



Friendship Heights



JULY 2024

Friendship Heights Market Report



Prepared for the Friendship Heights Alliance
by Jon Stover & Associates



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Design by Alley Squash, Co.
Photography by Albert Ting & the
Friendship Heights Alliance.



This report provides a snapshot of the enormous opportunities for Friendship Heights — a place with exceptionally strong fundamentals — as it transitions into a more dynamic, resilient, and inclusive place.

Developed by the Friendship Heights Alliance, the report highlights current real estate, economic, and demographic conditions in the neighborhood.

Friendship Heights is bounded by the following streets: Oliver Street and the Little Falls Branch trail to the north, River Road NW to the west, 27th Street NW and Cedar Parkway to the east, and Fessenden Street NW to the south.

ABOUT THE FRIENDSHIP HEIGHTS ALLIANCE



The Friendship Heights Alliance is a place-focused nonprofit dedicated to revitalizing the Friendship Heights neighborhood, which spans DC and Maryland, through marketing, placemaking, and events.

Founded in 2021, the Alliance is dedicated to working across jurisdictions and stakeholder groups to build community and realize the enormous potential of Friendship Heights as one of the region's premier mixed-use urban places.

As Friendship Heights continues to transform, the Alliance plays a critical role in caring for the place and bringing diverse stakeholders together to ensure it can thrive as a great place for people from all walks and stages of life to live, work, and enjoy.





The Alliance enlivens the public environment through placemaking, landscaping, and public art.

Funded by a Business Improvement District mechanism on the DC side and an Urban District mechanism on the Maryland side, Friendship Heights Alliance programming is supported by businesses and property owners who have made a collective investment in cultivating a safe, clean, and vibrant place.



FRIENDSHIP HEIGHTS: IN THE FIRST 2 YEARS



22 Community building events

165
Community events promoted on the website

5 Pop-up galleries/shops

2
Public history exhibits

3 Public safety meetings

3
Murals created

150
Stakeholder meetings and focus groups

6

Planning pop-ups hosted

70

Planters installed and maintained



7

Seating arrangements in the public realm

5 MAKERS MARKET & Sidewalk festivals

2

Medians landscaped with native plants

1,135
New Instagram followers

Business directory with **246** local businesses

THE NEIGHBORHOOD: STRONG FUNDAMENTALS & ENORMOUS POSSIBILITY



Friendship Heights is a cross-jurisdictional neighborhood at an inflection point as it shifts from one of the region's premiere drivable shopping destinations to a more vibrant, walkable urban center with thousands of new homes and new neighborhood-serving businesses.

Friendship Heights is a great place for all phases of life – raising a family, enjoying a first apartment, or aging in place. It is transit-rich, dense, and walkable. Known as a preeminent retail destination and a safe and accessible place to work, live and enjoy, Friendship Heights continues to evolve, welcoming new residents, businesses, and an array of transformational redevelopment opportunities.



Great office views **Wonderful nearby parks & greenspaces**
Renowned public schools
National brands and beloved local businesses **Hundreds of health & wellness practitioners**



Friendship Heights has a unique location that spans both DC and Montgomery County, Md.

This border location translates to easy access to the suburbs and the city, whether on transit or by driving. Straddling the border means office workers have easy access to the suburbs and the city, with residents able to choose from a wide range of transit modes.

As the built environment shifts from inward-facing malls to a more vibrant street-level experience, new developments on large sites will create new housing at different price points and more neighborhood-serving retail.

Residents have expressed a desire for more neighborhood-based cultural activities and vibrant civic and gathering spaces, even as they love the easy access to Georgetown, Bethesda, downtown DC, and the great amenities within walking distance.



10
parks nearby

6 developments coming soon

1 community center

\$1B of private investment underway

15 minutes to downtown DC on the Red Line

8 new retail openings

93 deeply affordable senior homes under construction at the Lisner Home

3,000 tulips

19 minute bike ride to Capital Crescent Trail

4,100 parking lot spaces

1,350+
new units of housing coming soon

13 bus lines

Metro Red Line stop with **5** entrances

2 boundary stones

265+ dedicated affordable housing units

4 unique grocery store concepts: Whole Foods, Amazon Fresh, Rodman's and additional coming in 2024

POPULATION TRENDS

Friendship Heights is a great place to live throughout all phases of life.

