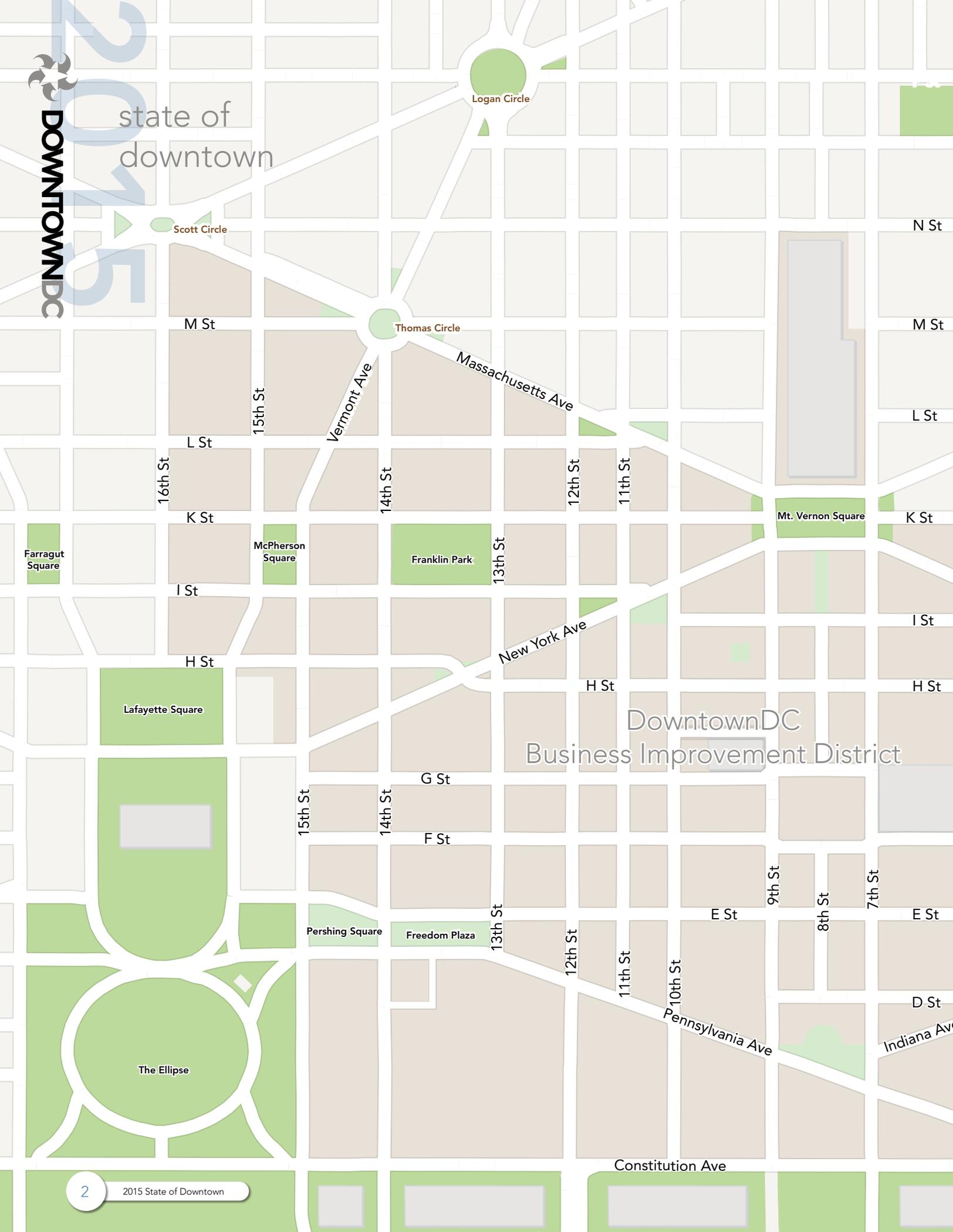




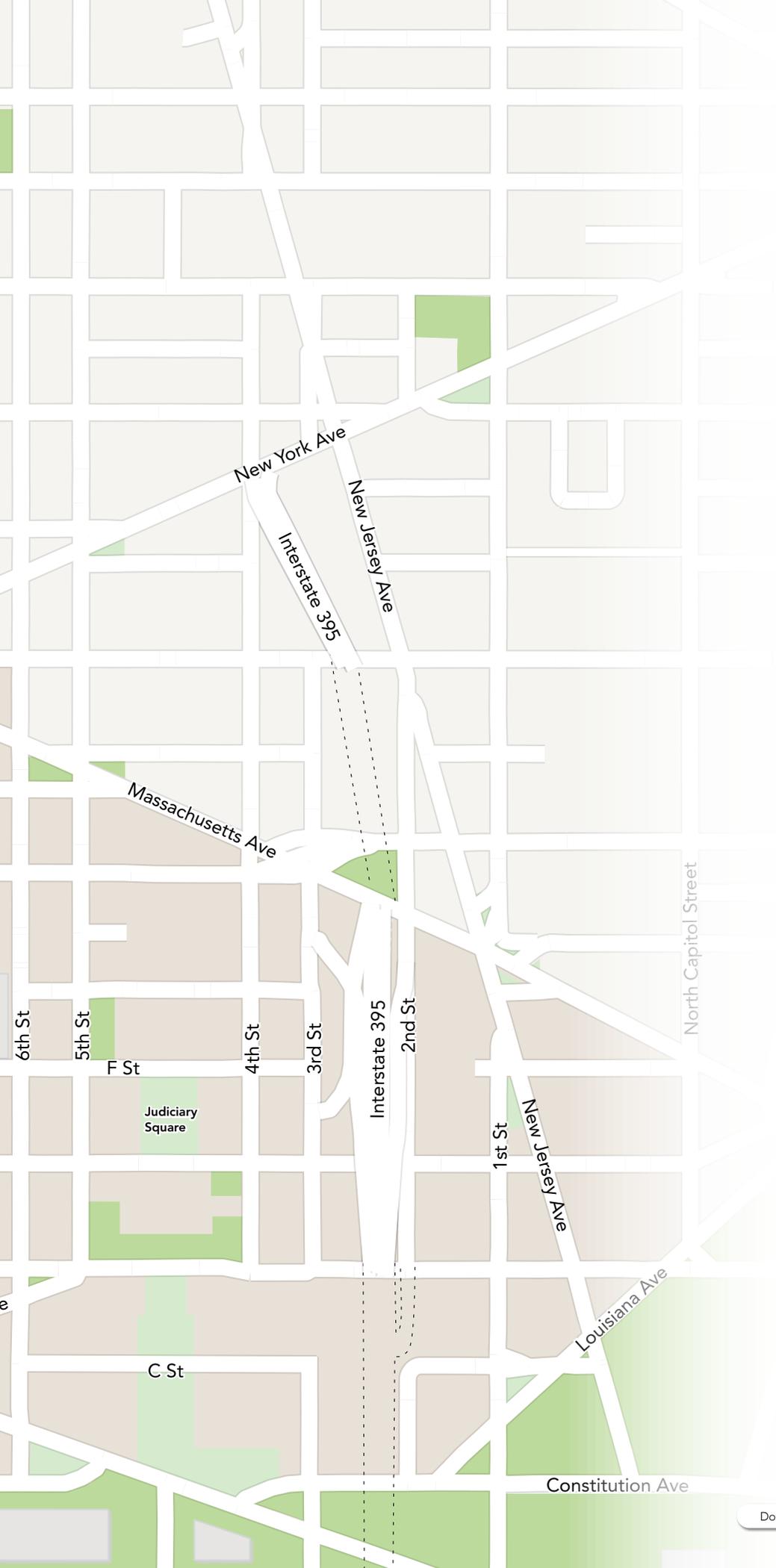
state of downtown



state of downtown



DowntownDC
Business Improvement District



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Cover Photo

CityCenterDC's plaza is the heart of the Hines development, where its 185,000 SF of retail reached 98% occupancy during the 2015 holiday season to much acclaim. With its year-round programming, 515,000 SF of trophy office space in two buildings, 448 apartments in two buildings, 216 condominiums in two buildings and all loading underground, CityCenterDC is a very successful public/private partnership. (Photo: Kevin Koski)



state of downtown

Dear Stakeholder:

We are pleased to present the DowntownDC Business Improvement District's (BID) 2015 State of Downtown report, our annual report which highlights the changes that occurred in Washington, D.C.'s economic engine, its downtown, over the past year.

The year 2015 was transitional in many aspects for Downtown and the DowntownDC BID. After 19 years of Richard Bradley's leadership of the BID, a new Executive Director and a new President of the Board of Directors were selected.

As we internally prepared the data and content for this report, it became evident that in addition to our organizational transition, there were transitions in other areas of the BID. While Downtown became more vibrant and attracted more workers, office vacancy rates increased and the number of people experiencing homelessness continued to increase.

In 2008, the D.C. office market hit an effective rate of \$51 per square foot (SF). Effective rents in the past 2 years has been \$44 per SF. To remain competitive, property owners discounted rents and provided creative incentives to tenants. Still, the Downtown vacancy rate increased while citywide vacancy rates slightly dropped.

Downtown's retail mix continued to evolve; providing residents, workers and visitors with many options. CityCenterDC's impressive mix of high-end retailers provided a fitting complement to the traditional department store and everyday and value retail mix that also exists in Downtown. Yet, much work remains to realize the retail potential of many parts of Downtown. In 2015, DowntownDC continued to transition into a premier dining destination, now proudly calling itself home to 20 of the top 100 D.C. area restaurants.

As DowntownDC fights to maintain its share of the D.C. region's office market, it continues to be an attractive place for people seeking employment, adding 2,000 jobs in 2015. Downtown continued to have the largest share of D.C. employment at 24 percent.

With restaurants and other retail amenities becoming more available and diverse in DowntownDC, the growth of people living in Downtown has not kept pace with retail growth. In 2015, DowntownDC was home

to 312 new residents, a 3 percent increase. New residential development already planned and underway should change this trend and contribute to the sustained vibrancy of Downtown.

The BID continues to partner with the city government and other BIDs to address traffic congestion issues in Downtown that not only impact productivity but also impact quality of life for workers, residents and visitors. The BID continues to forge partnerships, build and expand alternative transportation options.

The DowntownDC BID is working hard to make our Downtown one of the best in the world. In a few areas, we are already there, but in others it is a transition that we have been working on for years and will require several more years of effort. Like many other world-class downtowns, there are many people in the BID who struggle everyday to survive. Downtown's population experiencing homelessness increased again last year despite encouraging economic trends. In 2016, we are taking steps with our government and non-profit partners to reverse that trend, including finding a location for a daytime center that will provide services to our homeless brothers and sisters while we increase our street outreach efforts.

In 2016, the DowntownDC BID will begin an update to the 2000 Downtown Action Agenda in order to set a plan of action for the next few years that will achieve our goal to be recognized as among the best downtowns in the world. We look forward to partnering with everyone who reads this report as the report's data will create a new baseline for setting goals and creating strategies to make this goal a reality.

We are all fortunate to live in a city with a strong private sector economy and supportive federal and D.C. governments.

From both of us, thanks for all you do to make DowntownDC great.



Neil Albert
President &
Executive Director

A handwritten signature in black ink, appearing to read "Neil Albert".



Randall Boe
Chairman
Board of Directors

A handwritten signature in black ink, appearing to read "Randall Boe".





year in review



This 478,000 SF office building at 601 Massachusetts Avenue NW was completed in 2015 by Boston Properties and is the new home of the Arnold & Porter law firm. (Photo: Ryan Kelly)

Stable Economic Performance

The year 2015 was an improvement over 2014 for the DowntownDC Business Improvement District (BID) as many sectors of the Downtown economy set one or more performance records and performed strongly relative to the rest of D.C., suburban neighbors and other large U.S. cities. There were more people in Downtown on a daily basis than ever before in 2015, and multiple transportation options facilitated travel to Downtown despite declining Metrorail ridership and congested streets. Downtown's quality of life continued to become more vibrant and attractive as the BID in collaboration with the D.C. government and other partners worked daily to manage and improve conditions and the Downtown experience.

A Mixed Bag

Downtown and D.C. continued to perform relatively well in Economic Development 101: both grew their employment and population. D.C. yet again increased its regional employment and population market shares based on 2015 data with a 24.36 percent market share in 2015 for employment (up from 24.35 percent) based on 2015 employment growth of 12,800 workers (or 1.7 percent), and an 11.13 percent market share in 2015 population (up from 11.04 percent) based on 2015 population growth of 12,392 residents (or 1.9 percent). This is significant given the city's high costs relative to the rest of the region. The city's many amenities and high quality of life, including proximity to the federal government, the center of the regional transportation system, globally-rated and sophisticated office buildings, a strong and growing hospitality sector, excellent culture and entertainment venues and an ever-improving public realm, make these higher costs worthwhile.

Office-using employment remained the largest economic sector in Downtown and the city in 2015. Despite the fact that Downtown and the city reached record levels of leased office space, the Downtown vacancy rate ticked up as the city's rate slightly improved. Though the city's office vacancy rate is likely to continue to improve in the next 12-24 months, Downtown's rate is likely to slightly increase as several tenants who recently moved out of the BID have been paying rent on space they left behind and this

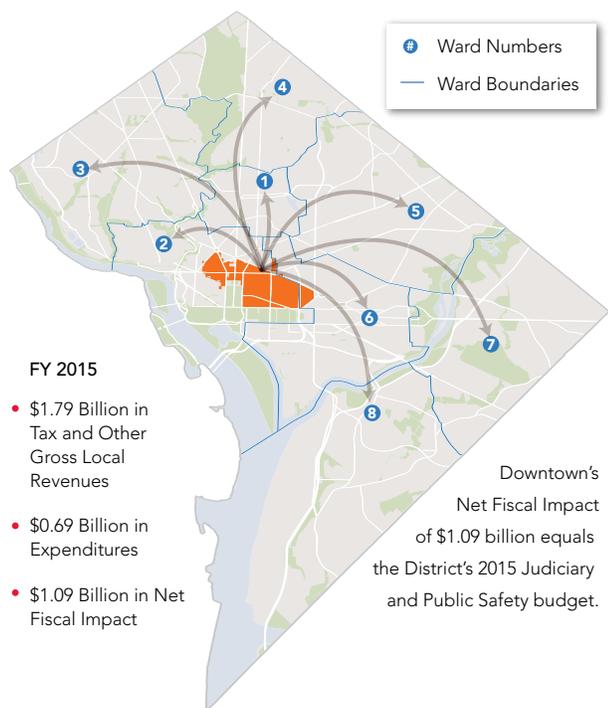
situation will end. Additionally, the federal government, in its efforts to gain efficiencies, is moving out of Downtown to cheaper office sub-markets primarily in the city, but also in the suburbs.

Overall, the city has not lost many tenants to the suburbs over the past few years, and is performing better than ever in this regard. This has primarily been accomplished by private landlords reducing their effective rents from \$51 per SF in 2009 to the mid \$40's per SF in 2016. The city's recent office market growth originates in the private sector including strategic city investments in a few companies such as (1) The Advisory Board and qualified high technology firms, (2) the continued growth of the city's other traditional tenants such as professional services and non-profit/association sectors, and (3) the growth of the shared office space market led by firms such as WeWork. Longer-term trends of densification, federal budget pressures and telecommuting mean that programs to convert older office space into other uses should be explored. Limited conversion has occurred in Downtown and D.C. into two hotels, one museum and a few residential conversions in unique properties.

Government Influence

The federal government's contribution to Downtown employment is unique in the U.S., accounting for 35 percent of the office space in Downtown. The upcoming FBI site redevelopment will relocate an estimated 12,000 federal workers outside of the city, but will create a once in lifetime opportunity to enliven Pennsylvania Avenue with a mix of uses and a welcoming street-level presence. The D.C. government also has a significant Downtown presence. More importantly, however, is the city's strong leadership and financial management. The city's financial condition is excellent, which should allow for continued investment in the Downtown public realm. Downtown will benefit from the D.C. government's investment in a pilot program for the conversion of one or two older office buildings into residential or another use, and, of great importance, the Metrorail system. Downtown is particularly proud of its net fiscal contribution to the city, which when combined with the central business district, totals \$1.1 billion per year, or the annual local cost of the city's police force and judicial system.

Downtown Funds Services Throughout the District



Source: DowntownDC BID

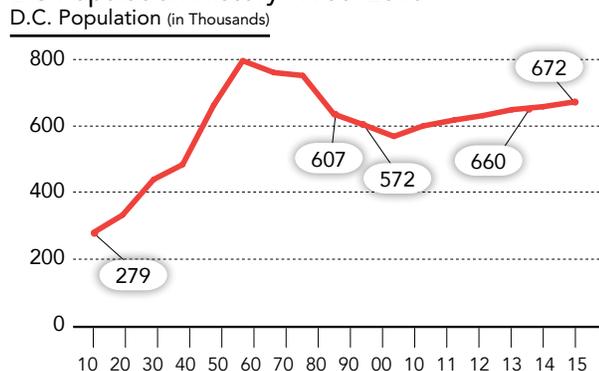
Downtown's Net Fiscal Impact⁽¹⁾ (in Millions)

	FY2015	FY2016
DowntownDC BID Area		
DC Local Tax and Other Revenues	\$1,227	\$1,235
Estimated Fiscal Costs	(463)	(506)
Net Fiscal Impact	\$765	\$729
Golden Triangle BID Area		
DC Local Tax and Other Revenues	\$558	\$578
Estimated Fiscal Costs	(230)	(259)
Net Fiscal Impact	\$328	\$319
Total Downtown Area		
DC Local Tax and Other Revenues	\$1,785	\$1,813
Estimated Fiscal Costs	(693)	(765)
Net Fiscal Impact	\$1,093	\$1,048
Total Local Revenue		
	\$7,389	\$7,380
Downtown Revenue Share of Total DC Gross Local Revenue		
	24.2%	24.6%
Total Budget Expenditures (Operating, General Funds)		
	\$7,472	\$7,971
Downtown Expenditures Share of Total DC Gross Local Expenditures		
	9.3%	9.6%

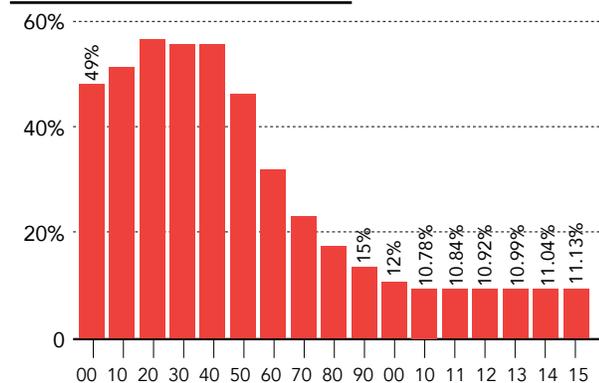
(1) Revenue and expenses from Mayor Bower's March 24, 2016 budget proposal for FY2017

Source: DowntownDC BID, April 2016

DC Population History: 1900–2015

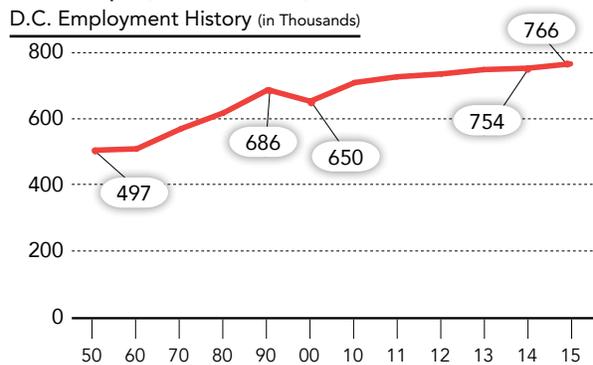


Percentage of D.C. Area Population

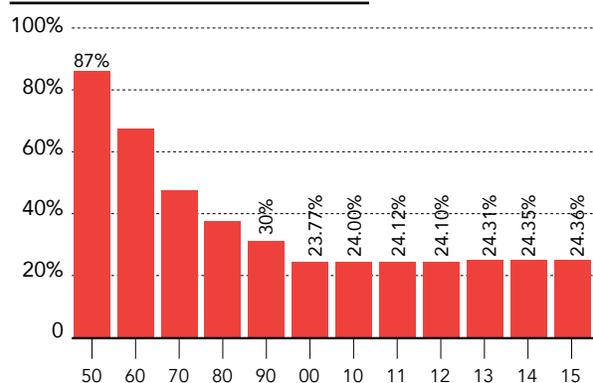


Sources: U.S. Census Bureau and the Center for Regional Analysis at George Mason University

D.C. Employment History, 1950–2015

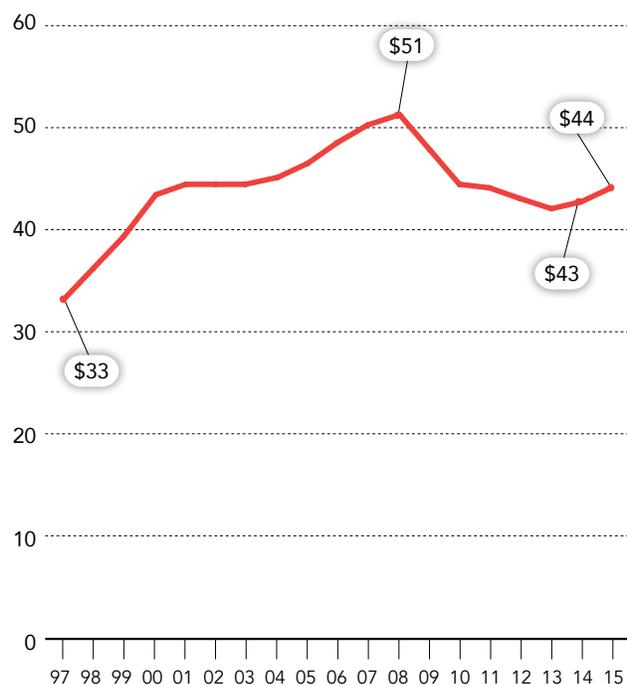


Percentage of D.C. Area Employment



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

D.C. Effective Office Rent Per SF History, 1997–2015 (All Classes)



Source: Delta Associates

Regional Overall Office Market Absorption Comparison, 2002–4Q 2015 (millions of SF) ⁽¹⁾

	DowntownDC BID Area ²	Rest of D.C.	D.C.	Suburban Maryland	Northern Virginia	Total
2002–2007 Average	0.87	1.45	2.32	0.73	3.20	6.24
2007	1.07	0.15	1.22	-0.33	1.81	2.70
2008	0.54	0.21	0.75	-0.29	1.62	2.08
2009	-0.46	-0.98	-1.44	-1.18	-1.55	-4.18
2010	0.35	3.91	4.26	0.44	0.96	5.67
2011	0.15	1.71	1.86	-0.19	-0.94	0.74
2012	-0.55	-0.02	-0.57	-0.25	-2.51	-3.33
2013	-0.04	0.01	-0.03	0.40	-0.09	0.28
2014	0.49	0.48	0.96	-0.98	-0.91	-0.92
2015	0.53	1.35	1.88	-0.12	0.55	2.32
2012–2015 Average	0.11	0.45	0.56	-0.24	-0.74	-0.41
4Q 2015 Vacant Space	4.5	8.1	12.6	12.0	28.0	52.6

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

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

Source: Cushman & Wakefield

DowntownDC
experienced
steady
employment
and residential
growth in 2015

GSA Office Space Analysis, April 2016

	Owned		Leased		Total	
	SF (in Millions)	% of Owned	SF (in Millions)	% of Leased	SF (in Millions)	% of Total
D.C.	33	73%	23	42%	55	56%
DowntownDC BID	15	35%	8	15%	23	24%
Rest of D.C.	17	38%	15	28%	32	33%
Suburban Maryland	9	21%	11	21%	20	21%
Suburban Virginia	3	6%	20	37%	23	23%
Total	45	100%	54	100%	99	100%
% of All Space	46%		54%		100%	

Source: U.S. General Services Administration



current development



Capitol Crossing is a \$1.3 billion project by Property Group Partners comprising over 2 million SF including a platform over I-395, four office buildings, one residential building and nearly 1,500 parking spaces.
(Photo: Adrian Saunders)

2015 Openings

The DowntownDC Business Improvement District (BID) had two development openings in 2015: the first was the opening of 12 new retailers at Hines' CityCenterDC development, which enabled 30 stores and restaurants at CityCenterDC to open during the holiday season; and the second was the opening of 601 Massachusetts Avenue, NW, a 480,000 SF building that is the new home of the Arnold & Porter Law Firm, developed by Boston Properties.

April 2016 Development Status

As of April 2016, the BID had 3.4 million square feet (SF) of development under construction valued at \$1.7 billion—about the same as last year—and approximately 17 percent of the District's construction total. Office space construction continued to comprise a majority of development in Downtown: 1.7 million SF of office space—also about the same as last year. The number of surface parking lots, vacant lots or dilapidated buildings in Downtown was 11—down from 111 in 1997—over 138 Downtown blocks.

Five large projects were under construction in Downtown: (1) the \$1.3 million Capitol Crossing project over I-395 by Property Group Partners, a mixed use project with four office buildings, one residential building and 100,000 SF of retail, that reconnects the city's street grid in the eastern section of Downtown (2) a new headquarters for Fannie Mae, named the Midtown Center, at the northwest corner of 15th and L Streets NW, developed by Carr Properties and consisting of the demolition of the former headquarters of the Washington Post and the construction of two new office buildings with high first floor ceilings and a sizeable amount of retail (3) a large office building with ground floor retail at 600 Massachusetts Avenue NW, that was being developed by Gould Property Company and Oxford Properties, and (4) two new hotels—the Pod Hotel at 627 H Street, NW, by Modus Hotels (245 rooms) and a Moxy Hotel at the northeast corner of 12th and K streets NW, by Douglas Development (200 rooms).

Two planned projects were expected to break ground in the near future: (1) Hines will begin construction on its second phase at CityCenterDC, a 365 room Conrad Hotel with ground floor retail and (2) a 600,000 square feet (SF) office building at 900 New York Avenue NW, by Gould Property Company and Oxford Properties with ground floor retail. The federal government was also proceeding with the planned redevelopment of the 6.5 acre FBI headquarters site on the north 900 block of Pennsylvania Avenue NW. Plans for this prime location will likely include a diverse offering of office, residential, retail, potential hotel space and possible cultural amenities.

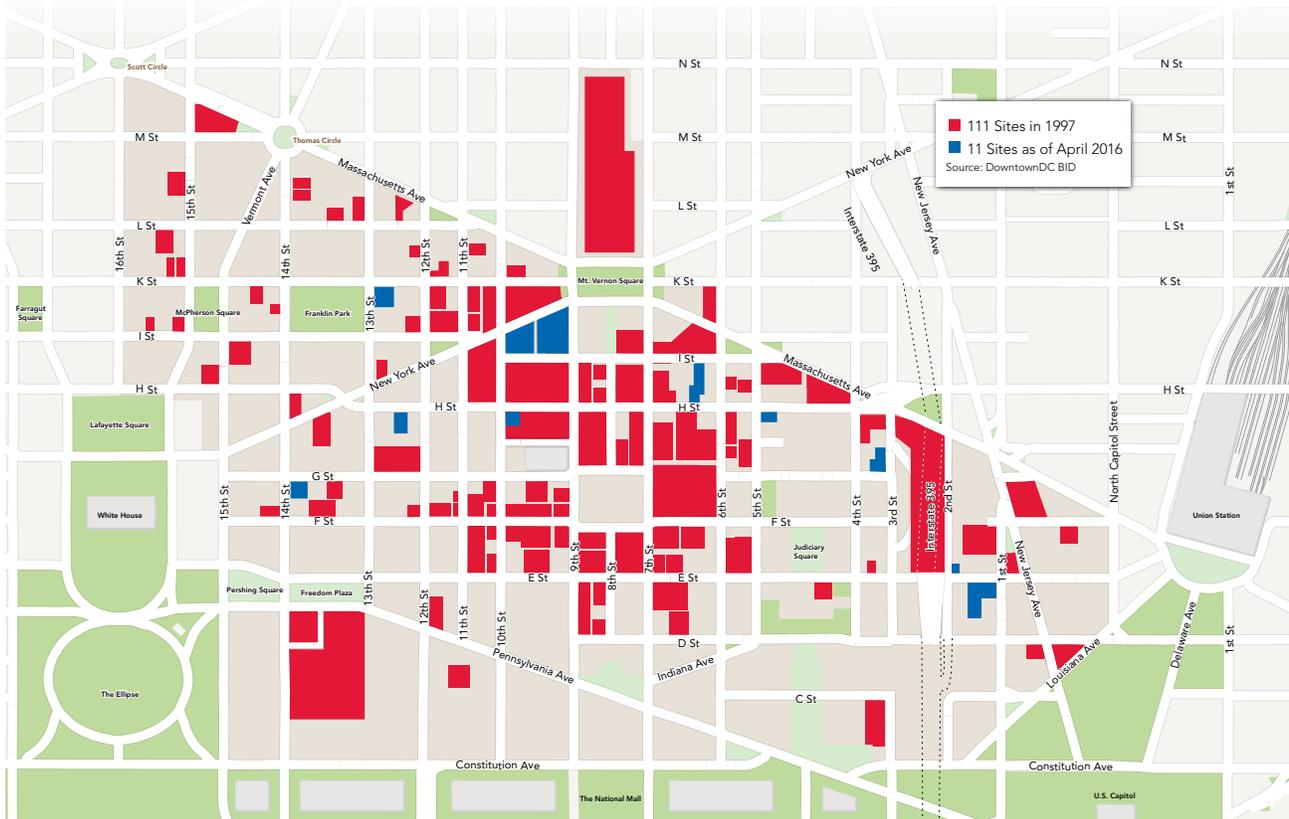
Development History

While office development has been the primary Downtown development driver, mixed use development has contributed to the substantial and diverse growth in Downtown over the past 19 years. Hotel, retail, residential, culture and entertainment development totaled 33 percent of development in Downtown since 1997. Key early mixed use properties included the Verizon Center, the Walter E. Washington Convention Center, the General Services Administration's development of the former Pennsylvania Avenue Development Corporation's properties into the Clara Barton and Lafayette condominiums and the Hotel Monaco, and the D.C. government-supported International Spy Museum and Gallery Place residential, retail and entertainment project.

