

Market Common is one of the retail centers in Arlington's Clarendon area.

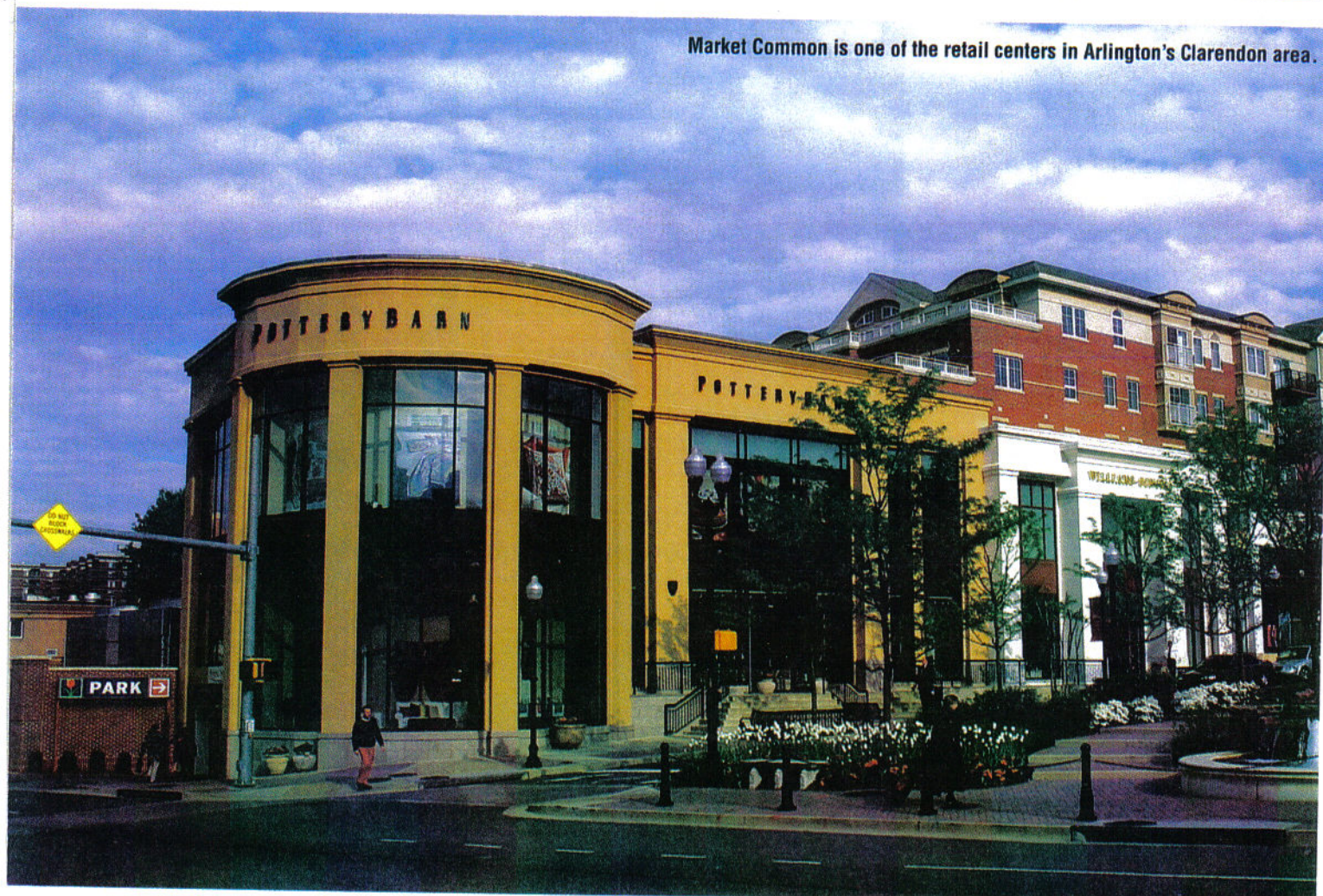


Photo courtesy Arlington County

Good economic genes

Affluent population, careful planning form county's defense against recession

by M.J. McAteer

No Virginia jurisdiction has been immune to the financial malaise of the past two years, but in Arlington County, the recession has been more heavy cold than pneumonia.

The county has its good economic genes to thank for that. It has an affluent, highly educated population that any county would envy, and its location across the Potomac from Washington, D.C., sells itself.

Arlington is further blessed with a fistful of Metro stops and Ronald Reagan National Airport, which provide ready

access to Washington and cities around the world. Reagan, in fact, logged only a 5 percent drop in passenger traffic in the 12 months ending in May, while nearby Washington Dulles International Airport saw a decline of almost 10 percent.