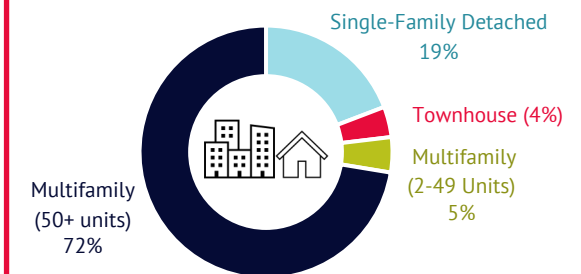
Friendship Heights is an urban, walkable neighborhood, perfect for families, those aging in place, and younger demographics. While the neighborhood is home to a variety of people, its affluent socioeconomic demographics do not reflect those of the region – particularly along age, household income, race, and educational attainment.

More than half of the population (ages 25+) have a Master's degree, and over 50% of households have a household income over \$150,000.

As a neighborhood of possibility, Friendship Heights is striving to become a national model of social inclusion, community diversity, and sustainable, transit-oriented, urban-infill development.



A MIX OF HOUSING TYPES



Source: 2017-2021 ACS Estimate

DEMOGRAPHIC SNAPSHOT

10,810 people live within a half-mile of the center of Friendship Heights.

Nearly half of this collective Maryland and DC population live in large multifamily buildings in Friendship Village, MD. The remaining half is largely comprised of families living in detached single-family homes.

Nearly 33% of residents are over 65, and 20% are below 18.

With life in walking distance, great schools, and transit, both older and younger residents recognize the high quality of life in Friendship Heights. The median age of Friendship Heights residents (48) is higher than DC's median age of 36.

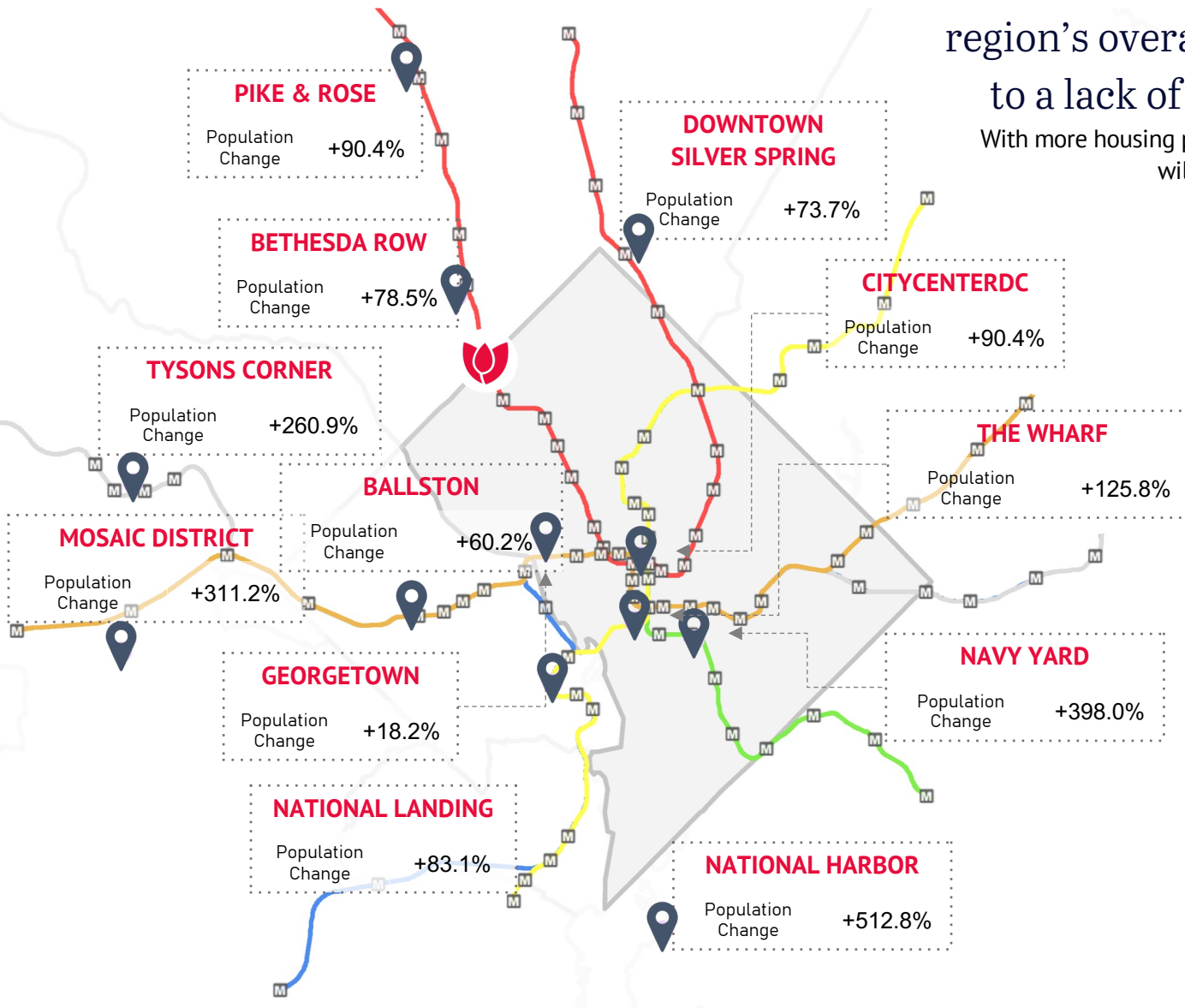
Friendship Heights' residents have higher household incomes than the District and Montgomery County medians.

