Draft Whole Foods Report August 2020

The objective of this report is to provide City Council additional information on the Whole Foods market and market potential in the Falls Church area, so as to help make an informed decision on the Broad and Washington Project. The Broad and Washington Project proposes to add the first Whole Foods to the City of Falls Church. This report aims to provide information on both the benefits and considerations associated with a new Whole Foods in this location, including information on 1) the status of Whole Foods in the regional market, 2) the market in and around the City of Falls Church, 3) local competition, and 4) an outline of some under-appreciated community concerns of locating the store in the City. This report cannot make any definitive claims, but rather aims to present questions and offer data to support additional critical analysis.

Overview

This report finds there is most likely a market for a new Whole Foods in the City of Falls Church, but there are also potentially negative community impacts to be considered. The store is a secure investment thanks to booming grocery sales, as well as Amazon's scale, distribution channels, and built-in market of 'Amazon Prime' members. There is an untapped market of over 340,000 customers in the region that would be served by this location, and possibly even more through delivery services. As online grocery sales continue to climb, this new store could prove very lucrative for the City.

It is unclear, however, whether an additional grocer will grow the market or cut into existing grocers' profits. Grocers tend to share markets well, but the City is small, and citizens complain it is already 'over-saturated' with grocers. In addition, the impact of the online sales tax trend is unclear. Online sales increased 40% during the pandemic, while in-person sales decreased 13% in Whole Foods stores. If this trend continues and more consumers move to online shopping, this prime downtown location could go underutilized.

The proposed parking plan and meals tax revenue present additional considerations for Council. Based on this report's calculations, the project is currently under-parked. There is little space for additional Whole Foods parking overflow in the adjacent public lots, possibly incurring a negative impact on the adjacent restaurants and businesses. In addition, the developers use local comps to project meals taxes, but other local Whole Foods are surrounded by office and daytime uses. It is unclear yet if this proposed Whole Foods would include meals tax revenue-generators since the area does not have the daytime population to support it. This could impact projected meals taxes on the project. This report makes no definitive conclusions about the value of adding a Whole Foods to this location, rather, this report aims to offer additional information to help inform the City's ultimate decision on the project.

Contents

Whole Foods Overview

Name	Washington Market Sales 2020 (in millions)	Number of Stores in Metro Area 2020	Market Share of 2020 Market	Average sales per square foot per store (estimate)	Average Square Feet (estimate)
Whole Foods Market Inc.	$798.50	21	3.97%	$845	45,000

Whole Foods has one of the highest sales per square foot of all grocers in the region (see page 9 for comparison). There are 10 Whole Foods locations in the greater Northern Virginia and DC area, only one has plans to close in Pimmit Hills. Overall, Whole Foods sales in both Arlington and Fairfax increased over the past year, Fairfax sales increasing by 20%. Two contributing factors of this growth are the store's 'Cult Following' and its recent acquisition by Amazon.

County[1]	2020 Stores	2020 Sales (in Millions)	% of 2020 County Market	2019 Stores	2019 Sales (in millions)	% of 2019 County Market	% Change in Sales from 2019-2020
Arlington	2	$73.10	8.64%	2	$70.90	8.94%	+ 3%
Fairfax	7	$263.70	5.44%	6	$218.40	4.68%	+ 20%

Cult Following: Whole Foods benefits from a reliable consumer base, due in part to its' diet/allergy-friendly and organic products. The store's revenue and growth grew steadily between 2012 and 2017 (at the time of the Amazon acquisition), in part due to its' growing consumer base interested in organic, healthy foods and increasing brand recognition[2].

The Amazon Effect: Overall, Amazon adds value and security to the brand. Amazon's online presence is also far ahead of competitors, and online grocery sales also increased 40% since the shutdown[3]. The store is a more stable investment now as opposed to before the acquisition due to Amazon's online presence, brand awareness, and scale[4].

[1] https://www.foodtradenews.com/wp-content/uploads/2020/06/food-world-2020-market-study.pdf

[2] http://www.ijlemr.com/papers/volume3-issue2/15-IJLEMR-33078.pdf

[3] https://www.supermarketnews.com/online-retail/amazon-online-grocery-sales-triple-second-quarter

[4] https://www.marketwatch.com/investing/stock/amzn/charts

The Market in City of Falls Church

Falls Church residents demographically fit the description of a Whole Foods buyer. According to the Census, over 40 percent of households in Falls Church make $150,000 or more, and the median household income is about $114,795[5]. , as of 2017 about 65 percent of Falls Church households were families, amounting to 3,459 families in total[6].

The DC-metro area (including Falls Church), spends an average of 12 percent of annual expenditures on food, and 49.8 percent of that amount is spent 'food at home' (groceries)[7]. Food has the fourth highest percentage of annual expenditures, after housing, transportation, and personal insurance/pension. The DC-area also spends an average of $30,000 more than the national average per year total—translating to an average of $11,000 spent on food a year and almost $3,000 on groceries.

Overall, city residents fit the description of a Whole Foods consumer—and there is an even larger untapped market around the City that could be captured by this location.

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[5] American Community Survey. Financial Characteristics 2013-2017 5-Year Estimates.

