

STATE OF DOWNTOWN 2020



DOWNTOWN BUSINESS IMPROVEMENT
DISTRICT CORPORATION



DOWNTOWNDC
RESILIENT

DOWNTOWNDC CONTINUED AS THE LARGEST ECONOMIC HUB IN THE WASHINGTON REGION, THOUGH ITS ECONOMIC ACTIVITY WAS SHARPLY REDUCED BY THE COVID-19 PANDEMIC IN 2020.

OUR OFFICE BUILDINGS, CULTURAL & ENTERTAINMENT VENUES, HOTELS, RESTAURANTS AND RETAILERS OPERATED AT VERY LIMITED CAPACITY OR WERE CLOSED FROM MID-MARCH THROUGH THE END OF 2020.

DESPITE THESE CHALLENGES AND WITH THE STRONG FUNDING AND OTHER SUPPORT OF THE DC AND FEDERAL GOVERNMENTS, DOWNTOWNDC REMAINS RESILIENT AND IS POISED FOR A STRONG RECOVERY IN 2021 AND 2022.

TABLE OF CONTENTS

ABOUT THE BID	04
LETTER FROM THE PRESIDENT & CEO AND THE CHAIRMAN OF THE BOARD	06
YEAR IN REVIEW	08
CURRENT DEVELOPMENT	18
EMPLOYMENT	20
OFFICE MARKET	24
HOTELS, TOURISM & CONVENTIONS	30
CULTURE & ENTERTAINMENT	36
SHOPPING & DINING	40
DOWNTOWNDC LIVING	46
TRANSPORTATION	52
DOWNTOWNDC AT A GLANCE	56
CREDITS	62

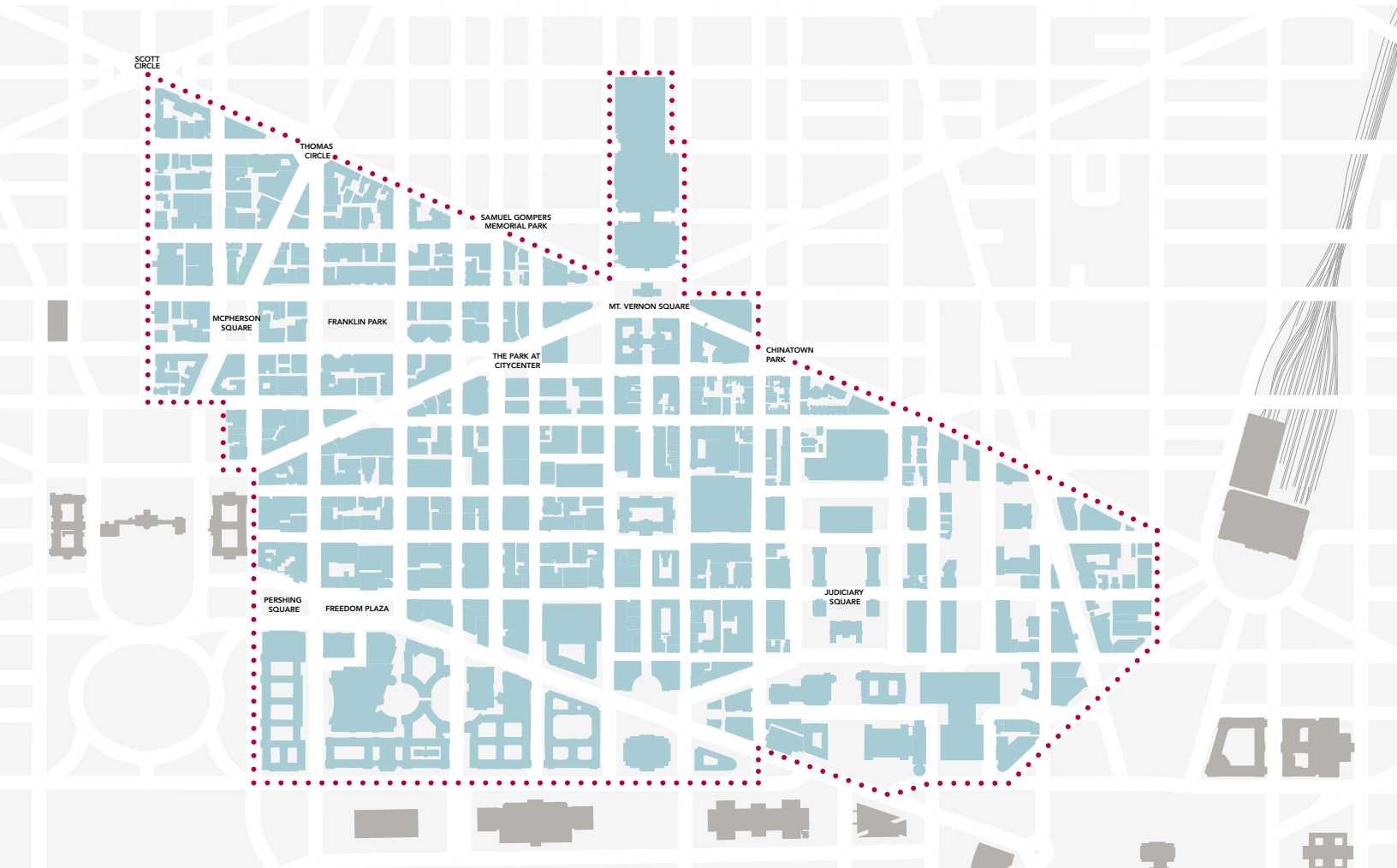


Cover page photo:

Prior to his death in 2020, Congressman John Lewis visits Black Lives Matter Plaza in DowntownDC.

Photo Credit: Khalid Naji-Allah/Executive Office of the Mayor

ABOUT THE BID



The Downtown Business Improvement District (BID) Corporation was founded in 1997 and is a private non-profit organization. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of 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.

MIX OF USES IN DOWNTOWN

in millions of square feet (SF)

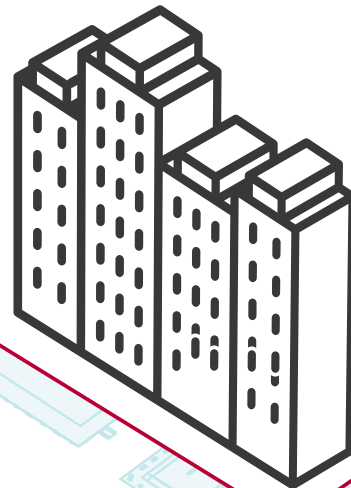


1 SQUARE MILE

138 BLOCK AREA

526 PROPERTIES TOTALING

98MM SF



LETTER

FROM THE PRESIDENT & CEO AND THE CHAIRMAN OF THE BOARD

Dear DowntownDC BID Member,

Last year at this time, we were just beginning to understand the economic impacts on the horizon driven by cascading shutdowns in DowntownDC and the necessary government health mandated closures and quarantines due to the coronavirus pandemic.

We watched as the Capital One Arena, beloved theatres and performance venues, and museums shuttered, nearly all office workers learned to work from home and the Walter E. Washington Convention Center set up as a COVID-19 medical facility. And while 2019 served as a culmination of nearly two decades of successful building, 2020 proved to be a reminder of how fickle life can be.

We present to you, as we have for nearly twenty years, the Downtown Business Improvement District (BID) Corporation annual State of Downtown report. Almost all economic sectors in the report reflect the devastating impact of the pandemic, with conventions, arts and entertainment and dining being the hardest hit. And while there was a small decline in office-using jobs in 2020, most important was the fact that only 10% of office workers were in the office at the end of 2020, dramatically reducing sales at our favorite coffee shops, delis, lunch spots, stores, barbershops and hair salons.

DC and federal government assistance were welcomed and critical to limiting economic damage. The City's \$100 million Bridge Fund to assist DC businesses, in particular, was timely and well targeted. EventsDC's \$42 million of grants supported the hospitality industry and cultural institutions. DC public space regulatory flexibility was powerful in allowing stores to offer robust curbside pick-up and restaurants to increase their serving capacity and brought a new sense of place making with the opening of outdoor dining and "streateries." The Walter E. Washington Convention Center converted its lower level into a COVID-19 medical facility and is now serving as a vaccination site – a prime example of the DowntownDC and the City's ability to be flexible and efficient in what was exhausting and continuous contingency planning and implementation.

While there is uncertainty as recovery efforts get underway, there are reasons to be optimistic – office rents continue to be paid at pre-pandemic levels, and there are 19 planned projects in DowntownDC, totaling \$1.8 billion. The Restaurant Association of Metropolitan Washington (RAMW) steered the restaurants through a tumultuous

year, and while the pandemic proved too much for some that closed, during the past few weeks two new restaurants have opened and several others are scheduled to open in 2021. Destination DC is anticipating hotel and tourism numbers to return to 2019 levels by 2023.

Franklin Park closed in 2020 to begin its highly anticipated rehabilitation. As a result, the BID relocated the park's weekend meal services to Vermont Avenue and averaged serving more than 450 meals each weekend. The generosity and support of the community continued through the DowntownDC Foundation allowing the BID to hire a Director of Homeless Services to further support our ongoing partnership with the City and Pathways for Housing DC to provide homeless outreach services and connection to housing.

With the promise and distribution of several COVID vaccines we are now working diligently on both the short- and long-term recovery plans for Downtown: to bring back office workers, hotel guests, sports fans, conventioners, concert-goers, theatre patrons, museum visitors, restaurant aficionados and shoppers as soon as it is possible. DowntownDC has proven it is a place for working, living, gathering and celebrating – it is a ready built environment for commerce, entertainment and activation, with proximity to the federal government, a world-class Metro system, mobility and accessibility for all with culture abounding. We will look to reactivate and escalate place making by revitalizing our world-renowned public spaces. We will continue to work with our elected officials to recover and rebuild – with a keen awareness and laser focus on inclusion, equity and sustainability.

We thank all of you, our public and private partners, for your support throughout the past year and look forward to working together as we pursue a reimagined and economically successful DowntownDC.



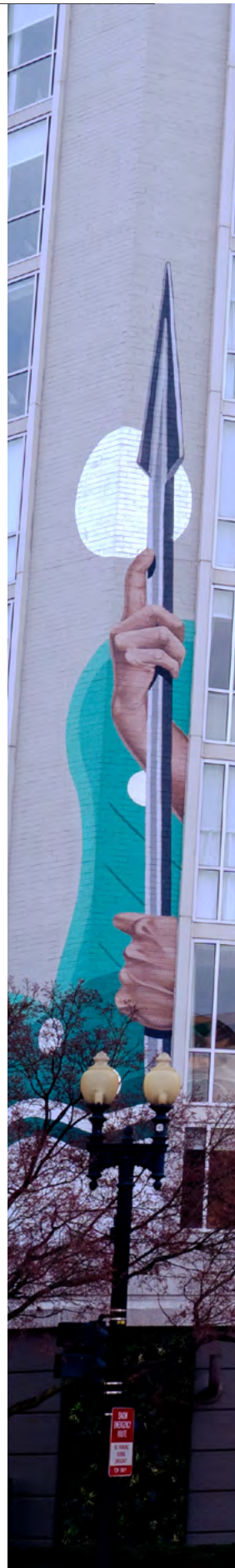
Neil Albert

President & CEO
DowntownDC BID



Greg O'Dell

Chairman,
Board of Directors
DowntownDC BID





Hotel Zena (14th Street NW on Thomas Circle) opened in October 2020 after a \$25 million renovation.



YEAR IN REVIEW

The 800 block of H Street
NW was empty at rush
hour in late July 2020

OVERVIEW OF 2020

2020 began on a positive note – January and February saw strong economic performance in DowntownDC and DC. Except for the office sector, whose vacancy rate had been rising for several years, many DowntownDC and DC economic sectors were up five percent or more over 2019 in the first two months of 2020. DC enjoyed a very strong fiscal performance in 2019 and was expecting continued revenue growth in 2020 and over the following few years – thus, many were expecting the DC government to make substantial increases in important and exciting progressive social programs and projects in FY 2021 and FY 2022. The wisdom of the “Invest and Harvest” strategy seemed clear to all.

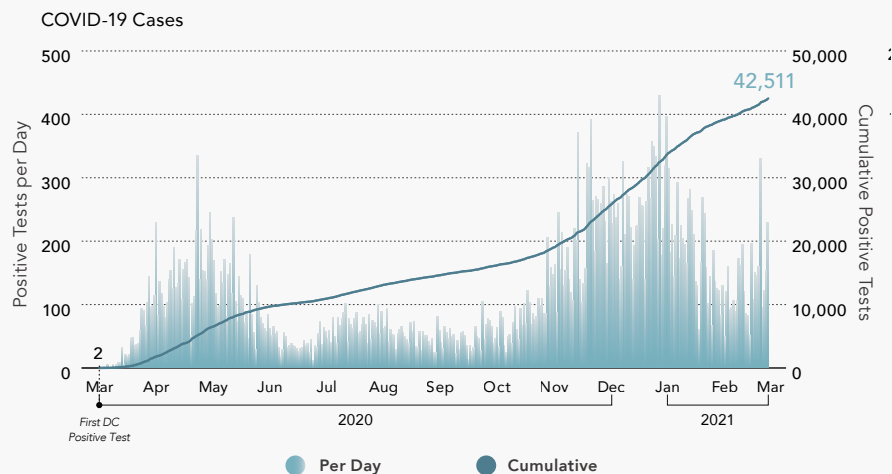
During January and February, the danger of COVID-19 encroached on DC. The suspension of the National Basketball Association season on March 11, 2020 made it clear that 2020 would be unlike any year in recent memory. Major Bowser, Chairman Mendelson and the DC Council took swift and life-saving action: declaring a health emergency, restricting many activities to protect public health, and soon implemented a city-wide lockdown. It worked. The city was able to begin reopening in May. However, the combination of prudent and necessary health restrictions and consumer health concerns caused mass lay-offs and furloughs and severe revenue declines in many economic sectors. The DowntownDC, DC, DMV, national and global economies had been hit hard in Spring 2020 and recovery was very uncertain.

On May 25, 2021, the murder of George Floyd shocked the nation and moved the nation into a long-overdue refocus on social justice and the impact of a national history of systemic racism.

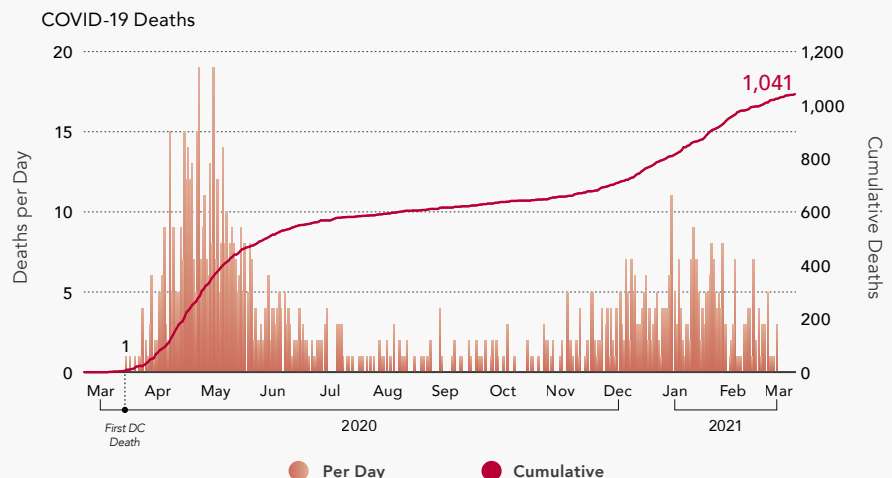
In the Fall and Winter of 2020, the inflamed rhetoric and denial of the results of the November 2020 presidential elections created additional public anxiety and culminated in the attack on the U.S. Capitol on January 6, 2021.

All these events reduced economic activity and raised uncertainty. The impact on business restrictions and consumer behavior led to a historic nine months of low economic activity in 2020. The impact was also uneven, with customer-facing businesses bearing the greatest reductions in activity and revenue, and lower-wage workers being the most likely to be laid-off or furloughed (they also bore a disproportionate share of COVID related health issues and deaths).

COVID-19 POSITIVE TESTS IN DC



COVID-19 DEATHS IN DC



Sources: DC Government

DOWNTOWNDC KEY DATES IN 2020

● COVID-19 Data ● DC Event ● Mayoral Action ● National Event

JANUARY

- ● **01.19** First U.S. COVID-19 case
DowntownDC and DC economies are up in January 2020 over 2019

- **FEBRUARY** *DowntownDC and DC economies are up in February 2020 over 2019*

MARCH

- ● **03.01** First U.S. COVID-19 death reported
- ● **03.07** First DC COVID-19 reported case
- **03.11** DC Health Emergency Declared
- **03.12** DC declares distance learning for public schools
- **03.15** DC restaurant and other regulations
No bar seating/tables 6' apart/limit of 6 per table
- 03.16** DC issues regulations on gathering and restaurants
50 person maximum at large gatherings/10 person max in close proximity/no table seating
- 03.17** DC issues nightclub regulations
- ● **03.20** First DC COVID-19 death reported
- ● **03.22** Second DC COVID-19 death reported
- S&P 500 hits bottom for year
S&P 500 is down 31% from 12/31/19 and 34% from 2/4/20
- **03.24** DC announces \$25 million Microgrant program
DC announces CBD stores are non-essential
- ● **03.25** Third DC COVID-19 death reported
- **03.27** CARES Act signed into law
DC shorted \$755 million
- DC requests federal disaster declaration
- **03.29** DC receives federal disaster declaration
- **03.30** DC Stay At Home Order Issued
Only essential businesses permitted to be open.

APRIL

- ● **04.04** PPP opens for application
DC eventually received \$2.2 billion
- **04.23** DC CFO releases new revenues estimates
Revenues substantially reduced from February 2020.
- **04.27** DC announces ReOpen DC Advisory Committee
- **04.29** DC COVID-19 deaths per day peak at 49 for 2020
- **04.30** DC COVID-19 positive tests per day peak at 335 for Spring 2020

MAY

- **05.18** DC mayoral budget released
- 05.25** George Floyd Murdered
- **05.29** Phase One ReOpen DC Begins
Restaurants allowed to serve outdoors
- DC permits streeteries and parklets
Restaurants allowed to expand outdoor dining areas
- **05.30** During DC protests there is vandalism
- **05.31** DC declares a 6PM curfew
- During DC protests there is vandalism

JUNE

- **06.01** Violent Federal clearing of Lafayette Square
- **06.03** Unidentified military personnel and combat vehicles in DC
- **06.08** S&P 500 returns to 12/31/19 level
- ● **06.09** DC creation of Black Lives Matter Plaza
- **06.22** Phase Two ReOpen DC Begins

JULY

- **07.17** Rep John Lewis dies

AUGUST

- **08.05** DC CFO releases updates revenue estimate
No change from 4/23/20 estimate, though current fiscal year is slightly ahead of forecast

SEPTEMBER

- **09.18** Supreme Court Justice Ruth Bader Ginsburg dies
- 09.18** Smithsonian reopens DowntownDC museums
Smithsonian reopens the National Portrait Gallery and Smithsonian American Art Museum
- **09.25** Entertainment Pilot Announced
Several venues allowed limited crowd events, including The Hamilton

OCTOBER

- **10.22** Planet Word Grand Opening
Originally scheduled for May 2020

NOVEMBER

- **11.03** Election Day
Too close to call for several days as votes are counted
- **11.07** Several news organizations declare Biden winner
- **11.23** DC announces restrictions on restaurant operations
Indoor Capacity From 50% to 25% and 10PM end of alcohol sales
- Smithsonian Downtown museums temporarily reclose
- Planet Word temporarily closes
- DC suspends Entertainment Pilot

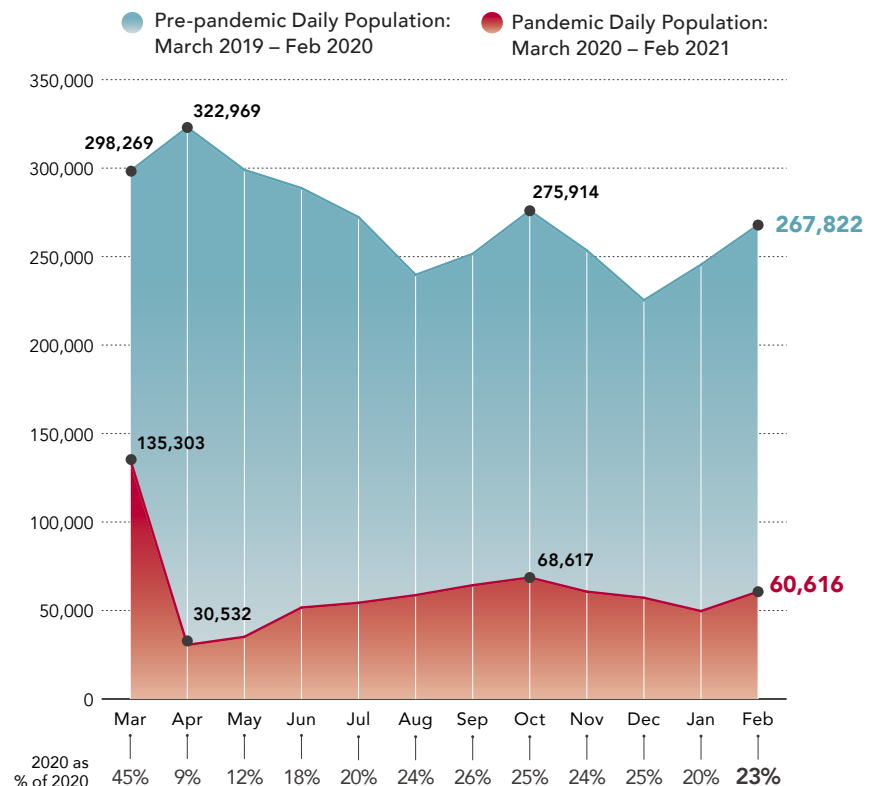
DECEMBER

- **12.14** DC COVID-19 positive tests per day peak at 392.
DC restrictions on restaurants operations takes effect
- **12.18** DC announces ban on indoor dining for 12/23/20—1/5/21
- **12.23** DC Indoor Dining Ban Starts
- ● **12.27** Coronavirus Response and Relief Supplemental Appropriations Act of 2020 becomes law
\$900 billion of federal funding, including a second round of PPP of \$285 billion
- **12.31** DC COVID-19 positive tests cumulative total of 29,252
DC COVID-19 deaths cumulative total of 788

In April 2021, a DowntownDC and DC economic recovery is looking promising due to the increase of vaccination rates from December 2020 into April 2021, an expectation of vaccinating all those who want a vaccine by late Spring/early Summer, a loosening of economic activity restrictions, the opening of several new restaurants and the reopening of Capital One Arena in Downtown. Additionally, the anticipation of the Smithsonian museums opening in late Spring and the expectation that the office worker will begin to return to the office with 30% to 50% of office workers being in the office for a few days a week just after Labor Day is encouraging.