Hotel, retail, residential, culture and entertainment development total 33% of development in Downtown since 1997

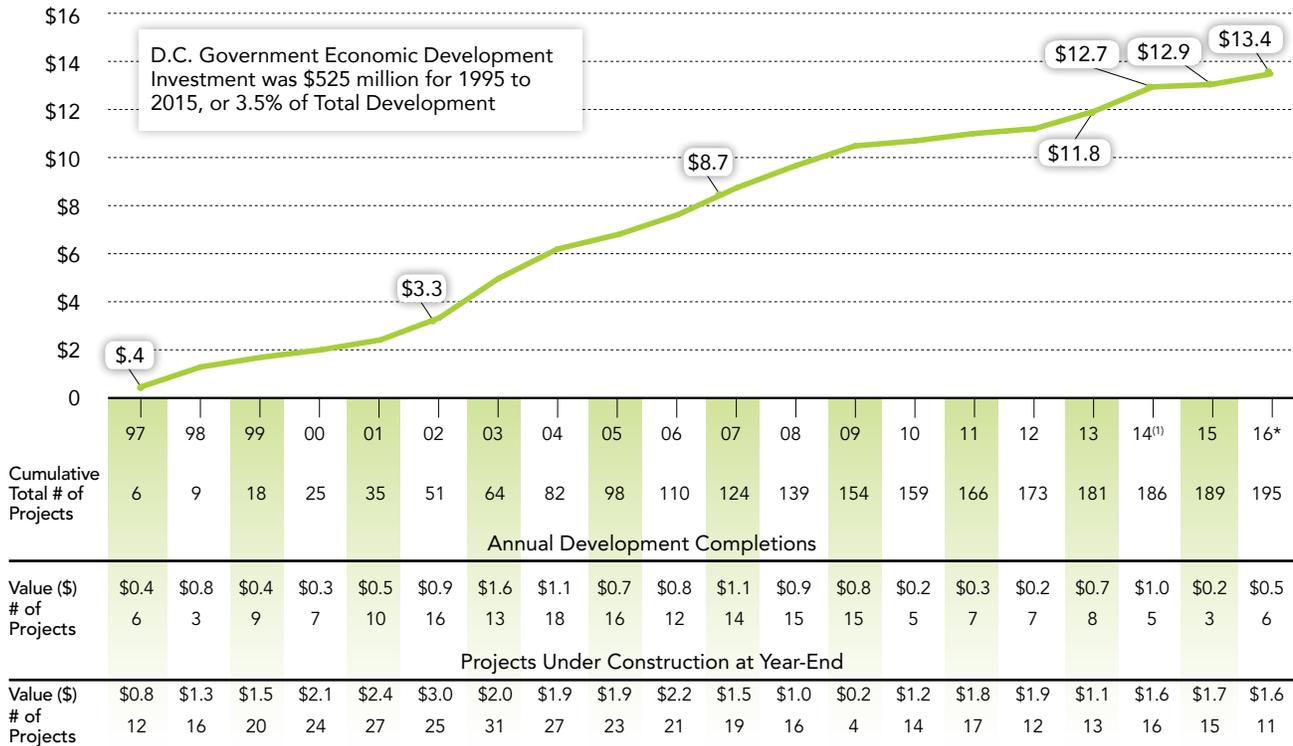
Federal and city government investments have bolstered Downtown's development activity since 1997, and helped stabilize and diversify the Downtown and city economies. Over this time period, the federal government invested \$1.6 billion in its Downtown buildings, and the D.C. government invested \$525 million in Downtown economic development projects.

DowntownDC BID Surface Parking Lots & Redevelopment Sites, 1997 and April 2016



DowntownDC BID Area Cumulative Development Completion History, 1997–2016

(Billions of \$)



* Projection as of April 2016. At end of 2018, cumulative development will total \$15 billion.
 (1) Includes the Marriott Marquis Convention Center Headquarters Hotel

Source: DowntownDC BID

DowntownDC Projects (As of April 2016)

	Under Construction				Planned		
	Trump International Hotel at Old Post Office Pavilion	600 Mass	1000 F St	Midtown Center (Fannie Mae Headquarters)	CityCenterDC		Dr. Martin Luther King Jr. Memorial Library Modernization
					Conrad Hotel	900 New York Avenue	
Developer	Trump International	Gould Property & Oxford Properties	Douglas Development	Carr Properties	Hines	Gould Property & Oxford Properties	D.C. Government
Investment (in Millions)	\$200	\$200	\$32	\$460	\$200	\$350	\$208
Office (RSF)	-	380,000	92,000	820,000	-	570,000	400,000 (Library)
Hotel (Rooms)	263	-	-	-	360	-	-
Retail (RSF)	22,000	25,000	7,200	49,000	30,000	30,000	1,000
Parking (Spaces)	-	300	45	571	186	245	100
Groundbreaking	3Q 2014	2014	2014	1Q 2016	2Q 2016	2016–2018	2016–2017
Completion	4Q 2016	3Q 2016	2016	2Q 2018	2018	2018–2020	2019–2020

Source: Developers and DowntownDC BID

Capitol Crossing Project (as of April 2016)
Developer is Property Group Partners

	Platform	Phases					Total
		North Block		Center Block		South Block	
		200 Mass	250 Mass	600 2nd St	201 F St		
Status	UC ⁽¹⁾	Planned	Planned	Planned	Planned	Planned	-
Investment (in Millions)	\$300	\$180	\$250	Total of \$170 for Block		\$350	\$1,250
Office (RSF)	-	405,000	535,000	-	287,000	658,000	1,862,000
Residential (Units)	-	-	-	150	-	-	150
Retail (RSF)	-	25,000	28,000	13,000	10,000	27,000	103,000
Parking (Spaces)	-	1,490	-	-	-	-	1,490
Groundbreaking	2Q 2014	2Q 2016	2Q 2017	2018+	2018+	2018+	N/A
Completion	4Q 2017	2Q 2018	2Q 2019	2020+	2020+	2020+	N/A

(1) UC: Under Construction

Source: Property Group Partners and DowntownDC BID



employment

In 2015, there were 8,000 food service employees in Downtown and 50,000 citywide. Pennsylvania 6 is the first Washington restaurant for the New York City operator. (Photo: Ryan Kelly)

Employment Growth

The DowntownDC Business Improvement District (BID) area's job market set a record in 2015, continuing a trend in Downtown since the BID's inception in 1997 and consistent with the positive employment growth trend of the District overall.

In 2015, Downtown added approximately 2,000 jobs for a record 186,000 Downtown jobs or 24 percent of the District's total employment. The majority of those jobs (155,000) were held by office workers: 92,000 private sector, 55,000 federal and 8,000 local government employees. Downtown also accounted for 16 percent of D.C.'s 2015 employment growth.

D.C. also set an employment record in 2015 as the city continued to expand its employment base beyond the traditional realm in 2015, adding many jobs in food service, retail, hotel, construction and cultural and entertainment venue jobs.

Total D.C. employment reached 766,400 payroll jobs in 2015, an annual increase of 12,800—the fifth largest annual increase for the city since 1990. Private sector growth accounted for 78 percent of the increase as the federal share of D.C. employment fell to a record low of 25.8 percent. The largest increase in D.C. employment was among office workers (5,000 jobs), this growth comprised 40 percent of the city's total employment growth.

The District's annual employment growth rate (1.5 percent) in recent years has been slightly higher than the growth rate of the suburbs (1.2 percent) despite higher market costs, higher business tax rates on income and property and an increase in employer regulations in the District. Downtown's employment growth in 2015 was 1.1 percent, which is constrained by the fact that Downtown is nearly built out and its costs are the highest in the region. Downtown's ability to generate employment growth will likely be limited to 1,000 to 3,000 new jobs per year over the next few years. This growth will be due to both projected new development of 2-3 million square feet (SF) of office space, growth in retail and restaurant jobs, continued office densification, and growth of co-working spaces.

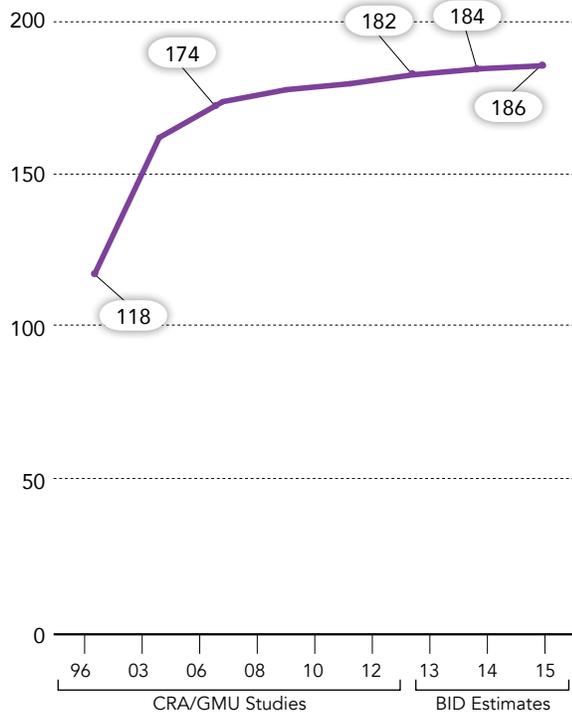
However, some of the expected Downtown and D.C. office employment growth will be offset by the movement of tenants from Downtown to other D.C. office submarkets as those tenants welcome the opportunity to save \$10 to \$20 per square foot (SF) in annual rent while enjoying the increasing amenities of these newer office submarkets. A prime example of this is the Justice Department's announced move of its headquarters out of approximately 1 million SF in the DowntownDC BID to 850,000 SF in NoMa. The move may benefit federal taxpayers, but the previous landlords will be working hard over the next few years to find replacement tenants. In addition, the DowntownDC BID and D.C. continued to lose a small number of jobs to Maryland and Virginia as some Downtown and D.C. employers chose lower rents and ownership costs in the suburbs. In the case of the FBI, the ability to build or occupy very secure facilities was a draw to leave Downtown and D.C. An estimated 12,000 FBI employees will leave Downtown between 2021 to 2023.

Private Sector Growth

The growing private sector in D.C. helped continue to diversify the city's economy. Federal employment dropped to its lowest share of D.C. employment since 1990 – in 2015 it comprised only 25.8 percent of the city's workforce. While the District has made measurable progress in diversifying its economy, significant work remains. The city is home to only two Fortune 500 companies and just a handful of public-traded corporations. On average throughout the U.S., the private sector accounts for 84 percent of employment. In D.C., it accounts for just 69 percent.

A positive trend for the city and Downtown specifically is the recent substantial increase in employed residents, particularly residents who reverse commute. The DowntownDC BID estimated that reverse commute residents accounted for 77 percent of the total 2015 increase of 11,000 employed residents in Downtown. The growth trend in employed D.C. residents supported individual income tax revenue growth of over 6 percent per year for the last several fiscal years.

DowntownDC BID Area Employment, 1996–2015⁽¹⁾ (in Thousands)

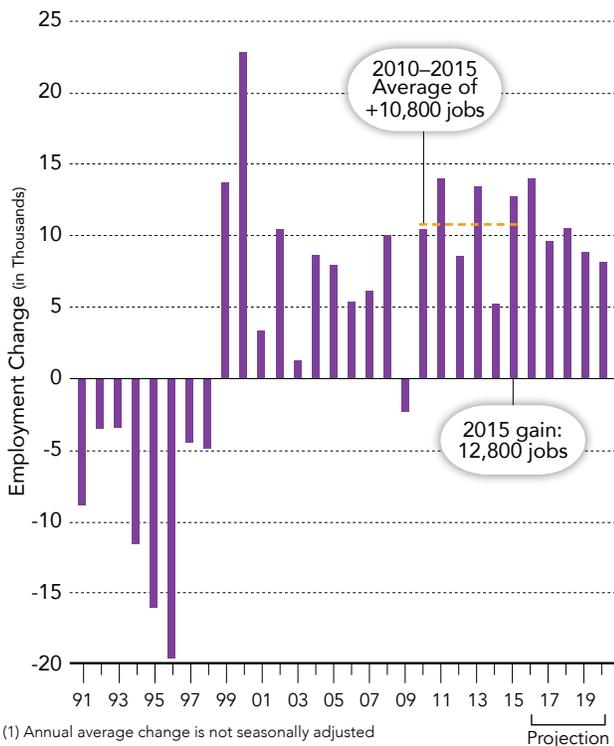


(1) Annual average; not seasonally adjusted.

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

Employment in the District set a new record in 2015 with a total of 766,400 jobs

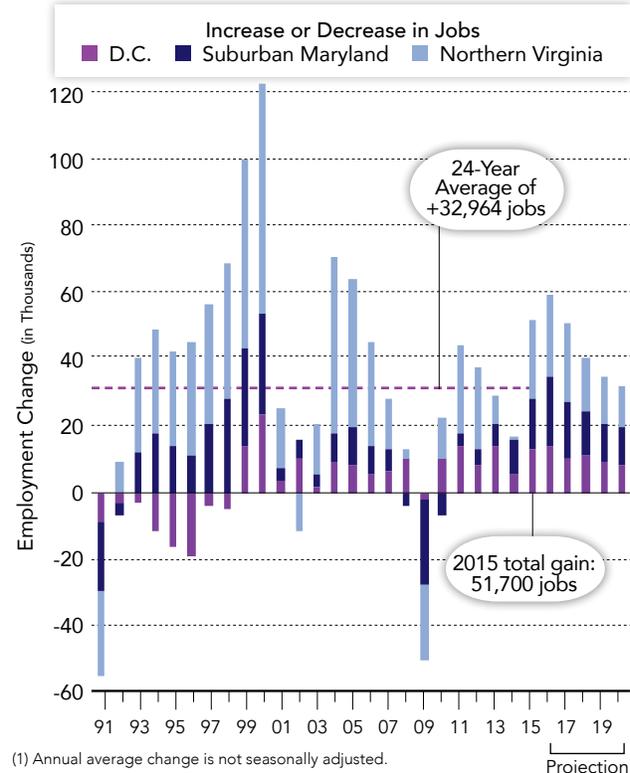
D.C. Employment History and Projection, 1991–2020⁽¹⁾



(1) Annual average change is not seasonally adjusted

Sources: U.S. Bureau of Labor Statistics, Center for Regional Analysis and George Mason University (Projection as of January 2016)

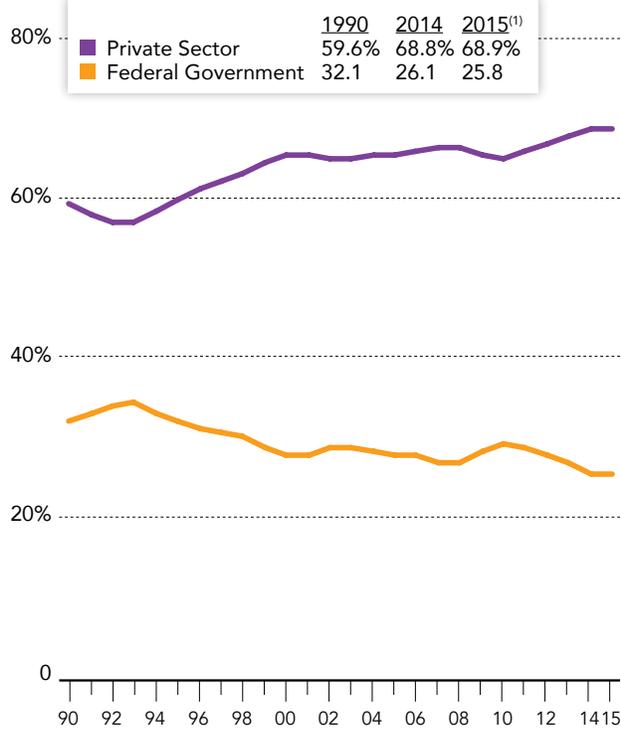
Regional Employment History and Projection, 1991–2020⁽¹⁾



(1) Annual average change is not seasonally adjusted.

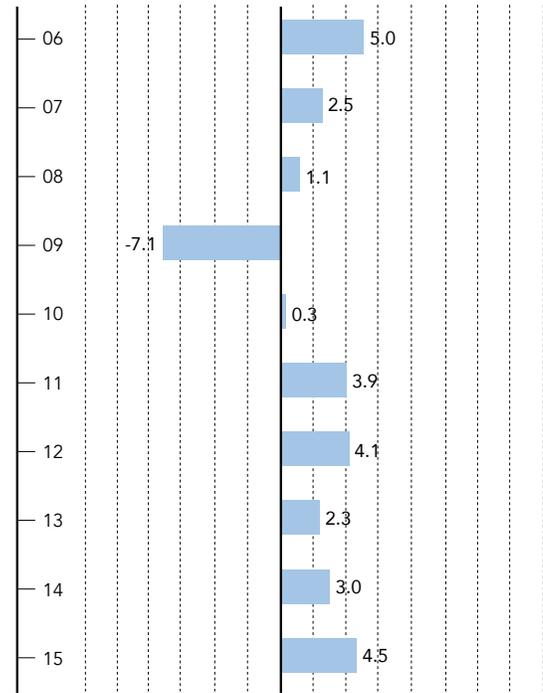
Sources: U.S. Bureau of Labor Statistics, Center for Regional Analysis at George Mason University (Projection as of January 2016)

Private and Federal Employment in D.C., 1990–2015



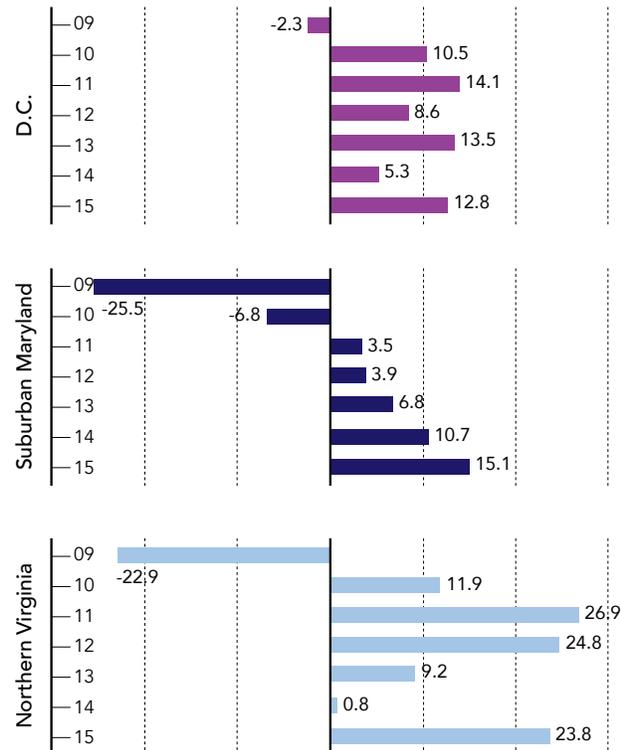
(1) Does not add to 100% because local government employment totals 5%.
Source: U.S. Bureau of Labor Statistics

D.C. Office Using Employment, 2006–2015⁽¹⁾ (in Thousands)



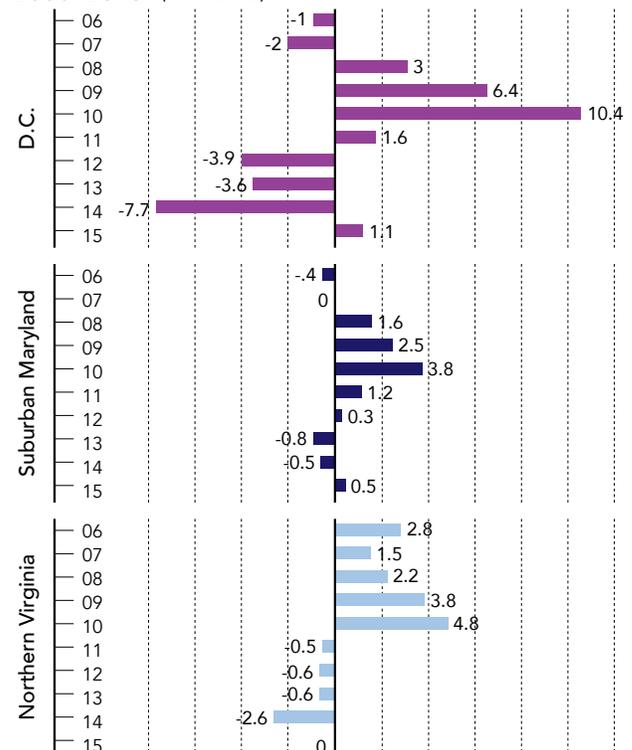
(1) Annual average change is not seasonally adjusted.
(2) Office Using is the total of professional and business services, other services information and financial activities sectors.
Source: U.S. Bureau of Labor Statistics

Regional Employment Change by Year, 2009–2015⁽¹⁾ (in Thousands)



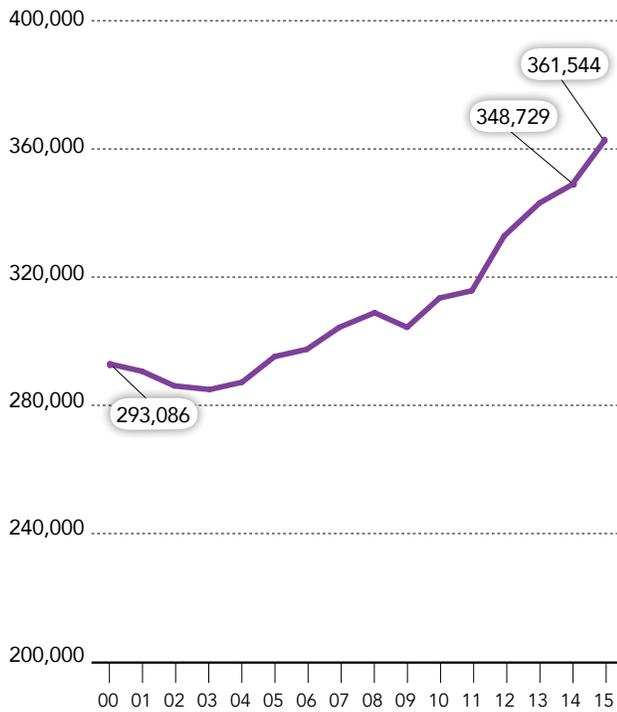
(1) Annual average change is not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics

Federal Employment Change in D.C. Region, 2006–2015⁽¹⁾ (in Thousands)



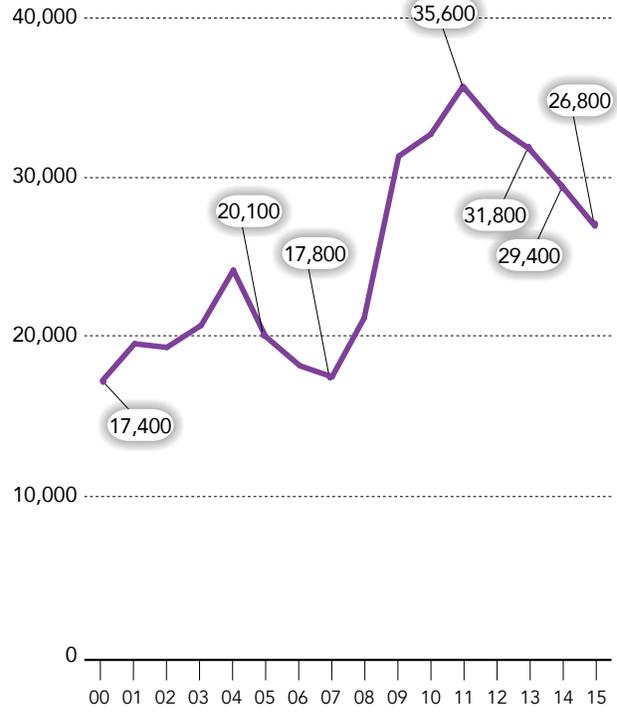
(1) Annual average change is not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics

Number of Employed D.C. Residents, 1996–2015⁽¹⁾



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

Number of Unemployed D.C. Residents, 2000–2015⁽¹⁾



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

Employment Change in D.C. by Sector 2000–2015⁽¹⁾ (in Thousands)

	Employment Change										
	2015	2014–2015		2010–2015		2007–2010		2000–2007		2000–2015	
	Jobs	#	%	#	%	#	%	#	%	#	%
Government	238.0	2.8	1%	-8.9	-4%	15.9	7%	7.0	3%	14.0	6%
Federal Government	198.1	1.1	1	-12.5	-6	19.8	10	7.2	4	14.5	7.9
Total State & Local Government	39.9	1.7	4	3.6	10	-3.9	-10	-0.2	-0	-0.5	-1.2
Legal Services	28.5	-0.5	-2	-3.4	-11	-4.1	-11	2.1	6	-5.4	-15.9
Other Professional & Business Services	133.1	4.8	4	17.3	15	-1.0	-1	16.9	17	33.2	33.2
Associations & Other Services	71.0	0.4	1	5.6	9	2.6	4	5.8	10	14.0	24.6
Information	17.0	-0.2	-1	-1.7	-9	-3.2	-15	-3.6	-14	-8.5	-33.3
Food Services	50.3	2.7	6	12.9	34	3.6	11	5.9	21	22.4	80.3
Accommodation	15.1	-0.1	-0.7	-0.2	-1	-0.2	-1	0.5	3	0.1	0.7
Retail Trade	22.5	1.1	5	4.1	22	0.2	1	0.7	4	5.0	28.6
Finance and Insurance	17.8	-0.2	-1	1.0	6	-0.8	-5	-1.5	-8	-1.3	-6.8
Health Services	66.7	0.6	1	6.7	11	5.5	10	7.9	17	20.1	43.1
Construction	14.3	0	0	3.7	35	-2.1	-17	1.4	12	3.0	26.5
Real Estate Services	12.5	0.3	2	2.4	24	-1.5	-13	0.7	6	1.6	14.7
Educational Services	61.2	0.2	0	13.3	28	3.9	9	3.2	8	20.4	50.0
Arts, Entertainment, and Recreation	7.7	0.4	5	0.7	10	0.8	13	1.0	19	2.5	48.1
Other	10.8	0.5	5	0.8	8	-1.3	-12	-4.5	-28	-5.0	-31.6
Total	766.4	12.8	2%	54.3	8%	18.3	3%	43.5	7%	116.1	18%
Average Yearly Increase	N/A	12.8	1.7%	10.9	1.5%	6.1	0.9%	6.2	0.9%	7.7	1.1%

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



Federal employment dropped to its lowest share of D.C. employment since 1990. In 2015, it comprised only 25.8% of the city's workforce. In the U.S., the federal government on average only accounts for 1.9% of employment. (Photo: Adrian Saunders)

Employment by Sector Comparison, 2015: D.C., D.C. Suburbs, and U.S.⁽¹⁾

(in Thousands)

	D.C.		D.C. Suburbs		United States		2014–2015 Percent Change		
	#	%	#	%	#	%	D.C.	D.C. Suburbs	U.S.
Federal Government	198.1	25.8%	166.5	6.9%	2,754.0	1.9%	0.6%	0.5%	0.9%
Non-Legal Professional Services	83.5	10.9	375.6	15.6	7,504.3	5.3	5.2	2.5	3.8
Health Care & Social Assistance	66.7	8.7	231.9	9.6	18,589.7	13.1	0.9	2.8	2.9
Membership Associations & Organizations	63.2	8.2	.. ⁽²⁾	N/A	2,946.6	2.1	0.5	N/A	-0.6
Educational Services	61.2	8.0	53.1	2.2	3,465.3	2.4	0.3	4.5	1.4
Food Services & Drinking Places	50.3	6.6	174.6	7.3	11,044.3	7.8	5.7	4.0	3.1
State & Local Government	39.9	5.2	287.8	12.0	19,253.0	13.6	4.5	1.1	0.6
Administrative, Support & Waste Management	32.8	4.3	117.9	4.9	5,290.5	3.7	1.9	1.6	2.6
Financial Activities	30.3	4.0	123.8	5.1	8,124.0	5.7	0.7	1.7	1.8
Legal Services	28.5	3.7	.. ⁽²⁾	N/A	1,120.0	0.8	-1.7	N/A	0.0
Retail Trade	22.5	2.9	255.3	10.6	15,641.3	11.0	5.1	1.7	1.8
Information	17.0	2.2	59.7	2.5	2,750.0	1.9	-1.2	-2.1	0.4
Accommodation	15.1	2.0	27.2	1.1	1,917.7	1.4	-0.7	0.7	1.5
Employment Services	14.8	1.9	28.4	1.2	3,540.3	2.5	2.1	4.0	3.5
Mining, Logging, & Construction	14.3	1.9	136.2	5.7	7,266.0	5.1	-	1.8	3.3
Personal Services	7.8	1.0	.. ⁽²⁾	N/A	2,678.6	1.9	1.3	N/A	2.7
Arts, Entertainment, & Recreation	7.7	1.0	35.7	1.5	2,166.0	1.5	5.5	6.9	3.0
Wholesale Trade	4.9	0.6	56.9	2.4	5,875.3	4.1	-	-0.5	0.8
Transportation & Utilities	4.8	0.6	58.2	2.4	5,403.6	3.8	9.1	0.3	4.0
Management of Companies & Enterprises	2.0	0.3	37.9	1.6	2,217.0	1.6	-9.1	0.8	2.2
Manufacturing	1.1	0.1	51.7	2.1	12,318.0	8.7	10.0	3.0	1.1
Other Services	.. ⁽³⁾	N/A	126.5	5.3	.. ⁽³⁾	N/A	N/A	2.8	N/A
Total	766.4	100.0%	2,405.0	100.0%	141,865	100.0%	1.7%	1.7%	2.1%

(1) Annual average change is not seasonally adjusted.

