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## COMMERCIAL INSIDER

GEORGETOWN AND BETHESDA: COMMON DESTINATIONS FOR RETAILERS

BY ANDREW O'NEILL  
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Have you ever noticed when you walk through downtown Bethesda that many of store fronts and retailers look familiar? There is a logical reason for this. Mostly, it has to do with demographics and disposable income — two key criteria retailers use to measure their success in sales. During a recent visit to Bethesda Row, it struck me and yet it all made sense. Developers and building owners figured something out years ago. Bethesda Row is an upscale retail shopping destination developed by Federal Realty Investment Trust (FRIT), one of the country's most successful REITs focused on retail properties. What struck me was not the fact that some of the larger retailers were there because that is a given. It is no surprise that Barnes & Noble and other large national retailers occupy space in both neighborhoods. But it's the smaller boutique retailers that grabbed my attention.

The latest example is Georgetown Cupcake. The darling of Georgetown-originated retail businesses, Cupcake recently signed a lease on Bethesda Row. The Cupcake girls are opening their second location. It is quite a leap to go from a small row house space on Potomac Street to the swanky Bethesda Avenue in-line retail; however, it makes total sense. For small boutique retailers, Bethesda Row is akin to graduation from high school and being accepted to an Ivy League school. Although in some cases the reverse progression is true. For example, take Apple, Inc. They have been on Bethesda Row for a few years now and now are working on developing their own store on Wisconsin Ave.

For the most part, apparel and food retailers capitalize on common demographics. Urban Chic, LuluLemon Athletica, J. McLaughlin, and the children's clothing and toy stores Yiro /Tugoo Toys have stores in Georgetown and Bethesda Row. In addition, many food retailers have space in both markets. Dolcezza Gelato, the aforementioned Cupcake, and trendy European style café Le Pain Quotidien are a few I've noticed. For Redwood Restaurant, Sweet Green, and Georgetown Cupcake, the idea of coming to Bethesda to entertain space was likely encouraged by the management of Federal Realty. It is not uncommon for landlords to enter a store or food establishment, and if their experience was pleasant, extend an offer at their property as an additional location. Furthermore, it is not uncommon for landlord's spouses to shop at a store or restaurant and suggest to their spouse to consider the retailer. In the case of Redwood, the operators had successfully opened Mendocino Grill in Georgetown, and Sonoma Wine Bar on Capitol Hill, and were lured to check out Bethesda Row by Federal Realty. Soon FRIT had one of their anchor restaurants for the redevelopment of the old Giant Grocery store site.

Several retailers catering to accessories and specialty items also can be found in both areas, such as Down Dog Yoga, Georgetown Opticians, Blue Mercury, and

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Aveda. Most of these retailers cater to female shoppers who tend to spend more than men on accessories and specialty goods. So why do these retailers tend to congregate together? Well, money of course. Those with it tend to shop at similar stores and tend to like similar goods. The underlying demographics that have been driving these retailers to Bethesda and Georgetown have also been spreading recently towards the east in places like 14th Street and U Street corridor. It will be interesting to see how these retailers plan to expand their market share and what neighborhoods they decide to test.

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