

# STATE OF DOWNTOWN 2021



DOWNTOWN BUSINESS IMPROVEMENT  
DISTRICT CORPORATION



**DOWNTOWNDC**  
RESILIENT

DOWNTOWNDC CONTINUED AS ONE OF THE LARGEST ECONOMIC HUBS IN THE WASHINGTON REGION WITH ITS ECONOMIC ACTIVITY REBOUNDED FROM 2020 THROUGH 2021 AND THE FIRST FIVE MONTHS OF 2022.

OUR OFFICE BUILDINGS, CULTURAL & ENTERTAINMENT VENUES, HOTELS, RESTAURANTS, AND STORES ARE RECOVERING THOUGH SOME ARE STILL OPERATING BELOW 2019 LEVELS.

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 2022 AND BEYOND.



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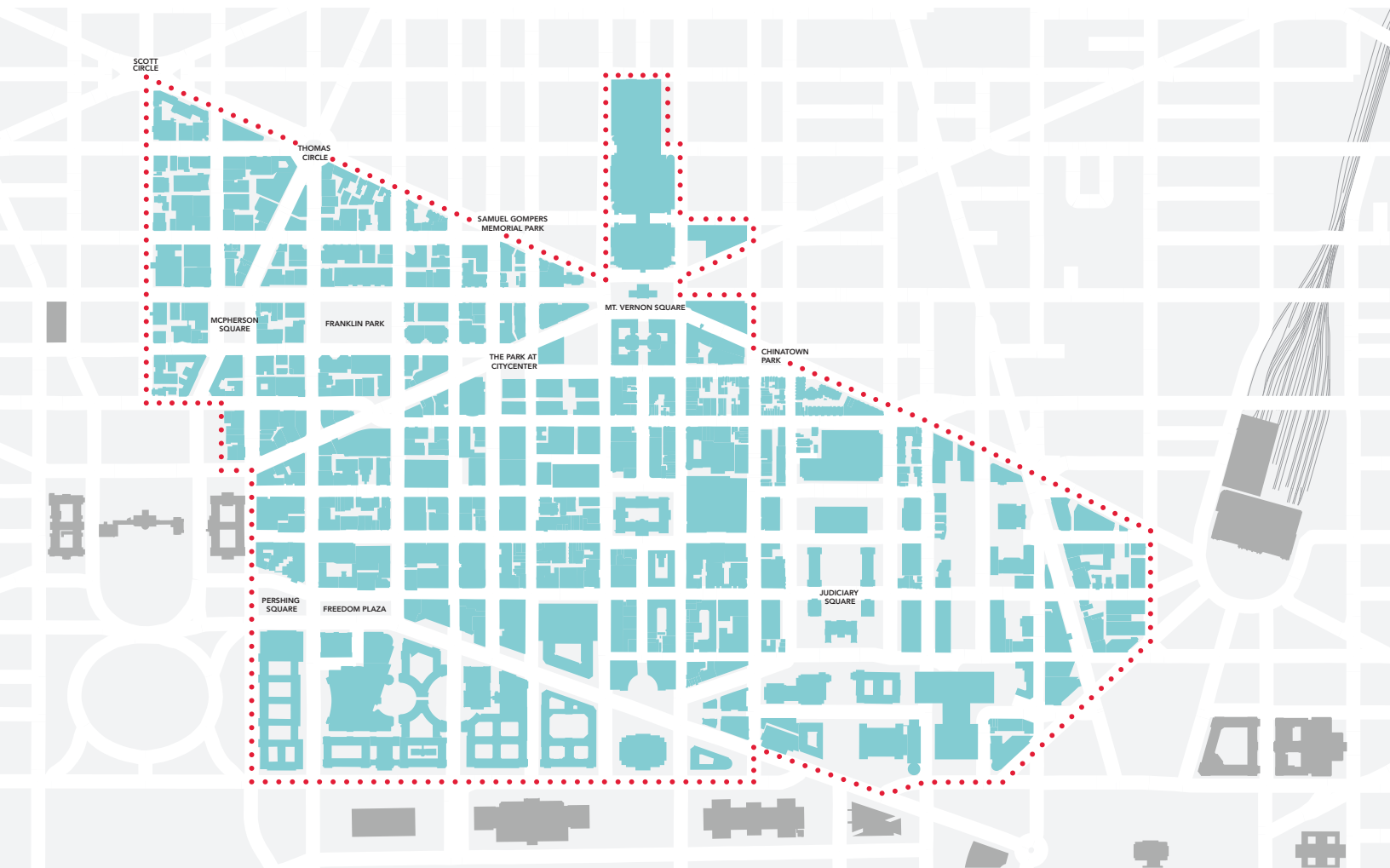
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Cover page photo:

1313 L Street NW is an office conversion to residential (shown here) project by Lincoln Properties that entails the demolition of an 80,000 SF office building and the construction of a new 222-unit apartment building.

# ABOUT THE BID

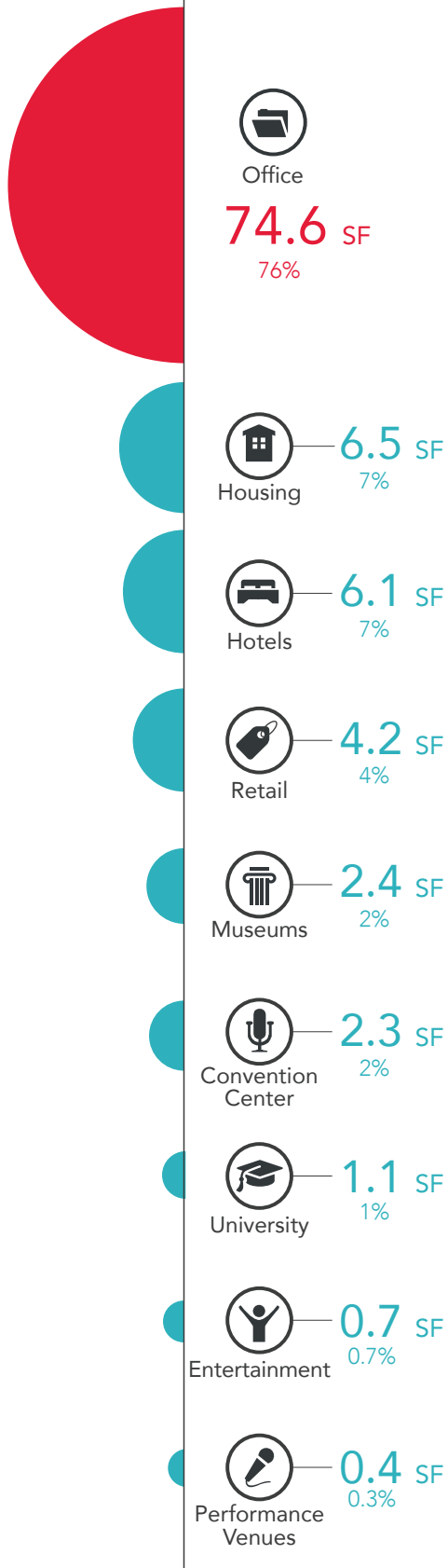


The Downtown Business Improvement District (BID) Corporation was founded in 1997 and is a private non-profit organization. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of properties from Massachusetts Avenue on the north, including the Walter E. Washington Convention Center at Mount Vernon Square, 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)

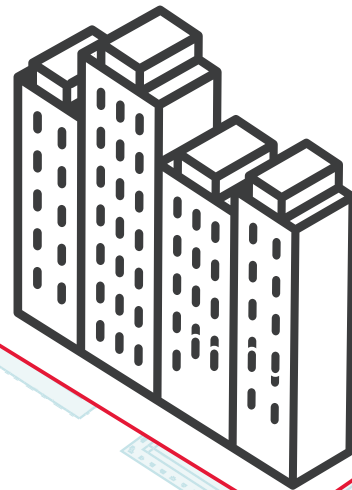


# 1 SQUARE MILE

## 138 BLOCK AREA

## 526 PROPERTIES TOTALING

# 98MM SF



# LETTER

## FROM THE ACTING PRESIDENT & CEO AND THE CHAIRMAN OF THE BOARD

### Dear DowntownDC BID Member,

In March 2021, the DowntownDC economic activity occurring in DowntownDC was only 16% of pre-pandemic levels. In October it increased to 40%, was up to 47% in March 2022, and continues to climb. Recovery may seem slow due to the continued uncertainty of the worldwide pandemic, but we are optimistic for further recovery throughout 2022. Much of that certainty comes from city and federal government support and the overall reimagining of downtown in light of the alteration of prior work habits. We are grateful to our Mayor and City Council in their continued support of the downtown economy, businesses, and residents.

Our thanks go out to the Mayor and City Council, as they deftly maneuvered the impacts of the pandemic and quickly responded to the changing landscape as people retreated once again into their homes. Their help with funding and grants, along with legislative changes, enabled many downtown businesses to survive and change their footprint. Streets and a reimagined use of public space served to extend restaurants and retail as patrons and customers were invited to eat and shop immersing themselves into the physical public realm of our downtown.

Some key recovery events of the past 17 months show that the DowntownDC economic recovery glass is more than half full: The first convention since March 2020 was held in August 2021. In much of 2020 and 2021, Capital One Arena had no fans or concertgoers (for 17 months), but attendance is now at 95% of pre-pandemic levels. Downtown theaters and museums were mostly closed from March 2020 through September 2021 but are now at 40% to 75% of pre-pandemic attendance levels. While 19 of DowntownDC's 134 destination

restaurants closed during the pandemic, 15 new restaurants opened. And another 13 plan to open by the end of 2022. DowntownDC restaurant sales are at 114% of pre-pandemic levels. Recently, DowntownDC and District hotels approached pre-pandemic occupancy and revenue levels. The housing market for both apartments and condominiums are at pre-pandemic levels in May 2022, with only a drop for apartments in the second half of 2020.

The big negative for DowntownDC is the office market, with record vacancy rates of just over 16% (and over 9 million SF of vacant office space) and only 36% of office workers coming into the office. Office buildings make up 76% of DowntownDC's built space and this plays a major role in stalling overall economic activity.

On top of a worldwide pandemic, the past 17 months have seen other risks emerged to impact the DowntownDC economy: the operational and financial condition of Metrorail, the highest inflation in decades, the Russian invasion of the Ukraine, and intense competition from other DC and regional submarkets with lower costs (including taxes).

Yet, despite the many risks facing DowntownDC, there are nine development projects under construction representing a total investment of \$1.2 billion.

The 2021 State of Downtown report also includes first quarter 2022 data to help guide DowntownDC stakeholders over the rest of 2022 and prepare for 2023. In late March 2022, the pace of the recovery was accelerating. As always, the State of Downtown 2021 report gives an update on the current conditions in each of DowntownDC's many economic sectors.

As the BID continues to create a DowntownDC as attractive as possible for business locations, DC residents,

and visitors of all kinds, we undertook several initiatives in 2021 in partnership with private-sector businesses, residents, District government partners, and federal government partners: the completion of the renovation of Franklin Park, the DowntownDC Parks Master Plan, the Gallery Place/Chinatown Corridor Study Plan, and an incentive plan to include affordable housing in office to residential building conversions while encouraging more conversions in general. Later in 2022, the BID will lead the collective work necessary to create a new Downtown Action Agenda hoping to recreate the success of the 2000 Downtown Action Agenda that set the blueprint for the completion of DowntownDC, and the DC renaissance set in motion by Downtown's new Arena and Convention Center.

The DowntownDC BID is rebounding but also taking a page from the reimagining of Downtown in 2000 that served as the catalyst for a two-decade economic growth period unlike any other city and reimagining a post pandemic Downtown focused on inclusion, equity, and economic prosperity for all. We look forward to continuing the important work with our many partners in maintaining the physical appearance, economic vitality, and tax base of DowntownDC to the benefit of all DowntownDC businesses and all District residents.



**Greg O'Dell**

Chairman,  
Board of Directors  
DowntownDC BID



**Gerren Price**

Acting President & CEO  
DowntownDC BID





The Arlo Hotel is under construction on the 300 block of G ST NW





The Waldorf Astoria Hotel, opened on June 1, 2022

DowntownDC's current economic activity is only 47% of its pre-pandemic levels. This percentage was 40% in Winter 2022, 33% in Fall 2021, and 16% in Winter 2021. The main reason for the 47% is that 76% of the built space in DowntownDC is private or public office space, and only 35% to 40% of the private office workers are coming to their offices as of the start of June 2022. If the percentage of office worker in the office rose to 50% from 37%, then DowntownDC economic activity as a percentage of pre-pandemic levels would increase to 57%.

## DOWNTOWNDC NET FISCAL IMPACT HISTORY AND PROJECTIONS: 2019-2023

(Dollars in millions)

(Dollars in millions)

	NET FISCAL IMPACT	GROSS LOCAL REVENUES	LESS REVENUE DEDICATED TO OTHER FUNDS	LOCAL FUND REVENUES	LESS LOCAL FUND EXPENDITURES AND TRANSFERS
FY 2019 ACTUAL	\$774	\$1,484 16%	-\$174	\$1,310 16%	- 536 7%
FY 2020 ACTUAL	\$623	\$1,278 15%	-\$107	\$1,171 14%	- 548 7%
FY 2021 ESTIMATE	\$563	\$1,210 14%	-\$79	\$1,131 14%	- 568 7%
FY 2022 ESTIMATE	\$564	\$1,327 14%	-\$134	\$1,193 14%	- 628 7%
FY 2023 ESTIMATE	\$655	\$1,463 15%	-\$178	\$1,285 15%	- 630 7%

AS A % OF DC

AS A % OF DC

AS A % OF DC

Source: RCLCO

Note: Numbers may not add up exactly due to rounding.

## DOWNTOWNDC ECONOMIC ACTIVITY SUMMARY – MAY 2022

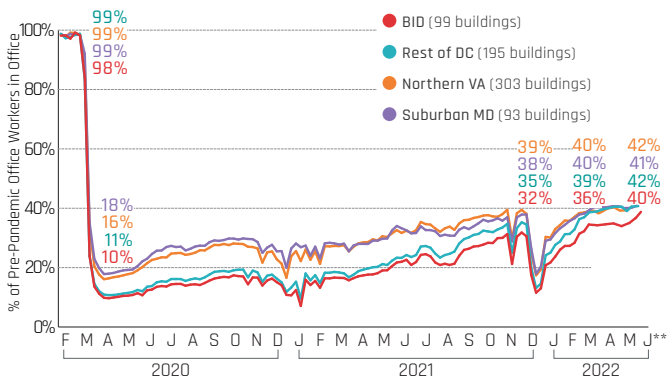
Economic Sector	DowntownDC			Activity Components For Winter 2022				
	SF Per Sector (in millions) (A)	% of DowntownDC (B)	% of City (a) (C)	Open or Closed (D)	% Open or Occupied 2019 (E)	% Open or Occupied Winter 2022 (F)	Winter 2022 Sales as % of Fall 2019 (G)	Winter 2022 Economic Activity as a % of Fall 2019 (((F*G)/E)*B
1 Office	74.6	76.4%	42%	Open	88%	31.1%	99.5%	26.83%
2 Housing	6.5	6.7%	2%	Open	95%	97.0%	106%	7.20%
3 Hotels	6.1	6.2%	33%	Open	79%	74%	100%	5.85%
4 Retail					89.7%	72.4%	NA	
A Restaurants	1.6	1.6%	NA	Open	89.7%	79.2%	114%	1.65%
B Destination Shopping	0.7	0.7%	NA	Open	89.7%	79.2%	65%	0.41%
C Other Retail	1.0	1.0%	NA	Open	89.7%	79%	70%	0.63%
D Vacant	0.7	0.7%	NA	NA	NA	NA	NA	NA
5 Convention Center	2.3	2.4%	100%	Open	100%	100%	60%	1.41%
6 Museums	2.0	2.0%	11%	Open	100%	100%	60%	1.23%
7 Universities	1.5	1.5%	5%	Open	100%	100%	95%	1.46%
8 Entertainment	0.7	0.7%	33%	Open	100%	100%	95%	0.68%
Total	97.7	100.0%						47.35%

Source: DowntownDC BID, CoStar, Delta Associates, The Mayhew Company, STR and Tochter & Alexander and MarginEdge.

(a) DowntownDC BID area is one square mile, or 1.6% of DC's land area.

## Office Workers In DC Region That Have Been In The Office During Pandemic

Office Workers in Office as % of Pre-Pandemic Office Workers in Office\*



Source: Kastle

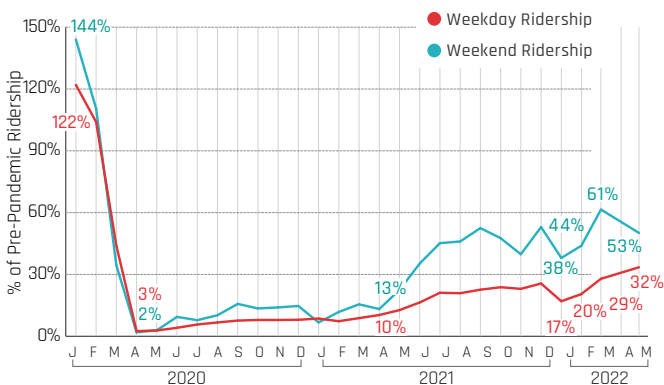
\* The pandemic months are compared to a pre-pandemic control period of February 3, 2020 to February 18, 2020.

\*\* Week of June 6, 2022.

The percentage of office workers in the office compared to pre-pandemic levels plateaued at 35% to 37% from early April through the end of May 2022. The Week of June 6, 2022, set new records for weekly and daily percentages: 39.93% and 42.46%, respectively.

## Metrorail Ridership In DowntownDC During Pandemic

Ridership as % of Pre-Pandemic Ridership\*



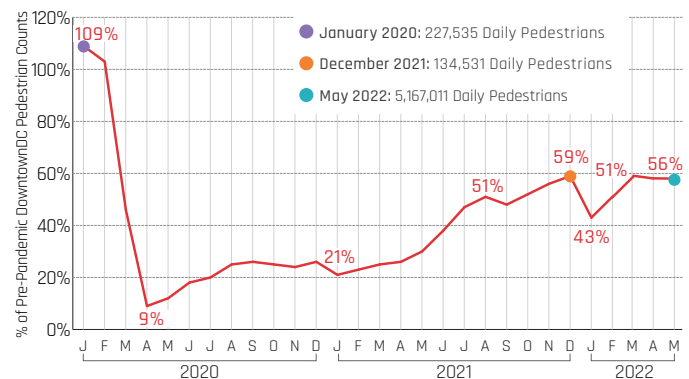
Source: WMATA

\* 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.

Metrorail ridership as a percentage of pre-pandemic levels has improved substantially in 2022 and the first five months of 2022, but still remains well below 2019 levels. When the 7000 Metrorail cars return safely to service, Metrorail ridership should improve further, but time schedule has been given.

## Pedestrian Counts In DowntownDC During Pandemic

Pedestrian Counts as % of Pre-Pandemic Counts\*



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.