The median household income in Friendship Heights (\$139,047) far exceeds the DC median of \$94,961 and the Montgomery County median of \$118,285.

POPULATION CHANGE IN THE COMPETITIVE CLUSTERS

Friendship Heights has trailed the region's overall population growth due to a lack of new housing production.

With more housing production on the horizon, the neighborhood will be welcoming thousands of new neighbors over the next decade.



**Friendship Heights
Population Change
(2000-2023)** **+21.5%**

This graphic shows the population change (from 2010 to 2023) within a half-mile radius from each location.

Source: Esri Community Analyst (2023)

THE EVOLUTION OF RETAIL IN FRIENDSHIP HEIGHTS

Retail in Friendship Heights is undergoing a reorientation from primarily big-box retailers to smaller, street-facing spaces with more local and experiential brands.

Friendship Heights served as the region's premiere shopping destination from 1959 until the early 2000s, anchored by four department stores: Lord & Taylor and Neiman Marcus (in Mazza Gallerie) on the DC side, and Woodward & Lothrop (now Bloomingdale's) and Saks Fifth Avenue on the Maryland side. Today, Bloomingdale's and Saks Fifth Avenue remain open, along with a slew of high-end brands including Tiffany & Co., Giorgetti's, and Brooks Brothers.

Friendship Heights is also home to beloved local favorites such as Rodman's, York Flowers, Clyde's of Chevy Chase and more. With more than 1,350 new units of housing in planning or under construction, more residents are on the way to support a thriving mix of neighborhood-serving and destination retail.





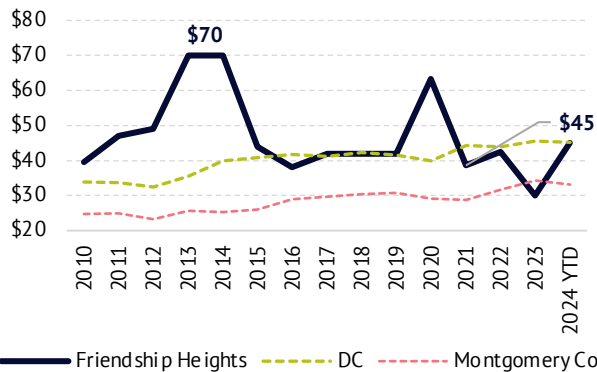
RETAIL MARKET

Friendship Heights has struggled with retail vacancy for years due to a glut of interior-facing, oversized retail spaces. That is starting to change.