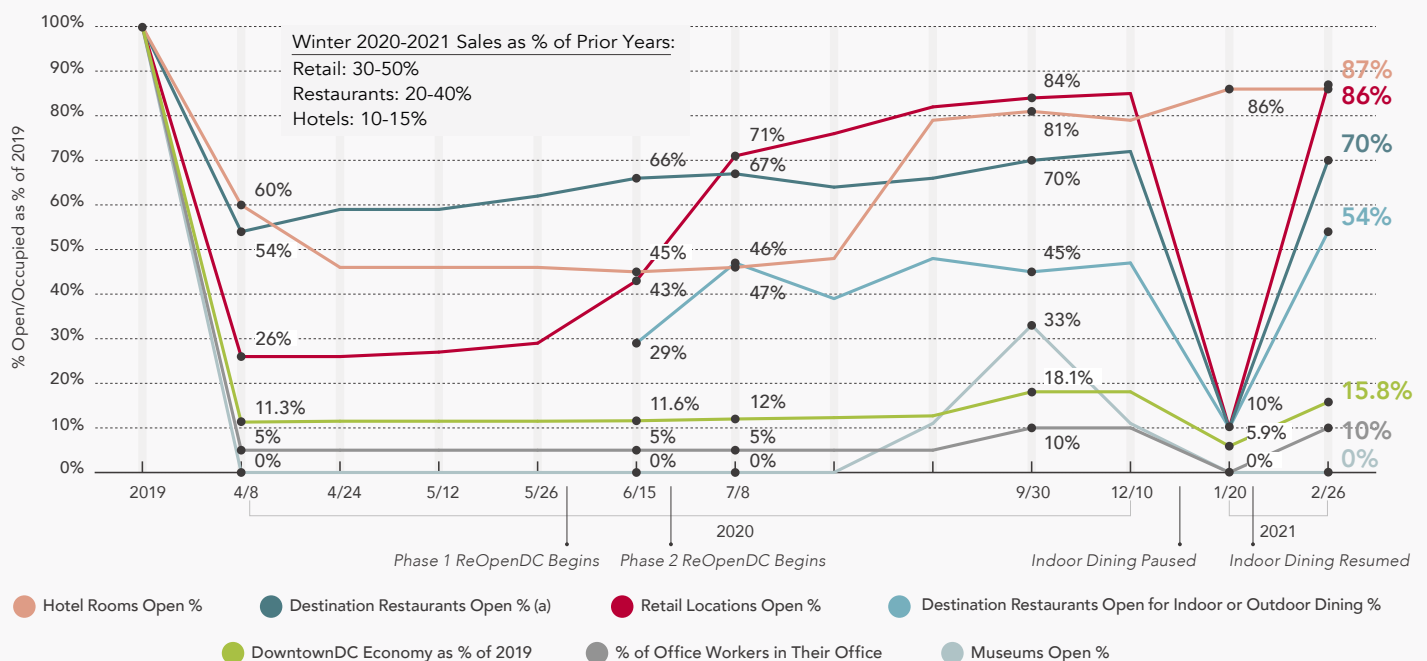
THE PANDEMIC WAS THE MAJOR DRIVER OF THE DEVASTATING DECLINE IN ALMOST ALL SECTORS OF DOWNTOWNDC ECONOMIC ACTIVITY

DOWNTOWNDC DAILY POPULATION PANDEMIC COMPARED TO PRIOR 12 MONTHS



Source: Placer

DOWNTOWNDC ECONOMIC ACTIVITY DURING PANDEMIC AS A % OF PRIOR YEAR ACTIVITY (APRIL 2020 - FEBRUARY 2021)



Source: DowntownDC BID

(a) Open for indoor dining, outdoor dining or takeout/delivery

DOWNTOWNDC 2020 ECONOMY PERFORMANCE SUMMARY

In late 2020, the DowntownDC economy was operating at 18% of its pre-pandemic levels (declined to 16% in February 2021) – up from 12% in Summer 2020 and 11% in April 2020. Only 10% of office workers were in their offices, and, though many stores, restaurants and hotels were open, their revenue was a fraction of pre-pandemic levels.

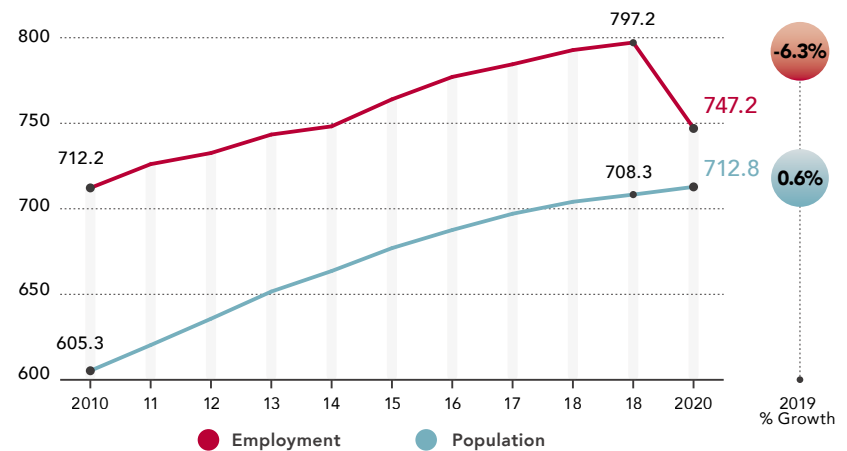
The hardest hit DowntownDC entities were the Capital One Arena, the Walter E. Washington Convention Center, theatre and performance venues as these businesses were prohibited from hosting large public gatherings by prudent government action from mid-March through the end of the year. The next hardest hit sector was museums, which were allowed to open with restricted attendance protocols for a short time in the Summer and Fall of 2020, only to have to close again by year-end. The next hardest hit sector were hotels, which draw demand from convention-goers, business travelers and tourists, who saw their occupancy rates drop to 4% in 2Q 2020 and 11% in December 2020. With only 10% of office workers in their offices in 4Q 2020 and hotel occupancy at around ten percent, DowntownDC coffee shops, bakeries, delis, restaurants and most other retailers lost over 180,000 daily customers.

DowntownDC and DC

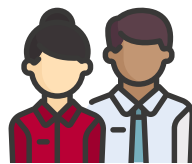
Employment were down 6.1% (11,300 jobs) and 8.2% (66,100 jobs), respectively. DowntownDC and DC population growth were flat and up 0.64% (4,500), respectively.

DC EMPLOYMENT AND POPULATION HISTORY

(thousands)



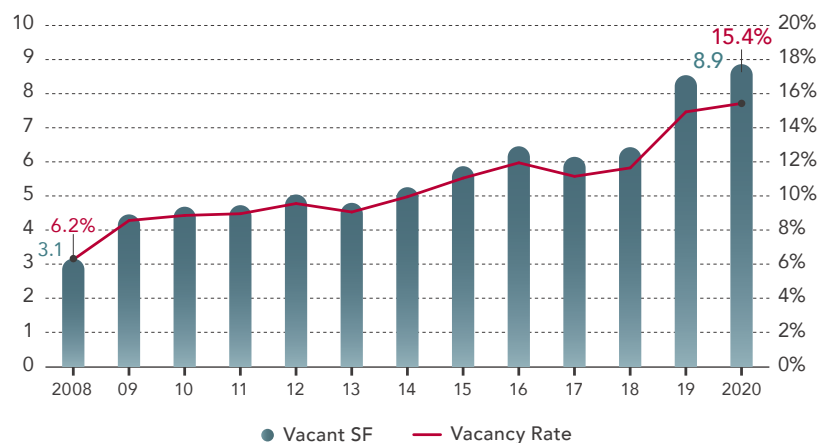
Sources: U.S. Bureau of Labor Statistics for Employment, and U.S. Census Bureau for Population.



**ONLY 10% OF DOWNTOWNDC
OFFICE WORKERS
WERE WORKING FROM THEIR
OFFICES IN DECEMBER 2020**

DOWNTOWNDC OFFICE VACANCY RATE AND SQUARE FEET HISTORY

(SF in millions)

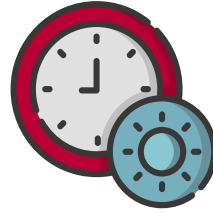


Source: CoStar



**DOWNTOWNDC RETAIL
VACANCY RATE ROSE TO 21%
– UP FROM 12% IN DEC 2019**

THE CULTURE AND ENTERTAINMENT SECTOR WAS CLOSED FROM THE MIDDLE OF MARCH THROUGH THE END OF 2020, EXCEPT FOR A FEW MUSEUMS THAT REOPENED FOR A FEW WEEKS



DOWNTOWNDC DAYTIME POPULATION DROPPED 75%

IN DECEMBER 2020 FROM DECEMBER 2019 – TO **57,149** FROM **225,272**

DOWNTOWNDC HOTEL REVENUE IN 4Q 2020 WAS 11% OF 4Q 2019 – UP FROM 9% IN 3Q 2020 AND 3% IN 2Q 2020



Development continued at a moderate pace in 2020, though down from recent years. A 2020 highlight was the start of internal demolition for the new Johns Hopkins University academic building that will replace the Newseum at 555 Pennsylvania Avenue NW – a \$572 million investment. For the past few years, DowntownDC development has focused on the repurposing of older office buildings. This will continue to be the case as all seven of the DowntownDC projects under construction, totaling \$787 million, involve the repurposing of existing buildings and there are only eight ground-up development sites remaining in Downtown DC.

The Office Market experienced another difficult year as office vacancy rates reached a new record of 15.4%, up from 14.9% at the end of 2019 – though still lower than many other DC submarkets and most major suburban submarkets. While overall average office sales prices declined in 2020 to \$506 per SF, there were two recent office sales

above \$1,000 per SF.

The Hotels Tourism and Convention Sector had a very difficult year. 4Q 2020 DowntownDC hotel revenue was 11% of 4Q 2019 and hotel employment dropped by 60% from Dec 2019 to 2020. Tourism dropped off the cliff in March as tourist attractions closed and most remained closed for the rest of the year. And the Walter E. Washington Convention Center did not host public events, but was tapped to build out an auxiliary hospital facility for potential COVID patients and now is serving as a vaccination site.

The Culture and Entertainment Sector was closed from the middle of March through the end of 2020, except for the few museums mentioned above that reopened for a few weeks.

The Shopping and Dining Sector had 38 permanent closures (6% of total businesses) and approximately 134 temporary closures (21% of total businesses). In December 2020, destination store revenues were

operating at an average of 30% to 50% of pre-pandemic sales levels and destination restaurants were operating at 20% to 40%. Grant recipients of the DowntownDC BID's \$1.1 million Pandemic Assistance Grant Program average sales declined in these ranges.

In 2020, the **Housing Sector** posted mixed results. Apartment rents dropped 24% and the vacancy rate increased to 11.1% from 4.9%. Condo resale prices averaged \$660 per SF in 2020, an increase over \$617 per SF in 2019 but the same as 2018.

Transportation metrics in DowntownDC declined substantially with the decrease in economic activity: December 2020 Metrorail ridership was 8% of December 2019 and Reagan Airport passengers in 4Q 2020 totaled 21% of 4Q 2019.

The only sectors of the DowntownDC economy to achieve a performance increase in 2020 performance over 2019 were the condo market, selected luxury retailers and essential retailers.

2020 GOVERNMENT RELIEF FUNDING WAS CRITICAL

The importance of DC and Federal government business relief funding cannot be overstated. This relief allowed businesses to pay employees, their rent and other businesses expenses – to remain open and ready to participate in DowntownDC and DC's Recovery.

DC Business Relief Funding:

In addition to funding direct health and economic relief to DC residents, the city funded \$158.5 million in direct assistance to businesses, non-profits and cultural and other organizations. The regulatory flexibility the city allowed for curbside store pick-up, restaurant delivery of alcohol and expansion of outdoor dining also provided relief. DC's business relief funding programs included:

1. Small Business Microgrant Program: \$33 million
 - a. \$29 million city-wide
 - b. \$1.8 million Wards Seven and Eight
 - c. \$3.2 million Legacy Business Supplemental Microgrants
2. Small Business Resiliency

- Fund: \$3 million
3. Non-Profits: \$1.5 million
 4. Winterization Grants: \$4 million
 5. Child Care: \$5 million
 6. Bridge Fund: \$100 million
 - a. Hotel Bridge Fund: \$20 million
 - b. Restaurant Bridge Fund: \$35 million
 - c. Retail Bridge Fund: \$15 million
 - d. Entertainment Bridge Fund: \$30 million
 7. DC Hope Community Grants (Non-profits): \$10 million
 8. DHCD Non-profit Capacity Grants: \$2 million

Events DC Relief Funding:

Though the Convention Center was not open to public events for mid-March through December 2020, Events DC significantly supported the DC hospitality sector through \$42 million in grants in 2020:

1. \$18 million in Hospitality Grants
 - a. \$5 million: Hotels
 - b. \$5 million: Restaurants
 - c. \$5 million: Undocumented Hospitality Workers
 - d. \$3 million: Tourism Marketing

2. \$5 million: DC Small Business Microgrant Program
3. \$10 million: Cultural Institutions Grants
4. \$9 million: Undocumented Hospitality Workers

Federal Business Relief Funding:

1. CARES Act in March 2020 funded \$525 billion of relief funding for businesses in the Paycheck Protection Program (PPP). DC received \$2.2 billion of such funding.
2. Corona Virus Relief and Recovery Supplemental Appropriations Act in December 2020 funded \$285 billion for a second round of PPP funding and created a targeted business relief program: \$15 billion relief fund for Shuttered Venue Operators.
3. American Recovery Act in March 2021 funded \$28.5 billion for Independent Restaurants and increased the funding for the Shuttered Venue Operators to \$16.5 billion.



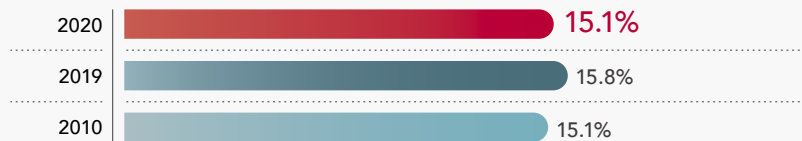
Rendering of Franklin Park Restaurant, Scheduled to Open in Fall 2021

DOWNTOWNDC NET FISCAL IMPACT

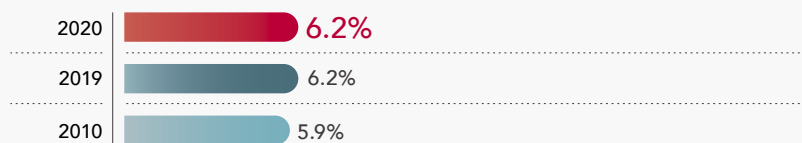
(in millions)

	Fiscal Year 2020	Fiscal Year 2019	2019 - 2020 Change	Fiscal Year 2010	Annual Change 2010 - 2019
DC Local Tax and Other Revenues	\$1,328	\$1,439	(7.7)%	\$829	6.3%
Estimated Fiscal Costs	578	558	3.8%	322	6.6%
Net Fiscal Impact	\$750	\$881	(14.9)%	\$507	6.2%

Downtown DC's Share of DC Total Gross Local Revenue



Downtown DC's Share of DC Total Gross Local Expenditure



Source: DC 2020 CAFR and DC FY 2021 budget (as FY 2022 budget release was moved to May 27, 2021).

THE NUMBERS BEHIND THE FISCAL POWER OF GROWTH IN DC

There are many reasons to support growth in DC: increased employment opportunities for DC residents, reduction of climate change by enabling more workers to live close to their jobs, allowing more people to enjoy the many unique cultural, entertainment and community amenities in DC and increasing the supply of affordable housing. Another benefit of economic growth is increasing DC tax revenues. A rough estimate is that each new square foot of market-rate development yields \$5 to \$20 per SF in total new DC government revenue, depending on the type of development and its location.

When the city enjoys employment and population growth, its tax revenues grow at a multiple of the employment and population growth rates. The employment and population growth over 2010 – 2019 shows this. However, the math also works in reverse as shown in FY 2020, when employment declined and population growth was less than one percent – real tax revenue declined 3.5%.

DC TAX REVENUE GROWTH OVERVIEW

	2010 - 2019 Annual Growth Rate	2019 - 2020 Growth Rate
Employment	1.20%	(8.20%) (a)
Population	1.90%	0.64%
Nominal Tax Revenue	6.10%	(2.50%)
Real Tax Revenue	4.20%	(3.50%)

Source: DC CAFR, U.S. Census Bureau and Bureau of Labor Statistics.

(a) December 2019 to December 2020 monthly data.

Not seasonally adjusted.

DOWNTOWNDC FISCAL CONTRIBUTIONS DECLINED IN 2020, BUT REMAINED SUBSTANTIAL

DowntownDC's Net Fiscal Impact on DC was estimated at \$750 million in FY 2020, down \$131 million or 14.9%, from \$881 million in FY 2019. This is result of Gross Local Revenue generation of \$1,328 billion (15.3% of DC's total) and Gross Local Expenditure benefits of \$578 million (6.2% of DC's total). Downtowns across the country have substantial net fiscal impacts because of the density of the built environment, the concentration of economic activity and the lower level of social spending in downtowns. Thus, it is never The Neighborhoods OR Downtown, but it is always The Neighborhoods AND Downtown.

Downtown's Net Fiscal Impact is likely to decrease in FY 2022 due to a decline in office property tax rates. In the February 2021 Revenue Estimate Letter, Chief Financial Officer Jeff DeWitt stated, "Large office building value, which comprises 35 percent of all District assessed value (and 45 percent of tax liability due to the higher commercial tax rate), is forecasted to grow less than 1 percent in FY 2021 and contract by 9.7% percent in FY 2022 before stabilizing." This contraction will lead to a decline in FY 2022 tax revenues of \$121 million based on a total assessed value of \$66.3 billion in tax year 2019 (page 57 of the DC Data Book 2020).



Rendering of Planned Renovation of Former
WMATA Headquarters at 600 5th Street NW



Vice-President Harris, Second Gentleman Emhoff, and Mayor Bowser support the Annual Downtown Holiday Market

OFFICE BUILDING REPURPOSING ANALYSIS

The current market value for a vacant office building is approximately \$200 to \$300 per SF.

Market research shows that residential buyers are willing to pay \$100 to \$150 per SF. The broad range is due to the significant differences in the suitability of individual buildings for conversion (building depth, number of exterior walls with windows, ceiling heights and location). In addition, the potential of the inappropriate application of Inclusionary Zoning (IZ) to DowntownDC is casting a further cloud over the conversion with reductions in value by approximately \$250,000 per unit at 80% of AMI. The application of IZ to DowntownDC is inappropriate because there is no density to provide for the payment of the required affordable housing, which is the basis of the current IZ laws in DC.

Thus, there is an office-to-residential funding gap that means no office-to-residential conversions will occur in DowntownDC

at this time, particularly with the possibility of IZ applying to a conversion project.

The District should intervene in the market if there are public benefits with little cost. The DowntownDC BID believes this to be the case and recommends a pilot incentive program for office repurposing. The benefits are:

1. Increase in housing in general, but particularly in DowntownDC where office is 76% of the building stock and housing is only seven percent of the building stock. This also makes the city's economy and tax base more resilient.
2. Increase in workforce housing in general, but particularly in DowntownDC.
3. Reduction in automobile-based commuting (and pollution) as more workers live closer to their jobs.
4. Additional demand for Downtown retail (and retail jobs) to make up for a likely decline in office worker demand.

5. Increase in tax revenues from housing compared to both vacant and occupied commodity Class A office space (based on a 250,000 SF office building).

**a. Empty Office Building
Total Annual Tax Revenues:
\$700,000 to \$1,181,000**

- i. Valuation of \$150 to \$250 per SF

**b. Class A Office Building
Total Annual Tax Revenues:
\$3 million to \$5 million**

- i. Effective Rents of \$42 to \$50 per SF
- ii. Valuation of \$300 to \$500 per SF

**c. Class A Apartment
Building Conversion Total
Annual Tax Revenues: \$7
million to \$10 million**

- i. Rents \$3.75 per SF to \$4.25 per SF
- ii. Improvement in office valuations as office supply is taken out of the market
- iii. Valuation of \$500 to \$700 per SF

CURRENT DEVELOPMENT

Johns Hopkins University's new academic building at 555 Pennsylvania Avenue NW is under construction.

DOWNTOWNDC DEVELOPMENT WAS STEADY IN 2020

Development in DowntownDC was steady in 2020 with the completion of nine projects totaling \$495 million; seven projects under construction at the end of 2020 totaling \$787 million; five project starts totaling \$541 million; and 19 planned projects totaling \$1.8 billion.

**DOWNTOWNDC'S 19
PLANNED DEVELOPMENT
PROJECTS (\$1.8 BILLION
TOTAL INVESTMENT)
ARE ESTIMATED TO
GENERATE \$50 MILLION
IN NEW ANNUAL TAXES**

EXPECTED SLOWDOWN IN PROJECT STARTS IN 2021

It is likely that there will be only a few project starts in 2021 for the following reasons: (1) the pandemic caused immediate, substantial and continued market uncertainty across almost all development sectors, (2) the number of development sites has declined to from over 125 sites in 1995 to 26 in 2010 to 8 at the end of 2020, (3) the very weak office market has brought both ground-up and rehab office development to a standstill and (4) the amenities that made downtowns so attractive over the past 20 years are being reevaluated.

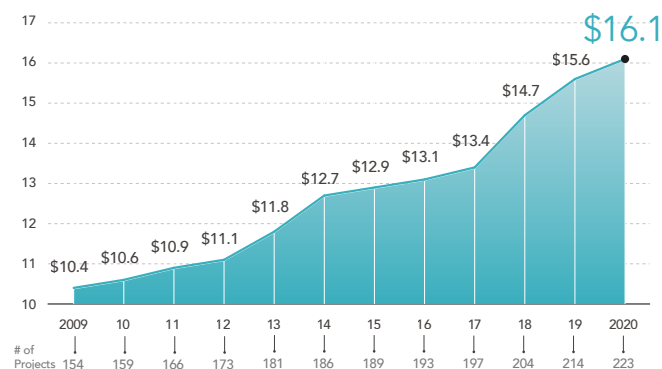
CHANGING NATURE OF DEVELOPMENT IN DOWNTOWN

Much of the development in DowntownDC in recent years has involved existing buildings being demolished and replaced, renovated or repurposed. In 2020, all nine completed projects were renovations. In 2019, 80% of the projects completed involved existing buildings. 67% of the projects under construction are renovations. 70% of planned projects will also be renovations. With 526 buildings in Downtown DC and only eight remaining ground-up development sites (with plans for 11 buildings), the majority of DowntownDC's future development will entail the demolition and replacement, renovation or repurposing of older buildings.

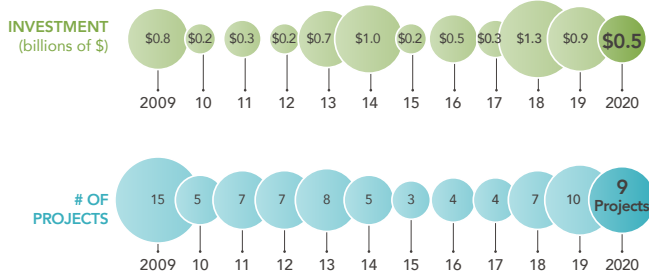
DOWNTOWN DEVELOPMENT HISTORY

CUMULATIVE TOTALS SINCE 1995

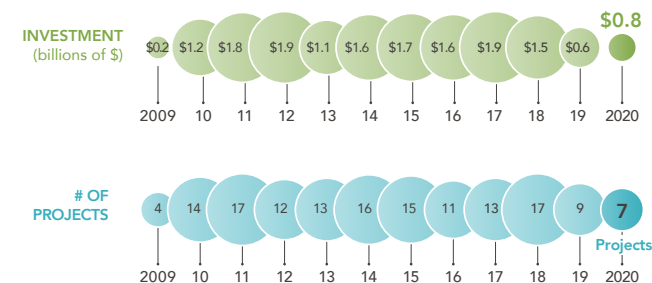
(billions of \$)



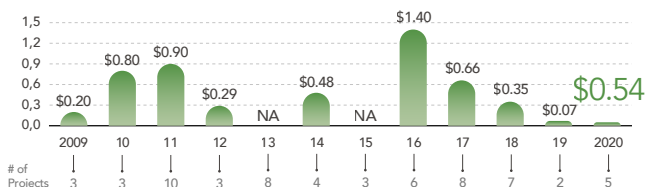
PROJECTS COMPLETED BY YEAR



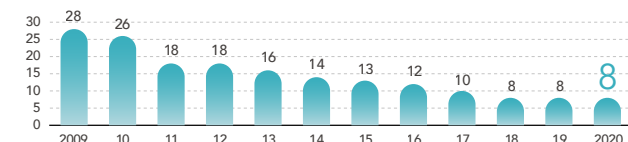
PROJECTS UNDER CONSTRUCTION AT YEAR-END



PROJECTS STARTS/GROUNDBREAKINGS



SURFACE PARKING LOTS/DEVELOPMENT SITES



Source: DowntownDC BID

COMPLETED PROJECTS

There were nine projects completed in 2020, totaling \$495 million – all renovations of existing buildings. In order of investment size, in 2020: Dr. Martin Luther King Jr. Memorial Library, Riggs Washington DC Hotel, Planet Word, 1201 New York Avenue NW, National Children's Museum, Hotel Zena, 1401 L Street NW and Chinatown Arch.

