

DOWNTOWNDC ECONOMY UPDATE

EARLY FALL 2021

October 7, 2021



Franklin Park reopened September 24, 2021 after a \$21 million renovation funded by the DC government in partnership with the National Park Service.

OVERVIEW

The continued uncertainty of the COVID-19 pandemic and the Delta variant, has slowed the DowntownDC, DC, DMV, U.S. and global economic recoveries, with its impact varying by economic sector and geography.

THE UNCERTAINTY SURROUNDING COVID-19 AND THE DELTA VARIANT HAS SLOWED DOWNTOWNDC'S ECONOMIC RECOVERY.



The hoped for "July Fourth Pop" did not occur, and the expected "Labor Day Pop" also did not occur. Nevertheless, the DowntownDC and DC economies are slowly and steadily recovering after the full re-opening of the city in May and June 2021, with each economic sector recovering at a different pace. However, many sectors have a long way to go to return to pre-pandemic activity levels.

The DowntownDC economic recovery is led by its housing sector. The development sector and destination shopping and dining sectors have shown moderate to strong recoveries. The lagging sectors are the office market, the food service sector that serves the office worker and the hotel market. There is cautious optimism for the convention, theatre, museum and entertainments sectors as many of

the major actors in these sectors are just now reopening (or reopening more broadly) with a new schedule of programs, performances, conventions and games.

As of September 2021, the DowntownDC economy was operating at 33% of pre-pandemic levels -- up from 16% in Winter 2021.



DOWNTOWNDC ECONOMIC ACTIVITY IS 33% OF PRE-PANDEMIC ACTIVITY LEVELS - UP FROM 16% IN WINTER 2021.

What's Next?

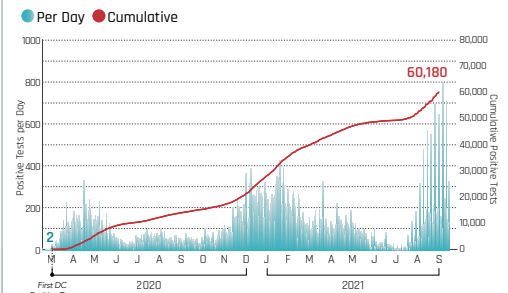
DowntownDC's Fourth Quarter 2021 economic performance will depend greatly on the return of office workers, business travelers (including convention patrons) and cultural and entertainment patrons.

The pace of the recovery will also depend on the attention and resources that DC policymakers provide to DowntownDC's Recovery.

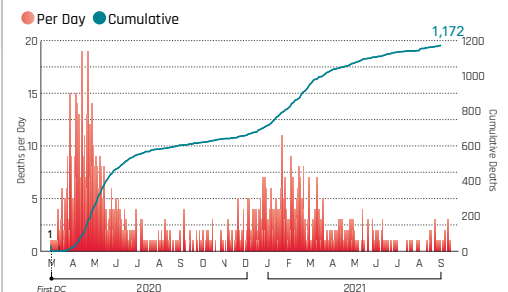


THE RISE IN COVID-19 CASES SINCE EARLY JULY DUE TO THE DELTA VARIANT HAS NOT TRANSLATED INTO THE SAME INCREASE IN DEATHS OR HOSPITALIZATION ACTIVITY.

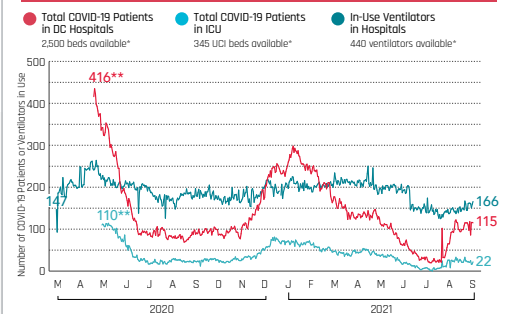
COVID-19 Positive Tests in DC



COVID-19 Deaths in DC



Hospital Data: COVID Patients and Ventilator Use



OVERVIEW

The DowntownDC office market totals 76 million SF or an estimated 75% of DowntownDC's built space. The office market's recent performance has been very weak.

The percentage of office workers in the office continues to be very low – 24.7% for September 2021 (through 9/22/21). This is a slight increase from August's 21.4%, which was down from July's 23.1%. The Rest of DC was at 28.6%, Northern Virginia at 35.1% and Suburban Maryland at 32.7% in September 2021.



25% OF DOWNTOWNDC OFFICE WORKERS WERE WORKING FROM THEIR OFFICES IN SEPT 2021 - UP FROM 10% IN WINTER 2021.

DowntownDC's office vacancy rate is now 16.7%, totaling 9.6 million square feet (SF) – both record highs. This will take seven to ten years to absorb based on historic absorption rates. Thus, the importance of the District's Vitality Fund (to increase demand) and the value of office to residential conversions (to decrease supply).



OFFICE VACANCY RATE FOR DOWNTOWNDC REACHED A RECORD 16.7% IN AUGUST 2021 -- WITH 9.6 MILLION SF OF VACANT OFFICE SPACE.

The consequence of a high vacancy rate is that tenants can push rents down, which lowers values and tax revenues. In July 2021,

WashREIT sold its District office building portfolio at 79.3% of its current assessed value. For FY 2022, the District will see its large office building property tax revenues decline by an estimated \$121 million due to a 9.7% reduction in the total assessed values of DC's large office buildings as reported by the District's CFO. It is likely that the total assessed value of large office buildings will decline again next year and negatively impact the FY 2023 budget.

DC OFFICE PROPERTY TAX REVENUES ARE ESTIMATED TO DECLINE \$121 MILLION IN FISCAL YEAR 2022 DUE TO A REDUCTION IN LARGE OFFICE BUILDING ASSESSMENTS.



Hotel revenue for July and August was 44% of July and August 2019 – up from 22% for 2Q 2021. However, as July and August are historically weak hotel months, one should be cautious about interpreting this improved performance as a strong trend. The District's FY 2022 hotel grant program will be a substantial boost for all DowntownDC and DC hotels and their employees.



