

STATE OF DOWNTOWN 2019



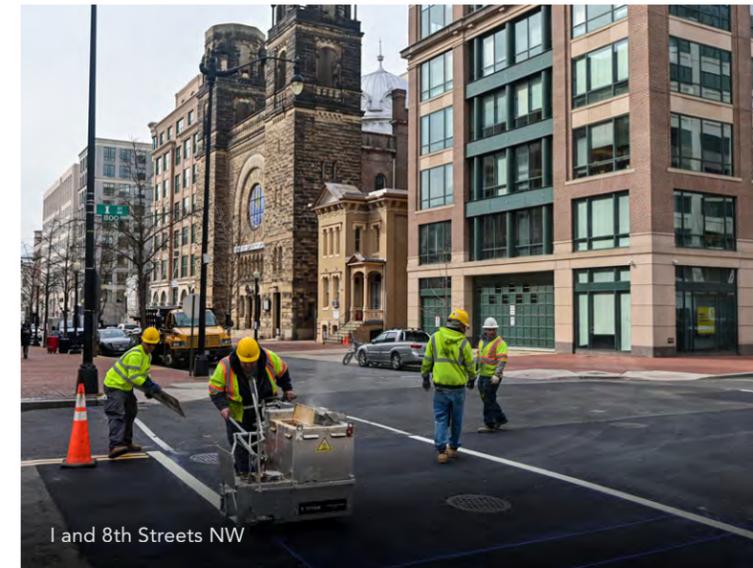
DOWNTOWN BUSINESS IMPROVEMENT
DISTRICT CORPORATION

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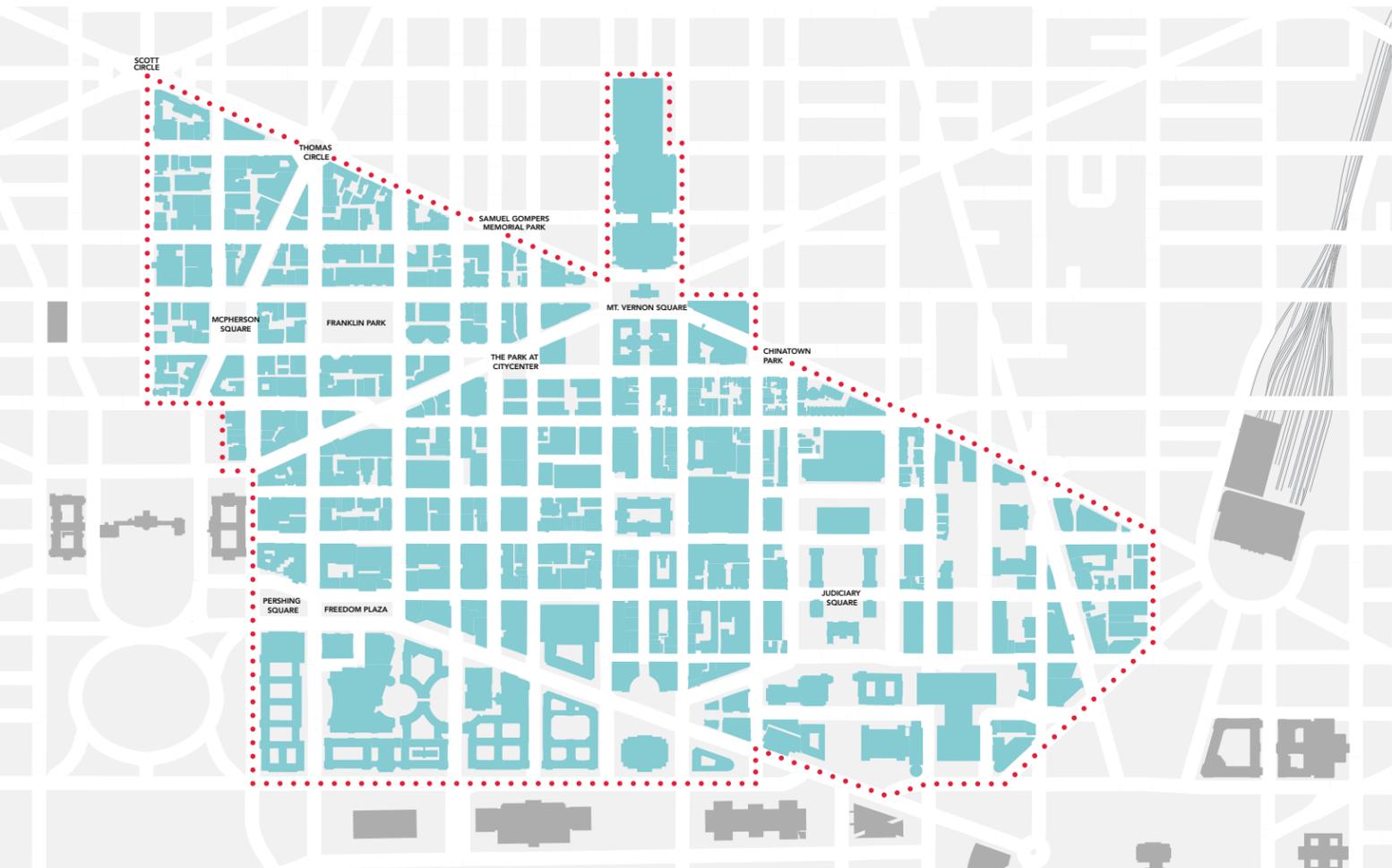
DOWNTOWNDC CONTINUES TO BE THE ECONOMIC HUB OF THE WASHINGTON REGION OFFERING PREMIER OFFICE BUILDINGS, HOTELS, RESTAURANTS, DIVERSE CULTURAL DESTINATIONS, RETAIL OPTIONS FOR ALL, WORLD-CLASS SPORTS AND SO MUCH MORE!

Creative Direction and Editorial Design by Moya Design Partners

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ABOUT THE BID



The Downtown Business Improvement District (BID) Corporation was founded in 1997 and is a private non-profit organization. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of properties from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west.

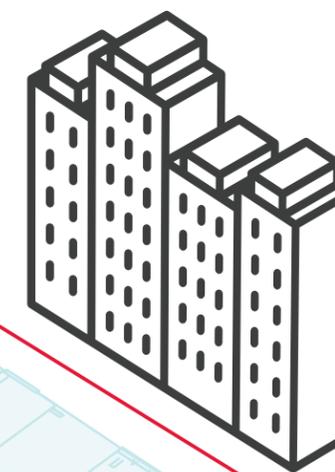
MIX OF USES IN DOWNTOWN

(millions of SF)



138 BLOCK AREA

526 PROPERTIES



98M SF
OF TOTAL BUILT SPACE

LETTER

FROM THE PRESIDENT & CEO AND THE CHAIRMAN OF THE BOARD

Dear DowntownDC BID Member,

For nearly the past two decades, the Downtown Business Improvement District (BID) Corporation has brought you its annual State of Downtown report. This report provides a thorough review of various sectors that contribute to the character, success and vitality of DowntownDC, and the District of Columbia. This year, while we are proud to present to you the 2019 State of Downtown report, we are keenly aware of the current coronavirus (COVID-19) pandemic and the catastrophic impact it is having and will continue to have on every aspect of our lives.

While the impact of the COVID-19 health emergency continues to unfold, we hope the 2019 report will serve as: (1) a record of the 2019 performance of the downtown economy, its transportation network and its quality of life; and (2) a roadmap, as together we will begin planning business and economic relief efforts and the steps toward DowntownDC and the District's economic recovery.

As we reflect on 2019, one of our most meaningful achievements occurred in February 2019, when the BID began operations of the Downtown Day Services Center (The Center) at the New York Avenue Presbyterian Church. The Center, built to serve people experiencing homelessness and funded by a \$1.7 million grant from the Department of Human Services (DHS), is a single access point for an array of services, including working with individuals to move them into permanent, supportive housing. While The Center is currently shuttered, due to the city's ongoing efforts to contain COVID-19, over the past year The Center served an average of 125 individuals daily from Monday through Friday 9:00 a.m. - 5:00 p.m. The support of our partners, the DC Department of Human Services, Pathways to Housing DC, Unity Healthcare, HIPS, other DC government agencies, volunteers and all those involved continue to guide us in our support of Mayor Bowser's goal to end homelessness in the city.

Significant milestones were achieved as we continue our work with partners to renovate Franklin Park. In March 2019, the District and the U.S. National Park Service signed the cooperative management agreement allowing the District to use its funds to renovate the park.

In September, the District, through the DC Department of Parks and Recreation and the DC Department of General Services, signed a memorandum of agreement with the BID for the operation and management of Franklin Park. Construction is expected to start in April 2020.

In 2019, DowntownDC provided a net fiscal impact of \$869 million, enough to fund both the Metropolitan Police Department and DC Fire and Emergency Medical Services departments. The economic success of DowntownDC over the past two decades should provide the foundation for downtown's recovery post the COVID-19 pandemic.

The BID will continue planning and working with all of its stakeholders for the hopefully speedy return of a vibrant downtown. During this time our maintenance teams continue to ensure DowntownDC remains safe and clean and provide services for our homeless brothers and sisters who are deprived of it during the COVID-19 pandemic.

We look forward to working with you to return to the levels of economic activity and vibrancy depicted in the 2019 State of Downtown report.

Sincerely,



Neil Albert
President & CEO
DowntownDC BID



Chase Rynd
Chairman,
Board of Directors
DowntownDC BID



Apple Flagship store and DC History Center at Carnegie Library view from 8th Street



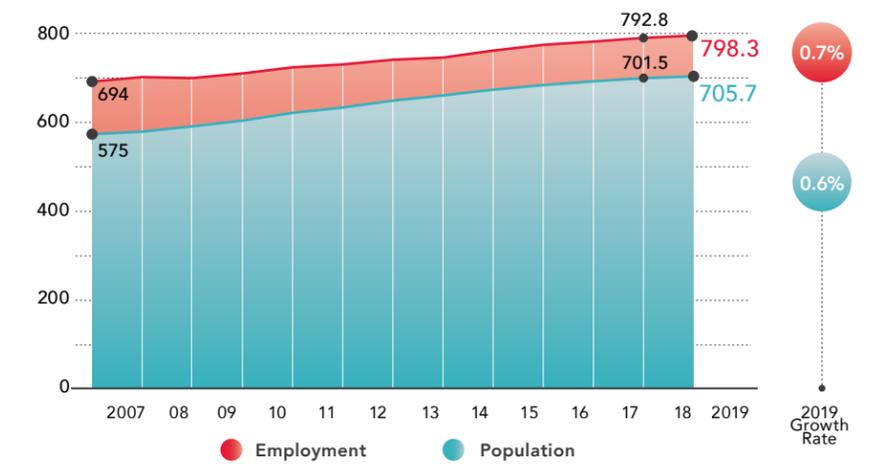
YEAR IN REVIEW

I Street at 14th Street with DDOT's priority bus lane

DOWNTOWNDC IS HOME TO 24% OF DC'S EMPLOYMENT AND 42% OF DC'S TOTAL PRIVATE AND GOVERNMENT OFFICE SPACE

DC EMPLOYMENT AND POPULATION HISTORY

(thousands)



Sources: U.S. Bureau of Labor Statistics and U.S. Census Bureau

While there were a few positive performance records set in 2019, it was a below average year for DowntownDC. In general, DowntownDC's growth rates were below those of the rest of the city, the suburbs and the nation. However, investment and development interest continued to be strong, both in the private sector and with key investments by the District. And, while performance was flat or down, in most cases, DowntownDC's office, hotel, convention, culture, entertainment and dining sectors continue to be national and global leaders.

Current development in DowntownDC remained strong with 10 projects completed in 2019, totaling \$878 million, bringing the total development, since the completion of the Capital One Arena in December 1997, to

\$15.3 billion. This total represents 23% of DC's total development. 2019's completions represent 13% of DC's development completion total.

The District has been a key investor in DowntownDC since the Capital One Arena was built investing \$550 million in DowntownDC from 1995 through 2019 (3.6% of total development); \$210 million of funding for the renovation and modernization of the Martin Luther King, Jr. Memorial Library; \$178 million per year of pay-go capital for Metrorail, with DowntownDC property owners making a substantial contribution through a variety of tax increases; \$18.5 million of funding for the reconstruction of Franklin Park; and \$54 million for the K Street Transitway Project, of which 44% is in DowntownDC (\$122 million total project cost).

DOWNTOWNDC NET FISCAL IMPACT
(in millions)

	Fiscal Year 2019	Fiscal Year 2010	Annual Growth 2010 - 2019
DC Local Tax and Other Revenues	\$1,439	\$829	6.3%
Estimated Fiscal Costs	570	(322)	6.6%
Net Fiscal Impact	\$869	\$507	6.2%

Downtown DC's Share of DC Total Gross Local Revenue



Downtown DC's Share of DC Total Gross Local Expenditure



Source: DC 2019 CAFR and DC FY 2020 budget (as FY 2021 budget release was moved from March 20, 2020 to May 6, 2020)

DC'S EMPLOYMENT GROWTH RATE HAS TRAILED THAT OF NORTHERN VIRGINIA FOR 9 OF THE PAST 10 YEARS AND THAT OF SUBURBAN MARYLAND FOR 3 OF THE PAST 10 YEARS

DOWNTOWNDC OFFICE VACANCY RATE AND SQUARE FEET HISTORY
(SF in millions)



Source: CoStar

DOWNTOWNDC'S OFFICE AND HOTEL MARKETS ARE THE FOURTH BEST PERFORMING IN THE UNITED STATES TRAILING NEW YORK CITY, BOSTON AND SAN FRANCISCO



Tiffany & Co. opened at CityCenterDC

Since 1997, 117 of the then 125 existing development sites have been developed and numerous buildings have been demolished and replaced by new construction or emptied of tenants and substantially rehabilitated. Demo/new and substantial renovation projects were 73% of 2019's completed and currently-under-construction projects. There are near-term plans for ten new exciting projects totaling \$900 million.

Employment in DowntownDC declined in 2019 to 188,600 from 190,000, a decrease of 0.7%, due mostly to phase two of the U.S. Department of Justice move to NoMa. DC's employment grew by 5,500 to 798,000, or an increase of 0.7%. Excluding the federal and

District government employment, the private employment growth rate was 1.1% in 2019. However, DC's total employment growth was its lowest in five years (private was the second lowest of the last nine years) and well below Northern Virginia's 1.9% growth rate, just below Suburban Maryland's 0.8% growth rate and well below the national rate of 1.4%.

IN 2019, DC LOST THE FEWEST NUMBER OF OFFICE TENANTS TO NORTHERN VIRGINIA SINCE DATA COLLECTION BEGAN IN 2001

DowntownDC's Net Fiscal Impact was \$869 million in 2019—more than the combined budgets of the DC Metropolitan Police Department and DC Fire and Emergency Medical Services Departments in fiscal year 2019. The 2019 net fiscal impact increased from \$508 million in 2010, a nominal growth rate of 6.3% and a real growth rate of 4.4%. Most large city's downtowns produce significant net fiscal impacts due to downtown's greater building and employment density, greater transit connections, greater amenities and fewer resident services such as schools and social safety net services.

In both DowntownDC and DC, nominal and real tax revenues have grown faster than employment, population, office SF, hotel rooms or theatre seats. This is primarily due to the city's progressive tax structure, a vibrant hospitality, entertainment and restaurant industry and increasing property values.

DowntownDC's Office Market took a turn south from its' sideways performance of the past few years. The office vacancy rate rose from 13.4% to 15.5%—its highest level since CoStar began tracking the DowntownDC office market in 1993. DC's vacancy rate of 12.9% was its sixth highest since 1993 and highest since 2010. DowntownDC's

vacant square footage (SF) totaled 8.8 million and the rest of DC vacant SF totaled 10.5 million. DC's total office market size is 150 million SF.

Over the past few years, office deliveries have outpaced absorption by 4.8 million SF. The older vacant office space represents an opportunity for the conversion into housing with modest tax incentives and a positive fiscal impact under reasonable assumptions.

Hotels, Tourism and Convention Center sector of DowntownDC's economy was a bright spot for 2019 and has been for many of the past several years. The opening of

the 370-room Conrad Washington, D.C. hotel in March 2019 (see cover page of report) joined new hotel openings of the Eaton Hotel and the Moxy in 2018. The W Hotel completed its \$50 million renovation in 2019 as well. The Walter E. Washington Convention Center continued to anchor the DowntownDC hospitality market with a 2019 attendance of 1 million and 14% of DowntownDC's hotel room nights. There are announced plans for three more DowntownDC hotels totaling approximately 700 rooms—a 6% increase. DowntownDC has 35% of DC's hotel rooms and generates 40% of DC's hotel revenues (and hotel sales tax revenues).

The Culture & Entertainment sectors had strong years, but not as strong as 2018. Attendance in 2019 was 7.5 million. The Newseum’s closing on December 31, 2019 followed last year’s Spy Museum move to southwest DC. These two closures reduced DowntownDC’s annual culture and entertainment attendance by an estimated 1.4 million. In addition, the first-year crowds to see the portraits of former President Barack Obama and former First Lady Michelle Obama at the National Portrait Gallery declined in 2019, but still helped the museum to its second-best attendance year ever. Also, the Capital One Arena was closed for many weeks for phase two of its renovations and the Mystics moved their games to the Entertainment & Sports Arena at St. Elizabeths, where they won the 2019 WNBA championship. Nevertheless, the Capital One Arena brought an impressive 2 million people to DowntownDC in 2019.

DOWNTOWNDC DINING IS HIGHLY RANKED REGIONALLY AND NATIONALLY, BUT HAS LOST MARKET SHARE TO OTHER DC SUBMARKETS

Shopping and Dining in DowntownDC had a mixed year in 2019 with several restaurants and chefs receiving national recognition. Shopping reported several exciting openings including Apple’s Flagship store (including the DC History Center) at the Carnegie Library and Tiffany & Co. at CityCenterDC, but there also were five store closings, including Forever21 and the announced closing of Bed Bath & Beyond. Dining reported 10 restaurant openings and 14 restaurant closings, the second year in a row that DowntownDC had a net loss of four restaurants. See the Shopping and Dining section (page 36) for a full list of 2019 openings and closings.

Fiola and Minibar earned two Michelin stars for the fourth year in a row and Sushi Nakazawa earned one star for the first time. Seven DowntownDC restaurants received Michelin’s Bib Gourmand rankings. Old Ebbitt Grill; The Hamilton; Joe’s Seafood, Prime Steak and Stone Crab; and Carmine’s all ranked in the top 100 U.S. restaurants by sales. Chef Amy Brandwein, owner of Centrolina, has been recognized as a James Beard Foundation Award nominee or finalist for the last four years (2020, 2019, 2018, 2017) in the Best Chef: Mid-Atlantic category.

DowntownDC Residential units did not increase in 2019, and their relative performance compared to the Rest of DC declined modestly. DowntownDC’s population grew by 7% in 2019 to 10,994 from 10,290 due to a decrease in vacant units, with Class A apartment vacancy declining to 4.9% from 5.7%. DowntownDC’s Class A apartment rents increased 4.4%, but other DC sub-markets reported greater annual rent increases. Condominium prices declined 6.7% to \$617 per SF, while nearby DC submarkets saw increases of 0.4% to 2% and prices of \$657 to \$737.

DC’s population growth slowed considerably in 2019 to 0.60%, with negative domestic migration growing substantially in 2019. Northern Virginia and Suburban Maryland populations grew 0.65% and 0.36%, respectively. This compares to national population growth of 0.5% in 2019.



THE DOWNTOWN DAY SERVICES CENTER ENDED 2019 SERVING APPROXIMATELY 150 CLIENTS PER DAY

Transportation infrastructure is a major competitive advantage for DowntownDC. With seven of Metrorail’s 100 stations, DowntownDC has 14% of Metrorail’s total ridership. DowntownDC’s 88,800 weekday riders represents 39% of DowntownDC’s estimated weekday population of 230,000. Metrorail ridership was up in 2019 with over 22 million trips coming to DowntownDC. WMATA’s fiscal year 2021 budget includes funding for two programs that are important to DowntownDC employees and businesses: (1) a partial return of late-night hours to their pre-June 2016 levels and (2) a reduced cost of transferring from Metrobus to Metrorail.