PROJECTS UNDER CONSTRUCTION

There were seven projects under construction totaling \$787 million at year-end 2020 – all renovations. In order of investment size: Johns Hopkins University's new academic building at 555 Pennsylvania Avenue NW (interior demolition began in 2020), 699 14th Street NW (new office and renovated retail), Milken Institute's Center for Advancing the American Dream (repurposed into a museum), World War I Memorial, 1425 New York Avenue NW, Franklin Park and Victims of Communism Museum.

PLANNED PROJECTS

Only eight development sites remain from the 125 that existed in 1995. The three major ground-up sites are (1) buildings three, four and five at Capitol Crossing, (2) 901 New York Avenue's office and retail building and (3) the parking lot adjacent to the Community for Creative Non-Violence (CCNV) at First and D Streets NW.

In addition to those ground-up sites, there are many exciting redevelopment projects in the works (in order of announcement) including: (1) Monument Realty's office/residential project in the 600 block of H and Eye Streets NW (that will share underground parking), (2) Georgetown University's purchase and renovation of 550 First Street NW, (3) the redevelopment of Washington Metropolitan Area Transit Authority's (WMATA) current headquarters building at Fifth and F Streets NW by the team of Stonebridge and Rockefeller Group starting in 2023, (4) Lincoln Properties and Cadillac Fairview's conversion of 1313 L Street NW into a 222-unit Class-A apartment building, starting in Fall 2021 and (5) the rebranding of the Renaissance Hotel at 999 9th Street NW into a Westin Hotel as part of a \$70 million renovation. There are a total of 19 planned projects, totaling \$1.8 million, that are estimated to generate \$50 million in new annual taxes.



ONLY 8 GROUND-UP
DEVELOPMENT SITES REMAIN
IN DOWNTOWNDC



EMPLOYMENT

DC IS PROJECTED TO RETURN TO PRE- PANDEMIC EMPLOYMENT LEVELS BY 3Q 2022

DowntownDC was home to 177,300 jobs at the end of 2020 in just one square mile, making it the region's largest job center with 5.7% of the region's employment and 23.7% of the District's employment. However, those market shares have been slowly declining over the past few years as has the District's share of regional jobs.

In 2020, DowntownDC employment fell by 11,300, a decrease of 6.1%. DC jobs declined to 747,200 from 797,200, a decline of 50,000 or 6.3% using the U.S. Bureau of Labor Statistics (BLS) annual average data. DC's percentage job loss was less than Suburban Maryland's

decline of 7.5% but more than Northern Virginia's decline of 4.6%.

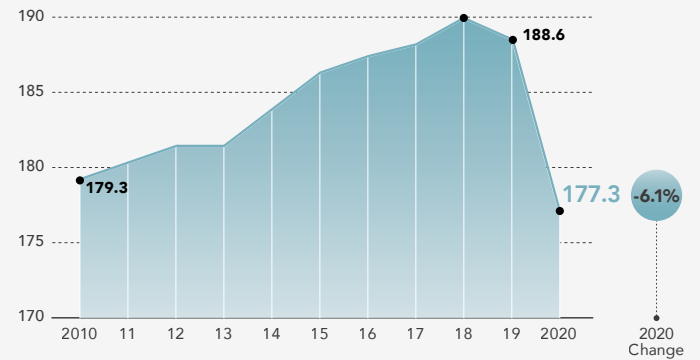
Private-sector office-using jobs in DC declined by 20,000 to 274,000, or 6.8% in 2020 with legal services jobs declining 4.1%, or 1,200, to 28,300. DowntownDC remained home to nine of the 10 largest law firms in the region and home to 40 of the 100 largest law firms in the region.

Comparing December 2019 to December 2020 employment totals is a more accurate picture of the pandemic's impact on DC employment than annualized BLS data – DC lost 66,100 jobs, or a decline of 8.2%.



DOWNTOWNDC EMPLOYMENT HISTORY

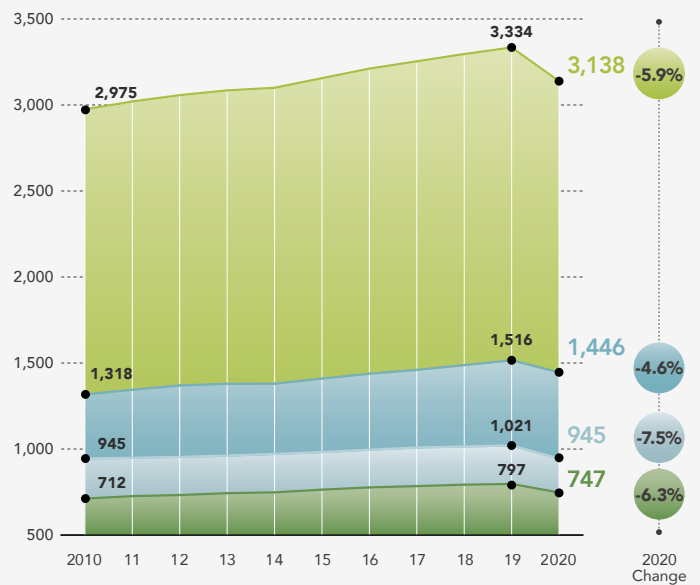
(thousands)



Source: DowntownDC BID

REGIONAL EMPLOYMENT HISTORY

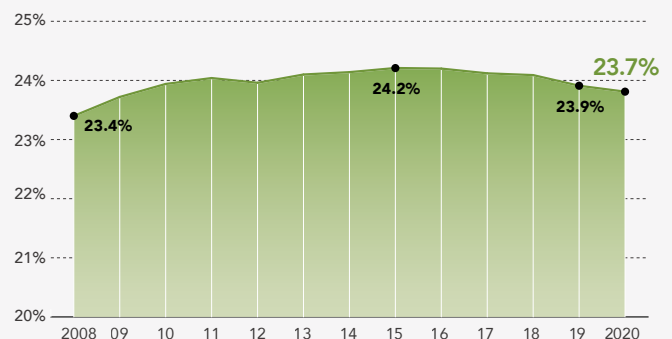
(thousands)



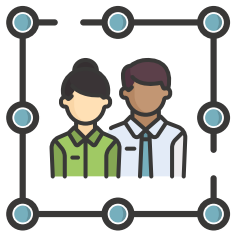
● DC ● Suburban Maryland ● Northern Virginia ● Region

Sources: U.S. Bureau of Labor Statistics and the Stephen S. Fuller Institute, George Mason University

DC EMPLOYMENT AS % OF REGIONAL EMPLOYMENT



Source: DowntownDC BID

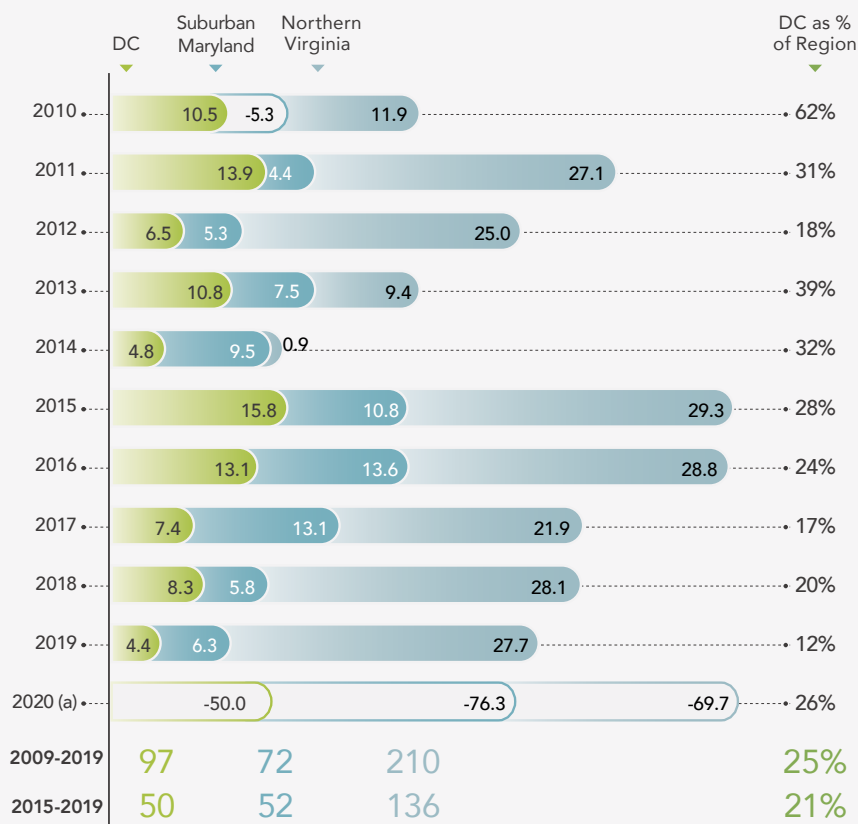


**DOWNTOWN IS HOME TO
24% OF DC'S JOBS**

**AND DC IS HOME TO
24% OF THE REGION'S JOBS**

REGIONAL EMPLOYMENT CHANGE HISTORY

(thousands)



Sources: U.S. Bureau of Labor Statistics and the Stephen S. Fuller Institute, George Mason University

(a) Reduced Scale

FEDERAL JOBS INCREASE MODESTLY AND PRIVATE SECTOR JOBS DECREASE SUBSTANTIALLY IN 2020

The federal government has been moving some federal workers out of DowntownDC and DC to take advantage of lower rents in other DC submarkets and the suburbs over the past few years. However, from December 2019 to December 2020, federal employment in DC grew by 5,300 jobs, or 2.7% and totaled 26.4% of total DC employment – the highest percentage since 2014.

Private sectors employment declined by 71,900 jobs or 6.8% from December 2019 to December 2020. The biggest job losses were in the food service, accommodations and art/entertainment/recreation sectors, with each losing over 50% of pre-pandemic employment – a total of 42,400 (27,600 in food service alone) or 64% of DC's total employment decline of 66,100 from December 2019 to December 2020.

DC MAJOR EMPLOYMENT SECTORS CHANGE DURING 2020

(numbers in thousands)

■ = sectors with an employment decline of 50% or more.

CHANGE FROM PANDEMIC EMPLOYMENT LOWS

Employment Sectors (a)	Dec 2020	Dec 2019	Annual Change #	Annual Change %	Low Pandemic Employment		Low Job Total Month Change to Dec 2020 Change
					Month	Year Over Year Change (b)	
Total DC Employment	735.9	802.0	(66.1)	-8.2%	June	(78.2)	12.1
Federal Government	200.4	195.1	5.3	2.7%	April	(0.3)	5.6
DC Government	38.3	37.8	0.5	1.3%	June	–	0.5
Private Sector Total (a)	493.0	564.9	(71.9)	-12.7%	May	(77.8)	5.9
Professional and Business Services (c)	164.9	174.5	(9.6)	-5.5%	June	(8.6)	(1.0)
Legal Services	28.3	29.5	(1.2)	-4.1%	September	(1.2)	0.0
Admin, Support, Waste Mgt (d)	40.6	48.2	(7.6)	-15.8%	June	(5.9)	(1.7)
Other Services (e)	71.7	77.9	(6.2)	-8.0%	May	(5.4)	(0.8)
Education	56.5	59.7	(3.2)	-5.4%	July	(3.2)	0.0
Health Services	67.9	71.3	(3.4)	-4.8%	May	(5.2)	1.8
Food Services & Drinking Places	27.0	54.6	(27.6)	-50.5%	April	(37.9)	10.3
Retail Trade	20.6	24.1	(3.5)	-14.5%	June	(4.5)	1.0
Accommodations	6.7	16.4	(9.7)	-59.1%	July	(10.7)	1.0
Arts, Entertainment & Recreation	5.1	10.2	(5.1)	-50.0%	May	(5.3)	0.2

Source: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted) and Downtown DC BID

(a) Sectors do not total.

(b) Change in employment from the stated month in 2019 to the stated month 2020.

(c) Professional and business services including legal, administrative, support, waste management, scientific and technical services.

(d) Administrative and support and waste management and remediation services.

(e) Business, civic, grantmaking, religious, professional, labor and similar organizations.

THE HOTEL, RESTAURANT AND ARTS/ENTERTAINMENT SECTORS LOST 42,500 JOBS FROM DEC 2019 TO DEC 2020-A DECLINE OF 50% TO 60% FOR EACH SECTOR

COVID-19 PANDEMIC FORCES A RE- EVALUATION OF DOWNTOWNDC'S STRATEGIC ADVANTAGES

Pre-pandemic there were multiple benefits to employers for locating in DowntownDC that offset the higher rents: access to the largest employee pool in the region due to the best transportation connectivity in the region and the highest amenity levels in the region (dining, entertainment, culture and shopping) and many attractive and vibrant public spaces. These valuable assets are now being reevaluated as part of short- and long-term recovery efforts.

A GROWING HIGHER EDUCATION WORKFORCE

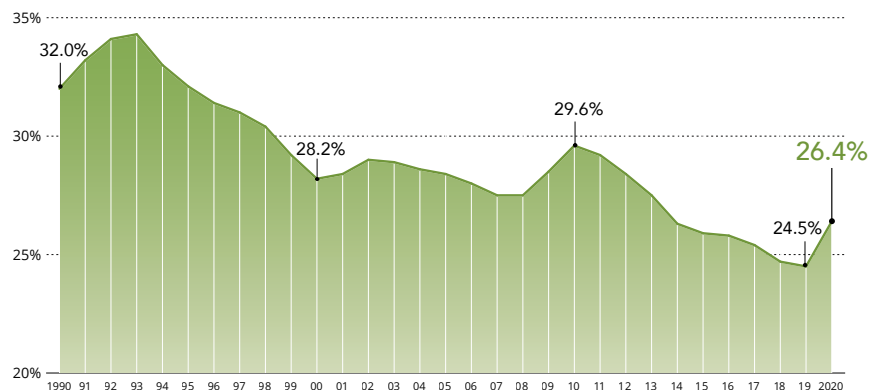
Johns Hopkins University and Georgetown Law School are expanding their operations in DowntownDC and will be growing DowntownDC's higher education employment base with hundreds of new employees.

REGIONAL TOTAL AND PRIVATE SECTOR EMPLOYMENT GROWTH RATES

	TOTAL EMPLOYMENT ^(a)			PRIVATE EMPLOYMENT ^(a)		
	2020 Change	2019 Change	2014-2019 Annual Change	2020 Change	2019 Change	2014-2019 Annual Change
Downtown DC	(6.0)%	(0.7)%	0.5%	1.6%	X%	1.8%
DC	(6.3)%	0.7%	1.3%	1.1%	X%	1.8%
Suburban MD	(7.5)%	0.8%	1.0%	0.9%	X%	1.1%
Northern Virginia	(4.6)%	1.9%	1.9%	2.0%	X%	2.1%

Sources: U.S. Bureau of Labor Statistics, Stephen S. Fuller Institute and DowntownDC BID
(a) Excludes Federal and DC government and transportation employees.

FEDERAL SHARE OF D.C. EMPLOYMENT, 1990-2020 (a)



Source: U.S. Bureau of Labor Statistics

(a) Annual average; not seasonally adjusted. Region is the sum of the sub-state areas.

FEDERAL CIVILIAN EMPLOYMENT IN REGION - 2020

	Federal Employment	% of Total Federal Employment
DowntownDC	60,200	16%
Rest of DC	137,400	37%
All of DC	197,600	53%
Northern VA and Suburban Maryland	171,200	47%
Region	368,800	100%

Sources: U.S. Bureau of Labor Statistics and DowntownDC BID

OFFICE MARKET

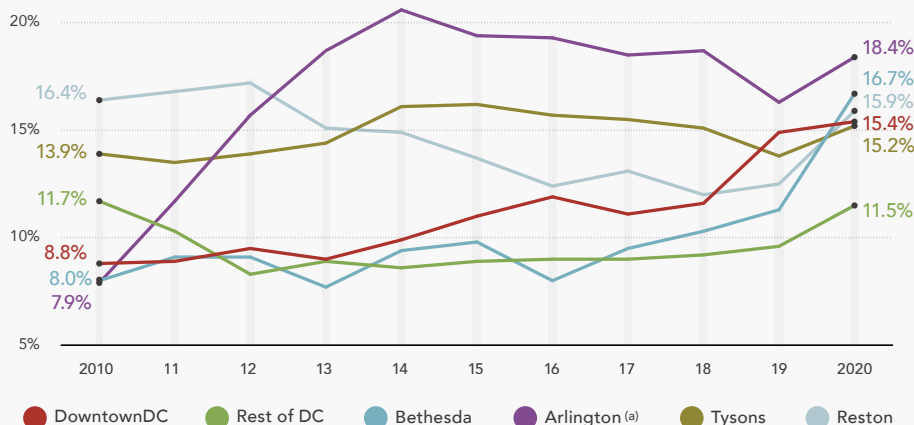
2020 SAW A CONTINUED DECLINE IN THE PERFORMANCE OF BOTH THE DOWNTOWNDC AND DC OFFICE MARKETS

Over the past few years, while occupied office space has remained close to its historical highs, modest but accelerating declines in leased office space plus the delivery of new office buildings has led to record high vacancy rates in both DowntownDC and the Rest of DC of 15.4% and 11.5%, respectively.

The high vacancy levels led to record lease concessions causing effective rents to decline. This

decreasing operating performance plus the uncertainty caused by the pandemic has caused a decline in office sales and sale prices (though DowntownDC had two recent office sales over \$1,000 per SF to foreign buyers). All this caused the District CFO to lower the assessed values of Large Office Buildings by 9.7% (from \$66.3 billion to \$59.9 billion) – reducing real property tax revenues by \$121 million per year.

REGIONAL OVERALL VACANCY RATE



Source: CoStar

(a) Rosslyn-Ballston Corridor and National Landing.



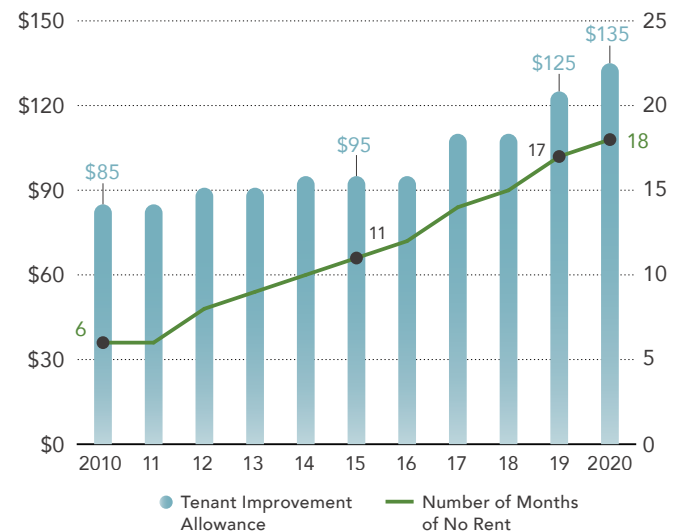
THE OFFICE MARKET FACES SUBSTANTIAL UNCERTAINTY FROM THE IMPACT OF REMOTE WORKING ON TENANTS' DEMAND FOR SPACE THAT MAY NOT BE RESOLVED FOR SEVERAL YEARS

DowntownDC and DC have not experienced the substantial increase in sublease space that some other large U.S. Downtowns have seen. DowntownDC and the Rest of DC's sublease office vacancy rates were 1.3% and 1.0% at the end of 2020.



DOWNTOWNDC AND DC REPORTED RECORD OFFICE VACANCY RATES AND CONCESSIONS IN 2020

DC CORE MARKETS, TROPHY AND CLASS A CONCESSION COMPONENTS (\$ per SF)

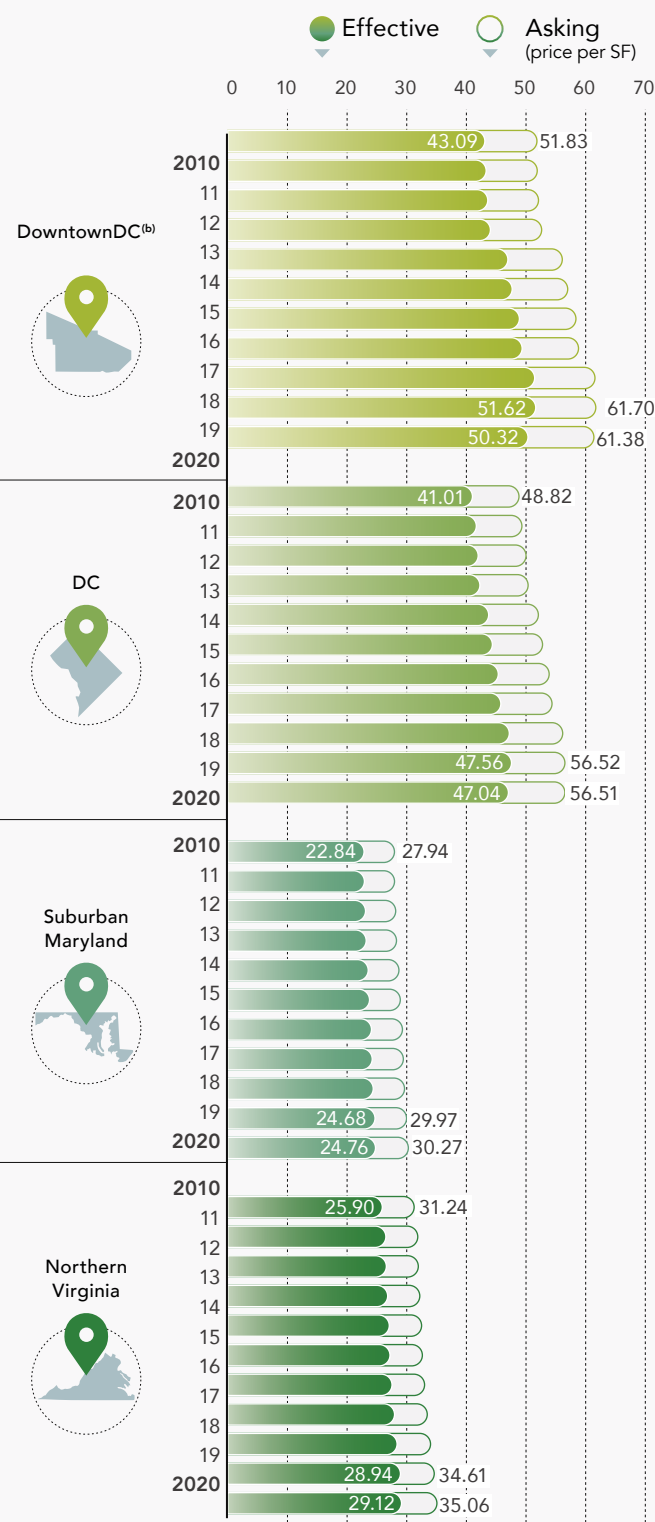


Source: JLL Research

Because DowntownDC has some of the highest rents in the city and region, its landlords must work very hard to keep tenants in DowntownDC and DC. As a result, rent concessions for tenants are at an all-time high. For trophy or Class A leases, tenant improvement allowances reached \$135 per SF and with no rent for 18 months in 2020. The impact of these concessions is an effective rent that is approximately \$10 per SF less than the asking rent.