HOTEL REVENUE FOR JULY-AUG 2021 WAS 44% OF JULY-AUG 2019.

Metrorail weekday ridership strongly correlates with the percentage of office workers in the office. Weekday ridership in August 2021 was 20.9% of August 2019 – down slightly from 21.1% in July but up from 16.4% in June and 8% to 13% for

October 2020 through May 2021. Weekend ridership in August 2021 was 46% of August 2019 – up slightly from 45% in July and up from 35% in June and 23% in May and 10% to 16% for August 2020 through May 2021.



WEEKDAY RIDERSHIP FOR AUG 2021 WAS 21% OF AUG 2019 RIDERSHIP. WEEKEND RIDERSHIP FOR AUG 2021 WAS 46% OF AUG 2019.

December 2020's record retail vacancy rate dropped slightly to 21.6% in July 2021 from 22.6%, but was up significantly from 10.3% in December 2019. Many temporarily closed restaurants and stores reopened over the last few months. In addition, destination restaurant sales are at 70% to 80% of pre-pandemic levels compared to 90% to 110% in the Rest of DC, and the suburbs and destination stores are at 50% to 70% of pre-pandemic levels.

THE RETAIL VACANCY RATE DECLINED SLIGHTLY IN JULY 2021 TO 21.6% FROM A RECORD 22.6% IN DEC 2020 - UP FROM 10.3% IN DEC 2019.



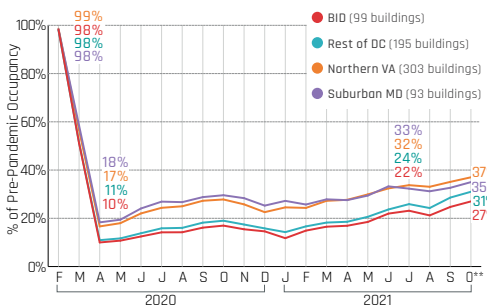
Daytime population in DowntownDC in August rose to 39% of August 2019 – up from 36% in July, 38% in June, 30% in May and 25% for August 2020 through April 2021.

DAILY POPULATION IN AUG 2021 WAS 39% OF AUG 2019 DAILY POPULATION.



Office Workers In DC Region In The Office During Pandemic

Feb 2020 - Oct 14, 2021 Occupancy as % of Pre-Pandemic Occupancy*



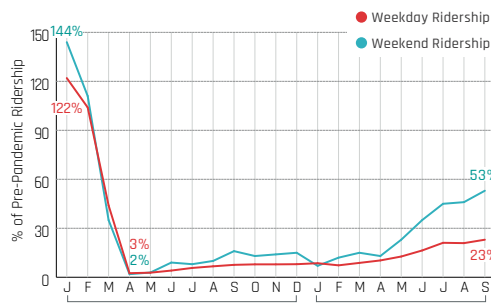
Source: Kastle

* The pandemic months are compared to a pre-pandemic control period of Feb 3, 2020 to Feb 13, 2021.

** For the time period of Oct 1, 2021 through Oct 14, 2021.

Metrorail Ridership In DowntownDC During Pandemic

Jan 2020 - Sept 2021 Ridership as % of Pre-Pandemic Ridership*

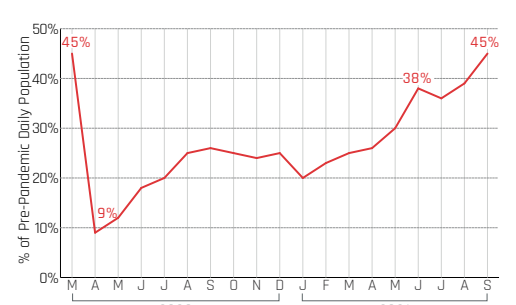


Source: WMATA

* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.

Daily Population In DowntownDC During Pandemic

Mar 2020 - Sept 2021 Daily Population as % Pre-Pandemic Daily Population*



Source: Placer

* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.

CURRENT DEVELOPMENT

A variety of investors, developers and organizations continue to invest in DowntownDC despite the current impact of COVID-19 on the DowntownDC economy.

Two projects broke ground in the second and third quarters of 2021, totaling \$266 million:

- 20 Massachusetts Avenue NW will be redeveloped for \$200 million from a 340,000 SF office building into a 427,000 SF mixed-use building by adding two floors by Office Properties Income Trust. The project includes a 274-room Royal Sonesta Hotel, 184,000 SF of office on the top four floors and retail on the ground floor.
- The National Museum of Women in the Arts is undergoing a \$66 million renovation that will include expanded exhibition space and improvements to other interior spaces, mechanical systems and exterior envelope.

In 4Q 2021, Lincoln Property Co. and Cadillac Fairview plan to break ground on a 200+ unit

apartment building at 1313 L Street NW – DowntownDC's first residential project since CityCenterDC broke ground in April 2011. The site's unusual zoning allows for much more residential density than office density.



**DOWNTOWNDC'S FIRST
RESIDENTIAL GROUND
BREAKING IN TEN YEARS IS
SCHEDULED FOR 4Q 2021**

Three development projects delivered in the second and third quarters of 2021, totaling \$70 million:

- The World War One Memorial Park Reconstruction
- Franklin Park Reconstruction by DC government in partnership with the National Park Service
- The Herald Office Renovation at 1307 New York Avenue NW by Marx Realty

Seven projects were under construction, totaling \$740 million:

- Johns Hopkins University renovation of 555 Pennsylvania Avenue NW into its DC academic center, a \$570 million investment.
- 20 Massachusetts Avenue NW
- The National Museum of Woman in the Arts' Renovation
- The renovation and new construction at 619 14th Street NW (at G Street) to create a new 156,000 SF building with 136,000 SF of office and 20,000 SF of retail
- The Lillian and Albert Small Capital Jewish Museum at Third and F Streets NW
- The Milken Center for the American Dream at 15th Street and Pennsylvania Avenue NW
- The Victims of Communism Museum at 900 15th Street NW



**11 PLANNED DEVELOPMENT
PROJECTS IN DOWNTOWNDC
ARE ESTIMATED TO GENERATE
\$40 TO \$50 MILLION IN NEW
ANNUAL TAXES.**

EMPLOYMENT

DowntownDC employment was estimated at 182,800, a decline of 5,800 from the 188,600 jobs at the end of 2019, or 3.1%. This is an improvement of 800 jobs over December 2020 – mostly due to the reopening of DowntownDC hotels, restaurants and stores as well as the opening of new restaurants and stores.