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

(3) For D.C. and the U.S., Other Services are divided into Membership Associations & Organizations and Personal Services.

Source: U.S. Bureau of Labor Statistics



office market

600 Massachusetts Avenue NW is being developed by Gould Property Company and Oxford Properties Group. The building has a total of 405,000 SF, with 25,000 SF of retail and community meeting space. (Photo: Ryan Kelly)

A Unique Market

The DowntownDC Business Improvement District's (BID) and D.C.'s office market differs from that of any other U.S. city due to the presence of the federal government: 35 percent of the BID's 66 million square feet (SF) of office space in 2015 was occupied by the federal government (24 percent in its own buildings and 11 percent in leased space.) The DowntownDC BID's area office market is the third largest Downtown office market in the nation, trailing only Manhattan (395 million SF) and downtown Chicago (127 million SF). Downtown represents about 35 percent of D.C.'s total office space of 175 million SF (including local and federal office space) and 15 percent of all regional office space (including local and federal office space).

Mixed Performance

Downtown Class A asking rents of \$65 per SF were the third highest in the nation and were up nearly 2 percent in 2015, trailing only Manhattan's \$77 per SF and San Francisco's \$71 per SF, and ahead of Boston's \$53 per SF and Houston's \$44 per SF. However, San Francisco's rents increased by 10 percent and most other large cities had larger rent increases than both the Downtown and total D.C. markets. Regionally, Downtown and the Central Business District were the clear rent leaders: Class A rents in Alexandria were \$34-\$42 per SF, in Arlington they were \$40-\$53 per SF, in Fairfax rents were \$27-\$42 per SF, in Montgomery County they were \$25-\$42 per SF and elsewhere in D.C., Class A rents were \$46-\$55 per SF. These regional rent increases were in line with those of both Downtown and the city. D.C.'s effective rents have increased slightly over the past two years to \$44 per SF, but were still well below the 2008 high of \$51 per SF.

Downtown's overall office vacancy rate rose to 12 percent in 2015 from 11.7 percent in 2014, while D.C.'s overall rate dropped from 12 percent to 11.6 percent. Downtown and other D.C. submarkets had 5 million SF and 13 million SF of vacant space, respectively

In 2015, a new record office building price was set for Downtown or D.C.: 300 New Jersey Avenue, located in the BID, sold for \$1,083 per SF. The average 2015

sales price was \$609 per SF compared to \$583 per SF in 2014, an increase of 4.5 percent, with foreign investors accounting for 55 percent of the dollar volume compared to 53 percent and 58 percent in 2014 and 2013, respectively.

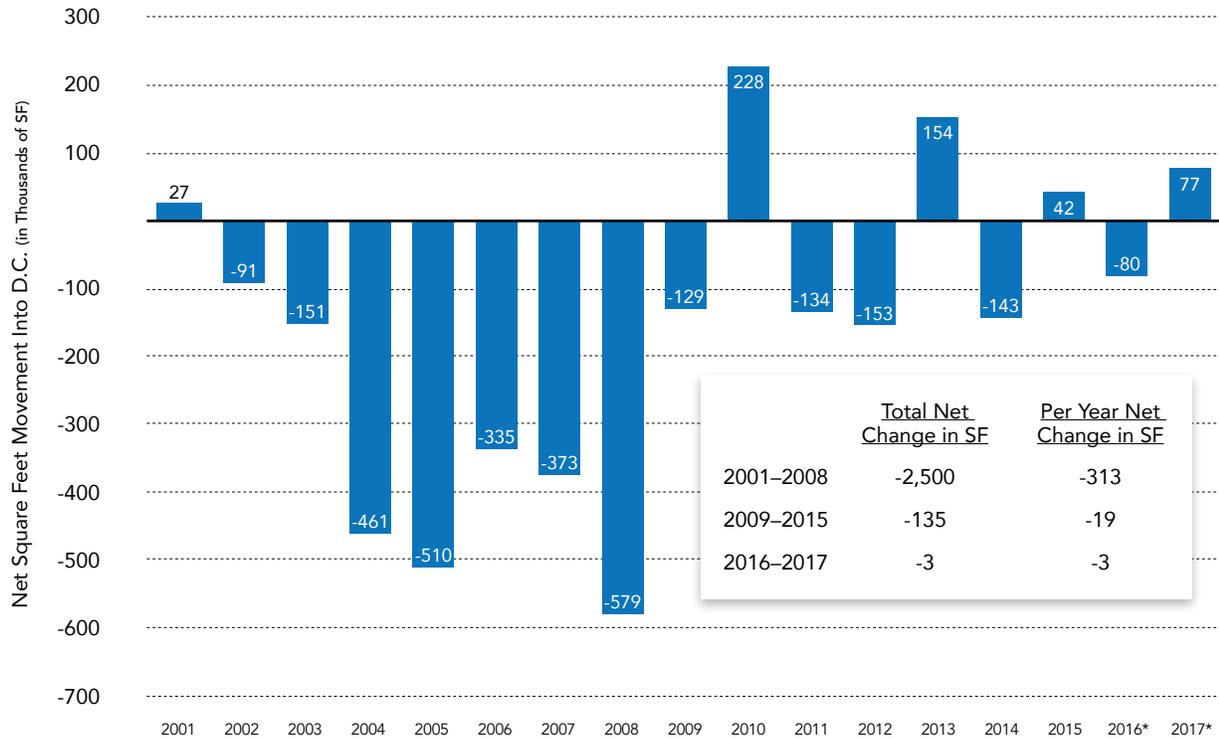
Market Concerns

Due to federal budget pressure, the federal government, following the private sector, is looking to reduce its total office SF and office SF per employee. It is estimated that the federal government will shed millions of square feet of office space as their current leases expire over the next ten years. A 10-20 percent reduction in SF per employee may result in a reduction of 6-13 million SF of total federal government-owned and leased space demand, which will impact Downtown's 40 million SF of private office space, D.C.'s 80 million SF of private office space in its other office submarkets and the 240 million SF of private suburban office space at the end of 2015.

The recent announcement that the U.S. Department of Justice will be vacating 1 million SF in Downtown to rent 850,000 SF elsewhere in D.C. is an example of the current and continuing federal densification trend. In addition, federal agencies may move out of the District. The FBI is now evaluating three non-DC sites for a new 2 million SF headquarters. Downtown and D.C. also face substantial regional competition from existing vacant space in the suburbs. Northern Virginia's vacancy rate was 21 percent at the end of 2015 with 28 million SF of vacant space, and Suburban Maryland had a 19 percent rate with 12 million SF of vacant space at the end of 2015.

Lastly, a desire for higher quality office space has contributed to a recent regional increase in vacant and obsolete Class B and C office space as tenants have traded up to Class A space with lower SF, so their annual rent cost did not rise. What to do with this increasing amount of obsolete space is a question facing Downtown in particular. Thus, the BID in 2016 will be engaging its members in analyzing the potential for office to residential or hotel use.

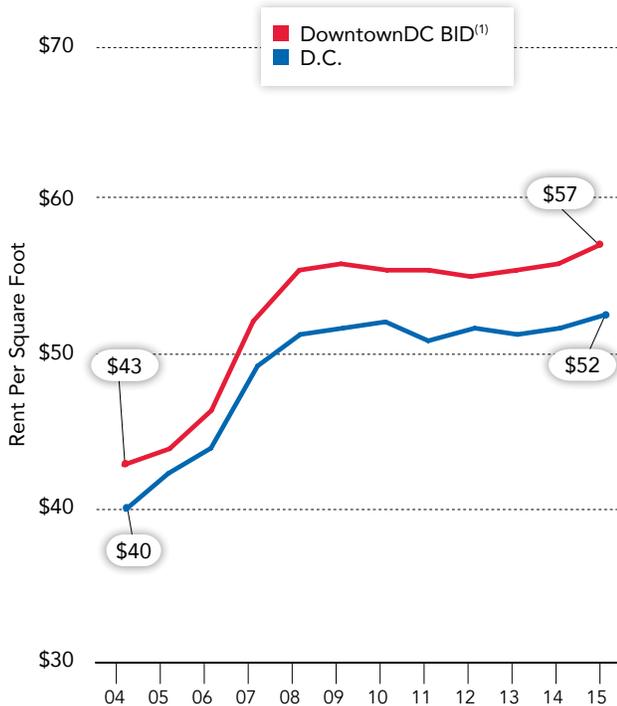
Office Tenant Net Movement Into D.C., 2001–2017



* Projection as of April 2016

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

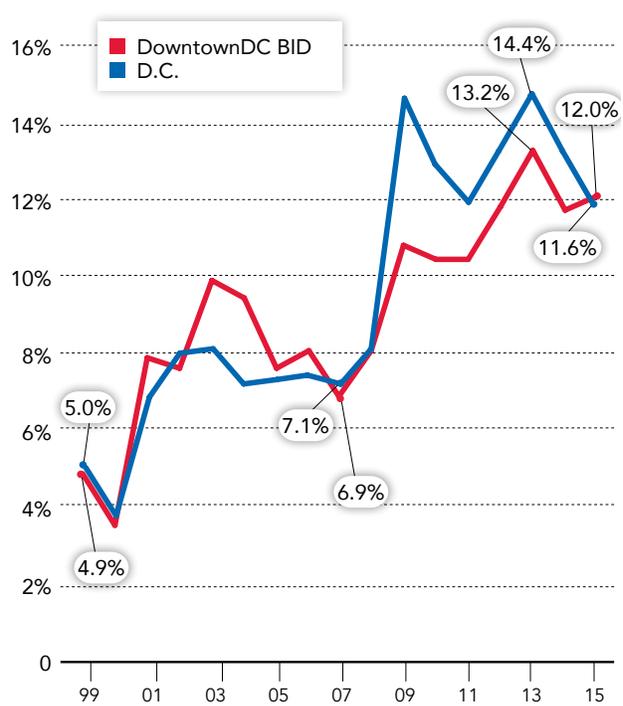
DowntownDC and D.C. Overall Asking Rent History, 1999–2015



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

Source: Cushman & Wakefield

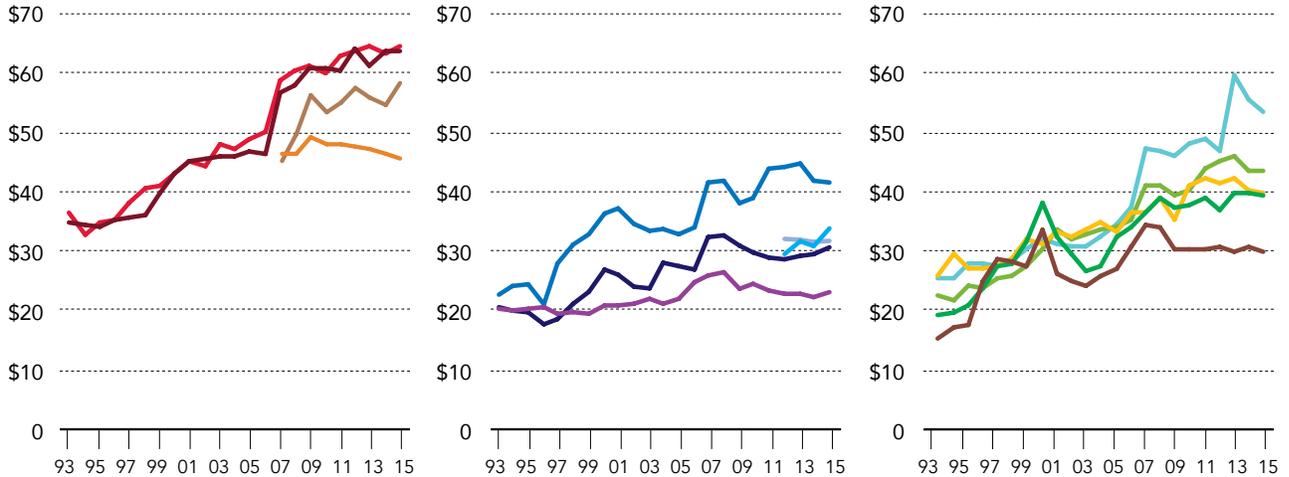
DowntownDC and D.C. Overall Office Vacancy Rate History, 1999–2015



Source: Cushman & Wakefield

Regional Class A Office Asking Rent Per SF Comparison, 1993–2015

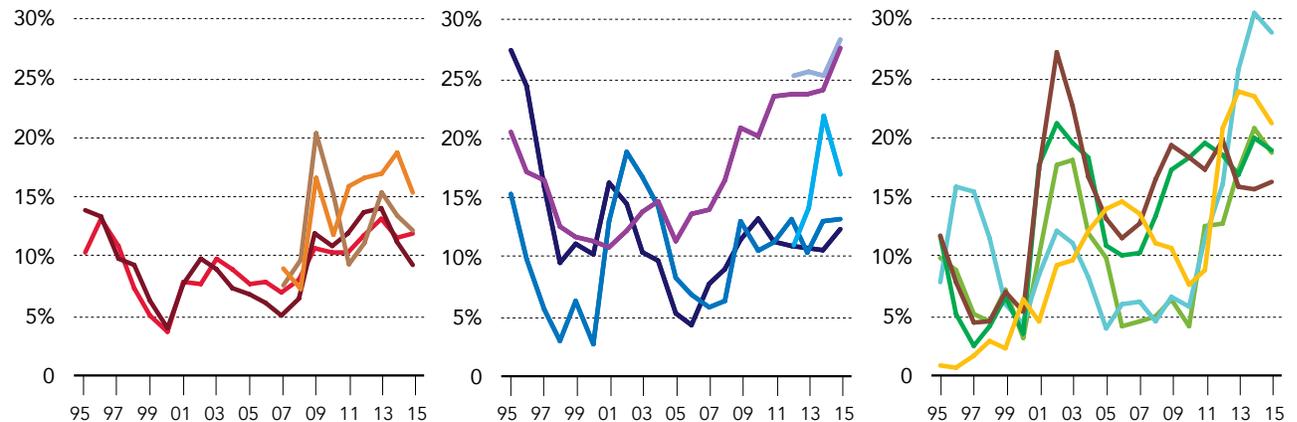
D.C.			Suburban Maryland			Northern Virginia		
	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	\$63	\$65	■ Bethesda/Chevy Chase	\$42	\$42	■ Rosslyn	\$56	\$53
■ Central Business District	64	64	■ Pike Corridor ⁽¹⁾	31	34	■ Ballston	43	44
■ Capital Hill/NoMa	55	58	■ Rock Spring Park ⁽¹⁾	31	32	■ Crystal City	40	40
■ Capitol Riverfront	46	46	■ Silver Spring	30	■ Tysons Corner/McLean	40	40	
			■ Prince George's County	22	23	■ Reston/Herndon	31	30



(1) Data not available prior to 2011
Source: Cushman & Wakefield

Regional Overall Office Vacancy Rate Comparison, 1995–2015

D.C.			Suburban Maryland			Northern Virginia		
	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	11.7%	12.0%	■ Bethesda/Chevy Chase	12.9%	13.1%	■ Rosslyn	30.6%	29.1%
■ Central Business District	11.2	9.3	■ Rock Spring Park ⁽¹⁾	25.0	28.2	■ Ballston	20.9	18.9
■ Capital Hill/NoMa	13.4	12.2	■ Pike Corridor ⁽¹⁾	21.8	16.9	■ Crystal City	23.7	21.3
■ Capitol Riverfront	18.9	15.4	■ Silver Spring	10.5	12.2	■ Tysons Corner/McLean	20.1	19.1
			■ Prince George's County	23.9	27.6	■ Reston/Herndon	15.7	16.4



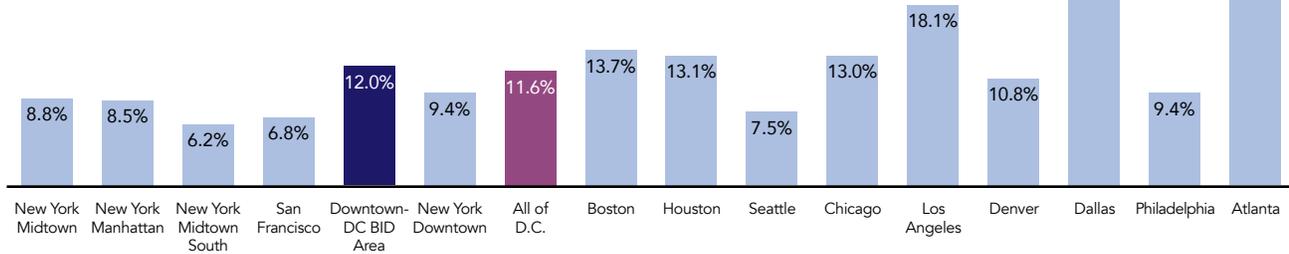
(1) Data not available prior to 2011
Source: Cushman & Wakefield

Large City Downtown Office Market Comparison, 2015^{(1) (2)}

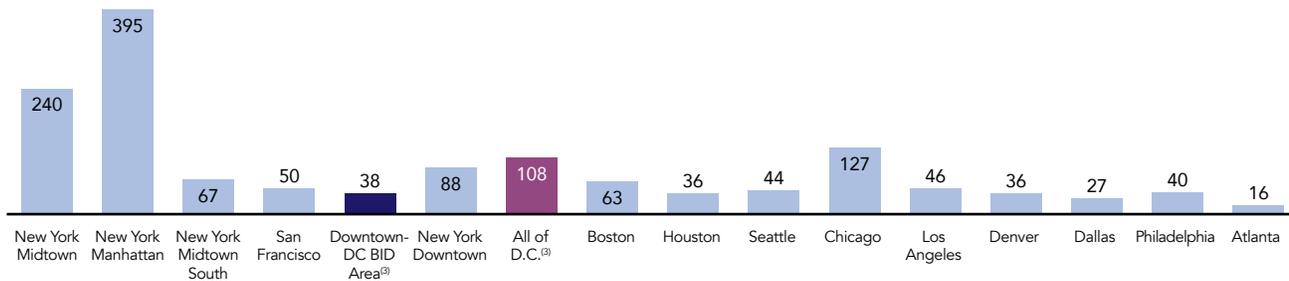
Class A Asking Rents Per SF



Overall Vacancy Rates



Office Space Inventory—Private/Non-Owner Occupied (Millions of SF)



Office Sales—Price Per SF



Office Sales—Total Dollars (In Billions)



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

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

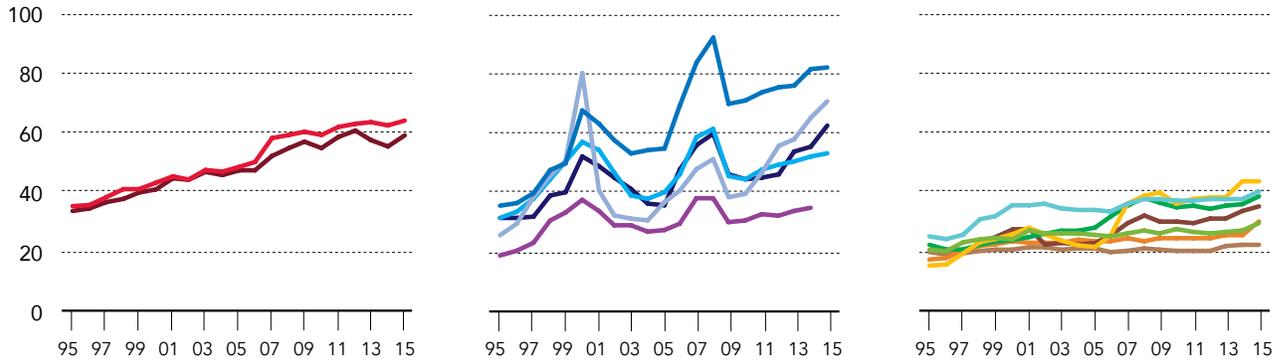
(3) Including federal government office buildings and other owner-occupied office buildings, Downtown's office space increases from 38 million SF to 66 million SF and D.C.'s office space increases from 108 million SF to 180 million SF.

(4) Office sales data for Midtown and Downtown New York is not available.

Sources: Cushman & Wakefield and Real Capital Analytics.

Large City Downtown Class A Office Asking Rents, 1995–2015^{(1) (2)} (Dollars per SF)

	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	63	65	■ New York—Midtown	82	82	■ Chicago	38	41
■ Washington D.C.	56	60	■ San Francisco	65	71	■ Philadelphia	27	30
			■ Boston	52	53	■ Houston	44	44
			■ New York—Downtown	56	63	■ Los Angeles	37	39
			■ Seattle	35	■ Denver	34	36	
						■ Dallas	26	31
						■ Atlanta	23	23

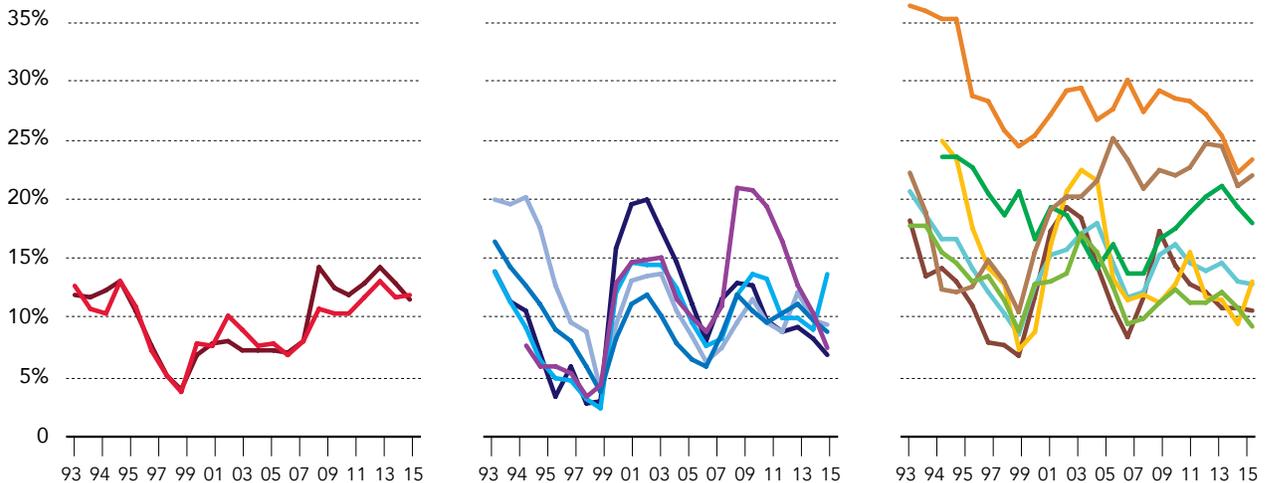


(1) Cities other than Washington, D.C. and the DowntownDC BID are grouped by size of central business district office markets and listed by asking rent per SF.
(2) Rent concessions were offered widely in 2009.

Source: Cushman & Wakefield

Large City Downtown Overall Office Vacancy Rates, 1995–2015⁽¹⁾

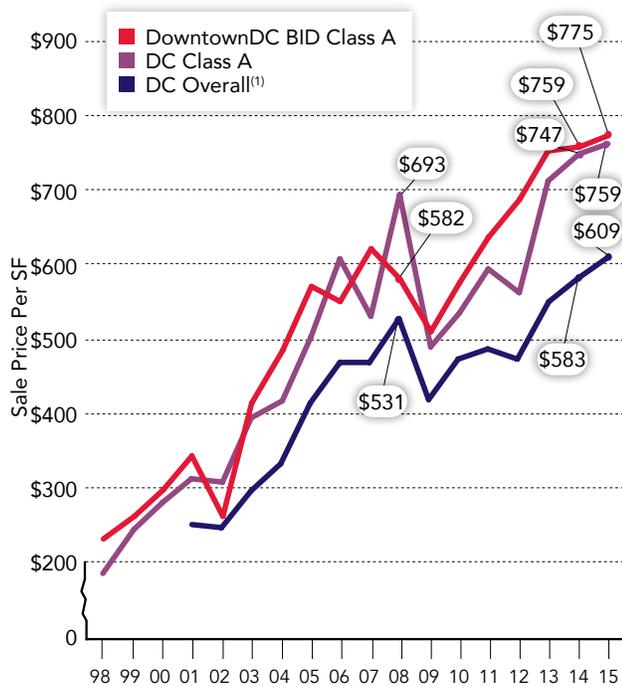
	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	12%	12%	■ San Francisco	8%	7%	■ Philadelphia	11%	9%
■ Washington D.C.	13	12	■ New York—Downtown	10	9	■ Chicago	13	13
			■ Boston	9	14	■ Houston	10	13
			■ New York—Midtown	10	9	■ Denver	11	11
			■ Seattle	10	8	■ Los Angeles	20	18
						■ Atlanta	21	22
						■ Dallas	22	24



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

Source: Cushman & Wakefield

DowntownDC BID and D.C. Office Sales Price History, 1998–2015



(1) D.C. overall sales data was not available prior to 2001.

Sources: Cushman & Wakefield (Class A Sales) and Real Capital Analytics (overall sales)

D.C. Office Sales Data, 2001–2015⁽¹⁾

Year	Properties (#)	Total SF (Millions)	Volume (Billions)	Price per SF ⁽²⁾
2001	45	8.9	\$2.2	\$253
2002	45	8.6	2.3	251
2003	56	12.6	3.7	299
2004	47	10.6	3.6	336
2005	58	12.1	4.9	415
2006	86	19.4	7.1	473
2007	57	11.6	5.0	471
2008	26	4.4	2.3	531
2009	12	3.4	1.4	421
2010	32	7.4	3.2	475
2011	38	8.2	3.8	489
2012	30	7.1	3.3	476
2013	33	6.8	3.2	553
2014	34	8.3	4.2	583
2015	38	9.5	4.9	609

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

(2) Due to Real Capital Analytics data collection methodology price per SF does not equal volume divided by total SF.

