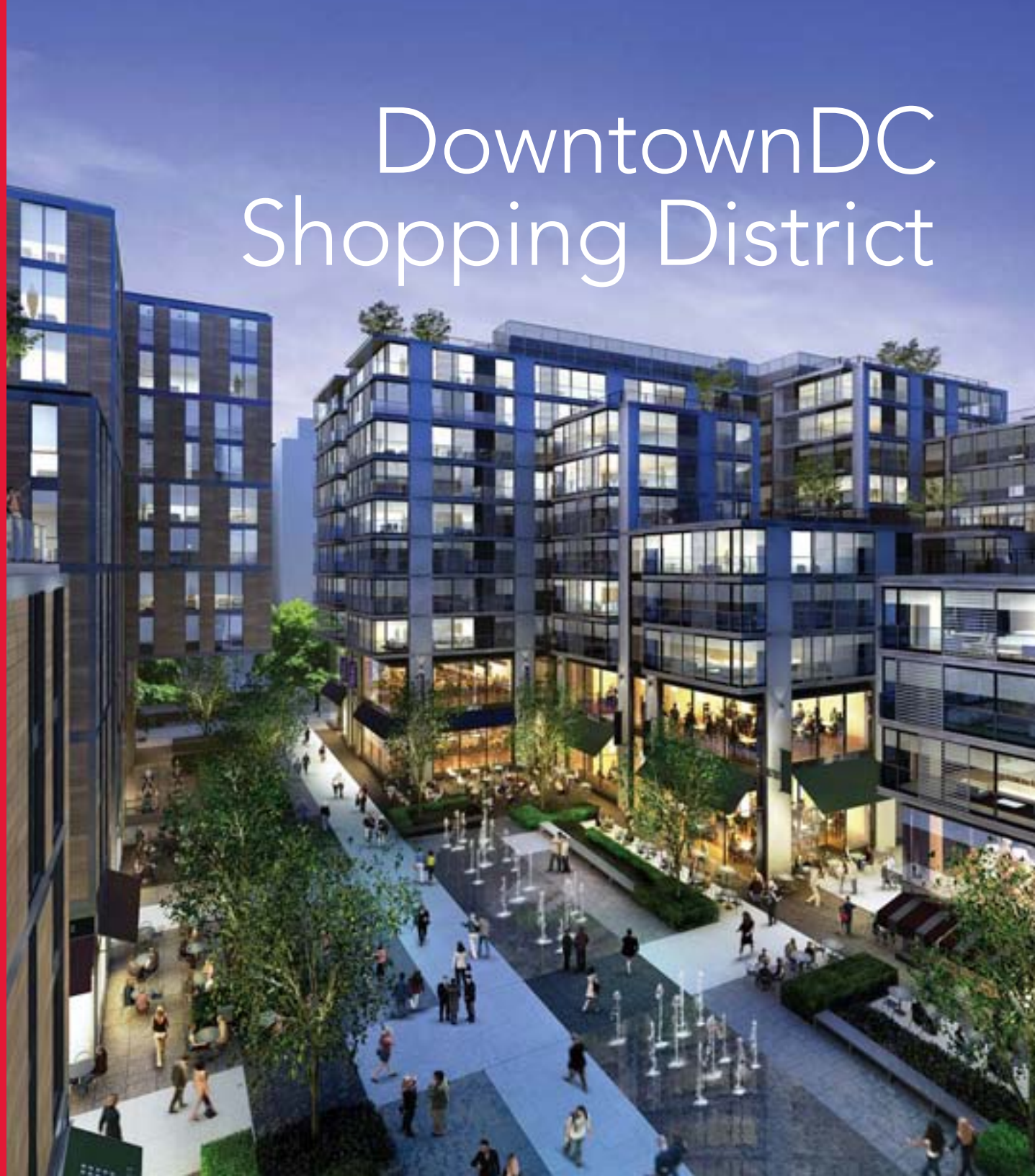




2011

DowntownDC Shopping District



DowntownDC is Retail 3.0

As the city's premier destination center, DowntownDC radiates with vivacity, culture and energy. DowntownDC is remarkable and hip with a fresh attitude focused on quality, accessibility, sustainability and profitability. DowntownDC is retail 3.0, poised to take your retail business to a whole new level:

- NEARLY 20,000 HOUSEHOLDS IN AND AROUND DOWNTOWNDC
- MORE THAN ONE-THIRD OF DOWNTOWNDC RESIDENTS ARE BETWEEN THE AGES OF 20 AND 34
- DOWNTOWNDC RESIDENTS INCREASED BY 46% FROM 38,000 IN 2000 TO 56,000 IN 2010
- BY 2015 THE NUMBER OF DOWNTOWNDC RESIDENTS IS PROJECTED TO GROW BY 16% TO 65,000
- 90,000 UNIVERSITY STUDENTS CITYWIDE WITH EASY ACCESS TO DOWNTOWNDC
- 3 MILLION PEOPLE STAY IN DOWNTOWNDC AREA HOTELS ANNUALLY
- 9.5 MILLION PEOPLE ATTEND DOWNTOWNDC CULTURE AND ENTERTAINMENT ATTRACTIONS ANNUALLY
- 313,000 OFFICE WORKERS IN DOWNTOWNDC
- 602,000 DC RESIDENTS (29,244 INCREASE FROM 2000)
- 42,000 DC TAX FILERS EARN MORE THAN \$100,000/YEAR (UP 15,000 FROM 2000)

DowntownDC is poised to become an exciting new regional shopping destination since construction began at the CityCenter DC project in April 2011. Downtown's unmet shoppers' goods retail demand is approximately \$600 million.

Table of Contents

Retail Opportunity

DowntownDC
Retail Overview
2

Retail Demand &
Supply
3

CityCenterDC
4

Retail Demand Drivers

Employment &
Office Market
6

Population &
Housing
8

Culture &
Entertainment
10

Hotels &
Convention Center
12

Restaurants
14

Transportation
16

ON THE COVER

The Central Plaza of the CityCenterDC project now under construction.

DowntownDC Retail Overview

- DowntownDC BID area currently has 600,000 SF of shoppers' goods retail:
 - Alden Shoes
 - American Apparel
 - Andrew's Ties
 - Ann Taylor
 - Ann Taylor Loft
 - Artifactory
 - Aveda
 - Banana Republic
 - Barnes & Noble
 - Bed Bath & Beyond
 - Capitol Hemp
 - City Sports
 - Coup de Foudre
 - Dress Barn
 - Filene's Basement
 - Forever21
 - Guess
 - H&M
 - Ida's Idea
 - Johnston & Murphy
 - Jos. A. Bank
 - L'Occidentale
 - lou lou Boutique
 - Macy's
 - Mia Gemma
 - Nine West
 - Peruvian Connection
 - Pua Naturally
 - Urban Outfitters
 - Zara
- CityCenterDC will add approximately 325,000 SF of retail space
 - 185,000 SF south of Eye Street (2013)
 - 140,000 SF north of Eye Street (2014–15)
- Current Large Vacancies
 - 20,000 SF in 601 Thirteenth Street
 - 20,000 SF in 1150 F Street
 - 20,000 SF in 950 F Street (currently reserved for Anthropologie)
- Up to 100,000 SF of conversion from non-shoppers' goods to shoppers' goods retail
- The DowntownDC Shopping District can grow to one million SF by 2015 to serve Downtown workers, visitors, and residents and attract shoppers from throughout the DC area

NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated.



Ground floor vacancy in the DowntownDC BID area was 7% as of March 2011, moving below 10% for the first time since data collection began in 2000.

Retail Demand & Supply

DOWNTOWNDC RETAIL OPPORTUNITY FOR SHOPPERS' GOODS, APRIL 2010 (FROM 9TH AND G STREETS, NW)

		2010	2015 (Projected)	Change 2010-2015 (Projected)
INPUTS FOR RETAIL DEMAND PROJECTIONS				
Office Worker Market	Office Space Within 5 Blocks	41 million SF	44 million SF	3 million SF
	Office Space Within 15 Blocks	124 million SF	135 million SF	11 million SF
	Office Workers Within 5 Blocks	117,000	129,000	12,000
	Office Workers Within 15 Blocks	420,000	466,000	46,000
Non-Office Worker Market	Non-Office Workers Within 5 Blocks	11,000	15,000	4,000
	Non-Office Workers Within 15 Blocks	30,000	36,000	6,000
Residential Market	Population Within 5 Blocks	6,300	7,100	800
	Population Within 15 Blocks	55,600	65,400	9,800
Visitor Market	Hotel Rooms Within 5 Blocks	3,300	4,900	1,600
	Hotel Rooms Within 15 Blocks	16,900	20,300	3,400
	Hotel Rooms Citywide	27,400	31,400	4,000
	Hotel Room Nights Within 5 Blocks	0.9 million	1.4 million	0.5 million
	Hotel Room Nights Within 15 Blocks	4.5 million	5.4 million	0.8 million
	Hotel Room Nights Citywide	7.3 million	8.4 million	1.0 million
INPUTS FOR RETAIL SUPPLY PROJECTIONS				
SF of Shopper's Goods Retail Within 15 Blocks		0.7 million	1.0 million	0.3 million
RETAIL SALES OPPORTUNITY ANALYSIS — 15 BLOCKS				
Dollars of Retail Demand	Office Worker Market	\$504 million	\$605 million	\$101 million
	Residential Market	271 million	332 million	61 million
	Overnight Hotel Visitor Market ⁽¹⁾	91 million	108 million	17 million
	Total	\$866 million	\$1,045 million	\$179 million
Dollars of Retail Supply ⁽²⁾		\$279 million	\$392 million	\$113 million
Retail Opportunity (Current DowntownDC BID Area Retail Demand Less DowntownDC BID Area Retail Supply)		\$587 million in annual sales	\$653 million in annual sales	\$66 million

