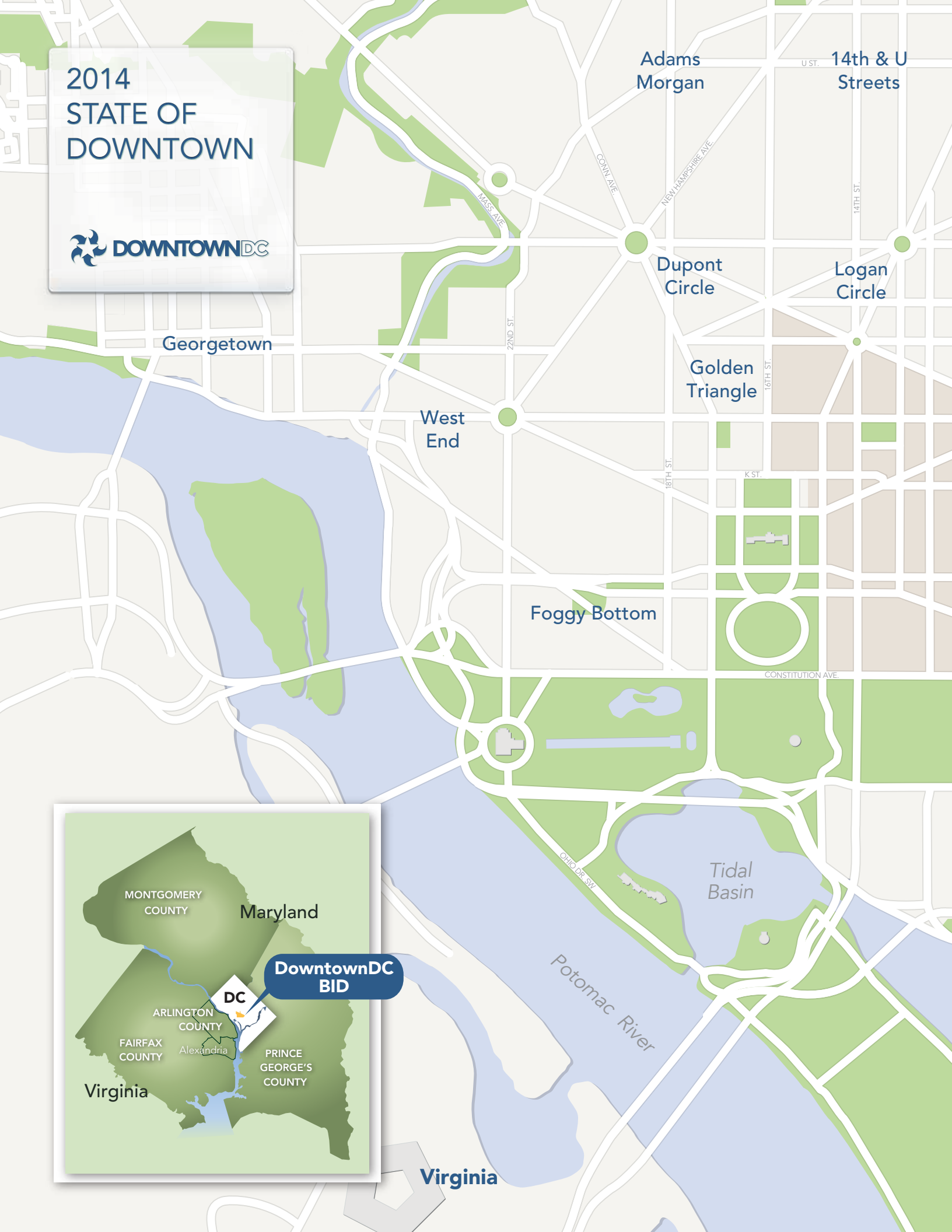


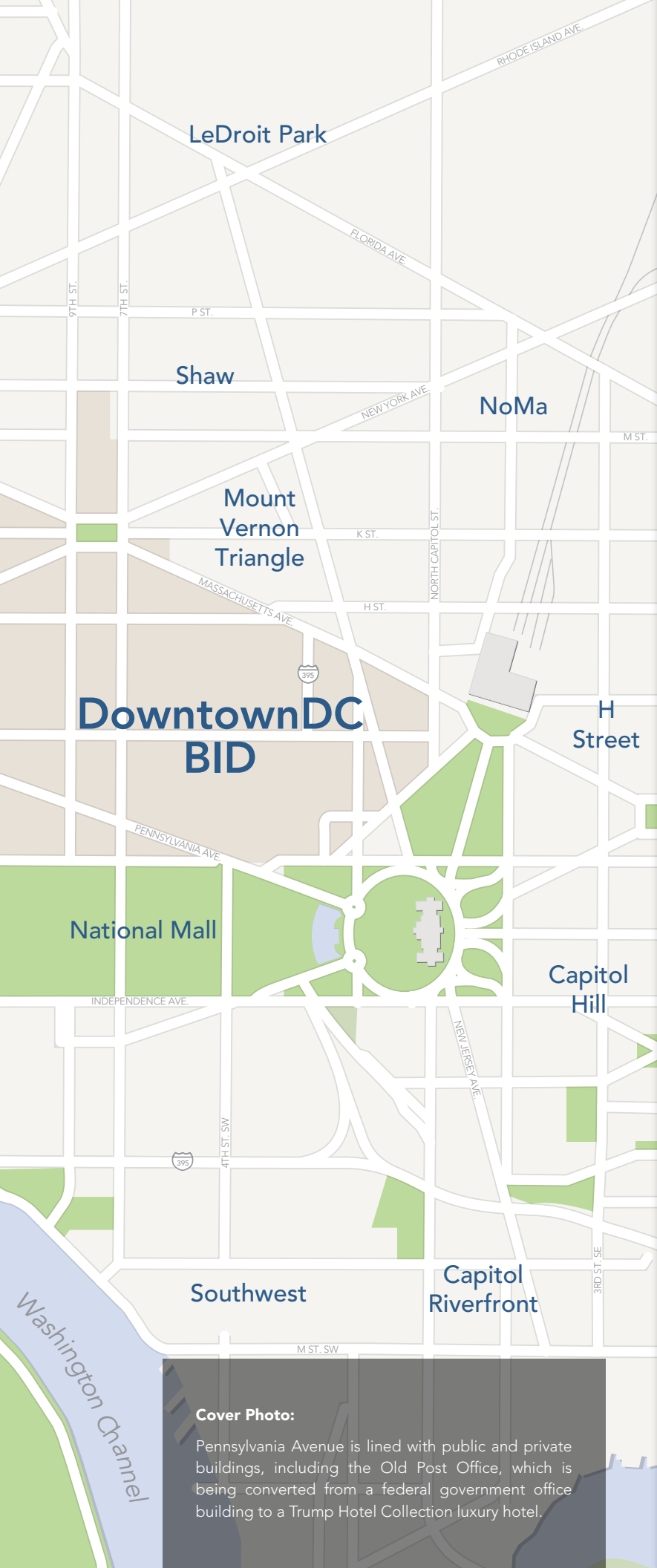
2014 STATE OF DOWNTOWN



2014 STATE OF DOWNTOWN



Virginia



Cover Photo:

Pennsylvania Avenue is lined with public and private buildings, including the Old Post Office, which is being converted from a federal government office building to a Trump Hotel Collection luxury hotel.

About

The State of Downtown report offers a comprehensive analysis of the Downtown economy in order to better inform decisions for many key Downtown stakeholders: DowntownDC BID members (the General Services Administration, private property owners and tenants), investors, developers, retailers, brokers, theaters, museums, non-GSA federal government officials, elected D.C. government officials and staff and many more.

The State of Downtown report utilizes historical and current data to identify local, regional and national trends and compare D.C. and Downtown to our local and national competitors.

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YEAR IN REVIEW

2014
STATE OF
DOWNTOWN

A 365-room luxury Conrad Hotel with a 570,000 SF office building and 60,000 SF of retail are coming to CityCenterDC in Downtown.

Year in Review

The year 2014 was one of record-setting for the Downtown and District economies. Employment and the housing, hotel, retail and restaurant sectors all grew in 2014. The office market set a record for occupied office square feet (SF) even though both Downtown and the District reported historically high office vacancy rates and historically low effective office rents. Downtown continued to add mixed-use development, making the area a more vibrant place for workers, visitors and residents and strengthening Downtown by diversifying it beyond an office-dominated economy.

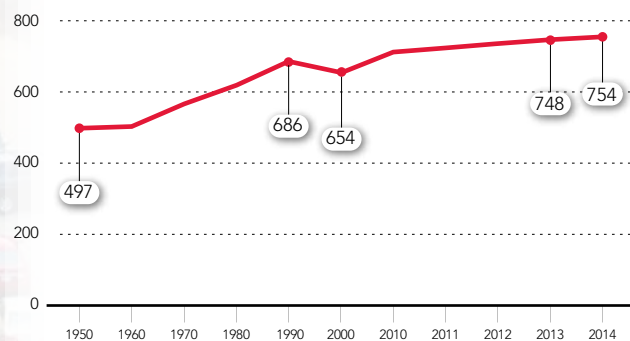
Downtown and the District economically outperformed their suburban neighbors for the fourth year in a row, leading a changing region and increasing D.C.'s regional market share in employment, population, occupied office space, hotel revenue and green buildings. Comparatively, several large U.S. cities (New York, Boston and San Francisco) outperformed the District in almost all economic categories. While D.C. private sector jobs grew robustly from 2012 through 2014, the decline in federal employment, reduced federal spending on contractors and the impact of densification on the office market depressed the economic performance of Downtown and D.C. in 2014. In addition, the city's unemployment rate of 7.7% (29,400 unemployed residents) remains high.

Corporate and individual tax relief, including tax rate reductions and other changes, effective Jan. 1, 2015, will help increase Downtown and the District's competitiveness.

For the Downtown and District economies to reach their full potential, the public and private sectors must partner to manage a changing regional economy including likely further reductions in federal employment, continued office space densification and a potential increase in suburban competition.

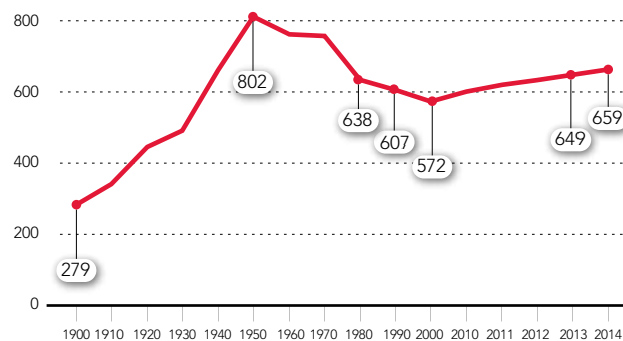
D.C. Employment History: 1950 - 2014

(Annual average in thousands)

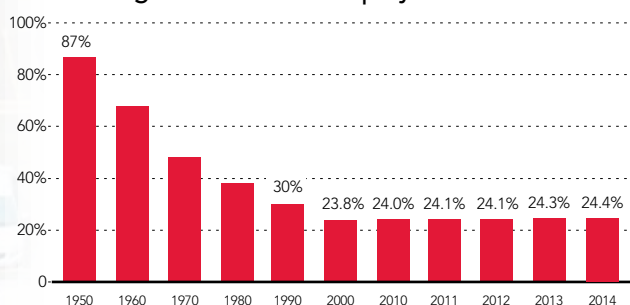


D.C. Population History: 1900-2014

(Thousands)

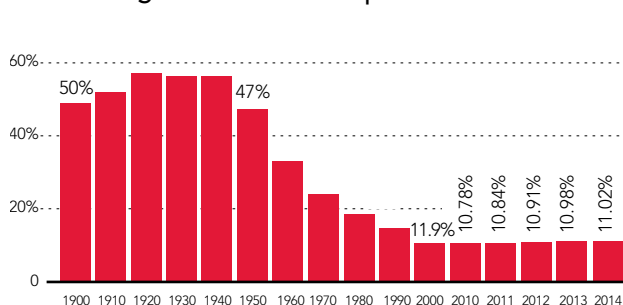


Percentage of D.C. Area Employment: 1950 - 2014



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

Percentage of D.C. Area Population: 1900 - 2014



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



Shopping at CityCenterDC will show its full strength during the 2015 holiday season, by which time another nine retailers should be open, bringing the total number of retailers to 21. (Photo: Joe Aker, Aker Imaging/Hines | CityCenterDC)



Chef José Andrés' China Chilcano was one of the biggest recent restaurant openings and was named Best New Restaurant in the Washington City Paper "Best of DC" 2015 poll. The Peruvian, Chinese and Japanese fusion restaurant wrapped up construction in late 2014 and opened on January 5, 2015.

To ensure continued growth in both the Downtown and D.C. economies, the District needs to diversify its economy and may need an office market transition strategy. The federal government, primarily through the General Services Administration, continues as Downtown's largest user of office space and is partnering with the DowntownDC BID and the District government to share and coordinate its future plans.

In 2014, several Downtown economic sectors reached record levels:

- Employment in Downtown increased by 2,000 jobs to 184,000 (24% of all District employment) due to a modest increase in occupied office space, new destination restaurants and new retail.
- Downtown set a record for occupied office SF as one new office building opened, several tenants occupied additional SF and a few new tenants moved into Downtown.
- Office sales prices for Class A offices set a new record with a weighted average sales price of \$759 per SF. In March 2015, a DowntownDC BID area office building set a new record at \$1,083 per SF.
- Population increased as CityCenterDC's 458 apartments filled up with tenants and its 216 condominiums were sold and occupied.
- Hotels experienced record revenues helped considerably by the new Marriott Marquis Convention Center Headquarters Hotel.

- Destination restaurants increased from 140 to 147 with 10 openings scheduled in 2015.
- Destination retailers increased to 42 as 10 of CityCenterDC's 21 announced retailers opened in 2014. By the 2015 holiday season, destination retailers open in Downtown should total 53.

Five major development projects broke ground in 2014 in Downtown:

- The Trump International Hotel at the Old Post Office Pavilion, which has 270 rooms, several restaurants and over 10,000 SF of meeting/event space (Trump Hotel Collection)
- The Capitol Crossing Project, a \$1.2 billion development, where work began to relocate utilities and build a new road configuration and platform over I-395 (Property Group Partners)
- 600 Massachusetts Avenue NW, a 400,000 SF office building with Venable law firm as its lead tenant (Gould Property Company and Oxford Properties Group)



Capitol Crossing, a 7-acre, 2.2 million-square-foot project, promises to reconnect and redefine the east end of Downtown. Utility relocation and the construction of a platform over Interstate 395 began in 2014 with construction set to begin on the first office building in early 2015. (Photo: Property Group Partners)



The Conrad Washington, D.C. hotel is coming to CityCenterDC with construction set to begin in late 2015/early 2016. The luxury hotel, under the Hilton brand, will have 365 rooms.

- A Hyatt Place Hotel at 1522 K Street NW, where a 110,000 SF office building is being converted into a 164-room hotel with 2,800 SF of meeting space (Songy Highroads LLC)
- 1000 F Street, a speculative 92,000 SF office building with American Eagle signed for its ground floor retail (Douglas Development)

Two major development projects are expected to break ground in Downtown in 2015:

- The first of five Capitol Crossing buildings, a 414,000 SF office building, including 25,000 SF of retail, at 200 Massachusetts Avenue (Property Group Partners)
- CityCenterDC's 370-room Conrad Hotel with 30,000 SF of retail (Hines)

Additionally, D.C. set the following records in 2014:

- District employment reached 753,800.
- Private sector jobs reached 518,900.
- District population increased to 658,893.
- The office building sales market set two records in 2014 of \$941 per SF in the spring and \$1,075 per SF in the fall—both were topped in March 2015 with a sale at \$1,083 per SF.

- Groundbreakings for 4,469 multi-family units with 2,680 multi-family units breaking ground in the first quarter of 2015.
- District hotels set records for total revenue and operating performance.
- National Mall memorials and monuments set new attendance records, and the Trust for the National Mall announced progress on its plans for restoring more of the National Mall.
- District total retail SF reached new levels with the opening of two Walmarts.
- Rose's Luxury (on Barracks Row) was named best new restaurant in America by Bon Appétit magazine.
- In September, both Standard & Poor and Fitch rating agencies upgraded the District's general obligation bonds to AA from AA-. In March 2015, Moody's upgraded the District to Aa1 from Aa2.
- The District had a record fund balance of \$1.87 billion and a rainy day fund of \$863 million.
- Foreign buyers accounted for over 50 percent of all office building purchases for the second year in a row.
- D.C.'s regional office tenant retention and attraction continued to show record performance.

CityCenterDC- Phase 1

Investment (Millions)	\$850
Office (SF)	515,000
Hotel (Rooms)	-
Retail (SF)	185,000
Apartment (Units)	458
Condominium (Units)	216
Parking Spaces	1,045
Groundbreaking	April 2011
Opening	4Q 2013 - 1Q 2014 (1)
Developer	Hines

(1) Retail should be 90% occupied by November 2015

Source: Hines and DowntownDC BID

Covington & Burling LLP moved into a majority of CityCenterDC's office space in 2014. The development's apartments were fully-leased at \$4 per SF and as of early 2015, over 95 percent of the condominiums were sold at an average of \$890 per SF. CityCenterDC's 20 plus retailers and five restaurants and four other food retailers are expected to all be open by the 2015 holiday season. CityCenterDC's estimated tax generation for 2015 is \$30 million.

Courtesy of Joe Aker, Aker Imaging / Hines | CityCenterDC

The opening of both CityCenterDC and the Marriott Marquis furthered Downtown's diversification into a dynamic mixed-use economy and place by bringing significant new housing, retail and hotel rooms to Downtown.

Marriott Marquis Convention Center Headquarters Hotel

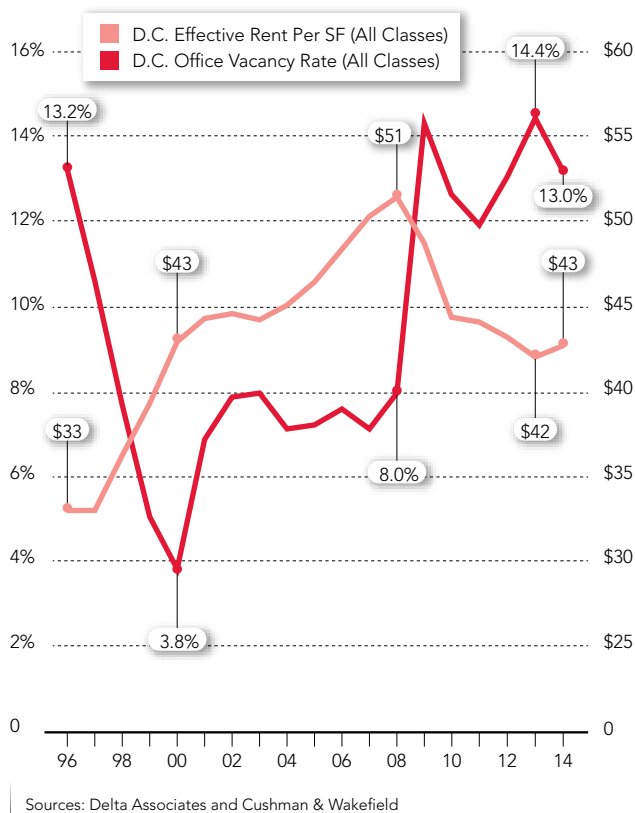
Investment	\$520 million
Description	<ul style="list-style-type: none"> ■ Total 1.3 million GSF ■ 1,175 hotel rooms ■ 105,00 SF ballroom/meeting space ■ Five restaurants/bars with 779 total seats ■ 31,000 SF of retail ■ Underground walkway to Convention Center
Hotel/ Convention Center Parking Spaces	401
Groundbreaking	Nov. 10, 2010
Opening	May 2014
Developer	Quadrangle Development/ Capstone Development

Source: Quadrangle, Capstone and DowntownDC BID

The Marriott Marquis hotel opened on May 1, 2014, providing 1,175 rooms to D.C. conventioners, other business travelers and tourists all at a great downtown location. The hotel employs approximately 820 people and almost 50 percent of employees are D.C. residents. The Marriott Marquis' estimated tax generation for 2015 is \$22 million.

Downtown and D.C. landlords were forced to lower their effective rents from 2008-2013. If they had not, tenants may have left the city and D.C.'s vacancy rate would be higher than the historically high 13.0%.

D.C. Office Vacancy Rate and Effective Rent History



In early 2015, office vacancy rates in Northern Virginia and Suburban Maryland were 21 percent—a total of 40 million SF of vacant space versus a total private office market in the District of 120 million SF. This large amount of vacant space outside of the District is a significant potential competitive threat.

Regional Competition

Office markets in the D.C. suburbs are not doing well. The Defense Base Closure and Realignment Commission (BRAC) recommendations moved many operations from close-in suburbs to locations with more buffer security further out from the District. This has created millions of square feet of vacant office space that competes with District office space. When the densification trend (fewer SF of office space per office worker) and the reduction in federal employment and spending were added to the impact from BRAC recommendations, office vacancies in the suburbs grew even larger. At the end of 2014, office vacancy rates in Northern Virginia and Suburban Maryland were 21 percent totaling 40 million SF versus a total private office market in the District of 120 million SF. The lack of suburban demand is causing rents and land prices to drop, which is likely to lure some tenants and developers out of the District.

Regional Overall Office Market Absorption Comparison, 2002-2014 (Millions of SF)

	DowntownDC BID Area (1)	Rest of D.C.	D.C.	Suburban Maryland	Northern Virginia	Total
2002-2007 Average	0.87	1.45	2.32	0.73	3.20	6.25
2008	0.54	0.15	0.75	-0.29	1.62	2.08
2009	-0.46	0.21	-1.44	-1.18	-1.55	-4.18
2010	0.35	-0.98	4.26	0.44	0.96	5.67
2011	0.15	3.91	1.86	-0.19	-0.94	0.74
2012	-0.55	1.71	-0.57	-0.25	-2.51	-3.33
2013	-0.04	-0.02	-0.03	0.40	-0.09	0.28
2014	0.49	0.47	0.96	-0.98	-0.91	-0.92
2012-2014 Average	-0.03	0.15	0.12	-0.28	-1.17	-1.33
4Q 2014 Vacant SF	4.3	9.7	14.0	11.8	28.0	53.8

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

Source: Cushman & Wakefield

Several vacant suburban office buildings are likely to soon go into bankruptcy and reemerge as very low cost office space. This competition could be very powerful.

The July 2014 opening of the Silver Line created speculative office and apartment construction in Tysons that will offer strong competition for some Downtown and D.C. office tenants. Development such as Pike & Rose along Rockville Pike will also create strong competition.

How long can the economies of Downtown and the District outperform the suburbs before the increasing cost advantage of the suburbs draws businesses, tenants and development out of the District?

The National Park Service, the District of Columbia and the DowntownDC BID have partnered to transform Franklin Park into an active, flexible, sustainable and historic urban park connected to its community. The redesign and reconstruction of Franklin Park will help to maintain and attract businesses and residents.



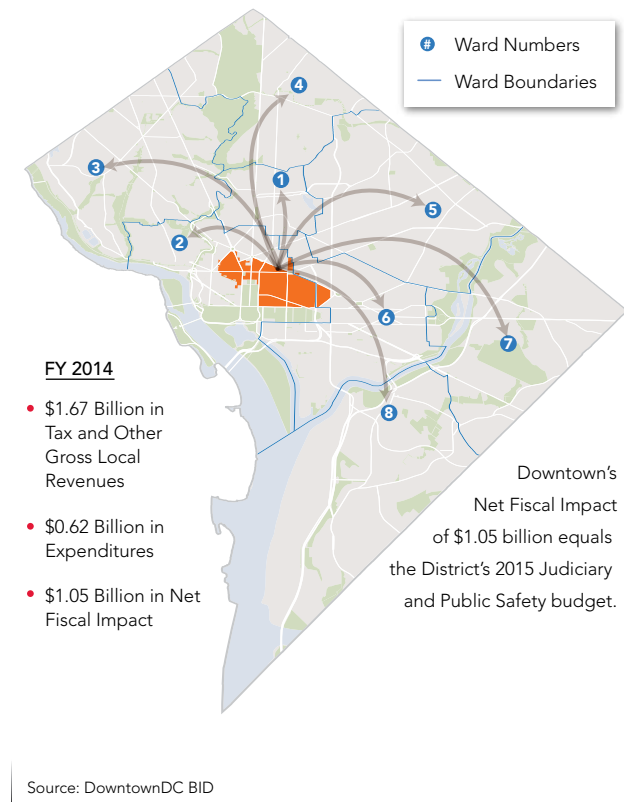
To counter potential competitive threats from the suburbs and to maintain and grow Downtown's net fiscal impact of \$1.05 billion per year, the District's private and public sectors will need to continue the robust partnership that has existed over the past 20 years and make the necessary private and public investments to create (1) a competitive business environment, (2) an attractive and vibrant place for workers, residents and visitors and (3) protect the existing Downtown and citywide employment and tax bases.

The following opportunities for investments are most important for maintaining and growing a robust Downtown economy:

- Metrorail
- Research to help guide an update of the District's economic strategy focused on: (1) diversifying the District's economy (2) protecting and growing the office market (3) infrastructure investments over the next 20 years (4) growing the retail market and (5) exploring how the District's self-imposed debt cap is impacting job and tax base growth
- Tax relief as recommended by the D.C. Tax Revision Commission and included in the FY 2015 budget to make the city's tax system fairer and more competitive
- Increase the marketing budget for Destination DC to help fill Downtown's 10,500 hotel rooms, the District's other 18,400 hotel rooms and the 4,400 new hotel rooms expected to open by the end of 2018
- Permanent supportive housing for the homeless in Downtown and elsewhere in the District
- Job training to help the District's 29,400 unemployed residents find work
- Placemaking projects including the redesign and reconstruction of Franklin Park, K Street and Pennsylvania Avenue

These investments should allow District revenues to grow 2% to 4% a year in order to support the city's progressive social agenda.

Downtown's net fiscal impact of \$1.05 billion equals the 2015 Judiciary and Public Safety budget for the District. Dedicating a modest portion of this net fiscal impact is a potential source of funding for some of the investments listed on the prior page.



The DowntownDC BID area has a major impact on D.C. and the region, as is typical of large city downtowns throughout the United States.

District Impact

The DowntownDC BID had the following impact on Washington, D.C. in 2014:

- 1.4% of population
- 2% of land area
- 9% of retail space
- 17% of museums
- 17% of local tax and other revenues
- 23% of Washingtonian Magazine-ranked Top 100 restaurants in the D.C. region
- 24% of jobs
- 24% of Metrorail exits
- 25% of theater seats
- 28% of 1997-2014 office building development and renovation SF
- 36% of hotel rooms
- 40% of total private and government office space

Regional Impact

The DowntownDC BID had the following impact on the region in 2014:

- 0.1% of land area
- 0.2% of population
- 2% of retail space
- 6% of jobs
- 8% of theaters
- 9% of museums
- 14% of hotel rooms
- 14% of Metrorail exits
- 15% of total private and government office space
- 15% of 2000-2014 office building development and renovation SF
- 16% of Washingtonian Magazine-ranked Top 100 restaurants in the D.C. region
- 50% of professional sports teams

CURRENT DEVELOPMENT

2014
STATE OF
DOWNTOWN

The transformative Capital Crossing Project (Property Group Partners) will reconnect the Downtown street grid with a platform over I-395 and will allow for a direct walk from the White House to Union Station along F Street NW. The project totals 2.2 million SF in five buildings and is estimated to cost \$1.2 billion.

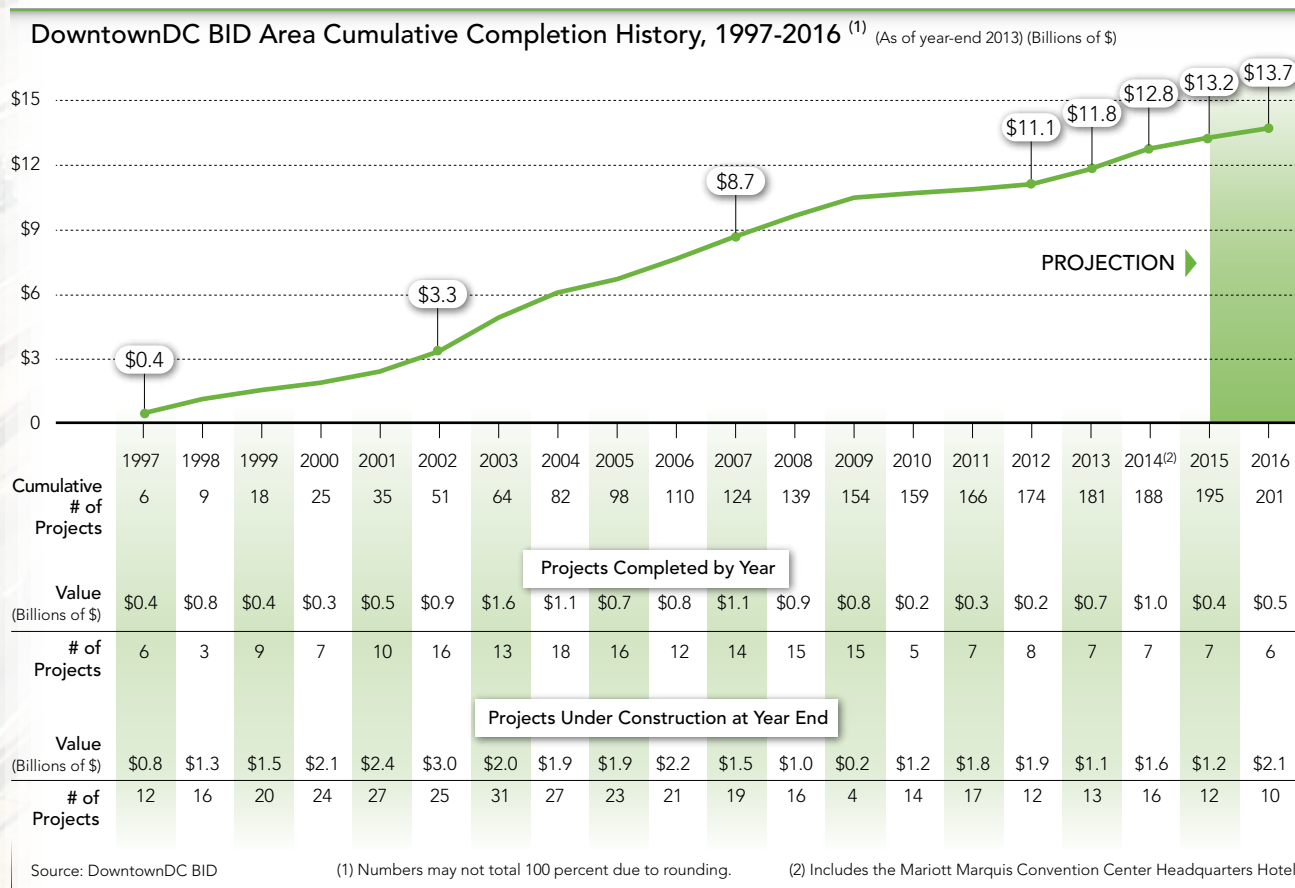
Current Development

Seven development projects totaling \$1 billion were completed in the DowntownDC BID area in 2014, including two projects of significant impact in fulfilling the 2000 Downtown Action Agenda for a mixed-use Downtown: (1) CityCenterDC's 525,000 SF of office space and most of its 185,000 SF of retail opened in early 2014 (CityCenterDC condominiums and apartments and parking were completed in late 2013) and (2) the 1,175 room Marriott Marquis Convention Center Headquarters Hotel, adjacent to the DowntownDC BID, opened in May 2014 with 105,000 SF of ballroom and meeting space and five restaurants/bars.

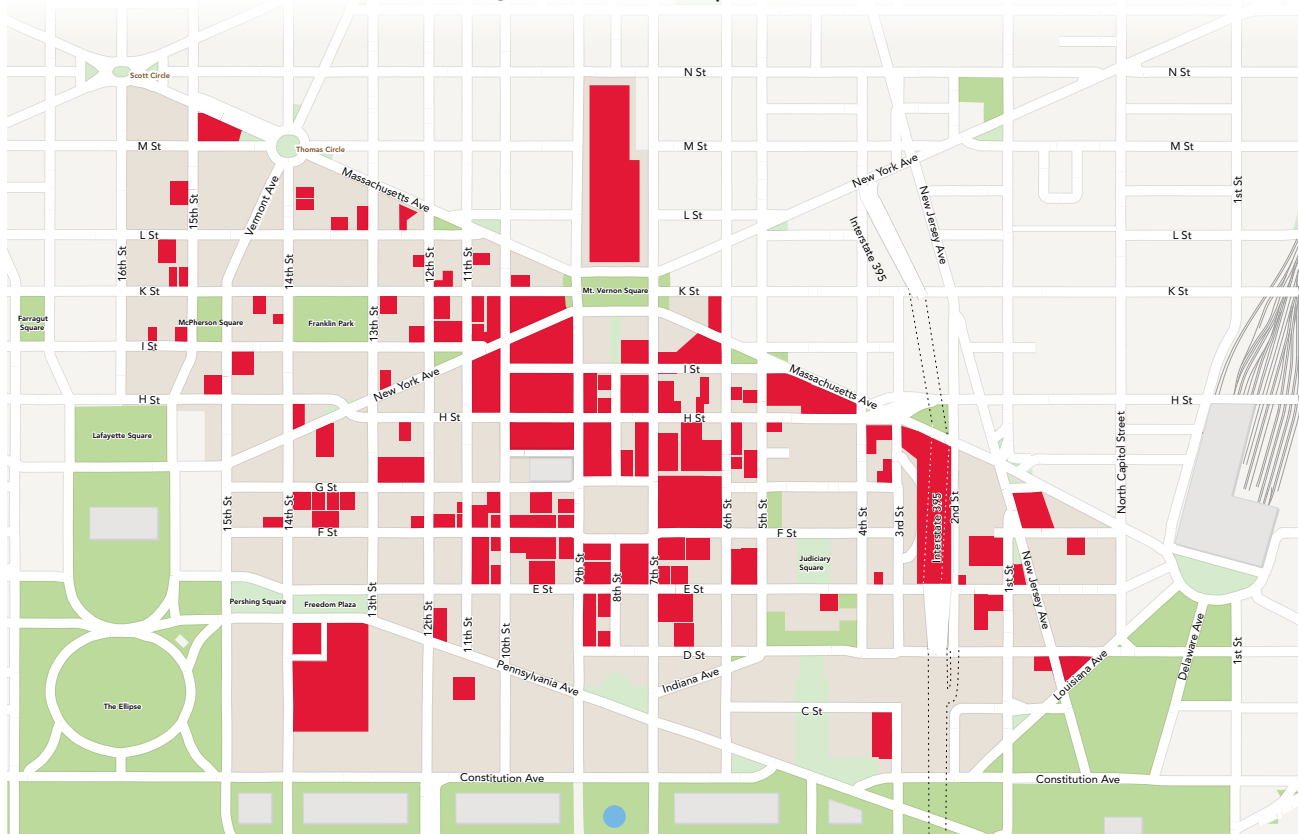
Both aforementioned projects have additional acts to present: (1) the second and third phases of CityCenterDC will include 365 hotel rooms in the city's first Conrad Hotel and a 600,000 SF office building and 60,000 SF of retail and (2) Marriott has plans for 500 hotel rooms (a 190-room Residence Inn and a 310-room Courtyard by Marriott) and 230 residential units immediately to the north of the Marriott Marquis Hotel.

In addition, in 2014, Downtown's third largest project since 1990 and the District's sixth largest in that same time frame, Capitol Crossing, began its significant utility relocation and platform work. In 2015, the project's first office building will get underway with 414,000 SF, including 25,000 SF of retail, at 200 Massachusetts Avenue NW.

Downtown in early 2015 was 85% built-out, totaling \$12.8 billion invested in Downtown since 1997. Over the next few years, another 22 projects, valued at \$3.5 billion, are expected to break ground in Downtown.



DowntownDC BID Area Surface Parking Lots & Redevelopment Sites, 1997



Foreign capital is driving much of the development in Downtown and elsewhere in the District. Maintaining and improving a transparent, predictable and competitive development process in the District is critical to continuing to attract low-cost foreign capital.

The \$200 million redevelopment of the Old Post Office into a 270-room hotel broke ground in 2014 and is scheduled to be complete in 2016, when it will become the newest addition to the rapidly growing international Trump Hotel Collection. (Photo: Trump International Hotel, Washington, D.C.)

The following major projects broke ground in Downtown in 2014:

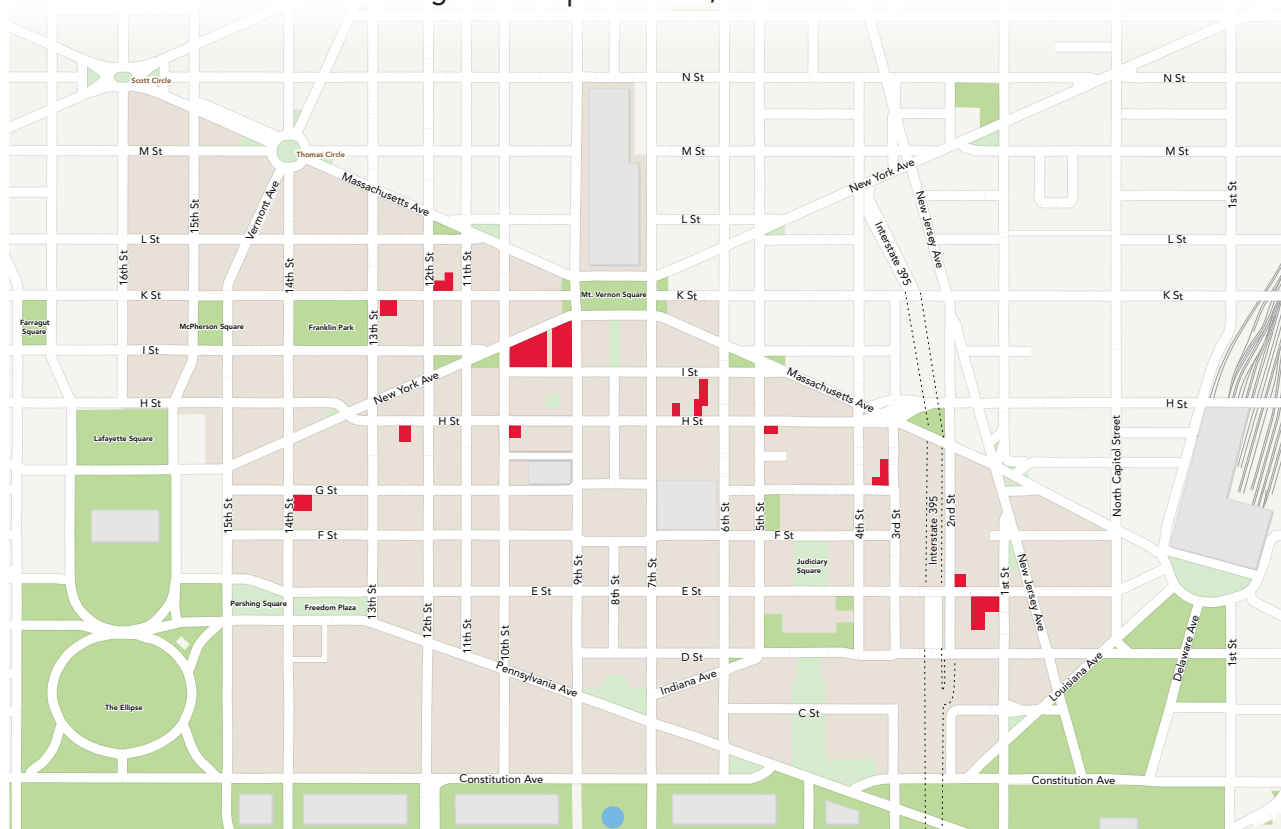
- The Trump International Hotel (270 rooms) at the Old Post Office Pavilion (U.S. General Services Administration and the Trump Hotel Collection)
- The utility relocation and construction of the platform above Interstate 395 for the Capitol Crossing Project (Property Group Partners)
- A 400,000 SF office building at 600 Massachusetts Avenue NW (Gould Property Company with Oxford Properties)
- A 92,000 SF office building at 1000 F Street NW (Douglas Development)

The following major projects were completed in 2014:

- Marriott Marquis Convention Center Headquarters Hotel (1,175 rooms) that is adjacent to the DowntownDC BID (Marriott, Quadrangle and Capstone Development)
- CityCenterDC Phase One's two office buildings (515,000 SF) and the majority of its retail space (185,000 SF) (Hines)



DowntownDC BID Area Remaining Redevelopment Sites, March 2015



The District's development renaissance originated in Downtown in 1995 with the Verizon Center. Since then, Downtown's share of the District's development has declined over time as development has spread to all eight wards of the city.