Source: Real Capital Analytics

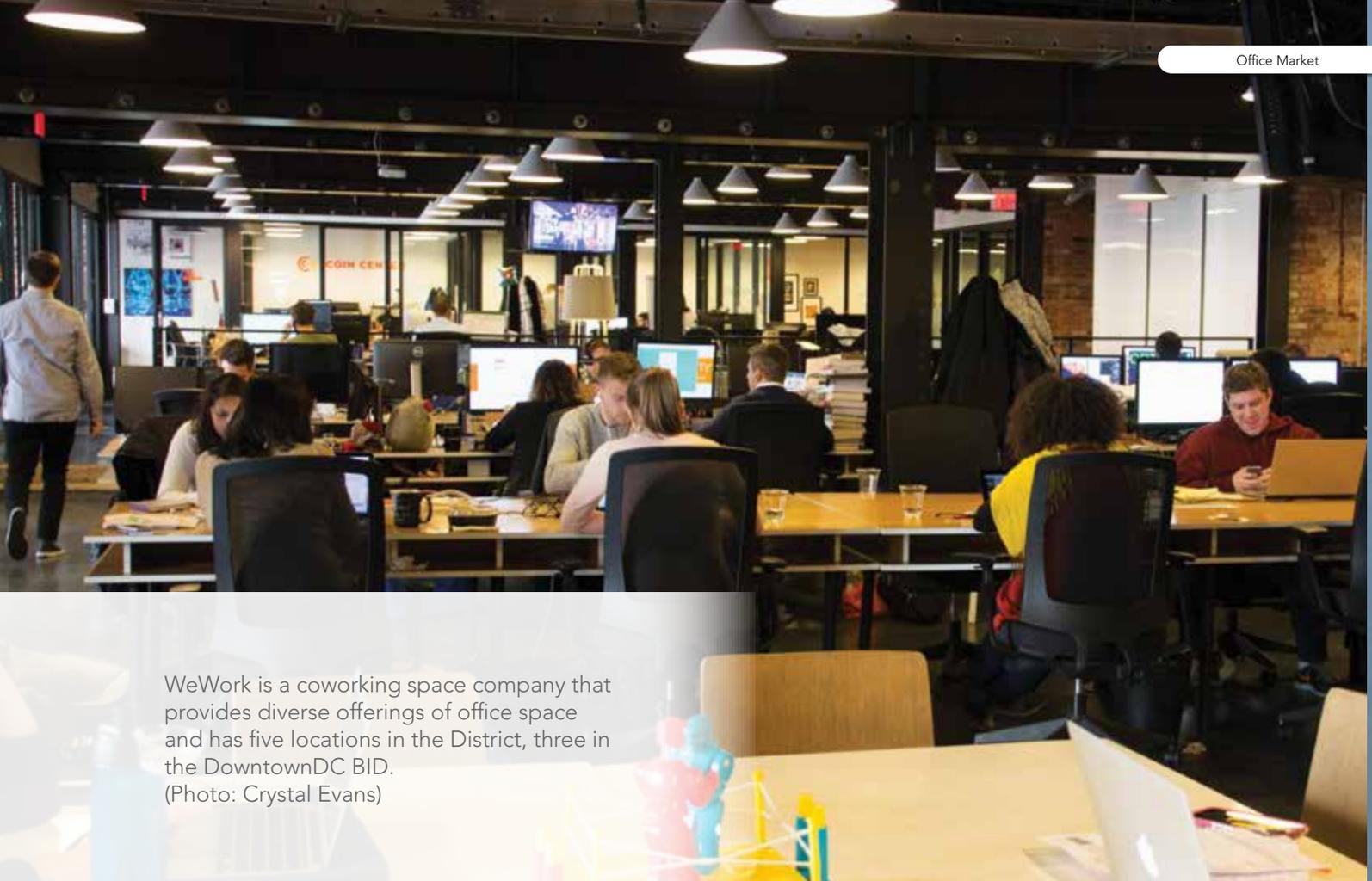
Office Sales in 12 Large Downtown Markets and Nation, 2004–2015⁽¹⁾

(Ranked by 2015 Price Per SF)

Market	Price Per Square Foot										% Change in 2015 for \$/SF from		Dollar Sales Volume (in Billions)			
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006	2014	2013	2014	2015	Average 2001–2012
1. Manhattan	\$565	\$680	\$766	\$256	\$406	\$444	\$509	\$675	\$704	\$855	51%	21%	\$19.9	\$21.1	\$31.7	\$12.5
2. San Francisco	344	485	323	333	285	290	507	429	598	729	112	22	2.1	6.7	3.6	2.6
3. D.C.	473	471	531	421	475	489	476	553	583	609	29	4	3.2	4.2	4.9	3.6
4. Boston	449	367	328	385	402	437	335	456	540	576	28	7	2.6	7.5	8.7	2.7
5. Seattle	254	365	234	127	149	288	454	375	367	474	87	29	2.0	0.9	2.9	1.1
6. Houston	92	165	179	14	217	288	278	207	285	345	275	21	1.8	0.5	0.7	0.9
7. Denver	206	227	204	177	215	249	171	275	300	323	57	8	1.3	1.0	0.8	0.6
8. Los Angeles	273	362	281	-	332	221	229	300	276	311	14	13	4.3	1.6	0.7	1.2
9. Chicago	208	223	219	289	269	217	153	236	272	282	36	4	3.9	4.5	7.2	2.9
10. Atlanta	211	190	191	80	114	136	106	161	97	185	-12	91	0.5	0.3	0.7	0.5
11. Philadelphia	178	161	106	48	45	105	105	135	262	159	-11	-39	0.9	1.3	0.8	0.5
12. Dallas	130	127	256	110	21	65	104	104	106	125	-4	18	0.6	0.8	1.0	0.5
Total for Large Downtown Markets													\$43.1	\$50.4	\$63.6	\$29.5
National Average	\$283	\$349	\$338	\$236	\$277	\$284	\$300	\$313	\$344	\$390	38%	13%	\$50.1	\$60.9	\$75.8	\$36.3

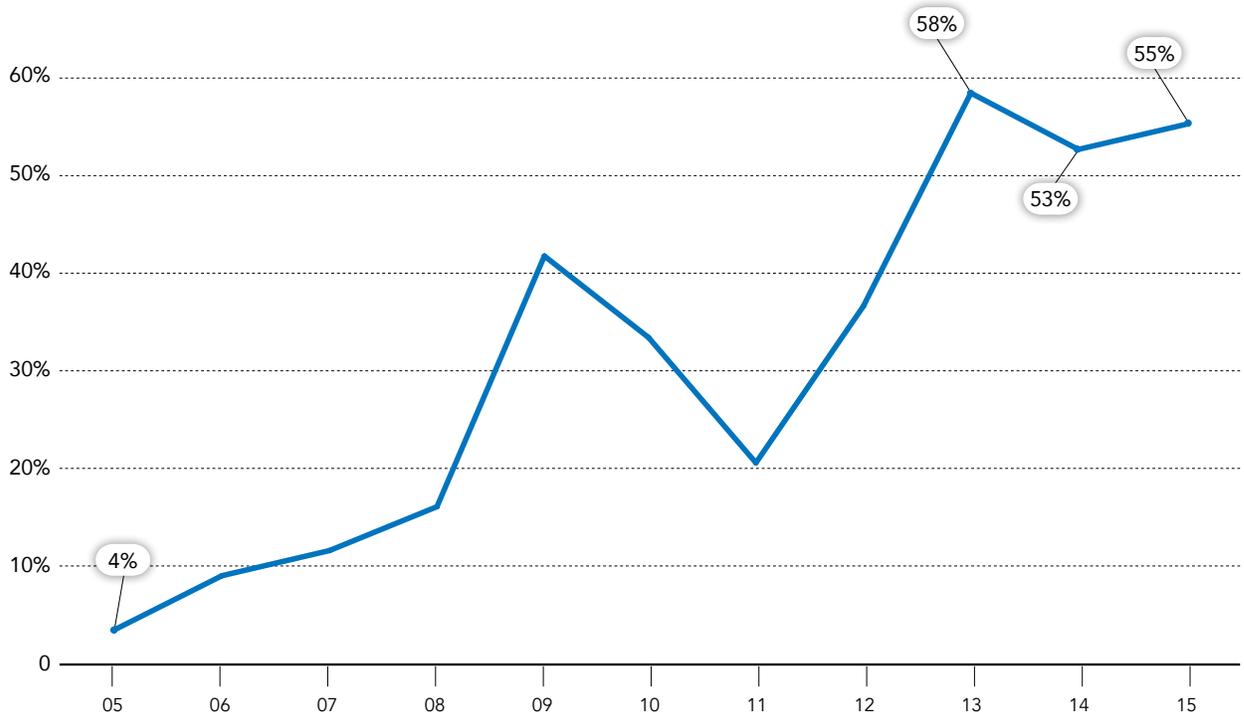
(1) Includes sales of buildings larger than 40,000 SF, including partial interest sales and portfolio transactions.

Source: Real Capital Analytics



WeWork is a coworking space company that provides diverse offerings of office space and has five locations in the District, three in the DowntownDC BID. (Photo: Crystal Evans)

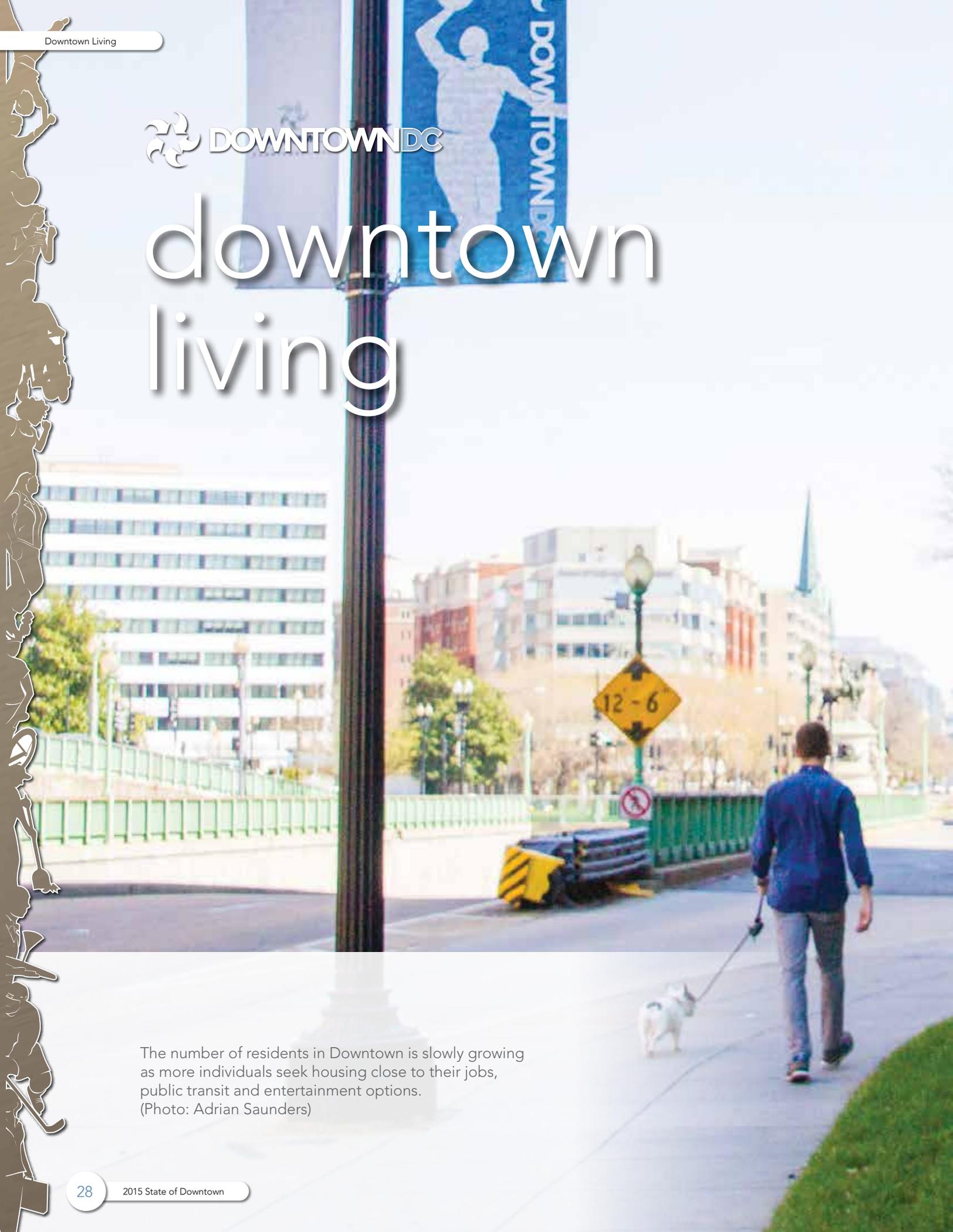
Foreign Investors Market Share of D.C. Office Sales, 2005–2015



Source: Jones Lang LaSalle



downtown living



The number of residents in Downtown is slowly growing as more individuals seek housing close to their jobs, public transit and entertainment options.
(Photo: Adrian Saunders)

Limited Downtown Residential Growth

The Downtown BID area became home to 312 new residents in 2015, a 3 percent increase, incremental increase. Monument Realty's 133-unit residential building in Chinatown, and Property Group Partners 150 residential units in a later phase of its Capitol Crossing project will add approximately 450 new residents over the next five years.

Downtown's total population in April 2016 was 9,858, or 1.5 percent of the city's total population. These Downtown residents inhabited 6,012 residential units or 1.9 percent of the city's total units. Downtown's population increases to 26,000 when three blocks north of the BID area are included. As of April 2016, Downtown is home to 35 market-rate residential properties – 15 apartment buildings (3,584 units) and 20 condominium buildings (2,428 units).

Downtown's relative lack of residential buildings is directly related to the city's building height restrictions. Consequently, the office market continues to grow horizontally rather than vertically and office projects are able to pay higher prices for land and buildings than residential projects. Conversions of older office buildings have occurred in a few unique properties in D.C. and have increased housing availability, but property owners have yet to convert an office building to residential in the Downtown BID area. The Downtown BID will be working with its member to analyze the economics of office to residential conversions and potentially propose a modest incentive program for office to residential conversions.

Downtown Residents

Many Downtown residents choose to live in the BID for the convenience of having both work and recreation within walking distance and easily accessible public transportation. Downtown residents in 2015 were young professionals and seasoned executives with a median household income of \$84,329, according to demographic data. 49 percent of Downtown residents in 2015 had earned a graduate degree and an additional 30 percent possessed a bachelor's degree.

Strong Downtown Performance

CityCenterDC's residential appeal is shown in its high rental rates and strong condominium process. Current apartment rents are approximately \$4 per SF, and condominium re-sales are over \$1,000 per SF, which are among the highest in the D.C. region. Compared to the rest of D.C. and the suburbs, Downtown residential performs very well.

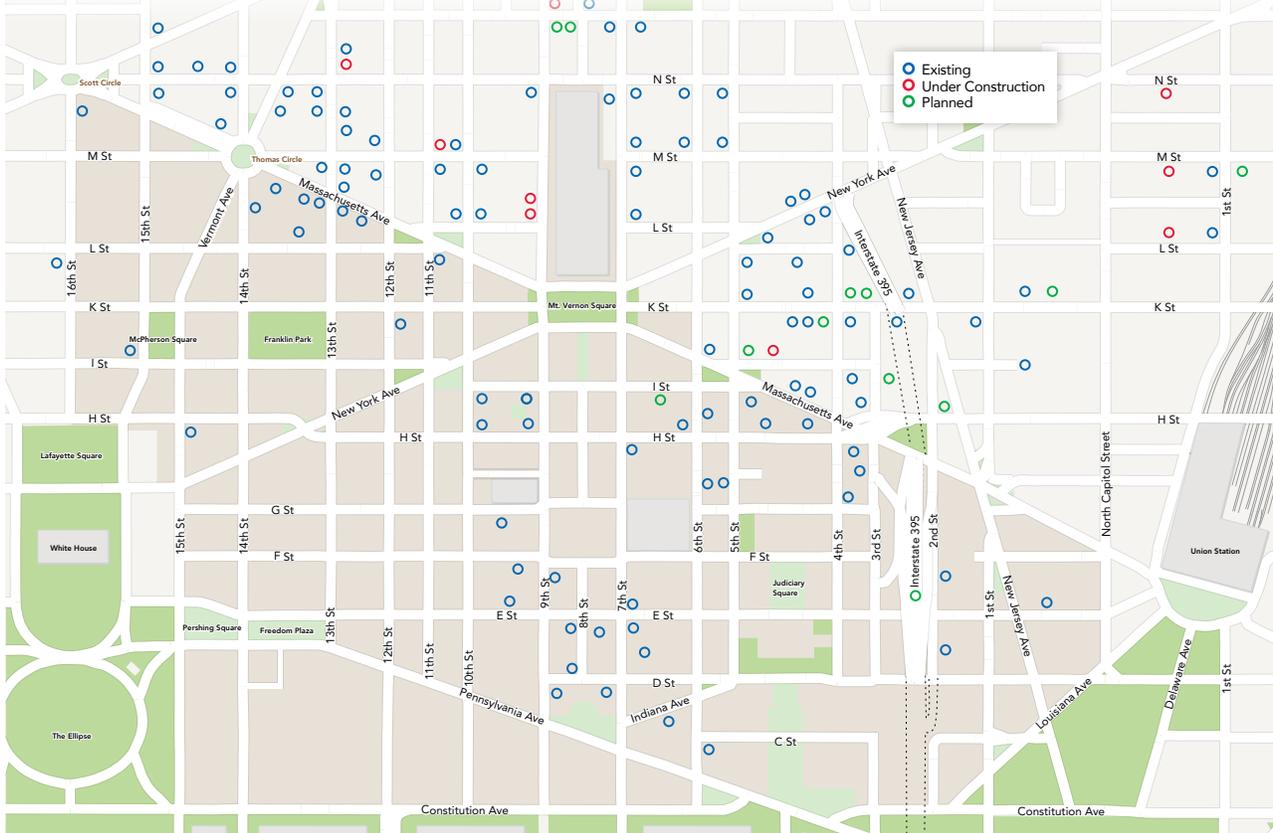
Strong D.C. Residential Growth

D.C.'s population continues to grow at over 1,000 residents per month. In 2015, the city population increased to 672,228 from 658,893 in 2014, a 2.0 percent increase, the third highest growth rate in the U.S. when compared to all 50 states. In 2015, D.C. had 4,391 multi-family housing units and has averaged 4,126 over the past four years. During the first quarter of 2016, there were only 549 multifamily ground-breakings D.C. Nevertheless, the pipeline is strong and it is likely D.C. will reach 4,000 multifamily ground breakings.

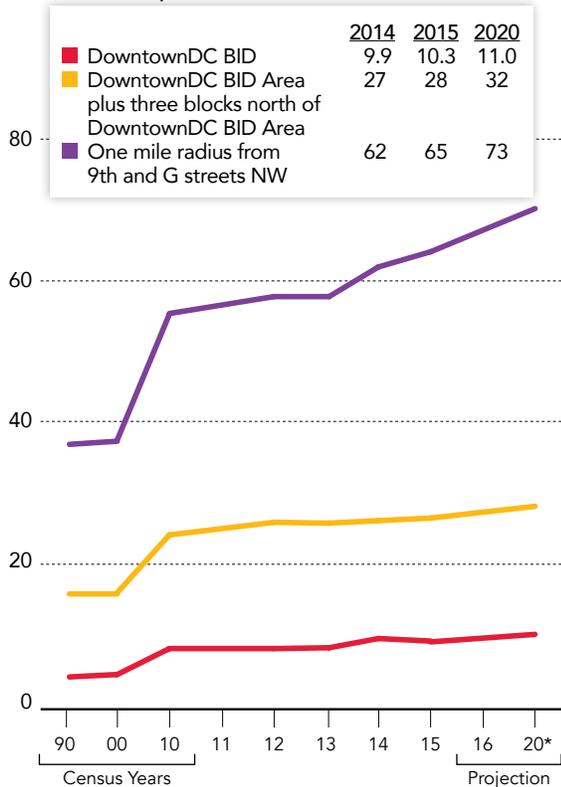
It is important to note that while Downtown is not the current home to many residents, its 186,000 payroll jobs creates demand in all surrounding and Metrorail accessible neighborhoods. As a result, Downtown plays a major role in the strong growth the number of DC residents and employed DC residents; as Downtown employees seek to live close to their jobs and reduce their commuting time.

The demand for existing and new housing is likely to remain strong for Downtown and D.C. due to the city's rising job market. D.C. is home to 24 percent of the region's jobs, but has only 11 percent of the region's population. At the end of 2015, D.C. had 770,000 payroll jobs and 320,000 housing units. This imbalance should allow residential growth in D.C. even if job growth slows.

DowntownDC BID Area and Nearby Multifamily Buildings, April 2016



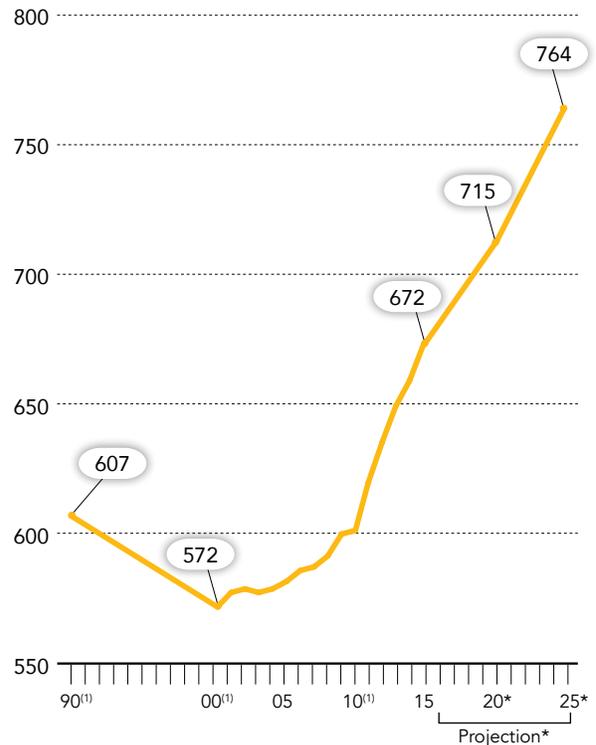
Downtown Population, 1990–2020 (in Thousands)



* Projection as of April 2016

Sources: U.S. Census Bureau, Delta Associates and DowntownDC BID

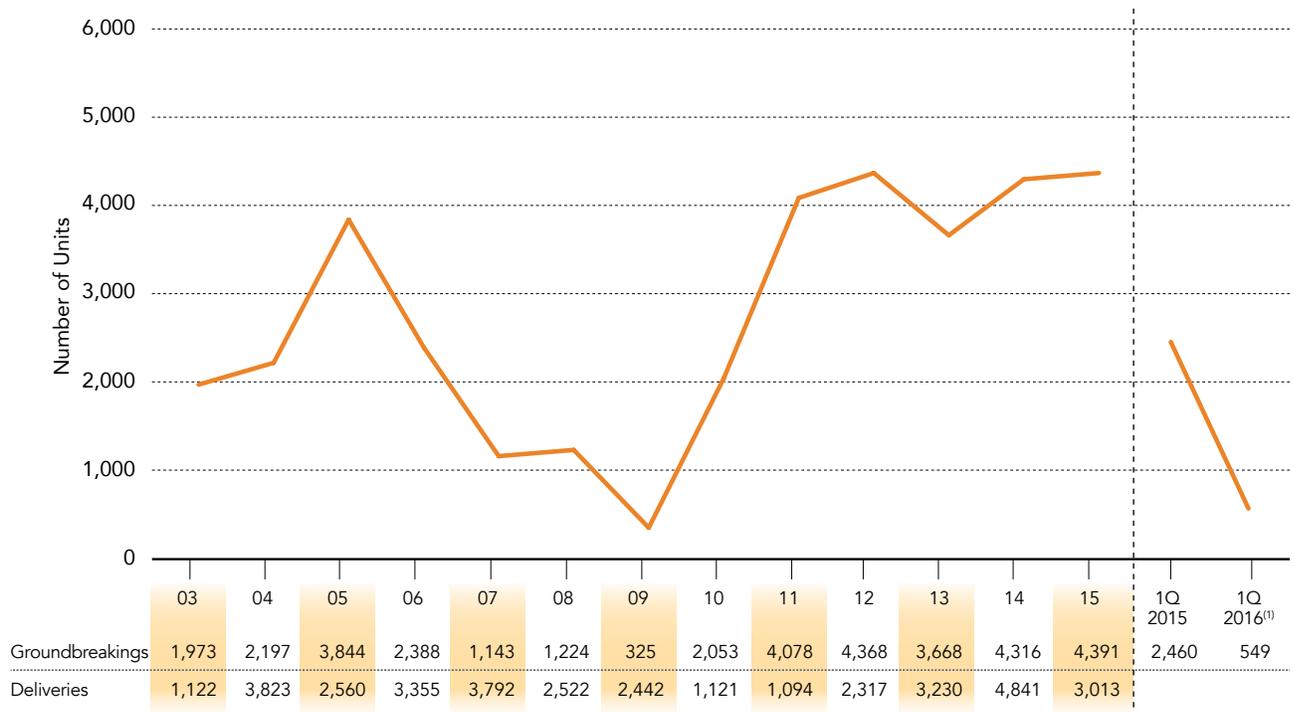
D.C. Population, 1990–2025 (in Thousands)



* Projection from Metropolitan Washington Council of Government's Population and Household Forecasts, Round 8.4 October 2015
(1) U.S. Census Year

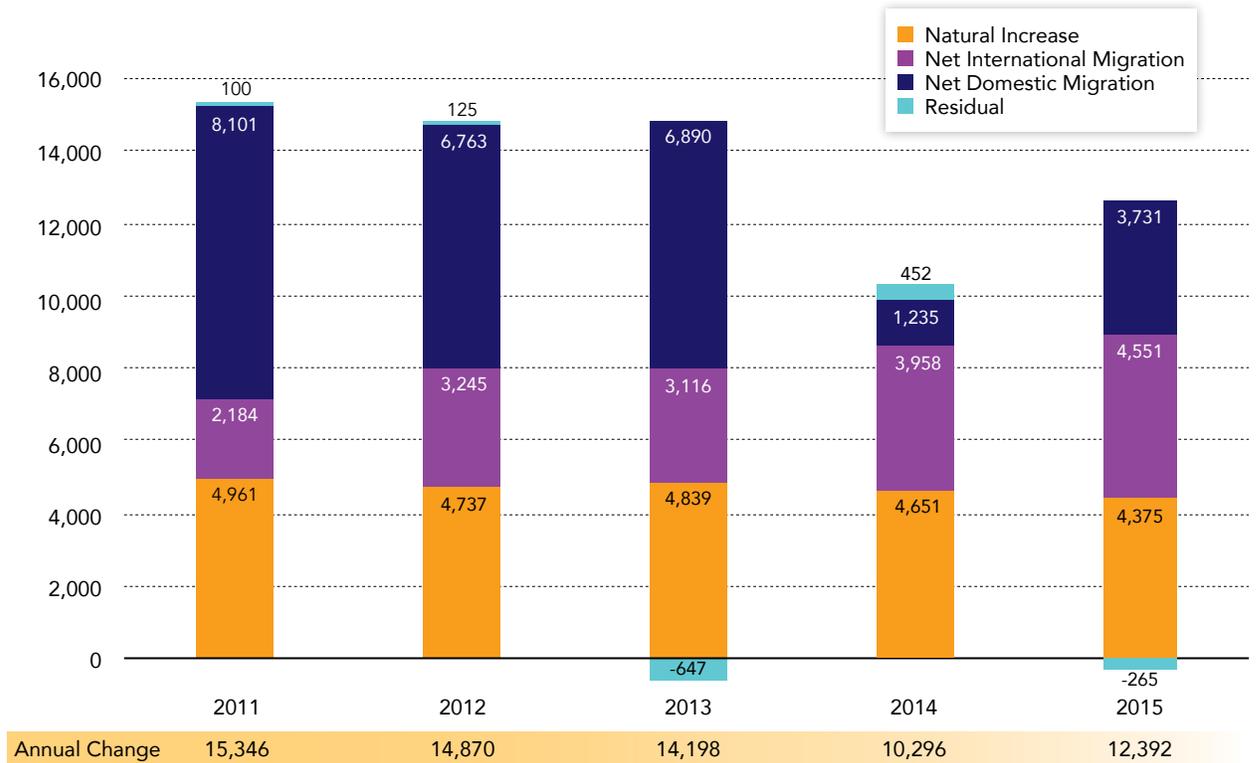
Source: U.S. Census Bureau and Metropolitan Washington Council of Governments

D.C. Multi-Family Groundbreakings, 2003–2015



(1) Delta Research Associates and DowntownDC BID estimate more than 4,000 units breaking ground in 2016.
Source: Delta Research Associates

D.C. Population Change Component Analysis, 2011–2015⁽¹⁾



(1) Estimate is for the year as of each July.
Source: U.S. Census Bureau



1500 Mass Apartments is the largest residential building in Downtown with 556 units. The newly renovated units are equipped with high-end finishes and appliances which complement large windows that showcase incredible views of DowntownDC. (Photo: Adrian Saunders)

Regional Population, 2000–2015⁽¹⁾
(in Thousands)

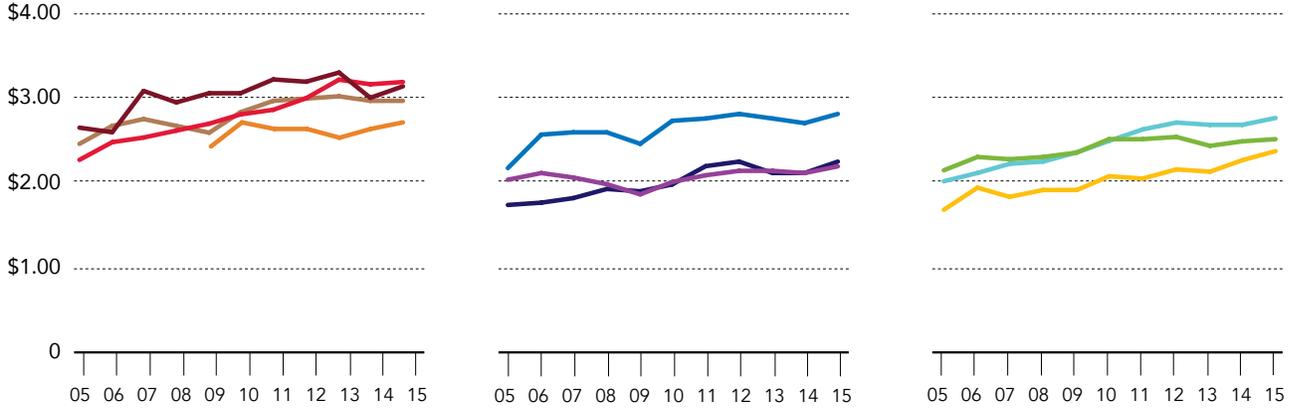
	Population							Change						
	2000	2010	2011	2012	2013	2014	2015		2000–2015		2010–2015		2014–2015	
							#	%	#	%	#	%	#	%
D.C.	572	602	620	635	650	659	672.228	11.13%	100	17.5%	70	11.7%	12	1.9%
Suburban Maryland	2,065	2,304	2,344	2,369	2,397	2,424	2441.686	40.42%	376	18.2	138	6.0	19	0.8
Northern Virginia	2,158	2,677	2,759	2,813	2,863	2,895	2927.288	48.46%	769	35.7	250	9.3	32	1.1
Total	4,795	5,583	5,724	5,818	5,909	5,978	6,041	100.00%	1,246	26.0	458	8.2	63	1.1

(1) Excludes Jefferson, West Virginia.

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

Effective Rental Rates in Class A High Rise Apartment Buildings, 2005–2015 (per square foot per month)

D.C.			Suburban Maryland			Northern Virginia		
	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	\$3.19	\$3.23	■ Bethesda/Chevy Chase	\$2.72	\$2.82	■ Rosslyn-Ballston Corridor	\$2.68	\$2.77
■ Near BID, NW ⁽¹⁾	3.04	3.17	■ Silver Spring/Wheaton	2.13	2.28	■ Crystal City/Pentagon City	2.49	2.52
■ All of D.C.	3.01	3.00	■ North Bethesda/Rockville	2.12	2.22	■ Alexandria	2.26	2.37
■ Near BID, NE/NoMA ⁽²⁾⁽³⁾	2.67	2.74						

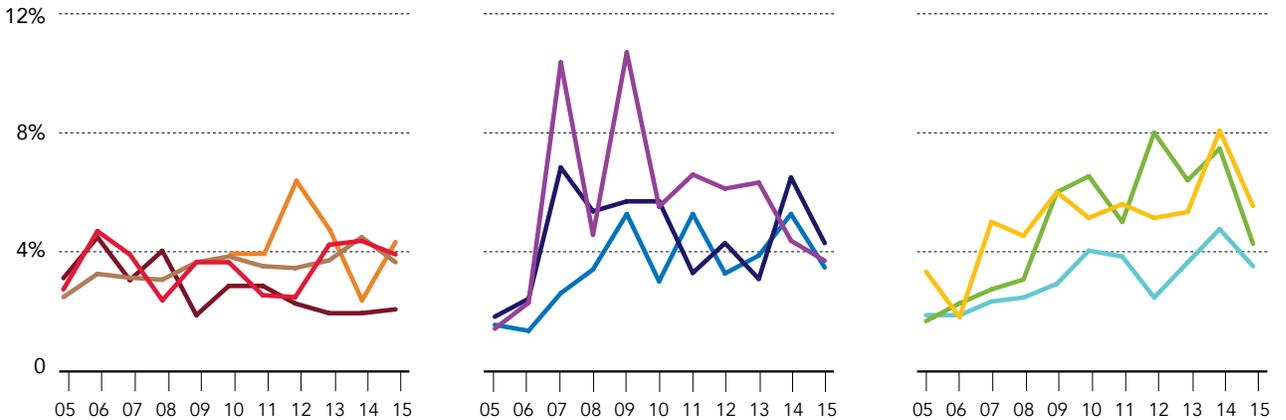


(1) Includes the area five blocks north and west of the DowntownDC BID boundary.
 (2) 2004–2008 data not available for the Near BID, NE/NoMa.
 (3) Includes the NoMa BID area and the H Street corridor west of 5th St NE.