The closures of Mazza Gallerie and Lord & Taylor added 467,000 SF in vacant retail space in 2021. In addition, leasing activity in Friendship Heights has been limited in recent years, with only 5,000 - 60,000 SF typically leased annually. However, several new leases have been signed (see the next page), including and a specialty grocer at Chevy Chase Pavilion for 18,000 SF (coming in 2025).

As of 2024, retail rents typically range from \$35 to \$65/SF for large retail spaces and between \$40 and \$75/SF for smaller spaces.

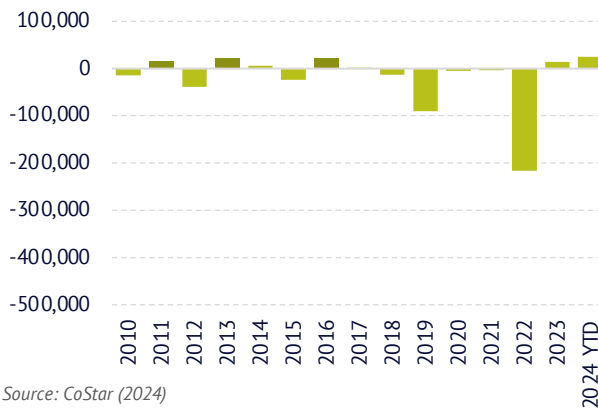
RETAIL ASKING RENT TRENDS



Starting in 2013, asking retail rents gradually decreased from a high of \$70/SF. However, since 2023 average rents have begun to recover.

Note: Retail asking rents reflect NNN rents except 2020 and 2021, which reflect all retail rent types. Source: CoStar (2024)

NET ABSORPTION



Source: CoStar (2024)

Friendship Heights has experienced negative retail absorption every full year since 2022. Since 2014, it has seen a net decline of 279,573 SF of leased retail space but is turning positive this year due to new retail leases.



NEW RETAIL OPENINGS

In the past three years, 24 new retailers have opened in Friendship Heights, including five that relocated or expanded within the neighborhood, recognizing its strong potential.

NEW RETAIL 2021-2024

- Alley Cat
 - Boeymonger's (new ownership)
 - Bright Horizons at Chevy Chase
 - Brooks Brothers (2024)*
 - Dog Coop
 - Dopamine Land
 - Porsche Studio (2024)
 - Giorgetti
 - Mulberrys Garment Care
 - Nailsaloon
 - Rangoni Firenze Shoes (2024)*
 - Rodman's (expansion with new liquor license)
 - Sheyla Vie Collections*
 - T-Mobile*
- The Heights Food Hall: 10 new retailers, including:
 - *Urbano*
 - *Turncoat Bar*
 - *This Deli of Ours*
 - *DC Dosa*
 - *Sky Lantern*
 - *Doki Doki*
 - *Yasmine*
 - *Mimi's Soft Serve*
 - *Supreme Barbeque*
 - *Eat Saoco*

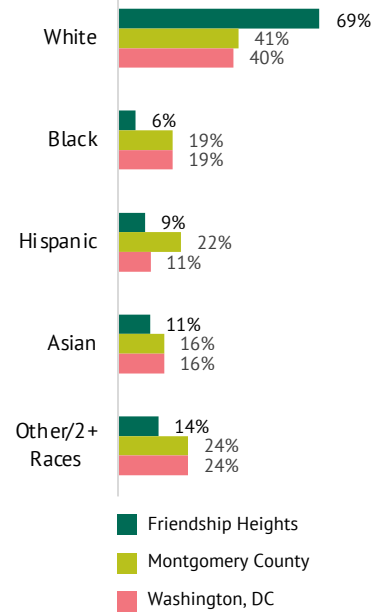
* Relocation/expansion within Friendship Heights