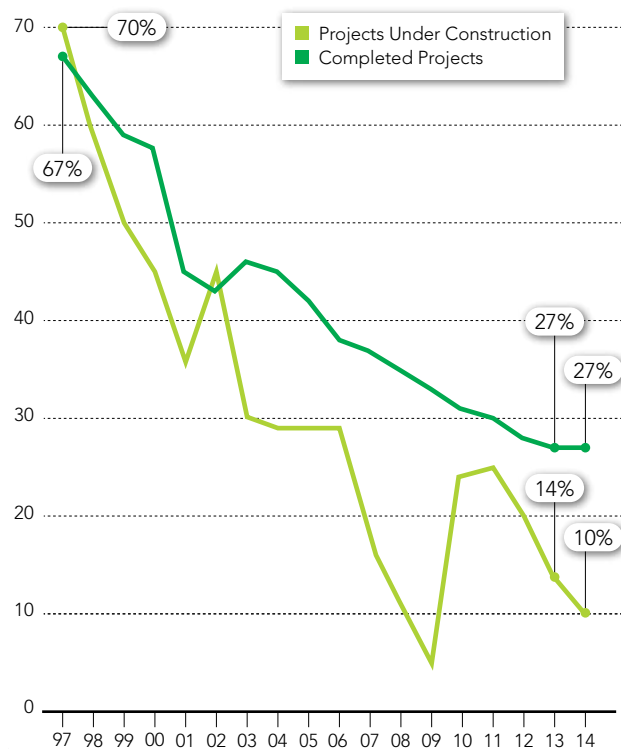
D.C. Development Overview: Past, Present and Future, April 2015

	Completed Projects 1997-2012		Under Construction		Planned	
	Billions	Share of D.C.	Billions	Share of D.C.	Billions	Share of D.C.
DowntownDC BID (1)	\$12.8	28%	\$1.6	17%	\$3.5	9%
Rest of Center City	20.2	43	4.5	49	16.5	43
Rest of D.C.	13.6	29	3.1	34	18.2	48
Total D.C.	\$46.6	100%	\$9.2	100%	\$38.2	100%
Share of All Completed, Under Construction, and Planned Development	50%		10%		40%	

(1) Includes the Marriott Marquis Convention Center Headquarters Hotel.

Source: DowntownDC BID and the Washington DC Economic Partnership

Downtown Development's Percentage of Total D.C. Development



Sources: DowntownDC BID and Washington DC Economic Partnership

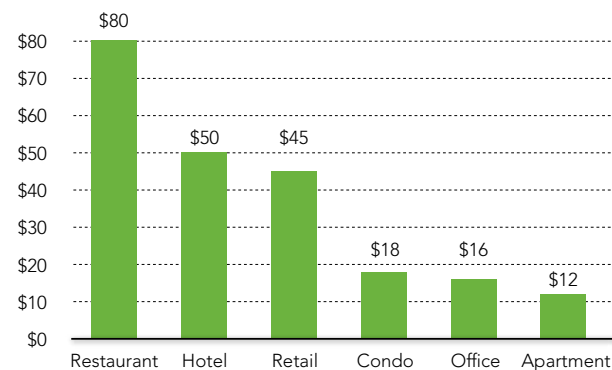
D.C.'s Development Capacity, ⁽¹⁾ April 2015

	SF	% ⁽¹⁾
DowntownDC BID Area	4	3%
CBD, West End and Georgetown	4	2%
Rest Of Center City		
Mount Vernon Triangle	5	3%
NoMa	16	9
Capitol Riverfront	16	9
Southwest	3	2
Adjacent To Center City		
14th and U streets	3	2%
H Street, NE	2	1
Large Project Area		
St. Elizabeths	6	4%
Poplar Point	6	4
Hill East	2	1
McMillan Reservoir	1	<1
Walter Reed	3	2
Other By Ward		
Ward 1	4	2%
Ward 2	1	<1
Ward 3	3	2
Ward 4	7	4
Ward 5	50	29
Ward 6	15	9
Ward 7	15	9
Ward 8	5	3
Total	171	100%

(1) Numbers do not total 100% due to rounding.

Sources: DowntownDC BID, D.C. Office of Planning, Washington DC Economic Partnership

Fiscal Impact of DowntownDC Development by Type per SF, April 2015



Taxes Generated

	Per SF	100,000 SF Project
Restaurant	\$80	\$8,000,000
Hotel	\$50	\$5,000,000
Retail	\$45	\$4,500,000
Condo	\$18	\$1,800,000
Office	\$16	\$1,600,000
Apartment	\$12	\$1,200,000

Source: DowntownDC BID

DC's future development capacity of 170-190 million SF should generate new tax revenues of \$1.2 to \$1.5 billion per year upon full build-out.

The District once again issued a new solicitation for development of the former Franklin School, a 51,000 square foot space at 925 13th St NW. Adjacent to Franklin Park, the historic yet developmentally-challenged property has been empty for seven years.



The redevelopment of the Franklin School presents an extraordinary opportunity for a flagship presence in the heart of the District of Columbia.

Development Use Overview for DowntownDC BID Area, 1997-2020 ⁽¹⁾

Total Development	Completed 1997-2014		Under Construction as of 12/31/14 ⁽²⁾		Planned	
	#	% of SF	#	% of SF	#	% of SF
Number of Projects	188 projects		16 projects		22 projects	
Dollar Value	\$12.8 billion		\$1.6 billion		\$3.5 billion	
Square Feet	40.2 mil SF	100%	3.1 mil SF	100%	6.8 mil SF	100%
New Projects	26.1 mil SF	65%	1.8 mil SF	58%	4.5 mil SF	66%
Renovated Projects	14.1 mil SF	35%	1.3 mil SF	42%	2.3 mil SF	34%
New Projects	26.1 mil SF	100%	1.8 mil SF	100%	4.5 mil SF	100%
Office Space						
Private	12.4 mil SF	48%	1.1 mil SF	61%	2.4 mil SF	53%
Federal or D.C. Government	2.8 mil SF	11%	0 mil SF	0%	0.1 mil SF	2%
Residential Units	4,180 units		0 units		290 units	
	4.3 mil SF	17%	0 mil SF	0%	0.3 mil SF	7%
Hotel Rooms	2,167 rooms ⁽²⁾		434 rooms		925 rooms	
	1.7 mil SF	6%	0.5 mil SF	27%	0.7 mil SF	16%
Convention Center ⁽³⁾	2.3 mil SF ⁽³⁾	9%	0 mil SF	0%	0 mil SF	0%
Arts, Entertainment and Museums- New	1.3 mil SF	5%	0 mil SF	0%	0 mil SF	0%
Theater	1,289 seats	-	0 seats	-	0 seats	-
Cinema	23 screens	-	0 screens	-	0 screens	-
Retail	1.3 mil SF	5%	0.05 mil SF	2%	0.2 mil SF	4%
Other						
Private	0.5 mil SF	2%	0.1 mil SF	5%	0.5 mil SF	11%
Federal or D.C. Government	0.5 mil SF	2%	0.1 mil SF	5%	0.3 mil SF	7%
Renovated Projects	14.1 mil SF	100%	1.3 mil SF	100%	2.3 mil SF	100%
Office Space						
Private	5.7 mil SF	40%	0.2 mil SF	15%	1.2 mil SF	52%
Federal or D.C. Government	1.6 mil SF	14%	0.7 mil SF	54%	0.8 mil SF	35%
Residential Units	40 units		385 units		0 units	0%
	0 mil SF	0%	0.2 mil SF	15%	0 mil SF	0%
Hotel Rooms	5,136 rooms		0 rooms		0 rooms	0%
	2.8 mil SF	25%	0 mil SF	0%	0 mil SF	0%
Arts, Entertainment and Museums	1.4 mil SF	12%	0 mil SF	0%	0 mil SF	1%
Retail	0.6 mil SF	4%	0.03 mil SF	2%	0.01 mil SF	0%
Other						
Private	0.3 mil SF	2%	0 mil SF	0%	0.06 mil SF	2%
Federal or D.C. Government	0.3 mil SF	3%	0.18 mil SF	14%	0.23 mil SF	10%

(1) Numbers may not add due to rounding.

(2) Includes the Marriott Marquis Convention Center Headquarters Hotel and Capitol Crossing.

(3) Includes 703,000 SF exhibit space; 150,000 SF meeting space; 40,000 SF registration space; 2,650 SF of office space and a 52,000 SF ballroom.

Source: DowntownDC BID

The federal government is the largest property owner in the DowntownDC BID area and is working hard to maintain its buildings. Since 1997, the General Services Administration has invested \$1.6 billion, or 13% of all Downtown real estate investment. The exciting redevelopment of the FBI headquarters is moving forward and will unfold over the next six to eight years.

Largest Development Projects in DowntownDC BID Area 1990-April 2015

Completed or Under Construction or Planned (Millions of 2014 \$)

Project Name	Size		Date of Completion
	2014 \$ (Millions)	SF (Thousands)	
1. Ronald Reagan Building and International Trade Center	\$1,500	2,200	1998
2. Walter E. Washington Convention Center	1,300	2,300	2003
3. Capitol Crossing ⁽¹⁾	1,200	2,200	2017-2020
4. CityCenterDC Phase One (of three phases)	725	1,500	2013
5. Verizon Center (originally the MCI Center)	615	560	1997
6. Marriott Marquis Convention Center Headquarters Hotel	540	1,076	2014
7. Newseum	503	497	2008
8. Fannie Mae Headquarters (15th and L Streets NW) ⁽²⁾	400	900	2017-2018
9. National Portrait Gallery and Smithsonian American Art Museum	393	380	2006
10. Gallery Place (7th and H Streets NW)	380	715	2004-2005

Largest Development Projects in D.C. 1990-April 2015

Completed or Under Construction (Millions of 2013 \$)

			Located in the DowntownDC BID Area
1. The Yards ⁽¹⁾	\$2,040	6,100	2020-2022
2. The Wharf ⁽¹⁾	2,040	3,200	2020-2022
3. Ronald Reagan Building and International Trade Center	1,500	2,200	1998
4. Walter E. Washington Convention Center	1,300	2,300	2003
5. CityCenterDC ⁽¹⁾	1,224	2,100	2016-2018
6. Capitol Crossing ⁽¹⁾	1,200	2,200	2017-2020
7. Coast Guard Headquarters at St. Elizabeths West Campus	970	1,200	2013
8. Capitol Visitor Center and Expansion	756	580	2008
9. Nationals Park	730	N/A	2008
10. Constitution Square Phase One (Office, Housing and Retail)	650	1,600	2010

(1) Under construction.
(2) In planning stage.

Source: DowntownDC BID

Quality of life in Downtown and the District has been enhanced by mixed-use development over the past 16 years—approximately 35% of development.



Courtesy of Property Group Partners

Capitol Crossing

	Platform	North Block		Center Block	South Block	Total
		200 Mass	250 Mass			
Investment (Millions)	\$300	\$180	\$250	\$170	\$350	\$1,250
Office (RSF)	N/A	370,000	514,000	297,000	665,000	1,846,000
Retail (RSF)	N/A	12,000	14,000	-	20,000	46,000
Residential (Units)	N/A	-	-	150	-	150
Holy Rosary Church & Casa Italiana (RSF) ⁽¹⁾	N/A	-	-	22,954	50,214	73,168
Parking (Spaces)	N/A	490	674	-	-	1,164
Ground-breaking	2Q 2014	2015	2015 +	2015 +	2015 +	N/A
Completion	4Q 2017	2017	2018 +	2018 +	2018 +	N/A
Developer	Property Group Partners	Property Group Partners	Property Group Partners	Property Group Partners	Property Group Partners	Property Group Partners

(1) Entails moving existing buildings and constructing new space.
Source: DowntownDC BID

Capitol Crossing will house 1.8 million SF of office space, 46,000 SF of retail space and 150 residential units. This development will ultimately generate an additional \$24 million annually in District tax revenues, (\$15 million in property taxes, \$3 million in sales taxes and \$6 million in residents' income taxes). The multi-phase \$1.2 billion development is being built on a platform over Interstate 395.



Courtesy of Trump International Hotel

Trump International Hotel at the Old Post Office Pavilion

Investment	\$200 million
Description	<ul style="list-style-type: none"> ■ Total of 375,000 RSF renovation ■ 270 hotel rooms ■ Nine-story atrium with grand lobby and lounge ■ 39,000 GSF of event space including 13,000 RSF ballroom and 3,500 RSF library ■ 4,000 SF Mar-a-Lago Spa by Ivanka Trump® ■ Five retail spaces on Plaza level ■ Three spaces for restaurant or retail on first floor ■ Old Post Office museum with exhibition center
Groundbreaking	2014
Completion	2016
Developer	Trump Hotel Collection

Source: DowntownDC BID

The Trump International Hotel at the Old Post Office is a highly anticipated transformative project for this 114-year-old building. The new luxury hotel will bring 270 rooms, retail, restaurants and meeting space. Scheduled to open in 2016, the hotel will generate an estimated \$12 million annually to the District tax revenues (\$3 million in property taxes and \$9 million in sales taxes).



Courtesy of D.C. Public Library

Martin Luther King Jr. Memorial Library

Investment \$200-\$225 million

Description

- Total 330,000 GSF renovation
- Possible 100,000 GSF addition
- 225,000 GSF library
- 215,000-315,000 GSF other use

Groundbreaking 2016-2017

Completion 2018-2019

Developer D.C. Government

Source: DowntownDC BID

The Martin Luther King Jr. Memorial Library is included in Mayor Muriel Bowser's proposed FY 2016 budget to receive renovation funding in FY16, so construction could begin that year. In 2015 and the first half of 2016, the project will move from the planning stage to the construction drawing phase.



City Center Phases Two and Three

	Phase Two	Phase Three
Investment (Millions)	\$140	\$200
Office (RSF)	-	570,000
Hotel (Rooms)	365	-
Retail (RSF)	30,000	30,000
Conference/Meeting/ Event Space (RSF)	20,000 - 30,000	-
Parking Spaces	230	425
Groundbreaking	4Q 2015 - 1Q 2016	2016 - 2017
Completion	4Q 2017 - 1Q 2018	2018 - 2019
Developer	Hines	Gould Property and Oxford Properties

Source: Hines, Gould Property, and DowntownDC BID

The second and third phases of development for the CityCenterDC site are expected to get underway in late 2015 or 2016. Phase Two is estimated to add \$11 million per year in tax revenue and Phase Three is estimated to add \$12 million per year in tax revenue. The total tax revenue for all three phases of the CityCenterDC site is estimated to generate \$53 million per year.

Other Major DowntownDC Projects

	601 Mass	1000 F Street	600 Mass
Investment (Millions)	\$180	\$32	\$150
Use	Office & Retail	Residential & Retail	Office & Retail
Size (RSF)	479,000	92,000	400,000
Groundbreaking	2013	2014	2014
Completion	3Q 2015	4Q 2015	2016
Developer(s)	Boston Properties	Douglas Development	Gould and Oxford

Source: DowntownDC BID

Fannie Mae Moves to Downtown

In August 2014, Fannie Mae announced its decision to sell its Uptown District headquarters and to rent new headquarters space in D.C. In January 2015, Fannie Mae announced it would be moving to 700,000 SF in the Carr Properties' redevelopment of the current Washington Post headquarters building (at 1150 15th Street NW) and 1100 15th Street NW.

It is very good news that Fannie Mae will remain in D.C., and it is important to note that Fannie Mae is reducing its headquarters space by about 300,000 SF or 30 percent.

The total project size may be as large as 900,000 SF. At this size, the total cost is estimated at \$350-\$400 million.

With the vacancy rates in the District at historically high levels, many building owners are looking to convert B and C buildings to residential buildings or boutique hotels.

Office Building Conversions Into Other Uses in the D.C. Region, April 2015

Completed Since 2010	#of Buildings	SF of Office Space	Buildings
1) D.C. (1)	0	0	N/A
2) Northern Virginia	0	0	N/A
3) Suburban Maryland	1	50,000	11411 Georgia Avenue
In the 4th quarter of 2014, D.C.'s office space supply declined by 630,000 SF.			
Under Construction			
1) D.C.	3	850,000	300 D Street SW; Old Post Office Building; and 1522 K Street NW
2) Northern Virginia	0	0	N/A
3) Suburban Maryland	0	0	N/A
Announced			
1) D.C. ⁽¹⁾	6	893,000	2501 M Street NW; 1255 22nd Street NW; Fannie Mae-owned Office Buildings; 1025 15th Street NW; 1724 Kalorama Road NW
2) Northern Virginia	2	398,000	400 Army-Navy Drive; and 222 South Clark Street
3) Suburban Maryland	0	0	N/A

(1) Assumes Fannie Mae-owned office buildings (650,000 SF) are converted to residential or other non-office use.

Source: DowntownDC BID

EMPLOYMENT

2014
STATE OF
DOWNTOWN

Hospitality industry employment in the District totals 60,000, the city's fourth largest industry after the federal government, private office users and health care. Here, a guest checks into the Hotel Monaco.

3

Employment

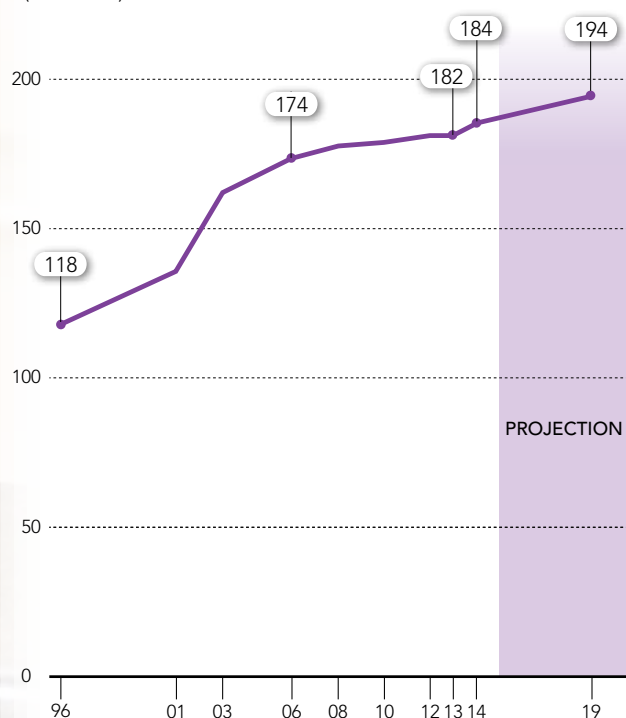
Downtown's employment is estimated to have grown by 2,000 in 2014 to 184,000 (24 percent of the District's total employment) due to an increase in occupied office space, the opening of several stores at CityCenterDC and throughout Downtown and the net increase of seven restaurants. If the Marriott Marquis Convention Center Headquarters Hotel, which is adjacent to the DowntownDC BID area, was added to Downtown's employment figures, that number would increase by another 820 jobs (about 49 percent of which are held by District residents).

The District's employment overall in 2014 grew by 5,500 jobs, or 0.7 percent, creating a new employment record for the city of 753,800 jobs. The District's private sector added 11,100 jobs in 2014, federal employment dropped by 7,700 jobs and the city government added 2,100 jobs. The other major growth areas of District employment were office-using employment (+4,800), educational services (+1,600), hospitality (+1,600), retail (+1,500) and health services (+1,000).

D.C.'s unemployment rate is high at 7.7 percent, representing 29,400 unemployed residents, most of whom live in Wards 5, 7 and 8.

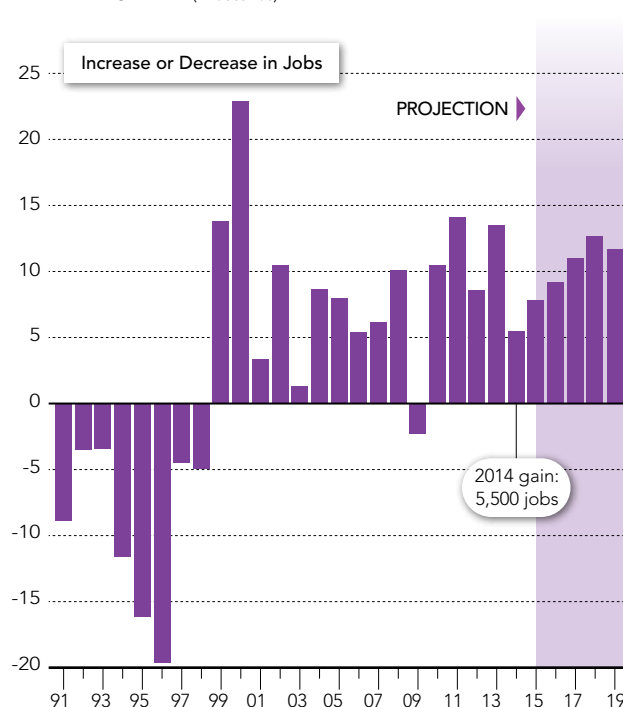
The District's 2014 employment growth rate was reduced from 1.5% to 0.7% due to federal job losses. Diversifying the District economy will protect the city's employment base and build a more resilient economy.

DowntownDC BID Area Employment, 1996-2019
(Thousands)



Sources: Center for Regional Analysis at George Mason University for 1996, 2001, 2003, 2006, 2008, 2010 and 2012, DowntownDC BID for 2013-2019

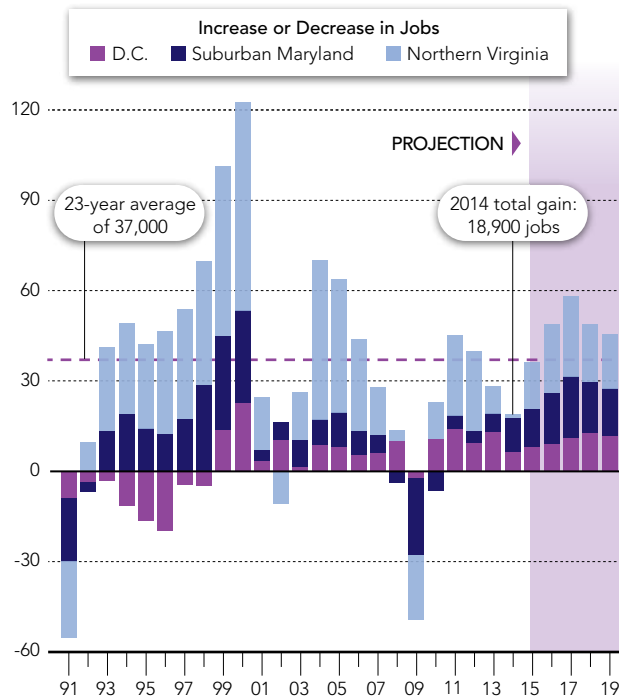
D.C. Employment Change History and Projection, 1991-2019 ⁽¹⁾ (Thousands)



(1) Annual average; not seasonally adjusted.

Sources: U. S. Bureau of Labor Statistics and Center for Regional Analysis at George Mason University (projection as of January 2015)

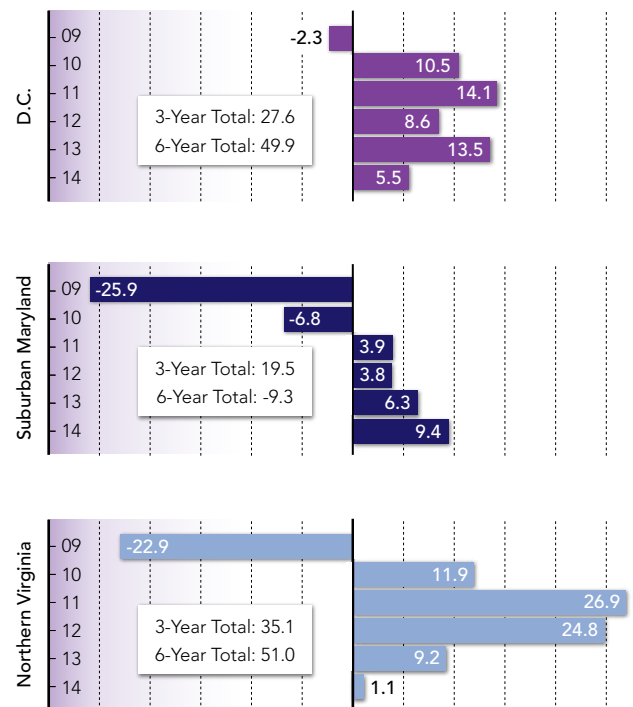
Regional Employment Change History and Projection, 1991-2019 ⁽¹⁾ (Thousands)



(1) Annual average; not seasonally adjusted.

Sources: U. S. Bureau of Labor Statistics, Center of Regional Analysis at George Mason University (projection as of January 16, 2014)

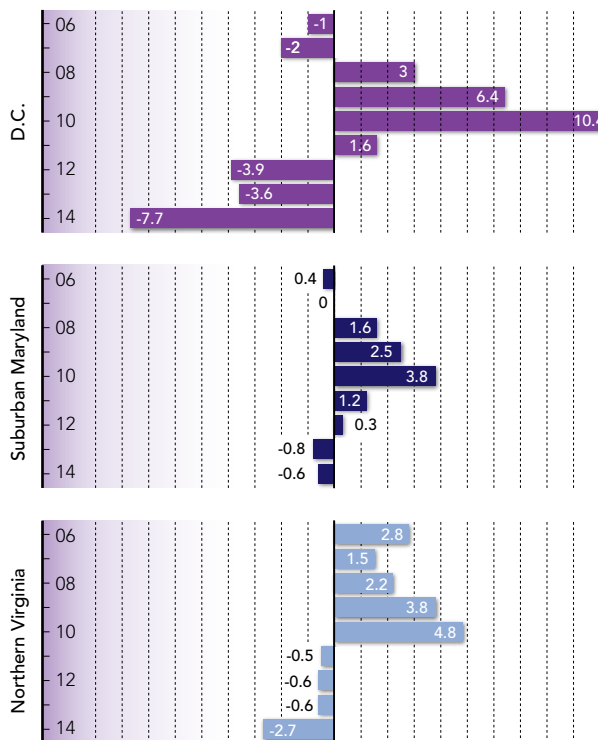
Regional Employment Change by Year, 2009-2014 ⁽¹⁾ (Thousands)



(1) Annual average; not seasonally adjusted. Source: U.S. Bureau of Labor Statistics

The District's employment growth rate was greater than that of the surrounding region from 2010-2014. The area increased employment by 42,000 jobs since 2010: 5.9% in the District and 3.8% in the rest of the region.

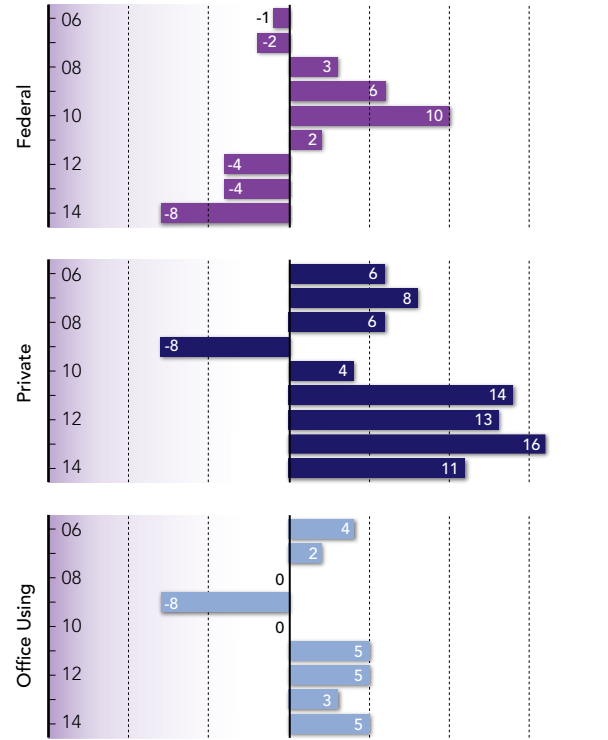
Federal Employment in D.C. Region, 2006-2014 ⁽¹⁾ (Thousands)



(1) Annual average; not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

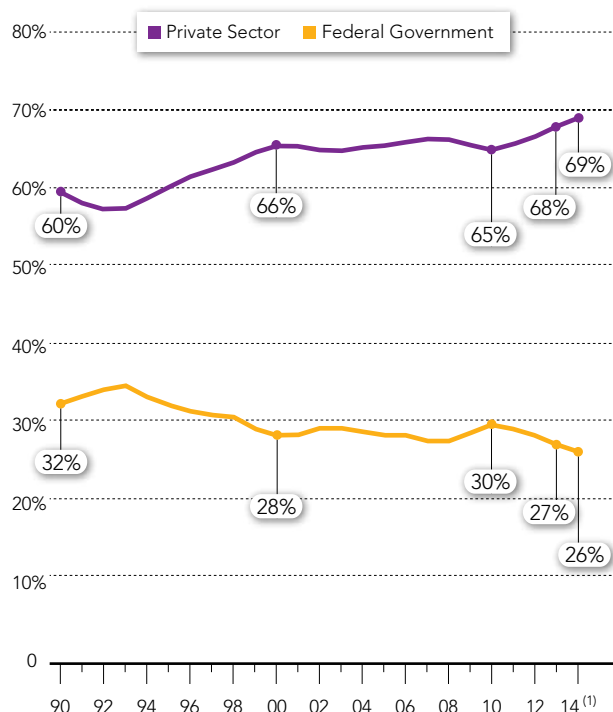
D.C. Employment Change by Sector, 2006-2014 ⁽¹⁾ (Thousands)



(1) Annual average. Not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

Private and Government Employment in D.C., 1990-2014⁽¹⁾ (Annual average; not seasonally adjusted)



(1) Does not add to 100% because local government employment totals 5%.
Source: U.S. Bureau of Labor Statistics

Federal Employment History in The District D.C. Region and U.S., 2010-2014⁽¹⁾

	District	D.C. Region	Maryland ⁽³⁾	Virginia ⁽³⁾	U.S.	
Change in Federal Employment ⁽²⁾	2010	+10,400	+15,700	+6,700	+5,600	+39,000
	2011	+1,600	-5,800	+3,300	-500	-31,000
	2012	-3,900	+100	+1,700	+1,600	-24,000
	2013	-3,600	-8,000	-2,500	-4,000	-63,000
	2014	-7,700	-5,400	+600	-700	-5,000
2014 Employment ⁽⁴⁾	Federal	197	365	144	171	2,744
	Total	754	3,112	2,646	3,817	141,484
	Federal % Total	26%	12%	5%	4%	2%

(1) Annual average. Not seasonally adjusted.

(2) Impacted by "sequestration," which restricted growth in the federal budget as of March 1, 2013 as required by the Budget Control Act of 2011 that was signed into law on August 2, 2011.

(3) Full state employment change.

(4) Figures in thousands, except percentages. Source: U.S. Bureau of Labor Statistics

Federal employment is declining in the District and at a much greater rate of decline than in Suburban Maryland, Northern Virginia and the nation. The District's recent private sector growth is strong.

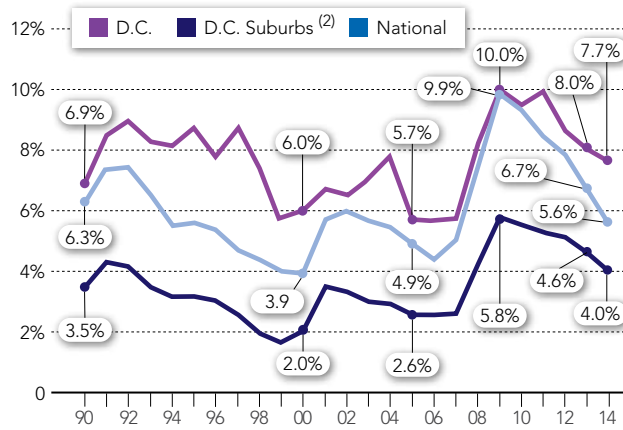
Employment in the DowntownDC BID Area, D.C. and the Region, 1996-2014⁽¹⁾

	Employment (Thousands)								2013-2014 Change		2010-2014 Change		1996-2014 Change	
	2014	2013	2012	2010	2008	2006	2003	1996	#	% Change	#	% Change	#	% Change
DowntownDC BID Area	184	182	182	179	178	174	162	118	2	1.1%	5	3%	66	56%
D.C. Total	754	748	735	712	704	688	666	623	6	0.7%	42	6%	131	21%
Suburban Maryland	959	950	944	936	969	967	938	816	9	0.9%	23	2%	143	18%
Northern Virginia	1,380	1,379	1,369	1,318	1,329	1,310	1,181	956	1	0.1%	62	5%	424	44%
Region Total	3,093	3,077	3,048	2,966	3,002	2,965	2,785	2,395	16	0.5%	127	4%	698	29%
Nation Total	139,042	136,393	134,104	130,275	137,170	136,398	130,318	119,836	2,649	1.9%	8,767	7%	19,206	16%

(1) Annual average. Not seasonally adjusted.

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

Unemployment Rate for D.C., Region and Nation, 1990-2014



	2010	2011	2012	2013	2014
D.C.	9.5%	9.9%	8.7%	8.0%	7.7%
D.C. suburbs	5.5%	5.3%	5.1%	4.6%	4.0%
Nation	9.3%	8.5%	7.9%	6.7%	5.6%
D.C. as % of nation	102.2%	116.5%	110.1%	119.4%	137.5%
D.C. as % of D.C. suburbs	173.1%	187.0%	171.1%	174.5%	190.3%
D.C. suburbs as % of nation	59.0%	62.3%	64.4%	68.4%	72.2%

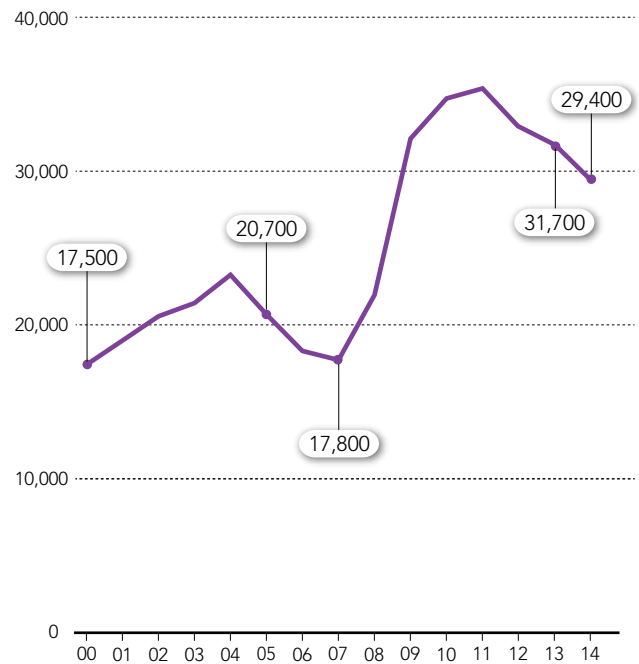
(1) Data is from December of each year. D.C. and national unemployment data is seasonally adjusted. The D.C. suburban unemployment data is not seasonally adjusted because it was unavailable.

(2) 2013 suburban unemployment rate uses preliminary December data.

Source: U.S. Bureau of Labor Statistics

Number of Unemployed D.C. Residents, 2000-2014

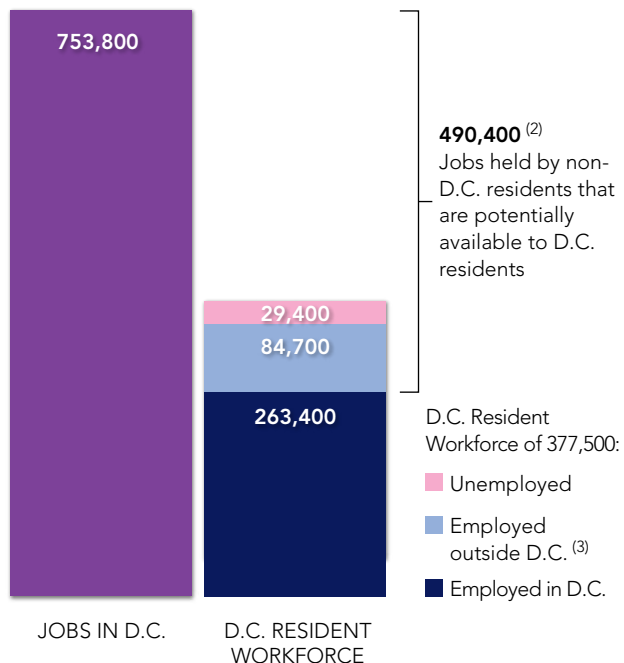
(Annual average; not seasonally adjusted)



Source: U.S. Bureau of Labor Statistics

The number of unemployed District residents has declined by only 7,600 to 29,400 from its July 2011 high of 37,000, while the District added 35,000 new jobs.

D.C. Jobs Available to D.C. Residents, 2014 ⁽¹⁾



(1) Annual average. Not seasonally adjusted.

(2) Was 488,000 at end of 2013.

(3) Data for D.C. residents employed outside of D.C. is 2013 American Community Survey, One-Year Estimate.

Sources: U. S. Bureau of Labor Statistics, U.S. Census Bureau, DowntownDC BID

There are 490,400 jobs in D.C. held by non-D.C. residents. Assuming annual job turnover of 5%, 24,000 jobs are available per year to D.C. residents, of which 6,500 per year should be available to residents with a high school diploma, GED or less.

Downtown and D.C. have many jobs for office workers that require advanced degrees, but also many jobs that do not require a college education in the service areas: hotels, food service and health services.

Last Occupation of Unemployed District Residents, 2014 ⁽¹⁾

	Unemployed Residents	
	#	%
Sales and Related	3,521	12%
Office and Administrative Support	3,462	12%
Food Preparation and Serving Related	3,183	11%
Building and Grounds Cleaning And Maintenance	2,146	7%
Transportation and Material Moving	1,854	6%
Healthcare Services	1,619	6%
Management	1,569	5%
Education, Training, and Library Services	1,382	5%
Business and Financial Operations	1,367	5%
Science and Engineering	1,238	4%
Construction	1,141	4%
Personal Care and Service	1,136	4%
Protection Service	1,060	4%
Other	2,810	10%
Not Employed in the Last Five Years	1,910	6%
Total	29,399	100%

(1) Annual average. Not seasonally adjusted

Source: U. S. Bureau of Labor Statistics, Current Population Survey and the Center for Regional Analysis at George Mason University



A chef at Poste, located at 700 F Street NW, works meticulously to prepare a meal for the lunch crowd.

Several employment categories such as sales and office/administrative support are shrinking. Workers who lost jobs in these industries will likely need training to find jobs in other industries.

Analysis of D.C. Employment by Educational Attainment, 2013 ⁽¹⁾

	Employment	
	#	%
High School or Less	131,266	19%
Associate's Degree or Some College	144,266	20
Bachelor's Degree	191,230	27
Master's Degree, Doctorate or Professional Degree	238,821	34
Total D.C. Employment Per 2013 American Community Survey	705,543	100%

(1) Primary job only. If a worker has more than one job, he/she is only included once.

Source: 2013 American Community Survey

Analysis of D.C. Employment by Wage Level, 2013 ⁽¹⁾

	Employment	
	#	%
Less than \$50,000	268,281	38%
\$50,000 to \$74,999	140,455	20
\$75,000 to \$89,999	65,791	9
\$90,000+	231,016	33
Total	705,543	100%

(1) If a worker has more than one job, the annual wage represents the total wages from all jobs.