[6] American Community Survey. Households and Families. 2013-2017 5-Year Estimates.

[7] https://www.bls.gov/regions/mid-atlantic/news-release/pdf/consumerexpenditures_washington.pdf

Demographics of the Untapped Market within 3- and 5-Miles of Proposed Whole Foods Location

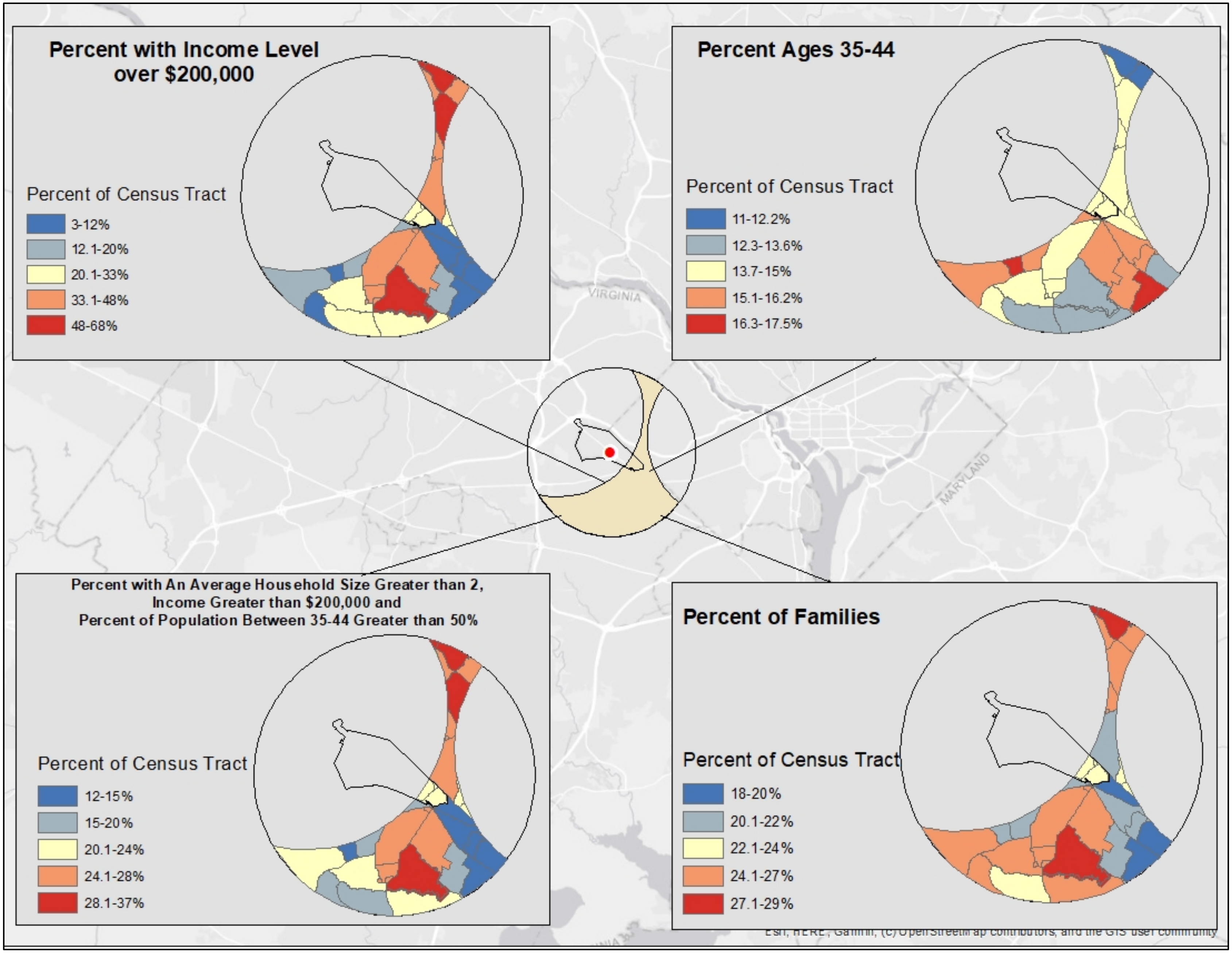
These data show demographics for consumers who live outside of a short driving distance from existing Whole Foods stores, but within that same distance of the proposed new location. This analysis uses 3- and 5- miles because research shows consumers are more likely to shop at grocers that are within these short driving distances. These data show both potential shoppers at a new Whole Foods in Falls Church and the potential online delivery market, though it could expand beyond this area as well. The following maps show the areas underserved by a Whole Foods within a 3- and 5- mile distance (a Whole Foods 'desert') but within a short distance from the Broad and Washington location, along with each trade area's demographic profile based on the average Whole Foods shopper. This analysis excludes the Pimmit Hills Whole Foods location as it has plans to close.

	Average Whole Foods Demographics	3-Mile Trade Area	5-Mile Trade Area
Average Income	Around $200,000	$131, 584	$131,249
Average Family Size	Over 2	2.84	3.25
Median Age	Between 35-44	40	43
Population	200,000 within a 20-minute drive time[8]	247,951 underserved population[9] within 5-minute drive time	93,403 underserved population within a 10-minute drive time.

