

RETAIL

# THE MARKETPLACE AT CASCADES TOWN CENTER

LOUDOUN COUNTY, VIRGINIA

## PROJECT TYPE

A 417,000-square-foot retail center located in the Cascades Town Center. The center features five grids of neotraditional design that offer regional, community, and neighborhood retail shopping. Local officials' flexibility permitted the developer to create a center that offers the ambience of a pedestrian-oriented small-town Main Street while satisfying the pragmatic requirements of modern retailing, such as convenient access and parking.

## SPECIAL FEATURES

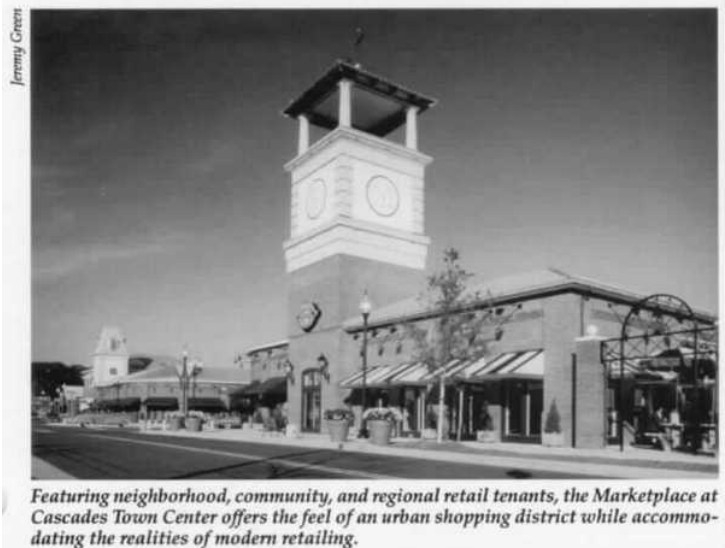
- Neotraditional grid design
- Regional, community, and neighborhood retail
- Pedestrian and automobile orientation

## DEVELOPER

GFS Realty, Inc.  
P.O. Box 1804  
Washington, D.C. 20013  
301-341-8440

## ARCHITECT/PLANNER

DDGI—Development Design Group, Inc.  
7 St. Paul Street  
Baltimore, Maryland 21202  
410-962-0505



*Featuring neighborhood, community, and regional retail tenants, the Marketplace at Cascades Town Center offers the feel of an urban shopping district while accommodating the realities of modern retailing.*

## GENERAL DESCRIPTION

The Marketplace at Cascades Town Center is an unusual marriage of a regional open-air shopping center with a neotraditional grid design. The 417,000-square-foot shopping complex is the central focus of the 105-acre town center of Cascades, a new, 3,000-acre planned unit development located in exurban Loudoun County, an outer suburb of Washington, D.C. The center embodies the feel of both an urban shopping district and a small town Main Street, while serving as a neighborhood, community, and regional shopping center.

The Marketplace represents an evolution of new urbanism, designed in neotraditional style but incorporating the pragmatic adjustments necessary to keep from compromising retail viability. The retail complex is user driven, blending pedestrian character with the access and parking required for big-box retailing.

## PLANNING AND DESIGN

In the late 1980s a neotraditional town center combining residential, business, and retail uses in multi-story structures was planned for Cascades by the original land developer. This mixed-use center formed a key component of the 6,500-unit Cascades community, the largest new community to be approved in the county.

Like many other new large-scale residential communities, the development found itself unable to sustain the tremendous initial investment in infrastructure required in the face of a major slump in homebuying during the recession in the early 1990s. After obtaining ownership, the lender began seeking buyers for the town center, including its retail component. The lender approached GFS, which after much deliberation purchased the retail portion of the town center site at the end of 1992.

The town center was laid out on a neotraditional street grid with the infrastructure already in place, and the approved master plan provided for multi- and single-story buildings opening on sidewalks to promote pedestrian access. GFS needed to determine whether the changes to the original plan that they felt were required for retail success would be politically acceptable. Moreover, there were no open-air shopping centers of recent vintage built on a grid pattern that GFS could turn to as proof that the concept would work.

GFS and its design team, Development Design Group, Inc., of Baltimore, began developing design criteria based on their understanding of the users of the shopping center—first the tenants and then the customers. If retailers could not be persuaded to lease the stores, the approved concept would not get off the ground.

