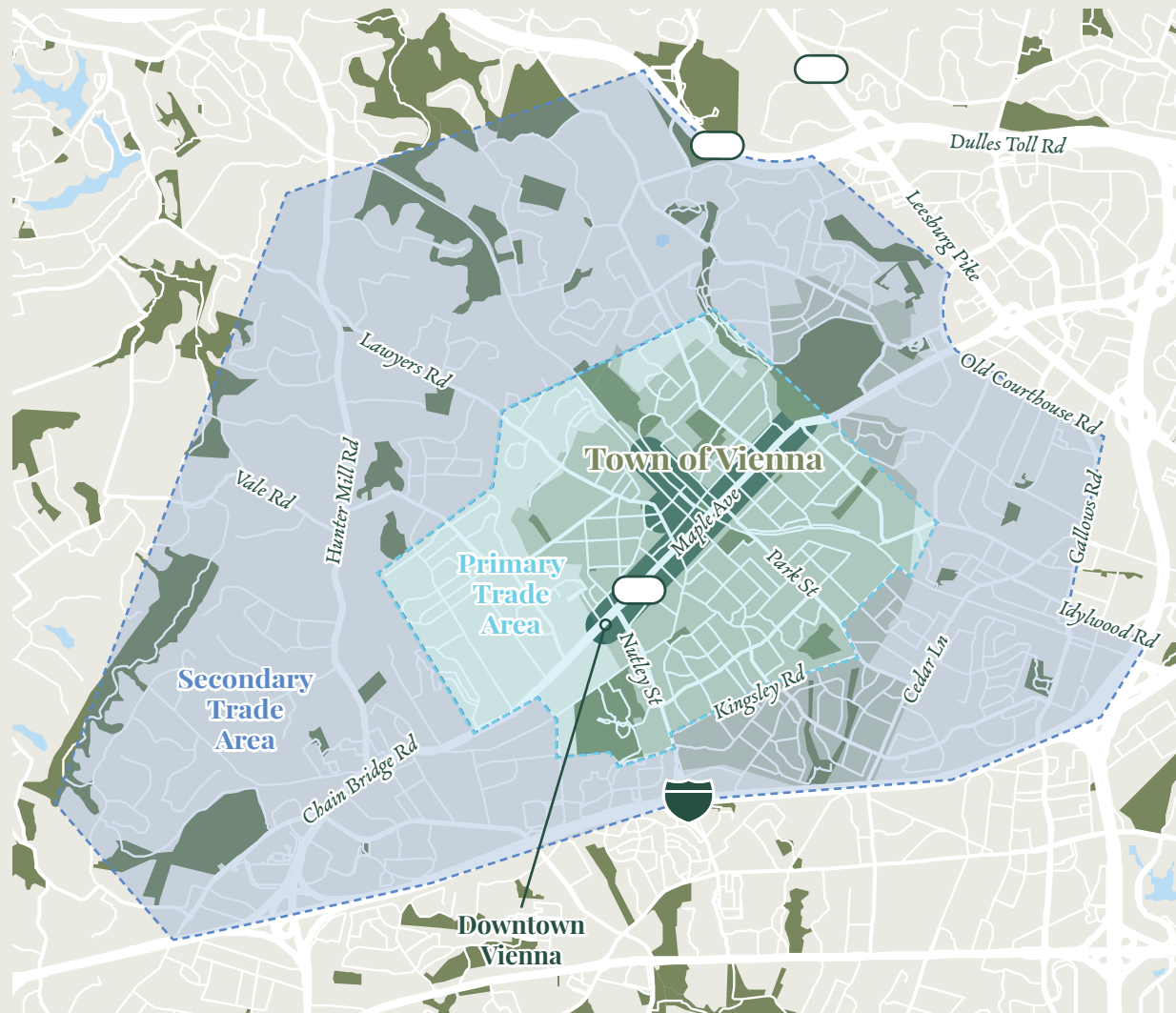
- | | | | |
|--|--|---|---|
| <ul style="list-style-type: none"> • Navy Federal Credit Union • State Farm • Law Office of Dan Withers • Mitco Asset Management • Commonwealth Home Design | <ul style="list-style-type: none"> • Inova Urgent Care • Capital Esthetics & Family Dentistry • Vienna Family Medicine • Vienna Dermatology • Sound Hearing Center • DC College Counseling | <ul style="list-style-type: none"> • Jiffy Lube • Auto Body of Vienna • Vienna Hardwoods • Bushwell & Bennett Commercial Cleaning • The Countertop Guru • Easy Stone Center | <ul style="list-style-type: none"> • Dominion Energy • Capital Energy Equipment • CubeSmart Self Storage |
|--|--|---|---|

5

**Market
Potential**

Retail Trade Areas

“Downtown” Vienna



Within the Town of Vienna, the three nodes - Maple Avenue, Church Street, and Mill/Dominion - all share the same customer base. To this end, Streetsense evaluates the trade areas and customers that patronize this retail.

Trade areas are drawn to identify potential retail users based on retail fundamentals, including competition, drive times, customer income, geographical or sociological barriers, and other factors.

Primary Trade Area (PTA):

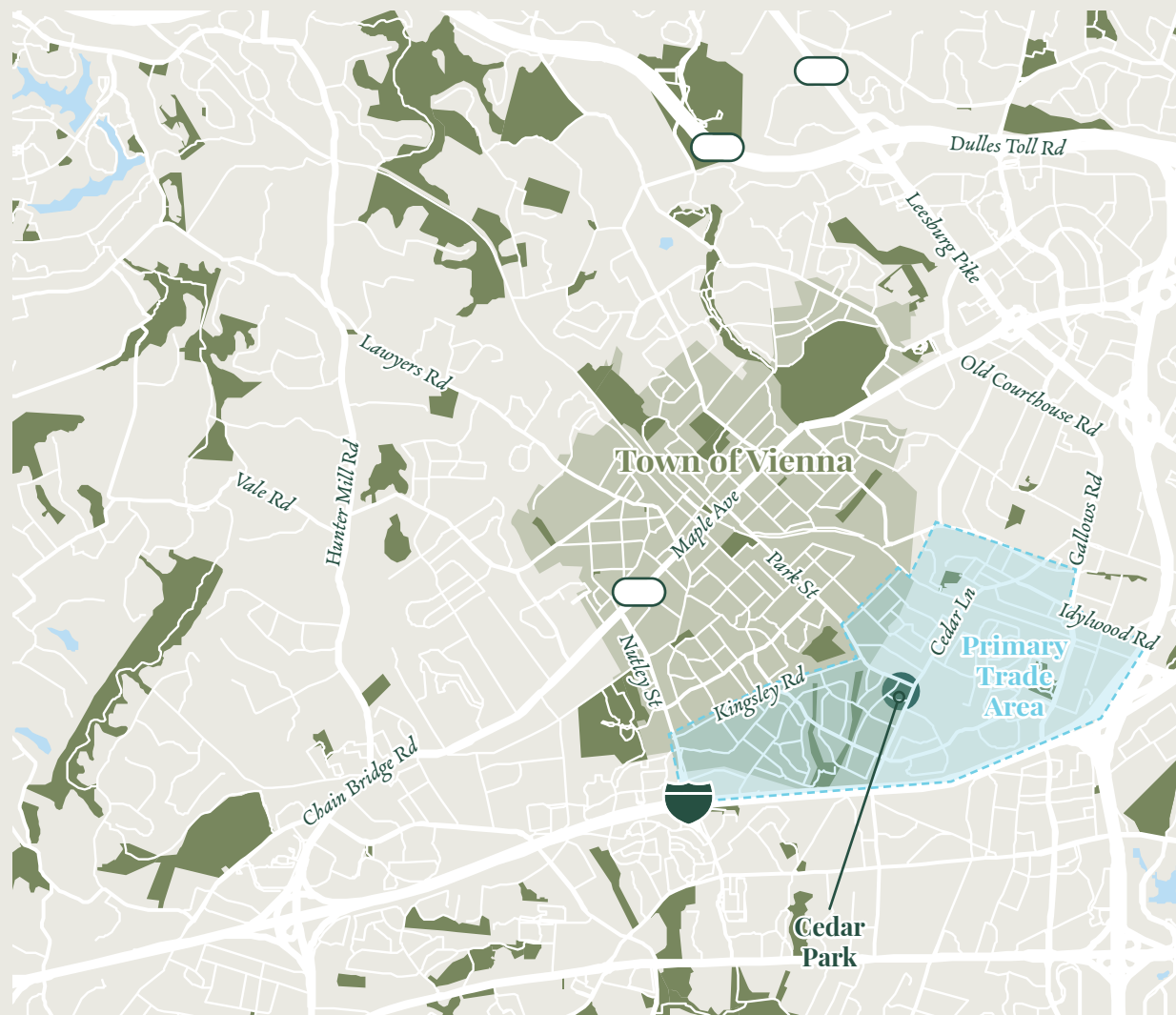
The Primary Trade Area represents the customers who are expected to patronize businesses at least once, if not many, times weekly (and therefore contribute 60-80% of store sales). The PTA encompasses the Town of Vienna and neighborhoods to the west. Competition from existing retail clusters, including Cedar Park and Oakton, are major factors in determining the trade area for locally serving retail.