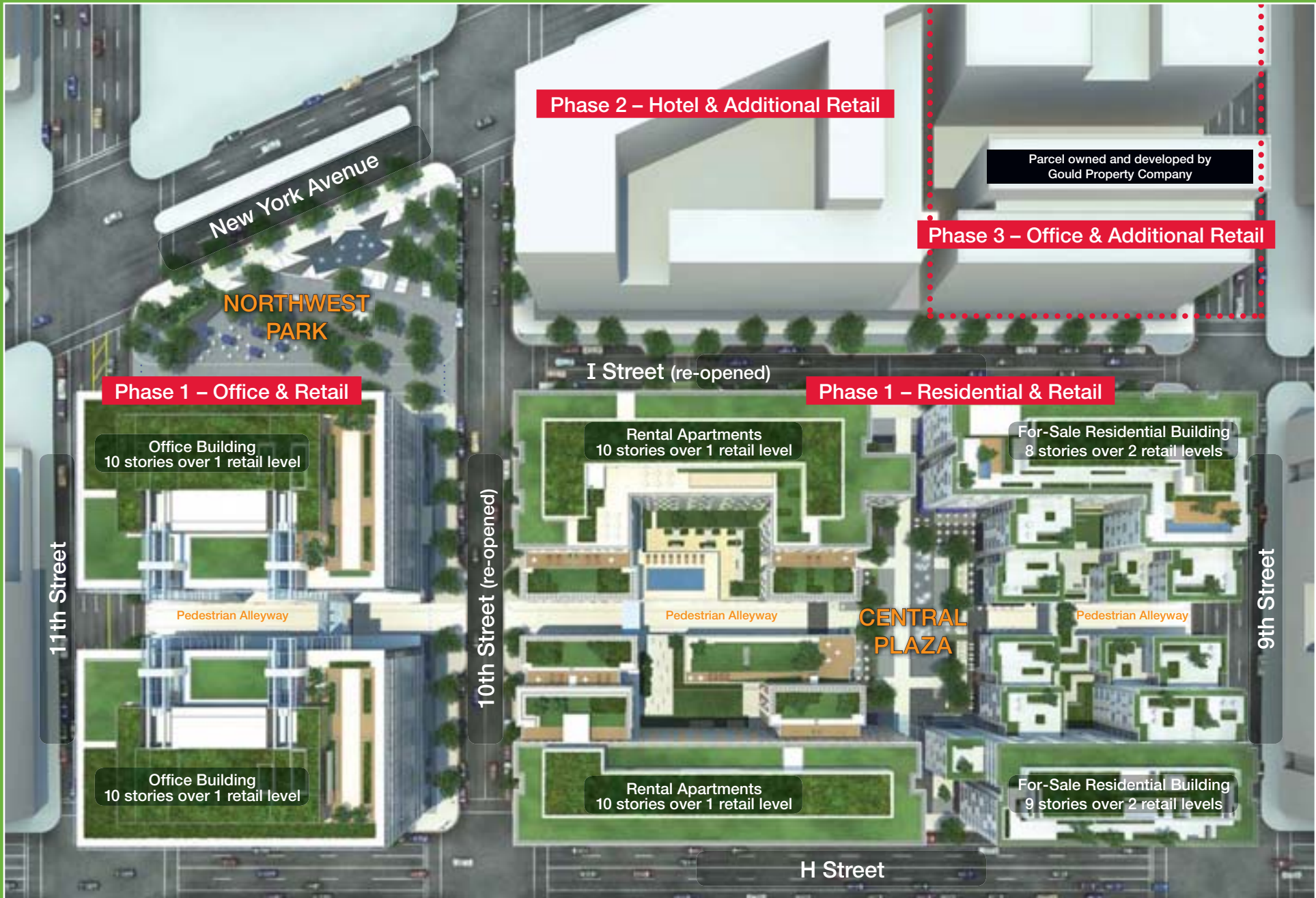
(1) Overnight visitor market retail demand is calculated from hotel guests within 15 blocks of the 9th and G Streets.

(2) Retail supply for 2009 assumes sales of \$250/SF for department stores; \$350/SF for bookstores and electronics, and \$400/SF for all other shoppers' goods.

Source: CoStar Group (office space data); 2000 Census and DowntownDC BID (residential market data); Smith Travel Research (visitor market data)

Current retail demand in DowntownDC is being met outside of this area. Retailers opening in the CityCenterDC project and elsewhere in the DowntownDC shopping District can reasonably expect to capture sales between \$500 per SF and \$800 per SF.







