



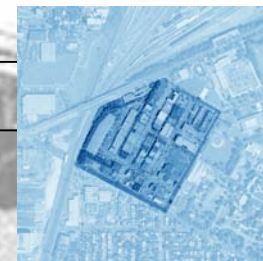
# Florida Avenue Market Study

WASHINGTON DC

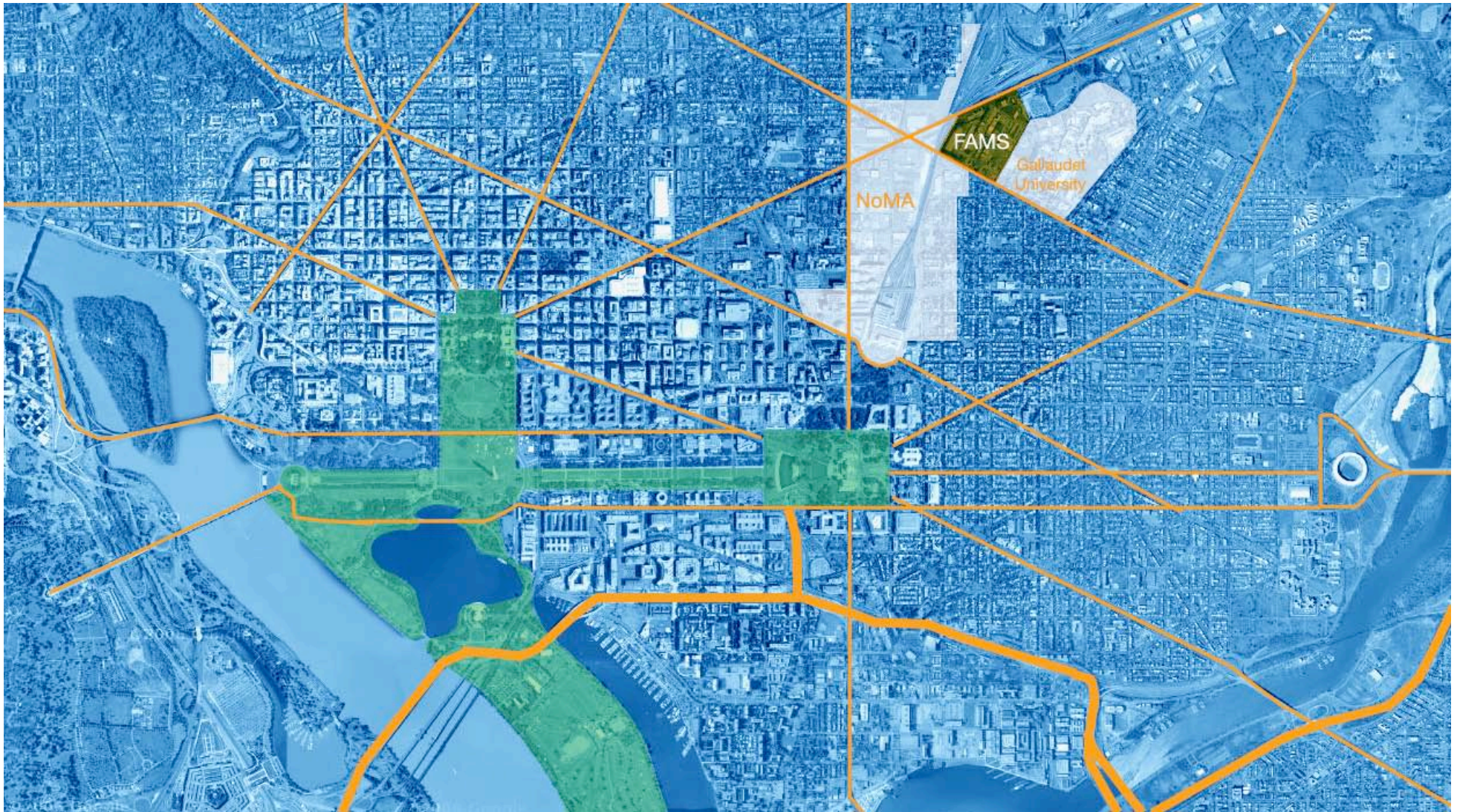
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prepared for the  
District of Columbia  
Office of Planning







This presentation is the first in a sequence which today begins with an analysis of existing conditions. Although there is proposed redevelopment both within and adjacent to the study area, this study remains independent of those proposals.

## FLORIDA AVENUE MARKET STUDY

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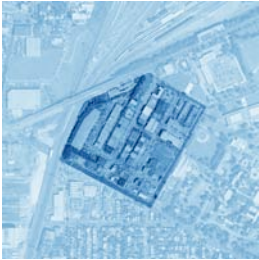


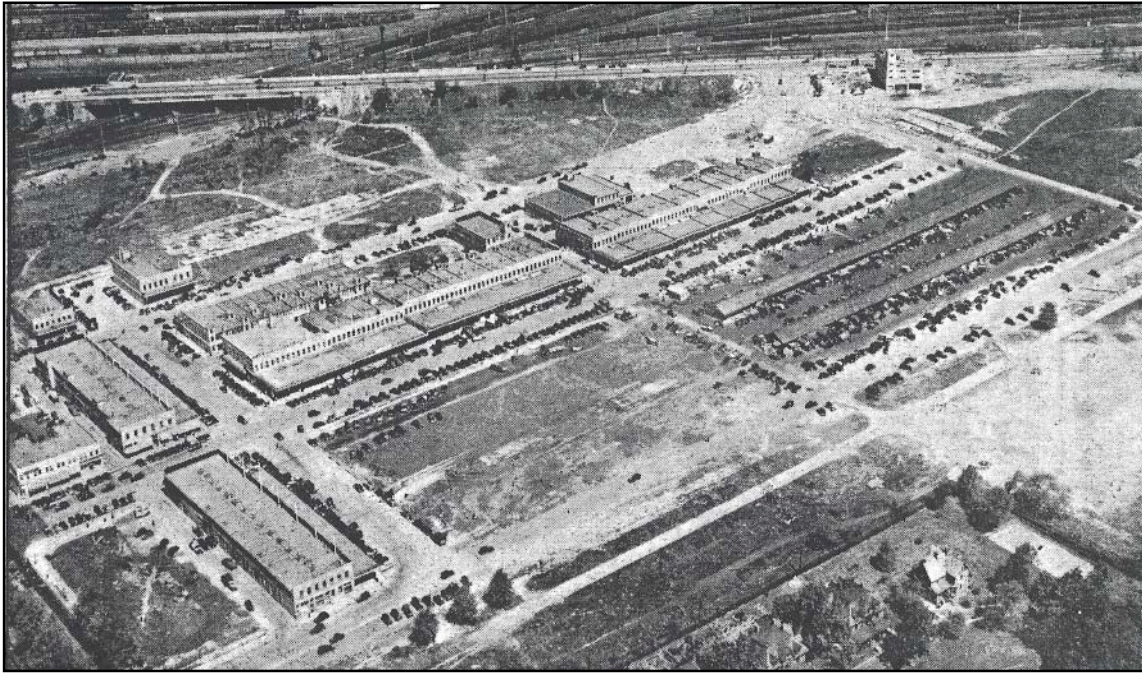
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## [ History of Union Market Terminal ]



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## [ Center Market ]



Prior to Union Market was Center Market, built in 1871. Center Market included a farmers market and several privately-owned commission houses. Wholesale and retail functions took place in the same location proving beneficial for both the Commission houses and the farmers market. However, the creation of Federal Triangle forced the relocation of the market functions. While Congress debated and finally established a government-sponsored farmers market in southwest DC, a group of commission merchants banded together to find a new location for their business.

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## [ Building Chronology ]