Secondary Trade Area (STA)

Residents in this trade area have convenient options closer to home, but are expected to patronize onsite retail on an occasional basis for experienced-based shopping and destination trips. Customers in this trade have convenient options close to home or work for shopping needs. The Secondary Trade Area is limited by retail competition at Tysons and by Interstate-66, a physical and psychological barrier, to the south.

	PTA (Downtown)	STA (Downtown)	Fairfax County
<i>Average Household Size</i>	2.8	2.7	2.7
<i>Average Household Income</i>	\$224,665	\$217,547	\$168,984
<i>Average Age</i>	42	41	39
<i>Bachelor's Degree or Higher</i>	72%	74%	61%
<i>White Collar Worker</i>	84%	84%	75%
<i>Family Households</i>	77%	74%	70%
<i>Married Couple W/ Children</i>	42%	43%	40%
<i>Owner Occupied</i>	82%	78%	69%
<i>Residential Tenure</i>	16	15	14
<i>Average Number of Cars</i>	2.1	2.0	2.0

Cedar Park



As part of this assessment, Streetsense inventoried the entire Town of Vienna, including the Cedar Park Shopping Center. Though not a major focus of this study, Cedar Park has its own distinguishable trade area from that of “Downtown” Vienna.

Primary Trade Area (PTA):

The Primary Trade Area represents the customers who are expected to patronize Cedar Park for their frequent shopping and dining needs. Cedar Park draws from surrounding neighborhoods due to travel times, street networks throughout the region, and visibility at the site.

	PTA (Cedar Park)	Fairfax County
<i>Average Household Size</i>	3.0	2.7
<i>Average Household Income</i>	\$210,310	\$168,984
<i>Average Age</i>	40	39
<i>Bachelor's Degree or Higher</i>	68%	61%
<i>White Collar Worker</i>	80%	75%
<i>Family Households</i>	78%	70%
<i>Married Couple W/ Children</i>	42%	40%
<i>Owner Occupied</i>	78%	69%
<i>Residential Tenure</i>	13	11
<i>Average Number of Cars</i>	2.0	2.0

Retail Demand Assessment

Current 2021 Demand

Streetsense evaluates retail demand based on a range of high and low sales productivity figures.

There is **currently 544,000 - 724,000 square feet (SF) of retail demand for the Town of Vienna**, based on a range of productivities, where 724,000 SF reflects the supportable retail at lower sales per SF expectations. The Town of Vienna's retail sales are associated with local neighborhood convenience spending. Therefore more than half (51%) of supportable retail SF falls under NG&S category, followed by F&B, and GAFO.

Maple Avenue

There is approximately **430,000 - 574,000 SF of total demand within the Maple Avenue node**, primarily in NG&S, followed by the F&B retail category. A lack of clustering, fast travel speeds all impact the ability for F&B retail along this corridor to transform into a "place".

Church St

There is approximately **65,000 - 84,000 SF of total demand within the Church Street node**, primarily in F&B, followed by GAFO, then NG&S.

Mill/Dominion

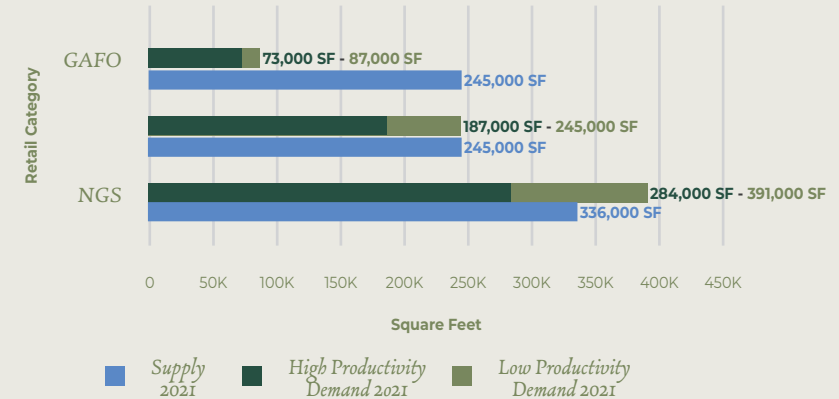
There is approximately **9,000 - 11,000 square feet of total demand within the Mill/Dominion node**, exclusively in the F&B category. From a market perspective, Mill/Dominion's current condition as a dead-end side street with limited accessibility makes supporting a successful retail environment challenging.

Cedar Park

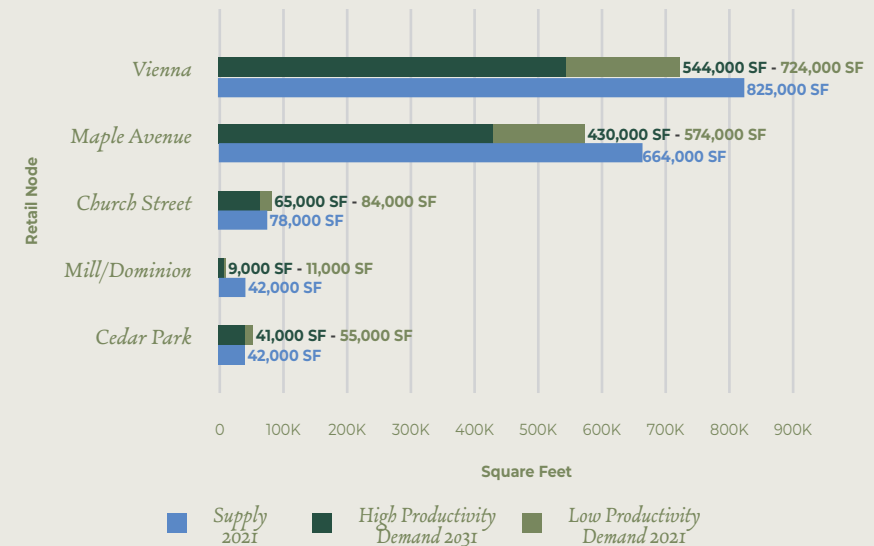
There is approximately **41,000 - 55,000 square feet of total demand within the Cedar Park node**, primarily in NG&S, followed by F&B, then GAFO.

Retail productivity is a metric that measures retail sales per square foot. This metric differs by industry. High productivity retailers are typically more profitable than low productivity retailers. A community can support fewer high productivity retailers or a greater number of low productivity retailers. As a result, Streetsense projects retail demand as a range.

Town of Vienna Retail Demand by Retail Category (2021)



Town of Vienna Retail Demand by Commercial Node (2021)



Note: Figures rounded to the nearest thousand and detailed in the appendix.

Projected 2031 Unmet Demand and Oversupply

By 2031, assuming current rate of household growth and spending, Streetsense projects an increase in total retail demand from 544,000-724,000 SF to 571,000-759,000SF.

Even with this projected increase, the Town of Vienna is expected to face an overall oversupply of retail by about 67,000 SF (based on conservative low sales per SF productivity assumptions). This oversupply is largely driven by limited demand in GAFO. Over the next decade, the Town still has the opportunity to grow its offerings in F&B and NG&S categories, where there is some unmet demand. This scenario, however, assumes tenants with lower sales productivity PSF.

In a high productivity scenario, retail sales disperse between fewer retailers ensuring that existing retailers have a greater chance of success. However, assuming high sales per SF productivity, the Town is instead faced with far greater oversupply of approximately 255,000 SF, where all categories are oversupplied. This scenario suggests the need to right-size retail by category and geography. The following breakdown of retail demand by node encourages the proper volume of retail in areas with the greatest chance of retail success.

Maple Avenue

By 2031, retail demand for Maple Avenue increases from 430,000 SF to 451,000 SF in a high-productivity scenario, which leaves approximately 213,000 SF of oversupply. This oversupply is predominantly in GAFO (120,000 SF), with some in F&B and NG&S. In a low productivity scenario, there is approximately 603,000 SF of demand, where approximately 123,000 SF is oversupplied in the F&B and GAFO categories, but there is an opportunity for an additional 61,000 SF of NG&S.

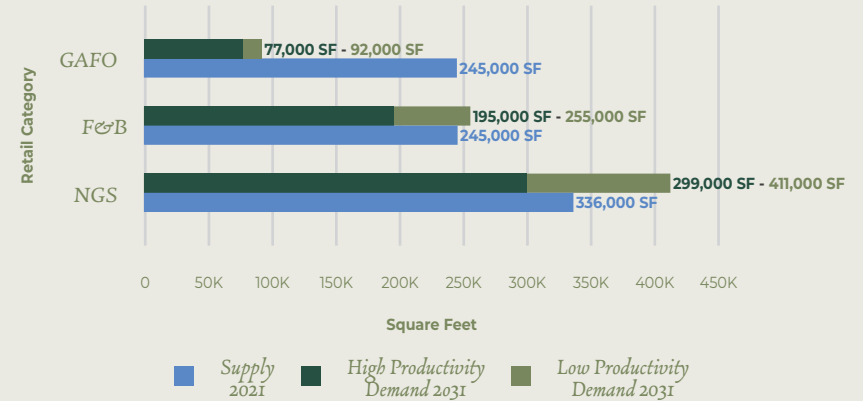
Church St

By 2031, retail demand for Church Street increases to approximately 68,000 SF in a high-productivity scenario, which is approximately 10,000 SF of oversupply. This oversupply is predominantly in GAFO (9,000 SF). In a low productivity scenario, there is demand for 88,000 SF of retail, or approximately 10,000 SF of unmet demand, mostly in the NG&S and F&B categories.

