

Verizon Center Development Summary and Impact

Development Activity Within Seven Blocks of the Verizon Center 1995-2014*

	<u>Development Value</u>	<u>Employment Generated</u>	<u>Cumulative Taxes Generated</u>
Projects Completed 1995-2013	\$ 8.1 Billion	52,739 Jobs	\$ 3.3 Billion
Projected Development Completions 2014	\$ 0.4	2,195	\$ 3.8
Cumulative Total	<u>\$ 8.5</u> Billion	<u>54,934</u> Jobs	<u>\$ 3.8</u> Billion

* This development follows the announcement of the plans for a new Downtown sports and entertainment arena, with the exclusion of the Walter E. Washington Convention Center and the Marriott Marquis Convention Center Hotel.

Source: DowntownDC Business Improvement District, January 6, 2014

**The 1995-2014
cumulative development
will generate \$520
million in taxes in 2014.**

Annual Development Within Seven Blocks of the Verizon Center

Development By Type (\$ in millions) (Built Space Numbers in Thousands of SF)

	Total Investment (land& const)	Office Space Built	Retail Space Built	Hotels: Number/Rooms Built	Apartments Built	Condos Built	Movie Screens/Seats Built	Live Theatre Stages/Seats Built	Museums: Number/Square Footage Built	Restaurants Opened/Cumulative
1995	\$ 178	705 SF	84 SF	- Rooms	- Apts	- Condos	-	-	-	0
1996	\$ 59	258	3	-	-	-	-	-	-	0
1997	\$ 53	225	12	-	-	-	-	-	-	3
Verizon Center Opens in December 1997										
1998	\$ -	-	-	-	-	-	-	-	-	4
1999	\$ 193	656	18	-	86	-	-	-	-	7
2000	\$ 340	1,063	44	1	-	-	-	-	-	5
2001	\$ 242	869	132	188	-	-	-	-	-	12
2002	\$ 444	1,238	63	-	58	-	-	-	-	6
2003	\$ 485	1,792	33	184	665	79	-	-	2	18
2004	\$ 826	1,524	411	-	759	-	22	-	70	23
2005	\$ 470	254	70	1	-	1,088	3,600	1	45	9
2006	\$ 705	693	101	383	-	297	-	265	1	32
2007	\$ 977	1,485	36	-	135	706	-	1	382	3
2008	\$ 891	670	178	-	244	590	-	776	1	45
2009	\$ 738	973	51	-	49	559	-	1	30	9
2010	\$ 100	155	-	-	-	-	-	741	2	54
2011	\$ 141	135	5	-	278	-	-	-	525	8
2012	\$ 174	41	-	-	390	-	-	-	1	62
2013	\$ 1,053	672	301	-	458	519	-	-	-	8
Total for 1995 - 2013	\$ 8,069	13,408 SF	1,542 SF	758 Rooms	3,122 Apts	3,838 Condos	22 Screens	3 Theaters	9 museums	79 Restaurants
2014 Projection	\$ 423	539	43	-	-	467	-	-	-	4
Total 1995 - 2014	\$ 8,492	13,947 SF	1,585 SF	758 Rooms	3,122 Apts	4,305 Condos	22 Screens	3 Theaters	9 museums	89 Restaurants
							3,600 Seats	1,782 Seats		

Source: DowntownDC Business Improvement District, January 6, 2014

Annual Incremental Tax Revenues Generated By Development Within Seven Blocks of the Verizon Center

