



# WASHINGTON, DC RETAIL MARKET REPORT

## SUMMER 2022

### Retail Highstreet Snapshot

Market High Street	Units	Inventory (SF)	Vacant (SF)	SUMMER 2022 Vacancy Rate (%)	FALL 2021 Vacancy Rate (%)	WINTER 2020 Vacancy Rate (%)	Shadow <sup>1</sup> Available	Shadow Rate (%)	Vacancy +Shadow (%)
<b>Georgetown<sup>2</sup></b>	<b>417</b>	<b>1,656,503 SF</b>	<b>273,950 SF</b>	<b>16.54%</b>	<b>17.75%</b>	<b>8.36%</b>	<b>117,276 SF</b>	<b>7.08%</b>	<b>23.62%</b>
M Street	173	866,409 SF	155,278 SF	17.92%	20.34%	9.00%	78,776 SF	9.09%	37.01%
Wisconsin Avenue	244	790,094 SF	118,672 SF	15.02%	14.71%	7.64%	38,500 SF	4.87%	19.89%
<b>Central Business District</b>	<b>291</b>	<b>993,432 SF</b>	<b>205,394 SF</b>	<b>20.68%</b>	<b>18.96%</b>	<b>6.61%</b>	<b>59,765 SF</b>	<b>6.02%</b>	<b>26.69%</b>
Connecticut Avenue Corridor	190	713,812 SF	157,006 SF	22.00%	20.31%	6.08%	49,662 SF	6.96%	28.95%
Dupont Circle North	101	279,620 SF	48,388 SF	17.30%	15.63%	7.88%	10,103 SF	3.61%	20.92%
<b>East End</b>	<b>556</b>	<b>2,884,731 SF</b>	<b>611,687 SF</b>	<b>21.20%</b>	<b>20.80%</b>	<b>9.20%</b>	<b>78,756 SF</b>	<b>2.73%</b>	<b>23.93%</b>
F Street	94	622,405 SF	190,772 SF	30.65%	--	13.72%	42,800 SF	6.88%	37.53%
7 <sup>th</sup> Street NW	137	814,943 SF	186,508 SF	22.89%	--	9.08%	23,249 SF	2.85%	25.74%
H Street & City Center	103	352,469 SF	40,887 SF	11.60%	--	8.87%	4,500 SF	1.28%	12.88%
11 <sup>th</sup> Street	45	414,272 SF	44,660 SF	10.78%	--	6.90%	0 SF	0.00%	10.78%
McPherson	177	680,642 SF	148,860 SF	21.87%	--	6.42%	8,207 SF	1.21%	23.08%
<b>Capitol Hill</b>	<b>170</b>	<b>357,019 SF</b>	<b>50,129 SF</b>	<b>14.04%</b>	<b>16.68%</b>	<b>9.21%</b>	<b>3,600 SF</b>	<b>1.01%</b>	<b>15.05%</b>
Penn Avenue SE	76	152,863 SF	14,699 SF	9.62%	12.79%	7.64%	0 SF	0.00%	9.62%
Barracks Row	94	204,156 SF	35,430 SF	17.35%	19.59%	10.42%	3,600 SF	1.76%	19.12%
<b>14<sup>th</sup> Street Corridor</b>	<b>222</b>	<b>793,892 SF</b>	<b>70,160 SF</b>	<b>8.84%</b>	<b>6.83%</b>	<b>5.06%</b>	<b>31,795 SF</b>	<b>4.00%</b>	<b>12.84%</b>
