



**DOWNTOWNDC**



# 2016 STATE OF DOWNTOWN

DowntownDC Business Improvement District State of Downtown Report





**Cover Art** Rendering of the renovated Dr. Martin Luther King Jr. Memorial Library currently under construction.  
(Rendering: Mecanoo Architects)



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## DOWNTOWNDC DISTRICT IMPACT



1.4%  
OF POPULATION



9%  
OF RETAIL SPACE



10%  
OF GROSS TAX &  
OTHER REVENUE



14%  
OF MUSEUM  
VISITORS



24%  
OF JOBS



25%  
OF PERFORMING  
ARTS SEATS



26%  
OF METRORAIL EXITS



35%  
OF HOTEL ROOMS



40%  
OF PRIVATE/GOVT  
OFFICE SPACE

## DOWNTOWNDC REGIONAL IMPACT



0.2%  
OF POPULATION



2%  
OF RETAIL SPACE



6%  
OF JOBS



9%  
OF THEATRES



12%  
OF HOTEL ROOMS



13%  
OF MUSEUM  
VISITORS



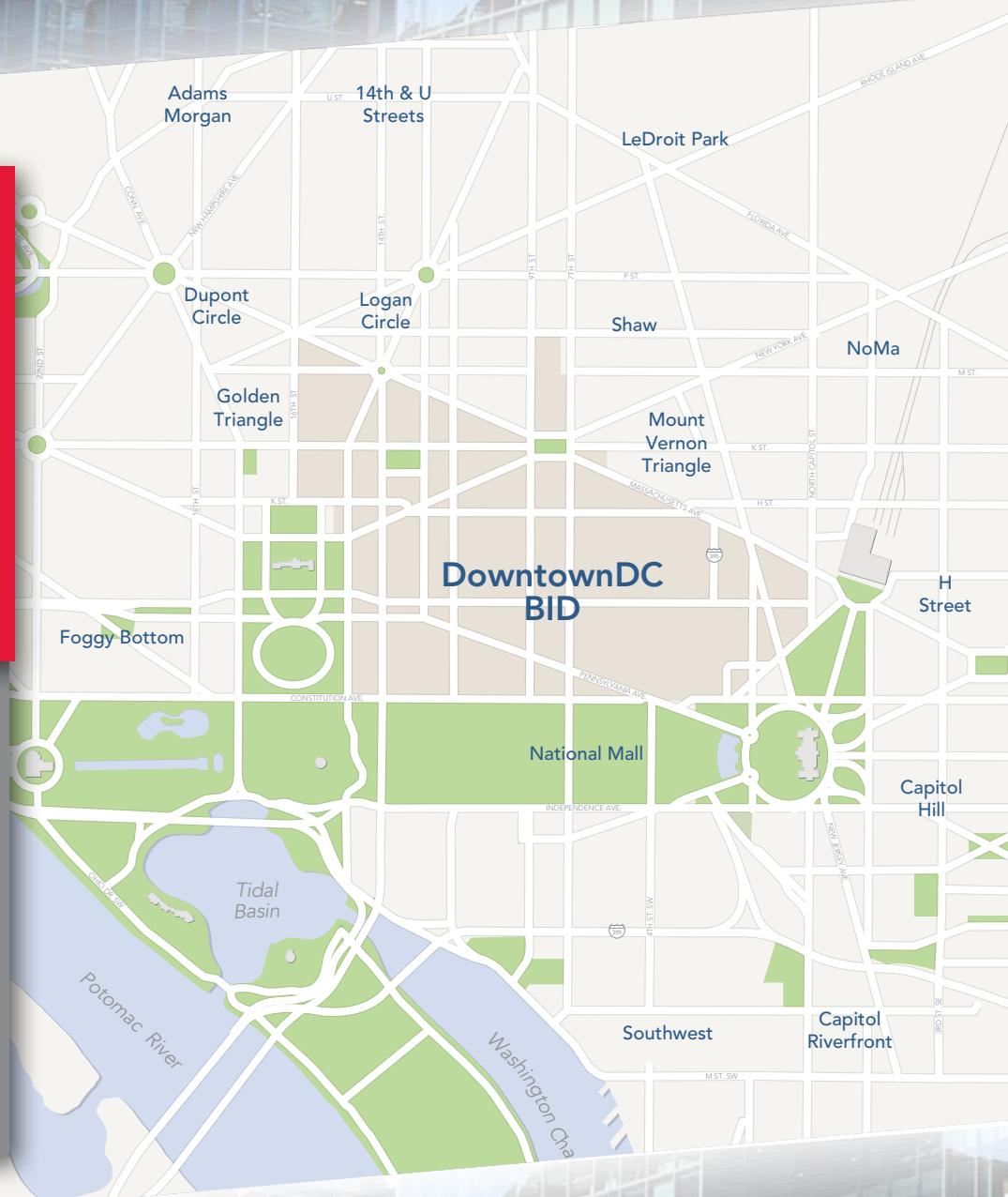
14%  
OF METRORAIL EXITS



15%  
OF PRIVATE/GOVT  
OFFICE SPACE



2 OF 12  
MICHELIN STAR  
RESTAURANTS



Virginia



## DEAR DOWNTOWNDC STAKEHOLDER:

We are pleased to present the DowntownDC Business Improvement District's (BID) 2016 State of Downtown report, our annual report analyzing DowntownDC and its place as the city and region's economic center. At the BID, the year 2016 was marked by a renewed focus on the following: our core services of clean and safe; maintenance as well as programming parks and public spaces; and support for individuals experiencing homelessness in DowntownDC. Our Safety/Hospitality and Maintenance (SAM) ambassadors continued to clean and maintain DowntownDC's 138-block area and offer hospitality services, including helping over 300,000 people.

As the data shows on the facing page, the DowntownDC BID area significantly impacts the city's economy, culture and entertainment, something high-density downtowns do throughout the world. DowntownDC remains a powerful economic and tax contributor to D.C. and the region. A robust public-private partnership has brought DowntownDC and the city this success. The city's \$525 million of direct economic development investment (1995-2016) in DowntownDC has been accompanied by \$15 billion in private and federal investment. In 2016, DowntownDC economic sectors set new records and continued to strongly perform, as this report will show.

Looking ahead, DowntownDC will continue to evolve with exciting projects in the pipeline, including the renovation of the Martin Luther King Jr. Memorial Library, Midtown Center, the Capitol Crossing development, three new hotels, the National Law Enforcement Museum, plans for the Planet Word museum and the Museum of the American Educator and news of a letter of intent for an Apple flagship store at the Carnegie Library.

The year 2017 marks 20 years of operation for the DowntownDC BID and represents an opportune time to reassess and plan to ensure downtown's continued success. The State of Downtown report will be the basis for many economic recommendations that will be included in the DowntownDC BID's soon-to-be released strategic plan for the next decade. With continued strong public-private partnership, the DowntownDC BID area should remain the location of choice for visitors, employers and residents.

Thank you for your contributions in 2016 and for your continued support in the future.



**Neil Albert**  
President & Executive  
Director



**Randall Boe**  
Chairman  
Board of Directors





# YEAR IN REVIEW



## TRUMP INTERNATIONAL HOTEL

OLD POST OFFICE

The Trump International Hotel opened in 2016 with a historic renovation of the Old Post Office Pavilion, adding a new, exciting feature to Pennsylvania Avenue.

(Photo: Ted Eytan/Flickr-CC BY-SA 2.0)

## HIGH PERFORMANCE

At the end of 2016, there were more people in the DowntownDC Business Improvement District (DowntownDC) working, visiting, shopping, dining and living, than ever before. The area set several new records and experienced strong performance across most sectors, except for the office market and Metrorail ridership.

DowntownDC remained the city's largest employment center: its 188,000 jobs were 24% of the city's total employment and 6% of the region's. While DowntownDC was home to 9,831 residents.

DowntownDC's net fiscal contribution to the District government increased for another year and is projected to do so again in fiscal year (FY) 2017. DowntownDC continued to generate a substantial positive net fiscal contribution to the city: \$793 million in FY16, an increase over \$765 million in FY15. The projection for FY17 is \$832 million. This net fiscal contribution equals about 10% of the city's local budget and helps fund the city's agenda.

The DowntownDC hotel, restaurant and retail economies set new records in 2016 and the Verizon Center posted its best year since 2002 drawing up to 20,000 attendees per event over 200 days per year. Conventions continued to fuel DowntownDC's tourism industry with the Walter E. Washington Convention Center which drew 1.4 million attendees. DowntownDC in 2016 continued to be a cultural destination, home to 23% of the city's total public performing arts seats and 43% of its theatre seats.

Hotels in DowntownDC reported an 81% occupancy rate for 2016, up from 79% in 2015 and Revenue Per Available Room Night (RevPAR) of \$196 (up from \$184 in 2015). The opening of the Trump International Hotel in the fall of 2016 further diversified DowntownDC's accommodation offerings and rejuvenated the aging Old Post Office Building on Pennsylvania Avenue.

Retail and restaurants reached a record high in 2016 with 66 destination retailers totaling 744,400 square feet (SF) and 156 destination restaurants. Openings in 2016 included Moncler, Saks OFF 5th, Nordstrom Rack and the major gut renovation of H&M's existing store. One of the most exciting retail announcements in 2016 was the signing of a letter of intent for Apple to open a flagship store at the Carnegie Library. In 2016, DowntownDC also gained its first Michelin-star

restaurants in 2016 when Minibar was named one of three D.C.-area restaurants to earn two stars and Fiola was one of nine restaurants to earn one star.

Development in DowntownDC continued at a strong pace in 2016, with over \$1.4 billion invested in nine properties, including three hotels, one museum and 124,000 SF of new retail space. When the BID was formed in 1997, there were 111 surface parking lots and redevelopment sites in DowntownDC. As of April 2017, 10 sites remained.

## EXISTING CHALLENGES

DowntownDC's office market experienced negative office absorption of 539,000 SF in 2016, while the rest of D.C. enjoyed positive absorption of 1.33 million SF, leaving DowntownDC with 4.9 million SF of vacant office space and the rest of the city with 8.3 million SF of vacant office space. The rest of the region has another 39.5 million SF of vacant space. D.C. Class A office rents were \$10-\$30 per SF more expensive than the city's suburban competitors in 2016.

Regional employees continued to heavily rely on public transit and with DowntownDC located at the center of the Metrorail transit system, that system's recent and ongoing challenges significantly impact DowntownDC's workforce and economy. D.C.'s Metrorail total system ridership dropped from 713,000 in 2015 to 639,000 in 2016 amid the year-long SafeTrack maintenance and repair program.

The loss of federal tenants over the next 5-10 years creates a challenge for DowntownDC landlords, but one that is manageable. Over the next few years, 20% of federal tenants (1.5 million SF) will leave DowntownDC for other D.C. submarkets, a boon for taxpayers but a challenge for DowntownDC.

The residential population of DowntownDC was relatively unchanged as no new residential units were created, a challenge that will continue in the absence of a downtown office-to-residential conversion program.

Homelessness continued to be a challenge for DowntownDC, where 129 individuals were counted in the winter 2017 point in time count. A daytime services center in downtown would help provide support as well as shelter for individuals and ultimately decrease the number of homeless individuals in DowntownDC.



## Downtown's Net Fiscal Impact<sup>(1)</sup> (millions)

	FY16	FY17
<b>DowntownDC BID Area</b>		
D.C. Local Tax and Other Revenues	\$1,304	\$1,332
Estimated Fiscal Costs	(511)	(527)
Net Fiscal Impact	\$793	\$805
<b>Golden Triangle BID Area</b>		
D.C. Local Tax and Other Revenues	\$604	\$630
Estimated Fiscal Costs	(226)	(232)
Net Fiscal Impact	\$378	\$397
<b>Total Downtown Area</b>		
D.C. Local Tax and Other Revenues	\$1,908	\$1,961
Estimated Fiscal Costs	(737)	(759)
Net Fiscal Impact	\$1,171	\$1,202
<i>Total Local Revenue</i>	<i>7,807</i>	<i>7,866</i>
<i>Downtown Revenue Share of Total D.C. Gross Local Revenue</i>	<i>24.4%</i>	<i>24.9%</i>
<i>Total Budget Expenditures (Operating, General Funds)</i>	<i>7,939</i>	<i>8,210</i>
<i>Downtown Expenditures Share of Total D.C. Gross Local Expenditures</i>	<i>9.3%</i>	<i>9.2%</i>

(1) Revenue and expenses from Mayor Muriel Bowser's April 4, 2017 budget proposal for FY18

Source: DowntownDC BID, April 2017

## D.C. Effective Office Rent Per SF History, 1997–2016 (All Classes)



Source: Delta Associates

## Regional Office Market Absorption Comparison, 2002–4Q 2016<sup>(1)</sup> (millions of SF)

	DowntownDC BID Area <sup>2</sup>	Rest of D.C.	D.C.	Suburban Maryland	Northern Virginia	Total
<b>2002–2007 Average</b>	0.87	1.45	2.32	0.73	3.20	6.24
2007	1.07	0.15	1.22	-0.33	1.81	2.70
2008	0.54	0.21	0.75	-0.29	1.62	2.08
2009	-0.46	-0.98	-1.44	-1.18	-1.55	-4.18
2010	0.35	3.91	4.26	0.44	0.96	5.67
2011	0.15	1.71	1.86	-0.19	-0.94	0.74
2012	-0.55	-0.02	-0.57	-0.25	-2.51	-3.33
2013	-0.04	0.01	-0.03	0.40	-0.09	0.28
2014	0.49	0.48	0.96	-0.98	-0.91	-0.92
2015	0.53	1.35	1.88	-0.12	0.55	2.32
2016	-0.54	1.32	0.79	0.75	0.06	1.60
<b>2012–2016 Average</b>	-0.02	0.63	0.61	-0.04	-0.58	-0.01
<b>4Q 2015 Vacant Space</b>	4.9	8.3	13.2	11.7	27.8	52.6

(1) Data does not include owner-occupied buildings, one-story buildings, or buildings less than 25,000 SF.

(2) The DowntownDC BID uses Cushman & Wakefield's East End office market as the DowntownDC BID office market.

Source: Cushman & Wakefield

## GSA Office Space Analysis, April 2017 (millions)

	Owned		Leased		Total	
	SF (millions)	% of Owned	SF (millions)	% of Leased	SF (millions)	% of Total
Rest of D.C.	20	42%	15	28%	35	35%
DowntownDC BID	16	33%	8	15%	24	23%
D.C.	36	75%	23	43%	59	58%
Suburban Maryland	9	19%	11	21%	20	20%
Suburban Virginia	3	6%	20	37%	23	22%
Total	48	100%	54	100%	102	100%
% of All Space	47%		53%		100%	

Source: U.S. General Services Administration



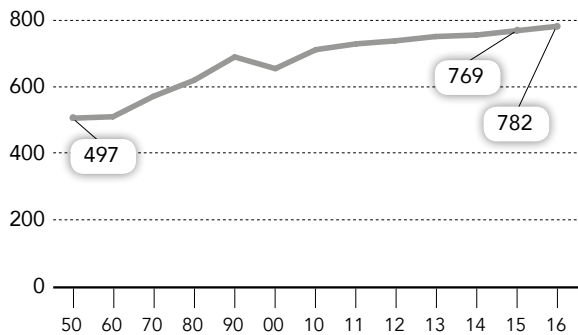


H Street NW runs through Chinatown, where visitors will find diverse retail, destination restaurants, hotels, residential properties, offices, entertainment and nightlife.

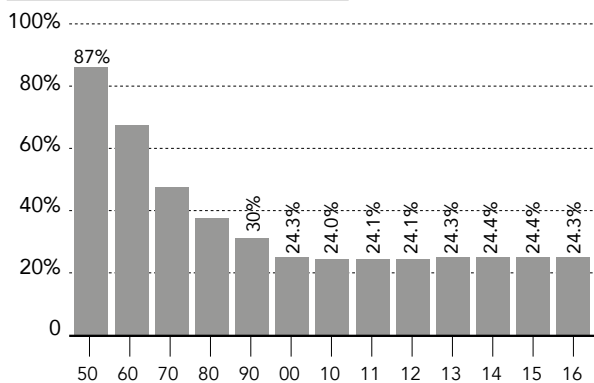
(Photo: Kevin Koski)

## D.C. Employment History, 1950–2016

D.C. Employment History (thousands)



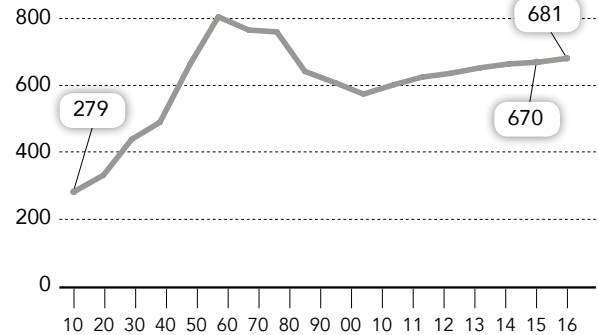
## D.C. Share of Region's Employment



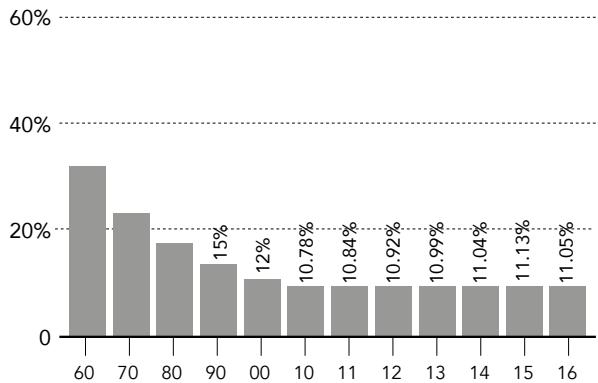
Sources: U.S. Census Bureau and the Center for Regional Analysis at George Mason University

## D.C. Population History, 1900–2016

D.C. Population (thousands)



## D.C. Share of Region's Employment



Sources: U.S. Census Bureau and the Center for Regional Analysis at George Mason University



# CURRENT DEVELOPMENT



Construction was underway in April 2017 at Carr Properties' \$460 million, 869,000 SF Midtown Center, which will include mixed use retail and office space and will serve as Fannie Mae's new headquarters.

(Photo: Gerry Widdicombe)



## SIGNIFICANT PROJECTS

Four major and diverse development projects totaling \$730 million were completed in 2016, bringing a new luxury hotel, a platform over I-395, and boutique office space to DowntownDC.

The Trump International Hotel's \$200 million renovation and restoration of the historic Old Post Office Building added 263 hotel rooms, a restaurant and meeting and ballroom space to DowntownDC. At Capitol Crossing, a \$300 million platform was completed over I-395 to support the rest of the 2.2 million square foot development project by Property Group Partners which directly reconnects the eastern and western areas of DowntownDC. Additionally, Douglas Development completed a boutique office infill project on F Street and the partnership of Gould Property Company and Oxford Properties completed a \$200 million, 400,000 SF office building at 600 Massachusetts Avenue. These completed developments increased the mix of uses in DowntownDC in 2016 and further demonstrated the area's move away from its sole dependency on the office market.

Several developments also broke ground in 2016 in DowntownDC with a combined total of \$1.4 billion in investment: Carr Properties' \$460 million, 869,000 SF Midtown Center and Fannie Mae's new headquarters, which includes 49,000 SF of retail; Property Group Partners began work on two office buildings at Capitol Crossing totaling \$430 million and including 940,000 SF of office space and 53,000 SF of retail; the \$200 million Conrad Hotel by Hines and Hilton Hotels with 360 rooms and 30,000 SF of retail; Quadrangle's \$100 million One Freedom Plaza development, which includes 283,000 SF of office space and 13,000 SF of retail and will demolish the existing office building while preserving the underground parking garage; and the 57,000 SF National Law Enforcement Museum on the 400 block of E Street. In the coming years, these developments will add retail, entertainment and culture to DowntownDC.

At the end of 2016, three hotels remained under construction in DowntownDC: Honeybee Hospitality's 75-room Architect Hotel renovation at 1025 15th Street; Modus Hotels' 245-room Pod Hotel DC in Chinatown; and Douglas Development's 200-room Marriott Moxy Washington, DC Hotel at 11th & K streets. These hotels will increase hotel supply in DowntownDC and diversify accommodation offerings.

## PLANNED DEVELOPMENT

Several major developments in 2017 will begin dramatically recasting areas of DowntownDC in the coming years. The major and dynamic \$208 million modernization of the Martin Luther King, Jr. Memorial Library began its three-year renovation in 2017. This development will significantly affect the library's appeal to District as well as regional residents, in addition to national and international tourists with new amenities: a ground floor cafe with outdoor seating; a Great Reading Room; a spacious auditorium; and a rooftop terrace open to the public.

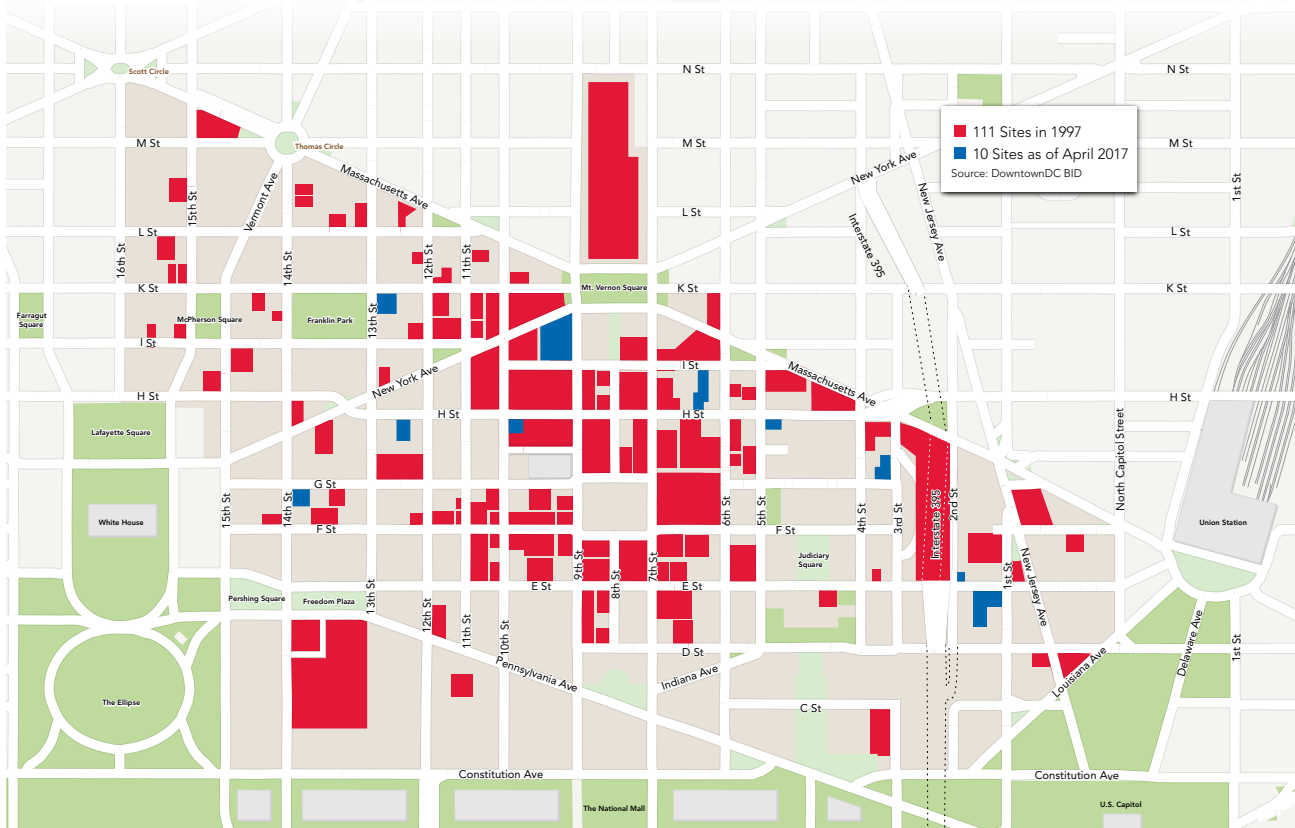
Just south of the Carnegie Library, Meridian Group in 2017 will begin a \$142 million trophy office renovation at 700 K Street which will include 100,000 SF of retail along the pedestrian area of 8th Street named Anthem Row.

In addition to developments underway in 2017, several large projects in DowntownDC have been announced and together hold the potential to drastically shape DowntownDC's landscape in the near future: Phase III of CityCenterDC, the Gould Property Company/Oxford Properties Group 600,000 SF office building at 900 New York Avenue; the remaining three out of five buildings at Capitol Crossing (two office buildings and one residential building). Events DC also approved a letter of intent in 2016 for Apple to build a flagship store at the Carnegie Library in Mount Vernon Square.