Source: Delta Associates

Stabilized Residential Vacancy Rates in Class A High-rise Apartment Buildings, 2005–2015

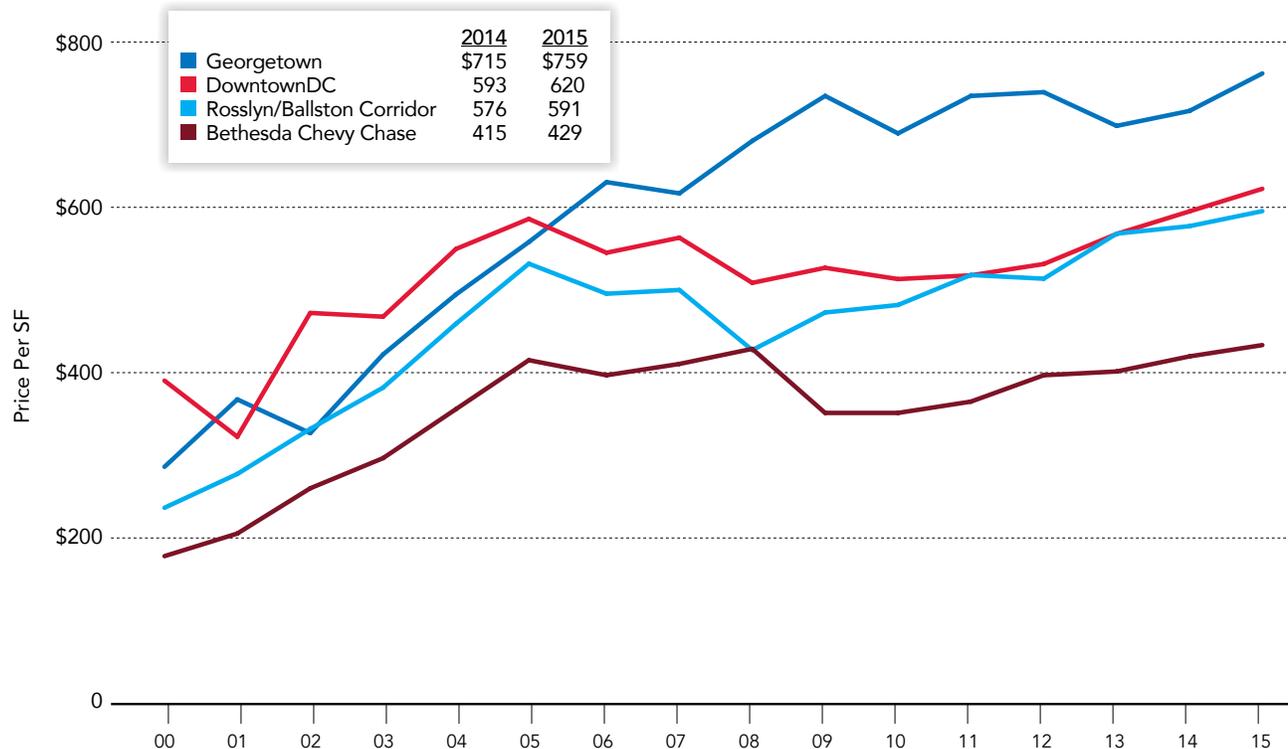
D.C.			Suburban Maryland			Northern Virginia		
	2014	2015		2014	2015		2014	2015
■ DowntownDC BID	4.4%	3.9%	■ Bethesda/Chevy Chase	5.3%	3.5%	■ Rosslyn-Ballston Corridor	4.8%	3.5%
■ Near BID, NW ⁽¹⁾	1.9	2.0	■ Silver Spring/Wheaton	6.5	4.3	■ Crystal City/Pentagon City	7.5	4.2
■ All of D.C.	4.5	3.6	■ North Bethesda/Rockville	4.4	3.7	■ Alexandria	8.1	5.5
■ Near BID, NE/NoMA ⁽²⁾⁽³⁾	2.3	4.3						



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

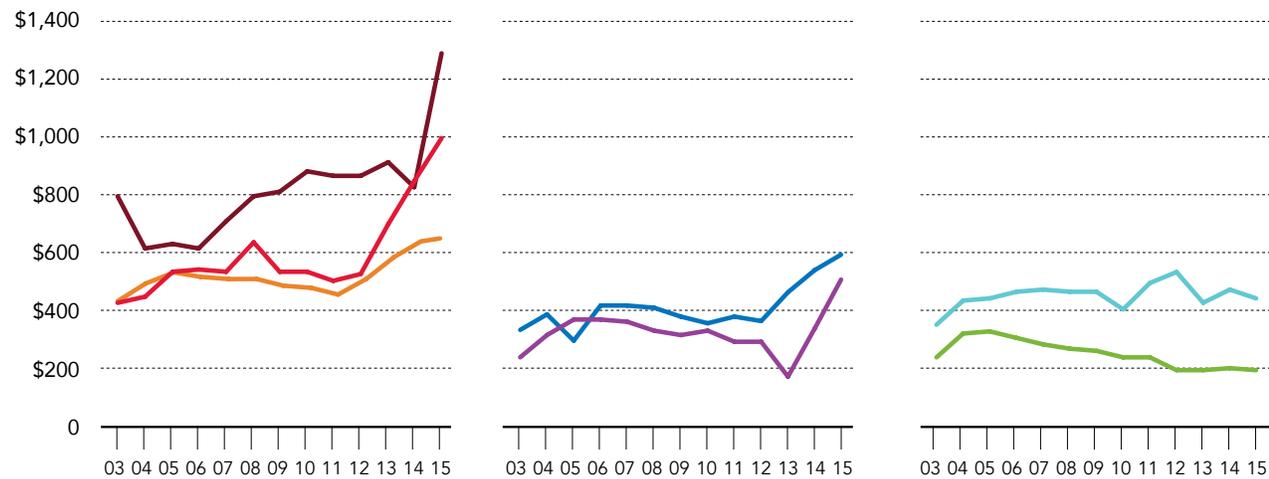
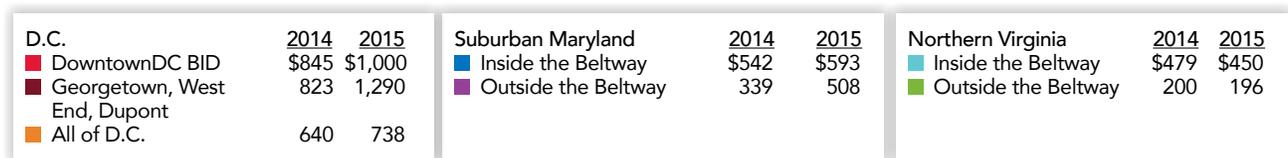
Source: Delta Associates

Regional Condominium Resale Price Per Square Foot, 2000–2015



Source: The Mayhood Company

Regional New Condominium Price Per Square Foot, 2003–2015



Source: Delta Associates

DowntownDC BID Area Demographic Profile, March 2016

(From 7th and H streets NW)

	BID	0-.5 mi	0-1 mi	0-3 mi	0-5 mi	0-20 mi	D.C.	Suburban Maryland ⁽¹⁾	Northern Virginia ⁽²⁾	Nation
Population										
Total	9,858	15,189	43,858	331,742	746,773	3,786,083	672,228	3,012,683	2,285,057	321,418,820
Male	51%	50%	51%	50%	48%	48%	47%	49%	49%	49%
Female	49%	50%	49%	50%	52%	52%	53%	51%	51%	51%
Race										
White	61%	51%	50%	52%	45%	47%	39%	57%	62%	71%
Black	18%	26%	30%	32%	40%	32%	51%	25%	204%	13%
Asian	15%	14%	10%	6%	5%	10%	4%	9%	12%	5%
Hispanic	8%	11%	13%	13%	13%	16%	9%	12%	17%	18%
Age										
20-24	8%	8%	9%	11%	9%	7%	9%	6%	6%	7%
25-29	21%	18%	18%	15%	13%	8%	11%	6%	8%	7%
30-34	18%	16%	16%	13%	11%	8%	10%	7%	9%	7%
35-39	11%	10%	10%	9%	8%	7%	7%	6%	8%	6%
Educational Attainment										
Not Completed High School	7%	8%	9%	7%	9%	9%	9%	9%	7%	13%
Completed High School ⁽³⁾	14%	20%	22%	24%	32%	37%	35%	46%	34%	57%
Bachelor's Degree	30%	27%	28%	27%	25%	26%	23%	24%	32%	19%
Graduate/Professional Degree	49%	45%	42%	41%	34%	28%	34%	21%	28%	11%
Households										
Total	6,050	9,234	24,695	158,463	344,809	1,471,663	314,125	991,451	843,353	125,065,689
Average Household Size	1.5	1.6	1.7	1.9	2.1	2.5	2.1	2.7	2.6	2.57
Single Female Heads of Households	3%	8%	9%	10%	14%	13%	16%	13%	9%	13%
Owner Occupied	20%	26%	26%	34%	35%	53%	38%	65%	56%	56%
Median Home Value	\$681,346	\$600,434	\$623,477	\$630,716	\$552,306	\$467,379	\$573,086	\$396,550	\$545,039	\$200,006
Household Income										
Average Annual Household Income	\$111,066	\$99,367	\$99,939	\$106,586	\$103,213	\$120,917	\$103,105	\$116,373	\$133,564	\$74,699
Median Household Income	\$84,329	\$76,453	\$74,506	\$77,682	\$73,817	\$88,156	\$67,761	\$89,246	\$106,613	\$53,217
Share of Households with Incomes of \$75,000 or more	54%	51%	50%	52%	50%	58%	47%	59%	67%	36%

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

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

(3) Includes people who have completed some college

Sources: ERSI 2016 forecasts courtesy of Washington, D.C. Economic Partnership and U.S. Census Bureau July 1, 2015 estimates.



hotels, tourism & conventions

The Washington Auto Show is a recurring popular event held at the Walter E. Washington Convention Center, which accounted for 15 % of hotel room nights in Downtown in 2015. (Photo: Washington Auto Show)

Record Performance and Growth

DowntownDC Business Improvement District (BID) and D.C. hotels set new records in all revenue performance categories in 2015 due to an estimated record 21 million visitors to D.C. who were visiting for leisure, conventions and business.

Downtown and D.C. hotels were among the best performing hotels in the nation in 2015, with revenue per available room night (RevPAR) totals of \$184 for Downtown hotels and \$158 for other D.C. hotels. Downtown's 2015 occupancy rate was a record 78.5 percent and its average daily room rate was a record \$234 per night. The only slight performance negative for D.C. hotels in 2015 was weekend room rates, which were 20 percent lower than rates for Sunday through Thursday. Among large cities, Downtown trails only Manhattan, Boston and San Francisco in RevPAR and D.C. ranks fourth in total downtown hotel rooms behind Manhattan, San Francisco and Chicago. All large cities set downtown hotel revenue records in 2015. D.C. suburban hotels had a RevPAR range of \$82 to \$122.

Downtown and D.C. have enjoyed a hotel construction boom consistent with the surge in U.S. hotel development, but this has not been true for the D.C. suburbs. Since January 2014, the District has added 2,093 hotel rooms, increasing supply by 8 percent. As of April 2016, Downtown had 708 hotel rooms under construction, which will increase supply by 7 percent, and the rest of D.C. had 2,634 hotel rooms under construction, an increase of 14 percent. All told, between Jan. 2014 and Jan. 2019, D.C. will have added 6,000 hotel rooms to reach approximately 33,000 total D.C. hotel rooms, an increase of 22 percent.

Tourism and Convention Demand

D.C. welcomed a record 20.2 million visitors in 2014 (6.3 percent more than 2013) from outside the D.C. area. (Please note that 2015 data will not be available until summer 2016.) A total of 18.3 million of those visitors were domestic visitors (a 5 percent increase from the previous year) and 1.9 million visitors were overseas visitors (an increase of 19 percent, excluding visitors

from Canada or Mexico). D.C. ranked seventh of U.S. cities for overseas visitors. Based on the District's record hotel performance in 2015, the BID estimates that D.C. will set new visitor records in 2015.

The Walter E. Washington Convention Center continues to be a powerful demand driver for Downtown hotel rooms and other activities. Convention Center attendance declined by 18 percent in 2015, but visitors still totaled 1.1 million. Bookings by DestinationDC, which is tasked with filling the Convention Center, represented 15 percent of all Downtown's hotel bookings and 5 percent of the city's hotel bookings. When hotel bookings are included, DestinationDC accounted for 11 percent of all D.C. hotel bookings in 2015. Given the power of marginal demand, this is very important to maintaining a hotel room occupancy rate above 75 percent and an average daily room rate above \$200.

Tourism and Convention Benefits

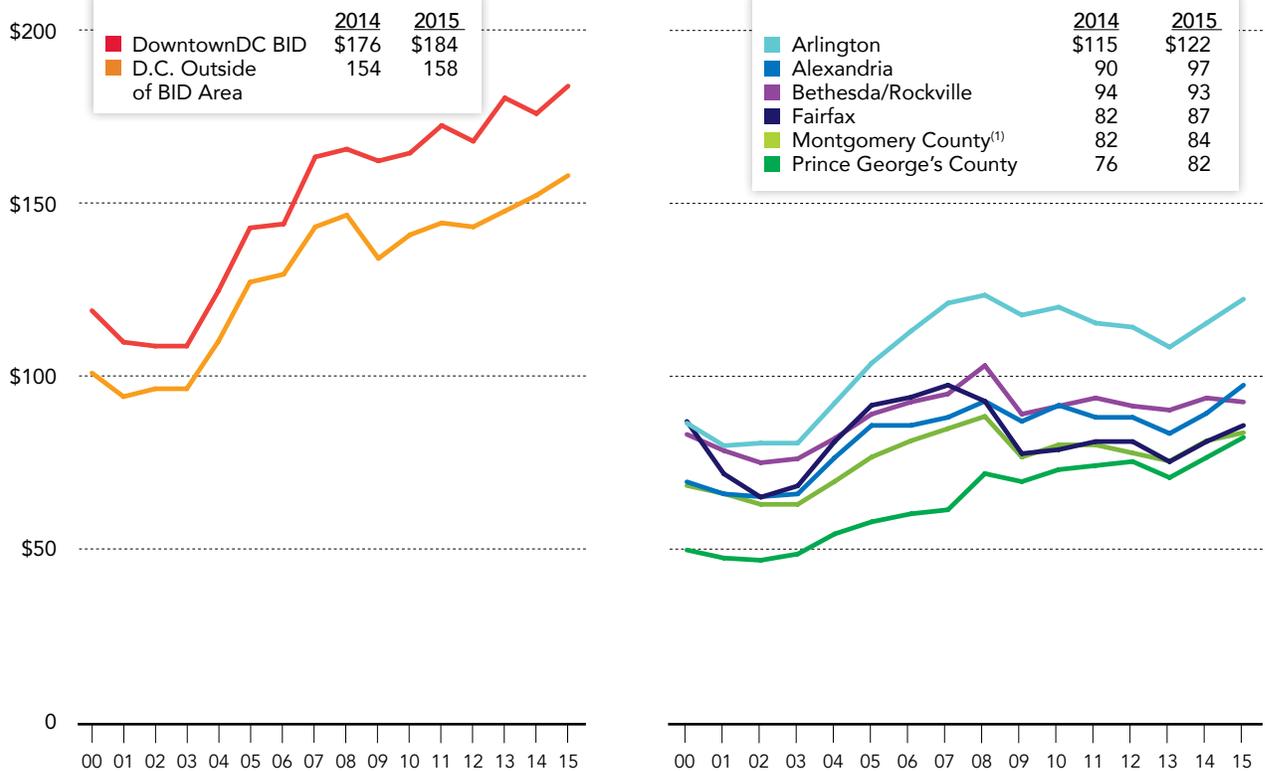
Hotel sales taxes contributed \$256 million to the D.C. government's 2015 gross local general fund revenue, or 3.5 percent, according to the FY 2017 D.C. budget. After factoring in hotel visitor restaurant sales taxes and general sales taxes of \$144 million, hotel visitors contributed an estimated \$400 million in total sales taxes, or 5.4 percent. In addition, D.C. hotels employed 15,000 people in 2015, including careers for those without a high school education.

Looking Ahead

Downtown continues to remain an attractive destination with several notable entertainment venues, a major convention center, new high-end retail at CityCenterDC, a growing culinary reputation and its overall location in the heart of the District and adjacent to the National Mall.

The DowntownDC BID plans to explore strategies to increase weekend occupancy at its hotels in 2016.

Regional Hotel Revenue Per Available Room Night Comparison, 2000–2015



(1) Montgomery County includes Bethesda/Rockville

Source: Smith Travel Research

Regional Hotel Market Size Comparison, 2015

	Hotels		Rooms		Revenue	
	#	% of Total	#	% of Total	Millions of \$	% of Total
DowntownDC BID Area	28	6%	10,701	13%	\$714	19%
D.C. Outside of BID Area	94	21%	18,236	21%	\$1,056	29%
D.C. Sub-Total	122	27%	28,937	34%	\$1,770	48%
Alexandria	42	9%	6,043	7%	\$217	6%
Arlington County	44	10%	10,981	13%	\$490	13%
Fairfax County	109	24%	18,393	22%	\$579	16%
Northern Virginia Sub-Total	195	43%	35,417	41%	\$1,286	35%
Montgomery County	55	12%	9,574	11%	\$290	8%
Bethesda/Rockville ⁽¹⁾	23	5%	4,651	5%	\$157	4%
Prince George's County	85	19%	11,522	13%	\$336	9%
Suburban Maryland Sub-Total	140	31%	21,096	25%	\$626	17%
Total Region	457	100%	85,450	100%	\$3,682	100%

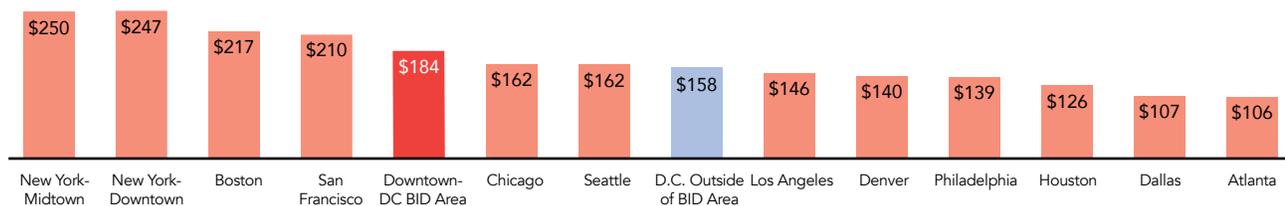
(1) Bethesda/Rockville submarket also included Montgomery County

Source: Smith Travel Research

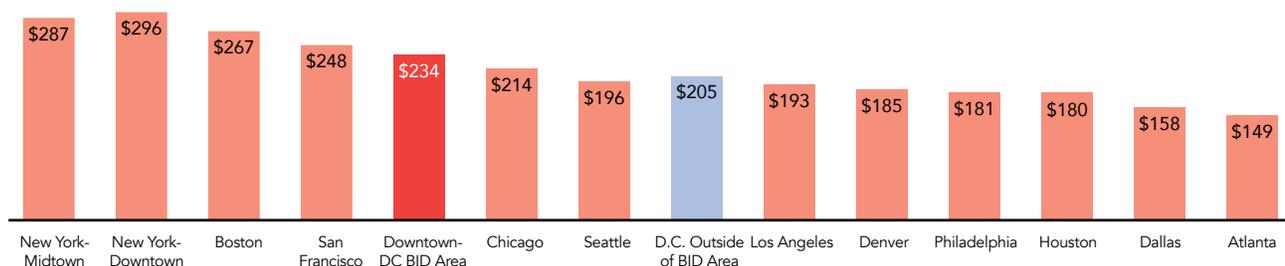
Large City Downtown Hotel Performance Comparison, 2015

(Ranked in order of Revenue Per Available Room Night)

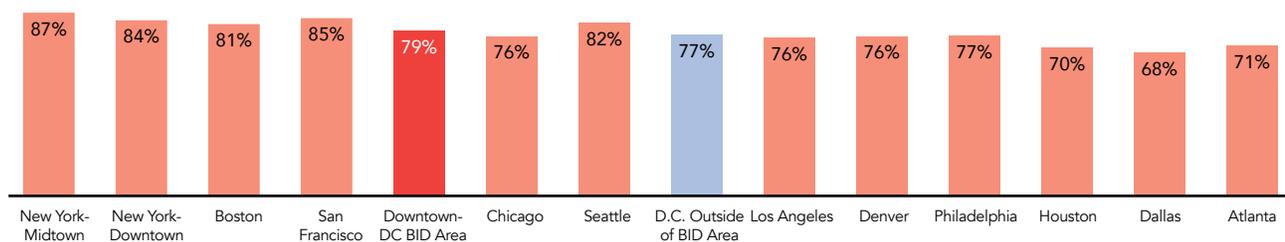
Revenue Per Available Room Night (\$)



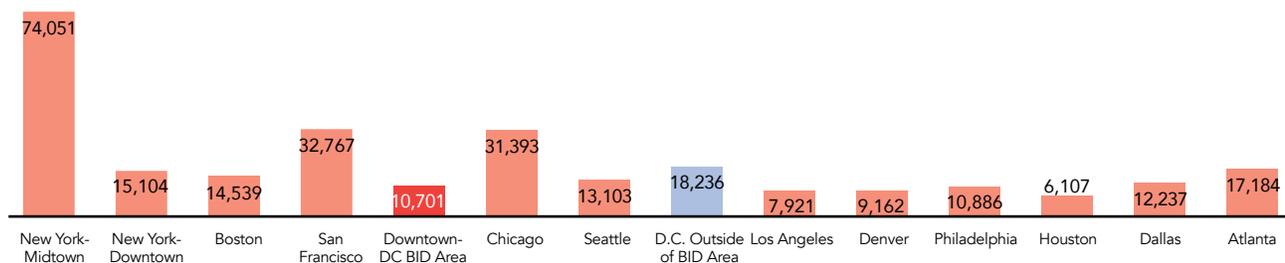
Average Room Rate (\$)



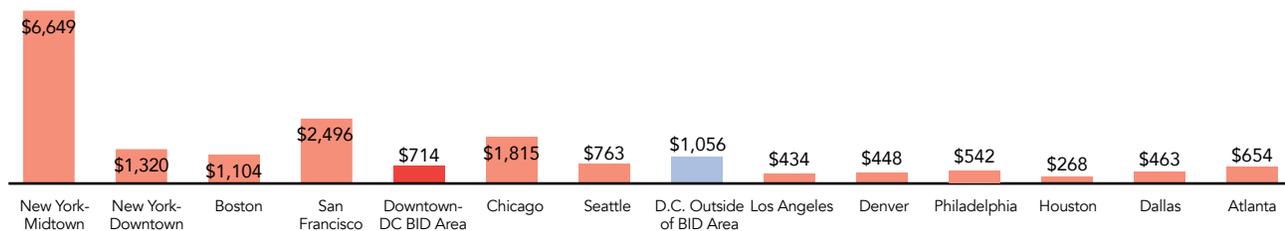
Occupancy Rate (%)



Rooms (#)

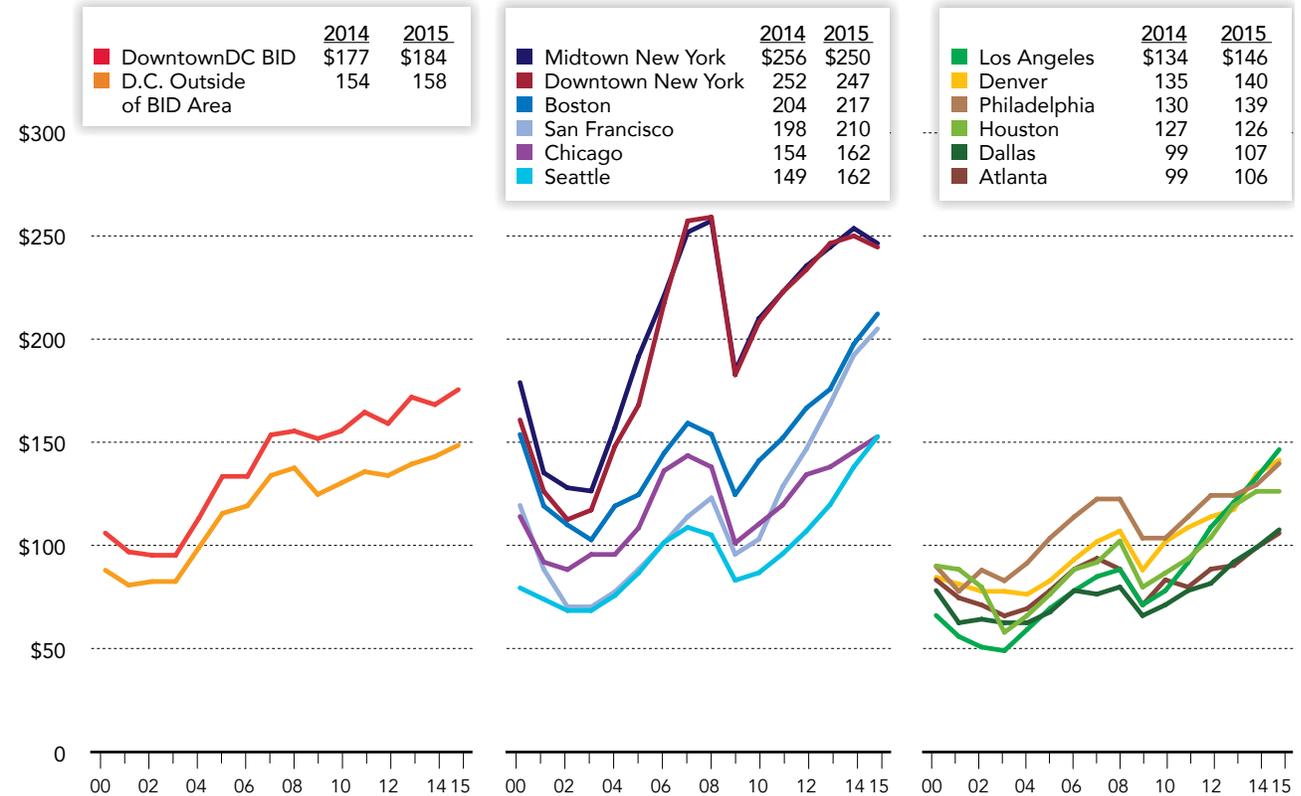


Revenue (in Millions of \$)

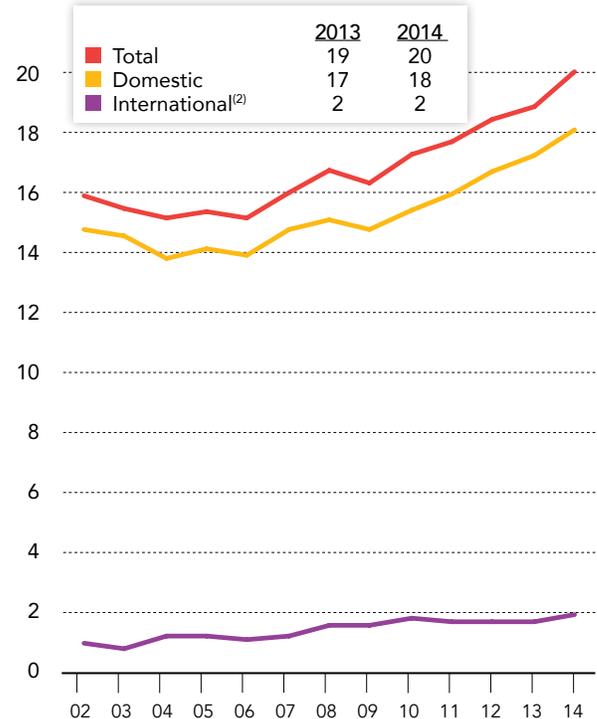


Source: Smith Travel Research

Large City Downtown Hotel Revenue Per Available Room Performance Comparison, 2000–2015



Among large cities' hotels, Downtown trails only Manhattan, Boston and San Francisco

Visitors to Washington, D.C. 2005–2014⁽¹⁾
(in Millions)

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

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

Overseas Visitors to Top 10 Cities in the United States, 2005–2014^{(1) (2)}

(Ranked by 2014 visits)

Visitors (in Thousands)⁽³⁾

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Market Share
New York City	5,810	6,219	7,646	8,211	7,792	8,462	9,285	9,107	9,580	9,741	27%
Miami	2,081	1,972	2,341	2,585	2,661	3,111	2,956	3,482	4,010	4,853	13%
Los Angeles	2,580	2,514	2,652	2,788	2,518	3,348	3,653	3,393	3,780	4,406	12%
Orlando	2,016	1,993	2,055	2,433	2,399	2,715	2,788	3,184	3,720	4,130	11%
San Francisco	2,124	1,993	2,270	2,610	2,233	2,636	2,872	2,798	3,040	3,132	9%
Las Vegas	1,778	1,647	1,720	2,027	1,853	2,425	2,788	2,708	2,850	2,994	8%
Honolulu	1,821	1,733	1,553	1,495	1,497	1,634	1,785	2,232	2,530	2,478	7%
Washington, D.C.	1,106	1,062	1,195	1,470	1,544	1,740	1,812	1,756	1,700	1,927	5%
Boston	802	997	1,075	1,115	1,140	1,186	1,311	1,250	1,280	1,411	4%
Chicago	1,084	1,062	1,147	1,368	1,117	1,134	1,199	1,369	1,380	1,308	4%
Total:	21,202	21,192	23,654	26,102	24,754	28,391	30,449	31,279	33,870	36,380	100%

(1) Visitor data is released between June and August of each year for the prior year.