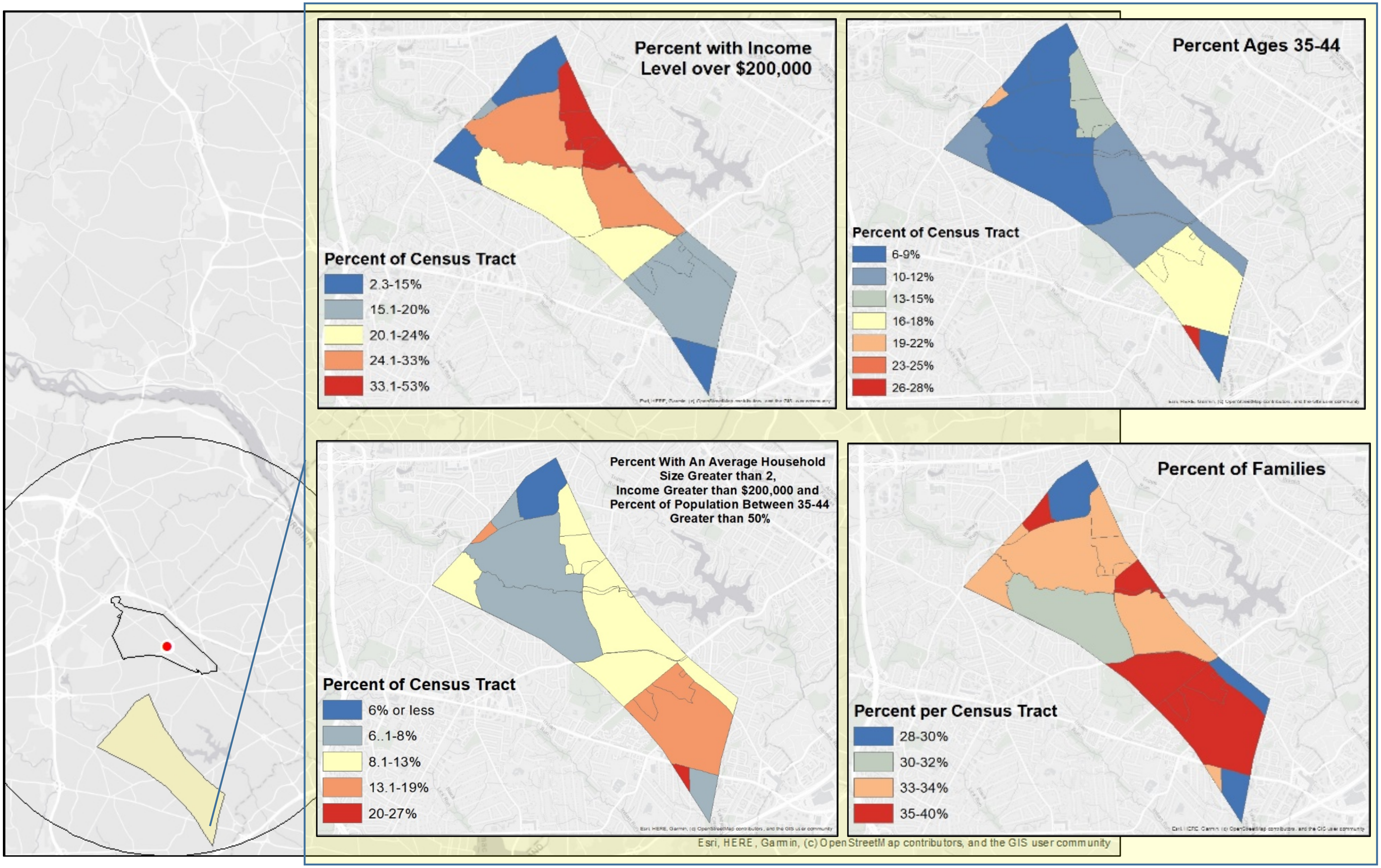
[8] Whole Foods Real Estate. https://www.wholefoodsmarket.com/company-info/real-estate

[9] Underserved population is defined as a population not within the 3- or 5- mile drive distance to a Whole Foods

Demographics for a 3-mile 'Whole Foods Desert'



Demographics for a 5-Mile ‘Whole Foods Desert’



Strength and Location of Competition

The Amazon acquisition of Whole Foods increased its potential market share, opening the business to greater competition both in-person and online.

Strength of Competition

The Amazon deal expanded Whole Food's competition to include larger grocery chains like Harris Teeter and Giant, in addition to boutique grocers like Trader Joe's. The built-in consumer benefits associated with Amazon Prime memberships and Amazon delivery service make Whole Foods a more viable contender in this larger market segment. These benefits still may not compare to the cheaper prices of these brands. Harris Teeter and Giant's push to increase cheap, organic, and healthy options also threatens Whole Foods' near monopoly on the health-food market[10].

Overall, there are 57 other grocers within 5-miles—the average distance a person is willing to drive to a grocery store. 28 are of comparable size and market share (see following page for market share breakdown). With so much competition at lower prices points, it is unclear if consumers outside of the store's loyal customer base will be willing to pay the higher prices at Whole Foods.