Fannie Mae Building at 1100 15th Street NW

REGIONAL OVERALL^(a) OFFICE AVERAGE ASKING AND EFFECTIVE RENTS



(a) Overall rents includes all classes of buildings.

(b) Delta and REIS East End submarket is considered to be DowntownDC.

Sources: Delta Associates and REIS

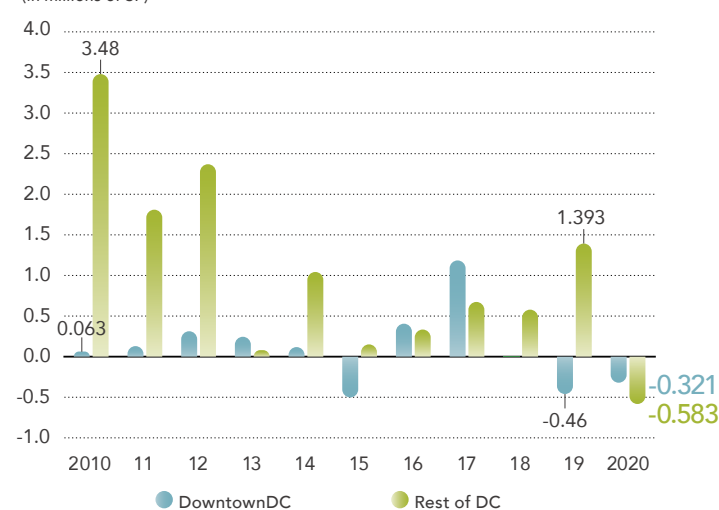
CO-WORKING OFFICE DEMAND DECLINED IN 2020

At the end of 2020, DC had 2.5 million SF of co-working space out of the region's 4.2 million SF. DC co-working space declined 410,000 SF in 2020, or 14%. WeWork currently accounts for 40% of DC's co-working space, including several DowntownDC locations. Several co-working firms have closed locations, closed entirely, or entered a restructuring phase during 2020. This has increased office vacancy in DowntownDC and DC.

While co-working has been and will continue to be an important part of the DowntownDC and DC office markets, the long-term size of the co-working market is uncertain. DowntownDC and DC are fortunate to have had a diversity of co-working space operators.

OFFICE SPACE NET ABSORPTIONS

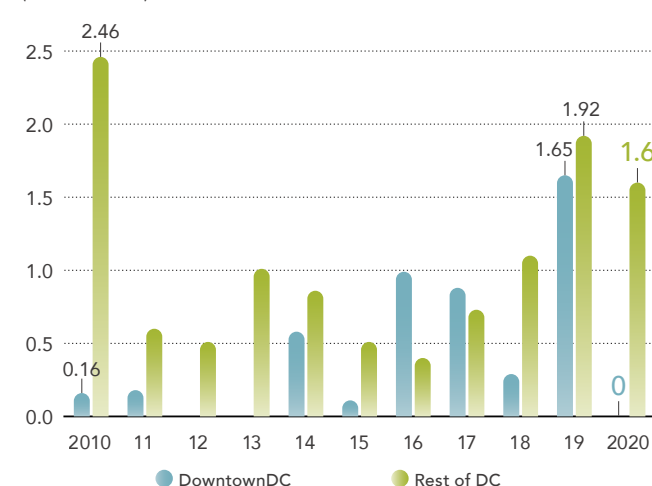
(in millions of SF)



Source: CoStar

OFFICE SPACE DELIVERIES

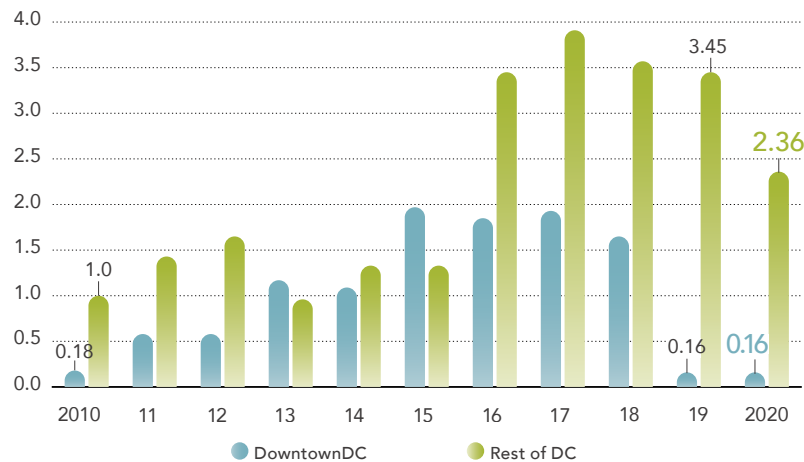
(in millions of SF)



Source: CoStar

OFFICE SPACE UNDER CONSTRUCTION

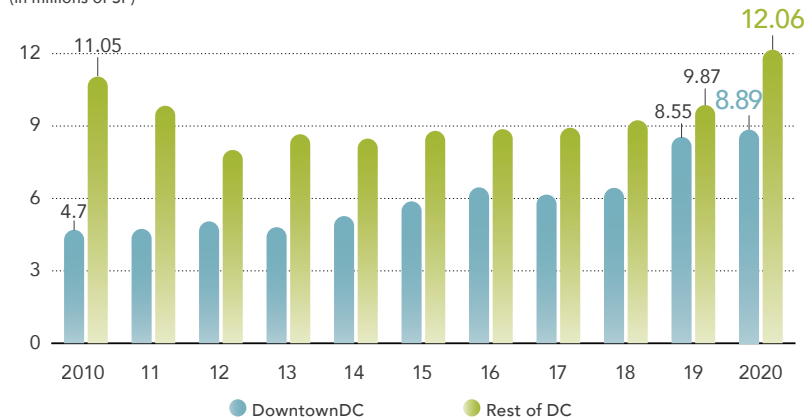
(in millions of SF)



Source: CoStar

VACANT OFFICE SPACE

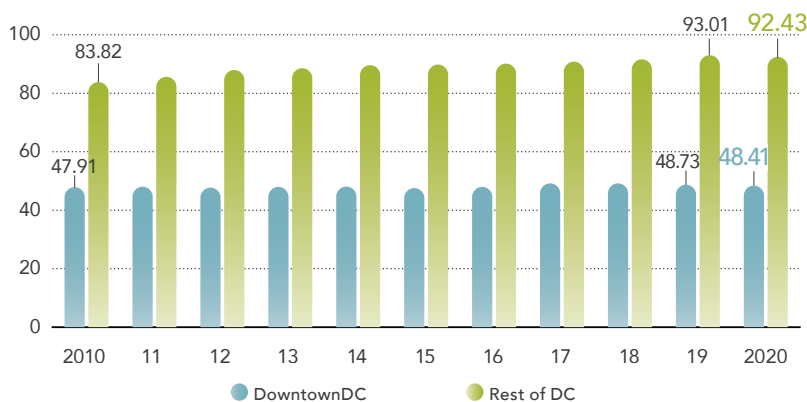
(in millions of SF)



Source: CoStar

OCCUPIED OFFICE SPACE

(in millions of SF)



Source: CoStar

RECORD LEVEL OF OFFICE VACANT SF IS AN OPPORTUNITY TO REPURPOSE SELECTED BUILDINGS TO OTHER USES

Over the past few years, 3.9 million SF of office has been developed in DowntownDC and the net absorption of office space was 300,000 SF. As a result, DowntownDC saw an increase in vacant office space of 3.6 million SF, from 5.3 million SF to 8.9 million SF at the end of 2020—a record level. The Rest of DC had another 12 million SF of vacant office space, which is also a record high.

This high level of vacant space is an opportunity for attracting new office tenants or converting vacant buildings to other uses. The former home of the Children's Defense Fund, 25 E Street NW, a 41,500 SF office building, is being converted into a hotel. The DowntownDC BID and the Golden Triangle BID are recommending to the District the creation of a modest-office-to-residential conversion incentive pilot program that will diversify DowntownDC's building stock, provide a modest amount of middle income housing, shore up existing office supply and demand and provide a positive fiscal benefit to the city from both supporting office values and attracting new residents to the city.

DOWNTOWNDC SAW AN INCREASE IN VACANT OFFICE SPACE TO 8.9 MILLION SF AT THE END OF 2020—A RECORD LEVEL

DOWNTOWNDC AND DC OFFICE BUILDING SALES PRICES DECLINED IN 2020

DowntownDC office building sales averaged \$506 per SF in 2020, a decrease of 6.7% from 2019 and a decrease of 26% from the average price for 2015-2018 of \$680 per SF. The office sales in the rest of DC averaged \$480 per SF in 2020, a 3% decrease from 2019 and a decrease of 10% from the average price for 2015-2018 of \$533. The average office sales prices in Arlington and Tysons were \$446 and \$224, respectively. Bethesda had no office sales in 2020.

Despite the general decline in office building sales, DowntownDC saw two recent building sales at prices over \$1,000 per SF – only the ninth and tenth sales ever in DowntownDC at over \$1,000 per SF – both to foreign investors.

REGIONAL COMPETITION

The federal government's U.S. Citizenship and Immigration Services (USCIS) recently moved from DC to Prince Georges County, leasing approximately 575,000 SF (a decrease of 128,000 SF from their DC leases).

USCIS is the first large tenant loss for DC to the suburbs in many years. Other than USCIS, there have been very few moves in or out of DC over the past twelve months as the pandemic has put most office space decisions on hold.

In 2019, The Carlyle Group moved its Rosslyn-based employees into 70,000 SF of newly leased space at its 1001 Pennsylvania Avenue NW headquarters. Also in 2019, the International Baccalaureate, a non-profit educational foundation located in Suburban Maryland, signed a lease for approximately

100,000 SF at 3900 Wisconsin Avenue NW, and the American Trucking Association located in Northern Virginia signed a 60,000 SF lease in Capitol Riverfront. All three moves into DC are very exciting.

In March 2021, MotoRefi, an auto refinancing start-up, announced it will move from Arlington into 20,000 SF at 1717 Rhode Island Avenue, NW.

However, Northern Virginia continues to attract most of the larger firms moving to the region, including Amazon, Nestle, Lidl, Bechtel, Parsons, Gerber and March of Dimes.

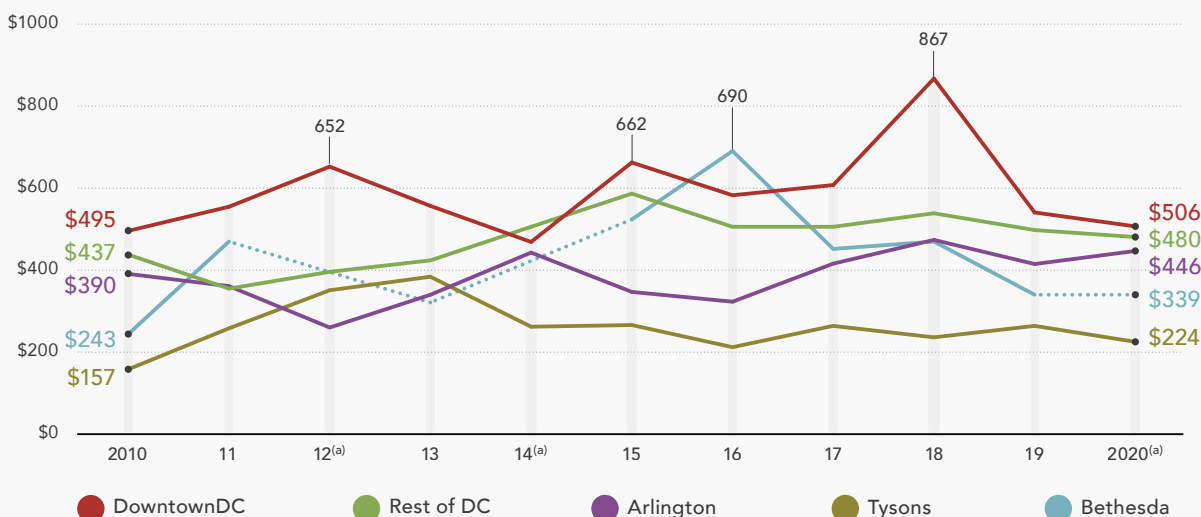


FOREIGN OFFICE BUYING
OF DOWNTOWNDC & DC OFFICE BUILDINGS HAS SLOWED, BUT

FOREIGN BUYERS ARE STILL WILLING TO PAY HIGH PRICES FOR DC OFFICE BUILDINGS

REGIONAL AVERAGE OFFICE SALES PRICES

(\$ per SF)



Source: JLL Research

(a) No sales in Bethesda in those years

DC COMPETITION

DowntownDC and the other traditional “core” submarkets (the Central Business District and the West End) have seen several tenants move to the growing office submarkets of NoMa, Capitol Riverfront and Southwest DC. And, Union Market looks to be an emerging office market competitor.

In 2019, the U.S. Department of Justice completed its move out of approximately one million SF in DowntownDC to 840,000 SF in NoMa. The law firm of Williams & Connolly LLP will be moving from DowntownDC to 290,000 SF at the Wharf in Southwest DC.

In 2019, Aquicore, a commercial real estate software company, moved from Shaw into 16,710 SF at 401 Ninth Street NW.

In 2021, The Biotechnology Organization announced it would be moving into 61,000 SF at 1201 New York Avenue NW (after a major renovation of the building) from 67,000 SF at 1201 Maryland Avenue SW.

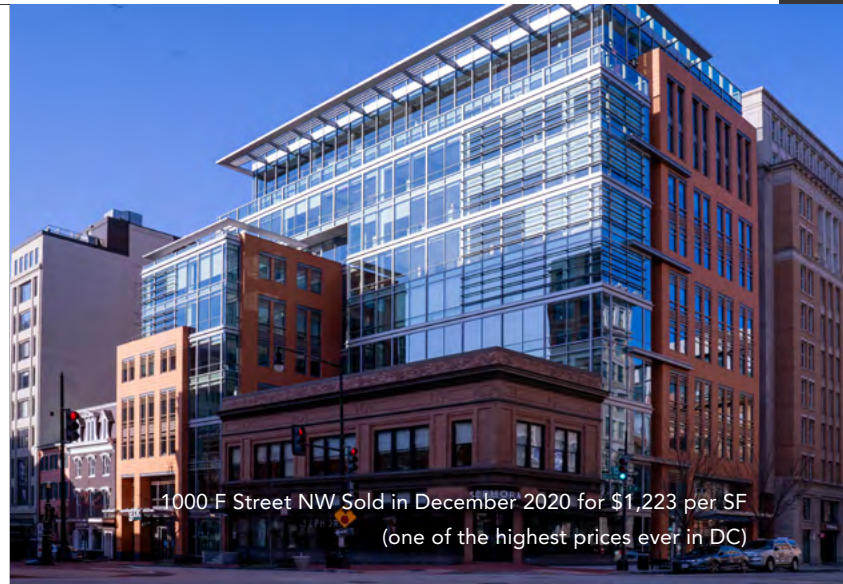
The growing amenity bases in other DC office submarkets will allow those submarkets to compete with DowntownDC on more than just price.

NATIONAL OFFICE MARKET COMPARISON

DowntownDC continues to be a national office market leader:

- DC is the nation’s third strongest office market in terms of rents—behind San Francisco and Manhattan.
- DC is the nation’s third largest office market—behind Manhattan and Chicago.

In 2020, the vacancy rates of Boston, Manhattan Midtown and Midtown South and San Francisco rose substantially and asking rents dropped substantially. Much of this performance decline is due to private companies deciding to sublease significant SF. Most other large Downtowns also saw large increases in their office vacancy rates in 2020.



1000 F Street NW Sold in December 2020 for \$1,223 per SF
(one of the highest prices ever in DC)


LARGE CITY OFFICE MARKET COMPARISON

	Overall Asking Rent (\$ per SF) 12/31/20	Overall Vacancy Rate		Total Office Inventory (millions of SF) 12/31/20
		2020	2019	
DowntownDC BID (a)	57	15.4%	14.9%	57
DC (a)	53	12.9%	11.5%	162
San Francisco	77	14.8%	5.8%	54
NYC Midtown	77	15.8%	11.6%	249
NYC Midtown South	73	14.8%	8.5%	67
NYC Downtown	61	13.7%	11.7%	89
Boston	55	11.0%	NA	70
Seattle	47	11.4%	4.9%	51
Los Angeles	45	21.5%	NA	28
Chicago	42	16.5%	15.0%	111
Houston	41	28.7%(a)	27.6%(a)	38
Denver	38	18.9%	8.7%	31
Atlanta	33	20.0%	16.9%	53
Philadelphia	32	10.9%	9.9%	42
Dallas	28	28.6%	27.5%	28

Source: Cushman & Wakefield

(a) CoStar data.

(b) Availability rate.



Conrad Hotel at 950 New York Ave, NW boarded up during protests following George Floyd's murder

HOTELS, TOURISM & CONVENTIONS

HOTEL PERFORMANCE PLUMMETS ACROSS THE NATION AND GLOBE

While DowntownDC again ranked as the nation's fourth strongest hotel market after New York City, San Francisco and Boston, DowntownDC hotel occupancy dropped to 20%

in 2020 from 79% in 2019 and room rates declined 17% in 2020.

Revenue Per Available Room (RevPAR) is the hotel industry's best single measurement of hotel performance and DowntownDC's RevPAR declined by 78% in 2020 – from \$194 to \$42.

DowntownDC hotels were not alone in experiencing a dramatic decline in operating performance. New York City, Boston/San

Francisco and Chicago/Denver/Houston/Los Angeles/Seattle experienced RevPAR declines of 81%, 77%, and 78%, respectively.

On the revenue front, DowntownDC revenues in 4Q 2020 were 11% of 4Q 2019 revenues – up from 9% in 3Q 2020 and 3% in 2Q 2020. For the other large city markets, 4Q 2020 revenues as a percentage of 4Q 2019 were 9%, 13% and 14%, respectively.



DOWNTOWNDC HOTEL REVENUES IN 4Q 2020 WERE 11% OF 4Q 2019 REVENUES

Hotel markets outside of city centers are doing better — the RevPAR declines in Bethesda/Rockville and Alexandria were 67% and 70%, respectively; and their 4Q 2020 revenues were 24% and 22% of 4Q 2019, respectively.

COVID-19 has impacted all three sources of DowntownDC and DC hotel demand: business traveler, tourist and convention-goer. The pandemic's impact is made dramatically clear by the decline in passengers at the region's three airports in 4Q 2020:

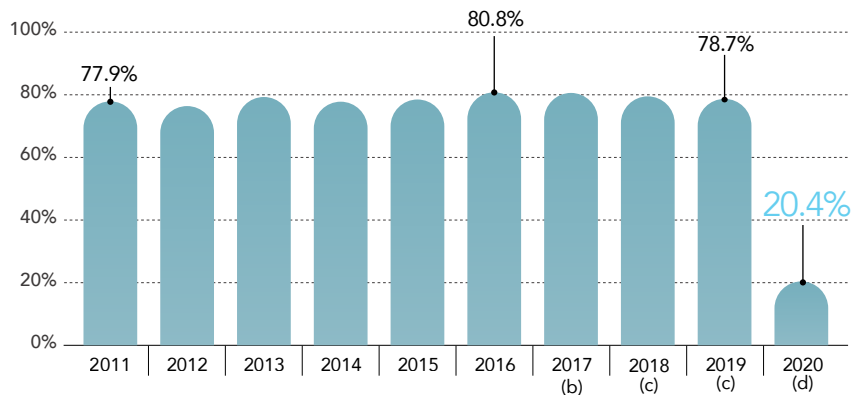
- Reagan National Airport was at 21% of 4Q 2019 passenger levels.
- Dulles International Airport was at 31% of 4Q 2019 passenger levels.
- BWI was at 39% of 4Q 2019 passenger levels.

At the end of 2020, 29 of DowntownDC's 33 hotels (88%) were open with 79% of DowntownDC's 11,972 hotel rooms open. No DowntownDC hotels have permanently closed since the pandemic began.

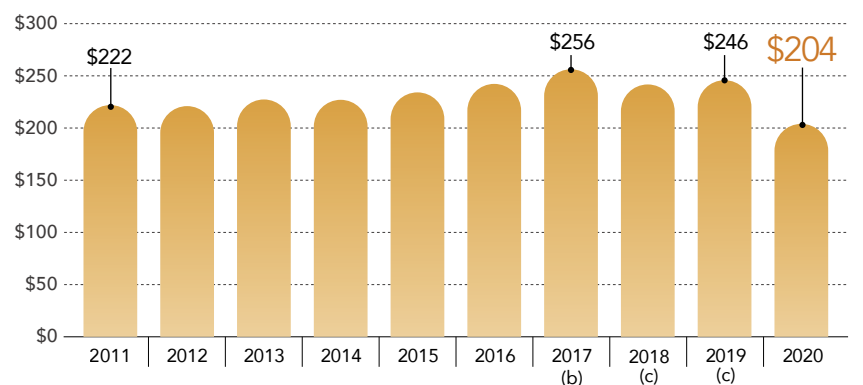
DOWNTOWNDC HAS 37% OF DC'S HOTEL ROOMS

DOWNTOWNDC HOTEL PERFORMANCE

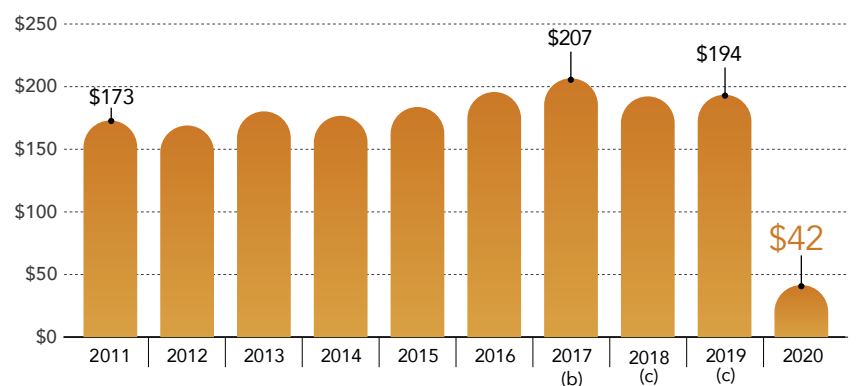
Occupancy rate



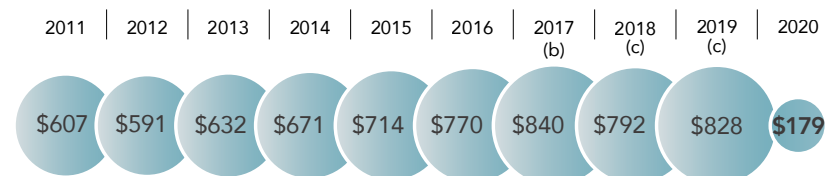
Average daily room rate



Revenue per available room (a)



Room revenues (millions)



(a) RevPAR = Occupancy Rate * Average Daily Room Rate.

(b) High hotel performance in January 2017 due to Presidential Inauguration and the Women's March..

(c) Federal government shutdown ran from Dec 22, 2018 through Jan 25, 2019.

(d) Based on total hotel rooms (open and temporarily closed).