But Arlington's famous dedication to planning also has provided shot-in-the-arm defense against the contagious downturn. Decades of carefully directed development — call it preventative medicine — have helped transform stretches of standard-issue suburbia into so-called urban villages. These are walkable areas

of concentrated mixed uses, which are centered mostly on Metro stops. Each of them is envisioned by the county to have its own niche.

Although Arlington has a population of about 210,000, it is the smallest self-governing county in the nation in terms of size. (New York County, which includes Manhattan, is smaller but is part of New York City.) Out of its 26 square miles, county planners have carved nine of these urban villages. Some, such as Shirlington, have been in the works for decades and now are being tweaked rather than re-envi-

sioned. Others, such as Columbia Pike, still struggle to find a cohesive identity. (The county is exploring the possibility of a trolley along the thoroughfare.) But a look at six of the most visible villages provides a good snapshot of how the county is doing in a difficult time.

Virginia Square and Ballston: Brains and brawn

Terry Holtzheimer, director of the county's economic development commission, calls his county a "brain power capital." That's not an idle boast when 70 percent of adult residents have college degrees and more than a third have postgraduate degrees. In addition; 49.4 percent work in what BusinessWeek calls "strong industries," with 28.8 percent doing unstable government work. The result is an unemployment rate of 7.2 percent as of June, the 14th lowest in the nation.

The "strong industries" of science and technology dominate Ballston and Virginia Square. Together, these adjacent Metro stops serve the Defense Advanced Research Projects Agency (DARPA), the Office of Naval Research, the Federal Deposit Insurance Corp., George Mason University, the National Science Foundation, the Office of Naval Research and the Nature Conservancy, among others.

George Mason plans to expand its Virginia Square campus, and Virginia Tech already is building the 144,000-square-foot Advanced Research Institute in Ballston to focus on "high-end computational methods using supercomputers." Jim Bohland, head of National Capital Region Operations for Tech, says the university chose Ballston because it liked being two blocks from the Metro — and having so many brainy neighbors.

The bad news: The Base Realignment and Closure Commission is moving DARPA out of Virginia Square. The good news: DARPA is relocating to a new 350,000-square-foot building in Ballston.

The other big story in North Arlington is the Kettler Capitals Iceplex, which opened in 2006 atop a parking garage abutting Ballston Common Mall. The Iceplex, a partnership between the county and the Washington Capitals, features twin hockey rinks plus training and corporate facilities for the NHL team. The Caps' practices are open and free to the public.

Virginia Tech is building its 144,000-square-foot Advanced Research Institute in Ballston.



Rendering courtesy Virginia Tech

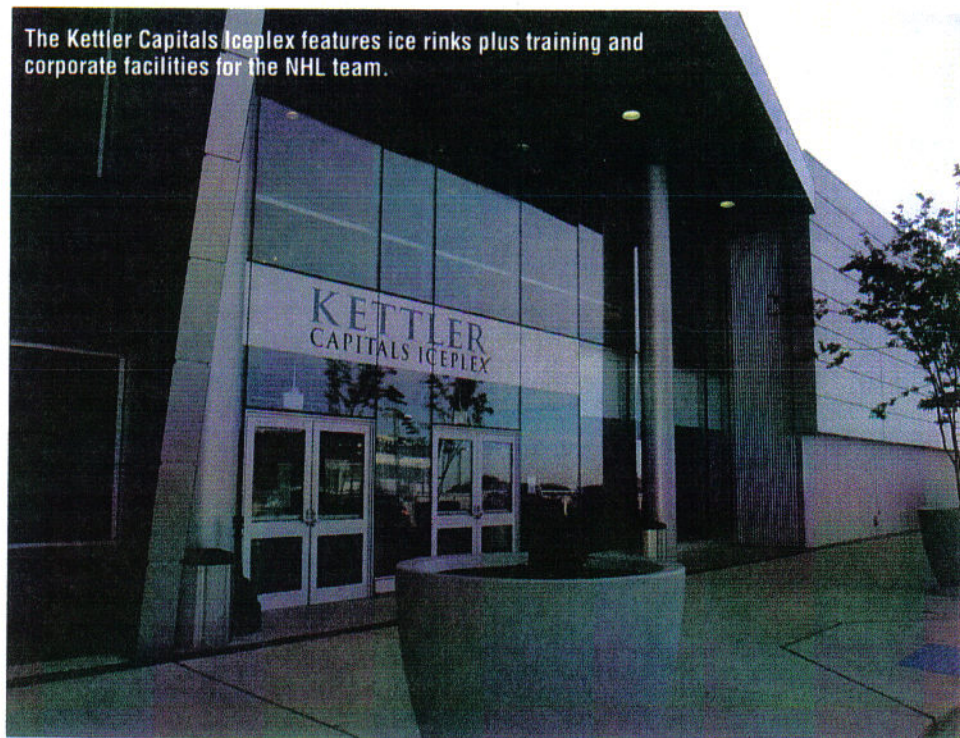
Arlington built the facility and leased it to the Caps, although the public uses the rinks 95 percent of the time, Holtzheimer says. The goal, says Kettler general manager Beth Lenz, was to have a facility for the Caps that also would be part of the community. Judging from the hordes of kids lacing on skates, slapping pucks into boards and lurching, wobbling and flail-

ing around the ice on a summer morning: Mission accomplished.