Of the three grocery stores that sell fresh produce in the City, Harris Teeter and Giant are likely to be the stores' biggest local competition. In terms of online orders, both offer pick-up and delivery services at cheaper prices than Whole Foods (see page 11 for breakdown). As of now, however, the store greatly benefits from Amazon's online presence—unmatched by any other grocer in the region.

Stores within 5 Miles of Proposed Whole Foods	Count
Safeway	9
Harris Teeter	8
Giant Food	7
ALDI	4
Whole Foods Market	4
Trader Joe's	3
MOM's Organic Market	2
The Fresh Market	2
Al Amanah Market	1
Asian Grocery Market	1
Bangkok 54 Oriental Market	1
Cho Eden Supermarket	1
European Foods Import Export Inc.	1
Fairfax Towers Grocery	1
Filipino Global Supermarket	1
Global Food	1
Golden Glory Llc	1
Great Wall Supermarket	1
H Mart Falls Church	1
India A1 Grocery	1
Indian Spices	1
La Union Grocery	1
Lawsons	1
Rotonda General Store	1
Shirlington Market	1
Streets Market	1
Target Grocery	1
BJ's Wholesale Club	1

[10] https://www.investopedia.com/ask/answers/052015/who-are-whole-foods-wfm-main-competitors.asp

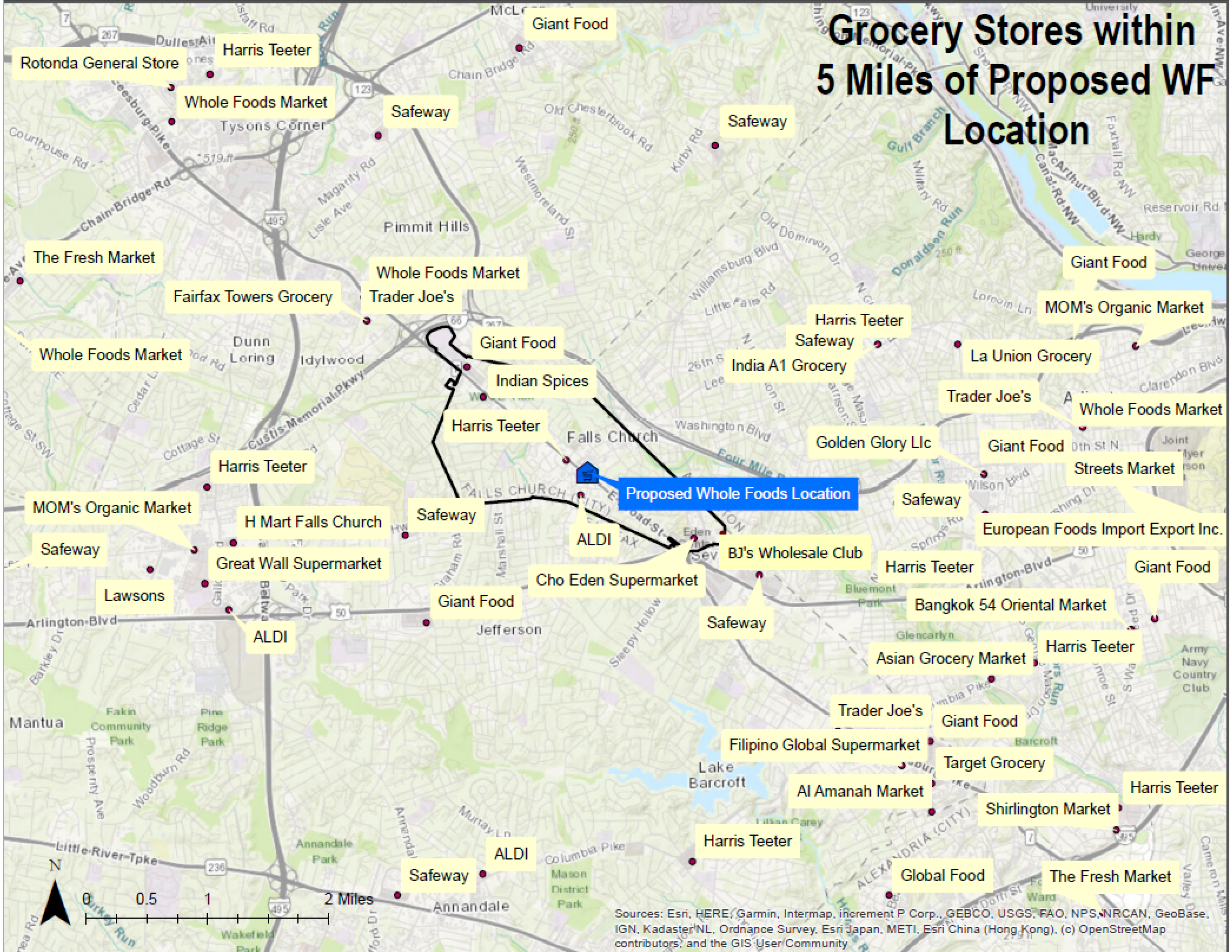
Top 10 Regional Grocery Sales (Updated August 2020)

Below are estimates of DC-metro area sales, market share, and number of stores as calculated by *Food World*, as well as average sales per square foot per store and average square feet[11]. Whole Foods has higher sales per square foot compared to grocers with the highest sales of 2020, besides Wegmans. Since the pandemic began, in-person Whole Foods sales dropped 13%, while online increased 40%, reflecting a significant shift in consumer purchasing[12].