DC's employment recovery stalled in August 2021 as its pandemic employment loss in August of 44,500 (down 5.6%) was the same as in July. The District has seen slow but steady employment recovery since May 2020, when its job loss compared to 2019 was 77,900. The suburbs have seen faster employment recovery than DC as their employment is down 3.6%. Much of this can be explained by the District's high percentage of leisure and hospitality jobs.

District unemployment totaled 26,800 residents in August 2021 (6.5%) compared to 21,011 in February 2019 (5.0%).



**THERE ARE 44,500 FEWER
JOBS IN DC IN AUG 2021
THAN IN AUG 2019 - BUT
EMPLOYMENT IS UP
18,500 FROM AUG 2020.**

Employment growth occurred in only three sectors compared to August 2019:

- Federal Government: up 4,400 jobs to 199,600, or 2.3%
- Educational Services: up 2,100 jobs to 57,100, or 3.8%
- Construction: up 1,100 jobs to 16,200, or 7.3%

The hardest hit sectors are highlighted in the table below: Accommodations (down 51% from Aug 2019), Arts/Entertainment/Recreation (down 33%), Food Service and Drinking Places (down 29%), Retail Trade (down 14%) and Office-Using Jobs (down 4%).

The job recovery in these sectors depends both on an improvement in COVID health data and an increase in interest in service jobs as many restaurants have job openings but have seen much reduced interest in their job postings.

It will be interesting to see if the end of federal unemployment benefits has an impact on interest in the current job openings, particularly given the increase in wages being offered for many service jobs.

Lastly, the substantial federal and DC government support through grants has been very important to keeping many small businesses in DowntownDC and DC afloat. The DowntownDC BID's Pandemic Assistance Grant Program awarded \$1.1 million in grants ranging from \$5,000 to \$15,000 to 130 businesses based on business size and revenue loss from pre-pandemic levels.

District Employment During the Pandemic
(all numbers in thousands)

	August 2021	August 2020	August 2019	Change From Aug 2020 - Aug 2021	Change From Aug 2019 - Aug 2021	Change From July 2019 - July 2021	Change From June 2019 - June 2021	Change From May 2019 - May 2021	Change From Apr 2019 - Apr 2021	Change From Mar 2019 - Mar 2021	Change From May 2019 - May 2020
Employment Sectors	2021	2020	2019	#	#	%	#	#	#	#	# (b)
Total DC Employment	748.2	729.7	792.7	18.5	(44.5)	-5.6%	(44.0)	(51.1)	(51.6)	(56.9)	(77.9)
Federal Government	199.6	199.8	195.2	(0.2)	4.4	2.3%	3.5	3.5	4.4	3.4	(0.1)
DC Government	34.5	38.0	38.0	(3.5)	(3.5)	-9.2%	(0.2)	0.8	0.2	0.5	0.1
Private Sector Total	510.1	487.7	555.3	22.4	(45.2)	-8.1%	(47.1)	(55.1)	(56.0)	(60.6)	(77.8)
Key DC Employment Sectors Impacting DowntownDC											
Office Using Jobs (a)	285.6	285.6	298.9	-	(13.3)	-4.4%	(13.7)	(13.7)	(11.8)	(11.3)	(11.6)
Food Services & Drinking Places	38.9	26.8	54.8	12.1	(15.9)	-29.0%	(18.0)	(20.3)	(23.9)	(27.1)	(34.8)
Retail Trade	19.6	19.2	22.8	0.4	(3.2)	-14.0%	(3.0)	(3.1)	(3.2)	(2.5)	(5.3)
Accommodations	8.1	6.2	16.6	1.9	(8.5)	-51.2%	(8.8)	(9.1)	(9.2)	(9.6)	(9.6)
Arts, Entertainment & Recreation	6.5	5.1	9.7	1.4	(3.2)	-33.0%	(3.7)	(4.0)	(4.4)	(5.3)	(5.3)

Source: Bureau of Labor Statistics (Not Seasonally Adjusted)

(a) Professional and business services, legal services, financial activities, information, and organizations.
(b) May 2019 to May 2020 shows the maximum job loss during the pandemic.

OFFICE

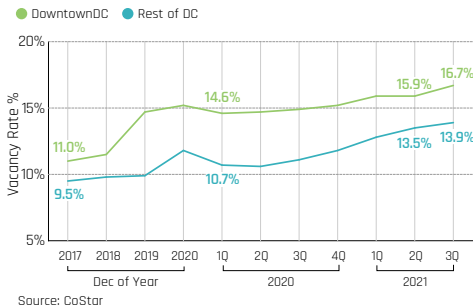
The DowntownDC Office market continues to weaken as effective rents (asking rents adjusted for concessions) dropped slightly in 2Q and 3Q 2021 and office space absorption was negative in 2Q and 3Q 2021. The rest of DC had similar performance.



DOWNTOWNDC AND THE REST OF DC REPORTED RECORD VACANCY RATES IN 3Q 2021 OF 16.7% AND 13.9%, RESPECTIVELY.

As of the first half of August 2021, DowntownDC had record office vacancy of 9.6 million SF and the rest of DC had record office vacancy of 12.6 million SF and record vacancy rates of 16.7% and 13.9%, respectively – resulting in record vacant office SF for DC of 22.2 million SF and a record vacancy rate of 14.9%. With 360,000 SF and 2.35 million SF of office space under construction in DowntownDC and the rest of DC, respectively, the respective vacancy rates are likely to rise to 17% and 16%.