<b>Shaw</b>	<b>260</b>	<b>749,964 SF</b>	<b>112,350 SF</b>	<b>14.98%</b>	<b>16.31%</b>	<b>7.76%</b>	<b>14,110 SF</b>	<b>1.88%</b>	<b>16.86%</b>
<b>Chevy Chase<sup>3</sup></b>	<b>123</b>	<b>1,164,515 SF</b>	<b>359,463 SF</b>	<b>30.87%</b>	<b>39.62%</b>	<b>10.97%</b>	<b>41,668 SF</b>	<b>3.58%</b>	<b>34.45%</b>
<b>Capitol Riverfront</b>	<b>162</b>	<b>655,340 SF</b>	<b>72,317 SF</b>	<b>11.04%</b>	<b>12.46%</b>	<b>8.45%</b>	<b>0 SF</b>	<b>0.00%</b>	<b>11.04%</b>
<b>Clarendon</b>	<b>180</b>	<b>957,011 SF</b>	<b>68,802 SF</b>	<b>7.19%</b>	<b>13.42%</b>	<b>4.66%</b>	<b>57,760 SF</b>	<b>6.04%</b>	<b>13.22%</b>
<b>Old Town Alexandria</b>	<b>252</b>	<b>722,237 SF</b>	<b>61,199 SF</b>	<b>8.47%</b>	<b>10.76%</b>	<b>6.57%</b>	<b>39,617 SF</b>	<b>5.49%</b>	<b>13.96%</b>
<b>Tysons</b>	<b>261</b>	<b>2,249,636 SF</b>	<b>253,816 SF</b>	<b>11.28%</b>	<b>13.65%</b>	<b>6.03%</b>	<b>102,066 SF</b>	<b>4.54%</b>	<b>15.82%</b>
<b>Bethesda Row</b>	<b>129</b>	<b>464,157 SF</b>	<b>12,895 SF</b>	<b>2.78%</b>	<b>2.87%</b>	<b>3.63%</b>	<b>8,614 SF</b>	<b>1.86%</b>	<b>4.63%</b>
<b>Rockville Pike</b>	<b>628</b>	<b>3,676,745 SF</b>	<b>338,193 SF</b>	<b>9.20%</b>	<b>12.71%</b>	<b>9.80%</b>	<b>171,530 SF</b>	<b>4.67%</b>	<b>13.86%</b>
<b>Downtown Silver Spring</b>	<b>258</b>	<b>1,260,008 SF</b>	<b>111,765 SF</b>	<b>8.87%</b>	<b>8.88%</b>	<b>8.43%</b>	<b>20,209 SF</b>	<b>1.60%</b>	<b>10.47%</b>
<b>Columbia Heights</b>	<b>142</b>	<b>720,245 SF</b>	<b>31,304 SF</b>	<b>4.35%</b>	<b>7.87%</b>	<b>7.24%</b>	<b>15,300 SF</b>	<b>2.12%</b>	<b>6.47%</b>
<b>NoMa / Union Market</b>	<b>145</b>	<b>979,759 SF</b>	<b>170,842 SF</b>	<b>17.44%</b>	<b>17.92%</b>	<b>--</b>	<b>0 SF</b>	<b>0.00%</b>	<b>17.44%</b>
<b>Totals</b>	<b>4,199</b>	<b>20,310,473 SF</b>	<b>2,849,989 SF</b>	<b>14.03%</b>	<b>15.78%</b>	<b>6.95%</b>	<b>783,345 SF</b>	<b>3.86%</b>	<b>17.89%</b>

