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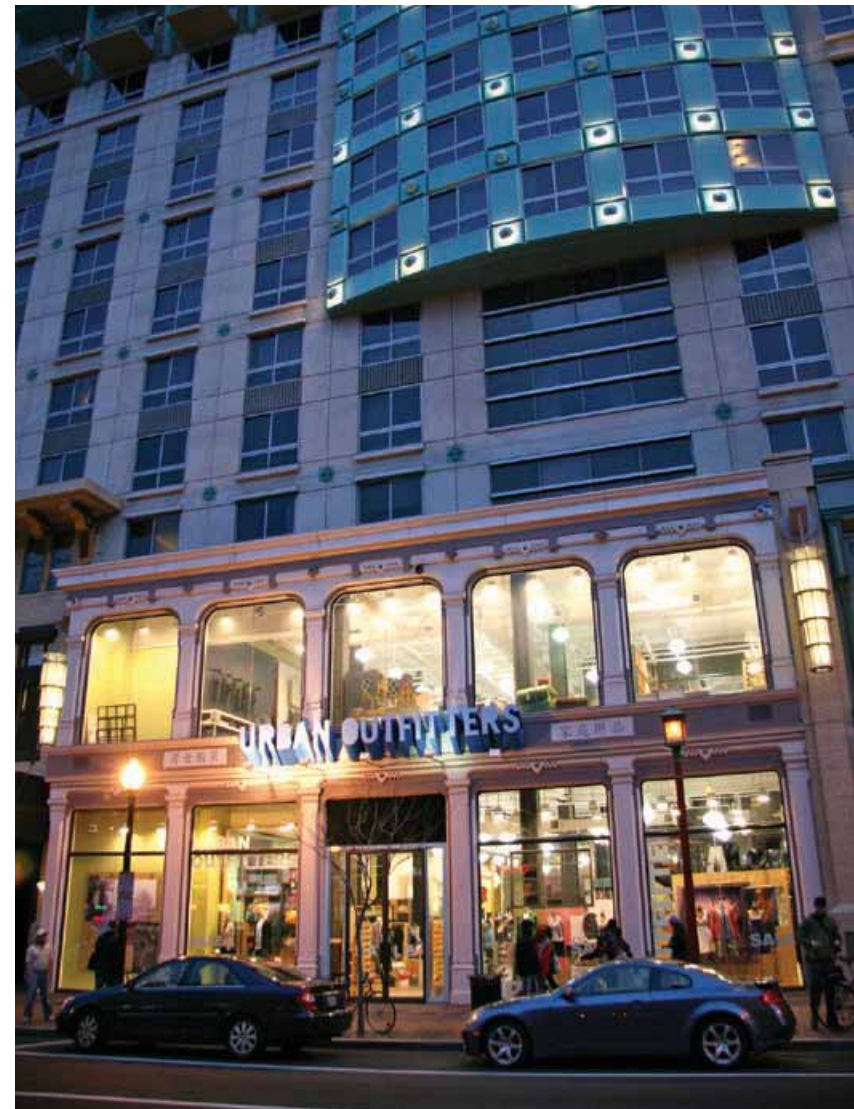