Vacancy Rate



THE WEAK DOWNTOWNDC AND DC OFFICE MARKETS ARE LOWERING OFFICE BUILDING VALUES AND NEGATIVELY IMPACTING DC PROPERTY TAX REVENUES.

The additional vacant office space is causing intense competition for office tenants with concessions at record levels and declining effective rents.

For FY 2022, the District's large office property tax revenue will be an estimated \$121 million lower than FY 2021 due to a 9.7% reduction in large office building assessed values as of January 1, 2021 as reported by the District's CFO. In July 2021, WashREIT sold a portfolio of five office buildings for 79% of the portfolio's current combined assessed values. Thus, based on declining effective rents, and lower sales volumes and prices, it is reasonably likely that the city will experience a FY 2023 decline in annual office property tax revenues of \$50 to \$100 million.

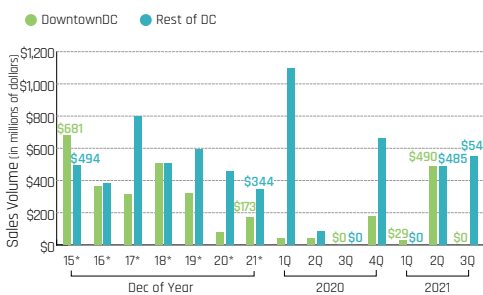


WASHREIT'S JULY 2021 PORTFOLIO SALE OF FIVE DC OFFICE BUILDINGS TOTAL PRICE WAS JUST 79% OF THE PORTFOLIO'S CURRENT TOTAL ASSESSED VALUE.

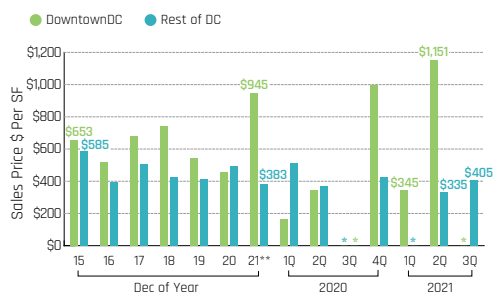
To reduce the amount of vacant office SF, the DowntownDC BID recommends working to increase demand through the Vitality Fund and decreasing supply through a pilot office to residential pilot conversion program. A 0.5% improvement in large office building assessments will increase office property tax revenues by \$6 million per year.

Recent office sales volumes have been low and office sales prices volatile. The poor performance of the office market and the uncertainty of what increased working from home means has created a substantial gap in the expectations of sellers and buyers – thus, lower sales volumes and volatile prices.

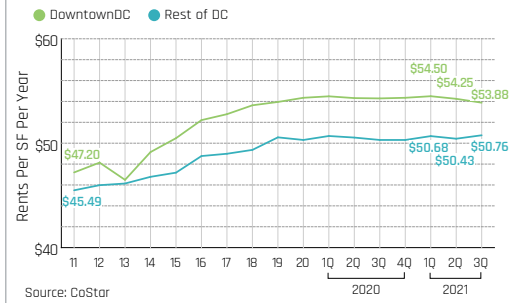
Office Sales - Volume



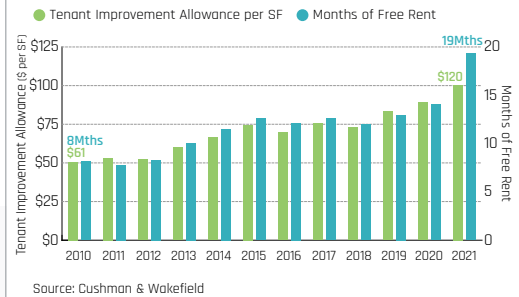
Office Sales Prices - \$ Per SF



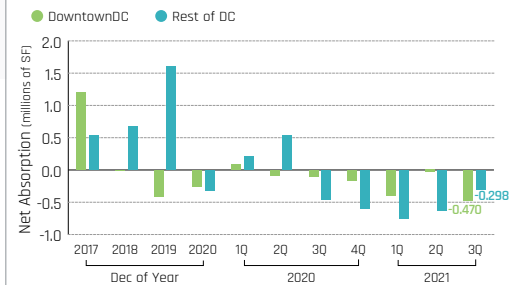
Office Rents Per SF Per Year



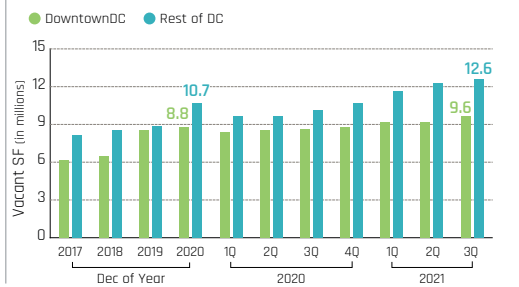
Office Market Rent Concessions in the CBD and East End



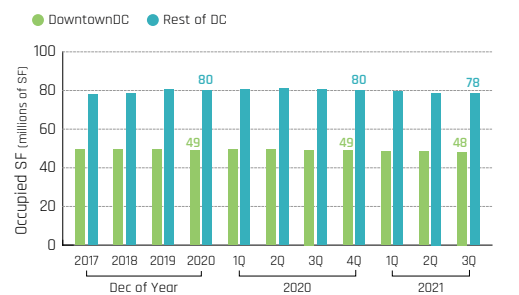
Office Space Net Absorption



Vacant Office Square Feet



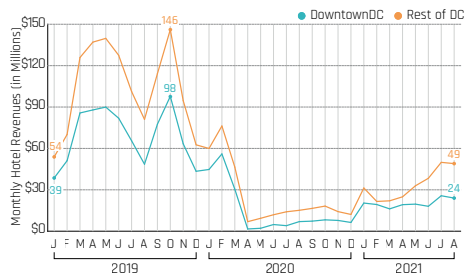
Occupied Office Square Feet



HOTELS, CONVENTION CENTER & TOURISM

For 2Q and 3Q 2021, the DowntownDC hotel industry was missing several drivers of business. The business traveler, the international traveler and the convention traveler were mostly missing -- leaving only the leisure traveler. As a result, DowntownDC hotel revenue in 2Q 2021 was only 22% of 2Q 2019 and increased to 44% of pre-pandemic levels in July and August 2021.