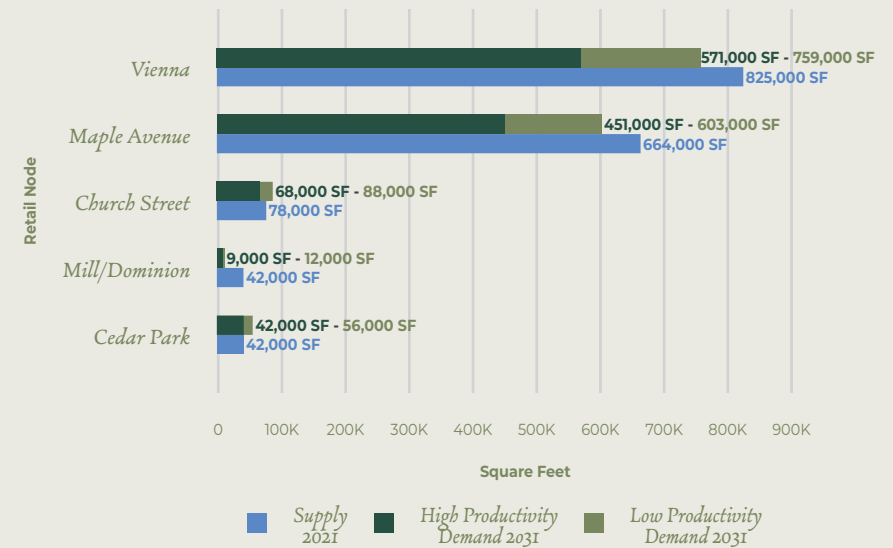
Mill/Dominion

By 2031, Mill/Dominion can support 9,000 SF in a high-productivity scenario, which is approximately 33,000 SF of oversupply. In a low productivity scenario, there is demand for 12,000 SF of retail, or approximately 30,000 SF of oversupply.

Town of Vienna Unmet Retail Demand & Oversupply By Retail Category (2031)



Town of Vienna Unmet Retail Demand & Oversupply by Commercial Node (2031)



Note: Figures rounded to the nearest thousand and detailed in the appendix.

Right-Size Retail

In order to better match retail supply to projected demand for the town over the next decade, Maple Avenue will need to focus on retail success at the core of town where Class A spaces are currently located.

In working to create a point of market distinction among Northern Virginia commercial districts, the retail market analysis supports the following conclusions:

The Town of Vienna should **focus on catering to its local residential customer base first**. They will continue to drive spending in Neighborhood Goods & Services and Food & Beverage. This also suggests the potential for other retail-complementary uses that serve local households, including gyms/studios, learning centers, day care centers, and various other emerging store concepts that are regularly visited by local customers (e.g. specialty foods with on-site production) and that complement F&B (e.g. entertainment uses, breweries/distilleries).

From the perspective of retail business retention and attraction, the Town should continue to work to **prevent an oversupply of commercial space that would result in underutilized or vacant spaces**. This allows all retailers (legacy and new) to have a higher chance at success. By creating hierarchy, and supporting

retail clustering through zoning districts that limit new retail development, the right number of retailers can serve the local customer base in the areas that are most likely to offer them the visibility and accessibility that they need.



Map: Retail-focus area. Source: Streetsense

● Class A ● Class B ● Class C

Zoning for Successful Commercial Districts

Outdated Use Definitions

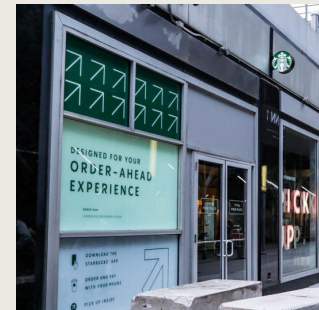
As the lines continue to blur between industrial, retail and office uses, the Town's zoning ordinance will need to build in flexibilities that account for the rapidly changing business models and store concepts that emerge as a result of consumer lifestyle preferences and an increasingly hyper local customer base.

The Town's current zoning ordinance is organized in a specific-use approach which outlines every specific use allowed within each zone, as opposed to a **generic use approach (also known as a categorical use approach), which builds in flexibilities and eliminates the cumulative structure of traditional zoning ordinances** by instead supporting the testing of unique and innovative store concepts/new types of uses.

Although Maple Avenue, Church Street, and Mill Street permit a variety of uses as-of-right - mainly retail, restaurant, light manufacturing and professional offices (although only in 'office buildings'), there are still a number of **emerging uses (listed in this section) that are highly complementary to retail tenants and that in fact drive visitation to the commercial nodes that are either not permitted or that require conditional use permits or high minimum off-street parking that inhibit concept testing in the market.**



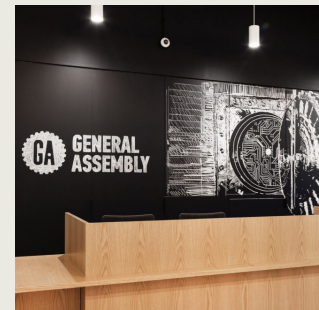
Specialty Food Production
(with ancillary retail sales or food service for the products made on-site)



Distribution/Fulfillment Store



Artisan Studios



Educational/Childcare Centers

According to zoning experts, a categorical use approach may grant flexibility for administrative review and gives in-house town planners the ability to permit uses desirable for the community within the broad context of the use category "without worrying about whether or not the use is specifically and precisely listed as a principal permitted use"

To facilitate the co-location of a mix of tenants with a variety of emerging concepts and uses within each commercial district, the Town should consider generic uses such as the following:

Sample List of Uses in the Current Code	Example of Potential New Generic Use
Light manufacturing	Destination/Experiential
Retail stores, shops or businesses (with manufacturing)	
Restaurants (with live entertainment)	
Food production (with ancillary retail sales or food service for products made on-site)	Neighborhood Goods & Services
Artisan studio	
Sample List of Uses in the Current Code	Example of Potential New Generic Use
Daycare/childcare center	Neighborhood Goods & Services
Educational institution	
Professional office	
Gyms/Fitness Facility	
Massage therapists	
Retail stores, shops, or businesses	
Restaurants	
Pet shops	

Storefront Marketing Restrictions

The Town imposes a number of restrictions limiting creative use of frontage zones to market the brand of retailers and the merchandise/services available within storefronts.

The storefront and its frontage zone (the 2'+ sidewalk area adjacent to the property line where transitions between the space within buildings and the “public realm” occur) is a retailer’s stage, and often helps grab a new customer’s attention or shapes a first impression. As such, it is critical that retailers are given the opportunity to maximize visual merchandising, signage, and advertising just outside the store. At this time, the Town prohibits blade signs that extend out onto the frontage zone as well as outdoor display of merchandise.

Customers’ attentions are often short-lived; especially now as they are being more selective in how and where they spend their time and their dollars. Now, more than ever, storefronts will need to carefully consider how to address a mix of temporary/ad-hoc and permanent signage and use classic, timeless approaches and even subtle touches, including creative outdoor display and dining, blade signs, and sandwich boards.

During a focus group, local businesses echoed these restrictions as being a key impediment to being able to express their brand identity and offerings, and participation in seasonal celebrations.



	Permitted
Maple Ave	<input type="radio"/>
Church St	<input type="radio"/>
Mill St	<input type="radio"/>

Outdoor Display¹



	Permitted
Maple Ave	<input checked="" type="radio"/>
Church St	<input type="radio"/>
Mill St	<input type="radio"/>

A-Frame Sign/Sandwich Board²



	Permitted
Maple Ave	<input type="radio"/>
Church St	<input type="radio"/>
Mill St	<input type="radio"/>

Blade Sign³

1: Article 18, Sec. 18-154. Article A - Display of merchandise.

2: Article 12.1, Section 18-87.5, Article 10 - Sign Prohibitions

3: Article 19, Sec. 18-184., Article C - Permitted signs in commercial and industrial zones

Regional Employment Growth

The region is growing rapidly, and that growth is placing pressure on local real estate markets.

Between 2010 and 2019, the Washington-Arlington-Alexandria Metropolitan Statistical Area (“MSA”) added more than 380,000 jobs, fueling a need for various residential and commercial spaces across the region. In addition, the Professional & Business Services and Education & Health Services industries accounted for a majority (52%) of these new jobs, suggesting that this employment growth attracted a well-educated and highly paid workforce, in particular. Together, these trends have placed tremendous pressure on local real estate markets, with new jobs and households competing with existing ones for supply that was—in many cases—already limited.

Similar trends are occurring locally, with the Professional & Business Services sector seeing especially rapid growth in Fairfax County.

Fairfax County added more than 47,000 jobs between 2010 and 2019, during which time its Professional & Business Services industry grew to represent 36% of the local economy. This figure is up from just 23% in 1990, underscoring the rapid evolution of Fairfax County; formerly comprised of predominantly suburban neighborhoods, Fairfax County is now home to a number of rapidly growing job cores, including Tysons and the Dulles Toll Road Corridor. This evolution is largely attributable to the fact that Fairfax County offers a highly educated workforce, a convenient location, and an upscale housing inventory, all of which make it an attractive location for businesses.