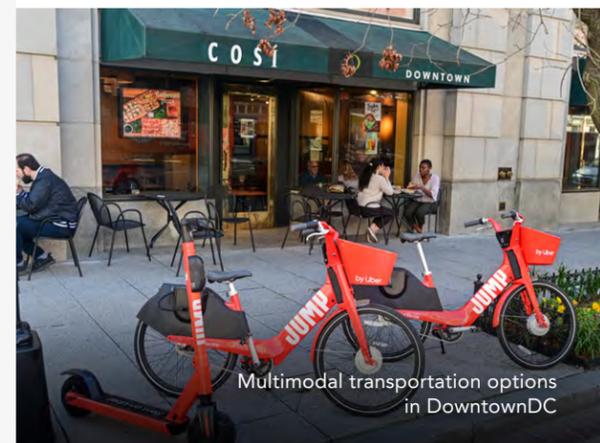
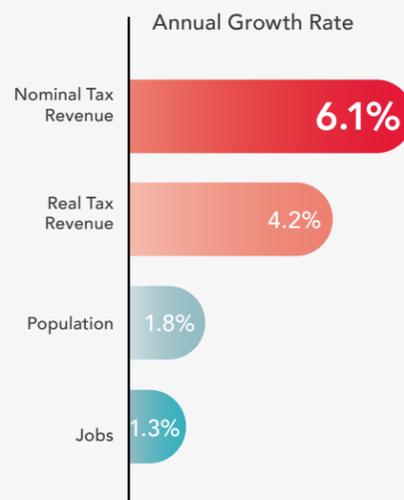
In 2019, for the first time in six years, Metrobus transported more people to DowntownDC than it had in the previous year. The dedicated bus lanes on H and I Streets were both piloted and made permanent. DowntownDC is also a leader in micromobility with five micromobility zones installed in DowntownDC in 2019 and many more planned for 2020.

DowntownDC’s Quality of Life is driven by DC and the region’s market economy as outlined in this report, managed by government regulation and maintained and improved by private and government investment in both economic development and social development projects

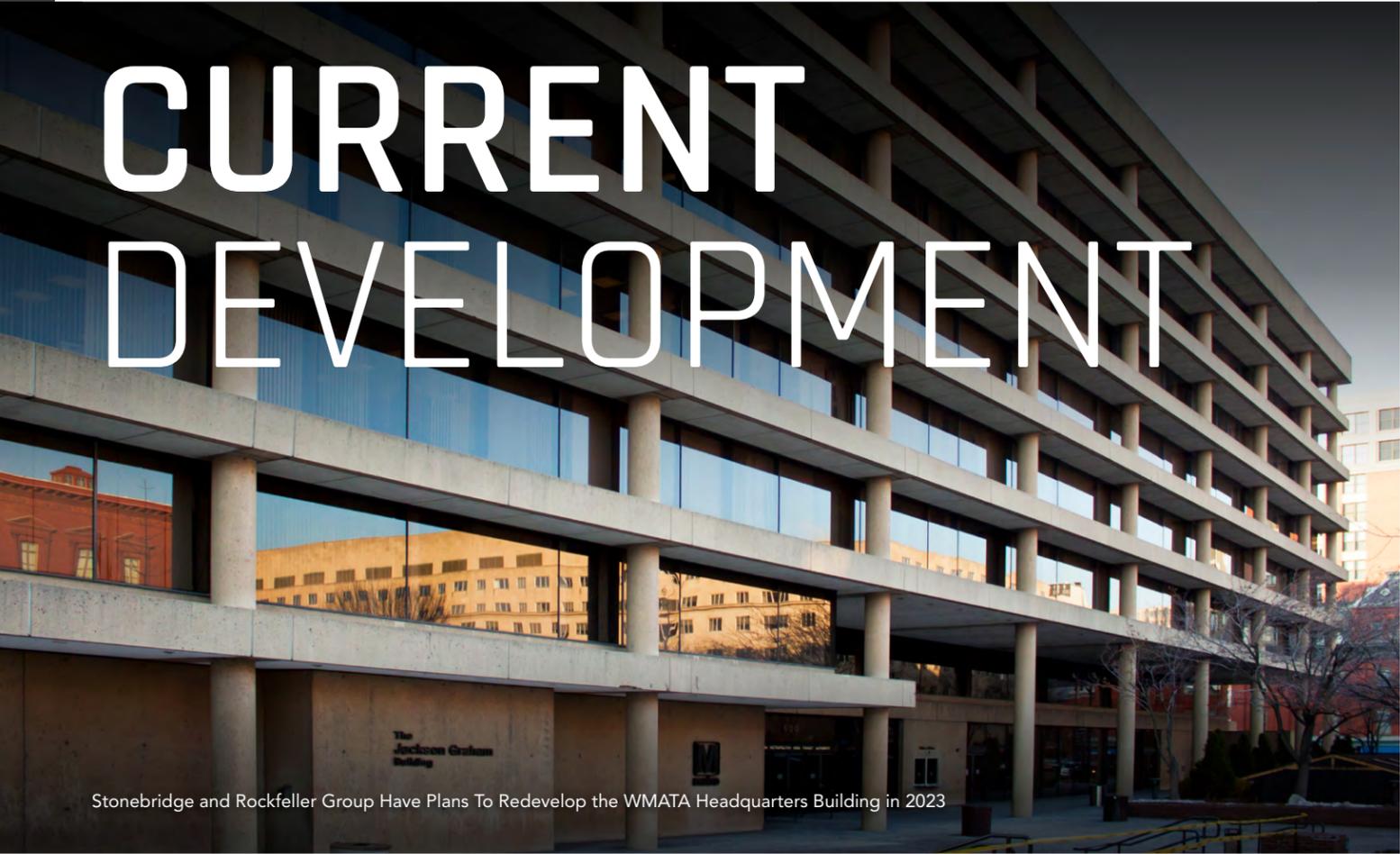
and programs. The Downtown Day Services Center opened in February 2019 and grew to serve up to 150 clients per day by the end of 2019. Each night approximately 75 people sleep on/in DowntownDC’s streets. Property crimes in DowntownDC totaled 2,016 in 2019 (5.8 per day), an increase of 27% over 2018 and 13% over the average of 2014 - 2018. Robberies and assaults totaled 147 in 2019 (0.4 per day), an increase of 28 crimes over 2018. There were no homicides in 2019.

7.5 MILLION PEOPLE VISITED THE CAPITAL ONE ARENA, 8 PERFORMING ARTS VENUES AND 10 MUSEUMS IN 2019

DC BUDGET GROWTH OVERVIEW 2010-2019



CURRENT DEVELOPMENT



Stonebridge and Rockefeller Group Have Plans To Redevelop the WMATA Headquarters Building in 2023

DOWNTOWNDC DEVELOPMENT WAS STRONG IN 2019

Development in DowntownDC continued to be strong in 2019 with the completion of 10 projects totaling an investment of \$878 million; nine projects under construction at the end of 2019 totaling an investment of \$583 million and 22 planned projects over the next five to six years totaling \$2.3 billion.

6 PROJECTS REPRESENTING \$1 BILLION BROKE GROUND BETWEEN LATE 2019 AND EARLY 2020

Though only two projects broke ground in 2019 totaling \$65 million, there were six new exciting project announcements in 2019 and early 2020 totaling an approximate \$1 billion.

CHANGING NATURE OF DEVELOPMENT IN DOWNTOWN

Much of the development in DowntownDC in recent years has involved existing buildings being demolished and replaced, renovated or repurposed. In 2019, 80% of the projects completed involved existing buildings. The percentages for projects under construction and planned that involve existing buildings are 89% and 59%, respectively—73% for all projects combined. With 526 buildings in DowntownDC and only eight remaining ground-up development

sites, DowntownDC's major future development will continue to mostly involve the demolition and replacement, renovation or repurposing of older buildings.

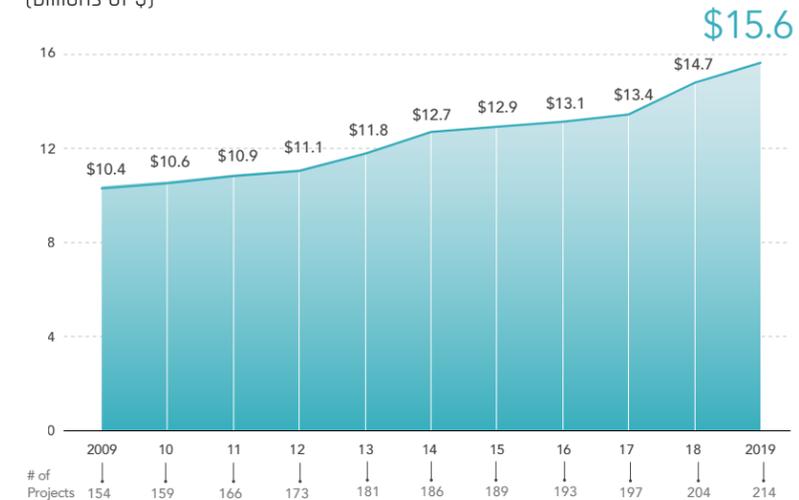
COMPLETED PROJECTS

There were 10 projects totaling \$878 million completed in 2019. In order of investment size: 250 Massachusetts Avenue NW (new office), Conrad Washington, D.C. Hotel (new), Anthem Row at 700 and 800 K Street NW (renovated office and retail), 1101 Sixteenth Street (renovated office), W Hotel renovation (renovated hotel), 730 15th Street NW (renovated office), 1441 L Street NW (renovation), 909 E Street NW (renovated office) and the Apple Flagship Store and DC History Center at the Carnegie Library (renovated retail and museum).

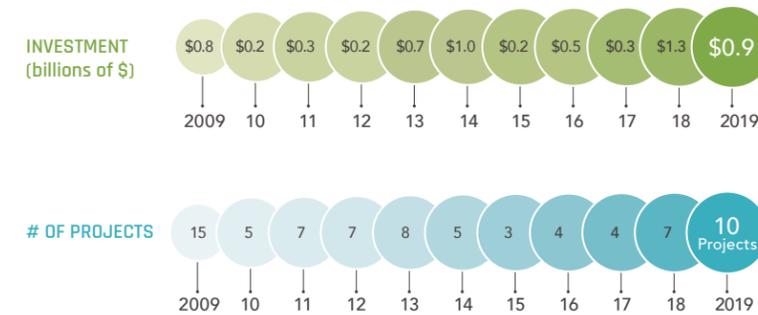
DOWNTOWN DEVELOPMENT HISTORY

CUMULATIVE TOTALS (FROM JANUARY 1997)

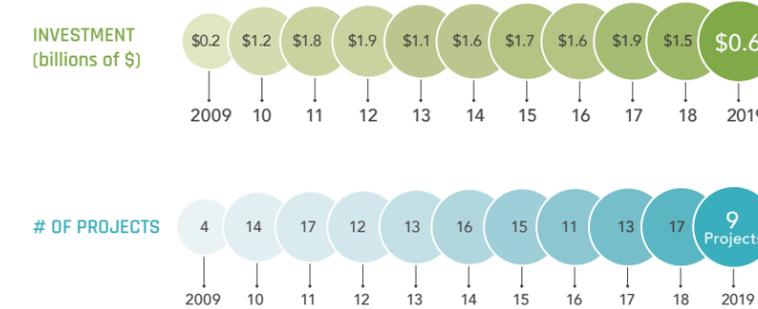
(billions of \$)



PROJECTS COMPLETED BY YEAR



PROJECTS UNDER CONSTRUCTION AT YEAR-END



Source: DowntownDC BID

PROJECTS UNDER CONSTRUCTION

There were nine projects totaling \$543 million under construction at year-end 2019. In order of investment size: Martin Luther King Jr. Memorial Library (renovated library), 699 14th Street NW (new office and renovated retail), Riggs Washington, D.C. Hotel (renovated hotel), 1201 New York Avenue NW (renovated office), Milken Institute's Center for Advancing the American Dream (repurposed into a museum), World War I Memorial, Planet Word (renovated museum), The Aleck at 1400 14th Street NW (renovated office and retail) and the National Children's Museum (repurposed into a museum).

PLANNED PROJECTS

Only eight development sites remain from the 125 that existed in 1995. The three major ground-up sites are (1) buildings three, four and five at Capitol Crossing, (2) 901 New York Avenue's office and retail building and (3) the parking lot adjacent to the Community for Creative Non-Violence (CCNV) at First and D Streets NW.

In addition to those ground-up sites, there are many exciting redevelopment projects in the works (in order of announcement): (1) the reconstruction of Franklin Park, (2) Monument Realty's office/residential project in the 600 block of H and Eye Streets NW (that will share underground parking), (3) Johns Hopkins University's purchase and substantial renovation of the Newseum with a total investment of \$578 million, (4) Georgetown University's purchase and renovation of 550 First Street NW, (5) Peblebrook Hotel Trust and Viceroy Hotels & Resorts \$25 million renovation of Hotel Donovan into the Hotel Zena, (6) Quadrum's 400-room Arlo Hotel that incorporates the historic Canterbury/Harrison apartment building at the northwest corner of Third and G Streets NW, (7) Acumen's redevelopment of 509 – 517 H Street NW with a new high-rise structure being set back from these historic buildings into a 150 to 250 room hotel, (8) the redevelopment of Washington Metropolitan Area Transit Authority's (WMATA) current headquarters building at Fifth and F Streets NW by the team of Stonebridge and Rockefeller Group starting in 2023, (9) Lincoln Properties and Cadillac Fairview's conversion of 1313 L Street NW into a 222-unit Class-A apartment building and (10) Jetset Hospitality's conversion of 25 E Street NW into a hotel.



EMPLOYMENT

The Fannie Mae headquarters is located at 15th and L Streets NW at the site of the former Washington Post building

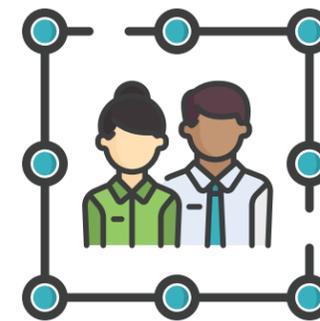
DOWNTOWNDC REMAINS THE REGION'S LARGEST EMPLOYMENT CENTER, BUT ITS SHARE IS DECLINING

DowntownDC hosts 188,600 jobs in just one square mile, making it the region's largest job center with 5.6% of the region's employment and 24% of the District's employment. However, both market shares have been declining over the past few years as has the District's share of regional jobs.

In 2019, DowntownDC employment fell by 1,400, a decrease of 0.7%. However, DC jobs grew to 798,330 in 2019, an increase of 5,500 or 0.7%. DC's job growth has lagged Northern Virginia's for the

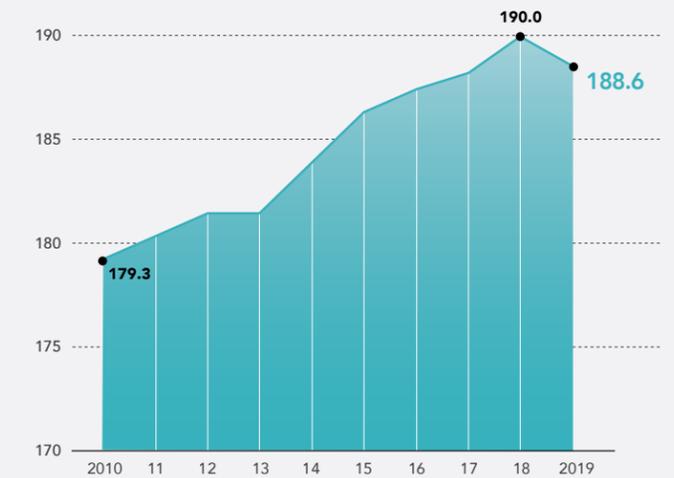
last four years. However, when private sector job growth rates are compared, DowntownDC and DC compare more favorably with the suburbs. Employment growth in Suburban Maryland was 0.8% and in Northern Virginia 1.9%.

Private-sector office-using jobs in DC grew by 4,600 to 296,700, or 1.6% and legal services jobs rose 1.8% to its highest level since 2014 — just above 29,000. DowntownDC is home to nine of the 10 largest law firms in the region and home to 40 of the 100 largest law firms in the region.



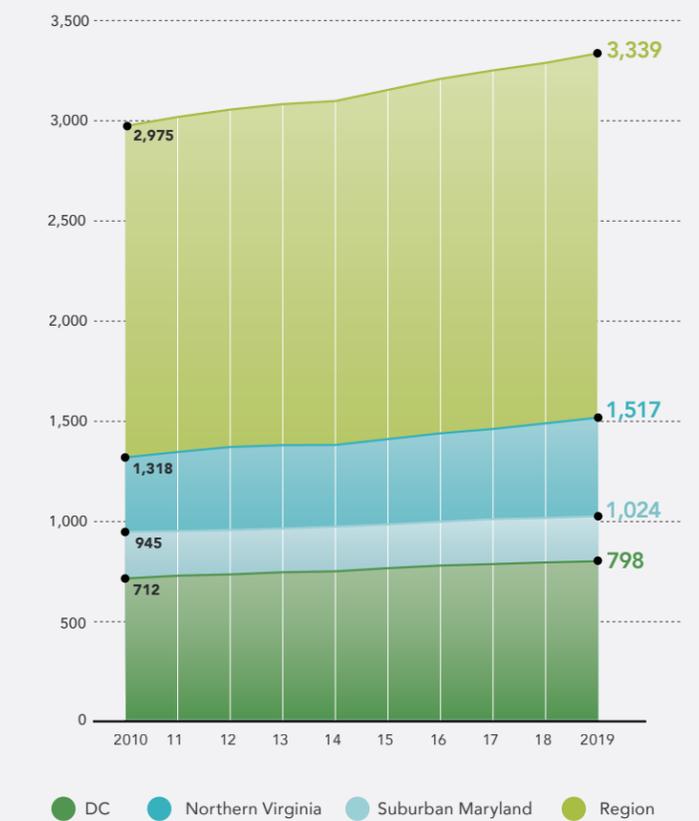
DOWNTOWNDC HOLDS 188,600 JOBS IN ONE SQUARE MILE

DOWNTOWNDC EMPLOYMENT HISTORY (thousands)



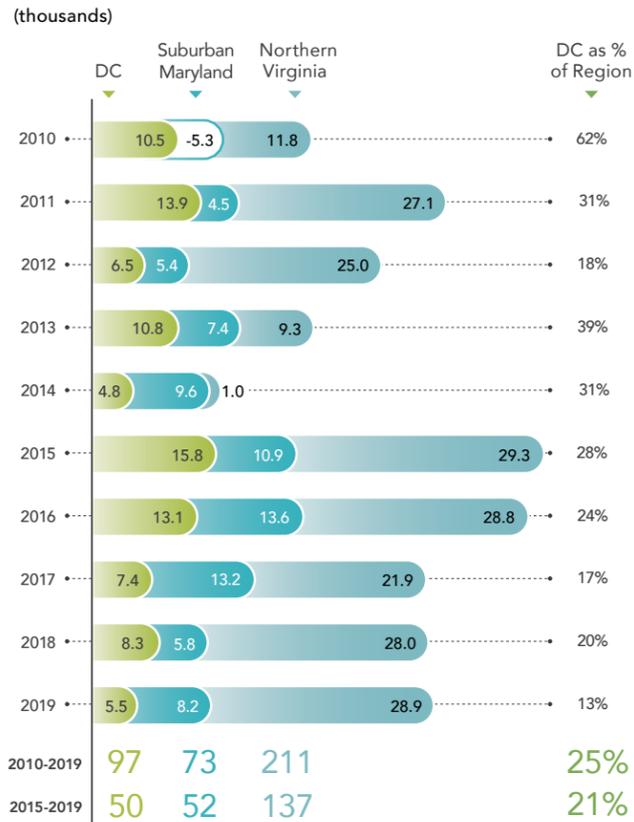
Source: DowntownDC BID

REGIONAL EMPLOYMENT HISTORY (thousands)



Sources: U.S. Bureau of Labor Statistics and the Stephen S. Fuller Institute, George Mason University

REGIONAL EMPLOYMENT CHANGE HISTORY



Sources: U.S. Bureau of Labor Statistics and the Stephen S. Fuller Institute, George Mason University

FEDERAL JOBS DECLINE AND PRIVATE JOBS INCREASE MODESTLY

The federal government has been moving some federal workers out of DowntownDC and DC to take advantage of lower rents in other DC submarkets and the suburbs. This has been partially offset by private sector employment growth.