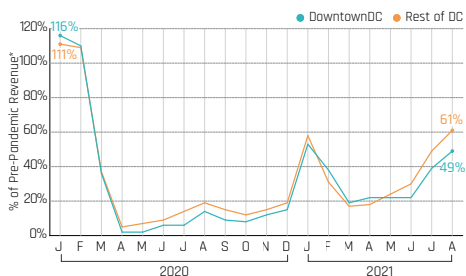
Hotel Revenues for 2019- Aug 2021



Source: STR

Hotel Revenues During The Pandemic

As % of Pre-Pandemic Revenues*



Source: STR

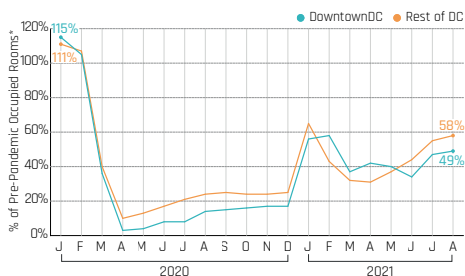
* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.

The Walter E. Washington Convention Center hosted its first two conventions since March 2020 in August 2021: Otakon and Awesome Con, both did very well at 100% and 70% of 2019 attendance, respectively. And, very important, there were no COVID outbreaks among attendees and employees. For the ten years ending in 2019, the WEWCC averaged 1.2 million attendees at 196 events per year.

DC's domestic visitation was 13.3 million in 2020 -- down 42% from 2019's 22.8 million. Projections for 2021 and 2022 are 16 and 20 million domestic visitors, respectively. Future conventions booked by Destination DC are very strong with 20 city-wide conventions on the books for 2022 and 19 in 2023 compared to the recent years' average of 22 city-wide conventions. These conventions are estimated to occupy 367,000 and 417,000 room nights in those two years (approximately

Hotel Occupied Rooms During The Pandemic

As % of Pre-Pandemic Occupied Rooms*



Source: STR

* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.



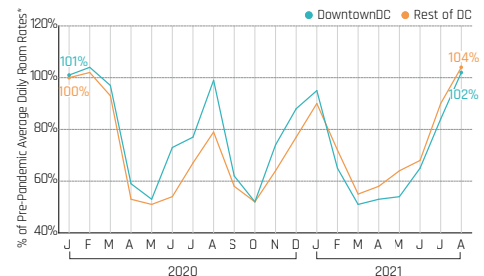
DC'S INVESTMENT IN TOURISM MARKETING, HOTEL GRANTS AND UNEMPLOYED HOTEL WORKERS HAS BEEN ESSENTIAL TO THE REOPENING OF DC HOTELS.

13% of DowntownDC annual hotel demand), which is very important marginal demand for DowntownDC and DC hotels in supporting hotel room rates.

Lastly, the recent funding by the District Government for a tourism marketing campaign has been critical to support the tourism and hotel industry in the City over recent months. While 77% of hotel workers that lost their jobs nationwide during the pandemic have returned to work, only 11% of DC's 9,600 hotel workers that lost their jobs during the pandemic have returned to work.

Hotel Average Daily Room Rates During The Pandemic

As % of Pre-Pandemic Average Daily Rate*



Source: STR

* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.

CULTURE & ENTERTAINMENT

The Culture & Entertainment economic sector is going to set its recovery course during 4Q 2021 after being closed for the greater part of the past 18 months -- from March 2020 into September 2021.

When the health data allowed the District Government to remove its restrictions on the crowd sizes that occur at theatre and entertainment venues, the venues needed time (1) to gear up for plays/musicals (hire actors, etc...) and (2) to book musicians and other entertainment acts. Several DowntownDC museums were open on very restrictive schedules and others were closed in May 2021. By the end of 3Q 2021, all DowntownDC's 8 performance venues and 12 museums are open.

What has DowntownDC been missing during the pandemic?

- Museum attendance was 4.8 million in 2019, and averaged 5.2 million per year for the prior ten years.

- Capital One Arena attendance was 2.0 million in 2019, and averaged 2.4 million per year for the prior ten years.
- Theater and Performance Venue attendance was 725,000 in 2019, and averaged 740,000 per year for the prior ten years.

Since March 2020, the pre-pandemic 7.5 million annual DowntownDC Culture & Entertainment patrons have been missing from DowntownDC.



MUSEUMS AND PERFORMANCE ENTERTAINMENT VENUES SHOULD BE FULLY OPEN AND ACTIVE THIS FALL

Many Culture & Entertainment organizations are requiring patrons to be vaccinated or have proof of a negative COVID test within the prior three days. These organizations have set-up vaccination apps for rapid patron entry and set up rapid testing rooms/tents for those patrons who forgot their vaccination cards or to get tested. The Capital Arena processed over 19,312 patrons for the recent sold-out

Harry Styles concert. To date, there have been no reports of COVID outbreaks from exposure at a DowntownDC culture or entertainment event. This is great news: showing that large crowds can gather in a safe manner.

The 4Q 2021 will show the trajectory of the recovery of the Culture & Entertainment sectors:

- All DowntownDC museums are open and are steadily relaxing their restrictions on patron attendance (The National Museum of Women in the Arts is closed for renovation).
- All DowntownDC theatres will be presenting plays or musicals in October on a pre-pandemic schedule and will continue through the rest of the theatre season -- ending in June 2022. A few performances were held in September.
- All Downtown's music/entertainment venues have a pre-pandemic schedule set for 4Q 2021.