Design criteria were based on both the approved planning goals for the project and the retail objectives of potential anchor tenants. A key criterion was that regional tenants, whose customers were destination shoppers, could not interfere with community and neighborhood tenants, whose customers were convenience shoppers. The first piece of the design puzzle fell into place during early negotiations with Home Depot, a regional tenant that purchased and developed its site outright.

To be successful, Home Depot required a traditional big-box location and parking lot so that its customers could drive in and park conveniently, and its site, at Route 7 and Cascades Parkway, easily met that requirement.

The second major design criterion was that multiple grids had to be accommodated within the overall grid pattern, and a subsequent decision had to be made as to whether the grids should be independent of each other. Independent grids were created to meet the needs of regional, community, and neighborhood retailers and shoppers. The needs of each retailer and how they could best service their trade area were of paramount importance and determined the character of each grid. The 105,000-square-foot Home Depot took one grid, oriented to the major highways and to the Cascades planned unit development. The 77,000-square-foot Village Shops, anchored by a Giant supermarket and pharmacy, created a neighborhood shopping grid with a more interior location oriented to the immediate Cascades residential

neighborhood.

The 87,000-square-foot 7th Avenue Shops, anchored by Marshall's, Linens n' Things, Cosmetic Center, and Zany Brainy, a children's educational toy store, created a community/regional shopping grid. 7th Avenue Shops, like Home Depot, is oriented to the cloverleaf interchange of Route 7 and Cascades Parkway, the entry to the new Cascades community. A major street passes by the rear of these stores, allowing additional easy access.

Southbank Commons, anchored by an Old Navy family clothing store, was created as an intimate shopping block, and it provides the critical connection among the grids. The merchandising plan for the town center provided for destination tenants for this interior, shop-lined street. Southbank Commons contains a highly visible and distinctive clock tower, providing a visual identity for the center, and it is lined with restaurants and sidewalk cafés. It forms the link between the Village Shops and the 7th Avenue Shops; each maintains a distinct retail identity. The design adheres to the original requirement that convenience and destination retailing not interfere with each other.

A future phase of the center was designed as a regional grid oriented to the Home Depot grid and the others. The ability to expand the Marketplace as the project progressed, depending on the initial absorption of retail space, was critical to the developer. The Town Center plan therefore was amended to incorporate a retail site of up to 125,000 square feet, which required moving a residential area included in the original town center plan to another location. The 100,000-square-foot Shops at Park Place recently was completed; it is anchored by Sports Authority.

A city park recently was completed at the juncture of the Shops at Park Place, Southbank Commons, and the Village Shops, further connecting the grids and reinforcing the center's identity. The park contains a fountain reminiscent of those found in Italian towns and emphasizes the new urbanism theme with its wall mural of a city park scene in which children are playing basketball.

In choosing designs, the developer turned to psychological marketing and merchandising techniques that have been successfully applied in interior retail design in many regional malls. Retailers use music; product choice; and color, lighting, and variety in visual displays to create a sense of fun and excitement that engages the senses and moves customers through the store without their being conscious of the distance they walk.

The same techniques were applied to draw customers through the streets and parking lots of the center. In addition, the park and the sidewalk cafés of Southbank Commons create a sense of intimacy. The streets, while narrow, still allow for parallel parking, and they slow traffic and heighten the connection between the retail shops on opposite sides of the street. Although most buildings contain only ground-floor retail space, a variety of small windows below the roof lines make them look like two-story buildings, enhancing the small-town feel.

Southbank Commons creates an image that is maintained throughout the Marketplace: facades of varying materials, colors, elevations, and roof pitches reminiscent of European villages; old-fashioned gas lights and signage; colorful canopies and identifying banners; iron grillwork in both fencing and pedestrian furniture; and tree-lined sidewalks. Cars may park along the street, and they are forced to proceed at a measured pace past strolling pedestrians. The interior parking lots are enclosed by the retail anchors on one side and small retail buildings, some with their back entrance to the parking lots.

## APPROVALS

The site's original street grid and the boundaries of the land parcels were included in approvals for the Cascades planned unit development. The developer thus was faced with a potentially lengthy effort to obtain approvals for any planning and design changes. Fortunately, Loudoun County, the local jurisdiction, concerned about commercial development at the site, the success of the Cascades community, and the resulting improvement to its tax base, was cooperative.