The Justice Department moved an additional 1,900 employees to NoMa adding to the 1,300 employees it moved in January 2018. Private employment in DowntownDC had a few sectors grow and a few contract — the net private sector job growth was 500. Private sector jobs decreased by almost 500, as a result of a net decrease in destination restaurants, a net decrease in shopping square feet and the closing of the Spy Museum. Private sector jobs increased by a little over 1,000, due to The Carlyle Group moving 350 employees from Rosslyn to DowntownDC, the opening of the Conrad Hotel and increased occupancy of co-working space.

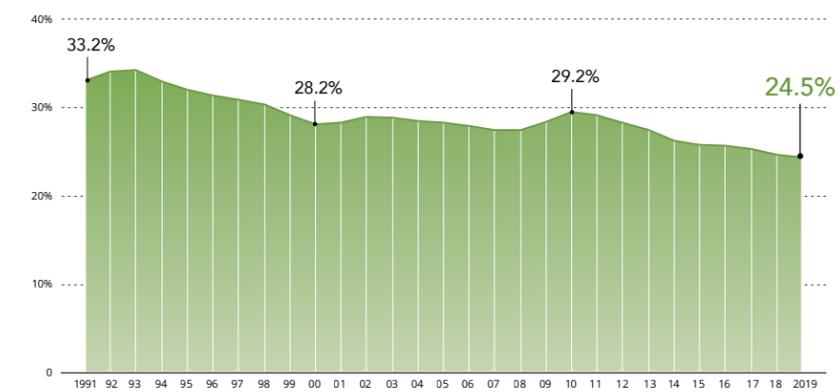
Since 1991, the federal government’s share of DC jobs declined from 33.3% to 24.5%. In DowntownDC, the 59,700 federal government jobs make up 32% of total employment.

REGIONAL TOTAL AND PRIVATE SECTOR EMPLOYMENT GROWTH RATES

	TOTAL EMPLOYMENT ^(a)		PRIVATE EMPLOYMENT ^(a)	
	2019 Growth Rates	2014-2019 Growth Rates	2019 Growth Rates	2014-2019 Growth Rates
Downtown DC	(0.7)%	0.5%	1.6%	1.8%
DC	0.7%	1.3%	1.1%	1.8%
Suburban MD	0.8%	1.0%	0.9%	1.1%
Northern Virginia	1.9%	1.9%	2.0%	2.1%

Sources: U.S. Bureau of Labor Statistics, Stephen S. Fuller Institute and DowntownDC BID
(a) Excludes Federal and DC government and transportation employees.

FEDERAL SHARE OF DC EMPLOYMENT HISTORY



Source: U.S. Bureau of Labor Statistics

FEDERAL CIVILIAN EMPLOYMENT IN REGION

	Federal Employees	% of Total
DowntownDC	59,700	17%
Rest of DC	136,100	37%
All of DC	195,800	54%
Northern VA and Suburban Maryland	168,400	46%
Region	364,200	100%

Sources: U.S. Bureau of Labor Statistics and DowntownDC BID

OFFICE EMPLOYMENT DEPARTURES TO THE SUBURBS REACH A RECORD LOW WITH HELP FROM AMAZON

Only an estimated 115 office workers left DC for Northern Virginia in 2019 — a record low since the BID began collecting data in 2001. This was offset by the move of an estimated 480 employees into DC from Northern Virginia. Thus, a net gain of 365 employees for the District. This was partially due to a substantial decrease in the vacancy rate in Arlington as a result of Amazon announcing its plans to open a second headquarter there in November 2018. Amazon’s stated employment goal is 25,000.

A GROWING HIGHER EDUCATION WORKFORCE

Johns Hopkins University and Georgetown Law School are expanding their operations in DowntownDC and will be growing the higher education employment base with hundreds of new employees.

DOWNTOWNDC EMPLOYER LOCATION BENEFITS

There are multiple benefits to employers for locating in DowntownDC that offset the higher rents: access to the largest employee pool in the region due to the best transportation connectivity in the region and the highest amenity levels in the region: dining, entertainment, culture and shopping and many attractive and vibrant public spaces.

AARP’s National Headquarters at 601 E Street NW



OFFICE MARKET

2019 WAS A DIFFICULT YEAR FOR BOTH THE DOWNTOWNDC AND DC OFFICE MARKETS

For several years, the DowntownDC office market has experienced modest reductions in occupied office space and delivered a significant amount of new office space. This resulted in a rising vacancy rate and minimal effective rent growth. On the positive side, office sales prices were very strong, led by foreign demand. In 2019, the DowntownDC vacancy rate reached 15.5%, a record level and a significant increase from 13.4% at the end of 2018. Effective rents grew a meager 0.3%. The DC vacancy rate rose to 12.1% from 10.1% and effective rent growth was 0.8%. Office building sales

prices dropped in 2019 in both DowntownDC and DC as foreign buyers decreased their purchases and sold several buildings.

Because DowntownDC has some of the highest rents in the city and region, its landlords must work very hard to keep tenants in DowntownDC and DC. As a result, rent concessions for tenants are at an all-time high. For trophy or Class A leases, tenant improvement allowances reached \$125 per SF and with free rent of 17 months. The impact of these concessions is an effective rent that is \$10 per SF less than an asking rent.

CO-WORKING OFFICE DEMAND WAS ROBUST IN 2019

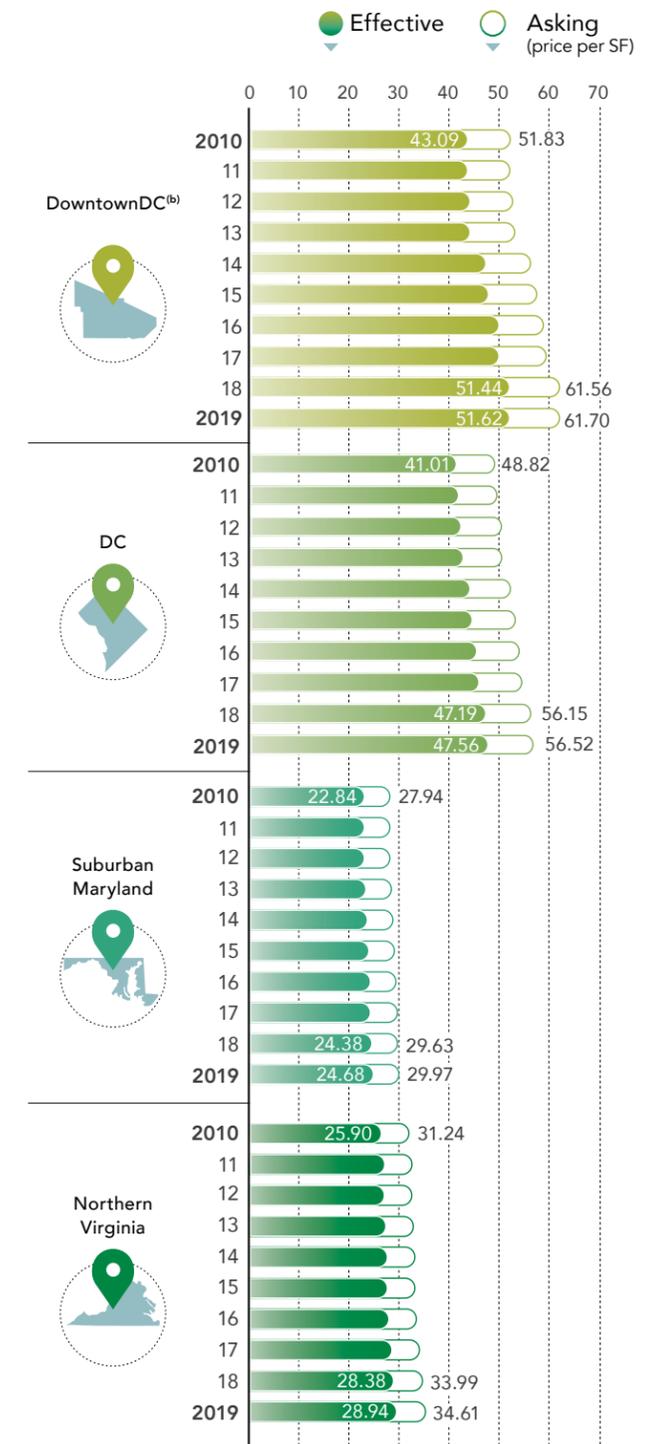
A bright spot for both DowntownDC and the Rest of DC was the significant leasing in 2019 by co-working firms of 773,000 SF, led by WeWork. For 2018 and 2019, co-working firms accounted for approximately 100% of the city net absorption. At the end of 2019, DC had 2.9 million SF of co-working space, approximately 1.9% of DC's total inventory.

WeWork accounts for 43% of DC's co-working space and, thus, 0.86% of the city's total inventory. Co-Working is predicted by many analysts to continue to grow, but the slope of its grow curve is not clear. DowntownDC and DC are fortunate to have a diversity of co-working space operators.



The Carlyle Group is located at 1001 Pennsylvania Ave NW

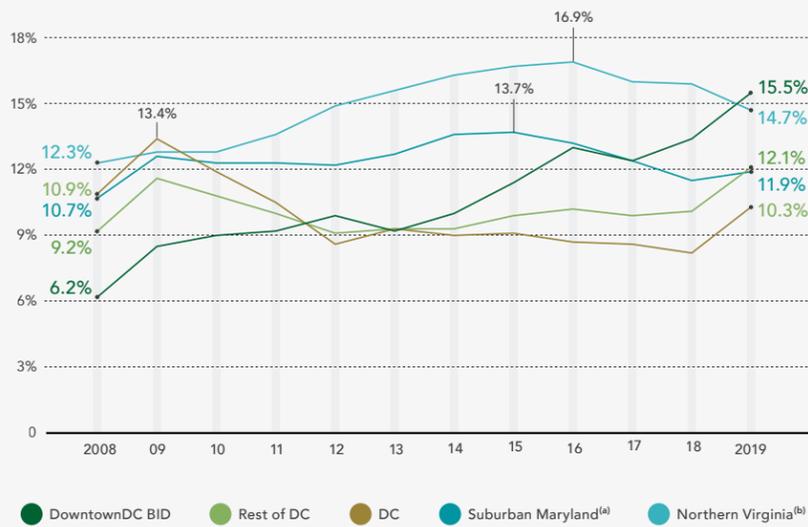
REGIONAL OVERALL^(a) OFFICE AVERAGE ASKING AND EFFECTIVE RENTS



(a) Overall rents includes all classes of buildings.
 (b) Delta and REIS East End submarket is considered to be DowntownDC.

Sources: Delta Associates and REIS

REGIONAL OVERALL VACANCY RATE



Source: CoStar
 (a) Suburban Maryland is represented by Montgomery and Prince George's counties.
 (b) Northern Virginia is represented by Alexandria, Arlington County, Fairfax County, Fairfax City and Falls Church.

DOWNTOWNDC AND DC OFFICE BUILDING SALES PRICES DECLINED IN 2019 AS FOREIGN INVESTORS REDUCED OFFICE BUILDING PURCHASES

DowntownDC office building sales averaged \$540 per SF in 2019, a decrease from the average price for the previous four years of \$704 per SF, or 23%. DC office sales averaged \$494 per SF in 2019, a decrease from the average price for the previous four years of \$537, or 8%. The average sales prices in Arlington and Bethesda were \$414 and \$411 per SF, respectively, and a decline from 2018 of 12% and 6%, respectively.

Foreign investors purchase of office buildings in DowntownDC declined from \$1.4 billion in 2018 to \$70 million in 2019, while the Rest of DC saw a slight increase from \$560 million to \$780 million. Foreign investors' share of DowntownDC office sales in 2019 was just 7%, a substantial decrease from 45% in 2018. In the Rest of DC, foreign investors had a 24% share of sales, a decrease from 33% in 2018. From 2014 – 2018, foreign investors in DowntownDC were willing to pay 21% premium to domestic investors, or approximately \$100 per SF more.

FOREIGN INVESTMENT IN DOWNTOWNDC OFFICE BUILDINGS DECLINED FROM \$1.4 BILLION IN 2018 TO \$70 MILLION IN 2019

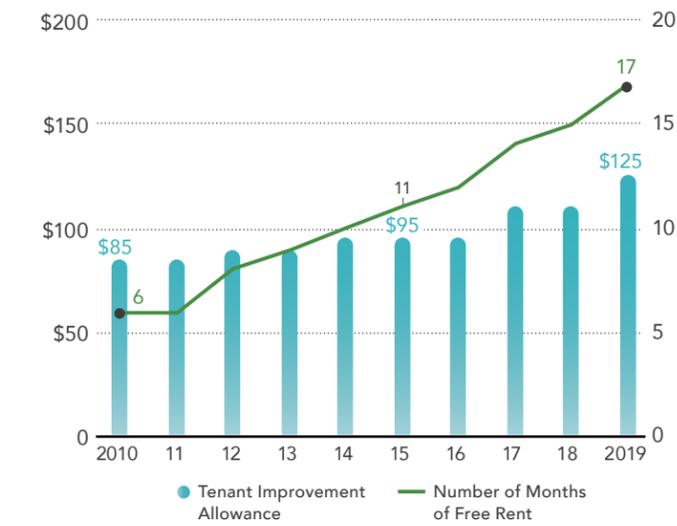
RECORD LEVEL OF VACANT SF IS AN OPPORTUNITY

Over the past few years, 3.8 million SF of office has been developed in DowntownDC and the net absorption of office space was negative 1 million SF. As a result, DowntownDC saw an increase in vacant office space from 4.0 million to 8.8 million at the end of 2019—a record level. The Rest of DC had another 11.2 million SF of vacant office space, which is also a record high.

This high level of vacant space is an opportunity for attracting new office tenants or converting vacant buildings to other uses. The former home of the Children's Defense Fund, 25 E Street NW, a 41,500 SF office

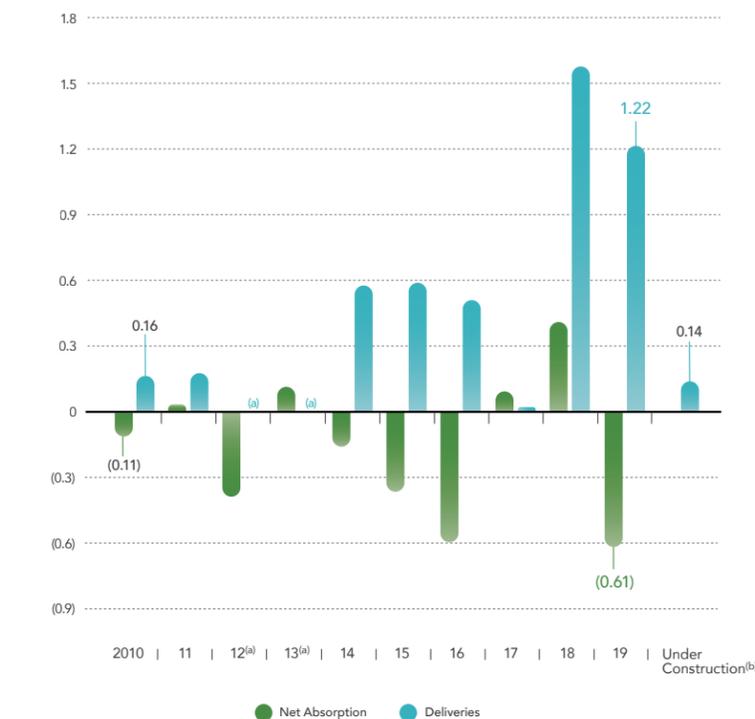
building, is being converted into a hotel. The DowntownDC BID and the Golden Triangle BID are recommending to the District the creation of a modest office to residential conversion incentive program that will diversify DowntownDC's building stock, provide a modest amount of middle income housing, shore up existing office supply and demand and provide a positive fiscal benefit to the city.

DC CORE MARKETS, TROPHY AND CLASS A CONCESSION PACKAGES (\$ per SF)



Source: JLL Research

DOWNTOWNDC OFFICE DELIVERIES AND ABSORPTION (in millions of SF)



Source: CoStar
 (a) No deliveries in 2012 and 2013.
 (b) Cushman & Wakefield.

REGIONAL COMPETITION

Office tenant moves from DC to Northern Virginia in 2019 was at its lowest SF level since the BID began collecting data in 2000. Landlords continued to work very hard to keep their tenants by offering record concession packages.

A highlight of 2019 was The Carlyle Group's moving of its Rosslyn-based employees into 70,000 SF of newly leased space at its 1001 Pennsylvania Avenue NW headquarters. In addition, the International Baccalaureate, a non-profit educational foundation, signed a lease for approximately 100,000 SF at 3900 Wisconsin Avenue NW, and the American Trucking Associations signed a 60,000 SF lease in Capitol Riverfront. All three moves into DC are very exciting.

However, Northern Virginia continues to attract most of the larger firms moving to the region, including Amazon, Nestle, Lidl, Bechtel, Parsons, Gerber and March of Dimes.

Amazon's decision to open a second headquarter in Crystal City is a huge win for the region.

As of the first quarter of 2020, Amazon leased 850,000 SF. This drove down Crystal City's vacancy rate from 20% in November 2018, when they selected Crystal City as the location for HQ2, to 13.8% at the end of 2019. As a result, landlords in Crystal City/ Pentagon City's and the rest of Arlington are raising their asking rents modestly and reducing their concessions significantly, thus, making it less attractive to DC office tenants to move across the Potomac River.

DOWNTOWNDC HAS SEEN SEVERAL OFFICE TENANTS MOVE TO THE EMERGING SUBMARKETS OF NOMA AND SOUTHWEST DC

DC COMPETITION

While the city is doing very well in retaining its office tenants and attracting a few new ones, DowntownDC and the other traditional “core” submarkets (the Central Business District and the West End) have seen several tenants move to the emerging submarkets of NoMa and Southwest DC. In 2019, the U.S. Department of Justice completed its move out of approximately 1 million SF in DowntownDC to 840,000 SF in NoMa. Looking ahead, the law firm of Williams & Connolly LLP will be moving into 290,000 SF in Southwest DC when phase two of the District Wharf development project is completed. During 2019, the traditional core office submarkets lost over 700,000 SF of tenants and the emerging markets gained 850,000 SF. As the emerging markets continue to grow their amenity base, they will become more competitive on both price and amenities.

DowntownDC recorded a win when Aquicore, a commercial real estate software company, moved from Shaw into 16,710 SF at 401 Ninth Street NW.

DC OFFICE DELIVERIES AND ABSORPTION

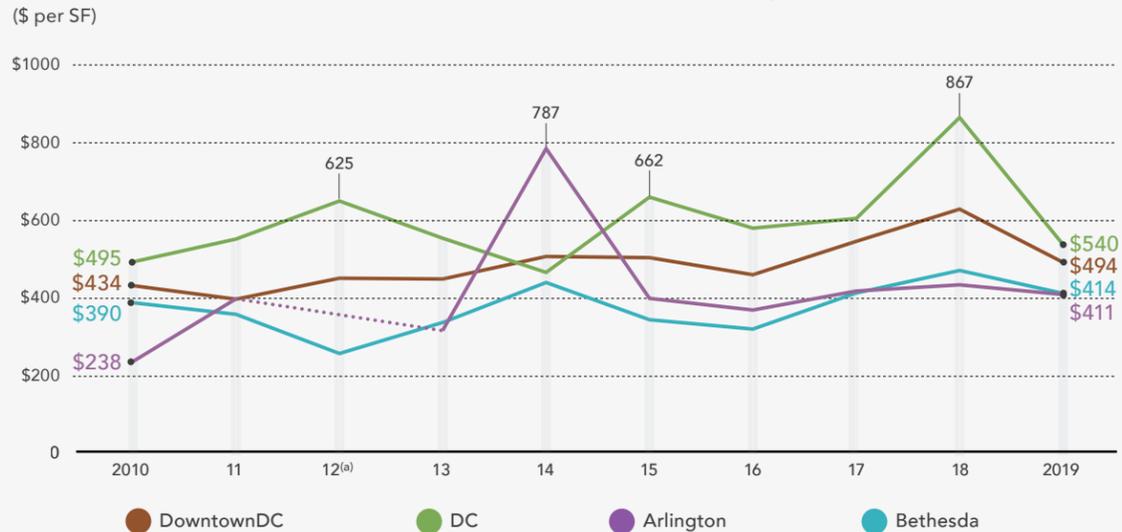
(in millions of SF)



Source: CoStar
(a) Cushman & Wakefield.