## KEY REDEVELOPMENT SITES

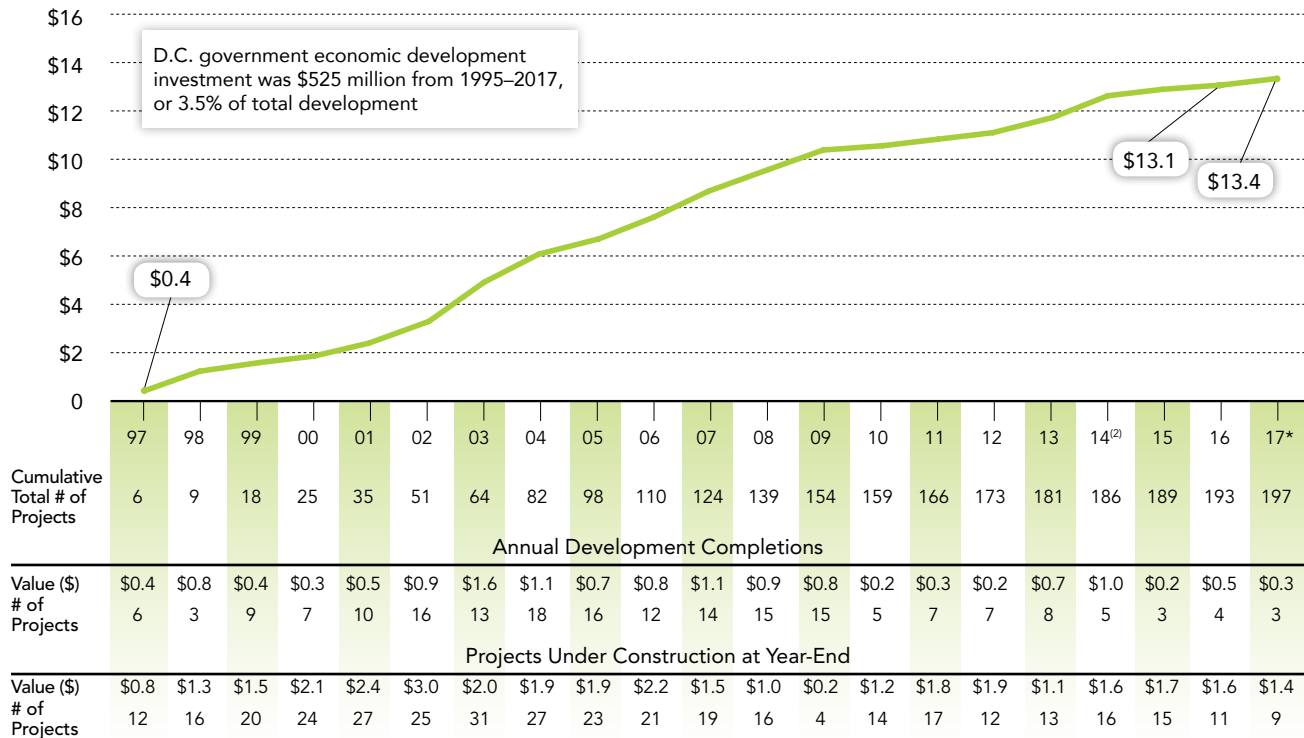
DowntownDC in 2016 was effectively built out, pivoting focus to several large potential redevelopment sites in DowntownDC: the Federal Bureau of Investigation's J. Edgar Hoover building, which could host 2 million SF of development; the U.S. Department of Labor headquarters site above I-395, which could also provide up to 2 million SF of new development; the site of the Washington Metropolitan Area Transit Authority's (WMATA) headquarters; a gut renovation of the Metropolitan Police Department headquarters building. These projects hold the potential to continue DowntownDC's transformation into a mixed-use, vibrant downtown and further reduce the area's dependency on private office space and the federal government.

## DowntownDC BID Surface Parking Lots & Redevelopment Sites, 1997 and April 2017



## DowntownDC BID Area Cumulative Development Completion History, 1997–2017<sup>(1)</sup>

(As of April 2017) (billions of \$)



\* Projection as of April 2017.

(1) Numbers may not equal sum due to rounding

(2) Includes the Marriott Marquis Convention Center Headquarters Hotel

Source: DowntownDC BID



## Major DowntownDC Projects Under Construction (April 2017)

	Dr. Martin Luther King Jr. Memorial Library Modernization	Midtown Center (Fannie Mae Headquarters)	CityCenterDC Conrad Hotel	Capitol Crossing	
				North Block	
				200 Mass	250 Mass
Developer	D.C. Government	Carr Properties	Hines	Property Group Partners	Property Group Partners
Investment (millions)	\$208	\$460	\$200	\$180	\$250
Office (RSF)	400,000 (Library)	820,000	-	405,000	535,000
Hotel (Rooms)	-	-	360	-	-
Retail (RSF)	1,000	55,000	30,000	25,000	28,000
Parking (spaces)	100	571	186	1,490	-
Groundbreaking	2017	1Q 2016	2Q 2016	2Q 2016	2Q 2017
Completion	2020	2Q 2018	2018	2Q 2018	2Q 2019

Sources: Developers and DowntownDC BID

## Major DowntownDC Projects Planned (April 2017)

	Capitol Crossing			900 New York Avenue
	Center Block		South Block	
	600 2nd St	201 F St		
Developer	Property Group Partners	Property Group Partners	Property Group Partners	Gould Property & Oxford Properties
Investment (millions)	Total of \$170 for Block		\$350	\$350
Office (RSF)	-	287,000	658,000	570,000
Residential (units)	150	-	-	-
Retail (RSF)	13,000	10,000	27,000	30,000
Parking (spaces)	-	-	-	245
Groundbreaking	2018+	2018+	2018+	2016–2018
Completion	2020+	2020+	2020+	2018–2020

Sources: Developers and DowntownDC BID

# EMPLOYMENT



Global incubator and seed fund 1776 in 2013 launched its headquarters in DowntownDC at 1133 15th Street NW. In 2017, the organization had more than 500 active members.

(Photo courtesy of 1776)



## LARGEST EMPLOYMENT CENTER

DowntownDC remains the largest employment center in D.C. and the region with an estimated 188,000 jobs, or 24% of the city's total jobs and 6% of the region's jobs. However, DowntownDC employment grew by only 1,000 jobs in 2016, or 0.5%, compared to 1.8% in the rest of the city, 1.9% growth in the Maryland and Virginia suburbs and 1.7% in the U.S.

DowntownDC's 160,000 office-using jobs did not grow in 2016 as densification and negative absorption offset one another. Non-office-using employment sectors, however, grew by 1,000 jobs in 2016 (3.6%) likely due to continued hotel, restaurant and retail openings in DowntownDC, including the Trump International Hotel, Moncler, Nordstrom Rack, Saks OFF 5th, Farmers & Distillers, Ocean Prime and RPM Italian.

DowntownDC's employment growth has slowed in recent years, from an average of 5,600 more jobs per year between 1996 and 2005 to an average of 1,400 jobs per year between 2006 and 2016. This compares to employment growth in the rest of the city, which grew by an average of 900 jobs per year between 1996 and 2005 and 8,000 jobs per year between 2006 and 2016.

Constraints on DowntownDC's employment continued to include the physical limit on building square footage due to the Height Act and the resulting high cost of leasing space.

## GOVERNMENT IMPACT

The D.C. government continued to influence the city's employment through its investment, tax and regulatory policies. The city in 2016 directly influenced the Advisory Board Company's decision to remain in D.C. by offering tax incentives in exchange for remaining in the District and adding 1,000 new employees over 10 years.

The federal government continued to be the largest single employer in DowntownDC, the city and the region in 2016, with 199,000 federal employees in the District comprising 25.5% of total jobs in D.C. The percentage of federal employees working in the District has steadily declined from 32.1% in 1990, to 29.6% in 2010 to 25.5% in 2016.

## REGIONAL COMPETITION

DowntownDC's share of the region's employment will continue to face strong challenges from surrounding suburbs, which had 40 million SF of vacant office space. Rents are likely to continue to drop for office space in suburban submarkets, making them an even more attractive place to relocate. Prospective tenants in these suburban areas may also benefit from added tax incentives offered by state governments.

## FUTURE EMPLOYMENT GROWTH

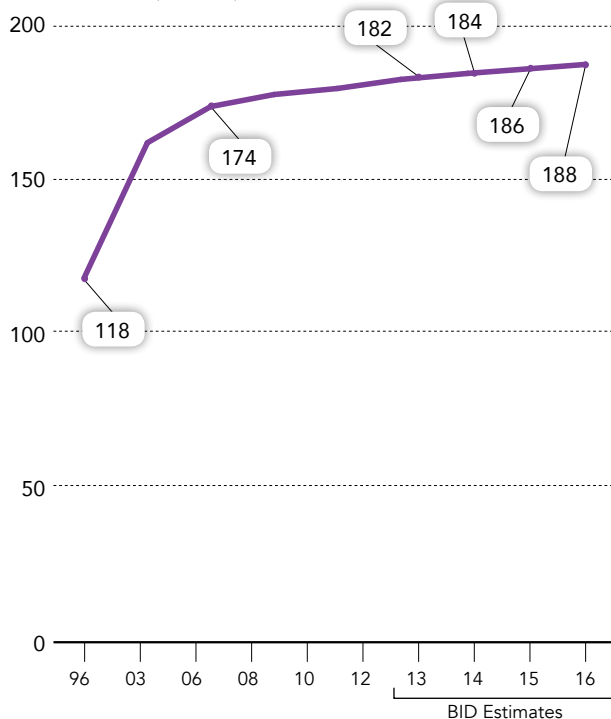
DowntownDC employment has the potential to grow by 20,000-40,000 jobs over the next 10 years due to the following: densification will continue to provide the capacity for DowntownDC employment to grow of as much as 1% per year as office space SF per employee decreases; each 1% decline in DowntownDC's office vacancy rate increases employment by approximately 2,000 jobs; and DowntownDC's 2.4 million SF of office space under construction at the end of 2016 and its 10 remaining development sites will provide space for employment growth.

DowntownDC's employment performance is also affected by transportation. Metrorail's ongoing service disruptions due to safety and service issues, weakens Metrorail's reputation as a reliable form of transit. Companies with a large number of suburban residents may be prompted to consider relocation to the suburbs in the absence of a strong public transit system.

Future federal government changes will also impact DowntownDC's employment performance. DowntownDC's federal workforce will be immediately impacted by reductions in overall federal employment at the national level as well as any elimination of federal government agencies. Additionally, any relocation of local federal workers to other places in the U.S. will likely reduce DowntownDC's share of the federal workforce.

To maintain DowntownDC's role as the region's largest employment center, investment must be made in Metrorail, competitive tax and regulatory environments as well as public amenities and spaces, all of which will require strategic public-private partnerships. Also, a stronger residential market in DowntownDC will bolster employment.

## DowntownDC BID Area Employment, 1996–2016<sup>(1)</sup> (thousands)



(1) Annual average; not seasonally adjusted.

Sources: U.S. Bureau of Labor Statistics, Center for Regional Analysis and Stephen S. Fuller Institute for Research on the Washington Region's Economic Future

## Projected Job Growth, 2016–2021 (thousands)

### Baseline Scenario

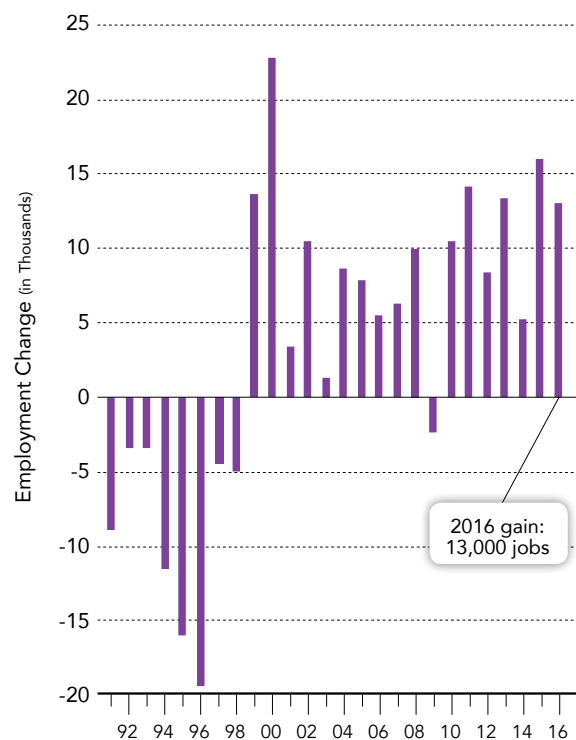
	D.C.	Suburban Maryland	Northern Virginia	Washington Metro
2016–2017	8.9	14.4	21.5	44.8
2017–2018	5.3	12.7	26.6	44.6
2018–2019	4.9	10.9	19.7	35.5
2019–2020	4.5	8.0	13.7	26.2
2020–2021	3.5	5.7	12.9	22.1

### Proposed Federal Budget Scenario

	D.C.	Suburban Maryland	Northern Virginia	Washington Metro
2016–2017	6.2	10.1	15.1	31.4
2017–2018	3.7	8.9	18.6	31.3
2018–2019	4.2	9.3	16.8	30.2
2019–2020	4.9	8.8	15.1	28.8
2020–2021	4.2	6.8	15.5	26.5

Sources: IHS Economics and the DowntownDC BID

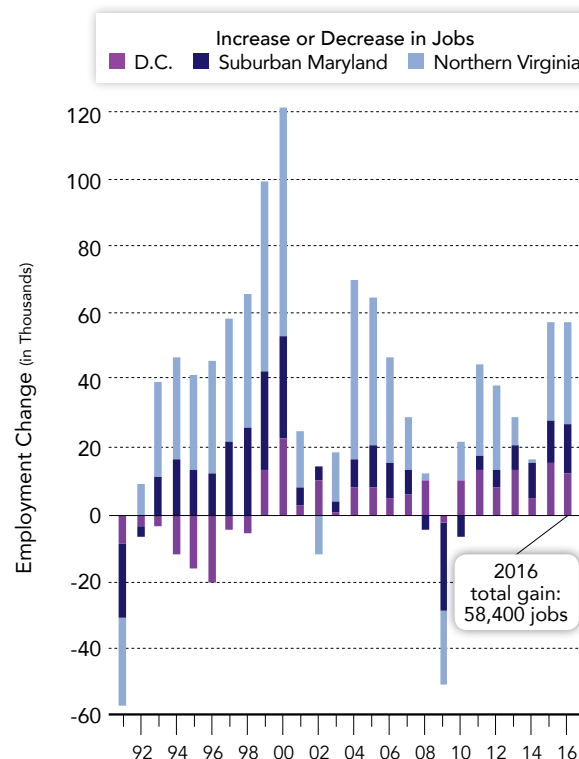
## D.C. Employment History, 1991–2016<sup>(1)</sup>



(1) Annual average change is not seasonally adjusted

Sources: U.S. Bureau of Labor Statistics, Stephen S. Fuller Institute for Research on the Washington Region's Economic Future (projection as of March 2017)

## Regional Employment History, 1991–2016<sup>(1)</sup>

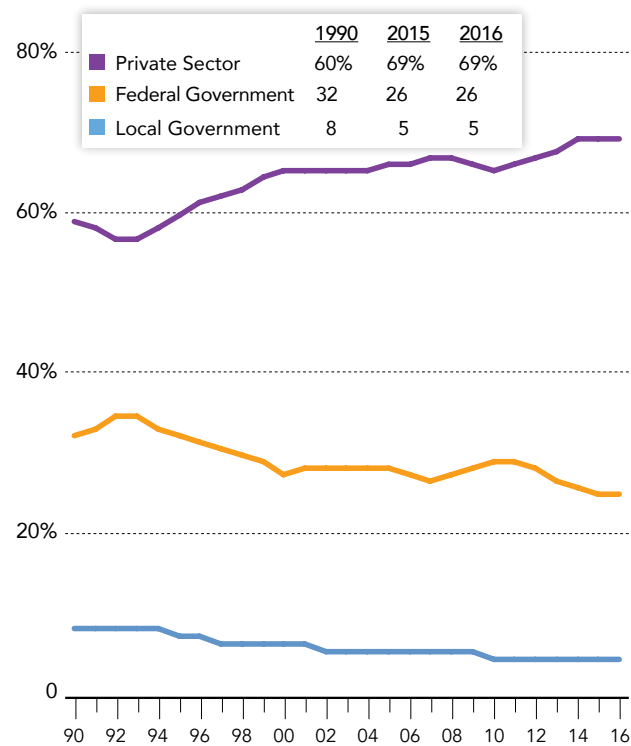


(1) Annual average change is not seasonally adjusted.

Sources: U.S. Bureau of Labor Statistics, Stephen S. Fuller Institute for Research on the Washington Region's Economic Future (projection as of March 2017)

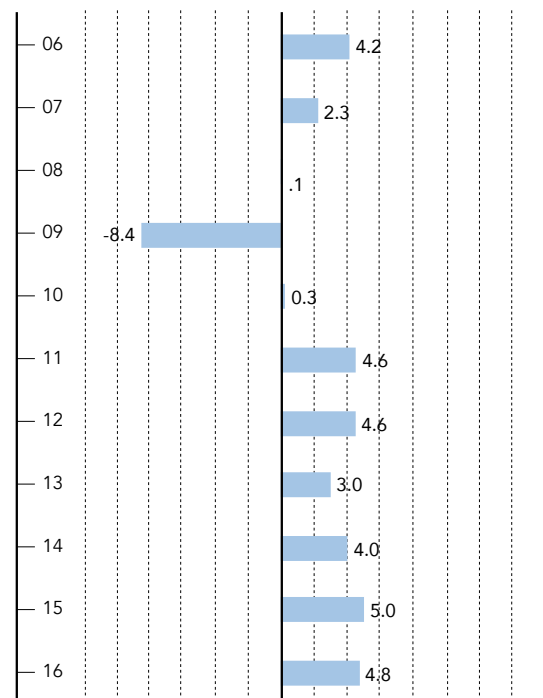


## Private and Government Employment in D.C., 1990–2016



Source: U.S. Bureau of Labor Statistics

## D.C. Private Sector Office Using Employment Change by Year, 2006–2016<sup>(1)(2)</sup> (thousands)

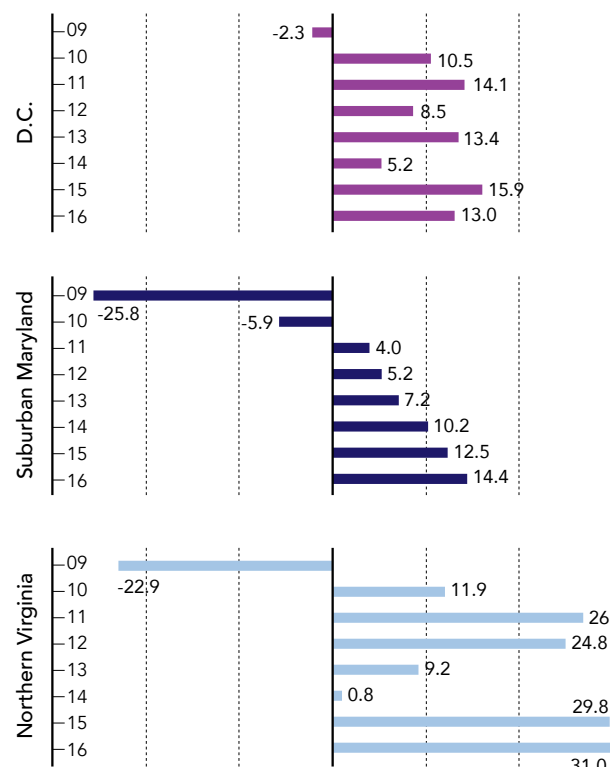


(1) Data is the annual average, not seasonally adjusted.

(2) Includes Professional and Business Services, Other Services, Information and Financial

Sources: U.S. Bureau of Labor Statistics

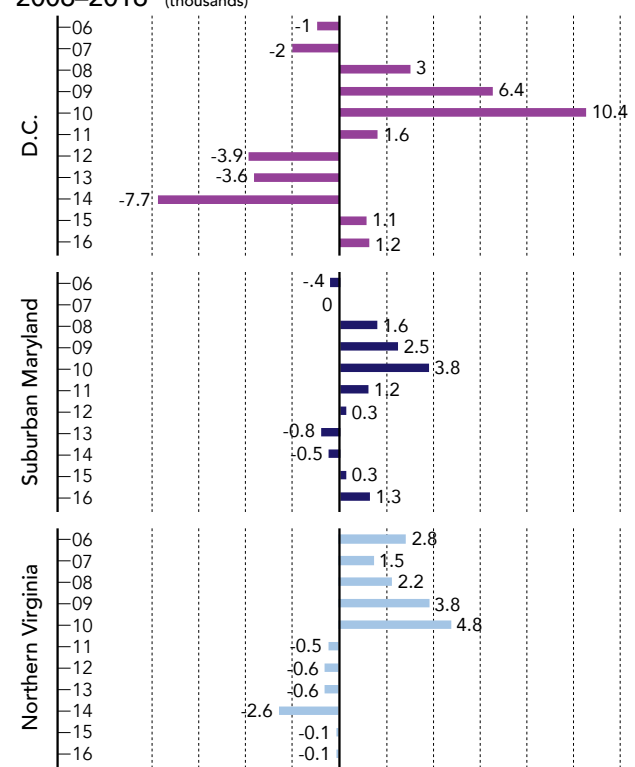
## Regional Employment Change by Year, 2009–2016<sup>(1)</sup> (thousands)



(1) Data is the annual average, not seasonally adjusted.

Sources: U.S. Bureau of Labor Statistics

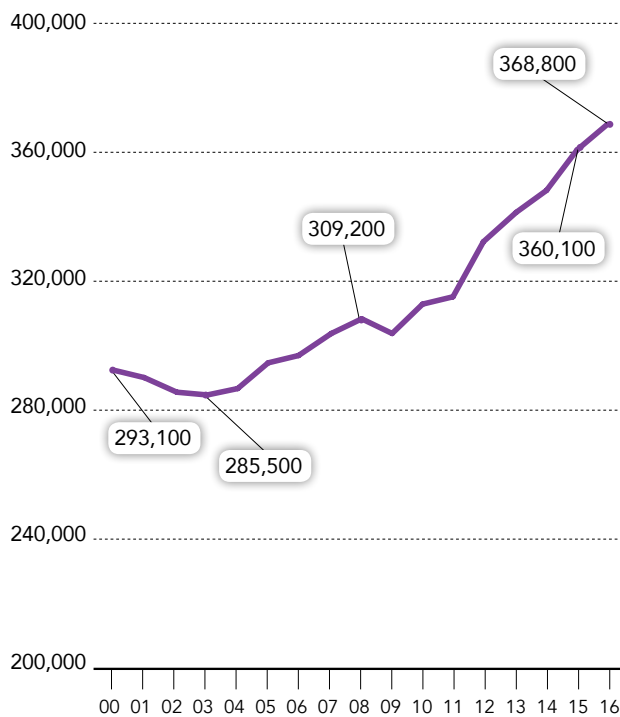
## Federal Employment Change in D.C. Region, 2006–2016<sup>(1)</sup> (thousands)



(1) Data is the annual average, not seasonally adjusted.

Sources: U.S. Bureau of Labor Statistics

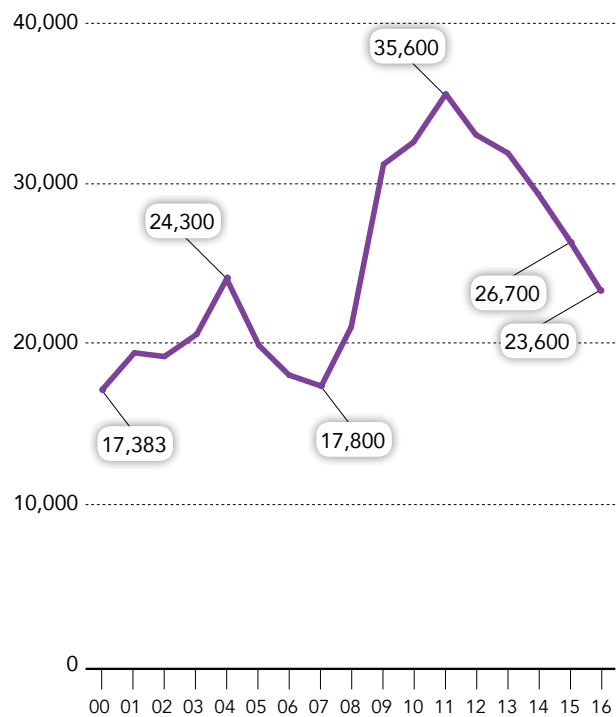
Number of Employed D.C. Residents, 2000–2016<sup>(1)</sup>



(1) Data is the annual average, not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

Number of Unemployed D.C. Residents, 2000–2016<sup>(1)</sup>



(1) Data is the annual average, not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

Employment Change in D.C. by Sector 2000–2016<sup>(1)</sup> (thousands)

	Employment Change										
	2016	2015–2016		2011–2016		2008–2011		2000–2008		2000–2016	
	Jobs	#	%	#	%	#	%	#	%	#	%
Government	239.4	1.5	0.6%	-7.7	-3.1%	12.3	5.1%	10.8	4.5%	15.4	6.9%
Federal Government	199.3	1.2	0.6	-12.9	-6.1	18.4	9.0	10.2	5.1	15.7	8.6
Total State & Local Government	40.1	0.3	0.8	5.2	14.9	-6.1	-17.1	0.6	1.5	-0.3	-0.7
Professional and Business Services	165.6	3.7	2.3	15.2	10.1	-2.0	-1.3	18.6	11.5	31.8	23.8
Legal Services	28.4	-	0.0	-1.8	-6.0	-6.0	-20.3	2.3	8.1	-5.5	-16.2
Other Professional & Business Services	137.2	3.7	2.8	17.0	14.1	4.0	3.2	16.3	12.2	37.3	37.3
Associations & Other Services	72.1	1.1	1.5	5.1	7.6	1.7	2.5	8.3	11.7	15.1	26.5
Health Services	68.8	1.3	1.9	6.1	9.7	6.7	10.2	9.4	13.9	22.2	47.6
Educational Services	65.5	2.4	3.8	15.3	30.5	4.1	6.9	5.3	8.4	24.7	60.5
Food Services	51.9	1.4	2.8	11.6	28.8	4.7	10.3	7.7	15.2	24.0	86.0
Retail Trade	22.7	0.2	0.9	4.1	22.0	0.1	0.5	1.0	4.4	5.2	29.7
Finance and Insurance	17.2	-0.1	-0.6	0.1	0.6	0.4	2.3	-2.4	-13.9	-1.9	-9.9
Information	17.0	-0.2	-1.2	-1.3	-7.1	-2.6	-15.3	-4.6	-26.7	-8.5	-33.3
Construction	15.2	0.6	4.1	3.1	25.6	-0.9	-6.4	1.7	11.6	3.9	34.5
Accommodation	14.9	-0.1	-0.7	-0.4	-2.6	0.2	1.3	0.1	0.7	-0.1	-0.7
Real Estate Services	12.8	0.3	2.4	2.2	20.8	-0.8	-7.1	0.5	4.0	1.9	17.4
Arts, Entertainment, and Recreation	8.3	0.7	9.2	1.6	23.9	-0.4	-5.8	1.9	25.0	3.1	59.6
Other	10.8	0.2	1.9	1.0	10.2	-1.2	-12.0	129.1	1,217.9	128.9	-109.1
Total	782.2	13.0	1.7%	56.0	7.7%	22.3	3.0%	53.6	7.0%	131.9	20.3%
Average Yearly Increase	N/A	13.0	1.7%	11.2	1.5%	7.4	1.0%	6.7	1.0%	8.2	1.2%

(1) Data is the annual average, not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics





The federal government remains the largest single employer in D.C., totaling 26% of District employment and 7% of suburban employment.  
(Photo: Kevin Koski)

## Employment by Sector in D.C., D.C. Suburbs and the U.S., 2016<sup>(1)</sup>

(thousands) (Ranked by sector in D.C.)