Pedestrian counts per month have plateaued over the past several months at 50% to 60% of pre-pandemic levels.

Despite the overall level of economic activity at 47% of pre-pandemic levels, many sectors of the DowntownDC economy are performing at or above pre-pandemic levels.

**The bright spots in the DowntownDC economy** are (see individual sections in this report for detailed information):

1. Nine development projects are currently under construction, totaling investments of \$1.2 billion, and 14 projects, totaling \$1.3 billion, are planned.
2. A handful of office to residential conversions are under construction or planned that will remove approximately 2.5 million square feet of office space from the DC office market.
3. Johns Hopkins University and Georgetown University are building two new academic buildings totalling 440,000 square feet.
4. Record condominium prices (\$719 per SF) and apartments rents (\$3.47 per SF per month) and low apartment vacancy rates (3%).
5. Restaurant sales at 114% of pre-pandemic levels.
6. Capital One Arena and Warner Theatre 2022 attendance is at 95% of pre-pandemic levels.
7. Hotel revenues in May 2022 jumping to 88% of May 2019 hotel revenues.
8. Strong Walter E. Washington Convention Center bookings for June - December 2022.



As the DowntownDC economy adjusts to the longer-term trends of low new demand for office space and shopping and the shocks of the pandemic, particularly the popularity of working from home, the DowntownDC BID will rely heavily on its private sector members in partnership with its District and federal partners. One can see the evolution of a new DowntownDC as follows:

2020 and 2022: Relief from pandemic required.

2021 through 2024: Recovery from pandemic.

2022 through 2027: Reimagining planning and initial implementation of consensus planning.

**The areas of concern in the DowntownDC economy are** (see individual sections in this report for detailed information):

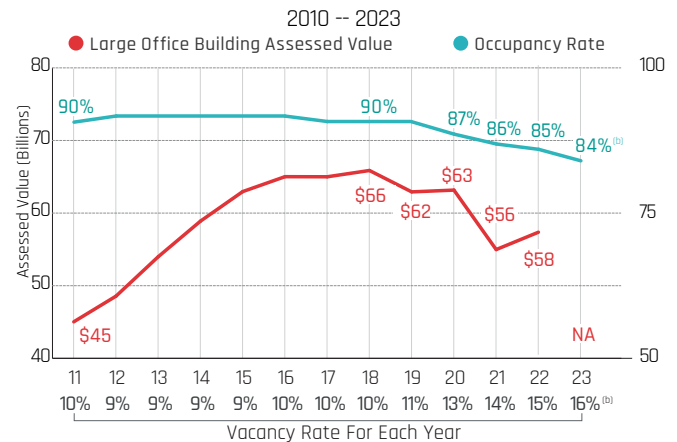
1. The Office Market
2. Office-Serving Retail
3. Shopper's Goods Retail

The Office Market has several issues: a record amount of vacant office space, stagnant office demand, and the uncertainty regarding the future of work from home.

- When a market has too much inventory at a certain price level, the logical market reaction is to reduce the price to create demand. But is that in the best interests of the residents of DC? A reduction in rents would lead to a decline in office building net operating incomes, which would lead to a decline in office values. The end result would be a substantial reduction in office property tax revenues. Please note that the current fiscal year is expected to bring in \$120 million less in large office building property tax rates due to a 10% reduction in the assessed values of large office buildings as of January 1, 2021.
- Another way for creating demand to absorb vacant office space would be targeted incentives to attract new office tenants to the District. The District government is providing funding for targeted incentives, but more funding is likely needed to meaningfully reduce the current 25 million SF of vacant office space.
- In addition to increasing demand, reducing excess supply by converting vacant office space to other uses will support a stronger office market.

Approximately 2.5 million SF of office will be removed from the office market through a handful of residential conversion projects (some already announced and others expected to be announced soon).

### DC Large Office Building Assessed Values and DC Office Occupancy Rate <sup>(a)</sup>



Source: DC Office of Chief Financial Officer, Costar and DowntownDC BID

<sup>(a)</sup> Occupancy Rate for December 31st of each year and Assessed Value for January 1st of the next year (one day later than the occupancy rate date).

<sup>(b)</sup> Projection

Office-Serving Retail is dependent upon the return of the office worker to the office or the replacement of vacant office space with another retail demand generator (residential or university use seem to be the most likely new uses at this time).

Shopper's Goods Retail store closings in DowntownDC just before and during the pandemic are due to long-term trends in the decline in shopper's goods retail, a few specific companies' financial difficulties (including bankruptcies), and the growing popularity of online shopping. The fiscal impact of DowntownDC shoppers goods (property and sales taxes) should allow for a potential incentive, which the District government has provided some funding for in its FY 2023 budget. The sales tax returns of DowntownDC Shopper's Goods to the District could allow for a potential 50% to 75% reduction in property taxes to attract shopper's goods retailers. This could go a long way to (1) attracting a new group of Shopper's Goods retailers to DowntownDC and (2) reducing DowntownDC's 800,000 SF of retail vacancy today (up from 400,000 SF at the end of 2019) and providing more vibrancy on the streets of DowntownDC.

# CURRENT DEVELOPMENT



The Arlo Hotel is under construction on the 300 block of G ST NW

## DOWNTOWNDC DEVELOPMENT WAS SOLID IN 2021 AND EARLY 2022

Development in DowntownDC was even-paced in 2021 and the first five months of 2022, with the completion of five projects totaling \$180 million and nine projects under construction at the end of May 2022 totaling over \$1.2 billion (for the first time

since 2018). Five projects started over these 17 months totaling \$565 million (including two ground-up developments that reduced the number of remaining ground-up development sites to six. There are 14 planned projects totaling \$1.3 billion estimated to generate \$45 to \$55 million per year in new tax revenues for the District.

## 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 both 2020 and 2021, all fourteen completed projects were renovations. Eight of the nine projects currently under construction involve the repurposing of existing

buildings. With 526 buildings in Downtown DC and only six 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.



## ONLY 6 GROUND-UP

DEVELOPMENT SITES REMAIN IN DOWNTOWNDC—IN 1995 THERE WERE OVER 125

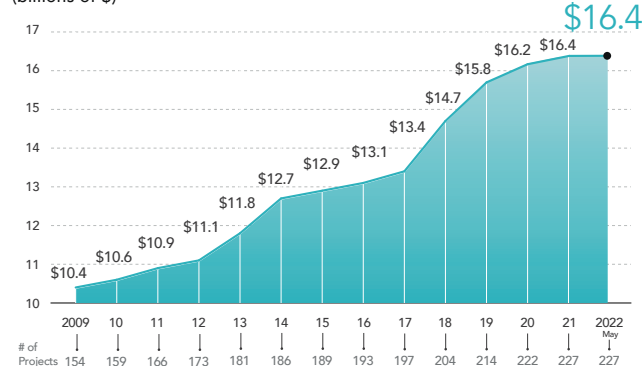
**THERE ARE 14 PLANNED PROJECTS TOTALING \$1.3 BILLION ESTIMATED TO GENERATE \$45 TO \$55 MILLION PER YEAR IN NEW TAX REVENUES FOR THE DISTRICT**



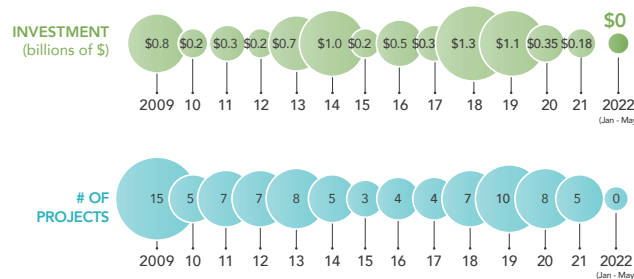
## DOWNTOWN DEVELOPMENT HISTORY

### CUMULATIVE TOTALS SINCE 1995

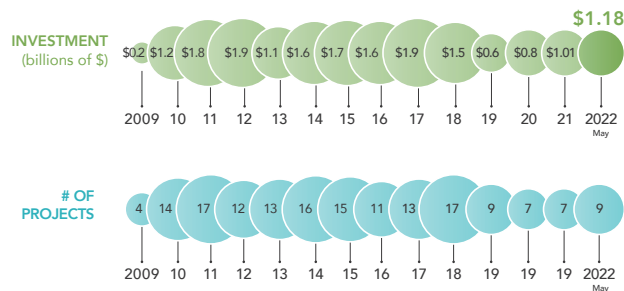
(billions of \$)



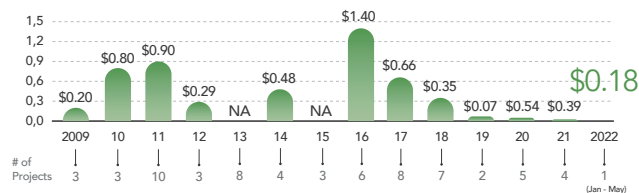
### PROJECTS COMPLETED BY YEAR



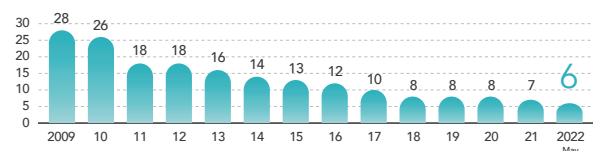
### PROJECTS UNDER CONSTRUCTION AT YEAR-END



### PROJECTS STARTS/GROUNDBREAKINGS



### SURFACE PARKING LOTS/DEVELOPMENT SITES



Source: DowntownDC BID

## COMPLETED PROJECTS

Five projects were completed in 2021, totaling \$180 million representing one of the lower completion totals in the past decade. No projects have been completed in the first four months of 2022. In order of investment size, the 2021 completions are: National Bank of Washington office and retail project, the National World War 1 Memorial, the Franklin Park renovation, the Herald office renovation, and the final phase of the multi-year 1201 New York Avenue NW office renovation.

## PROJECT GROUNDBREAKINGS

Project groundbreakings reflect developer and investor confidence in the DowntownDC and DC economies. Five exciting projects broke ground in 2021 and the first five months of 2022. In order of investment size: The Hotel (Royal Sonesta) and Office renovation/addition project at 20 Massachusetts Ave NW, the 443-room Arlo Hotel on the 300 block of G Street NW, 1313 L Street NW Office Conversion, The National Museum of Women in the Arts building renovation and Georgetown University's McCourt School of Public Policy's new academic building.



20 Massachusetts Ave NW under construction.



## PROJECTS UNDER CONSTRUCTION

There were nine projects under construction totaling \$1.2 billion at the end of May 2022. In order of investment size: Johns Hopkins University's new academic building at 555 Pennsylvania Avenue, hotel (Royal Sonesta) and Office renovation/addition project at 20 Massachusetts Avenue NW, the Arlo Hotel on the 300 block of G Street NW, Milken Institute's Center for Advancing the American Dream, the 1313 L Street NW office conversion, the National Museum of Women in the Arts building renovation, Georgetown University's McCourt School of Public Policy academic building, the Capital Jewish Museum, and the Victims of Communism Museum.

## PLANNED PROJECTS

Of the six remaining ground-up development sites in DowntownDC, the three major 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 redevelopment projects in the works: (1) Monument Realty's expanded residential project in the 600 blocks of both H and I Streets NW, (2) Georgetown University's renovation of 550 First Street NW, (3) the redevelopment of Washington Metropolitan Area Transit Authority's current headquarters building at Fifth and F Streets NW by the team of

Stonebridge and Rockefeller Group starting in 2023, (4) Lincoln Properties conversion of 1125 15th Street NW, and (5) Foulger Pratt conversion of 1425 New York Avenue NW. There are a total of 14 planned projects, totaling \$1.3 billion, that are estimated to generate \$45 to \$55 million in new annual taxes.

## DEVELOPMENT SHOWS CONFIDENCE IN FUTURE OF DOWNTOWNDC



THE \$1.2 BILLION INVESTED IN THE NINE DEVELOPMENT PROJECTS CURRENTLY UNDER CONSTRUCTION IN DOWNTOWNDC SHOWS THE CONFIDENCE INVESTORS, DEVELOPERS, AND UNIVERSITIES HAVE IN THE FUTURE OF DOWNTOWNDC



1313 L Street NW is an office conversion to residential project by Lincoln Properties that entails the demolition of an 80,000 SF office building (shown here) and the new construction of a 222-unit apartment building.

## OFFICE TO RESIDENTIAL CONVERSIONS ARE UNDER CONSTRUCTION AND PLANNED

In 2021 and the first four months of 2022, several office conversions were announced in DowntownDC and elsewhere in DC. Three projects were announced in DowntownDC and one is already under construction: 1313 L Street NW (222 apartments) is under construction, and 1125 15th Street NW (264 apartments) and 1425 New York Avenue NW (255 apartments) should start construction in 2023. In addition, several other office building conversions are believed to be in process.

In the rest of greater downtown another three conversions have been announced: 1111 20th Street NW (161 apartments), 1825 Connecticut Avenue NW (an estimated 280 apartments), and 1875 Connecticut Avenue NW (an estimated 350 apartments).

These conversions will convert 2.5 million SF of vacant office space into approximately 2,400 apartments, adding vitality to their submarkets and increasing the District's tax base.

The DowntownDC BID is working with the Office of the Deputy Mayor for Planning and Economic Development, Ward 2 Councilmember Brooke Pinto, and the Golden Triangle BID to incentivize (1) the inclusion of affordable housing in conversions and (2) additional conversions. The Fiscal Year 2023 District budget makes a significant investment in incentives for the inclusion of affordable housing in conversions in the DowntownDC and Golden Triangle BIDs.



**3** OFFICE BUILDING  
TO RESIDENTIAL  
CONVERSIONS | TOTALING  
**741 UNITS**

ARE EITHER UNDER CONSTRUCTION OR PLANNED  
WITH ANOTHER

**700 UNITS**



LIKELY TO BE ANNOUNCED BY END OF 2022  
FROM DOWNTOWNDC CONVERSIONS

### OFFICE CONVERSION IN DC'S GREATER DOWNTOWN MAY 2022

Office Square Footage Converting

**2,474,982** TOTAL

Downtown DC BID	<b>1,144,093</b>	Rest of Greater Downtown	<b>1,330,889</b>
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Apartments Being Created

**2,432** TOTAL

Downtown DC BID	<b>1,191</b>	Rest of Greater Downtown	<b>1,241</b>
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#### DowntownDC BID Conversions

	UNDER CONSTRUCTION	ANNOUNCED		PROJECTED
STREET ADDRESS	<b>1313 L St NW</b>	<b>1125 15th St NW</b>	<b>1425 NY Ave NW</b>	<b>Various locations</b>
DEVELOPER	<b>Lincoln Property</b>	<b>Lincoln Property</b>	<b>Foulger Pratt</b>	<b>Several developers</b>
SF OF OFFICE	<b>84,040</b>	<b>273,011</b>	<b>287,042</b>	<b>700,000 (a)</b>
# OF APTS	<b>222</b>	<b>264</b>	<b>255</b>	<b>700</b>
COMPLETION DATE	<b>2023</b>	<b>2025</b>	<b>2025</b>	<b>2026-28</b>

#### Rest of Greater Downtown Conversions

	ANNOUNCED			PROJECTED
STREET ADDRESS	<b>1111 20th St NW</b>	<b>1825 Connecticut Ave NW</b>	<b>1875 Connecticut Ave NW</b>	<b>Various locations</b>
DEVELOPER	<b>Wilco</b>	<b>Post Bros Apts</b>	<b>Post Bros Apts</b>	<b>Several developers</b>
SF OF OFFICE	<b>145,889</b>	<b>302,000</b>	<b>383,000</b>	<b>500,000 (a)</b>
# OF APTS	<b>161</b>	<b>280 (a)</b>	<b>350 (a)</b>	<b>450</b>
COMPLETION DATE	<b>2024</b>	<b>2025-27</b>	<b>2025</b>	<b>2026-28</b>

Source: CoStar and Downtown DC BID  
(a) DowntownDC BID estimate



THE DBID IS MONITORING CURRENT DISCUSSIONS ON THE PROSPECT OF **INCLUSIONARY ZONING** TO DOWNTOWN LOCATIONS UNDERSTANDING IZ COULD SLOW DOWN RESIDENTIAL CONVERSIONS FOR SEVERAL YEARS WITH POSSIBLE LEGAL CHALLENGES. THIS COULD POTENTIALLY SLOW DOWNTOWNDC'S RECOVERY AND REDUCE PROPERTY TAX REVENUE.



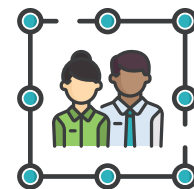


## EMPLOYMENT REBOUNDS IN 2021 AND PLATEAUS IN FIRST MONTHS OF 2022

DowntownDC is estimated to be home to 182,300 jobs in April 2022, or 23% of all District jobs. This is an increase of 7,900 jobs over April 2021, but 8,700 jobs below the end of 2019, or down 4.6%. DC employment in April 2022 was

765,200, an increase of 33,400 jobs over April 2021, but 31,200 jobs below the April 2019, or down 3.9%.

DowntownDC is estimated to be lagging the rest of DC in overall employment recovery due to its high percentage of hotel, restaurant, and arts employment and office-serving retailers. DC is lagging the rest of the region in overall employment recovery as well, though in the past 18 months the District has outperformed Northern Virginia and suburban Maryland in employment growth.



**DOWNTOWN IS  
HOME TO  
23% OF DC'S  
JOBS**

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

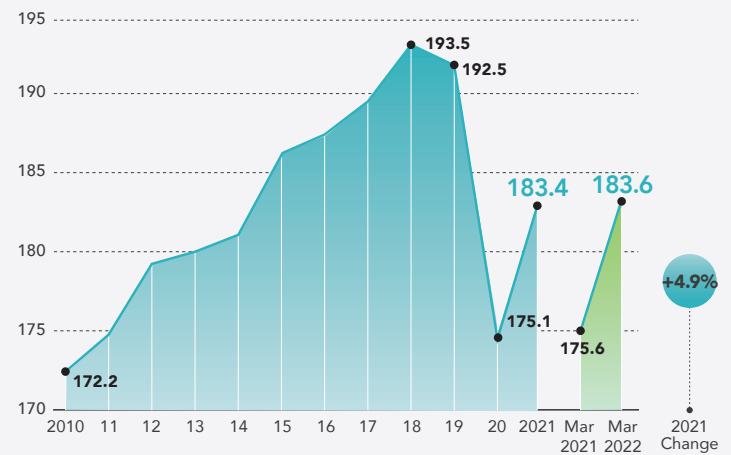




DowntownDC BID Office

DC private sector employment totaled 528,300 in April 2022, an increase of 36,000 jobs over April 2021, but 31,500 jobs below April 2019, or down 5.6%. Federal and District government employment has remained stable during the pandemic at approximately 195,000 and 37,500 employees, respectively. Due to the drop in private sector employment, the federal share on District employment jumped during the pandemic and was 25.5% in April 2022, an increase from 24.5% for 2019.