Name	Washington Market Sales 2020 (in millions)	Number of Stores in Metro Area 2020	Market Share of 2020 Market	Average sales per square foot per store (estimate)	Average Square Feet (estimate)
Giant	$5,623.42	158	19.38%	$791	45,000
Safeway	$1,716.06	83	8.54%	$449	46,000
CVS Caremark	$1,426.40	255	7.08%	$373	15,000
Harris Teeter	$1,278.30	44	6.35%	$764	38,000
Costco Wholesale Corp.	$1,023.60	17	5.08%	$525* excluding membership fees	114,500
Wegmans Food Markets Inc.	$978.10	11	4.86%	$1,111	About 80,000
7-Eleven Inc.	$895.70	503	4.45%	$593	3,000
Whole Foods Market Inc.	$798.50	21	3.97%	$845	45,000
Target	$780.10	48	3.87%	$406	40,000
Walgreens	$519.70	98	2.58%	$365	14,500

[11] https://www.foodtradenews.com/wp-content/uploads/2020/06/food-world-2020-market-study.pdf

[12] https://www.supermarketnews.com/online-retail/amazon-online-grocery-sales-triple-second-quarter


Grocery Stores within 5 Miles of Proposed WF Location
Proposed Whole Foods Location
Giant Food
Harris Teeter
Rotonda General Store
Whole Foods Market
Safeway
Safeway
The Fresh Market
Whole Foods Market
Fairfax Towers Grocery
Trader Joe's
Giant Food
Whole Foods Market
Indian Spices
Harris Teeter
Harris Teeter
MOM's Organic Market
H Mart Falls Church
Safeway
Safeway
Great Wall Supermarket
ALDI
Lawsons
ALDI
Giant Food
Cho Eden Supermarket
BJ's Wholesale Club
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Target Grocery
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Harris Teeter
Shirlington Market
Harris Teeter
ALDI
Safeway
Global Food
The Fresh Market
0 0.5 1 2 Miles
N
Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

Online Delivery Competition[13]

There is also significant competition in the delivery/pick-up market for two primary reasons: online Whole Foods orders require a membership fee and delivery is not limited to geographic areas. Because it is difficult to define the delivery radius for local grocers, it is likely many of these grocers share the same consumer market. This leaves delivery cost and product offerings as the primary differentiators. Local grocers Harris Teeter and Giant offer cheaper delivery, and Amazon has its own Amazon Fresh service that is included in its' membership fee but offers produce at cheaper prices than Whole Foods. However, Whole Foods did increase delivery capacity by 160% since the shutdown, reflecting the immense demand for Whole Foods products online regardless of membership fee and price[14].

	Store	Description	Cost of Delivery/Pick-Up
Membership-Based	**Whole Foods**	• Part of Amazon's PrimeNow Storefronts • Requires Amazon membership to purchase • Order fulfilled by Whole Foods stores (though unclear which one) • Offers specific organic, allergen-free, and diet products other stores do not	• Requires a membership to order online ($199/year) • Free with minimum order of $35 • Not including tip • Available same-day
	Amazon Fresh	• Amazon Fresh is expected to merge with amazon's Whole Foods delivery service in the future • Available within 2 days • Offers some specific products, mainly pantry staples	• Requires a membership to Amazon Prime ($199/year) • Free with minimum order of $35
	Costco	• Membership-based • Primary benefit is in bulk orders • Few specific, organic/allergen-free products	• $60-120 annual membership fee • 2-day and standard delivery incurs additional fee if it is less than $75 • Same-day delivery through Instacart (charges Instacart fees)
	BJ's	• Membership-based • Primary benefit is in bulk orders and few specific, organic/allergen-free products	• Same-day delivery through Instacart • $55-110 annual membership fee • $10 annual membership fee for online only purchases
Non-Membership Based	**Harris Teeter**	• Available through Shipt • Does not require membership	• $10 delivery cost unless you buy Shipt Passes • Shipt passes can save money per-order on multiple orders • Not including tip/same-day delivery
	Giant	• Through Peapod	• $30 minimum purchase and $3 pickup fee • Same day pickup and delivery

[13] https://www.tomsguide.com/best-picks/best-grocery-delivery-services

[14] https://www.supermarketnews.com/online-retail/amazon-online-grocery-sales-triple-second-quarter

Considerations of Most Recent Submission

Public parking and sales/meals taxes are two major considerations to be made for this project. The following section provides preliminary analysis of the proposed parking and sales/meals tax information, along with local case studies to provide context for these numbers.