	D.C.		D.C. Suburbs		U.S.		2015–2016 Percent Change		
	#	%	#	%	#	%	D.C.	D.C. Suburbs	U.S.
Federal Government	199.3	25.5%	167.8	6.9%	2,795.0	1.9%	0.6%	0.8%	1.4%
Non-Legal Professional Services	86.0	11.0	413.5	16.9	7,755.6	5.4	2.7	2.4	3.6
Health Care & Social Assistance	68.8	8.8	242.8	9.9	19,056.3	13.2	1.9	3.0	2.7
Educational Services	65.5	8.4	57.5	2.3	3,559.7	2.5	3.8	3.4	2.5
Membership Associations & Organizations	64.2	8.2	— <sup>(2)</sup>	N/A	2,950.1	2.0	1.7	N/A	0.4
Food Services & Drinking Places	51.9	6.6	181.2	7.4	11,438.7	7.9	2.8	3.9	3.3
State & Local Government	40.1	5.1	288.4	11.8	19,428.0	13.5	0.8	0.5	0.8
Administrative, Support & Waste Management	33.8	4.3	121.3	5.0	5,458.5	3.8	3.0	2.3	2.1
Financial Activities	30.0	3.8	127.0	5.2	8,285.0	5.7	0.7	1.9	2.0
Legal Services	28.4	3.6	— <sup>(2)</sup>	N/A	1,121.1	0.8	0.0	N/A	0.2
Retail Trade	22.7	2.9	255.7	10.4	15,820.2	11.0	0.9	0.2	1.4
Information	17.0	2.2	57.0	2.3	2,772.0	1.9	(1.2)	(4.0)	0.8
Mining, Logging, & Construction	15.2	1.9	141.0	5.8	7,388.0	5.1	4.1	3.3	1.6
Employment Services	15.0	1.9	29.8	1.2	3,566.5	2.5	1.4	4.6	1.1
Accommodation	14.9	1.9	27.5	1.1	1,946.9	1.3	(0.7)	0.4	1.2
Arts, Entertainment, & Recreation	8.3	1.1	36.8	1.5	2,234.8	1.5	9.2	4.2	3.2
Personal Services	7.9	1.0	— <sup>(2)</sup>	N/A	2,734.7	1.9	(0.0)	N/A	2.0
Wholesale Trade	5.0	0.6	56.9	2.3	5,866.8	4.1	2.0	1.1	0.2
Transportation & Utilities	4.8	0.6	59.9	2.4	5,545.5	3.8	0.0	1.5	2.2
Management of Companies & Enterprises	2.4	0.3	36.1	1.5	2,240.7	1.6	9.1	(0.8)	1.5
Manufacturing	1.2	0.2	52.7	2.2	12,348.0	8.6	9.1	0.6	0.1
Other Services	— <sup>(3)</sup>	N/A	122.6	5.0	— <sup>(3)</sup>	N/A	N/A	2.1	N/A
<b>Total</b>	<b>782.2</b>	<b>100.0%</b>	<b>2,447.2</b>	<b>100.0%</b>	<b>144,306</b>	<b>100.0%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.7%</b>

(1) Data is the annual average, not seasonally adjusted.

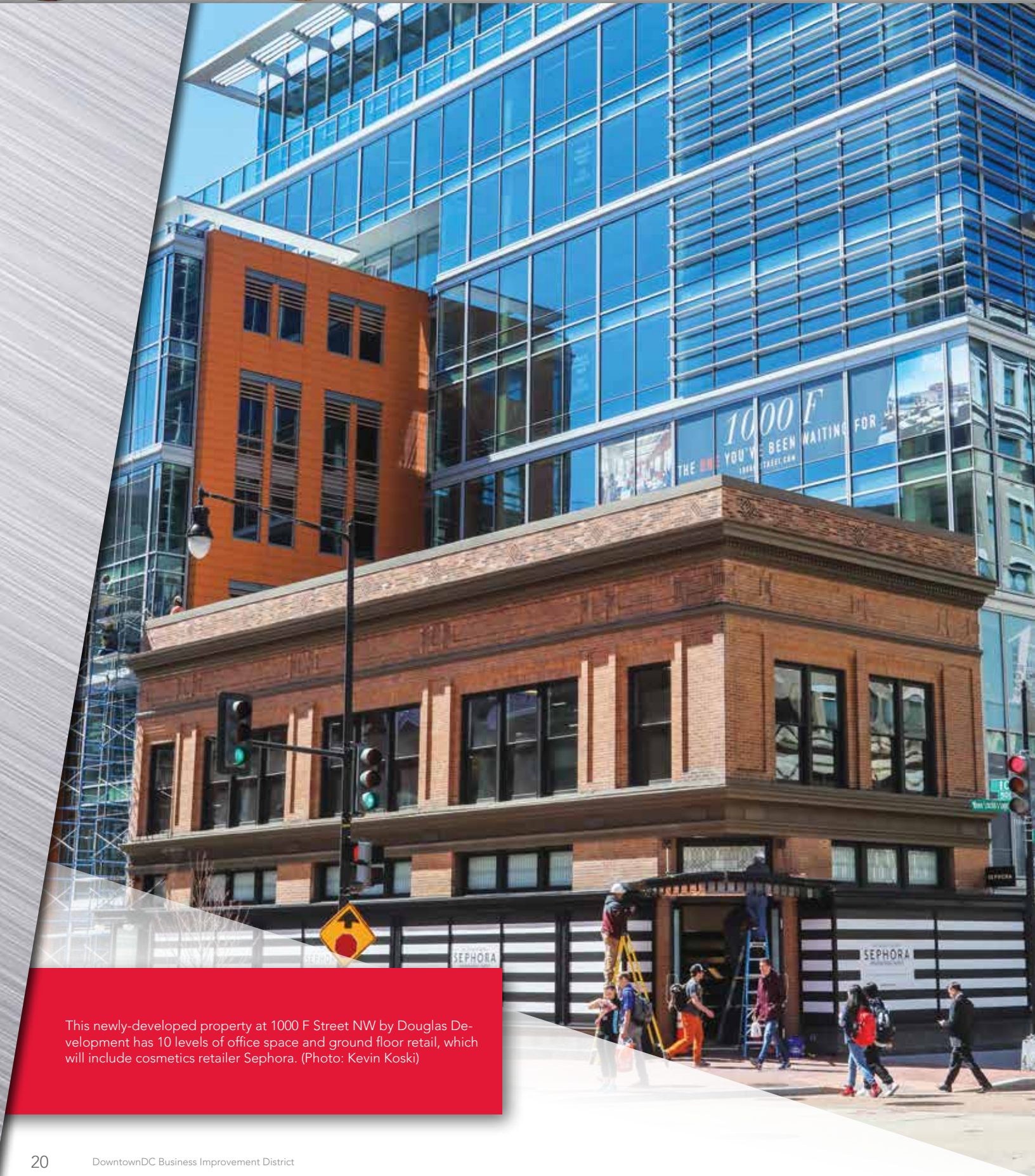
(2) For the D.C. suburbs, Membership Associations & Organizations and Personal Services are combined as Other Services. Legal Services employment is not available for the D.C. Suburbs and is included in Non-Legal Professional Services.

(3) For D.C. and the U.S., Other Services are divided into Membership Associations & Organizations and Personal Services. Source: U.S. Bureau of Labor Statistics

Source: U.S. Bureau of Labor Statistics



# OFFICE MARKET



This newly-developed property at 1000 F Street NW by Douglas Development has 10 levels of office space and ground floor retail, which will include cosmetics retailer Sephora. (Photo: Kevin Koski)



## MIXED PERFORMANCE

The DowntownDC BID area office market in 2016 reported mixed performance, continuing the trend experienced in DowntownDC's office market over the past few years. The DowntownDC office market experienced negative absorption of 539,000 SF in 2016 and an overall vacancy rate increase from 12% in 2015 to 13% in 2016. The average D.C. office sales price dropped from \$599 per square foot (SF) in 2015 to \$480 per SF in 2016.

However, DowntownDC's office market also reported positive operating performance indicators in 2016, including an overall rent increase from \$56 per SF in 2015 to \$58 per SF and an effective rent increased from \$47 to \$49 per SF. The number of office buildings under construction increased from two in 2015 (472,000 SF) to five buildings at the end of 2016 (2.1 million SF) plus two office building renovations, demonstrating the continuing demand for locating in DowntownDC.

Nationally, DowntownDC's Class A office market asking rent of \$64 per SF in 2016 ranked third behind Manhattan and San Francisco. Downtown office market overall vacancy rates generally increased throughout the U.S. in 2016. DowntownDC's overall vacancy rate of 13% ranked seventh in the nation.

## REGIONAL COMPETITION

While DowntownDC's office market experienced negative absorption in 2016, the rest of D.C.'s office market reported positive absorption of 1.3 million SF. Over the past six years, DowntownDC has averaged positive absorption of just 7,000 SF per year, while the rest of D.C. has averaged 809,000 SF per year. Rents in other D.C. submarkets in 2016 were up to \$10-\$20 per SF lower than rents in DowntownDC. Nevertheless, DowntownDC's 13% vacancy rate was the second lowest in the city, trailing only the Central Business District's 9.3% vacancy rate.

Regionally, DowntownDC continued to face significant competition as neighboring areas created attractive incentives for tenants. DowntownDC's Class A asking rents were \$19- \$42 per SF higher than the region's suburban markets in 2016. Rosslyn's Class A's asking rents dropped to \$45 per SF in 2016 from \$53 per SF

in 2015, which helped attract both Nestle from California (206,000 SF with an option to go up to 250,000 SF) and the Grocery Manufacturers Association from DowntownDC (33,900 SF).

The region's suburban submarkets had a significant amount of vacant office space at the end of 2016, 28 million SF in Northern Virginia and 12 million SF in Suburban Maryland. This will create increased competition for both the District's and DowntownDC's office markets over the next several years.

## FEDERAL LEASING

The U.S. General Services Administration (GSA) remained the largest lessor of office space in DowntownDC with 8 million SF leased at the end of 2016, and a total of 22 million SF in D.C. While GSA's DowntownDC leased SF has remained constant for the past 10 years, that trend will change when the Department of Justice vacates 1 million SF primarily at 601 D Street and 600 E Street, the Federal Election Commission vacates 137,000 SF at 999 E Street, and the Pension Benefit Guaranty Corporation vacates 365,000 SF at 1200 K Street.

## SUPPLY AND DEMAND

The D.C. government has already responded to the threat of increased regional competition by offering incentives for current office tenants to remain in the District. The Advisory Board Company was offered tax incentives to remain in D.C. on the condition the organization would increase its employee base. Offering similar incentives to other current and potential tenants would help increase demand for office space in the District.

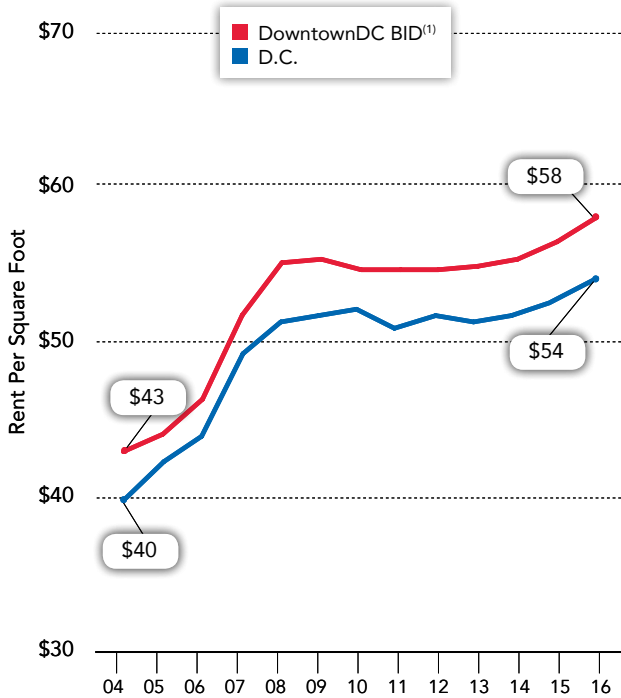
The DowntownDC BID is partnering with the Golden Triangle BID to improve downtown's office market performance through a proposed pilot program to convert older office space to residential, removing vacant office space from the market. A successful pilot program would drive other developers to begin additional conversions over the next 3-10 years. By managing both office supply and demand, the hope is to reduce DowntownDC's overall office vacancy rate to under 10%.



This 10-story, 400,000 SF office building located at 600 Massachusetts Avenue NW opened in Dec. 2016 with a rooftop garden and ground floor retail. It was developed by Gould Property Company and Oxford Properties Group.

(Photo courtesy of Gould Property Company)

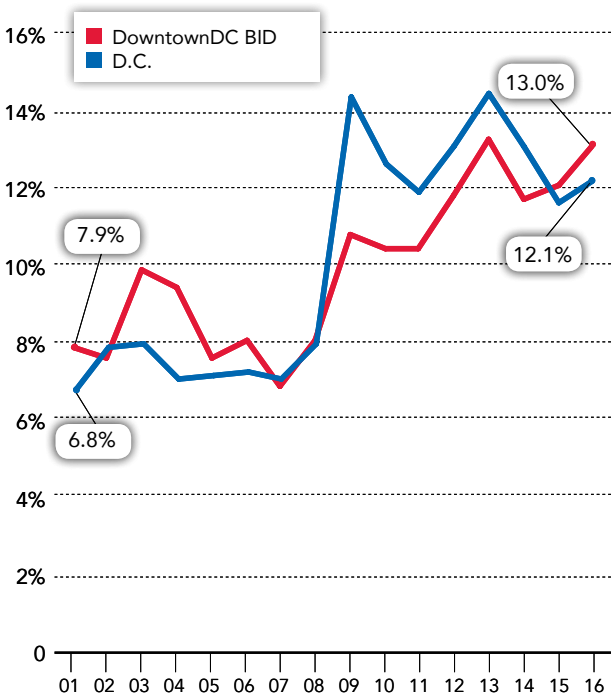
**DowntownDC BID and D.C. Direct Asking Office Rent History in D.C., 1999–2016**



(1) Cushman and Wakefield's East End market is used as the DowntownDC BID's office market.

Source: Cushman & Wakefield

**DowntownDC BID and D.C. Overall Vacancy Rates, 2001–2016**



Source: Cushman & Wakefield



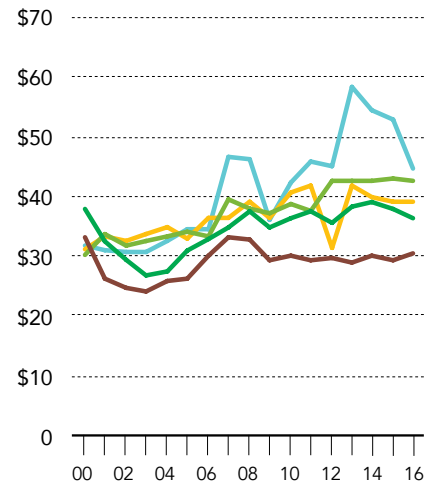
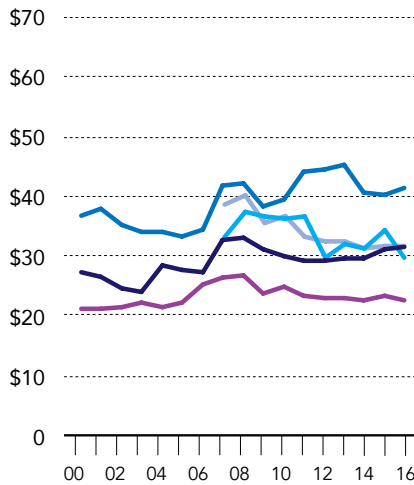
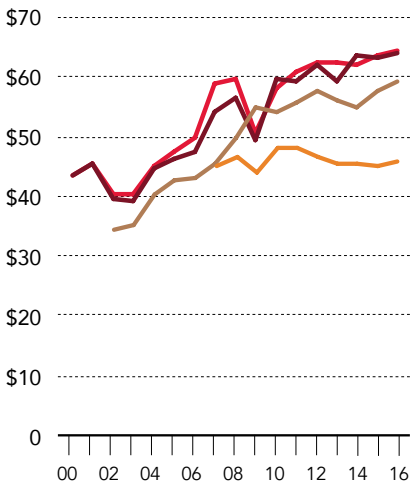
## Regional Class A Office Rent Per SF Comparison, 2000-2016

(dollars per square foot)

D.C.	2015	2016
DowntownDC BID	\$63	\$64
Central Business District	63	64
Capitol Hill/NoMa	57	59
Capitol Riverfront	45	45

Suburban Maryland	2015	2016
Bethesda/Chevy Chase	\$40	\$41
Pike Corridor <sup>(1)</sup>	34	29
Rock Spring Park <sup>(1)</sup>	31	32
Silver Spring	31	31
Prince George's County	23	22

Northern Virginia	2015	2016
Rosslyn	\$53	\$45
Ballston	43	43
Crystal City	39	39
Tysons Corner/McLean	38	37
Reston/Herndon	30	31



(1) Data not available prior to 2011

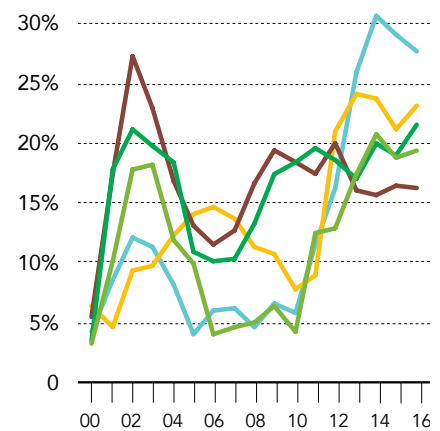
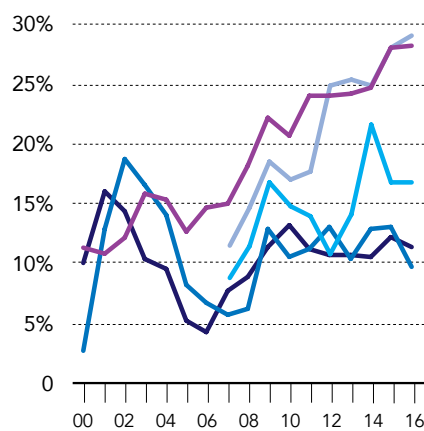
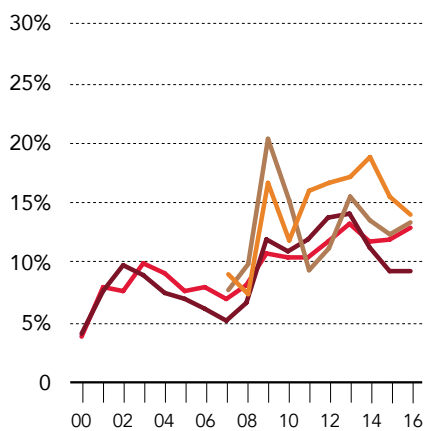
Source: Cushman & Wakefield

## Regional Office Vacancy Comparison, 2000-2016

D.C.	2015	2016
DowntownDC BID	12.0%	13.0%
Central Business District	9.3	9.3
Capitol Hill/NoMa	12.2	13.2
Capitol Riverfront	15.4	13.9

Suburban Maryland	2015	2016
Bethesda/Chevy Chase	13.1%	9.7%
Pike Corridor <sup>(1)</sup>	16.9	16.8
Rock Spring Park <sup>(1)</sup>	28.2	29.1
Silver Spring	12.2	11.5
Prince George's County	28.2	28.3

Northern Virginia	2015	2016
Rosslyn	29.1%	27.7%
Ballston	18.9	19.4
Crystal City	21.3	23.1
Tysons Corner/McLean	19.1	21.7
Reston/Herndon	16.4	16.2

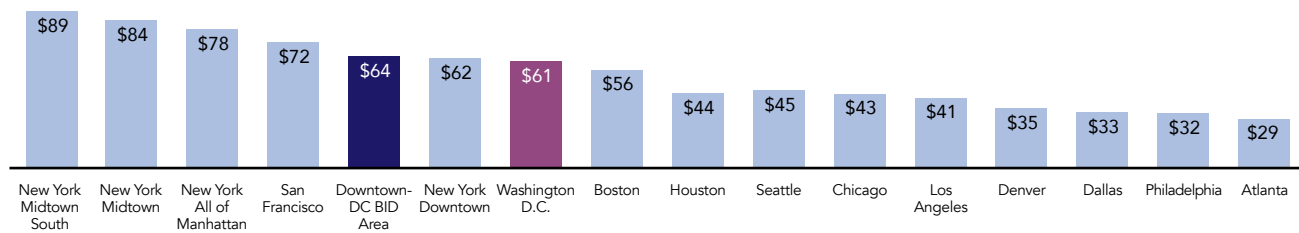


(1) Data not available prior to 2011

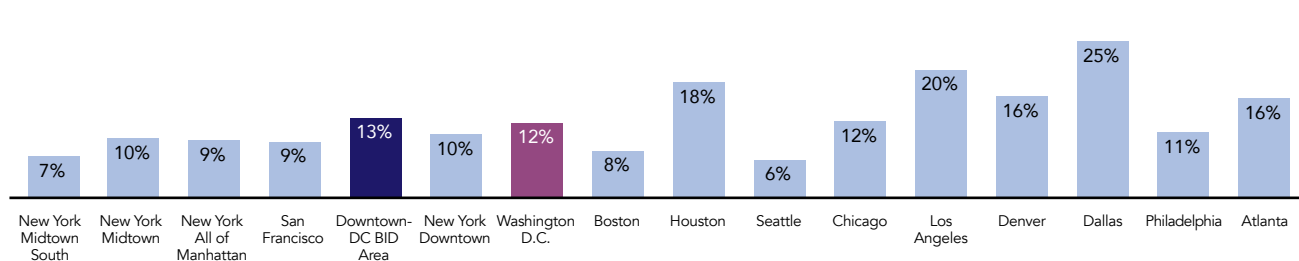
Source: Cushman & Wakefield

## Large City Downtown Office Market Comparison, 2016<sup>(1) (2)</sup>

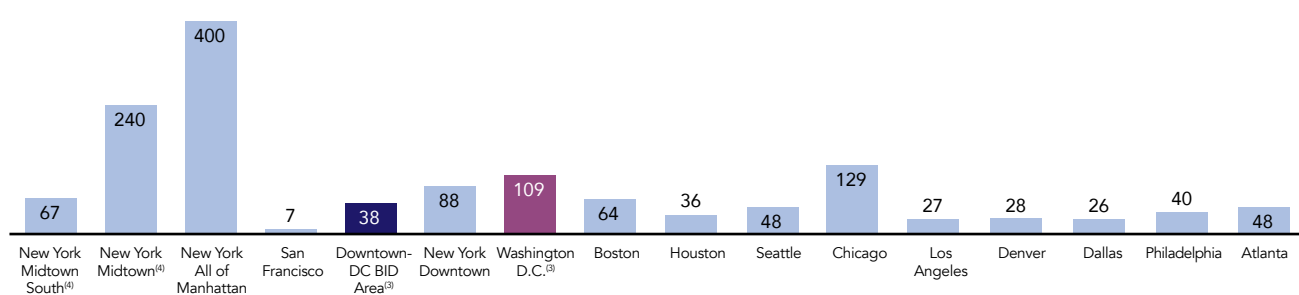
### Class A Asking Rents Per SF



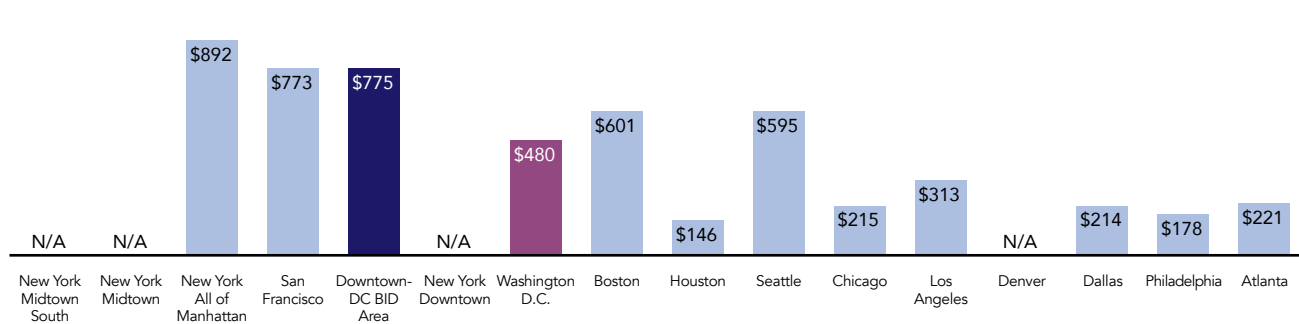
### Overall Vacancy Rates



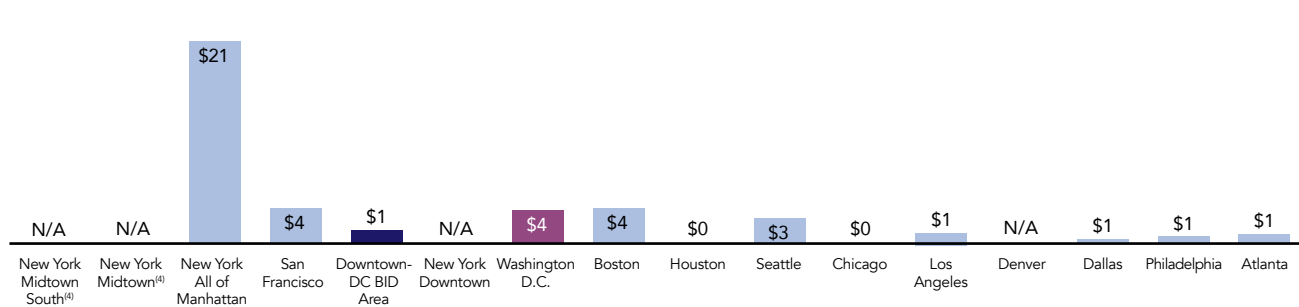
### Private Office Space Inventory (millions of SF)



### Office Sales, Overall Price Per SF



### Office Sales Total Dollars (billions)



(1) DowntownDC BID uses Cushman & Wakefield's East End office market as the DowntownDC BID office market.