CAPITAL ONE ARENA HAS 120 GAMES, CONCERTS OR EVENTS SCHEDULED FOR THE NEXT SEVEN MONTHS.



The recent Harry Styles concert brought 19,312 fans safely to the Capital One Arena. All ticketholders were efficiently screened for vaccinations or a recent negative COVID test.

HOUSING

The DowntownDC, DC and DMV apartment markets saw dramatic increases in rents and occupancy rates in 2Q and 3Q 2021 so that most sub-markets and many buildings are now performing at or above pre-pandemic levels. In DowntownDC, the average rent is now \$3.44 per SF per month – a near record high -- and the vacancy rate is 3.7% -- also a near record low.



APARTMENT RENTS AND VACANCY RATES HAVE RETURNED TO PRE-PANDEMIC LEVELS IN 3Q 2021.

The condo market has remained steady with strong sales prices and sales volume. In July 2021, DowntownDC condo prices were \$626 per SF.



CONDO PRICES ARE STRONG ON SOLID SALES VOLUME IN 2021.

The Rest of DC, Northern Virginia and Suburban Maryland housing markets are experiencing a similarly strong housing market, with rents and vacancy rates being strong and near record performance.

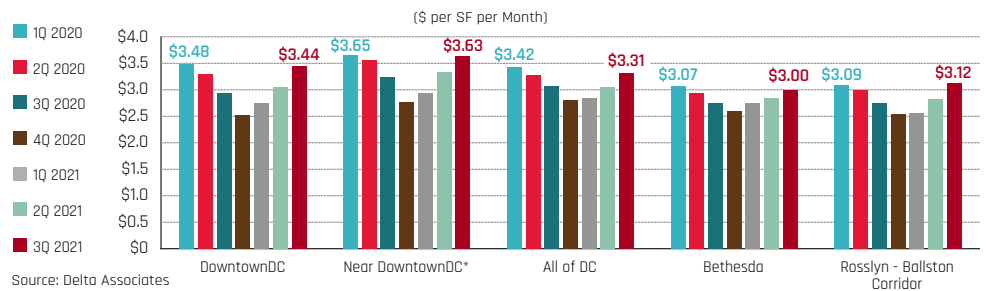
Importantly, for DowntownDC and the Rest of DC, the “flight from the city” that occurred in the second half of 2020 (and was well-publicized) has been reversed in 2Q and 3Q 2021 as shown by the strong rent and low vacancy numbers. The number of apartment units under construction in DC is a near record high of 13,217 units – with

housing groundbreakings at 70% to 80% of pre-pandemic levels. The District’s and DMV’s strong employment base and the District’s many amenities (restaurants, transportation options, culture and entertainment and many parks and recreation options) are responsible for this continuing housing development.



IN 4Q 2021, THE FIRST NEW RESIDENTIAL PROJECT IN DOWNTOWNDC IN TEN YEARS WILL BREAK GROUND – CITYCENTERDC WAS THE LAST GROUND BREAKING IN APRIL 2011.

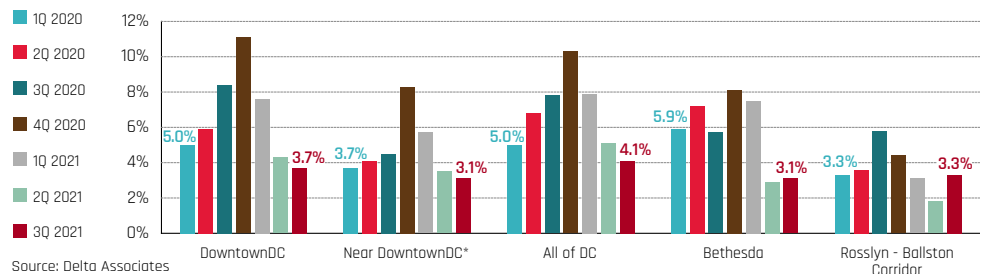
DC Region Class A Apartment Rents



Source: Delta Associates

*Includes the area five blocks north and west of DowntownDC.

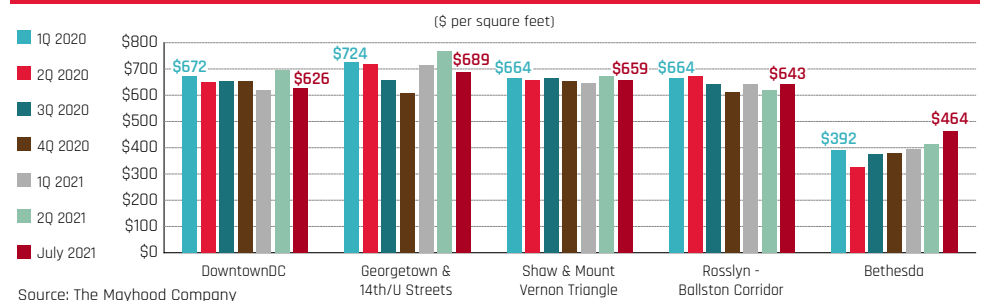
Class A Apartments Vacancy Rates



Source: Delta Associates

*Includes the area five blocks north and west of DowntownDC.

DC Region Condo Prices

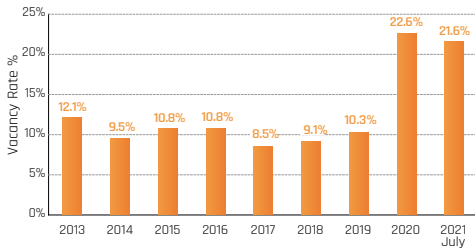


Source: The Mayhoad Company

SHOPPING & DINING

Though the DowntownDC shopping and dining sectors have been dramatically impacted by the pandemic, with many restaurants and stores permanently closing, many others “temporarily closing” for months and the retail vacancy rate at a near record level, it appears the recovery of the shopping and dining sectors is well underway, though at a slower pace than desired.