### DOWNTOWNDC EMPLOYMENT HISTORY (a) (b) (thousands)

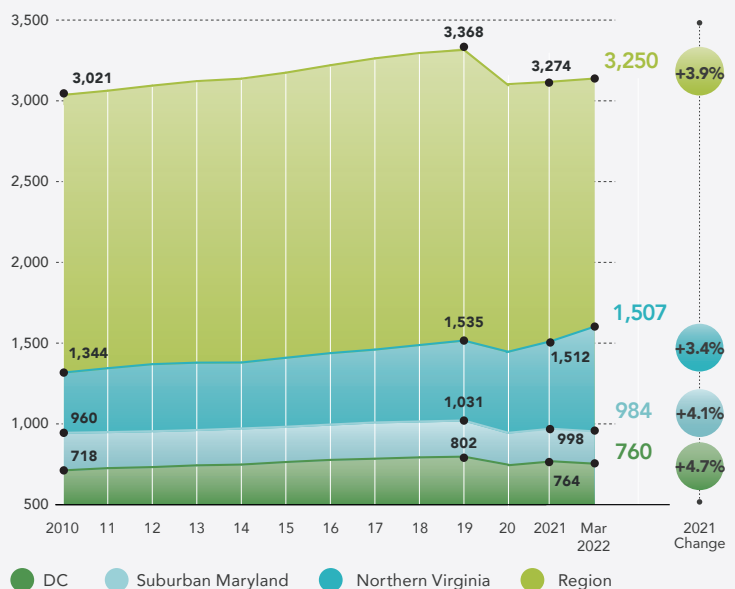


Source: Econsult Solutions Inc (ESI) and The Riddle Company (2010, 2019, & 2021) and DowntownDC BID (2011-2018 & 2020)

(a) Not Seasonally Adjusted.

(b) Annual data is as of December for each year.

### REGIONAL EMPLOYMENT HISTORY (a) (b) (thousands)

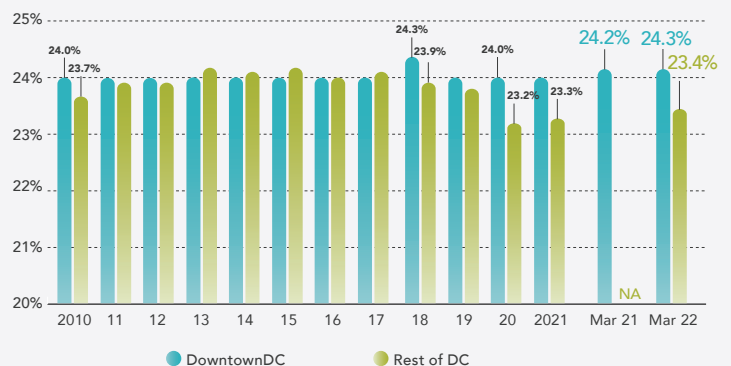


Sources: U.S. Bureau of Labor Statistics

(a) Not Seasonally Adjusted.

(b) Annual data is as of December for each year.

### DC EMPLOYMENT AS % OF REGIONAL EMPLOYMENT



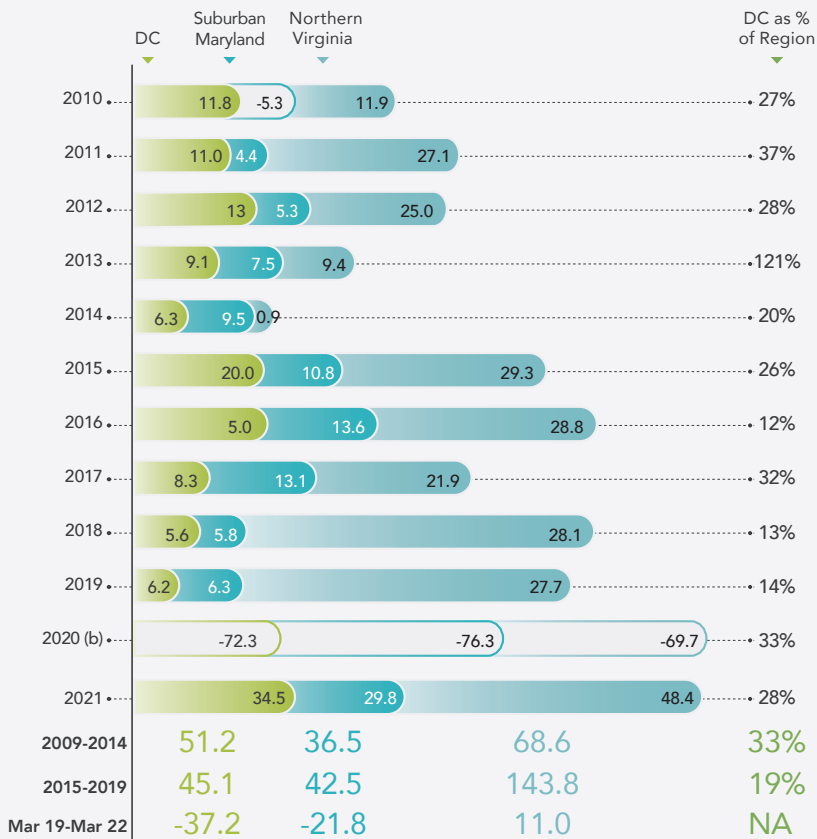
Sources: U.S. Bureau of Labor Statistics

(a) Not Seasonally Adjusted.

(b) Annual data is as of December for each year.

## REGIONAL EMPLOYMENT CHANGE HISTORY (a)

(thousands)



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

(a) Not Seasonally Adjusted.

(b) Annual data is as of December for each year

## HOTEL, RESTAURANT, ARTS/CULTURE, AND SHOPPING SECTORS' EMPLOYMENT RECOVERIES ARE LAGGING

Although hotels, restaurants, arts/cultural organizations, and shopping retailers totaled 14% of pre-pandemic employment in the District in April 2019, they account for 67% of the District job decline from April 2019 to April 2022. While total and private sector employment in the District remain 4.1% and 5.6% below pre-pandemic levels, these four employment sectors are down significantly more:

- Hotels

Down 35% from pre-pandemic employment

- Arts

Down 24% from pre-pandemic employment

- Restaurants

Down 19% from pre-pandemic employment

- Shopping

Down 9% from pre-pandemic employment

## DC EMPLOYMENT AND KEY DOWNTOWN SECTOR EMPLOYMENT DURING THE PANDEMIC (a)

(numbers in thousands)

Employment Sectors					Change							Change			
	December 2021		Dec 2020	Dec 2019	Dec 21 - Dec 20	Dec 19 - Dec 21		April 2022		April 2021	April 2020	April 2019	April 21 - April 22	April 19 - April 22	
	#	%				#	%	#	%					#	%
	#	%	#	%	#	%	#	%	#	%					
Total DC Employment	764.2	100%	729.7	802.0	34.5	(37.8)	-4.7%	765.2	100%	731.6	722.9	796.4	33.6	(31.2)	-3.9%
Federal Government	199.5	26%	198.5	195.1	1.0	4.4	2.3%	195.4	26%	197.9	194.6	194.9	(2.5)	0.5	0.3%
DC Government	37.7	5%	38.1	37.8	(0.4)	(0.1)	-0.3%	37.6	5%	37.5	37.4	37.4	0.1	0.2	0.5%
Private Sector Total	523.0	68%	488.9	564.9	34.1	(41.9)	-7.4%	528.3	69%	492.3	486.7	559.8	36.0	(31.5)	-5.6%

## Key DC Employment Sectors Impacting Downtown

Office Using Jobs (c)	291.7	38%	284.4	302.8	7.3	(11.1)	-3.7%	293.6	38%	283.0	286.6	294.7	10.6	(1.1)	-0.4%
Food Services & Drinking Places	44.9	6%	27.0	54.6	17.9	(9.7)	-17.8%	46.1	6%	31.3	18.6	56.7	14.8	(10.6)	-18.7%
Retail Trade	21.5	3%	20.3	24.1	1.2	(2.6)	-10.8%	20.5	3%	19.5	17.5	22.6	1.0	(2.1)	-9.3%
Accommodations	10.0	1%	5.2	16.4	4.8	(6.4)	-39.0%	10.6	1%	5.6	7.4	16.2	5.0	(5.6)	-34.6%
Arts, Entertainment & Recreation	7.1	1%	4.9	10.2	2.2	(3.1)	-30.4%	7.8	1%	5.9	6.6	10.3	1.9	(2.5)	-24.3%

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

(a) Not seasonally adjusted.

(b) Preliminary.

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



## THE HOTEL, RESTAURANT, RETAIL, AND ARTS/ENTERTAINMENT SECTORS ACCOUNTED FOR 67% OF DC'S JOB LOSSES FROM APRIL 2019 TO APRIL 2022

## DISCONNECT BETWEEN OFFICE EMPLOYMENT AND DOWNTOWN ACTIVITY

While office employment appears the same in the District as it was before the pandemic, the percentage of office workers in their offices has plateaued at 35% to 37% since early April. Thus the amount of street activity is still down considerably from pre-pandemic levels, as shown by the Placer pedestrian count data in May 2022 at only 56% of pre-pandemic levels.

## UNIVERSITY EMPLOYMENT TO JUMP IN 2023

Johns Hopkins' new academic center at 655 Pennsylvania Avenue will be home to approximately 400 full-time employees and 700 part-time employees to serve approximately 1,500 full-time students and 600 part-time students when it opens in fall 2023. Georgetown University currently has hundreds of employees working in the DowntownDC BID area, and the opening of the 151,000 square foot McCourt School of Public Policy in late 2023, and the University's purchase of 111 Massachusetts Avenue NW (just outside the DowntownDC BID) should add to that total.

### REGIONAL TOTAL AND PRIVATE SECTOR EMPLOYMENT GROWTH RATES (a) (b)

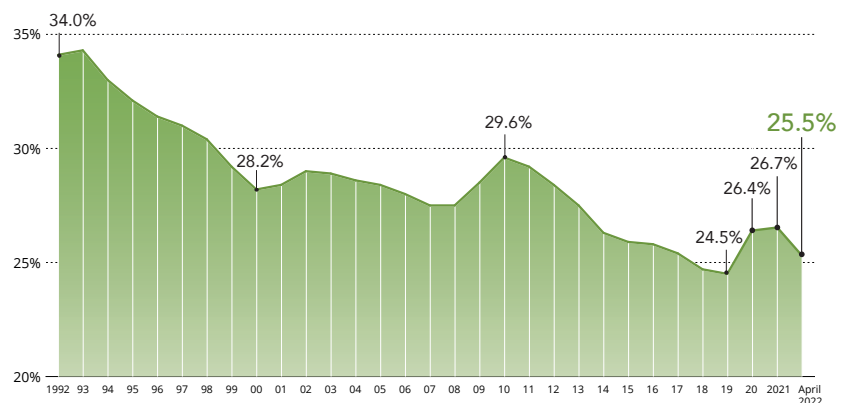
	TOTAL EMPLOYMENT					PRIVATE EMPLOYMENT <sup>(a)</sup>				
	Apr 21-Apr 22 Change	2021 Change	2020 Change	2019 Change	2014-2019 Annual Change	Apr 21-Apr 22 Change	2021 Change	2020 Change	2019 Change	2014-2019 Annual Change
DC	4.6%	4.7%	-9.0%	0.8%	6.0%	7.3%	7.0%	-13.5%	1.0%	8.6%
Suburban MD	2.2%	4.1%	-7.0%	0.6%	4.3%	2.0%	4.1%	-8.4%	1.0%	4.8%
Northern Virginia	3.1%	3.4%	-4.8%	2.1%	10.3%	3.4%	3.4%	-5.0%	2.3%	11.6%

Sources: Bureau of Labor Statistics, DowntownDC BID & Econsult Solutions Inc and The Riddle Company

(a) Not Seasonally Adjusted.

(b) Based on December employment data for annual change calculations.

### 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 - APRIL 2022 (a)

	Federal Employment	% of DC Federal Employment	% of Regional Federal Employment
DowntownDC	58,620	30%	15%
Rest of DC	136,780	70%	37%
All of DC	195,400	100%	52%
Northern VA and Suburban Maryland	177,200	NA	48%
Region	372,600	NA	100%

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

(a) Not Seasonally Adjusted.

# OFFICE MARKET

## 2021 AND THE FIRST FIVE MONTHS OF 2022 SAW A CONTINUED DECLINE IN THE PERFORMANCE OF BOTH THE DOWNTOWNDC AND DC OFFICE MARKETS

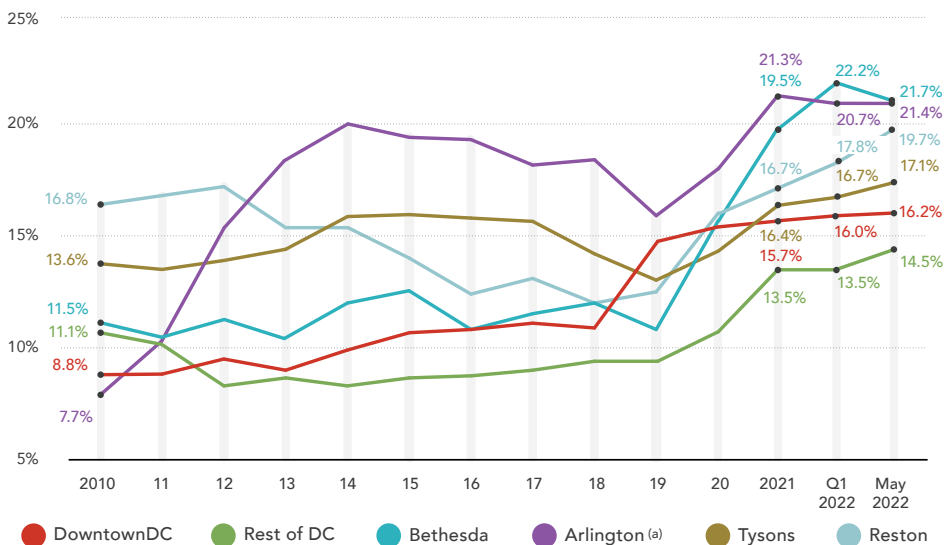
The performance of the DowntownDC and DC office markets declined substantially over the past few years. The recent high vacancy levels led to record lease concessions, causing effective rents to decline. This declining performance caused the District CFO to lower the assessed values of large office buildings as of January 1, 2021, by 10.1% (from \$62.7 billion to \$56.4 billion); reducing real property tax revenues by \$120 million per year in FY 2022.



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.



### REGIONAL OVERALL VACANCY RATE







601 D St NW - Sold for \$375 million,  
or \$731 per SF, in March 2022

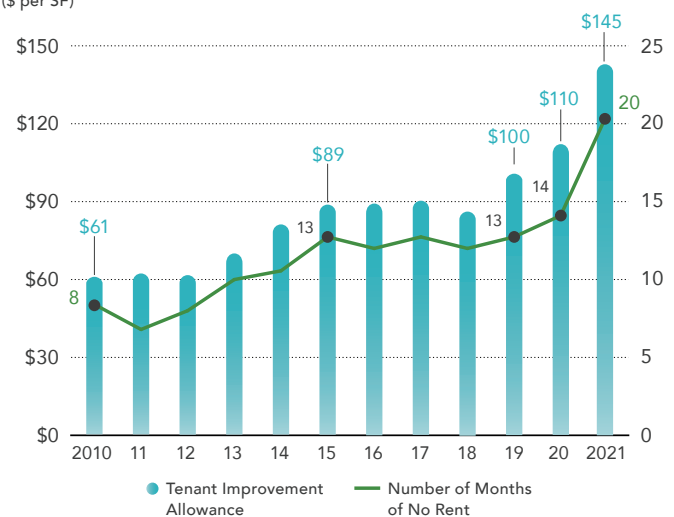
DowntownDC and DC have not experienced the substantial increase in sublease space that some other large downtowns have seen. DowntownDC and the rest of DC's sublease vacancy rates were 0.9% and 1.0% as of May 2022.



**DOWNTOWNDC AND DC  
REACHED RECORD HIGH  
OFFICE VACANCY RATES  
AND CONCESSIONS AT BOTH  
DECEMBER 31, 2021  
AND MAY 31, 2022**

#### DC CORE OFFICE MARKETS: TROPHY AND CLASS A CONCESSION COMPONENTS

(\$ per SF)

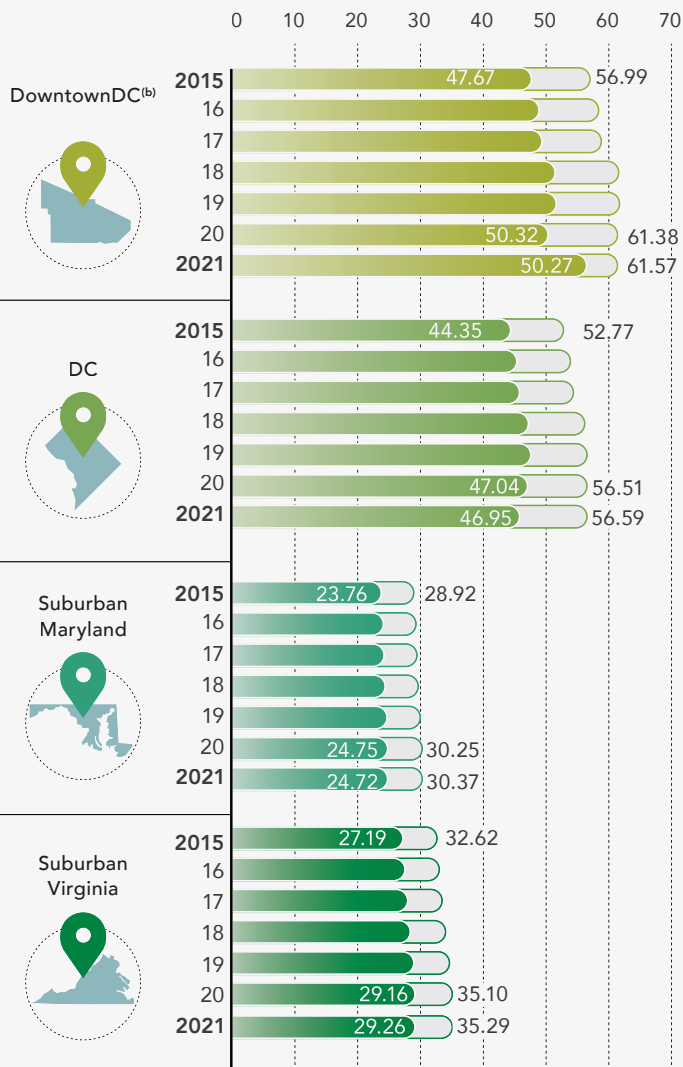


Source: JLL Research

DowntownDC has some of the highest rents in the city and region. Thus, it is a high-cost provider, and its office building owners must work very hard to keep tenants in DowntownDC by persuading them their building's amenities and DowntownDC's many amenities are worth higher rents. Despite DowntownDC's many valuable amenities and some of the most modern office buildings in the world, the intense competition from other DC submarkets and Northern Virginia and Suburban Maryland submarkets has forced rent concessions for tenants to all-time highs. The same is true for office building owners in the rest of DC facing suburban competition. For trophy or Class A leases in both DowntownDC and the rest of DC, tenant improvement allowances reached \$145 per SF and with no rent for 20 months in 2021, both record levels and substantial increase over the two years. The impact of these concessions is an effective rent that is \$10 to \$12 per SF less than an asking rent.