(2) Data for the Class A asking rents, overall vacancy rates, and private/non-owner occupied office space inventory is provided by Cushman & Wakefield. Data for office sales is provided by Real Capital Analytics.

(3) Including federal government office buildings and other owner-occupied office buildings, DowntownDC's office space increases from 38 million SF to 66 million SF and D.C.'s office space increases from 108 million SF to 180 million SF.

(4) Office sales data for Midtown and Downtown New York is not available, but All of Manhattan is available

Sources: Cushman & Wakefield and Real Capital Analytics.



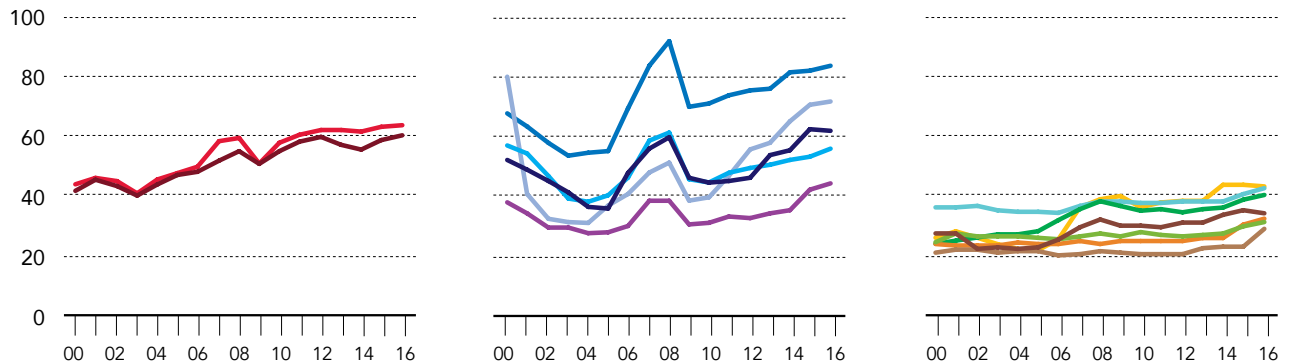
## Large City Downtown Class A Office Asking Rents, 1995–2016<sup>(1) (2)</sup>

(dollars per SF)

	2015	2016
DowntownDC BID	\$63	\$64
Washington D.C.	59	61

	2015	2016
New York—Midtown	\$82	\$84
San Francisco	71	72
Boston <sup>1</sup>	53	56
New York—Downtown	63	62
Seattle	43	45

	2015	2016
Chicago	\$41	\$43
Philadelphia	30	32
Houston	44	44
Los Angeles	39	41
Denver	36	35
Dallas	31	33
Atlanta	23	29



(1) Cities other than Washington, D.C. and the DowntownDC BID are grouped by size of central business district office markets and listed by asking rent per SF.

(2) Rent concessions were offered widely in 2009.

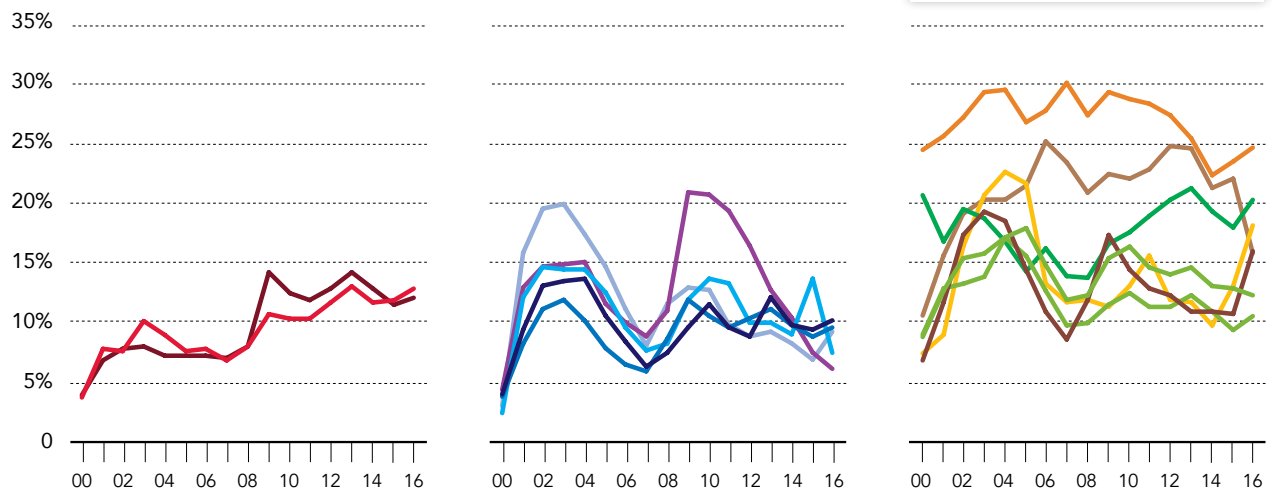
Source: Cushman & Wakefield

## Large City Downtown Overall Office Vacancy Rates, 2000–2016<sup>(1)</sup>

	2015	2016
DowntownDC BID	12%	13%
Washington D.C.	12	12

	2015	2016
San Francisco	7%	9%
New York—Downtown	9	10
Boston <sup>1</sup>	14	8
New York—Midtown	9	10
Seattle	8	6

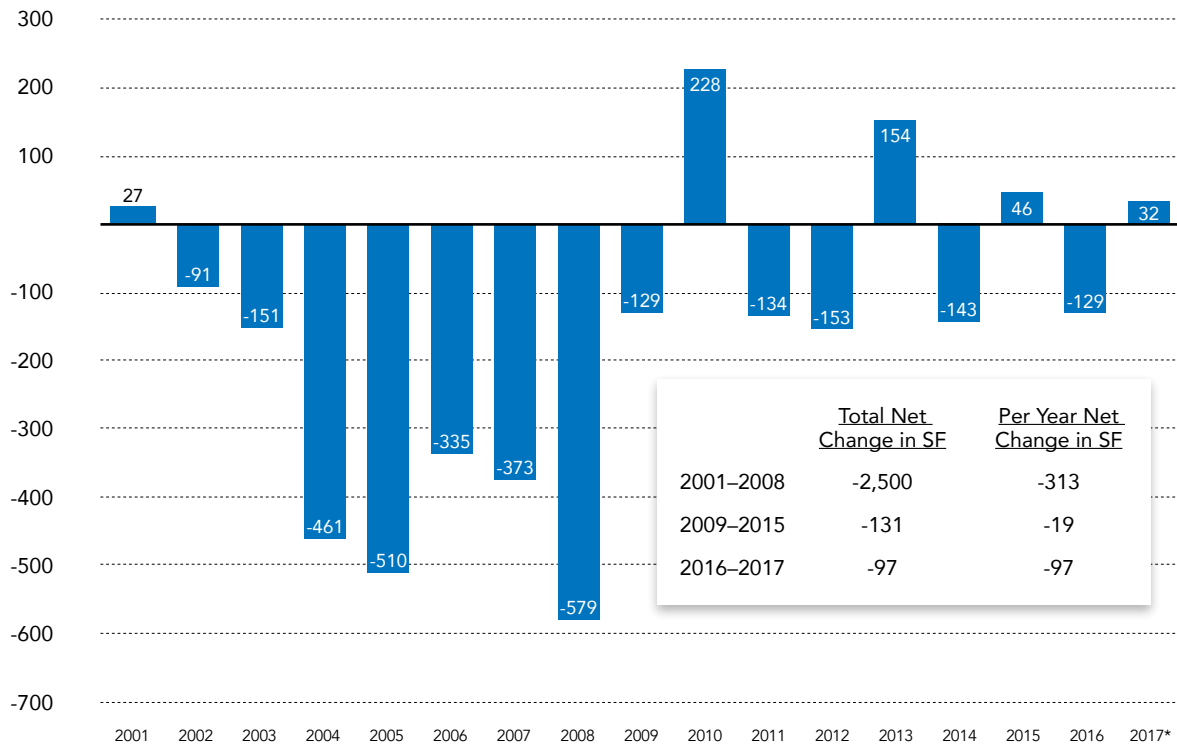
	2015	2016
Philadelphia	9%	11%
Chicago	13	12
Houston	13	18
Denver	11	16
Los Angeles	18	20
Atlanta	22	16
Dallas	24	25



(1) Cities other than Washington, D.C. and the DowntownDC BID are grouped by size of central business district office markets and listed by vacancy rate.

Source: Cushman & Wakefield

## Office Tenant Net Movement In or Out of D.C., 2001–2017 (thousands of SF)



\* Projection as of April 2017

Sources: DowntownDC BID, CoStar, Washington DC Economic Partnership, Cushman & Wakefield and Jones Lang LaSalle

## D.C. Office Sales Data by Year, 2001–2016 <sup>(1)</sup>

	Properties	Total SF (millions)	Volume (billions)	Price per SF <sup>(2)</sup>
2001	45	8,945,668	\$2,229,271,024	\$253
2002	45	8,603,261	\$2,250,070,838	\$251
2003	56	12,632,022	\$3,656,661,967	\$299
2004	47	10,647,597	\$3,601,126,789	\$336
2005	58	12,095,038	\$4,926,491,203	\$415
2006	86	19,374,641	\$7,119,918,075	\$473
2007	57	11,588,865	\$5,053,698,698	\$471
2008	25	4,346,418	\$2,291,582,798	\$531
2009	12	3,353,258	\$1,389,131,934	\$421
2010	30	7,272,965	\$3,146,958,029	\$475
2011	38	8,218,860	\$3,770,870,812	\$489
2012	30	7,127,985	\$3,316,748,509	\$476
2013	33	6,832,036	\$3,182,820,664	\$553
2014	34	8,329,919	\$4,175,451,059	\$583
2015	36	8,708,641	\$4,362,986,478	\$599
<b>2016</b>	<b>30</b>	<b>7,658,384</b>	<b>\$3,581,388,021</b>	<b>\$480</b>

(1) Includes sales of buildings over 40,000 SF, including partial interest sales and portfolio transactions

(2) Amount per SF analysis does not include estimated prices.

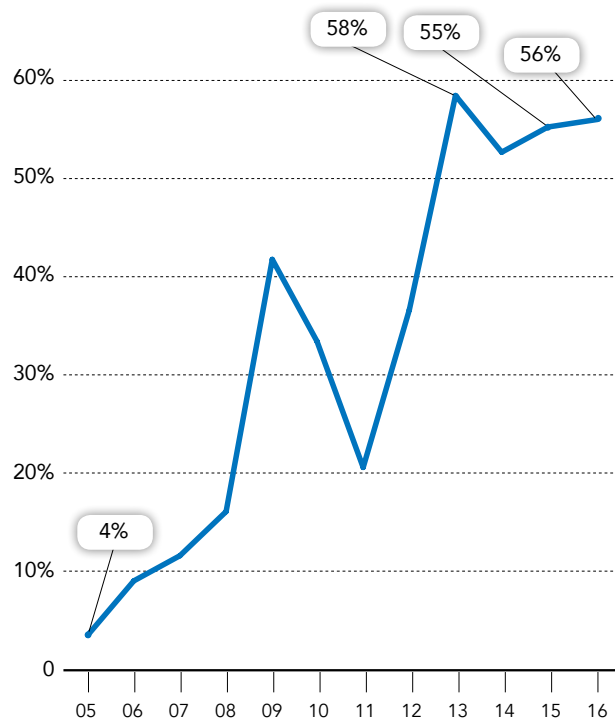
Source: Real Capital Analytics



TWO DOWNTOWNDC OFFICE TENANTS  
IN EARLY 2017 SIGNED LEASES IN  
ROSSLYN TOTALING 46,000 SF



# Foreign Investors Market Share of D.C. Office Sales, 2005–2016



Source: Jones Lang LaSalle



FOR THE PAST 4 YEARS  
FOREIGN INVESTORS ACCOUNTED FOR  
MORE THAN 50%  
OF ALL D.C. OFFICE SALES

Quadrangle Development Corporation in 2016 began demolishing this 12-story office building at 1301 Pennsylvania Avenue NW to build the \$100 million One Freedom Plaza development.

(Photo: Kevin Koski)





# DOWNTOWNDC LIVING



The average annual household income in DowntownDC in 2016 was \$131, 730 with an average household size of 1.5 individuals, according to ESRI forecasts from the Washington, DC Economic Partnership.

(Photo: Rich Kessler)

## HIGH DEMAND, NO NEW SUPPLY

DowntownDC apartments and condos set new records for rents and resell values in 2016 as demand continued to grow for living in DowntownDC and in the absence of any new supply coming on the market.

DowntownDC Class A high-rise rents averaged \$3.29 per square foot (SF) in 2016, an increase of 2% over 2015 and a new record for DowntownDC. Luxury development CityCenterDC, in DowntownDC, continued to report apartment rental rates of approximately \$4 per SF. The 2016 record pricing for DowntownDC condominium resales was \$643 per SF, with resales at CityCenterDC in the \$950-\$1,100 per SF range. DowntownDC's stabilized apartment vacancy rate also dropped to a very low 2.9%, which was 1% lower than most neighboring submarkets in the District.

DowntownDC's population in 2016 was 9,831 residents who lived in approximately 7,100 residential units. No new residential units were delivered in 2016 for the second consecutive year.

The average annual household income in DowntownDC in 2016 was \$131,730 and the average household size was 1.5 individuals. Over three-fourths of residents in DowntownDC attained a bachelor's degree or higher (79%) and a total of 35% of DowntownDC residents in 2016 were 30 years of age or younger.

## STRONG COMPETITION

DowntownDC faces strong residential competition from other D.C. submarkets and, to a lesser extent, Maryland and Virginia suburbs that are becoming more walkable. In the area just north of DowntownDC, which has long been more densely residential, the effective rental rate was \$3.47 per SF, surpassing DowntownDC for the first time in three years. In the condominium market, both the Georgetown and 14th & U submarkets continued to outperform DowntownDC in 2016 with resale prices in the \$720- \$730 per SF range compared to \$643 per SF in DowntownDC.

In 2016, D.C.'s population grew by 10,793 residents, or 1.9%, while the rest of the region's population grew by 1.1% and the U.S. population grew by 0.5%. D.C. now accounts for 11.15% of the region's population, up from 10.78% in 2010, while averaging growth of approximately 13,000 residents per year.

D.C. is likely to continue increasing its share of regional population with 11,591 market-rate multifamily units under construction at the end of 2016 and market-rate multifamily groundbreakings set a record in 2016. Multifamily unit groundbreakings in D.C. surpassed 5,000 units for the first time in history in 2016 with 5,124 units (86% apartments) as the inner Maryland and Virginia suburbs combined to break ground on just 3,986 units.

With approximately 188,000 jobs in DowntownDC and only 7,100 housing units, DowntownDC's workers are providing demand not only for DowntownDC residential units, but also for other neighborhoods throughout the District.

## LIMITED GROWTH

The only residential units slated for development at the end of 2016 were 150 apartments as part of the Capitol Crossing development over I-395, which is not scheduled to open until at least 2020.

However, planned redevelopments in DowntownDC could provide a potential opportunity for residential growth, including the Federal Bureau of Investigation, Washington Metropolitan Area Transit Authority (WMATA) and U.S. Department of Labor headquarters buildings, which have not yet been formalized.

## RESIDENTIAL INCLUSION

Residents will become a direct priority for the DowntownDC BID in 2018 when DowntownDC residents will be formally included in the BID for the first time in its history, following D.C. City Council approval in 2016. In addition to maintaining streets and sidewalks in front of residential buildings and offering safety and hospitality services, the BID will be investing more in amenities in DowntownDC to better serve residents including parks and public spaces, programming and events, services for individuals experiencing homelessness and including residents in planning and infrastructure initiatives in DowntownDC.

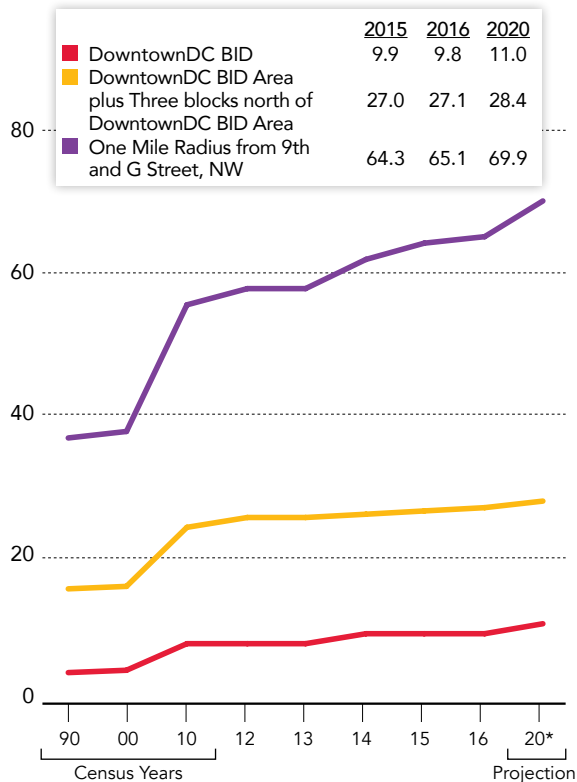




D.C. is likely to continue increasing its share of the region's population as 11,591 market-rate multifamily units were under construction at the end of 2016.

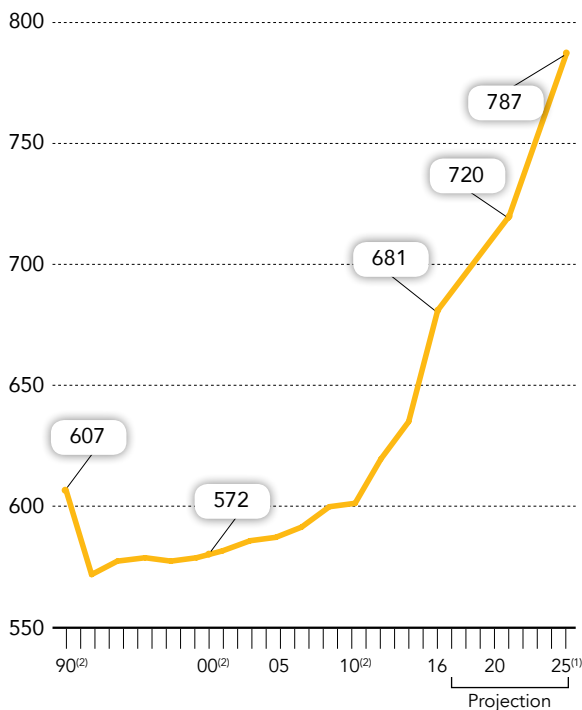
(Photo: Rich Kessler)

Downtown Population, 1990–2021<sup>(1)</sup> (thousands)



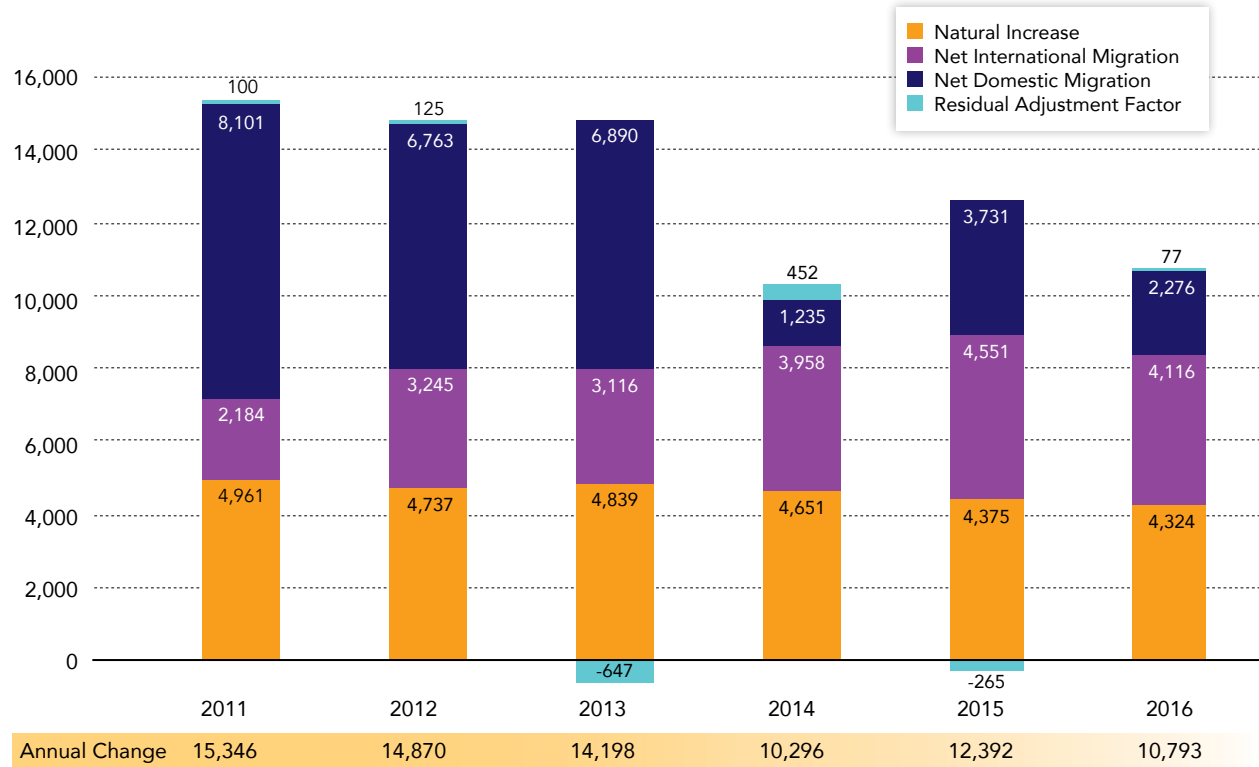
(1) Estimates based on 1.3 residents per apartment units and 1.5 residents per condo unit  
 Sources: U.S. Census Bureau, Delta Associates, and DowntownDC BID

D.C. Population, 1990–2025 (thousands)



(1) Projection from Metropolitan Washington Council of Government's Population and Household Forecasts  
 (2) U.S. Census Year  
 Sources: Metropolitan Washington Council of Government, ESRI, Washington DC Economic Partnership, and DowntownDC BID

## D.C. Population Change Component Analysis, 2011–2016



Source: U.S. Census Bureau

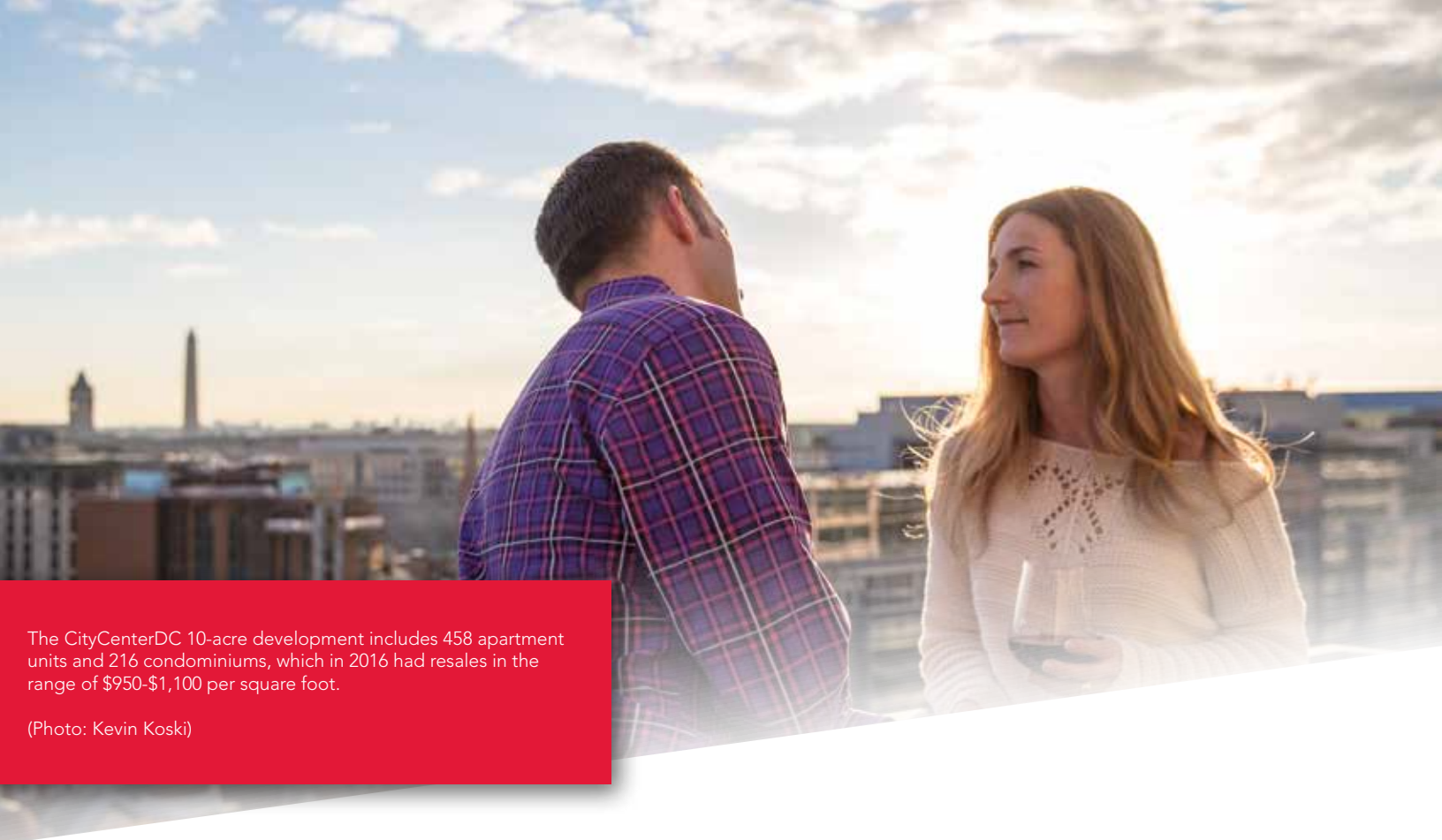
## Regional Population, 2000–2016

(thousands)

	Population									Change						
									2016		2000–2016		2010–2016		2015–2016	
									#	%	#	%	#	%	#	%
D.C.	572	602	620	635	649	659	670	681.170	11.11%	109	19.1%	79	13.2%	11	1.6%	
Suburban Maryland	2,065	2,304	2,344	2,369	2,394	2,417	2,434	2,448.459	39.9%	383	18.5	144	6.3	14	0.6	
Northern Virginia	2,158	2,677	2,758	2,812	2,859	2,889	2,918	2,945.980	48.0%	788	36.5	269	10.0	28	1.0	
Total <sup>(1)</sup>	4,837	5,636	5,777	5,871	5,957	6,021	6,078	6,131.977	100.0%	1,295	26.8	496	8.8	54	0.9	

(1) Total includes Jefferson, WV. 2016 is an estimate for all jurisdictions except D.C.