AVERAGE SALES OFFICE PRICE TRENDS IN DOWNTOWNDC, DC AND REGION

(\$ per SF)



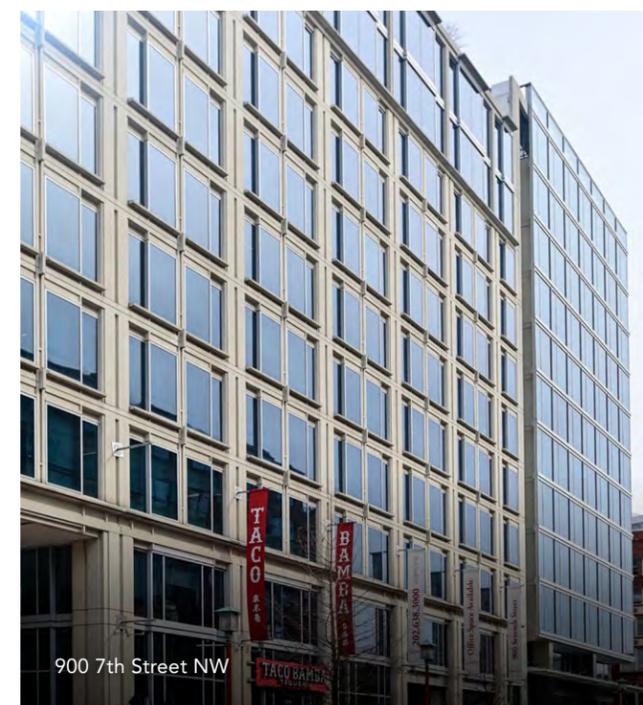
Source: JLL Research
(a) No Bethesda sales in 2012.

NATIONAL OFFICE MARKET COMPARISON

DowntownDC continues to be a national office market leader:

- The nation’s fourth strongest market in terms of rents—behind Boston, Manhattan and San Francisco.
- The nation’s third largest downtown office market—behind Manhattan and Chicago.

However, DowntownDC’s and DC’s vacancy rates are much higher than peer cities of Boston, NYC, San Francisco and Seattle due to a higher level of development over the past few years.



LARGE CITY OFFICE MARKET COMPARISON

City	Overall Asking Rent (\$ per SF)	Overall Vacancy Rate	Total Office Inventory (millions of SF)
DowntownDC ^(a)	57	15.5%	57
DC ^(a)	53	12.1%	158
San Francisco	86	5.8%	55
NYC Midtown	77	11.6%	251
NYC Midtown South	76	8.5%	68
Boston	66	11.2% ^(b)	66
New York City Downtown	63	11.7%	90
Seattle	46	4.9%	49
Chicago	41	15.0%	109
Houston	40	27.6% ^(b)	38
Denver	38	8.7%	30
Atlanta	33	16.9%	52
Philadelphia	31	9.9%	42
Dallas	27	27.5%	28

Source: Cushman & Wakefield
(a) CoStar data.
(b) Availability rate.



HOTELS, TOURISM & CONVENTIONS

Conceived by acclaimed bartender Ryan Chetiyawardana (aka Mr Lyan), the Silver Lyan bar opened in the recently renovated Riggs Hotel at Ninth and F Streets NW

STRONG HOTEL MARKET CONTINUED IN 2019

DowntownDC again ranked as the nation's fourth strongest hotel market after New York City, San Francisco and Boston. Record hotel demand and record hotel room supply translated into strong operating performance.

INVESTMENT CONTINUES IN DOWNTOWNDC HOTELS

Continued investment in the DowntownDC hotel market shows investor confidence in DowntownDC:

- The new \$250 million Conrad Washington D.C. opened in March 2019.
- The W Hotel completed a \$50 million renovation in July 2019.

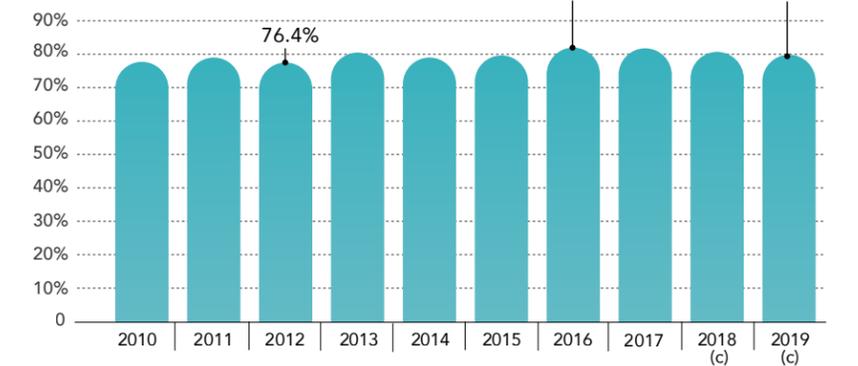
- The Riggs Washington, D.C. hotel opened in February 2020 after an estimated \$50 million renovation by the Lore Group and Global Holdings.
- Pebblebrook Hotel Trust's former Donovan Hotel is undergoing a \$25 million renovation and rebrand into Hotel Zena. The hotel will be managed by Viceroy Hotels & Resorts.
- There were 33 hotels with 11,972 rooms in DowntownDC at the end of 2019, making up 35% of DC's hotel rooms and 40% of its hotel revenues and sales taxes.



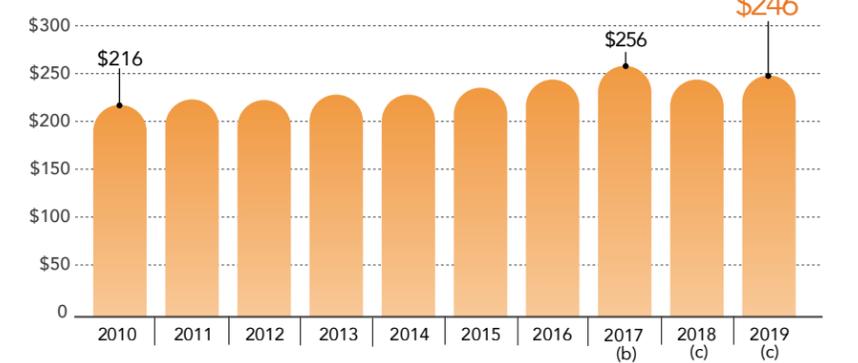
DOWNTOWNDC RANKED AS THE 4TH STRONGEST HOTEL MARKET IN THE NATION

DOWNTOWNDC HOTEL PERFORMANCE

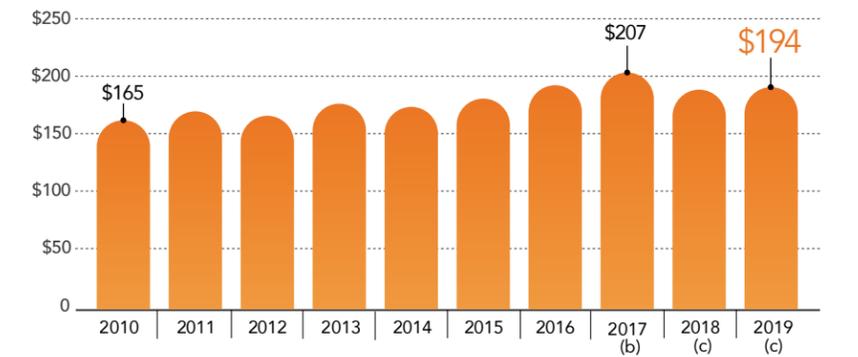
Occupancy rate



Average daily room rate



Revenue per available room (a)



Room revenues (millions)



(a) RevPAR = Occupancy Rate * Average Daily Room Rate.
 (b) High hotel performance due to Presidential Inauguration and the Women's March in January 2017.
 (c) Federal government shutdown ran from Dec 22, 2018 through Jan 25, 2019.

Source: Smith Travel Research

REVPAR COMPARISON: REGIONAL AND NATIONAL

(Revenue Per Available Room Night)

Year	DowntownDC	Compared to Rest of DC and Region			Compared to Large City Downtown Hotels		
		Rest of DC	Bethesda / Rockville	Alexandria / Arlington	New York City	Boston / San Francisco	Chicago / Denver / Houston / Los Angeles / Seattle
2014	\$177	\$153	\$92	\$106	\$255	\$200	\$146
2015	\$184	\$158	\$91	\$113	\$248	\$212	\$153
2016	\$196	\$164	\$96	\$116	\$242	\$216	\$154
2017	\$207	\$171	\$101	\$118	\$241	\$213	\$156
2018	\$192	\$160	\$100	\$114	\$247	\$220	\$161
2019	\$194	\$161	\$101	\$117	\$238	\$228	\$156

Source: Smith Travel Research

Future DowntownDC hotel development plans include three more hotels. Acumen Cos. has plans to build a 10 to 12 story hotel behind a set of row houses on the 500-block of H Street NW (north side) at a cost of \$50 million, with a potential groundbreaking in Fall 2020. Quadrum Global announced plans in January 2020 for the Arlo Hotel at 333 G Street NW with more than 400 rooms and a cost of \$100 million. Jetset Hospitality is expected to convert 25 E Street NW to a 75 to 100 room boutique hotel.

RECORD HOTEL DEMAND

DowntownDC's record hotel demand is supported by the city's and DowntownDC's business travelers and strong tourism attractions as well as the convention visitors at the Walter E. Washington Convention Center.

RECORD DC VISITOR TRAVEL

Destination DC, the city's tourism marketing arm, reported record visitor travel for 2018 (the latest date for which data is available) of 23.9 million — up 4.8% from 2017. Domestic visitor total was up by 5.3% to 21.9 million and international visitor total stayed flat. Contributing to this record visitation were (1) the reopening of the Smithsonian National Museum of Natural History's Fossil Hall in June 2019 and (2) the portraits of former President Barack Obama and former First Lady Michelle Obama at the Smithsonian's National Portrait Gallery.

The memorials and museums on the National Mall attracted 31 million and 21 million visitors, respectively, in 2019 — both down from 2018. The museum

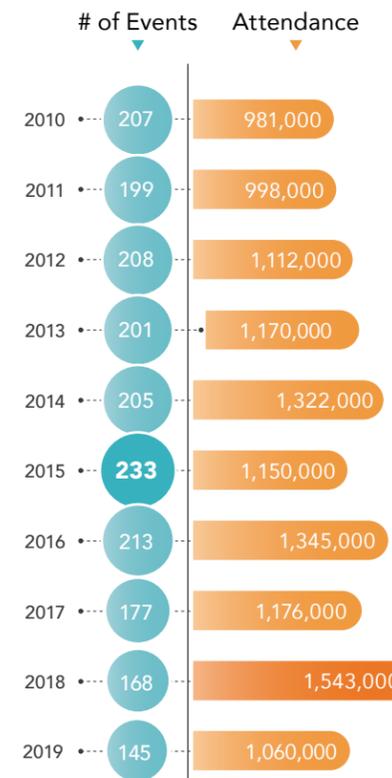
attendance was off significantly from 2018 for a variety reasons, including the shutdown of Smithsonian museums during the federal government shutdown of December 22, 2018 – January 25, 2019 (35 days), to ongoing renovations at the Smithsonian National Air and Space Museum and the Smithsonian National Museum of American History.

WALTER E. WASHINGTON CONVENTION CENTER

The Walter E. Washington Convention Center had a relatively strong year with 1.06 million visitors, but down from the record 1.5 million visitors in 2018. Reasons for the decline include: the one-time boost from Major

League Baseball All-Star Game's fan activity event in 2018; two large conventions that come to DC in even numbered years; and a change in attendance counting methodology for the regional volleyball tournament that is an annual highlight. Destination DC booked 473,000 room nights from conventions held at the Walter E. Washington Convention Center. This represents 14% of the 2019 DowntownDC hotel room demand. This incremental demand is instrumental in maintaining DowntownDC's ranking as the fourth strongest hotel market in the country.

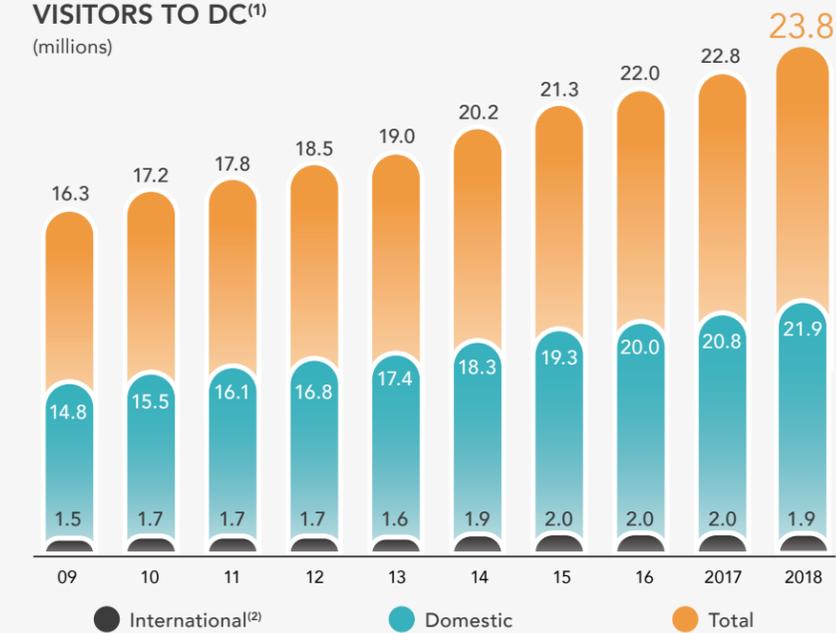
WALTER E. WASHINGTON CONVENTION CENTER ATTENDANCE



Source: Events DC

VISITORS TO DC (1)

(millions)

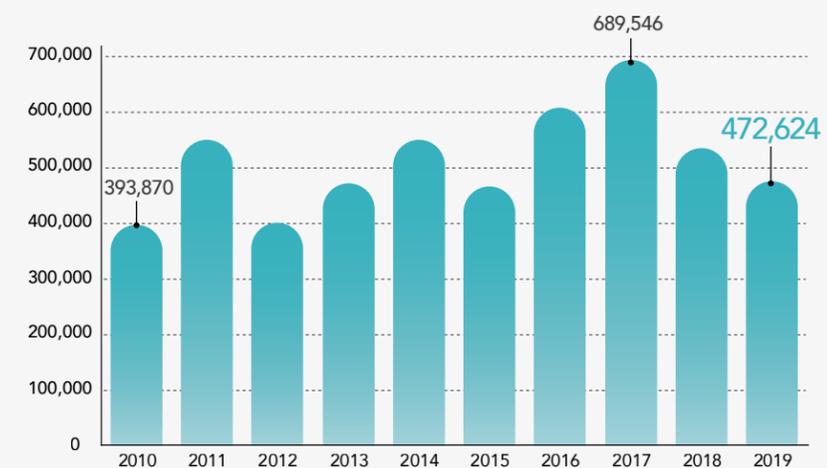


(1) Visitor Data is released as follows: Domestic visitation in May-June of each year for the prior year, and international visitation in August of each year for the prior year.

(2) International visitors does not include visitors from Canada or Mexico.

Sources: D.K Shifflet & Associates: Travel Market Insights, National Travel and Tourism Office, and U.S. Department of Commerce

HOTEL ROOM NIGHTS GENERATED BY DESTINATION DC FOR THE WALTER E. WASHINGTON CONVENTION CENTER

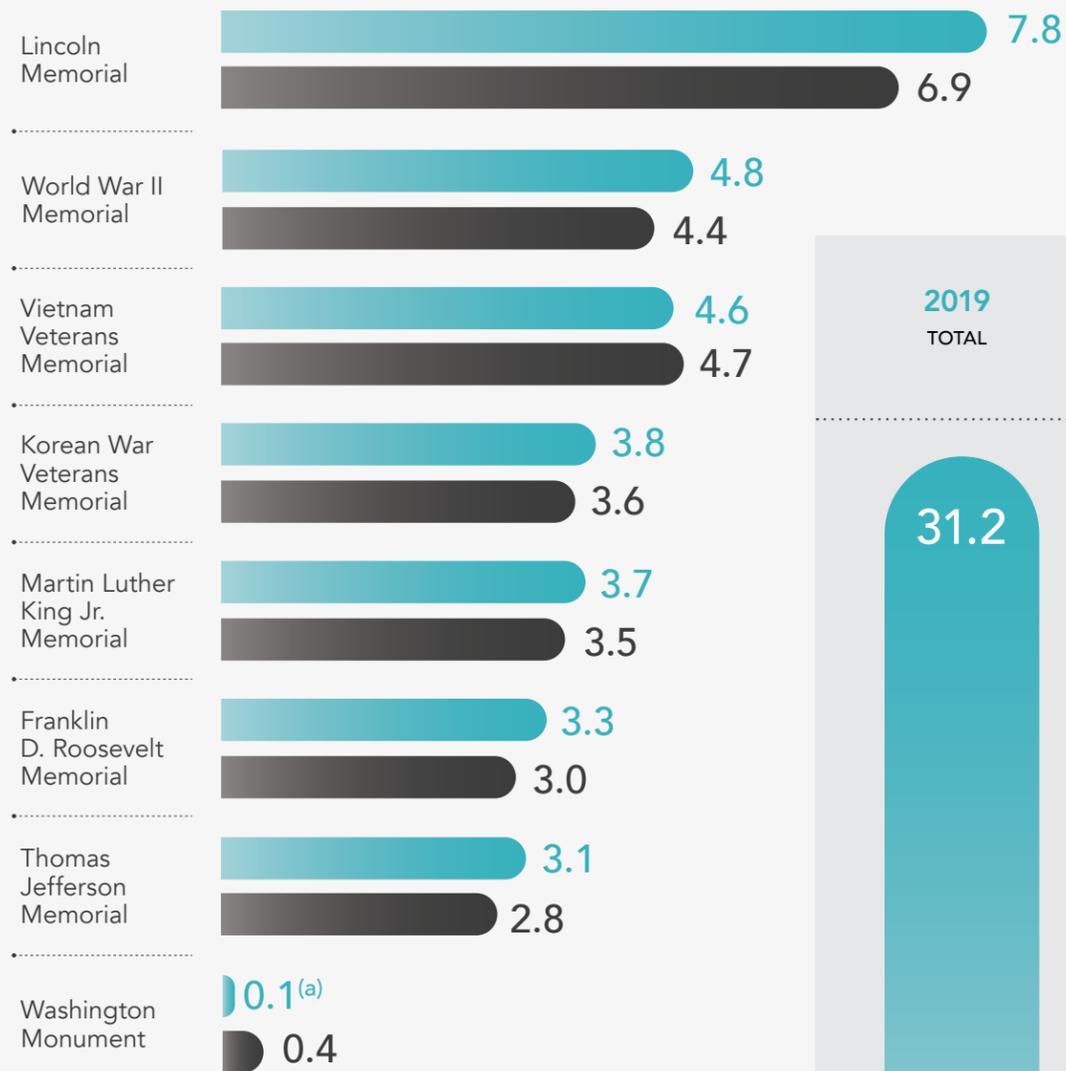


Source: Destination DC

ANNUAL VISITORS TO NATIONAL MALL MEMORIALS AND MUSEUMS

MEMORIALS

● 2019
● Annual Average (2009-2018)
(millions)