DOWNTOWN DC SHOPPING DISTRICT





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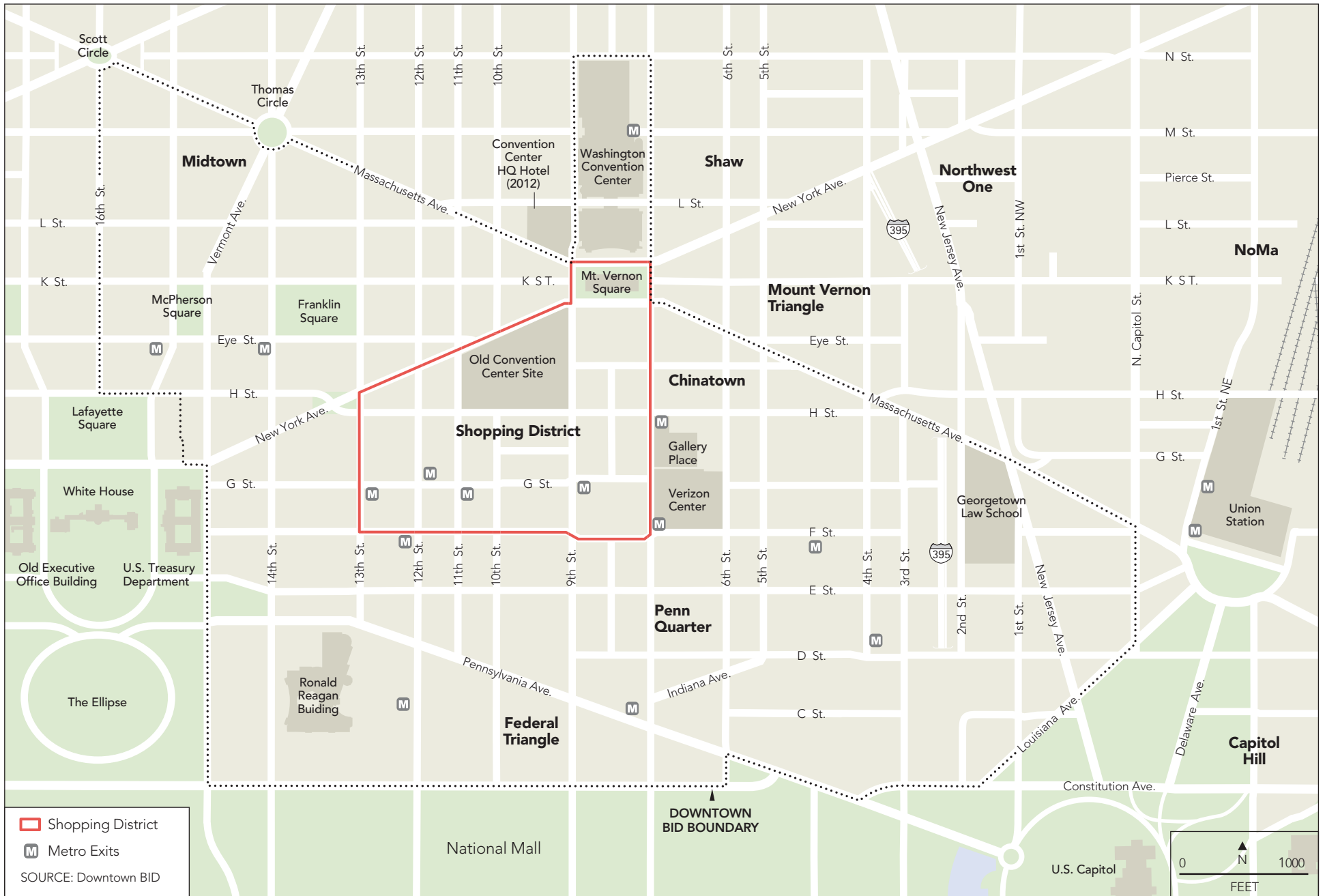
ABOUT THE DOWNTOWN DC BID

The Downtown DC Business Improvement District (BID) is a private, non-profit organization that provides safety, hospitality, maintenance and beautification, homeless, economic development, transportation, streetscape and marketing services to Washington's center city. Property owners agree to tax themselves to provide services to the Downtown BID area, which covers 138 blocks 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. For more information, visit www.downtowndc.org.



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INTRODUCTION



Downtown DC is the region's commercial, arts, culture and entertainment epicenter, surrounded by the area's largest daytime office population, a growing residential community and world-class restaurants. Here you'll find a walkable retail destination complemented by iconic attractions such as the National Portrait Gallery and American Art Museum, the Verizon Center, the International Spy Museum, the Newseum and a thriving Theatre District with six performing arts venues. With more than 500,000 square feet (SF) of existing shoppers' goods retail, 90,000 square feet of retail space available today, and another 600,000 planned, Downtown DC's shopping district is poised to become a regional shopping destination.

What is emerging is a new Downtown shopping district, bounded by F Street on the south. DC's oldest retail street has had a facelift, as new construction has created a lively, captivating and welcoming environment for pedestrians and shoppers. Slowly but surely, the street is returning to the luster of yesteryear when it was home to Washington's most venerable department stores (Garfinckel's, Hecht's, Woodward & Lothrop).

Seventh Street forms the eastern border, along which one can find a wide variety of shopping, dining, cultural and entertainment options. Macy's anchors the western edge at 13th and G Streets, where several nationally known retailers such as Johnston & Murphy, Ann Taylor, Banana Republic and others are nearby.

As new retail finds its way along H Street from 7th to 11th Streets, the old Convention Center site will anchor 300,000 SF of destination shoppers' goods at the northern border, which also will encompass planned retail development at 7th Street and New York Avenue.

This new shopping district will have the capacity for 1.2 million SF of shoppers' goods retail once the planned development projects are completed. Downtown retail will once again attract residents, workers and tourists looking for more shopping options and a remarkable urban experience.



EMPLOYMENT AND OFFICE MARKET

- DC Employment: 707,000
- Total Downtown Employment: 375,000
 - 300,000 Office Jobs
- Downtown BID Area Employment: 182,000 jobs
 - 152,000 Office Jobs
- DC Employment Growth:
 - 7,200 jobs added in 2007
 - 82,000 jobs added (1999–2007)
 - 62% of this growth was in Downtown BID area
- DC adds 5,000 to 8,000 jobs per year
- Average Downtown BID area office worker makes \$75,000 per year (November 2006)
 - 27,800 earn more than \$90,000
 - 58,600 earn between \$75,000 and \$90,000
 - 60,400 earn between \$50,000 and \$75,000
 - 30,800 earn less than \$50,000
- Downtown BID Office Space:
 - 62 million SF of office space
 - 45 million SF privately owned
 - 17 million SF government owned (15 million SF federal)
 - Rents: Full Service Class A of \$59 per SF (\$52 per SF all classes)
 - Vacancy: Class A of 6.3% (6.9% all classes)

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated. Downtown is defined as the area between the Potomac River and Rock Creek Park to the West, Florida Avenue to the North, 3rd Street, NE to the East and Constitution Avenue to the South.