Source: Smith Travel Research

REVPAR COMPARISON: REGIONAL AND NATIONAL

(Revenue Per Available Room Night)

	DowntownDC	Compared to Rest of DC and Region			Compared to Other Large City Downtowns		
		Rest of DC	Bethesda / Rockville	Alexandria / Arlington	New York City	Boston / San Francisco	Chicago / Denver / Houston / Los Angeles / Seattle
2015	\$184	\$158	\$91	\$113	\$248	\$212	\$153
2016	\$196	\$164	\$96	\$116	\$242	\$216	\$154
2017	\$207	\$171	\$101	\$118	\$241	\$213	\$156
2018	\$192	\$160	\$100	\$114	\$247	\$220	\$161
2019	\$194	\$161	\$101	\$117	\$238	\$228	\$156
2020	\$42	\$39	\$33	\$35	\$46	\$51	\$35

Source: Smith Travel Research

RECORD DC VISITOR TRAVEL IN 2019, BUT DECLINES OF OVER 50% ARE EXPECTED IN 2020

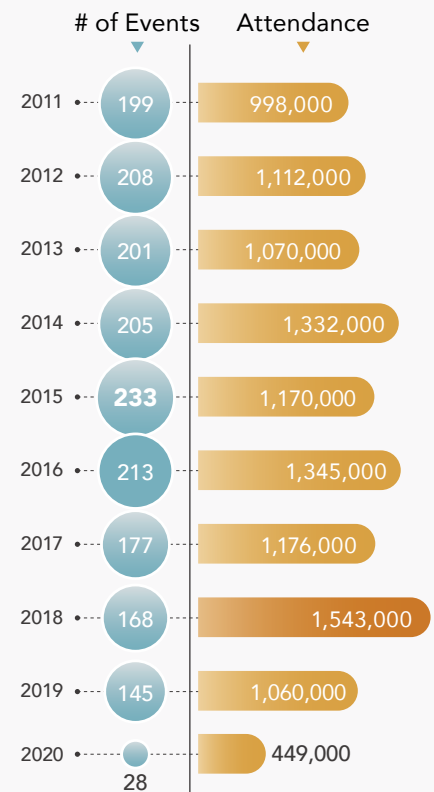
Destination DC, the city's tourism marketing arm, reported record visitor travel for 2019 (the latest date for which data is available) of 24.6 million — up 3.4% from 2018. Domestic visitor total was up by 4.1% to 22.8 million and international visitor total declined slightly from 1.9 million to 1.8 million, or 5.3%.

However, Destination DC expects visitors declines of over 50% in 2020.

WALTER E. WASHINGTON CONVENTION CENTER

Like much of the DowntownDC economy, The Walter E. Washington Convention Center had a very strong first two months and reported relatively strong attendance of 449,000 from 28 events — 36% of the last five-year's average annual attendance in just 21% of a year. Events DC, the management organization of the Convention Center, was not idle in 2020. Events DC funded several well-received grant programs, totaling \$42 million for hotel's hotel workers (including undocumented hotel workers) and cultural institutions and contributed several million dollars to the city's microgrant program.

WALTER E. WASHINGTON CONVENTION CENTER ATTENDANCE



Source: Events DC

NATIONAL MALL MEMORIALS AND MUSEUMS

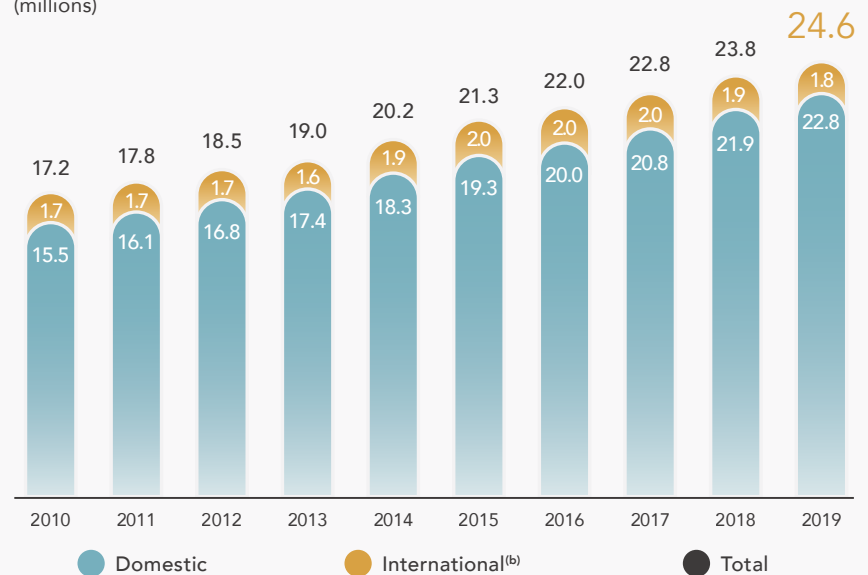
The memorials and museums on the National Mall attracted an average of 30 million and 29 million annual visitors, respectively, for the ten years 2010-2019. In 2020, attendance was 10.9 million at the memorials and 3.2 million at the museums.

BRINGING VISITORS BACK TO DOWNTOWNDC AND DC

Destination DC and Events DC are jointly tasked with marketing the city to bring visitors back as soon as possible. The DowntownDC BID is looking forward to partnering with them in this effort. The BID has financially supported visitor data research to better inform this marketing effort.

DC HOTEL EMPLOYMENT WAS DOWN 59% FROM DEC 2019 TO DEC 2020 - RESULTING IN 9,700 UNEMPLOYED HOTEL WORKERS

VISITORS TO DC^(a)
(millions)

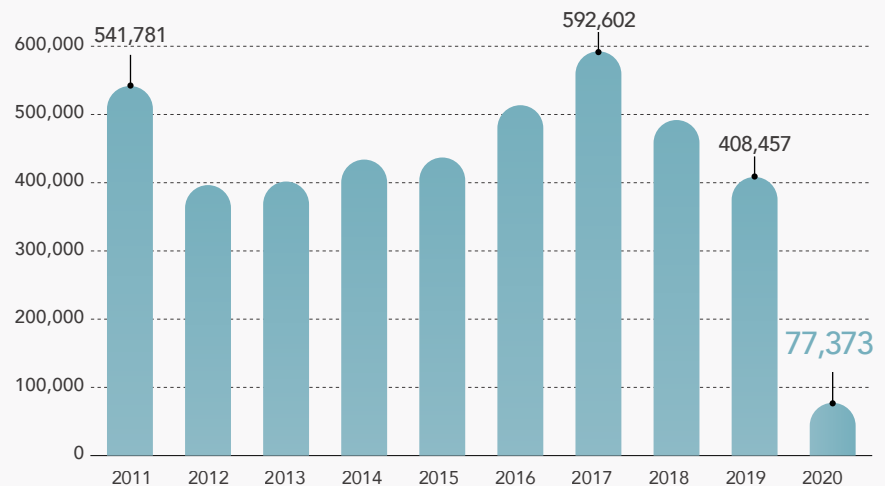


(a) Visitor Data is released as follows: domestic visitation in May-June of each year for the prior year, and international visitation in August of each year for the prior year.

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

Sources: Destination DC from MMGY Travel Intelligence; Travel Market Insights; National Travel & Tourism Office, U.S. Department of Commerce (TMI).

HOTEL ROOM NIGHTS GENERATED BY DESTINATION DC FOR THE WALTER E. WASHINGTON CONVENTION CENTER



Source: Destination DC

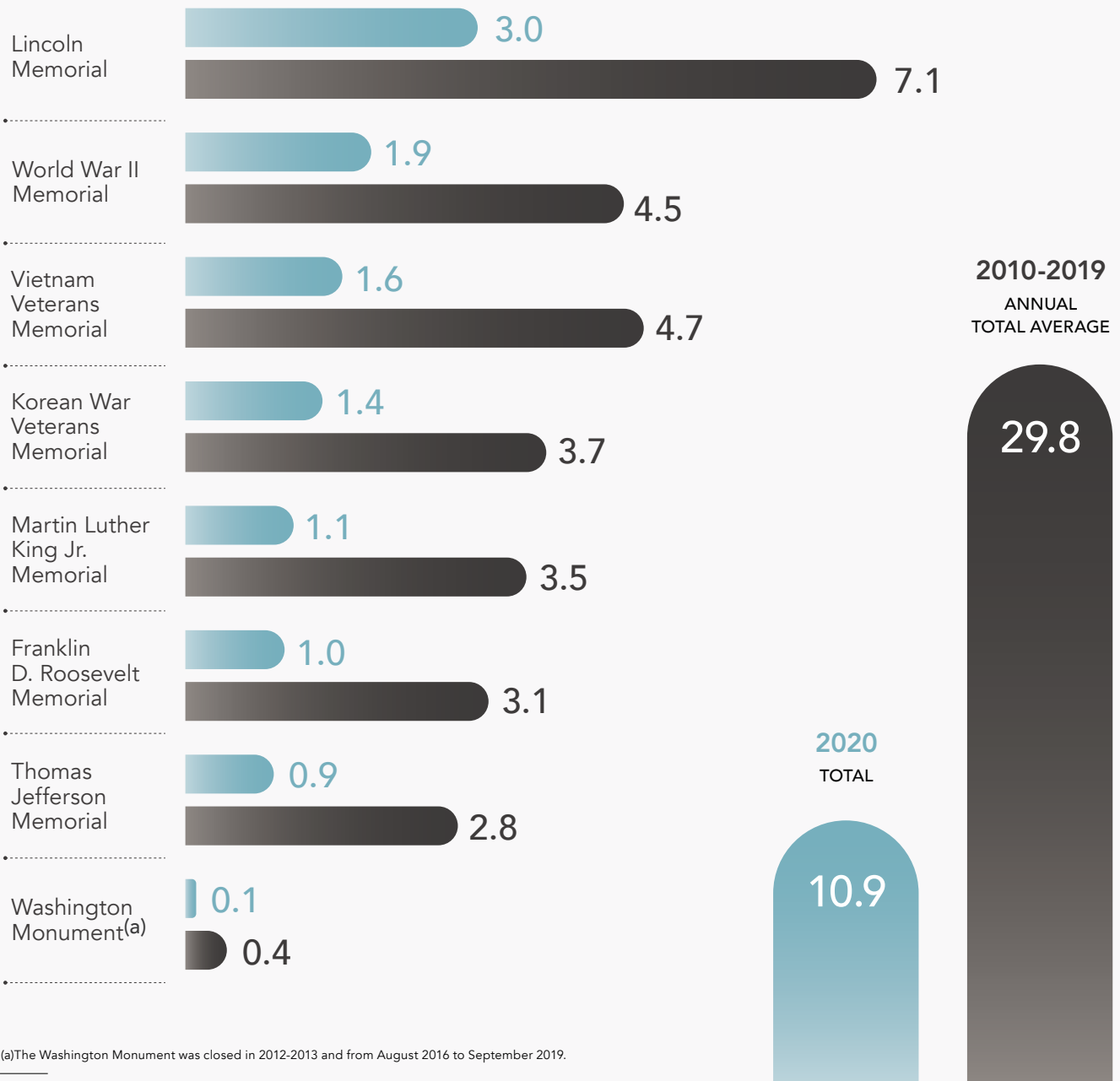
ANNUAL VISITORS TO NATIONAL MALL MEMORIALS AND MUSEUMS

MEMORIALS

● 2020

● Annual Average (2010-2019)

(millions)



(a) The Washington Monument was closed in 2012-2013 and from August 2016 to September 2019.

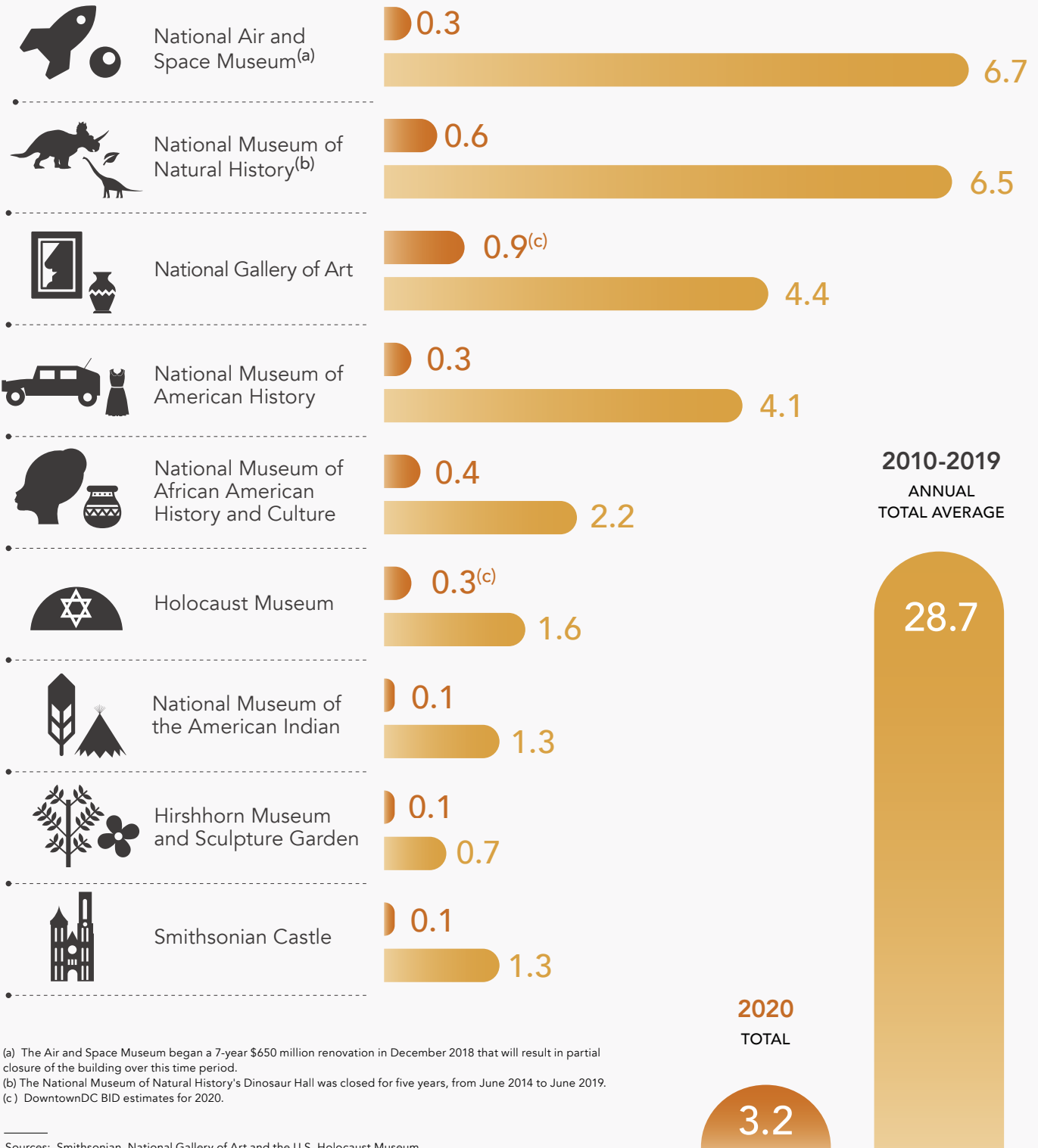
Source: The National Park Service

MUSEUMS

 2020

 Annual Average (2010-2019)

(millions)





CULTURE & ENTERTAINMENT

2020 WAS A DEVASTATING YEAR FOR CULTURE & ENTERTAINMENT

The Culture & Entertainment sector was the hardest hit DowntownDC economy sector in 2020 as it was essentially closed after mid-March

2020 due to COVID-19 safety protocols. Capital One Arena and DowntownDC's seven theatres/ performance venues had not reopened as of the end of 2020; and several museums which reopened in the late Summer and Fall closed again by year-end as pandemic case numbers increased during a second wave. Culture & Entertainment attendance dropped

by 5.9 million in 2020, or 79%, to 1.6 million from 7.5 million in 2019. 98% of the 1.6 million attendance was from January 1 to March 15, 2020. As a consequence, fifty percent of arts, entertainment and recreation jobs were lost after the start of the pandemic in 2020: declining from 10,200 to 5,100 from December 2019 to December 2020.

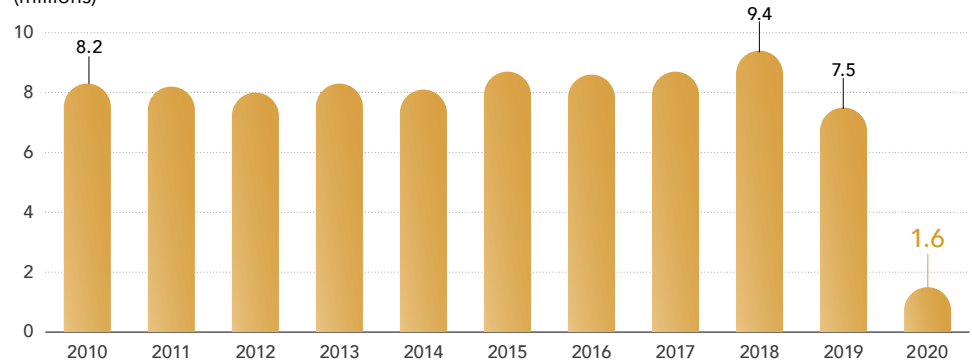


Capital One Arena

**DC GOVERNMENT
AND FEDERAL
GOVERNMENT AND
PRIVATE SUPPORT
HAS HELPED MAINTAIN
THE CULTURE &
ENTERTAINMENT
SECTOR ECOSYSTEM
IN 2020**

TOTAL DOWNTOWNDC CULTURE AND ENTERTAINMENT VISITORS

Museums, Capital One Arena and Performing Arts Venues
(millions)



Sources: Museums, Performing Arts Venues and Monumental Sports & Entertainment

The Capital One Arena and the theatres/ performance venues were not allowed to open due to the city's important and prudent restrictions on large gatherings. The museums were allowed to open with limited capacity, and some used timed ticketing systems. However, the limited capacity and consumer reluctance, led to very low attendance in the second half of 2020 – an estimated 55,000 compared to 3.75 million in the second half of 2019, or only 1.5% of 2019 attendance.

Culture & Entertainment attendance had fallen in 2019 due to the move of the Spy Museum to Southwest DC and was expected to fall further in 2020 due to the closing of the Newseum. These museums reported attendance of 1.4 million in 2018. Other museum attendance declined slightly as well, mostly due to the drop-off following the attendance surge due to the

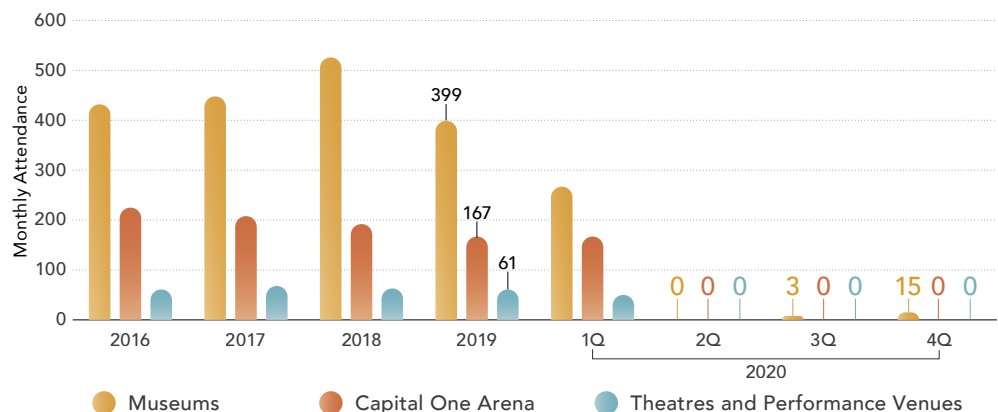
2018 unveiling of the Obama portraits at the National Portrait Gallery.

The Capital One Arena was poised for an exciting 2020 as Monumental Sports and Entertainment recently (1) completed extensive renovations over the previous two summers and (2) created capacity for more concerts and events with the move of the WNBA's Mystics to the District's Entertainment and Sports Arena in southeast (where The Mystics won the WNBA championship in 2019).

Hamilton Live was one of six venues in DC (and the only DowntownDC venue) selected to participate in the city's Live Entertainment Pilot that ran from September 25 – November 23, 2020, at which time the city suspended the program as the second wave of COVID-19 saw increases in cases.

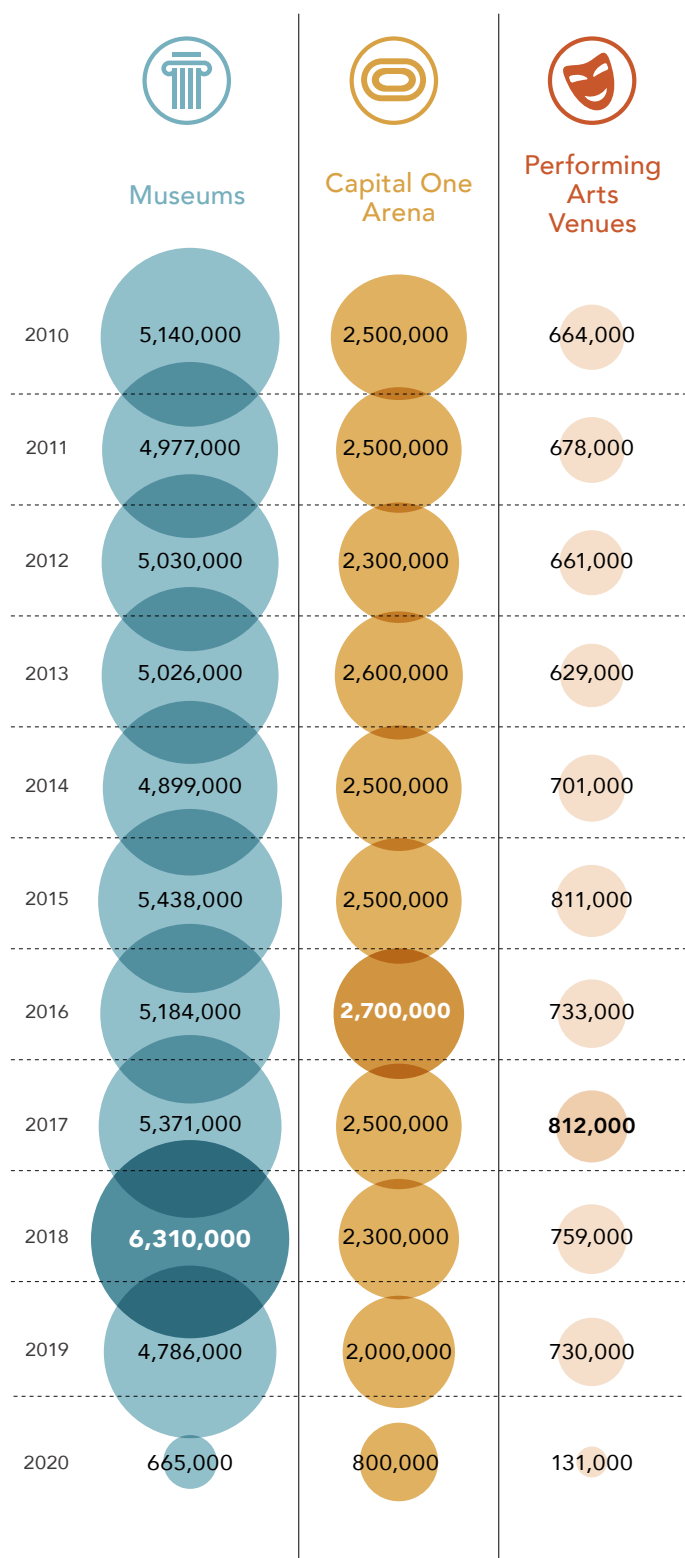
CULTURE & ENTERTAINMENT ATTENDANCE - IMPACT OF PANDEMIC

(thousands)



Source: Museums, Performing Arts Venues and Monumental Sports & Entertainment

DOWNTOWNDC CULTURE & ENTERTAINMENT ATTENDANCE BY VENUE TYPE



Sources: Museums, Performing Arts Venues and Monumental Sports & Entertainment

DC, FEDERAL AND PRIVATE FUNDING WAS CRITICAL TO PROVIDE SUPPORT UNTIL RECOVERY BEGINS

The Culture & Entertainment sector received significant DC, federal and private support throughout the pandemic. The city's \$20 million Entertainment Bridge Fund was increased to \$29.5 million (to include venue and performance supporting businesses). The federal funding has been substantial, including PPP funding and the \$16.25 billion Shuttered Venue Operators Grants program (covering music venues, theatres and other performance venues). Lastly, many theatres were supported by special fundraising campaigns. Theatre Washington Taking Care Fund raised and issued grants of \$415,000 to provide emergency pandemic grants to hundreds of local unemployed theatre makers.