CityCenterDC

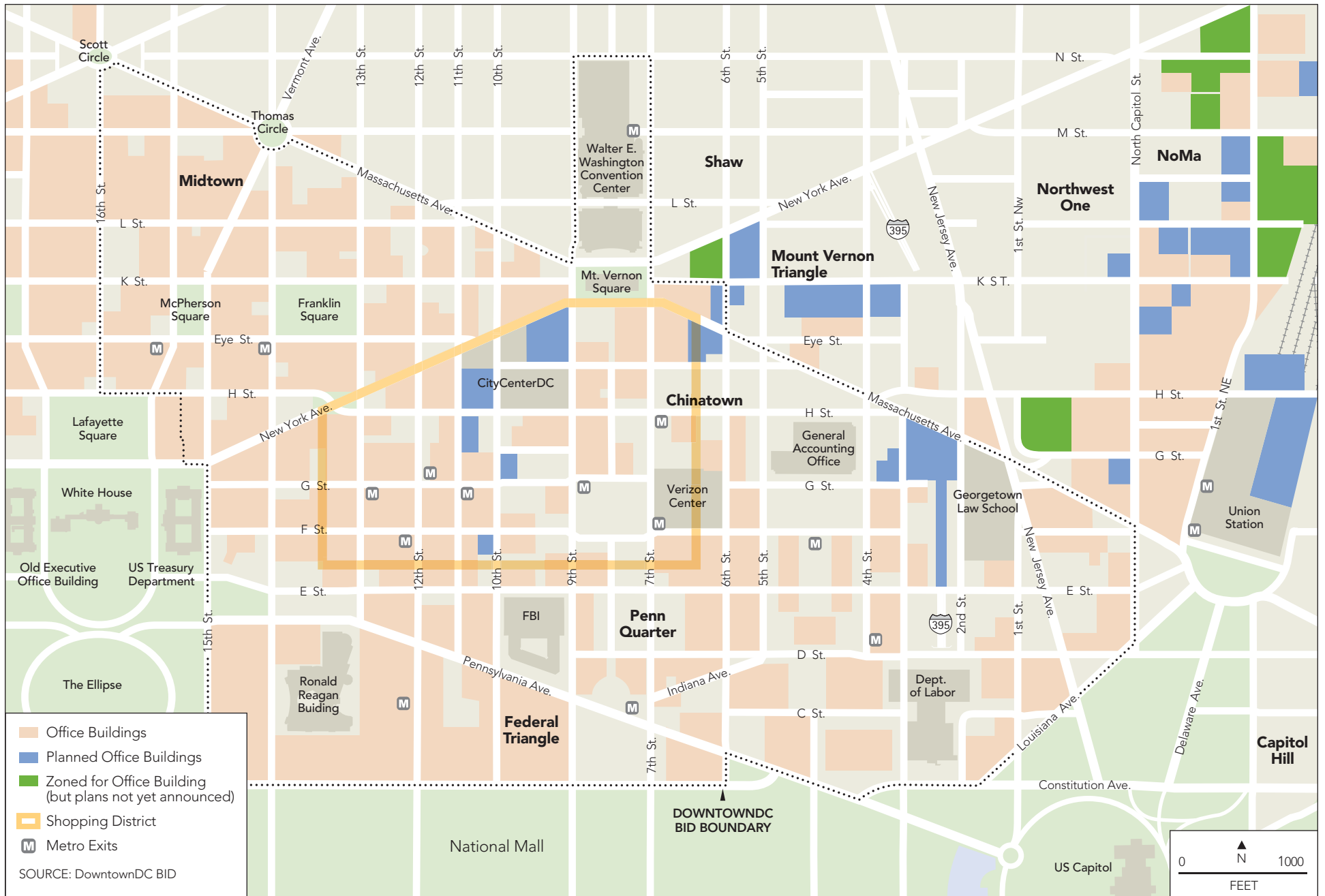
The opening of CityCenter DC Phase I in 2013, will transform DowntownDC's shoppers' goods landscape with 185,000 SF of retail.

CITYCENTERDC PROJECT SUMMARY

Use	Phase One	Phase Two	Phase Three	Total
Investment	\$700 million	\$140 million	\$200 million	1,040 million
Office	520,000 SF	–	560,000 SF	1,080,000 SF
Hotel	–	350 Rooms	–	350 Rooms
Retail	185,000 SF	110,000 SF	40,000 SF	335,000 SF
Apartment	458 Units	–	–	458 Units
Condominium	216 Units	–	–	216 Units
Parking	1,570 Spaces	200 Spaces	330 Spaces	2,100 Spaces
Groundbreaking Date	April 4, 2011	Not Established	Not Established	NA
Completion Date	3rd & 4th Q 2013	Not Established	Not Established	NA