DEMOGRAPHIC INSIGHTS

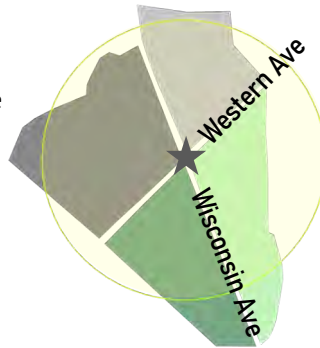
RACE/ETHNICITY



		FRIENDSHIP HEIGHTS	MONTGOMERY COUNTY	WASHINGTON DC
Age	Under 24	18.8%	29.6%	27.7%
	25-34	14.8%	12.9%	19.9%
	35-44	12.7%	14.1%	15.1%
	45-64	22.7%	25.8%	21.7%
	Over 65	31.0%	17.7%	15.6%
HH Income	<\$25,000	10.8%	9.1%	16.7%
	\$25,000-\$75,000	13.9%	21.5%	23.7%
	\$75,000-\$150,000	28.2%	29.1%	26.7%
	>\$150,000	47.1%	40.2%	33.0%
Education Level	HS/GED or Less	6.1%	21.0%	21.3%
	Some College or Associate's	7.7%	17.3%	14.0%
	Bachelor's Degree	22.8%	28.5%	25.7%
	Graduate Degree	63.3%	33.3%	39.0%

DEMOGRAPHICS BY LOCATION

Friendship Heights' two major commercial corridors, Western Avenue NW and Wisconsin Avenue NW, divide the neighborhood into four quadrants. These quadrants feature varying population density, incomes, and ages. The Maryland side of the neighborhood west of Wisconsin Avenue NW is significantly more residentially dense than the rest of the neighborhood, given its cluster of high-rise multifamily buildings in Friendship Village.



LOCATION	MAJOR DEVELOPMENTS AND RETAIL ANCHORS	GEOGRAPHIC CONTEXT	POPULATION	DAYTIME POPULATION	HOUSING UNITS	MEDIAN HOUSEHOLD INCOME	MEDIAN AGE
DC - East of Wisconsin Ave.	Chevy Chase Pavilion, Friendship Center, Embassy Suites	Borders Chevy Chase and Tenleytown	1,686	5,088	755	\$155,203	44.6
DC - West of Wisconsin Ave.	Mazza Gallerie, Chevy Chase Metro Center, WMATA Western Bus Division, Rodman's	Borders Tenleytown	986	2,604	423	\$200,001	39.2
MD - East of Wisconsin Ave.	Saks Fifth Avenue, Amazon Fresh	Borders Chevy Chase	636	3,305	226	\$200,001	51.8
MD - West of Wisconsin Ave.	Wisconsin Place, Whole Foods Market, Courtyard by Marriott, Multifamily Apts.	Friendship Village/ Brookdale Neighborhoods	7,038	12,477	4,624	\$127,201	51.1

Source: Esri Community Analyst (2023)

RESIDENTIAL HOUSING SUPPLY: ROOM TO GROW

Several new mixed-use residential projects are proposed or under construction, reflecting strong demand for multifamily housing in the neighborhood.

Friendship Heights' housing supply only grew 6% between 2010 and 2021, which is significantly less than housing growth in both DC (23%) and Montgomery County (9%). New projects on the horizon will bring more than 1,350 new apartments over the next few years.

Because Friendship Heights' housing supply features predominately large-scale multifamily buildings with single-family detached homes and townhomes off the commercial corridor, additional multifamily supply will allow families to stay in the neighborhood as their life stage shifts: from small apartments to single-family homes to housing for empty nesters.

The neighborhood can support a significant amount of new market-rate housing and dedicated affordable units, aligning with growing regional housing demand in areas that are walkable, safe, and transit-accessible.