Sources: U.S. Census Bureau, Center for Regional Analysis at George Mason University

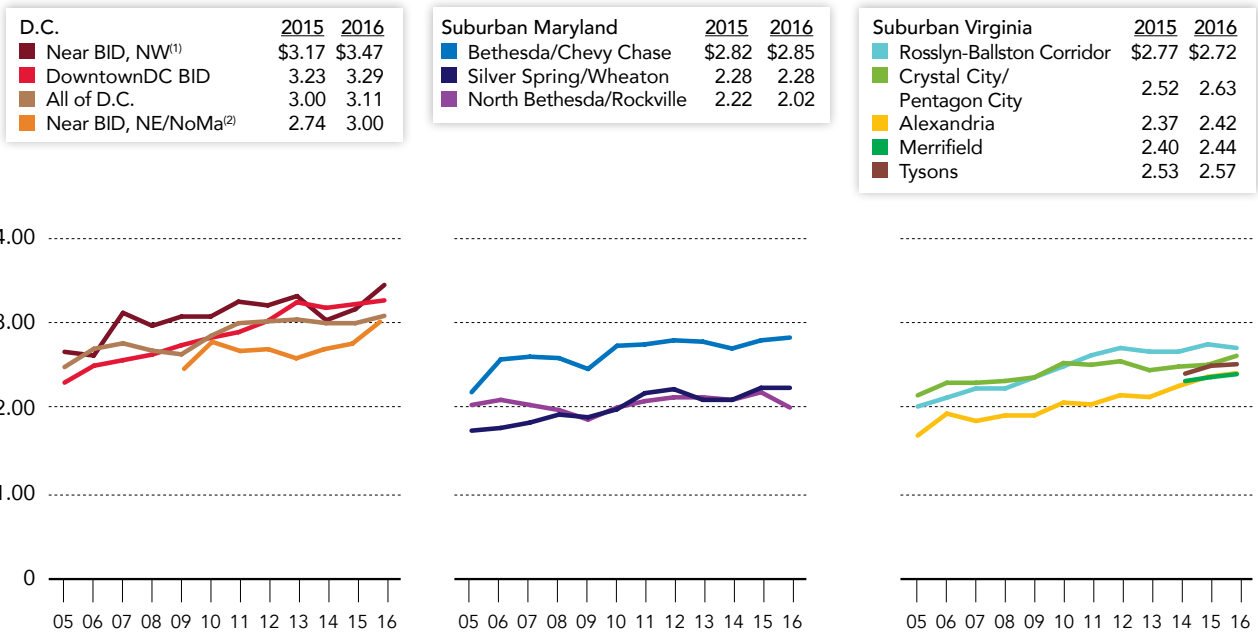


The CityCenterDC 10-acre development includes 458 apartment units and 216 condominiums, which in 2016 had resales in the range of \$950-\$1,100 per square foot.

(Photo: Kevin Koski)

### Effective Rental Rates in Class A High Rise Apartment Buildings, 2005–2016

(per square foot per month)



(1) Includes the area five blocks north and west of the DowntownDC BID boundary  
 (2) Includes the NoMa BID area and the H Street corridor west of 5th St NE

Source: Delta Associates

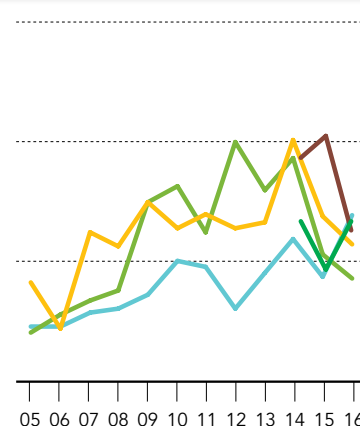
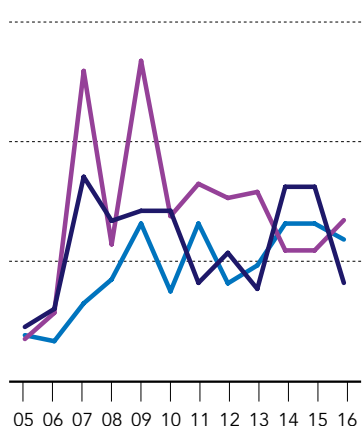
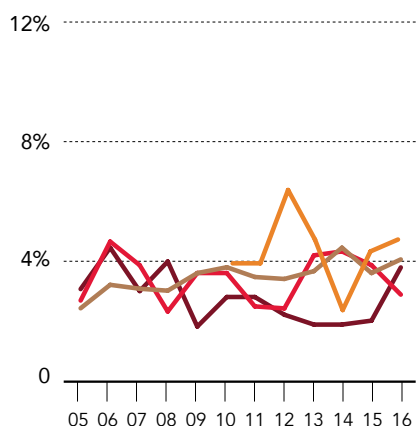


## Stabilized Residential Vacancy Rates in Class A High-rise Apartment Buildings, 2005–2016

D.C.	2015	2016
DowntownDC BID	3.9%	2.9%
Near BID, NW <sup>(1)</sup>	2.0	3.8
All of D.C.	3.6	4.1
Near BID, NE/NoMa <sup>(2)</sup>	4.3	4.7

Suburban Maryland	2015	2016
Bethesda/Chevy Chase	5.3%	4.8%
Silver Spring/Wheaton	6.5	3.3
North Bethesda/Rockville	4.4	5.4

Suburban Virginia	2015	2016
Rosslyn-Ballston Corridor	3.5%	5.6%
Crystal City/ Pentagon City	4.2	3.4
Alexandria	5.5	4.6
Merrifield	3.7	5.4
Tysons	8.2	5.5



(1) Includes the area five blocks north and west of the DowntownDC BID boundary

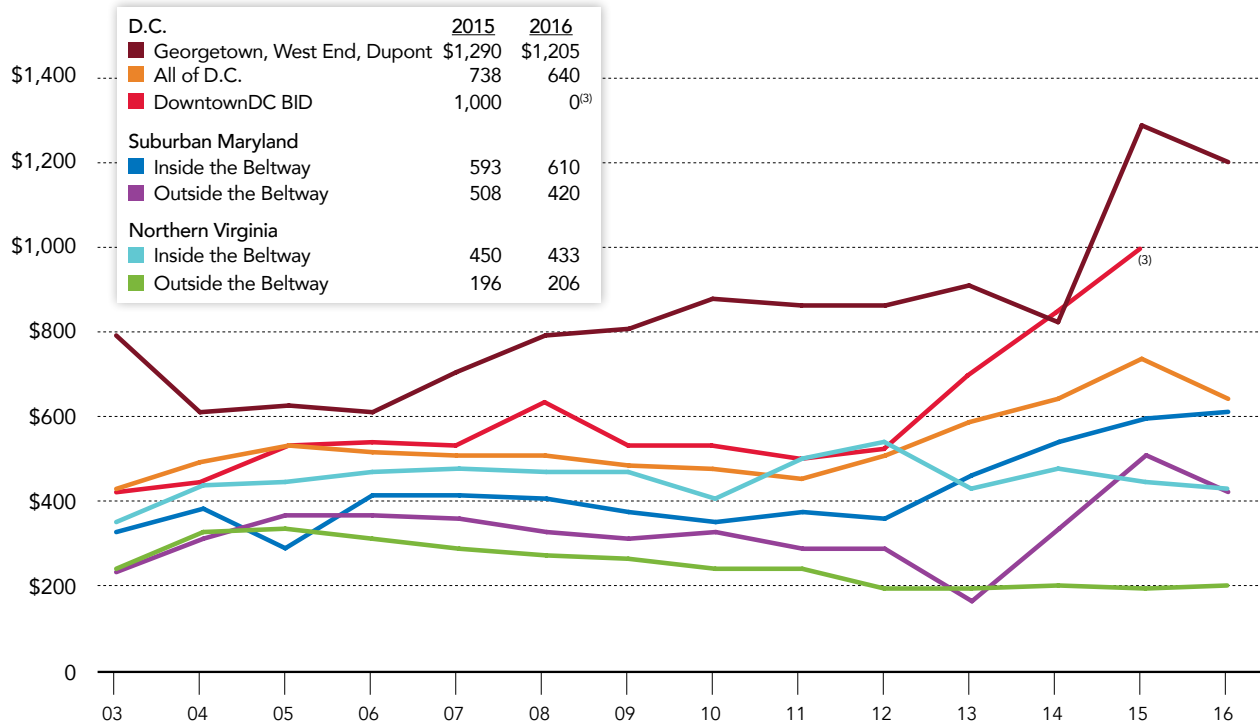
(2) Includes the NoMa BID area and the H Street corridor west of 5th St NE

Source: Delta Associates

Strong John Thomson Elementary School, located in DowntownDC, was the first D.C. public elementary school to become an International Baccalaureate Primary Years Programme World School.

(Photo: Adrian Saunders)

## Average New Condominium Prices Per SF in the Region, 2003–2016<sup>(1)(2)</sup>



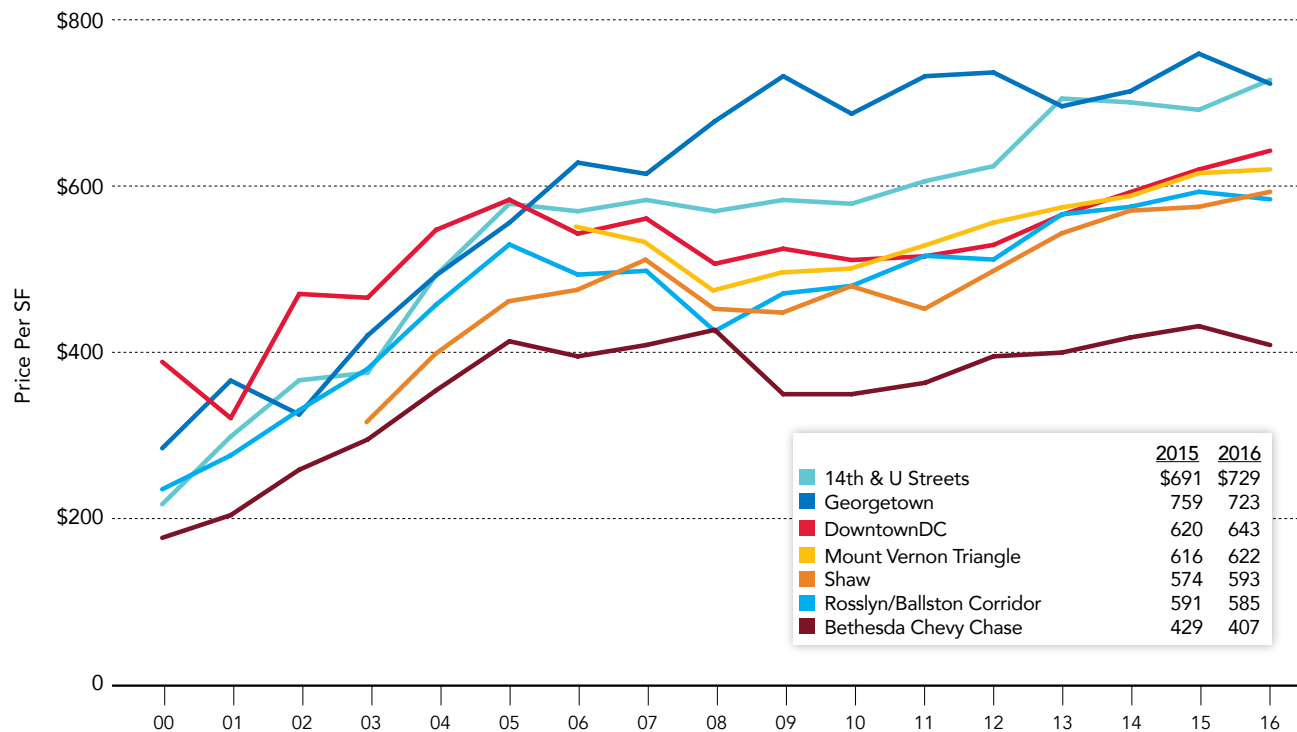
(1) Averages are of fourth quarter sales.

(2) Years are not comparable because they are initial sales of projects only.

(3) No new units were delivered in 2016.

Source: Delta Associates

## Regional Condominium Average Resale Price Per Square Foot, 2000–2016



Source: The Mayhood Company

## DowntownDC BID Area Demographic Profile, 2016

(From 7th and H Streets, NW)

	BID	0-.5 mi	0-1 mi	0-3 mi	0-5 mi	0-20 mi	D.C.	Suburban Maryland <sup>(1)</sup>	Northern Virginia <sup>(2)</sup>	Nation
<b>Population</b>										
Total	9,831	16,526	47,878	345,970	772,634	3,861,690	659,110	3,073,709	2,365,724	323,580,626
Male	51%	50%	51%	50%	48%	48%	47%	49%	49%	49%
Female	49%	50%	49%	50%	52%	52%	53%	51%	50%	51%
<b>Race</b>										
White	64%	50%	50%	52%	45%	46%	41%	56%	61%	71%
Black	14%	27%	30%	32%	40%	31%	47%	25%	14%	13%
Asian	16%	15%	11%	6%	6%	11%	4%	9%	13%	6%
Hispanic	10%	10%	13%	13%	14%	17%	11%	12%	18%	18%
<b>Age</b>										
20-24	13%	11%	10%	11%	10%	7%	10%	6%	6%	7%
25-29	22%	18%	18%	14%	13%	8%	11%	6%	9%	7%
30-34	16%	15%	15%	13%	11%	8%	10%	7%	9%	7%
35-39	9%	9%	10%	8%	8%	7%	7%	7%	8%	6%
<b>Educational Attainment</b>										
Not Completed High School	7%	9%	10%	8%	10%	9%	10%	8%	25%	13%
Completed High School <sup>(3)</sup>	14%	22%	24%	25%	32%	37%	35%	45%	33%	57%
Bachelor's Degree	33%	28%	29%	29%	26%	27%	24%	25%	31%	19%
Graduate/Professional Degree	46%	41%	37%	38%	32%	28%	31%	22%	29%	12%
<b>Households</b>										
Total	5,908	9,781	26,201	162,072	349,810	1,486,505	290,441	1,102,151	854,268	121,786,233
Average Household Size	1.5	1.6	1.8	2.0	2.1	2.5	2.1	2.7	2.6	2.59
Single Female Heads of Households	3%	8%	9%	10%	14%	13%	16%	13%	9%	13%
Owner Occupied	18%	24%	24%	32%	33%	53%	36%	65%	57%	55%
Median Home Value	\$499,735	\$533,236	\$592,667	\$601,772	\$523,207	\$450,231	\$541,183	\$380,321	\$504,858	\$198,891
<b>Household Income</b>										
Average Annual Household Income	\$131,730	\$112,260	\$111,599	\$114,863	\$108,555	\$123,715	\$106,277	\$116,999	\$136,227	\$77,008
Median Household Income	\$102,379	\$82,258	\$82,459	\$82,353	\$76,310	\$91,145	\$69,588	\$92,706	\$105,943	\$54,149
Share of Households with Incomes of \$75,000 or more	63%	54%	54%	54%	51%	59%	48%	60%	68%	36%

(1) Suburban Maryland includes Anne Arundel, Frederick, Howard, Montgomery, and Prince George's counties

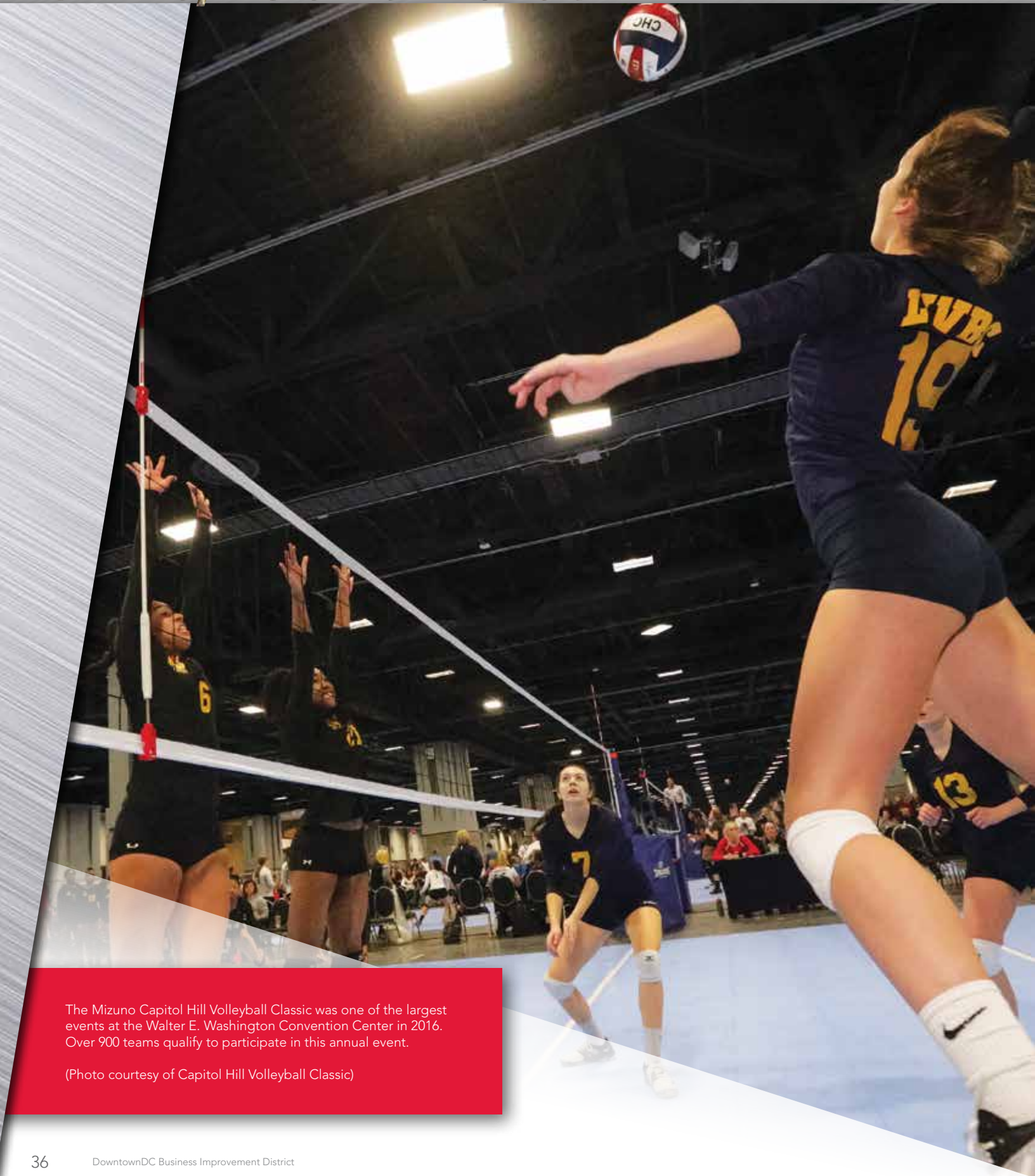
(2) Northern Virginia includes Alexandria City, Arlington, Fairfax, Loudon, and Prince William counties

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

Source: ERSI forecasts courtesy of Washington, DC Economic Partnership



# HOTELS, TOURISM & CONVENTIONS



The Mizuno Capitol Hill Volleyball Classic was one of the largest events at the Walter E. Washington Convention Center in 2016. Over 900 teams qualify to participate in this annual event.

(Photo courtesy of Capitol Hill Volleyball Classic)

## RECORD HOTEL PERFORMANCE

DowntownDC hotels in 2016 experienced a second consecutive year of record operating performance and total revenue boosted by business travelers, convention attendees and total visitors of over 21 million to the District.

DowntownDC hotels continued to be a top choice due to their central location, proximity to the federal government, large and small associations and non-profits, the National Mall, landmarks, culture and entertainment, its accessibility and its diverse retail offerings. Additionally, the Walter E. Washington Convention Center continued to fuel DowntownDC's hotel market success with over 200 events with 1.4 million attendees in 2016. Destination DC, the official destination marketing organization of the District, booked over 1 million D.C. hotel room nights related to conventions in 2016 or 13% of the city's hotel demand.

DowntownDC hotels reported an 81% occupancy rate in 2016 (up from 79% in 2015), an average daily room rate of \$242 (up from \$234 in 2015) and Revenue Per Available Room Night (RevPAR) of \$196 (up from \$184 in 2015). These performance metrics indicate that DowntownDC hotels performed at a 20% premium compared to hotels in the rest of D.C.

Since Jan. 2014, D.C. added 3,707 hotel rooms in 14 new hotels, three of which were in DowntownDC with 1,602 hotel rooms. The opening of the Trump International Hotel in DowntownDC in the fall of 2016 sparked new life on Pennsylvania Avenue with an exciting renovation of the historic Old Post Office building.

## MARKET COMPETITION

DowntownDC experienced better hotel performance than the rest of the District. DowntownDC's 10,957 hotel rooms comprised 35% of the city's 31,383 hotel rooms and DowntownDC's \$770 million in hotel room revenue was 41% of the city's \$1.9 billion total hotel room revenue.

Compared to the regional hotel market, DowntownDC in 2016 had the highest operating performance and total hotel room revenue. DowntownDC hotels also experienced higher RevPAR than other D.C. hotels and nearly double the average RevPAR of the suburban hotel market. DowntownDC's \$770 million

in hotel revenue in 2016 was greater than that of any suburban submarket, several of which had more hotel rooms.



**DOWNTOWNDC'S \$770 MILLION  
HOTEL ROOM REVENUE WAS 41% OF  
THE CITY'S \$1.9 BILLION TOTAL REVENUE**

DowntownDC hotels continued to rank fourth nationally in operating performance behind Manhattan, San Francisco and Boston downtown markets.

DowntownDC's eight performing arts venues and 13 museums and memorials remain popular destinations for hotel guests and visitors. Many visitors are also drawn to DowntownDC because of its proximity to the National Mall, adjacent to the BID, and its museums and landmarks. In 2016, the highly-anticipated National Museum of African American History and Culture opened, drawing national and international tourists to the area, and the renovated East Wing of the National Gallery of Art reopened to the public.

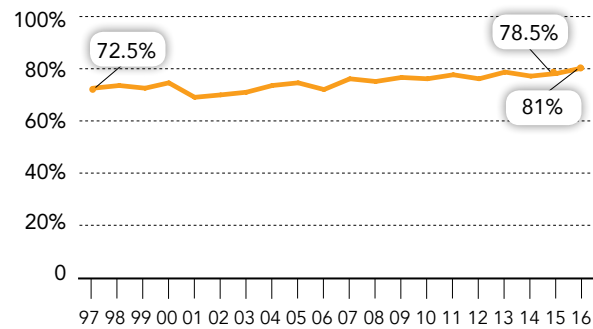
## FUTURE PERFORMANCE

In 2017, four hotels will be under construction in DowntownDC with 880 rooms, and in the rest of D.C., nine hotels will be under construction with 2,018 rooms (for a total of 2,898 new rooms in the District), increasing available accommodations in the District and most likely depressing DowntownDC's hotel performance due to increased hotel room supply. Additionally, the growth of businesses such as Airbnb may potentially affect the performance of all hotels in the District.