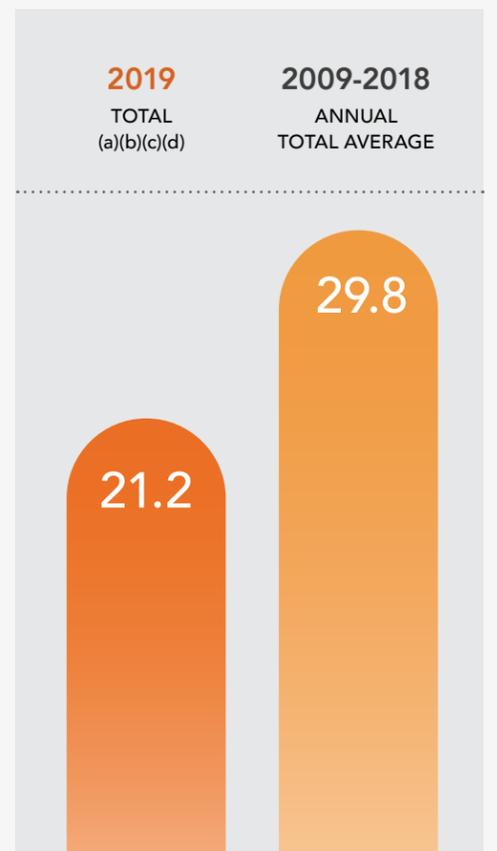
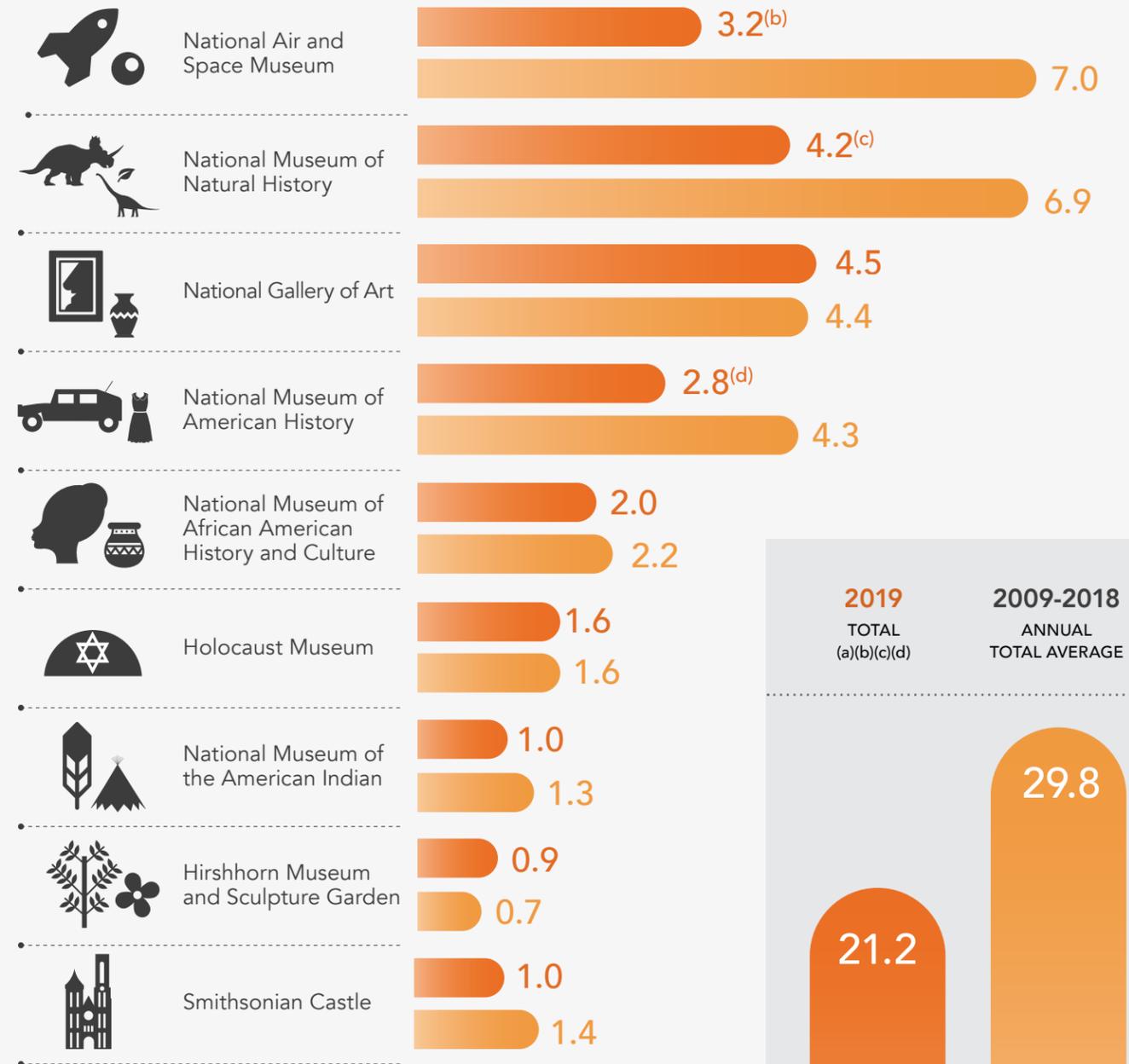
(a) The Washington Monument was closed in 2012-2013 and from August 2016 to September 2019.

Source: The National Park Service



MUSEUMS

● 2019^(a)
● Annual Average (2009-2018)
(millions)



(a) Smithsonian museums impacted by the federal government shutdown from December 22, 2018 - January 25, 2019 (35 days).

(b) The Air and Space Museum began a 7-year \$650 million renovation in December 2018 that will result in partial closure of the building over this time period.

(c) The National Museum of Natural History's Dinosaur Hall was closed for five years, from June 2014 to June 2019.

(d) Installed automated gate counters in 2019 that replaced had-held clicker counters.

Sources: Smithsonian, National Gallery of Art and the U.S. Holocaust Museum

CULTURE & ENTERTAINMENT

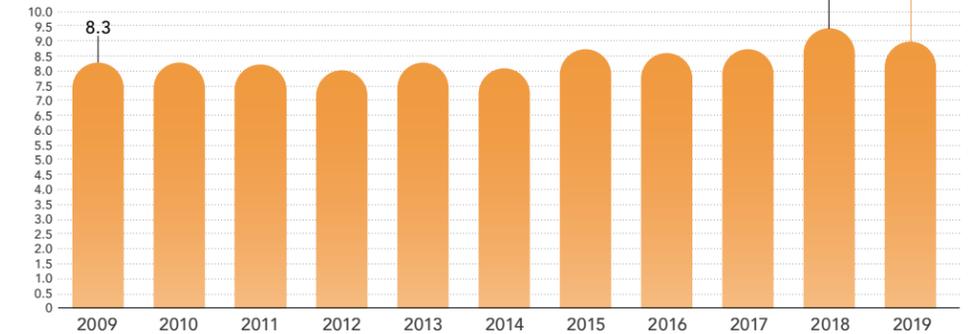


National Children's Museum returned to DC and opened in early 2020

TOTAL DOWNTOWNDC CULTURE AND ENTERTAINMENT VISITORS

Museums, Capital One Arena and Performing Arts Venues

(millions)



Sources: Museums, Performing Arts Venues and Monumental Sports & Entertainment

CAPITAL ONE ARENA CONTINUES TO ANCHOR DOWNTOWNDC

In 2016, attendance reached a high at the Capital One Arena with 2.7 million visitors. In 2019 and 2018, attendance was down to 2 million and 2.3 million, respectively, due to the substantial renovations it underwent which prevented its use for several weeks in both years. The renovation investment by Monumental Sports and Entertainment, the owners of Capital One Arena, was substantial: \$40 million in the Summer of 2018, including concourse and concession upgrades and replacing all the seats; and \$30 million in Fall 2019, including technology and concession upgrades

(i.e., installing the largest 360-degree video screen in sports). Attendance in 2019 was also impacted by the Mystics' move to the Entertainment and Sports Arena at St Elizabeths East for the 2019 WNBA season.

Also in 2019, Monumental Sports and Entertainment partnered with William Hill Plc., a company from the United Kingdom, to open a sportsbook in the former Greene Turtle Sports Bar and Grill space outside of the Capital One Arena. A William Hill Plc. affiliated company applied for a DC sports betting license in December 2019.

SOLID PERFORMANCE AMIDST A CHALLENGING LANDSCAPE

Following a record 2018, DowntownDC welcomed 7.5 million visitors to its culture and entertainment venues in 2019—a solid performance. The Capital One Arena and DowntownDC's 10 museums and eight performing arts venues had strong years, but the majority of venues recorded modest decreases in attendance compared to 2018 and the Spy Museum moved from DowntownDC to Southwest DC.

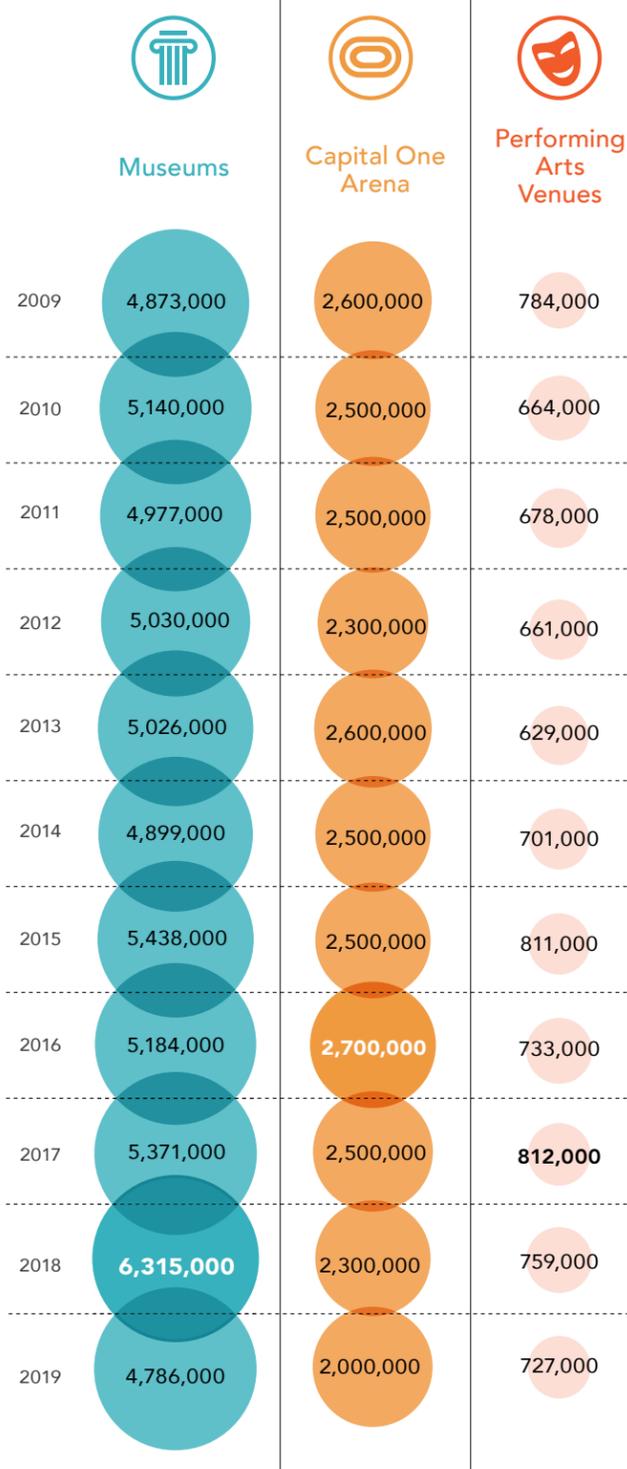
2019 attendance was down 20% from 9.4 million in 2018. This decrease is due primarily to the closure of the Spy Museum, the Newseum's move to Southwest DC, and the decline in attendance at the Capital One Arena (mostly due to renovations) and the Smithsonian's National Portrait Gallery (though 2019 was its second highest attendance year ever).

DOWNTOWNDC WELCOMED 7.6 M VISITORS TO ITS CULTURE & ENTERTAINMENT VENUES IN 2019



CAPITAL ONE ARENA ATTENDANCE WAS 2 MILLION IN 2019

DOWNTOWNDC CULTURE AND ENTERTAINMENT VISITORS BY VENUE TYPE



Sources: Museums, Performing Arts Venues and Monumental Sports & Entertainment

MUSEUMS ARE THE LARGEST SECTOR OF DOWNTOWNDC CULTURE & ENTERTAINMENT

In 2019, the total attendance at DowntownDC's 10 museums was 4.8 million, down 24% from 2018. When excluding the Spy Museum, which closed its doors at the end of 2018 and prepared its move to L'Enfant Plaza in early 2019, attendance was down 17%. Attendance at the National Portrait Gallery and Smithsonian American Art Museum was 1.7 million, its second highest total (though down from 2018's record of 2.4 million), due to the continued interest in the portraits of former President Barack Obama and former First Lady Michelle Obama. On the other hand, the following museums all recorded attendance increases: National Law Enforcement Museum, National Museum of Women in the Arts and the Old Post Office Tower.

The Newseum closed on December 31, 2019, with an estimated annual attendance of 800,000, leaving DowntownDC with nine museums accounting for 4 million of 2019's visitor attendance. Combined with the closing of the Spy Museum, DowntownDC lost approximately 1.4 million annual museum visitors in the past two years.

In February 2020, DowntownDC welcomed the National Children's Museum to the Ronald Reagan Building and International Trade Center. Planet Word, a museum to inspire a love of language in all its forms, is scheduled to open in 2020 at 13th and K Streets NW. The Milken Institute's Center for Advancing the American Dream, dedicated to telling the stories of pioneers in education, health, entrepreneurship and job creating free enterprise, is scheduled to open in 2023 in a historic bank building located at 1501 – 1505 Pennsylvania Avenue NW. These new museums will boost DowntownDC's museum total to 12 and should attract thousands of new visitors.

PERFORMING ARTS VENUES ENLIVEN DOWNTOWNDC THROUGHOUT THE YEAR

DowntownDC's overall performing arts attendance at its eight venues was down 4% in 2019 from 2018. However, Shakespeare Theatre Company's venues and Ford's Theatre reported attendance increases last year. The following three DowntownDC theatres were acknowledged with 2019 Helen Hayes Awards, which recognizes excellence in professional theater in the Washington, D.C. area: Ford's Theatre (three awards), Shakespeare Theatre Company (three awards) and Woolly Mammoth Theatre (five awards).

THEATRE ATTENDANCE IN DOWNTOWNDC



	2019	Average (a) (2009-2018)
Warner Theatre	173,174	▶ 157,185
National Theatre	124,905	▶ 122,859
Sidney Harman Hall (b)	101,560	▶ 128,079
Ford's Theatre	97,341	▶ 85,742
Sixth & I Synagogue	74,248	▶ 69,636
Michael Klein Theatre (b)	65,207	▶ 71,379
Hamilton Live	60,000	▶ 66,433
Woolly Mammoth Theatre	36,415	▶ 40,056
TOTAL	727,368	▶ 741,368

Sources: Theatres
(a) If open less than years for the average, average based on years open.
(b) Shakespeare Theatre Company venues.

MUSEUM ATTENDANCE IN DOWNTOWNDC



	2019	Average (2009-2018)
National Portrait Gallery and Smithsonian American Art Museum	1,700,000	▶ 1,242,700
National Archives	960,456	▶ 1,089,958
Newseum (a)	800,000	▶ 800,000
Ford's Theatre Historic Site	461,863	▶ 555,500
National Building Museum	390,621	▶ 508,700
National Museum of Women in the Arts	153,000	▶ 100,830
Old Post Office Tower	125,035	▶ 197,936 (b)
The Naval Heritage Center	120,000	▶ 128,222
National Law Enforcement Museum	75,000 ^(c)	▶ NA
International Spy Museum	0	▶ 611,800
TOTAL	4,785,975	▶ 5,235,646

Sources: Museums
(a) Newseum attendance from multiple news sources.
(b) The Old Post Office Tower was closed from May 2014 to early 2017.
(c) DowntownDC BID estimate.



Ford's Theatre production of Fences



SHOPPING & DINING

Compass Coffee at 1301 K Street NW

MIXED RESULTS IN 2019

DowntownDC's shopping and dining highlights include the openings of a flagship Apple Store in the historic Carnegie Library, Tiffany & Co. and Brunello Cucinelli stores at CityCenterDC, and the opening of 10 new destination restaurants.

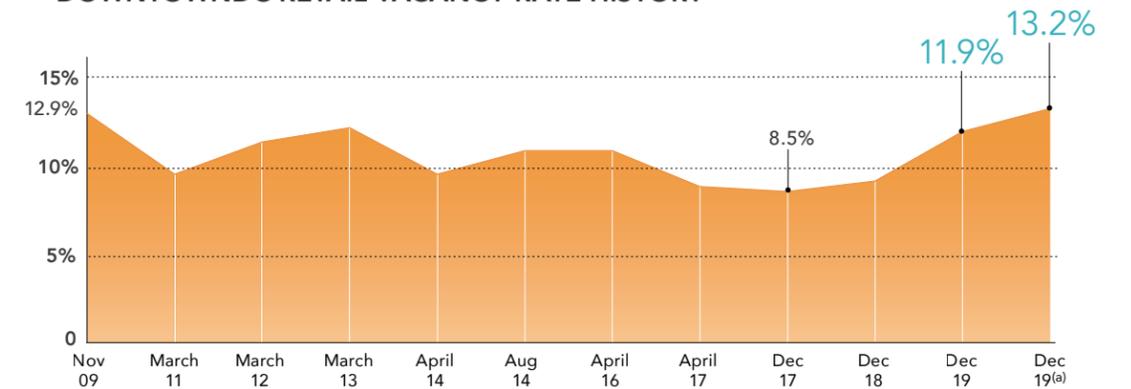
The negative news included four store closings, one announced store closing, and the closing of 14 restaurants.

At the end of 2019, the DowntownDC retail vacancy rate rose to 11.9%, with the closing of Forever 21's 65,000 SF store and the net loss of four destination restaurants. Furthermore,

the announced closing of Bed Bath & Beyond will increase the DowntownDC vacancy rate to 13.2%—the highest rate since the BID began collecting this data in 2004.

As of February 2020, 13 restaurants had announced openings, two restaurants closed and four retail store openings were announced.

DOWNTOWNDC RETAIL VACANCY RATE HISTORY



Source: Dochter & Alexander (2017 - 2019) and DowntownDC BID (2010 - 2016)
(a) Adjusted for announced closing of Bed, Bath & Beyond.

DOWNTOWN RETAIL OVERVIEW

DowntownDC has a broad mix of retailers totaling 3.5 million SF of occupied or announced retail space:

- 1 million SF of high-end or casual dining in over 150 establishments (29%);
- 650,000 SF of other food service providers (18%);

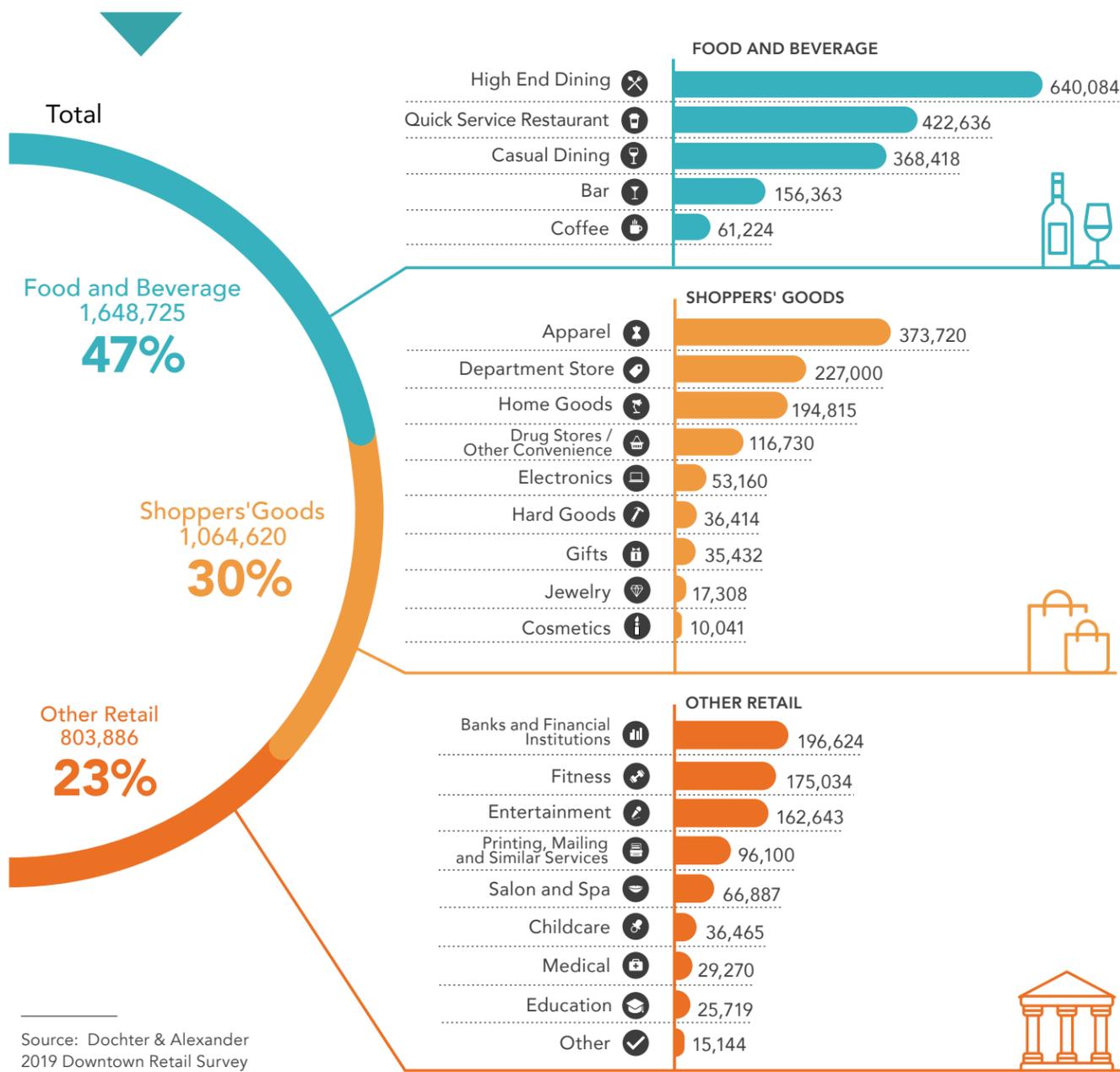
- 730,000 SF of destination shopping in 78 stores (21%);
- 330,000 SF of other shopper's goods retail (9%) with furniture design showrooms, drug stores and convenience retail making up the majority;
- 800,000 SF of other retail (23%) with banks, entertainment and fitness being the largest categories.