NEW MUSEUMS IN DOWNTOWNDC

Two new museums opened in 2020 only to quickly close due to the pandemic: The National Children's museum opened on February 24th and closed a few weeks later; and Planet Word delayed its May 2020 grand opening to October 22nd and then closed 31 days later. In addition, there are two new museums under construction: the Milken Institute's Center for Advancing the American Dream is scheduled to open in 2023 at 1501 – 1505 Pennsylvania Avenue NW, and the Victims of Communism Museum is scheduled to open in 2021 at 900 15th Street NW. These museums are a welcome addition to the DowntownDC Culture & Entertainment sector.

WHAT DOES A RETURN TO NORMAL LOOK LIKE?

The Culture & Entertainment venues are an important competitive advantage for DowntownDC and DC in attracting employers, conventions and visitors. In a "normal," pre-pandemic year, the following annual attendance should be expected:

- Museums **3.5 to 4 million**
- Capital One Arena **2.5 to 3 million**
- Theatres/Venues **0.7 to 0.8 million**
- Total **6.7 to 7.8 million**



MANY MUSEUMS AND THEATRES CREATED
VIRTUAL PROGRAMMING
TO ENGAGE THEIR PATRONS
WHILE PHYSICALLY CLOSED

**CULTURE AND ENTERTAINMENT
WAS THE HARDEST HIT OF
DOWNTOWNDC ECONOMIC
SECTORS, WITH THE LOSS
OF 99% OF ATTENDANCE
IN 2020 SINCE THE
PANDEMIC BEGAN**

THEATRE AND PERFORMANCE VENUE ATTENDANCE IN DOWNTOWNDC



	2020	Average ^(a) (2010-2019)
Warner Theatre	28,503	▶ 158,415
National Theatre	25,300	▶ 113,185
Sidney Harman Hall ^(b)	16,389	▶ 124,035
Ford's Theatre	12,785	▶ 87,253
Sixth & I Synagogue	14,516	▶ 73,061
Hamilton Live	15,563	▶ 65,629
Michael Klein Theatre ^(b)	10,977	▶ 71,379
Woolly Mammoth Theatre	6,539	▶ 39,443
TOTAL	130,572	▶ 732,400

Sources: Theatres and Performance Venues

(a) If open less than years for the average, average based on years open.

(b) Shakespeare Theatre Company venues.

MUSEUM ATTENDANCE IN DOWNTOWNDC



	2020	Average (2010-2019)
National Portrait Gallery and Smithsonian American Art Museum	321,286	▶ 1,312,700
National Archives	127,924	▶ 1,085,704
Ford's Theatre Historical Site	47,170	▶ 553,900
National Building Museum	81,379	▶ 504,462
National Museum of Women In The Arts	34,891	▶ 107,630
Old Post Office Tower	20,000 ^(b)	▶ 119,508 ^(a)
The Naval Heritage Center	20,000 ^(b)	▶ 134,222
DC History Center	7,657 ^(b)	▶ 65,549 ^{(b)(c)}
National Law Enforcement Museum ^(b)	5,135	▶ 66,034
Children's Museum	Open for less than a month	▶ NA
Planet Word	Open for less than a month	▶ NA
Newseum	NA	▶ 800,000 ^{(d)(e)}
International Spy Museum	NA	▶ 611,800 ^(f)
TOTAL	665,442	▶ 5,372,275

Sources: Museums and DowntownDC BID

(a) For 2017 -- 2019.

(b) DowntownDC BID estimate.

(c) 2019 only - annualized.

(d) Newseum attendance from multiple sources.

(e) For ten years ending at the end of 2019.

(f) For ten years ending at end of 2018.

Planet Word Museum



SHOPPING & DINING

HARD HIT IN 2020

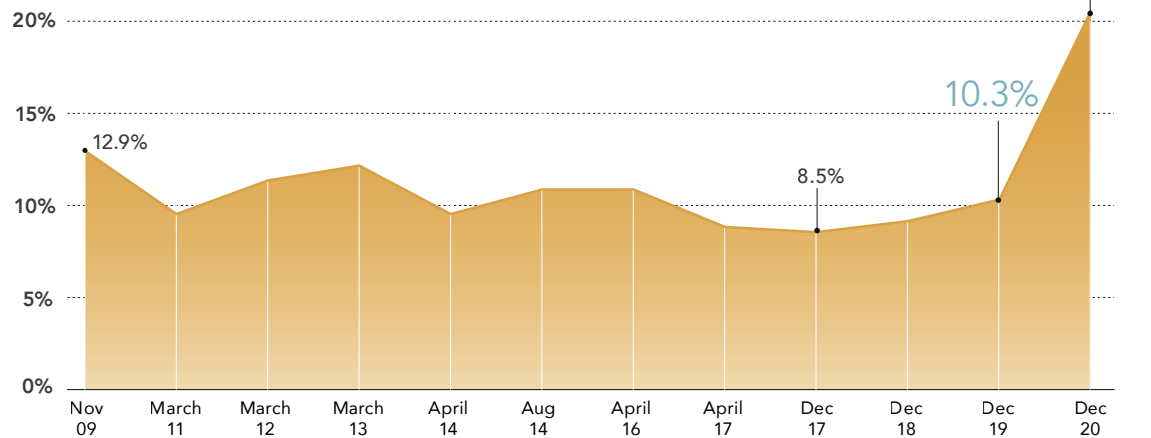
DowntownDC's shopping and dining sectors were severely impacted by the pandemic with only the hotel/convention center/tourism and culture/entertainment sectors experiencing a greater loss in economic activity.

Many restaurants, stores and service retailers are temporarily closed; three dozen permanently closed; and several restaurants delayed their 2020 openings until Spring or Summer 2021. DowntownDC's retail vacancy reached a record high at the end of 2020 of 22.6%.

DC Restaurant December 2020 employment is down 51% (a loss

of 27,600 jobs) from December 2019. However, there have been two restaurant openings in 2021 and seven openings scheduled for later in 2021 and several new restaurant opening announcements. With retail rents dropping due to increased vacancies, other opening announcements are likely in 2021.

DOWNTOWNDC RETAIL VACANCY RATE HISTORY



Source: Dochter & Alexander Retail Advisor (2017 - 2020) and DowntownDC BID (2010 - 2016)

DESTINATION RESTAURANT OVERVIEW IN DECEMBER 2020:

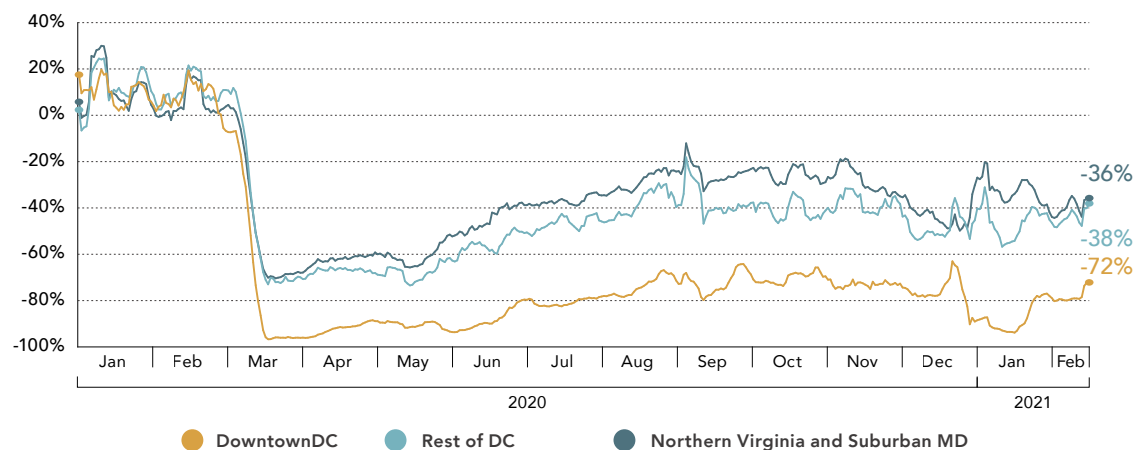
- 132 total restaurants
- 91 open (69%) and 41 temporarily closed (31%)
- 72 offered indoor dining (55%)
- 54 offered outdoor dining (41%)
- Revenues at 20% to 40% of Dec 2019 sales levels
- 12 closings in 2020 (8%)
- 3 openings in 2020 (2%)
- 11 delayed openings or restaurants under construction (8%)
- 5 new restaurant announcements (3%)

DESTINATION SHOPPING OVERVIEW IN DECEMBER 2020:

- 73 total stores
- 71 open (97%) and two temporarily closed (3%)
- Several luxury stores' 2020 sales are above 2019
- Most stores' sales were at 40% to 60% of Dec 2019 sales levels
- 8 closings in 2020 (10%)
- 1 opening in 2020 (1.2%)
- 3 under construction (4%)

REGIONAL RESTAURANT SALES

(as % Of Previous Year)



Source: MarginEdge and DowntownDC BID

H and 8th Street NW Streeters

**DC
RESTAURANT
EMPLOYMENT
IS DOWN 51%
FROM DEC
2019 TO
DEC 2020**

DOWNTOWNDC DESTINATION RESTAURANT HISTORY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Estimate
Number of Restaurants at End of Year	127	132	130	134	132	139	143	149	145	141	132	137
Net Change	(2)	5	(2)	4	(2)	7	4	6	(4)	(4)	(9)	5
Openings	4	10	3	10	3	10	9	11	6	10	3	13 ^(a)
Closings	(6)	(5)	(5)	(6)	(5)	(3)	(5)	(5)	(10)	(14)	(12)	(8) ^(b)

Source: DowntownDC BID

(a) Includes nine restaurants under construction and four announced as of 1Q 2021.

(b) Includes two closings in 1Q 2021 and six additional estimated closings as 40 destination restaurants are temporarily closed as of 1Q 2021.

DESTINATION RESTAURANT
OPENINGS AND CLOSINGS**3 Opened**

Cranes, Café Riggs and Tonasi

12 Closed

Bar Louie, Billy Goat Tavern, Claudia's Steakhouse, Fado's Irish Pub, Legal Seafood, Maddy's Tap Room, Momofuku, Olivia, Poca Madre, Source, Taco Bamba and Thai Chili Olivia

DESTINATION SHOPPING
OPENINGS AND CLOSINGS**1 Opened**

Lululemon

8 Closed

Uniqlo, Aveda, Jos A Bank, lou lou Boutique, Men's Warehouse, Bed Bath & Beyond, Urban Outfitters and Alexis Bittar

3 Opened

Farmbird, Cheesecake Factory and Yardbird Southern Table & Bar

8 Delayed Opening or Under Construction

Akedo (late Summer/early Fall), Dauphine's (Fall), Franklin Park Restaurant (Fall), Immigrant Food at Planet Word, Philotimo (late Summer/early Fall), Shōtō Zuma (late Summer/early Fall) and Truluck's Seafood and Crab (May)

5 Announced

The Ardent, Eddie V's Prime Seafood, Love Maketo, Bar Spero and Five Iron Golf

2 Closed

Cedar and Circa

1 Closed

Coudalie

3 Under Construction

Chanel, Giorgio Armani and Akris at CityCenterDC

DOWNTOWNDC DESTINATION SHOPPING HISTORY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Estimate
Number of Stores at End of Year	58	58	58	59	71	83	84	87	83	82	76	77
Net Change	0	0	0	1	12	12	1	3	(4)	(1)	(6)	1
Openings	2	2	2	1 ^(a)	12 ^(a)	12 ^(a)	2	3	0	3	1	4 ^(b)
Closings	(2)	(2)	(2)	0	0	0	(1)	0	(4)	(4)	(7)	(3) ^(c)

Source: DowntownDC BID

(a) CityCenterDC stores opened Dec 2013 -- 2015.

(b) Includes four stores under construction.

(c) Includes one closing in 1Q 2021 and two projected closings.

IN 2020

IN 2021

DOWNTOWNDC OFFERS MICHELIN-STARRED RESTAURANTS AND MICHELIN'S BIB GOURMAND LIST

While the Michelin restaurant guides were not issued for 2021 due to the pandemic, DowntownDC offers top quality restaurants that earned Michelin stars or a listing as a Michelin's Bib Gourmand List in 2019 and have for every year since Michelin started rating DC restaurants in 2016.

Since 2016, two DowntownDC restaurants have earned stars each year: Jose Andres' minibar with

two stars and Fabio Trabocchi's Fiola with one star.

Sushi Nakazawa earned one star in 2019. Jose Andres' China Chilcano, Jaleo, Oyamel and Zaytinya made the Michelin's Bib Gourmand List for four consecutive years. For the last two years, Succotash and the Unconventional Diner made the Bib Gourmand List and American Son joined the list in 2020.

FUTURE OF RETAIL IN DOWNTOWNDC

The pandemic accelerated the shift from brick and mortar retail to online shopping. In addition, experiential retail is growing and outbidding traditional users for space.

There is 914,000 SF of vacant retail space in DowntownDC.

In addition, DowntownDC has over 500,000 SF of ground floor space that is used as office space, of which more than 50% could be converted to retail. There is 37,000 SF of retail space under construction and 108,000 SF of planned space, including 29,000 SF at CityCenterDC.

The renovation of Franklin Park will include a full-service restaurant pavilion. The DowntownDC BID hopes to announce an operator in Spring 2021.

The DowntownDC BID is looking to hire a person who will focus on filling vacant DowntownDC retail spaces in Spring 2021.

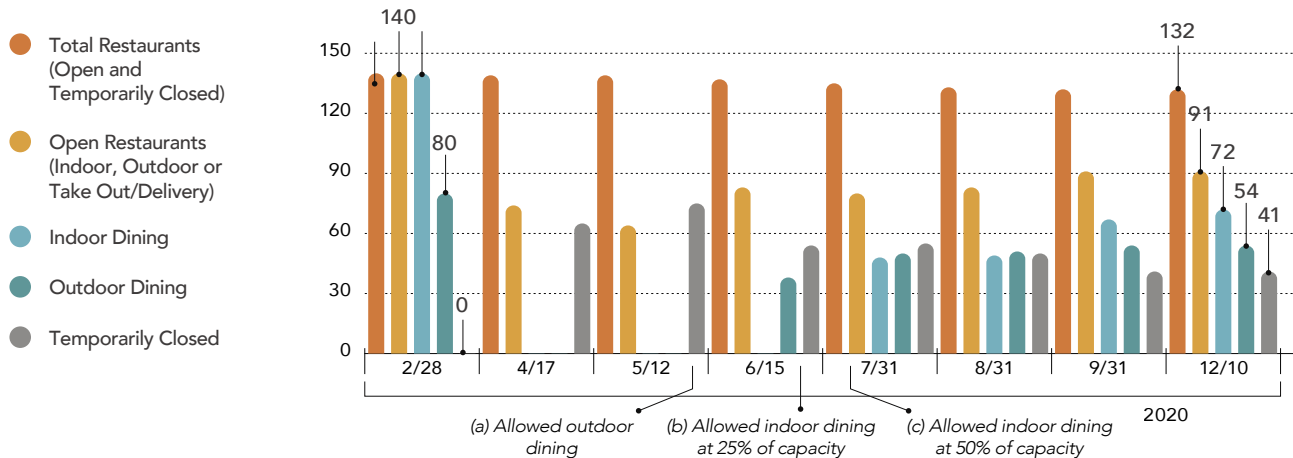


Macy's (12th & G streets NW) curbside pick-up services during 2020

The unpredictability of science-driven health related changes in city regulations and large protest marches made managing a restaurant extremely difficult in

2020. The following charts shows how the operating status of DowntownDC's Destination and Quick Service restaurants changed frequently in 2020.

DESTINATION RESTAURANTS: OPEN/CLOSED STATUS DURING 2020



PERMANENT CLOSINGS/OPENINGS IN 2020

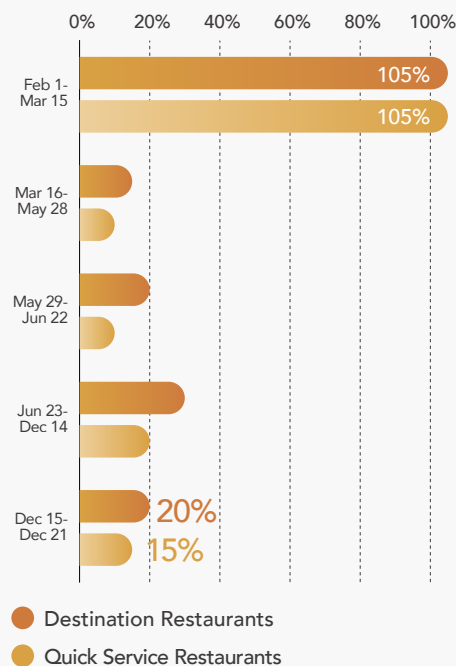
	2/28	4/17	5/12	6/15	7/31	8/31	9/31	12/10	Total
Openings	3	0	0	0	0	0	0	0	3
Closings	-2	-1	0	-2	-2	-2	-3	0	12
Net Change	1	-1	0	-2	-2	-2	-3	0	(9)
Cumulative Net Change	1	0	0	-2	-4	-6	-9	-9	(9)

Source: DowntownDC BID

AS A RESULT OF BOTH SCIENCE-DRIVEN CITY REGULATIONS AND CONSUMER HEALTH CONCERNS, DOWNTOWNDC SALES AT RESTAURANTS AND STORES WERE WELL BELOW 2019 LEVELS.

DOWNTOWNDC RESTAURANT REVENUES IN 2020

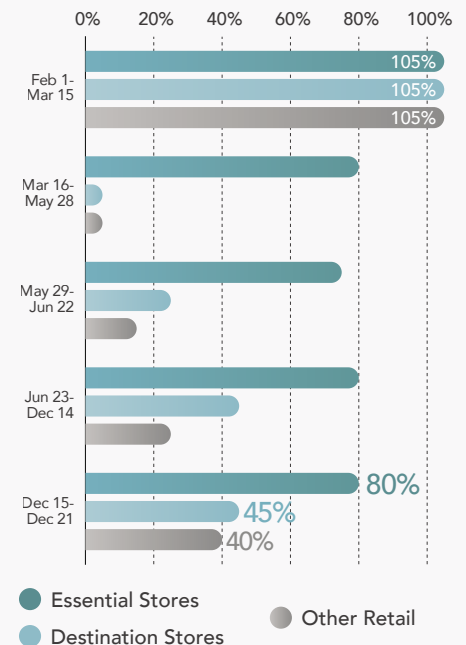
(as % of 2019)



Source: DowntownDC BID surveys and grant applications

DOWNTOWNDC SHOPPING REVENUES IN 2020

(as % of 2019)



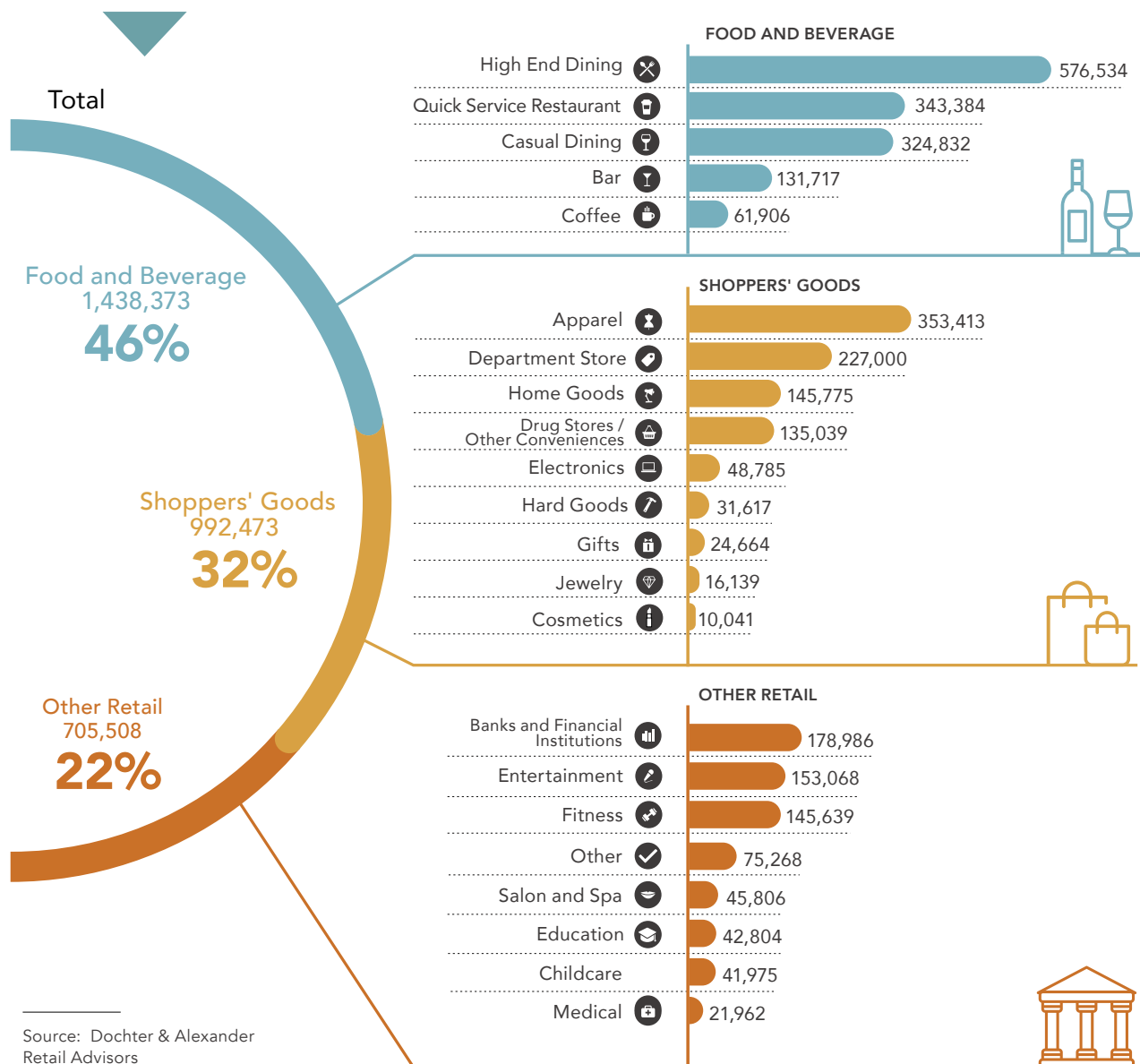
Source: DowntownDC BID surveys and grant applications

DOWNTOWNDC RETAIL SPACE OVERVIEW AT 12/31/20

DowntownDC has a broad mix of retailers totaling 3.1 million SF of occupied or announced retail space:

- 900,000 SF of high-end or casual dining in over 132 establishments (29%)
- 640,000 SF of other food service providers (17%)
- 660,000 SF of destination shopping in 76 stores (21%)
- 332,000 SF of other shopper's goods retail (11%), including furniture design showrooms, drug stores and convenience retail
- 788,000 SF of other retail (22%) with banks, entertainment and fitness being the largest categories

Total Possible Retail Space
5,036,429



Source: Tochter & Alexander
Retail Advisors

DOWNTOWNDC LIVING

DRAMATIC DECLINE IN APARTMENT PERFORMANCE

WHILE CONDO PRICES WERE STRONG IN 2020

The DowntownDC, DC and DMV apartment markets saw dramatic declines in rents and record high vacancy rates in 2020.

In DowntownDC, rents declined 24% in 2020 and the vacancy rate rose to a record 11.1% in 2020. The condo market remained strong as prices and sales volumes remained at pre-pandemic levels. In DowntownDC, condo prices increased to \$660 in 4Q 2020 — a 7% increase over 2019 and back to levels of 2016-2018 after a sub-par 2019.