Source: 2013 American Community Survey and the Center for Regional Analysis at George Mason University

Employment Change in D.C. by Sector, 2000-2014 ⁽¹⁾ (Thousands)

	Employment Change										
	2014	2013-2014		2010-2014		2007-2010		2000-2007		2000-2014	
	Jobs	#	%	#	%	#	%	#	%	#	%
Total Government	234.9	-5.5	-2%	-12.0	-5%	15.9	7%	7.0	3%	10.9	5%
Federal Government	197	-7.7	-4	-13.6	-6	19.8	10	7.2	4	13.4	7
Total State and Local Government	37.9	2.2	6	1.6	4	-3.9	-10	-0.2	0	-2.5	-6
Legal Services	29.1	-0.5	-2	-2.8	-9	-4.1	-11	2.1	6	-4.8	-14
Other Professional & Business Services	128.7	2.4	2	12.9	11	-1.0	-1	16.9	17.	28.8	29
Associations & Other Services	70.4	1.2	2	5.0	8	2.6	4	5.8	10	13.4	24
Information & Publishing	17.2	0.2	1	-1.5	-8	-3.2	-15	-3.6	-14	-8.3	-33
Food Services	47.4	1.6	3	10.0	27	3.6	11	5.9	21	19.5	70
Accommodation	15.2	0.0	0	-0.1	-1	-0.2	-1	0.5	3	0.2	1
Retail Trade	21.6	1.5	7	3.2	17	0.2	1	0.7	4	4.1	23
Financial Services	18.2	0.4	2	1.4	8	-0.8	-5	-1.5	-8	-0.9	-5
Health Services	66.6	1.0	2	6.6	11	5.5	10	7.9	17	20.0	43
Construction	14.3	0.3	2	3.7	35	-2.1	-17	1.4	12	3.0	27
Real Estate Services	12.1	0.9	8	2.0	20	-1.5	-13	0.7	6	1.2	11
Educational Services	60.8	1.6	3	12.9	27	3.9	9	3.2	8	20.0	49
Arts, Entertainment & Recreation	7.2	0.3	4	0.2	3	0.8	13	1.0	19	2.0	39
Other	10.2	0.1	1	0.2	2	-1.3	-12	-4.5	-28	-5.6	-35
Total	753.8	5.5	1%	41.7	6%	18.3	3%	43.5	7%	103.5	16%
Average Yearly Increase	N/A	5.5		10.4		6.1		6.2		7.4	

(1) Annual average; not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

Training in D.C. will be very important in reducing unemployment; the first step should be an assessment of the skills of D.C.'s unemployed residents; second, an analysis of the growing employment sectors; third, matching those with skills to job openings; and fourth, training for those without.

The Downtown Business Improvement District employs 125 staff, 83 of whom are Safety/Hospitality and Maintenance workers, known as SAMs. Approximately 70 percent of the DowntownDC BID SAMs are District residents.

Over 60 percent of employees in the District have attained a Bachelor's degree or higher from an institute of higher education.



Employment Sector Comparison, 2014: D.C., D.C. Suburbs and U.S. (Thousands) (Ranked by largest sector in D.C.)

	D.C.		D.C. Suburbs		U.S.		2013-2014 Percent Change		
	#	%	#	%	#	%	D.C.	D.C. Suburbs	U.S.
Federal Government	197	26.1%	165	7%	2,729	2%	-1.3%	-0.2	0.0
Non-Legal Professional Services	80	10.6	365	16	7,228	5	0.1	-0.2	0.2
Health Care and Social Assistance	67	8.8	225	10	18,057	13	0.0	0.2	0.2
Membership Associations & Organizations	63	8.3	(2)	N/A	2,964	2	0.1	N/A	0.0
Educational Services	61	8.1	49	2	3,417	2	0.3	0.0	0.0
Food Services and Drinking Places	47	6.3	166	7	10,717	8	0.2	0.1	0.3
State & Local Government	38	5.0	283	12	19,134	14	0.3	0.2	0.0
Administrative Support & Waste Management	32	4.3	115	5	5,158	4	0.1	0.1	0.1
Financial Activities	30	4.0	121	N/A	7,979	6	0.0	5.2	4.9
Legal Services	29	3.9	(2)	5	1,120	1	0.0	N/A	-4.9
Retail Trade	22	2.9	248	11	15,364	11	0.2	0.1	0.2
Information	17	2.3	60	3	2,740	2	0.0	0.0	0.0
Accommodation	15	2.0	26	1	1,889	1	0.0	0.0	0.0
Employment Services	15	1.9	27	1	3,421	2	N/A	N/A	N/A
Mining, Logging and Construction	14	1.9	133	6	2,609	5	-0.1	4.5	2.7
Personal Services	8	1.0	(2)	N/A	2,103	2	-0.8	N/A	-2.9
Arts, Entertainment and Recreation	7	1.0	33	1	5,826	2	-0.1	1.4	-0.3
Wholesale Trade	5	0.6	57	2	5,193	4	-0.3	1.1	2.7
Transportation and Utilities	4	0.6	58	2	2,169	4	-0.1	0.0	-0.4
Management of Companies and Enterprises	2	0.3	38	2	12,188	2	-0.3	-0.8	-2.1
Manufacturing	1	0.1	48	2	12,006	9	-0.1	0.3	7.3
Other Services	(3)	N/A	122	5	(3)	N/A	N/A	3.2	N/A
Total	754	100%	2,339	100%	139,041	100%	1.2%	0.4%	1.9%

(1) 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 broken out separately.

(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

D.C. has been maintaining or growing employment levels in office-using jobs, health care, hospitality and education and catching up with the suburbs in retail, financial activities, health care and food service.

Employment continues to rise in the District as new restaurants open, occupied office space increases and new retailers move into CityCenterDC and elsewhere in Downtown.

The public and private sectors should partner to update the city's economic development strategy, given the significant changes to D.C.'s economy over the past three years. Identifying several employment sectors for growth should be a major goal for that effort.



OFFICE MARKET

2014
STATE OF
DOWNTOWN

555

1984

The lead tenant of 555 12th Street NW will move in 2015, leaving behind almost 500,000 SF of vacant office space in this 780,000 SF trophy office building.

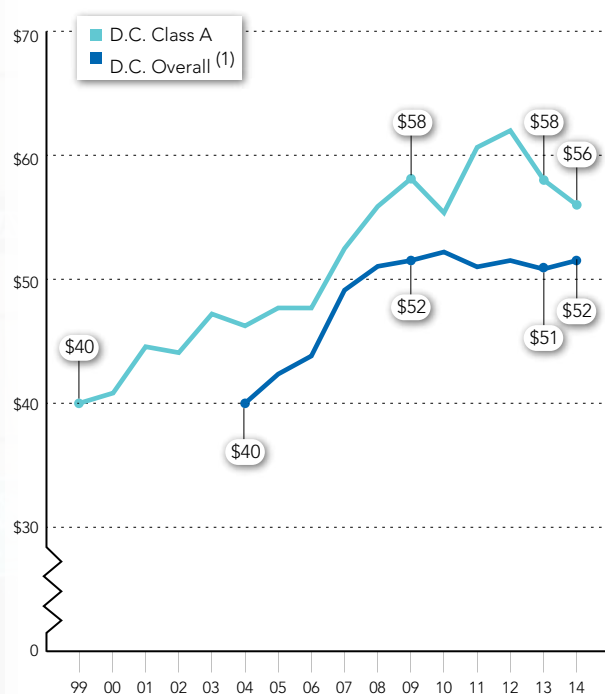
Office Market

A strong fourth quarter in 2014 capped off a year that included the first substantial office space absorption in several years and the conversion of 630,000 SF of office space to other uses. Demand more than offset new office space in new buildings while federal employment cuts and densification (a reduction in SF of office space per employee) continued. The result was a reduction in the DowntownDC BID and District vacancy rates to 11.7 percent and 13 percent, respectively. At the end of 2014, there was 14 million SF of vacant office space in D.C. These vacancy rates were historically high and office absorption rates were historically low. Fortunately, these relatively weak operating numbers did not impact office building sales volume and prices per SF. In fact, District office building sales set two records in 2014 at \$941 per SF in the spring and then \$1,075 per SF later that year. In March 2015, yet another record was set at \$1,083 per SF.

The suburbs did not fare as well as the District in 2014, where vacancy rates were 21 percent at the end of 2014 and there was a total of 40 million SF of vacant office space (or 33 percent of the District's private office space). Several suburban office buildings face impending bankruptcy, which will eventually lead to even lower suburban rental rates and intense competition for District office tenants. Montgomery County is considering expanding their small tax abatement program for office tenants moving into the county.

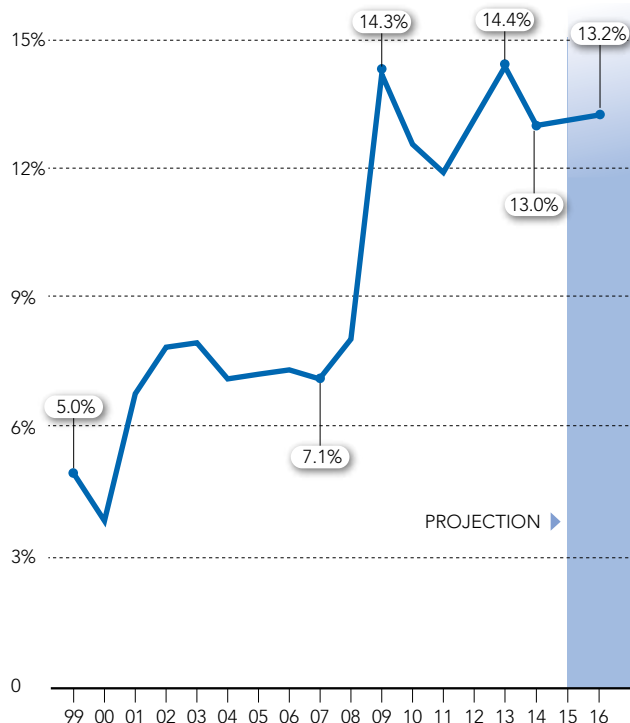
The District government needs a healthy office market to meet revenue projections with over \$900 million in office property tax revenues in FY14 and an estimated increase of \$200 million over the next five years.

Class A and Overall Asking Office Rent History in D.C., 1999-2014



(1) Cushman & Wakefield overall asking D.C. office rent for 1999 - 2003 was not available.
Source: Cushman & Wakefield

D.C. Overall Vacancy Rate Analysis, 1999-2016



Source: Cushman & Wakefield and DowntownDC BID

Occupied Office Space History, 2007-2014

(Millions of SF)

	DowntownDC BID Area ⁽¹⁾		D.C.	
	Occupied SF	Total SF	Occupied SF	Total SF
4Q 2007	31.6	33.9	88.4	95.1
4Q 2008	32.0	34.9	88.4	96.1
4Q 2009	31.8	35.6	87.1	101.6
4Q 2010	32.3	36.1	90.9	104.0
4Q 2011	32.5	36.3	92.5	105.0
4Q 2012	31.9	36.2	92.7	106.6
4Q 2013	31.9	36.7	92.4	108.0
4Q 2014	32.6	36.9	93.5	107.5
Change 2007-2014	1.0	3.0	5.1	12.4

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

Source: Cushman & Wakefield

The Case for a 2015 Office Market Study

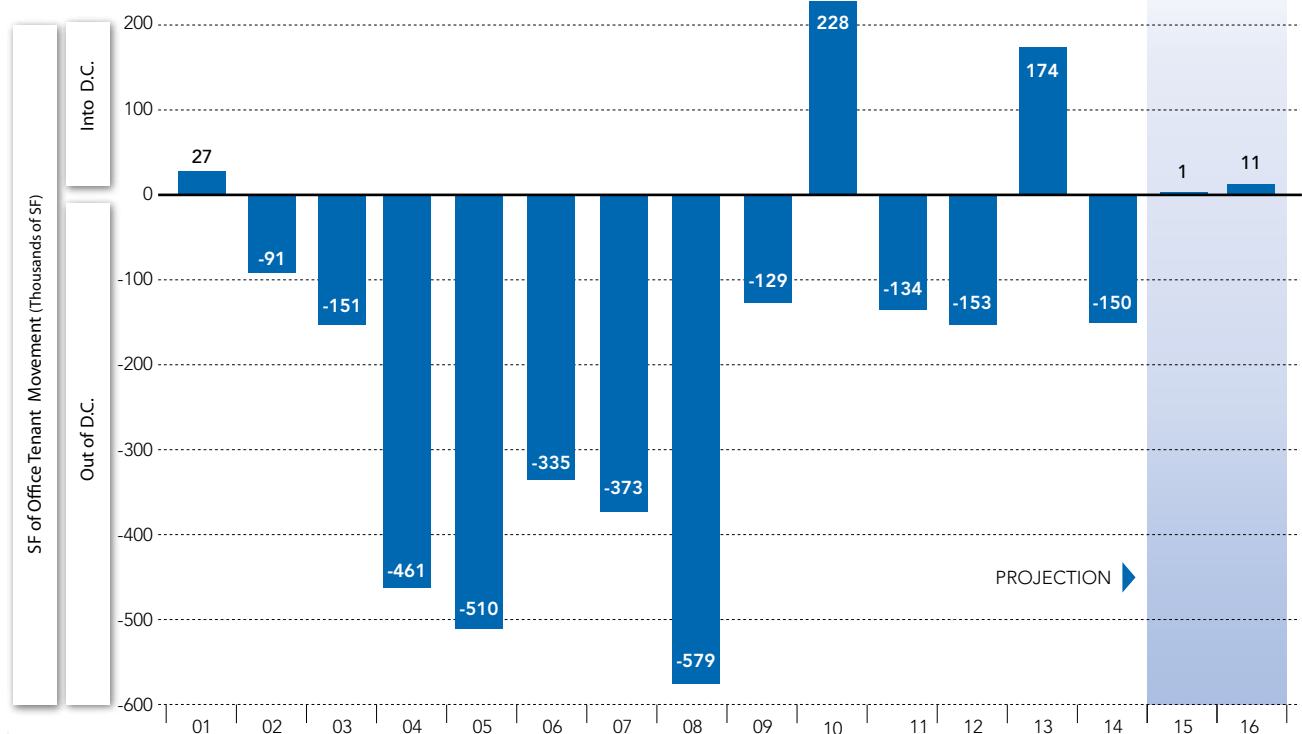
District office market stakeholders recognize the importance of the office-using economy to both the public and private sectors - the public sector as a tax revenue base and a demand generator for transit and the private sector as a demand generator for hotels, restaurants, retail, entertainment and culture.

There is a concern, however, that the state of the office market is weak and will harm both the public and private sectors. While office market "good news" indicates record office building sales prices, a strong performance in retaining and attracting office tenants and the nascent movement of office building conversions to other uses; "bad news" includes poor operating results (effective rents are down \$8 per SF from their 2007 high and vacancy rates are at historically high levels), a declining federal workforce, office space compression/densification (fewer SF of office space per office worker), an Office of Management and Budget Order to reduce federal office SF and the historically high reliance of office valuations on foreign capital.

It is strongly recommended that the city and private sector partner to conduct an Office Market Study to look at the current "good" and "bad" trends and prepare a long-term, sustainable office-market economic strategy for the city.

Major leasing successes in 2014 included The Washington Post's decision to remain in Downtown and Fannie Mae's choice to move their headquarters into Downtown. It was a major victory for the city to keep both of these large office tenants in the District.

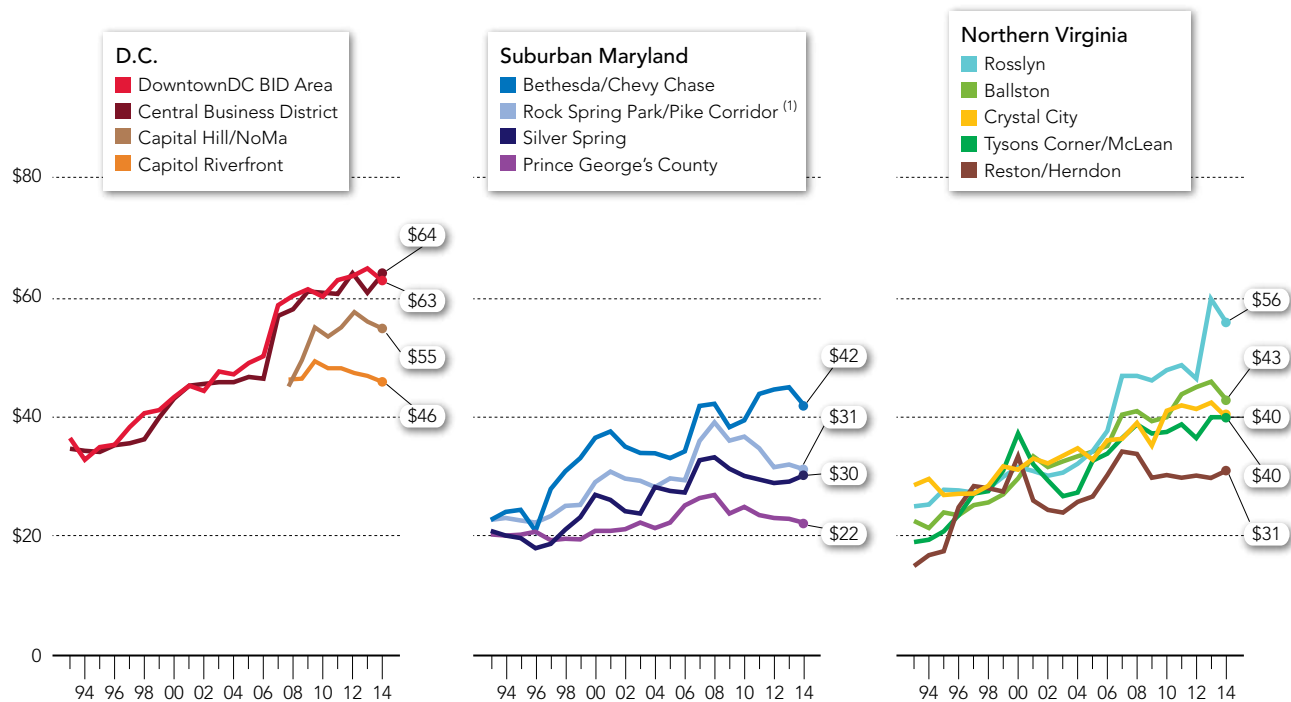
D.C. Net Tenant Movement by Year, 2001-2016 ⁽¹⁾ (Thousands of SF)



(1) Data as of January 22, 2015.

Sources: DowntownDC BID, CoStar, Washington DC Economic Partnership, Cassidy Turley, Cushman & Wakefield, and JLL

Regional Class A Office Asking Rent Per SF History, 1993-2014 (At year-end)

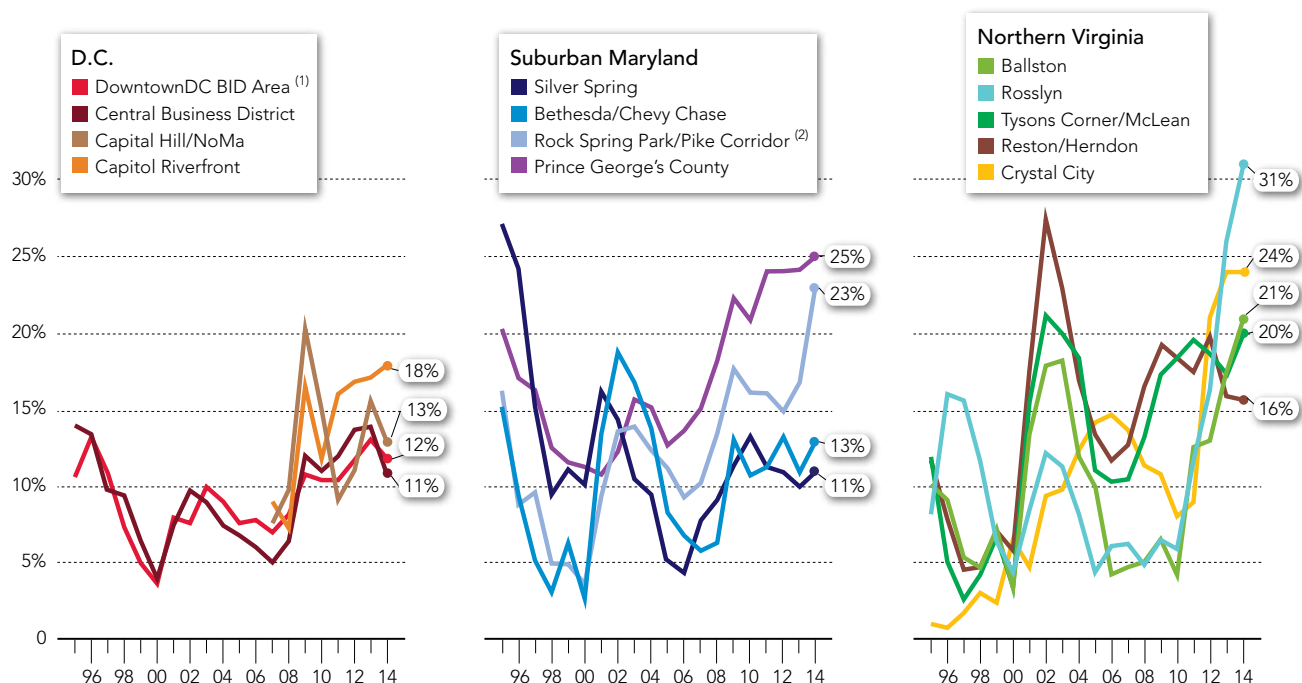


(1) In 2012, Cushman & Wakefield revised the Suburban Maryland submarket boundaries. The Rock Spring Park and the Pike Corridor submarkets are the closest approximation to the North Bethesda and the Rockville submarkets that were used from 2007-2011. Prior to 2007, the markets were tracked together.

Source: Cushman & Wakefield

All suburban markets experienced an increase in vacancy rates in 2014 except the Reston/Herndon submarket, which is the home of Reston Town Center—one of the most urban of suburban office submarkets.

Regional Overall Office Vacancy History, 1995-2014 (At year-end)



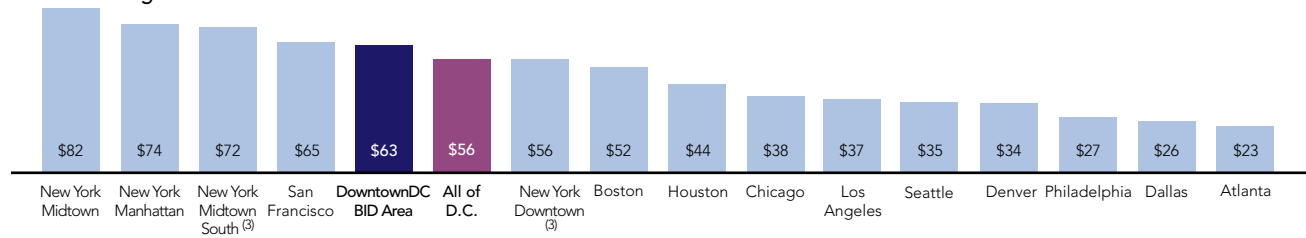
(1) DowntownDC BID uses Cushman & Wakefield's East End office market as the DowntownDC BID office market.

(2) In 2012, Cushman & Wakefield revised the Suburban Maryland submarket boundaries. The Rock Spring Park and the Pike Corridor submarkets are the closest approximation to the North Bethesda and the Rockville submarkets that were used from 2007-2011. Prior to 2007, the markets were tracked together.

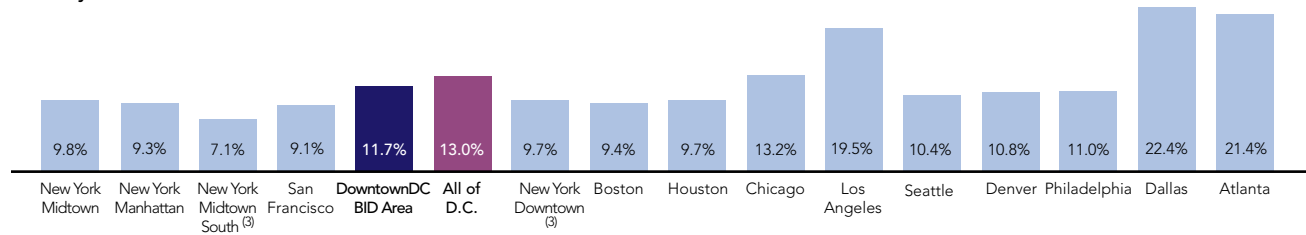
Source: Cushman & Wakefield

Large City Downtown Office Market Comparison, 2014 ^{(1) (2)}

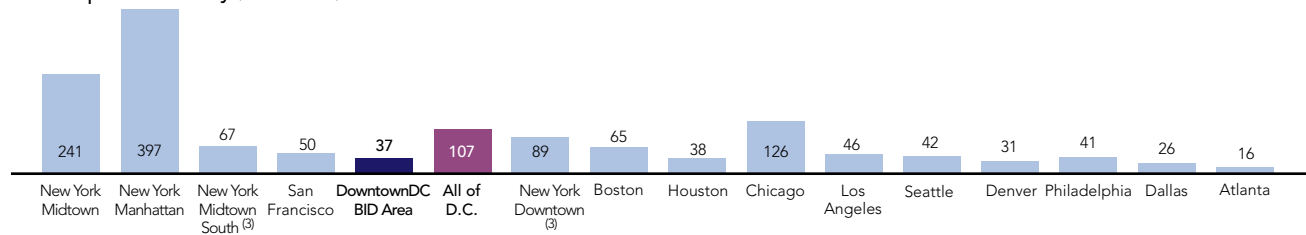
Class A Asking Rents Per SF



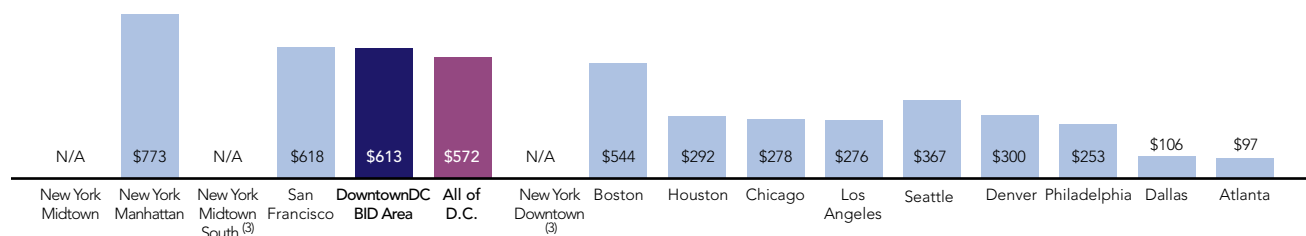
Vacancy Rates



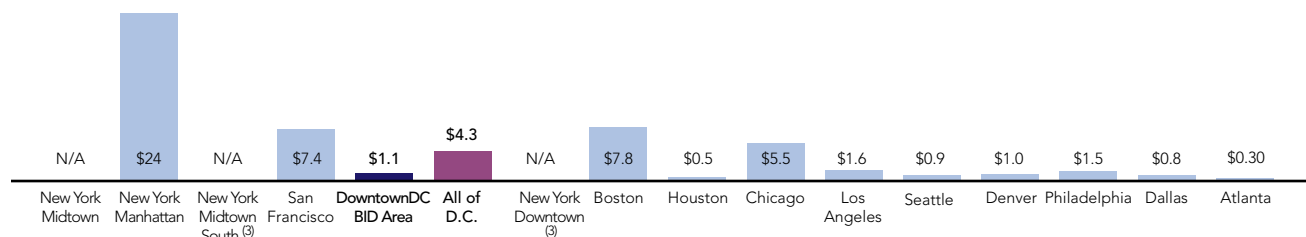
Office Space Inventory (Millions of SF)



Office Sales Price Per SF



Office Sales Dollar Volume (Billions of Dollars)



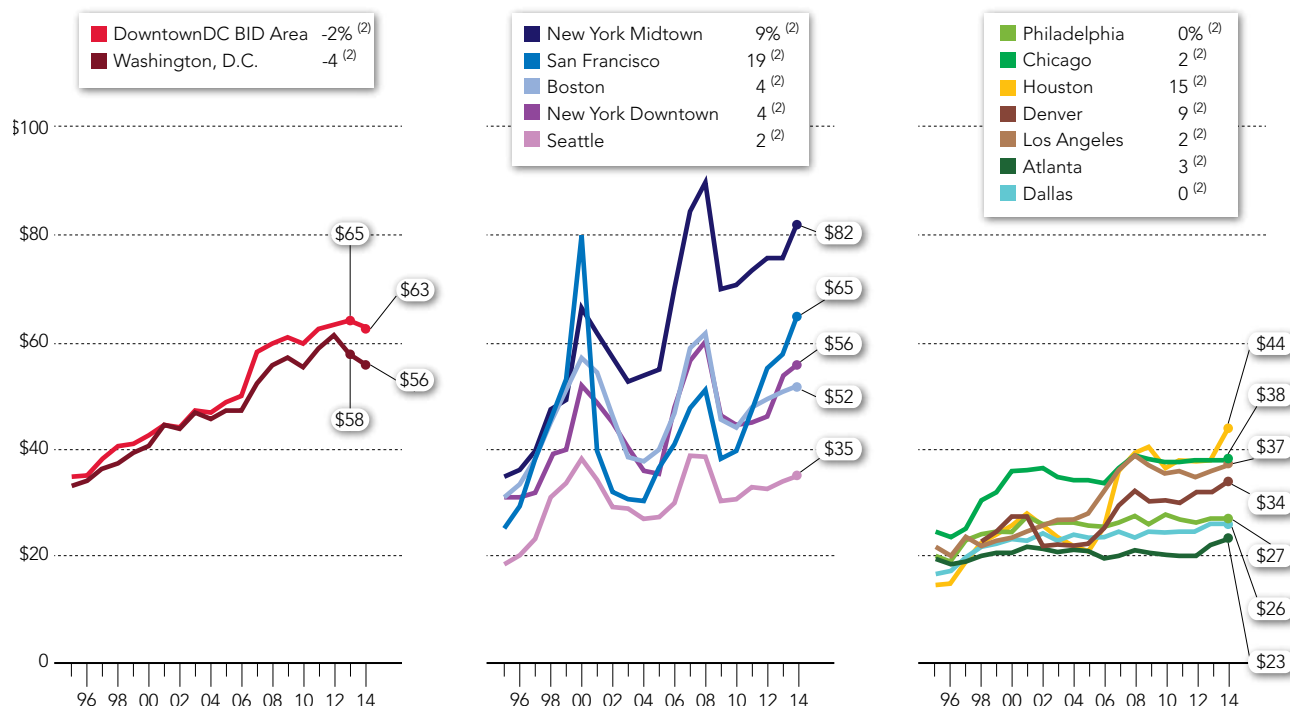
(1) DowntownDC BID uses Cushman & Wakefield's East End market as the DowntownDC BID's office market.

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

(3) Office sales data for Midtown, Midtown South and Downtown New York is not available separately. Manhattan data includes all of these markets.

Sources: Cushman & Wakefield and Real Capital Analytics

The DowntownDC BID area and D.C. office markets continue to perform well in comparison to all other large cities in the United States. However, almost all other large cities had a greater rate of improvement in 2014 than D.C.

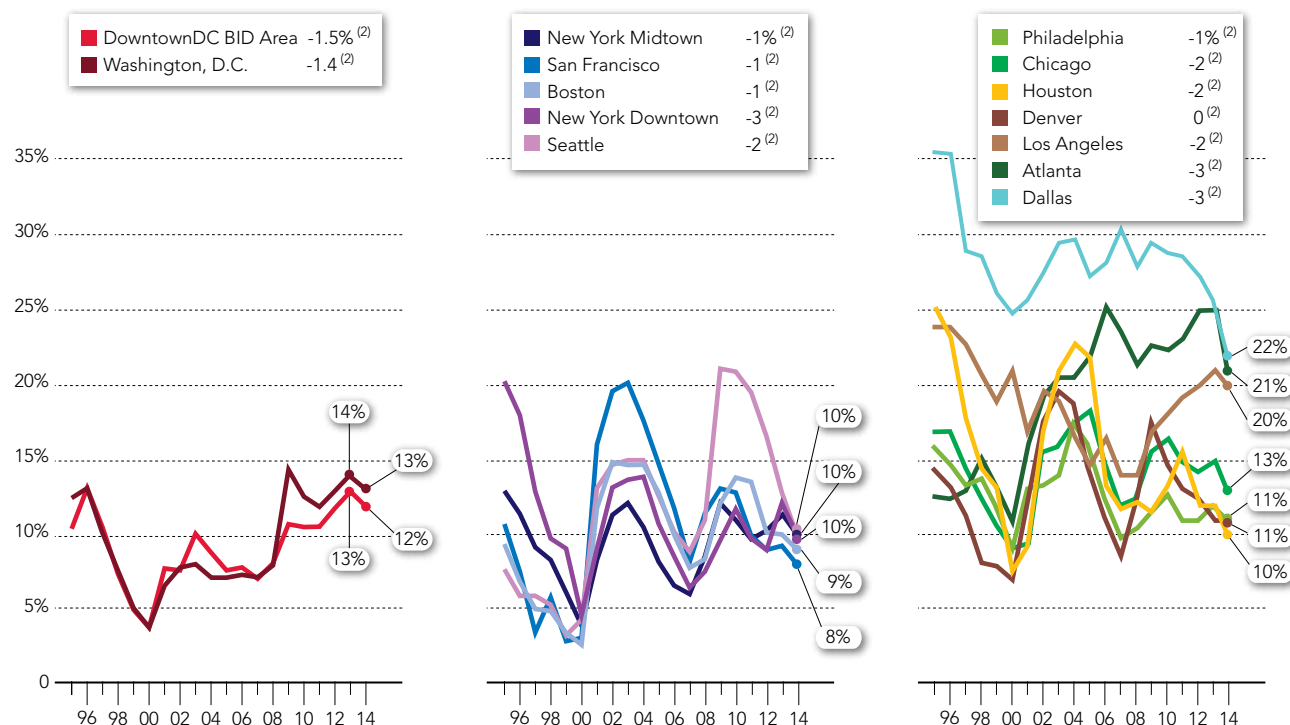
Large City Downtown Class A Office Asking Rents History, 1995-2014 ⁽¹⁾ (Dollars per SF)

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

(2) Rent change from 4Q 2013 to 4Q 2014

Source: Cushman & Wakefield

Stronger office building operating improvements in other large cities in the United States has translated directly into a faster increase in office sales prices in those cities.

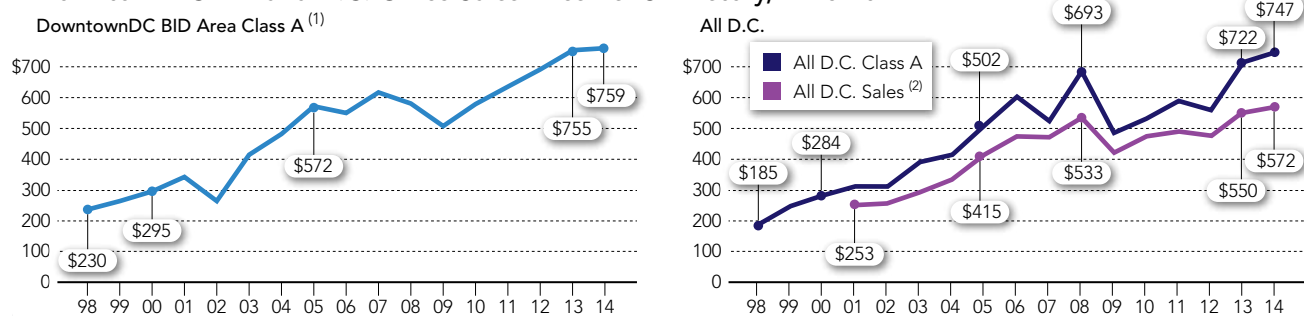
Large City Downtown Overall Office Vacancy Rate History, 1995-2014 ⁽¹⁾

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

(2) Change in vacancy rate from 4Q 2013 to 4Q 2014.

Source: Cushman & Wakefield

DowntownDC BID and D.C. Office Sales Price Per SF History, 1998-2014

Office Sales Data By Year, 2001-2014 ⁽¹⁾

	D.C.				National			
	Properties (#)	Total SF (Millions)	Volume (Billions)	Price per SF ⁽²⁾	Properties (#)	Total SF (Millions)	Volume (Billions)	Price per SF
2001	45	8.9	\$2.2	\$253	296	87	\$16	\$202
2002	42	7.9	2.1	258	310	101	19	197
2003	55	12.5	3.6	295	369	127	23	191
2004	47	10.6	3.6	336	556	188	35	211
2005	58	12.1	4.9	415	711	202	44	235
2006	85	19.2	7.1	473	800	253	64	281
2007	57	11.6	5.0	471	894	320	106	351
2008	26	4.4	2.3	533	346	88	26	338
2009	12	3.4	1.4	421	105	28	6	236
2010	32	7.4	3.2	475	272	90	22	276
2011	39	8.3	3.8	490	393	148	37	294
2012	30	7.1	3.3	476	495	154	39	300
2013	33	6.9	3.2	550	590	185	50	312
2014	35	8.6	4.3	572	721	213	67	363

(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

Office Sales in 12 Large Downtown Markets, 2006-2014 ⁽¹⁾ (Ranked by 2014 price per SF)

	Price Per Square Foot ⁽²⁾										Dollar Sales Volume (Billions)				
										% Change in 2014 from					Average
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2013	2006	2014	2013	2012	2007-2014
1. Manhattan	\$773	\$675	\$507	\$465	\$406	\$256	\$766	\$681	\$564	15%	37%	\$24.2	\$23.2	\$12.6	\$14.1
2. San Francisco	618	429	507	290	285	333	323	485	344	44	80	7.4	2.1	5.6	2.8
3. D.C.	572	550	476	490	475	421	533	472	473	4	21	4.3	3.2	3.3	4.1
4. Boston	544	456	315	437	402	385	337	367	446	19	22	7.8	2.7	1.7	3.7
5. Seattle	367	375	454	288	149	127	234	365	254	-2	44	0.9	2.0	3.5	1.3
6. Denver	300	275	178	249	215	177	204	227	206	9	46	1.0	1.3	0.5	0.8
7. Houston	292	207	278	288	217	135	179	165	92	41	217	0.5	1.8	1.2	1.1
8. Chicago	278	233	157	219	269	289	219	223	210	19	32	5.5	4.0	2.9	1.7
9. Los Angeles	276	274	229	221	332	N/A	281	362	272	1	1	1.6	4.3	0.8	0.7
10. Philadelphia	253	135	100	105	45	48	106	161	180	87	41	1.5	0.9	0.2	0.7
11. Dallas	106	103	107	65	21	110	256	127	130	3	-18	0.8	0.6	0.2	0.7
12. Atlanta	97	161	106	136	114	80	191	190	211	-40	-54	0.3	0.5	0.2	0.7
Total												55.8	46.6	32.7	

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

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

Source: Real Capital Analytics

D.C., Manhattan, Boston and San Francisco are all high-performing office markets, in part, because of restrictions and/or barriers to entry for new supply in each of those markets.

Association of Foreign Investors in Real Estate Rankings History

Top Five U.S. Cities	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
New York City	1	1	1	1	1	2	2	1	1	2	2	2	2	2	1	1	2
San Francisco	2	2	2	3	3	3	3	4	4	4	4	4	5	5	2	3	3
Houston	3	3	4	-	-	-	5	-	-	-	-	-	-	-	-	-	-
Los Angeles	4	5	-	5	5	5	4	3	3	3	3	3	3	-	-	-	-
Washington, D.C.	5	4	3	2	2	1	1	2	2	1	1	1	1	1	4	2	1

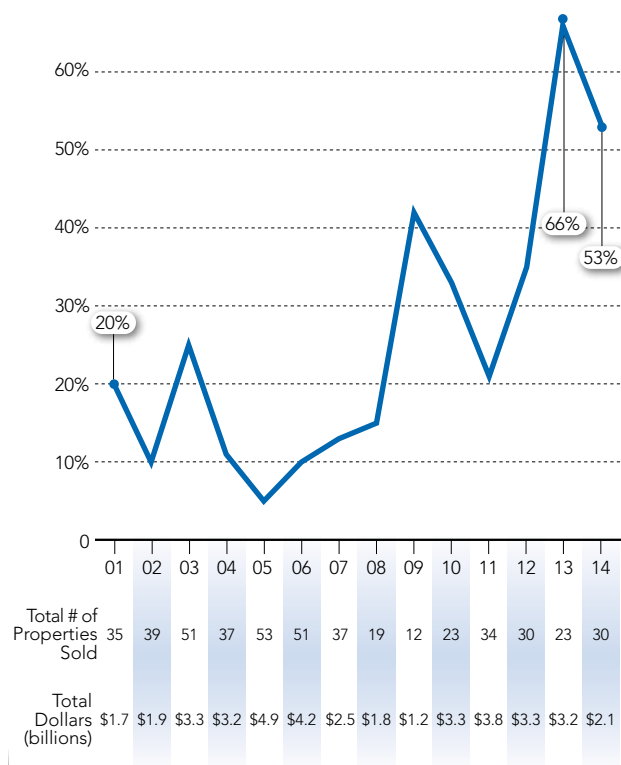
Top Global Cities	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	1999 - 2001		
New York City	1	2	1	1	1	3	3	1	2	3	4	4	4	2	data not available		
London	2	1	2	2	3	1	2	2	1	1	2	2	2	1			
San Francisco	3	3	3	5	-	-	-	-	-	-	-	-	-	-			
Tokyo	4	6	-	-	-	5	4	-	5	5	3	-	-	4			
Madrid	5	7	-	-	-	-	-	-	-	-	-	-	-	-			
Washington, D.C.	15	10	4	3	2	2	1	2	4	2	1	1	1	3			

Source: Association of Foreign Investors in Real Estate. Rankings released in January or February each year.