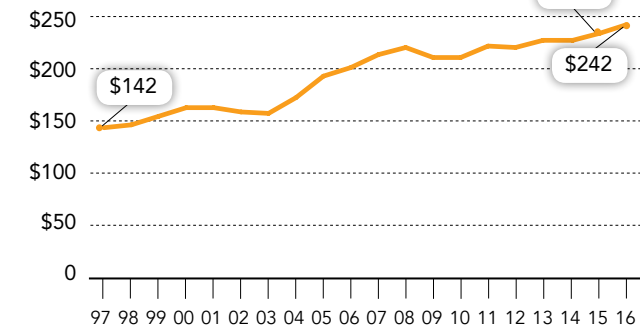


## DowntownDC BID Area Hotel Performance, 1997–2016

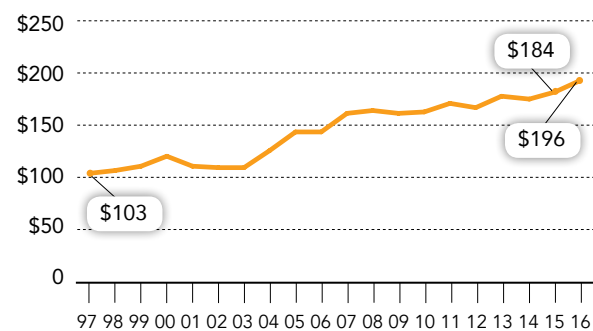
Occupancy (%)



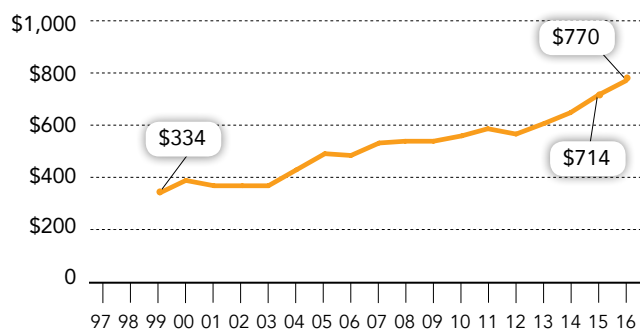
Average Daily Room Rates (\$)



RevPAR (\$)<sup>(1)</sup>



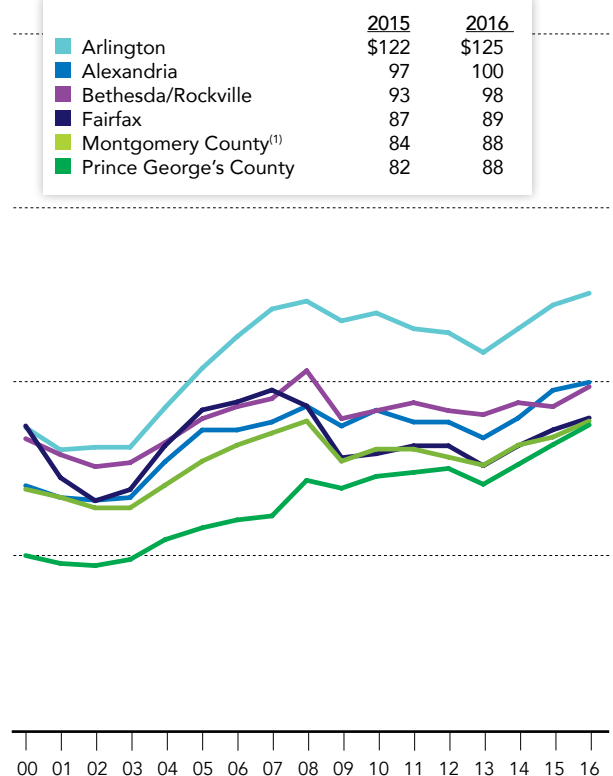
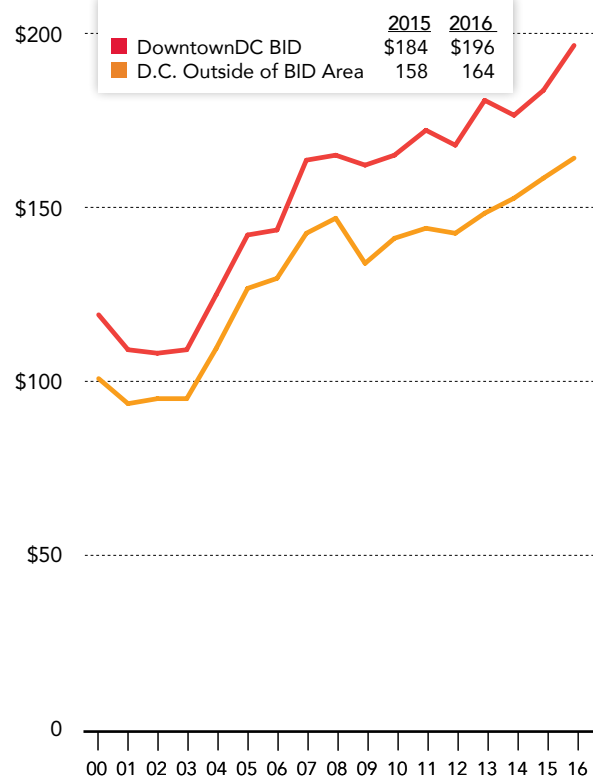
Room Revenue (millions of \$)



(1) RevPAR is an abbreviation for Revenue Per Available Room Night, which is calculated as follows: Occupancy x Average Daily Room Rate

Source: Smith Travel Research

## Regional Hotel Revenue Per Available Room Night Comparison, 2000–2016



(1) Montgomery County includes Bethesda/Rockville

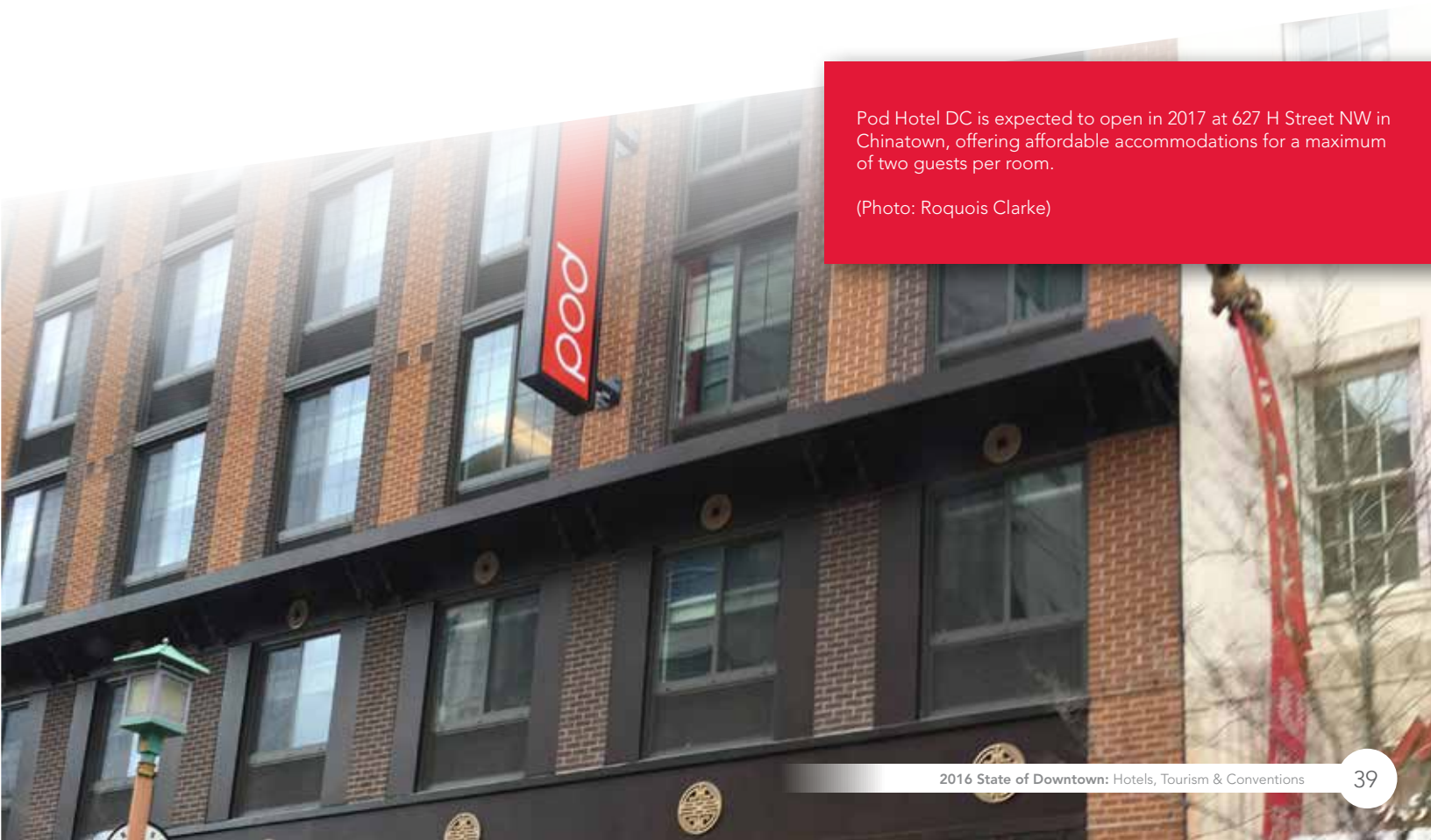
Source: Smith Travel Research

## Regional Hotel Market Size Comparison, 2016

	Hotels		Rooms		Revenue	
	#	% of Total	#	% of Total	Millions of \$	% of Total
DowntownDC BID Area	29	6%	10,957	12%	\$770	20%
D.C. Outside of BID Area	108	23%	20,426	23%	\$1,127	29%
<b>D.C. Subtotal</b>	<b>137</b>	<b>29%</b>	<b>31,383</b>	<b>36%</b>	<b>\$1,898</b>	<b>49%</b>
Alexandria	44	9%	6,304	7%	\$225	6%
Arlington County	44	9%	10,981	12%	\$502	13%
Fairfax County	108	23%	18,438	21%	\$602	15%
<b>Northern Virginia Subtotal</b>	<b>196</b>	<b>42%</b>	<b>35,723</b>	<b>41%</b>	<b>\$1,330</b>	<b>34%</b>
Montgomery County	54	11%	9,355	11%	\$303	8%
Bethesda/Rockville <sup>(1)</sup>	22	5%	4,432	5%	\$160	4%
Prince George's County	84	18%	11,479	13%	\$368	9%
<b>Suburban Maryland Subtotal</b>	<b>138</b>	<b>29%</b>	<b>20,834</b>	<b>24%</b>	<b>\$671</b>	<b>17%</b>
<b>Total Region</b>	<b>471</b>	<b>100%</b>	<b>87,940</b>	<b>100%</b>	<b>\$3,898</b>	<b>100%</b>

(1) Bethesda/Rockville submarket also included Montgomery County

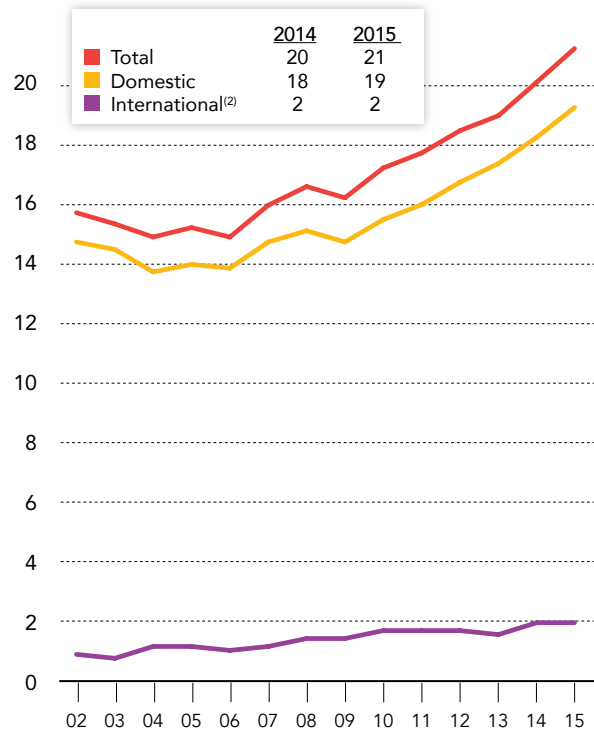
Source: Smith Travel Research



Pod Hotel DC is expected to open in 2017 at 627 H Street NW in Chinatown, offering affordable accommodations for a maximum of two guests per room.

(Photo: Roquois Clarke)

## Visitors to Washington, D.C. 2002–2015<sup>(1)</sup> (millions)



(1) Visitor data is released in June of each year for the prior year  
 (2) International visitors data does not include visitors from Canada or Mexico

Sources: Destination DC, D.K. Shifflet & Associates; Travel Market Insights, National Travel & Tourism and International Trade Administration, Department of Commerce



CHINA IS THE NO. 1 MARKET FOR  
 OVERSEAS VISITORS TO D.C.,  
 ACCOUNTING FOR OVER 300,000  
 VISITORS TO D.C. IN 2016

## Annual Visitors to the National Mall 2008–2016 (millions) (Ranked by Highest Attendance in 2016)

	Visitors to Each Memorial								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Lincoln Memorial	7.9	7.9	7.1	6.5	6.2	6.0	6.0	5.3	4.7
Vietnam Veterans Memorial	5.3	5.6	4.4	4.1	4.4	4.0	4.6	4.4	4.2
World War II Memorial	4.9	5.1	4.2	3.9	4.2	3.8	4.0	4.1	4.2
Franklin D. Roosevelt Memorial	4.4	3.3	2.9	2.8	2.8	2.3	2.2	2.6	2.6
Korean War Veterans Memorial	4.1	4.1	3.8	3.2	3.3	3.1	3.1	3.1	3.7
Martin Luther King, Jr. Memorial	3.6	3.5	3.2	3.2	3.7	0.0	0.0	0.0	0.0
Thomas Jefferson Memorial	3.4	3.1	2.7	2.6	2.6	1.9	2.3	2.3	2.4
Washington Monument	0.3	0.5	0.4	0.0	0.0	0.4	0.6	0.7	0.7
<b>Total</b>	<b>33.8</b>	<b>33.1</b>	<b>28.8</b>	<b>26.5</b>	<b>27.2</b>	<b>21.5</b>	<b>22.8</b>	<b>22.5</b>	<b>22.4</b>
% Change from Previous Year	2%	15%	9%	-2%	26%	-6%	1%	1%	7%

	Visitors to Each Museum							
	2016	2015	2014	2013	2012	2011	2010	
National Air and Space Museum	7.5	6.9	6.7	7.0	6.8	7.0	8.3	
National Museum of Natural History	7.1	6.9	7.3	8.0	7.6	6.6	6.8	
National Gallery of Art	4.1	4.1	3.9	4.1	4.2	4.4	4.8	
National Museum of American History	3.8	4.1	4.0	4.9	4.8	4.6	4.2	
Holocaust Museum	1.5	1.6	1.6	1.5	1.6	1.6	1.7	
National Museum of the American Indian	1.1	1.2	1.3	1.4	1.6	1.4	1.3	
Smithsonian Castle	1.1	1.1	1.2	1.3	1.4	1.5	1.8	
National Museum of African American History and Culture	0.7	N/A	N/A	N/A	N/A	N/A	N/A	
Hirshhorn Museum and Sculpture Garden	0.7	0.7	0.6	0.6	0.8	0.6	0.6	
<b>Total:</b>	<b>27.6</b>	<b>26.6</b>	<b>26.5</b>	<b>28.8</b>	<b>28.8</b>	<b>27.7</b>	<b>29.5</b>	
% Percent Change from Previous Year	3.8%	0.4%	-8%	0%	4%	11%	1%	

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

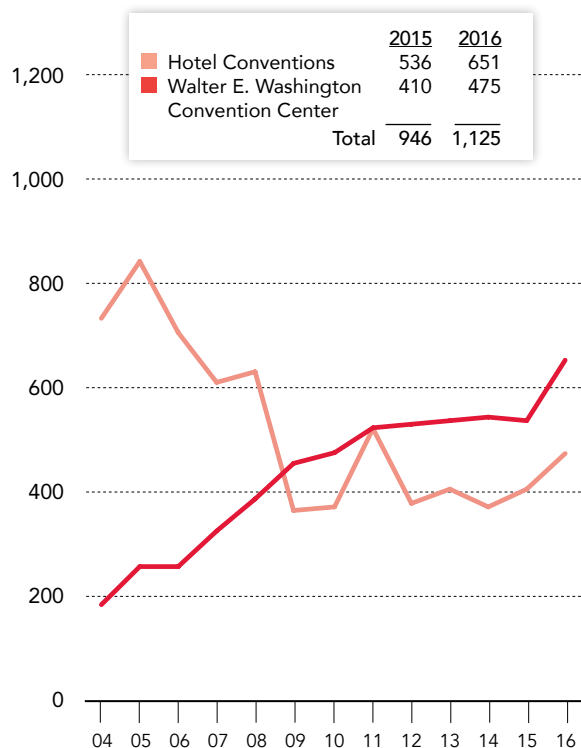




Over 1.2 million people visited the National Archives in 2016, making it the museum with the highest attendance in DowntownDC.

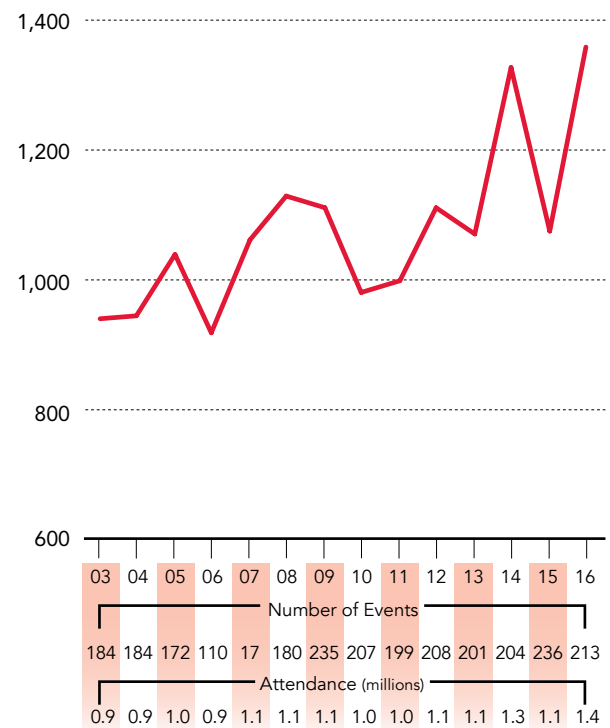
(Photo: Kevin Koski)

**Room Nights Generated by Destination DC, 2004–2016** (thousands)



Source: Destination DC

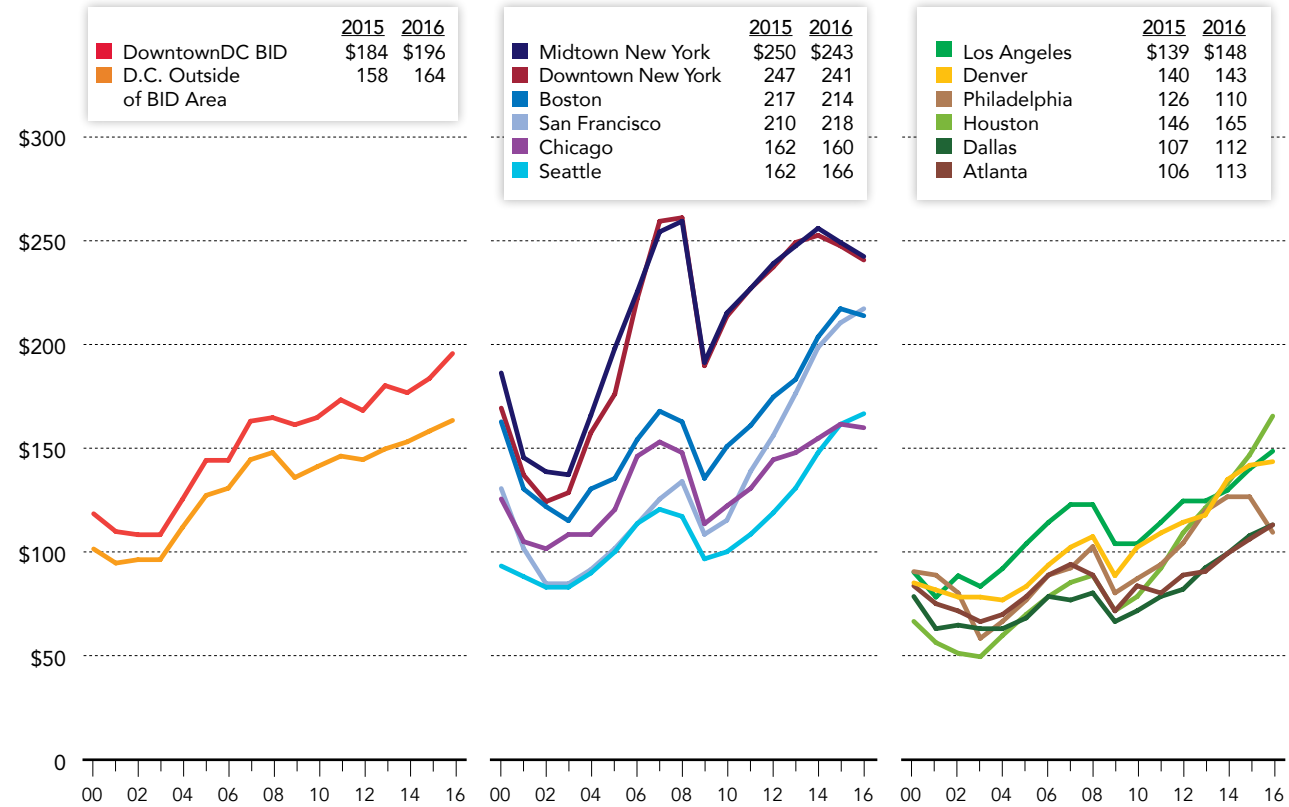
**Walter E. Washington Convention Center Attendance, 2003–2016<sup>(1)</sup>** (thousands)



(1) Walter E. Washington Convention Center Opened in March 2003

Source: Events DC

## Large City Downtown Hotel Revenue Per Available Room Performance Comparison, 2000–2016



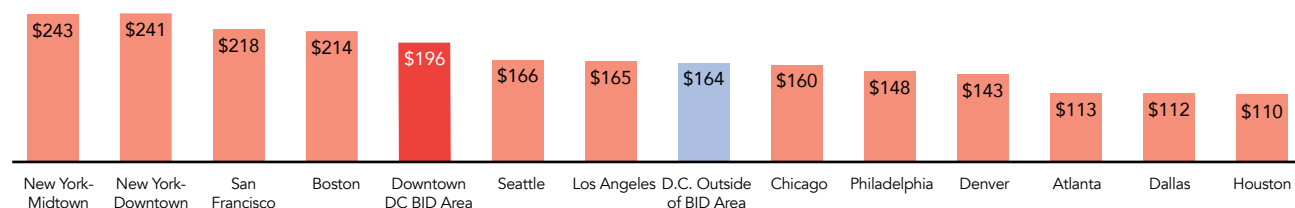
Cosplayers strike a pose at Awesome Con 2016, held at the Walter E. Washington Convention Center. Awesome Con is a comic convention featuring comic books, collectibles, toys, games, original art, cosplay and more.

(Photo: S Pakhrin/Flickr-CC BY 2.0)

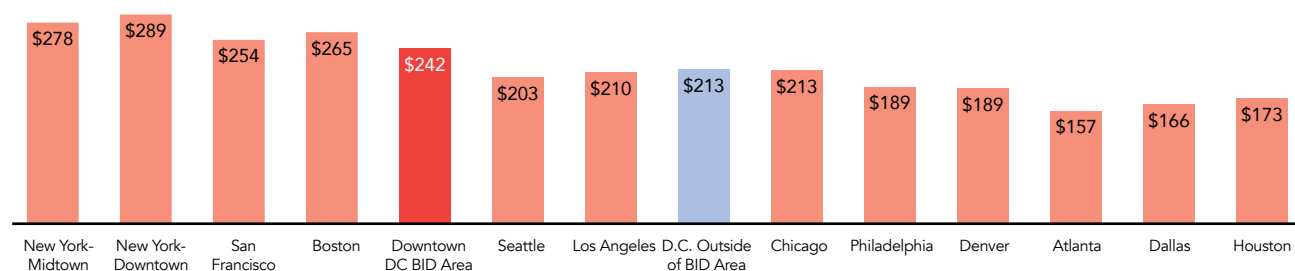


## Large City Downtown Hotel Performance Comparison, 2016

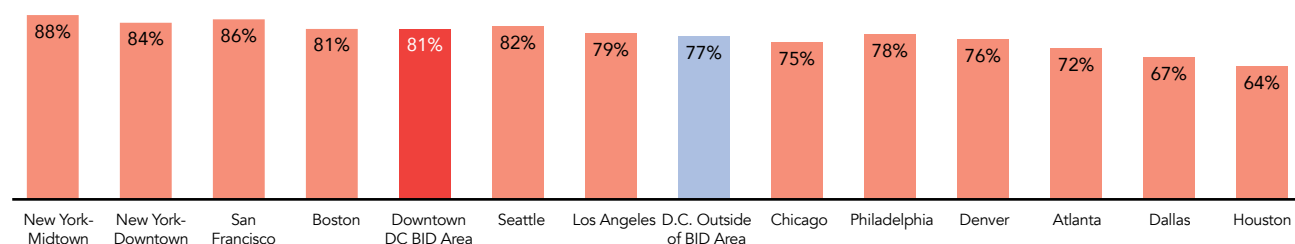
Revenue Per Available Room Night



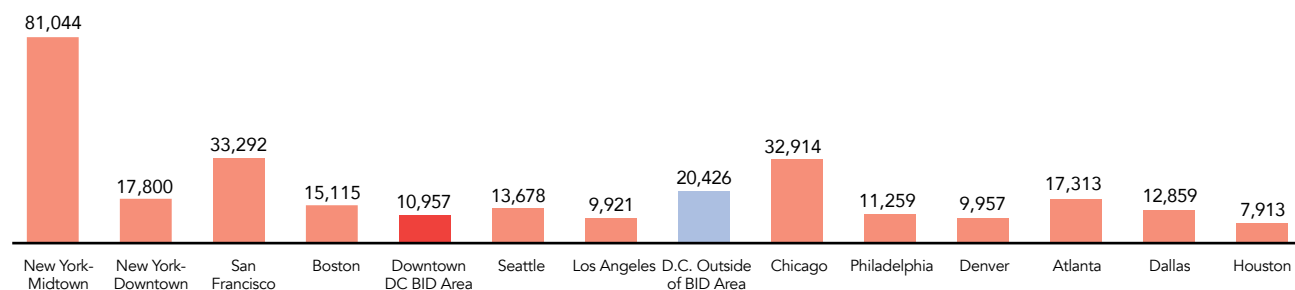
Average Room Rate



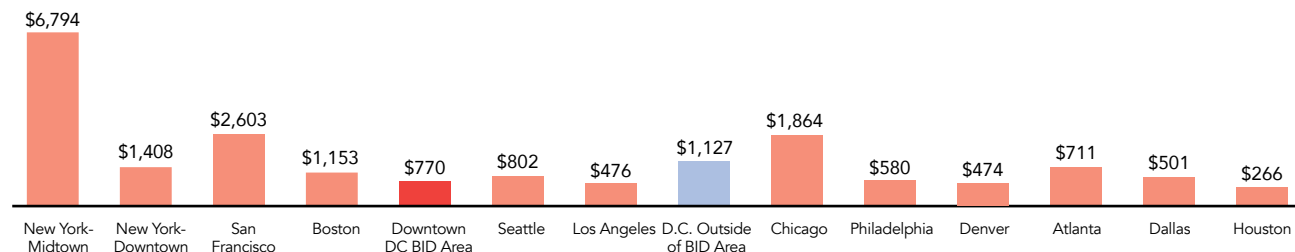
Occupancy Rate



Rooms



Revenue (millions of \$)



Source: Smith Travel Research



# CULTURE & ENTERTAINMENT



Cast members perform in the epic, Tony-winning musical “Ragtime” at Ford’s Theatre, which runs from March 10, 2017-May 20, 2017. The theatre reported 93,000 attendees in 2016.