POPULATION AND HOUSING MARKET



Population is Growing

- **Citywide**
 - From 572,000 in 2000 to 588,000 in July 2007
 - Projected to grow to 601,000 by 2010 and 626,000 by 2015
- **Downtown BID area plus 10 blocks**
 - From 34,100 in 2000 to 44,600 in 2007
 - Projected to grow to 56,500 by 2012
- **Downtown BID area**
 - From 4,200 in 2000 to 8,400 in 2007
 - Projected to grow to 9,300 by 2012
- **Average income of new Downtown BID area households: \$120,000**
- **Average Downtown BID area rent: \$2,170 monthly**
- **Average Downtown BID area condominium price: \$400,000**

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.

CULTURE AND ENTERTAINMENT



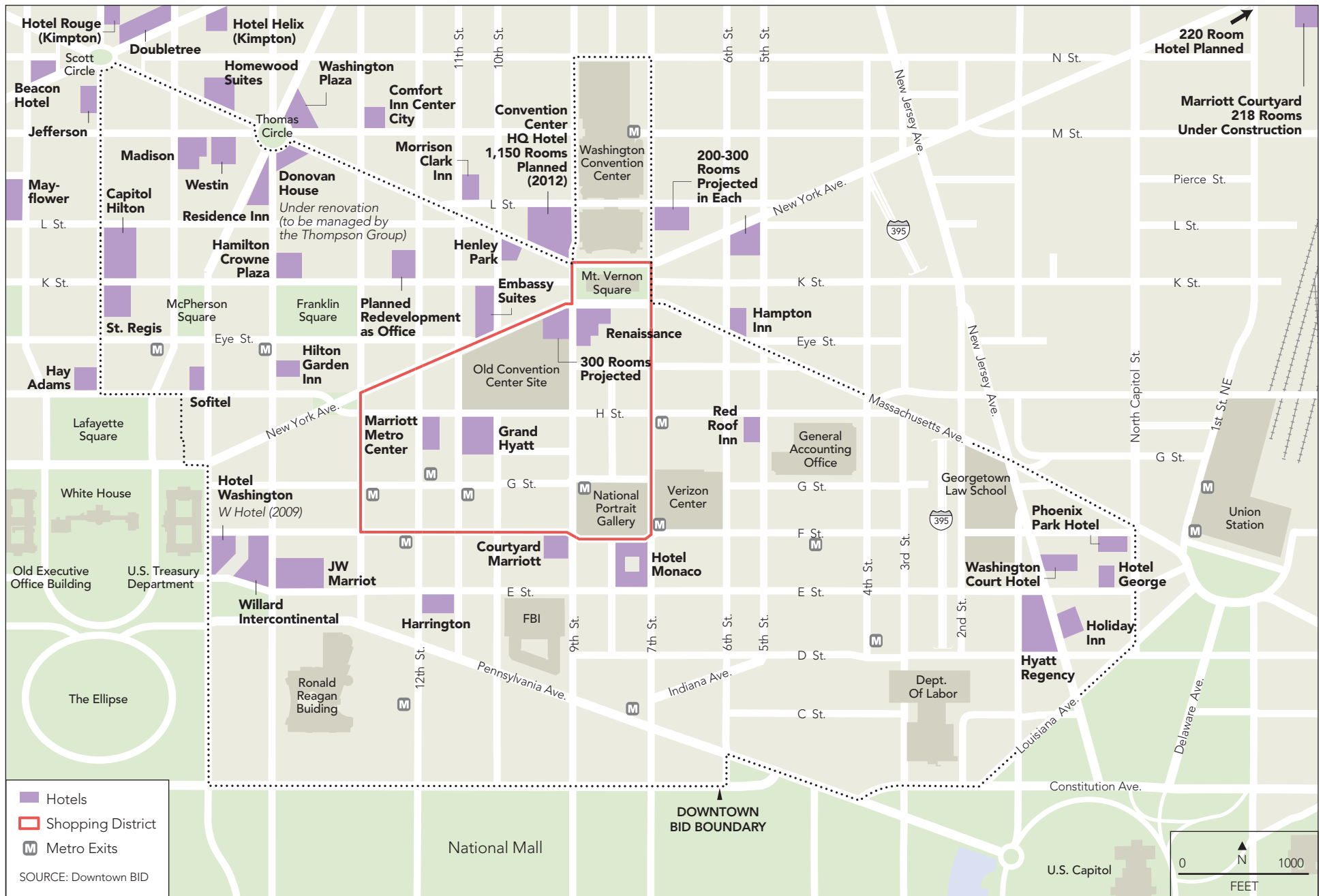
- **Annual Attendance**
 - Sports Arena: 2,400,000
 - 15 Museums: 4,200,000
 - 6 Performance Stages: 560,000
 - 2 Cinemas: 1,145,000

- **Visitors to Downtown BID Area Attractions**
 - 9.4 million visitors
 - Projected to grow to 12 million by 2012
 - 23 million visitors to National Mall museums