Though foreign investors rank other cities higher than the District in terms of opportunity, foreign buyers are at historically high levels for their market share of District office building sales.

If foreign buyers were to leave the District office market, what would happen to office building assessments and property tax revenues?

Foreign Investors Market Share of D.C. Office Sales, 2001 - 2014



POPULATION & HOUSING

2014
STATE OF
DOWNTOWN

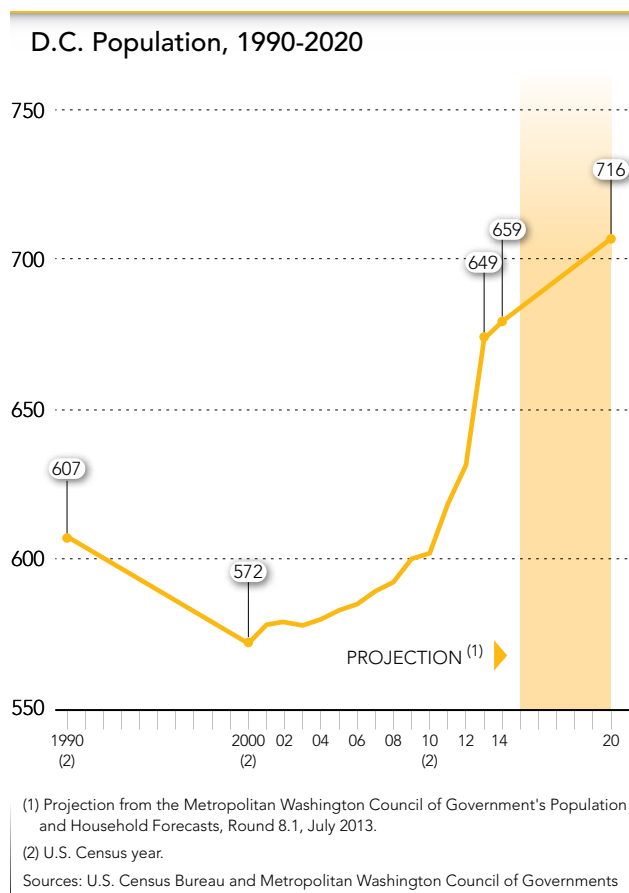
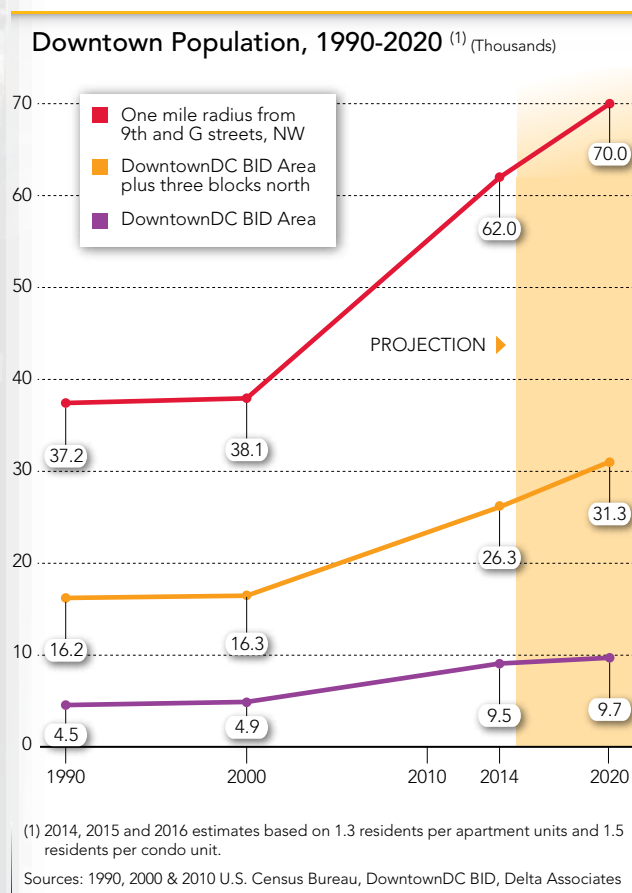
The Woodward Building was redeveloped in 2008 from an older office building into a Class A apartment building with 189 apartments. In early 2015, the Woodward commanded premium rents of \$3.75 per SF per month. (Photo: SJG Properties)

Population & Housing

With CityCenterDC's apartments fully-leased at about \$4 per SF per month and its condominiums almost all sold at \$890 per SF (not including balcony space), the population of Downtown was estimated to be 9,500 at the end of 2014. Including the three blocks to the north of the DowntownDC BID area, the population at the end of 2014 was estimated at 26,300.

The District's population growth rate is the fastest in the region and one of the fastest in the nation. The 2014 growth rate of 1.5 percent to 658,893 residents would have been 1.9 percent if the 2013 population estimate had not been revised upwards to 649,111 from 646,449. The DowntownDC BID estimates the District's population is growing at 800 to 1,000 residents per month (as the result of 3,000 to 3,800 new residents moving in per month, 2,600 to 3,200 existing residents moving out per month, 800 births per month and 400 deaths per month).

With a record 4,469 multi-family groundbreakings in 2014 and 2,680 in the first quarter of 2015, the District's population growth of 8,000 to 12,000 per year is likely to continue for at least a few more years.



Regional Population, 2000-2014 ⁽¹⁾ (Thousands)

	Population							Change 2013-2014		Change 2010-2014		Change 2000-2014	
	2014		2013	2012	2011	2010	2000	#	%	#	%	#	%
	#	%											
D.C.	659	11.0%	649	635	620	602	572	10	1.5%	57	9.5%	87	15%
Suburban Maryland	2,424	40.6%	2,399	2,370	2,344	2,304	2,065	25	1.0%	120	5.2%	359	17%
Northern Virginia	2,895	48.4%	2,864	2,813	2,759	2,677	2,158	31	1.1%	218	8.1%	737	34%
Total	5,978	100%	5,912	5,819	5,723	5,583	4,795	66	1.1%	395	7.1%	1,183	25%

(1) Region as defined by the Office of Management and Budget, excluding West Virginia.

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

The District's population has grown faster than its neighbors, allowing it to grow its regional market share of population to 11.02%.

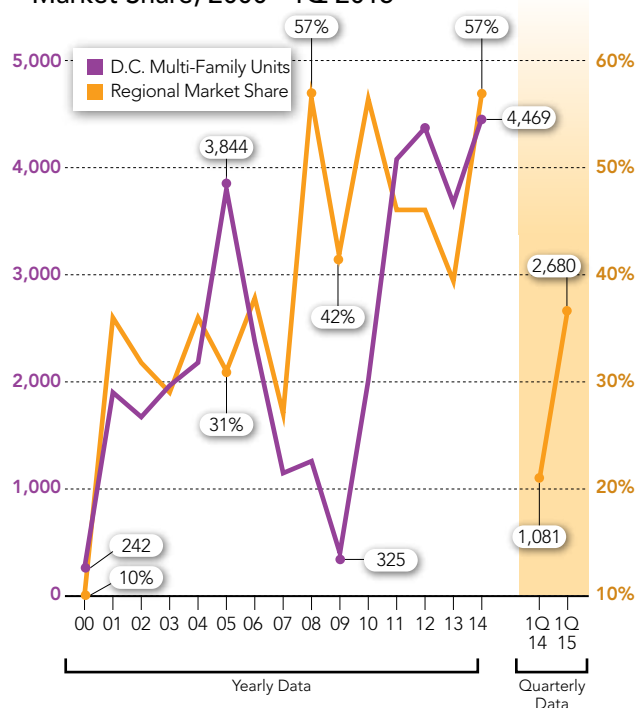
The Lansburgh apartment building was built in 1990 by the Pennsylvania Avenue Development Corporation and was the largest residential building in the DowntownDC BID area until 2004. Today, the 384-unit building is located in a vibrant residential neighborhood in Penn Quarter.



Slightly more than 10,000 multi-family units were under construction in the District as of April 2015 and groundbreakings for another 2,000-4,000 units were expected later in 2015.

The District's population is growing faster than the population in the rest of the region as the city enjoys a 30-60% market share of all new multi-family development inside or adjacent to the Beltway.

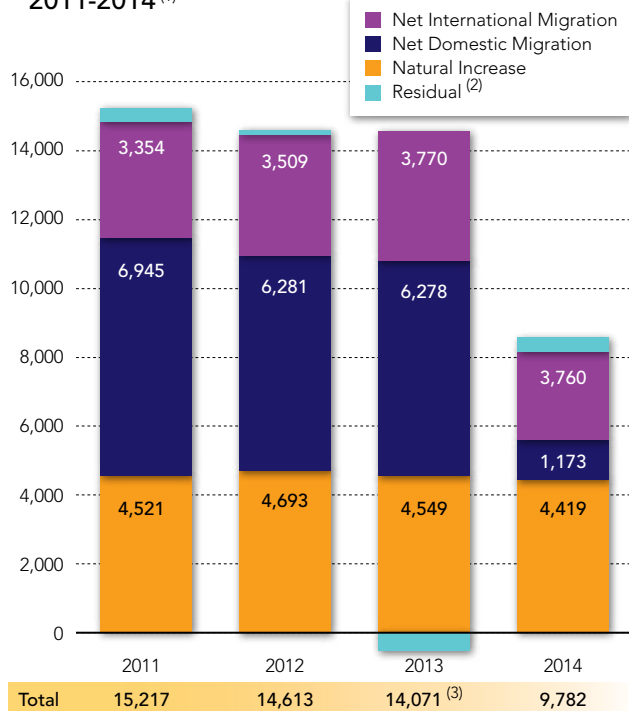
D.C. Multi-Family Groundbreakings and Regional Market Share, 2000 - 1Q 2015



(1) Region is D.C., Suburban Maryland (Bethesda/Northern Bethesda/Silver Spring/Wheaton/National Harbor), Northern Virginia (Alexandria/Capital City-Pentagon City/Rosslyn-Ballston Corridor/Merrifield/Tysons)
Sources: Delta Associates and DowntownDC BID

The District experienced 30% lower population growth in 2014 due entirely to an 80% decrease in Net Domestic Migration. As population forecasts are volatile, it is probable that the District will see an upward revision for 2014 in December 2015, when the July 2015 estimate is released.

D.C. Population Change Component Analysis, 2011-2014⁽¹⁾



(1) Estimate is for the year ending in each July.

(2) Residual population change cannot be categorized by component.

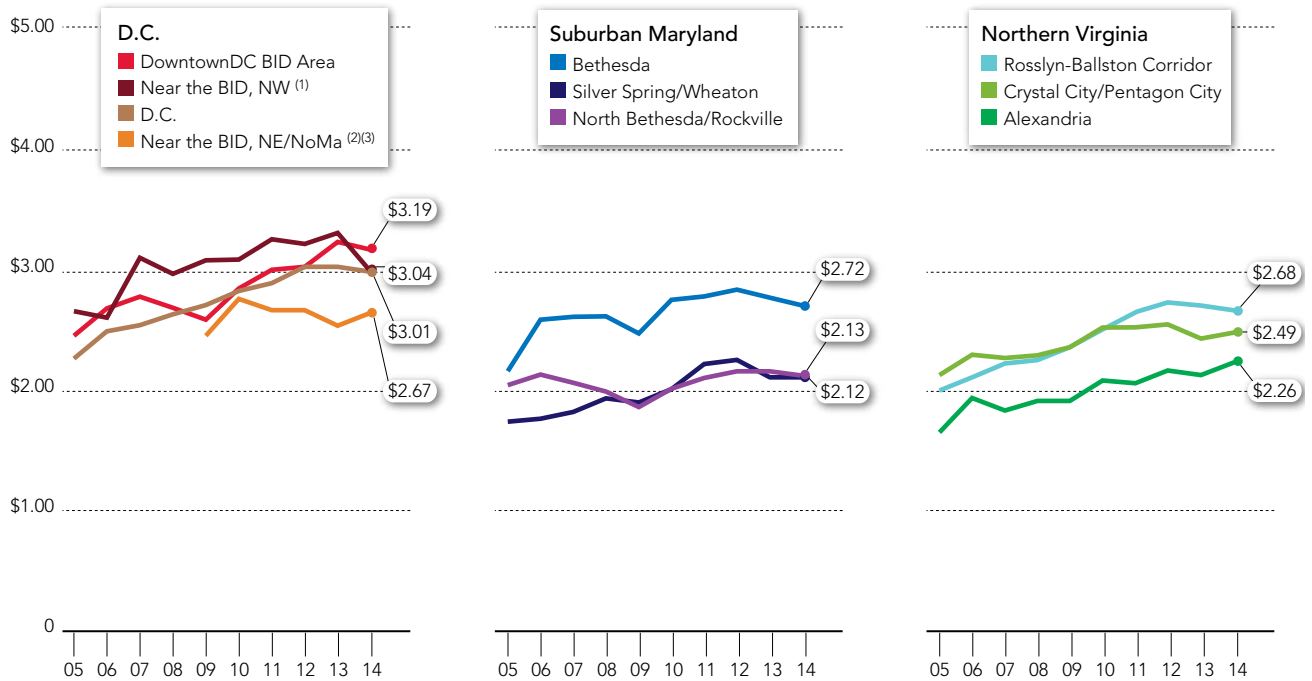
(3) Revised upwards by 2,662 when July 2014 estimate released.

Sources: U.S. Census Bureau, 2014 Population Estimates

The District's 2014 population growth rate of 1.5 percent is the fastest in the region and one of the fastest in the nation. The District is currently home to 658,893 residents.



Regional Class A High-Rise Apartment Effective Rental Rate History, 2005-2014 (Per square foot per month)

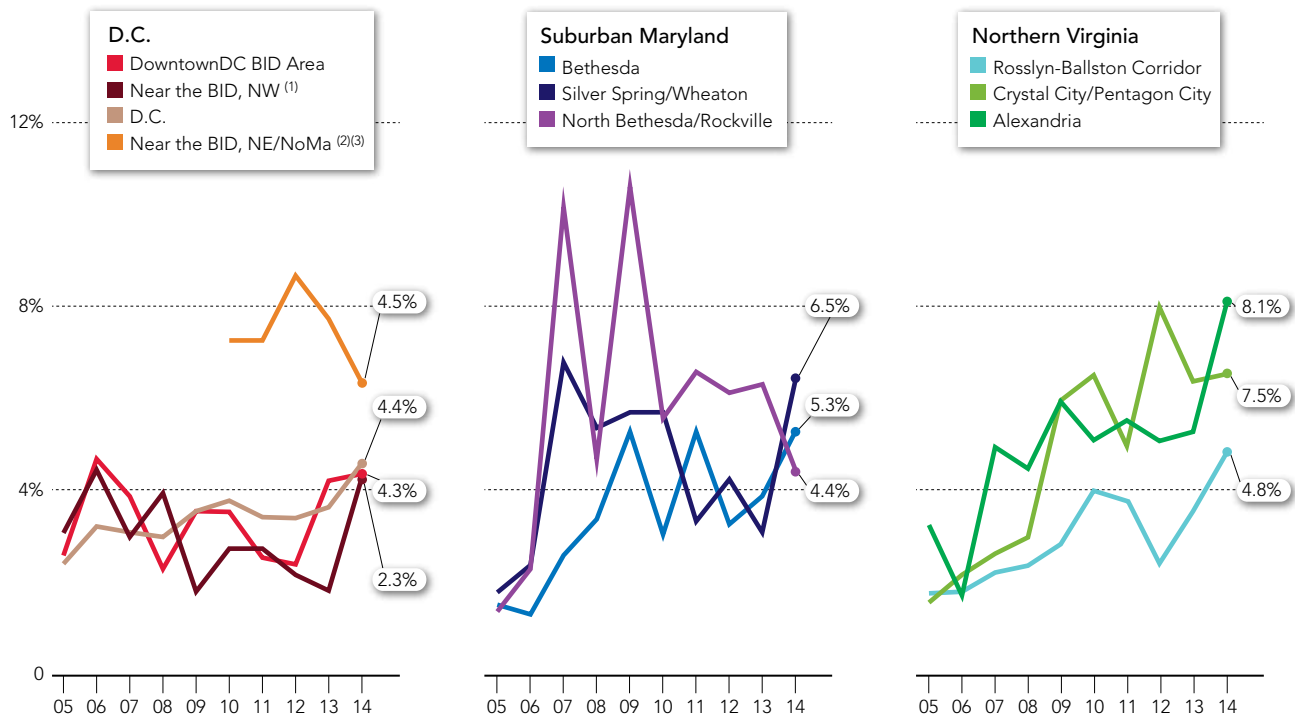


(1) Includes the area five blocks north and west of the DowntownDC BID boundary.
 (2) 2004 - 2008 data not available for the area near the BID, NE/NoMa.
 (3) Includes the NoMa BID area and the H Street corridor west of 5th Street, NE.

Source: Delta Associates

Downtown and District rents and vacancy rates remain strong, the result of strong apartment absorption. This market strength led to first quarter 2015 groundbreakings of 2,680 multi-family units with plans for another 2,000 to 4,000 units to break ground over the remainder of 2015.

Regional Stabilized Residential Class A High-Rise Apartment Vacancy Rate History, 2005-2014

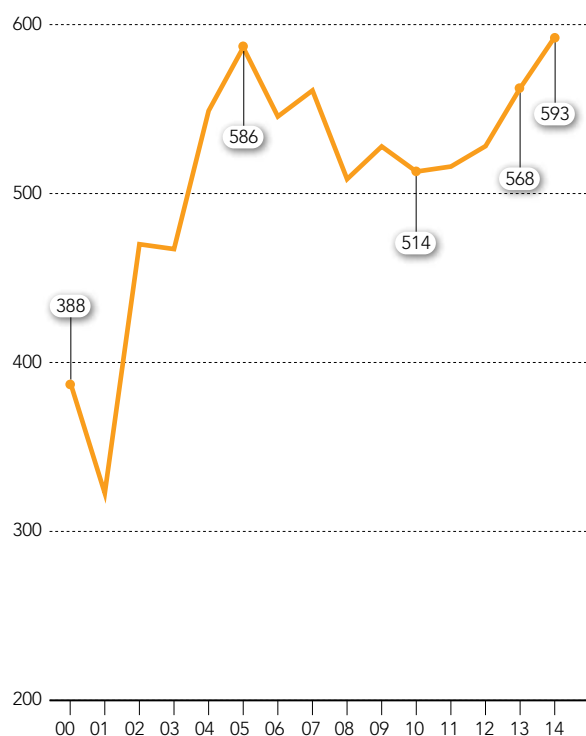


(1) Includes the area five blocks north and west of the DowntownDC BID boundary.
 (2) 2005 - 2008 data not available for Near the BID, NE/NoMa.

(3) Includes the NoMa BID area and the H Street corridor west of 5th Street, NE.

Source: Delta Associates

DowntownDC BID Area Condominium Resales Price Per SF, 2000-2014



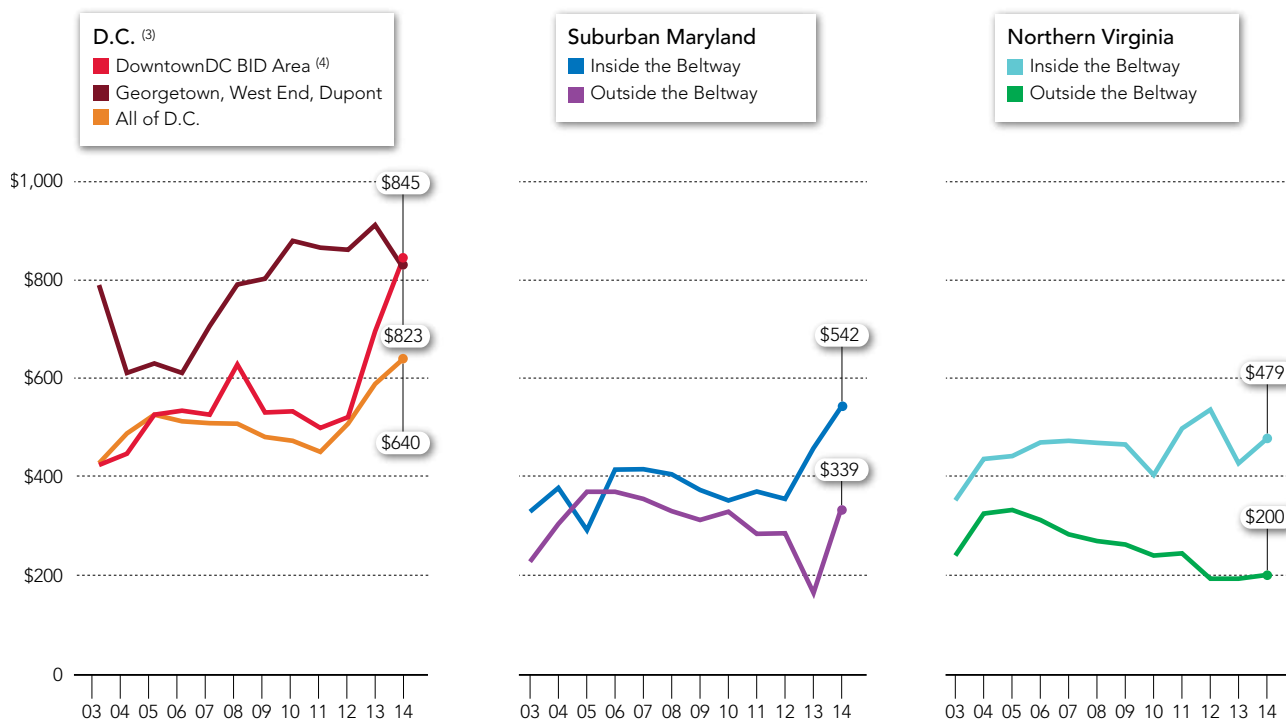
Source: The Mayhoo Company



The Apartments at CityCenterDC offer an array of amenities including an outdoor pool, rooftop dog walk, rooftop bocce court, sun deck and an outdoor dining area with grills and a kitchen. The Residences at CityCenterDC offer condo dwellers a variety of amenities as well, including private balconies, private terraces and an expansive roof park with a sun deck, water feature, outdoor kitchens and a fire pit. (Photo: Joe Aker, Aker Imaging/Hines | CityCenterDC)

CityCenterDC condominium sales had an average selling price of \$890 per SF in 2014. The average DowntownDC BID area condominium resale was \$593 per SF.

Regional Average New Condominium Prices Per SF History, 2003-2014 ^{(1) (2)}



(1) Averages are of fourth quarter sales.

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

(3) 2002 and 2003 data was not available for DowntownDC BID area.

(4) 2008 data based on sales in only two buildings, including one with very small units, and is estimated to be above the Greater Downtown market by as much as 20 percent.

Source: Delta Associates

DowntownDC BID Area, Region and U.S. Demographic Profile, 2014

	Radius From 7th and H Streets, NW						D.C.	Suburban Maryland ⁽¹⁾	Northern Virginia ⁽²⁾	United States
	BID	0-5 mi	0-1 mi	0-3 mi	0-5 mi	0-20 mi				
Population										
Total	9,546	13,821	41,840	326,330	739,141	3,755,748	658,893	2,980,461	2,352,385	316,296,988
Male	51%	50%	51%	49%	48%	48%	47%	49%	49%	49%
Female	49%	50%	49%	51%	52%	52%	53%	51%	51%	51%
Race										
White	61%	49%	47%	50%	43%	48%	39%	57%	63%	71%
Black	17	28	33	35	43	32	49	25	13	13
Asian	16	14	10	6	5	10	4	9	12	5
Hispanic	9	11	13	12	12	14	10	12	18	18
Age										
20-24	14%	11%	10%	11%	10%	7%	10%	6	6%	7%
25-29	22	18	18	15	13	10	11	6	8	7
30-34	15	15	15	13	11	11	10	7	9	7
35-39	9	9	9	8	8	6	7	6	8	6
Educational Attainment										
Not Completed High School	11%	11%	14%	12%	10%	12%	12%	9%	8%	14%
Completed High School ⁽³⁾	17	24	25	27	38	33	36	47	34	57
Bachelor's Degree	30	28	26	27	25	25	23	24	31	18
Graduate/Professional Degree	42	38	35	35	26	30	29	20	27	11
Households										
Total	5,864	8,406	23,404	171,585	340,657	1,549,008	2,282,058	1,180,610	866,125	79,114,777
Average Household Size	1.5	1.6	1.7	1.9	2.1	2.5	2.1	2.7	2.6	3.14
Single Female Heads of Household	3%	8%	9%	10%	14%	13%	16%	13%	9%	13%
Owner Occupied	19%	25%	26%	34%	35%	54%	42%	65%	56%	56%
Median Home Value	\$555,614	\$510,241	\$551,096	\$558,725	\$490,226	\$432,905	\$499,603	\$380,258	\$497,337	\$190,791
Household Income										
Average Annual Household Income	\$107,333	\$101,810	\$100,942	\$108,133	\$103,488	\$114,950	\$103,763	\$112,444	\$131,976	\$72,809
Median Household Income	\$68,434	\$63,016	\$66,287	\$75,848	\$71,740	\$87,370	\$65,202	\$91,429	\$103,467	\$52,076
Share of households with incomes of \$75,000 or more	47%	46%	47%	51%	49%	63%	46%	58%	67%	34%

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

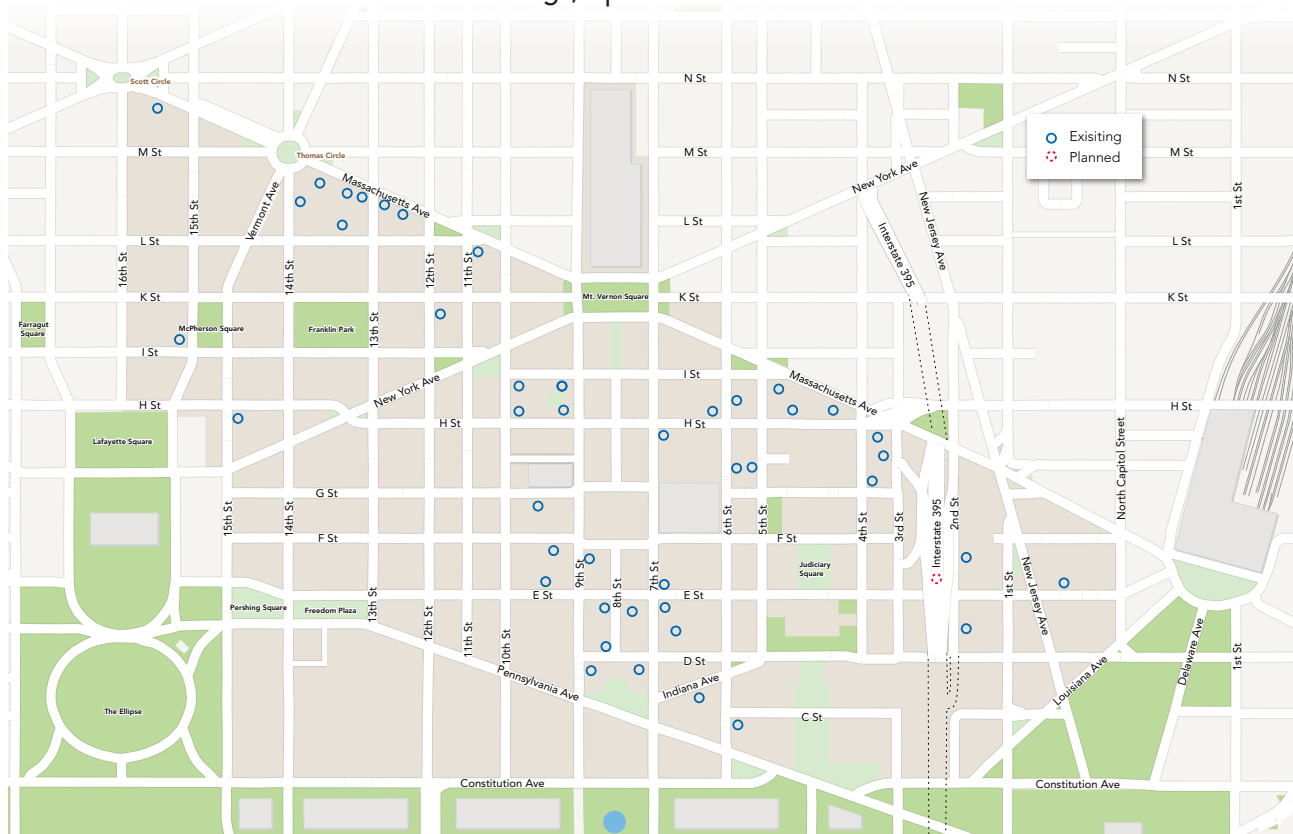
(2) Northern Virginia includes Alexandria City, Arlington, Fairfax, Loudon and Prince William counties.

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

Sources: ESRI forecasts courtesy of the Washington DC Economic Partnership

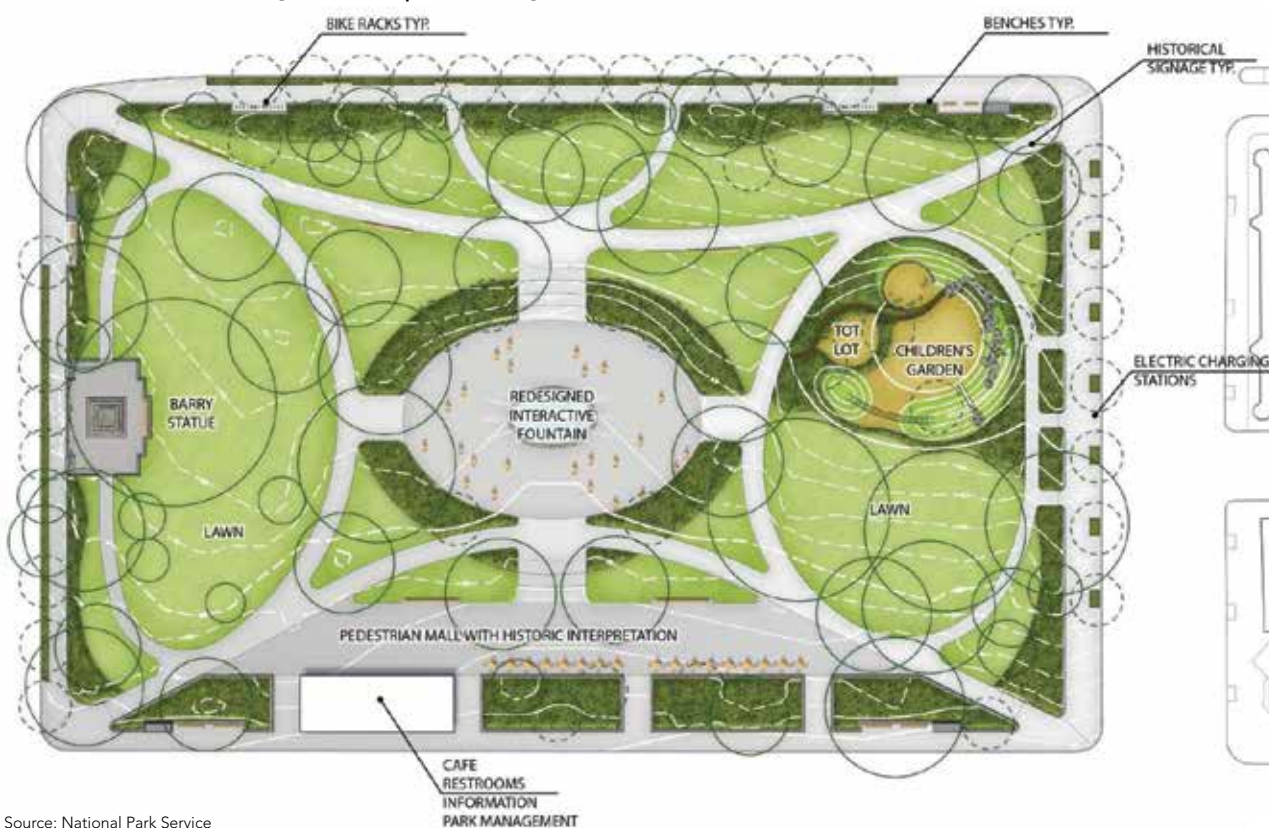
In assessing the opportunities and problems facing the District, it is useful to examine the city's unique demographics.

DowntownDC BID Area Residential Buildings, April 2015



The planning process has begun to transform the currently deteriorating Franklin Park into a grand open space in the heart of Downtown. Plans include a new fountain, a pedestrian mall, cafe and children's play garden.

Franklin Park "The Edge" Conceptual Design



Source: National Park Service

HOTELS, TOURISM & CONVENTIONS

2014
STATE OF
DOWNTOWN

The Trump International Hotel broke ground at the Old Post Office Pavilion on July 23, 2014. The hotel will considerably enliven Pennsylvania Avenue. (Photo: Trump International Hotel, Washington, D.C.)

Hotels, Tourism & Conventions

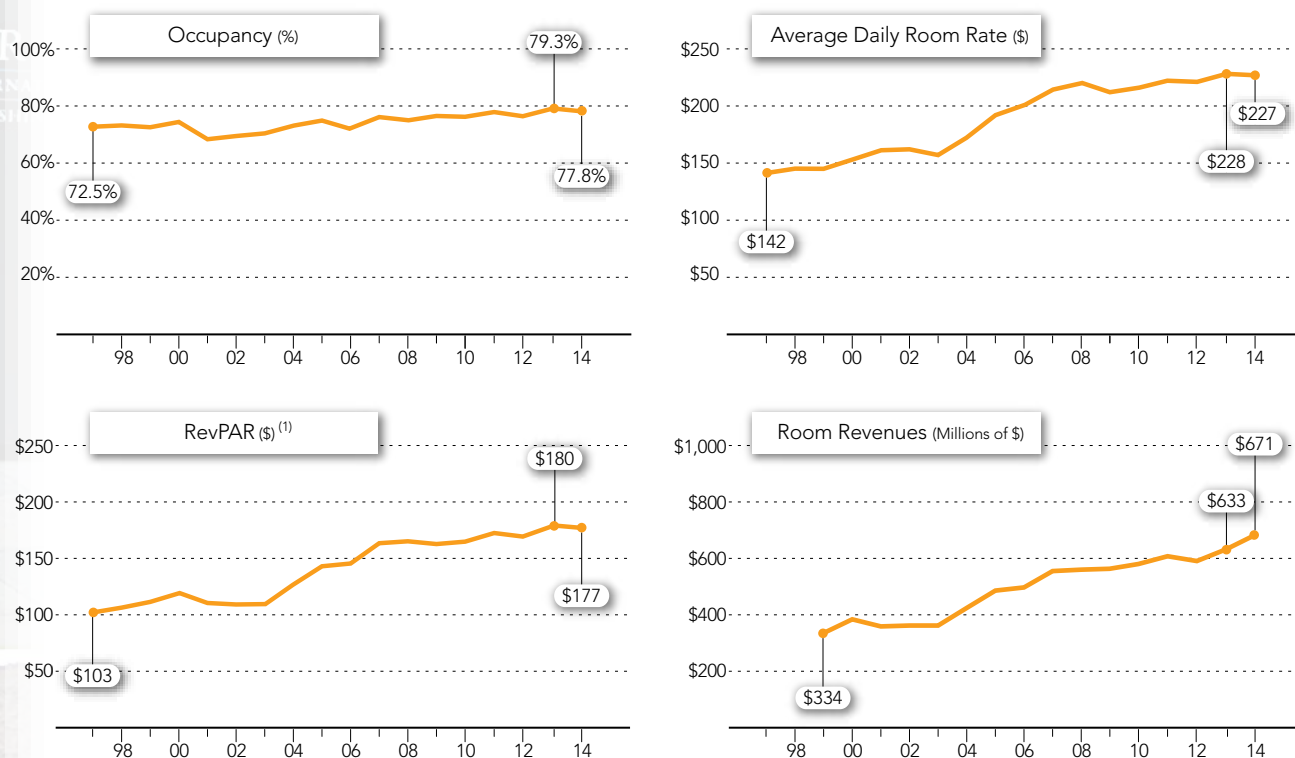
Downtown and District hotels reached record revenues in 2014. While Downtown slightly declined on operating ratios, the District set an overall operating performance record and Downtown maintained its historic operating performance margin over other hotels in the District and region. Downtown's 2014 Revenue Per Available Room (RevPAR) was \$178 and D.C. hotel performance ranked fourth when compared to 11 other large U.S. cities.

Revenue was boosted by the opening of four new hotels in 2014 (1,795 rooms), including the 1,175-room Marriott Marquis Hotel, adjacent to the DowntownDC BID area. The District attracted more visitors without offering discounted rooms. Credit is due to Destination DC for its "DC Cool" hospitality and tourism campaign and EventsDC for running the Walter E. Washington Convention Center, the Carnegie Library, the D.C. Armory, RFK Stadium and Nationals Park. Looking forward, hotel developers in the District are investing significant capital in new hotels: 22 hotels with 4,400 rooms by the end of 2018, 15 hotels under construction with 2,800 rooms and seven hotels with 1,600 rooms are expected to break ground over the next six to 18 months.

Nationally, D.C. dropped in hotel performance from No. 2 in 2012 to No. 3 in 2013 and No. 4 in 2014 behind New York City, Boston and San Francisco. Downtown and the District are doing well, but reliance on a federal government-based economy affects growth here more than other large U.S. cities and the nation overall. Regionally, Downtown and D.C. increased their revenue market share over the past two years in both room supply and room revenues.

Downtown and D.C. hotels set revenue records in 2014 with the opening of four new hotels with 1,795 rooms and D.C. also set a RevPAR record.

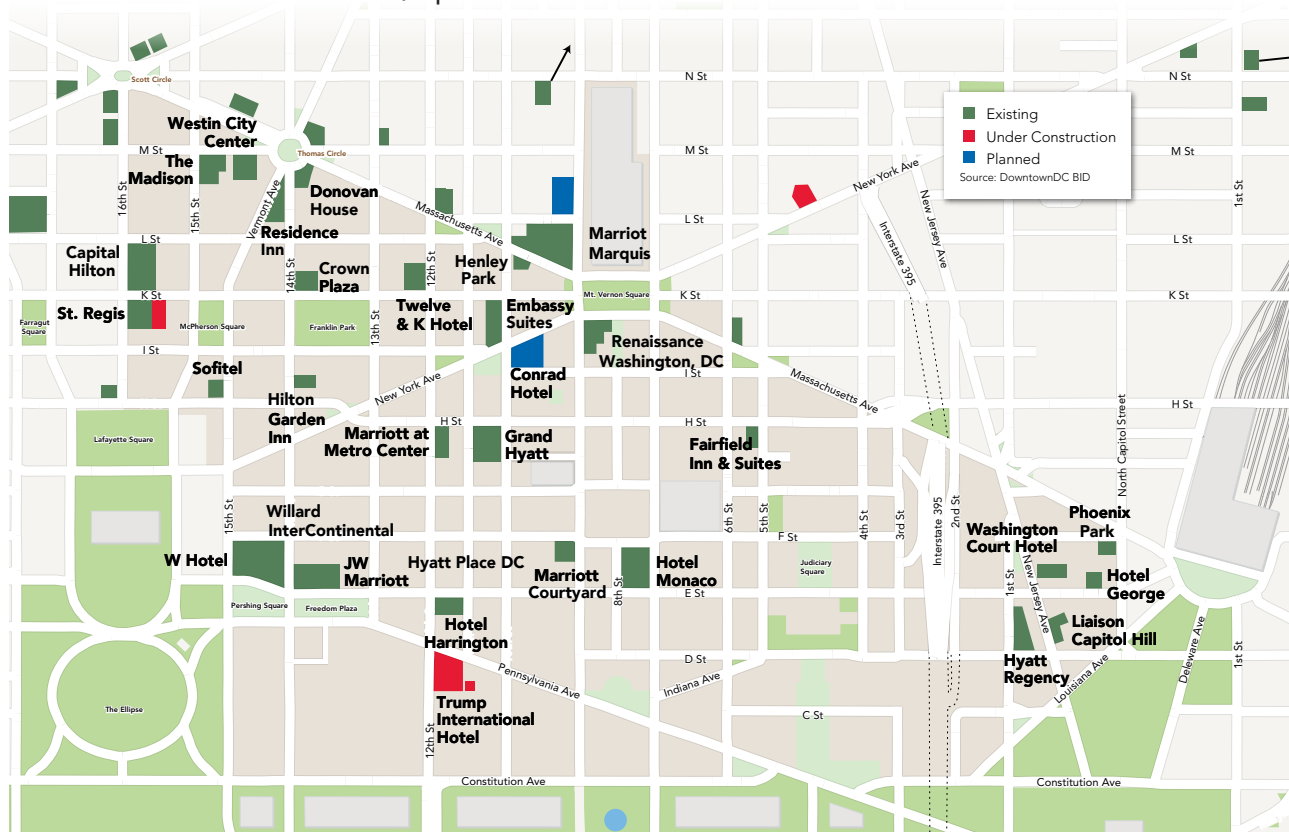
DowntownDC BID Area Hotel Performance, 1997–2014



Source: Smith Travel Research

(1) RevPAR = Revenue per Available Room = Occupancy x Average Room Rate

DowntownDC BID Area Hotels, April 2015



Downtown and District hotels grew their regional market share over the past two years and are poised to grow with 15 hotels under construction (2,800 rooms) and seven hotels (1,600 rooms) scheduled to soon break ground.