Source: DowntownDC BID







Employment & Office Market

- **DC Employment:** 709,700 (March 2011, Not Seasonally Adjusted)
- **Total Downtown Employment:** 382,200 (March 2011)
 - 312,800 Office Jobs
- **DowntownDC BID Area Employment:** 180,800 jobs (March 2011)
 - 158,100 Office Jobs
- **DC Employment:**
 - 9,200 jobs added in 2010
 - 44,800 jobs added (2003–2009)
 - 40% of this growth was in DowntownDC BID area
- **DC adds 5,000 to 8,000 jobs per year**
- **Average DowntownDC BID area worker makes \$79,600 per year (4Q 2010)**
 - 47,700 earn more than \$90,000
 - 38,900 earn between \$75,000 and \$90,000
 - 64,400 earn between \$50,000 and \$75,000
 - 28,300 earn less than \$50,000
- **DowntownDC BID Office Space:**
 - 68 million SF of office space
 - 48 million SF privately owned
 - 20 million SF government owned (16 million SF federal)
 - Rents: Full Service Class A of \$60.17 per SF (\$55.24 per SF all classes)
 - Vacancy: 10.4% all classes

313,000 office workers work in and around the DowntownDC Shopping District with \$376 million of shoppers goods' retail demand.

NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated. Downtown is defined as the area between the Potomac River and Rock Creek Park to the west, P Street to the north, 3rd Street, NE to the east and Constitution Avenue to the south.



18,922 households, within one mile of the DowntownDC Shopping District, have a median income of \$43,763.

Population & Housing Market

Population is Growing

- **Citywide**
 - From 572,000 in 2000 to 602,000 in April 2010
 - Projected to grow to 631,000 by 2015
- **15 minute walk from the DowntownDC BID area ⁽¹⁾**
 - From 38,100 in 2000 to 55,600 in 2010
 - Projected to grow to 65,400 by 2015
- **DowntownDC BID area**
 - From 4,900 in 2000 to 8,500 in 2010
 - Projected to grow to 9,400 by 2015
- **Average DowntownDC BID area rent: \$2,445 monthly**
- **Average DowntownDC BID area condominium price: \$400,000**
- **Housing costs imply an average DowntownDC BID area annual household income of \$120,000**
- **The number of income tax filers with incomes above \$100,000 in DC rose from 26,000 in 2000 to 42,000 in 2010, accounting for over half of the increase in citywide residents over the same period.**

(1) Equals a 1 mile radius from 9th and G Streets, NW

NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated.





9.5 million culture and entertainment patrons frequent the area adjacent to the DowntownDC Shopping District.

Culture & Entertainment

- **2010 Attendance**
 - Verizon Center: 2,500,000
 - 15 Museums: 5,600,000
 - 6 Performance Stages: 626,000
 - 2 Cinemas: 1,290,000

- **Patrons to DowntownDC BID Area Culture & Entertainment Attractions**
 - 9.5 million visitors
 - Projected to grow to 11 million by 2015
 - 29 million visitors to 9 National Mall museums

- **Nightlife and Entertainment**
 - Downtown has a variety of after work and nighttime activities
 - 7th Street corridor offers nightclubs, bars and lounges, billiards and bowling
 - In late spring of 2011, the Riot Act, a new comedy club, is expected to open on the northwest corner of 8th and E Streets, NW.

- **Conventions**
 - 1 million convention visitors bring Downtown total visitation to 10.5 million

NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated.