Chart: Historical Employment by Industry, 1990–2020; Washington-Arlington-Alexandria, DC-VA-MD MSA
Source: Moody’s Analytics; RCLCO

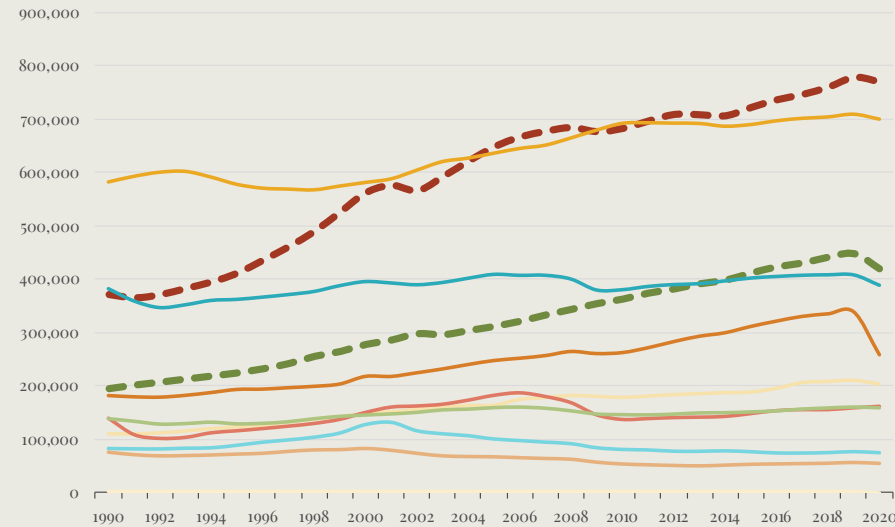
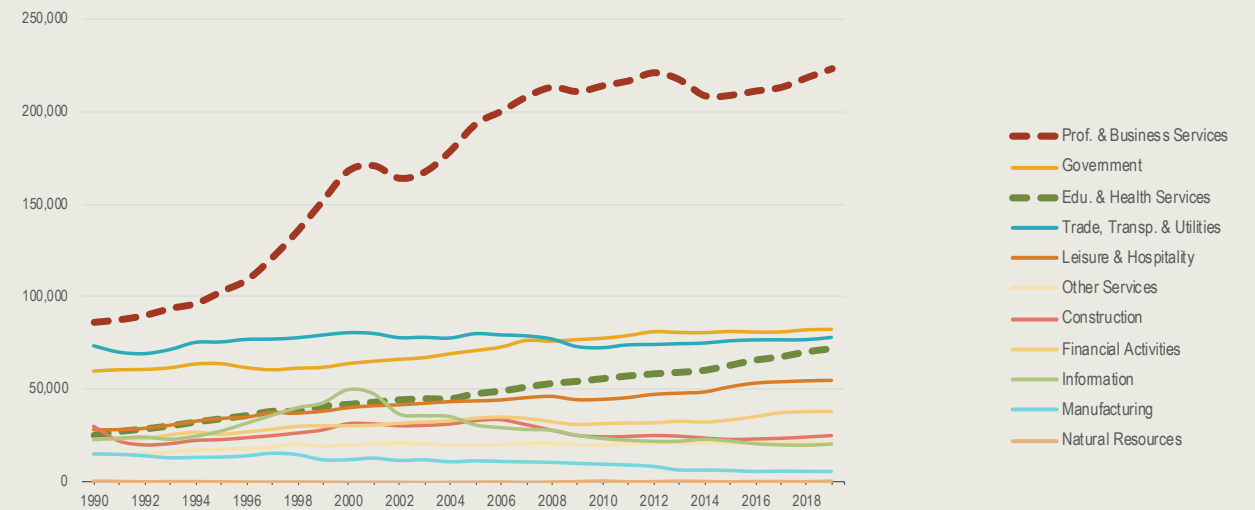


Chart: Historical Employment by Industry, 1990–2020; Fairfax County, VA
Source: Bureau of Labor Statistics; RCLCO



Jobs in Vienna

The employment base in Vienna is very specialized compared to the employment base in Fairfax County as a whole

To analyze these differences, RCLCO observed Vienna's "fair share" capture of each industry, calculated as the percent of the overall job base that the industry represents in Vienna divided by the percent of the overall job base that it represents in Fairfax County as a whole. A "fair share" capture of 1.0 represents an industry that is just as well-represented in Vienna as it is in Fairfax County as a whole, while a capture above this threshold represents an industry that is more common in Vienna than it is elsewhere and a capture below this threshold indicates an industry that is underrepresented. Importantly, the goal of this analysis is to identify differences, competitive advantages and disadvantages, and opportunities in the Town of Vienna, and not to imply that it can—or should—have the same distribution of employment as Fairfax County.

This analysis reveals that Vienna has significantly less than its "fair share" of Professional & Business Services jobs in Fairfax County, despite rapid growth in other jurisdictions. Meanwhile, Vienna is reasonably well-repre-

sented by other industries, including Financial Activities in particular.

However, the high "fair share" capture for Financial Activities is almost exclusively due to the presence of Navy Federal Credit Union, which accounts for the vast majority of jobs in this sector.

Industry	Employees In Vienna	Vienna "Fair Share" Capture ¹	Recent Countywide Growth ²
Manufacturing			
Food manufacturing	64	7.2	-
Other manufacturing	62	0.6	-
TOTAL	126	1.1	-
Trade, Transportation, & Utilities			
Food and beverage stores	627	2.9	+
Health and personal care stores	151	2.4	+
Sporting goods, hobby, musical instrument, and book stores	86	2.2	-
Building material and garden equipment and supplies dealers	46	0.6	+
Motor vehicle and parts dealers	38	0.3	+
Other trade, transportation, and utilities	222	0.2	=
TOTAL	1,170	0.9	=
Financial Activities			
Credit intermediation and related activities	4,500	11.3	=
Real estate	102	0.6	=
Securities, commodity contracts, etc.	60	0.9	+
Other financial activities	31	0.2	+
TOTAL	4,693	6.2	+
Professional & Business Services			
Administrative and support services	405	0.3	=
Custom computer programming services	284	0.4	+
Computer systems design services	250	0.2	+
Accounting, tax preparation, bookkeeping, payroll services	90	0.4	+
Veterinary services	87	2.9	-
Other professional and business services	278	0.1	+
TOTAL	1,394	0.3	+
Information			
Information	33	0.0	-
TOTAL	33	0.0	-
Educational & Health Services			
Offices of physicians	256	1.4	+
Offices of dentists	241	2.4	+
Educational services	157	1.2	+
Child day care services	84	0.9	+
Offices of optometrists	27	2.4	-
Other educational and health services	70	0.1	+
TOTAL	835	0.7	+
Leisure & Hospitality			
Accommodation and food services	1,467	1.7	+
Amusement, gambling, and recreation industries	359	2.6	+
Other leisure and hospitality	43	0.6	=
TOTAL	1,869	1.8	+
Other Services			
Beauty salons	120	2.1	=
Automotive repair and maintenance	93	1.7	+
Other personal care services	58	4.9	+
Drycleaning and laundry services	49	2.2	-
Religious, grantmaking, civic, professional, similar orgs.	49	0.4	=
Other services	63	1.0	+
TOTAL	432	1.4	=

Table: Capture of County Employment, 2017; Vienna, VA
Source: 2017 Economic Census; 2012 Economic Census; RCLCO

¹ Calculated as the percent of the overall job base that industry represents in Vienna divided by the percent of the overall job base that it represents in Fairfax County as a whole

² Industries in green under "Recent Countywide Growth" grew by more than 5%, while those in red decreased by more than 5%. Those in yellow were relatively stable.

Existing Drivers of Growth

Source: Moody's Analytics; BLS; US News; Safewise; Esri; CBRE; RCLCO

Drivers of Population Growth

Regional Accessibility

- The Town of Vienna is located near I-66, I-495, and the Dulles Toll Road, making it easily accessible to other parts of the region.
- Vienna/Fairfax-GMU Station, the terminus of Metro's Orange Line, is located nearby, providing easy access into the District.

Employment & Wage Growth

- Vienna is located adjacent to Tysons, providing immediate access to one of the largest employment cores in Fairfax County.
- Between 2010 and 2019, Fairfax County added 47,000 new jobs, two thirds of which were in high-paying industries like Professional & Business Services, Financial Activities, and Education & Health Services.
- Average wages in Fairfax County increased by more than 16% between 2012 and 2018.

Strong School District

- Public schools in Vienna are among the best in Virginia. U.S. News and World Report ranks Madison High School, the primary high school in Vienna, as the 5th best high school in Virginia with an overall score of 98.5 out of 100.

Safety

- Based on a variety of crime factors, Safewise ranks Vienna as the 10th "safest" city in Virginia, slightly above areas like Fairfax City and Falls Church. Other jurisdictions in Fairfax County, such as Herndon, did not make the top 20 "safest" cities list.

Quality of Life

- Portions of Maple Avenue and Church Street boast walk scores in excess of 85, underscoring the walkability of the community. Natural amenities, such as the Washington & Old Dominion Trail, provide residents with ample recreational opportunities.