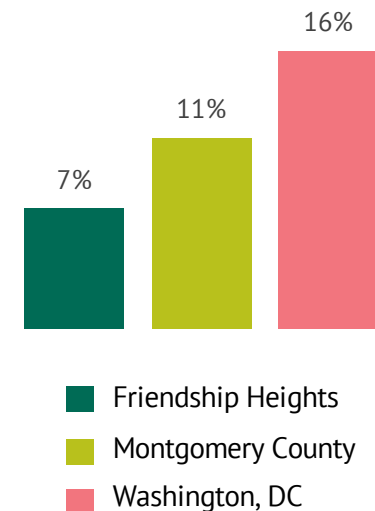
ZONING INSIGHT

In 2021, DC amended its Comprehensive Plan with proposed future land-use changes for Friendship Heights, which would enable increased density and building heights up to 130 feet. The recently completed Wisconsin Avenue Development Framework recommends that these changes, when adopted by the Zoning Commission, will add even more housing capacity in the neighborhood in the near future. This added capacity is extremely important to the long-term goal of creating more housing types and opportunities to live in Friendship Heights across income groups, life stages, and age ranges.



*Anticipated delivery of 418 housing units in 2025.

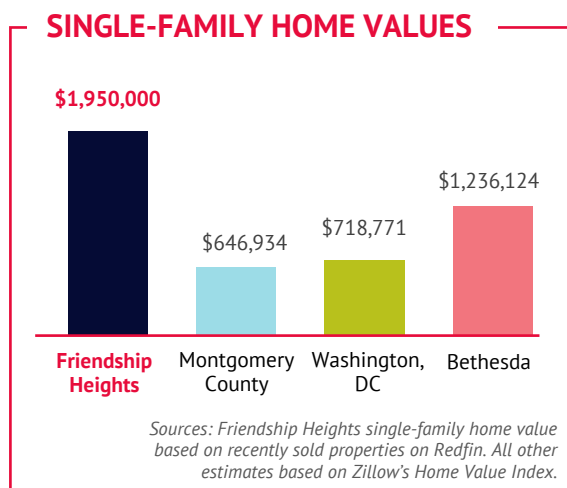
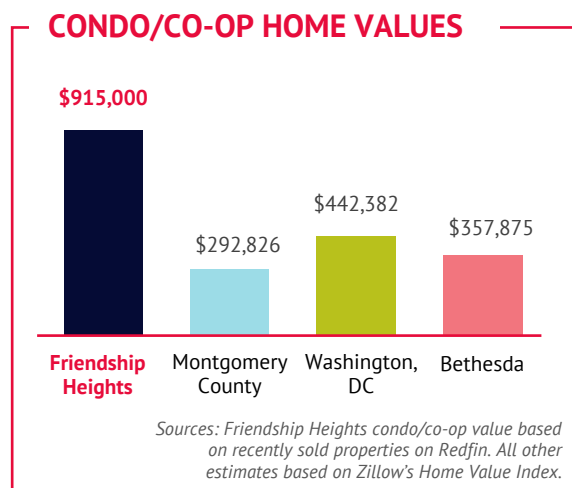
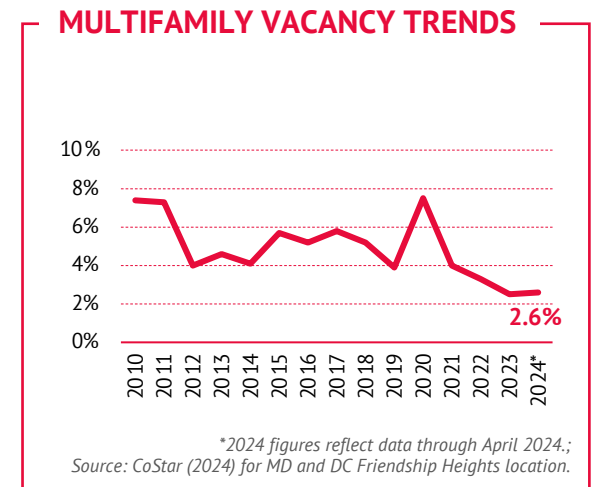
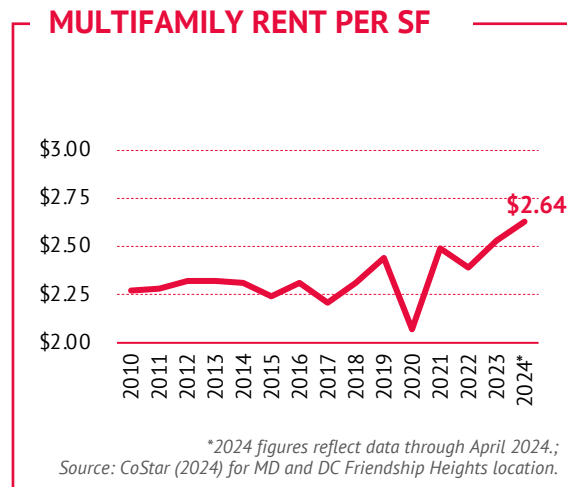
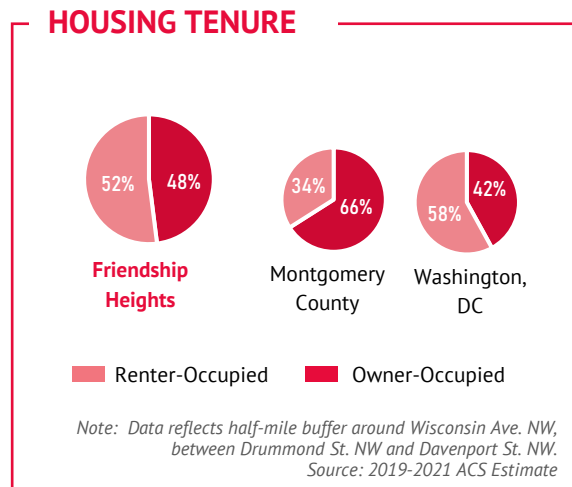
POPULATION GROWTH RATE (2010-2023)