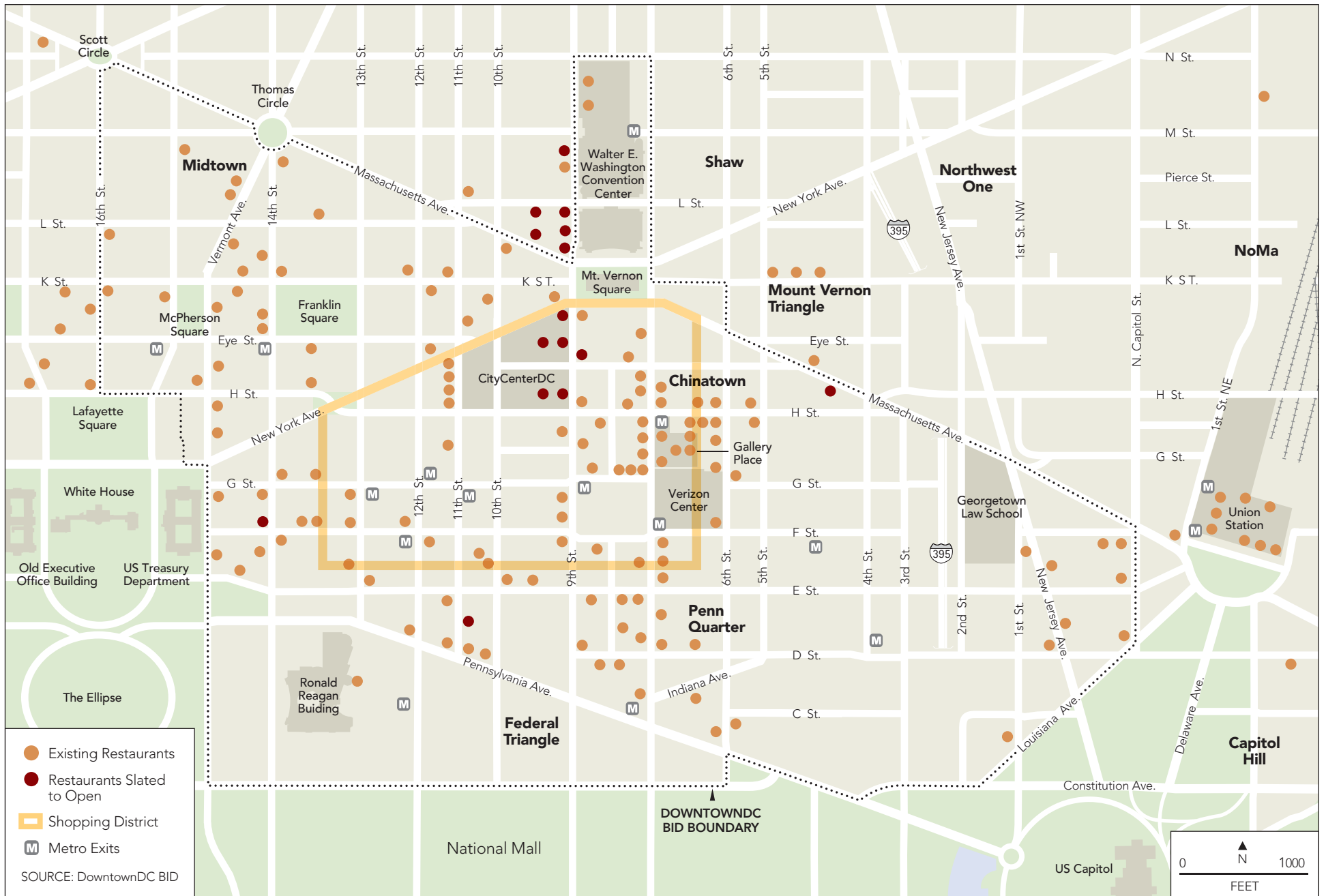
Hotels & Convention Center

MARRIOTT MARQUIS CONVENTION CENTER HEADQUARTERS HOTEL OVERVIEW

- 1,175 rooms
- 128,000 SF Ballroom/Meeting Space
- Six restaurants/bars
 - 779 seats total
- 31,000 SF of retail
- 400 parking spaces
- Start date: November 10, 2010
- Projected completion date: 2014
- Other
 - 1.3 million gross SF
 - 83,000 SF parcel of land
 - Underground walkway to convention center
 - 14 floors

One million convention center attendees pass through the DowntownDC Shopping District each year, and 3 million guests stay in surrounding hotels each year.

- The Marriott Marquis Convention Center Headquarters Hotel broke ground in November 2010 and will be completed in 2014
- 2010 attendance of 980,000 at the Walter E. Washington Convention Center in DowntownDC
- 27 hotels and 9,600 rooms in the DowntownDC BID area
 - 29 hotels and 11,170 rooms in 2015
 - 2.6 million hotel room nights
- 134 Hotels and 27,000 rooms citywide
- Hotel performance in the DowntownDC BID area ranked among the best in the US in 2010
 - Revenue per available room of \$165 (\$145 in 2006)
 - Performed better than Midtown, New York City hotels during March–April of 2010 and 2011
- New hotels in Downtown
 - Hotel Monaco – 2002
 - Sofitel – 2002
 - Hampton Inn – 2005
 - Embassy Suites – 2005
 - Marriott Marquis Convention Center Headquarters Hotel (1,175 rooms) – 2014
- Renovated hotels in Downtown
 - St. Regis (Renovation) – 2007
 - Donovan House – 2008
 - W Hotel – 2009
 - Capital Hilton – 2009/2010
 - Renaissance Hotel – 2009/2010
 - Fairfield Inn & Suites – 2010/2011
 - Grand Hyatt – 2011/2012 (planned)