- **New Attractions**
 - Madame Tussauds Wax Museum (opened 2007)
 - Sidney Harman Hall Theatre (opened 2007)
 - The Newseum (opens 2008)
 - National Museum of Crime and Punishment (opens 2008)
 - Textile Museum (opens 2009)
 - Washington Stage Guild (opens 2009)
 - National Law Enforcement Museum (opens 2011)

- **Nightlife and Entertainment**
 - Downtown has a variety of after work and nighttime activities
 - 7th Street corridor offers nightclubs, bars and lounges, billiards and bowling
 - Trendy new nightspots are opening in the 14th & K Streets vicinity (kstreet Lounge, Lima, The Park at Fourteenth, Lotus Lounge and Tattoo Bar)

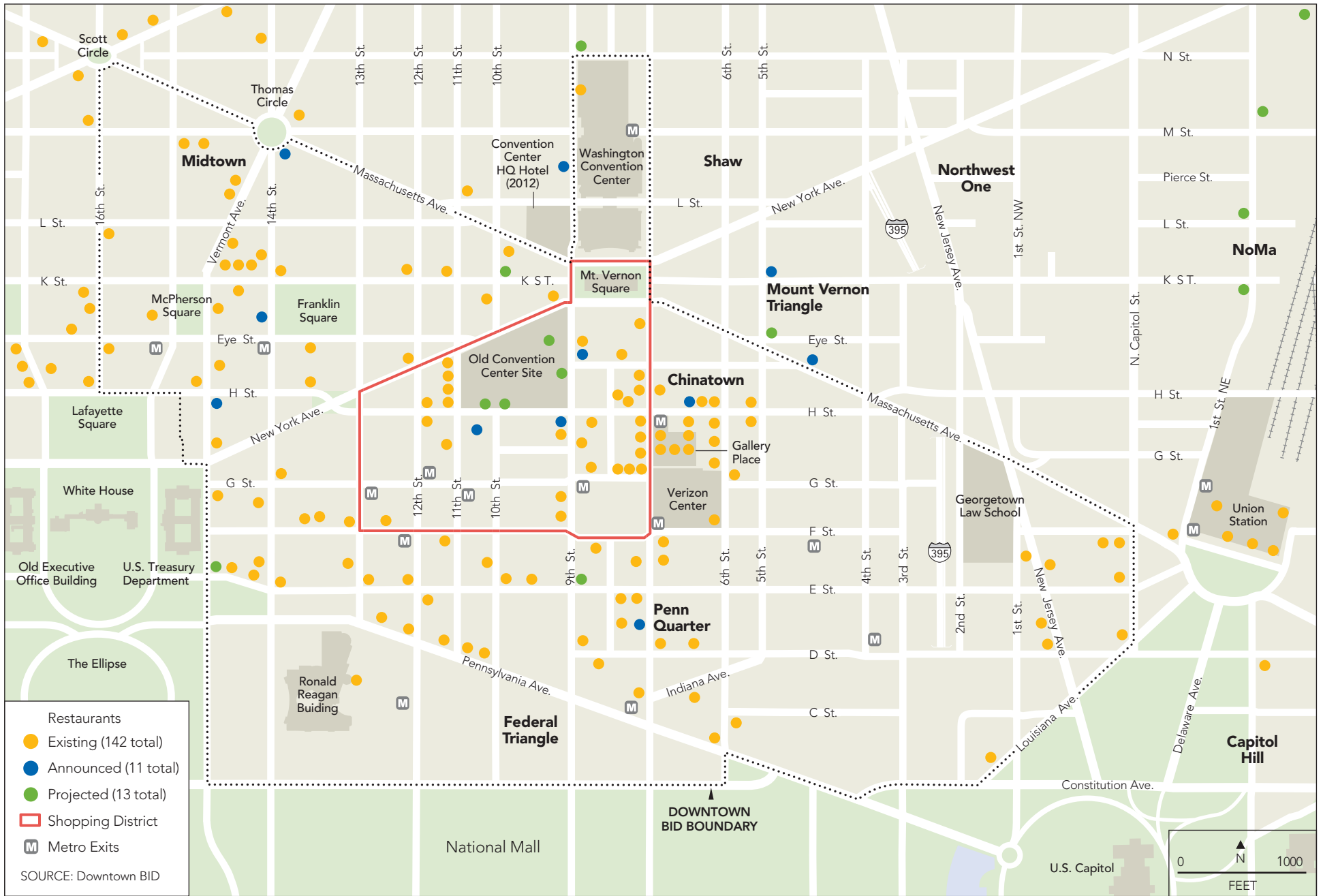
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HOTELS AND CONVENTION CENTER