While strict neotraditional planning calls for small town centers with multistory streetfront retail and a mix of residential and commercial uses in each building, the developer felt that large retailers and parking lots were essential for a financially viable retail center. The developer's first step in negotiating with the county was to establish that large retail anchor stores with large parking areas would have to be accommodated before negotiations could proceed.

Negotiations with the county began while GFS determined whether the project's retail goals could be met within the framework of the platted parcels. During preleasing negotiations the developer obtained sufficient information from critical anchor tenants to determine what design parameters the project would need to meet and what tradeoffs might be made to satisfy the county. The anchor tenants would not commit to the site until they could assure themselves that the county would approve the necessary design changes.

GFS approached the county with the retailers' perspective. Subsequent discussions were based on the understanding that maintaining the major goals of the approved plan—the street grid, the concept of shopping streets, ease of pedestrian access, and the small-town feeling—would be paramount. However, tenants would have to agree to any proposed changes to their requirements or the developer could not agree to them.

Because so many individual tradeoffs had to be made with each of the major tenants, the county was willing to negotiate and provide more than one solution in certain situations. This approach assured the county that neither solution would compromise the major goals of the plan and gave the developer the negotiating room needed to reach agreement with tenants.

Negotiations with McDonald's provide an example of the kinds of compromise that were necessary to work within the approved grid. McDonald's felt that it required the typical two-sided drive-through and did not believe that a sidewalk orientation would increase sales. However, the company finally agreed to a one-sided drive-through and a building that backed up to the sidewalk. McDonald's was uncertain how the layout would affect sales and put in a smaller unit than it would have otherwise. Now, after a few years of proven sales, the company is in the process of enlarging the unit.

Development of the project also was expedited by the county's agreement to the use of private roads within the parcel. The codes for public streets do not allow for aesthetic liberties such as narrow road widths, which slow down drivers and make it easy for pedestrians to cross the street to explore the shopping opportunities on the other side.

The county also was willing to make some concessions in the materials called for in the approved plan. Most rear facades had to be treated aesthetically because many buildings backed up to the front facades of other stores, but the project could not afford all-brick facades or all-brick pavers throughout. Sidewalks are cement, and colored concrete panels are used in the rear of some buildings for a more affordable aesthetic treatment.

Loudoun County's flexibility was essential to the success of the venture. Without compromising key goals, the county allowed the developer some latitude in designing the shopping center without having to obtain separate approvals for amendments required during each lease negotiation. The county accepted the difficulty of convincing retailers to adopt a new design and trusted the developer to adhere to the broad design goals of the original plan.

## EXPERIENCE GAINED

- A patient and understanding lender willing to accept the risk of financing a development with an unproven retail layout was critical. The additional time required to negotiate solutions with both tenants and the county increased carrying costs. An unproven layout that heavily emphasizes pedestrian access and requires design compromises on the part of the tenants will not command high initial rents.
- Buildings built on a grid pattern have to be built in squares surrounding parking lots. They cannot be built in phases as they are leased, as can often be done in a linear

format. There are still several unleased spaces in the recently completed Phase II Park Place Shops. GFS, a major corporation, was fortunate in having patient equity capital and could sustain the inherent risks and carrying costs.

- Cooperation by local officials was crucial to the project's success. Had the county not been willing to compromise, the cost of the design elements initially required would have escalated project cost to the point that the pro forma would have been unworkable.
- Loudoun County allowed GFS some flexibility and preapproved more than one solution to several design issues that could be dealbreakers to major tenants. Unlike in other jurisdictions, where developers have to return for repeated approvals of plan details, elevations, or other matters, the county approved concepts and materials and trusted GFS to remain true to the approved master plan goals.
- A regional draw of customers was necessary in order to lease the small shops built to complete the grid design and promote the intimate shopping experience desired. The destination tenants in Southbank Commons, which comprises only street retail oriented to the sidewalks, would not have leased space without the regional draw.

## PROJECT DATA

### LAND USE INFORMATION

Site Area: 21.6 acres

Floor/Area Ratio: 2.2

Total Parking Spaces: 989

	<i>Gross Leasable Area (square feet)</i>
Phase I	215,000
Phase II	97,000
Home Depot <sup>1</sup>	<u>105,000</u>
Total GLA	417,000

Note:

<sup>1</sup>Separate ownership.