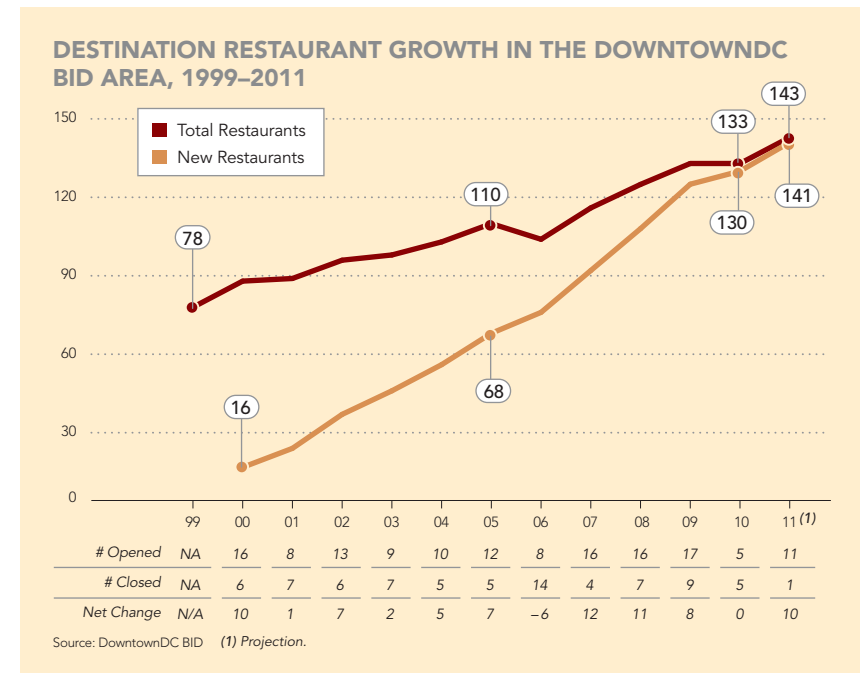




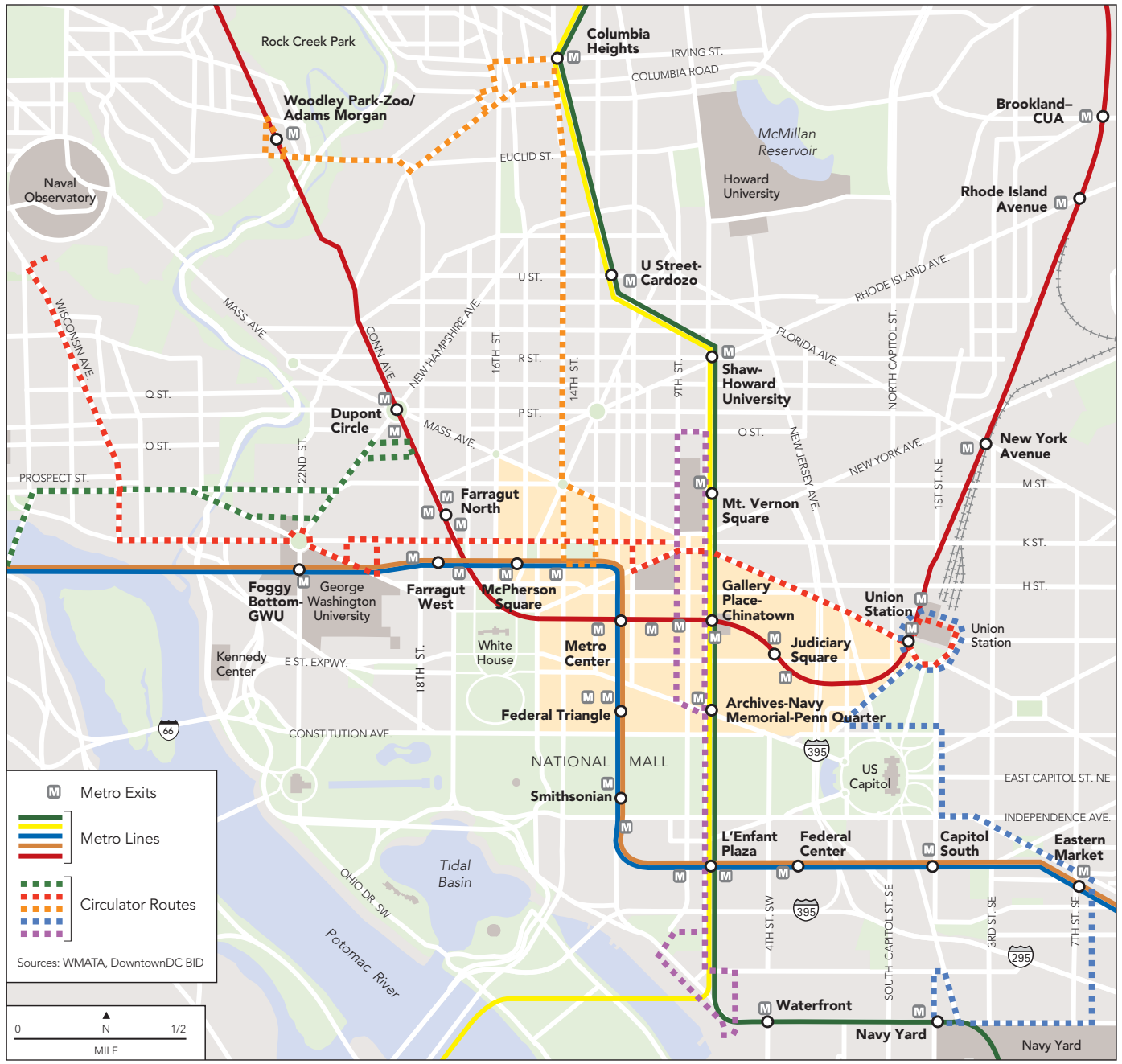
Restaurants

- 138 destination restaurants in DowntownDC BID Area (March 2011)
- Average of 6 net new restaurants open per year (11 open and 5 close)
- Restaurant Sales Estimates
 - Old Ebbitt Grill: \$23 million
 - Carmine's: \$12–15 million
 - Clyde's at Gallery Place: \$11–15 million
 - Another 20–30 restaurants are estimated to have annual sales of \$5–6 million
 - Others are in the \$1–5 million range

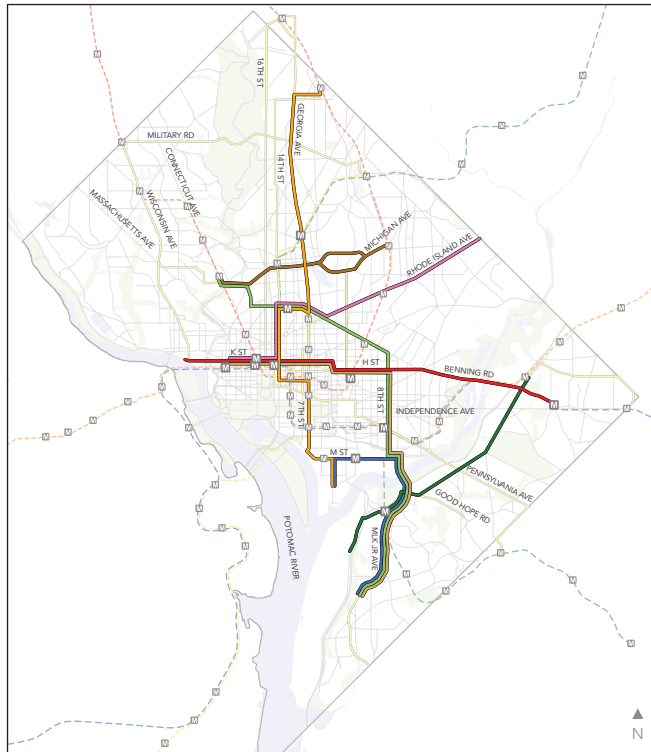
DowntownDC's 138 destination restaurants serve more than 3 million people a year.



NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated.



PROPOSED ROUTES FOR DC'S STREETCAR SYSTEM



DC's 32-mile streetcar system will be built over 15 years. The first section will open in late 2012.

Downtown's multiple transportation options provide the best regional retail access.

Transportation

- Metrorail ridership (exits only; top 10 weekday stations; DowntownDC BID area stations highlighted)

	AVERAGE WEEKDAY	AVERAGE SATURDAY	AVERAGE SUNDAY
Union Station	31,672	10,673	7,824
Metro Center	29,186	13,081	7,705
Gallery Place	27,289	22,342	13,798
Farragut West	23,473	4,459	2,221
Farragut North	23,438	3,619	2,073
Dupont Circle	22,941	15,107	9,344
Foggy Bottom-GMU	21,827	11,215	7,391