<sup>1</sup> Shadow: Occupied space available for lease, availability may not be widely advertised.

<sup>2</sup> Excluding Georgetown Park, Georgetown's Summer 2022 vacancy rate is 16.73%

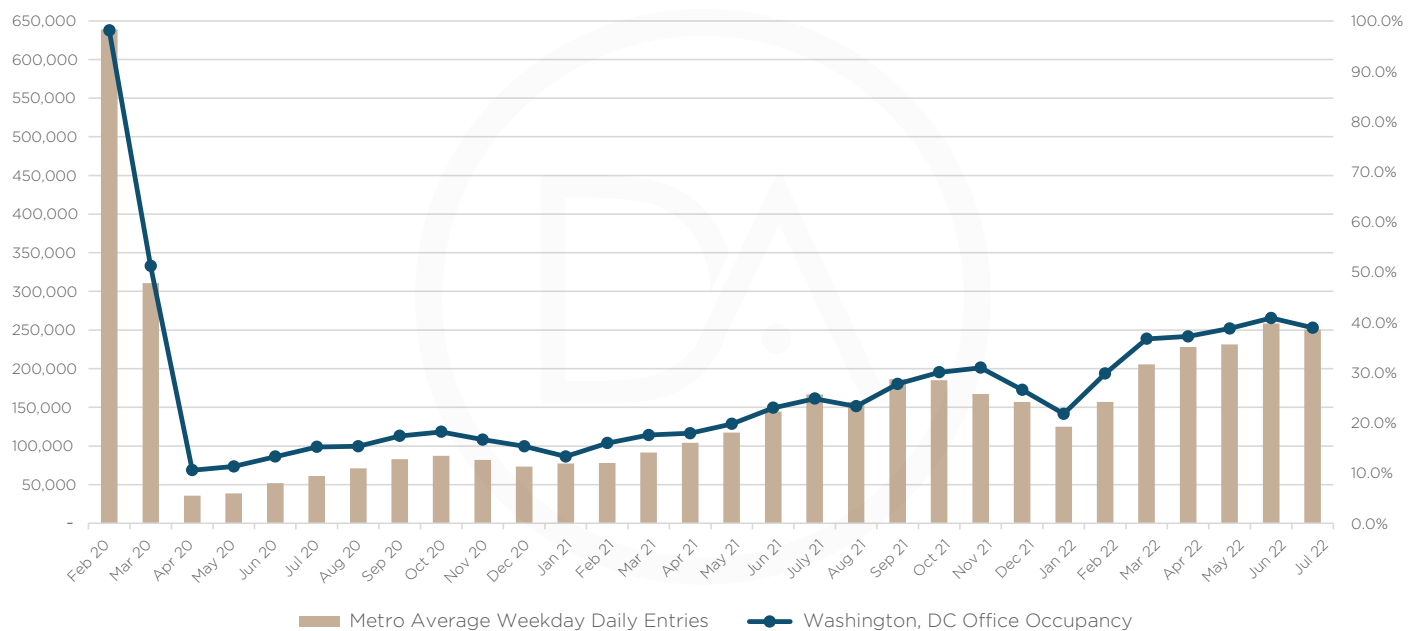
<sup>3</sup> Mazza Gallerie removed in Summer 2022 pending redevelopment