The demographics above reflect the residential population within a half-mile buffer from the center of Friendship Heights, the intersection of Wisconsin Ave and Western Ave.
Source: Esri Community Analyst (2023)

Friendship Heights has a strong housing market characterized by low vacancy rates, high home values, and a balanced mix of renters and homeowners.

Average multifamily rents per square foot are lower than comparable neighborhoods due to the amount of older multifamily buildings with larger units on the market.



RESIDENTIAL DEVELOPMENT PIPELINE

Multiple new developments are proposed in Friendship Heights, which will bring more than 1,350 new residential units and retail shops to the neighborhood.

NEW: AFFORDABLE HOUSING

Nearly 20% of new units will be dedicated affordable units. In addition, new construction of apartments will create accessible rental housing for people who desire the neighborhood but cannot yet purchase a home.

NEW: UNDER CONSTRUCTION & OPENING IN 2025

Mazza Gallerie Redevelopment | DC

- 325 residential units
- 25,000 retail SF (new)
- 70,000 retail SF (existing in mezzanine)
- 40 affordable units
- Lisner-Louise-Dickson Hurt Home
 - 93 new affordable housing units for seniors: some of the first in Ward 3!

PROPOSED DEVELOPMENTS

- 5500 Wisconsin Avenue | Donohoe Development & Carr Properties, MD
 - 300 residential units
 - 11,000 retail SF
 - 45 affordable units
- 5333 Wisconsin Avenue | Federal Realty Investment Trust, DC
 - 320 residential units
 - 14,000 retail SF
 - 46 affordable units
- 5151 Wisconsin Avenue | Donohoe Development, DC
 - 210 residential units
 - 1,700 retail SF
 - 23 affordable units
- 4201 Garrison Street NW | Donohoe Development, DC
 - 100+ new apartments
 - Affordable units TBD



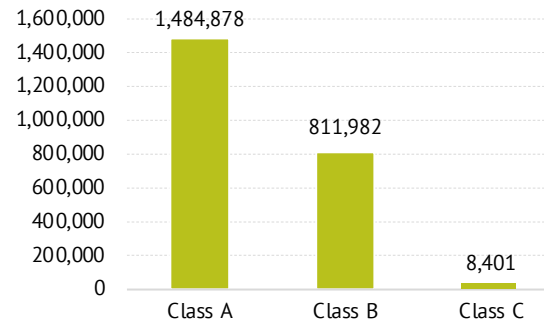
OFFICE MARKET

Friendship Heights' 2.3 million square feet of office space offers high values and great amenities. With easy access to the Red Line, Beltway, Bethesda, and downtown DC, Friendship Heights offers the best of two jurisdictions.