- **38 hotels and 11,000 rooms**
(March 2008)
 - 45 hotels and 13,600 rooms in 2012
 - 2.5 million hotel room nights
- **Hotel performance ranked among the best in the U.S.**
 - Occupancy rates of 76% *(72% in 2006)*
 - Room rate per night of \$213 *(\$201 in 2006)*
 - Revenue per available room of \$163 *(\$143 in 2006)*
- **New hotels in Downtown**
 - Kimpton Hotel Monaco – 2002
 - Sofitel – 2002
 - Hampton Inn – 2005
 - Embassy Suites – 2005
 - St. Regis (Renovation) – 2007
 - Donovan House – 2008
(managed by the Thompson Hotels, NYC)
 - Headquarters Hotel
(1,150 rooms) – 2012
- **Room Nights Generated by the Washington Convention Center**
 - 2003: 315,307
 - 2004: 460,221
 - 2005: 614,552
 - 2006: 473,037
 - 2007: 423,427
 - 2008: 529,017 (Projected)
- **Top 10 Conventions/Trade Shows in 2007**
 - American Public Health Association (November): 38,700
 - Association of the United States Army (October): 29,667
 - American Library Association (June): 28,200
 - Congressional Black Caucus Foundation (September): 18,575
 - FOSE (March): 18,000
 - American Academy of Dermatology (February): 17,054
 - Digestive Disease Week (May): 16,600
 - Experimental Biology (March): 13,420
 - International Franchise Expo (May): 13,257
 - Transcatheter Cardiovascular Therapeutics (October): 13,000

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.





RESTAURANTS

■ 118 destination restaurants in Downtown BID Area (March 2008)

■ Average of 5 or 6 new restaurants open per year

YEAR	NET NEW	OPENED/ OPENING
2008 (Projected)	9	11
2007	13	14
2006	-2	6
2005	6	11
2004	6	11
2003	2	9
2002	7	13
2001	0	6
2000	11	16
TOTAL	52	97

■ Restaurant Sales Estimates

- Old Ebbitt Grill: \$23 million
- Clyde's at Gallery Place: \$17 million
- Another 20–30 restaurants are estimated to have annual sales of \$5–6 million
- Others are in the \$1–5 million range

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.



TRANSPORTATION

- **Circulator bus**
 - Began service in July 2005
 - Current monthly ridership of more than 200,000
 - Average annual ridership growth rate of 17%
 - Precursor of streetcar on K Street

- **Parking in Downtown BID area (2006)**
 - 96 parking garages
 - 23,252 parking spaces

■ **Metrorail ridership (exits only; top 10 stations; Downtown BID stations highlighted)**

	AVERAGE WEEKDAY	AVERAGE WEEKEND DAY
Union Station	32,360	9,630
Metro Center	29,077	9,000
Farragut North	26,037	3,803
Farragut West	24,832	3,068
Dupont Circle	24,184	12,295
Gallery Place	23,745	16,051
Foggy Bottom	20,822	8,993
L'Enfant Plaza	19,893	3,995
McPherson Square	17,478	3,269
Rosslyn	15,755	5,371

■ **Average weekday ridership growth (exits only)**

	1997	2007	% GROWTH
Gallery Place	7,286	23,745	226%
Metro Center	23,638	29,077	23%

■ **Average weekend day ridership growth (exits only)**

	2004*	2007	% GROWTH
Gallery Place	8,144	16,051	97%
Metro Center	7,565	9,000	19%

* Gallery Place retail and cinema opened in 2004

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.

PLANNED DEVELOPMENT

■ Downtown BID Projections for 2008–2012

- New jobs: 18,000 to 22,000
- New residential units: 700 to 1,000
- New hotel rooms: 1,500 to 2,000
- New retail: 500,000 to 600,000 SF

■ Downtown Projections

- New jobs: 32,000 to 40,000
- New residential units: 6,000 to 8,000
- New hotel rooms: 2,500 to 3,000
- New retail: 1 million to 1.2 million SF

■ Large Downtown Projects

- **Headquarters Hotel and Convention Center Expansion** (*complete 2012*)
 - 1,150 hotel rooms
 - Additional ballroom and meeting rooms
- **Old Convention Center Site Redevelopment** (*complete 2012*)
 - 450,000 to 650,000 SF of office
 - 680 to 850 residential units
 - More than 400,000 SF of retail
 - 1,700 parking spaces
- **Newseum** (*opens April 2008*)
 - One million visitors projected per year
 - \$20 admission fee
- **I-395 Air Rights Project** (*complete 2012–2013*)
 - 1.5 to 2 million SF of mixed use development

■ Future Development Capacity (within 10 blocks of Downtown BID area)

	MOUNT VERNON TRIANGLE	NORTHWEST ONE	NOMA
Office SF	2,000,000	220,000	10,000,000 to 15,000,000
Housing Units	2,000 New	1,110 New/ 520 Redev	5,000 to 10,000
Hotel Rooms	400 to 600	0	500 to 1,000
Destination Retail SF	100,000	0	0
New Grocery Stores	1	0	2

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KEY RETAIL

■ Downtown BID area currently has the following destination shoppers' goods retail

- Alden Shoes (2008)
- American Apparel
- Ann Taylor
- Ann Taylor Loft
- Aveda
- Barnes and Noble
- Banana Republic
- Bed, Bath & Beyond
- Borders
- City Sports
- Filene's Basement
- H&M
- Johnston & Murphy
- Jos. A. Bank
- Macy's
- Peruvian Connection (2008)
- Urban Outfitters
- West Elm
- Zara