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

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

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

Annual Visitors to the National Mall 2008–2015

(Ranked by Highest Attendance in 2015)

Visitors to Each Memorial (Attendance in Millions)

	2008	2009	2010	2011	2012	2013	2014	2015
Lincoln Memorial	4.7	5.3	6.0	6.0	6.2	6.5	7.1	7.9
Vietnam Veterans Memorial	4.2	4.4	4.6	4.0	4.4	4.1	4.4	5.6
World War II Memorial	4.2	4.1	4.0	3.8	4.2	3.9	4.2	5.1
Korean War Veterans Memorial	3.7	3.1	3.1	3.1	3.3	3.2	3.8	4.1
Martin Luther King, Jr. Memorial ⁽¹⁾		not open		1.5	3.7	3.2	3.2	3.5
Franklin D. Roosevelt Memorial	2.6	2.6	2.2	2.3	2.8	2.8	2.9	3.3
Thomas Jefferson Memorial	2.4	2.3	2.3	1.9	2.6	2.6	2.7	3.1
Washington Monument ⁽²⁾	0.7	0.7	0.6	0.4	0.0	0.0	0.4	0.5
Total	22.4	22.5	22.8	23.0	27.2	26.5	28.8	33.1
% Change from Previous Year	7%	1%	1%	1%	18%	-2%	9%	15%

Visitors to Each Museum (Attendance in Millions)

	2008	2009	2010	2011	2012	2013	2014	2015
National Air and Space Museum	7.0	7.0	8.3	7.0	6.8	7.0	6.7	6.9
National Museum of Natural History ⁽³⁾	7.0	7.4	6.8	6.6	7.6	8.0	7.3	6.9
National Gallery of Art	5.0	4.6	4.8	4.4	4.2	4.1	3.9	4.1
National Museum of American History ⁽⁴⁾	0.5	4.4	4.2	4.6	4.8	4.9	4.0	4.1
U.S. Holocaust Museum	1.7	1.7	1.7	1.6	1.6	1.5	1.6	1.6
National Museum of the American Indian	1.5	1.4	1.3	1.4	1.6	1.4	1.3	1.2
Smithsonian Castle	1.7	1.9	1.8	1.5	1.4	1.3	1.2	1.1
Hirshhorn Museum and Sculpture Garden	0.7	0.7	0.6	0.6	0.8	0.6	0.6	0.7
Arts & Industries Building ⁽⁵⁾					not open			
Total	25.0	29.1	29.5	27.7	28.8	28.8	26.5	26.6
% Change from Previous Year	7%	16%	1%	-6%	4%	0%	-8%	0.4%

(1) The Martin Luther King Jr. Memorial opened in October 2011.

(2) The Washington Monument was closed for repairs between August 2011 and May 2014.

(3) The National Museum of Natural History's National Fossil Hall was closed for renovations in April 2014 and is expected to reopen in 2019.

(4) The National Museum of American History was closed for renovations between September 2006 and November 2008.

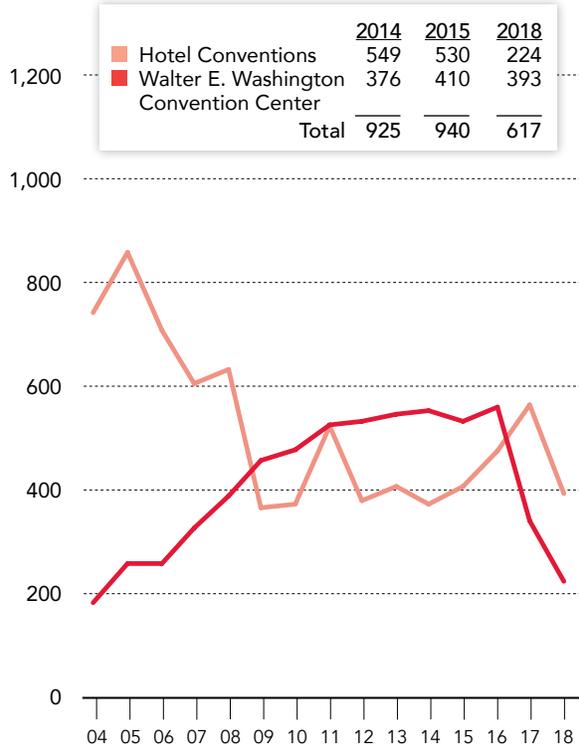
(5) The Arts & Industries Building was closed for repairs in 2004. Repairs were completed, but the building remains closed indefinitely.

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



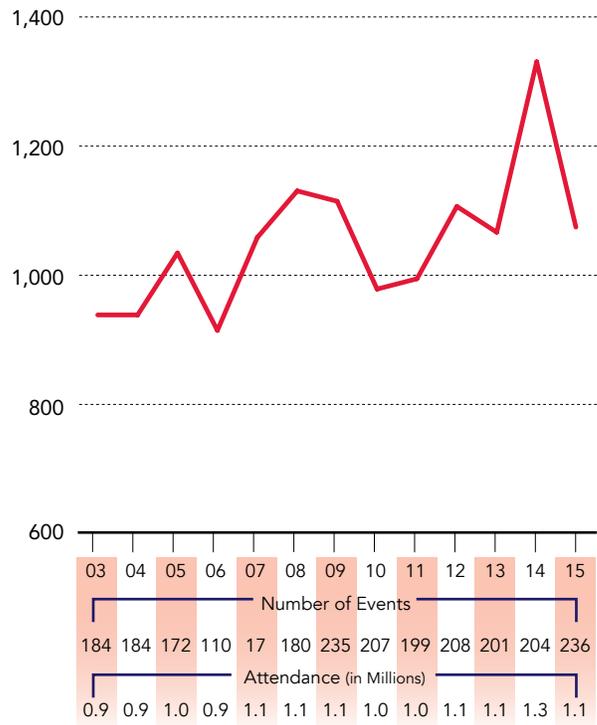
In 2015, the Al Rayyan Tourism Investment Company of Qatar acquired the St. Regis Washington, D.C., a 179-room luxury hotel in the premier Downtown hotel market. (Photo: Adrian Saunders)

Room Nights Generated by Destination DC, 2004–2018



Source: Destination DC

Walter E. Washington Convention Center Attendance, 2003–2015⁽¹⁾
(in Thousands)

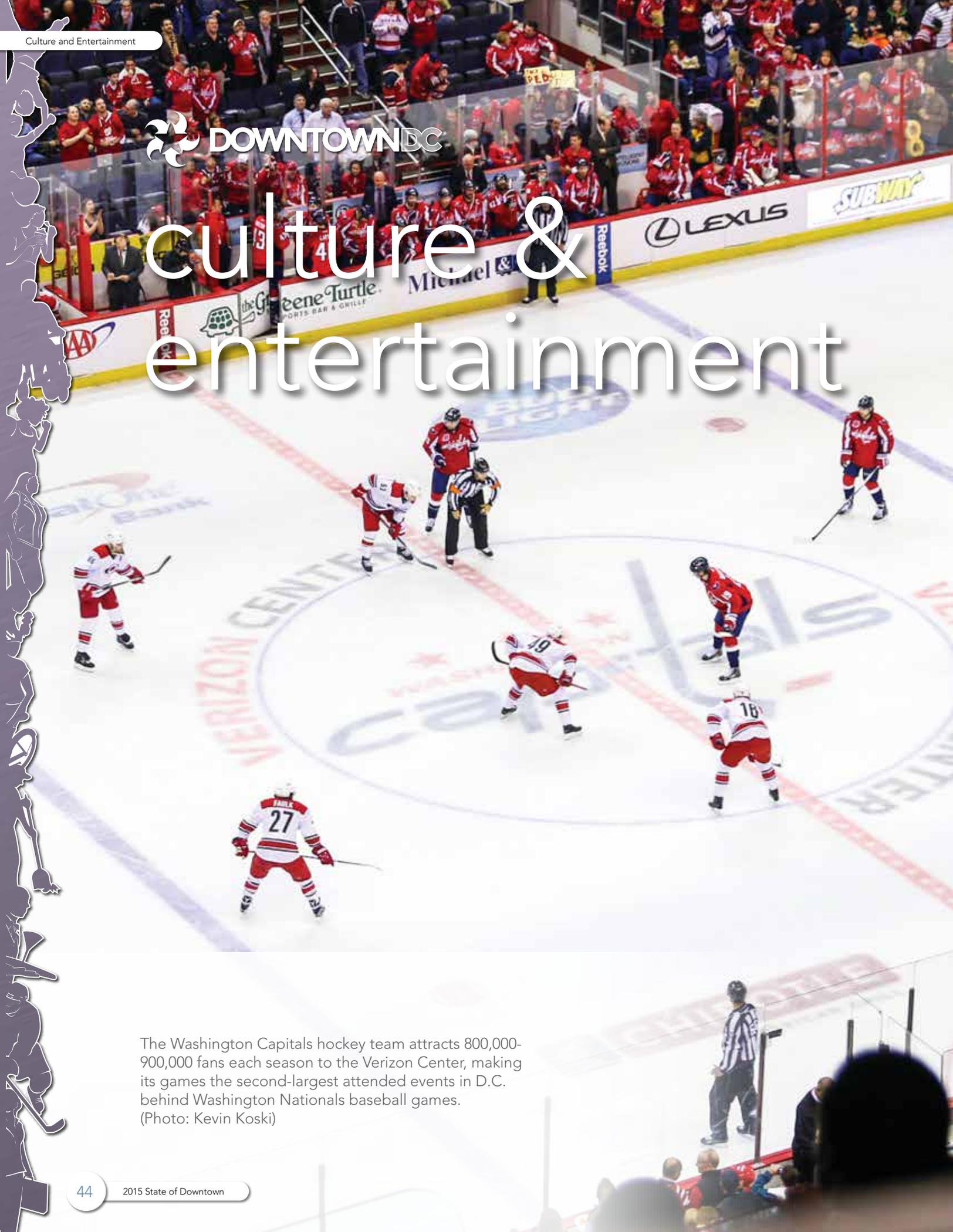


(1) Walter E. Washington Convention Center opened in March 2003.

Source: EventsDC



culture & entertainment



The Washington Capitals hockey team attracts 800,000-900,000 fans each season to the Verizon Center, making its games the second-largest attended events in D.C. behind Washington Nationals baseball games. (Photo: Kevin Koski)

Culture & Entertainment Destination

The DowntownDC Business Improvement District (BID) area hosted a record 10.3 million museum, culture and entertainment patrons in 2015. When National Mall museums along Constitution Avenue (the BID's border) are included, that figure jumps to 25 million, which is 56 percent of the District's total (45 million) museum, culture and entertainment patrons. Downtown's most active entertainment venue continued to be the Verizon Center in 2015, which reported 2.5 million attendees at 210 events.

Museum Success

Downtown's 14 museums had a record attendance of 5.8 million in 2015 and theater-goers also hit a new attendance record of 773,000 last year. The increase in Downtown museum visitors was boosted in 2015 by special exhibitions including the National Building Museum's summer installation, *The Beach*. Downtown and 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 Smithsonian National Museum of African American History and Culture is slated to open in the fall of 2016.

Theater Success

Downtown total theatre attendance in 2015 was 773,000, an 8 percent over 2014, led by The National Theatre, which experienced a 56 percent increase in attendance from 57,000 in 2014 to 159,000 in 2015. The Shakespeare Theatre Company at the Harman Center for the Arts had the two highest grossing shows in its history in 2015: *Man of La Mancha* set a record in the spring, followed by *Kiss Me Kate*, which broke that record in the fall. Ford's Theatre, The Warner Theatre, Woolly Mammoth Theatre, the Washington Stage Guild, and Flashpoint round out the theater companies and venues in Downtown.

Downtown in 2015 had nine performance venues with 6,980 seats, representing 21 percent of D.C.'s 43 theatre venues and 25 percent of D.C.'s 27,740 seats. Downtown's theater patrons represent approximately 37 percent of the region's 2.07 million theater attendance.

Entertainment Venue Success

Since its opening in 1997, the area within seven blocks of the Verizon Center has seen \$8.5 billion in development, with approximately \$1 billion under construction and another \$1 to \$2 billion expected in the next few years. In general, the development around the Verizon Center totals 63% of all Downtown development since the Center began construction in 1995.

The Verizon Center brings an average crowd of 12,000 attendees to each event

The Verizon Center opens its doors for entertainment for 210 to 220 days a year, bringing an average crowd of 12,000 attendees to each event. The 82 home games for the Washington Wizards and Capitals average close to 20,000 attendees per game, accounting for 64 percent of Verizon's total attendance.

The Hamilton and Warner Theatre also continued to bring many arts, music and comedy fans Downtown offering hundreds of performances each year.

Looking Ahead

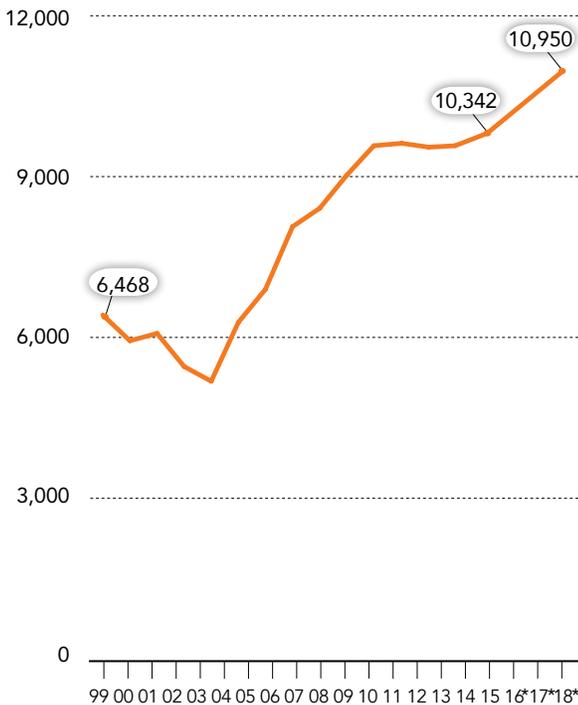
As part of the Downtown Action Agenda, the DowntownDC BID will study the economic development impact of culture and entertainment on the Downtown and D.C. economies

DowntownDC BID Area Culture and Entertainment Venues, April 2016

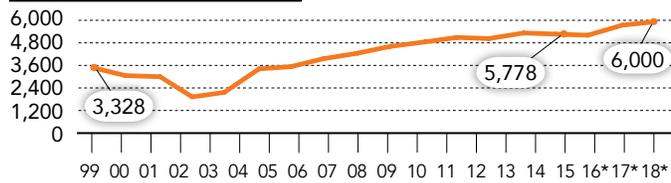


Culture and Entertainment Venues' Attendance in the DowntownDC BID Area, 1999-2018

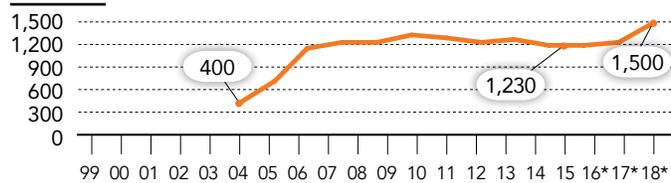
(in Thousands)



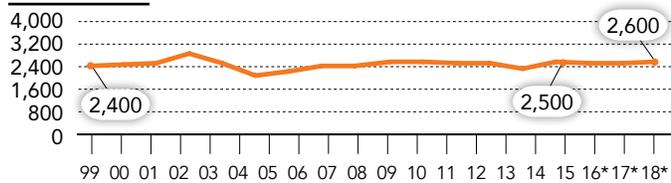
Museums (excluding Mall Museums)⁽¹⁾



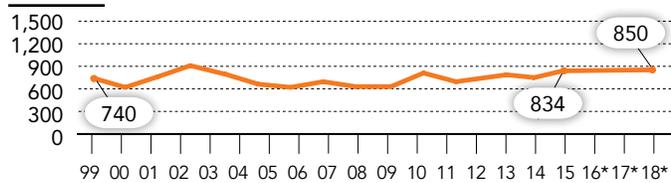
Cinemas⁽²⁾



Verizon Center



Theaters⁽³⁾

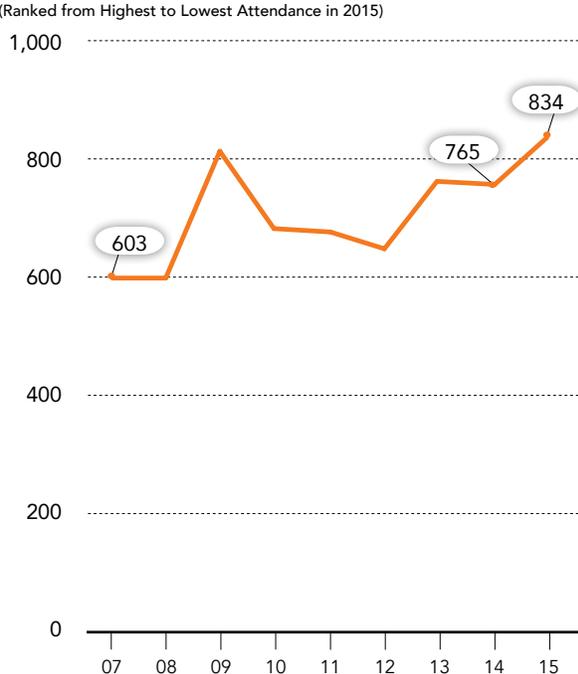


(1) Between 2001 and 2005, one or more venues were closed for renovation.
 (2) DowntownDC BID estimate beginning in 2014.
 (3) In 2001 and between 2007-2008, one or more theaters were closed for renovation.

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

Theater Attendance in the DowntownDC BID Area, 2007–2015

(Ranked from Highest to Lowest Attendance in 2015)



	Attendance (in Thousands)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Warner Theatre	215	207	190	179	143	122	206	208	216	
National Theatre ⁽¹⁾	85	89	222	64	106	86	66	102	159	
Sidney Harman Hall ⁽²⁾	50	130	142	150	165	103	148	93	139	
Ford's Theatre ⁽³⁾	50	Closed	85	92	87	103	83	91	93	
Sixth & I Synagogue ⁽⁴⁾	40	40	40	60	60	60	72	80	80	
Hamilton Live	N/A	N/A	N/A	N/A	N/A	65	70	67	67	
Lansburgh Theatre ⁽²⁾	123	93	90	96	73	78	79	91	47	
Woolly Mammoth Theatre ⁽⁵⁾	40	44	45	45	45	36	42	34	33	
Total:	603	602	813	686	678	653	767	765	834	
% Change in Attendance from Previous Year:	N/A	0%	35%	-16%	-1%	-4%	17%	0%	9%	

(1) 2015, 2014, and 2013 attendance are DowntownDC BID estimates

(2) Shakespeare Theatre Company

(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

Sources: Theaters and DowntownDC BID

Museum Attendance in the DowntownDC BID, 2007–2015⁽¹⁾

(Ranked from Highest to Lowest Attendance in 2015) (in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
National Portrait Gallery and American Art Museum	786	1,000	1,000	1,100	948	1,070	1,084	1,156	1,269
National Archives	1,075	1,015	1,003	1,059	1,046	909	906	1,018	1,234
The Newseum* ⁽²⁾	N/A	714	714	712	806	800	800	800	800
National Building Museum	415	407	436	516	554	521	523	462	638
International Spy Museum*	720	645	645	630	630	620	605	602	604
Ford's Theatre Museum ⁽³⁾	733	336	558	600	563	538	496	487	541
Ford's Education Center ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	317	342	324	342
The Naval Heritage Center	60	60	60	75	100	140	150	175	175
National Museum of Women in the Arts	116	97	85	68	68	105	91	95	131
National Law Enforcement Memorial—Visitors Center	30	28	32	30	32	32	31	26	28
Marian Koshland Science Museum*	24	28	28	26	22	20	15	24	16
Old Post Office Tower ⁽⁵⁾	227	240	257	262	236	283	258	54	Closed
Crime and Punishment Museum* ⁽⁶⁾					Data Unavailable				Closed
Madame Tussauds*					Data Unavailable				
Total:	4,185	4,569	4,818	5,078	5,006	5,356	5,300	5,224	5,778
% Change in Attendance from Previous Year:	N/A	9%	5%	5%	-1%	7%	-1%	-1%	11%

* Charge Admission

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

(2) The Newseum opened in April 2008. 2008–2011 data provided by the Newseum. 2012 to 2015 data estimated by the DowntownDC BID.

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

(4) The Ford's Education Center and the Ford's Theatre Museum have overlap in visitors.

(5) The Old Post Office Tower closed in May 2014 for renovations as the building was being redeveloped and will not open until Fall 2016.

(6) The Crime and Punishment Museum closed at the end of September 2015.

Sources: Museums and DowntownDC BID



retail & restaurants

Anthropologie, the popular clothing store at 950 F Street, is a mainstay of the 15 everyday retailers in Downtown and is one of the 10 shoppers' goods tenants of Douglas Development along 11th, F and 7th streets. (Photo: Ryan Kelly)

A Growing Destination

The DowntownDC Business Improvement District (BID) is a popular destination to eat and shop where patrons can enjoy a wide selection of restaurants and retail within walking distance of the epicenter of the region's transportation network. Each day in 2015, 280,000 office workers, 33,000 residents, 12,000 hotel guests and 3.5 million unique annual visitors within 10 blocks of Downtown had access to 154 destination restaurants and 66 retailers in Downtown.

Downtown Shopping Experience

CityCenterDC's unique retail plan and its relaxing open spaces make it an exciting, new D.C. destination for shopping and dining. In 2015, Hines' CityCenterDC project opened all of its planned retail in time for the holiday shopping season. The project encompasses 23 luxury shoppers goods retailers, including the only store in the region for Alexis Bittar, Canali, Carolina Herrera, Hermes, Longchamp and Loro Piana. It also includes Hugo Boss, Dior, Gucci, Louis Vuitton, Paul Stewart, Vince, David Yurman and Zadig & Voltaire.

Overall, Downtown's 700,000 square feet (SF) of shoppers goods retail is anchored by Macy's 227,000 SF department store, which has adapted to a changing Downtown retail market by extending store hours and expanding its fashion offerings. Additional everyday shopping is offered in Downtown by several stores located on F Street in Douglas Development buildings (Anthropologie, Forever 21, Gap, H&M, J Crew and Zara, with American Eagle coming in 2016) and several stores in Oxford Properties' Gallery Place project (Bed Bath & Beyond, Modell's Sporting Goods and Urban Outfitters).

Over the next four years, Downtown is expected to add approximately 300,000 SF of new retail, including at Anthem Row (8th Street between Eye & K streets), at Capitol Crossing and in Phases II and III of CityCenterDC.

Unique to Downtown, 11 of the retailers in the BID include museum and cultural gift shops, which comprise a total of 19,000 SF of retail space.

Elevated Dining

Downtown's 152 destination restaurants made the area a premier dining destination in 2015. Twenty of the 100 top D.C.-area restaurants ranked by Washingtonian Magazine are located in Downtown, including Rasika (No. 5) and Casa Luca (No. 9). Several restaurants in Downtown have sales over \$12 million, including the Clyde's Restaurant Group's three Downtown restaurants Old Ebbitt Grill, The Hamilton and Clyde's at Gallery Place, as well as Joe's Seafood, Prime Steak & Stone Crab and The Source.

In 2015, three restaurants closed and 10 restaurants opened Downtown: Claudia's Steakhouse, Maestro's, Pennsylvania 6 and Tadich Grill as well as four restaurants in CityCenterDC, Centrolina (Amy Brandwein), Fig & Olive, Mango Tree and Momofuku (David Chang). CityCenterDC also added three new dessert spots: Dolcenza Gelato & Coffee, Momofuku Milk Bar and RareSweets. These additions to CityCenterDC joined the development's well-known restaurants DBGB's Kitchen and Bar (Daniel Boulud) and Del Frisco's Double Eagle Steak House.

In 2016, seven new restaurants are expected to open in Downtown, including two at the Trump Hotel on Pennsylvania Avenue.

Looking Ahead

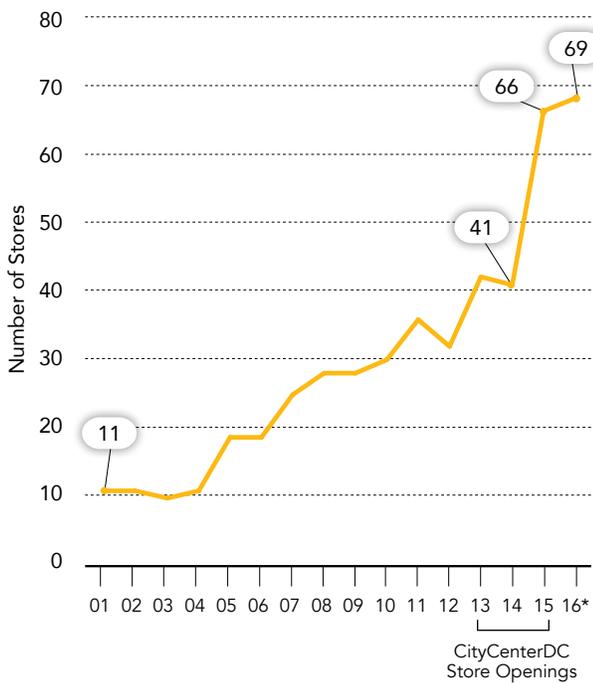
Downtown's shoppers goods retail growth is limited by several factors: (1) the convenience of internet shopping, (2) D.C. regional retail competition in which the D.C. region had about 28 SF per person but the national average was 23 SF per capita and D.C. had 8 SF per capita, and (3) retailers often compete for development space with office and hotel developers, who can often pay more for space.

As shoppers goods retail is one of the few areas of Downtown's economy that is not national or international in scale or reputation, the Downtown BID will be looking to develop a retail strategy in 2016-17.

DowntownDC BID Area Destination Retailers, March 2016

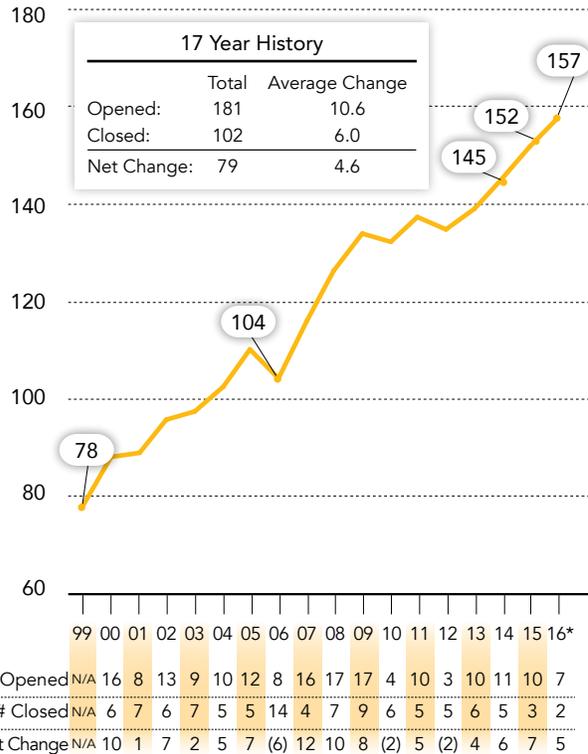


Destination Shopping in DowntownDC BID, 2001–2016



* Projection as of April 2016
Source: DowntownDC BID

Destination Restaurants in DowntownDC BID, 1999–2016



* Projection as of April 2016
Source: DowntownDC BID

DowntownDC BID Area Destination Restaurants, April 2016



Retail Space Overview for DowntownDC BID Area, April 2016

As percentage of existing and possible space. May not add due to rounding.