## REGIONAL OVERALL<sup>(a)</sup> OFFICE AVERAGE ASKING AND EFFECTIVE RENTS

Effective Asking  
(price per SF)



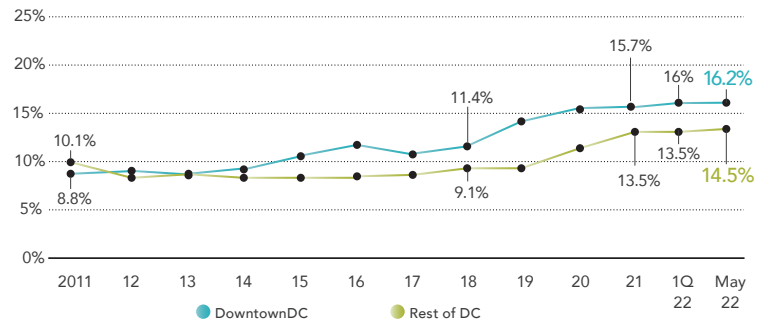
Sources: Delta Associates and REIS

(a) Overall rents includes all classes of buildings.

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

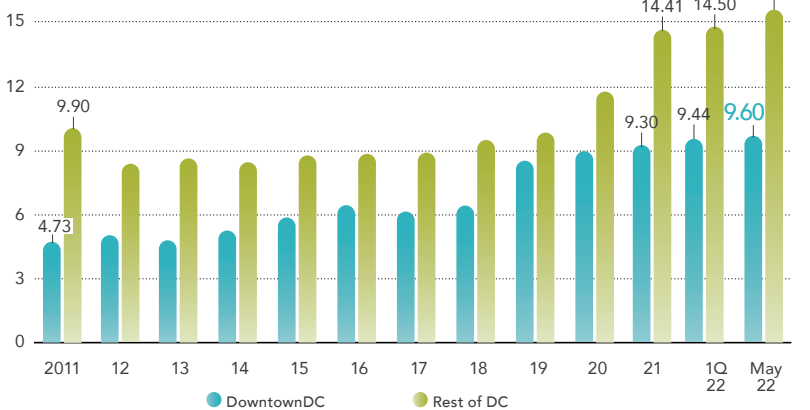
## OFFICE SPACE VACANCY RATE

(in millions of SF)



Source: CoStar

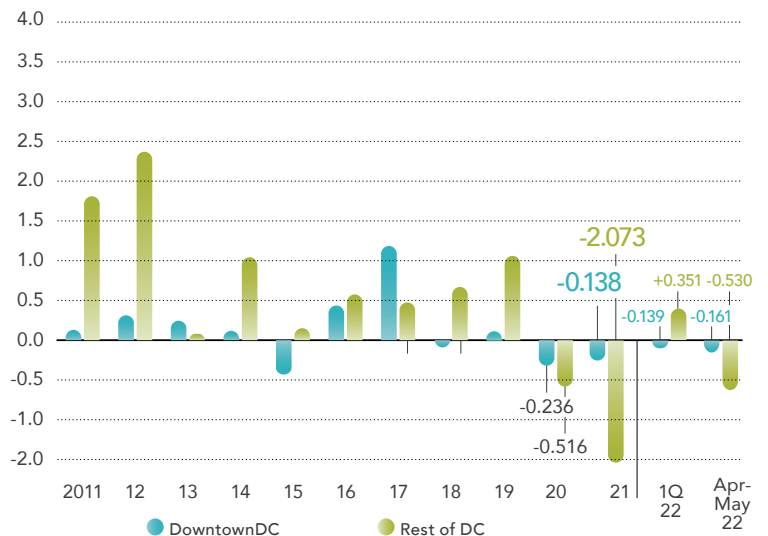
(in millions of SF)



Source: CoStar

## OFFICE SPACE NET ABSORPTIONS

(in millions of SF)



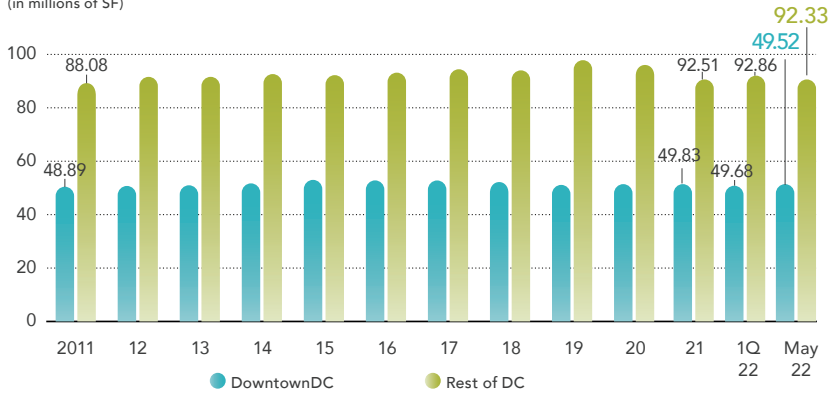
Source: CoStar

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



## OCCUPIED OFFICE SPACE

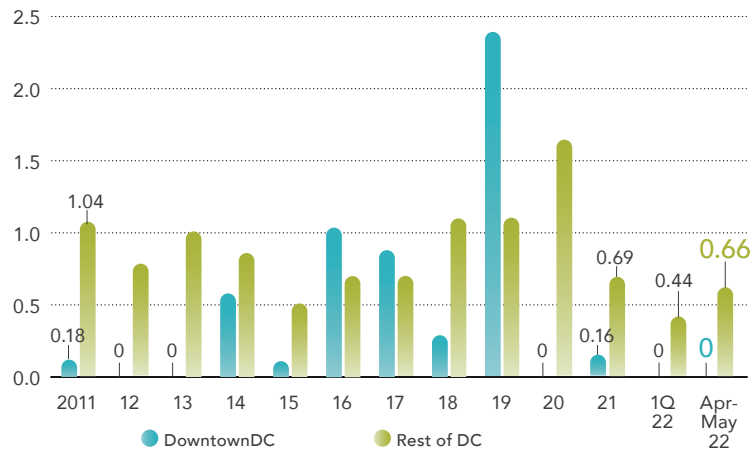
(in millions of SF)



Source: CoStar

## OFFICE SPACE DELIVERIES

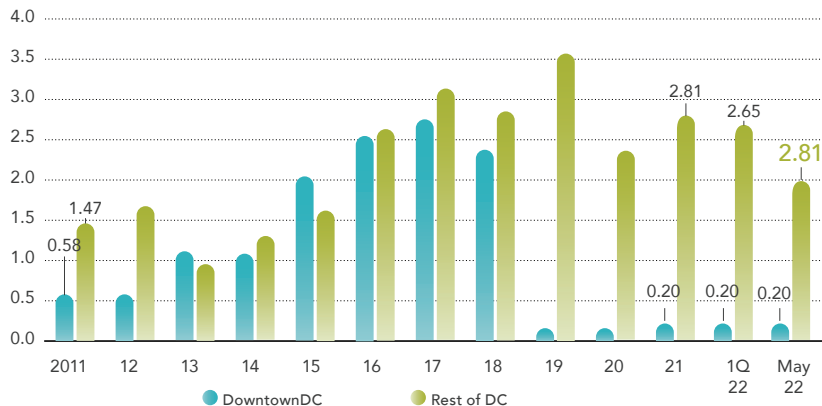
(in millions of SF)



Source: CoStar

## OFFICE SPACE UNDER CONSTRUCTION

(in millions of SF)



Source: CoStar

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

DowntownDC saw an increase in vacant office space from 9.0 million SF at the end of 2020 to 9.6 million SF at the end of May 2022—a record level. The rest of DC had another 15.7 million SF of vacant office space—also a record high. The total vacant office SF in DC is 25.3 million SF at the end of May 2022. With another 2.2 million SF of office under construction and all pre-leasing from existing DC tenants, this total is likely to increase to over 27 million by the end of 2023. DowntownDC BID estimates that rents and office values will continue to fall until vacant office space is reduced by at least 10 million through either new leases or conversions. This would reduce the office vacancy rate to approximately 10%.

The current record high level of vacant office space is an opportunity for attracting new office tenants or converting vacant buildings to other uses. The District government has funded several programs to attract new office tenants, but more funding is likely needed. The District government has also funded an office to residential conversion affordable housing incentive pilot program. Both of these programs will help shore up existing office supply and demand, diversify DowntownDC's building stock, provide a modest amount of middle-income housing, and provide a positive fiscal benefit to the District (from both supporting office values and attracting new residents to the city).



A 1% INCREASE IN THE ASSESSED VALUES OF LARGE OFFICE BUILDINGS IN DC WOULD RESULT IN AN OFFICE BUILDING PROPERTY TAX REVENUE INCREASE OF \$11 MILLION PER YEAR.

## DOWNTOWNDC AND DC OFFICE BUILDING SALES PRICES REBOUNDED IN 2021 AND 2022

DowntownDC office building sales averaged \$541 per SF in 2021 and \$731 per SF in the first five months of 2022, up from \$436 per SF in 2020, but on a low volume of sales. The overall District office sales averaged \$479 per SF in 2021 and \$515 per SF in the first five months of 2022, up from \$477 per SF in 2020. The average office sales prices in Arlington, Tysons and Bethesda were \$475, \$252, and \$270 and \$426, \$242, \$447 over 2021 and the first five months of 2022, respectively.

The recent decline in effective rents plus the many risks facing downtowns and the office market have contributed to a general decline in office sales volume and sale prices. Nevertheless, it is important to note that DowntownDC had two 2021 office sales at approximately \$1,000 per SF to foreign buyers for 49% interests in two buildings – 1100 15th Street NW and 655 New York Avenue NW). In 2022, there has been one

major DowntownDC office sale: 601 D Street NW sold for \$731 per SF on the strength of its long-term federal and District government leases. Also in 2022, in the Dupont Circle submarket, 1900 N Street NW sold for \$976 per SF to a foreign office buyer. The four recent DC office building sales related to conversions have sold in the range of \$195 per SF to \$338 per SF, with an average weighted price of \$300 per SF.



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

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

## 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 a new office market competitor as several office buildings are coming online or planned.

## REGIONAL COMPETITION

The District continues to fare well in the movement of regional office tenants in and out of DC with a positive 177,000 SF of move-ins over 2019-2021 and a positive 321,000 announced for 2022 vs move-outs of 157,000 SF over 2019-2021 and 14,000 SF of announced move-outs for 2022.

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

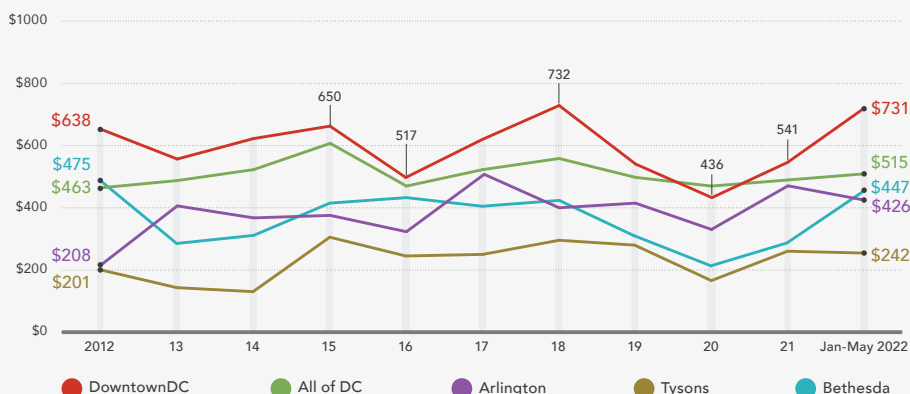
## NATIONAL OFFICE MARKET COMPARISON

DowntownDC continues to be a national office market leader as it is:

- The nation's fourth strongest market in terms of rents-behind Boston, Manhattan, and San Francisco.
- The nation's third largest downtown office market-behind Manhattan, and Chicago.

The overall vacancy rates for almost all large cities have increased over the past few years, and most are above/well above those of DowntownDC and DC.

**REGIONAL AVERAGE OFFICE SALES PRICES**  
(\$ per SF)



Source: CoStar



## MAJOR RISKS FACING THE DOWNTOWNDC AND DC OFFICE MARKETS

There are several risks facing the DowntownDC and DC office markets:

1. **Work From Home.** Only 35% to 37% of private office workers are coming into their offices and an estimated 15% to 20% of federal workers are coming to their offices as of late May 2022. However, no one knows what the long-term impact on office demand will be of increased work from home.
2. **Metrorail Operations.** With 60% of its rail cars sidelined currently, Metrorail's frequency and reliability risks are disincentives to office workers returning to the office. When will all the 7000 Series cars be returned to service?
3. **Metrorail Finances.** With a likely long-term reduction in ridership from a continuation of work from home of two to three days a week, Metrorail will be facing in revenue gap of hundreds of millions of dollars per year in July 2024. Will the regional governments be able to agree on a new level of Metrorail support?
4. **The Zoning Commission** could slow down the office market recovery substantially if it applies Inclusionary Zoning to the D-zoned areas of D without compensation for the required affordable housing. If the Zoning Commission were to apply Inclusionary Zoning to the D-zoned areas, it would violate the "compensation principle" that has formed the backbone

of the District's successful Inclusionary Zoning policy in other District submarkets where additional density is available. Due to the District's height limit, there is no density compensation to provide to conversions if Inclusionary Zoning were applied to D-zoned areas.

5. **Increasing safety issues and homeless encampment issues** in DowntownDC and all of DC have not yet impacted office location decisions. However, attention must be paid to these issues before they do impact location decisions.



**THE DOWNTOWNDC AND DC OFFICE MARKETS FACE SUBSTANTIAL RISKS OVER THE NEXT FEW YEARS, WITH POTENTIALLY SIGNIFICANT REDUCTIONS IN OFFICE PROPERTY TAX REVENUES.**

### LARGE CITY OFFICE MARKET COMPARISON

	Overall Asking Rent (\$ per SF) 1Q 2022	Overall Vacancy Rate				Total Office Inventory (millions of SF) 1Q 2022	Total Office Under Construction (millions of SF) 1Q 2022
		1Q 2022	2021	2020	2019		
DowntownDC BID	55 <sup>(a)</sup>	16.0% <sup>(a)</sup>	15.7% <sup>(a)</sup>	15.3% <sup>(a)</sup>	14.9% <sup>(a)</sup>	59	0.197
DC	53 <sup>(a)</sup>	14.4% <sup>(a)</sup>	14.3% <sup>(a)</sup>	12.5% <sup>(a)</sup>	11.2% <sup>(a)</sup>	167	2.851
San Francisco	78	20.0%	18.3%	14.8%	5.8%	55	0
NYC Midtown	75	21.2%	20.4%	15.8%	11.6%	252	19.769
NYC Midtown South	71	19.7%	19.8%	14.8%	8.5%	67	5.840
NYC Downtown	57	21.6%	21.1%	13.7%	11.7%	89	0.048
Boston	60 <sup>(b)</sup>	NA	13.5%	11.0%	NA	70	4.584
Seattle	45	18.2%	17.9%	11.4%	4.9%	53	1.488
Los Angeles	45	24.1%	23.0%	21.5%	NA	28	0
Chicago	42	21.6%	19.5%	16.5%	15.0%	114	0
Houston	41	32.3% <sup>(c)</sup>	32.5% <sup>(c)</sup>	28.7% <sup>(c)</sup>	27.6% <sup>(c)</sup>	39	0.386
Denver	39	24.9%	23.8%	18.9%	8.7%	32	0.239
Atlanta	35	24.2%	25.4%	20.0%	16.9%	57	0.275
Philadelphia	33	15.3%	14.0%	10.9%	9.9%	42	0.767
Dallas	28	29.5%	30.3%	28.6%	27.5%	28	0

Source: Cushman & Wakefield

(a) CoStar data.

(b) 4Q 2021.

(c) Availability rate.

Photo of Waldorf Astoria sign

# HOTELS, TOURISM & CONVENTIONS

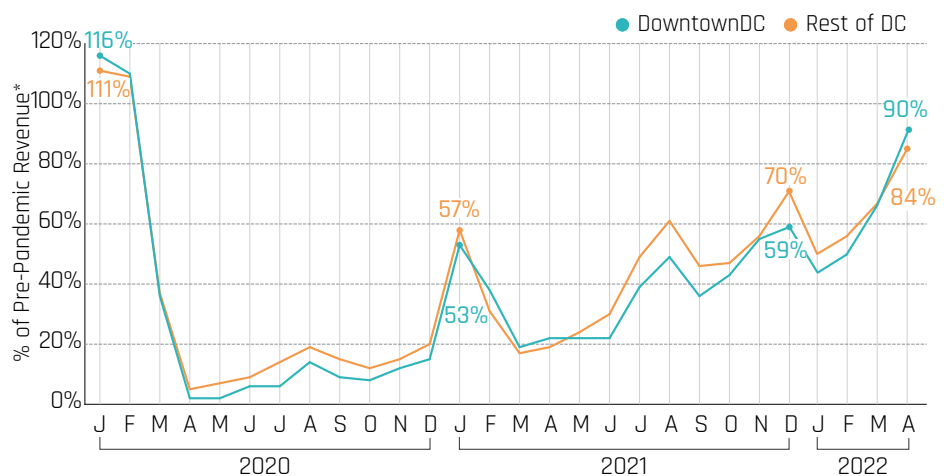
## HOTEL PERFORMANCE IMPROVES MODESTLY IN 2021 AND JUMPS IN APRIL AND MAY 2022

DowntownDC saw modest improvement in its hotel performance in 2021, trailing the nation's vacation hotel markets, as hotel revenues in 2020 and 2021 were approximately 22% and 35% of 2019 revenues. 2021's performance would have been lower if it had not been for the National Guard stationed in the District after the January 6, 2021, attack on the U.S. Capitol.

In March and April 2022, Downtown DC hotel revenues jumped to 65% and 90% of pre-pandemic levels. In May 2022, hotel revenues for the District were 88% of pre-pandemic levels.

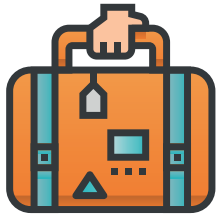
### Hotel Revenues During The Pandemic

As % of Pre-Pandemic Revenues <sup>(a)</sup>



Source: STR

<sup>(a)</sup> The pandemic months are compared to the most recent pre-pandemic same month. For example, April 2020, 2021, and 2022 are all compared to April 2019.