Persistence and Risks

Structural

Vienna is likely to remain accessible to locations across Washington, D.C., and Northern Virginia

Structural and Cyclical

While access to Tysons will always be a physical strength of Vienna, employment and wage growth are still at risk of economic downturns, especially since many of the new jobs can be susceptible to macroeconomic conditions

Structural

School quality in Vienna is likely to remain high, though other areas of Fairfax County also offer excellent schools

Structural

Crime may change over time, but Fairfax County, in general, and Vienna, in particular, are relatively safe areas

Structural

Vienna will continue to offer local amenities that meet residents' shopping and recreational desires.

Drivers of Employment Growth

Regional Connectivity

- Vienna is located southwest of Washington, D.C., allowing it to pull from an extensive labor market and customer base.
- Vienna is less than 25 minutes from both Dulles International Airport and Reagan National Airport.

Proximity to Tysons

- The Town of Vienna is adjacent to Tysons, a major employment core. As such, Vienna benefits from a large daytime customer base and serves as a cost and lifestyle alternative to Tysons.

Talented Workforce

- Washington, D.C., is ranked fourth in terms of tech talent density in major metropolitan areas, according to CBRE.
- 69% of adults in Vienna have a Bachelors degree or higher, slightly above Fairfax County (63%) and well-above the national average (33%).

Diversity of Economic Districts

- Vienna features various types of economic districts that have the potential to attract a wide variety of employment types.
- The Maple Ave Node features retail and neighborhood services office space, the Mill/Dominion St Node features industrial and flex space, and the Follin Ave Node offers corporate office space.

Persistence and Risks

Structural

Proximity to both Washington, D.C., will remain a major locational benefit of the Town of Vienna

Structural

Vienna will continue to benefit from its proximity to Tysons because Tysons is positioned for long-term growth

Structural

The job makeups of Fairfax County and the surrounding region will continue to attract educated employees

Cyclical

The vitality of these commercial conditions is susceptible to broader macroeconomic and industry patterns. In particular, many retail tenants are already beginning to occupy the industrial space in the Mill/Dominion node.

▶ Although not currently a driver of growth, housing supply can have a considerable impact on population migration & growth, as well as job markets. For example, housing availability and affordability determines the type of workforce that may locate to a Town or region and therefore impacts an employers' access to its desired workforce.

Office Demand Assessment

Projected Demand - Status Quo/Upside Scenario

The Town continues to meet the demand of consumer-facing office uses such as medical offices and veterinary services. However, to bolster office demand, it will be important for Vienna to appeal to the growing Professional & Business Services industry, particularly small businesses (50 employee or less). To do so, the Town will need to encourage/incentivize the upgrade of existing office spaces or creation of new spaces that align with the needs of these users.

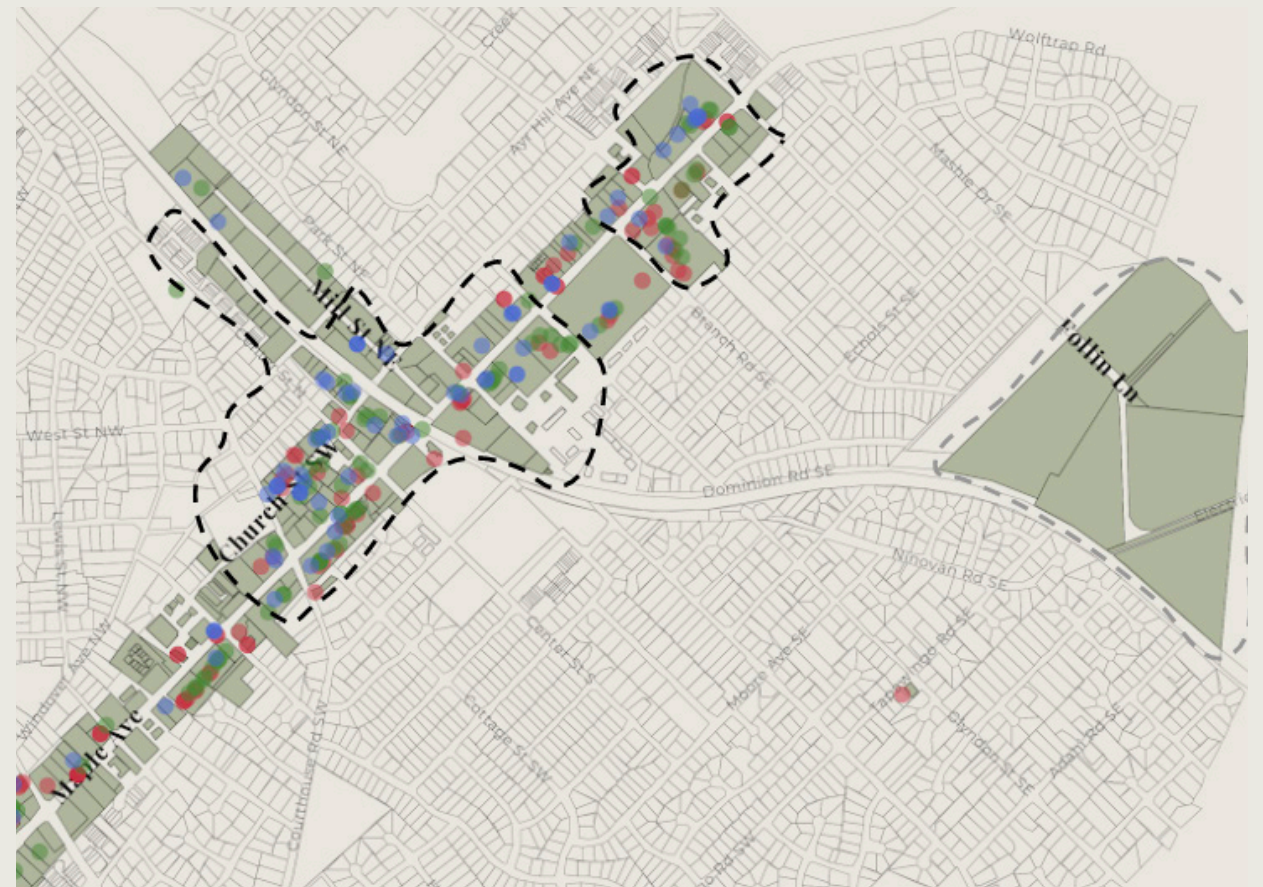
Today, most office users in the Town of Vienna are in the Financial Activities or Education & Health Services sectors, with Navy Federal Credit Union representing the vast majority of jobs in the former category, and with a mix of medical, dental, and other healthcare-related practices accounting for the bulk of jobs in the latter category. Although Vienna is likely to remain an attractive location for both of these industries, it is important to note that neither is expected to fuel a significant amount of office demand moving forward, for two separate reasons.

First, these industries together represent just a quarter of the office-using job forecast for Fairfax County over the next two decades. Second, there are somewhat limited untapped opportunities to expand these industries in the Town of Vienna, with Navy Federal Credit Union not

planning to increase its real estate footprint in the Town at this time, and with most types of Education & Health Services jobs already being more represented in Vienna than they are in other jurisdictions.

For this reason, **the opportunity to grow the local office base in the Town of Vienna will likely be dependent on its ability to target other, faster-growing industries that have limited presence in the Town (when compared to the rest of the County).** In particular, the Professional & Business Services sector represents just 13% of non-government jobs in Vienna, despite accounting for 47% of all such jobs in Fairfax County. This sector is also the fastest-growing in Fairfax County, where it more than doubled in size over the last 25 years.

While the location and accessibility of Vienna may preclude it from attracting the larger corporations that will likely prefer major employment cores like Tysons and Reston, **there are a plethora of smaller firms that could potentially find Vienna an attractive place to operate.** Firms that provide **specialized services** (e.g., legal, architectural, design, consulting, advertising, etc.) and are **smaller in size** (e.g., fewer than 50 employees) frequently desire low-



Map: Office-focus area for target industries. Source: Streetsense

● NG&S ● F&B ● GAFO

Table: Cumulative Office Demand Forecast, 2019–2040. Source: Moody’s Analytics; Metropolitan Washington Council of Governments; U.S. Census Bureau; RCLCO

	Job Forecast in Fairfax County	Share of Jobs Requiring Office Space	Office-Using Job Forecast in Fairfax County	“Status Quo” Scenario		“Upside” Scenario (with Target Industries)	
				Vienna Capture	New Office-Using Jobs in Vienna	Vienna Capture	New Office-Using Jobs in Vienna
Natural resources and mining	57	0%	0	0.0%	0	0.0%	0
Construction	-3,520	3%	-88	0.0%	0	0.0%	0
Manufacturing	-4,806	5%	-240	2.1%	-5	2.1%	-5
Trade, Transportation, & Utilities	1,205	5%	60	1.6%	1	1.6%	1
Information	-4,040	60%	-2,424	0.1%	-2	0.1%	-2
Financial Activities	20,443	90%	18,399	0.5%	85	0.5%	85
Professional & Business Services	79,433	80%	63,546	0.5%	326	2.5%	1,616
Educational & Health Services	14,399	20%	2,880	1.3%	36	1.3%	36
Leisure & Hospitality	1,235	5%	62	3.4%	2	3.4%	2
Other Services	-4,846	20%	-969	2.6%	-25	2.6%	-25
TOTAL	99,559		81,225		419		1,709

200 SF/employee
84,000 SF Total Office
4,000 SF/year

200 SF/employee
342,000 SF Total Office
16,000 SF/year

er-cost alternatives to such employment cores, and they often prefer “neighborhood-scale” environments. The key to attracting such firms to Vienna will be bolstering the quality of its environment, in part through the addition of retail and housing that can appeal to the—often younger—workforces of Professional & Business Services firms.