(Photo: Carol Rosegg)

## ENTERTAINMENT DESTINATION

The Verizon Center in 2016 experienced its highest attendance since 2002 with 2.7 million people attending 218 events, up from 2.5 million attendees in 2015 as other entertainment venues in DowntownDC experienced performance successes.

The 21,000-seat Verizon Center, under the ownership of Monumental Sports & Entertainment, continued to draw up to 20,000 attendees per event and holds events over 200 days per year. As a result, the Verizon Center remained a huge economic driver for many DowntownDC restaurants and bars and contributed to attendance at cultural venues including museums.

DowntownDC reported a slight increase (1%) in attendance for all culture and entertainment venues in 2016 from 8.096 million visitors in 2015 to 8.172 million in 2016. This includes DowntownDC's 11 cultural venues and the Verizon Center.

DowntownDC remained a powerful regional theatre destination. DowntownDC in 2016 was home to 25% of the city's total public performing arts seats. The three largest theatre venues in DowntownDC in 2016 remained the 1,847-seat Warner Theatre, the 1,676-seat National Theatre, and the Shakespeare Theatre's combined 1,226 seats at Sidney Harman Hall and the Lansburgh Theatre.

DowntownDC's nine museums reported a slight increase (1%) in attendance in 2016 from 8.096 million visitors in 2015 to 8.172 million in 2016. The National Archives and the Smithsonian American Art Museum and National Portrait Gallery once again garnered the most visitors with 1.26 million and 1.20 million visitors, respectively. In April 2016, construction began on a new museum in the BID: the National Law Enforcement Museum broke ground on the 400 block of E Street, just south of the National Law Enforcement Officers Memorial.

Two major museum events on the National Mall occurred in 2016 that benefited DowntownDC: the opening of the National Museum of African American History and Culture and the reopening of the renovated East Wing of the National Gallery of Art.

## FUTURE DEVELOPMENT

DowntownDC's culture and entertainment venues will continue to be an important economic driver for both DowntownDC and the city in the coming years and will remain an essential component in DowntownDC's reputation as a place to visit, work and live.

Several planned new museums and the modernization of the Martin Luther King, Jr. Memorial Library will add to the mix of uses in DowntownDC in the coming years. The three-year, \$208 million modernization of the Martin Luther King, Jr. Memorial Library will begin in 2017. This project's design will attract more patrons to the library and DowntownDC through new amenities including a street-level café, a Great Reading Room, a 300-seat auditorium and a rooftop terrace.



**THE MODERNIZED MLK LIBRARY WILL  
OFFER AMENITIES INCLUDING A CAFÉ,  
GREAT READING ROOM, AN AUDITORIUM  
AND A ROOFTOP TERRACE**

Additionally, the National Law Enforcement Museum, under construction in 2017, will include 60,000 SF of exhibition space and will increase foot traffic to the courthouse area of DowntownDC.

Planning was underway in March 2017 for two new museums in DowntownDC: Planet Word at the historic Franklin School and the Museum of the American Educator at 15th Street and New York Avenue.

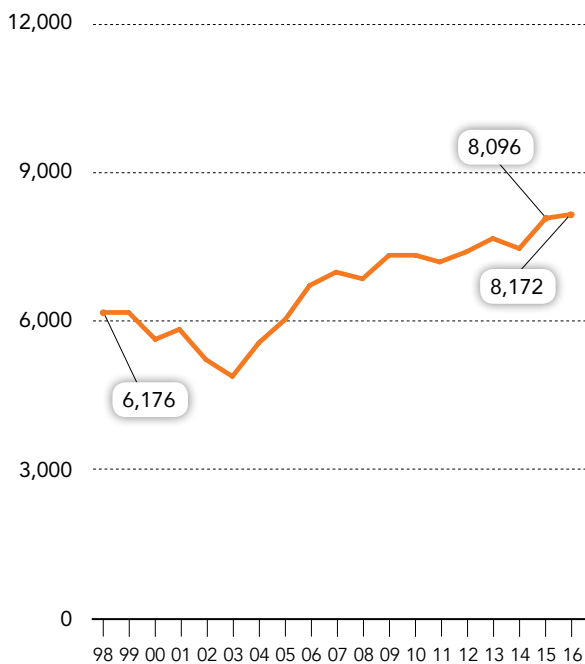
As new cultural and entertainment venues open elsewhere in the city and the region, DowntownDC will have to compete with the region to draw new venues and maintain existing ones. The Verizon Center's land lease with the city ends in 2027, potentially diminishing DowntownDC's entertainment offerings in the future.



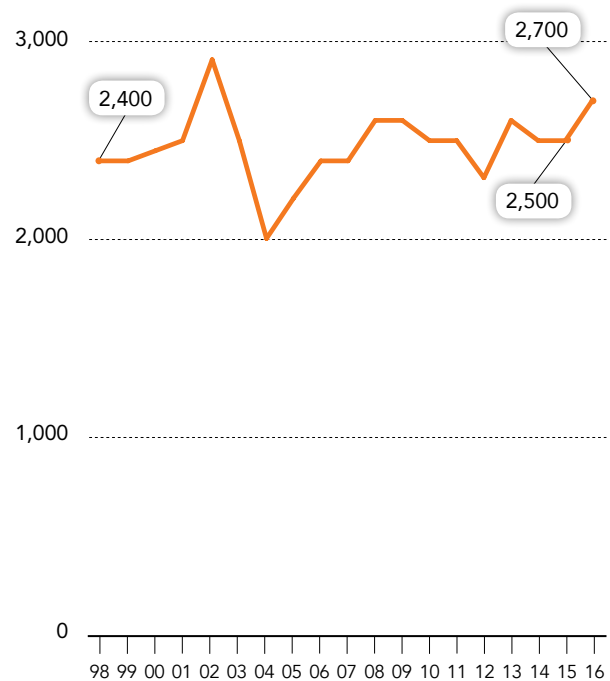
## DowntownDC BID Area Culture and Entertainment Venues, April 2017



Visitors in the DowntownDC BID Area, 1998–2016<sup>(1)</sup>  
(thousands)



Annual Attendance at the Verizon Center,  
1997–2016<sup>(1)</sup> (thousands)



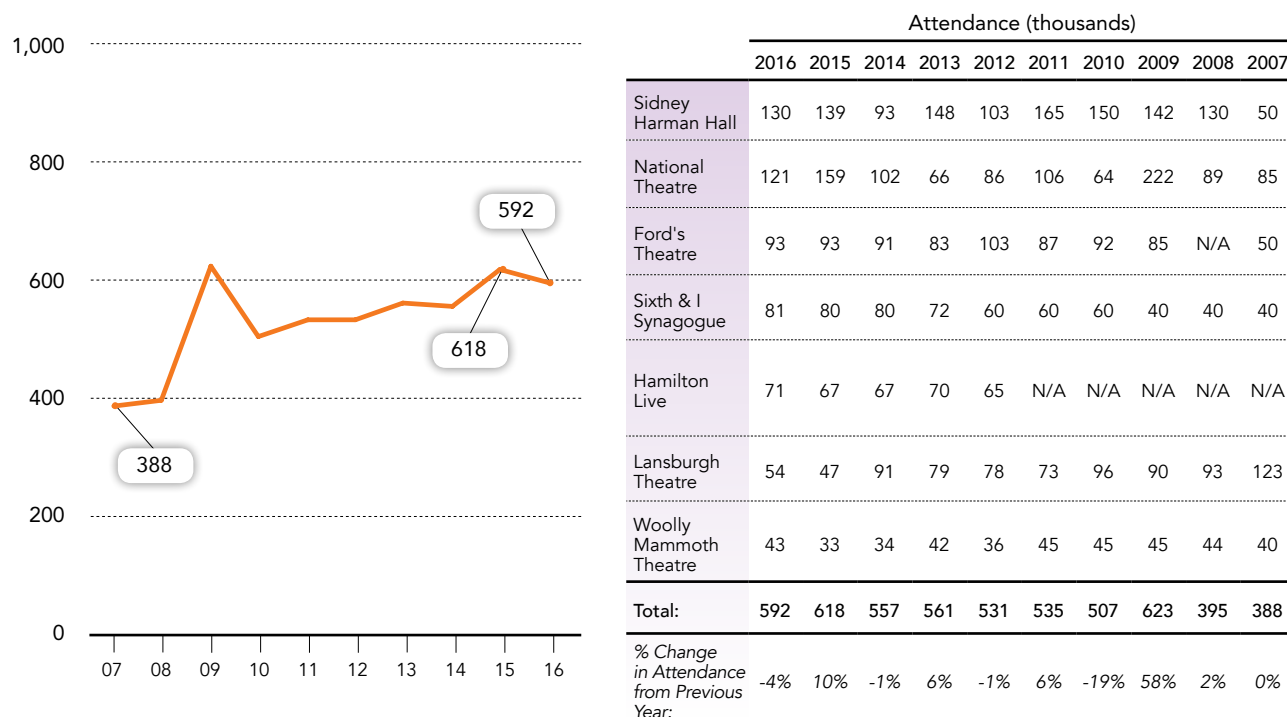
(1) Between 2001 and 2005, one or more venues were closed for renovation.  
Sources: Verizon Center, DowntownDC theatres, and DowntownDC museums

(1) Between 2001 and 2005, one or more venues were closed for renovation.  
Sources: Verizon Center, DowntownDC theatres, and DowntownDC museums



## Theatre Attendance in the DowntownDC BID Area, 2007–2016<sup>(1)</sup>

(thousands)



(1) Data for theatres does not include the Warner Theatre, which does not share attendance information

Source: Theatres and DowntownDC BID

## Museum Attendance in the DowntownDC BID Area, 2007–2016<sup>(1)</sup>

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
National Archives	1,256,000	1,234,000	1,018,000	906,000	909,000	1,046,000	1,059,000	1,003,000	1,015,000	1,075,000
National Portrait Gallery and American Art Museum	1,200,000	1,269,000	1,156,000	1,084,000	1,070,000	948,000	1,100,000	1,000,000	1,000,000	786,000
International Spy Museum*	605,000	604,000	602,000	605,000	620,000	630,000	630,000	645,000	645,000	720,000
Ford's Theatre Museum	552,000	541,000	487,000	496,000	538,000	563,000	600,000	558,000	336,000	733,000
National Building Museum	477,000	638,000	462,000	523,000	521,000	554,000	516,000	436,000	407,000	415,000
Ford's Education Center	450,000	342,000	324,000	342,000	317,000	NA	NA	NA	NA	NA
The Naval Heritage Center	175,000	175,000	175,000	150,000	140,000	100,000	75,000	60,000	60,000	60,000
National Museum of Women in the Arts	115,000	131,000	95,000	91,000	105,000	68,000	68,000	85,000	97,000	116,000
National Law Enforcement Memorial - Visitors Center	27,000	28,000	26,000	31,000	32,000	32,000	30,000	32,000	28,000	30,000
Marian Koshland Science Museum*	24,000	16,000	24,000	15,000	20,000	22,000	26,000	28,000	28,000	24,000
Old Post Office Tower	Closed	Closed	54,000	258,000	283,000	236,000	262,000	257,000	240,000	227,000
<b>Total:</b>	<b>4,880,000</b>	<b>4,978,000</b>	<b>4,424,000</b>	<b>4,500,000</b>	<b>4,556,000</b>	<b>4,200,000</b>	<b>4,366,000</b>	<b>4,104,000</b>	<b>3,855,000</b>	<b>4,185,000</b>
% Change in Attendance from Previous Year:	-2%	11%	-2%	-1%	8%	-4%	6%	6%	-8%	

\* Indicates For Pay Museum

(1) Museum data does not include Madame Tussauds and the Newseum, which do not share attendance information

Source: Museums and DowntownDC BID

# SHOPPING & DINING



In 2016, DowntownDC gained its first Michelin-star restaurants, including Minibar which earned a 2-star ranking in the first-ever DC Michelin Guide.

(Photo: Greg Powers/ThinkFoodGroup)

## RECORD RETAIL

DowntownDC in 2016 bolstered its reputation as a regional center for dining and shopping, welcoming new destination restaurants and hitting a record high of 66 destination retailers. DowntownDC's 66 destination retail stores at the end of 2016 totaled 744,400 square feet (SF), up from 62 stores and 668,000 SF at the end of 2015. DowntownDC's overall retail vacancy rate fell from 9.2% at the end of 2015 to 7.2% in March 2017.

DowntownDC stores and food establishments totaled an estimated record 20,000 jobs, and 27% of D.C.'s total retail and food service employment of 75,000.



### DOWNTOWNDC RETAILERS

EMPLOYED 27%

### OF THE DISTRICT'S RETAIL AND FOOD SERVICE EMPLOYEES

Luxury retail development CityCenterDC experienced its highest retail and restaurant occupancy rate in 2016. Average CityCenterDC sales in 2016 were reported in the \$800-\$1,000 per SF range with a top performance of \$3,000 per SF. CityCenterDC added a Tesla showroom and Moncler to its retailers by the end of January 2017.

Additional shopping retail highlights of 2016 include the major renovation of H&M at 1025 F Street and the openings of Saks OFF 5th and Nordstrom Rack at 555 12th Street in the spaces formerly occupied by Barnes & Noble and the ESPN Zone. The latter two shopping retailers helped boost foot traffic along E Street and further diversified shopping options in DowntownDC.

In 2016, DowntownDC offered residents, workers and visitors a variety of retail price points from deep discount retailers including DRESS BARN, TJ Maxx and

Marshall's to mid-level bargain shopping at H&M and Forever21 and Zara, to Ann Taylor, Banana Republic and J. Crew, to Macy's, and the variety of high-end retailers offered at CityCenterDC as well as unique boutique options.

## RESTAURANT SUCCESS

DowntownDC restaurants continue to be in high demand due to its proximity to office workers, regional residents, and tourists and business travelers as well as the area's accessibility to transportation options and entertainment venues. DowntownDC destination restaurants at the end of 2016 totaled a record 156 (after restaurant closures), up from 152 in 2015. New restaurants that opened in DowntownDC in 2016, included Bantam King, BLT Prime, Dirty Habit, Ocean Prime, RPM Italian and Farmers & Distillers.

DowntownDC gained its first Michelin-star restaurants in 2016 when José Andrés' Minibar was named one of three D.C.-area restaurants to earn two Michelin stars in D.C.'s first-ever Michelin Guide and Fabio Trabocchi's Fiola earned one star.

## APPLE FLAGSHIP STORE

Exciting retail possibilities were announced for DowntownDC in 2016, some of which would dramatically change the landscape of the area. In December, Events DC announced a letter-of-intent for an Apple flagship store at the Carnegie Library in Mount Vernon Square, south of the Walter E. Washington Convention Center. This store would be a draw for D.C. residents, convention attendees and regional shoppers and would revitalize a building and an area of DowntownDC that has been largely underutilized. This location would be the only District Apple store outside of Georgetown.

Georgetown in 2016 was also home to the only Sephora location in the District. That is scheduled to change in 2017 with a Sephora location opening at 1000 F Street NW by Douglas Development in Penn Quarter. The location would further reinforce F Street's growing reputation as a shopping corridor.

The DowntownDC BID looks forward to partnering with our members, the DC government and other stakeholders to invest in a marketing and growth strategy for this important sector of the DowntownDC and citywide economies.



This map illustrates the distribution of retail and grocery stores in downtown Washington, DC. The legend identifies three categories: Existing Destination Retail (dark red squares), Future Destination Retail Space (orange squares), and Grocery Stores (black circles with a 'G'). The map shows a high concentration of existing retail in the central business district, particularly around the CityCenterDC area. Future retail space is also located in this central area. Grocery stores are more sparsely distributed, with two locations marked near the waterfront and one near the top of the map. Major streets like New York Ave, Constitution Ave, and various numbered streets (1st to 15th) are shown. Parks and public spaces like Lafayette Square, Freedom Plaza, and The Ellipse are also depicted.

A line graph showing the number of CityCenterDC stores from 2001 to 2017. The y-axis is labeled 'Number of Stores' and ranges from 0 to 80 in increments of 10. The x-axis is labeled 'CityCenterDC Opens' and ranges from 01 to 17. The data points are connected by a yellow line. Callouts indicate the number of stores for specific years: 11 in 2001, 41 in 2013, 64 in 2015, and 66 in 2017. The graph shows a steady increase in the number of stores over time, with a particularly sharp rise between 2013 and 2015.

CityCenterDC Opens	Number of Stores
01	11
02	11
03	10
04	11
05	19
06	19
07	25
08	28
09	28
10	30
11	36
12	32
13	41
14	41
15	64
16	65
17	66

The chart displays the number of open cases over time. The y-axis represents the number of open cases, ranging from 60 to 180. The x-axis represents the years from 1999 to 2017. The line shows a steady increase from 78 in 1999 to 104 in 2006, followed by a sharp rise to 152 in 2015, and finally reaching 164 in 2017. The chart also includes data for closed cases and net change for each year.

Year	#Opened	#Closed	NetChange
99	N/A	N/A	N/A
00	16	6	10
01	8	7	1
02	13	6	7
03	9	7	2
04	10	5	5
05	12	5	7
06	8	14	(6)
07	16	4	12
08	17	7	10
09	17	9	8
10	4	6	(2)
11	10	5	5
12	3	5	(2)
13	10	6	4
14	11	6	5
15	10	5	5
16	9	3	6
17	9	5	4

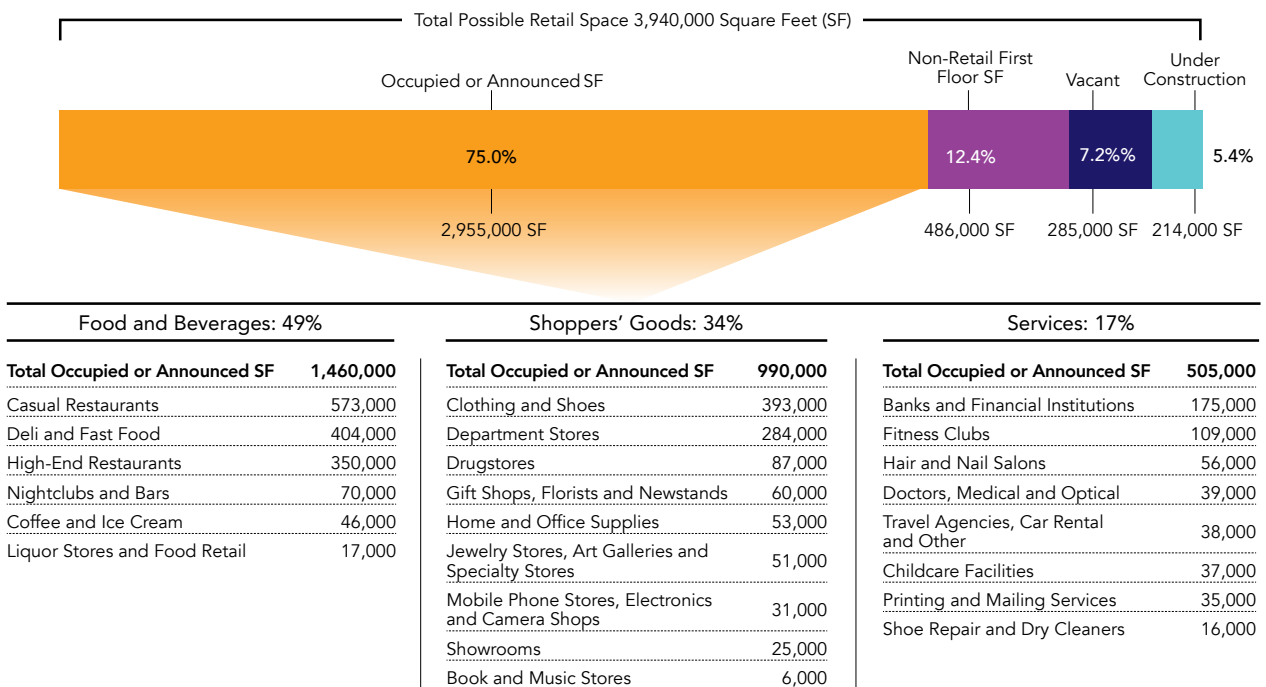
DowntownDC Business Improvement District



Premium electric car manufacturer Tesla opened a 3,000 square foot showroom at CityCenterDC in January 2017, relocating from its former showroom at 11th & K streets NW.

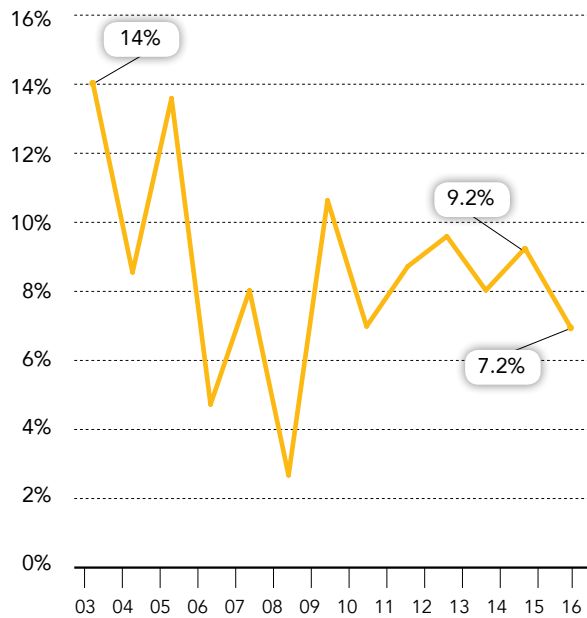
(Photo: Kevin Koski)

## Retail Space Overview for DowntownDC BID Area, April 2017 (may not add due to rounding)



Source: DowntownDC BID

## DowntownDC BID Retail Vacancy Rate, 2003–2016



Source: DowntownDC BID



DOWNTOWNDC'S  
66 DESTINATION RETAIL STORES  
TOTALLED 744,400 SF

Chinatown in DowntownDC offers consumers a range of retail options from destination shopping to other shoppers goods such as drugstores, gift shops and home supplies as well as services.

(Photo: Kevin Koski)







CityCenterDC was home to 89,500 square feet (SF) of retail as of March 2017 with average sales in 2016 reported between \$800-\$1,000 per SF and a top performance of \$3,000 per SF.

(Photo: Kevin Koski)

## DowntownDC BID Area Destination Retailers, April 2017

Large Retailers (> 10,000 SF)	SF	CityCenterDC Retailers	SF	Other Retailers	SF
Macy's	227,000	Paul Stuart	8,000	J.Crew	9,600
Forever 21	65,000	Dior	7,300	Sephora (announced)	7,000
Bed Bath and Beyond	47,800	Gucci	7,300	Ann Taylor	6,700
Nordstrom Rack	37,000	Burberry	6,500	Blick	5,900
Saks OFF 5th	34,000	Hugo Boss	6,500	Ann Taylor Loft	5,700
Dress Barn	31,000	Hermes	6,200	Potomac River Running	5,600
TJ Maxx	29,000	Louis Vuitton	5,400	Jos A Bank	5,000
Marshall's	28,000	Loro Piana	4,200	Banana Republic	4,200
H&M	26,500	Salvatore Ferragamo	4,200	Peruvian Connection	3,600
Zara	13,900	Morgenthal Fredericks	3,200	La Mode	3,400
Urban Outfitters	12,400	Vince	3,200	Nine West	2,400
Herman Miller	11,000	Arc'teryx	3,000	Fahrney's Fountain Pens	2,300
Anthropologie	10,700	Tesla	3,000	American Apparel	2,100
<b>Large Retailers Subtotal</b>	<b>573,300</b>	Zadig & Voltaire	2,800	W. Curtis Draper	2,000
		CH Carolina Herrera	2,500	Leica Camera	1,800
		Moncler	2,300	Sports Zone Elite	1,800
		David Yurman	2,100	Wm. Fox & Co.	1,700
		Kate Spade New York	2,000	lou lou Boutique	1,600
		Canali	1,700	Comfort One	1,500
		Allen Edmonds	1,400	Alden Shoes	1,400
		Longchamp	1,400	Johnston & Murphy	1,300
		Tumi	1,300	Geoffrey Lewis	1,300
		Lilith	1,200	Pua Naturally	1,100
		RareSweets	1,200	Coup de Foudre	800
<b>Total Destination Retailers</b>	<b>744,400</b>	The Great Republic	1,000	Mephisto	700
		Eagle Co.	600	Ida's Idea	600
		<b>CityCenterDC Retailers Subtotal</b>	<b>89,500</b>	L'Occitane	500
				<b>Other Retailers Subtotal</b>	<b>81,600</b>

Source: DowntownDC BID



# TRANSPORTATION



The Washington Metropolitan Area Transit Authority (WMATA) in June began a year-long SafeTrack maintenance and repair program for Metrorail following an unprecedented one-day emergency shut-down of the system in March 2016.