# Retail Highstreet Snapshot

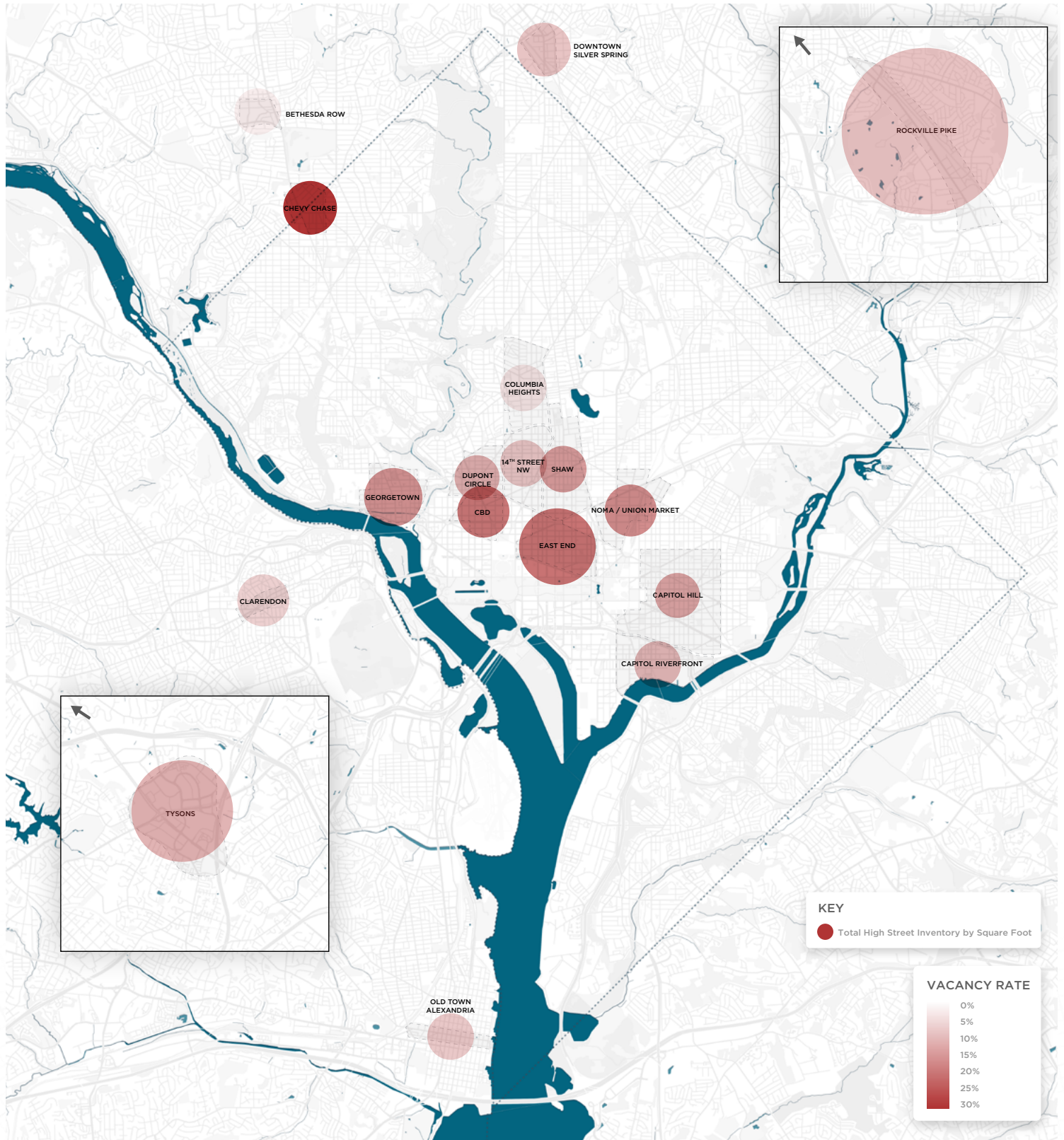
- **Across Washington, DC's high streets, the retail vacancy rate averages 14.03%.** Consistent with the past few years, the lowest vacancy is concentrated in neighborhoods with a substantial residential component, notably Bethesda Row and Columbia Heights. Office-centric submarkets like the East End and the CBD continue to post higher vacancy rates, along with neighborhoods in transition like Chevy Chase. While some deals for prospective tenants remain, retail rents in desirable submarkets have long since exceeded pre-pandemic rates.
- **Dochter & Alexander identifies at least 140 shops and restaurants preparing to open on DC's high streets,** with many concepts signing leases in DC after experiencing success in New York City, Los Angeles, and other major markets. Tenants committed to multiple new locations across DC include **Amazon Fresh, Dos Toros Taqueria, Ever/Body, Foxtrot, Glosslab, Lidl, Maman, One Medical, Tom's Watch Bar, Union Kitchen,** and **Van Leeuwen.**
- New concepts expanding in DC, some backed by venture capital, include an array of childcare and education-related tenants. **Bond Vet** has opened three locations since July 2022, and **Small Door Veterinary** is readying spaces in Capitol Riverfront and on 14th Street. Locally expanding childcare concepts include **The Gardner School**, Spanish-immersion **Tierra Encantada**, educational entertainment destination **The Wonder**, and aquatic instructor **Big Blue Swim School.**
- **DC's labor market now exceeds pre-pandemic performance,** boosting local retail spending. As of July 2022, local unemployment was 5.2% with a labor force participation rate of 73.0%. In February 2020, the unemployment rate was 5.4% with a labor force participation rate of 71.8%.
- **As DC's recovery progresses, higher hotel occupancy, higher metro ridership levels, and office-to-residential conversions all support increased spending at local retail and restaurants.** DC hotel occupancy reached 73.3% in June 2022 per STR data, the strongest performance since the pandemic's outbreak. DC also benefits from the strongest metro ridership levels since February 2020, with June 2022's average weekday rail entries representing a 78.7% increase over June 2021 ridership levels. However, DC's office occupancy rate trended downward after peaking at 41.5% in early June. In the week of August 22, office occupancy reached 37.5% citywide and 34.0% within the East End, according to Kastle Systems data supplied by the DowntownBID. The increasing pipeline of office-to-residential conversions will aid in boosting office occupancy rates through removing less-desirable Class B & Class C space from the market.

Washington, DC Office Occupancy vs Metro Average Weekday Daily Entries



Sources: Washington Metropolitan Area Transit Authority Ridership Data Portal; Kastle Systems