Taxes Generated by the Projects Completed in Each Year Based On Each Year's Delivered/Completed Projects										
	Total Taxes	Office Taxes	Retail Taxes	Hotels Taxes	Apt Taxes	Condos Taxes	Movie Taxes	Live Theater Taxes	Museums Taxes	Restaur- ant Taxes
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Verizon Center Opens in December 1997										
1998	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
1999	9,673	7,305	392	-	663	-	-	-	-	1,313
2000	17,314	12,594	1,009	2,060	-	-	-	-	-	1,650
2001	15,617	11,000	3,180	-	-	-	-	-	-	1,438
2002	22,231	14,611	1,591	2,091	467	-	-	-	770	2,700
2003	36,288	27,121	871	-	5,436	672	-	-	-	2,188
2004	44,809	25,086	11,326	-	6,292	-	1,130	-	-	975
2005	22,349	4,646	2,010	5,133	-	9,468	-	79	-	1,013
2006	18,513	12,664	3,010	-	-	2,616	-	-	224	-
2007	39,068	27,136	1,073	-	1,123	6,121	-	132	333	3,150
2008	31,092	12,243	5,304	-	2,008	5,055	-	-	3,681	2,800
2009	27,445	17,780	1,520	-	403	4,790	-	106	47	2,800
2010	3,806	2,756	-	-	-	-	-	-	-	1,050
2011	7,487	2,198	143	-	2,347	-	-	-	-	2,800
2012	3,591	749	-	-	3,458	-	-	-	14	-630
2013	57,239	12,619	9,150	-	4,061	4,635	-	-	-	26,775
Total for 1995 - 2013	\$ 300,284	\$190,509	\$40,579	\$9,285	\$26,258	\$33,357	\$1,130	\$317	\$5,069	\$51,020
2014 Projection	43,874	\$10,387	\$1,281	\$0	\$0	\$4,170	\$0	\$0	\$0	\$28,035
Total 1995 - 2014	\$ 344,158	\$200,896	\$41,861	\$9,285	\$26,258	\$37,527	\$1,130	\$317	\$5,069	\$79,055

* These tables do not include inflation or valuation changes from that year.
See "Cumulative Taxes Revenues Generated" for analysis of current tax data.

Jobs Generated By Development Within Seven Blocks of the Verizon Center

	Jobs Generated Based On Each Year's Delivered/Completed Projects									
	Total Jobs	Office Jobs	Retail Jobs	Hotel Jobs	Apt Jobs	Condos Jobs	Movie Jobs	Live Theater Jobs	Museums Jobs	Restaurant Jobs
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Verizon Center Opens in December 1997										
1998	160	-	-	-	-	-	-	-	-	160
1999	2,481	2,187	90	-	4	-	-	-	-	200
2000	4,135	3,543	220	132	-	-	-	-	-	240
2001	3,757	2,897	660	-	-	-	-	-	-	200
2002	5,013	4,127	315	129	3	-	-	-	80	360
2003	6,476	5,973	165	-	33	4	-	-	20	280
2004	7,377	5,080	2,055	-	38	-	84	-	-	120
2005	1,659	847	350	268	-	54	-	20	-	120
2006	2,930	2,310	505	-	-	15	-	-	100	-
2007	5,602	4,950	180	-	7	35	-	40	30	360
2008	3,685	2,233	890	-	12	30	-	-	200	320
2009	3,889	3,243	255	-	2	28	-	40	-	320
2010	637	517	-	-	-	-	-	-	-	120
2011	809	450	25	-	14	-	-	-	-	320
2012	96	137	-	-	20	-	-	-	20	(80)
2013	4,034	2,240	1,505	-	23	26	-	-	-	240
Total for 1995 - 2012	52,739	40,733	7,215	529	156	192	84	100	450	3,280
2014 Projection	2,195	1,797	215	-	-	23	-	-	-	160
Total 1995 - 2014	54,934	42,530	7,430	529	156	215	84	100	450	3,440

Source: DowntownDC Business Improvement District, January 6, 2014

Cumulative Tax Revenues Generated By Development Within Seven Blocks of the Verizon Center

0-Jan-00

Year	Taxes Generated for New Properties	Prior Year Total	Increase For Prior Year's Taxes Generated	Annual Taxes Generated
1998	\$900			\$900
1999	\$9,673	\$954	6%	\$10,627
2000	\$17,314	\$11,264	6%	\$28,578
2001	\$15,617	\$30,293	6%	\$45,910
2002	\$22,231	\$48,665	6%	\$70,896
2003	\$36,288	\$75,149	6%	\$111,437
2004	\$44,809	\$118,124	6%	\$162,933
2005	\$22,349	\$172,709	6%	\$195,058
2006	\$18,513	\$214,564	10%	\$216,062
2007	\$39,068	\$237,668	10%	\$259,445
2008	\$31,092	\$272,417	5%	\$303,509
2009	\$27,445	\$318,684	5%	\$346,130
2010	\$3,806	\$363,436	5%	\$367,242
2011	\$7,487	\$348,880	-5%	\$356,367
2012	\$3,591	\$374,186	5%	\$377,777
2013	\$57,239	\$396,666	5%	\$453,905
Cumulative Taxes Generated from 1998- 2012				\$3,306,776
2014	\$43,874	\$476,600	5%	\$520,474
Cumulative Taxes Generated from 1998- 2014				\$3,827,250