(Photo courtesy of WMATA)



## DECLINE IN METRORAIL

Metrorail ridership declined in DowntownDC in 2016 as it did throughout the District as system-wide ridership dropped to its lowest levels since 2003. DowntownDC's location at the center of the Metrorail network continues to be its greatest transportation asset. Consequently, the Metrorail system's struggles pose a serious threat to DowntownDC's economy. After an unprecedented one-day shutdown of the entire Metrorail system for emergency inspections in March 2016, the Washington Metropolitan Area Transit Authority (WMATA) rolled out SafeTrack, a year-long maintenance and repair program involving targeted 'surges' for track work.

In 2016, an average of 91,000 people exited DowntownDC's seven Metrorail stations on a weekday, a 7% decrease from 2015 (97,500). The average weekend ridership decreased even more significantly in 2016 by 15% from an average of 34,000 in 2015 to 29,000. This sharp drop in ridership is primarily due to frequent weekend service disruptions due to track work. Metrorail ridership for the entire system declined in 2016 from 713,000 riders in 2015 to 639,000.

Bus ridership in the District overall declined in 2016. DC Circulator ridership decreased by 7% in the District as Metrobus ridership declined 5%. In 2016, public transit use declined in almost every major U.S. city.

## MULTI-MODAL USAGE

Residents, workers, and visitors in DowntownDC in 2016 had easy access to a growing number of multi-modal transportation options as they did throughout the city.

Capital Bikeshare continued to expand its regional network of stations in 2016, making bicycling a viable commuting option for more people. In 2016, Capital Bikeshare operated 27 stations within DowntownDC. Capital Bikeshare ran many promotions across the region during SafeTrack to garner riders. During the start of SafeTrack, D.C. recorded a 10% increase in cyclists along the 15th Street protected bicycle lane. The BID, working with the District Department of Transportation, also completed a plan in 2016 to double the number of bike racks in DowntownDC. With additional installations in 2016, DowntownDC was home to 1,023 bike racks at the end of 2016.

Overall, District and regional residents slightly increased their non-auto commute trips in 2015 over the previous year. A total of 58% of D.C. residents commuted to work via non-auto modes in 2015, an increase over 56% in 2014. A total of 38% of District residents utilized public transit in 2015 for their commutes, 15% walked to work, 4% chose to bike and 1% chose another means of transportation. The non-auto commute share for D.C. and regional residents combined was 48% in 2015, a slight increase over 47% in 2014. These figures are not yet available for 2016, which will likely be impacted by SafeTrack on Metrorail.

Commuter rail information for 2016 showed increased ridership on the Maryland Transit Administration's MARC Train and the Virginia Rail Express (VRE) as commuters sought Metro alternatives during SafeTrack disruptions. VRE ridership increased by approximately 6% in Dec. 2016 over the previous year. During some SafeTrack surges, VRE's ridership rose by 10-15%. The MARC commuter train Penn Line experienced an increase in 2,500 daily riders during SafeTrack surges.

Transportation network companies such as Uber and Lyft in 2016 provided increasingly popular alternatives for individuals in DowntownDC, particularly for off-peak Metrorail hours when transit service was the most heavily disrupted. Uber claimed a 25% increase in use across the Washington Metropolitan area due to SafeTrack in 2016.








## METRO'S IMPORTANCE

During rush hours, no other mode of transportation is as capable of moving large numbers of people in and out of DowntownDC than Metrorail, making the system's recent challenges related to safety and service particularly detrimental to DowntownDC. Regaining Metrorail riders following a year of SafeTrack disruptions will be challenging. Additionally, the decision in 2016 to suspend late-night rail service for at least two years directly threatens DowntownDC's nightlife economy and service-related jobs.

Compounding these service issues, WMATA's board of directors in March 2017 voted to increase fares and cut service in order to close a budget deficit, but this action is likely to exacerbate the decline in ridership. The only long-term solution to Metro's budget woes is a dedicated source of funding.



## Daily Metrorail Ridership Exits in DowntownDC BID Area, 1997–2016<sup>(1)(2)</sup>

	Average Weekday Non-Holiday Exits								Weekend and Holiday Average Daily Exits for All Stations
	Metro Center	Gallery Place	McPherson Square	Archives	Judiciary Square	Federal Triangle	Mt. Vernon Square-Convention Center	Total	
2016	24,176	23,725	14,125	8,468	8,305	7,369	4,499	90,668	28,759
% before 9:30 AM	49%	40%	55%	62%	57%	62%	33%	50%	N/A
2015	26,190	25,573	15,761	8,601	8,951	7,869	4,568	97,513	33,776
2016 Change	-2014	-1848	-1636	-133	-646	-500	-69	-6845	-5,017
% Change	-8%	-7%	-10%	-2%	-7%	-6%	-2%	-7%	-15%
Metrorail Lines									

(1) The MCI (now Verizon) Center opened in December 1997 at Gallery Place.

(2) The Silver Line began service to Reston, VA in late July, 2014.

Source: WMATA

## D.C. Metrorail Total System Ridership, 1997–2016<sup>(1)</sup>

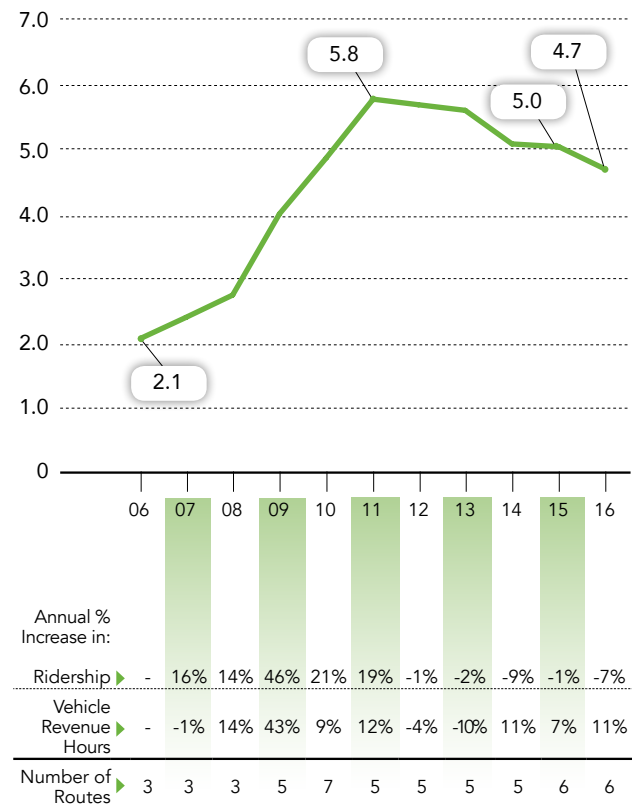
(thousands)



<sup>(1)</sup> Daily boarding information was taken in May

Source: WMATA

## Annual D.C. Circulator Ridership, 2006–2016 (millions)



Annual % Increase in:

Ridership ▶ - 16% 14% 46% 21% 19% -1% -2% -9% -1% -7%

Vehicle Revenue Hours ▶ - -1% 14% 43% 9% 12% -4% -10% 11% 7% 11%

Number of Routes ▶ 3 3 3 5 7 5 5 5 5 6 6




The BID in partnership with the District Department of Transportation completed a plan in 2016 to double the number of bike racks in DowntownDC to 1,023.

(Photo: Kevin Koski)

### Capital Bikeshare Data: 2011–2016<sup>(1)</sup>

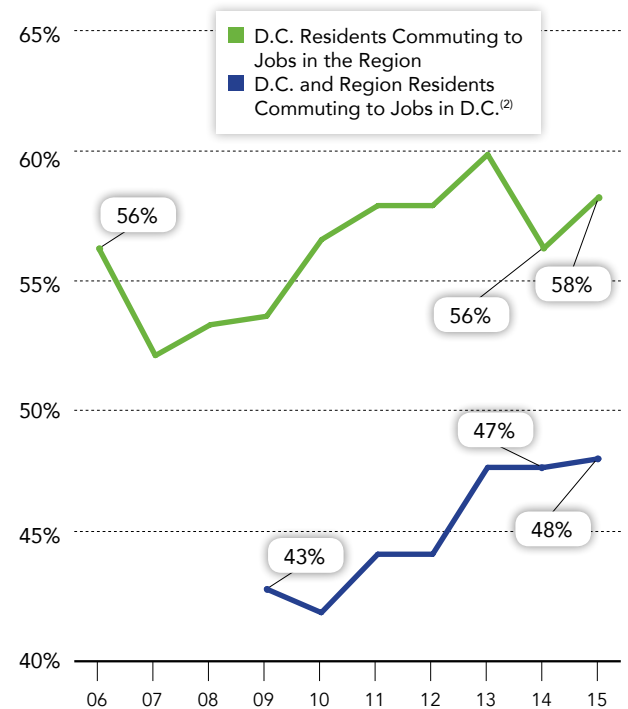
	2011	2012	2013	2014	2015	2016	2015 to 2016 % Change
Number of Bicycles	1,170	1,700	2,600	2,800	3,070	3,700	21%
Number of Annual Members	15,395	19,225	24,570	28,203	29,671	32,221	9%
Number of Casual Members <sup>(2)(3)</sup>	104,380	136,672	173,450	207,398	303,327	426,309	41%
Number of Stations	114	189	248	337	355	405	14%

 27 = # of Bikeshare Stations within the DowntownDC BID

- (1) Capital Bikeshare began operations in September, 2010  
 (2) Combination of daily, monthly, and single ride memberships  
 (3) Single ride memberships first offered in June, 2016

Source: Capital Bikeshare and DowntownDC BID

### Non-Auto Commuting Share for D.C. and Region, 2006–2015<sup>(1)</sup>



- (1) Shows percentage of trips to work that are not by automobile, but by transit, biking, walking, or other means  
 (2) Data not available for years 2006–2008

Source: American Community Survey (August 2016)



# BID SNAPSHOT



Four seasonal farmers markets operate in DowntownDC: FRESH-FARM White House Market; FRESHFARM Penn Quarter Market; FRESHFARM CityCenterDC Market; and Capital Harvest on the Plaza at the Ronald Reagan Building and International Trade Center.

(Photo: Kevin Koski)



## ACTIVATING PUBLIC SPACE

The DowntownDC Business Improvement District (BID) in 2016 welcomed exciting new restaurants, more sidewalk cafes, new development projects and endless entertainment options to DowntownDC as BID staff worked to maintain and beautify public spaces and activate parks.

The BID added red bistro tables and chairs to Franklin Park and Herald Square in 2016, transforming each location into a destination to stop and enjoy food, meet with friends and colleagues or read. In addition, the BID worked with the National Park Service in 2016 to help landscape and maintain each of these spaces, which will continue to be focus for the BID.

Another way the BID worked to actively transform public spaces in 2016 in was through programming. The BID hosted a free DowntownDC Live summer lunch-time concert series in June and July in Franklin Park, offering go-go, jazz, punk, spoken word and more. Additionally, the BID had 847 registrants for its May Bike to Work Day pitstop, hosted a meet-and-greet for Earth Day, Jazz in Franklin Park, Picnics in the Park, participated in PARK(ing) Day and hosted the 12th annual DowntownDC Holiday Market, which continues to attract 200,000 customers per year. These events helped enliven DowntownDC and draw the public to DowntownDC's outdoor spaces.

Improving public spaces makes DowntownDC more attractive to employers, visitors and residents and helps increase value. District of Columbia Mayor Muriel Bowser and the D.C. City Council in 2016 appropriated \$13.9 million for the renovation of Franklin Park, which is slated to break ground in FY18 and be transformed into an active, flexible and exciting destination in DowntownDC. Designs include a performance area, café, restrooms and a children's play area. Enjoying the outdoors creates an important sense of place in any downtown. Restaurants also continued to augment public space with sidewalk cafes, with a historic high of 192 cafes in 2016 with a total of 5,921 seats.

## CLEAN AND SAFE

Increased programming and landscaping helped the BID improve public spaces in DowntownDC in 2016, as the BID's core focus of "clean and safe" remained a top priority. The BID's Safety/Hospitality and Maintenance

ambassadors (SAMs) in 2016 continued to work with city partners to identify and repair conditions as well as remove trash, graffiti, pressure wash sidewalks and more. The DowntownDC BID's 138-block area has 793 trash cans, 762 bike racks, 492 benches, 83 bus shelters, 3,870 trees and many other assets and fixtures that are monitored or maintained by BID's ambassadors, who engage over 300,000 patrons per year.

In addition to cleaning the BID, ambassadors locate and report public infrastructure conditions such as broken sidewalk pavers and trash cans, damaged signage and street poles and other conditions requiring service by a partner agency. A total of 5,014 conditions were received by the BID between fiscal year 2012 and fiscal year 2016 with a resolution rate of 70%. The BID in 2016 began working with the National Park Service on a paver repair pilot program and continued its regular partnership with the D.C. Department of Public Works to replace trash bins, work with the District Department of Transportation on wayfinding.

The BID's ambassadors also help provide safety support in DowntownDC, engaging directly with law enforcement agencies, social service partners and others to address crime and to assist individuals experiencing homelessness in DowntownDC. In 2016, incidents of crime were highest in the categories of "theft" (1,345 incidents, a marginal increase from 1,327 in 2015) and "theft from auto" (391 incidents, a marginal drop from 394 in 2015.) Incidents of burglary (39) and stolen automobile (93) increased in DowntownDC by more than 50%. Incidents of other types of crime, including homicide (2), dropped in 2016.

A total of 129 individuals were counted as experiencing homelessness on the streets of DowntownDC in the winter of 2017, about even with the winter of 2016 count of 128 individuals, who represented 40% of D.C.'s street homeless population (318) as counted by the Metropolitan Washington Council of Governments. The number of individuals experiencing homelessness on the streets of DowntownDC varies by season, reaching highs during the summer: 250 individuals during the 2016 summer point in time count. The BID continued in 2016 to work with Pathways to Housing DC to offer a "Housing First" program to transition individuals into permanent, supportive housing. The BID in 2016 also piloted a weekly drop-in center with Sasha Bruce Youthwork and the First Congregational United Church of Christ for at-risk youth.

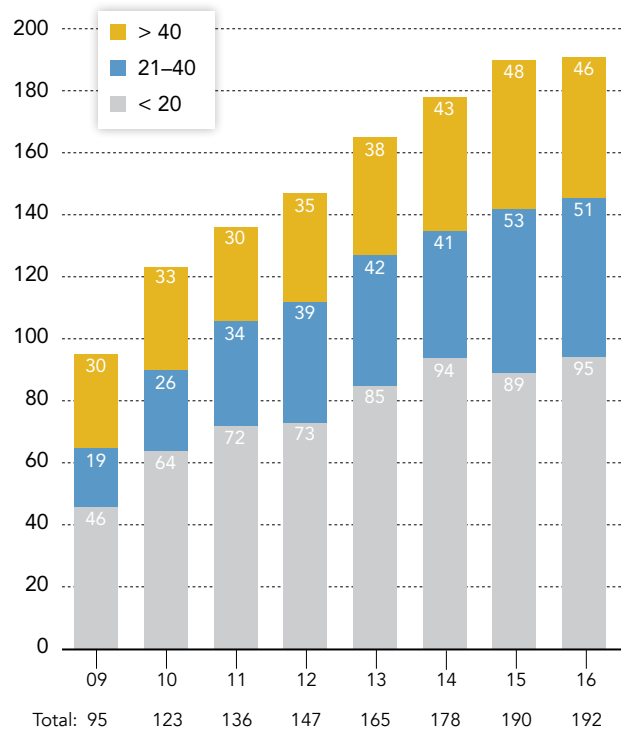
## DowntownDC BID Assets, March 2017

	# of Assets	Asset Type
Lighting	3,274	Streetlights
	141	AED <sup>(1)</sup>
Street Furniture	793	Trash Cans
	1,023	Bike Racks
	492	Benches
	371	Recycling Bins
	173	Newspaper Boxes
Signage	375	Banners
	163	Wayfinding Signs
	85	Bus Stop Sign Pole
	83	Bus Shelters
Landscaping	3,870	Trees
	2,954	Tree Boxes
	1,739	Planters

(1) AED stands for Automated External Defibrillator

Source: DowntownDC

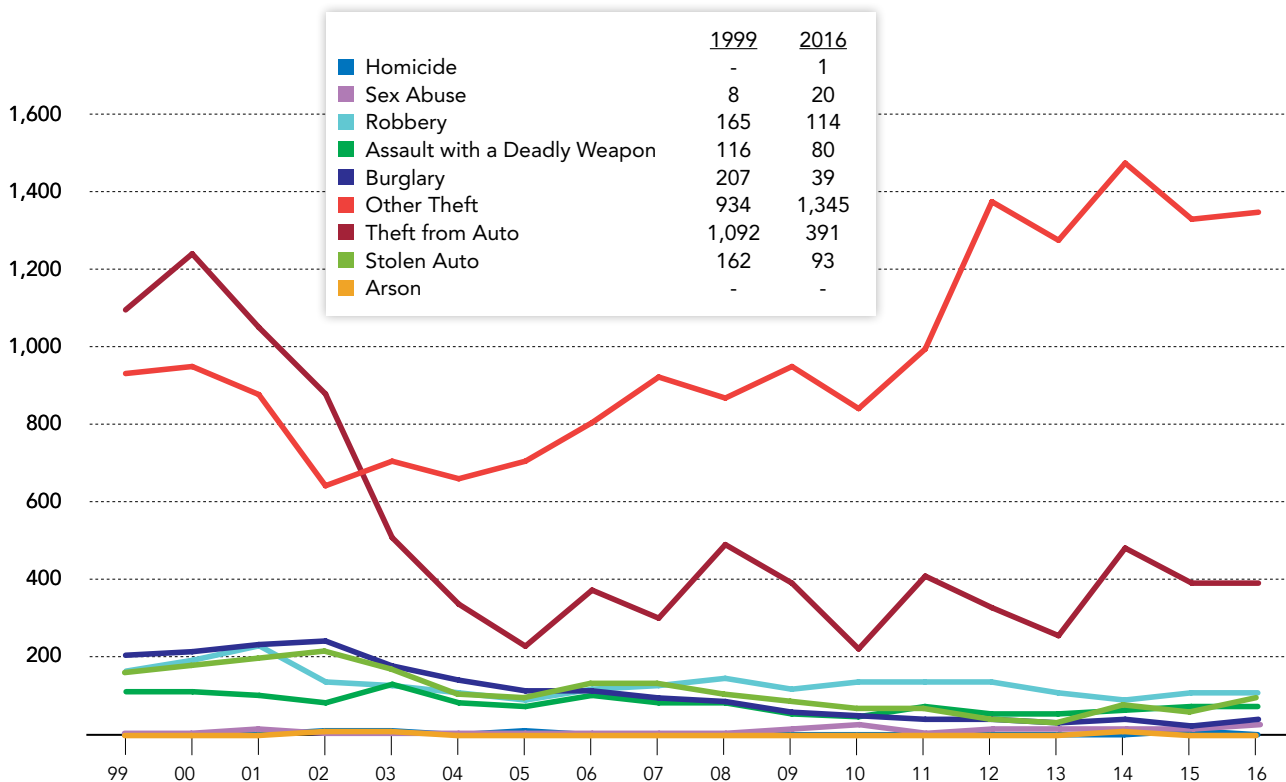
## DowntownDC Sidewalk Cafes by Number of Seats, 2009–2016<sup>(1)</sup>



(1) Surveyed annually each summer

Source: DowntownDC BID

## Annual Crime Incidents by Type in the DowntownDC BID, 1999–2016



Source: Metropolitan Police Department and DowntownDC BID

## DowntownDC Service Request Sample, Fiscal Year 2012 to Fiscal Year 2016

(as of October 2016)

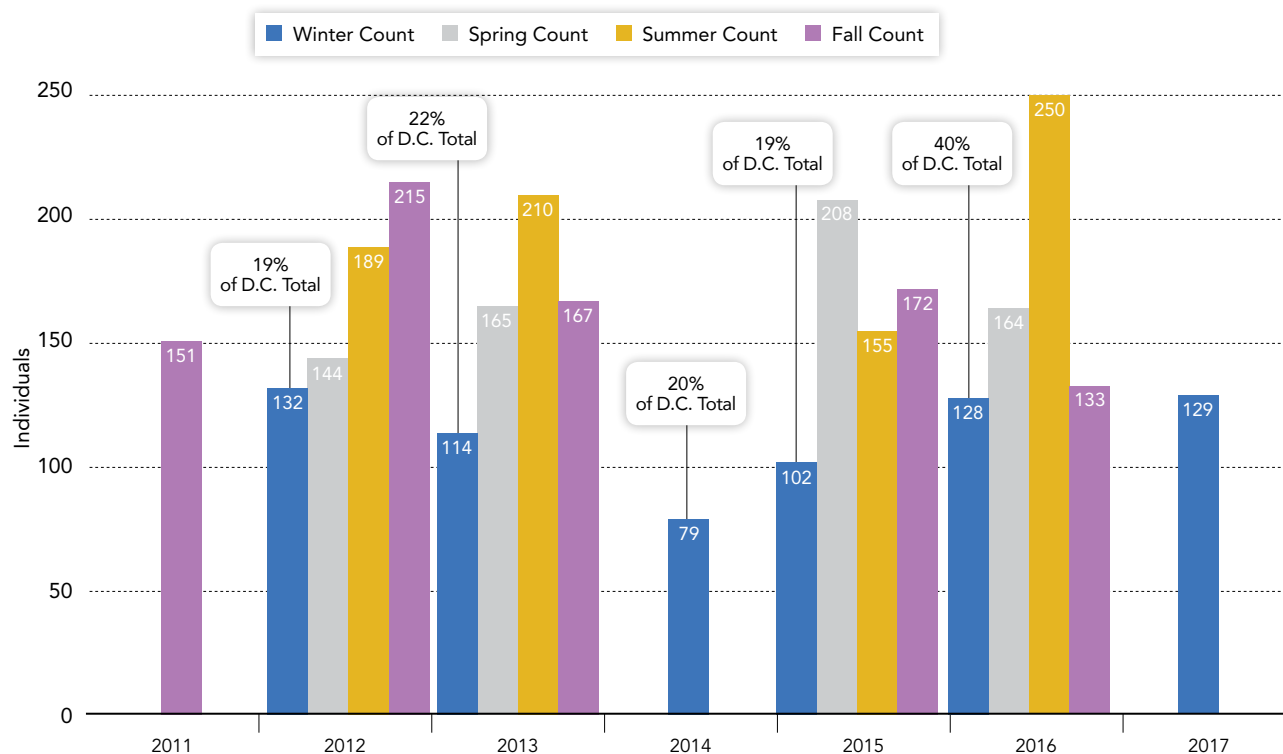
Type	FY 12	FY 13	FY 14	FY 15	FY 16	Total Reported FY 12–FY 16	Total Resolved FY 12–FY 16	% Resolved <sup>(2)</sup>
Abandoned Bicycles	31	43	26	38	27	165	156	95%
Parking Meters	45	108	64	23	17	257	180	70%
Sidewalks	234	202	137	121	123	817	381	47%
Street Poles	363	296	128	95	222	1,104	786	71%
Trees and Tree Boxes	384	464	147	118	143	1,256	1,043	83%
Curb, Gutter Maintenance & Repair	39	13	12	4	11	79	53	67%
Signage Maintenance & Repair	70	84	22	22	56	254	166	65%
Roadway Maintenance	122	65	52	43	28	310	209	67%
Traffic Signal Maintenance <sup>(1)</sup>	61	28	32	38	63	222	93	42%
Recycling & Trash Can Repair	152	217	37	46	98	550	450	82%
<b>Total:</b>	<b>1,501</b>	<b>1,520</b>	<b>657</b>	<b>548</b>	<b>788</b>	<b>5,014</b>	<b>3,517</b>	<b>70%</b>

(1) An ongoing procurement dispute has prevented the resolution of many FY 12–FY 16 service requests

(2) Service requests listed here are resolved by one of the following: DPW, DDOT

Source: DowntownDC BID

## Nighttime Unsheltered Homeless, DowntownDC BID, 2011–2017<sup>(1)(2)</sup>



(1) The Metropolitan Washington Council of Government's (MWCOC) report on D.C. homeless is released in May of each year and only includes winter counts

(2) The BID conducts quarterly nighttime unsheltered homeless counts in January, May, August, and October each year to analyze seasonal changes.

Source: DowntownDC BID and MWCOC



# CREDITS

The DowntownDC BID thanks the following for their contributions to this report:

1776\*

Carr Properties

Center for Regional Analysis, George Mason University

CityCenterDC

Clyde's Restaurant Group

CoStar Group, Inc.

Cushman & Wakefield

D.C. Office of Chief Financial Officer

D.C. Public Library\*

Delta Associates

Destination DC

District Department of Transportation

ESRI

Events DC\*

Ford's Theatre\*

Gould Property Company\*

Hines

International Council for Shopping Centers

International Spy Museum

Jones Lang LaSalle Incorporated

Marian Koshland Science Museum

The Mayhoo Company

Metropolitan Police Department

Metropolitan Washington Council of Governments

Monumental Sports & Entertainment\*

National Archives

National Building Museum

National Gallery of Art

National Law Enforcement Memorial

National Museum of Women in the Arts

National Park Service

National Theatre

Naval Heritage Center

Oxford Properties

Property Group Partners

Real Capital Analytics

Shakespeare Theatre

Sixth & I Historic Synagogue

Smith Travel Research

Smithsonian Institution

Stephen S. Fuller Institute

ThinkFoodGroup\*

U.S. Bureau of Labor Statistics

U.S. Census Bureau

U.S. Department of Commerce, Office of Travel and Tourism Industries

U.S. General Services Administration

U.S. Holocaust Museum

Washington Metropolitan Area Transit Authority

Washington DC Economic Partnership

Woolly Mammoth Theatre

Special thanks to organizations that provided photos or renderings, indicated with an asterisk (\*).

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**Iconography**

Alice Ashe, Gregor Cresnar/Flaticon, Freepik/Flaticon, Simpleicon/Flaticon

**Back Cover Photo**

Rendering of the renovated Dr. Martin Luther King Jr. Memorial Library currently under construction.

(Rendering: Mecanoo Architects)