■ Current vacancies in the Downtown Shopping District

- A few scattered spaces in the 500 SF to 3,000 SF range
- 75,000 SF in several spaces in the 900 and 1000 blocks of F Street
- 10,000 SF in several spaces in the 500 block of 7th Street

■ Old Convention Center Site will have approximately 400,000 SF of retail space

- 250,000 SF south of Eye Street (2012)
- 150,000 SF north of Eye Street (2014)

■ Other Proposed Retail

- 2008: 34,000 SF (1100 block of F Street)
- 2009: 50,000 SF (Gallery Place/Chinatown at 7th and H Streets)
- 2011: 20,000 SF (Gallery Place/Chinatown at 600 Massachusetts Ave)
- 2012: 8,000 SF (1000 F Street)
- 2014: 100,000 SF (7th Street and New York Avenue)

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MARKET DATA AND PROJECTIONS

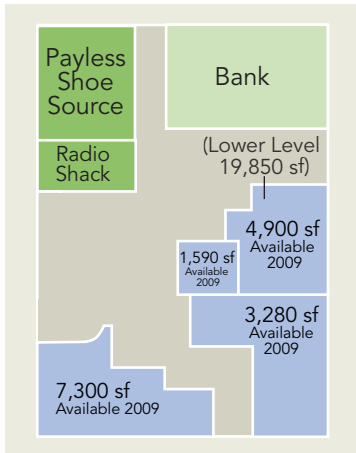
	2000	2007	2012	CHANGE 2000–2007	CHANGE 2007–2012
OFFICE WORKER MARKET					
OFFICE SPACE					
Within 5 Blocks of 9th and G Streets	30 Million SF	36 Million SF	38 Million SF	6 Million SF	2 Million SF
Within 15 Blocks of 9th and G Streets	124 Million SF	140 Million SF	156 Million SF	16 Million SF	16 Million SF
OFFICE WORKERS					
Within 5 Blocks of 9th and G Streets	103,636	124,364	131,273	20,727	6,909
Within 15 Blocks of 9th and G Streets	428,364	483,636	538,909	55,273	55,273
NON-OFFICE WORKER MARKET					
Within 5 Blocks of 9th and G Streets	8,393	11,038	14,831	2,645	3,793
Within 15 Blocks of 9th and G Streets	26,437	29,447	35,694	3,010	6,247
RESIDENTIAL MARKET (POPULATION)					
Within 5 Blocks of 9th and G Streets	1,470	4,916	5,953	3,446	1,037
Within 15 Blocks of 9th and G Streets	49,990	60,610	74,603	10,620	13,993
Within 30 Blocks of 9th and G Streets	222,794	236,101	257,772	13,307	21,671
VISITOR MARKET					
HOTEL ROOMS					
Within 5 Blocks of 9th and G Streets	3,965	4,474	5,968	509	1,494
Within 15 Blocks of 9th and G Streets	14,141	15,923	18,760	1,782	2,837
Citywide	24,563	26,635	30,647	2,072	4,012
HOTEL ROOM NIGHTS					
Within 5 Blocks of 9th and G Streets	1,079,630	1,245,987	1,662,058	166,357	416,072
Within 15 Blocks of 9th and G Streets	3,792,689	4,334,390	5,109,934	541,701	775,544
Citywide	6,523,983	7,157,323	8,242,515	633,340	1,085,192
VISITORS TO DOWNTOWN					
Within 5 Blocks of 9th and G Streets	6.1 Million	9.4 Million	12 Million	3.3 Million	2.6 Million

RETAIL DEMAND AND SUPPLY

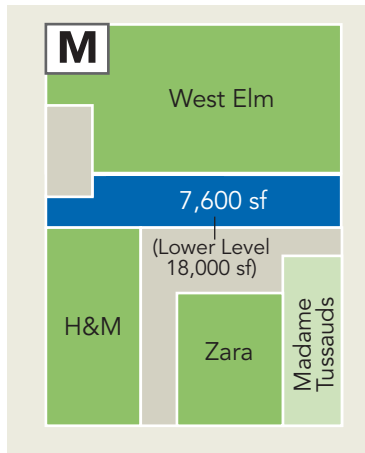
CURRENT DOWNTOWN RETAIL DEMAND FOR SHOPPERS' GOODS

	2000	2007	2012	CHANGE 2000-2007	CHANGE 2007-2012
DOLLARS OF RETAIL DEMAND (IN MILLIONS; 15 BLOCKS)					
Office Worker Market	\$456	\$580	\$728	\$124	\$147
Non-Office Worker Market	\$14	\$18	\$24	\$4	\$6
Residential Market	\$96	\$262	\$466	\$166	\$204
Hotel Visitor Market	\$76	\$87	\$102	\$11	\$16
TOTAL	\$642	\$947	\$1,320	\$305	\$373
DOLLARS OF RETAIL SUPPLY (IN MILLIONS; 15 BLOCKS)					
TOTAL	\$200	\$420	\$855	\$220	\$435
RETAIL OPPORTUNITY (CURRENT DOWNTOWN RETAIL DEMAND IN EXCESS OF RETAIL SUPPLY)					
TOTAL	\$442	\$527	\$465	\$85	(\$62)