Food and Beverages: 49%		Shoppers' Goods: 34%		Services: 17%	
Total Occupied or Announced Space	1,415,000	Total Occupied or Announced Space	986,000	Total Occupied or Announced Space	475,000
Casual Restaurants	394,000	Department Stores	355,000	Banks and Financial Institutions	170,000
High-End Restaurants	512,000	Clothing and Shoes	325,000	Fitness Centers	109,000
Deli, Fast Food and Coffee	410,000	Drug Stores	87,000	Travel Agencies, Car Rental and Other	63,000
Nightclubs, Bars, Liquor Stores and Food Retail	100,000	Gift Shops, Florists and Newsstands	74,000	Hair and Nail Salons	51,000
		Home and Office Supplies	73,000	Doctors, Medical and Optics	40,000
		Jewelry, Art Galleries and Specialty Stores	34,000	Printing and Mailing Services	25,000
		Cellular Stores, Electronics and Camera Shops	31,000	Shoe Repair and Dry Cleaners	16,000
		Book and Music Stores	7,000		

Source: DowntownDC BID



Casa Luca, Fabio and Maria Trabocchi's osteria, was ranked the No. 9 restaurant in the Washington metro area in 2016 by Washingtonian Magazine. (Photo: Kevin Koski)

Analysis of Top 100 Restaurants Ranked by Washingtonian Magazine, 2006–2016⁽¹⁾

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Restaurants in BID:	15	19	23	21	27	22	23	21	20	16	20
Restaurants in D.C. outside BID:	42	38	37	37	36	39	39	43	44	53	45
Restaurants in Suburban Maryland: ⁽²⁾	15	17	14	18	16	13	15	12	8	9	13
Restaurants in Northern Virginia: ^{(3) (4)}	19	19	17	19	18	18	20	16	23	19	19
Restaurants outside Metro Region:	9	7	9	5	3	8	3	8	5	3	3
Percentage of Restaurants in BID:	15%	19%	23%	21%	27%	22%	23%	21%	20%	16%	20%
Percentage of Restaurants in D.C.:	57%	57%	60%	58%	63%	61%	62%	64%	64%	69%	65%
Number of Top 10 Restaurants in BID:	N/A	1	2	2	4	5	3	4	3	3	3
Number of Top 10 in D.C. outside BID:	N/A	5	6	5	4	4	6	5	6	5	5
BID % of Top 10:	N/A	10%	20%	20%	40%	50%	30%	40%	30%	30%	30%
D.C. % of Top 10:	N/A	60%	80%	70%	80%	90%	90%	90%	90%	80%	80%
		5 Minibar	5 Minibar 10 Central	3 Minibar 10 The Source	2 Minibar 3 The Source 4 J&G Steakhouse	3 The Source 4 Minibar 5 Adour 9 Rasika 10 Central	4 Minibar 7 Rasika 8 Fiola	4 Fiola 5 Adour 9 Zaytinya 10 Proof	2 Minibar 8 Proof 9 Central	2 Minibar 5 Rasika 8 Fiola	5 Rasika 9 Casa Luca

(1) The ranking are published in January each year

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

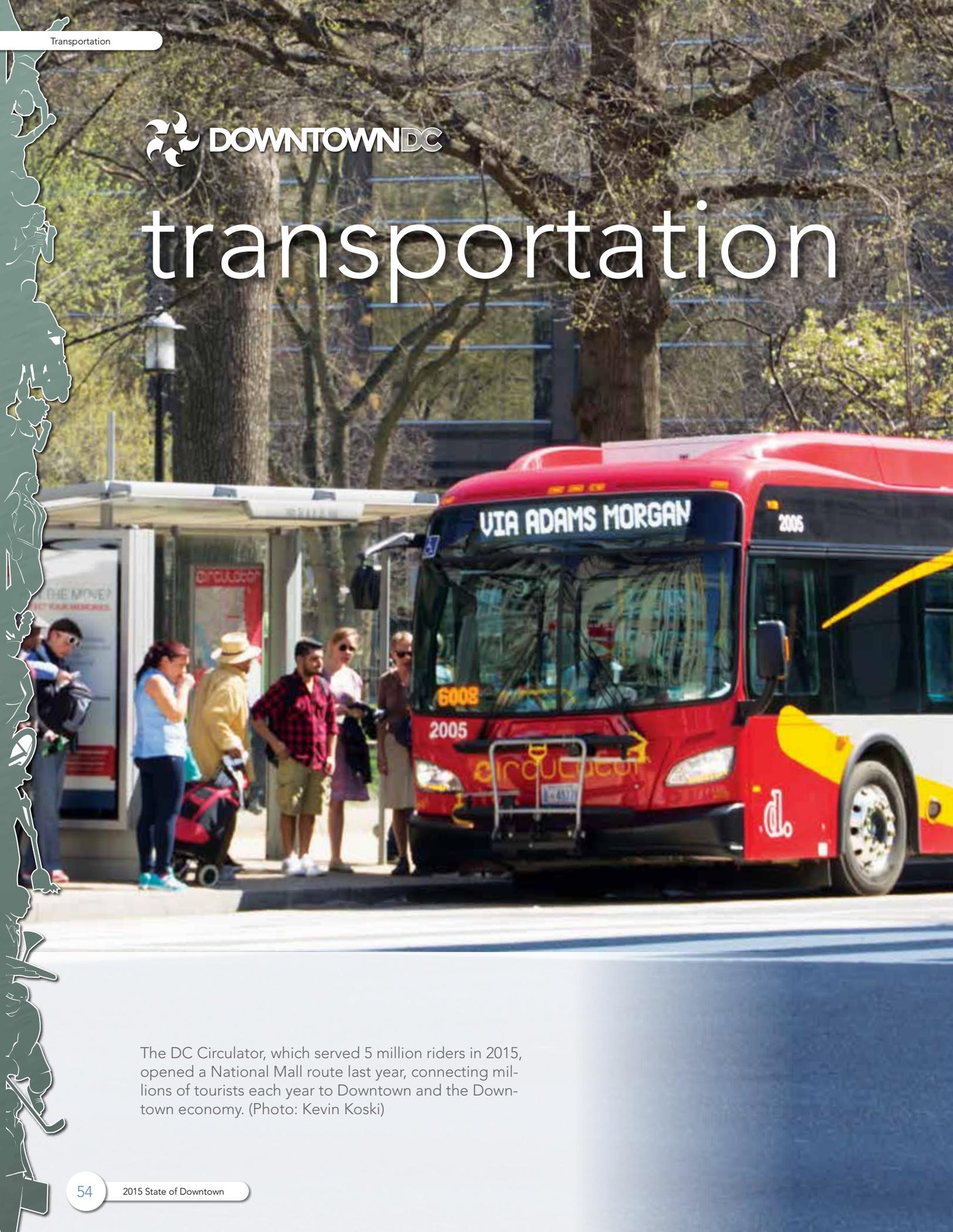
(3) Northern Virginia includes Alexandria and Arlington, Fairfax, and Loudoun counties

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

Source: Washingtonian Magazine



transportation



The DC Circulator, which served 5 million riders in 2015, opened a National Mall route last year, connecting millions of tourists each year to Downtown and the Downtown economy. (Photo: Kevin Koski)

Commuting Downtown

Downtown remains the transportation hub for the District where Metrorail, Metrobus, the DC Circulator, bike sharing, protected bike lanes, generous sidewalks and car sharing options are supported. In 2014 (the most recent year for available data) 57 percent of D.C. residents commuted to work via non-automotive means: 38 percent by public transit, 14 percent by walking, 4 percent by bike and 1 percent via other means.

Metrorail

Downtown is home to seven Metrorail stations which offer access to all five system lines and two of Metro-rail's busiest stations, Metro Center and Gallery Place/Chinatown, serve as Metrorail's main transfer stations.

Downtown commutes via Metrorail declined slightly last year from 100,071 average daily weekday morning exits in 2014 to 97,513 exits in 2015, a decline of 2.6 percent. Both the percentage of workers taking transit to their jobs as well as overall Metrorail ridership declined for the entire system from 722,000 per day to 713,000 per day, a decline of 1.3 percent. Ongoing system rebuilding efforts in 2015 had a significant negative impact on weekend Metro ridership, which declined in Downtown from an average of 36,748 daily weekend exits to 33,776, a decline of 8.1 percent. Despite these declines, weekday commute ridership remained high last year and public transit remained the single most common mode for District residents to use for their commute.

While 2015 was a difficult year for Metro, it also included new leadership for the transit authority. New Washington Metropolitan Area Transit Authority's (WMATA) General Manager and CEO Paul Wiedefeld brings extensive experience in transportation to Metro. Strong leadership both from within WMATA as well as from the business community will be critical to rebuilding the backbone of our transportation system.

Multi-Modal Options

More than any other mode, densely developed areas such as Downtown rely on mass transit to safely and efficiently move thousands of people in and out of the city on a daily basis.

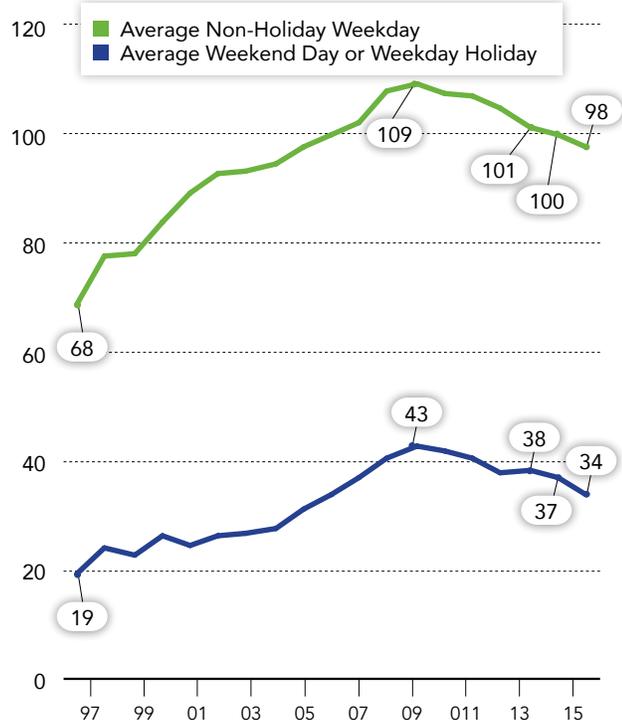
Walking and biking commutes in D.C. remained steady in 2014 with 4 percent of commutes by bike. To help meet a growing biking demand in Downtown, the BID, working with the District Department of Transportation (DDOT) and contractors, in early 2016 completed the third phase of a three-year plan to double the number of bike racks Downtown from 531 in 2012 to 964. Demand for this type of service exemplifies the importance of cycling for Downtown's transportation system and the value bicycle infrastructure adds as an additional transportation option.

Fourteen percent of District residents walked to work in 2015 and countless visitors, workers and other individuals used Downtown sidewalks.

The DC Circulator is the fourth largest bus system in the region and served 5 million riders in 2015. In 2015, in collaboration with DC Surface Transit (DCST), the National Park Service (NPS) and DDOT, the BID helped launch the DC Circulator National Mall route, linking millions of tourists each year to Downtown and the Downtown economy.

In addition to public transit, walking and biking, privately operated transportation services continue to grow to serve a transformed Downtown. These include carsharing services (Car2go, Zipcar) as well as networked transportation services (Uber, Lyft, and taxicabs). These services provide additional transportation options for Downtown residents, workers, and visitors and help diversify Downtown's transportation choices.

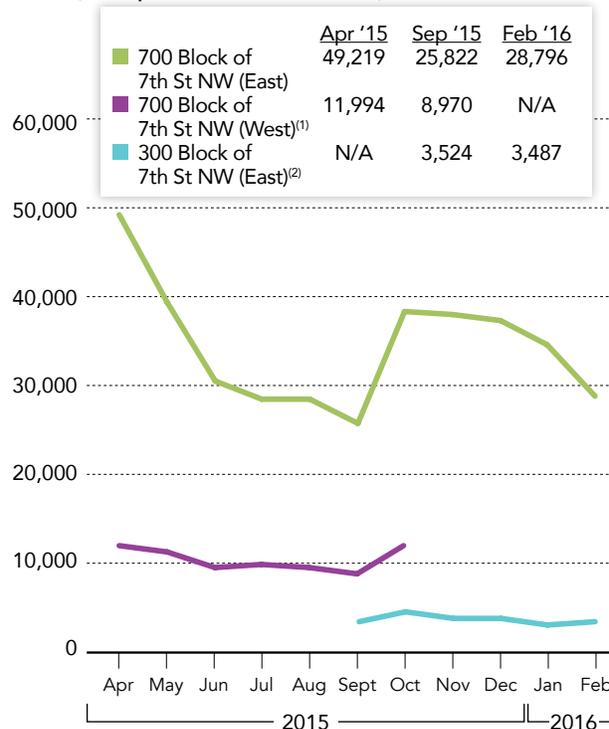
DowntownDC BID Daily Metrorail Ridership Exits in Area, 1997–2015⁽¹⁾ (in Thousands)



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

Source: WMATA

DowntownDC BID Pedestrian Counters Daily Average, April 2015 to February 2016



(1) The counter was taken out of service for repairs in November 2015
 (2) The counter first full month after installation was September 2015

Source: DowntownDC BID

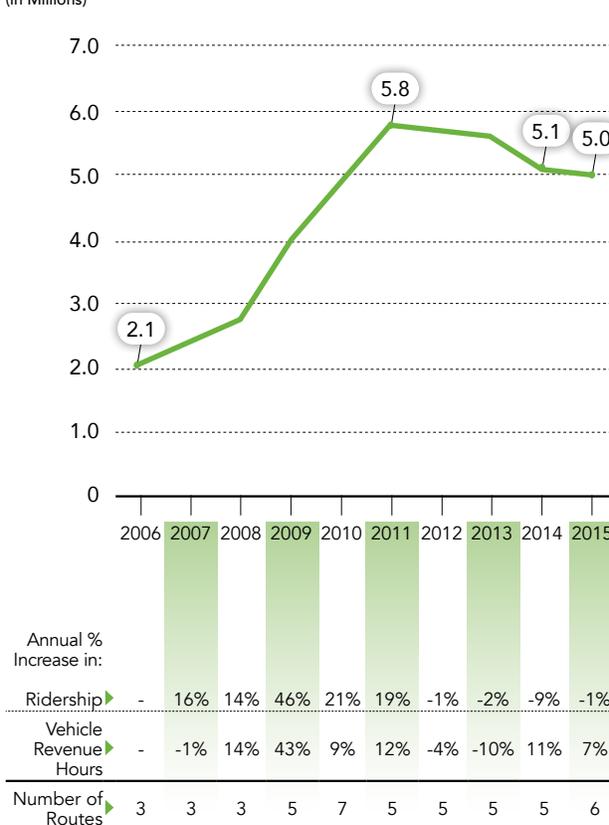
Capital Bikeshare Data: 2011–2015⁽¹⁾

	2011	2012	2013	2014	2015	2014 to 2015 % Change
# of Bicycles	1,170	1,700	2,600	2,800	3,070	10%
# of Members ⁽²⁾	21,400	42,800	69,600	100,100	132,700	33%
Total System Trips	1,241,800	2,069,600	2,616,700	2,946,100	3,159,600	7%
Member Trips ⁽³⁾	1,059,000	1,693,100	2,086,200	2,318,100	2,521,300	9%
Pass Trips ⁽⁴⁾	182,800	376,500	530,500	628,000	638,300	2%
% of total trips ending in D.C. outside the BID	78%	75%	73%	72%	68%	-6%
% of total trips ending in the BID	17%	17%	17%	16%	13%	-19%

(1) Capital Bikeshare began operations in September 2010.
 (2) Combination of all annual and monthly memberships
 (3) Counts only registered member trips
 (4) Counts only 24-hour pass trips

Sources: Capital Bikeshare and DowntownDC BID

Annual D.C. Circulator Ridership, 2006–2015 (in Millions)



Daily Metrorail Ridership Exits in DowntownDC BID Area, 1997–2015⁽¹⁾⁽²⁾

	Average Weekday Non-Holiday Exits								Weekend and Holiday Average Daily Exits for All Stations
	Metro Center	Gallery Place	McPherson Square	Judiciary Square	Archives-Navy Memorial-Penn Quarter	Federal Trainagle	Mt. Vernon Square	Total	
2015	26,190	25,573	15,761	8,951	8,601	7,869	4,568	97,513	33,776
% before 9:30AM	45%	38%	55%	61%	55%	63%	31%	48%	N/A
2014	27,170	25,681	16,637	9,159	8,788	8,228	4,408	100,071	36,748
Change to 2015	-980	-108	-876	-208	-187	-359	-160	-2,558	-2,972
% Change	-3.6%	-0.4%	-5.3%	-2.3%	-2.1%	-4.4%	3.6%	-2.6%	-8.1%
1997	23,638	7,286	14,443	6,396	5,543	9,422	1,689	68,417	19,167
Change to 2015	2,552	18,287	1,318	2,555	3,058	-1,553	2,879	29,096	17,581
% Change	11%	251%	9%	40%	55%	-16%	170%	43%	92%
Metrorail Lines									

(1) The MCI (now Verizon) Center opened in December 1997 at Gallery Place.
 (2) The Silver Line began service to Reston, VA in late July 2014.

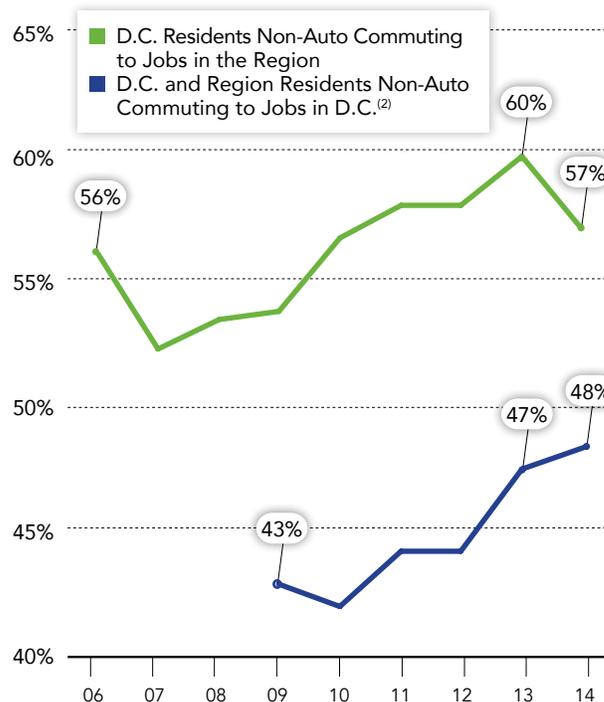
Source: WMATA

Total Metrorail Daily System Ridership, 1997–2015 (in Thousands)



Note: All Daily Boardings were recorded in May
 Source: WMATA

Non-Auto Commuting Share, 2006–2014⁽¹⁾

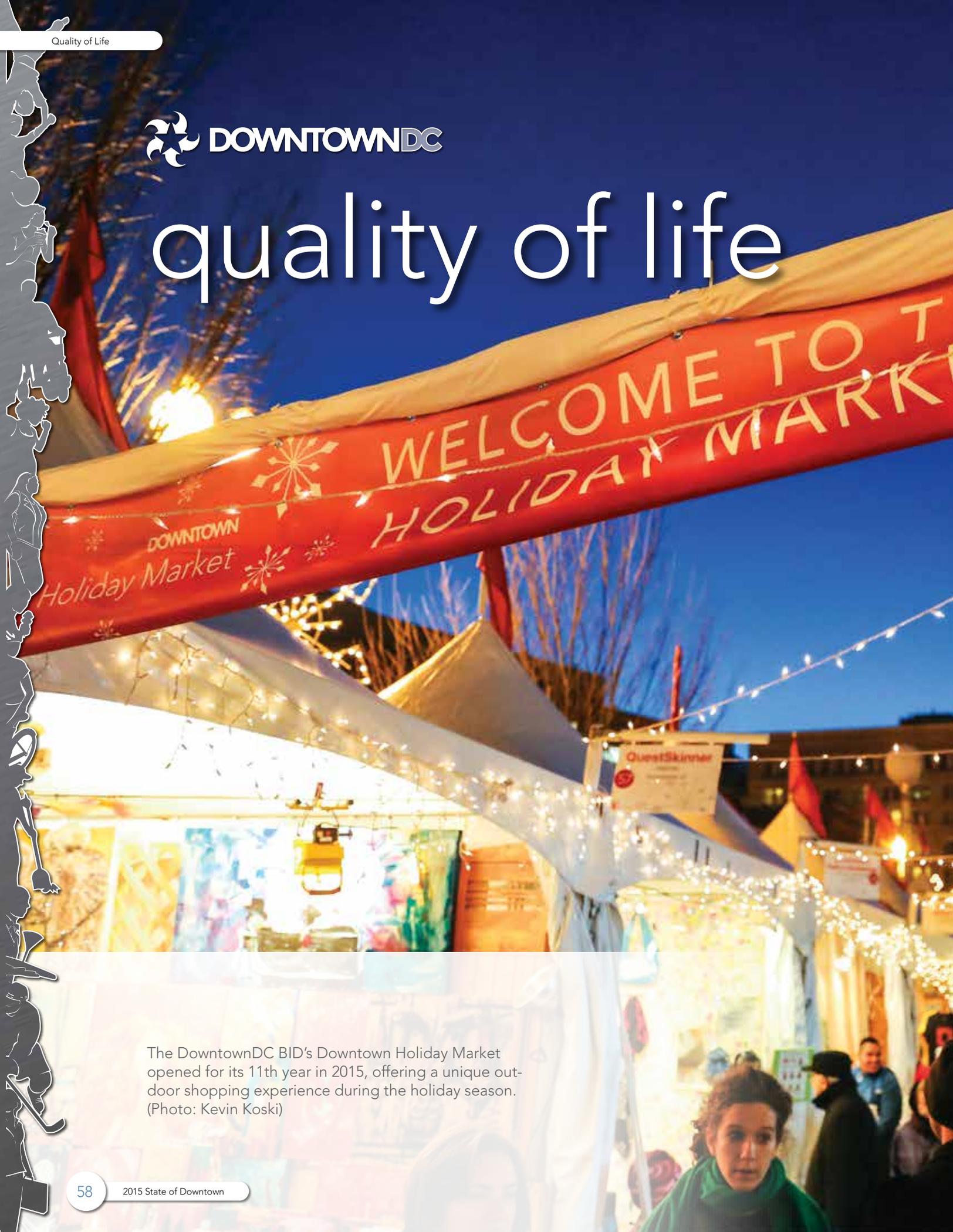


(1) Shows percentage of trips to work that are not by automobile, but by public transit, biking, walking, or other means.
 (2) Data not available for years 2006–2008.

Source: American Community Survey



quality of life



The DowntownDC BID's Downtown Holiday Market opened for its 11th year in 2015, offering a unique outdoor shopping experience during the holiday season. (Photo: Kevin Koski)

Downtown Community

The DowntownDC Business Improvement District (BID) offers many amenities for workers, residents, and tourists. These include parks and public spaces including at CityCenterDC, seasonal farmers' markets, a variety of museums and theaters, Verizon Center events and sidewalk cafes, all in clean and accessible environments. These amenities help make Downtown a place where mixed-use development is growing and where businesses and residents choose to locate. Downtown also continues to expand its environmental awareness. In 2015, the Washington, D.C. metro area had the most ENERGY STAR certified buildings (686) of any metropolitan area in the country and many of these were located in the BID.

Healthy Living

Downtown in 2016 had a Walk Score of 98, tied with the Golden Triangle, West End/Foggy Bottom and behind Dupont Circle, and continued to transform in new ways to encourage visitors to stay and enjoy the outdoors.

Green spaces help enrich the quality of life of any downtown as well as development value and it is a major reason why the BID is actively involved in maintaining existing parks and growing others. The District government, the National Park Service (NPS) and the BID are working together to transform Downtown's largest green space, Franklin Park, into an active and flexible park. Additionally, BID employees and BID contractors work with the BID and partners to help maintain Downtown parks and public spaces.

Downtown was home to four farmers' markets in 2015: three FRESHFARM Farmers Markets—one each at the White House, Penn Quarter and CityCenterDC—and a fourth market, Capital Harvest on the Plaza (CHoP) at the Ronald Reagan Building and International Trade Center. FRESHFARM's three markets served a total of 63,759 customers in 2015 despite a negative weather impact on the Penn Quarter and White House markets. FRESHFARM, which is supported by the BID, works to support local farmers and the local sustainable food movement and offers its customers healthy, fresh food options, as well as programming and activation.

When the BID began operations in 1997, only a handful of sidewalk cafes were operating in the BID. Today, a transformed Downtown is home to a growing number of places to eat outdoors, including restaurant sidewalk cafes. A total of 190 cafes with 5,692 seats were operating in Downtown in 2015, representing a 100 percent increase in the number of cafes since 2009.

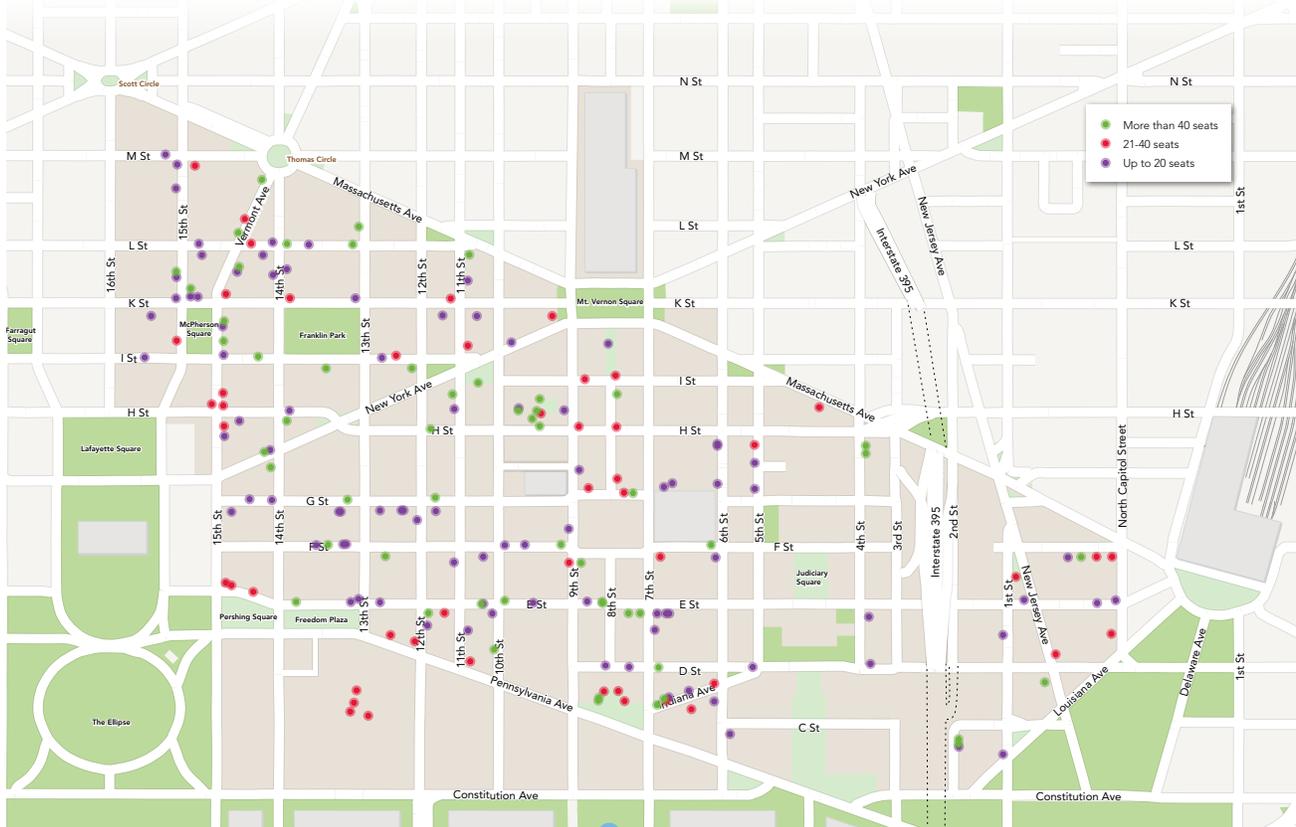
Clean and Safe

The BID remains clean and safe through the work of its Safety/Hospitality and Maintenance (SAM) employees. SAMs work with partners to identify and repair conditions as well as remove trash and graffiti, pressure wash sidewalks, participate beautification efforts, and more. From broken sidewalk pavers, to parking meters, to abandoned bicycles, the BID documents issues and reports them to the proper D.C. government agency to resolve. A total of 3,053 conditions received by the BID were resolved between fiscal year 2012-2015 for a 70 percent resolution rate.

The BID also supports safety efforts in Downtown, engaging with local law enforcement, social service partners and others to address crime and to help individuals experiencing homelessness. Crime in 2015 decreased in all categories in Downtown over 2014, except for homicide (two incidents in 2015 and one in 2014). Single incidents of crime in Downtown in 2015 were highest in the categories of "other theft" (1,327 incidents), which includes "snatch and grab" mobile phone theft, and "theft from auto" (391), though both types of crime decreased in 2015 over the previous year.

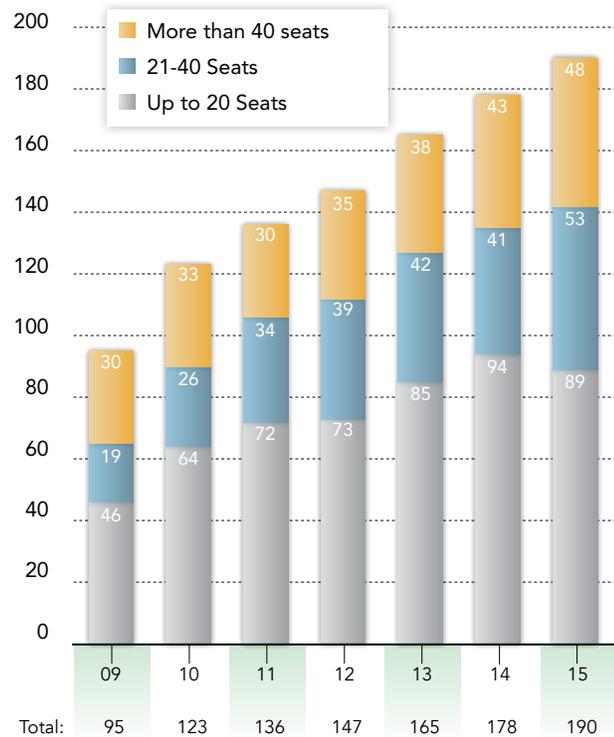
The number of individuals experiencing homeless continued to rise in Downtown as it did throughout D.C. in 2015. The BID in 2015 continued to partner with Pathways to Housing DC to offer a "Housing First" program to transition individuals from the streets to permanent, supportive housing. The BID in 2016 was working with the city to locate and secure a homelessness services center in Downtown.