Regional Hotel Market Size Comparison, 2014

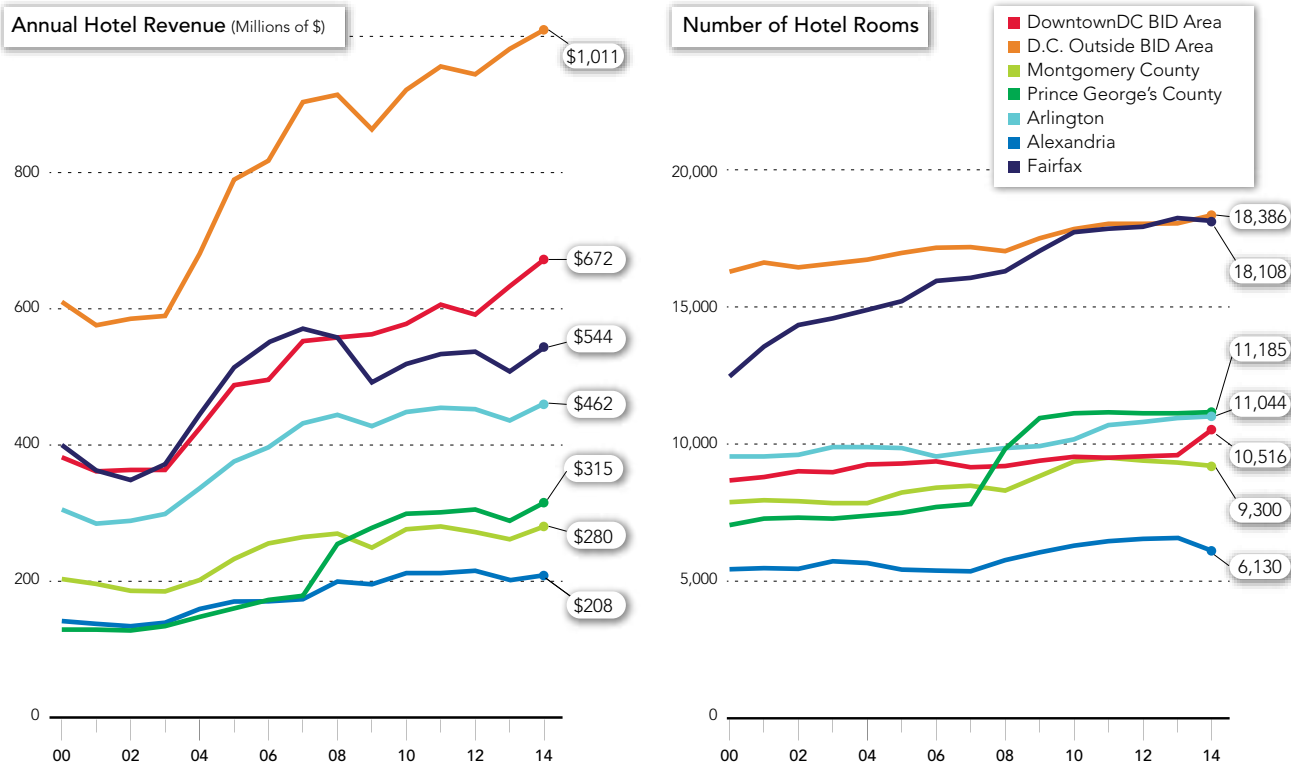
	Hotels		Rooms		Revenue	
	#	% of Total	#	% of Total	\$ Millions	% of Total
DowntownDC BID	28	6%	10,516	12%	\$672	19%
Other D.C.	115	24	18,386	22	1,011	29
Total D.C.	143	30	28,902	34	1,683	48
Alexandria	44	9	6,130	7	208	6
Arlington County	45	9	11,044	13	462	13
Fairfax County	108	24	18,108	22	544	16
Total Northern VA	197	42	35,282	42	1,214	35
Montgomery County	53	11	9,300	11	280	8
Bethesda/Rockville ⁽¹⁾	23	5	4,648	5	152	4
Prince George's County ⁽²⁾	82	17	11,185	13	315	9
Total Suburban MD ⁽³⁾	135	28	20,485	24	595	17
Total Region	475	100%	84,669	100%	\$3,492	100%

(1) Bethesda/Rockville submarket also included in Montgomery County.

(2) National Harbor hotels not allowed to be broken out by Smith Travel Research because the Gaylord National Resort and Convention Center has more than 50% of all National Harbor hotel rooms.

(3) Sum of Montgomery and Prince George's counties.

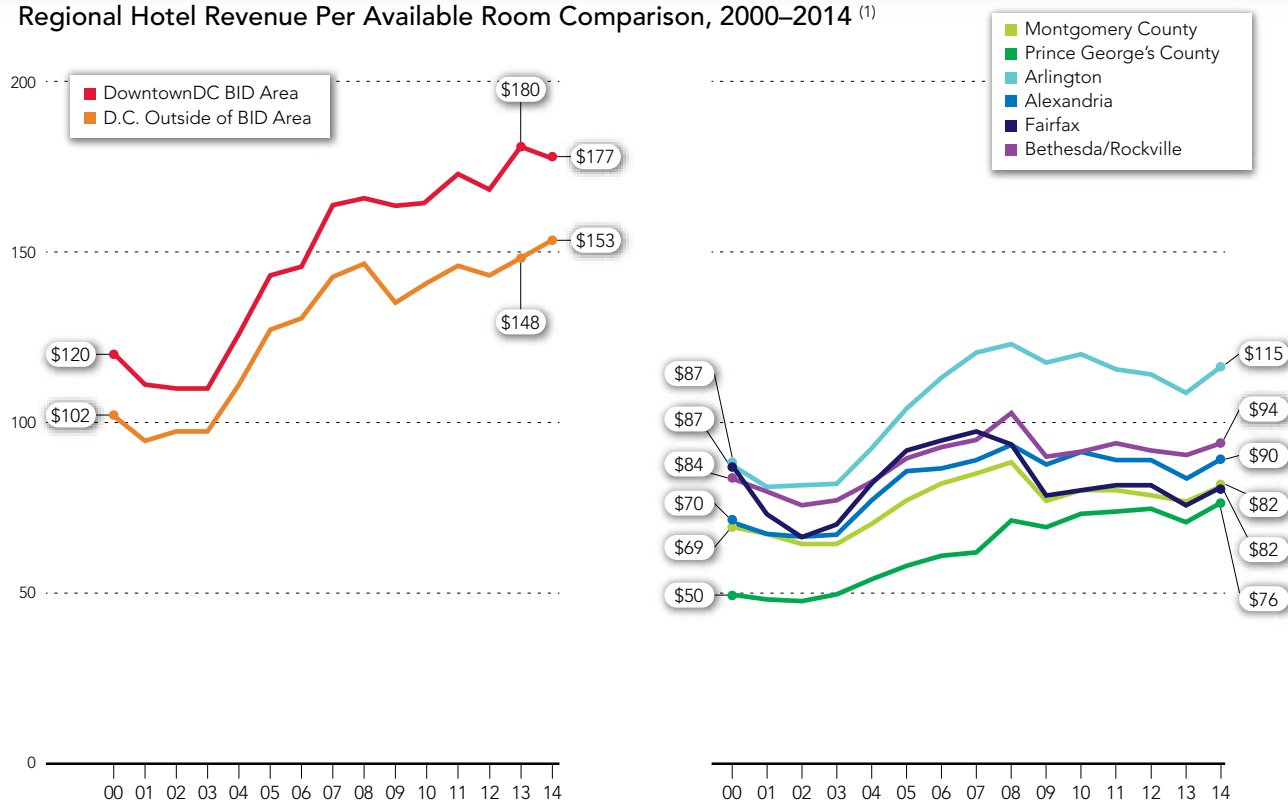
Source: Smith Travel Research

Regional Hotel Market Comparison, 2014 ⁽¹⁾

(1) Does not include 36,000 of the region's 103,000 hotel rooms (\$818 million of the region's \$3.7 billion of room revenue).

Source: Smith Travel Research

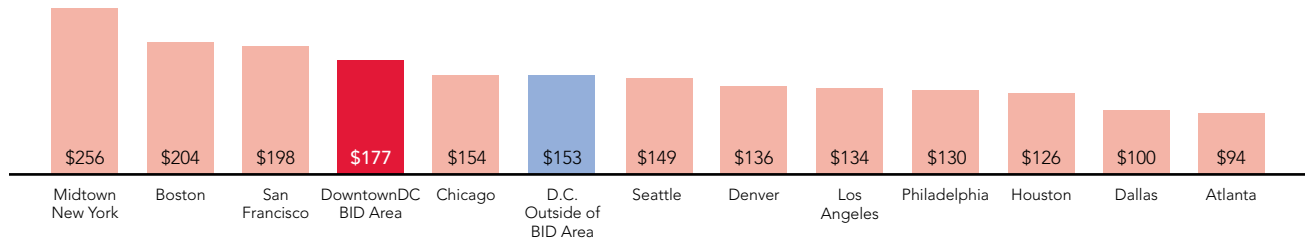
The DowntownDC BID area is home to 12% of the regional hotel rooms, but accounts for 19% of regional revenue (D.C. totaled 34% and 48%, respectively). Its 2014 room rates (\$227) and occupancy rates (78%) remain the highest in the region.

Regional Hotel Revenue Per Available Room Comparison, 2000–2014 ⁽¹⁾

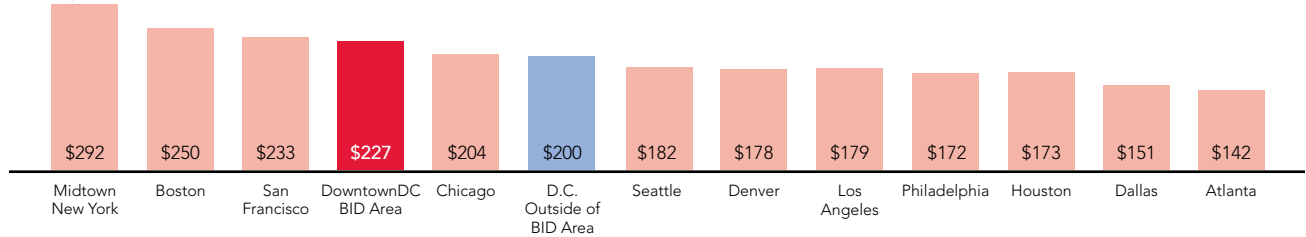
Source: Smith Travel Research

Large City Downtown Hotel Performance Comparison, 2014 (Ranked in order of Revenue Per Available Room)

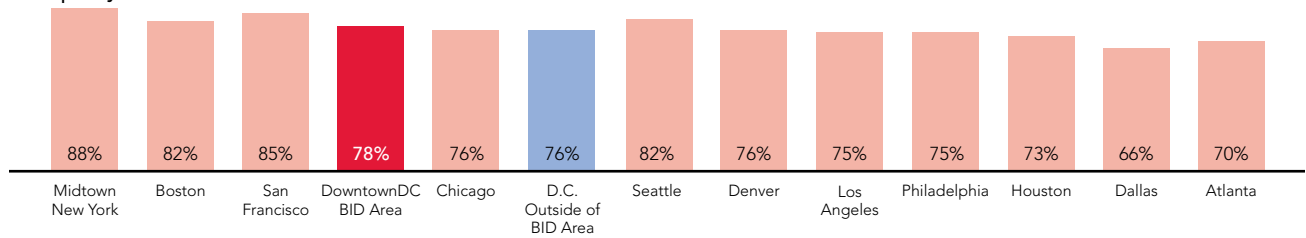
Revenue Per Available Room (\$)



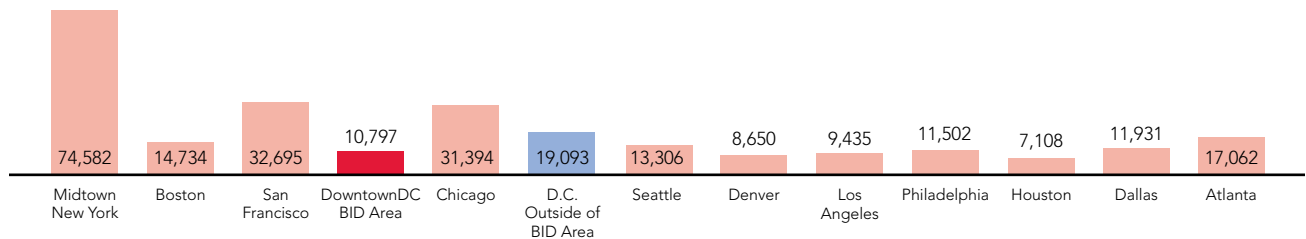
Average Room Rate (\$)



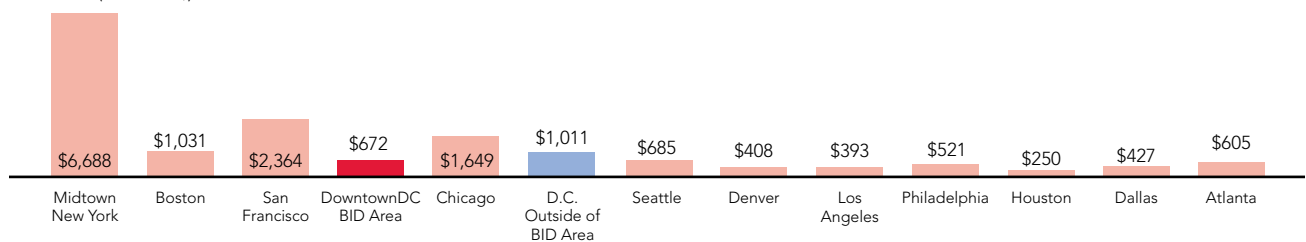
Occupancy Rate (%)



Rooms (#)



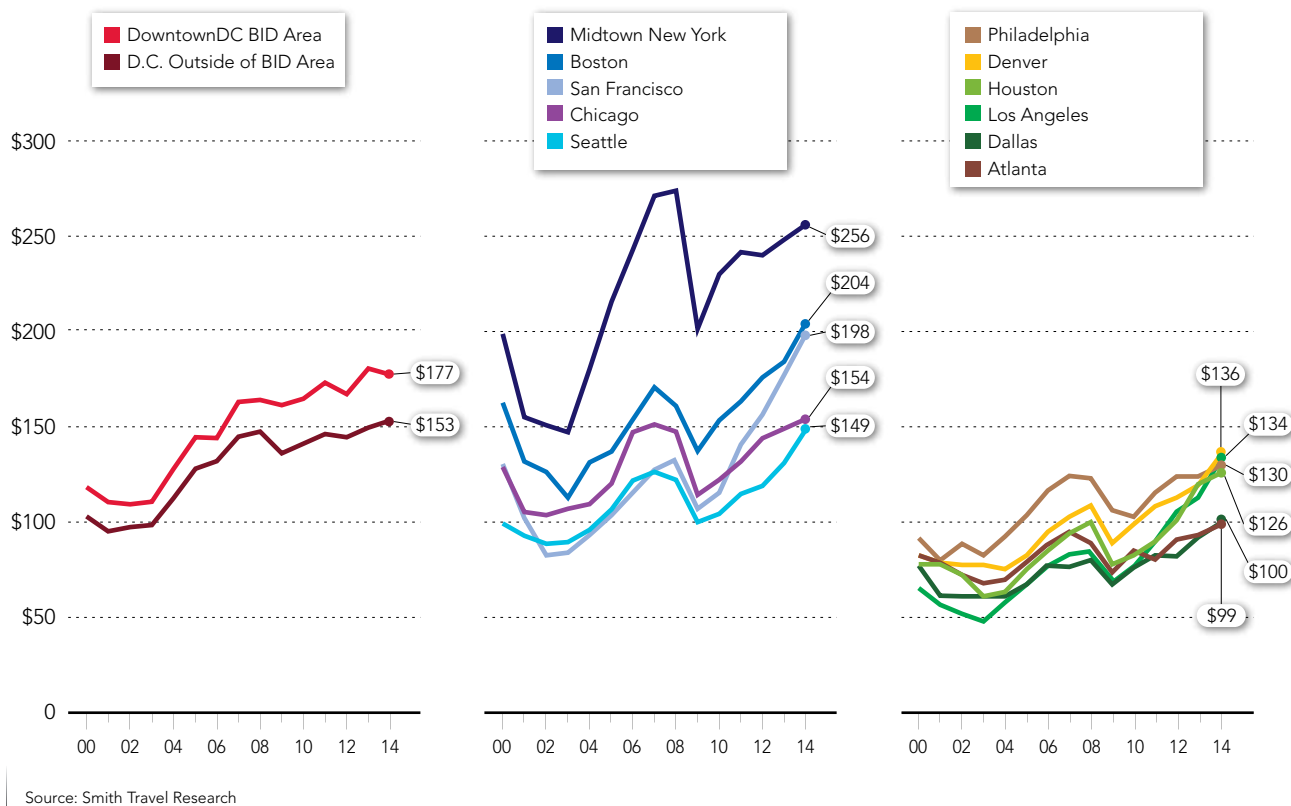
Revenue (Millions of \$)



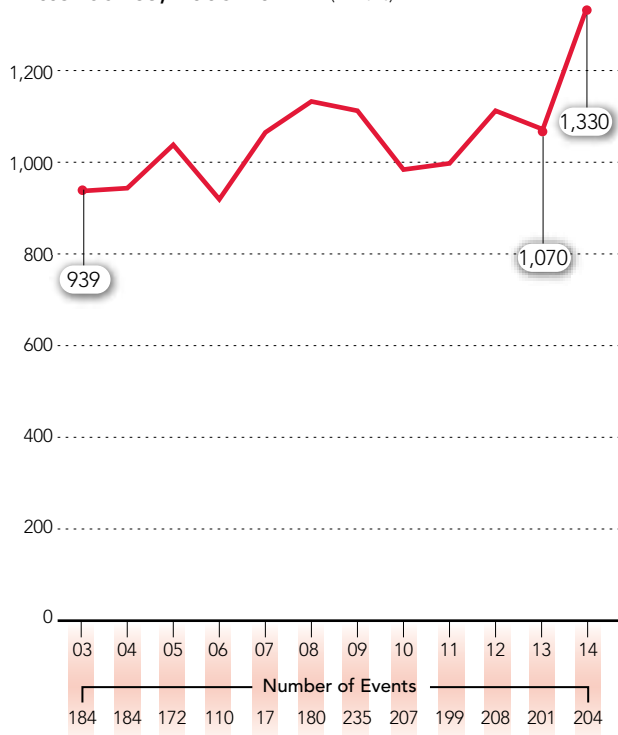
Source: Smith Travel Research

The DowntownDC BID area is the fourth best-performing Downtown hotel market in the United States, down from No. 3 in 2013, and No. 2 in 2012.

Large City Downtown Hotel Revenue Per Available Room Performance Comparison, 2000-2014

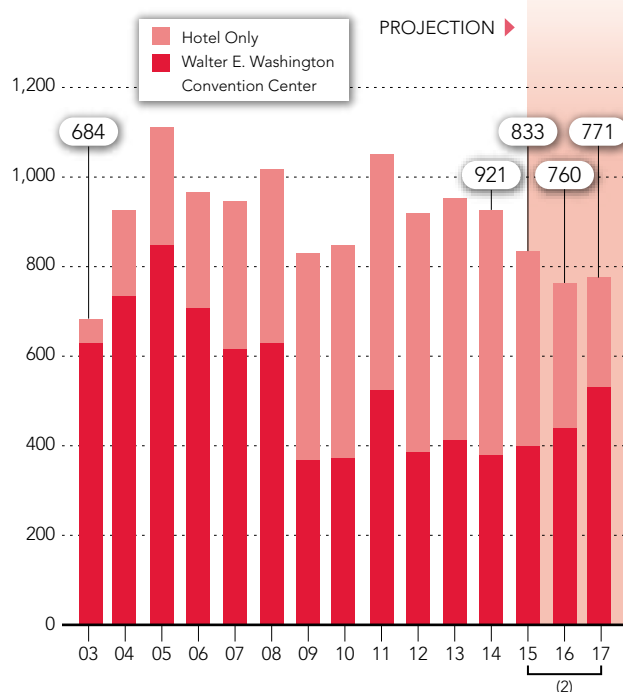


Destination DC's bookings for the Walter E. Washington Convention Center account for 10% of Downtown hotel nights and 4% of D.C. hotel nights.

Walter E. Washington Convention Center Attendance, 2003-2014 ⁽¹⁾ (Millions)

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

Sources: Events DC, DowntownDC BID

Room Nights Generated by Destination DC for the Walter E. Washington Convention Center Events and D.C. Hotels, 2003-2017 ⁽¹⁾ (Thousands)

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

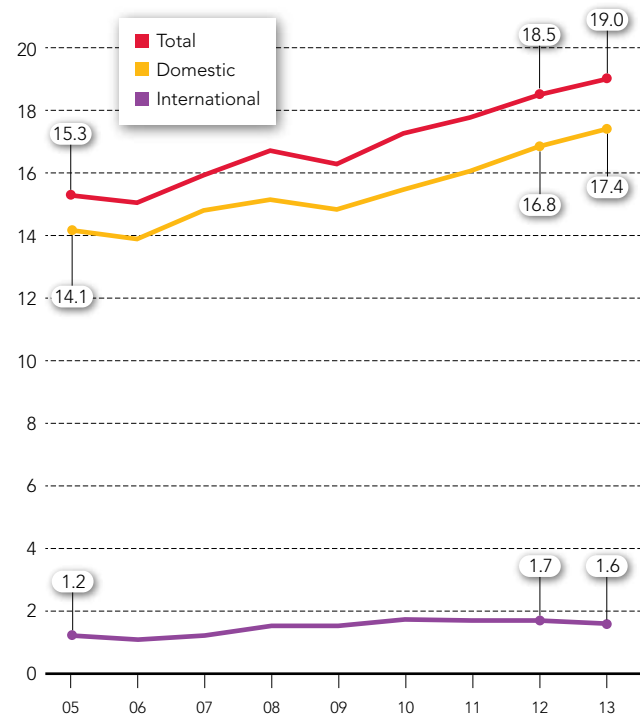
(2) Booked as of 3/18/15.

Source: Destination DC



The popular DC Circulator bus is anticipated to begin operating a route around the National Mall, museums and monuments in the summer of 2015.

Visitors to Washington, D.C., 2005-2013 (Millions) ⁽¹⁾



(1) Visitor data is released in June of each year for the prior year.

(2) Projections from IHS Global Inc.

Sources: D.K. Shifflet & Associates, U.S. Department of Commerce, International Trade Administration, National Travel and Tourism Office and Smith Travel Research

The DC Circulator bus will begin operating around the National Mall and its museums and monuments in 2015, making it much easier for visitors to travel the 2.5 mile length of the Mall from the Capitol to the Lincoln Memorial.

Overseas Visitors to the Top 10 Cities in the United States, 2005-2013 ⁽¹⁾ ⁽²⁾ (Thousands)

(Ranked by 2013 visits)

	Visitors ⁽³⁾									2013 Market Share ⁽⁴⁾
	2013	2012	2011	2010	2009	2008	2007	2006	2005	
New York City	9,580	9,107	9,285	8,462	7,792	8,211	7,646	6,219	5,810	28%
Miami	4,010	3,482	2,956	3,111	2,661	2,585	2,341	1,972	2,081	12
Los Angeles	3,780	3,393	3,653	3,348	2,518	2,788	2,652	2,514	2,580	11
Orlando	3,720	3,184	2,788	2,715	2,399	2,433	2,055	1,993	2,016	11
San Francisco	3,040	2,798	2,872	2,636	2,233	2,610	2,270	1,993	2,124	9
Las Vegas	2,850	2,708	2,788	2,425	1,853	2,027	1,720	1,647	1,778	8
Honolulu	2,530	2,232	1,785	1,634	1,497	1,495	1,553	1,733	1,821	7
Washington, D.C.	1,700	1,756	1,812	1,740	1,544	1,470	1,195	1,062	1,106	5
Chicago	1,380	1,369	1,199	1,134	1,117	1,368	1,147	1,062	1,084	4
Boston	1,280	1,250	1,311	1,186	1,140	1,115	1,075	997	802	4
Total	33,870	31,279	30,449	28,391	24,754	26,102	23,654	21,192	21,202	100%

(1) Report issued in August of each year for the preceding year.

(2) Excludes Canada and Mexico. Only city destinations with a sample size of 400,000 or more are shown.

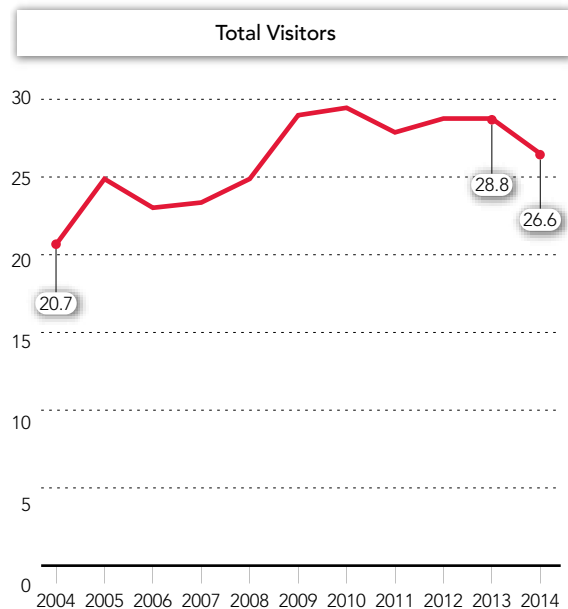
(3) Each visitor may visit more than one city.

(4) City visitors as a percentage of total visitors.

Sources: U.S. Department of Commerce, International Trade Administration Office of Travel and Tourism Industries

Annual Visitors to the National Mall Museums, 2004-2014 (Millions) ^{(1) (2)}

(Ranked by 2014 attendance)



- (1) Figures are not unique visitors to the National Mall as some visitors go to multiple museums or galleries.
 (2) All museums follow the federal government for inclement weather closures.
 (3) All museums were closed for 16 days in October 2013 due to the federal government shutdown.

	Visitors at Each Site					
	2014	2013 ⁽³⁾	2012	2011	2010	2004
National Museum of Natural History ⁽⁴⁾	7.3	8.0	7.6	6.6	6.8	4.4
National Air and Space Museum	6.7	7.0	6.8	7.0	8.3	4.9
National Museum of American History	4.0	4.9	4.8	4.6	4.2	2.9
National Gallery of Art	3.9	4.1	4.2	4.4	4.8	4.0
U.S. Holocaust Memorial Museum	1.6	1.5	1.6	1.6	1.7	1.5
National Museum of the American Indian	1.3	1.4	1.6	1.4	1.3	0.8
Smithsonian Institution Building Castle	1.2	1.3	1.4	1.5	1.8	1.5
Hirshhorn Museum and Sculpture Garden	0.6	0.6	0.8	0.6	0.6	0.7
Arts & Industries Building ⁽⁵⁾	Closed	Closed	Closed	Closed	Closed	0.1
Total Visitors	26.6	28.8	28.8	27.7	29.5	20.7
% Change in Visitors from Prior Year	-8.1%	0.0%	3.7%	-5.9%	1.3%	-15%

(4) The National Fossil Hall closed in April 2014 for a five-year renovation.

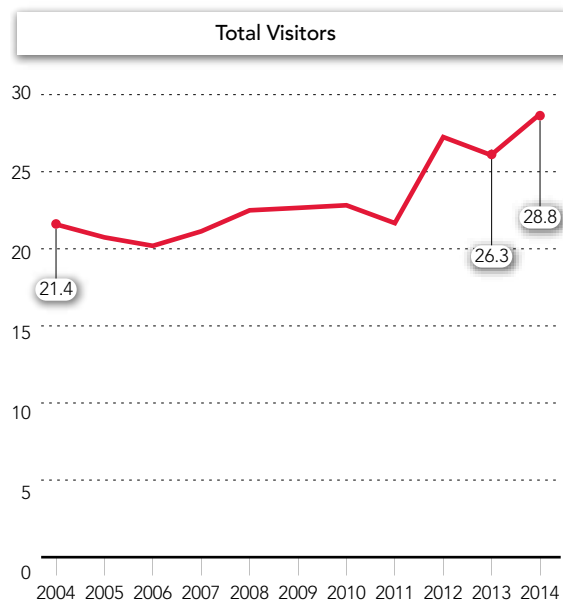
(5) Closed in 2004 for extensive repairs. Repairs now complete, but building closed indefinitely.

Sources: Smithsonian, National Gallery of Art and Holocaust Museum

Increasing the marketing budget of Destination DC should help the District increase the number of visitors, particularly foreign tourists. This is very important as the District adds 6,200 hotel rooms (23%) from 2014 to 2018.

Annual Visitors to the National Mall Memorials and Monuments, 2004-2014 ^{(1) (2)} (Millions)

(Ranked by 2014 attendance)



- (1) Figures are not unique visitors to the National Mall as some visitors go to multiple memorials/monuments during one or more trips to the National Mall per year.
 (2) All memorials and monuments follow the federal government for inclement weather closures.

	Visitors at Each Site					
	2014	2013 ⁽³⁾	2012	2011	2010	2009
Lincoln Memorial	7.1	6.5	6.2	6.0	6.0	5.3
Vietnam Veterans Memorial	4.4	4.1	4.4	4.0	4.6	4.4
World War II Memorial	4.2	3.9	4.2	3.8	4.0	4.1
Korean War Veterans Memorial	3.8	3.2	3.3	3.1	3.1	3.1
Martin Luther King Jr. Memorial	3.2	3.2	3.7	1.5	Opened in August 2011	
Franklin D. Roosevelt Memorial	2.9	2.8	2.8	2.3	2.2	2.6
Thomas Jefferson Memorial	2.7	2.6	2.6	1.9	2.3	2.3
Washington Monument ⁽⁴⁾	0.4	-	-	0.4	0.6	0.7
Total Visitors	28.8	26.3	27.2	23.0	22.8	22.5
% Change in Visitors from Prior Year	10%	-3%	18%	1%	1%	1%

(3) All memorials and monuments were closed for 16 days due to the federal government shutdown.

(4) The Washington Monument was closed for repairs from August 2011 to May 2014.

Source: National Park Service

CULTURE & ENTERTAINMENT

2014
STATE OF
DOWNTOWN

The Washington Wizards is one of many sports teams that play downtown at the Verizon Center, which drew 2.5 million visitors in 2014. (Photo: Monumental Sports & Entertainment)

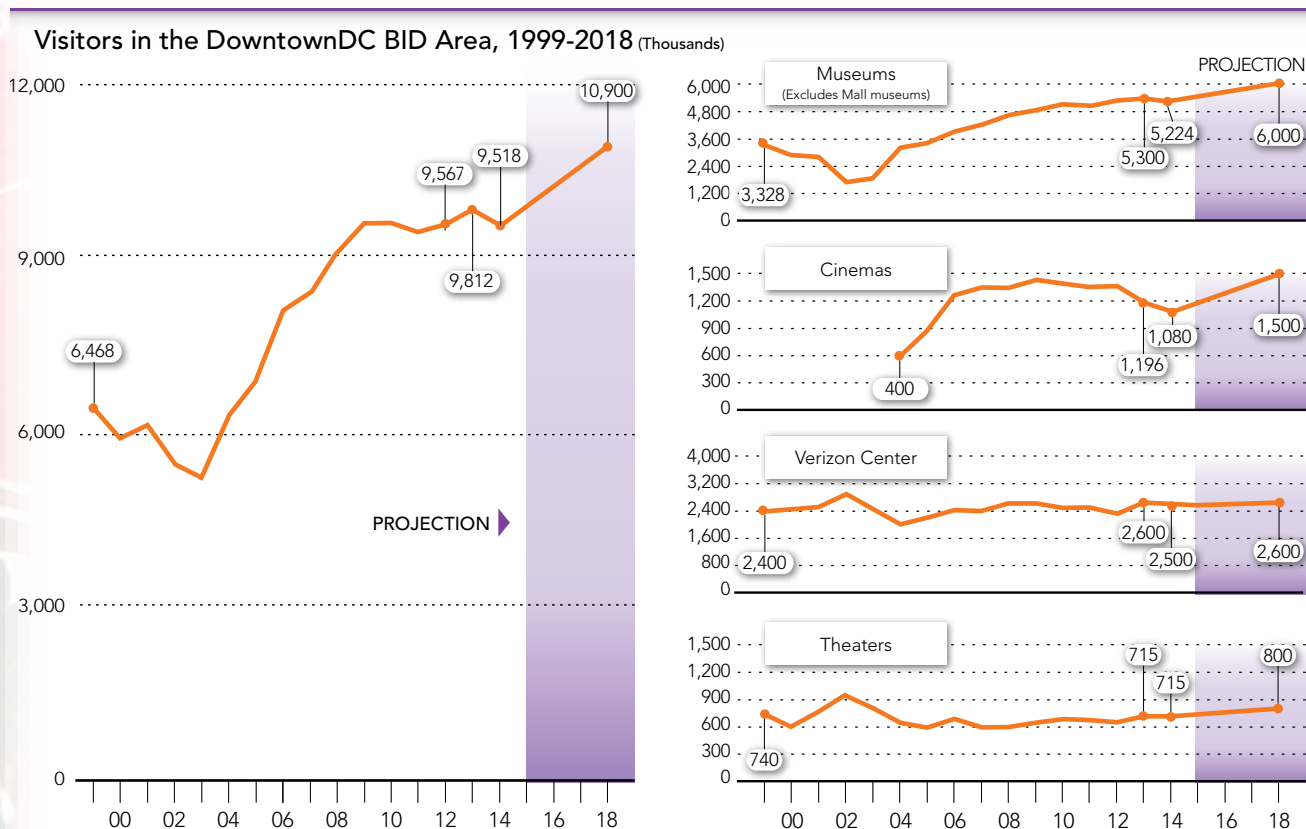
Culture & Entertainment

The DowntownDC BID area continues to offer an array of cultural and entertainment venues and attractions for District and regional residents and visitors to the District, drawing sports fans, concertgoers, horse show aficionados, circus lovers and more. The Verizon Center sells more tickets per year than any other entertainment venue in the region, except for Nationals Park—its 2.5 million annual attendees are responsible for tens of millions of dollars in spending in the District each year. With 25 percent of the city's performing arts seats, Downtown draws many theatre and music lovers. Both the free and for-pay museums bring millions of people into Downtown each year.

Overall culture and entertainment attendance was down 3 percent in 2014, due primarily to the closing of the Old Post Office tower for renovation as the building began redevelopment into a hotel. One bright spot for attendance was the success of the National Theatre, which in its first year of a new management contract drew over 100,000 attendees for over 102 shows in the 2014 calendar year.

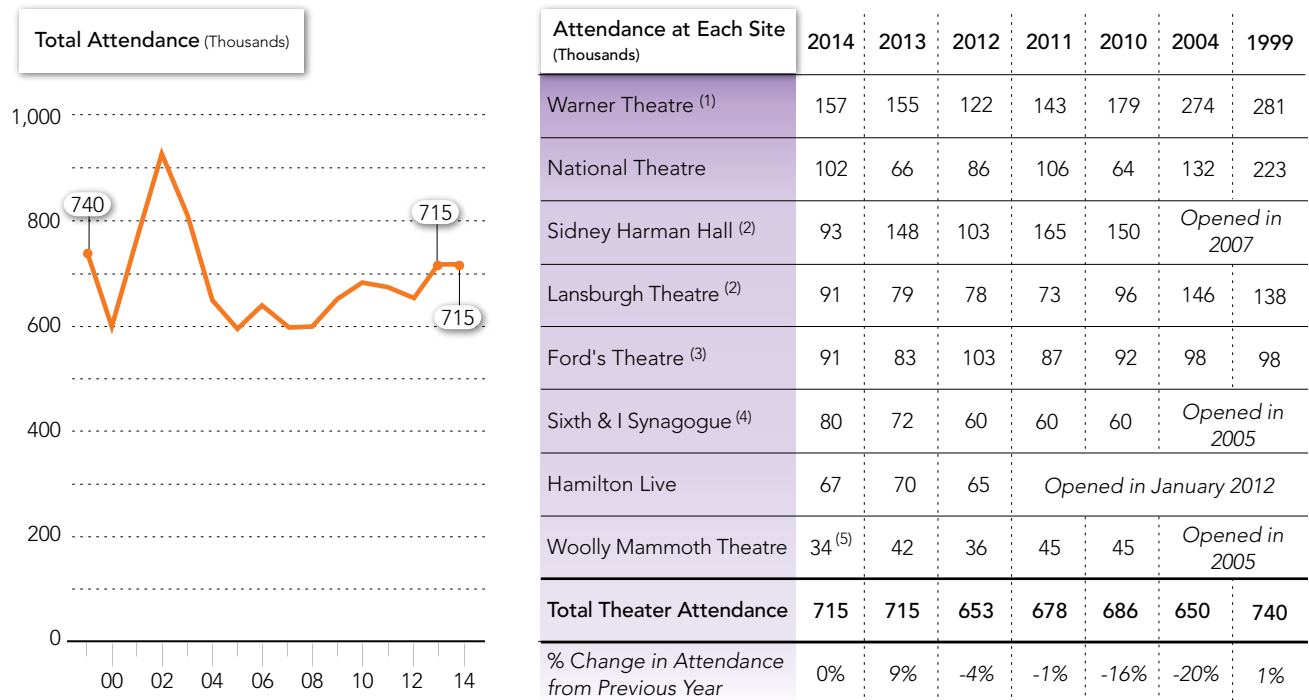
The DowntownDC BID's location adjacent to the National Mall turns Downtown into the front door to those great National Mall museums, bringing thousands of visitors into Downtown restaurants, sandwich shops, cafes and stores each week.

Culture and entertainment visitors in Downtown totaled 9.5 million in 2014. In addition to benefitting Downtown residents, DowntownDC BID-area venues "import" city visitor spending into D.C., creating hospitality jobs and hundreds of millions of dollars in tax revenues.



Sources: Verizon Center, Downtown theaters, Downtown museums, Downtown cinemas and the DowntownDC BID

Theater/Performance Attendance in the DowntownDC BID Area, 1999-2014 (Ranked by highest attendance in 2014)



(1) 2014 and 2013 attendance are DowntownDC BID estimates.

(2) Shakespeare Theatre Company.

Sources: Theaters and DowntownDC BID

(3) Ford's Theatre and Ford's Theatre Museum were closed for 16 days in October 2013 due to a federal government shutdown.

(4) 2012, 2011, and 2010 attendance are DowntownDC BID estimates.

(5) A 2014 Russian theatre exchange was canceled as a result of sanctions against Russia.