### DEVELOPMENT COST INFORMATION

#### Phase I

<i>Site Acquisition Cost</i>	\$7,980,000 <sup>1</sup>
<i>Construction Costs</i>	\$11,500,000+
<i>Soft Costs</i>	<u>\$2,000,000+</u>
<i>Total</i>	\$21,500,000+

#### Phase II

<i>Site Acquisition</i>	\$3,220,000 <sup>1</sup>
<i>Construction Cost</i>	5,508,000
<i>Soft Costs</i>	<u>972,000</u>
<i>Total (to date)</i>	\$9,700,000+

*Total Development Cost Phase I and II 31,180,000+*

Note:

<sup>1</sup>Includes site improvement costs; an improved site was purchased. Off-site costs, such as those for road improvements, including a share of the Route 7/Cascades Parkway interchange, infrastructure, and utilities, were included in the acquisition price.

### RETAIL TENANT INFORMATION

<i>Classification</i>	<i>Number of Stores</i>
Food	1
Food Service	7

Clothing and Accessories	4
Shoes	1
Home Furnishings	1
Home Appliances/Music	2
Hobby/Special Interest	1
Gifts/Specialty	2
Drugs	1
Other Retail	1
Financial	1
Offices (other than financial)	2
Total	30

<i>Major Tenants</i>	<i>Space Occupied (square feet)</i>
Home Depot <sup>1</sup>	105,000
Giant Food	60,811
Old Navy Clothing	12,665
Marshalls	30,000
Linens n Things	30,000
Zany Brainy	12,421

*Note:*

<sup>1</sup>Freestanding.

#### DEVELOPMENT SCHEDULE

*Site Purchased:* October 1992

*Planning Started:* October 1992

*Approvals Obtained:* April 1993

*Construction Started:* May 1993

*Leasing Started:* December 1992

*Project Opened:* August 1994

*Average Length of Lease:* 10 to 15 years

*Average Annual Sales:* \$300 per square foot

#### DIRECTIONS

*From Dulles International Airport:* Take Route 28 five miles north to Route 7. Follow Route 7 for 1.5 miles east to Cascades Parkway North.

*Driving Time:* Approximately 15 minutes in non-peak-hour traffic.

future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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Jeremy Green



*Featuring neighborhood, community, and regional retail tenants, the Marketplace at Cascades Town Center offers the feel of an urban shopping district while accommodating the realities of modern retailing.*



*The complex features a neotraditional grid street layout. Grids were designed independently to ensure that regional destination shoppers did not interfere with community and neighborhood retail users.*



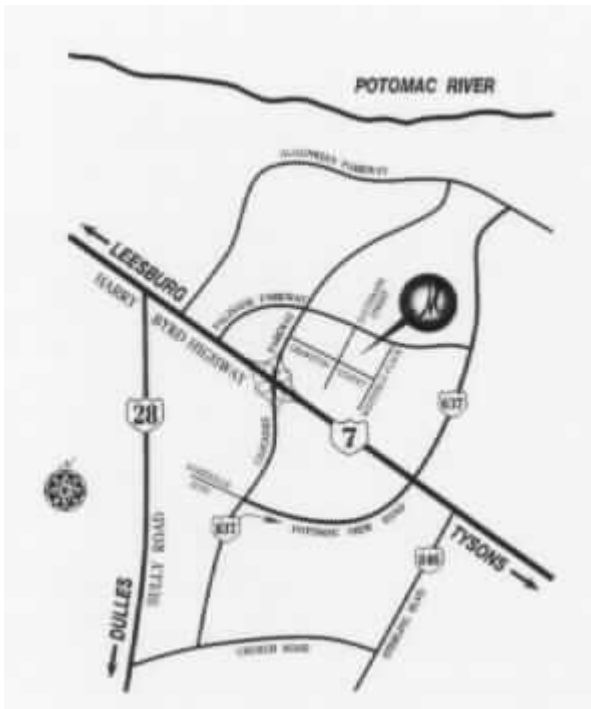
*Old-fashioned gas lights and signage and iron grillwork fencing help to define the image of Southbank Commons.*