If the Town of Vienna is able to increase its appeal to these businesses, RCLCO estimates it could support **up to 342,000 square feet of additional office space over the next 20 years, equivalent to roughly 16,000 square feet per year.**

These tenants tend to prefer **smaller office spaces and buildings in pedestrian-oriented environments with strong access to retail and other neighborhood amenities.** Importantly, the scale of demand that could be captured by attracting these users is much higher than that which would be generated in a “status quo” scenario, in which the Town would see demand for just 84,000 square feet of additional office space over the next 20 years, equivalent to an average of roughly 4,000 square feet per year.

Industrial Demand Assessment

Projected Demand - Status Quo/Upside Scenario

Aligned with County-wide trends, without intervention, market forces may continue to push industrial users from the Town of Vienna. The Town's industrial district, however, is at a critical juncture in its evolution requiring targeted preservation strategies to maintain this small but important job base.

At this time, **most industrial users in the Town of Vienna are in the Manufacturing or Trade, Transportation, and Utilities sectors.** In general, **Manufacturing users in the Town provide goods and services to local residents**, such as flooring installation or mechanical repairs. Meanwhile, most Trade, Transportation, and Utilities users occupying industrial space in the Town support the retail industry, and they tend to include such tenants as building material and motor vehicle parts dealers. Apart from users in these sectors, a **significant amount of more traditional retail tenants occupy the remainder of industrial space in the Town**, in large part due to its relative affordability compared with retail space.

In recent years, the **Manufacturing industry in Fairfax County has declined significantly**, and it is now less than half the size it was at the start of 2000. This contraction stems

from the fact that automation is continuing to replace jobs in the Manufacturing industry, and that many of the remaining jobs are either having or choosing to relocate to lower-cost markets and submarkets. Conversations with stakeholders suggest that these trends are already occurring within the Town of Vienna, with **many industrial and other “blue collar” businesses feeling financial or community pressure to move outside of Vienna.** Without proactive intervention, the impact of these forces is likely to continue to increase, which could threaten the ability of the Town to maintain this small but important job base over time.

Without such intervention, **Vienna will likely see a continued reduction in its industrial base over time, given the dual threats that technological improvements and rising costs pose to these industries.**

In a “status quo” scenario, RCLCO projects a net **reduction of -37,000 square feet of industrial demand over the next 20 years, equivalent to the loss of nearly 2,000 square feet of occupied space per year.**



Map: Industrial preservation area. Source: Streetsense

- Dense clustering of manufacturing use
- Mixed clustering of manufacturing, retail, office, and civic use

However, there may be an opportunity to stem these losses, and to **potentially backfill the existing 37,000 square feet of vacant industrial space, by attracting a small portion of existing industrial-using jobs from elsewhere in Fairfax County**. This opportunity, referred to as the “upside” scenario below, relies in large part on the ability of the Town to provide a home for the same types of jobs that at risk in other locations, including various types of Manufacturing jobs in particular. The upside scenario also has the added benefit of helping Fairfax County to maintain these businesses, which may be otherwise displaced due to redevelopment or additional market forces in other locations.

Importantly, these demand forecasts project demand from industrial businesses, and they **do not include other types of tenants that might potentially use industrial spaces, such as gyms or other types of retailers (previously mentioned on page 41)**.

Data Center Site Selection: Please note that upon further research, the Town is found to be an unlikely suitable site for data centers, specifically. This is primarily due to high land costs. Most data centers in the region are currently located out in Loudoun County or further south where commercial land values range \$500k-\$1.5million per acre, compared with Vienna's \$7-8 million per acre.

Table: Cumulative Industrial Demand Forecast, 2019-2040. Source: Moody’s Analytics; Metropolitan Washington Council of Governments; U.S. Census Bureau; RCLCO

	Job Forecast in Fairfax County	Share of Jobs Requiring Industrial Space	“Status Quo” Scenario			“Upside” Scenario (with pull from existing jobs elsewhere in County)		
			Industrial-Using Job Forecast in Fairfax County	Vienna Capture	New Industrial-Using Jobs in Vienna	Existing Industrial-Using Jobs in Vienna	Additional Jobs Needed to Fill & Maintain Existing Space	New Industrial-Using Jobs in Vienna
Natural resources and mining	57	0%	0	0.0%	0	0	0	0
Construction	-3,520	5%	-176	0.0%	0	1,168	0	0
Manufacturing	-4,806	80%	-3,845	2.1%	-80	4,786	+ 80 (1.7% Capture)	0
Trade, Transportation, & Utilities	1,205	40%	482	1.6%	8	29,720	+ 20 (<0.1% Capture)	28
Information	-4,040	20%	-808	0.1%	-1	3,390	0	-1
Financial Activities	20,443	0%	0	0.5%	0	0	0	0
Professional & Business Services	79,433	5%	3,972	0.5%	20	9,714	+ 5 (<0.1% Capture)	25
Educational & Health Services	14,399	0%	0	1.3%	0	0	0	0
Leisure & Hospitality	1,235	0%	0	3.4%	0	0	0	0
Other Services	-4,846	0%	0	2.6%	0	0	0	0
TOTAL	99,559		-375		-53	48,778	105 (0.2% Capture)	52

▼
700 SF/employee
-37,000 SF Total Industrial
-2,000 SF/year

▼
700 SF/employee
37,000 SF Total Industrial
2,000 SF/year

Total Residential Demand

The Town's current approach to housing places it in a distinct disadvantage in growing commercial development. There is an unmet need for more diverse and attainably priced housing options in the Town of Vienna, and such options would have the added benefit of bolstering commercial appeal.

Single-family detached homes represent the vast majority of existing housing options in the Town of Vienna. Meanwhile, **town home and multifamily units represent a smaller share of the housing inventory in Vienna than they do in surrounding jurisdictions.** These differences have meaningful impacts on affordability; over the last year, just 34% of home sales in Vienna took place at price points below \$750,000, compared to 48% in Falls Church, 75% in Fairfax, and 88% in Herndon.

This relative **shortage of attainable housing options places limitations on the households that are able to live in Vienna.** Today, just 9% of households in Vienna are headed by someone under the age of 35, and this figure is half of what it is in Falls Church (18%), Fairfax (18%), and Herndon (19%). The same difference is also true of middle-income households, with Vienna being home to far fewer households making between \$50,000 and \$150,000 than these other jurisdictions.

Beyond social equity considerations, this gap has impacts on the local economy. **Many businesses, particularly those in the rapidly growing Professional & Business Services sector, are increasingly looking to locate in the neighborhoods in which their workforces want to live; without the housing options to appeal to such workforces, Vienna risks limiting the ability to attract their employers.**

In addition to attracting these younger employees, more diverse and attainable housing options are also necessary to serve the existing household base. The Town of Vienna has a large—and growing—**empty nester and retiree population, and these individuals are likely to want to downsize in the years to come.**

To diversify its housing inventory, the **Town of Vienna requires between 1,600 and 2,400 additional multifamily housing units, just to “catch up”** to other nearby jurisdictions such as Falls Church, Herndon, and Fairfax City in terms of competitiveness and economic sustainability. Importantly, many of these jurisdictions are often under supplied, and pent-up market demand is likely in fact higher.

Chart: Multifamily Housing Gap Analysis (2020) - Select Jurisdictions in N. Virginia