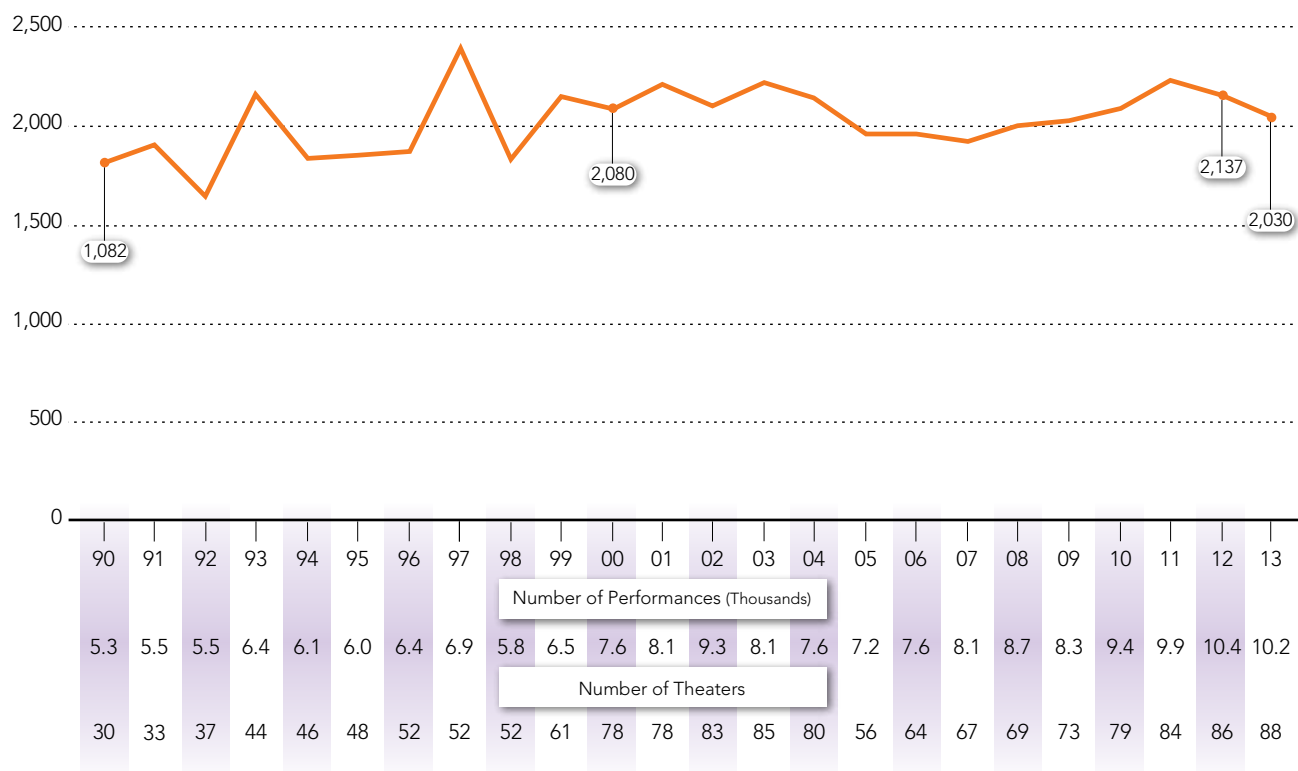
Downtown's many cultural and entertainment venues play an important role in establishing Downtown as a superior regional location for businesses, residents and visitors.

The National Theatre's production of "Pippin" the musical attracted 25,548 patrons to 24 shows in 2014. (Photo: Terry Shapiro / National Theatre)



Nicklas Bäckström (shown below) and his Washington Capitals NHL hockey teammates are back in the playoffs in 2015. Their failure to qualify in 2014 contributed to a slight down year for attendance at the Verizon Center. (Photo: Monumental Sports & Entertainment)



Theater Attendance Data for Washington Region, 1990-2013⁽¹⁾ (Thousands)

(1) 2014 data not yet available.

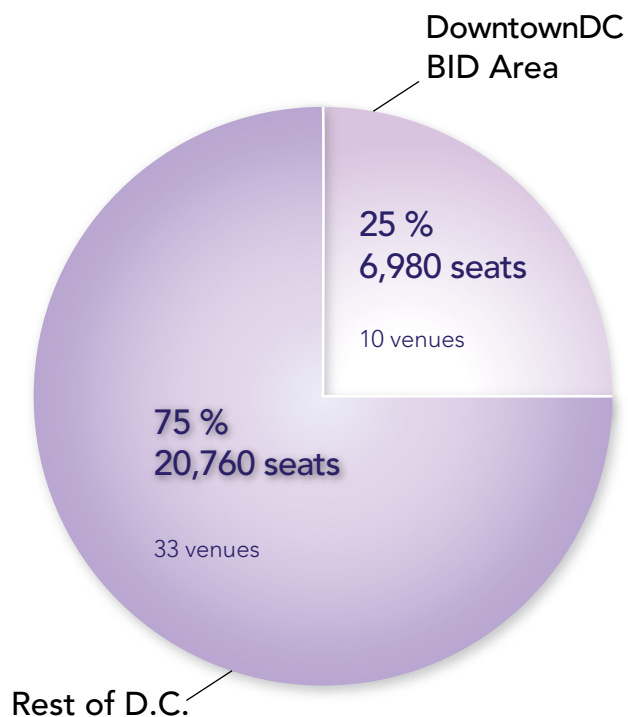
Source: Helen Hayes Awards

In addition to directly creating employment and generating sales tax revenues from parking and dining, engaging and entertaining venues attract residents and businesses to Downtown and the District.

Kimberly Gilbert played the clueless queen in the Woolly Mammoth Theatre's fall 2014 production of "Marie Antoinette," for which she won the 2015 Helen Hayes Award for Outstanding Lead Actress in a Play-HAYES Production. (Photo: Stan Barouh Photography / Woolly Mammoth Theatre Company)



Performing Arts Seats in D.C., March 2015



Source: DowntownDC BID

Museum Attendance in the DowntownDC BID Area, 2008-2014⁽¹⁾ (Ranked by 2014 attendance)

	2014	2013	2012	2011	2010	2009	2008
National Portrait Gallery and American Art Museum	1,156,000	1,084,000	1,000,000	948,300	1,100,000	1,100,000	1,000,000
National Archives	1,018,000	906,000	909,200	1,045,600	1,058,700	1,003,500	1,015,400
The Newseum ⁽²⁾	800,000	800,000	800,000	806,000	712,000	714,000	714,000
International Spy Museum *	602,000	605,000	620,000	630,400	630,000	645,000	645,000
Ford's Theatre Museum	487,000	496,000 ⁽³⁾	538,100	563,400	599,800	557,700	335,900
National Building Museum	462,000	523,000	521,200	554,300	515,500	436,300	406,800
Ford's Education Center	324,000	342,000	317,500	Opened Feb. 2012	N/A	N/A	N/A
The Naval Heritage Center	175,000	150,000	140,000	100,000	75,000	60,000	60,000
National Museum of Women in the Arts	95,000	91,000	105,100	68,300	68,000	85,000	96,700
Old Post Office Tower	54,000	258,000	283,200	236,100	262,000	256,900	239,800
National Law Enforcement Memorial Visitors Center	26,000	30,000	30,200	32,300	30,500	31,600	27,600
Marian Koshland Science Museum *	25,000	15,000	19,700	21,700	26,200	27,700	28,300
Crime and Punishment Museum *	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable
Madame Tussauds *	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable	Data Unavailable
Total Museum Attendance	5,224,000	5,300,000	5,286,200	5,006,000	5,077,700	4,817,700	4,569,500
% Change in Attendance from Previous Year	-1%	0%	6%	-1%	5%	5%	9%

(1) Figures are not unique visitors to the museums, as some visitors go to multiple museums during one or more trips per year.

(2) The Newseum opened in April 2008. 2008 attendance is for 4/08-4/09. 2012, 2013, and 2014 attendance are a DowntownDC BID estimate.

Sources: Museums and DowntownDC BID

(3) Ford's Theatre and Ford's Theatre Museum were closed for 16 days in October 2013 due to a federal government shutdown.

(4) The Old Post Office Tower closed in May 2014 for renovations as the building is redeveloped into a hotel.

* For-pay museums

Downtown has proven that for-pay museums and free museums can coexist and do very well. The combined annual attendance for for-pay museums in Downtown is estimated to be between 900,000 and 1.1 million.

The Smithsonian's National Portrait Gallery and American Art Museum share a beautiful 1867 classical-style building (pictured below) and attract 1.2 million visitors a year. Together they are the eighth most popular museum destination in the United States and the No. 51 most popular in the world.



For-pay museums in the DowntownDC BID area do very well alongside free museums. The Newseum (pictured below) opened in April 2008 and has attracted over 5 million visitors through 2014 (800,000 of those visitors were from 2014, according to a DowntownDC BID estimate).



Top 20 Art Museums in the World, 2014

(Ranked by attendance)

Museum	City	Attendance (Thousands)	2014 Rank	2013 Rank
Louvre	Paris	9,260	1	1
British Museum	London	6,695	2	2
National Gallery	London	6,417	3	4
Metropolitan Museum of Art	New York	6,162	4	3
Vatican Museums	Vatican City	5,891	5	5
Tate Modern	London	5,785	6	6
National Palace Museum	Taipei	5,402	7	7
National Gallery of Art	Washington, D.C.	3,892	8	8
National Museum of Korea	Seoul	3,537	9	14
Musee d'Orsay	Paris	3,500	10	10
Centre Pompidou	Paris	3,450	11	9
National Folk Museum of Korea	Seoul	3,271	12	16
State Hermitage Museum	St. Petersburg	3,248	13	15
Victoria and Albert Museum	London	3,180	14	11
Museum of Modern Art	New York	3,018	15	13
Reina Sofia	Madrid	2,674	16	12
Museo Nacional del Prado	Madrid	2,537	17	18
Somerset House	London	2,463	18	17
Rijksmuseum	Amsterdam	2,450	19	19
Centro Cultural Banco do Brasil	Rio de Janeiro	2,400	20	21

Top Art Museums in the United States, 2014 ⁽¹⁾

(Ranked by attendance)

Museum	City	Attendance (Thousands)	2014 Rank	2013 Rank
Metropolitan Museum of Art	New York	6,162	1	1
National Gallery of Art	Washington, D.C.	3,892	2	2
Museum of Modern Art	New York	3,018	3	3
Getty ⁽²⁾	Los Angeles	1,441	4	5
Art Institute of Chicago	Chicago	1,424	5	4
L.A. Museum of Modern Art	Los Angeles	1,242	6	7
De Young	San Francisco	1,194	7	6
Nat'l Portrait Gallery/ SAAM ⁽³⁾	Washington, D.C.	1,156	8	8
Museum of Fine Arts	Boston	1,132	9	10
Guggenheim Museum	New York	1,047	10	9
Museum of Fine Arts	Houston	945	11	12
Seattle Art Museum	Seattle	832	12	13
Minneapolis Institute of Arts	Minneapolis	698	13	-
Dallas Museum of Art	Dallas	668	14	-
Meijer Gardens and Sculpture Park	Grand Rapids	654	15	-
Philadelphia Museum of Art	Philadelphia	643	16	15
Detroit Institute of Arts	Detroit	630	17	-

Note: Highlighted rows are museums in D.C.

(1) Only 17 art museums in the United States were listed in The Art Newspaper's list of top 100 Global Art Museums.

(2) Excludes the Getty Villa's attendance of 347,802.

(3) The 2014 ranking combines the National Portrait Gallery and Smithsonian American Art Museum.

Source: The Art Newspaper, No. 267, April 2015

D.C.'s world-class museums are a major reason why the Lonely Planet travel guide book named the District the best city in the world to visit in 2015.

The opening of the National Gallery of Art's Sculpture Garden in 1999 was part of the early wave of placemaking in Downtown and today draws visitors to its outdoor art and fountain (that doubles as an ice rink in the winter) and to events including live jazz concerts. (Photo: Shawna Pierson/Flickr)



The newest addition to the National Mall, the National Museum of African American History and Culture (shown below under construction) will open in 2016 in a prime location on the Mall next to the Washington Monument. (Photo: National Museum of African American History and Culture)



RETAIL & RESTAURANTS

2014
STATE OF
DOWNTOWN

Allen Edmonds
AN AMERICAN ORIGINAL

TUMI

Valentino Ferragamo

Valentino Ferragamo

When fully open in the fall of 2015, CityCenterDC will (1) increase the number of destination shopping stores in the DowntownDC BID area by over 20 to 53 stores (2) add five destination restaurants and (3) add three specialty food shops.

Retail & Restaurants

Retail and restaurants in the DowntownDC BID area boomed in 2014. Eight new stores opened to bring the total number of destination stores to 42. Fourteen restaurants opened (and seven closed) to increase the total number of destination restaurants to 147. In 2015, this growth will continue with the opening of another 11 destination retailers and 10 new restaurants.

As of March 2015, CityCenterDC had opened 12 stores, three restaurants, one spa and one specialty bakery. CityCenterDC has announced the 2015 opening of another nine stores, two restaurants and two specialty food shops that will all be open by the start of the 2015 holiday shopping season. The Downtown Shopping District's other 30-plus stores are also busy serving D.C. residents, office workers, visitors and others. The west end of F Street currently hosts several discount shopping stores.

Today, Downtown has 700,000 SF of destination retail, the size of a small regional mall. In a few years, Downtown's destination retail could grow to more than 1 million SF and will be able to compete with any shopping center in the region.



CityCenterDC

Retail Overview, April 2015

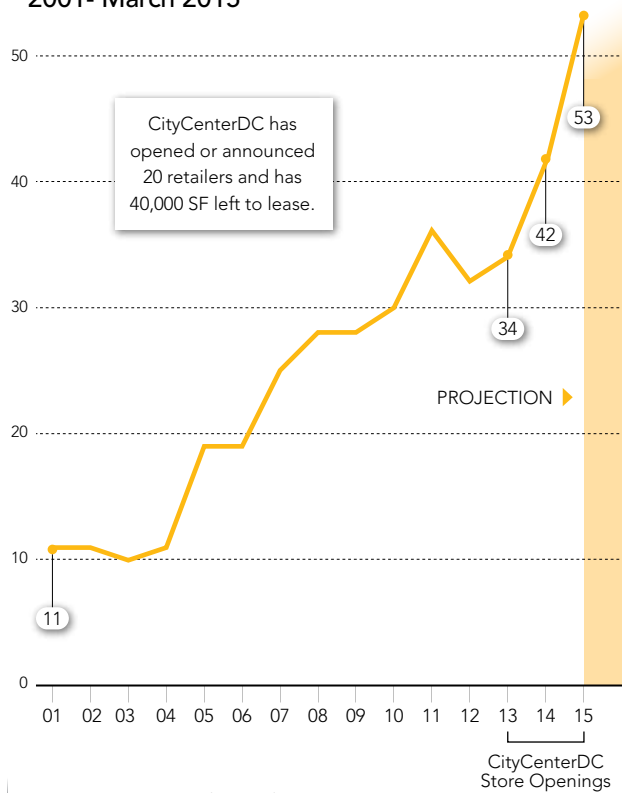
	Open as of April 7, 2015	Opening 2015
Retailers	<ol style="list-style-type: none"> 1. Alexis Bittar 2. Allen Edmonds 3. Arc'teryx 4. Burberry 5. Canali 6. Hugo Boss 7. Kate Spade 8. Longchamp 9. Loro Piano 10. Salvatore Ferragamo 11. Tumi 12. Zadig & Voltaire 	<ol style="list-style-type: none"> 1. CH Carolina Herrera 2. David Yurman 3. Dior 4. Hermes 5. Louis Vuitton 6. Morgenthal Fredericks 7. Paul Stuart 8. The Great Republic 9. Vince
Restaurants	<ol style="list-style-type: none"> 1. DBGB Kitchen and Bar 2. Del Frisco's Double Eagle 3. Mango Tree 	<ol style="list-style-type: none"> 1. Fig & Olive 2. Momofuku
Other	<ol style="list-style-type: none"> 1. Caudalie 2. Rare Sweets 	<ol style="list-style-type: none"> 1. Centrolina 2. Dolcezza Gelato & Coffee 3. Milk
Vacant	1. 40,000 SF has not yet been announced	

Source: DowntownDC BID

CityCenterDC joins Macy's, F Street and 7th Street as the focal points of the Downtown Shopping District. Macy's (shown below) continues to be the largest retailer in the BID with over 225,000 SF of retail.



Destination Retailers in the DowntownDC BID, 2001- March 2015

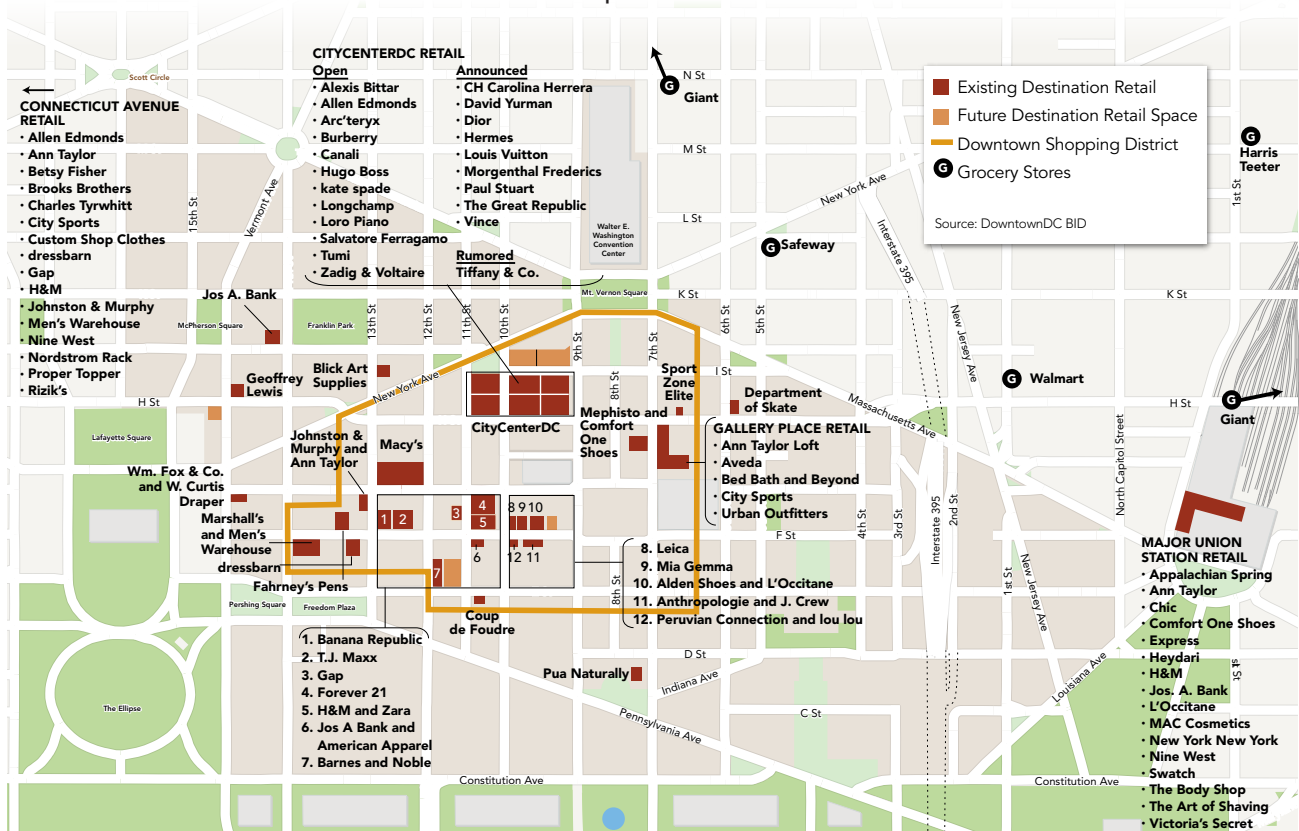


Sources: CityCenterDC website and DowntownDC BID

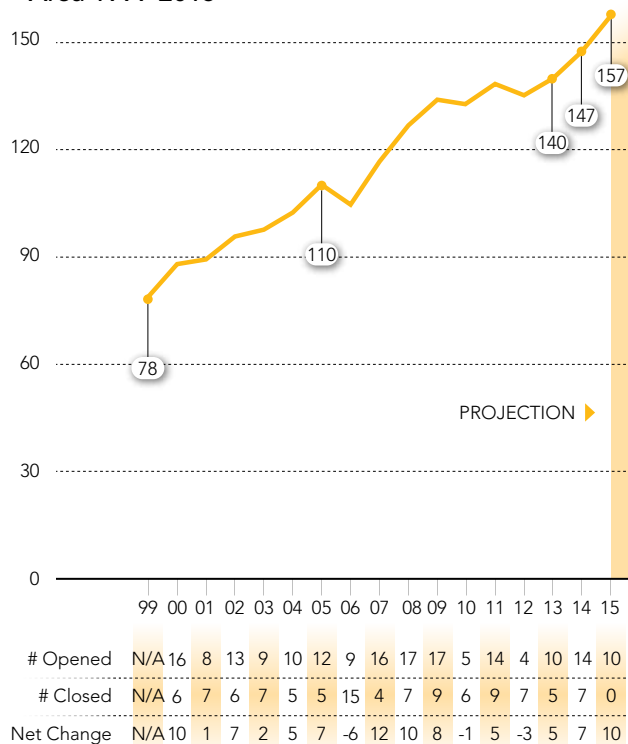
Downtown's growing number of destination retailers and restaurants has the potential to increase weekend hotel room rates, which have been priced at a 15% to 20% discount compared to Monday through Thursday room rates for the past three years (\$170 per night on weekends compared to \$200 to \$220 Monday through Thursday). Increasing the marketing budget of Destination DC would help sell the District's retail to regional travelers.

The 7th and F streets retail corridors provide Downtown shoppers with everyday clothes and household products with additional discount shopping at the western end of F Street.

DowntownDC BID Area Destination Retailers, April 2015



Destination Restaurants in the DowntownDC BID Area 1999-2015



Source: DowntownDC BID



Opened to great acclaim in 2014, DBGB Kitchen and Bar is award-winning Chef Daniel Boulud's casual French-American restaurant located in CityCenterDC. It is open for lunch and dinner seven days a week.

Downtown has three of the top 10 restaurants in the D.C. region as ranked by Washingtonian Magazine and 16 of the top 100. The rest of D.C. has five of the top 10 and 53 of the top 100. Many of the non-BID D.C.-ranked restaurants are from chefs who opened their first restaurants in the DowntownDC BID area.

Analysis of Top 100 Restaurants Ranked by Washingtonian Magazine

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Restaurants in BID	16	20	21	23	22	27	21	23	19	15
Restaurants in D.C. outside BID	53	44	43	39	39	36	37	37	38	42
Restaurants in Suburban Maryland ⁽¹⁾	9	8	12	15	13	16	18	14	17	15
Restaurants in Northern Virginia ^{(2) (3)}	19	23	16	20	18	18	19	17	19	19
Restaurants outside Metro region	3	5	8	3	8	3	5	9	7	9
Percentage of Restaurants in BID	16%	20%	21%	23%	22%	27%	21%	23%	19%	15%
Percentage of Restaurants in D.C.	53%	44%	43%	39%	39%	36%	37%	37%	38%	42%
Number of Top 10 Restaurants in BID	3	3	4	3	5	4	2	2	1	N/A
Number of Top 10 Restaurants in D.C. outside BID	5	6	5	6	4	4	5	6	5	N/A
Top Restaurants in BID	2 Minibar 5 Rasika 8 Fiola	2 Minibar 8 Proof 9 Central	4 Fiola 5 Adour 9 Zaytinya 10 Proof	4 Minibar 7 Rasika 8 Fiola	3 The Source 4 Minibar 5 Adour 9 Rasika 10 Central	2 Minibar 3 The Source 4 J&G Steakhouse	3 Minibar 10 The Source	5 Minibar 10 Central	5 Minibar	

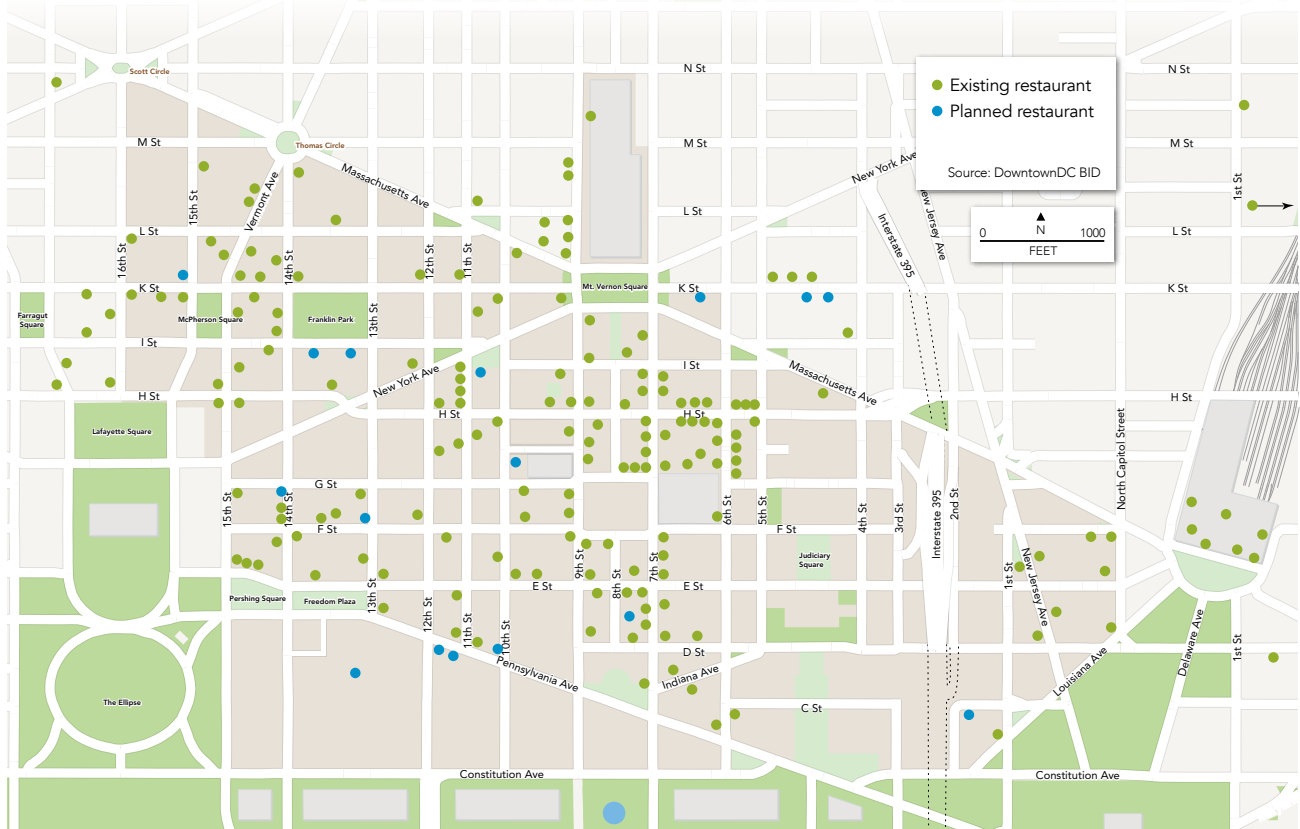
(1) Suburban Maryland includes Montgomery and Prince George's counties.

(2) Northern Virginia includes Alexandria, Arlington, Fairfax and Loudoun counties

(3) The Inn at Little Washington is included in the number for Northern Virginia.

Source: Washingtonian Magazine

DowntownDC BID Area Destination Restaurants, April 2015



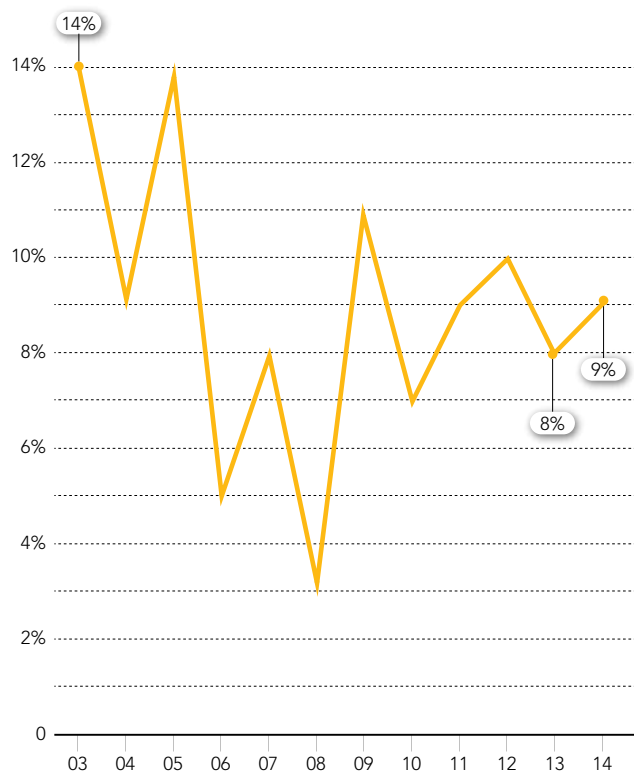
The opening of CityCenterDC has added a significant number of destination retailers to the DowntownDC BID area.

DowntownDC BID Area Destination Retailers, April 2015

Large Retailers	SF	City Center Retailers	SF	Other Retailers	SF
Macy's	227,000	Paul Stuart (announced)	8,000	J.Crew	9,600
Forever 21	65,000	Dior (announced)	7,300	Jos A Bank (2 stores)	9,200
Bed Bath and Beyond	47,800	Burberry	6,500	City Sports	8,700
Dress Barn	31,000	Hugo Boss	6,500	American Eagle (announced)	7,000
TJ Maxx	29,000	Hermes (announced)	6,200	Ann Taylor	6,700
Marshall's	28,000	Louis Vuitton (announced)	5,400	Blick Art Supply	5,900
H&M	26,500	Loro Piana	4,200	Ann Taylor Loft	5,700
Barnes & Noble	22,600	Salvatore Ferragamo	4,200	Banana Republic	4,200
Zara	13,900	Vince (announced)	3,200	Peruvian Connection	3,600
Urban Outfitters	12,400	Morgenthal Frederics (announced)	3,200	La Mode	3,400
Anthropologie	10,700	Arc'teryx	3,000	Payless Shoe Source	3,200
Subtotal	513,900	Zadig & Voltaire	2,800	Nine West	2,400
		CH Carolina Herrera (announced)	2,500	Fahrney's Fountain Pens	2,300
		David Yurman (announced)	2,100	American Apparel	2,100
		Kate Spade	2,000	W. Curtis Draper	2,000
		Canali (announced)	1,700	Leica Camera	1,800
		Allen Edmonds	1,400	Sports Zone Elite	1,800
		Longchamp	1,400	Wm. Fox & Co.	1,700
		Tumi	1,300	lou lou Boutique	1,600
		RareSweets	1,200	Comfort One	1,500
		The Great Republic (announced)	1,000	Alden Shoes	1,400
		Alexis Bittar	600	Johnston & Murphy	1,300
		Subtotal	75,700	Geoffrey Lewis	1,300
				Pua Naturally	1,100
				Coup de Foudre	800
				Mephisto	700
				Ida's Idea	600
				Department of Skate	600
				L'Occitane	500
				Andrew's Ties	400
				Memorial/Museum/Theatre Gift Shops (13 shops)	21,500
				Electronics (6 stores)	10,100
				Jewelry Stores (8 stores)	7,200
				Specialty Book Stores (7 stores)	7,100
				Art Galleries (2 stores)	2,800
				Subtotal	141,800
Total Destination Retailers		731,400 SF			

Sources: CoStar, Brokers and DowntownDC BID

DowntownDC BID Retail Vacancy Rate, 2003-2014



Source: DowntownDC BID

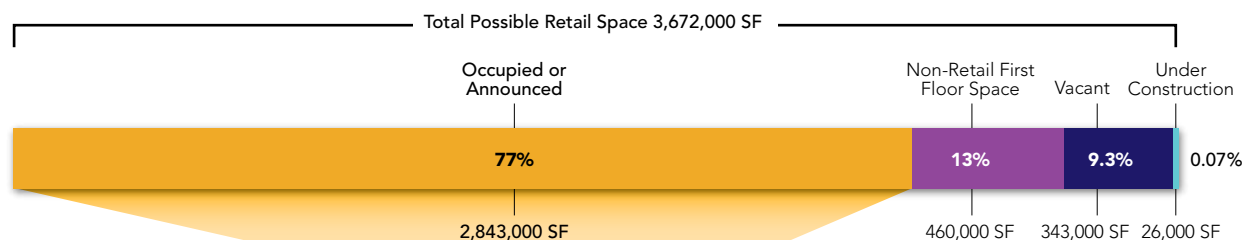


H&M is a mainstay of the F Street sector of the Downtown Shopping District. H&M's Downtown store was the company's first store in the D.C. region, setting an example for many other retailers that have, or are, opening their first D.C.-region store in Downtown: Leica, Arc'teryx, Canali, CH Carolina Herrera, Morgenthal Fredericks, The Great Republic and Zadig & Voltaire. (Photo: AgnosticPreachersKid/Wikimedia Commons)

The retail vacancy rate at the end of 2014 was a healthy 9% in the DowntownDC BID area, with strong anecdotal evidence that retail rents are jumping 10% to 20% in many parts of the BID area.

Retail Space Overview for DowntownDC BID Area, August 2014

(As a percentage of existing and possible space; may not add due to rounding)

Food and Beverage: 50% ⁽¹⁾

Total Space	1,420,000
Casual Restaurants	393,000
High-End Restaurants	505,000
Deli, Fast Food and Coffee	422,000
Nightclubs, Bars, Liquor Stores and Food Retail	101,000

Shoppers Goods: 33% ⁽¹⁾

Total Space	950,000
Clothing and Shoes	353,000
Department Stores	284,000
Gift Shops, Florists and Newsstands	65,000
Home and Office Supplies	62,000
Drug Stores	87,000
Jewelry, Art Galleries and Specialty Stores	35,000
Cellular Stores, Electronics and Camera Shops	34,000
Book and Music Stores	29,000

Services: 17% ⁽¹⁾

Total Space	473,000
Banks and Financial Institutions	185,000
Fitness Centers	105,000
Travel Agencies, Car Rental and Other	55,000
Hair and Nail Salons	49,000
Printing and Mailing Services	29,000
Shoe Repair, Dry Cleaners	15,000
Doctors/Medical and Optics	36,000

(1) Percentage of total occupied or announced space
Source: DowntownDC BID

INFRASTRUCTURE & SUSTAINABILITY

2014
STATE OF
DOWNTOWN

The X2 Metrobus runs crosstown from the Minnesota Avenue Metrorail station in NE to 16th and K streets NW transporting 12,180 people daily to work or other transit connections in Downtown.

Infrastructure & Sustainability

Downtown's transportation, power, water and communication infrastructure makes the DowntownDC BID area (which the BID designated as an ecoDistrict in 2011) the most sustainable location in the D.C. region. Climate change, air and water quality deterioration, traffic congestion, droughts, floods, sinkholes and many other issues have prompted public and private sectors in the District and the region to focus on infrastructure needs and sustainability issues.

There is wide recognition that infrastructure maintenance and construction are necessary in D.C. to build out the city's estimated 170-190 million SF of development capacity to accommodate 100,000-plus new jobs and 250,000-plus new residents over the next 25 to 40 years. For the first time, District and regional information on infrastructure quality and resource usage is being gathered and shared widely. This should lead to better public and private decision-making.

The U.S. Environmental Protection Agency in March 2015 ranked Washington, D.C. as the metropolitan region with the largest number of Energy Star-certified buildings (480) in the country in 2014. From 2009 to 2014, 61 buildings in the DowntownDC BID area reduced their energy consumption by 5.4 percent, helping to reach the BID's ecoDistrict commitment to the Better Buildings Challenge of a 20 percent reduction in energy consumption by 2020.

The District and D.C.'s infrastructure needs and sustainability issues are on the public and private sector agendas. Collaboration is leading to the collection and sharing of information and the start of coordination on investments and regulations.

D.C. Residents Non-Auto Commuting Share, 2006-2013⁽¹⁾



(1) Shows percentage of trips to work by D.C. residents that are not by automobile, but by transit, biking, walking or other means.
Source: American Community Survey

Residents and Workers Commuting Via Non-Auto Transportation, 2013

City Residents Commuting To Jobs Anywhere in Region

	Total	Public Transit	Bike	Walk	Other
New York City	72%	59%	1%	10%	1%
Washington, D.C.	60%	40%	5%	14%	1%
Boston	52%	34%	2%	15%	1%
San Francisco	52%	35%	4%	12%	1%
Philadelphia	40%	28%	2%	8%	1%
Chicago	39%	29%	1%	7%	1%

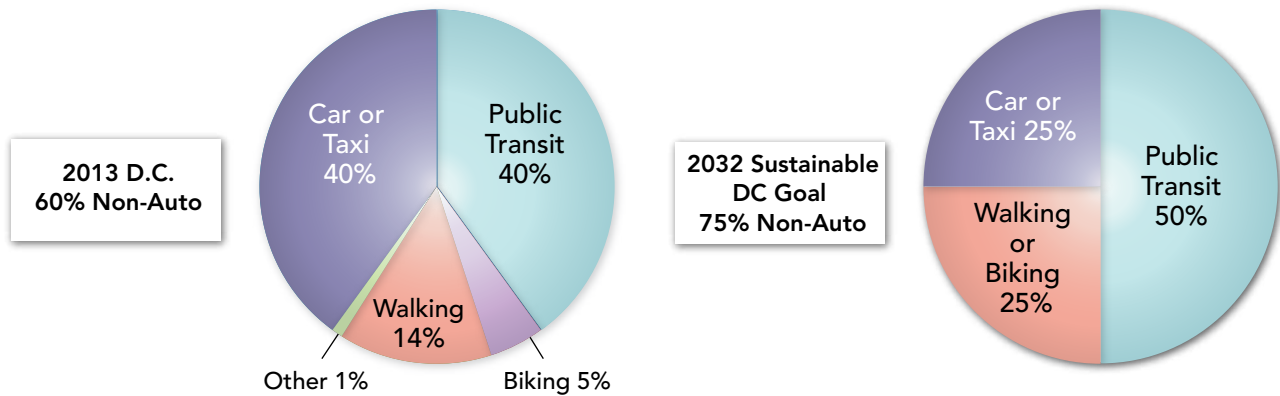
City & Region Residents Commuting to City Jobs

	Total	Public Transit	Bike	Walk	Other
New York City	71%	60%	1%	9%	1%
Washington, D.C.	47%	39%	2%	6%	1%
Boston	49%	40%	1%	8%	1%
San Francisco	52%	41%	3%	8%	1%
Philadelphia	39%	30%	2%	7%	1%
Chicago	41%	34%	1%	6%	1%

Source: American Community Survey 2013 One-Year Estimate

There are more people than ever in Downtown, but Downtown Metrorail ridership is down 9% from its 2009 peak. Thus, trips Downtown are being made using a host of other options for traveling: Metrobus, the DC Circulator and Zipcar, car-2-go, and improved taxi and taxi-type services such as Uber.

D.C. Commute Mode Share in 2013 and Sustainable DC Goal for 2032



Source: American Community Survey 2013 One-Year Estimate and Sustainable DC Plan

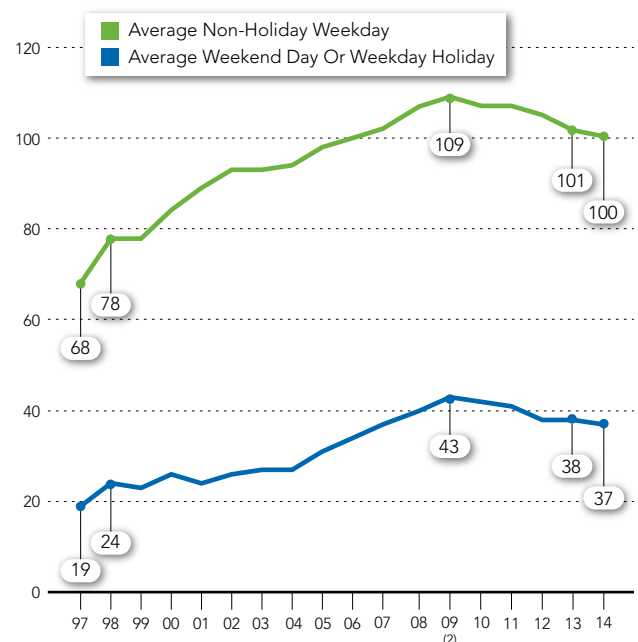
Metrorail ridership in the DowntownDC BID area and system-wide peaked in 2009, with ridership declining since then by 9.3% and 7.8%, respectively.