Office owners like BXP, Chevy Chase Land Co., and Clarion Partners are creating third spaces, and reinvesting in their buildings to add collaborative amenities. In Friendship Heights, gross office rent prices have been relatively steady and consistently lower than the DC average since 2010.



OFFICE SF BY BUILDING CLASS

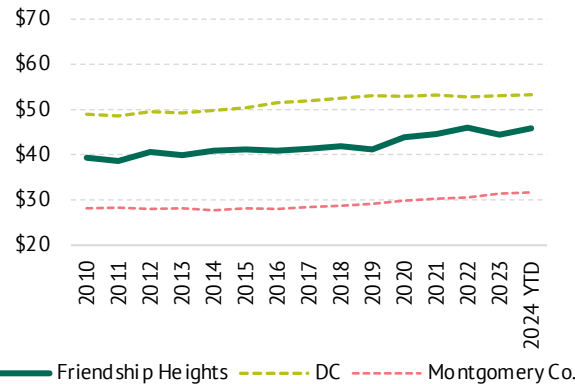


Friendship Heights' office market is predominately Class A office space in large office buildings. Major tenants include GEICO, Wedding Wire, and WTOP, as well as several bustling coworking spaces.

Source: Costar

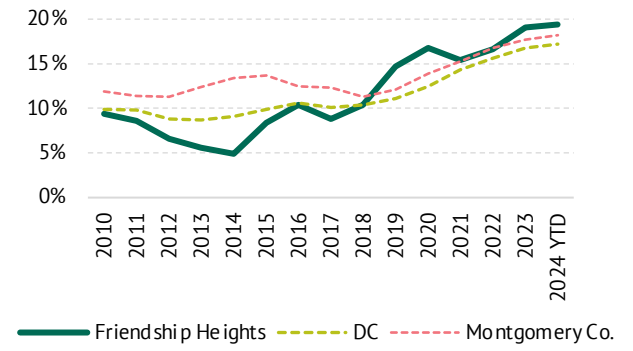


OFFICE RENT TRENDS



Source: Costar

VACANCY RATE TRENDS



Source: Costar

KEY OPPORTUNITIES

Mixed-use urban neighborhoods are resilient. A forward-thinking vision will help Friendship Heights become a national model for how to pivot a struggling shopping and employment center into a more vibrant and inclusive neighborhood aligned with market needs and consumer preferences.

IMMEDIATE GOAL:

Reinvigorate the neighborhood's brand to attract more commercial tenants, support existing businesses, and attract more destination visitors.

Champion future projects and planning efforts that help grow the local customer base, enhance the public realm, and allow for creative, adaptable commercial uses.

LONG-TERM VISION:

Establish Friendship Heights as a mixed-use activity center that meets the needs of both new and existing residents and visitors from the broader region.



STRATEGIC INITIATIVES: FOR FRIENDSHIP HEIGHTS ALLIANCE & LOCAL STAKEHOLDERS

- Reinvestment in Friendship Heights will lead to enormous economic and social benefits for the region. The Alliance sets the table for the cross-jurisdictional visioning and investment necessary to ensure Friendship Heights will live up to its enormous potential as a thriving, inclusive mixed-use place.
- We work across sectors and jurisdictions to create a more people-friendly, safe, and walkable public realm to improve the experience of navigating in and around Friendship Heights on foot or bicycle.

- We help adjust for a changing retail landscape, and celebrate, support, and market new and existing businesses.
- We improve how the neighborhood is experienced by enlivening the public realm with plantings, public art, and signage.
- We tell the story of renewal, vibrancy, and change in Friendship Heights.
- We create multiple avenues for a variety of stakeholders to learn about and contribute to the neighborhood's transformation.







Friendship Heights

LEARN MORE

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