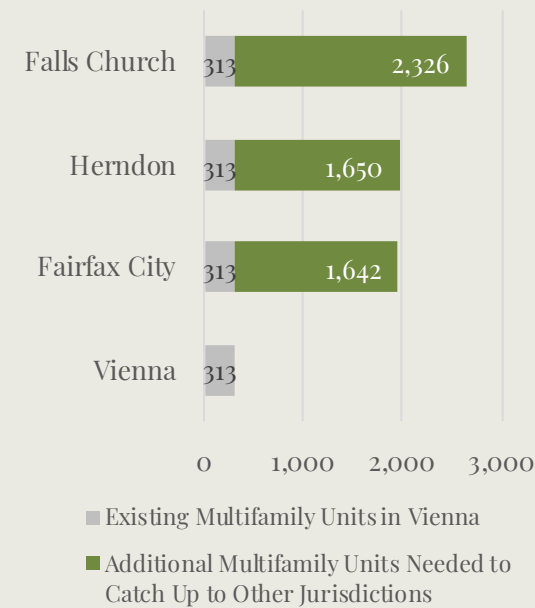
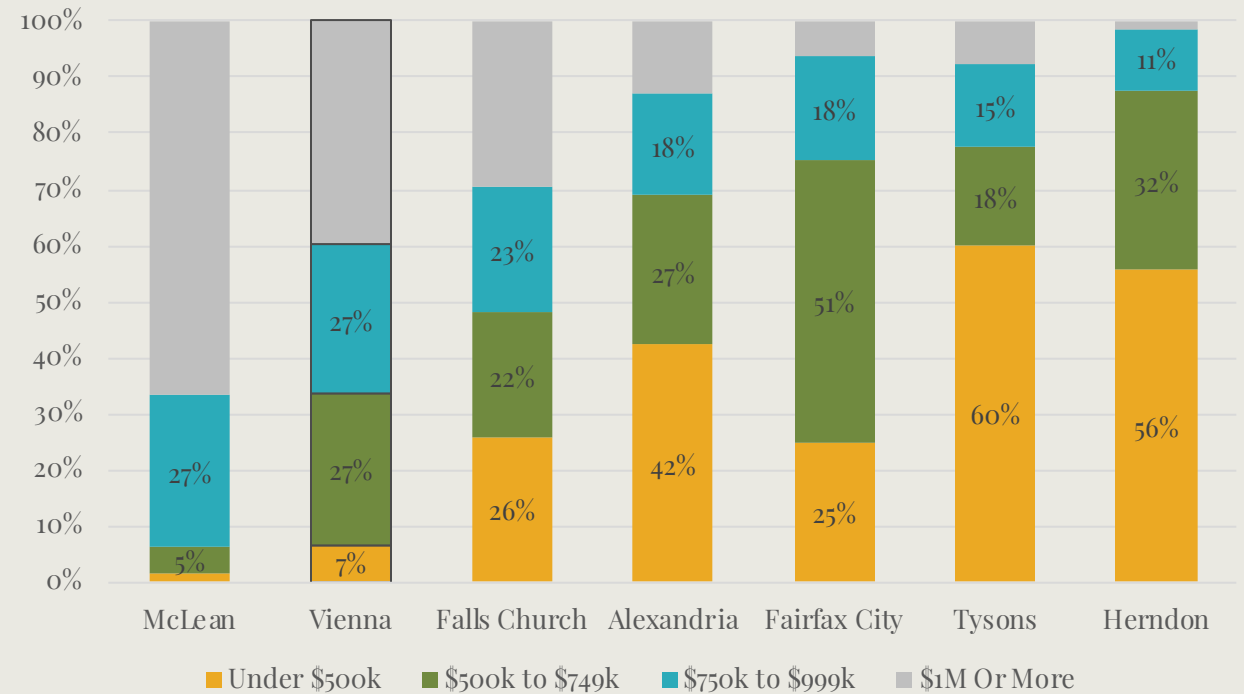
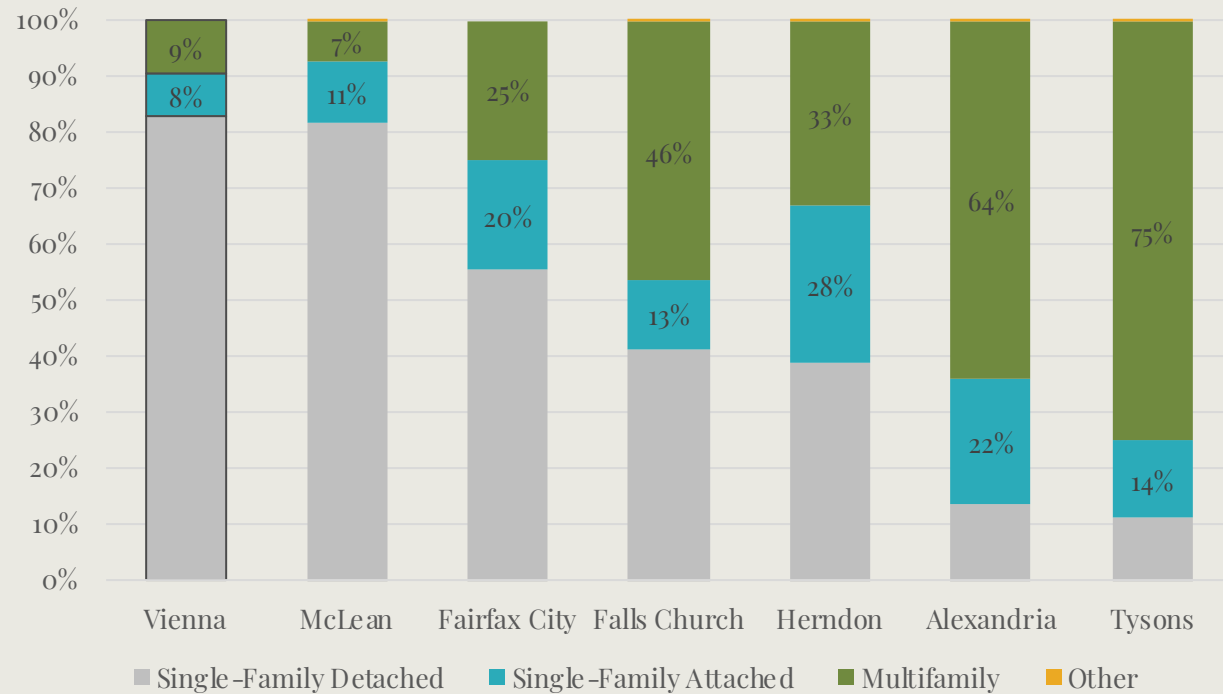


Table: Comparison of Housing Inventory and Distribution of Recent Sales Price (Vienna and select other N. Virginia jurisdictions). Source: Esri; Redfin; CoStar; RCLCO



Total Hotel Demand

Boutique hotel development, while potentially supportable in the Town of Vienna, is likely an opportunity for the mid to long term, once the hospitality industry has recovered from the pandemic, and once the existing amenity base in Vienna has been further strengthened.

Historically, most new hotel development in Fairfax County has concentrated near major roadways and along Metro lines. While certain sections of the Town are similarly accessible, these areas lack the types of employment opportunities and community amenities—both of which can attract hotel guests—available along Maple Avenue and Church Street. These locations are therefore the most attractive for hospitality development, particularly at the boutique scale, though **further investment is likely necessary to attract operators.**

Relative to other areas that have attracted boutique hotels in recent years, the Town of Vienna already offers a comparably sized employment base. Moreover, an analysis of the relationship between job counts and hotel rooms in other jurisdictions across Northern Virginia suggests **Vienna could potentially support up to 150 keys based on its current employment base.**

However, the **key to attracting an operator to fulfill this demand will be to create the type of environment that will attract visitors who are looking for a differentiated experience.**

Although many locations in the Town of Vienna are already walkable and well-traf- fi - ked, the Town requires a greater amenity base, including retail options and multifamily housing units, in particular. These types of development contribute to a **vibrant street-level environment, which will help differentiate Vienna from other locations in the area.** This differentiation is especially important considering the recent impacts of the COVID-19 pandemic, which has left many operators cautious with site selection. For all of these reasons, boutique hospitality development—while potentially supportable in the Town of Vienna—is likely an opportunity for in the mid to long term, once the industry has recovered from the pandemic, and once the existing amenity base in Vienna has been further strengthened.

Map: Existing Hotels in the County. Source: ESRI; CoStar;Google Maps; RCLCO

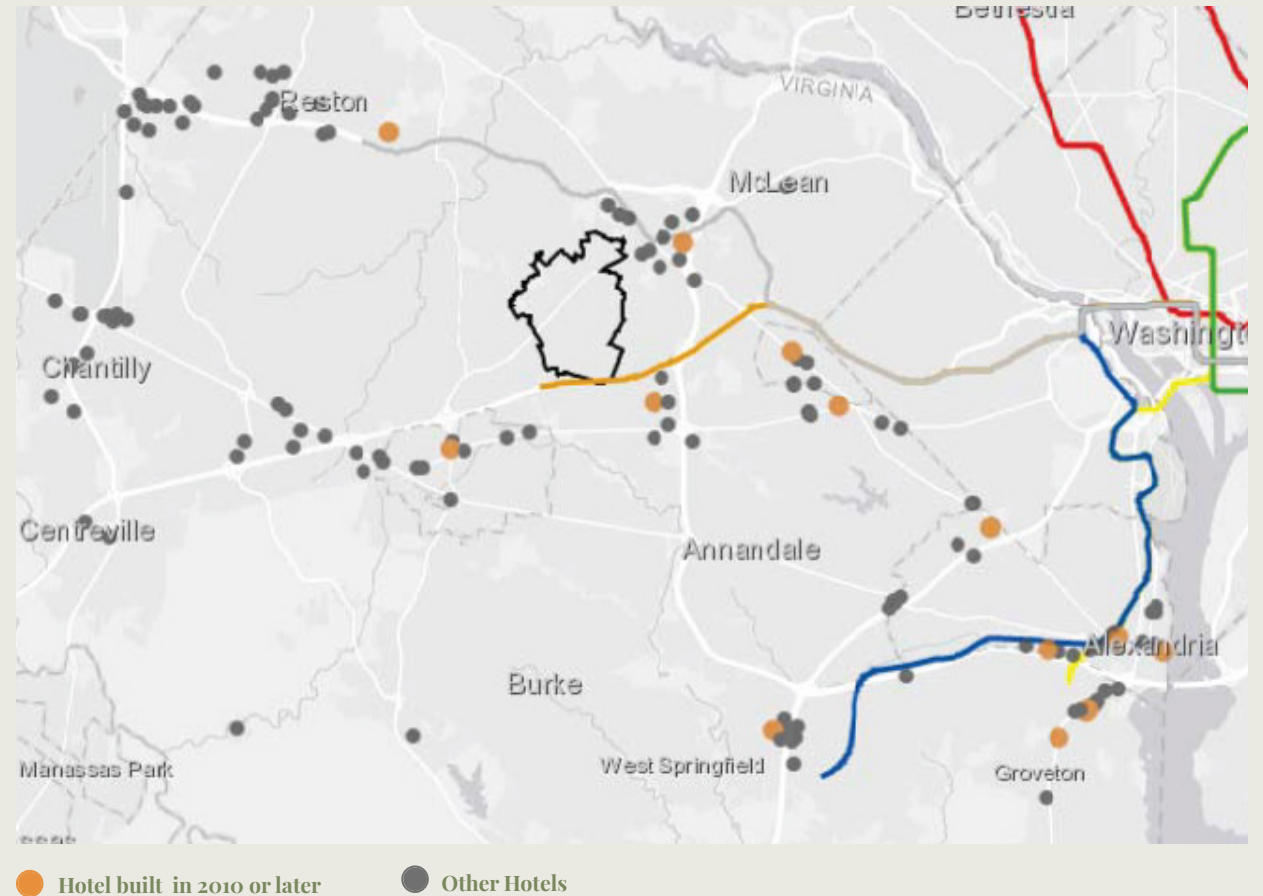


Table: Boutique Hotel Comparison (based on select new boutique hotel locations) Source: RCLCO