Class A apartment rents in DowntownDC declined to \$2.52 per SF per month in 4Q 2020 from \$3.30 per SF per month in 4Q 2019, a decline of 24%. DC overall Class A apartment rents also declined dramatically to \$2.80 per SF per month in 4Q 2020 from \$3.38 per SF per

month in 4Q 2019, a decline of 17%. The suburbs experienced rent drops of 16% to 17% from 4Q 2019 to 4Q 2020.

Class A apartment vacancy rates in DowntownDC rose significantly to 11.1% in 4Q 2020 — up from 4.9% in 4Q 2019. DC's overall Class A vacancy rate experienced a similar large increase to 8.3% in 4Q 2020 — up from 3.8% in 4Q 2019. The DC decline in occupied apartments in 2020 was 1,515 units, or just 0.6%. However, 7,212 new units were delivered in DC in 2020, or an increase of 4.6%. Vacancy rates increased significantly in Bethesda and declined slightly in the Rosslyn-Ballston Corridor in 2020.

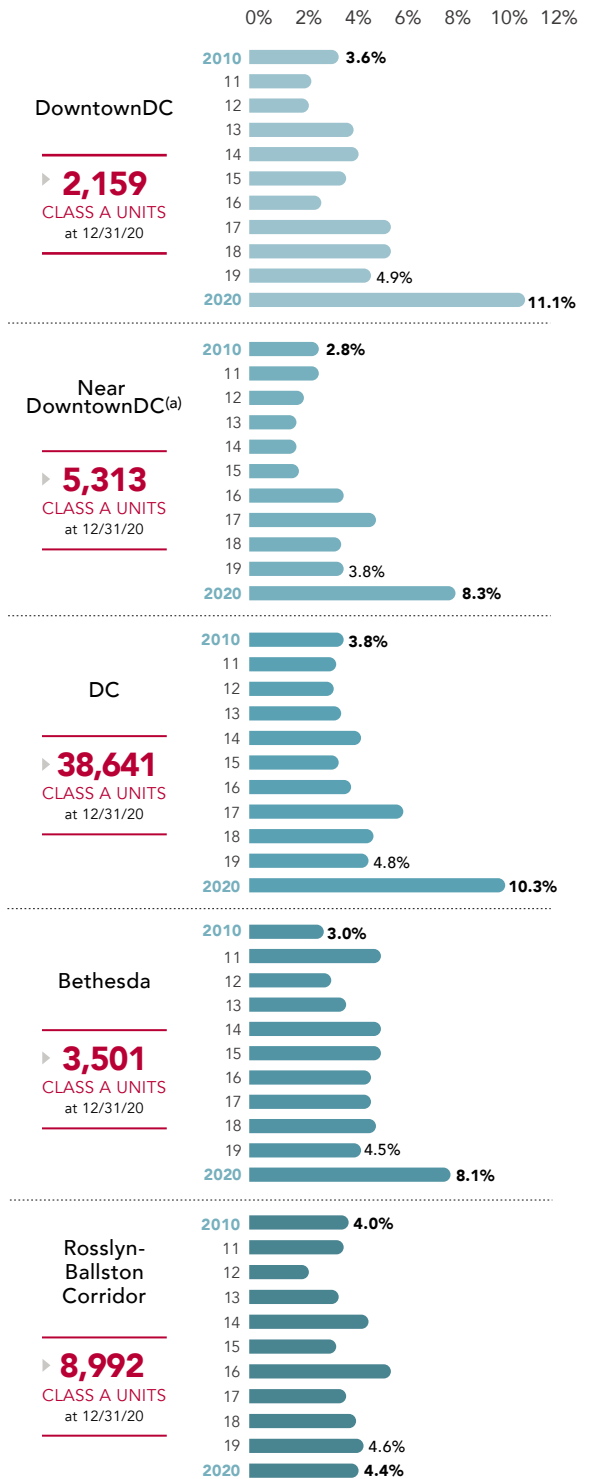
Condo resale prices in DowntownDC increased to \$660 per SF in 2020 — compared to \$617 per SF in 2019. CityCenterDC continued to lead the DowntownDC condo market with 2020 sales average of \$886 per SF for 2020 — up 1.8% from 2019. DowntownDC and CityCenterDC condo sales volumes were about the same as previous years. Condo prices and sales volumes were also generally strong in other DC submarkets and in the suburbs.



CityCenterDC Apartments



CLASS A APARTMENT VACANCY RATES



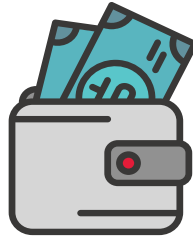
Source: Delta Associates

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

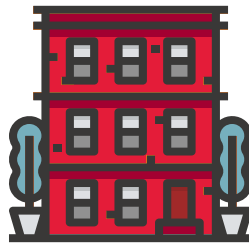
PLANNED RESIDENTIAL PROJECTS

There have been no new residential projects in DowntownDC since the opening of CityCenterDC's 458 apartments and 216 condos in 2014, which brought DowntownDC's total market-rate multi-family units to 6,020. Currently, there are three residential projects planned with a total of 502 units:

- Lincoln Property and Cadillac Fairview – 222 apartments at 1313 L Street NW and planned groundbreaking in Fall 2021
- Monument Realty – 130 apartments at 624 Eye Street NW
- Property Group Partners – 150 units at Capitol Crossing (2nd St NW between F and G Streets NW)

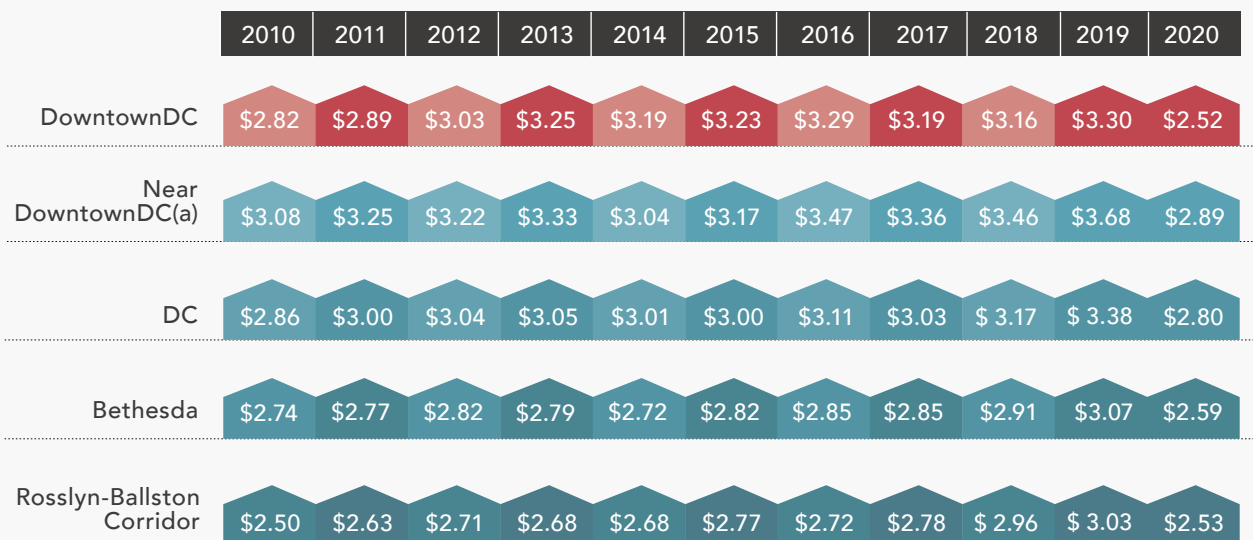


APARTMENT RENTS
DECLINED BY 24% IN 2020 TO
\$2.52 PER SF PER MONTH



APARTMENT VACANCY
MORE THAN DOUBLED
IN 2020 FROM 4.9% TO
11.1% —
A RECORD HIGH

APARTMENT EFFECTIVE RENTS (\$ per SF per month)

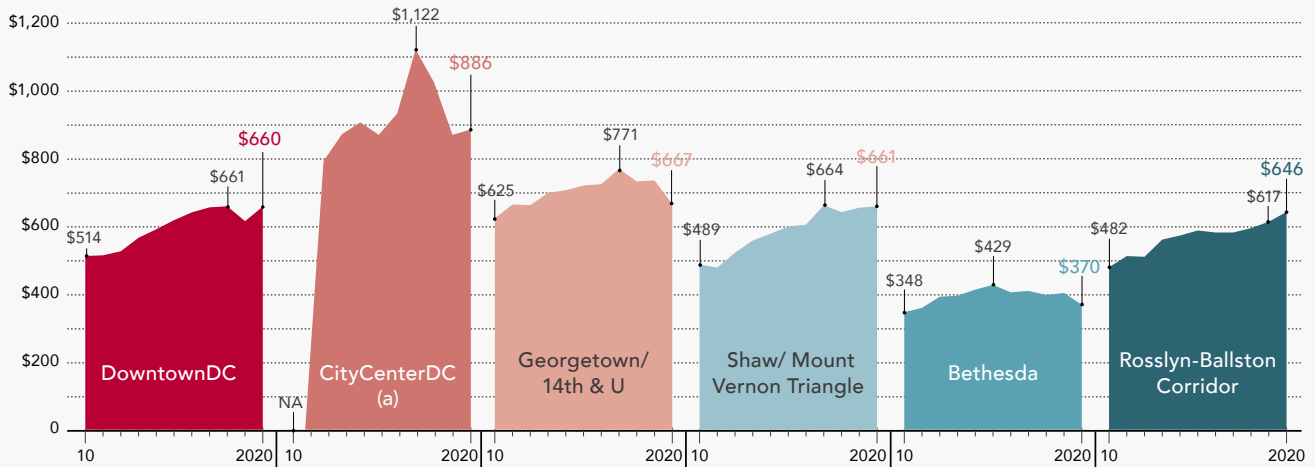


Source: Delta Associates

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

REGIONAL CONDO RESALE PRICES

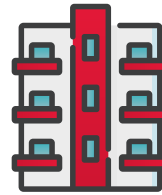
(\$ per SF)



Source: The Mayhood Company

(a) New construction sales in 2010-2012.

DOWNTOWNDC HAS 10,470 RESIDENTS AND APPROXIMATELY 7,000 HOUSING UNITS JUST 1.5% AND 2.0% OF DC TOTALS, RESPECTIVELY



CONDO PRICES ROSE 7% TO \$660 PER SF ON SOLID SALES VOLUME IN 2020

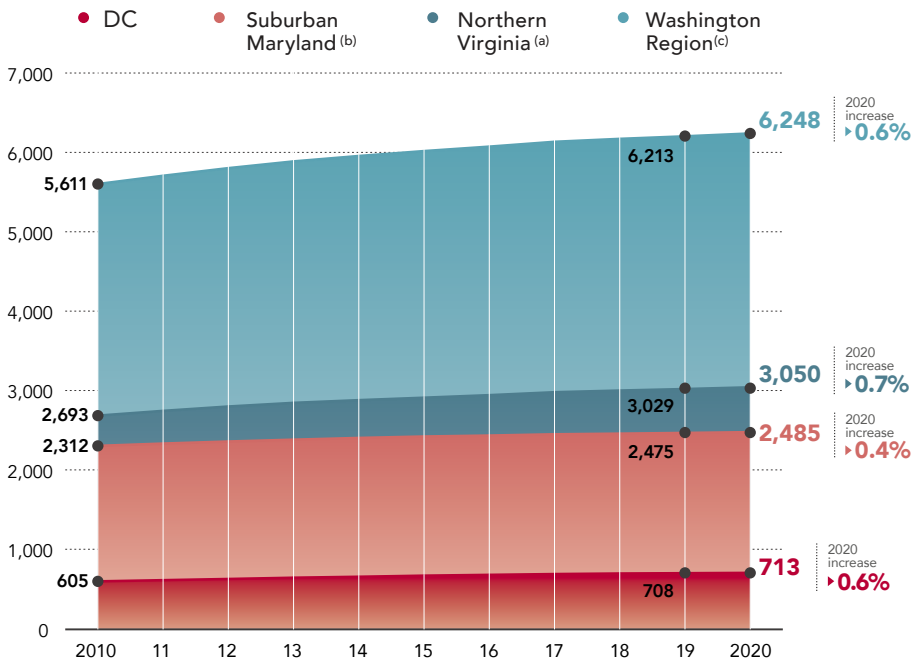


DowntownDC Holiday Market



Yardbird Southern Table and Bar at 901 New York Avenue NW is scheduled to open in Spring 2021

REGIONAL POPULATION^(a) (thousands)



Sources: U.S. Census Bureau and The Stephen S. Fuller Institute at GMU

(a) Population numbers are estimates for July 1st of each year. The 2020 Census population count is expected in the late Spring/early Summer 2021.

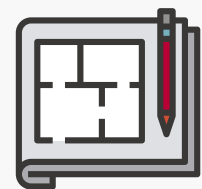
(b) 2020 is a forecast

(c) Excludes Jefferson, WV



3 RESIDENTIAL PROJECTS

ARE PLANNED WITH A TOTAL OF



502 UNITS

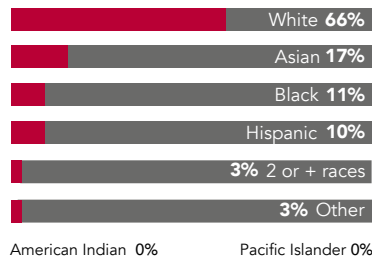
DOWNTOWNDC AND DC DEMOGRAPHICS 2020^(a)

DOWNTOWNDC

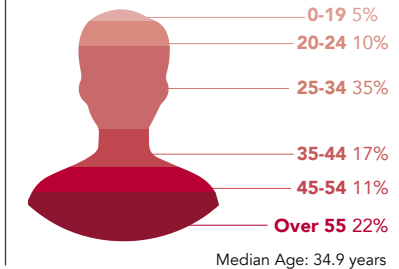
TOTAL POPULATION 10,470



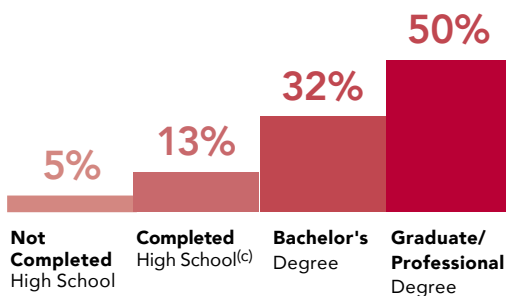
RACE ▼



AGE ▼



EDUCATIONAL ATTAINMENT ▼

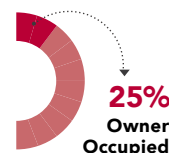


HOUSEHOLD ▼

TOTAL HOUSEHOLDS: 6,336

Average Household Size

1.5



Median Home Value

\$559,000

Share of Households With Incomes of \$75,000 or More

71%

HOUSEHOLD INCOME ▼

Average Annual Income

\$183,760

Median Income

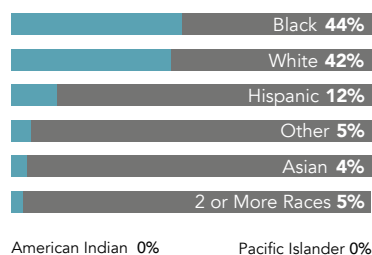
\$111,832

DC

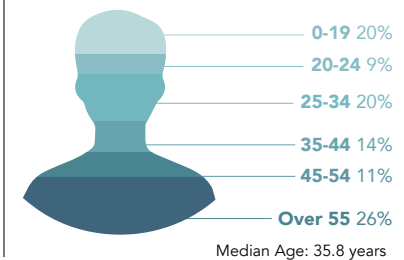
TOTAL POPULATION 706,137^(b)



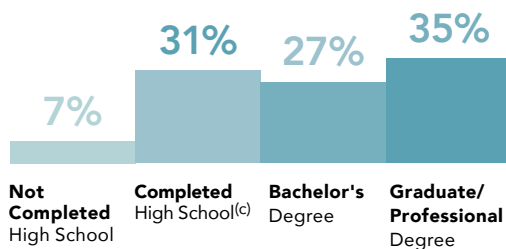
RACE ▼



AGE ▼



EDUCATIONAL ATTAINMENT ▼

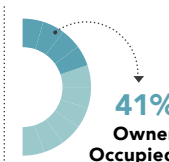


HOUSEHOLD ▼

TOTAL HOUSEHOLDS: 313,459

Average Household Size

2.1



Median Home Value

\$630,000

Share of Households With Incomes of \$75,000 or More

55%

HOUSEHOLD INCOME ▼

Average Annual Income

\$146,306

Median Income

\$94,311

Source: ERSI forecasts (courtesy of Washington DC Economic Partnership)

(a) ERSI data as of July 2020.

(b) U.S. Census Bureau estimated D.C. population to be 712,816 as of July 1, 2020 (released 12/22/20).

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



DDOT and WMATA bus priority lane on Eye Street N.W.

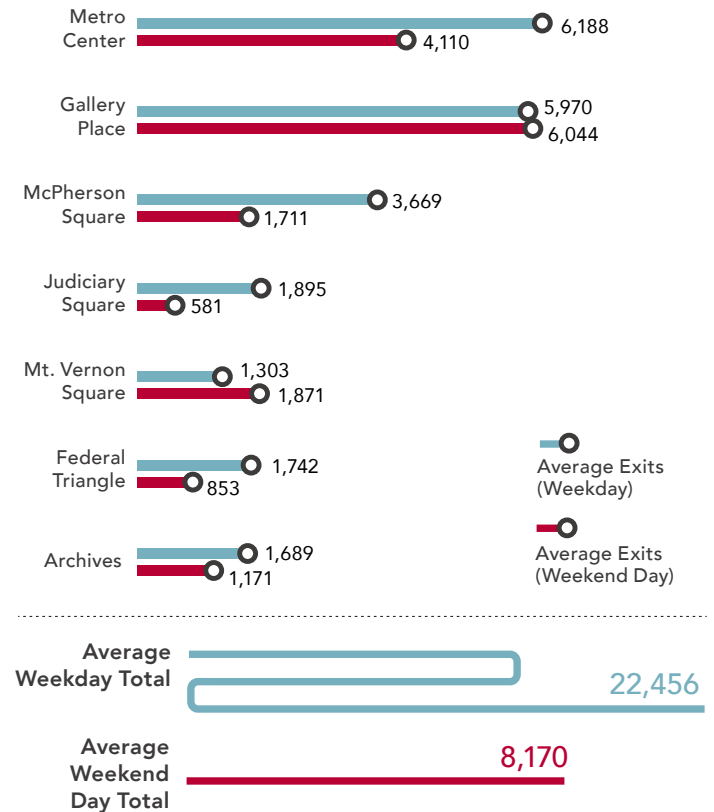
TRANSPORTATION

NEW ROLE OF STREETS DUE TO PANDEMIC

STREET USE PIVOTS

As the pandemic forced those who could to avoid indoor public spaces, businesses looked to the street to find room to operate safely. In response, the BID staff worked through the District's Pick-up/Drop-off (PUDO) Zone program to install over twenty new locations for ground-floor businesses so they could easily accommodate curbside pick-up and delivery, right at their front doors. In the spring, the District Department of Transportation (DDOT) pivoted and set up a fast and straightforward permitting process for expanded outdoor dining. This program included 1) fast approval of first-time outdoor dining permit applicants, 2) increased sidewalk usage for existing permits, and, 3) options to utilize the parking lane (called parklets) or some portion of the travel lanes (referred to as streateries). With almost 70 restaurants in DowntownDC utilizing outdoor dining, this program proved an essential lifeline to businesses and diners alike.

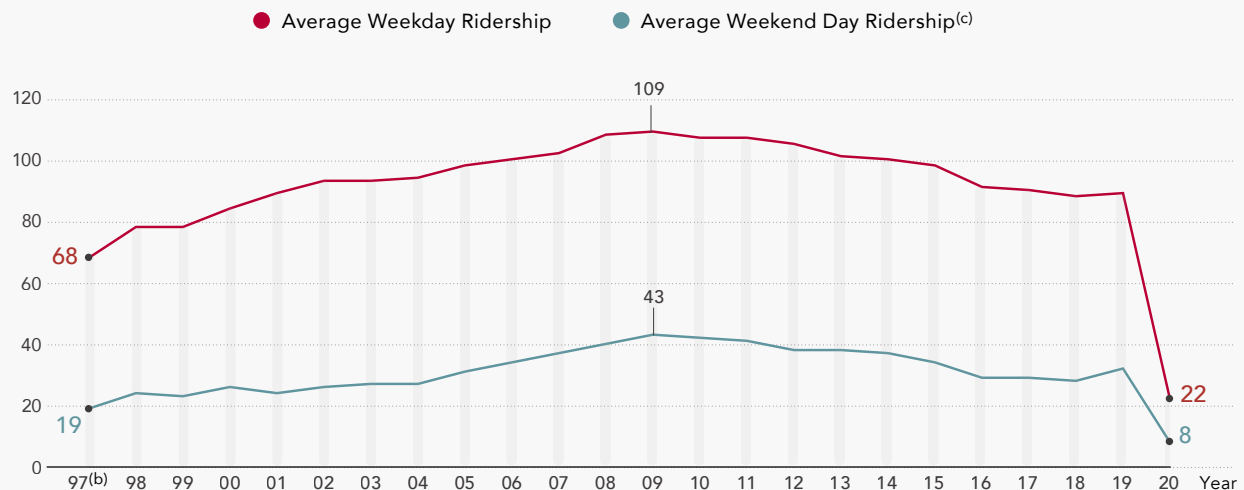
AVERAGE DAILY METRORAIL EXITS IN DOWNTOWNDC



Source: WMATA

DOWNTOWNDC METRORAIL RIDERSHIP (a)

(in thousands)



Source: WMATA

(a) 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).

(b) The MCI Center (now Capital One Arena) opened in December 1997 at Gallery Place.

(c) Includes weekday holidays.

TRANSIT RIDERSHIP HIT HARD

The pandemic drastically changed transportation habits and mass transit systems around the world saw significant drops in ridership. Transit systems in New York, London, and Brussels saw ridership drops of 60%-90% compared to pre-pandemic times. Locally, in 2020, the Washington Metropolitan Area Transit Authority (WMATA) was no exception. The Metrorail system suffered a 90% decrease in ridership in 2020 compared to 2019.

While, Metrobus ridership dropped 74% compared to pre-pandemic numbers. DowntownDC Metrobus ridership only dropped 51% compared to 2019. In 2019, Metrobus ridership had increased for the first time since 2013 with more than 277 million trips.

In DowntownDC, average weekday visitors, workers, and residents at the seven metro stations dropped by 75% compared to the previous year, a smaller drop than was seen District-wide. Weekend ridership dropped by 74% percent compared to 2019. Metro Center and Gallery Place-Chinatown stations retained higher ridership numbers during the week compared to the other stations in DowntownDC. However, all stations had a significant drop in ridership compared to the previous year.

FEDERAL FUNDING SUPPORT FOR WMATA CRITICAL

WMATA saw Metrorail ridership plunge 93% in the 2Q of calendar 2020 compared to the previous year. During the lockdown,

WMATA lost approximately \$2 million in passenger revenues per weekday. The CARES Act, other federal funds, and management reductions enabled WMATA to continue to provide much-needed services during the peak of the pandemic. The funding gave WMATA the ability to retain its employees and restore a large portion of their pre-pandemic level of services to support the region's economic recovery.