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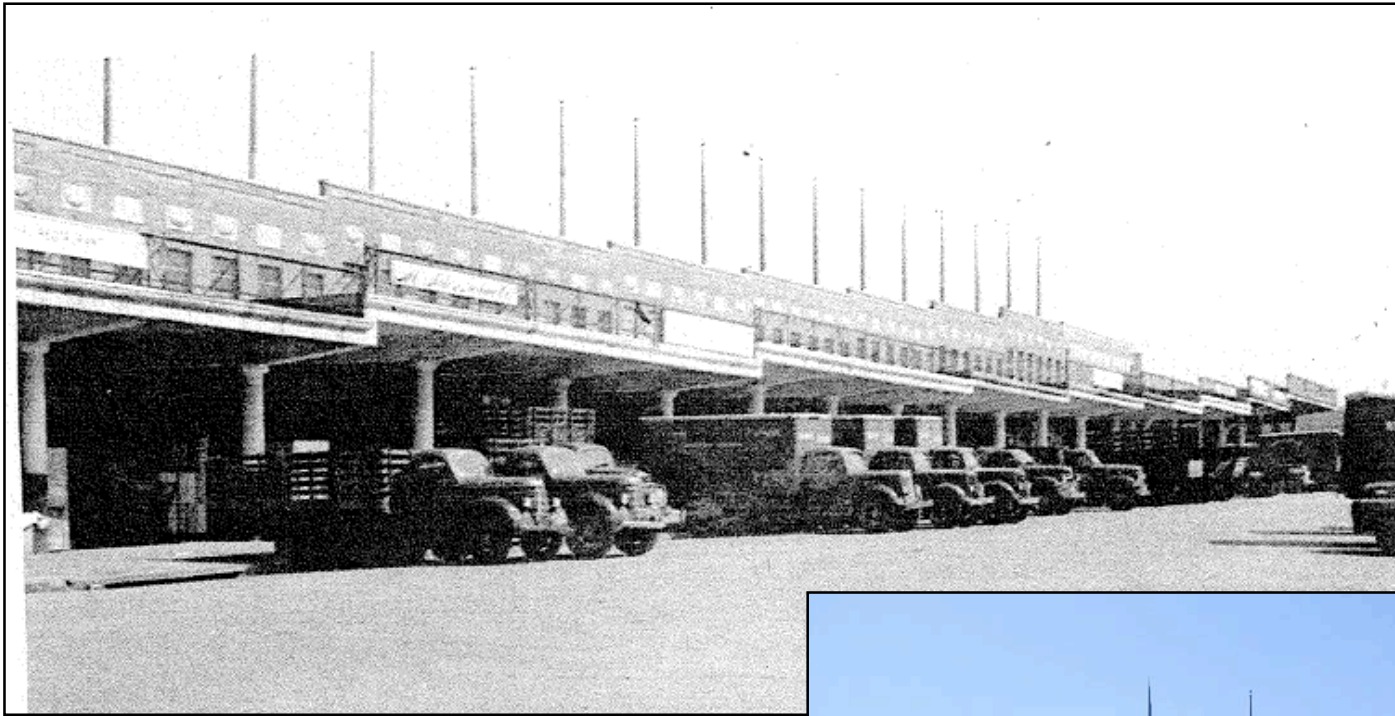
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## [ First Phase: Building Construction, 1929-1931 ]



*Builder:* Charles H. Tompkins Co.

*Architect:* E. L. Bullock, Jr.

The building type that Bullock designed was a two-story buff brick building in a reduced Classical Revival style that could be easily replicated and arranged in multiples to form a continuous building the length of each block.



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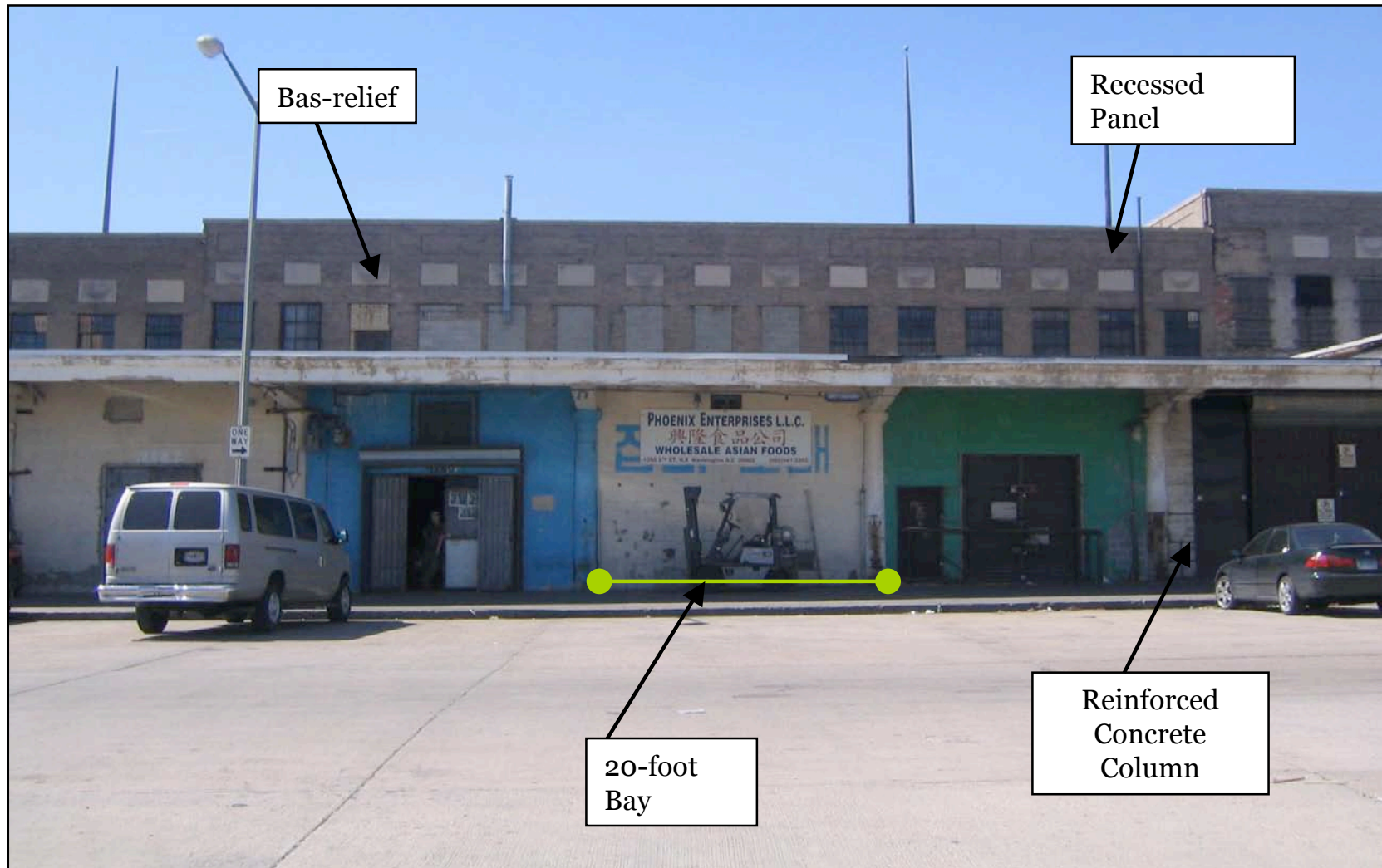
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## [ Bullock's Design ]



The two-story buildings are characterized by their overall symmetry and classical details. The typical first story had a covered loading area supported by Doric columns made of reinforced concrete. An arcade connected the continuous line of loading areas and light was provided via pyramidal skylights, some of which remain today. The typical second story features windows topped with concrete bas-reliefs and a recessed panel. In the middle of each building on the roof, is a wood pole, that likely served as a flagpole. The standard bay for the buildings, the area between the columns at the arcade and measuring 20 feet, defined ownership and tenancy.

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## [ Bullock's Design ]



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## [ Second Phase: Building Construction (1932-1939) ]



1317 Fourth Street, N.E., 1932



1336 Fifth Street, N.E., 1939



1232 Fifth Street/418 Florida Avenue, N.E., 1932



530 Morse Street, N.E., 1935

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## [ Third Phase: Building Construction (1950s) ]



350 Morse Street, N.E., 1958



1348 Fourth Street, N.E., 1957



1270 Fourth Street, N.E., 1955

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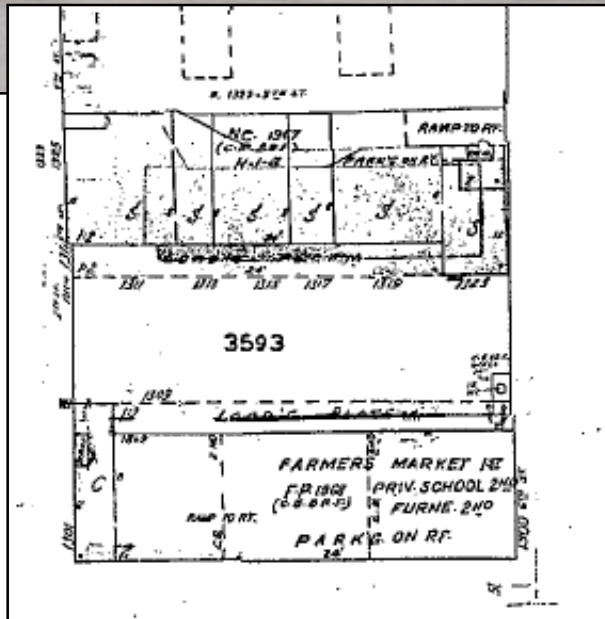
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## [ Fourth Phase: Building Construction (post-1959) ]



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## [ Assessment of Existing Conditions ]



The market site shows a range of building scales and design, resulting from changes in building construction over time. For example, the buildings designed by Bullock are a more human-oriented scale while the warehouses constructed since the 1950s, are on an industrial scale, so designed to accommodate changing needs in the wholesale business. The newer construction also uses distinctly different materials and building patterns.

## [ Sense of Place: Historic Elements ]

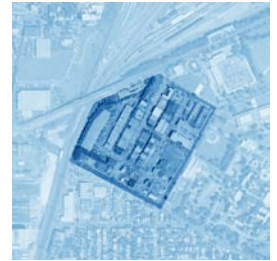


Although there have been significant changes to the original buildings of the Union Market Terminal, many integral elements remain visible and reflect the original design of the market buildings. Character-defining elements are the original details of Bullock's design that remain as a part of the historic fabric today. For example, the continuity that arises from the repetition of the same building design through an entire block gives the market an architectural rhythm and an identifiable pattern. Original materials such as windows and signage provide additional embellishments on these essentially industrial buildings. The "Union Market" sign in particular creates a strong sense of the history of the Market and is an important identifier for many patrons.

