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Union Station retail operators focus on what works best: food



By **Danielle Douglas** April 8, 2012

At one point in time, Union Station was one of the few places in the city where you could pick up a pair of slacks, catch a movie and grab a bite to eat.

But the complex lost its appeal as the revitalization of Chinatown and the F Street corridor gave consumers a broader selection of stores and restaurants. Now that D.C. has a number of burgeoning shopping districts and high-profile retail projects under way, where does that leave Union Station?

The sprawling complex, housing some 140 shops and restaurants, is in the midst of a \$35 million renovation, repositioning its merchant mix with a concentration on food. The move comes as increased intercity bus service and the potential expansion of Metrorail capacity promise an influx of visitors.

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About 32 million people visit Union Station each year — 15.5 million local residents, 8 million tourists, 5 million commuters and 3.5 million office workers. Which begs the question of who should be the target audience for the retail.

Missing the middle ground

“Turning to a fast-casual solution makes so much sense because everyone eats at these places whether they are residents, tourists or travelers. It’s the common ground between all of the customer groups they are trying to serve,” said Heather Arnold, director of research and analysis at Bethesda-based StreetSense, a commercial real estate firm.

Quick-serve eateries Yo! Sushi and Roti are slated to open by the summer, rounding out the list of seven fast-casual restaurants to set up shop in the past 24 months. Add the food court on the lower level, plus the five white-tablecloth bistros and dining will soon account for nearly 40 percent of the retail at the station.

“Not everyone is interested in the food court or have time for fine dining, so we were missing that middle ground,” said Joe Press, senior vice president of Ashkenazy Acquisition, the New York City developer that in 2007 paid \$160 million to lease Union Station for [84 years](#).

Ashkenazy reconfigured space in the west hall to fit Roti and [moved a popular liquor store](#) to the lower level to accommodate a Pret a Manger restaurant near the Amtrak concourse. Press said the firm has signed a letter of intent

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with a national restaurateur he would not name to take over the former [America Restaurant](#) site.

“What we’re trying to do is be more relevant for the neighborhood,” he said. “You can usually tell who is a tourist at Union Station — you don’t see them in the west hall, you see people in suits.”

A glimpse of the long lunch lines in the west hall bear out Press’ observation, but offer no clear answer for whether the best use for the grand Beaux-Arts building is a glorified food court.

Knitting together communities

Union Station for now seems to be foregoing the local boutiques and artisan shops that have made other places shopping destinations.

National chains, such as Ann Taylor and Victoria’s Secret, dominate the tenant line up. And with Ashkenazy negotiating three new leases with stores Press said are “similar to Ann Taylor,” that will continue.

“Ann Taylor does well ... Jos. A. Banks does well, so we’re just trying to get more of the same price point and tenants along those lines,” Press said. He would not divulge exact figures, but said sales at the shops and restaurants were up 20 percent in the past year.

Rents at Union Station, according to Press, are on par with those at Gallery Place and Georgetown — placing them in the range of \$40 to \$60 a square foot.

Kiosks have a ubiquitous presence in the east hall, but

many speciality mom-and-pop shops have been cleared out. Homegrown merchants have a better chance of finding affordable space nearby within the H Street corridor.

The area's thriving nightlife captured the attention of the Union Station Redevelopment Corp., the nonprofit created by Congress to manage the station in 1981. The organization plans to create an entrance accessing H Street Northeast and reinforce the overpass to accommodate planned streetcar service to the corridor.

Knitting together the disparate communities could improve the flow of consumer traffic from Union Station to H Street, making the area a vibrant retail hub.

Arnold of StreetSense, however, said, "Street retail works from a storefront-to-storefront approach. Union Station being Columbus Circle on one side and a parking garage on the other doesn't have the kind of connection that would bolster retail activity around it."

Reimagining the old theater

Retail only became a key feature of Union Station after the 105-year-old structure underwent a \$160 million restoration in the late 1980s. Prior to that, the station had a hodgepodge of snack stands, a mortuary and a bowling alley, said general manager Mark Polhemus.

"The restoration created a retail footprint that was a sufficient size to provide enough revenue to pay all of the expenses on the property," he said. "We started out with a larger ratio of apparel, but added more food use when

apparel tenants moved out.”

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A nine-screen movie theater once anchored Union Station, attracting a cross section of teenagers and tourists.

Polhemus said the multiplex was forced to shutter in 2009 after losing customers to newer theaters.

Ashkenazy has struggled to land a replacement tenant for the 40,000-square-foot space. To make the space more attractive, the developer wants to [carve out two spaces](#) for escalators from the main hall to the lower level. Ashkenazy has the backing of the Union Station Redevelopment Corp., but the historic preservation review is ongoing.

Press said the company is considering dividing the former multiplex into two spaces or leaving it open for one large tenant. Either option is contingent upon approval of the plan.

“Once we know what’s going to be there,” Press said, “then we can start talking to retailers and figure out the best set up.”