## DOWNTOWNDC HOTEL REVENUES IN APRIL 2022 WERE

# 90% OF APRIL 2019 REVENUES

In April 2022, DowntownDC hotels had an occupancy rate of 74%, an average room rate of \$297, revenue per available room night of \$218, and total revenue of \$79 million. These are record numbers for the pandemic months, though only 80% to 90% of pre-pandemic levels.

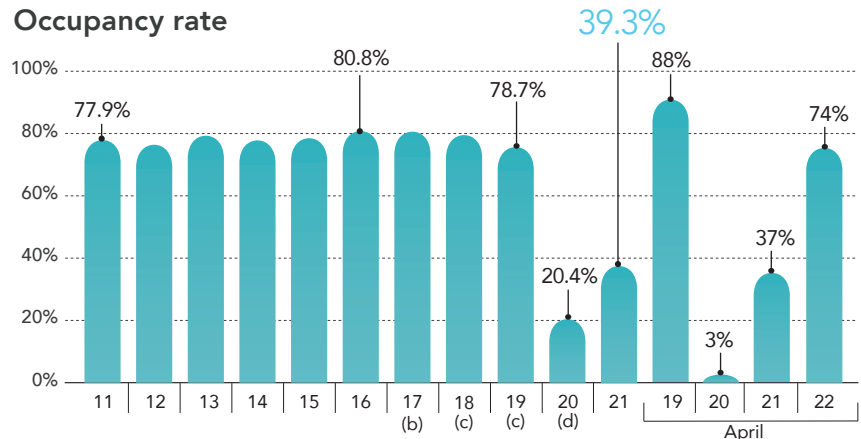
Hotel employment picked up in April 2022 to 65% of April 2023, and May 2022 should see further improvement.

DowntownDC may have moved ahead of Boston and San Francisco to become the nation's second strongest hotel market.

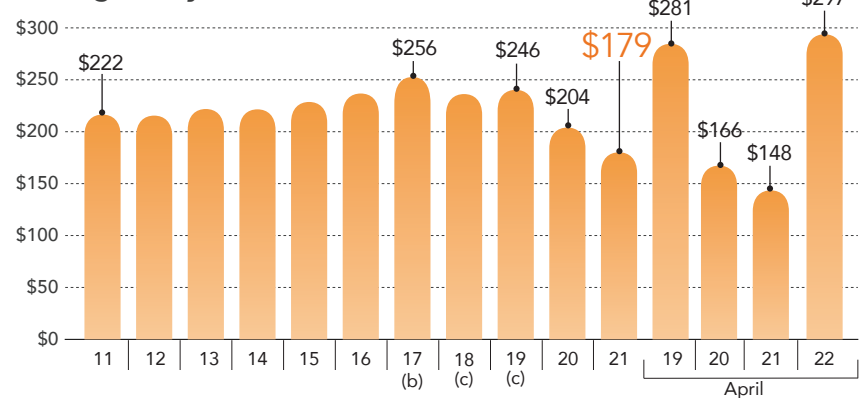
## DOWNTOWNDC HAS 34% OF DC'S HOTEL ROOMS

### DOWNTOWNDC HOTEL PERFORMANCE

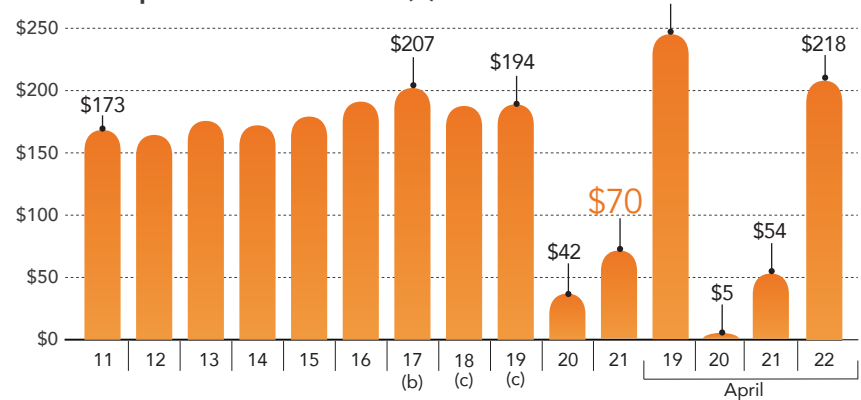
#### Occupancy rate



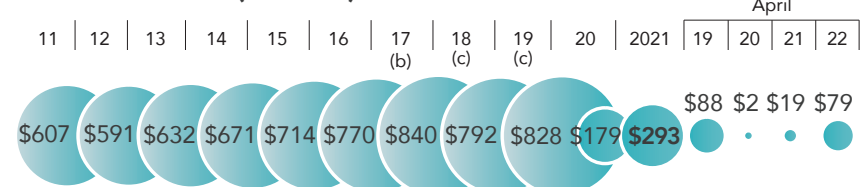
#### Average daily room rate



#### 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 <sup>(a)</sup>	\$42	\$39	\$33	\$35	\$46	\$51	\$35
2021 <sup>(a)</sup>	\$70	\$71	\$46	\$52	\$103	\$76	\$65
March 2022	\$148	\$135	\$72	\$94	\$162	\$135	\$105

Source: Smith Travel Research

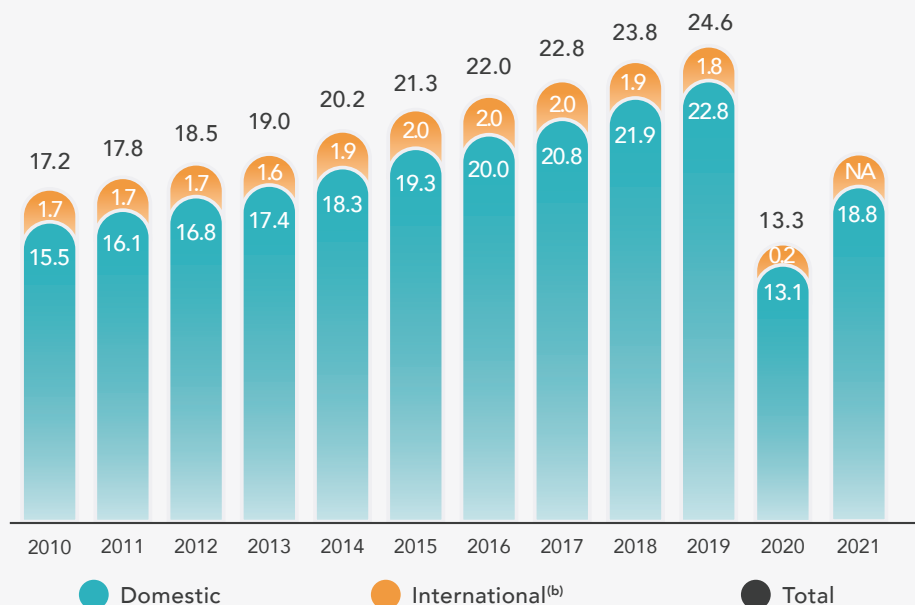
(a) Includes temporarily closed hotels in hotel supply total.

## DC DOMESTIC VISITOR TRAVEL REBOUNDED STRONGLY IN 2021

Destination DC, the city's tourism marketing arm, reported strong domestic visitor travel for 2021 of 18.8 million visitors — up 44% from 2020's 13.1 million. In 2019, DC domestic visitor travel was a record 22.8 million. The memorials and museums on the National Mall attracted 21 million and 5 million visitors, respectively, in 2021 – down 32% and 81%, from the 30 million and 27 million National Mall memorial and museum visitors, respectively, in 2019. But, up from 10.9 million memorial visitors and 3.1 million museum visitors in 2020. Indoor museum attendance dropped further and recovered more slowly than memorial attendance.

## VISITORS TO DC<sup>(a)</sup>

(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; and National Travel & Tourism Office, U.S. Department of Commerce (TMI).

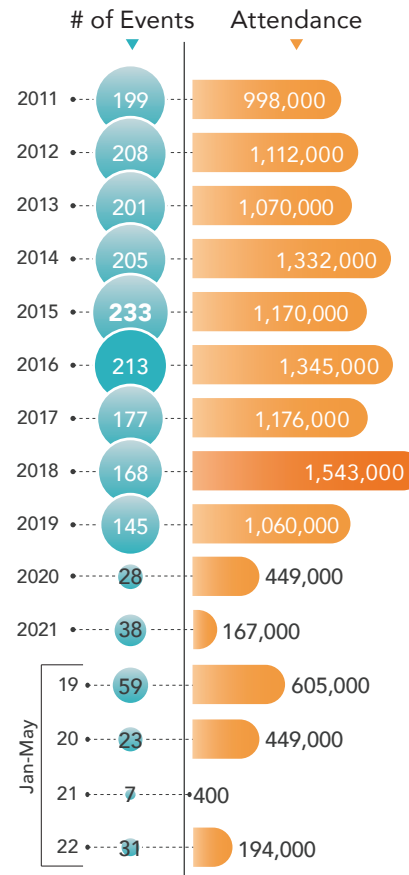
## WALTER E. WASHINGTON CONVENTION CENTER

Attendance to Walter E. Washington Convention Center (Convention Center) in 2021 was a historic low of 167,000 compared to an average of 1.2 million for 2011-2019.

2022 is off to a strong start with attendance of 194,000 in 31 events through May 2022. The convention schedule for the rest of the year is strong, with 65 events and a projected attendance of 364,000.

The room nights generated by the Convention Center are particularly important to DowntownDC hotels, as their marginal demand has a significant impact on room rates. In 2020 and 2021 the room nights generated by the Convention Center dropped to a bit over 70,000 room nights. In 2022, Destination DC is projecting 473,000 room nights, which is slightly more than the 2010 – 2019 average of 461,000 room nights per year.

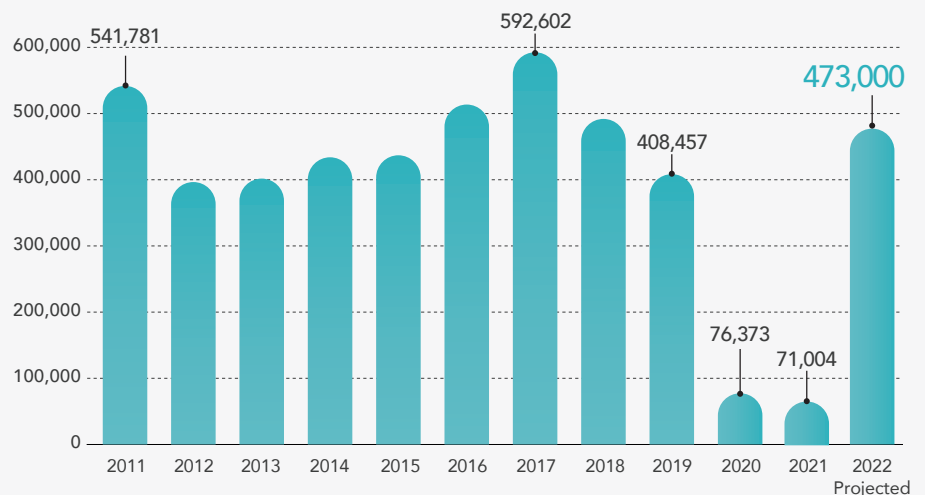
### WALTER E. WASHINGTON CONVENTION CENTER ATTENDANCE



Source: Events DC

**DC HOTEL  
EMPLOYMENT WAS  
DOWN 35% FROM  
APRIL 2019 TO  
APRIL 2022,  
A DECLINE  
OF 5,600 JOBS**

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



Source: Destination DC

## STRONG INVESTMENT INTEREST IN DOWNTOWNDC HOTELS

2021 and the first five months of 2022 has seen substantial interest in investor interest in DowntownDC Hotels, totaling an estimated \$800 million:

- The Royal Sonesta Hotel is building a 271 room hotel as part of a mixed-use redevelopment of an existing office building at 20 Massachusetts Avenue NW

by Office Properties Income Trust, which also includes office and retail space.

- The 263-room Trump International Hotel was purchased by an investor group, which has reflagged the hotel as the Waldorf Astoria Washington DC for \$375 million. The purchase price of \$1.4 million per room is a record hotel purchase price for the District.
- The 433-room Arlo Hotel is under construction at 333 G Street NW by Quadrum.
- The Hotel Harrington at 436 11th

Street NW is being marketed for sale. The historic hotel opened in 1914. A boutique hotel group is reported to be the buyer.

- Sunstone Hotel Investors announced a \$70 million renovation of the Renaissance Washington DC Hotel in 2021 as part of a rebranding to a Westin Hotel.

**\$800 MILLION IN HOTEL INVESTOR INTEREST IN DOWNTOWNDC**

## ANNUAL VISITORS TO NATIONAL MALL MEMORIALS AND MUSEUMS

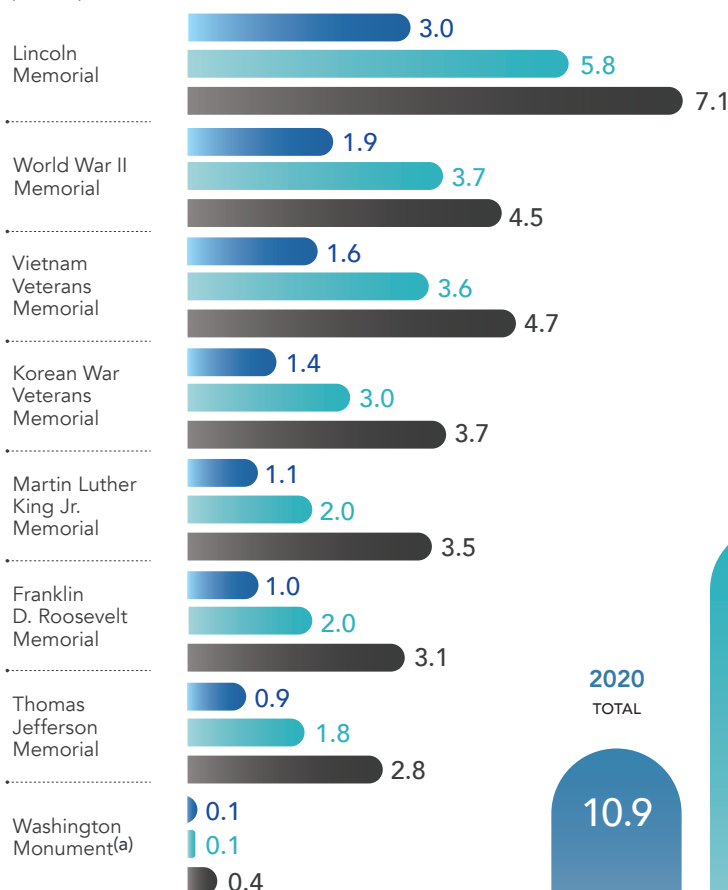
### MEMORIAL ATTENDANCE

● 2020

● 2021

● Annual Average (2010-2019)

(millions)



2010-2019  
ANNUAL  
TOTAL AVERAGE

29.8

2021  
TOTAL

21.4

2020  
TOTAL

10.9

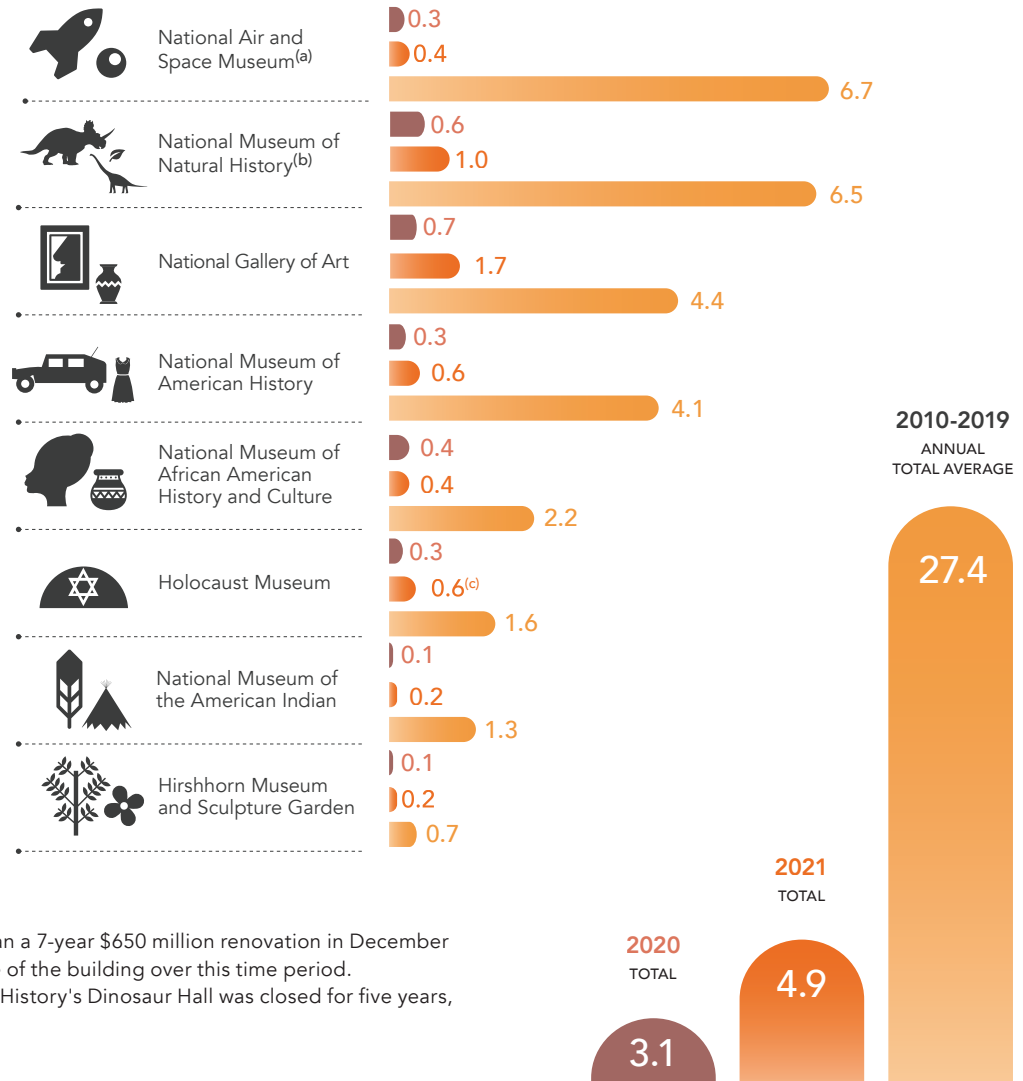
(a)The Washington Monument was closed in 2012-2013 and from August 2016 to September 2019.



# ANNUAL VISITORS TO NATIONAL MALL MEMORIALS AND MUSEUMS

## MEMORIAL ATTENDANCE

● 2020  
 ● 2021  
 ● Annual Average (2010-2019)  
 (millions)



(a) The Air and Space Museum began a 7-year \$650 million renovation in December 2018 that will result in partial closure of the building over this time period.

(b) The National Museum of Natural History's Dinosaur Hall was closed for five years, from June 2014 to June 2019.

(c) DowntownDC BID estimate.