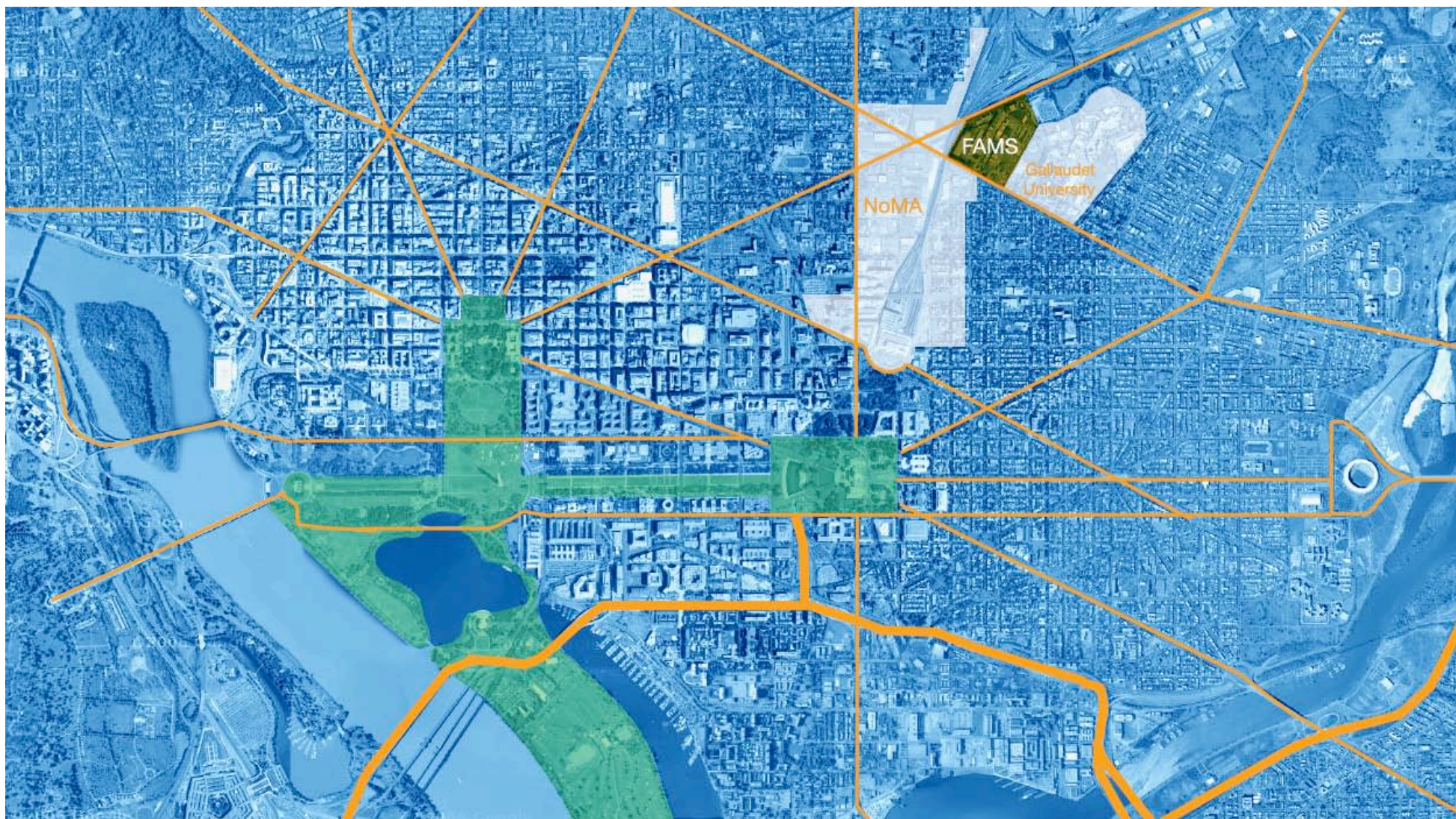




## Existing Land Use, Zoning and Physical Characteristics of the Site







The Florida Avenue Market Site is located on two of the major L'Enfant Avenues: Florida Avenue to the south and New York Avenue to the north. The area for the study is approximately 40 acres including streets. The study area is bordered by Gallaudet University to the east and the NoMA development area on the other side of the rail tracks to the west.

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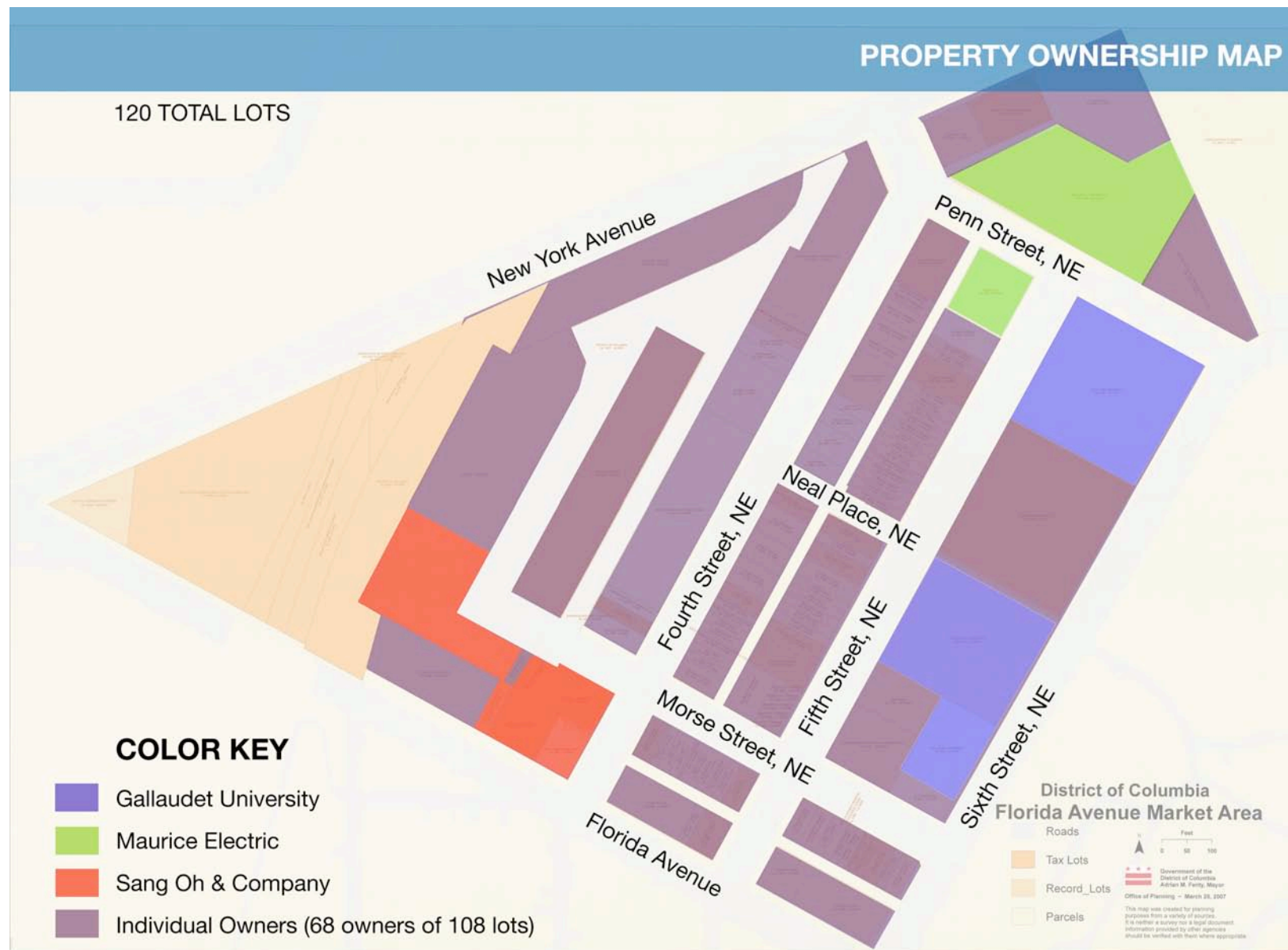
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The area of study includes 120 ownership lots as documented by DC land-use records, which are owned by approximately 68 different owners. Gallaudet University owns the largest amount of land, followed by Maurice Electric, and Sang Oh & Company. The remaining lots are owned by individuals. Many of the buildings are subdivided to support various-sized tenants ranging from large wholesalers to small dry-good start-ups. Many buildings are leased. There is over 1 million square feet of lot area within the study boundaries.

