



Robert Tack of Capital Retail Group, left, says 14th Street is attracting restaurateurs from New York and elsewhere as the corridor matures. Photos by Joanne S. Lawton

14th Street reaches its restaurant, retail prime

By Missy Frederick

Carmen Lopez took a gamble on 14th Street NW earlier this year, opening her first Current Boutique in D.C. Not only has it paid off so far for the fashion retailer, but she expects other store owners will soon become less skittish about putting a clothing store in an area that has been dominated by restaurants.

"It's definitely exceeded my expectations," Lopez said of the store's foot traffic. "We actually had to make more hires to help with the great response we've gotten. There's tremendous activity after work and on the weekends, and actually during the day a lot of moms as well."

Years after its revival began, the corridor from Thomas Circle to U Street is coming into its own. Not only is it one of the city's hottest restaurant destinations, but it now supports retail development as well. Higher retail rates, rapidly filling vacancies and a more complementary mix of shopping and food all speak to how the area has flourished.

"Price points in the market are increasing, and we're seeing a lot of in-fill growth in this area," said Matt Kelly, managing director of The JBG Cos. "The U Street corridor was a new up-and-coming area six to seven years ago, and now it's very firmly established."

The critical mass of restaurants on 14th includes some of the city's trendiest places — tapas restaurant Estadio and the beer-centered Birch & Barley/ChurchKey, to name just a few. The area also has seen the city's most expansive local chains stake new claims there, including sweetgreen, Taylor Gourmet and Matchbox, which have all signed or delivered on new restaurants this year.

The corridor has drawn attention not only from local restaurateurs but also from out-of-town operators, according to restaurant broker Tom Papadopoulos, who represented Matchbox in its deal for 1907 14th St. NW. Historically, out-of-area companies have been prone to safer, more "touristy" spots, such as Dupont Circle and Penn Quarter. But now, high-end operators like Stephen Starr, Philadelphia's most prolific restaurant owners, have toured sites in the corridor.

Robert Tack of Capital Retail Group LLC echoes those sentiments. After leasing retail space at 1334 U St. NW, he ended up signing

two local restaurants that recently opened, The Codmother, which serves fish and chips, and Touchdown, a sports bar.

"What was amazing to me, though, was the interest we had not only from local retailers, but people coming down from New York — both well-known names and not so well-known names," Tack said.

Although restaurants have led most of the recent leasing activity, shopping tenants are following suit, said David Tochter, a retail broker for Cushman & Wakefield Inc. Tochter has seen interest from such clients as internationally known furniture designer Timothy Oulton and the John Fluevog Shoes franchise, though neither has signed.

"There really are demographics that people aren't necessarily aware of," Tochter said. "Within one mile of 14th and U, you've got almost 100,000 [people] making over \$80,000 in income a year."

Retailers have been encouraged by the success of furniture retailer Room & Board, which opened in the spring of 2010 at 1840 14th St. NW, brokers said.

In addition, several residential projects are slated to come online soon, and they not only will add bodies but also contribute ground-floor retail. That includes PN Home, a man Inc.'s project at 1401 R St. NW and JBG's District Condos, under construction at 14th and S streets NW.

While retail rental rates on 14th haven't matched those of Georgetown, the city's most expensive retail destination, brokers are starting to see deals that compare with D.C.'s other competitive neighborhoods.

Tack said rates have ranged from \$35 to \$60 per square foot, with mid-\$40s as the norm. And rents sometimes scaled those of Penn Quarter. Tochter said he has seen \$45 to \$55 per square foot on average along 14th Street and rents north of \$60 per square foot on P Street in particular.

The area's climbing rents have, in some cases, been mitigated by landlords willing to assist restaurant owners with improvements, Matchbox partner Ty Neal said.

"I think that's what's made it palatable," said Neal, whose restaurant will be housed in a JBG site. "The large developers are willing to step up and help build the restaurant."

mfrederick@bizjournals.com

Shoppers' paradise?

The 14th Street area between U Street and Thomas Circle is no stranger to restaurant and retail activity, and this year has been more active than ever. Here is a rundown of recent openings, closings and lease signings in the neighborhood.