Boutique and Branded Lifestyle Hotel Site Selection Factors

		<i>The Esquire Hotel Ascend Hotel Collection</i>	<i>The Harpeth Franklin Downtown, Curio Collection By Hilton</i>	<i>Grand Hotel</i>	<i>The Mayton Inn</i>	<i>Vienna - Maple/Center Hypothetical Hotel Site</i>
<i>Demand</i>	100-150 keys					
<i>Location</i>	Dense, walkable, urban with high foot traffic and/or connections to transit and major highways Differentiated “experience” Greater amenity base, including retail options and multifamily housing unit within 0.25 miles					
<i>Site</i>	Historic site and a unique vision					
<i>Hotel Characteristics</i>						
	<i>City</i>	Gastonia	Franklin	McKinney	Cary	Vienna
	<i>Metro Area</i>	Charlotte, NC	Nashville, TN	Dallas, TX	Raleigh, NC	Washington, DC
	<i>Sleeping Rooms</i>	35	119	46	45	-
<i>Demographics & Economics</i>						
	<i>Total Households (1-Mile Radius)</i>	3,098	3,027	4,585	4,336	4,527
	<i>% Under 35</i>	18%	19%	24%	18%	9%
	<i>% 35 to 54</i>	33%	35%	39%	36%	36%
	<i>% 55+</i>	49%	47%	37%	46%	55%
	<i>Total Employment (1 Mile Radius)</i>	6,545	6,838	7,202	5,231	6,150
<i>Location Characteristics</i>						
	<i>Retail SF (1-Mile Radius)</i>	1,377,695	1,327,180	824,834	1,067,918	894,241
	<i>Multifamily Units (1-Mile Radius)</i>	440	927	477	615	14
	<i>Walk Score</i>	61	57	90	62	88
	<i>Bike Score</i>	48	57	67	51	78
	<i>Traffic Count (AADT)</i>	5,000	20,747	7,715	8,180	30,000
	<i>Nearest Highway (Miles Driving)</i>	1.6	2.9	1.5	2.2	1.8

6

Administrative Capacity

Regulatory Challenges

Dual-Level Code Enforcement

Local developers and real estate representatives participating in a recent focus group shared common challenges faced in getting building approvals as a result of complex rule-books set by the Town.

Although the Town has adopted building codes consistent with the Fairfax County Building Code, which includes the adoption of the Virginia Uniform Statewide Building Code, the **Town has determined that the provisions in the above-mentioned County and State codes will not be held to affect local zoning and sanitation provisions*** as determined and adopted by the Town.

The result is that developers are held accountable to two governing entities (County and Town) and must have building plans reviewed by both authorities with often disparate expectations/requirements.

In comparison, the Town of Herndon has adopted and incorporated the Virginia Uniform Statewide Building Code in its entirety, creating a single layer of expectations for developers.

*Town of Vienna Code of Ordinance: Chapter 5 - Building; Section 5-2 Effect of Chapter

Finding An Appropriate Commercial Space is Not Just About Zoning

The space a tenant inherits greatly affects the degree to which it can mold the space to satisfy operational demands and the need for consumer engagement and subsequent sales productivity. The following retail fundamentals are critical for marketability, tenant operation and consumer experience and are likely being considered by prospective tenants in Vienna:

<i>Location</i>	Supports maximum customer traffic by foot, bike, or vehicle and visibility to the pedestrian/passing traffic
<i>Ceiling</i>	Unobstructed height in proportion to the size of space and taking into consideration the desired use
<i>Frontage</i>	Sufficient storefront surface area given to a space for merchandising and advertising. Frontage quality is also determined by quality of entrance.
<i>Size</i>	Size of space is appropriate for desired use.
<i>Serviceability</i>	Rear or secondary entrance is serviceable for deliveries and trash removal.

Doing Business in Vienna

Overall, local businesses reported facing some difficulty in navigating Town permitting processes without a point-person to reach out to for all business-related affairs and, in particular, challenges understanding rules around signage. Many acknowledged the need to streamline the process and to ensure the rules are simple enough to follow.

<i>Steps</i>	<i>VA</i>	<i>County</i>	<i>Town</i>	
◀ Find Appropriate Space	○	○	○	▶ Local businesses indicated interest in getting greater support/resources in rent negotiation.
Register Business/Trade Name	●	●	○	
Business License	○	○	●	▶ In-person submissions place burden on small business operators and may impact timing of delivery
Alcoholic Beverage License	●	○	○	
Building Permit*	○	○	●	▶ \$95 for permanent sign permit. Requires Board of Architectural Review approval - additional \$300 for master sign plan review. Board reviews occur monthly and may trigger delays for any business that misses a submission deadline.
Sign Permit	○	○	●	
Food Establishment Health Permit	○	●	○	
Certificate of Occupancy Permit	○	○	●	
Fit-out/Storefront Improvement	○	●	○	
Sales Tax	●	○	○	
Property Tax	○	●	○	
Meals Tax	○	○	●	

Administrative Capacity

The Town's Budget and Resources

Given the limited resources and capacity of the Town, strong partnerships with cross-sector stakeholders, including property owners, major employers/businesses, and the County, must be forged to reasonably implement an economic development strategy.

The proposed FY 2021-2022 budget recently released by the town totaled \$43.19 million - of which local real estate tax revenues comprise of nearly a third (\$12.67 million proposed FY 2021-2022). Although the Town is looking for ways to expand its sources of revenues, raising meals taxes is not currently being considered. Furthermore, given limited available/vacant land (permitted for commercial development) in the Town at this time – except for the vacant industrial space in Follin Lane – the Town is unlikely able to attract the relocation of a major employer/office.

The Town, however, is interested in raising parking revenue with a central shared parking facility that will help address accessibility issues for customers across three commercial nodes - Church St, Maple Ave, Mill/Dominion.

Case Study: Town of Herndon Downtown Parking Fund

The Downtown Parking Fund provides a separate financial entity to account for the revenues and expenditures associated with the Downtown Parking Program. This entity was created by Town Council action in October 1994, following the fiscal guidelines established for the Public Shared Parking Program. The fund is dedicated to planning and providing for public shared parking facilities to serve the downtown.

Based on an analysis conducted in 2009 and further affirmed by Town Council Ordinance 09-O-06, the projected capital cost of the parking spaces is approximately \$14,700 per space; and the annual cost of operations, maintenance and administration of the public shared parking spaces is \$156 per space.

When joining the program, participants pay 60 percent of the \$14,700 per parking space capital cost (or \$8,820 per space) to the town for each parking space needed. Participants

also pay 50 percent of the \$156 per parking space yearly operations, maintenance and administration cost (or an annual maintenance fee of \$78 per parking space).

The public shared parking alternative program provides for a situation where a developer would provide private parking facilities with a portion of the spaces dedicated to public shared parking. By voluntarily participating in the town's Public Shared Parking Program, landowners can potentially develop most of their land as an office or building site and not have to set aside a portion for parking requirements. The ordinance continues to allow for parking facilities provided by the town, on town-owned land.

Currently, the town has nine participants in the program, with 223 out of 234 parking spaces committed. Based on an analysis conducted in 2009 and further affirmed by Town Council, the projected capital cost of

the parking spaces is approximately \$14,700 per space; and the annual cost of operations, maintenance and administration of the public shared parking spaces is \$156 per space.

Operating expenses of the fund include electric service for parking lot lighting, minor maintenance costs and rent for use of a vacant downtown parcel for additional public parking.

Town of Vienna Stakeholder Priorities

In the short term, the Town will need to focus on setting the stage for new commercial development in the focus areas previously highlighted in the report.

This includes a mix of public realm (accessibility/walkability) and private realm enhancements (interior/exterior storefront spaces), as well as residential growth, that indicate market strength and viability to potential commercial tenants and investors.

Strategies aligned with the above market findings and stakeholder priorities listed here will be explored in the next phase of the study.

- Public Realm Improvements
- Private Realm Improvements
- Tenant Mix
- Retail Sales & Promotion