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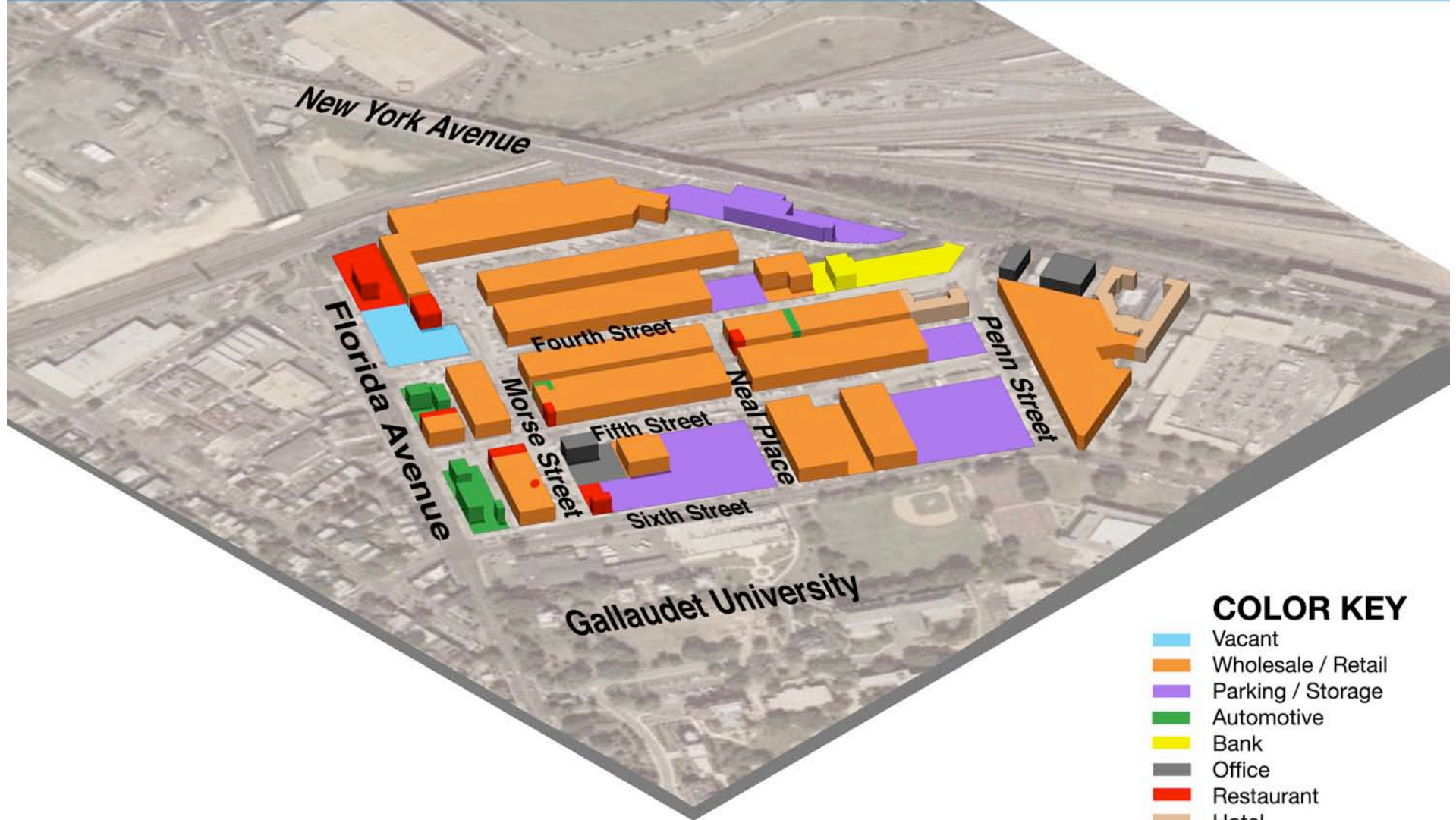
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## EXISTING USE MAP



### COLOR KEY

- Vacant
- Wholesale / Retail
- Parking / Storage
- Automotive
- Bank
- Office
- Restaurant
- Hotel

The site currently hosts over 10 different land use operations, ranging from wholesale, farmers and flea markets, public retail, parking, restaurants/nightclubs, automotive, bank / office space, and 2 hotels. Wholesale is the primary use on the site and always has been. Many of the buildings are slab on grade and few of the second floor levels are utilized.

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[ photos: Wholesale / Retail ]



Wholesale (Fourth St & Neal Pl)



Wholesale Warehouses (Morse St)



Wholesale (Fourth St)

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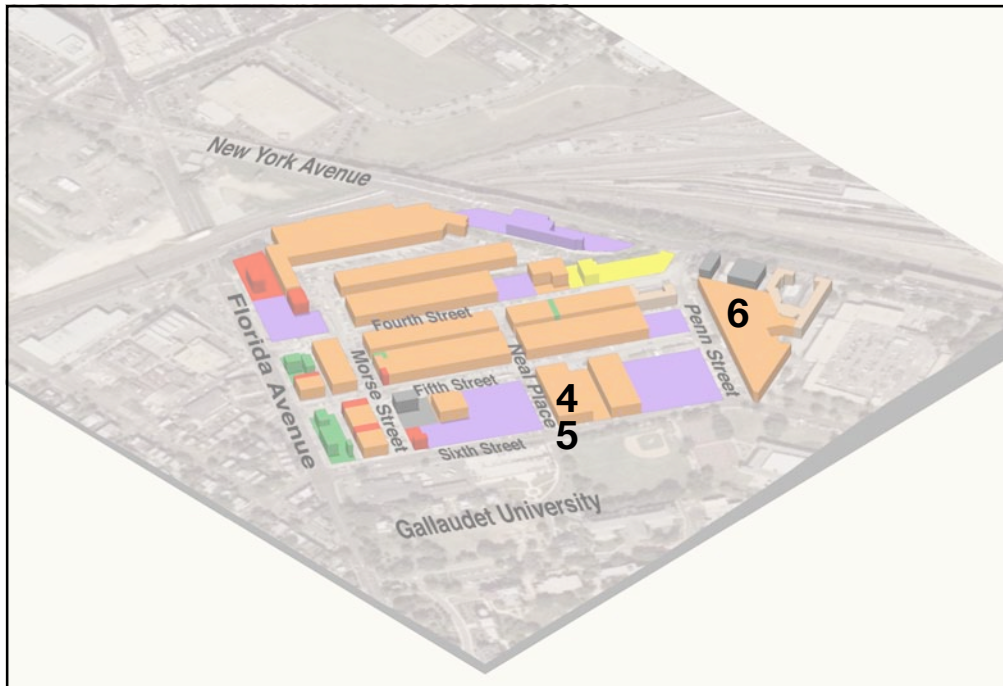
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[ photos: Retail ]



4

Exterior of Farmer's Market



6

Maurice Electric (Penn St)



5

Interior of Farmer's Market

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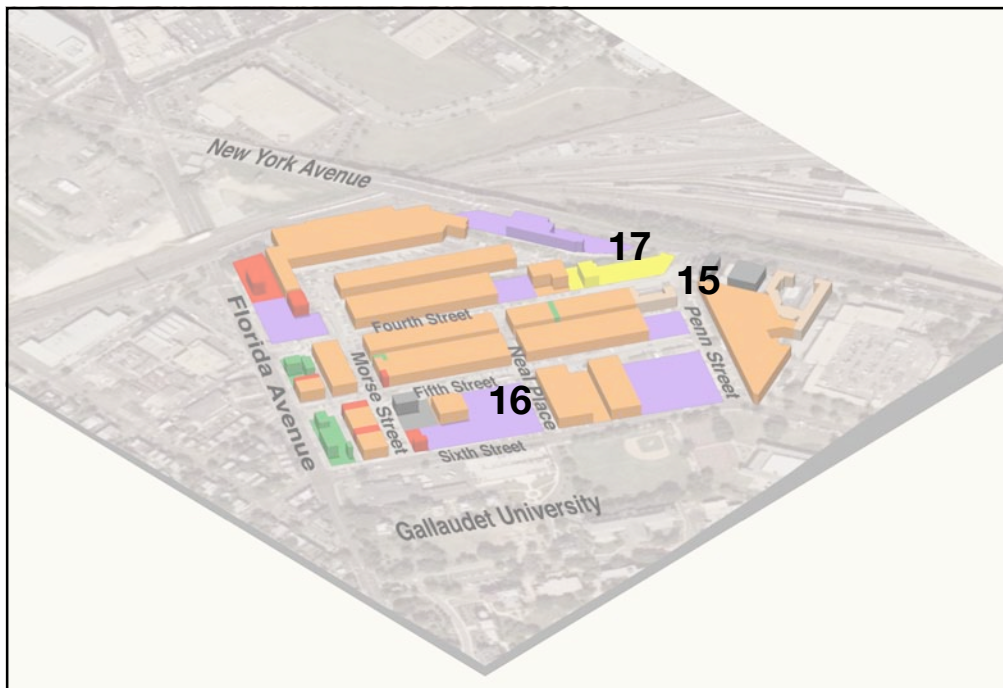
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## [ photos: Parking & Storage ]