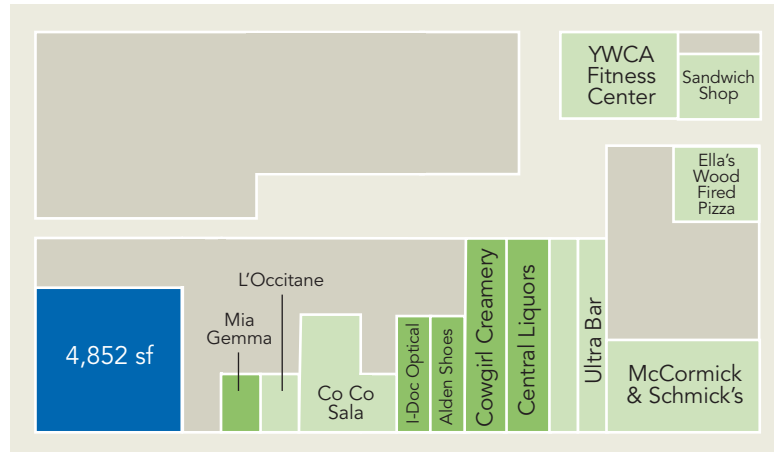
NOTE: Square footage of retail for total 15 block radius from 9th and G Streets NW, (including the Downtown shopping area) is 800,000 SF, 1.2 million SF and 1.9 million SF for 2000, 2007 and 2012, respectively. Sales per SF are estimated at \$250, \$350 and \$450 for 2000, 2007 and 2012, respectively.



11th Street

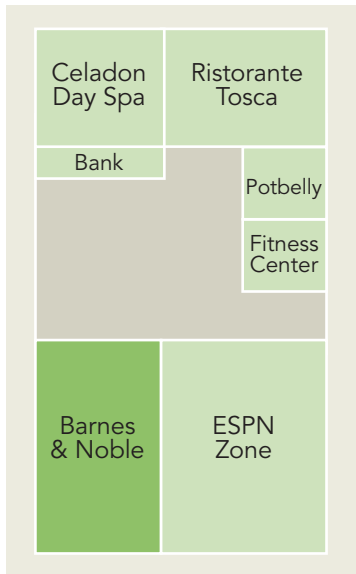


10th Street

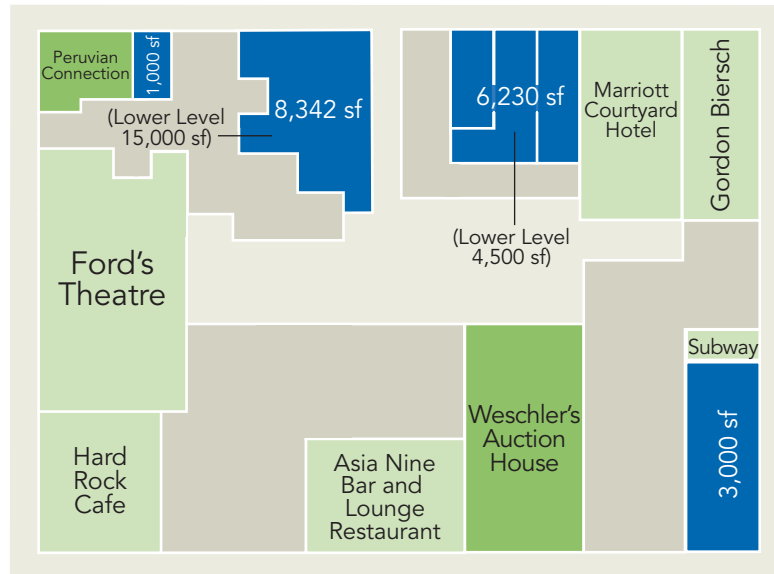
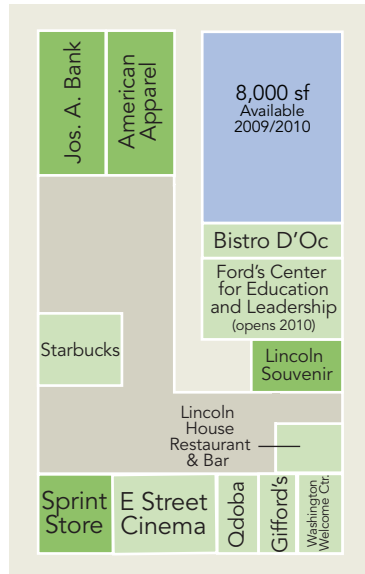


F Street

9th Street



E Street



- Occupied Retail: Shoppers' Goods
- Other Occupied Retail: Restaurants, Services, etc.
- Street Level Non-Retail Use
- M Metro
- Retail Space Available in 2008
- Retail Space with Future Availability
- () Below Street Level Retail Availability