Parking Analysis as of August 2020 Submission, including Clare and Don's and Thompson's Italian Square Footage

This estimated parking analysis presents the proposal as if includes square footage for the two restaurants whose existing parking will be absorbed by the project (Clare and Don's and Thompson's Italian), along with information provided by the project submission[15]:

Public Parking garage	Residential	Retail and Public	Bike	
P1	319	0	141	
P2	19	41	18 (on street), 8 (garage)	
P3	0	79	0	
P4	0	22 (Retail/restaurant etc..)/ 210 Whole Foods Parking	0	
Total:		142 for commercial/210 for Whole Foods	159	
	Public (free)	**Unreserved Paid Parking**		
	64	74		
Building Types Served by Public Parking Garage	**Proposed Square Footage**	**City Requirements (based on City codes identified below)**	**Insight Proposal[16]**	**Difference**
Retail (assuming apparel)	1,500	6 (based on requirements for retail apparel off-street parking)	15	+9
Theater	5,000	83 (based on non-fixed seating per COVID seating trends)	49	-34
Quality Restaurant	2,000	20 (based on restaurant use for off-street parking)	20	0
High-turnover (sit-down) restaurant	3,000	30 (based on restaurant use)	29	-1
Clare and Don's and Thompson's Italian	3,000	30 (based on restaurant use)	29	-1
Total:				27 space deficit

[15] https://www.fallschurchva.gov/DocumentCenter/View/12954/04-Revised-Conceptual-Development-Plans

[16] See Appendix B for Calculations

Project Parking Analysis: The most recent parking plan submission does not include the square footage for Clare and Don's or Thompson's Italian in its calculations. Instead, the proposal suggests replacing the same number of spots currently in the public lot and a valet service are sufficient. This report suggests including the square footage for the two restaurants in the parking calculations to present an alternative representation of the amount of parking needed—as a share of the total parking spots based on square footage. In addition, 'non-fixed seating' zoning requirements were chosen for the theatre because it offers greater flexibility with COVID health regulations[17]. With these considerations, the project is underparked overall by 27 spaces.

Public Parking: Under normal parking demand (pre-COVID), there is little additional, free public parking around this location to support any overflow. Walker Consultants recently assessed the City's public parking (pre-COVID), and found that the public parking near/around Park Ave, Maple Ave, Washington Street, and Broad Street was about 70% occupied during the week, and 100% occupied during the weekend[18]. Considering one of the building types is underparked, and the majority of unreserved spaces are paid, it is worth reconsidering how well this parking plan supports surrounding businesses.

Table 3: Block 7 Analysis – Weekday

Type	Business Name	Space Type	Inventory	7:00 AM - 9:00 AM	9:00 AM - 11:00 AM	11:00 AM - 1:00 PM	1:00 PM - 3:00 PM	3:00 PM - 5:00 PM	5:00 PM - 7:00 PM	7:00 PM - 9:00 PM	9:00 PM - 11:00 PM
Public	Public Parking (Maple Ave)	Unreserved	12	33%	50%	92%	100%	75%	50%	75%	75%
		ADA	1	0%	0%	0%	0%	0%	0%	0%	0%
		Total	13	31%	46%	85%	92%	69%	46%	69%	69%
Public	Public Parking (Interior)	Unreserved	45	56%	13%	71%	64%	44%	78%	89%	62%
		ADA	3	33%	0%	33%	0%	0%	0%	0%	33%
		Total	48	54%	13%	69%	60%	42%	73%	83%	60%
Private	Polu Kai Services	Unreserved	25	12%	48%	56%	56%	36%	24%	4%	8%
		ADA	1	100%	0%	100%	100%	100%	0%	0%	0%
		Total	26	15%	46%	58%	58%	38%	23%	4%	8%
	Human Touch	Unreserved	16	0%	88%	100%	100%	63%	25%	0%	0%
		ADA	1	0%	100%	100%	100%	100%	0%	0%	0%
		Total	17	0%	88%	100%	100%	65%	24%	0%	0%
	Unity Club	Reserved	82	15%	16%	60%	67%	32%	85%	32%	46%
		ADA	1	0%	100%	0%	0%	0%	0%	0%	0%
		Total	83	14%	17%	59%	66%	31%	84%	31%	46%
	CVS/Dogwood	Reserved	78	8%	36%	45%	77%	55%	82%	76%	49%
		ADA	4	0%	25%	50%	25%	0%	25%	0%	0%
		Total	82	7%	35%	45%	74%	52%	79%	72%	46%