15

Street Parking on Penn Street



17

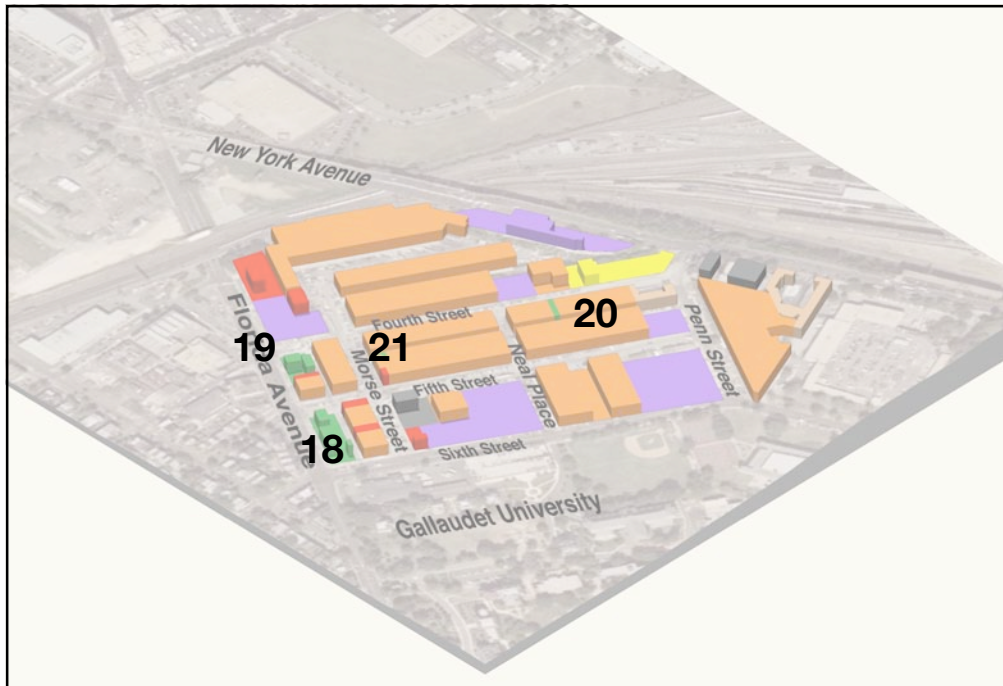
PNC Bank Parking



16

150 spaces (Gallaudet property)

[ photos: Automotive ]



Auto Service Stations (Florida Ave)



Auto Repair (Morse St)



Auto Repair (Fourth St)



Chevron Station (Florida Ave)

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[ photos: Bank & Office ]



22

Amalgamated Insurance (Past Bank)



25

Office Building  
(New York Ave)



24

DC Superior Courts (New York Ave)



23

PNC Bank (Fourth St)

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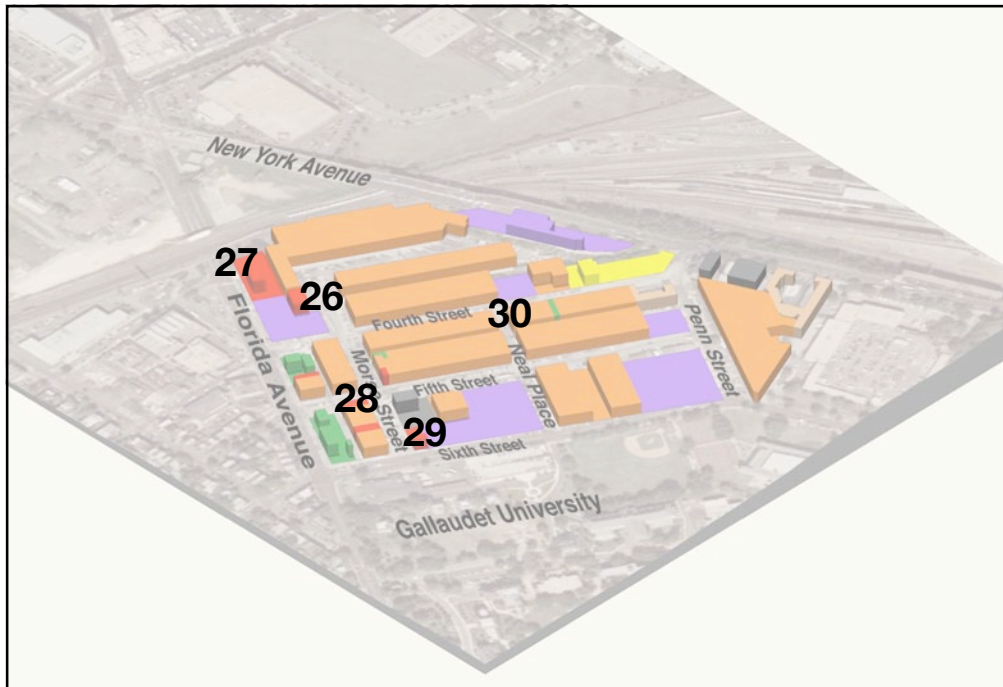
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[ photos: Restaurants ]



26

K-Youngs Deli (Morse St)



30

Cafeteria (Neal Pl)



29

Subway (Morse St)



28

Buds Restaurant (Fifth St)



27

Burger King (Florida Ave)

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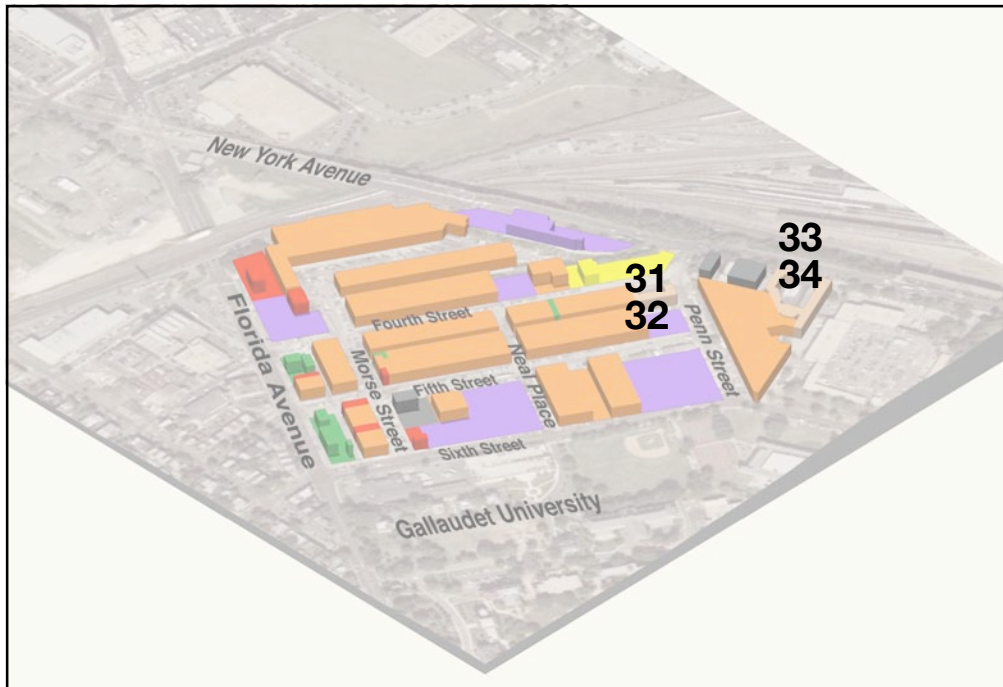
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[ photos: Hotel ]



31

Downtown Motel (Fourth St)



34

Super 8 Motel (New York Ave)



33



32

Downtown Motel (Fourth St)

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## [ Signage / Way Finding ]



The market area has evolved culturally over the last 75 years due to demographic shifts, lending it an ethnically-diverse identity - perhaps one of the most diverse pockets in the city.

The market is beloved by some locals for it's "authenticity".

Public awareness of the market area offerings remains limited due to poor signage and way-finding devices on the site. There is no "branding" of the site to elevate it's identity, but one can see flagpoles from the past atop some of the original structures. There is potential for cultural tourism to elevate it's presence in the city.

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# [ Pedestrian Safety ]



The site is not pedestrian friendly due to the mix of vehicles (including semi's) and people. Buildings are not handicap accessible and often the sidewalks double as loading docks. One-way streets have only minimally improved traffic flow. Trash in the streets is a by product of its uses. The site is most active in the early morning hours. Lack of activity at night is a safety concern. Green space and trees are few, with no public seating or streetscaping to encourage pedestrian traffic.

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## [ Site Access ]



View down  
New York  
Ave

View down  
Florida Ave



View from  
Metro  
platform

The Florida Market Area is public transportation accessible via the New York Ave-Florida Ave-Gallaudet Metro stop, which was opened in November 2004. It is also along two of the major traffic arteries in and out of the city. Views of the Capitol dome are exceptional from the north along Penn Street NE and 6th Street.