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



National Gallery of Art





# CULTURE & ENTERTAINMENT

**2021 WAS A YEAR OF SLOW RECOVERY FOR CULTURE & ENTERTAINMENT AND 2022 HAS SEEN THE RECOVERY ACCELERATE**

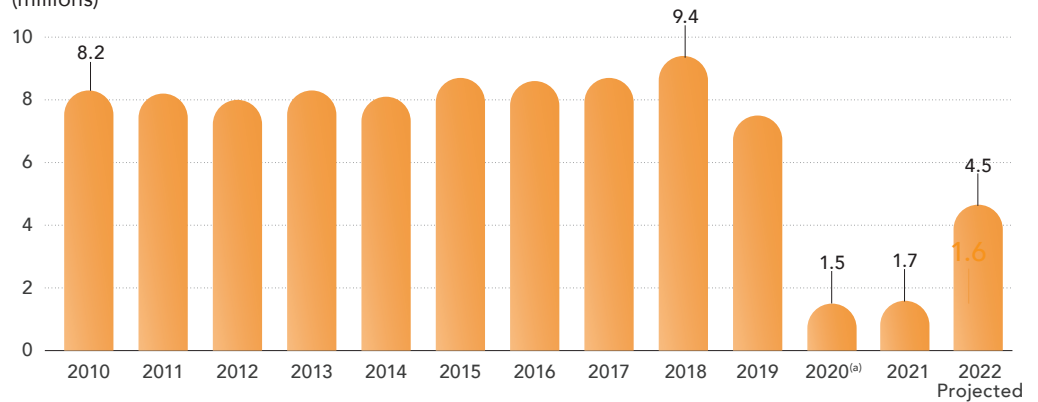
DowntownDC's 12 museums and

eight theatres/performance venues were the hardest hit sector of the DowntownDC economy during the pandemic, as all operations were almost 100% closed from mid-March 2020 to mid-April 2021. The District began relaxing restrictions on large indoor gatherings in April 2021, and all culture and entertainment venues were allowed to reopen to full capacity in June 2021. However,

the pick-up in activity was slow to be realized as (1) April/May is the end of the winter sports schedule for the Capital One Arena, (2) theatres were looking at a six-to-nine-month lead time to recasting and remounting shows and, (3) all culture and entertainment organizations had continuing significant concerns about the health of their employees and patrons.

## TOTAL DOWNTOWNDC CULTURE AND ENTERTAINMENT VISITORS

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



Sources: Museums, Performing Arts Venues and Monumental Sports & Entertainment  
(a) 95% of 2020 attendance occurred in 1Q 2020.

Pre-pandemic expectations were for 6 to 7 million annual culture and entertainment visitors to DowntownDC. Visitor attendance fell to 1.5 million in 2020 (95% of which occurred in the first quarter of 2020) and 1.7 million in 2021. The DowntownDC BID projects 4.5 million culture and entertainment visitor attendance in 2022.

In the first few months of 2022, the respective sub-sectors of the Culture and Entertainment sector are recovering at varying paces. Here are the average recovery ranges:

- **Capital One Arena:** Attendance is at 95% of pre-pandemic levels
- **Museums:** Attendance is at 50% to 75% of pre-pandemic levels
- **Theaters:** Attendance is at 40% to 70% pre-pandemic levels
- **Performance Venues:** Attendance is at 60% to 90% of pre-pandemic levels

The Culture & Entertainment sector remains very sensitive to changes in COVID health risks to both the audience, performers and other artists and staff.

The National Museum of Women in the Arts is currently under going a \$66 million renovation, with completion scheduled for fall 2023.

One recent museum/entertainment attraction reopening is the June 2022 reopening of the Old Post Office Tower in the newly opened Waldorf Astoria Hotel on Pennsylvania Ave NW.

## THE SECOND HALF OF 2022



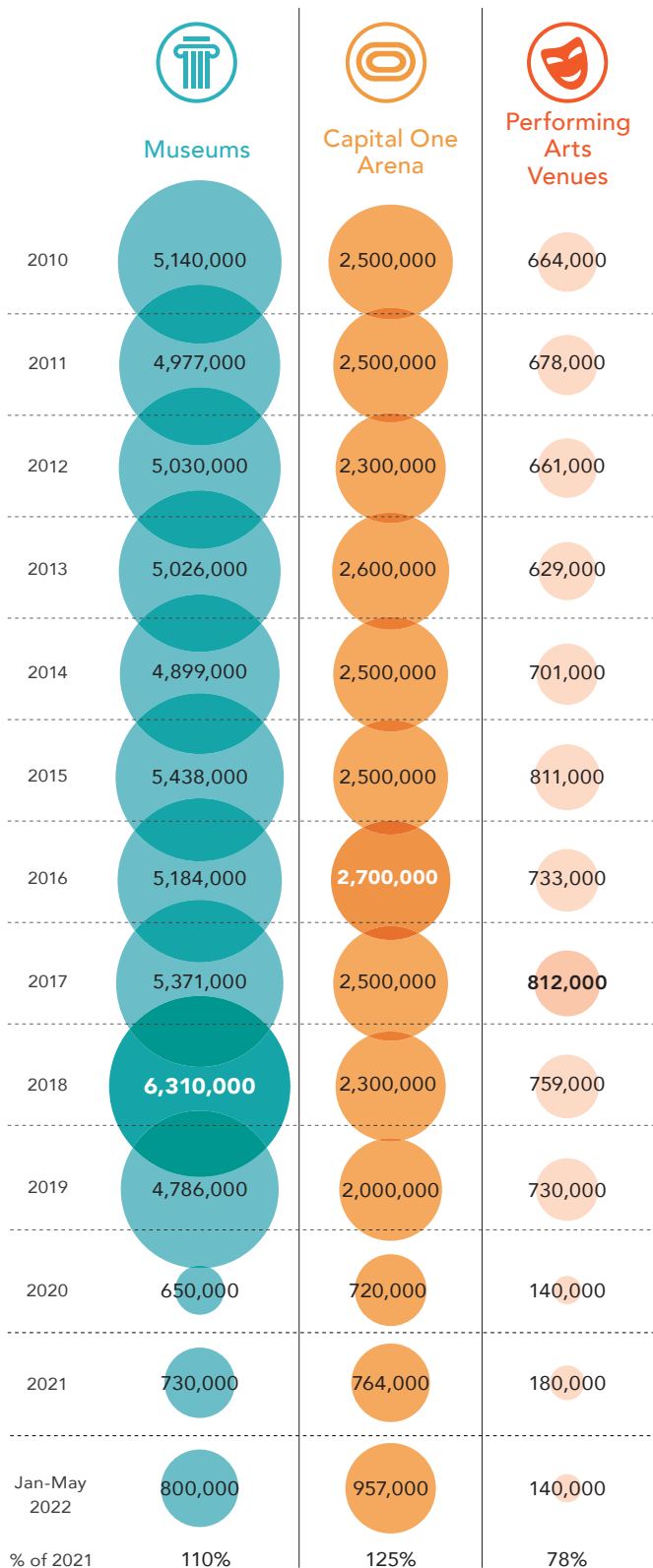
WILL SEE THE  
CONTINUED  
RECOVERY  
OF THE  
DOWNTOWNDC  
CULTURE AND  
ENTERTAINMENT  
SECTOR

DC GOVERNMENT  
AND FEDERAL  
GOVERNMENT AND  
PRIVATE SUPPORT  
HAS HELPED MAINTAIN  
THE CULTURE &  
ENTERTAINMENT  
SECTOR ECOSYSTEM  
DURING THE PANDEMIC

The National Museum of Women in the Arts is undergoing a \$66 million renovation.



## DOWNTOWNDC CULTURE & ENTERTAINMENT ATTENDANCE BY VENUE TYPE



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

## FEDERAL, DC AND PRIVATE FUNDING WAS CRITICAL BY PROVIDING SUPPORT UNTIL RECOVERY CAN BEGIN

The Culture & Entertainment sector has received significant federal, DC, and private support since the start of the pandemic. During this same period, the District invested over \$50 million to provide relief and recovery funding to arts and culture organizations. In addition, the city is funding the DC Commission on the Arts and Humanities with approximately \$45 million in the upcoming FY 2023 budget. Federal funding support included \$16.25 billion in the December 2020 Shuttered Venue Operators Grants (which covers music venues, theatres and other performance venues), in addition to the first two rounds of Payroll Protection Program (PPP) funding. In addition, many theaters were supported by special fundraising campaigns. Theatre Washington's Taking Care Fund has distributed \$825,000 in emergency pandemic grants to hundreds of local theater-creating artists.

## NEW MUSEUMS IN DOWNTOWNDC

New to DowntownDC are the following three new museums that have opened just before and during the pandemic:

- National Children's Museum
- Planet Word
- Victims of Communism Museum (June 13, 2022, opening)

The following two museums are currently under construction:

- Center for Advancing the American Dream
- Capital Jewish Museum



Capital One Arena

## WHAT DOES A RETURN TO NORMAL LOOK LIKE?

The Culture & Entertainment venues in DowntownDC are part of DowntownDC's and DC's competitive advantage in attracting employers, conventions, and visitors. In a "normal" no-pandemic year, the following annual attendance should be expected:



- Museums **4.0 to 4.5 million**
- Capital One Arena **2.0 to 2.5 million**
- Theaters/Venues **0.7 to 0.8 million**
- Total **6.7 to 7.8 million**

The DowntownDC BID will continue to monitor attendance trends as pandemic restrictions continue to loosen.



Nova Y. Payton as Ruthie in the 2022 Ford's Theatre world-premiere musical Grace

## CULTURE AND ENTERTAINMENT ATTENDANCE



 	Average for 2010 - 2019
Warner Theatre	▶ 158,415
National Theatre	▶ 113,185
Sidney Harman Hall <sup>(b)</sup>	▶ 124,035
Ford's Theatre	▶ 87,253
Sixth & I Synagogue	▶ 73,061
Hamilton Live	▶ 65,629
Michael Klein Theatre <sup>(b)</sup>	▶ 71,379
Woolly Mammoth Theatre	▶ 39,443
<b>TOTAL</b>	▶ <b>732,400</b>

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

 	Average for 2010 - 2019
National Portrait Gallery and Smithsonian American Art Museum	▶ 1,312,700
National Archives	▶ 1,085,704
Ford's Theatre Historical Site	▶ 553,900
National Building Museum	▶ 504,462
National Museum of Women In The Arts	▶ 107,630
Old Post Office Tower	▶ 119,508 <sup>(a)</sup>
The Naval Heritage Center	▶ 134,222
DC History Center	▶ 65,549
National Law Enforcement Museum <sup>(b)</sup>	▶ 66,034
Children's Museum	▶ NA
Planet Word	▶ NA
<b>TOTAL</b>	▶ <b>3,949,709</b>

Sources: Museums and DowntownDC BID

(a) For 2017 -- 2019.

(b) DowntownDC BID estimate.



# SHOPPING & DINING

IMMIGRANT FOOD  
WORLD  
FLAVORS  
WITH A  
MISSION

Immigrant Food + Streetery

## RECOVERY BEGAN IN 2021 AND CONTINUES IN 2022

The recovery of the Downtown retail sector has been vastly different for dining and shopping.

In 2021, the DowntownDC destination restaurant sector recovery was strong - temporarily closed restaurants reopened and many new restaurants opened. In addition, new destination restaurant openings have been strong with ten openings in 2021 and 20 projected for 2022. However, many destination restaurants have renegotiated their leases during this time or are not paying full contractual rents as costs have risen substantially over the past 18 months for a variety of reasons. Office-serving lunch and quick service restaurant recovery has been much slower due to the lack of office workers in their

offices. According to Margin Edge data, DowntownDC May 2022 restaurants sales are 14% above May 2019 (though much of that is due to recent inflation). DC restaurant employment is 46,100 as of April 2022 - 10,600 employees lower than April 2019, or down 19%.

Downtown DC shopping's recovery has not really begun. Approximately 200,000 SF has been vacated by shoppers' goods stores since 2018. In 2021 there were 5 openings and 7 closings. For January - May 2022, there were no openings, no closings and one store under construction (Akris, which will be the latest retailer in the City Center development). DC retail employment is 20,500 as of April 2022 - 2,100 lower than April 2019, or down 9%.

While data on DowntownDC retail leases is not easy to come by due to the low volume of deals and current landlord concessions, a recent informal survey shows DowntownDC retail rents are generally 30% to 50% lower than pre-pandemic levels.

A handful of announced leases have lowered the DowntownDC retail

## ALMOST ALL PANDEMIC-RELATED TEMPORARY CLOSED RETAIL HAS REOPENED



**523,00 SF**  
REOPENED IN 2021  
**73,00 SF**  
REOPENED IN 2022

vacancy rate slightly to 19.5% from 20.8% in December 2021. Total vacant retail space totaled 790,000 SF in May 2022 - down from 840,000 SF in December 2021 and 914,000 SF in December 2020.

Lastly, entertainment retail is having an impact on the Downtown retail landscape, with the opening of Five Iron Golf, Kracken (an axe -throwing bar), The Puttery, The Museum of Illusions, an Escape Room, a cabaret lounge and The Friends Experience.

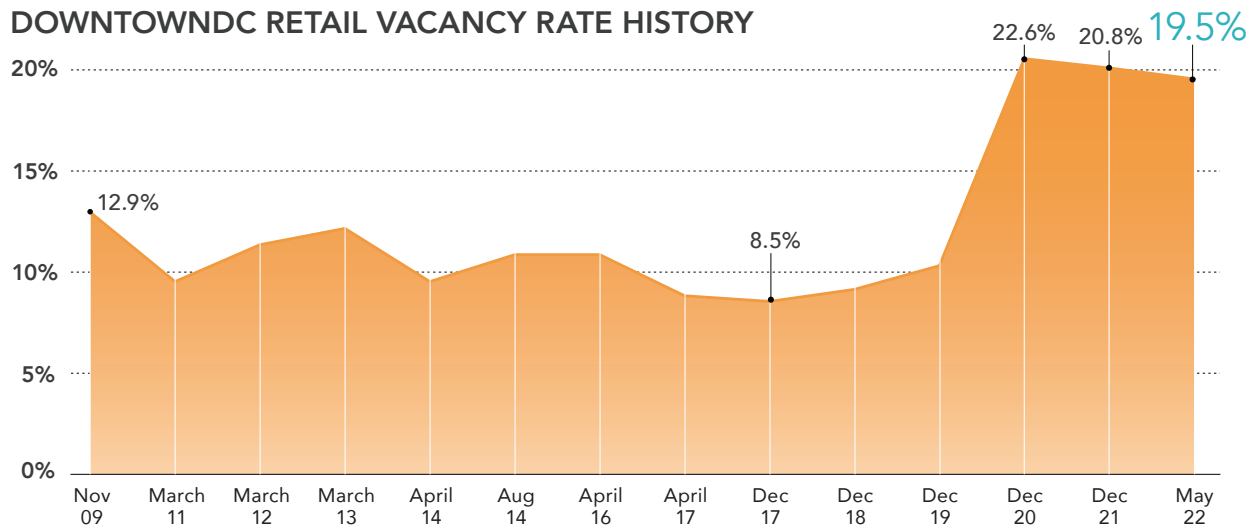
**DOWNTOWNDC RETAIL  
VACANCY RATE REMAINS  
HIGH AT 19.5% IN MAY 2022**



**THERE WERE 10  
RESTAURANT  
OPENINGS IN 2021  
AND 20 OPENINGS ARE  
PROJECTED FOR 2022**



## DOWNTOWNDC RETAIL VACANCY RATE HISTORY



Source: Dochter & Alexander Retail Advisors (2017 - 2021) and DowntownDC BID (2010 - 2016 and May 2022)

## DESTINATION RESTAURANT OVERVIEW AS OF MAY 2022:

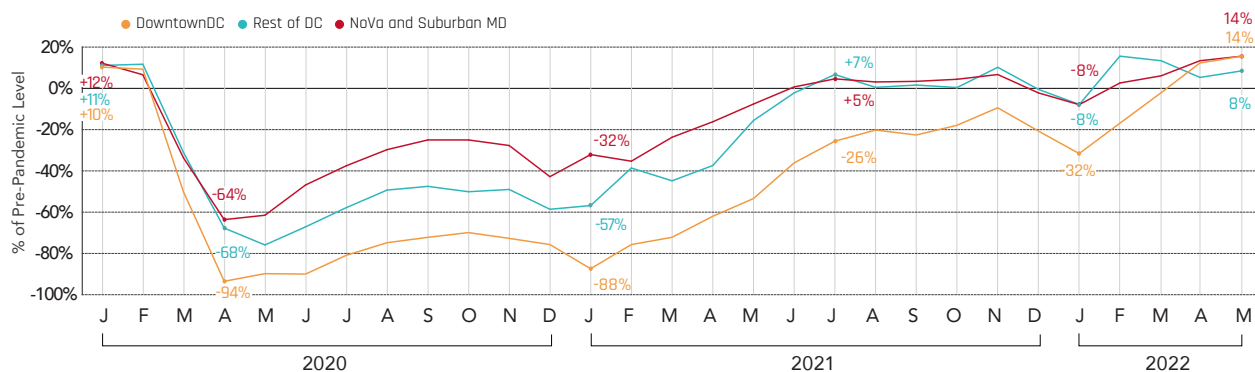
- 139 total restaurants (152 projected by year-end)
- Revenues at 114% of May 2019 - better than the Rest of DC and the suburbs
- 10 openings in 2021
- 4 closings in 2021
- 20 openings projected in 2022
- 6 closings in 2022
- DC Restaurant employment as of April 2022 is 19% below April 2019.

## DESTINATION STORES OVERVIEW AS OF MAY 2022:

- 74 total stores (74 projected by year-end)
- Several luxury stores current sales are above pre-pandemic levels
- 5 openings in 2021
- 7 closings in 2021
- 1 opening projected in 2022
- 1 closing in 2022
- DC Retail employment as of April 2022 is 9% below April 2019.

## REGIONAL RESTAURANT SALES DURING PANDEMIC

Jan 2020 - May 2022 Sales Compared to Pre-pandemic Sales<sup>(a)</sup>



Source: MarginEdge and DowntownDC BID

<sup>(a)</sup> 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.