Verizon Center Study Assumptions

Tax Calculations (the following sectors include each numbered component)

Office

- 1) Property taxes on office buildings: **(SF x price per SF x 0.0185)**
- 2) Deed recordation and transfer taxes (assumes sale of buildings every 20 years): **(SF x 0.05 x price per SF x deed and recordation tax)**
- 3) Assumes 1/3 of new office workers become new District residents not living within 7 blocks of the Verizon Center.
These residents generate property, income and sales taxes: **(SF/ 300 SF per office worker x (1/3) workers x tax contribution per worker who is a resident)**
- 4) Retail taxes from office workers not living in D.C. **(300 SF per office worker x 2/3 (8 x 8 x 200 x Restaurant Sales Tax + 1,000 x General Sales Tax))**

Retail

- 1) Assumes 20% of retail is breakfast and lunch venues with 9% sales tax (10%- 1% to convention center): **(SF x 0.2 x eatery sales per SF x 0.09)**
- 2) Assumes 60% of retail is shoppers goods with General Sales Tax: **(SF x 0.6 x shoppers goods sales per SF x General Sales Tax)**

Hotels

- 1) Tax on room revenue (assumes annual occupancy of 70%): **(No. of rooms x avg room rate x 0.7 occupancy rate x 365 days per year x 0.145)**
- 2) Property taxes on hotel: **(No. of rooms x market value of hotel room x 0.0185)**

Apartments

- 1) Resident income taxes (assumes 85% of residents pay taxes in D.C. and there are 1.2 residents per unit): **(Units x 1.2 x \$5,175 per resident x 0.85)**
- 2) Taxes on resident spending not within 7 blocks of the Verizon Center: **(Units x resident spending x General Sales Tax)**
- 3) Property taxes on apartments: **(Units x value of apartment x tax rate)**

Condos

- 1) Resident income taxes (assumes 85% of residents pay taxes in DC and there are 1.2 residents per unit): **(Units x 1.2 x \$5,175 per resident x 0.85)**
- 2) Taxes on resident spending not within 7 blocks of the Verizon Center: **(Units x resident spending x General Sales Tax)**
*Resident spending based on "Market Potentials for Destination Retail in Downtown DC", Gould and Chapman 2005
- 3) Property taxes on condos: **(Units x [value of condo -condo homestead deduction] x tax rate)**

Movie Screens/Seats

- 1) Sales tax on tickets: **(Attendance x ticket price x General Sales Tax)** (Ticket Price increased from \$8 to \$10 in 2009)
- 2) Sales tax on snacks (assumes 50% of attendees purchase \$4 worth of snacks): **(Attendance x 4 x 0.1)**

Live Theatre Seats

- 1) Sales tax on tickets (assumes tickets average \$25 each): **(Attendance x ticket price x General Sales Tax)**
- 2) Sales tax on drinks (assumes 50% of attendees spend \$10 at the bar): **(Attendance x 0.5 x 10 x 0.12)**

Museums

- 1) Sales tax on museum food (assumes 20% of visitors spend \$10 on food): **(Attendance x 0.2 x 10 x 0.10)**
- 2) Sales tax on museum store sales (assumes 50% of visitors spend \$10 in the museum store): **(Attendance x 0.5 x 10 x General Sales Tax)**
- 3) Sales tax on ticket sales (applies only to the spy museum): **(Attendance x ticket price x Retail Sales Tax)**

Restaurants

- 1) Sales tax on restaurant sales: **(No. of restaurants x sales per restaurant x 0.10)**

Job Calculations

Offices

Formula: SF/300 SF per worker

Retail

Formula: SF/200 SF per worker

Hotels

Formula: No. of rooms x 0.7 worker per room

Apartments

Formula: No. of units/20 units per worker

Condos

Formula: No. of units/20 units per worker

Movie Screens/Seats

Formula: (No. of screens x 2 workers/screen) + 2 workers/screen x (No. of screens - 2)