L'Enfant Plaza	21,410	5,940	3,700
McPherson Square	17,645	4,588	2,897
Rosslyn	16,543	6,735	4,643

- Average ridership growth (exits only)

WEEKDAY	1997 ⁽¹⁾	2010	% GROWTH
Gallery Place	7,286	27,289	275%
Metro Center	23,638	29,186	23%

SATURDAY	2004 ⁽²⁾	2010	% GROWTH
Gallery Place	8,144	22,342	174%
Metro Center	7,565	13,081	73%

⁽¹⁾ The Verizon Center opened in December 1997

⁽²⁾ Gallery Place retail and cinema opened in 2004

- Circulator bus (began in July 2005)
 - March 2011 monthly ridership of more than 300,000
- Parking in DowntownDC BID area (2006)
 - 96 parking garages with 23,252 parking spaces

NOTE: All data is for 2010 calendar year or as of December 2010 unless otherwise indicated.



DowntownDC
Business Improvement District

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Washington, DC 20005

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About the DowntownDC BID

The DowntownDC Business Improvement District (BID) is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of approximately 825 properties from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west. As a catalyst, facilitator and thought leader, the DowntownDC BID promotes public/private partnerships to create a remarkable urban environment. For more information, visit www.DowntownDC.org and follow us on www.Twitter.com/DowntownDCBID.