The Washington Area Metropolitan Transit Authority announced that the first 7000-series railcars will enter passenger service in April 2015. These railcars include vertical poles at each seat and additional handholds by each door. (Photo: WMATA)



Daily Metrorail Ridership Exits in DowntownDC BID Area, 1997 - 2014 ⁽¹⁾

(Thousands)



(1) Exit numbers for Metro stations in DowntownDC BID Area (Archives-Navy Memorial-Penn Quarter, Federal Triangle, Gallery Place-Chinatown, Judiciary Square, McPherson Square, Metro Center and Mt.Vernon Square.)

(2) Calendar year 2009 was the peak year for DowntownDC BID Metrorail ridership.

Source: WMATA



The H Street/Benning Road line will be the first operational segment of the new DC Streetcar system. The next phase is planned to connect to Ward 7, and then go west to Georgetown.

Mayor Muriel Bowser's proposed fiscal year 2016 budget funds the completion of the DC Streetcar's H Street NE segment and provides for the planning and construction of the streetcar extension, first to Ward 7 and then to Georgetown.

Capital Bikeshare has expanded rapidly over the past few years in Downtown, with a doubling of the number of bikes in D.C. to 2,800 and almost tripling the number of members to 52,000.

Sixteen percent of all area Capital Bikeshare rides end in the DowntownDC BID area.

Capital Bikeshare Data: 2011- 2015 ⁽¹⁾

	Jan 2012	Jan 2013	Jan 2014	Jan 2015	Jan 14- Jan 15 % Change
# of Bicycles	1,170	1,700	2,600	2,800	8%
# of Members ⁽²⁾	19,000	32,000	42,000	52,000	24%

	2011	2012	2013	2014	2013- 2014 % Change
Total System Trips	1,241,800	2,069,600	2,616,700	2,946,100	13%
■ Member Trips ⁽³⁾	1,059,000	1,693,100	2,086,200	2,318,100	11%
■ Pass Trips ⁽⁴⁾	182,800	376,500	530,500	628,000	18%
% of Total Trips Ending in D.C. Outside the BID	78%	75%	72%	72%	-1%
% of Total Trips Ending in the BID	17%	17%	16%	16%	No Change

(1) Capital Bikeshare began operations in September 2010.

(2) Combination of annual and corporate memberships.

(3) Counts only annual membership trips.

(4) Counts only 24-hour pass trips.

Source: Capital Bikeshare



Large U.S. Cities Walk Score 2015 Rankings

2015 Ranking	Walk Score (1)
1. New York	88
2. San Francisco	84
3. Boston	80
4. Philadelphia	77
5. Miami	76
6. Chicago	75
7. Washington, D.C.	74
8. Seattle	71
9. Oakland	69
10. Baltimore	66

(1) Walk Score is determined by number of amenities within a 30 minute distance from all addresses within the city.

Source: Walk Score



According to Walk Score, Downtown is one of the most walkable neighborhoods in the District with a walk score of 97.

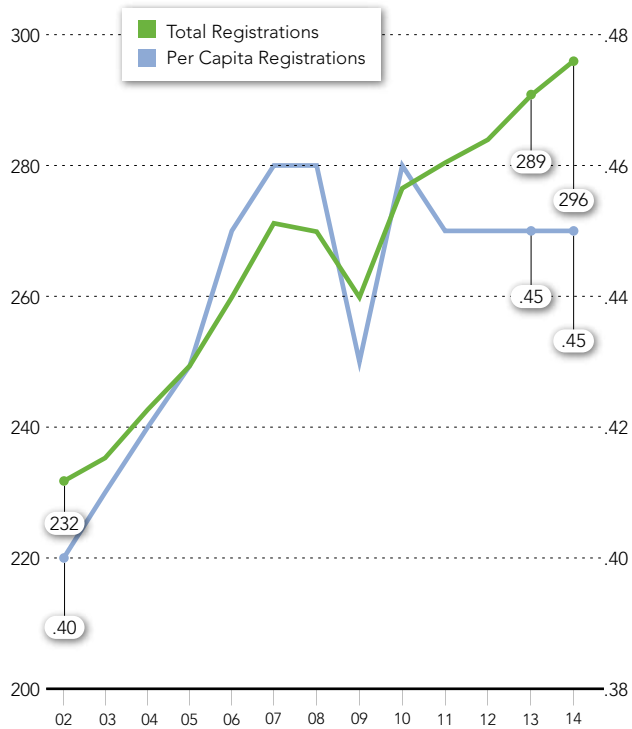
The District is the seventh most walkable large city in the U.S. There are over 2,750 restaurants, bars and coffee shops in D.C. This means that people, on average, can walk to eight restaurants, bars or coffee shops in five to ten minutes. The DowntownDC BID area's walk score is 97.

The District was recognized as a Silver-Level Bicycle Friendly Community by the League of American Bicyclists in 2014. A Silver-Level designation recognizes a community that is welcoming to bicycles and is easy to navigate for intermediate and experienced cyclists.

Bike to Work Day participants take a break at the city's largest pit stop located at Freedom Plaza in Downtown. Bike to Work Day is an annual event to get commuters to try bicycling to work as a healthy and safe commuting alternative.



Motor Vehicle Registrations in D.C.: Total and Per Capita, 2002 - 2014 (Thousands)



Source: Office of the Chief Financial Officer for the District of Columbia

In the District, total motor vehicle registrations are increasing while registrations per capita are flat. Nationally, total and per capita vehicle miles driven increased in 2014 after several years of decline.

Census data states that in 2013, 40% of D.C. residents commuted to work by transit, compared to another 40% who drove. Five percent of D.C. working residents commuted by bicycle and 14% walked.

Pay-by-space parking meter poles and numbered space markers are currently being installed on select streets in DowntownDC, one of the first signs of the District Department of Transportation's parkDC pilot parking program being tested in Chinatown-Penn Quarter in 2015.

Congestion in DowntownDC is aggravated by drivers looking for on-street parking. On-street parking can be difficult to find during the work-day with cars and delivery trucks double-parking in front of buildings causing traffic delays and cars illegally blocking intersections during rush hour. A demand-based parking pilot (parkDC) is currently underway Downtown in an effort to relieve parking congestion.





At 60,300 daily crossings, the Arlington Memorial Bridge, built in 1932, is the most traveled, structurally-deficient bridge in the District. The condition of the Memorial Bridge is rapidly degrading and repairs are estimated between \$128 and \$244 million, according to the National Park Service. (Photo: Steve/Wikimedia Commons)



The most recent biennial inspection of the Arlington Memorial Bridge found that its structural deficiencies include severe corrosion of the steel in the bascule span. If the bascule span were to fail, it could create an abrupt 15-inch drop in the bridge's center section decking. (Photo: National Park Service)

According to the Federal Highway Administration 2014 National Bridge inventory, there are 164 bridges in the District, or 65% of all District bridges, classified as functionally obsolete. This means the bridge does not meet design standards that are in line with current practices.

15 Year Infrastructure Funding Gap for D.C. Region ⁽¹⁾

Infrastructure Sector	Funding Gap (in billions)	Time Frame
Public Transportation	\$16	10 years
Roads	7.5	15 years
Bridges	1	10 years
Storm Water	10	10 years
Drinking & Waste Water	10	10 years
Electric Energy	4.4	3 years
Gas Energy	0.7	5 years
Public Buildings	8.5	6 years
Public Safety Communications ⁽²⁾	N/A	N/A
Total	\$58	

(1) The funding gaps are based on conservative estimates. Additional funding gaps over the next 15 years are still being quantified.

(2) Study for Regional NG9-1-1 in process, cost estimates will be available in late 2015. Source: Metropolitan Washington Council of Governments "State of the Region: Infrastructure Report" January 2015

The District's substantial infrastructure issues are evident in the statistics below:

- Roads: Federal roads are being resurfaced at 4% per year and local roads are being resurfaced at 1% per year.
- Bridges: 65% of all District bridges are rated functionally obsolete.
- Water Pipes: The rate of replacing water pipes is 1% per year, up from 0.33% of just a few years ago.



The Sustainable DC Plan calls for 40% tree canopy coverage for the city and for 75% of trips to be made by walking, biking or transit by 2032.

Sustainable DC Plan's Goals for 2032

Jobs:	Increase by five times the number of jobs providing green goods and services
Health:	Cut citywide obesity rate by 50%
Built Environment:	Attract and retain 250,000 new and existing residents
Climate:	Cut citywide greenhouse gas emissions by 50%
Energy:	Cut citywide energy consumption by 50%; increase use of renewable energy to 50%
Food:	Bring locally-grown food within a quarter mile of 75% of the population
Nature:	Cover 40% of the District with a healthy tree canopy; ensure 100% of the residents are within a 10 minute walk of a natural space
Transportation:	Make 75% of all resident commuting trips by walking, biking, or transit
Waste:	Achieve zero waste by consuming less and reusing everything else
Water:	Make 100% of District waterways fishable and swimmable; use 75% of our landscape to filter or capture rainwater for reuse
Green Economy:	Develop three times as many small District-based businesses; cut citywide unemployment by 50%

Source: D.C. government

The District released its Sustainable DC Plan in February 2013. The District adopted its green building code in the March of 2014. Energy benchmarking data reporting is now required of all District buildings greater than 50,000 SF, under the D.C. Energy Benchmarking program.

American Society of Landscape Architects employees enjoy the green roof atop their office building located at 636 I Street NW in Downtown. This green roof demonstration project was designed to showcase the environmental benefits of green roofs.
(Photo: American Society of Landscape Architects)



Green roofs reduce air pollution, manage stormwater and offer other environmental benefits in addition to lowering a building's energy costs by decreasing rooftop temperature and the temperature of the surrounding air in hot weather.

Top 10 Metro Area Rankings by Number of ENERGY STAR Certified Buildings, 2009-2015⁽¹⁾

	2015	2014	2013	2012	2011	2010	2009
1	Washington, D.C.	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
2	Los Angeles	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	San Francisco
3	Atlanta	Atlanta	Chicago	Atlanta	San Francisco	San Francisco	Houston
4	New York	New York	New York	Chicago	Chicago	Denver	Washington, D.C.
5	San Francisco	San Francisco	Atlanta	San Francisco	New York	Chicago	Dallas-Fort Worth
6	Chicago	Chicago	San Francisco	New York	Atlanta	Houston	Chicago
7	Dallas-Fort Worth	Dallas-Fort Worth	Houston	Houston	Houston	Lakeland, FL	Denver
8	Houston	Denver	Dallas-Fort Worth	Dallas-Fort Worth	Sacramento	Dallas-Fort Worth	Minneapolis-St Paul
9	Denver	Philadelphia	Phoenix	Riverside, CA	Detroit	Atlanta	Atlanta
10	Boston	Houston	Boston	Boston	Dallas-Fort Worth	New York	Seattle

(1) ENERGY STAR is a voluntary program established in 1992 by the U.S. Environmental Protection Agency to help businesses and individuals reduce energy consumption through the use of efficient technologies and strategies. ENERGY STAR certification requires a building to perform better than at least 75% of similar buildings nationwide.

Source: U.S. Environmental Protection Agency

The District contributed 196 buildings to the Region's #1 National Ranking for the most ENERGY STAR Certified Buildings, with 480 regional buildings totaling 123 million SF.

Top Ten Metro Areas by Number of ENERGY STAR Certified Buildings, 2015

2015 Ranking	Buildings	
	#	SF (MMs)
1. D.C.	480	123
2. Los Angeles	475	110
3. Atlanta	328	70
4. New York City	299	110
5. San Francisco	292	75
6. Chicago	251	120
7. Dallas-Fort Worth	248	62
8. Houston	235	87
9. Denver	195	44
10. Boston	176	47

Source: D.C. Government

The American Association for the Advancement of Science, located at 1200 New York Avenue NW, earned one of the highest marks awarded to existing green buildings: a LEED Platinum EB rating from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program. (Photo: American Association for the Advancement of Science)



D.C. FINANCIAL OVERVIEW

2014
STATE OF
DOWNTOWN

The General Services Administration has begun the disposition process for the current FBI Headquarters site. The redevelopment is projected to yield \$25 million to \$30 million per year in property taxes alone to the District.

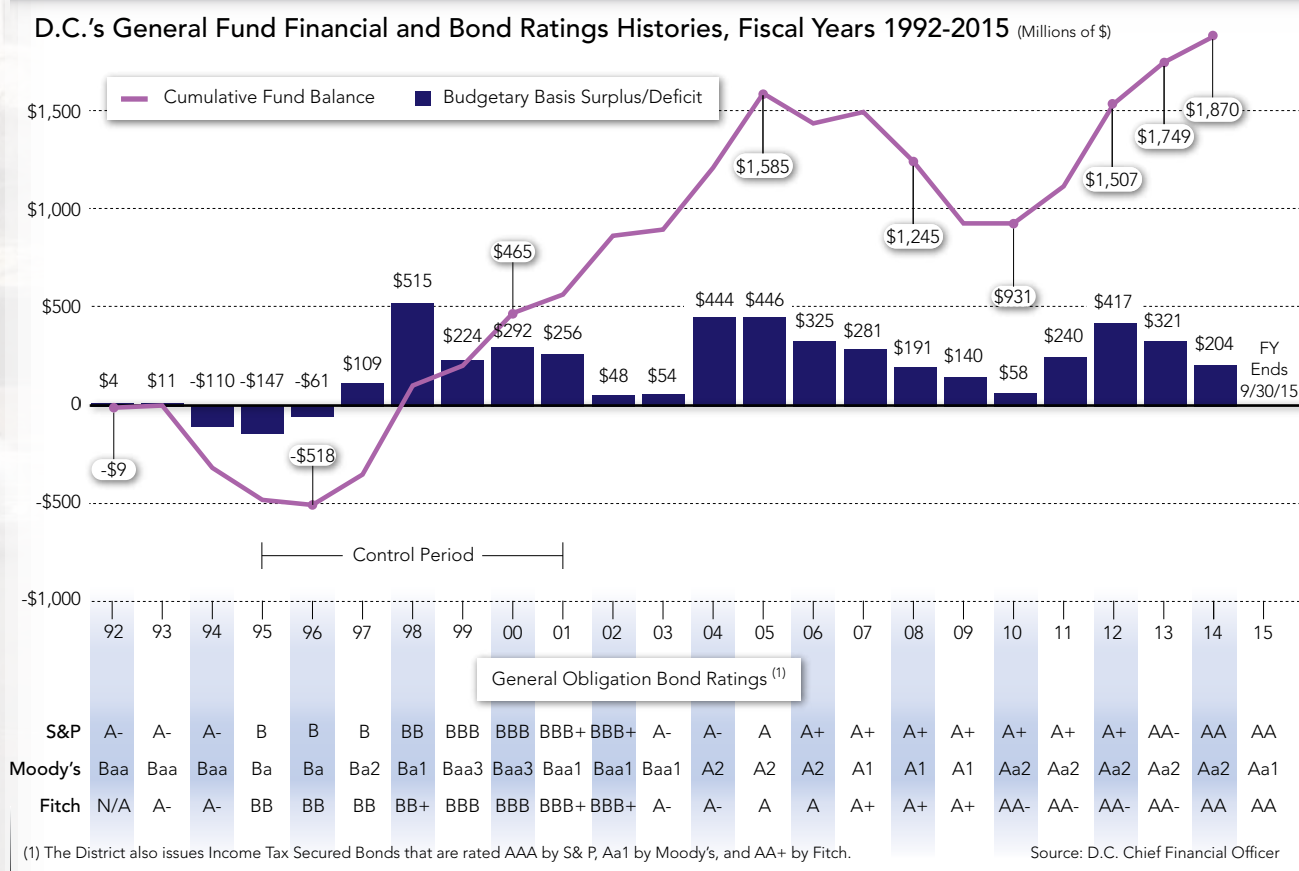
D.C. Financial Overview

The District's current financial condition is excellent. The year 2014 was full of financial highlights, including a budgetary surplus of \$204 million (mostly from underspending) that led to a record rainy day fund of \$863 million. The District's general obligation bond rating was upgraded by both Standard & Poor's and Fitch credit rating agencies from AA- to AA. In addition, in March 2015, Moody's Investor Services upgraded the District to Aa1 from Aa2. The District's defined benefit pension plan for policemen, firemen, ambulance workers and public school employees is fully-funded (at 103.6 percent) and its post-retirement health benefit plan is well-funded (at 85.7 percent).

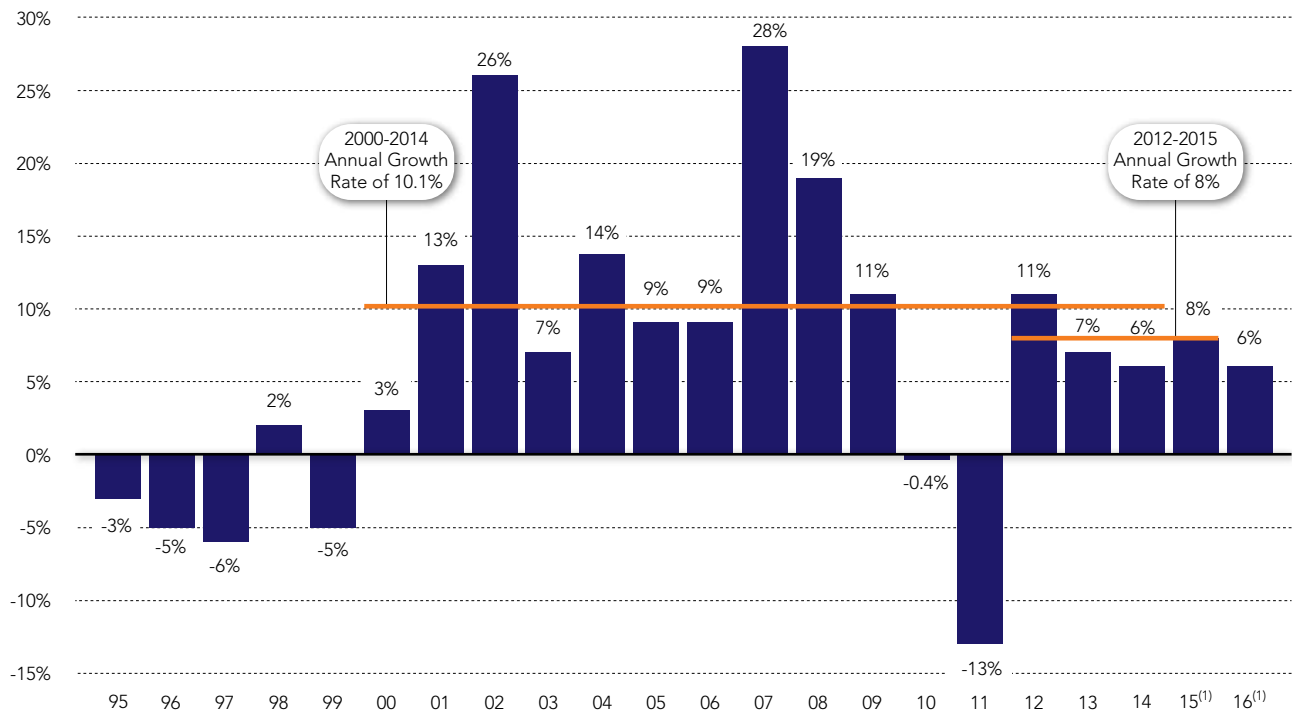
Tax changes as implemented by the D.C. Council and recommended by the D.C. Tax Revision Commission were included in the District's FY 2015 budget including a reduction of the corporate income tax rate from 9.975 percent to 9.4 percent, a reduction of the individual income tax rate from 8.5 percent to 7 percent for a new taxable income bracket of \$40,000-\$60,000 and an increase in the standard deduction.

Strong interest in District office and apartment building investments, particularly from foreign buyers, and an increase in District resident employment continued to bolster the financial health of the city.

The FY 2015 budget includes the first major tax relief for residents since 2007 and the first for businesses since 2002. Fully-funding the remaining tax relief measures will create a fairer and more competitive tax system. This is possible at an estimated \$35 million per year if phased in over four years.



D.C. Commercial Property Assessment Annual Change, 1995-2016



(1) Estimated by the DowntownDC BID.

Sources: D.C. FY 1995-2014 Comprehensive Annual Financial Reports and DowntownDC BID (FY15-FY16)

The three major contributors to the District's strong financial health remain commercial property, the mixed-use economy of Downtown and residents with incomes greater than \$100,000.

A typical restaurant has sales of \$3-\$6 million per year, producing annual sales tax revenue of \$300,000-\$600,000. Old Ebbitt Grill is reported to have annual sales of \$15-\$20 million, one of the top-grossing restaurants in the country.



Downtown's Net Fiscal Impact, FY 2014

DowntownDC BID Area	(Millions of \$)
D.C. Local Tax and Other Revenues	\$1,154
Estimated Fiscal Costs	-436
Net Fiscal Impact	718

Golden Triangle BID Area

D.C. Local Tax and Other Revenues	\$515
Estimated Fiscal Costs	-187
Net Fiscal Impact	328

Total Downtown Area

D.C. Local Tax and Other Revenues	\$1,669
Estimated Fiscal Costs	-623
Net Fiscal Impact	1,046

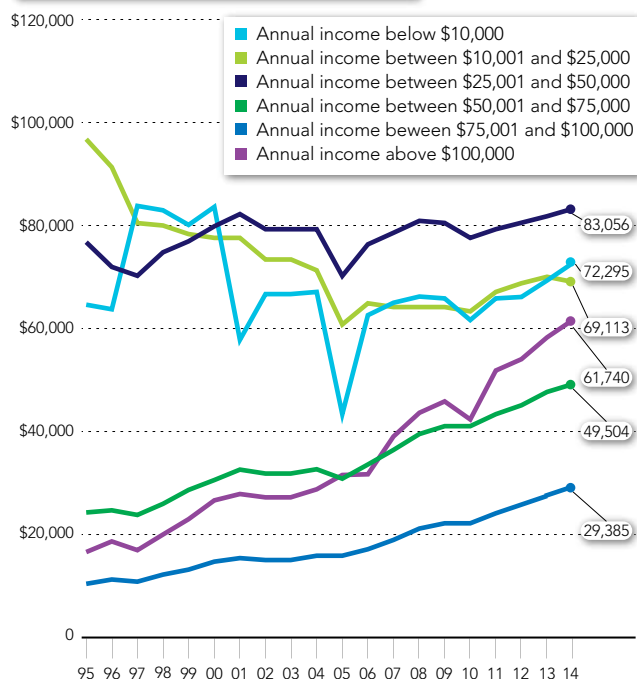
Downtown Revenue Share of
Total D.C. Gross Local Revenue
of \$6.74 billion in FY 2014

25%

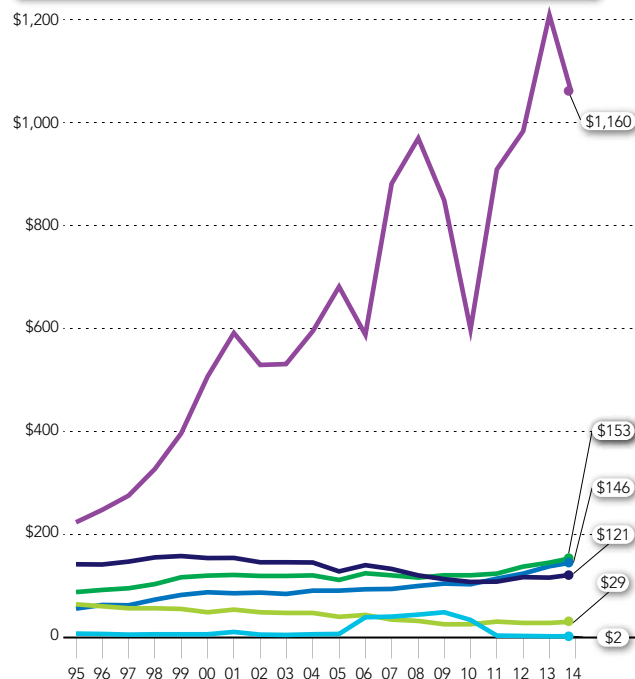
Source: DowntownDC BID Estimate, April 2015

D.C. Resident Tax Filer Analysis, 1995-2014

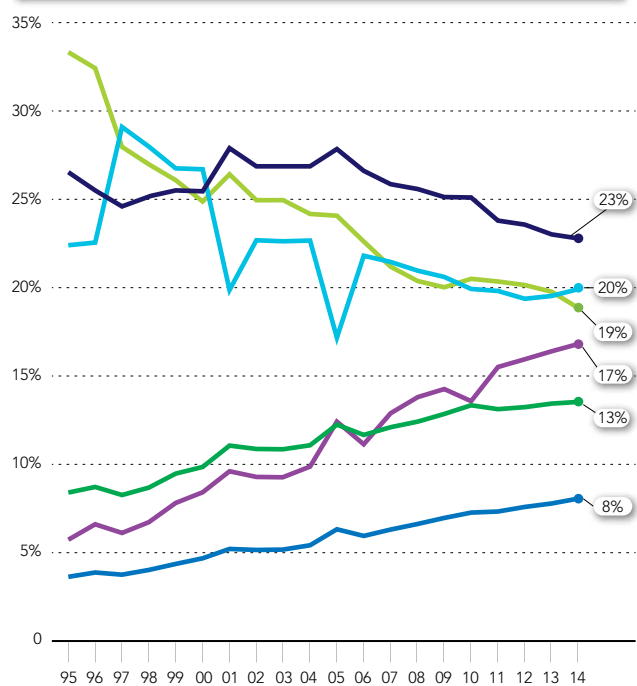
Number of Tax Filers by Annual Income



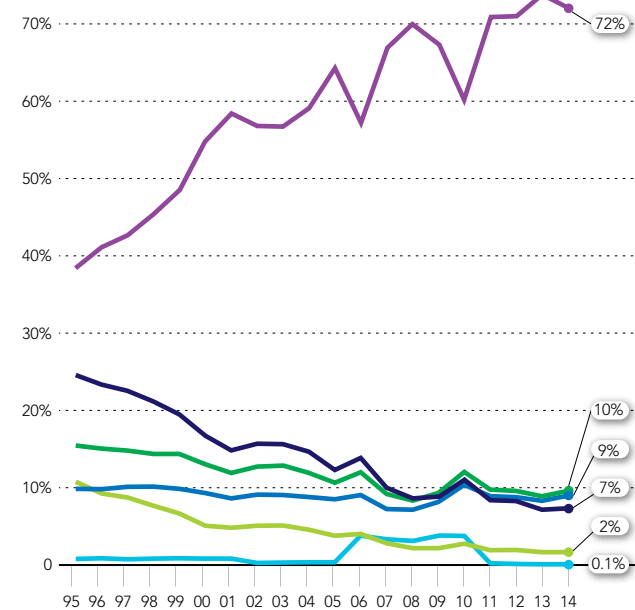
Personal Income Tax Liability by Annual Income (Millions of \$)



Number of Tax Filers by Annual Income as % of Total Tax Filers



Personal Income Tax Liability by Annual Income as % of Total Personal Income Tax Liability



Source: D.C. FY 1995-2014 Comprehensive Annual Financial Reports

Tax filers with incomes above \$100,000 are 17% of all tax filers and generate 72% of total personal income tax liability in the District. Tax filers of all income levels are growing, showing that a growing number of people at all income levels are able to live in the District.

Individual Income Tax Rate and Other Provisions History: 1996-2017

■ Tax Increase from prior year
■ Tax Relief from prior year
■ Tax Relief due to inflation adjustment

Year	Tax Rate by Taxable Income Brackets								Deductions and Exemptions				Earned Income Tax Credit		
	\$0 to \$10,000	\$10,001- \$20,000	\$20,001- \$30,000	\$30,001- \$40,000	\$40,001- \$60,000	\$60,001- \$350,000	\$350,000- \$1 Million	\$1 Million Plus	Standard Deduction Amount	Personal Exemption Amount	Itemized Deduction Limit	Personal Exemption Limit	% of Federal EITC	Non-Custodial Parents	Childless Worker % of Fed
1996-1999	6%	8%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	\$2,000	\$1,370	None	None	None	None	None
2000	5	7.5	7.5	9.5	9.5	9.5	9.5	9.5	2,000	1,370	None	None	None	None	None
2001	5	7.5	7.5	9.3	9.3	9.3	9.3	9.3	2,000	1,370	None	None	10%	None	10%
2002	5	7.5	7.5	9.3	9.3	9.3	9.3	9.3	2,000	1,370	None	None	25	None	25
2003	5	7.5	7.5	9.3	9.3	9.3	9.3	9.3	2,000	1,370	None	None	25	None	25
2004	5	7.5	7.5	9	9.3	9.3	9.3	9.3	2,000	1,370	None	None	25	None	25
2005	5	7.5	7.5	7.5	9	9	9	9	2,000	1,370	None	None	25	None	25
2006	4.5	7	7	7	8.7	8.7	8.7	8.7	2,500	1,500	None	None	35	Yes	35
2007	4	6	6	6	8.5	8.5	8.5	8.5	2,500	1,500	None	None	35	Yes	35
2008	4	6	6	6	8.5	8.5	8.5	8.5	4,000	1,675	None	None	35	Yes	35
2009	4	6	6	6	8.5	8.5	8.5	8.5	4,000	1,675	None	None	40	Yes	40
2010	4	6	6	6	8.5	8.5	8.5	8.5	4,000	1,675	None	None	40	Yes	40
2011	4	6	6	6	8.5	8.5	8.5	8.5	4,000	1,675	Yes ⁽¹⁾	None	40	Yes	40
2012	4	6	6	6	8.5	8.5	8.95	8.95	4,000	1,675	Yes ⁽¹⁾	None	40	Yes	40
2013	4	6	6	6	8.5	8.5	8.95	8.95	4,100	1,675	Yes ⁽¹⁾	None	40	Yes	40
2014	4	6	6	6	8.5	8.5	8.95	8.95	4,150 ⁽²⁾	1,725 ⁽²⁾	Yes ⁽¹⁾	None	40	Yes	40
2015	4	6	6	6	7.5	8.5	8.95	8.95	5,200	1,775 ⁽²⁾	Yes ⁽¹⁾	Yes ⁽³⁾	40	Yes	100
2016	4	6	6	6	7.0	8.5	8.95 ⁽⁴⁾	8.95 ⁽⁴⁾	5,350 ⁽²⁾	1,825 ⁽²⁾	Yes ⁽¹⁾	Yes ⁽³⁾	40	Yes	100
2017+ ⁽⁵⁾	4	6	6	6	6.5 ⁽⁵⁾	8.5	8.75 ⁽⁵⁾	8.95	6,100 ⁽⁵⁾	4,200 ⁽⁵⁾	Yes ⁽¹⁾	Yes ⁽³⁾	40	Yes	100

(1) Itemized deduction is reduced by 5% of taxable income over \$200,000.

(2) DowntownDC BID estimate for inflation adjustment of 3%.

(3) Personal exemption is reduced by 2% for each \$2,500 of taxable income over \$150,000, with a complete phaseout at \$275,00 of taxable income.

(4) 8.95% was to sunset (and drop back to 8.5%) on 12/31/15, but the sunset was repealed in the FY 2015 budget.

(5) Full tax relief provided in FY 2015 budget under certain increased revenue conditions.

Sources: D.C. Budgets, Comprehensive Annual Financial Reports and Tax Facts by OCFO

The tax relief measures in the city's FY 2015 budget, as recommended by the D.C. Tax Revision Commission and implemented by the D.C. Council, will increase the fairness and competitiveness of the District's tax system.

Selected D.C. Tax Rate History, Fiscal Years 1996-2017

Selected D.C. Tax Rate History, Fiscal Years 1996-2017														<div><div></div> Tax Increase from prior year</div> <div><div></div> Tax Relief from prior year</div> <div><div></div> Tax relief due to inflation adjustment</div>
	Residential Real Property Tax ⁽¹⁾													
	Business Income Tax	Commercial Real Property Tax ⁽²⁾	Multifamily	Single Family Homes and Condominiums				Deed Recordation & Transfer Tax	Sales Tax				Estate Tax Threshold (Millions)	
				Rate	Homestead Deduction	Assessment Increase Cap ⁽³⁾	Minimum Assessment %		General	Restaurant	Hotel	Parking		
1996 - 1998	9.975%	2.15%	1.54%	0.96%	\$30,000	None	None	2.2%	5.75%	10%	13.0%	12%	\$1	
1999	9.975	2.15	1.54	0.96	30,000	None	None	2.2	5.75	10	14.5	12	1	
2000	9.975	2.05	1.34	0.96	30,000	None	None	2.2	5.75	10	14.5	12	1	
2001	9.975	1.95	1.15	0.96	30,000	None	None	2.2	5.75	10	14.5	12	1	
2002	9.975	1.85	0.96	0.96	30,000	None	None	2.6	5.75	10	14.5	12	1	
2003	9.975	1.85	0.96	0.96	30,000	25%	None	3.0 ⁽⁴⁾	5.75	10	14.5	12	1	
2004	9.975	1.85	0.96	0.96	38,000	12	None	3.0 ⁽⁴⁾	5.75	10	14.5	12	1	
2005	9.975	1.85	0.96	0.96	38,000	12	None	2.2	5.75	10	14.5	12	1	
2006	9.975	1.85	0.92	0.92	60,000	10	None	2.2	5.75	10	14.5	12	1	
2007	9.975	1.85	0.88	0.88	60,000	10	None	2.9 ⁽⁵⁾	5.75	10	14.5	12	1	
2008	9.975	1.85	0.85	0.85	64,000	10	None	2.9 ⁽⁵⁾	5.75	10	14.5	12	1	
2009	9.975	1.85 ⁽⁶⁾	0.85	0.85	67,500	10	None	2.9 ⁽⁵⁾	5.75	10	14.5	12	1	
2010	9.975	1.85 ⁽⁶⁾	0.85	0.85	67,500	10	40%	2.9 ⁽⁵⁾	6.00	10	14.5	12	1	
2011	9.975	1.85 ⁽⁶⁾	0.85	0.85	67,500	10	40	2.9 ⁽⁵⁾	6.00	10	14.5	12	1	
2012	9.975	1.85 ⁽⁶⁾	0.85	0.85	67,500	10	40	2.9 ⁽⁵⁾	6.00	10	14.5	18	1	
2013	9.975	1.85 ⁽⁶⁾	0.85	0.85	69,100	10	40	2.9 ⁽⁵⁾	6.00	10	14.5	18	1	
2014	9.975	1.85 ⁽⁶⁾	0.85	0.85	70,200 ⁽⁷⁾	10	40	2.9 ⁽⁵⁾	5.75	10	14.5	18	1	
2015	9.40	1.85 ⁽⁶⁾	0.85	0.85	71,400 ⁽⁷⁾	10	40	2.9 ⁽⁵⁾	5.75	10	14.5	18	1	
2016	9.40	1.85 ⁽⁶⁾	0.85	0.85	72,200 ⁽⁷⁾	10	40	2.9 ⁽⁵⁾	5.75	10	14.5	18	1	
2017+ ⁽⁸⁾	8.25 ⁽⁸⁾	1.85 ⁽⁶⁾	0.85	0.85	73,800 ⁽⁷⁾	10	40	2.9 ⁽⁵⁾	5.75	10	14.5	18	5.3 ⁽⁸⁾⁽⁹⁾	

(1) Residential property tax annual revenue increases are limited to 8%. Any projected increase above 8% is used to reduce the residential tax rate (as happened in 2006-2008 when the 8% limit was lower).

(2) Commercial property tax annual revenue increase limited to 10%. Any projected increase over 10% is used to reduce the commercial tax rate.

(3) The maximum a residential property's taxable assessment can increase in one year.

(4) Deed and recordation tax for non-owner occupied property is 3.0%; for owner-occupied property sold under \$250,000 is 2.6%.

(5) Deed and recordation tax for owner-occupied property sold for \$400,000 and above is 2.9%. For properties sold under \$400,000, the tax is 2.2%.

(6) The tax rate on the first \$3 million of assessed value is 1.65%.

(7) DowntownDC BID estimate for annual inflation adjustment of 3%.

(8) Full tax relief provided in FY 2015 budget under certain increased revenue conditions.

(9) Estate tax threshold will conform with federal threshold of \$5.25 million and be increased for inflation thereafter.

Source: D.C. Budgets, Comprehensive Annual Financial Reports, and Tax Facts by OCFO

The D.C. corporate income tax rate was decreased from 9.975% to 9.4% and the individual income tax rate was reduced from 8.5% to 7% for the taxable income bracket of \$40,000 to \$60,000 as part of the tax relief measures as recommended by the D.C. Tax Revision Commission and implemented by the D.C. City Council.

Regional Income and Sales Tax Comparison of Major Tax Types, April 2015

		D.C.	Northern Virginia Jurisdictions ⁽¹⁾						Suburban Maryland Counties ⁽²⁾		
				Arlington			Fairfax			Montgomery	Prince George's
		D.C.	Virginia State Rate	Alexandria	Crystal City	Rosslyn	Tyson's	Reston	Maryland State Rate	Bethesda	New Carrollton
Individual Income Tax Rates ⁽²⁾											
Income Brackets									same for both counties		
■ \$0 - \$1,000	4.00%	2.00%	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	2.00%	State + 3.2%	5.20%
■ \$1,000 - \$2,000	4.00	2.00	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	3.00	State + 3.2%	6.20
■ \$2,000 - 3,000	4.00	2.00	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	4.00	State + 3.2%	7.20
■ \$3,000 - \$5,000	4.00	3.00	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	4.75	State + 3.2%	7.95
■ \$5,000 - \$10,000	4.00	5.00	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	4.75	State + 3.2%	7.95
■ \$10,000 - \$17,000	6.00	5.00	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	4.75	State + 3.2%	7.95
■ \$17,000 - \$40,000	6.00	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	4.75	State + 3.2%	7.95
■ \$40,000 - \$60,000	7.00	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.00	State + 3.2%	8.20
■ \$60,000 - \$125,000	8.50	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.00	State + 3.2%	8.20
■ \$125,000 - \$150,000	8.50	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.25	State + 3.2%	8.45
■ \$150,000 - \$250,000	8.50	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.50	State + 3.2%	8.95
■ \$250,000 - \$350,000	8.50	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.75	State + 3.2%	8.95
■ \$350,000 - \$500,000	8.95	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.75	State + 3.2%	8.95
■ \$500,000 +	8.95	5.75	State Rate	State Rate	State Rate	State Rate	State Rate	State Rate	5.75	State + 3.2%	8.95
Corporate Income Tax Rates											
	9.975%	6.00%	State Rate ⁽³⁾	State Rate ⁽³⁾	State Rate ⁽³⁾	State Rate ⁽³⁾	State Rate ⁽³⁾	State Rate ⁽³⁾	8.25%	State Rate	State Rate
Sales Taxes											
■ General	5.75%	5.3%	6.00	6.00	6.00	6.00	6.00	6.00	6.00%	State Rate	State Rate
■ Groceries	Not Taxed	1.5	2.5	2.5	2.5	2.5	2.5	2.5	Not Taxed	Not Taxed	Not Taxed
■ Restaurant	10.00	5.3	10.00	6.00	6.00	6.00	6.00	6.00	6.00	State Rate	State Rate
■ Hotel	14.50	5.3	15.27 ⁽⁴⁾	13.00	13.00	12.00	12.00	12.00	6.00	15.00%	16.00%
■ Parking ⁽⁵⁾	18.00	5.3	6.00	6.00	6.00	6.00	6.00	6.00	6.00	State Rate	State Rate
⁽¹⁾ Only the State of Virginia can levy an individual income tax.						⁽⁴⁾ The city of Alexandria's local transient occupancy tax is 8.5% plus 6% general state tax rate plus \$1 per room. The average room rate in Alexandria was \$129 in 2014-equating to an additional 0.77% sales tax.					
⁽²⁾ Each Maryland county has a county individual income tax rate that is added to the state rate.						⁽⁵⁾ Non-airport commercial lots.					
⁽³⁾ All Northern Virginia jurisdictions have a Business, Professional and Occupancy License Fee of 0.15% to 0.30% of gross receipts (which can be equivalent to a 1% to 3% income tax rate).						Sources: D.C. Mayor's Budget, VA Department of Planning and Budget and MD Department of Budget and Management					

(1) Only the State of Virginia can levy an individual income tax.

(2) Each Maryland county has a county individual income tax rate that is added to the state rate.

(3) All Northern Virginia jurisdictions have a Business, Professional and Occupancy License Fee of 0.15% to 0.30% of gross receipts (which can be equivalent to a 1% to 3% income tax rate).