Source: Walker Consultants, 2020

Table 6: Block 7 Analysis – Saturday

Type	Business Name	Space Type	Inventory	7:00 AM - 9:00 AM	9:00 AM - 11:00 AM	11:00 AM - 1:00 PM	1:00 PM - 3:00 PM	3:00 PM - 5:00 PM	5:00 PM - 7:00 PM	7:00 PM - 9:00 PM	9:00 PM - 11:00 PM
Public	Public Parking (Maple Ave)	Unreserved	12	33%	92%	100%	100%	100%	100%	92%	100%
		ADA	1	0%	0%	0%	100%	0%	0%	0%	0%
		Total	13	31%	85%	92%	100%	92%	92%	85%	92%
Public	Public Parking (Interior)	Unreserved	45	87%	29%	87%	91%	89%	98%	76%	98%
		ADA	3	0%	0%	0%	67%	33%	0%	33%	33%
		Total	48	81%	27%	81%	90%	85%	92%	73%	94%
Private	Polu Kai Services	Unreserved	25	8%	8%	12%	8%	8%	8%	8%	8%
		ADA	1	0%	0%	0%	0%	0%	0%	0%	0%
		Total	26	8%	8%	12%	8%	8%	8%	8%	8%
	Human Touch	Unreserved	16	0%	0%	0%	0%	0%	0%	0%	0%
		ADA	1	0%	0%	0%	0%	0%	0%	0%	0%
		Total	17	0%	0%	0%	0%	0%	0%	0%	0%
	Unity Club	Reserved	82	17%	28%	48%	79%	74%	56%	60%	35%
		ADA	1	0%	0%	0%	100%	0%	0%	0%	0%
		Total	83	17%	28%	47%	80%	73%	55%	59%	35%
	CVS/Dogwood	Reserved	78	8%	29%	73%	100%	92%	82%	76%	69%
		ADA	4	0%	0%	0%	100%	25%	50%	25%	25%
		Total	82	7%	28%	70%	100%	89%	80%	73%	67%

Source: Walker Consultants, 2020

[17] This is based on state, local regulations leaning towards lowered capacity seating in theatres.

[18] https://www.fallschurchva.gov/DocumentCenter/View/12886/Final-EDA-Parking-Study-by-Walker-Consultants-

Sales and Meals Taxes

The most recent project proposal indicates sales tax of over $10 million and meals tax of over $9 million. This calculation includes significant mezzanine space specifically designated for in-store dining, but there is no indication it will produce any meals tax revenue. It is not clear whether this Whole Foods will include some of the meals-tax generating amenities of the following examples because of the City's lack of day time population, so It is possible this will be non-revenue generating square footage.

For in-store purchasing, the store assumes grocery sales of $856 per square foot which is on target for the metro-area pre-pandemic. Even though in-person grocery sales are down and online orders have increased, it is unclear whether online sales taxes can replace or exceed in-person sales taxes.

Delivery/Online Orders

According to state/local tax law, if Whole Foods delivers to customers in an adjacent city or county, it could trigger sales tax nexus[19]. The city therefore could claim sales taxes on meals sent outside of the city. If a customer were to order groceries from Whole Foods and the order was fulfilled by a Falls Church location, the City would levy the tax[20]. There is no available data on the delivery radius for Whole Foods stores, making it difficult to quantify the value of online orders. In addition, the City would not collect sales tax from Amazon Fresh purchases, because those are fulfilled through Amazon warehouse distribution.

[19] Most common economic nexus threshold is $100,000 in sales or 200 transactions a year (Whole Foods). If met, you are legally obligated to collect and remit sales tax to that state.

[20] http://lis.virginia.gov/cgi-bin/legp604.exe?191+ful+SB1083ER+pdf

Local Case Studies of Whole Foods in Mixed-Use Projects:

The following case studies can provide context on both the parking and sales/meals tax proposed in the Broad and Washington proposal. Local Whole Foods in mixed-use projects range both larger and smaller than this proposed store, but the newer Whole Foods (specifically Pentagon City and Tysons) include significant access to both parking and in-store hot/to-go meal options to support meals taxes. They are also surrounded by a significant amount of office to support these in-store meals purchases.

Demographic Comparisons Between Other Whole Foods locations and the City of Falls Church

These data to the right are approximate for the larger area around the Whole Foods locations. It can be assumed, for example, the population density for Tysons is lower in these data than in The Boro area specifically, where the Whole Foods is located. Data this specific was unavailable. Based on available data, The City of Falls Church has a higher population density than the larger Tysons area, as well as a higher average household income, higher educational attainment, and percentage of families[25]. The City does, however, have the lowest day-time population overall.

	Tysons	Pentagon City[21]	Falls Church City
Total Population	23,749	25,623	13,843
Population Density (per. Square mile)	5,568	15,396	6,926
Family Households	54.7 percent	32.36 percent	65.2 percent
Average Household Income	$135,898	$130,847	$181,724
Highest Share Age Group	25-34 Years (20.3 percent)	30-39 (24.5 percent)	45-54 Years (15.8 percent)
Educational Attainment	45% have at least Bachelor's Degrees	44% have at least Bachelor's Degrees	80% have at least Bachelor's Degrees
Day Time Population (Pre-Covid)	42,059[22] in 4.26 square miles	3,504 within ¼ mile of Pentagon City Metro 14,339 within ½ mile of metro 25,623 within 1 mile of metro[23]	16,564[24] within City limits (about 2 square miles)

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[21] https://www.arlingtoneconomicdevelopment.com/real-estate-development/retail/pentagon-city-retail/; https://www.point2homes.com/US/Neighborhood/VA/Arlington/Pentagon-City-Demographics.html#:~:text=Pentagon%20City%20is%20an%20area,City%20and%2012%2C013%20female%20residents.