## DOWNTOWNDC DESTINATION RESTAURANT HISTORY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 Estimate
Number of Restaurants at End of Year	127	132	130	134	132	139	143	149	145	141	132	138	152
Net Change	(2)	5	(2)	4	(2)	7	4	6	(4)	(4)	(9)	6	14
Openings	4	10	3	10	3	10	9	11	6	10	3	10	20 <sup>(a)</sup>
Closings	(6)	(5)	(5)	(6)	(5)	(3)	(5)	(5)	(10)	(14)	(12)	(4)	(6)

Source: DowntownDC BID

<sup>(a)</sup> Includes four destination restaurants under construction and ten announced as of May 2022.DESTINATION RESTAURANT  
OPENINGS AND CLOSINGS

## 10 Opened

Farmbird, Cheesecake Factory, Yardbird, DC Noble, Truluck's, Dauphine's, Piccolina, Immigrant Food+, L'Ardente and Michele's

## 4 Closed

Cedar, Rosa Mexicano, Circa and American Son

DESTINATION SHOPPING  
OPENINGS AND CLOSINGS

## 5 Opened

Brunello Cucinelli, Express Edit, Chanel, Claire du Lune and Giorgio Armani

## 7 Closed

Coudailie, Mia Gemma, Johnston & Murphy, GAP, Anthropologie, Potomac River Running and Zadig & Voltaire

## 6 Opened

Philotimo, Shoto Zuma, Dos Toros Taqueria, Piccoletto, Bulldog and Henri

## 6 Closed

Fire & Sage, Café Mozart, Naan and Beyond, The Carving Room, Farmbird, and The Occidental

## 4 Under Construction

Akedo, Marshall, Petite Cerise and 1413 K Street (Sushi)

## 10 Announced

Love Maketto, Johnny Spero, Street Pizza, Taffer's Tavern, Tom's Watch, Mi Vida, La Grande Boucherie, Washoku Room, Olio e Piu and the Springs at Franklin Park

## 0 Opened

## 1 Closed

J Crew

## 1 Under Construction

Akris at CityCenterDC

## No Announced

## DOWNTOWNDC DESTINATION SHOPPING HISTORY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 Estimate
Number of Stores at End of Year	58	58	58	59	71	83	84	87	83	82	76	74	74
Net Change	0	0	0	1	12	12	1	3	(4)	(1)	(6)	(2)	0
Openings	2	2	2	1 <sup>(a)</sup>	12 <sup>(a)</sup>	12 <sup>(a)</sup>	2	3	0	3	1	5	1 <sup>(b)</sup>
Closings	(2)	(2)	(2)	0	0	0	(1)	0	(4)	(4)	(7)	(7)	(1)

Source: Dochter &amp; Alexander Retail Advisors (2017 - 2020) and DowntownDC BID (2010 - 2016 and 2022)

<sup>(a)</sup> CityCenterDC stores opened Dec 2013 -- 2015.<sup>(b)</sup> Includes one store under construction.

IN 2021

IN 2022

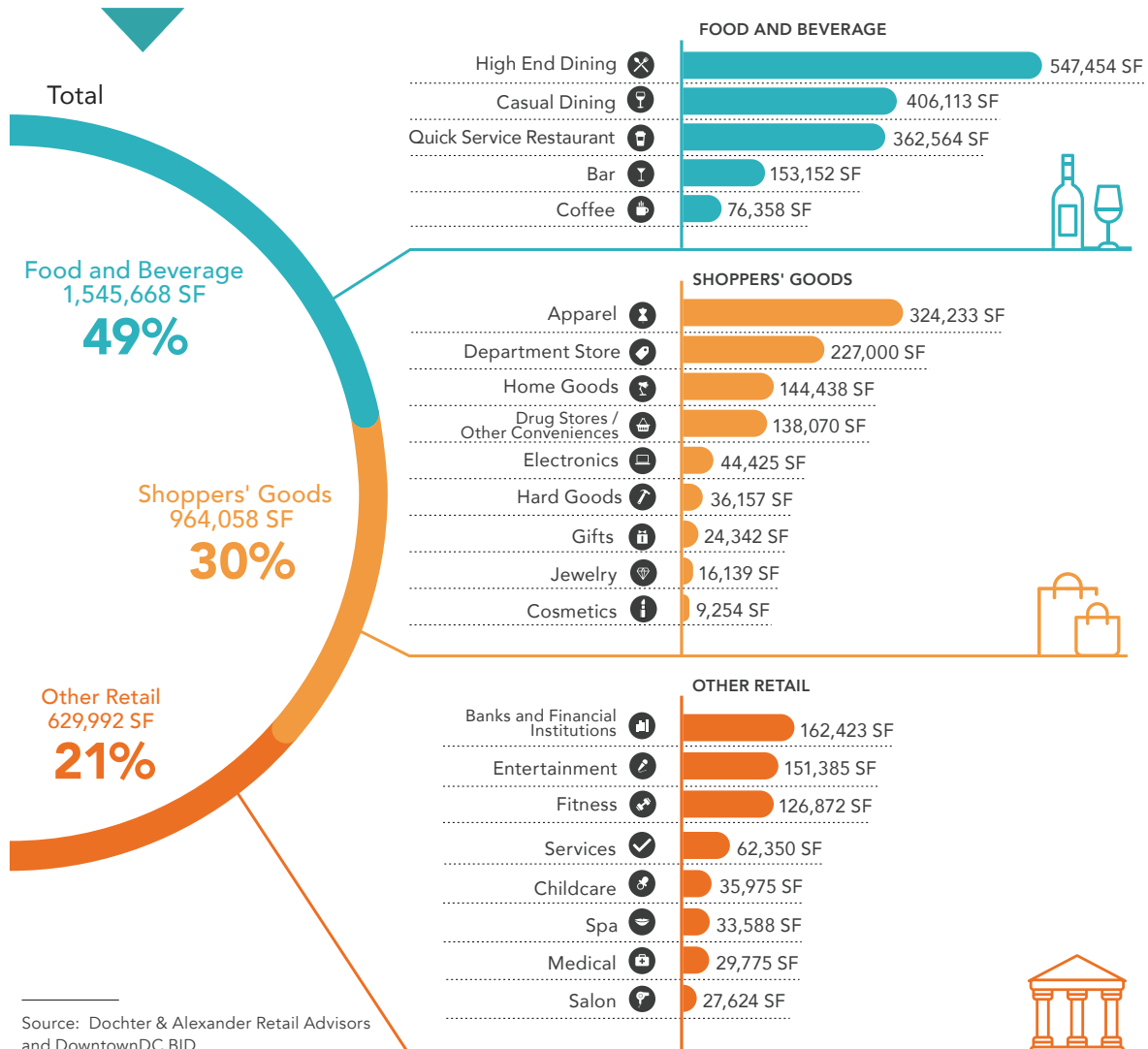
## DOWNTOWNDC RETAIL OVERVIEW (AT 12/31/21)

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

- 953,000 SF of high-end or casual dining in 138 destination restaurants (30%)
- 593,000 SF of other food service providers (19%)
- 640,000 SF of destination shopping in 74 stores (20%)
- 324,000 SF of other shopper's goods retail (11%), including furniture design showrooms, drug stores and convenience retail
- 630,000 SF of other retail (20%) with banks, entertainment and fitness being the largest categories

### DOWNTOWN DC RETAIL SPACE OVERVIEW DECEMBER 2021

Total Possible Retail Space  
5,160,812 SF





# DOWNTOWNDC OFFERS AWARD-WINNING RESTAURANTS

DowntownDC and DC restaurants continue to earn recognition for their excellence from the Michelin Restaurant Guide, James Beard Awards and the Restaurant Association of Metropolitan Washington. They also bring visitors to DowntownDC and other DC neighborhoods – boosting the District’s sales tax revenues above the levels supported solely by DC residents.

## D.C. RESTAURANT AWARDS

	Michelin Rated Restaurants - 2022				James Beard Awards	Restaurant Association of Metropolitan Washington
	 Three Stars	 Two Stars	 One Star	 Bib Gourmand	 Nominees - 2022	 Nominees - 2022
DowntownDC	0	1	3	8	3	12
Rest of DC	0	2	18	27	4	60
DC	0	3	21	35	7	72

Sources: DowntownDC BID



CityCenterDC's Farmer's Market





Rasika's owner Ashok Bajaj and Knightsbridge Restaurant Group was a James Beard 2022 nominee for Restaurateur of The Year

## MICHELIN 2022 RESTAURANT GUIDE

- The only three-star restaurant in the region was The Inn at Little Washington in Northern Virginia.
- DowntownDC's minibar by Jose Andres was one of three DC two-star restaurants – repeating for the post several years.
- DowntownDC's Cranes, Fiola and Sushi Nakazawa were three of 20 DC one-star restaurants. All repeats from 2021.
- DowntownDC's China Chilcano, Dauphine's, Jaleo, Karma Modern Indian, Oyamel and Unconventional Diner are six of DC's 35 Bib Gourmand restaurants.



## JAMES BEARD AWARDS

- Downtown DC has three 2022 award nominees:
  - Restaurateur of the Year: Ashok Bajaj, The Knightsbridge Restaurant Group, with Rasika and Modena in DowntownDC
  - Best Chef Mid-Atlantic: Amy Brandwein, Centrolina in DowntownDC
  - Outstanding Bar Program: barmini

## RESTAURANT ASSOCIATION OF METROPOLITAN WASHINGTON

- The following DowntownDC restaurants / organizations received 12 of the 72 DC nominations (90 total regional nominees) for a variety of awards:

*China Chilcano*  
*minibar*  
*Knightsbridge Restaurant Group*  
*Rasika*  
*Dauphine's*  
*L'Ardente*  
*Cranes*  
*Little Sesame*  
*Pogiboy*  
*Unconventional Diner*  
*Joe's Seafood*  
*Prime Steak & Stone Crab*

# DOWNTOWNDC LIVING

## STRONG APARTMENT REBOUND AND CONTINUED STRENGTH IN CONDO MARKET IN 2021

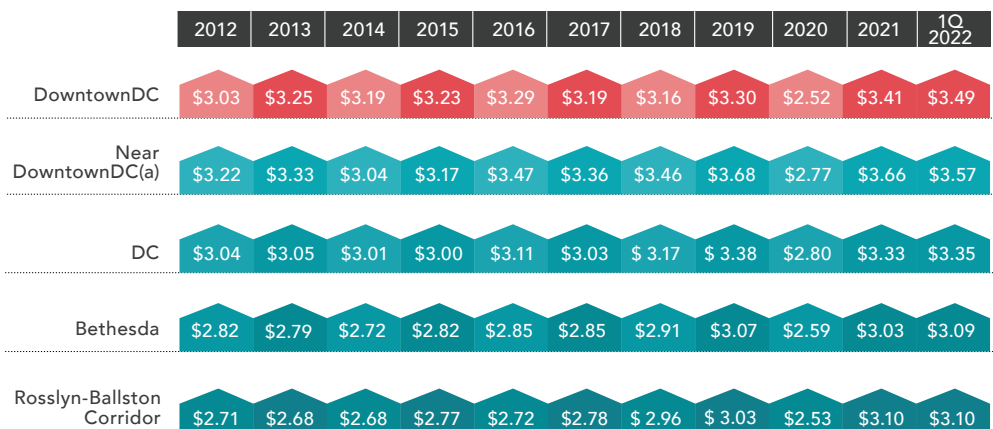
### PERSISTS INTO 2022

The DowntownDC, DC, and DMV apartment markets saw rents and vacancy rates return to pre-pandemic levels in 2021, which continued into 2022. Class A rents were \$3.49 per SF per month in 1Q 2022, a new record high for DowntownDC. Rents at CityCenterDC's apartments were in the \$4.50 to \$4.75 per SF per month range. And the DowntownDC apartment vacancy rate dropped to a near record

low of 3.0%. At the end of 2020, the Class A apartment rents in DowntownDC and most of the region experienced record drops in rents and record increases in vacancy rates. However, this quickly reversed itself in 2021.

The condominium market remained strong as prices and sales volumes remained at pre-pandemic levels. Condominium resale prices in DowntownDC remained strong at \$675 per SF for 2020 and \$719 for January - May 2022 compared to \$660 per SF for 2020 and \$617 per SF for 2019. Sales volumes were about the same as previous years. Condominium prices and sales volumes were also generally strong in other DC submarkets and in the suburbs.

#### CLASS A APARTMENT EFFECTIVE RENTS (\$ per SF per month)



Source: Delta Associates

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

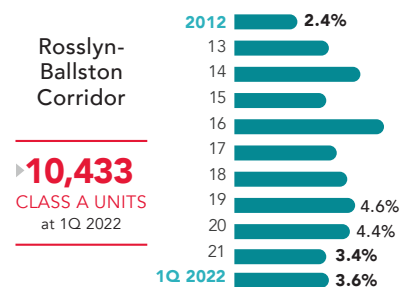
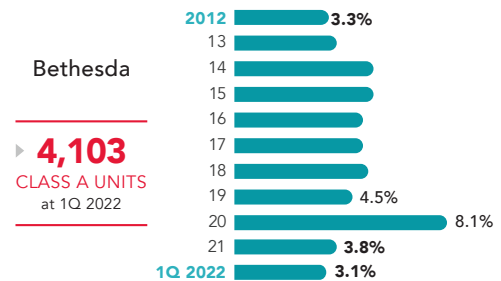
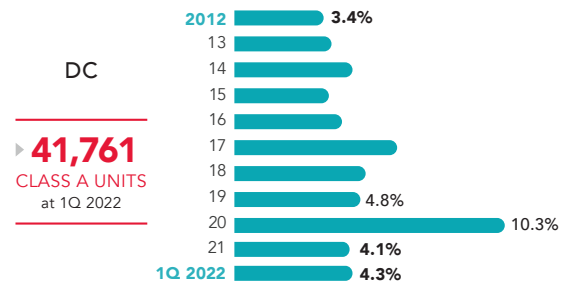
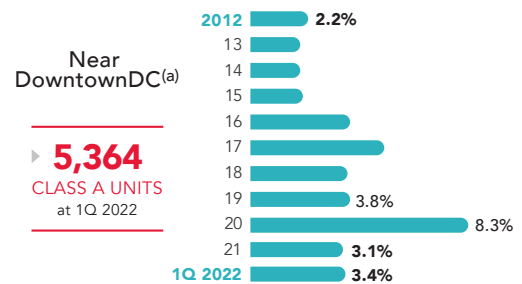
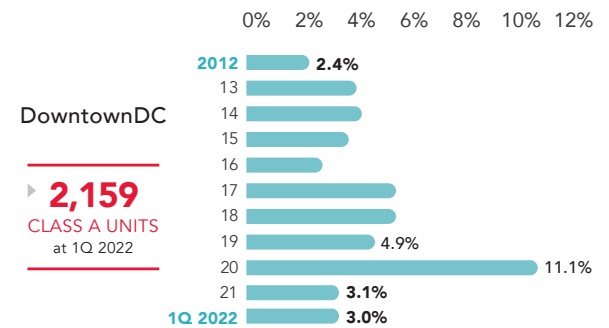


June photo of 1313 L Street NW under construction





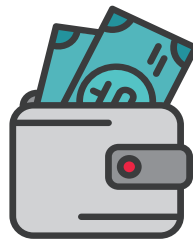
## CLASS A APARTMENT VACANCY RATES



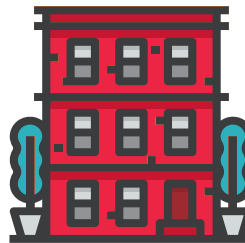
Source: Delta Associates

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

**CITYCENTERDC  
CONTINUED TO LEAD  
THE DOWNTOWNDC  
CONDOMINIUM  
MARKET WITH A 2021  
AVERAGE RESALE  
PRICE OF \$1,081 –  
ABOVE \$1,000 PER SF  
FOR THE FIRST TIME  
IN SEVERAL YEARS  
– ON SOLID SALES  
VOLUMES.**

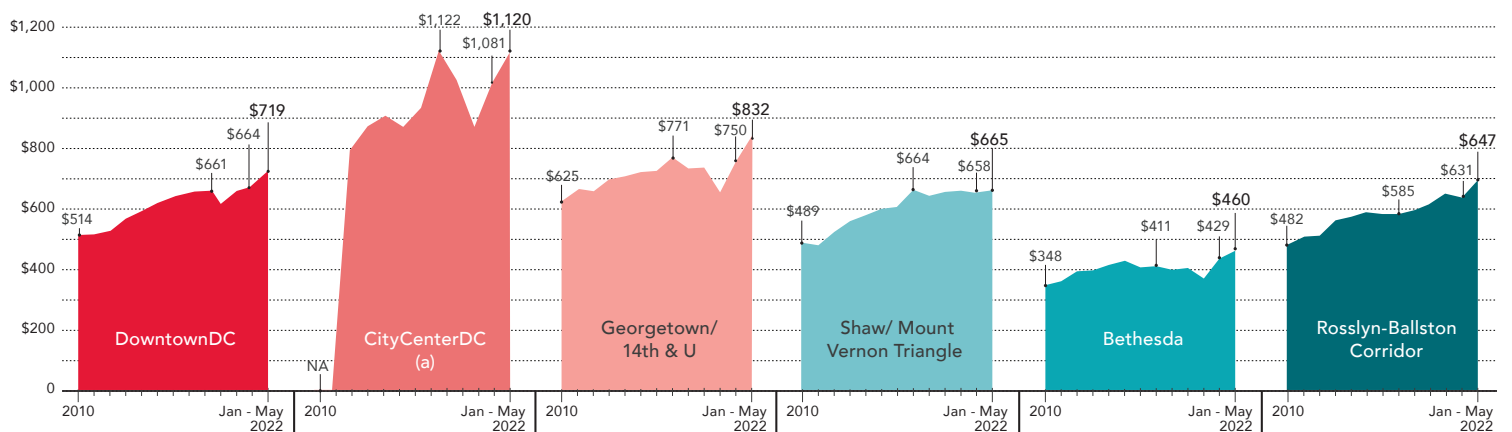


APARTMENT RENTS  
**INCREASED BY 38% SINCE  
REACHING A 10-YEAR LOW** OF  
**\$2.52** PER SF PER  
MONTH  
AT THE END OF 2020



APARTMENT VACANCY  
**DECREASED  
FROM A 10-YEAR  
HIGH OF 11.1%**  
AT THE END OF 2020 TO A  
RECORD LOW OF 3.0%  
FOR 1Q 2022

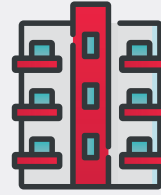
**REGIONAL CONDO RESALE PRICES**  
(\$ per SF)



Source: The Mayhoo 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**

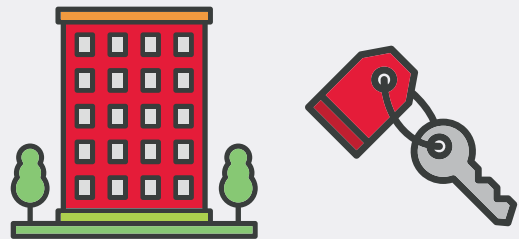


**CONDO PRICES ROSE 2% TO \$675 PER SF ON SOLID SALES VOLUME IN 2021**

## NEW RESIDENTIAL PROJECTS / CONVERSIONS **ARE COMING!**

**AS OF MAY 2022 THERE ARE 1,700 NEW APARTMENTS COMING TO DOWNTOWNDC — UP FROM 502 PLANNED IN MAY 2021:**

- 1313 L Street NW's 222 apartments are now under construction and will open in 2023.
- Monument Realty's Chinatown project has been expanded to 150 to 200 units. No start date at this time.
- Property Group Partners' 150 units at 600 Second Street NW. No start date at this time.
- Two office building to residential conversions were announced in late 2021 and early 2022.
  - 1125 15th Street NW: 264 units by Lincoln Properties and Cadillac Fairview is projected to start construction in 2023.
  - 1425 New York Avenue NW: 255 units by Foulger-Pratt is projected to start construction in 2023.
- Other conversions are expected to be announced in 2022, totalling as many as 700 units.