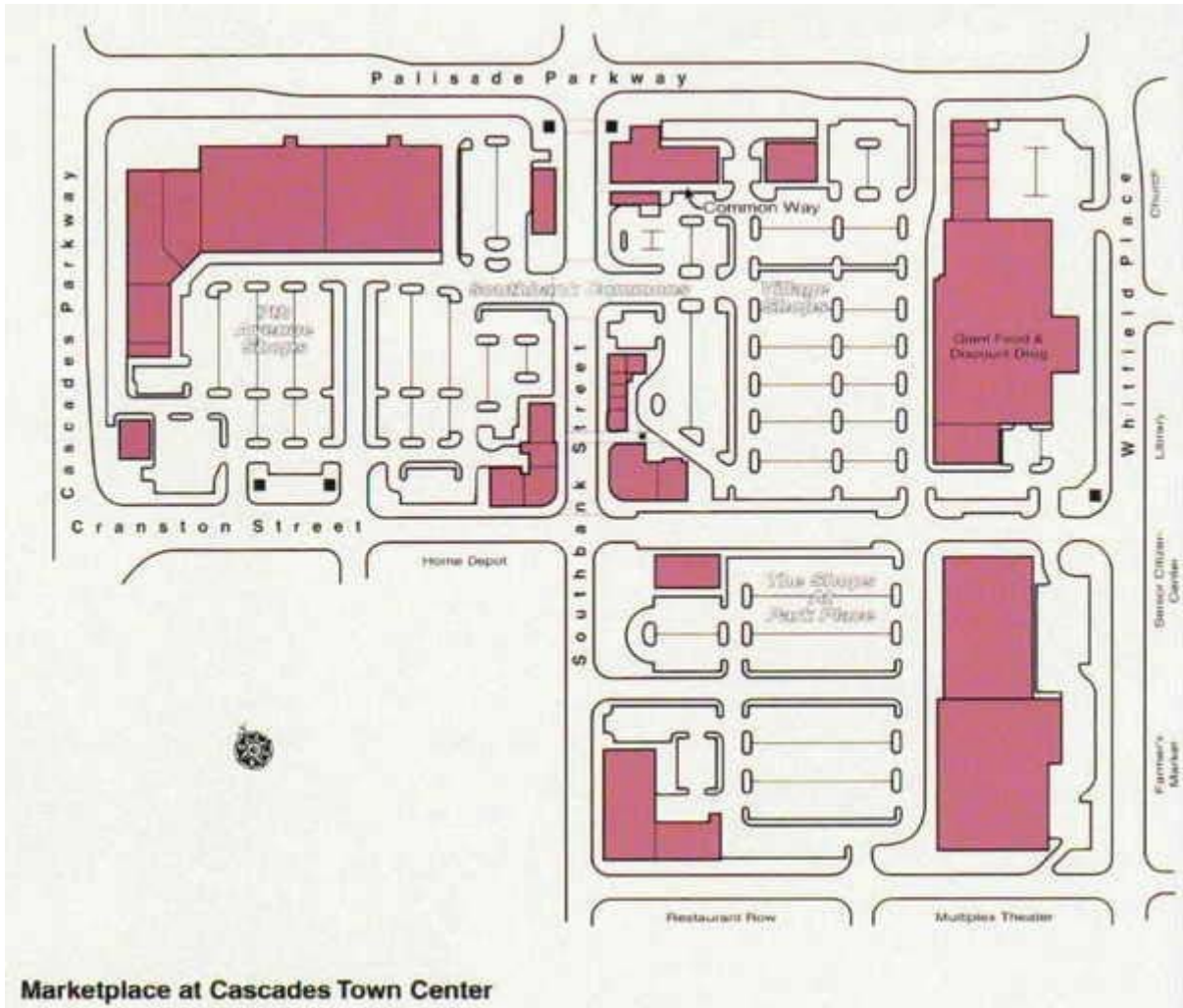
*Broad sidewalks and narrow streets create a sense of intimacy and work to slow the flow of automobile traffic while still allowing for parallel parking. The county's decision to permit private roads within the center allowed the developer to take aesthetic liberties that otherwise would not have been permitted.*



*Varying roof pitches, colors, and materials evoke images of a European village.*



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Marketplace at Cascades Town Center