AS OF FEBRUARY, 2020 13 RESTAURANTS HAVE ANNOUNCED OPENINGS, TWO RESTAURANTS CLOSED AND FOUR STORES HAD ANNOUNCED OPENINGS

DOWNTOWNDC RETAIL SPACE OVERVIEW

Square feet

Total Possible Retail Space
4,671,331



Source: Dochter & Alexander 2019 Downtown Retail Survey

DOWNTOWNDC RESTAURANT HISTORY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Restaurants at End of Year	140	145	143	147	145	152	156	162	158	154
Net Change	(2)	5	(2)	4	(2)	7	4	6	(4)	(4)
Openings	4	10	3	10	3	10	9	11	6	10
Closings	(6)	(5)	(5)	(6)	(5)	(3)	(5)	(5)	(10)	(14)

Source: DowntownDC BID

DESTINATION RESTAURANT OPENINGS AND CLOSINGS

10 Opened

Boqueria, Cherry, Estuary, Matchbox (E Street), Mazi DC, Olivia Restaurant, Punjab Grill, SPIN Washington DC, The Boardwalk DC and Via Sophia

14 Closed

14K Restaurant and Lounge, Del Frisco's Double Eagle Steakhouse, Iron Horse Tap Room, La Tasca, Matchbox (H Street), NoPa Kitchen+Bar, Penn Commons LLC, Pennsylvania 6, Pinea, Proof Restaurant, Scotts Restaurant, SEI, The Green Turtle Sports Bar & Grille and Woodward Table

IN 2019

3 Opened

Cranes, Café Riggs and Tonasi

10 Announced:

The Ardent, Cheesecake Factory, Dauphine's, Eddie V's Prime Seafood, Farmbird, The Henri, Philotimo DC, Shōtō Zuma, Truluck's Seafood and Yardbird Southern Table & Bar

2 Closed

Bar Louie and Claudia's Steakhouse

IN 2020

STORE OPENINGS AND CLOSINGS

3 Opened

Apple Flagship Store and DC History Center, Tiffany & Co. and Brunello Cuccinelli

4 Closed

Forever 21, Illuminations Inc., Spy Museum Store and Sam's Gifts

4 Announced

Chanel, Giorgio Armani, Akris at CityCenterDC and Lululemon

1 Closed

Uniqlo

1 Announced Closing

Bed Bath & Beyond

DOWNTOWNDC SHOPPING HISTORY

	2010	2011	2012	2013 ^(a)	2014 ^(a)	2015 ^(a)	2016	2017	2018	2019
Number of Stores at End of Year	55	55	55	56	68	80	81	84	80	78
Net Change	-	-	-	1	12	12	1	3	(4)	(2)
Openings	2	2	2	1	12	12	2	3	-	3
Closings	(2)	(2)	(2)	-	-	(1)	-	-	(4)	(5) ^(b)

Source: Dochter & Alexander (2017 - 2019) and DowntownDC BID (2010 - 2016)

(a) CityCenterDC stores opened in 2013-2015.
(b) Includes the announced closing of Bed, Bath & Beyond.

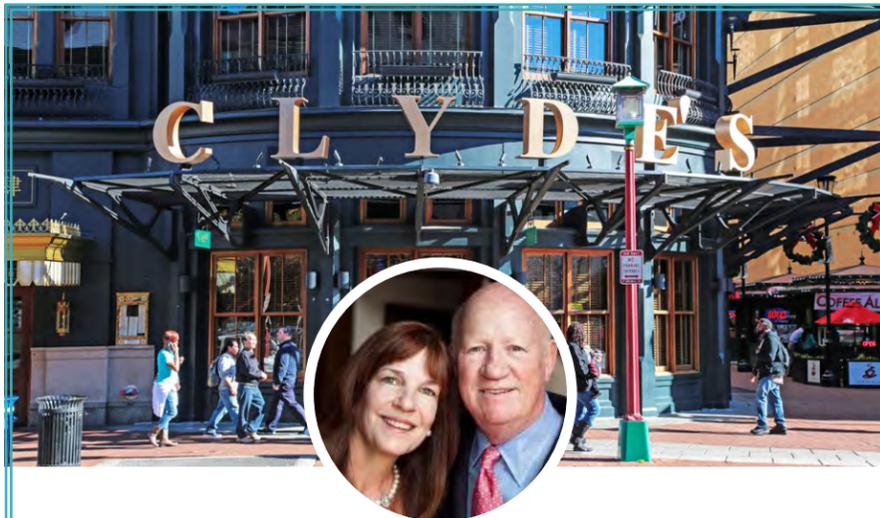
DOWNTOWNDC OFFERS MICHELIN-STARRED RESTAURANTS AND MICHELIN'S BIB GOURMAND LIST

DowntownDC offers top quality restaurants earning Michelin stars and making Michelin's Bib Gourmand List year after year. Since Fall 2016, when the Michelin Guide began rating DC restaurants, two DowntownDC restaurants have earned stars each year: Jose Andres' minibar with two stars and Fabio Trabocchi's Fiola with one star. New last year, Sushi Nakazawa earned one star. Furthermore, Jose Andres' China Chilcano, Jaleo, Oyamel and Zaytinya made the Michelin's Bib Gourmand List for four consecutive years. For the last two years Succotash and the Unconventional Diner made the Bib Gourmand List as well joined by American Son in 2019.

RETAIL OPPORTUNITIES ABOUND

There is 475,000 SF of vacant space in DowntownDC, with approximately 150,000 SF along F and Seventh Streets. In addition, DowntownDC has over 500,000 SF of ground floor space that is used as office space, of which more than 50% could be converted to retail. There is 61,000 SF of retail space under construction and 110,000 SF of planned space, including 29,000 SF at CityCenterDC.

The renovation of Franklin Park will include a full-service restaurant pavilion. A request for proposal will be released in May or June 2020.



THANK YOU: JOHN, GINGER & CLYDE'S

From its early beginnings in the 1960's to today, Clyde's Restaurant Group has been a cornerstone for the communities it serves and the city where it launched. The original Clyde's opened in 1963 in Georgetown under the direction of founder Stuart Davidson who stated, "[he] would rather eat in a saloon than drink in a restaurant." Five years later Davidson took a young and eager John Laytham, who had been working his way up at the restaurant, as his partner. Their lasting friendship and business acumen grew Clyde's Restaurant Group into the regional leader it is today with 14 restaurants and music venues including Old Ebbitt Grill at 15th and G Streets, Clyde's at Gallery Place at 7th and G Streets NW, and The Hamilton and Hamilton Live at 14th and F Streets NW in DowntownDC.

After Davidson died in 2001, John Laytham and his wife Ginger Laytham, another key partner in the growth and success of the Clyde's Restaurant Group, continued with the group's philanthropic tones giving their time on various city boards, including the DowntownDC BID, Restaurant Association of Metropolitan Washington and other regional business organizations. Ginger Laytham was the driving force behind the Georgetown Metropolitan Bus, affectionately known for years as the, "Blue Bus," which was taken over in 2010 by the city's DC Circulator as part of its citywide fleet. The popular route continues to provide a connection to Metro stations and serves as an inexpensive transit route for workers from Rosslyn, Virginia and the west end of DC to access jobs in Georgetown.

In July 2019, Clyde's Restaurant Group including Old Ebbitt Grill, was purchased by Graham Holdings Co. following the death of John Laytham earlier in the year. At the 2019 Restaurant Association of Metropolitan Washington annual RAMMY's awards the organization announced it would rename their leadership award to the John G. Laytham Exceptional Leadership and Impact Award. Mayor Muriel Bowser declared November 12 in 2019 to be John Laytham Day in Washington, D.C., which would have been his 75th birthday.

Over the past sixty years, Clyde's has provided DC residents with thousands of jobs, launched numerous careers and graciously gave back to its neighbors and communities with a generosity that seems never-ending. The DowntownDC BID sends their deepest appreciation to the Laytham's and the entire Clyde's Restaurant Group family.

Today, Clyde's continues to provide the District with excellent dining and entertainment under the ownership of Graham Holdings Company and the leadership of Tom Meyer, President, Clyde's Restaurant Group and a member of the BID's Board of Directors.



DOWNTOWNDC SHOPPING IS SUPPORTED BY

295,000 WORKERS ^(A)

54,000 RESIDENTS ^(B)

15,000 HOTEL GUESTS ^(C)

^(A) WITHIN 10 BLOCKS OF 9TH AND G STREETS NW

^(B) WITHIN ONE-MILE OF 9TH AND G STREET NW

^(C) 3.8 MILLION UNIQUE HOTEL GUESTS PER YEAR

DOWNTOWNDC LIVING

RECORD APARTMENT RENTS AND LOWER CONDO PRICES

DowntownDC's apartment rents increased to a record level in 2019 to \$3.30 per SF, up 4% over 2018, and a 1 cent more than the previous record of \$3.29 per SF set in 2016. The 4% increase also reversed two years of modestly declining rents. However, DowntownDC's rental growth trailed most of the Rest of DC and the region, which saw rent increases from 2.4% to 6.4%.

Condominium prices in DowntownDC decreased 7% from \$661 per SF in 2018 to \$617 in 2019. Sales volume was the same as previous years at 7% of total condo inventory. CityCenterDC led this decline with condo prices decreasing 15%, but still reporting strong average prices of \$870 per SF. The Rest of DC and the region all experienced modest condo price increases of 0.4% to 3.2%. Manhattan, Boston and San Francisco's average condo/co-op prices were \$1,695, \$1,247 and \$1,140 per SF, respectively, much higher than the average in DowntownDC.

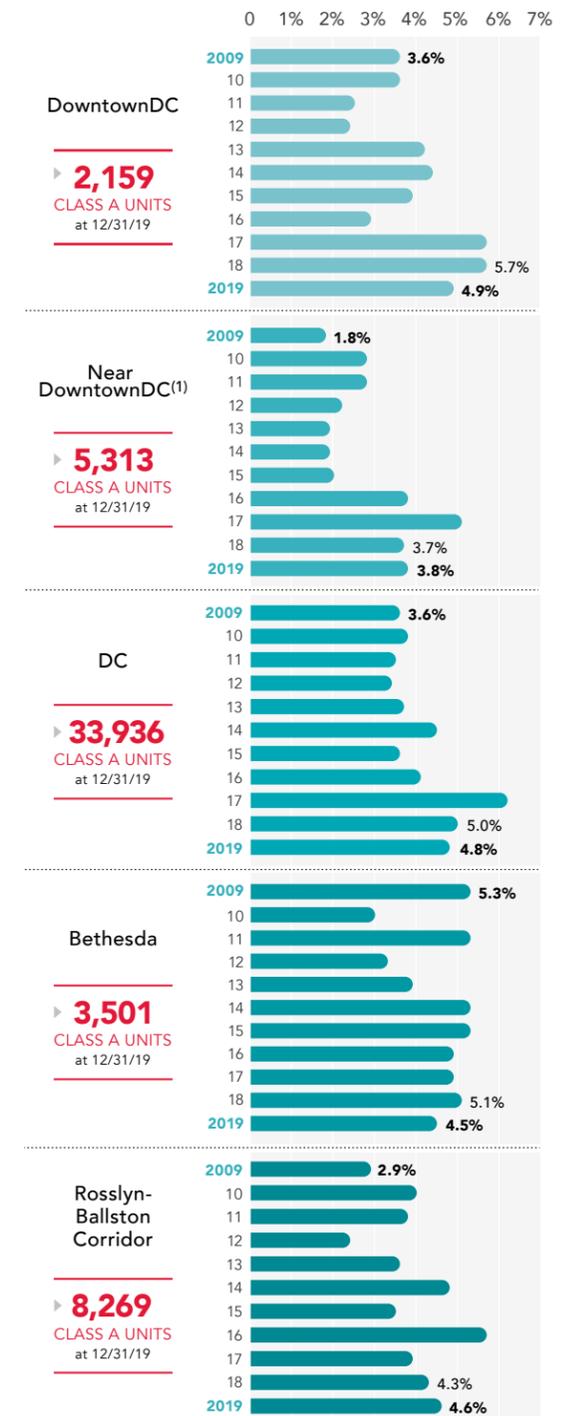
EFFECTIVE RESIDENTIAL RENT RATES (\$ per SF per month)



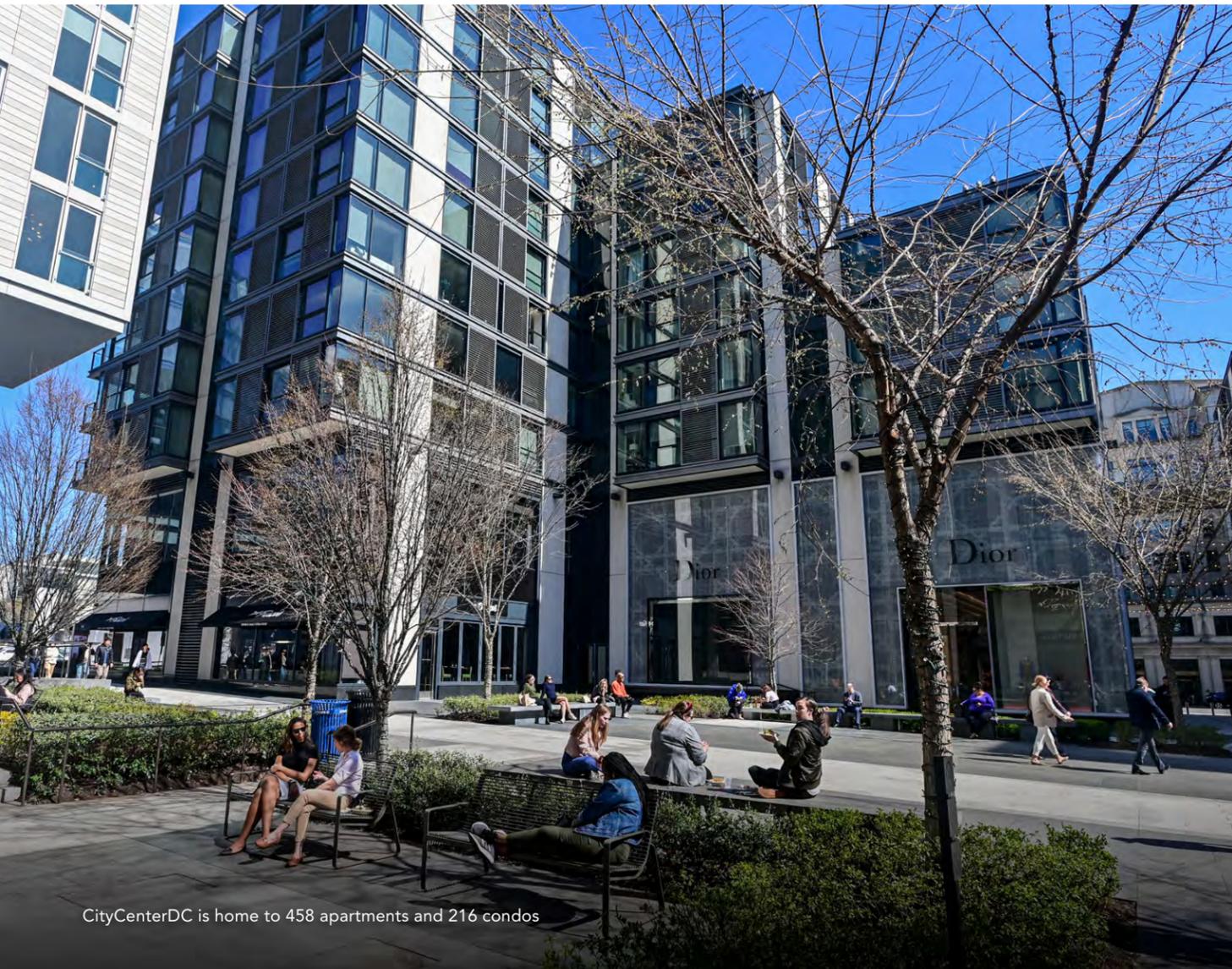
Source: Delta Associates
 (a) Includes the area five blocks north and west of the DowntownDC BID boundary.



CLASS A APARTMENT VACANCY RATES



Source: Delta Associates
 (1) Includes the area five blocks north and west of the DowntownDC BID boundary.



CityCenterDC is home to 458 apartments and 216 condos

NEW RESIDENTIAL PROJECTS

There have been no new residential projects in DowntownDC since the opening of CityCenterDC's 458 apartments and 216 condos in 2014, which brought DowntownDC's total market-rate multi-family units to 6,020. Currently, there are three residential projects planned for a total of 502 units.

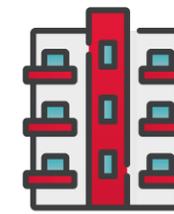
Monument Realty announced the change of residential plans for 624 Eye Street, from condos to 130 high-end apartments with ground floor retail. It will share a garage in conjunction with an office building, built simultaneously with the apartments, that fronts H Street.

In February 2020, a joint venture between Lincoln Property Company and Cadillac Fairview

purchased the existing 84,000 SF office building at 1313 L Street NW for \$34.7 million and announced its plans to demolish the existing building and construct a Class A apartment building with 222 units. One of the three remaining buildings in the Capitol Crossing project is planned as a 150-unit residential building. No groundbreaking date has been set.