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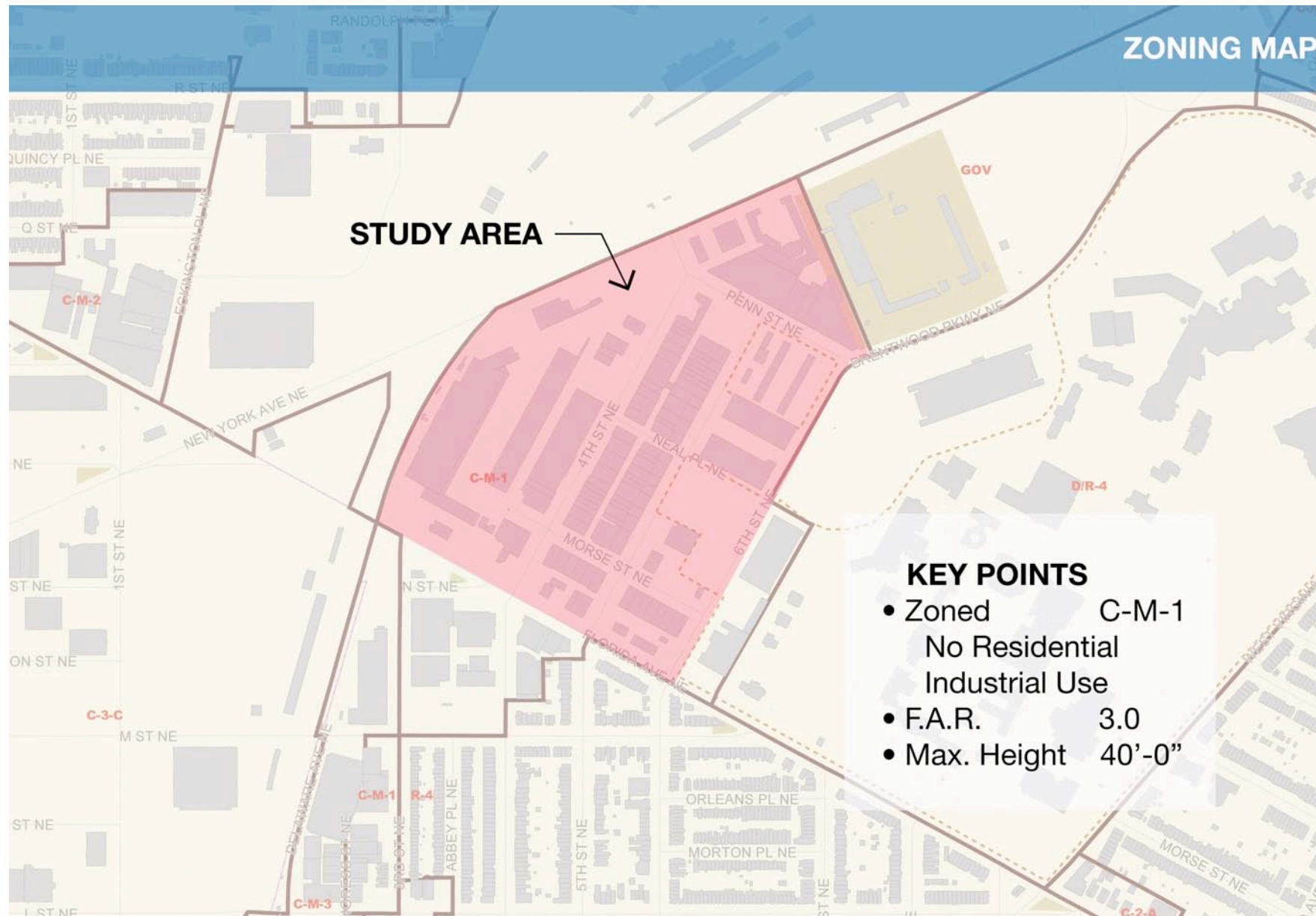


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The site is currently zoned as C-M-1, which is low density commercial and light manufacturing, or Industrial Use. No residential use is currently permitted on the industrially-zoned site. To do so would require a zoning map amendment change. Areas zoned near the site include C-3-C Medium to High Density Major Business and Employment (Commercial) to the west, R-2 Row Dwellings and Flats (Residential) to the south, and the D/R-4 overlay of the adjacent Gallaudet University to the east.



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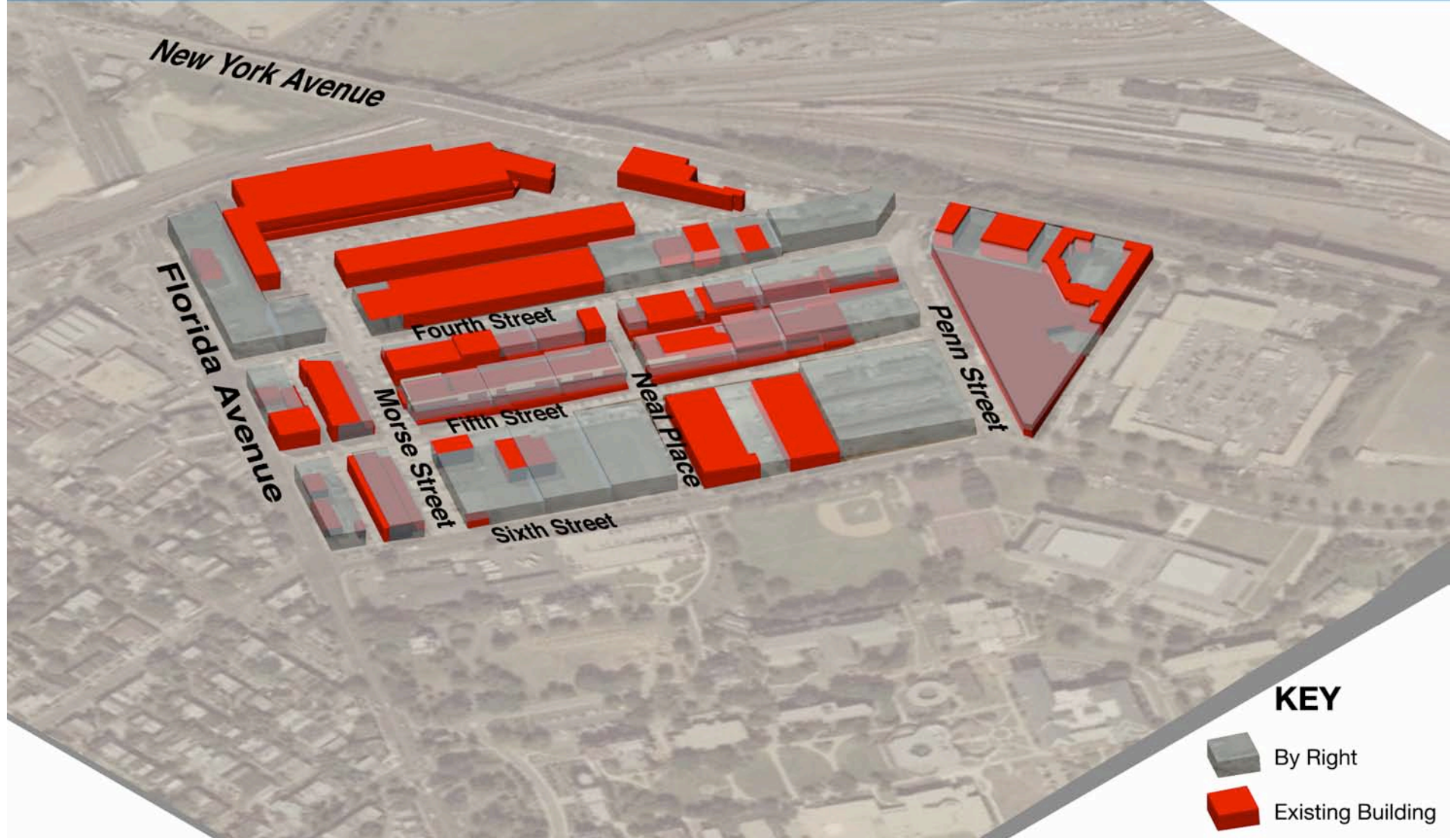
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## ZONING BY RIGHT MAP



### KEY

-  By Right
-  Existing Building

The maximum building height allowed on the site is 40'-0" with an FAR of 3.0. Currently the site is not built out completely to allowable conditions.

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It should be noted that currently two projects directly adjacent too or on the site have applied for a Planned Unit Development (1 and 2) and/or a zoning map amendment change to permit residential-use in the industrially-zoned area (2).

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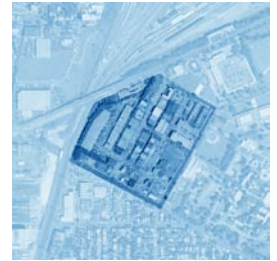
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ERA





## ERA's Role: Conduct an economic and market analysis for a range of uses at the Florida Avenue Market site

- This report highlights and evaluates market conditions and support for the following uses:
  - Light Industrial (wholesale and warehousing) and Public Market
  - Residential (for-sale and rental)
  - Retail (neighborhood serving and public market)
  - Office
- ERA evaluated overall current uses, trends in household and income data and supply characteristics to inform/ establish appropriate criteria for each land use
- ERA evaluated competitive developments with similar uses planned and proposed in the area
- Market Site was examined from both economic development and real estate development perspectives



# The analysis resides in the context of market and physical constraints, and economic development perspectives

## Market Assumptions

- There will be competition/market momentum from various large-scale, mixed-use projects proximate to the site (e.g. Mount Vernon Triangle, Washington Gateway, NoMa, etc.)
- Timeframe of the analysis (15-20 years) will cover several real estate cycles and a period of project ramp-up; projected absorption for various uses reflect long-term prospects

## Physical Assumptions

- Multiple ownership patterns at Florida Avenue Market will require site assembly or cooperative/collaborative development within a concept plan for major redevelopment to occur.
- Current zoning is limited to low-scale, industrial uses. No residential allowed.
- Redevelopment will require new zoning



# Decision Options

---

- Should there be a public food market?
- Should there be wholesale food distribution?
- Should there be non-food wholesale on-site?
- The answer could be all, some combination or none.