Clarendon and Courthouse: Let the good times roll

On a weekday afternoon, Ray's Hell Burger on Wilson Boulevard in Clarendon is smoking, with every table occupied and people standing 10 deep at the counter to

The Kettler Capitals Iceplex features ice rinks plus training and corporate facilities for the NHL team.





Arlington's attractions include the Iwo Jima Memorial.

Photo courtesy Arlington County

order. The burger joint is so popular that even President Obama and Vice President Joe Biden motorcaded in for a red-meat fix last May, upping the eatery's already cool quotient considerably.

But Ray's has lots of hip company in Clarendon and nearby Courthouse, which together have become a hub for retail and entertainment. Seven Irish pubs are located between Clarendon and Court-

house alone, Holtzheimer says. This lively atmosphere led the American Planning Association to list Clarendon's two main thoroughfares, Wilson and Clarendon boulevards, as among the country's "10 great streets" in 2008.

Clarendon-Courthouse is made possible by all those well-educated residents who happen to be extremely well heeled, too: Think Manolo Blahnik shoes. The median family income in the county is \$108,815, among the highest in the country. And with 41 percent of the adult populace being single and relatively young (median age is 37), discretionary income aplenty is available to drop not only in restaurants and bars, but at upscale outlets such as the Apple Store, Pottery Barn and Whole Foods.

The success of Clarendon-Courthouse helps explain why the county has seen almost no falling off in its retail or meals taxes (revenues were down just 0.5 percent in the 12 months ending in April).

Clarendon-Courthouse is a popular place to live, too, with a diversified inventory of houses, apartments and condominiums. According to Realtor Billy Buck, who has worked in Arlington for 10 years, the number of houses on the market in the county remains high and prices somewhat depressed. Nonetheless, as of July 1, sales were up 24.5 percent over 2008.

Bad news for Courthouse: Verizon downsized, vacating almost 400,000 square feet, and, as a cost-cutting measure, Washingtonpost.com will be giving up about 70,000 square feet and moving operations to the company's main offices in D.C.

Rosslyn and Crystal City: Rooms with a view

Rosslyn and Crystal City are urban villages with the stress on urban. Both are known as the homes of high-rise office buildings populated by government and defense contractors, lobbyists and large corporations, including PBS and Boeing.

"[Business] is certainly slower, but compared to other markets, we're doing fine," says Marty M. Almquist, senior vice president of Cassidy & Pinkard Colliers, a commercial real estate broker. Clients who can't afford D.C. rates but still want "face time" with Washington lease space in Rosslyn or Crystal City, she says, contributing to a respectable county office

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vacancy rate of less than 10 percent (the regional average: 12.5 percent).

BRAC mandates, however, mean that 17,000 jobs are supposed to move out of Arlington by September 2011, leaving behind 4 million square feet of vacant office space, 80 percent of it in Crystal City.

Holtzheimer calls the loss "serious but manageable." Yes, his county will lose jobs, but he expects to keep many of the people. "People want to stay here," he says of his county, "and these are people with choices."

Typically, Arlington has a plan for coping with the hit on Crystal City. Many buildings there are at the end of their useful life, Holtzheimer says, calling them "Class B buildings in a Class A market." Some will be torn down, some renovated and some re-let as is. The county will take the mass exodus of military personnel as an opportunity to reshape the notorious "concrete canyon" into a more livable area with added housing and shopping. Already, Crystal City has a new retail area of several blocks.

And the tourists will keep coming because of Crystal City's proximity to the capital and to Arlington's own attractions, such as the Marine Corps War Memorial (commonly known as the "Iwo Jima Memorial"), Arlington National Cemetery, the Air Force Memorial, and the Pentagon and its memorial to 9/11. Of the county's 10,000 hotel rooms, 5,500 are in Crystal City and 2,000 in Rosslyn, with occupancy rates at a healthy 73.5 percent.

Further, the county hopes that a community arts center scheduled to open next fall in the old Newseum space in Rosslyn eventually will attract 250,000 visitors annually and generate \$10 million a year in revenue. The arts center came about through an innovative public-private collaboration: In exchange for 15 years of free rent, Arlington is allowing the building's owners to have increased density on a nearby project.

That deal, like the Iceplex, is typical of Arlington's proactive approach to maintaining its fiscal health. Although no jurisdiction can claim to have found a silver bullet capable of slaying a global recession, Arlington County believes that the economic equivalent of eating right and exercising is its best hope for a speedy recovery. **VB**

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