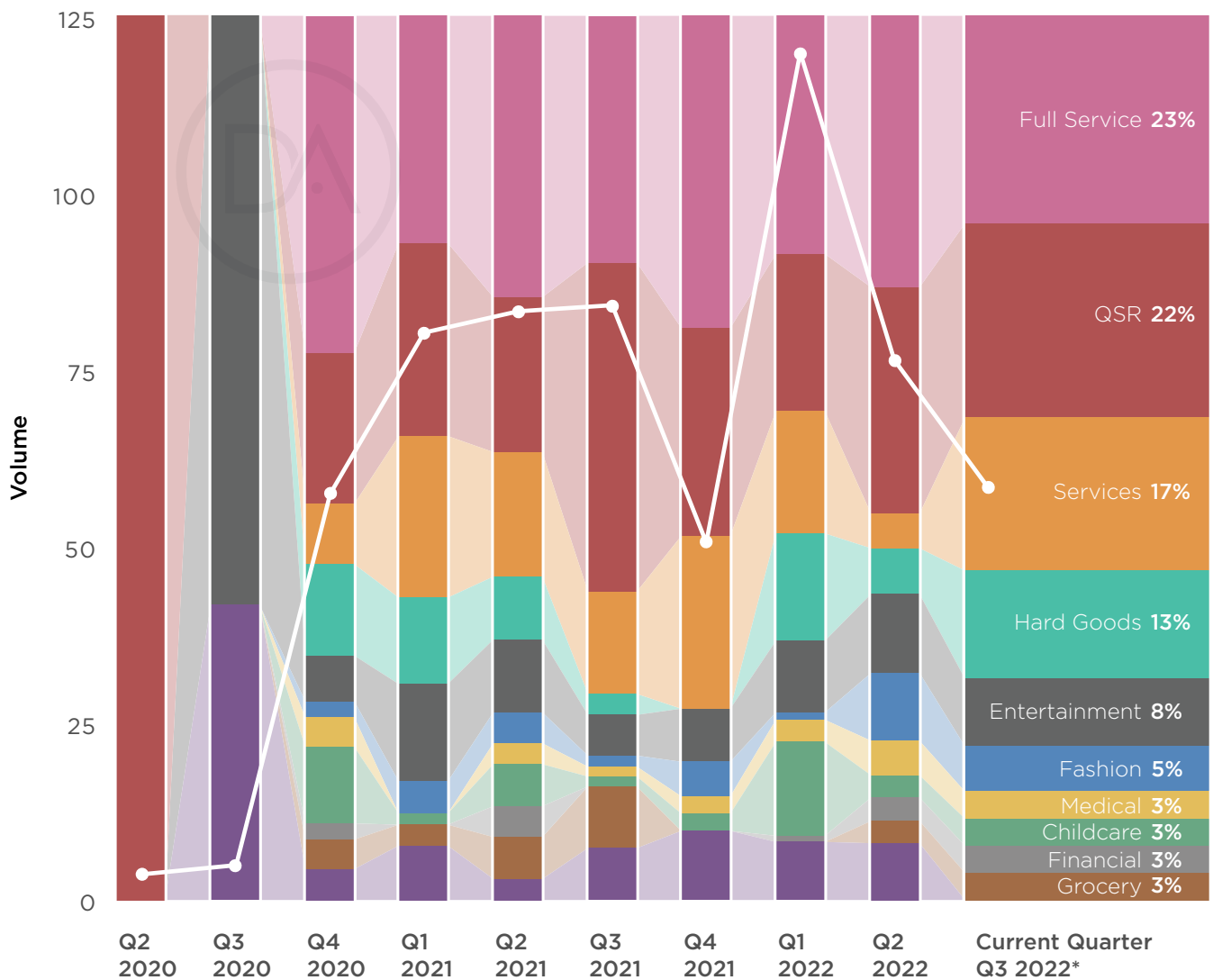
# DC High Street Retail Vacancy





# New Tenants in the Market for Space

## By Quarter



\*Data reflects July and August 2022, excluding September 2022



- Since the pandemic's outbreak, **Full Service Restaurants** represent 29.1% of all new TIMs, while **QSRs** represent 22.9%. Starting in 2020Q4, every quarter saw more new Full Service Restaurant and QSR TIMs than any other category, consistent with pre-pandemic patterns.
- **Services** are 13.0% of all new TIMs, with a roughly even split between three subcategories: **Pet / Veterinary, Salon / Cosmetic**, and the general **Service / Professional Services**. Every quarter from 2021Q1 onward, a handful of veterinary tenants have newly begun seeking retail space in DC, with multiple concepts founded after COVID-19's debut.
- **Entertainment**, representing over 80 concepts and 7.9% of all new TIMs since 2020Q2, spans golf to virtual reality to new museums. About a dozen concepts are seeking up to 40,000 SF or more, hoping to fill large pandemic-driven vacancies at favorable terms.



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