(4) The city of Alexandria's local transient occupancy tax is 8.5% plus 6% general state tax rate plus \$1 per room. The average room rate in Alexandria was \$129 in 2014-equating to an additional 0.77% sales tax.

(5) Non-airport commercial lots.

Sources: D.C. Mayor's Budget, VA Department of Planning and Budget and MD Department of Budget and Management

The reduction in the District's corporate income tax rate in 2015 to 9.4% and future plans to reduce it to 8.25% will put the District on equal tax footing with Maryland and Virginia (after Northern Virginia's business fees are taken into account).

Regional Comparison of Office Property Tax Rates, March 2014

	D.C.	Northern Virginia				Suburban Maryland			
			Arlington		Fairfax		Montgomery		Prince George's
	D.C.	Alexandria	Crystal City	Rosslyn	Tysons	Reston	Bethesda	White Flint	New Carrollton
Total Office Tax Rate	1.882%	1.048%	1.177%	1.212%	1.500%	1.487%	1.256%	1.232%	1.663%
Base Tax Rate	1.850% ⁽¹⁾	1.043%	0.996%	0.996%	1.090%	1.090%	1.213% ⁽⁷⁾	1.077%	1.663%
Business Improvement District Tax	0.028%	-	0.043%	0.078%	-	0.047%	-	-	-
Stormwater Tax	0.004%	0.005%	0.013%	0.013%	0.025%	0.025%	0.003%	0.003%	-
Transportation Tax	-	-	0.125%	0.125%	0.125%	0.125%	0.040%	0.040%	-
Silver Line Special Assessment	-	-	-	-	0.210%	0.200%	-	-	-
Special/Service District	-	-	-	-	0.050%	-	-	0.112%	-
Taxes Per SF (Value Per SF By Sub Market)	\$13.17 (\$700)	\$4.72 (\$450)	\$4.71 (\$400)	\$5.45 (\$450)	\$6.75 (\$350)	\$5.04 (\$400)	\$5.65 (\$450)	\$4.93 (\$400)	\$4.16 (\$250)
Tax Differential Per SF: D.C. vs. Others	N/A	\$8.45	\$8.46	\$7.72	\$6.42	\$8.13	\$7.52	\$8.24	\$9.02
■ Due to Tax Rate	\$	N/A	\$3.75	\$2.82	\$3.01	\$1.72	\$1.55	\$2.82	\$0.55
	%	N/A	44%	33%	39%	27%	19%	37%	6%

(1) The tax rate on the first \$3 million of assessed value is 1.65%.

Source: D.C. Mayor's Budget, VA Department of Planning and Budget and MD Department of Budget and Management

As suburban markets become more urban, the need for greater infrastructure and placemaking has resulted in commercial tax "add-ons" that have increased suburban commercial tax rates by up to 0.40%.

The Wiehle-Reston East station opened along the first phase of Metrorail's Silver Line in 2014. Once completed, the Silver Line will greatly enhance the competitiveness of Northern Virginia.



With 183 rooms in the heart of Downtown, the Hotel Monaco is estimated to generate \$5 million per year in total taxes for the District.



Single Renter Income Tax Bill Comprison for 2015: D.C. and Suburbs

■ Lowest Tax Bill Today
■ Lowest Tax Bill Future (1)
— After Full Impact of Tax Relief

Annual Individual Income Tax Bill

Adjusted Gross Income	D.C.		Montgomery or Prince George's County		Virginia Suburbs		D.C. Tax Savings Shown as a Positive Number
\$40,000	\$1,782		\$2,714		\$1,797		\$15
	\$1,582						\$215
\$50,000	\$2,412		\$3,509		\$2,372		(\$40)
	\$2,182						\$190
\$60,000	\$3,112		\$4,304		\$2,947		(\$165)
	\$2,879						\$68
\$70,000	\$3,857		\$5,099		\$3,522		(\$335)
	\$3,579						(\$57)
\$80,000	\$4,707		\$5,894		\$4,097		(\$610)
	\$4,425						(\$328)
\$90,000	\$5,557		\$6,689		\$4,672		(\$885)
	\$5,275						(\$603)
\$100,000	\$6,407		\$7,484		\$5,247		(\$1,160)
	\$6,125						(\$878)
Standard Deduction	\$5,200		\$2,000		\$2,000		
	\$6,100						
Personal Exemption	\$1,775		\$3,200		\$3,200		
	\$4,200						
Taxable Income Brackets	Tax Rates						
	Today	Future ⁽¹⁾	Today	Future ⁽²⁾	Today	Future ⁽²⁾	
\$0 - \$1,000	4.00%	no change	5.20%	no change	2.00%	no change	
\$1,000 - \$2,000	4.00%	no change	6.20%	no change	2.00%	no change	
\$2,000 - \$3,000	4.00%	no change	7.20%	no change	2.00%	no change	
\$3,000 - \$5,000	4.00%	no change	7.95%	no change	3.00%	no change	
\$5,000 - \$10,000	4.00%	no change	7.95%	no change	5.00%	no change	
\$10,000 - \$17,000	6.00%	no change	7.95%	no change	5.00%	no change	
\$17,000 - \$40,000	6.00%	no change	7.95%	no change	5.75%	no change	
\$40,000 - \$60,000	7.00%	6.50%	8.20%	no change	5.75%	no change	
\$60,000 - \$100,000	8.50%	no change	8.20%	no change	5.75%	no change	

(1) Assumes full funding of tax relief included in the District's FY 2015 budget. (2) No tax rate changes in any state or local budget proposals.
 Source: DowntownDC BID and D.C. FY 2015 budget and D.C. FY 2016 budget proposed by Mayor Muriel Bowser

For incomes up to \$70,000, the single renter tax bill in D.C. is just \$335 higher than that in Virginia. After adjusting for both the non-necessity of owning a car in D.C. and the District's higher rents, the District is cheaper than Virginia for many single renters on an "after-tax, after-transportation costs and after-cost-of-housing" basis.

The city has a future development capacity of approximately 180-200 million SF, according to DowntownDC BID research and the D.C. Office of Planning's Height Act study. Assuming 150 million SF of this development capacity generates tax revenues of \$8 per SF, future additional annual tax revenues to the city would be \$1.2 billion.

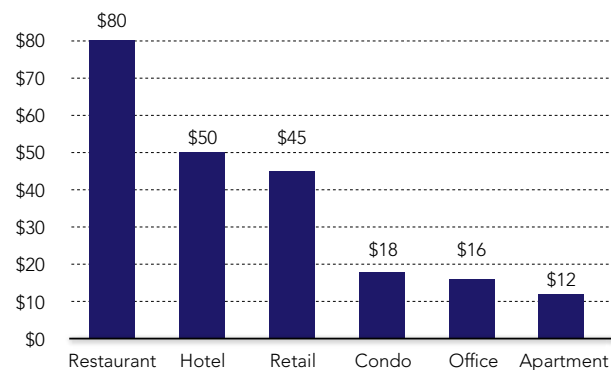
D.C.'s Development Capacity (As of April 2015)

	SF	%
DowntownDC BID Area	5	3%
CBD, West End and Georgetown	4	2%
Rest Of Center City		
Mount Vernon Triangle	5	3%
NoMa	18	11
Capitol Riverfront	18	11
Southwest	5	3
Adjacent To Center City		
14th and U streets	4	2%
H Street NE	2	1
Large Project Area		
St. Elizabeths	6	3%
Poplar Point	6	3
Hill East	2	1
McMillan Reservoir	1	<1
Walter Reed	3	2
Other By Ward		
Ward 1	4	2%
Ward 2	1	<1
Ward 3	3	2
Ward 4	7	4
Ward 5	50	28
Ward 6	15	8
Ward 7	15	8
Ward 8	5	3
Total	179	100%

Source: DowntownDC BID, D.C Office of Planning, Washington DC Economic Partnership

Raising the debt cap for important infrastructure and economic development projects is very likely to bring in more net tax revenues to fund affordable housing, job training programs, public schools and tax relief.

Fiscal Impact of DowntownDC Development by Type



Taxes Generated

	Per SF	100,000 SF Project
Restaurant	\$80	\$8,000,000
Hotel	\$50	\$5,000,000
Retail	\$45	\$4,500,000
Condo	\$18	\$1,800,000
Office	\$16	\$1,600,000
Apartment	\$12	\$1,200,000

Source: DowntownDC BID

In order to fund the additional infrastructure and economic development investments necessary to accelerate future development in the District and harvest the increased employment and tax revenues, the city may need to reconsider changing its self-imposed 12 percent debt cap.

The city's excellent track record in making economic development investments using Tax Increment Financing (TIF), Payments in Lieu of Taxes (PILOT), special assessment districts and dedicated new taxes should inspire confidence in the city's ability to make wise investments. The increased tax revenues could fund more affordable housing, better schools, job training and tax relief. The coverage ratios on almost all of the city's economic development debt are estimated by the DowntownDC BID to be above 1.2X, which would garner at least a single -A rating for a private finance company.

QUALITY OF LIFE

2014
STATE OF
DOWNTOWN

CityCenterDC's staff in 2014 managed a variety of programming for the development's outdoor space, including free weekly workouts for "Toned Up Tuesdays." (Photo: Daniel Swartz, Revamp/Hines | CityCenterDC)

Quality of Life

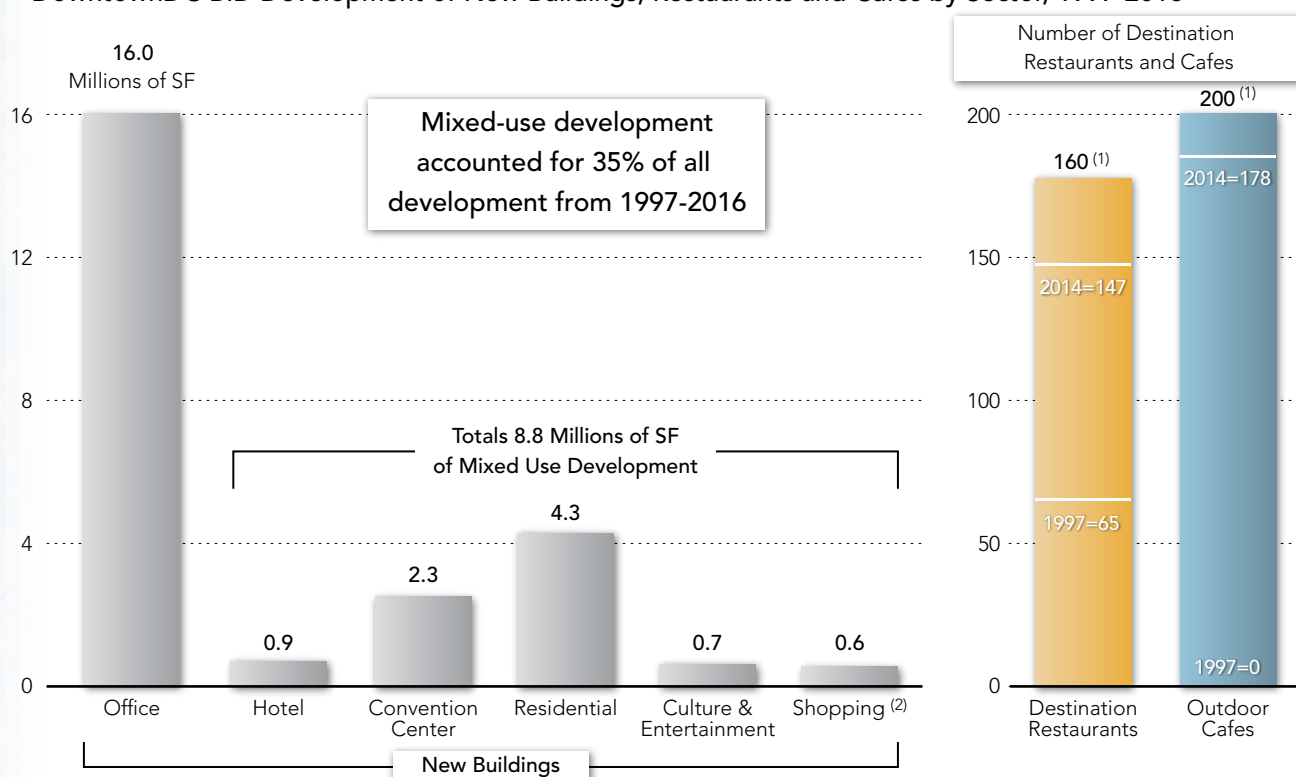
In 2014, Forbes ranked D.C. as the "coolest" city in America for its high-quality art, culture, recreation and food for a young, diverse and growing population. Constant effort is required to maintain a vibrant, inclusive and interesting area that attracts all District residents as well as necessary private sector and public investment. The District government and the DowntownDC BID actively encourage investment in a mix of buildings types: office as well as hotels, residential, retail, homeless shelters, permanent supportive housing, affordable housing and social services. Continued investment in public space, including sidewalks and trash cans as well as placemaking programs for Franklin Park and Pennsylvania Avenue will allow Downtown to reach its full potential as a vibrant and inclusive neighborhood with a host of city amenities.

Together, Downtown and its surrounding neighborhoods make for a convenient, vibrant and walkable city where a resident, worker or visitor can meet almost all their needs within a 15-minute walk of anywhere in the DowntownDC BID area.

The BID actively manages its public spaces in partnership with the Metropolitan Police Department, the U.S. General Services Administration, the U.S. National Park Service, the District Department of Transportation and other partners, including public and private property managers. With approximately 85 SAMs (Safety/Hospitality and Maintenance professionals) on the streets of Downtown, the BID can provide directions, report issues and call in structural defects.

Since 1997, 35% of the new development in Downtown has been mixed-use development: residential (17%), convention center (9%), hotel (4%), culture and entertainment (3%) and shopping (2%).

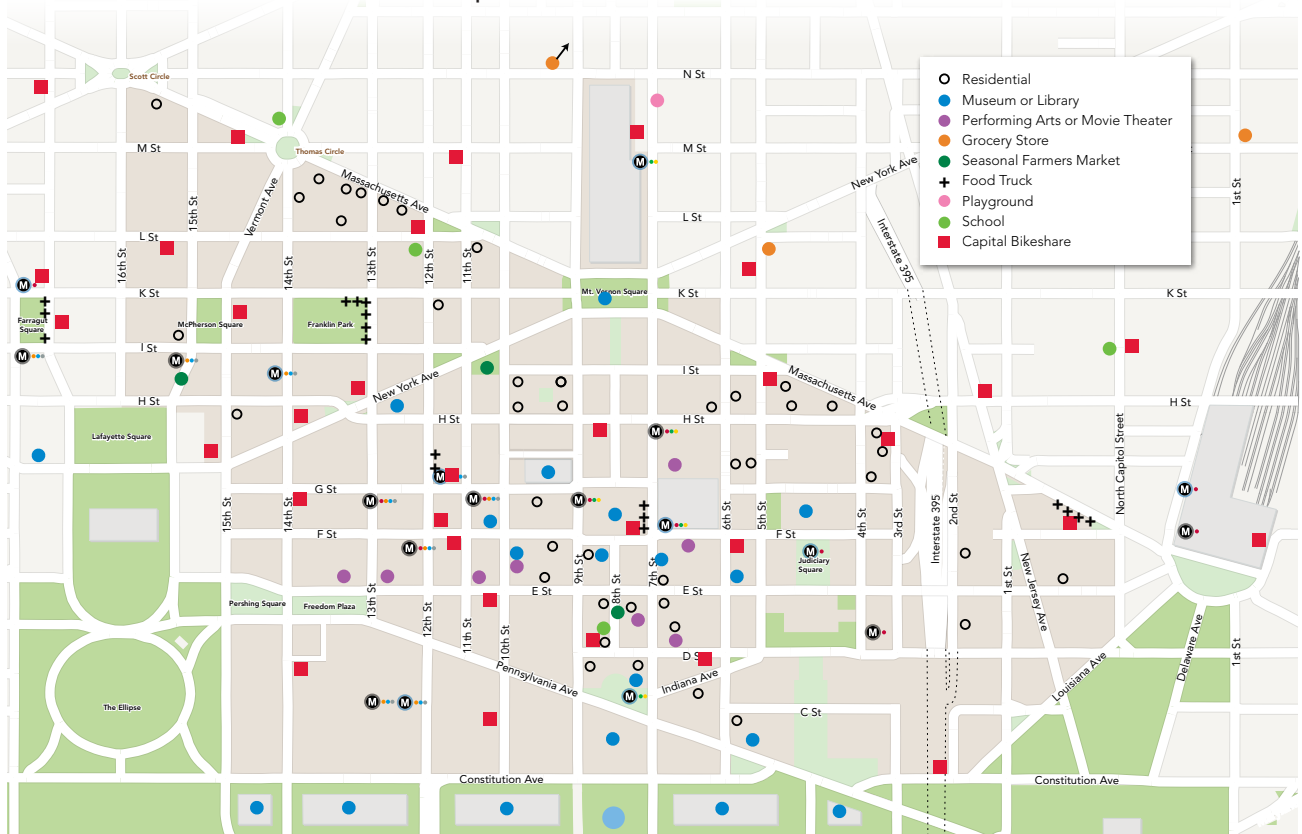
DowntownDC BID Development of New Buildings, Restaurants and Cafes by Sector, 1997-2016 ⁽¹⁾



(1) Projection for end of 2016 based on what is under construction today.

(2) Includes retail developments of greater than 20,000 SF and primarily occupied by shopper's goods retail.

DowntownDC BID Area Amenities, April 2015



The diversity of activities in the DowntownDC BID, layered on top of a world-class office market, is the foundation of Downtown's high Quality of Life. Hotels, apartments, condos, parks, museums, theatres, outdoor seats, cinemas—almost every Downtown block has one or two of these features.

FRESHFARM Markets operates one of its farmers markets at CityCenterDC during lunchtime hours on Tuesdays from May through October.



A new farmers market opened in the DowntownDC BID area at CityCenterDC in 2014, bringing the total number of farmers markets Downtown to four. These markets operate seasonally and sell local produce to workers, residents and visitors. Local chefs incorporate seasonal offerings in their weekly menus.



The DowntownDC BID, along with sponsors Crunch Fitness, Freshii and Sports Zone Elite, drew Downtown workers and residents to free Workout Wednesdays in Franklin Park in the summer of 2014 in an effort to activate the park with exciting programming.



Conceptual drawings for the redesigned 5-acre Franklin Park include enhanced features such as a repaired and working fountain and new features such as food services, public restrooms and outdoor tables and chairs.

In 2014, Forbes ranked D.C. as the "coolest" city in America for its high-quality art, culture, recreation and hospitality options for a young, diverse and growing population and Lonely Planet named D.C. as their top global city to visit in 2015.

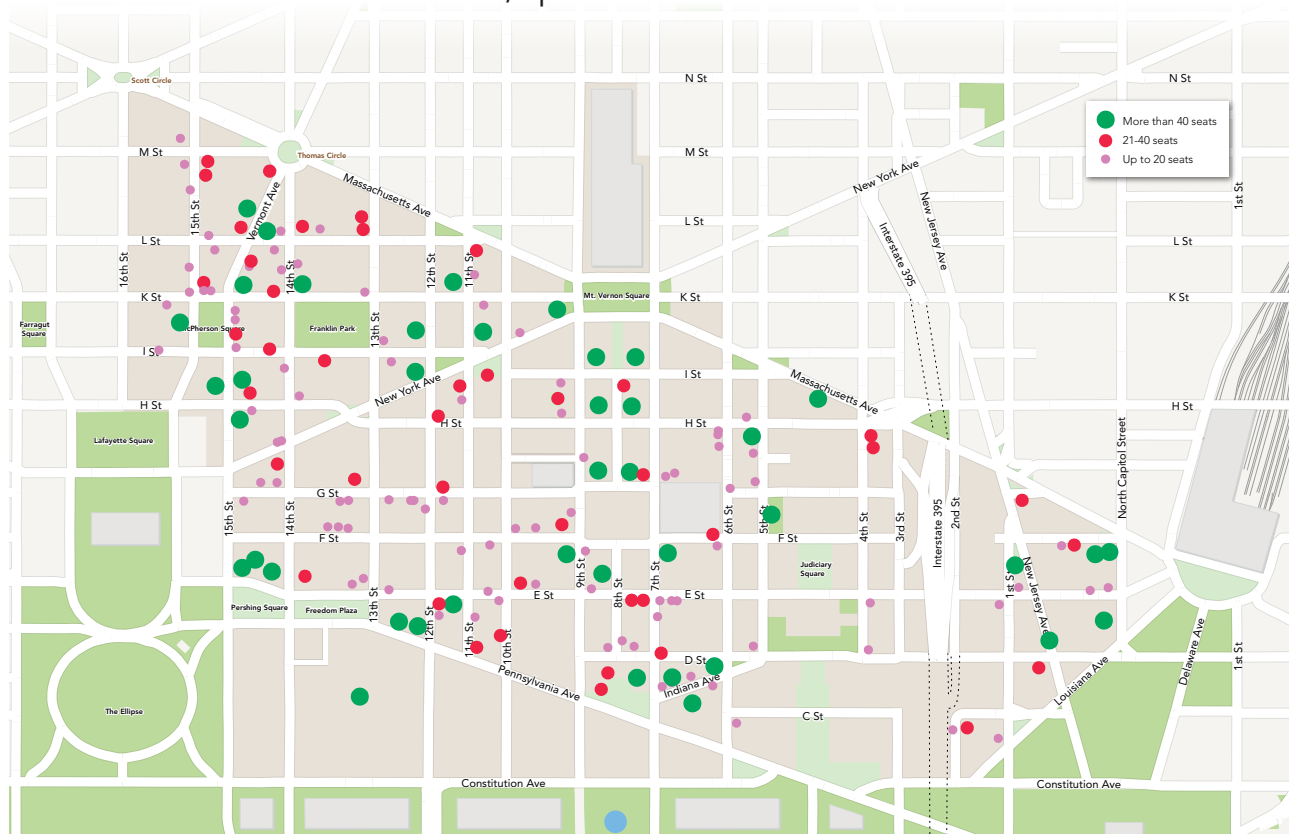
The DowntownDC BID partnered with the U.S. National Park Service, the D.C. Office of Planning and the D.C. Department of Parks and Recreation in 2014 to nearly complete the planning for the restoration and renovation of Franklin Park. Construction drawings for the new Franklin Park, including attractive pedestrian paths, a restaurant and public restrooms, will be completed in 2015.

The DowntownDC BID is partnering with the National Capital Planning Commission, the U.S. National Park Service, the District government and other local partners on the Pennsylvania Avenue initiative, which will address the near and long-term needs to develop "America's Main Street" into a 21st century grand avenue worthy of a capitol city.

Pennsylvania Avenue has experienced updates in recent years, including the installation of bike lanes, but "America's Main Street" overall lags behind the rest of Downtown and requires comprehensive support to reach its full economic and civic potential.



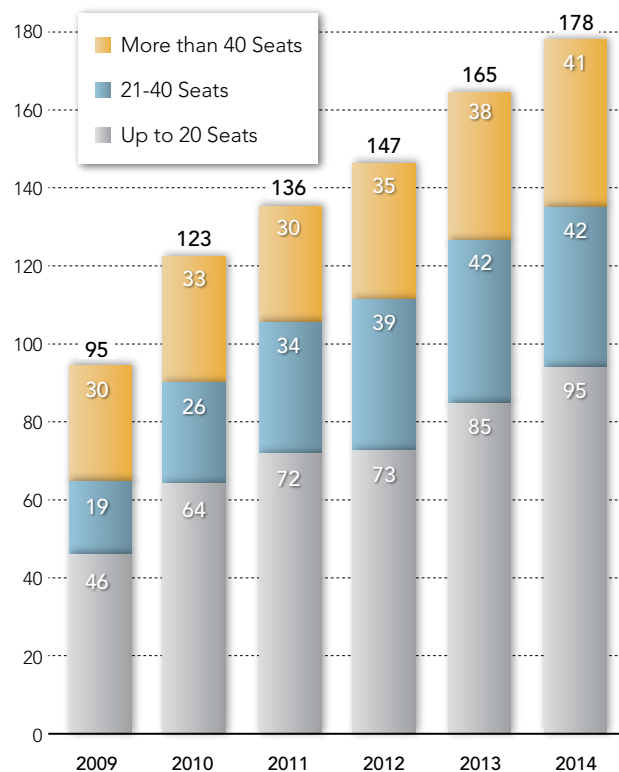
DowntownDC BID Area Sidewalk Cafes, April 2015



Sidewalk cafes are a true indicator of high-quality street life and a clear measure that Downtown is becoming a place where people can have remarkable urban experiences. Another 10-15 sidewalk cafes are expected to open in Downtown in 2015.

Patrons sit at PAUL Bakery & Café located in Penn Quarter at the Navy Memorial. There will be an average of two sidewalk cafes on every Downtown block in 2015.

DowntownDC Sidewalk Cafes by Size, 2009-2014



Source: DowntownDC BID



DowntownDC Service Request Sample, Fiscal Year 2012 to Fiscal Year 2015 (as of March 2015)

Type	Reported FY 12	Reported FY 13	Reported FY 14	Reported FY 15	Total Reported FY 12 - FY 15	Total Resolved FY 12 - FY 15	% of Reported That Have Been Resolved
Abandoned Bicycles	31	43	26	15	115	112	97%
Parking Meters	45	108	64	7	224	166	74
Sidewalks	234	53	67	32	386	303	78
Street Poles	363	159	24	8	554	531	96
Tree and Tree Boxes	384	400	94	13	891	811	91
Curb & Gutter Maintenance & Repair	39	13	12	-	64	36	56
Signage Maintenance & Repair	70	84	22	6	182	132	73
Roadway Maintenance	122	65	52	21	260	183	70
Traffic Signal Systems Maintenance ⁽¹⁾	61	28	32	11	132	51	39
Recycling & Trash can Repair	152	217	37	28	434	357	82
Total	1,501	1,170	430	141	3,242	2,682	83%

(1) An ongoing procurement dispute has prevented the resolution of many FY12-FY15 service requests.

Source: DowntownDC BID

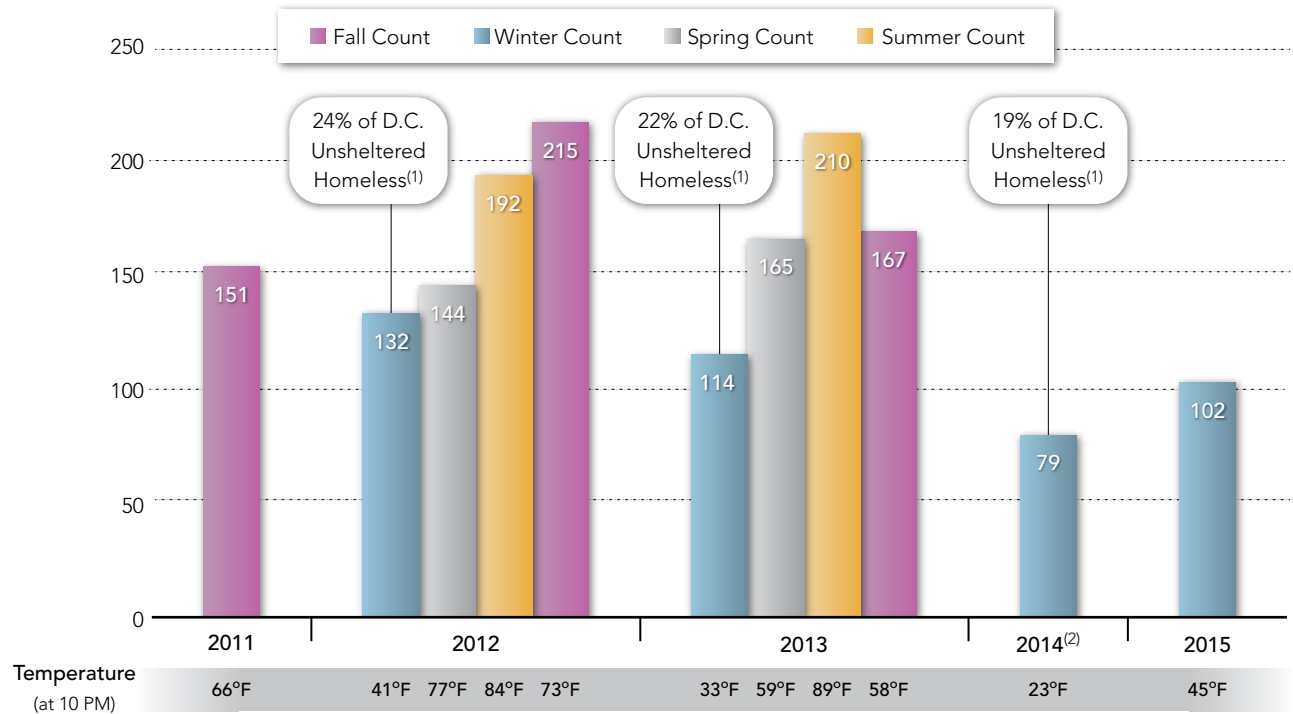
The total number of resolved conditions impacting public space in FY 2014 totaled over 3,200, an increase of 54% over FY 2013. The D.C. government plays a critical role in this work and is an important partner to the BID.

The DowntownDC BID continues recording, reporting and successfully resolving public space service requests that improve and maintain streets, sidewalks, alleyways, Metro entrances, urban trees and other elements in the public realm. The real-time information is collected in a GIS-based system allowing for more accurate reporting and efficiency in resolving issues, which often require coordination with various District government agencies.

A DowntownDC BID SAM utilizes a Quality Asset Management application developed by the BID to report an alley roadway defect for resolution by the appropriate city agency.



Nighttime Unsheltered Homeless Counts in the DowntownDC BID, 2011-2015



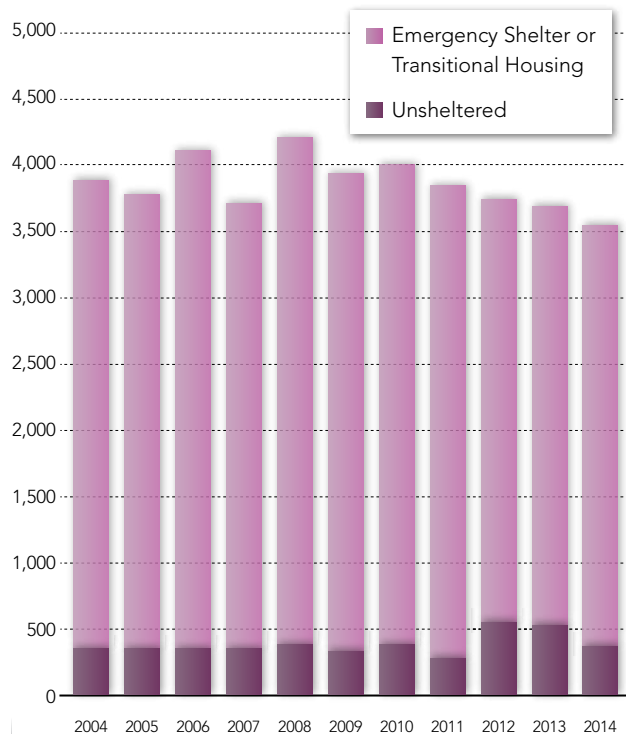
(1) D.C. homeless organizations partner in January each year to conduct a citywide homeless census and MWCOG distributes this data in May of each year.

(2) Due to a management transition, no spring, summer, or fall counts were conducted in 2014. These counts will be resumed in 2015.

Source: DowntownDC BID and the Metropolitan Washington Council of Governments (MWCOG)

Homeless individuals are part of the city's fabric and should be offered progressive solutions to the issues that are the likely cause of homelessness.

D.C. Unaccompanied Homeless, January Point-in-Time Counts, 2004-2014 ^{(1) (2)}



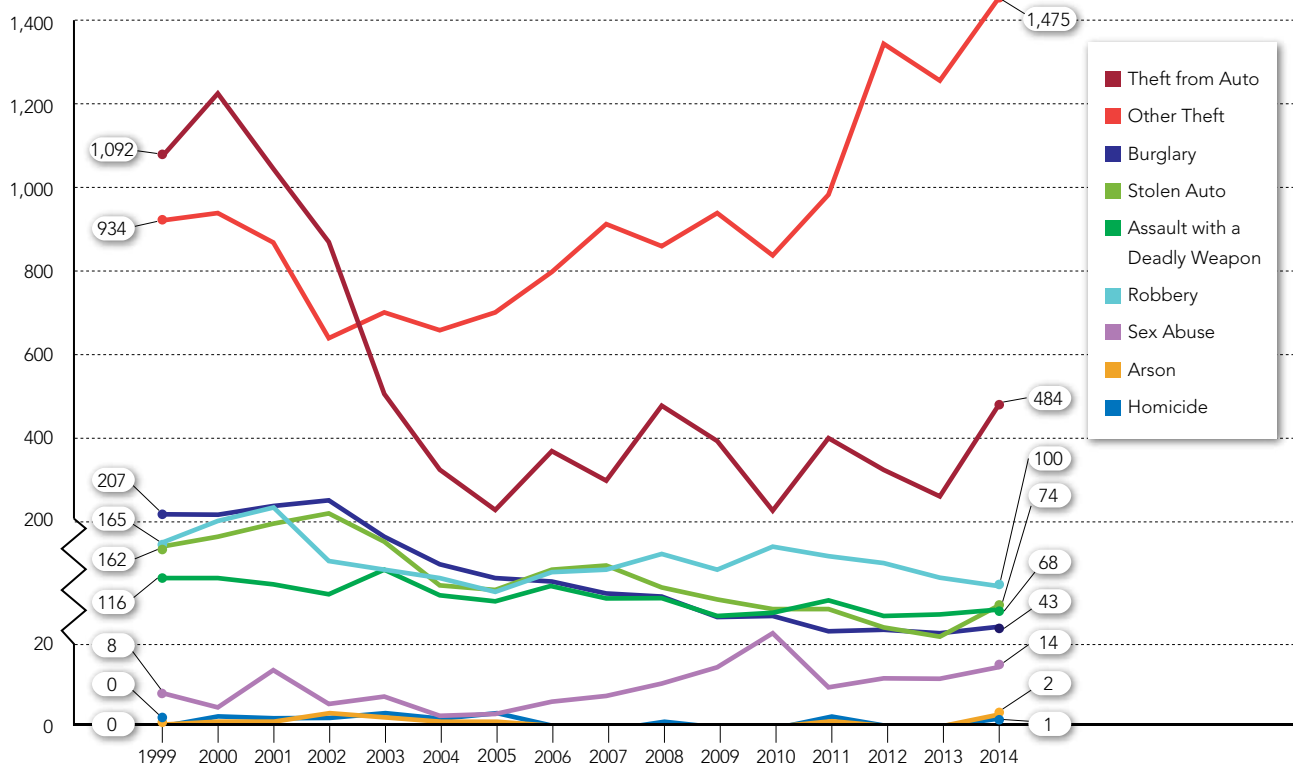
(1) Data unavailable prior to 2004.

(2) Data does not include homeless families.

Source: MWCOG

The DowntownDC BID and its homeless services partner Pathways to Housing DC participate in the annual national nighttime homeless count (the Point in Time count) each winter. The BID plans to resume its quarterly homeless counts in 2015. This data supports the District government, the BID and other partners in efforts to secure funding and support planning programs designed to reduce the number of people living on the streets and in shelters.

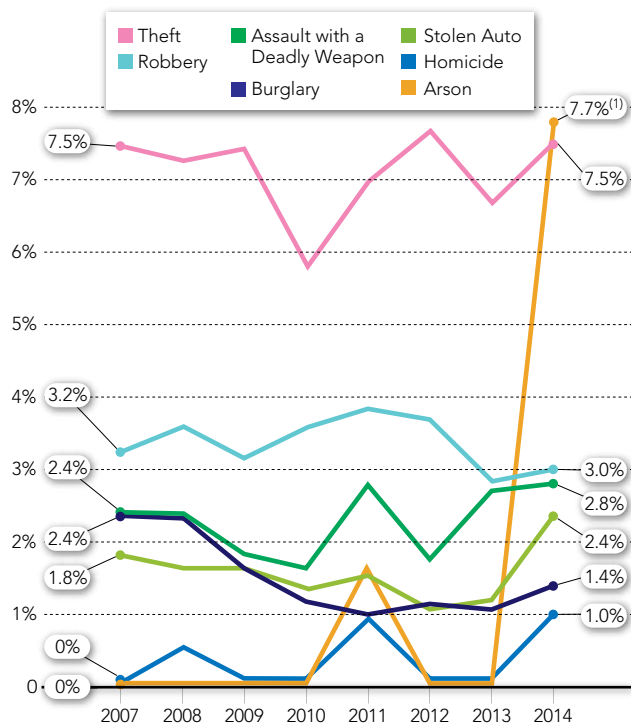
Annual Crime Incidents in the DowntownDC BID by Crime Type, 1999-2014



Sources: Metropolitan Police Department and DowntownDC BID

Both the daytime and nighttime total populations in Downtown have more than doubled since 1999. Consequently, Downtown crimes per capita have declined over the past 15 years.

Annual Crime Incidents in the DowntownDC BID as a Percentage of All D.C. Crime, 2007-2014



(1) In 2014, the Metropolitan Police Department (MPD) reported two incidents of arson in the BID and 26 in all of D.C. Sources: DowntownDC BID and MPD

In late 2014, a series of incidents around 7th and H streets NW led to the creation of a special MPD team which targeted specific incidents to considerably reduce crime in the area.



Walkable DowntownDC BID Area



Recent public and private investment in Downtown and planned investments over the next 10 years will lead to a seamless, interesting, vibrant and walkable center city core in the District.

D.C. Top 10 Most Walkable Neighborhoods, 2015

2015 Ranking	Walk Score (1)
1. Dupont Circle	99
2. Capitol Hill	98
3. Golden Triangle	98
4. West End/Foggy Bottom	98
5. 14th & U Streets/Logan Circle	97
6. Adams Morgan	97
7. Downtown DC	97
8. Georgetown	97
9. Barracks Row	96
10. Columbia Heights	96

(1) Walk Score is determined by number of amenities within a 30 minute distance from all addresses within the neighborhood.

Sources: Washington, D.C. Economic Partnership and Walk Score

The DowntownDC BID has invested in pilot programs for public space investments in Downtown that raise the quality of life for everyone. These investments include: countdown pedestrian signals, bike racks, parking meters, trash cans, recycling cans, flower baskets, holiday lights, planning for the Circulator Bus, the design of CityCenterDC as the mixed-use capstone of a revitalized Downtown, a reimagining of Martin Luther King Jr. Memorial Library, the redevelopment of Franklin Park and the reimagination of Pennsylvania Avenue.

Today, due to public and private investment, new businesses are opening in and around the DowntownDC BID area creating new employment opportunities and tax revenues generated by businesses and residents. This growth supports a high quality of life, which for most District residents is at his highest level in several decades.

Credits

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

1776*

American Association for the Advancement of Science*

American Society of Landscape Architects*

The Art Newspaper

Association of Foreign Investors in Real Estate

Cassidy Turley

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CityCenterDC*

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DC Greenworks

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D.C. Office of Revenue Analysis

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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*

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Newseum

Property Group Partners*

Real Capital Analytics

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REIS

Shakespeare Theatre*

Sixth & I Historic Synagogue

SJG Properties*

Smith Travel Research

Smithsonian Institution

theatreWashington

Trump International Hotel*

U.S. Bureau of Labor Statistics

U.S. Census Bureau

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

U.S. Department of Energy

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Research & Analysis

Andrew Axthelm

Matthew Watkins

Gerry Widdicombe

Data Charts & Graphics

Jill Rivetti

Photography

Kevin Koski

Contributors

Andrew Axthelm

Alex Block

Rachel Rose Hartman

Ellen Jones

Karyn Le Blanc

Scott Pomeroy

Matthew Watkins

Gerry Widdicombe

Design & Layout

Adrian Saunders

Editors

Rachel Rose Hartman

Karyn Le Blanc

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The DowntownDC Business Improvement District (BID) is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of approximately 520 buildings from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west. As a catalyst, facilitator and thought leader, the DowntownDC BID promotes public/private partnerships to create a remarkable urban environment. For more information, visit downtowndc.org

Back Cover Photo:

Phase one of the \$1.2B CityCenterDC development has been completed. Phases two and three are coming soon. All three phases are being financed by foreign capital.



Downtown Business Improvement District Corporation
1250 H Street, NW, Suite 1000, Washington, DC 20005
202-638-3232 phone • 202-661-7599 fax
downtowndc.org • [@downtowndcbid](https://twitter.com/downtowndcbid)

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