DowntownDC BID Area Sidewalk Cafes, March 2016



DowntownDC Sidewalk Cafes by Size, 2009–2015

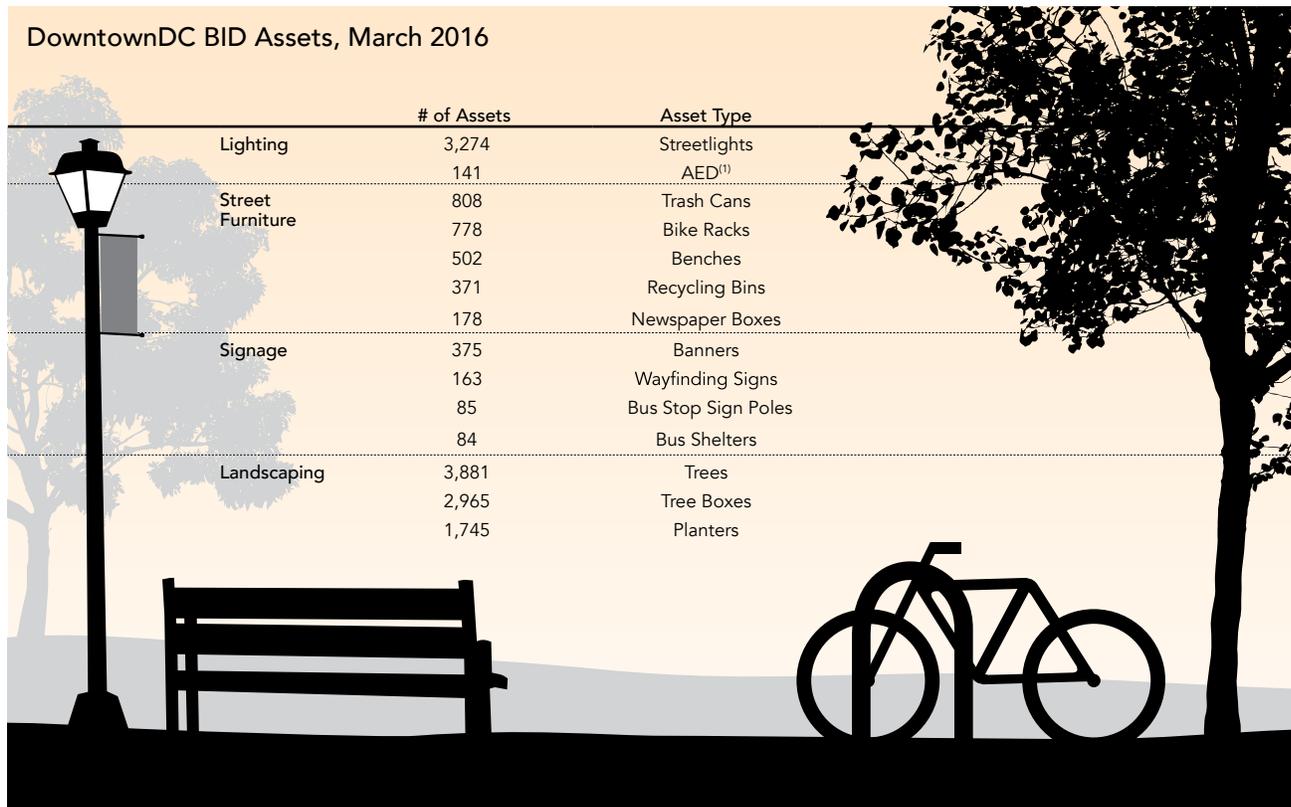
(from July of each year)



Downtown continues to be a place where people choose to locate

Source: DowntownDC BID

DowntownDC BID Assets, March 2016



	# of Assets	Asset Type
Lighting	3,274	Streetlights
	141	AED ⁽¹⁾
Street Furniture	808	Trash Cans
	778	Bike Racks
	502	Benches
	371	Recycling Bins
	178	Newspaper Boxes
Signage	375	Banners
	163	Wayfinding Signs
	85	Bus Stop Sign Poles
	84	Bus Shelters
Landscaping	3,881	Trees
	2,965	Tree Boxes
	1,745	Planters

(1) AED stands for Automated External Defibrillator

Source: DowntownDC BID

DowntownDC Service Request Sample, Fiscal Year 2012–2016

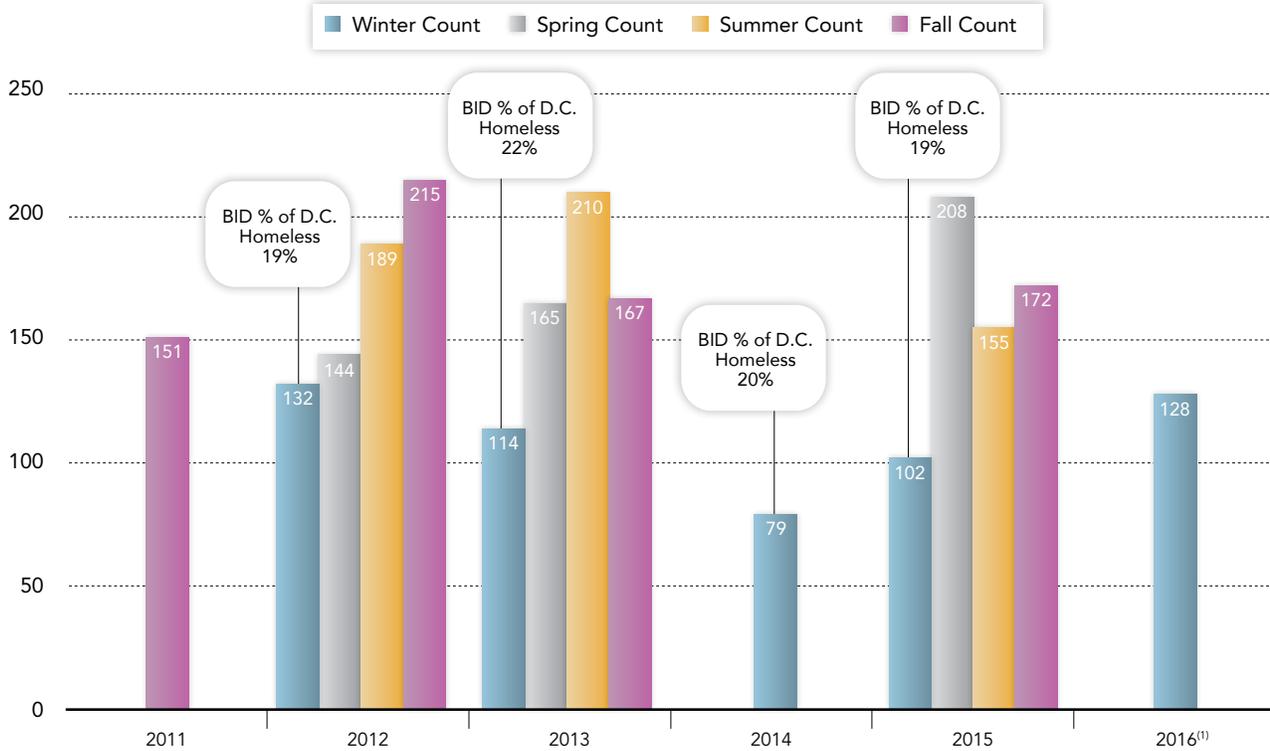
(as of March 2016)

Type	Reported FY 12	Reported FY 13	Reported FY 14	Reported FY 15	Reported FY 16	Total Reported FY 12–FY 16	Total Resolved FY 12–FY 16	% of Reported that have been Resolved
Abandoned Bicycles	31	43	26	38	9	147	142	97%
Parking Meters	45	108	64	23	5	245	177	73%
Sidewalks	234	202	137	121	16	710	355	50%
Street Poles	363	296	128	95	115	997	605	61%
Tree and Tree Boxes	384	464	147	118	6	1,119	939	84%
Curb & Gutter Maintenance & Repair	39	13	12	4	-	68	52	77%
Signage Maintenance & Repair	70	84	22	22	20	218	158	73%
Roadway Maintenance	122	65	52	43	1	283	198	70%
Traffic Signal Maintenance ⁽¹⁾	61	28	32	38	12	171	62	36%
Recycling & Trash Can Repair	152	217	37	46	3	455	365	80%
Total:	1,501	1,520	657	548	187	4,413	3,053	69%

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

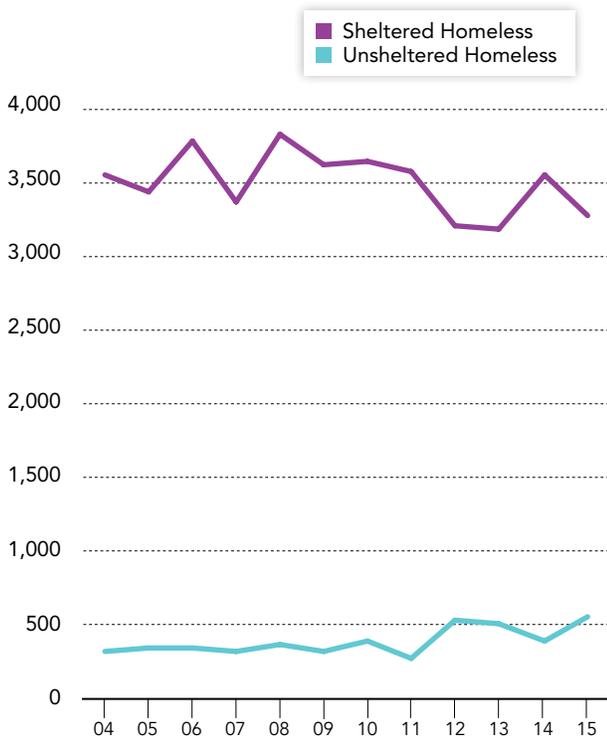
Source: DowntownDC BID

Nighttime Unsheltered Homeless Counts in the DowntownDC BID, 2011–2016



(1) The Metropolitan Washington Council of Governments(MWCOG) report on D.C. Homelessness is released in May of each year.
Sources: DowntownDC BID and MWCOG

D.C. Unaccompanied Homeless, January Point-in-Time Counts, 2004–2015



Source: Metropolitan Washington Council of Governments

D.C. Top 10 Most Walkable Neighborhoods, 2016

Neighborhood	Walk Score ⁽¹⁾
1. Dupont Circle	99
2. DowntownDC	98
2. Golden Triangle	98
2. West End/Foggy Bottom	98
5. 14th & U Streets/Logan Circle	97
5. Adams Morgan	97
5. Barracks Row	97
5. Capitol Hill	97
5. Columbia Heights	97
5. Georgetown	97
5. Mount Vernon Triangle	97

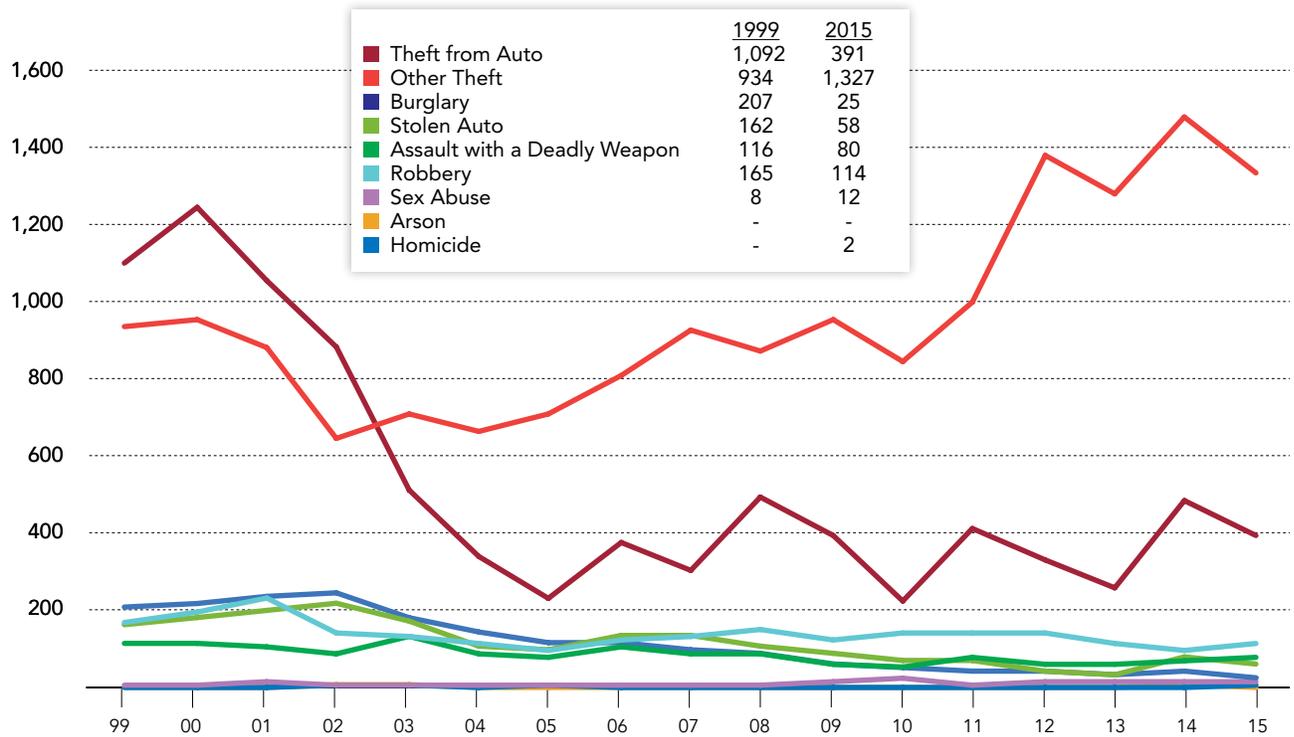
(1) Walk Score is determined by the number of amenities within a 30 minute distance from all addresses within the neighborhood.

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



Crime in 2015 decreased in all categories in Downtown over 2014, except for homicide (two incidents in 2015 and one in 2014).
 (Photo: Adrian Saunders)

Annual Crime Incidents in the DowntownDC BID by Crime Type, 1999–2015



Sources: Metropolitan Police Department and DowntownDC BID



dc financial outlook

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900 New York Avenue NW, which is being developed by Gould Property Company and Oxford Properties, will produce an estimated \$11 million in annual taxes for the D.C. government when it is completed and occupied. (Photo: Ryan Kelly)

Fiscal Strength

The fiscal condition of the District of Columbia in 2015 was excellent by any measure. Led by a new Mayor, a 13-member legislative Council and an independent chief financial officer, 2015 was the city's 19th consecutive year of budget surpluses. The city's debt ratings of Aa1/AA/AA were the 36th best among the nation's 50 states, and the seventh best when compared to the 25 largest cities—slightly above New York City, but behind Boston, San Francisco and Seattle. The city was projecting revenue growth of 3.2 percent per year for the next four years. With future development capacity equal to 20-30 percent of D.C.'s current building base, the city should be able to grow its revenues faster than the rate of inflation, enabling the city to cover annual increases in its current service levels and invest in a balance of new social development and economic development programs and projects.

The city's fiscal strength was highlighted by four major factors: reserves, debt cap, revenue base and development capacity. The city's rainy day fund at the start of fiscal year (FY) 2016 was \$895 million, having increased by \$122 million in 2015, and represented 49 days of annual cash needs. The city's self-imposed debt cap limits annual debt service to 12 percent of general fund expenditures and transfers. For 2015, this ratio was 10.18 percent and was projected to rise to 10.32 percent in fiscal year (FY) 2018. The city's revenue base is the most diverse of any local or state government as D.C. collects individual and business income taxes, general and targeted sales taxes and commercial and residential property taxes. The city also has plenty of space to grow—180-200 million SF of development capacity—which can be conservatively estimated to generate \$1.5-\$2 billion in new annual tax revenue in 2015 dollars.

Unfunded pension liabilities and other post-employment benefit liabilities are not as large of an issue in D.C. as they are in many states and other major cities. D.C.'s combined teacher, police and fireman pensions were 96.2 percent funded in FY 2015, with a gap of \$202 million on total estimated liabilities of \$6.3 billion. The city's other post-employment benefits (OPEB) obligations were 87.2 percent funded, with an actuarial estimated gap of \$152 million on total estimated liabilities of \$1.2 billion. The pension funding levels for Maryland and Virginia were 55 percent and 73 percent, respectively in FY 2015; and their OPEB

funding levels were 197 percent and 49 percent, respectively. Yet, both Maryland and Virginia had higher bond ratings than D.C. at Aaa/AAA/AAA.

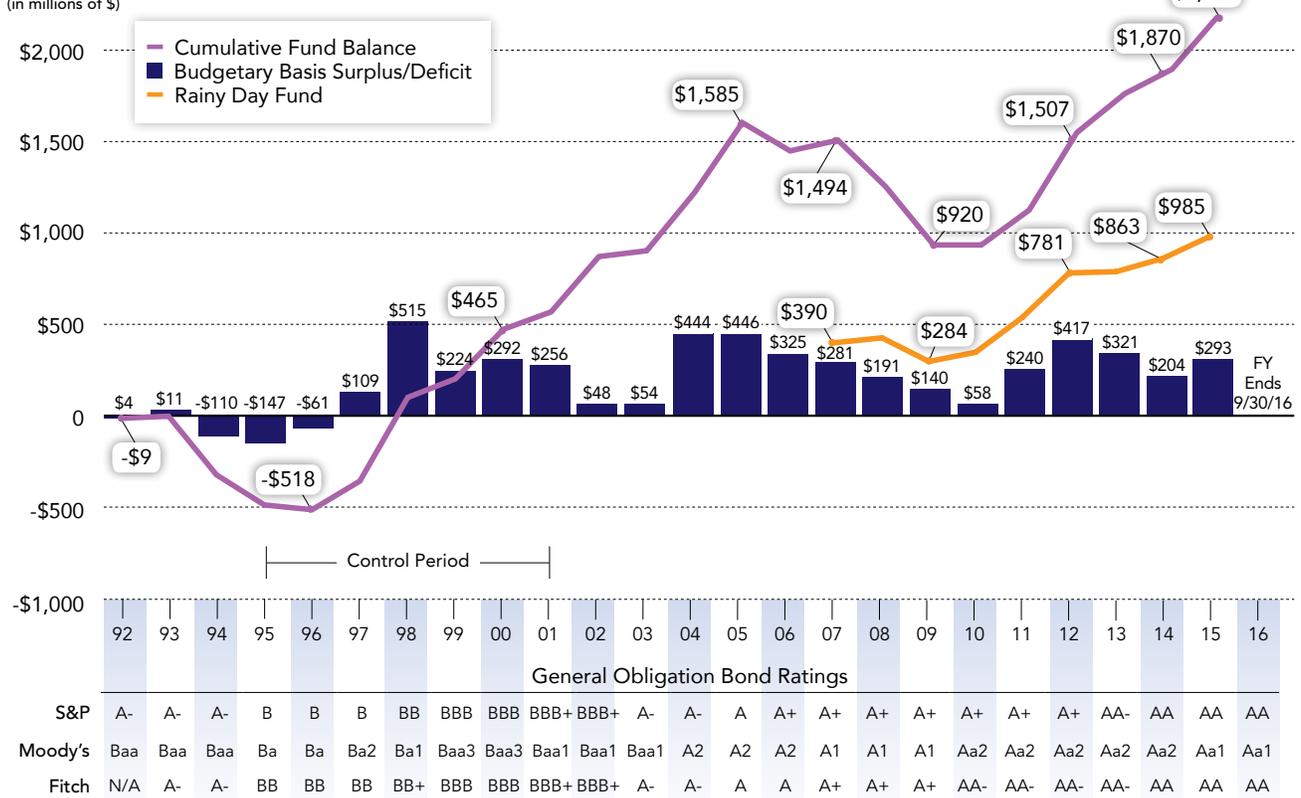
Upgraded Bond Rating

The city's general obligation bond rating was increased by Moody's in March 2015 from Aa2 to Aa1, making D.C.'s ranking with Moody's one notch above the AA ratings from Standard & Poor's and Fitch Ratings. When compared to the private sector, only seven private companies had ratings of Aa1 or higher. Upon upgrading D.C.'s bond rating, Moody's said, "Financial governance is particularly strong, including multi-year financial plans, debt affordability analysis and mandated reserves, which provide a robust framework for the District to maintain a healthy financial position going forward....the upgrade to Aa1 reflects a variety of strong credit features and a degree of resilience in the District's economy to federal downsizing...The District's strong pension position and other-post employment benefit (OPEB) liabilities are low compared to most local governments."

Modest Tax Relief

For 2015-2017, D.C. has been implementing modest net tax relief to make the city's tax system fairer, broader and more competitive. As a result, the individual income tax rate for a new \$40,000-\$60,000 tax bracket was reduced from 8.5 percent to 6.5 percent, the standard deduction increased by approximately \$1,100 per person, the D.C. earned income tax credit significantly increased, the business income tax rate decreased from 9.975 percent to 9 percent (on its way to 8.25 percent) and the threshold for the D.C. estate tax was increased from \$1 million to \$2 million. This tax relief was equal to 7.2 cents on each new dollar of revenue for the affected time period of 2015-2017, or \$73 million per year on total new revenue of \$939 million per year. Assuming full implementation in 2021 of the current tax relief plan, 8.3 cents of each new dollar of tax revenue will have been invested in tax relief.

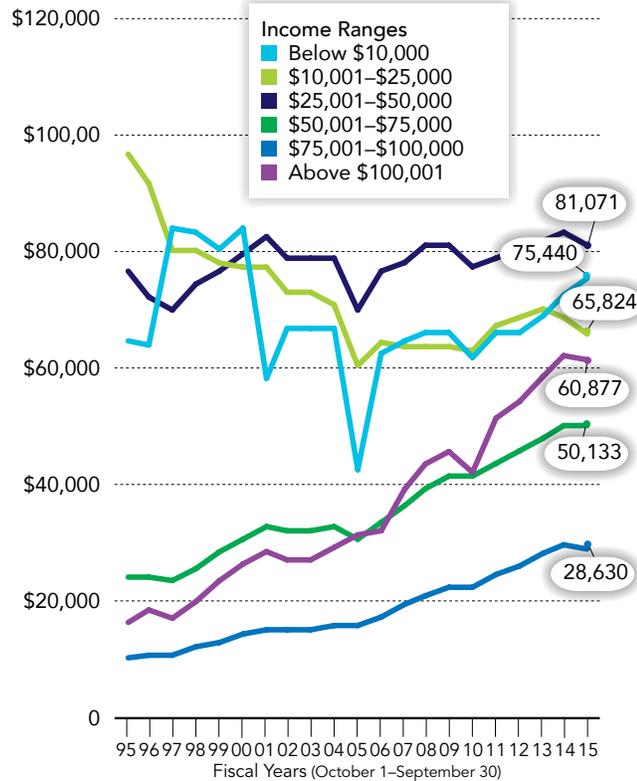
D.C.'s General Fund Financial and Bond Ratings History, Fiscal Years 1992–2016



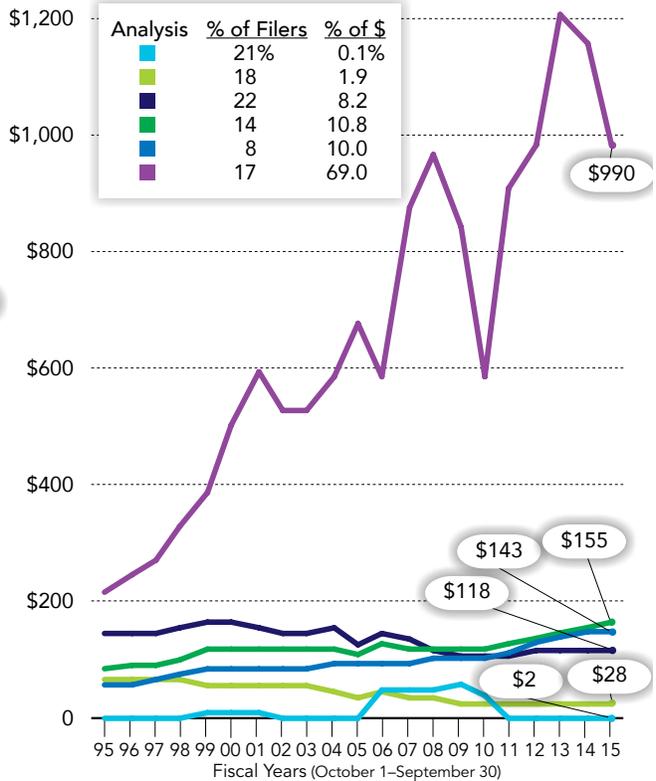
Source: D.C. Chief Financial Officer

D.C. Resident Income Tax Filer Analysis, 1995–2015

Number of Tax Filers by Annual Income



Personal Income Tax Liability by Annual Income (in millions of \$)



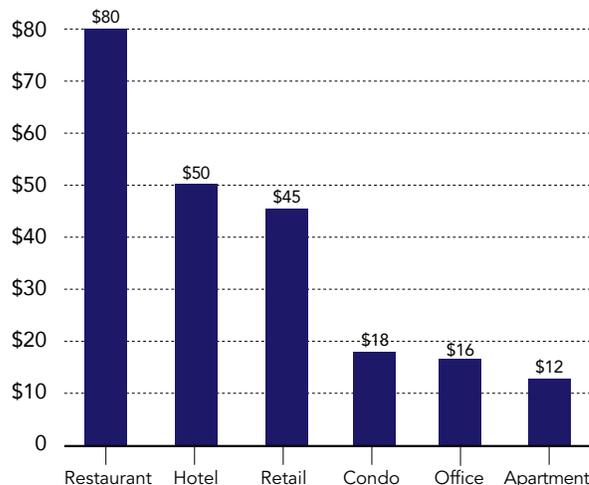
Source: Office of the Chief Financial Officer of the District of Columbia

D.C.'s Development Capacity (As of April 2016) (in Millions of SF)

	SF	%
DowntownDC BID Area	5	3%
CBD, West End and Georgetown	4	2%
Rest of Center City		
Mount Vernon Triangle	4	3%
NoMa	16	9%
Capitol Riverfront	16	9%
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	9%
Ward 7	15	9%
Ward 8	5	3%
Total	174	100%

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

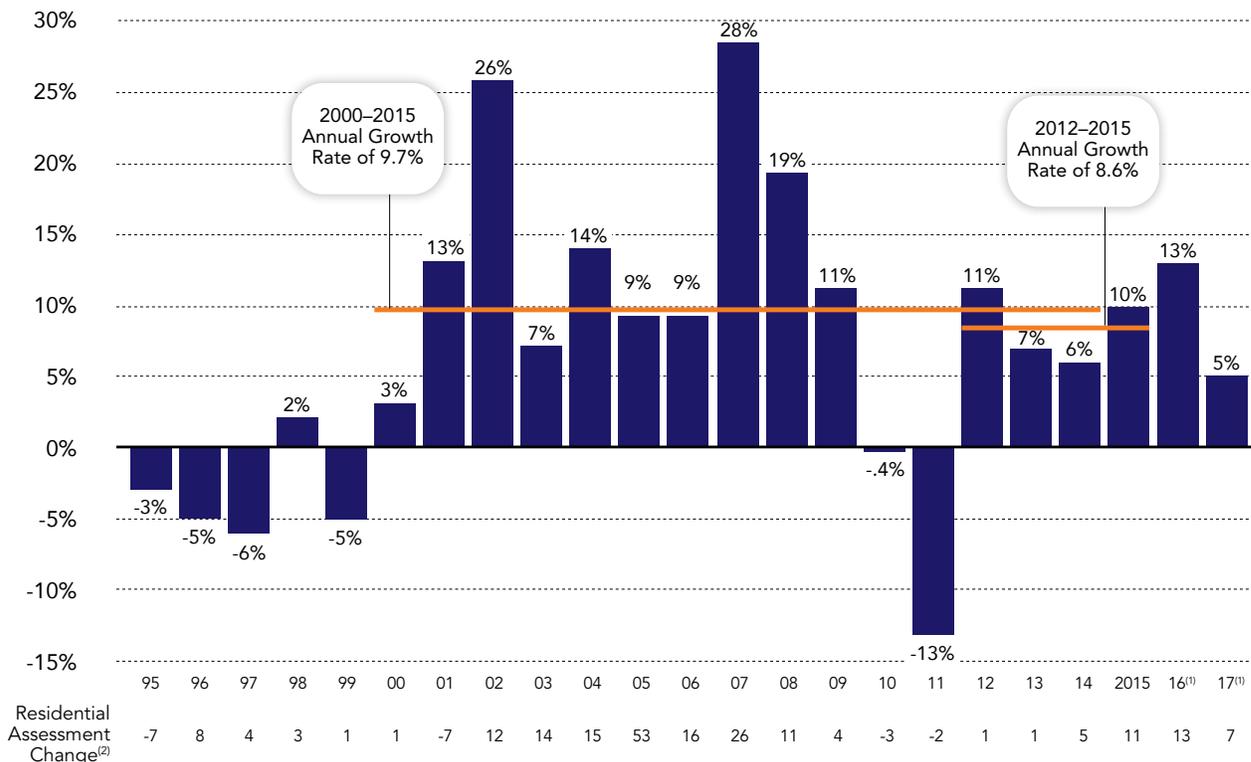
Fiscal Impact of DowntownDC Development by Type (As of April 2016)



	Taxes Generated	
	Per SF	Per 100,000 SF
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

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



(1) As released by the Office of Tax and Revenue on February 29, 2016. The 2016 increase may be lower due to appeals.

(2) Does not include the annual residential assessment cap for owner occupied residential property (25% cap for 2002–2003; 12% cap for 2004–2005; and 10% for 2006–2016)

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

credits

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

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Back Cover Photo

Rendering of Fannie Mae's new headquarters Downtown at Carr Properties Midtown Center. Once fully developed in 2018, the site of the former Washington Post headquarters will contain over 820,000 SF of office space and 49,000 SF of retail.

(Rendering: Carr Properties)



Downtown Business Improvement District Corporation
1250 H Street NW, Washington D.C. 20005
April 2016