Flex/Industrial indicators reveal the District's space is not competitive with some suburban flex/industrial offerings.

3 <sup>rd</sup> Qtr 2006	District of Columbia		Northern Virginia	
	Flex	Industrial	Flex	Industrial
No. of Bldgs.	20	102	431	574
GLA	1,397,834	5,061,705	24,658,574	33,638,805
Vacancy	52.7%	8.0%	12.5%	6.2%
Average NNN Rent	\$16.02	\$10.61	\$13.41	\$8.90
YTD Absorption	38,876	56,737	589,090	448,850
Under Construction	0	0	406,205	1,330,603
% UC Leased	--	--	5.3%	43.9%



## Two valid development approaches for the Florida Avenue Market site

- Economic Development Objectives:
  - Business retention and expansion
  - Jobs retention
  - Retention of industrial uses in the District of Columbia
  - Availability of specific goods and services
- Real Estate Development Objectives:
  - Maximize real estate values and revenues
  - Maximize real estate tax revenues
  - “Highest and best” utilization determines uses, density

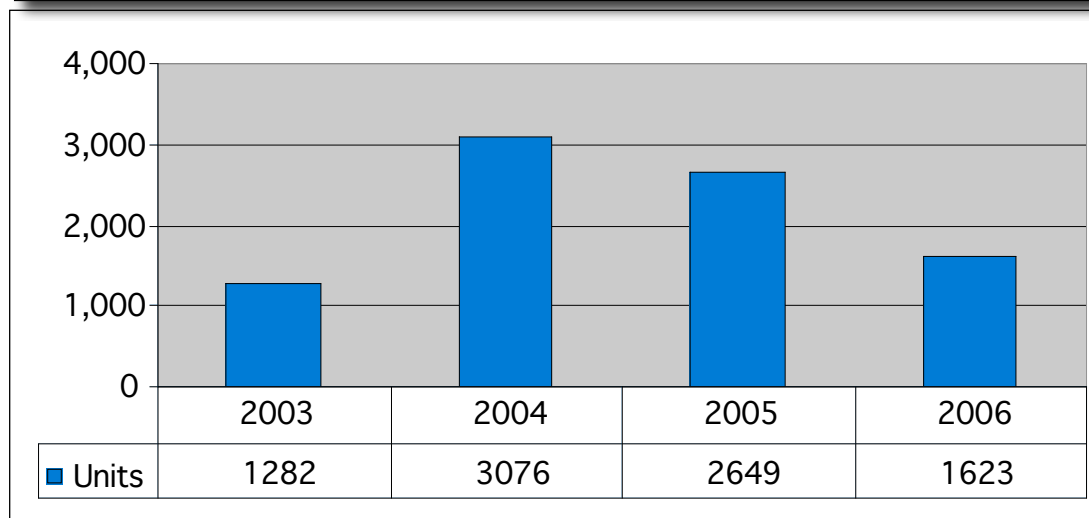
Wards 5 and 6 have a crowded development pipeline. No new industrial/flex/warehouse facilities are in the pipeline. Several large-scale mixed use projects are planned throughout the District of Columbia. Other projects must be considered when evaluating the context for development at Florida Avenue Market

Ward	Use	Complete	Construction	Planned	Proposed	Total
5	Office			565,000	3,420,000	3,985,000
	Retail	55,000	5,000	731,550	613,890	1,045,440
	Residential Units	16	670	4,885	4,198	9,769
6	Office	2,805,861	5,069,194	9,961,315	11,889,952	29,726,322
	Retail	37,286	364,462	968,916	746,153	2,116,817
	Residential Units	1,256	4,797	10,593	6,902	23,548



## Residential supply pipeline in the District includes nearly 12,000 rental and for-sale units in the next 36 months

District New Condo Sales, 2003 - 2006



Source: Year End 2006 Report, Delta Associates; Economics Research Associates, 2007

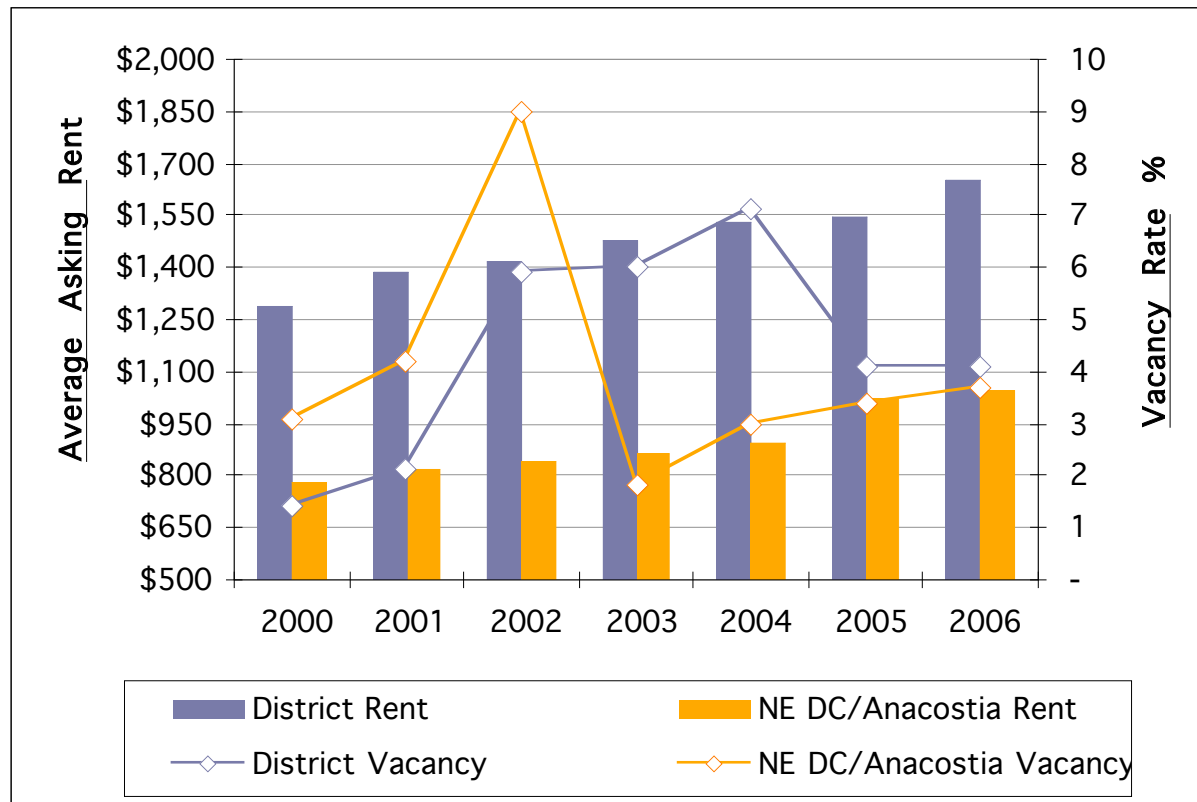
District Residential Pipeline

	36-Month	Longer Term	Proposed
Apartments	2,160	2,728	N/A
Condominiums	9,655	3,283	N/A
Total	11,815	6,011	14,237

Source: Year End 2006 Report, Delta Associates; Economics Research Associates, 2007

High rents and low vacancy combine to make the District of Columbia a highly attractive rental market. However, there is significant variability in average rents between submarkets.

District and NE DC/Anacostia MF Rental Market,  
Average Class A Rent & Vacancy, 2000 – 2006



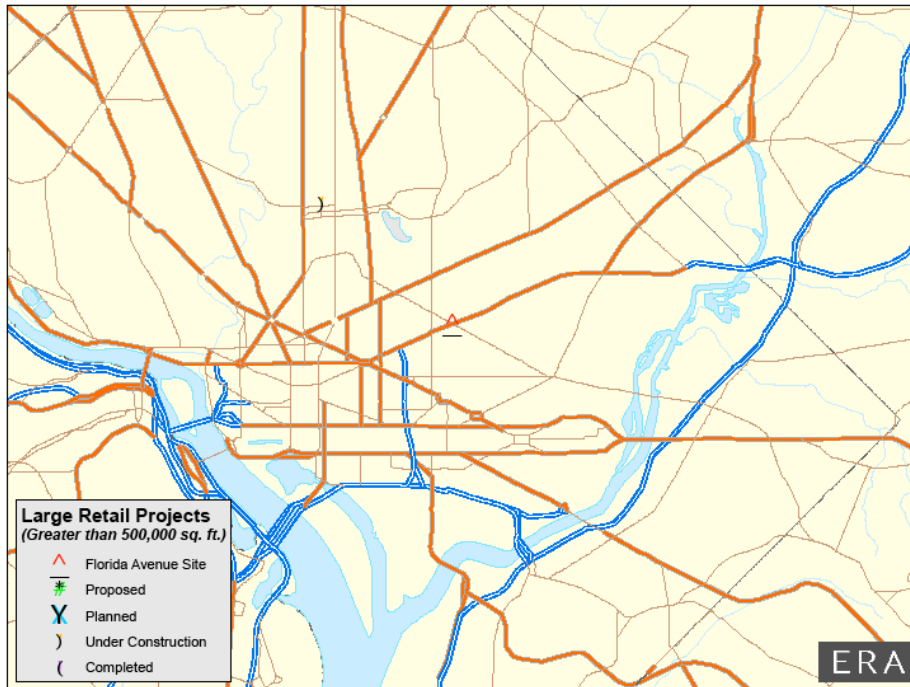
Source: REIS, Inc., 2007



Over 1,405,000 square feet of retail is currently proposed or planned for Ward 5; 2,116,817 for Ward 6

#### Retail Position of Florida Avenue Market site

- Additional retail at the site should be carefully considered given the amount of retail supply proposed and planned for Wards 5 and 6.