Live Theatre Seats

Formula: Called theatre/ General estimate

Museums

Formula: Called museums/ General estimate

Restaurants

Formula: No. of restaurants x 4,000 SF per restaurant x (10 workers/1000 SF)

	Office			Retail		Hotel			Apartments			Condos			Restaurants		Sales tax	
	\$/SF	Deed and recordation tax	Tax contribution	Restaurant Sales PSQF	Regular Retail PSQF	Avg room rate	Avg room Value (\$ mil)	Occupancy Rate	Value of unit	Homestead deduction	Tax rate	Value of unit	Homestead deduction	Tax rate	Restaurant sales	Restaurant	General	Hotel
1998	\$250	0.022	4,600	600	250	\$150	0.25	70%	\$200,000	\$30,000	0.0096	\$200,000	\$30,000	0.0096	\$2,500,000	0.10	0.0575	0.13
1999	\$275	0.022	4,800	625	269	\$155	0.26	70%	\$212,000	\$30,000	0.0096	\$225,000	\$30,000	0.0096	\$2,625,000	0.10	0.0575	0.145
2000	\$300	0.022	5,000	650	288	\$161	0.27	70%	\$224,000	\$30,000	0.0096	\$250,000	\$30,000	0.0096	\$2,750,000	0.10	0.0575	0.145
2001	\$330	0.022	5,200	675	307	\$162	0.29	70%	\$236,000	\$30,000	0.0096	\$275,000	\$30,000	0.0096	\$2,875,000	0.10	0.0575	0.145
2002	\$275	0.022	5,400	700	326	\$157	0.30	70%	\$248,000	\$30,000	0.0096	\$300,000	\$30,000	0.0096	\$3,000,000	0.10	0.0575	0.145
2003	\$425	0.030	5,600	725	345	\$155	0.31	70%	\$260,000	\$30,000	0.0096	\$325,000	\$30,000	0.0096	\$3,125,000	0.10	0.0575	0.145
2004	\$490	0.022	5,800	750	364	\$171	0.33	70%	\$272,000	\$30,000	0.0096	\$350,000	\$30,000	0.0096	\$3,250,000	0.10	0.0575	0.145
2005	\$572	0.022	6,000	775	383	\$192	0.34	70%	\$284,000	\$60,000	0.0096	\$375,000	\$60,000	0.0096	\$3,375,000	0.10	0.0575	0.145
2006	\$550	0.029	6,200	800	400	\$201	0.35	72%	\$300,000	\$60,000	0.0092	\$400,000	\$60,000	0.0092	\$3,500,000	0.10	0.0575	0.145
2007	\$550	0.029	6,200	800	400	\$214	0.35	76%	\$300,000	\$60,000	0.0088	\$400,000	\$60,000	0.0088	\$3,500,000	0.10	0.0575	0.145
2008	\$550	0.029	6,200	800	400	\$220	0.35	75%	\$300,000	\$60,000	0.0085	\$400,000	\$60,000	0.0085	\$3,500,000	0.10	0.0575	0.145
2009	\$550	0.029	6,200	800	400	\$211	0.35	77%	\$300,000	\$60,000	0.0085	\$400,000	\$60,000	0.0085	\$3,500,000	0.10	0.0575	0.145
2010	\$525	0.029	6,200	750	375	\$215	0.35	77%	\$325,000	\$67,500	0.0085	\$400,000	\$67,500	0.0085	\$3,500,000	0.10	0.06	0.145
2011	\$450	0.029	6,200	750	375	\$222	0.40	78%	\$325,000	\$67,500	0.0085	\$400,000	\$67,500	0.0085	\$3,500,000	0.10	0.06	0.145
2012	\$550	0.029	6,200	750	375	\$220	0.40	77%	\$375,000	\$67,500	0.0085	\$425,000	\$67,500	0.0085	\$3,500,000	0.10	0.06	0.145
2013	\$575	0.029	6,200	800	400	\$220	0.40	77%	\$375,000	\$67,500	0.0085	\$450,000	\$67,500	0.0085	\$3,500,000	0.10	0.06	0.145
2014	\$600	0.029	6,200	800	400	\$225	0.40	77%	\$375,000	\$67,500	0.0085	\$450,000	\$67,500	0.0085	\$3,500,000	0.10	0.0575	0.145