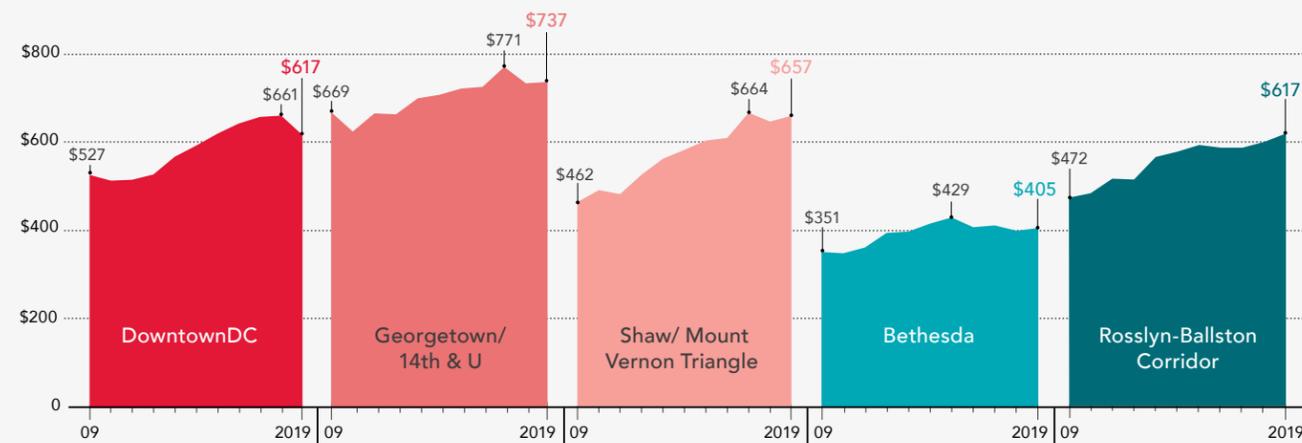


DOWNTOWNDC'S MEDIAN HOUSEHOLD INCOME IS **\$113,000** 37% ABOVE ALL OF DC



DOWNTOWNDC SET AN APARTMENT RENTAL RATE RECORD IN 2019 AT **\$3.30 PER SF**

REGIONAL CONDO RESALE PRICES (\$ per SF)



Source: The Mayhood Company



Daycare for children of downtown residents and workers



DOWNTOWN HAS **413**

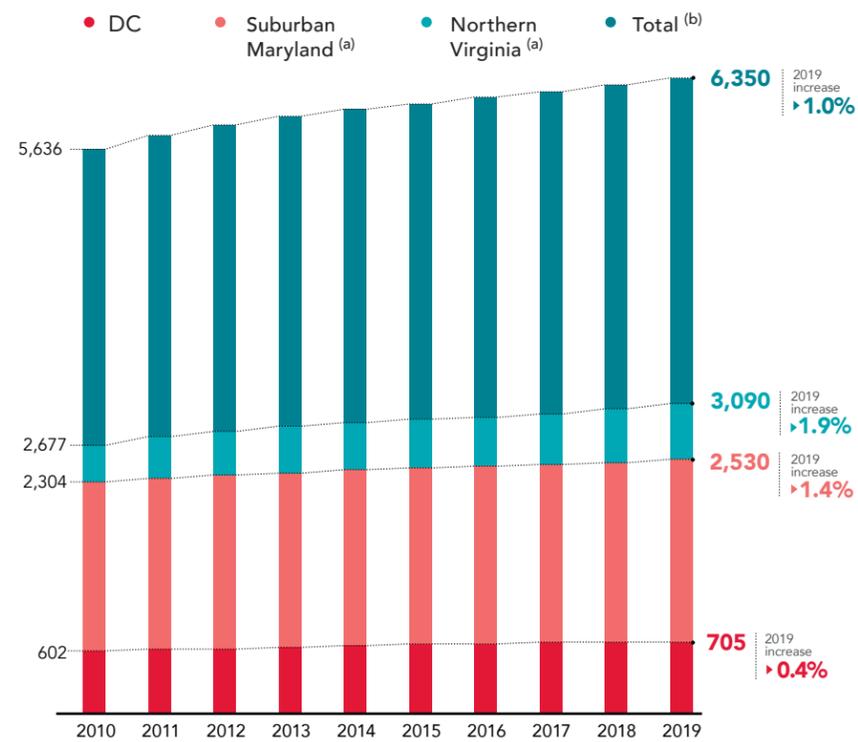
SUBSIDIZED LOWER-INCOME APARTMENTS

IN TWO BUILDINGS



A stroll in a downtown park

REGIONAL POPULATION
(thousands)

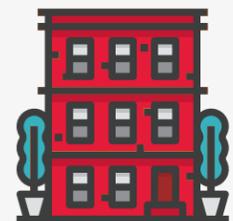


Source: U.S. Census Bureau; The Stephen S. Fuller Institute at GMU

(a) 2018 is an estimate.

(b) Includes Jefferson, WV.

CURRENTLY THERE ARE



3 RESIDENTIAL PROJECTS

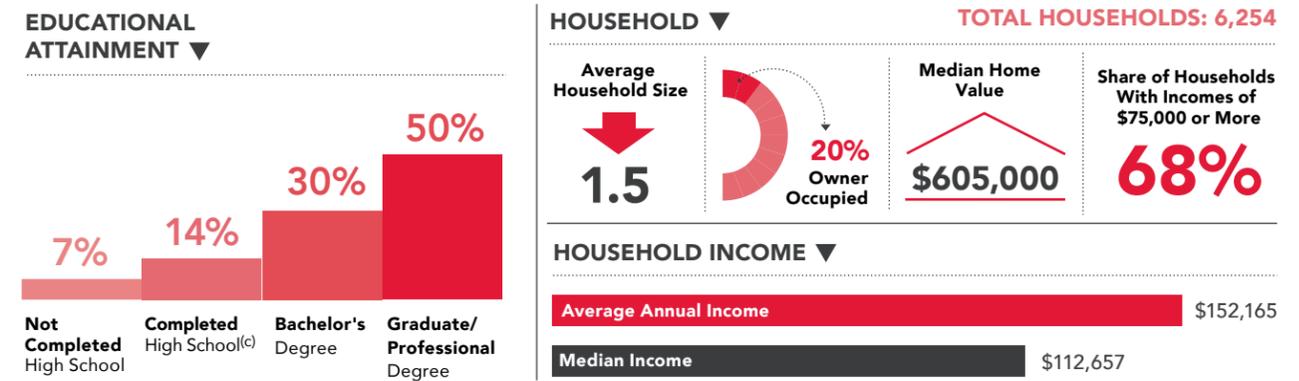
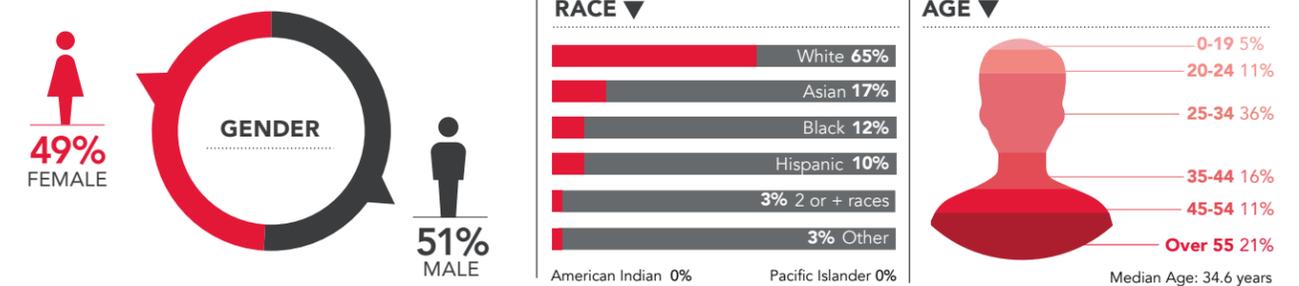
PLANNED FOR A TOTAL OF



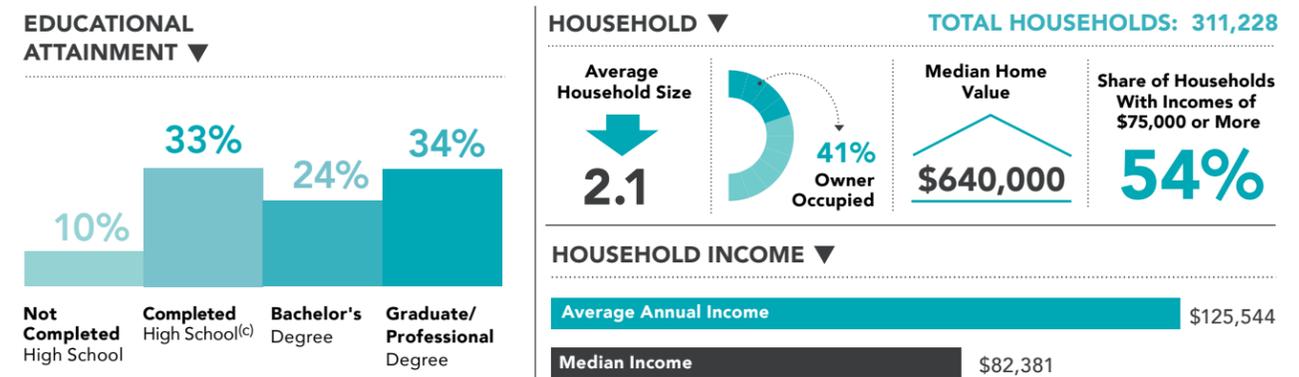
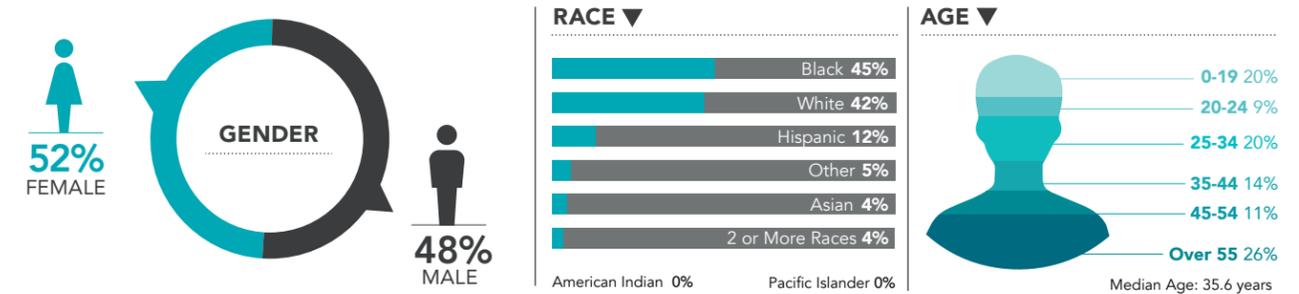
502 UNITS

DOWNTOWNDC AND DC DEMOGRAPHICS 2019

DOWNTOWNDC TOTAL POPULATION 10,994



DC TOTAL POPULATION 702,321(b)

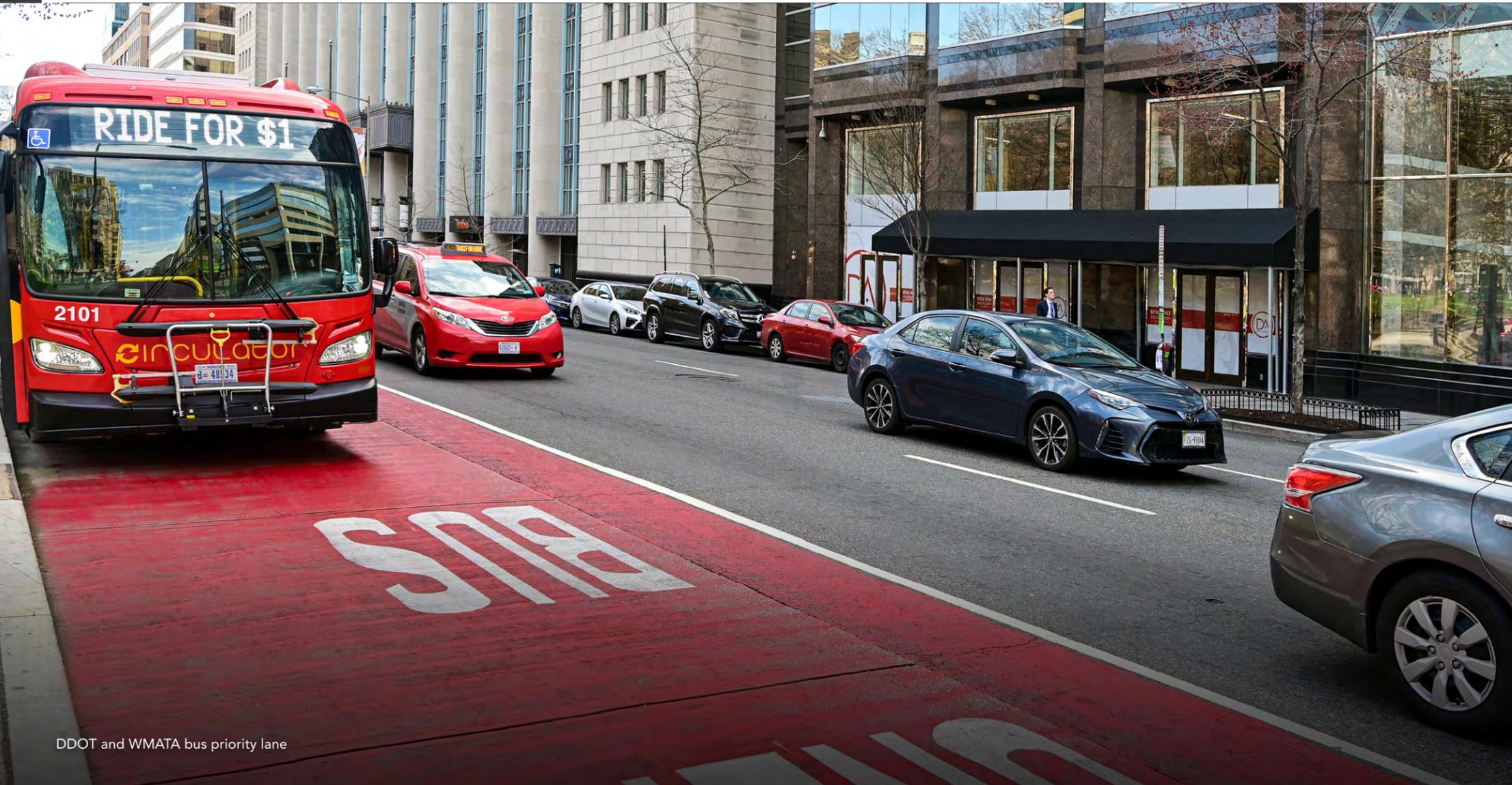


Source: ERSI forecasts courtesy of Washington DC Economic Partnership

(a) ESRI data as of July 2019.

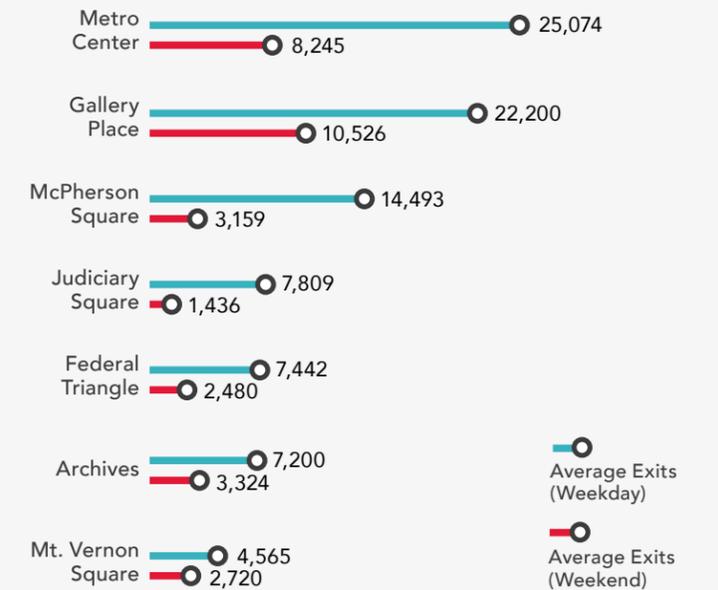
(b) U.S. Census Bureau estimated D.C. population to be 705,749 as of July 1, 2019.

(c) Includes people who have completed some college and Associate Degrees.



DDOT and WMATA bus priority lane

AVERAGE DAILY METRORAIL EXITS IN DOWNTOWNDC



Source: WMATA

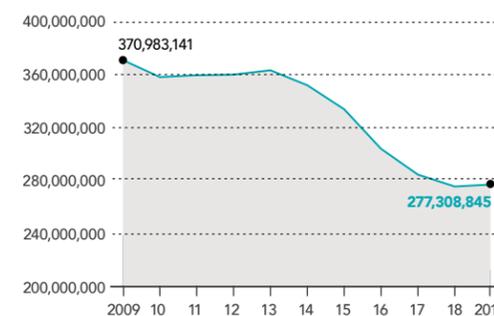
TRANSPORTATION

DOWNTOWNDC IS THE HEART OF OUR TRANSIT SYSTEM

DowntownDC sits at the center of the region's rail and bus transportation system, giving the area a strong competitive advantage. It has seven Metrorail stations serving all system lines, including Metro Center and Gallery Place-Chinatown—two major hubs for transit in the region.

On an average weekday, DowntownDC receives more than 88,000 workers, visitors and residents from its stations and more than 31,000 on an average weekend day. Six of the seven Metrorail stations in DowntownDC had increased ridership in 2019.

DC METROBUS RIDERSHIP



Source: WMATA

MAJOR MILESTONES FOR METRORAIL

The number of people who rode Metrorail increased in 2019 for the first time since 2011. Over 157 million trips were taken on Metrorail in 2019, of which 22 million came to DowntownDC. This means that with only 7% of the stations in the system, DowntownDC represents 14% of the total system ridership.

It was a good year for the system as it began to truly recover after SafeTrack, the Washington Metropolitan Area Transportation Authority's (WMATA) plan to improve safety and reliability throughout Metrorail, which officially ended in 2017.

It was also the first year that WMATA began receiving dedicated funding from the three major jurisdictions it serves: the District of Columbia, Maryland and Virginia. Spurred by the region's bid for Amazon HQ2, this historic agreement created a new funding stream of \$500 million per year to fund capital improvements.

IN 2019, 22 MILLION METRORAIL TRIPS CAME TO DOWNTOWNDC

WMATA's proposed budget for the 2021 fiscal year partially restores late-night service—to 2:00 a.m. on Fridays and Saturdays, and until 12:00 a.m., Mondays through Thursdays. These later hours are essential to the vibrancy and appeal of DowntownDC. Their passing will help the District and its residents to thrive. Building upon the recent successes of WMATA, they will only enhance mobility in the region and strengthen its ability to attract talent, retain residents, connect people to opportunities and improve the productivity of our workforce.

CHANGING NATURE OF MOBILITY IN DOWNTOWNDC

The very nature of mobility is changing and DowntownDC is on the leading edge of changes to safely accommodate the new ways in which people move around the city.

One of the biggest changes happening to mobility is the advent of dockless electric bicycles and scooters. In 2019, the District Department of Transportation (DDOT) began to set standards and

limitations with which companies operating dockless fleets in the District will need to comply. As part of this new program, DDOT can permit 10,000 or more electric scooters to operate city-wide.

To address safety and better knit dockless vehicles into the fabric of our streets, five in-street parking locations for dockless electric vehicles (called Micromobility Zones) were installed in DowntownDC in 2019. Planning to quadruple the number of Micromobility Zones in DowntownDC for 2020 began in 2019. The District also began adding "dismount zone" stencils to sidewalks in DowntownDC, reminding users that it is illegal to ride on the sidewalk.

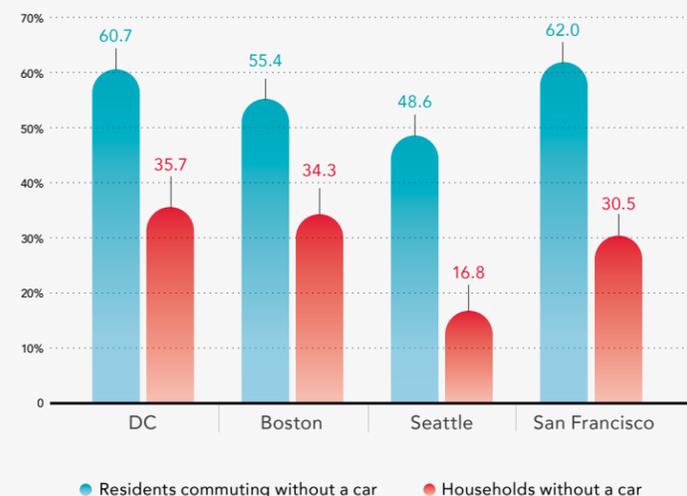
Not all bikeshare is dockless in DowntownDC as the area remains a hugely popular hub for Capital Bikeshare. DowntownDC hosts 33 stations which received nearly 500,000 trips in 2019. The highest volumes occurred in July and

August, at 68,000 and 65,000 trips, respectively.