Selected Projects	GLA
Washington Gateway	412,550
Arboretum	40,000
Arbor Place	200,000
Capitol Gateway	412,550
Armed Forces Retirement Home	100,000
Brentwood Town Center	70,000
Ft. Totten Metro	52,000
New Town	449,000

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## Retail Absorption and Demand

- If the proposed residential and office space in Wards 5 and 6 came to fruition, the developments would generate approximately 137,358 new employees and 32,840 new residents.
- In order to support over 3 million square feet of retail in Wards 5 and 6, those two wards would have to capture 90% of the new spending in the area
- Over 33,711,000 square feet of office space is currently proposed or planned for Wards 5 and 6; 64,089,225 District-wide. Absorption may take 15-20 years for the Wards; 30+ for the District.



Further from the primary District office market, a large scale federal tenant could provide a solid onsite office anchor. However, expect fierce competition for such a tenant from several major projects in more established office markets.

- Within the NoMA market area, current rents average \$43.80/SF (fs) across all classes with positive trends rent growth
- Over 1.7 million square feet of new space has been delivered since Q1 2005, driving the overall submarket vacancy rate (as of Q1 2007) to approximately 11 percent, almost four percentage points higher than the District-wide average
- From a competitive position, this site is on the easternmost edge of the NoMa submarket and farther from the District's central business district, which is more likely to attract a large-scale private sector user given the amount of development in this primary office market
- Office pricing must be at top of market which would likely require securing a large-scale government (or similar) tenant, similar to the ATF Headquarters under construction at 1<sup>st</sup> Street and New York Avenue

Summary of Office Supply Characteristics in the NoMa Submarket, as of Q1 2007

Bldg Class	No. of Bldgs	Total RBA 1/	RBA as % of Ttl Mrkt	Vacancy Rate 2/	Average Rental Rate
Class A	18	6,627,503	80.2%	13.5%	\$44.90/f
Class B	12	1,462,764	17.7%	0.6%	\$33.52/f
Class C	13	170,287	2.1%	3.0%	\$27.93/f
<b>Total</b>	<b>43</b>	<b>8,260,554</b>	<b>100.0%</b>	<b>11.0%</b>	<b>\$43.82/f</b>

Notes: Numbers may not total due to rounding and/or classification errors in the CoStar database

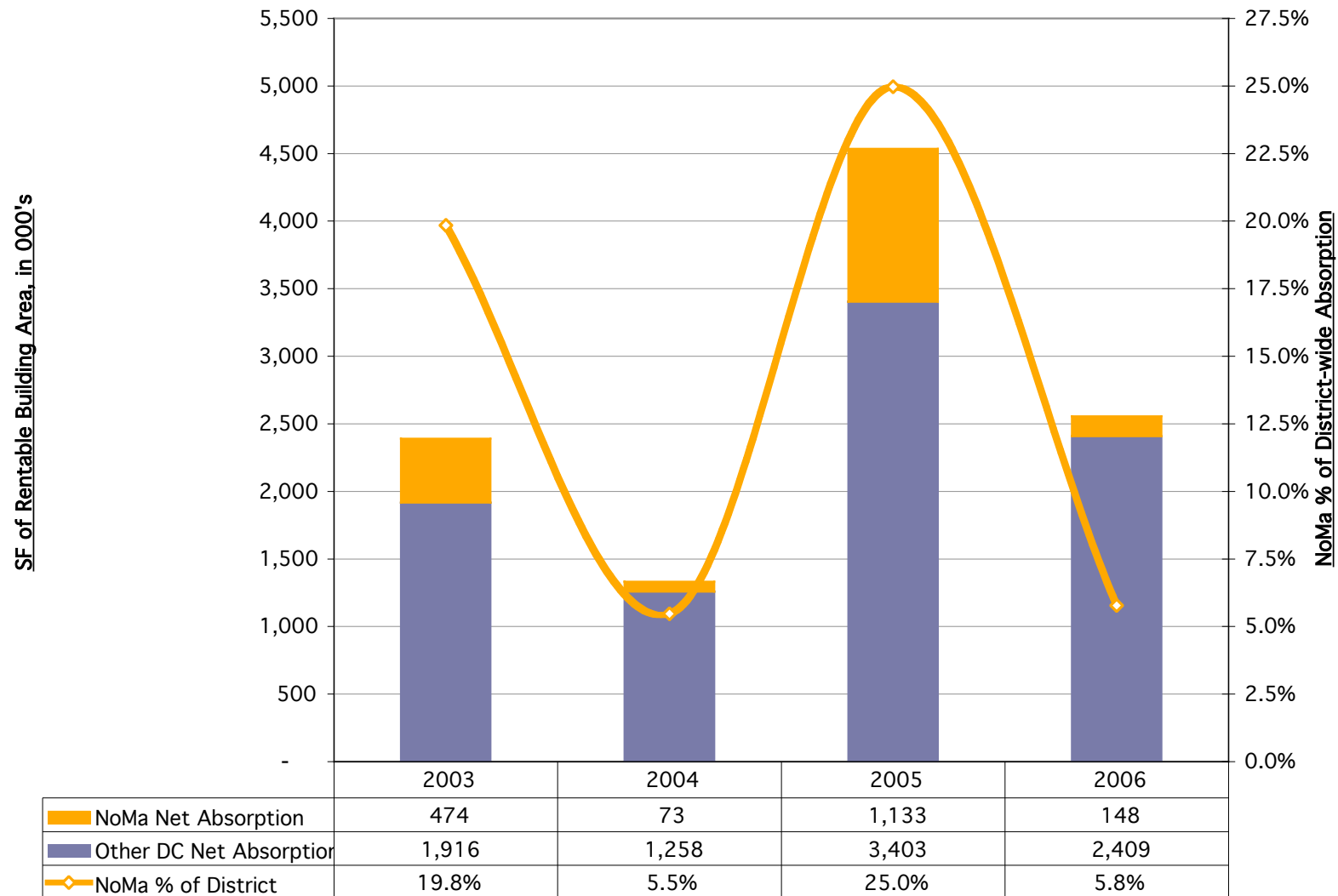
1/ Rentable building area

2/ Does not include sublet vacancy

Source: CoStar, Inc., 2007

Absorption trends suggest that high vacancy rates are likely to be temporary, as the NoMa submarket has absorbed an average of 457,000 net square feet of space over the past four years.

Annual Net Absorption, NoMa Share of District-wide Office Market, 2003 - 2006



Notes: Numbers may not total due to rounding and/or classification errors in the CoStar database  
Source: CoStar, Inc., 2007



# Demand and residential and office markets have key implications for the development program

## Residential Market

- In the District, the significant pipeline of condominiums will impact long-term absorption until the market stabilizes
- While the District has experienced an oversupply of high-end condominium units, there are unmet market opportunities for moderately priced condominiums and apartments

## Implications

- Increasing the supply of housing in DC is a centerpiece of the Comprehensive Housing Strategy, could dilute markets in other locations, affect absorption rates
- Housing development incompatible with wholesale market activities

## Office Market

- Florida Ave. Market is a secondary office market to downtown and will not likely compete directly, particularly with other planned developments in the pipeline.
- Majority of current Ward office space dominated by single, built-to-suit users (XM Radio, ATF)

## Implications

- A large, build-to-suit tenant will be likely be required to achieve pricing and occupancy requirements
- Ahead of commercial market forces, and large federal tenants take years to cultivate and develop

## Retail Market

- Significant planned retail at nearby locations will compete with FLAM for the proximate northeast DC and Prince George's County markets
- Requires disproportionate rate of captured expenditures to sustain planned square footage

## Implications

- To sustain retail on-site, must either be smaller, neighborhood serving mix or increase to larger, regional destination (other big box centers under development)
- Public food market has broader appeal, but needs organization and restructuring

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# Next Steps

- Gather and process public input regarding use and development plans
- Refine market conclusions to frame future land use decisions; verify and validate number of businesses and employees.
- Integrate comments on physical and market conditions for next presentation



[ Conclusion ]