Retail Vacancy in DowntownDC



Source: Doherty & Alexander Retail Advisors (2017 - 2020) and DowntownDC BID (2013 - 2016 and 2020)

The July 2021 retail vacancy rate was 21.6%, a slight decline from the record 22.6% retail vacancy rate of December 2020. The number of “temporarily closed” restaurants and stores declined substantially from 136 in Winter 2021 to 59 at the end of September 2021. And, since March 31, 2021, there have been over 15 new retail openings with another six new restaurants or stores under construction and 16 announced openings (mostly destination and quick service restaurants). The 20 total openings during the pandemic and 24 coming new retailers will offset more than half of 74 pandemic closings of DowntownDC’s 668 pre-pandemic retail businesses.



15 OF DOWNTOWNDC DESTINATION RESTAURANT CLOSED DURING THE PANDEMIC AND 5 OPENED - 5 ARE UNDER CONSTRUCTION AND 8 ARE ANNOUNCED

Recent destination restaurant openings are:

1. Farmbird
2. Yardbird Southern Table & Bar
3. Cheesecake Factory
4. Truluck’s
5. Dauphine’s
6. L’Ardente
7. Immigrant Food+ (10/7 opening)

Recent destination store openings are:

1. Brunello Cuccinelli
2. Express Edit (pop-up)
3. Chanel
4. Claire Du Lune
5. Giorgio Armani (under construction)
6. Akris (under construction)



DOWNTOWN DESTINATION RESTAURANT REPORTED RECENT AVERAGE SALES OF 70% TO 80% OF PRE-PANDEMIC LEVELS - UP FROM 40% TO 60% IN WINTER 2021

The sales performance for both destination restaurants and stores has improved over the past few months. Destination restaurants’ sales are now at 65% to 80% of pre-pandemic levels. Destination stores’ sales are now at 45% to 65% of pre-pandemic levels.

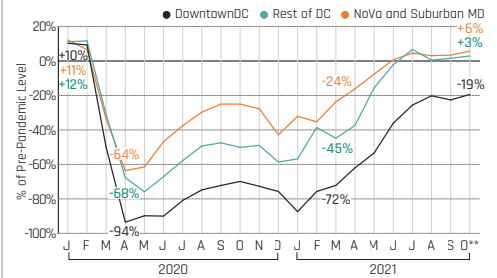
However, those restaurants, food service businesses and retail services that directly serve the office worker and international and business traveler are still performing poorly, with 33 destination restaurants, quick service restaurants and coffee shops still temporarily closed and 26 dry cleaners, banks, barbers/hair salons still temporarily closed.



DOWNTOWNDC DESTINATION STORES PREPARED RECENT AVERAGE SALES OF 45% TO 65% OF PRE-PANDEMIC LEVELS - UP FROM 20% TO 40% IN WINTER 2021.

DC Region Restaurant Sales During Pandemic

Jan 2020 - Oct 14, 2021 Sales Compared to Pre-Pandemic Sales*



Source: MarginEdge and DowntownDC BID

* The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020 and April 2021 are both compared to April 2019.
** 10/1/21-10/14/21

Destination Restaurant Net Change History

Time Period	Net Change in # of Destination Restaurants												
	Net #	-12	-10	-8	-6	-4	-2	0	2	4	6	8	10
2012	(2)												
2013	4												
2014	(2)												
2015	7												
2016	4												
2017	6												
2018	(4)												
2019	(4)												
2020	(11)												
10-3Q 2021	1												
1Q 2020	(1)												
2Q 2020	(3)												
3Q 2020	(6)												
4Q 2020	(1)												
1Q 2021	0												
2Q 2021	3												
3Q 2021	(2)												
Under Construction	5												
Announced	8												

Source: DowntownDC BID

Destination Store Net Change History

Time Period	Net Change in # of Destination Stores												
	Net #	-8	-6	-4	-2	0	2	4	6	8	10	12	14
2014	12*												
2015	12*												
2016	1												
2017	3												
2018	(4)												
2019	(1)												
2020	(8)												
10-3Q 2021	1												
1Q 2020	(2)												
2Q 2020	0												
3Q 2020	(3)												
4Q 2020	(3)												
1Q 2021	(1)												
2Q 2021	(2)												
3Q 2021	4												
Under Construction	2												
Planned	0												

Source: DowntownDC BID

* CityCenterDC stores opened.