The District also began to change the way it manages space traditionally reserved for parking. Pick-Up/Drop-off (PUDO) zones were implemented as a way to better manage high volumes of commercial and passenger pick-up and drop-off adjacent to the sidewalk. PUDO zones help to improve safety and ease congestion by eliminating the need to double park in a travel lane. Four PUDO zones were installed in DowntownDC in 2019.

The 7th Street Pedestrian Improvement Project was implemented to improve safety and comfort for pedestrians and drivers on one of DowntownDC's busiest corridors. DDOT restriped 7th Street NW from Pennsylvania Avenue to I Street, adding "bump outs" and over 50 planters at corners to give pedestrians more space, slow down vehicles and beautify the street.

RESIDENTS COMMUTING WITHOUT A CAR AND HOUSEHOLDS WITHOUT A CAR



Source: American Community Survey 2017 and 2018

BUS TAKES CENTER STAGE

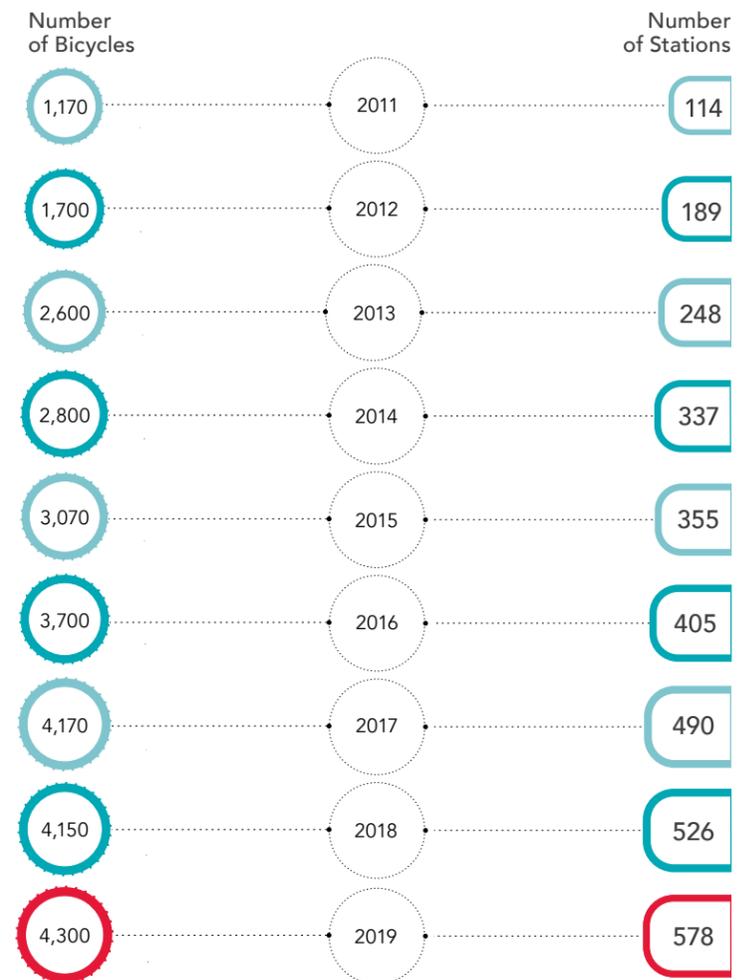
In 2019, several moves were made to embrace the adaptability and cost-effectiveness of bus travel as a tool for moving more people around more efficiently. In June 2019, on H and I Streets NW, just south of Franklin Park, DDOT and WMATA piloted two dedicated lanes for bus travel only, known as bus priority lanes. In November 2019, these lanes, which serve over 20% of all Metrobus riders, were made permanent.

A vision for a first-of-its-kind transitway on K Street NW became a reality in 2019 when Mayor Bowser pledged \$122 million to build the K Street Transitway, in the heart of DowntownDC. Planning for the transitway kicked-off later in the year. The plan includes center-running dedicated bus lanes and bike lanes along K Street NW between 12th and 21st Streets. Construction is anticipated to start for this project in 2021.

Also, in 2019, WMATA engaged in a comprehensive visioning and planning exercise for bus service, called the Bus Transformation Project. Key recommendations from the plan included the use of bus priority lanes and more frequent and convenient bus service. As WMATA and DDOT continue their work to ensure bus as a mode of choice, the ease at which people can move about our region increases, and the vision for a highly efficient, transit rich hub in DowntownDC becomes a closer reality.

IN 2019, MAYOR BOWSER PLEDGED \$122 MILLION TO BUILD THE K STREET TRANSITWAY

REGIONAL CAPITAL BIKESHARE SYSTEM DATA



Sources: Capital Bikeshare and DowntownDC BID



Electric bikes in DowntownDC



A DowntownDC SAM providing directions to a DowntownDC worker

DOWNTOWNDC AT A GLANCE

FRANKLIN PARK GETS SET FOR REFURBISHMENT

After over a decade of planning, Franklin Park (Park), DowntownDC's largest park space, cleared two final hurdles to prepare it for reconstruction in 2020. All necessary design and planning work for the redesign of the Park started in 2019 and the permit process for the reconstruction of the Park was initiated at the end of 2019. Due to the complex nature of the Park ownership, several management and operations agreements needed to be developed and signed by multiple government agencies and the BID.

In 2019, a cooperative management agreement, memorandum of understanding agreement, and design and construction agreement, between the National Park Service, the District Department of General Services, the District Department of Parks and Recreation and the BID were all executed.

Construction is set to begin in Spring 2020 and the Park is scheduled to open in 2021. Renovation will transform Franklin Park into a vibrant, enticing and welcoming public park for all to enjoy. The project has a total cost of \$18 million and is being funded by the government of the District of Columbia. The Park will be managed and operated by the BID with an anticipated annual budget of \$700,000.

BEAUTIFICATION OF PARKS AND PUBLIC SPACE

The BID provided beautiful and impactful public space treatments to over 31 parks and plazas and along three key corridors in DowntownDC. In addition to the vital maintenance, planting, and trash removal work that the BID provides, it also brought seven red bistro tables and 50 chairs to McPherson Square Park and over 200 hanging baskets and 286 landscaped planters across all of DowntownDC. The corridors of New York Avenue NW, Pennsylvania Avenue NW, and 7th Street NW were all spruced up with new and vibrant plantings. The aesthetically pleasing nature of these treatments serve to enhance the experience of all passersby, while providing enhanced safety for road users by creating buffer zones and/or slowing down cars.

DOWNTOWNDC Public Space Amenities

MAJOR BEAUTIFICATION PROJECTS

6

- NEW YORK AVE
- FREEDOM PLAZA
- PENNSYLVANIA AVE
- RESERVATION 172
- K STREET
- 7TH STREET



HANGING BASKETS
200 THROUGH-OUT THE BID



LANDSCAPED PLANTERS
286 ALONG PENNSYLVANIA AVENUE

BISTRO CHAIRS
253



BISTRO TABLES
57



DOWNTOWNDC FOUNDATION

The BID's work to enhance DowntownDC made it clear that additional resources were needed in specific service areas. As a result, the BID in 2019 funded and staffed the DowntownDC Foundation, a 501(c)(3) non-profit corporation. The Foundation seeks out and secures support for four key philanthropic initiatives: Franklin Park, which will be operated and managed by the BID following its renovation and reopening; homeless services, including the work carried out at the Downtown Day Services Center (The Center); public space revitalization in additional parks, plazas and other public space locations throughout DowntownDC; and events and programming. The Foundation

enables the BID to address a higher level of service to sustain a vibrant downtown economy and maintain its competitiveness in the regional economy.

DOWNTOWN DAY SERVICES CENTER

One of the BID's most meaningful achievements in 2019 was the opening of the Downtown Day Services Center (The Center) at the New York Avenue Presbyterian Church in February 2019. Through a \$1.7 million grant from the DC Department of Human Services (DHS), the BID opened The Center to provide services for people experiencing homelessness in DowntownDC. This state-of-the-art center provides much-needed services to men and women Monday through Friday from

9:00 a.m. – 5:00 p.m. Services provided at The Center include daily hot lunches and snacks, case management, social security and veterans' benefits, identification cards and licenses, hot showers and haircuts, laundry services and medical care. Between February 2019 and December 2019, The Center served over 33,000 clients, provided nearly 7,000 showers and served over 29,000 lunches. In 2019, 48 individuals were moved into permanent supportive housing. During 2019, The Center clients increased from 80 individuals a day to between 102 to 150 a day. The Center's major partners, DHS, Pathways to Housing DC, Unity Healthcare and HIPS, and all those involved continue to guide us as we work toward Mayor Bowser's goal to end homelessness in the city.

DOWNTOWNDC CALL BOXES

In October of 2019, the BID unveiled the restoration and refurbishment of eight emergency call boxes on street corners throughout DowntownDC. Funded jointly by the DowntownDC BID and a \$88,000 grant from the DC Commission on Arts and Humanities, the call boxes profile the contributions of eight prominent women in local and national history.

DOWNTOWNDC CONTINUES STAKEHOLDER OUTREACH

The BID continues working with stakeholders, particularly the DC Metropolitan Police Department, the Metro Transit Police Department and the United States Park Police to focus and support mitigating disorder and crime. Crime in DowntownDC was up in 2019 from 2018 with a reported increase in thefts, robberies, and assault with weapons, the vast majority of which were thefts.

In DowntownDC in 2019, there were a total of 2,266 total crimes with 2,107 of those in reported property crimes. There were 2,016 incidents of thefts, an increase from 1,616 in 2018. There were 95 robberies, an increase of 27%, and 52 assaults, an increase of 18%. Burglary incidents decreased 30% to 33 reported incidents. There were no reports of homicides in DowntownDC in 2019, even as those numbers have seen a slight uptick in recent years across the city (166 in the District total). Citywide total crimes increased to 34,007 in 2019 from 33,863 in 2018 (a slight increase of 144 incidents).

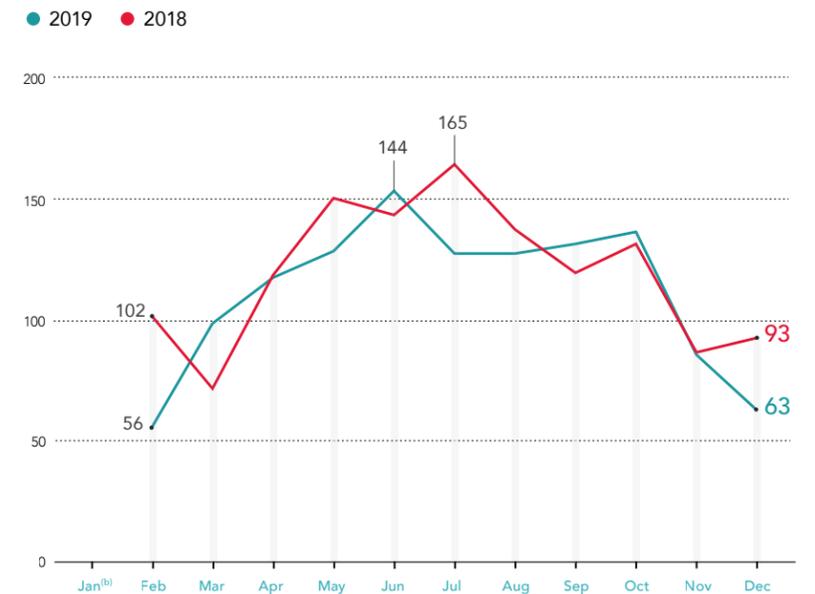


DowntownDC call box restoration and refurbishment



Metropolitan Police Department patrolling DowntownDC

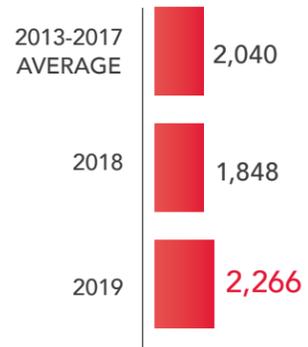
NIGHTTIME UNSHELTERED INDIVIDUALS IN DOWNTOWNDC (a)



Source: DowntownDC BID and MWCOG
 (a) The number of nighttime unsheltered homeless individuals counted in DowntownDC is the function of many factors: weather (rain and temperature), the economy and services available for mental health treatments, housing and other social services.
 (b) Data not available at time of printing this report. January's count is made as part of the nationwide point in time count of nighttime unsheltered individuals.

ANNUAL REPORTED CRIME INCIDENTS IN THE DOWNTOWNDC BID AND DC

DOWNTOWNDC ANNUAL CRIME INCIDENTS



+22%
CHANGE
IN 2019

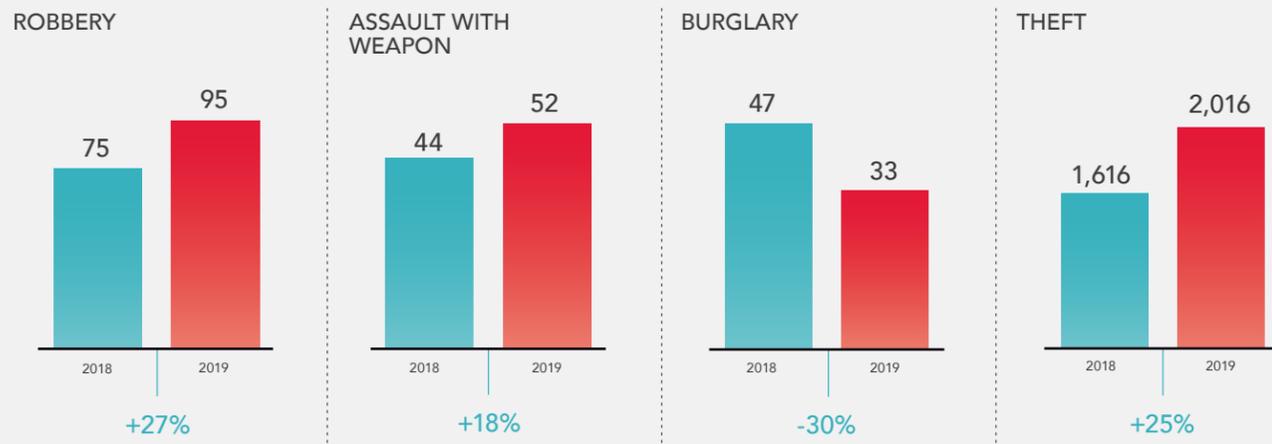
DOWNTOWNDC
ANNUAL CRIME IS
6.7%
OF THE
DISTRICT TOTAL

DC ANNUAL CRIME INCIDENTS

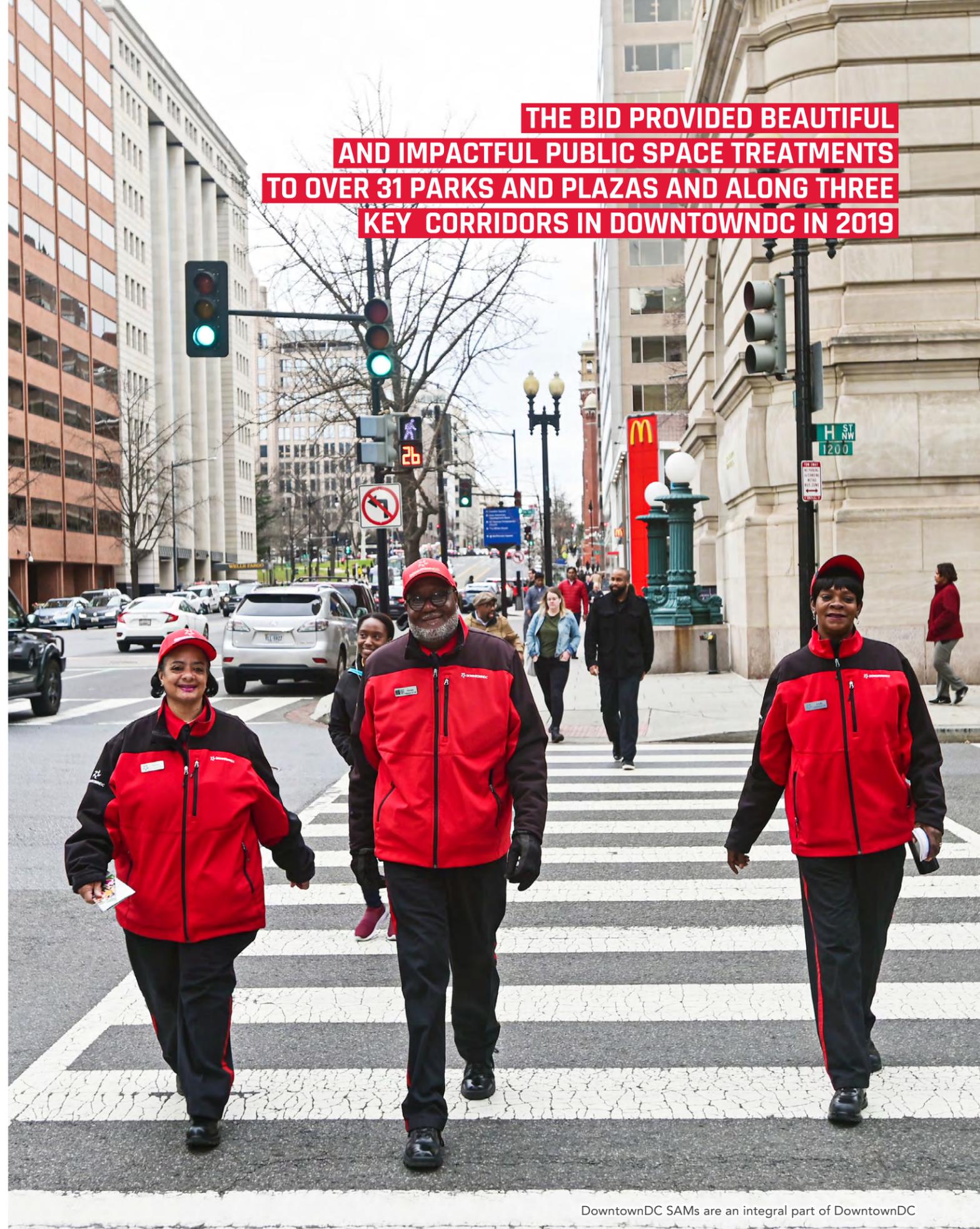


+0.4%
CHANGE
IN 2019

CRIME BREAKOUT DOWNTOWNDC BID BY THE NUMBERS



Source: Metropolitan Police Department and DowntownDC BID



THE BID PROVIDED BEAUTIFUL AND IMPACTFUL PUBLIC SPACE TREATMENTS TO OVER 31 PARKS AND PLAZAS AND ALONG THREE KEY CORRIDORS IN DOWNTOWNDC IN 2019

DowntownDC SAMs are an integral part of DowntownDC

THE DOWNTOWNDC BID THANKS THE FOLLOWING FOR THEIR CONTRIBUTIONS TO THIS REPORT:

Akridge

Carr Properties

CityCenterDC

Clyde's Restaurant Group

CoStar Group, Inc.

Cushman & Wakefield

DC Office of the Chief Financial Officer

Delta Associates

Destination DC

District Department of Transportation

Dochter & Alexander Retail Advisors

ESRI

Events DC

Ford's Theatre

Hines

International Spy Museum

JBG Smith

JLL

The Mayhood Company

Lincoln Property Company

Metropolitan Police Department of DC

Metropolitan Washington Council of Governments

Monumental Sports & Entertainment

US National Archives

National Building Museum

National Gallery of Art

National Law Enforcement Museum

National Museum of Women in the Arts

National Portrait Gallery

National Theatre

Naval Heritage Center

Oxford Properties

Property Group Partners

The Residences at CityCenter

Shakespeare Theatre Company

Sixth & I Historic Synagogue

Smith Travel Research

Smithsonian Institution

Stephen S. Fuller Institute

US Bureau of Labor Statistics

US Census Bureau

US Department of Commerce, Office of Travel and Tourism Industries

US General Services Administration

US National Park Service

US Holocaust Memorial Museum

Washington Metropolitan Area Transit Authority

Warner Theatre

Washington DC Economic Partnership

Woolly Mammoth Theatre



This DowntownDC BID employee is one of many BID employees who worked to keep DowntownDC clean, safe and friendly in 2019

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Moya Design Partners, Flickr: thisisbossi

**THANK YOU FOR YOUR
CONTRIBUTIONS IN 2019
AND YOUR CONTINUED
SUPPORT IN THE FUTURE**



DOWNTOWNDC

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DISTRICT CORPORATION**

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