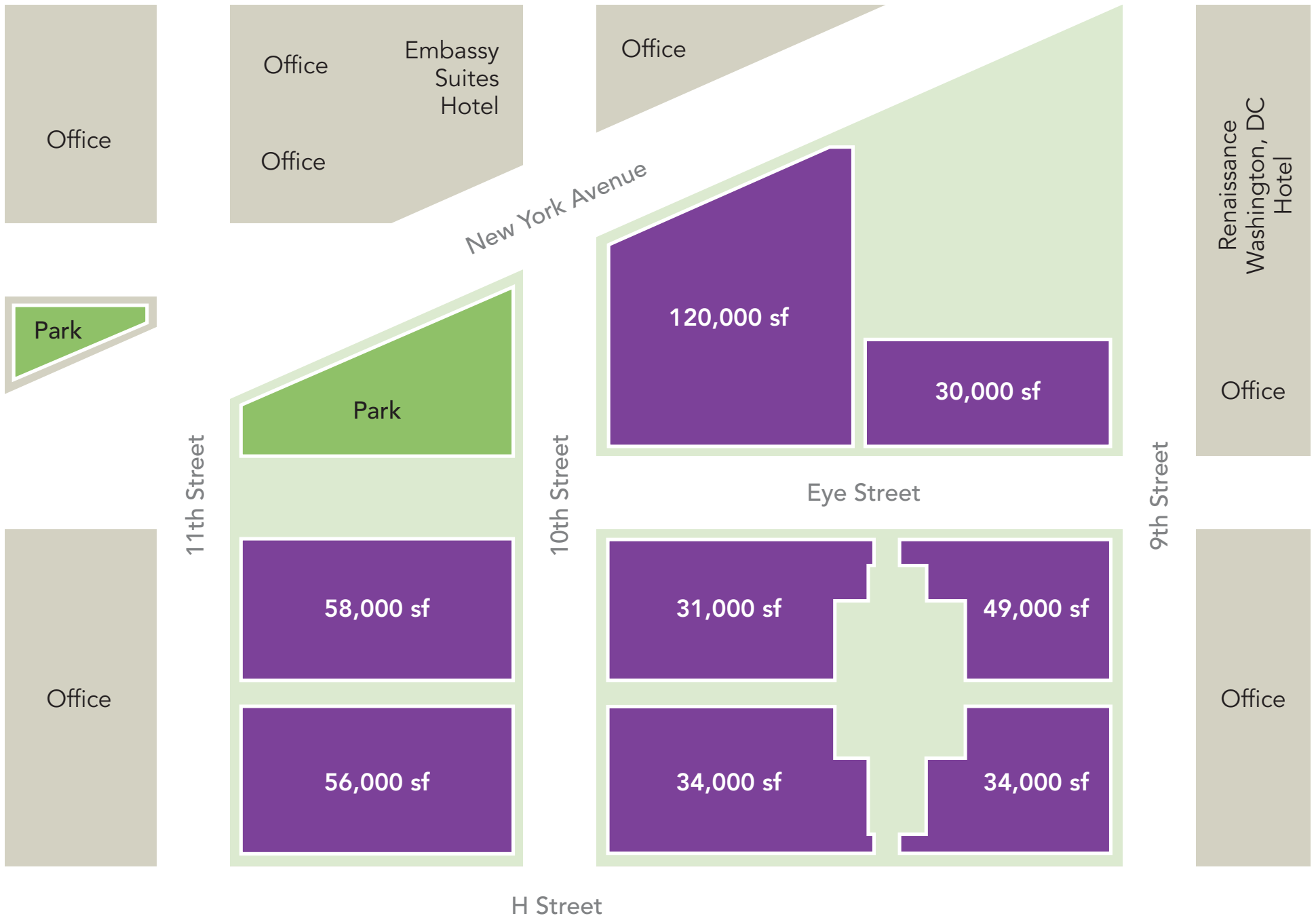


F STREET SHOPPING

Complementing the retail at Gallery Place on 7th Street, as well as that at Macy's and nearby on 13th Street, F Street is a major spine of the Downtown Shopping District. The four blocks between 8th and 12th Streets have 100,000 square feet of existing destination retail today, with another 51,000 square feet of space presently available or scheduled to deliver in the near future (as shown on the map on the opposite page).

Since 2007, F Street has had an influx of new national and local retail tenants, as west elm, Alden Shoes, Zara, Peruvian Connection and Mia Gemma (jewelry) joined veterans such as H&M, Jos. A. Bank, American Apparel and the International Spy Museum store. Several other destination retailers are expected to announce openings in 2008.

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.



OLD CONVENTION CENTER SITE



The largest cluster of planned Downtown destination retail will open at the now vacant, 10-acre area contained within 9th, H and 11th Streets and New York Avenue. Old Convention Center site plans call for a unique blend of local and national retailers focusing on a broad range of distinctive fashion and specialty retail accompanied by restaurants, cafes and boutique grocery stores.

- Old Convention Center Site will have approximately 400,000 SF of retail space
 - 250,000 SF south of Eye Street (2012)
 - 150,000 SF north of Eye Street (2014)
- Parking dedicated to retail/public
 - 900 spaces for 250,000 SF retail (3.6 per 1,000 SF)
 - 360 spaces for 150,000 SF retail (2.4 per 1,000 SF)

NOTE: All data is for 2007 calendar year or as of December 2007 unless otherwise indicated.

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