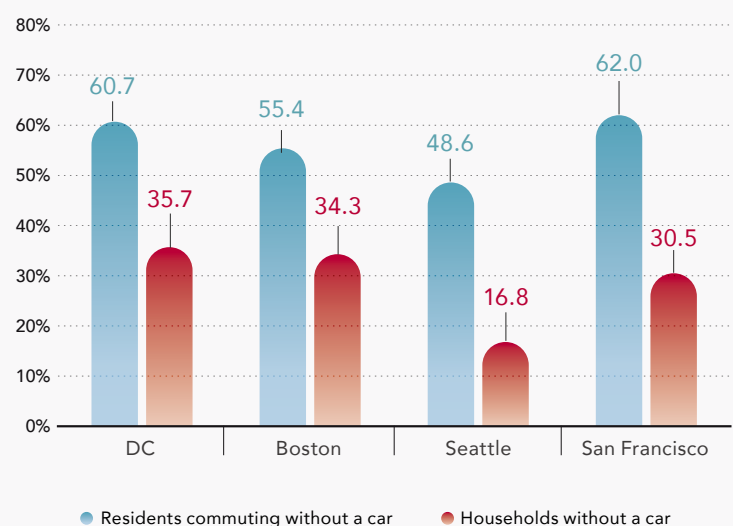
In comparison to other cities, WMATA has a higher percentage of its budget that is funded by fare collections. In 2019, 45% of WMATA's budget was supported by local revenues, whereas the average across the country has been 36%. In the years ahead, as people return to their offices, it will be particularly vital to the survival of our transit system that they choose to take transit.

MICROMOBILITY ZONES

In 2020, DowntownDC continued to partner with the DC government to increase the amount of parking for bikes and scooters in the form of Micromobility Zones within the BID area. Micromobility Zones encourage the use of healthier, more sustainable travel options, while improving safety by preventing drivers from parking too close to intersections and increasing pedestrian visibility. In total, DowntownDC more than doubled the number of Micromobility Zones to 16 in DowntownDC, from eight, at high-activity nodes within the BID area.

WMATA SAW METRORAIL RIDERSHIP PLUNGE 93% IN THE 2Q OF CALENDAR 2020 COMPARED TO THE PREVIOUS YEAR

RESIDENTS COMMUTING WITHOUT A CAR AND HOUSEHOLDS WITHOUT A CAR



Source: American Community Survey 2018

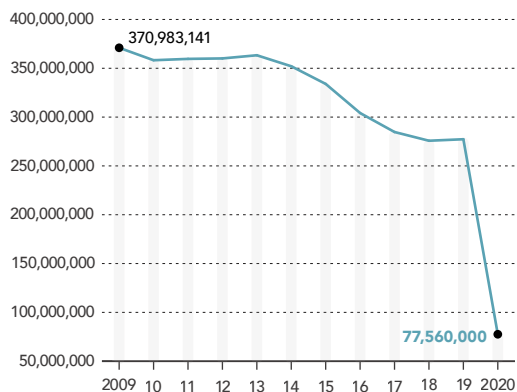
BIKE USAGE INCREASES

During much of 2020, people were traveling less due to stay-at-home orders and limited business activity, but people flocked to trails and interest in biking grew significantly. Trail use in the region increased by close to 50% and new bikes became hard to find.

In the District, mass transit use dropped 90%, while Capital Bikeshare (Cabi) system-wide ridership dropped only 35%. During the peak of the lockdown (April), system-wide Cabi ridership dropped by 78% compared 2020. However, by June 2020, the Cabi system began to recover and saw an increase of 184% compared to April levels.

In 2020, the Cabi system continued to grow. It added 436 bikes and 18 stations, bringing the system-wide total to 4,736 bikes and 596 stations. Likewise, local planning for an expanded bike network moved forward. Outside of DowntownDC, but connecting to facilities that run through it, significant connections were added to the east with the expansion of the Metropolitan Branch Trail, and to the west, with the planned 20th and 21st Street NW protected bike lane. Additionally, 2020 saw the kick-off of planning for a new protected bike lane on 15th Street NW, from Pennsylvania Avenue to the tidal basin, allowing users to eventually travel over the 14th Street Bridge all the way to Arlington, VA.

DC METROBUS RIDERSHIP

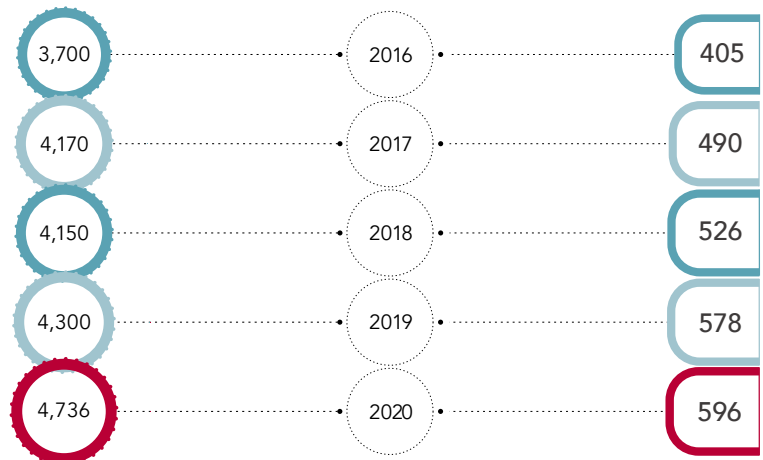


Source: WMATA

REGIONAL CAPITAL BIKESHARE SYSTEM DATA

Number of Bicycles

Number of Stations



Sources: Capital Bikeshare and DowntownDC BID



KEY BUS PROJECTS IN DOWNTOWNDC

DDOT advanced several Bus Priority projects in 2020. A Bus Priority project provides dedicated right-of-way for buses to travel more efficiently, thereby attracting more riders and eventually reducing traffic.

In 2020, planning for the long-awaited 16th Street Bus Lane was completed and a ground-breaking was planned for early 2021. Once installed, this Bus Priority project will provide bus lanes on 16th Street NW for 2.7 miles to the

more than 20,000 riders a day that typically ride the bus.

Also, in 2020, DDOT worked to improve and update plans for the H and I Street Bus Lanes, making them more efficient and fixing striping and signage to clarify permissible interactions between cars and bus lanes.

Lastly, DDOT began laying out plans for a wider-reaching Bus Priority network that would be fully connected and improve service on many high-capacity corridors.

DOWNTOWNDC AT A GLANCE



FRANKLIN PARK CONSTRUCTION GETS UNDERWAY

A bright note in 2020 was the beginning of the major renovation of Franklin Park, a historic U.S. National Park Service (NPS) site. Bulldozers and construction equipment arrived in early summer and began breaking ground for this highly anticipated redesigned park, located between 13th and 14th streets NW and K and I streets. The \$18 million funding for the project was provided by Mayor Muriel Bowser and permitted through a federal lands package which allowed the District of Columbia to invest its capital dollars through a cooperative management agreement with NPS. Construction is anticipated to take approximately one year during which time the park is closed to the public. Once open this highly anticipated park and centrally located precious asset will be operated and managed by the BID and will host numerous programmed activities.

K STREET TRANSITWAY PUSHES FORWARD

A key major project in DowntownDC continued in 2020. Proposed designs for the K Street Transitway (which will bring dedicated bus and bike lanes to the heart of DowntownDC along the K Street corridor from 12th Street NW to 21st Street NW) were presented to the community for feedback. After several public meetings and discussions of curbside loading needs, DDOT moved forward in planning an alignment that will run both the bus and bike lanes down the center of the roadway. Final design will progress in 2021 and construction was planned to start in 2022. Key project features like the urban design of the streetscape and the specialized design of the bus shelters were also discussed as part of the reconstruction project.

Franklin Park's Major Renovation Began in Summer 2020

DOWNTOWNDC FOUNDATION

The DowntownDC Foundation, the BID's 501c3, in 2020 supported the BID in providing emergency services as well as basic needs for individuals experiencing homelessness during the pandemic. The Foundation assisted in providing equipment and funding to move meals and services outdoors, supply PPE, handwashing stations and establishing the DowntownDC Weekend Community Services Program on Vermont Avenue, which relocated weekend charitable efforts from Franklin Park following its closure in the summer of 2020.

The DowntownDC Foundation for its first end-of-year campaign in December 2020 received strong support from the DowntownDC community including numerous property owners, managers, tenants, businesses, corporations and a significant number of local residents who desired to support DowntownDC during this challenging time. The Foundation and its board of directors serve to elevate the BID's work in the areas of homeless services, Franklin Park, public space activation and revitalization and events and programming.

The DowntownDC Foundation launched in 2019 to help raise funding and support for Franklin Park as well as support for homeless services, public space infrastructure enhancements and community programming.

DOWNTOWN DAY SERVICES CENTER

Initially shuttered during the beginning months of the pandemic, The Center, through the generosity of benefactors and many volunteers, was able to eventually offer limited services by appointment during daytime hours. The closure of Franklin Park further disrupted services but the DBID staff and volunteers worked diligently and relocated weekend meal services to Vermont Avenue and provided more than 450 meals each weekend.

Launched in 2019, the BID began operations of the Downtown Day Services Center at the New York Avenue Presbyterian Church (The Center) which was funded by a \$1.7 million grant from the Department of Human Services (DHS). The Center services as a single access point for multiple services while working with individuals to move them into permanent, supportive housing. The Center is supported through BID partners, including the Department of Human Services, Pathways to Housing DC and HIPS and is a part of the Mayor's goal to end homelessness in the City.

DC & DOWNTOWNDC CRIME

The BID's continued work with stakeholders, including the DC Metropolitan Police Department, the Metro Transit Police Department and the United States Park Police, is intended to focus and support mitigating disorder and crime.

Crime in DowntownDC was down in 2020 with a noticeable decrease in robberies, assaults, and theft – much of which can be attributed to fewer people in downtown due to pandemic quarantining. There was a significant increase in burglary numbers which may be the result of looting during the initial days of protests in response

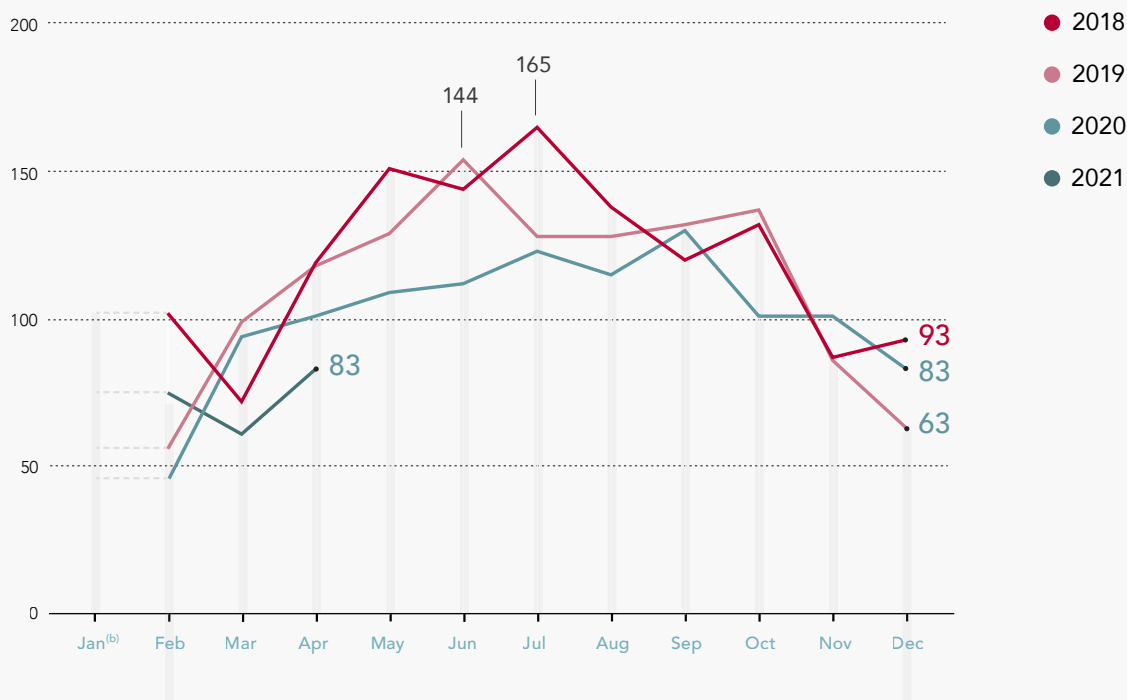
to the murder of George Floyd or because there were fewer "eyes on the street" during the pandemic.

In DowntownDC in 2020, there were a total of 1,167 total crimes, down 52% from 2019's 2,266 total crimes. Theft (including theft from automobiles) continued as the largest crime category with 938 reported crimes in 2020, or 80% of total DowntownDC crimes. There were three homicides in 2020 compared to zero in 2019 and two in 2018.

Citywide total crimes declined 19% in 2020 to 27,676 from 2019's 33,978. However, citywide homicides increased to 198 from 169, or 19%.

Source: MPD.dc.gov Crime Cards
Data Mapping Application

NIGHTTIME UNSHELTERED INDIVIDUALS IN DOWNTOWNDC (a)



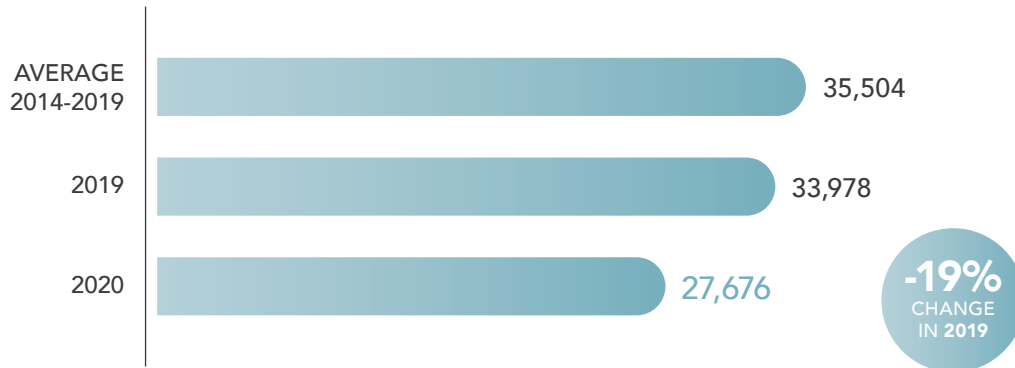
Source: DowntownDC BID and MWCOG

(a) The number of nighttime unsheltered homeless individuals counted in DowntownDC is the function of many factors: weather (rain and temperature), the economy and services available for mental health treatments, housing and other social services.

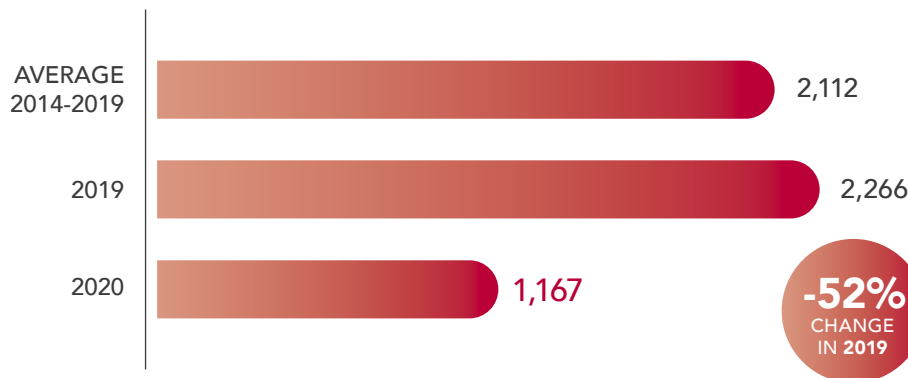
(b) January data is not available due to the national homeless count done that month.

ANNUAL REPORTED CRIME INCIDENTS IN THE DOWNTOWNDC BID AND DC

DC CRIME INCIDENTS



DOWNTOWNDC CRIME INCIDENTS

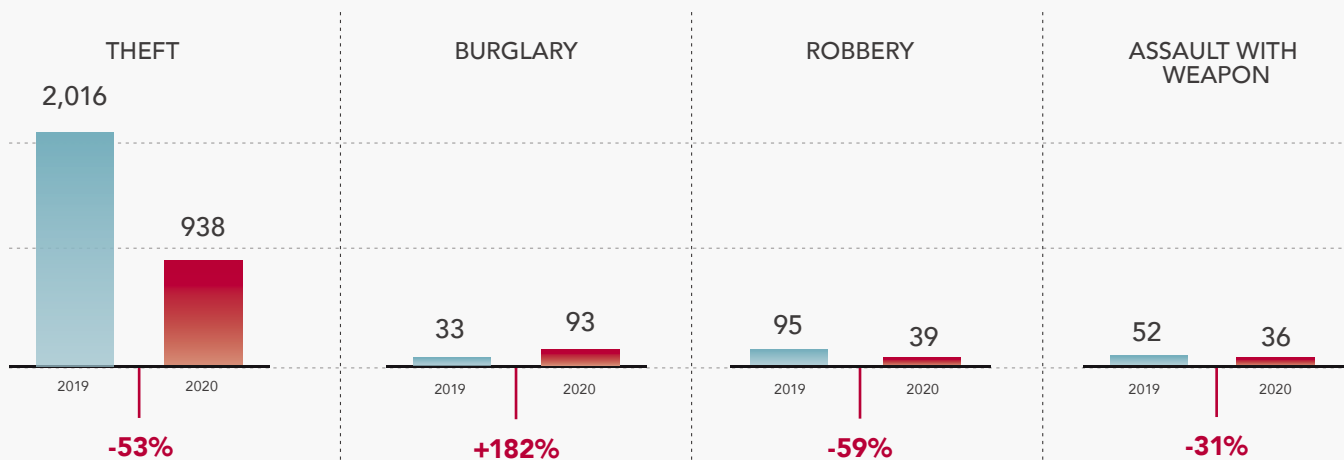


**DOWNTOWNDC
ANNUAL CRIME IS**

4.2%

OF THE
DISTRICT TOTAL
DOWN FROM 6.7%
IN 2019

DOWNTOWNDC SELECTED CRIME STATISTICS (95% OF ALL 2020 CRIMES)



SOCIAL JUSTICE IN DOWNTOWN DC

Since its founding in 1997, the BID has been instrumental in supporting and transforming our community into a welcoming and inclusive economic, cultural and entertainment center for the region. We have done this while valuing and celebrating the contributions of all who made this transformation possible. This includes our property owners and managers, our retailers and small businesses, our museums and theaters, our entertainment venue owners and operators, our faith-based institutions, our government and law enforcement partners, the many companies that choose to establish offices in DowntownDC and the more than 180,000 employees that fill those offices, the leaders

of our Convention Center, and especially our residents and the millions of visitors who come to DowntownDC every year, without whom our downtown's success would not have been possible.

Equally valued are the contributions of our Safety/Hospitality and Maintenance (SAM) ambassadors, many of whom joined the BID for their first job or reentered the workforce with us after experiencing homelessness or incarceration.

2020 has been difficult for DowntownDC and the rest of the District, as businesses were forced to shut their doors, employees retreated to working from their homes, and even more were placed

on furloughs or terminated. In early spring 2020, Downtown DC became the epicenter of protest and civil unrest following the murder of George Floyd in Minnesota, forcing businesses to not only close again but to install plywood and take other measures to mitigate damage to their properties.

The BID used the twin impacts of the pandemic and the civil unrest to promote social activism through art and provide a venue for artists from all walks of life to channel their hurt and anger into beautiful murals. In partnership with Providing Artist with Inspiration in Non-Traditional Settings (PAINTS) and many downtown property owners we launched Murals that



Murals that Matter by P.A.I.N.T.S. Institute Installation at Gallery Place

Matter, murals that adorned many of the boarded-up retail spaces in the BID and activated the west lawn of the National Building Museum during the summer of 2020. These beautiful pieces of art also protected the windows of the historic St. John's Episcopal Church.

On June 5, 2020, Mayor Muriel Bowser declared two blocks of 16th Street NW, Black Lives Matter Plaza. Earlier that week peaceful protesters had been forcibly removed from the area,

while across the country protests against police brutality and a racial reckoning continued to occur. In support of the Mayor's declaration the BID designed and installed new street light banners that honored the lives of people of color who lost their lives at the hands of law enforcement.

The board of directors and staff of the DowntownDC BID are committed to a future for downtown where there are opportunities for everyone. We will continue

to implement practices in hiring and procurement that provide more opportunities for women and people of color.

While the incidents and challenges of 2020 have forced us all to reexamine the role we have played in bridging the racial and economic divides in our country, DowntownDC is committed to working with its partners and community to grow our inclusive programs and activities to better support all who live, work, play and visit our BID.

DURING THIS PAST YEAR THE DOWNTOWNDC BID ALONG WITH CITY LEADERSHIP WORKED HARD TO REACT AND RESPOND TO THE PRESSURES FROM THE PANDEMIC AND TO ALSO ENSURE THE ELEVATION OF SOCIAL JUSTICE SHINES A BEACON FROM THE CITY'S DOWNTOWN



THE DOWNTOWNDC BID THANKS THE FOLLOWING FOR THEIR CONTRIBUTIONS TO THIS REPORT:

Akridge

AARP

Carr Properties

CityCenterDC

Clyde's Restaurant Group

CoStar Group, Inc.

Cube Libre Restaurant & Rum Bar

Cushman & Wakefield

DC Office of the Chief Financial Officer

DC History Center

Delta Associates

Destination DC

District Department of Transportation

Dochter & Alexander Retail Advisors

ESRI

Events DC

Ford's Theatre

Hines

International Spy Museum

JBG Smith

JLL

Knightsbridge Restaurant Group

The Mayhood Company

Lincoln Property Company

Macy's

Metropolitan Police Department of DC

Metropolitan Washington Council of Governments

Monumental Sports & Entertainment

US National Archives

National Building Museum

National Gallery of Art

National Law Enforcement Museum

National Museum of Women in the Arts

National Portrait Gallery

National Theatre

Naval Heritage Center

Oxford Properties

Pepco

Property Group Partners

Quadrangle Development Corporation

The Residences at CityCenter

Shakespeare Theatre Company

Sixth & I Historic Synagogue

STR, Inc. (former Smith Travel Research)

Smithsonian Institution

Stephen S. Fuller Institute

ThinkFoodGroup

US Bureau of Labor Statistics

US Census Bureau

US Department of Commerce, Office of Travel and Tourism Industries

US General Services Administration

US National Park Service

US Holocaust Memorial Museum

Washington Metropolitan Area Transit Authority

Warner Theatre

Washington DC Economic Partnership

Woolly Mammoth Theatre



H street view "We are Open"



STAFF

DOWNTOWNDC BUSINESS IMPROVEMENT DISTRICT SENIOR LEADERSHIP

Neil Albert, President & Chief Executive Officer

Galin Brooks, Director of Planning and Placemaking

Debra Kilpatrick Byrd, Director of Homeless Services

Rachel Hartman, DowntownDC Foundation, Executive Director

Lulu Liu, Senior Accountant

Emily Mooney, Director of Marketing and Communications

Nabavi Oliver, Director of Administration

Gerren Price, Director of Public Space Operations

Gerry Widdicombe, Director of Economic Development

PUBLICATION STAFF

Neil Albert, Adrian Saunders, Emily Mooney,
Karyn Le Blanc, Gerry Widdicombe

PRODUCTION

KGL Communications

CREATIVE DIRECTION AND EDITORIAL DESIGN

Moya Design Partners

RESEARCH & ANALYSIS

Gerry Widdicombe, Emily Mooney, Galin Brooks, Debra Kilpatrick Byrd,
Maria Espinoza, Karyn Le Blanc and Jeannette Chapman

PHOTOGRAPHY

DowntownDC BID, Executive Office of the Mayor, Interstellar Studio, Wild Palm
Media | Connor Good

**THANK YOU FOR YOUR
CONTRIBUTIONS IN 2020
AND YOUR CONTINUED
SUPPORT IN THE FUTURE**



DOWNTOWNDC

**DOWNTOWN BUSINESS IMPROVEMENT
DISTRICT CORPORATION**

1275 K STREET NW
SUITE 1000
WASHINGTON, DC 20005

WWW.DOWNTOWNDC.ORG