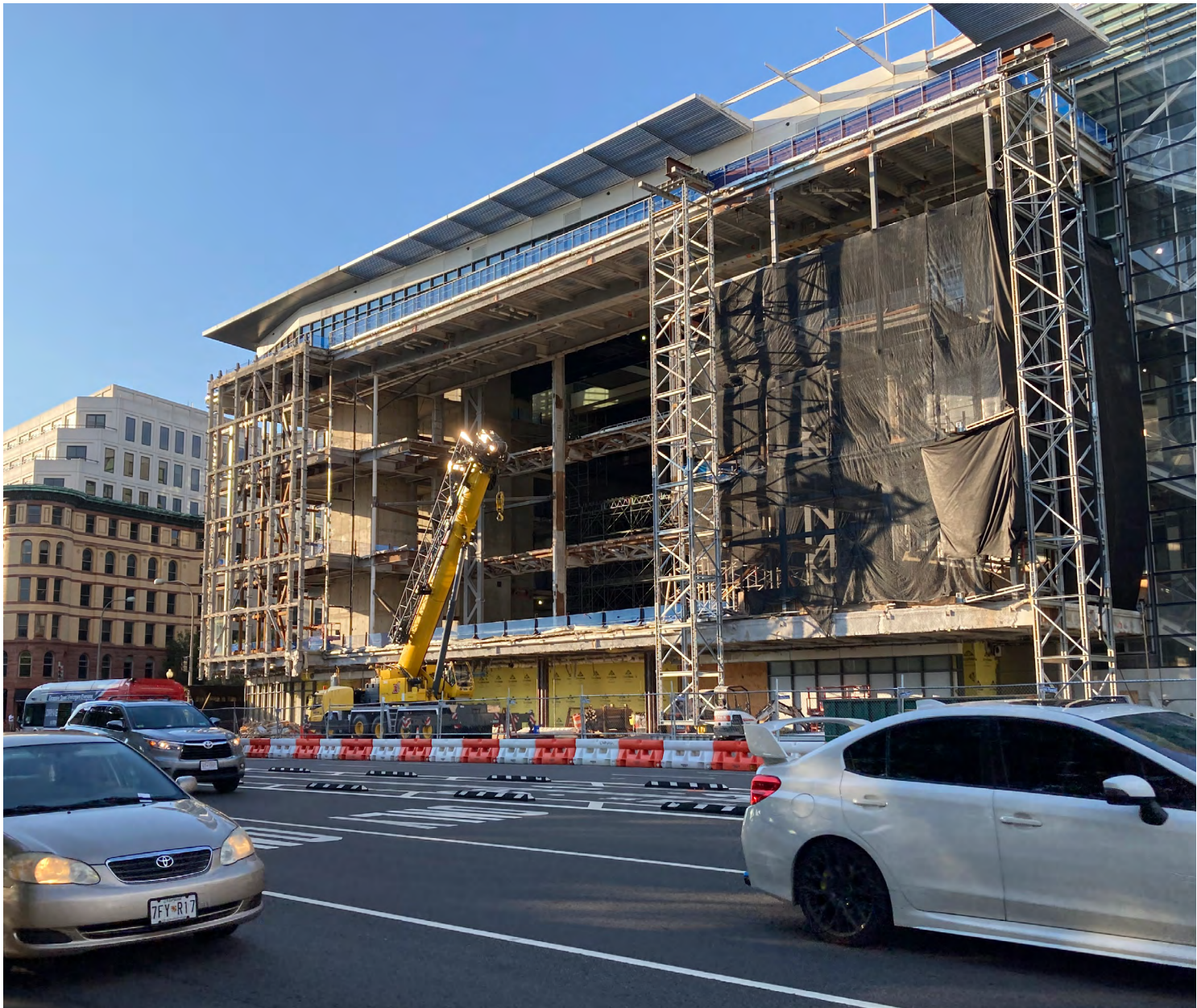
DowntownDC Restaurant, Food Service and Other Retail Openings and Closings During the COVID-19 Pandemic

March 2020 -- September 2021

	Total Retail Businesses	Restaurants and Other Food Service					Other Retail		
		Destination Restaurants (High End & Casual)	Quick Service Restaurants	Restaurant Sub-Total	Coffee and Other	Total	Destination Shopping	All Other*	Total
Number on Feb 29, 2020	668	134	190	324	48	372	76	220	296
Closings During Pandemic	74	15	23	38	11	49	10	15	25
% of 2/29/20	-11%	-11%	-12%	-12%	-23%	-13%	-13%	-7%	-8%
Openings During Pandemic	20	5	5	11	3	14	5	1	6
% of 2/29/20	3%	4%	3%	3%	6%	4%	7%	0.5%	2%
Net Closings During Pandemic	54	10	17	27	8	35	5	14	19
% of 2/29/20	-8%	-7%	-9%	-8%	-17%	-9%	-7%	-6%	-6%
Number on Sept 13, 2021	614	124	173	297	40	337	71	206	277
Under Construction	8	5	1	6	0	6	2	0	2
% of 9/13/21	1%	4%	1%	2%	0%	2%	3%	0%	1%
Announced	16	8	8	16	0	16	0	0	0
% of 9/13/21	2%	6%	5%	5%	0%	5%	0%	0%	0%
Temporarily Closed	59	4	21	25	8	33	0	26	26
% of 9/13/21	9%	3%	12%	8%	20%	10%	0%	13%	9%

Source: DowntownDC BID

*Includes financial institutions, drugstores, dry cleaners, hair salons and nail salons.



Johns Hopkins University is substantially renovating 555 Pennsylvania Avenue NW to create a new home for its DC academic activities in a \$570 million plus investment.

DOWNTOWNDC ECONOMIC ACTIVITY SUMMARY -- FALL 2021

Economic Sector	DowntownDC				Activity Components For Fall 2021					
	SF Per Sector (in millions)		% of DowntownDC	% of City (a)	City Govt Open or Closed (D)	% Open or Occupied Fall 2019 (E)	% Open or Occupied Fall 2021 (F)	Fall 2021 Sales % of Fall 2019 (G)	Fall 2021 Economic Activity as % Fall 2019 [(B*F)/(B*E))*G	
	(A)	(B)	(C)							
1 Office	74.6	76.4%	42%	Open	88%	21%	98%	17.71%		
2 Housing	6.5	6.7%	2%	Open	95%	96%	96%	6.47%		
3 Hotels	6.1	6.2%	33%	Open	81%	38%	93%	2.72%		
4 Retail	4.0	4.1%			89.7%	72.4%	NA	N/A		
A Restaurants	NA	1.6	NA	1.7%	NA	Open	89.7%	72.4%	70%	0.96%
B Destination Shopping	NA	0.7	NA	0.7%	NA	Open	89.7%	78.4%	65%	0.41%
C Other Retail	NA	1.0	NA	1.0%	NA	Open	89.7%	72.4%	50%	0.41%
D Vacant	NA	0.7	NA	0.7%	NA	NA	NA	NA	0.00%	
5 Convention Center	2.3	2.4%	100%	Open	100%	100%	70%	1.65%		
6 Museums	2.0	2.0%	11%	Open	100%	100%	25%	0.51%		
7 Universities	1.5	1.5%	5%	Open	100%	100%	95%	1.46%		
8 Entertainment	0.7	0.7%	33%	Open	100%	100%	80%	0.57%		
Total	97.7	100.0%						32.87%		

Source: DowntownDC BID, CoStar, Delta Associates, The Mayhoad Company, STR and Dachter & Alexander and MarginEdge.
(a) DowntownDC BID area is one square mile, or 1.6% of DC's land area.