[22] https://www.arcgis.com/apps/Cascade/index.html?appid=b9af9dfe062b4c8a8c0ba5c8ed3d6176

[24] http://choosefallschurch.org/DocumentCenter/View/587/22046-Community-Profile---February-4-2019

Whole Foods Pentagon City[26,27] :

- 36,800 square-feet

-Whole Foods includes a bar, coffee and juice bar, fresh Farmstand, ramen shop, and barbecue station

-opened in 2016 in mixed-use project 50 apartment project, The Bartlett two blocks from Pentagon City Metro Station

-Whole Foods has free underground 2-hour parking, close to 6 parking garages and offers underground parking. Most garages charge after 1-hour.

Figure 1 Parking and Metro Surrounding Pentagon City Whole Foods

-Surrounded by 1,216,872 square feet of Office[28] and additional shopping

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[24] http://choosefallschurch.org/DocumentCenter/View/587/22046-Community-Profile---February-4-2019

[25] Social Explorer Tables: ACS 2017 (5-Year Estimates) (SE), ACS 2017 (5-Year Estimates), Social Explorer; U.S. Census Bureau

[26] https://www.arlnow.com/2016/06/28/pentagon-city-whole-foods-opening-tomorrow/

[27] https://projects.arlingtonva.us/projects/bartlett/

[28] https://www.arlingtoneconomicdevelopment.com/AEDMura7/assets/File/Retail%20Profiles%20-%202019/Pentagon%20City%20Retail%20Profile%202019.pdf

Whole Foods Tyson's[29]:

- 70,000 square feet

- The Whole Foods includes a bar, food hall, arcade hall, and more

-The Boro includes 18 stores total including retail and commercial, as well as a movie theatre and Whole Foods

-Whole Foods validates parking, all 4 surrounding lots are open 24 hours

-Parking is free after 5:00 pm in one lot, $5 after 5:00 pm in another lot, and $25 for the day in the Whole Foods lot (without validation)

-Offers a shuttle from The Boro to the Tysons area, which includes Office and additional retail/commercial spaces

[29] https://theborotysons.com/neighboring/#shop-services

Conclusion

Overall, a new Whole Foods in the Broad and Washington location could potentially serve an untapped market both in-person and online. The closure of the Pimmit Hills Whole Foods location opens up more market share to the north, and the location is very accessible from metro and major highways. Online grocery sales continue to climb and the grocery industry as a whole is booming. If in-person sales increase to pre-pandemic levels, the investment could be very lucrative for the City.

The parking plan and meals taxes are still complicated components of this project. This report found the most recent project submission is underparked by 27 commercial spaces, defining parking spots as a share of total commercial parking spots based on square footage (including the square footage for Clare and Don's and Thompson's Italian). Assuming parking/driving levels increase back to pre-COVID levels, there is not enough parking around the project to take care of the overflow. Other Whole Foods in the area offer much more abundant public parking in and around the store, though those areas have higher density populations and have more day-time population. It is also unclear whether parking demand for these uses will reach pre-COVID highs, if not this issue could be diminished.

Similar to parking demand, meals taxes are also difficult to predict. The area is much less dense than other local Whole Foods, with much less office space and day-time workers. Online ordering and delivery is mainly for regular groceries, rather than meals, but this could change moving forward.

In the face of this uncertain future, grocery stores are still a safe bet. Whole Foods sales will continue to grow, whether online or in-person, and the store's unique offerings will continue to attract its loyal customer base. The issues of parking and meals taxes could also be resolved. Parking could never again reach pre-COVID levels, which would resolve any issues with parking demand, and online orders could become the future of grocery purchasing, which could be very lucrative for the City. Because there isn't enough data to adequately predict what might happen, this report offers information to help the City make as informed of a decision as possible.

Appendix A. Most recent fiscal impact analysis (April 2020):

Non-Residential-Type	**Square Footage**	**% of commercial use**
Retail	1,500	2%
Theater	5,000	7%
Supermarket	56,600	83%
Quality Restaurant	2,000	3%
High-turnover (sit-down) restaurant	3,000	4%
Estimated Revenues		**Distribution**
Real Property Tax	$35,339,000	52%
Personal Property Tax	$4,112,000	6%
Sales Tax	$11,669,000	17%
Meals Tax	$9,236,000	13%
BPOL Tax	$3,274,000	5%
Licenses and Permits	$565,000	1%
Miscellaneous Revenues	$4,282,000	6%
Estimated Expenditures		
Total Expenditures	$18,598,000	
Net Fiscal Impact	$49,879,000	
Annual Net Income, No Inflation	$2,275,942	

Appendix B: Alternative Parking Calculations

Building Types Served by Public Parking Garage	***Square Footage***	***Percent share of total Commercial Square footage, excluding Whole Foods***	***Number of spots proposed by Insight, based on percentage of commercial square footage (142 commercial spots total, without Whole Foods)***
Retail (assuming apparel)	1,500	10%	14.68965517
Theater	5,000	34%	48.96551724
Quality Restaurant	2,000	14%	19.5862069
High-turnover (sit-down) restaurant	3,000	21%	29.37931034
Clare and Don's and Thompsons	3,000	21%	29.37931034
Total	14,500		