**THE LAST RESIDENTIAL PROJECT IN DOWNTOWNDC WAS THE OPENING OF CITYCENTERDC'S 458 APARTMENTS AND CITYCENTERDC'S 216 CONDOMINIUMS IN 2014**



## ALMOST 1,700 HOUSING UNITS ARE COMING TO DOWNTOWNDC -

A 24% INCREASE TO  
THE 7,000 HOUSING  
UNITS CURRENTLY IN  
DOWNTOWN



**222 UNITS**

UNDER CONSTRUCTION



## 519 RESIDENTIAL PROJECTS

FROM TWO ANNOUNCED  
OFFICE BUILDING TO  
RESIDENTIAL BUILDING  
CONVERSIONS



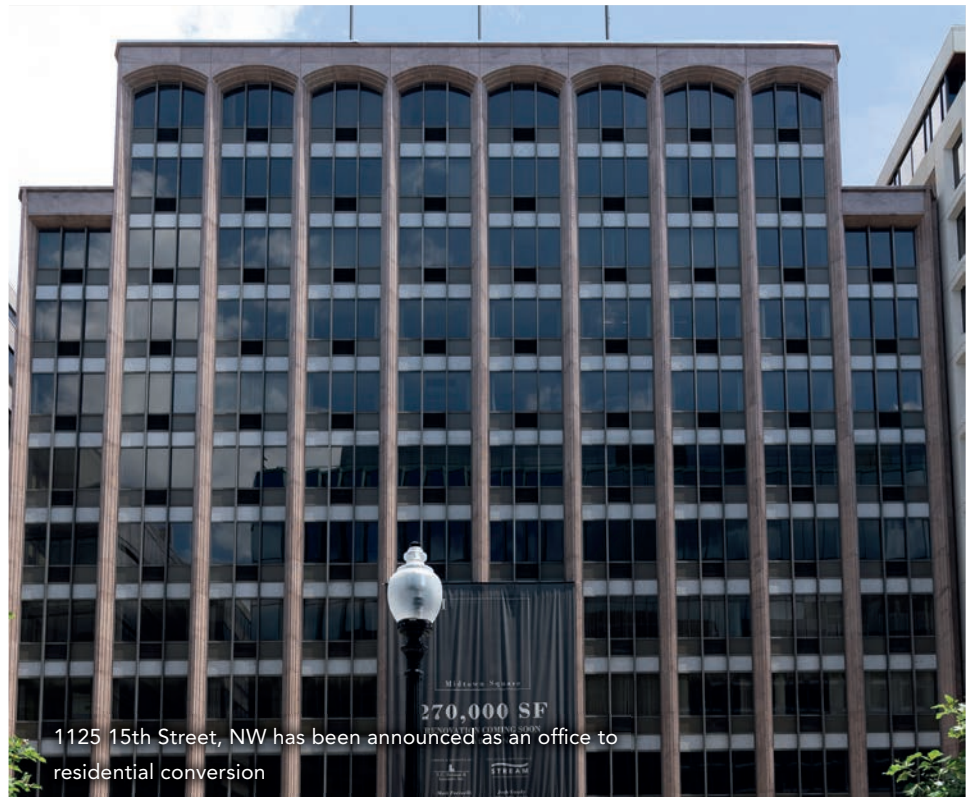
**700 UNITS**

FROM ADDITIONAL  
CONVERSIONS THAT  
ARE EXPECTED TO BE  
ANNOUNCED IN 2022

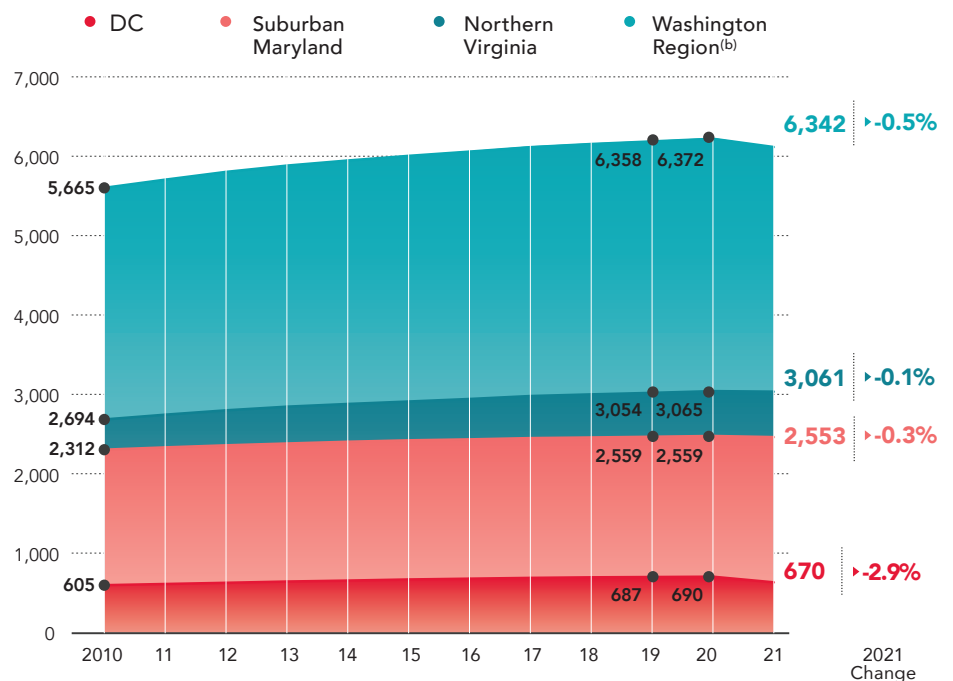


**325 UNITS**

FROM TWO GROUND-UP  
RESIDENTIAL PROJECTS



## REGIONAL POPULATION<sup>(a)</sup> (thousands)



Sources: U.S. Census Bureau and DowntownDC BID.

(a) 2010 - 2019 are based on Census data.

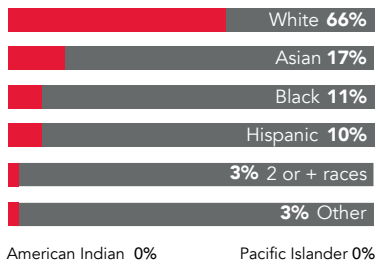
(b) Includes Jefferson, WV

## DOWNTOWNDC

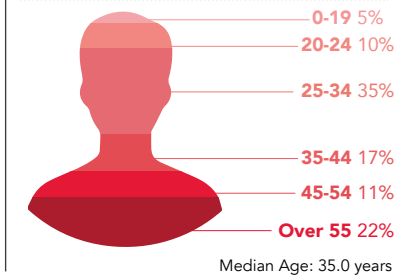
TOTAL POPULATION 10,290



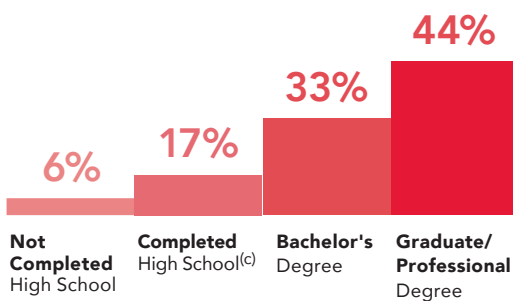
## RACE ▼



## AGE ▼



## EDUCATIONAL ATTAINMENT ▼

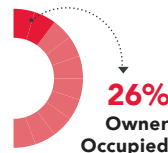


## HOUSEHOLD ▼

TOTAL HOUSEHOLDS: 6,185

Average Household Size

1.53



Median Home Value

\$608,083

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

73%

## HOUSEHOLD INCOME ▼

Average Annual Income

\$165,730

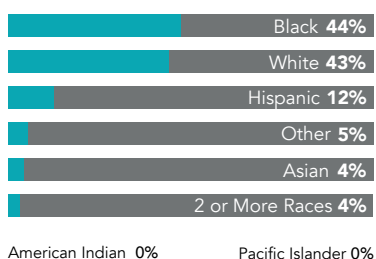
Median Income

\$120,957

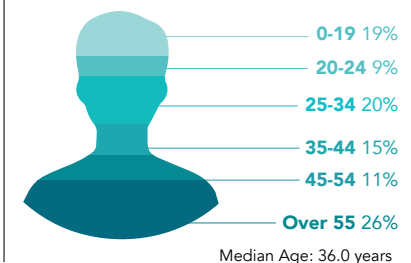
## DC

TOTAL POPULATION 705,054<sup>(b)</sup>

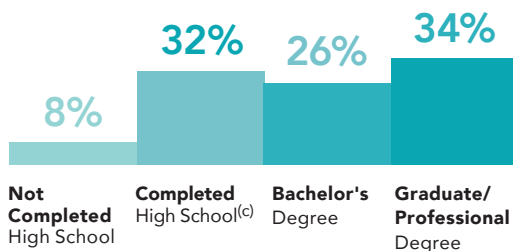
## RACE ▼



## AGE ▼



## EDUCATIONAL ATTAINMENT ▼

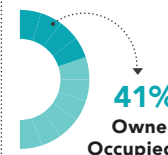


## HOUSEHOLD ▼

TOTAL HOUSEHOLDS: 313,459

Average Household Size

2.14



Median Home Value

\$687,779

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

59%

## HOUSEHOLD INCOME ▼

Average Annual Income

\$140,850

Median Income

\$93,516

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

(a) ERSI data as of April 2022.

(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.





Inside of the Metrorail

# TRANSPORTATION

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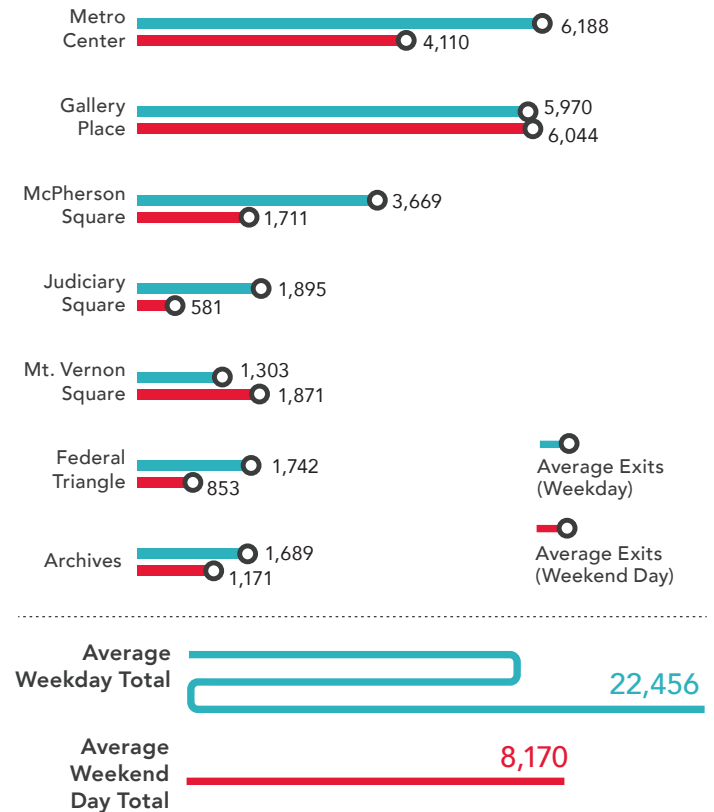


## METRORAIL

As the pandemic lasted through 2021, trends that started in its first year continued to progress. A nationwide trend where metropolitan transit systems saw a greater decline in rail ridership than bus ridership proved consistent in DowntownDC. People traveled on transit less and used more flexible (and less fixed) modes when they did. Metrobus outperformed Metrorail ridership, and bike and scooters held their popularity even more.

Metrorail did see some improvements in ridership in 2021 compared to 2020 – increasing by 30% on weekends, year-over-year. Weekday ridership, however, continued to hover at low levels and was at 21% on average of 2019 levels. The share of riders using Metro stations in DowntownDC on weekdays in 2021 (11%) was also lower than it was pre-pandemic in 2019 (14%). In September 2021, ridership saw its highest levels on weekdays since the start of the pandemic at 28% of pre-pandemic ridership systemwide. Likewise, the following month saw the highest levels yet on the weekend at 47% of pre-pandemic levels. Meanwhile, Metrobus retained much more of its ridership, at an average 45% of pre-pandemic levels.

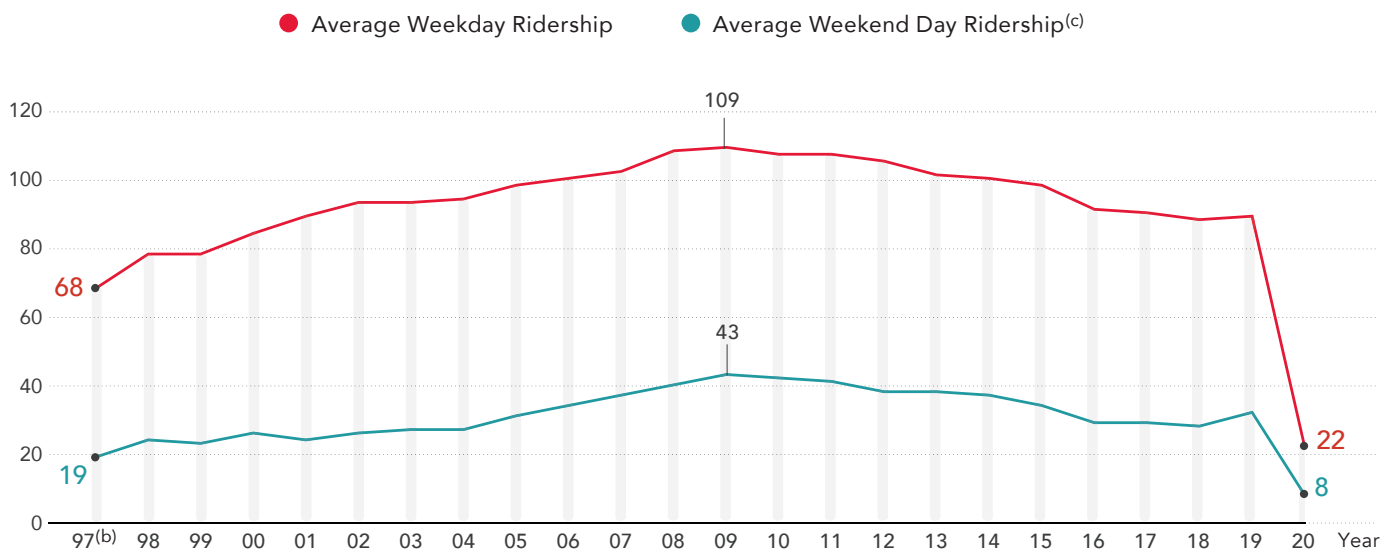
## AVERAGE DAILY METRORAIL EXITS IN DOWNTOWNDC



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.

Systemwide, new stations emerged in the top spots for most ridership. Many of them were in heavily mixed-use and residential neighborhoods. Gallery Place-Chinatown and Metro Center were number three and four, respectively, and Union Station retained its typical spot at the top, but Columbia Heights became the station with the fifth-highest ridership in the system, after sitting in 16th place pre-pandemic. Similarly, Foggy Bottom-GWU bumped up from being number seven (2019) to number two (2021) in the system for ridership. The shifting share of ridership from DowntownDC to other stations underscores the changes seen more broadly with remote work and resultant commute pattern and mode choice shifts.

## BIKE AND SCOOTING

Outside of the traditional transit modes, bikeshare and scooters performed well in 2021. Capital Bikeshare rebounded systemwide to 81% of pre-pandemic ridership levels, while in DowntownDC, it regained 62% of its pre-pandemic ridership. The busiest month in 2021 was in October, with 328,000 riders systemwide and 41,000 in DowntownDC. Supporting this ridership gain was an expanded system with 676 stations compared to 596 in 2020. A long-awaited protected bike lane on 9th Street NW also advanced and is intended to be completed in 2022.

Likewise, scooters, a recent addition to the mobility landscape in the District, almost entirely regained the ridership seen before the pandemic, with 90% of 2019 ridership. A little over 10,000 scooters provided over 5 million trips in the District in 2021. The busiest month for scooters, in both 2019 and 2021, was July.

Metrorail has long been the beating heart of DowntownDC, but due to the derailment of the 7000-series railcards in the fall of 2021 and subsequent fleet reduction, essential workers and people with lower-wage jobs who are often the most reliant on transit and more likely to be limited to bus travel seemingly turned to bikes and scooters, showing a preference for surface travel and micromobility trips where possible. As witnessed in 2020, people flocked to bikes and scooters and wanted to keep using them.

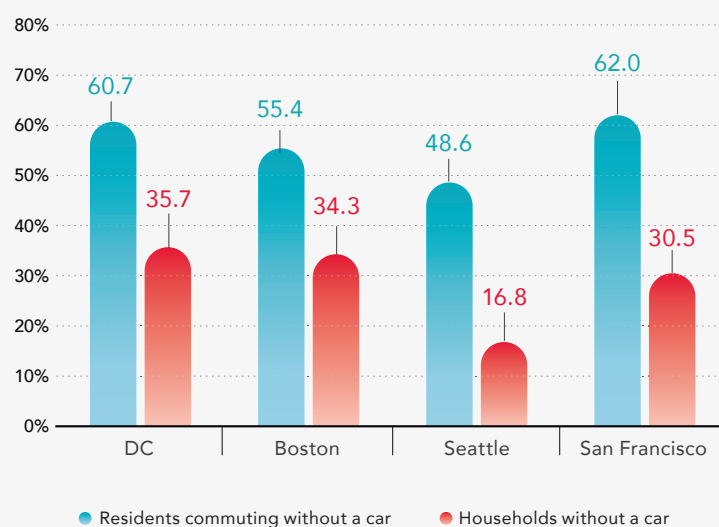
**A LITTLE OVER  
10,000 SCOOTERS  
PROVIDED OVER  
5 MILLION TRIPS IN  
THE DISTRICT IN 2021**

## METROBUS

The District Department of Transportation (DDOT) was hard at work in 2021 laying the foundation for more efficient, safe, and reliable bus and bike travel in DowntownDC. Several key bus priority projects kicked off or advanced to construction. Bus priority projects provide dedicated right-of-way for buses to travel more efficiently, thereby attracting more riders and eventually reducing traffic for everyone.

Many years in the making, the construction for the 2.7-mile 16th Street NW Bus Priority project began in 2021. Additionally, the east-west bus priority lanes on H and I streets NW were improved, and planning began for a connection further east to North Capitol Street along H Street NW. North-south routes were also initially studied and considered on 11th Street NW and 13th Street NW.

## RESIDENTS COMMUTING WITHOUT A CAR AND HOUSEHOLDS WITHOUT A CAR



Source: American Community Survey 2018

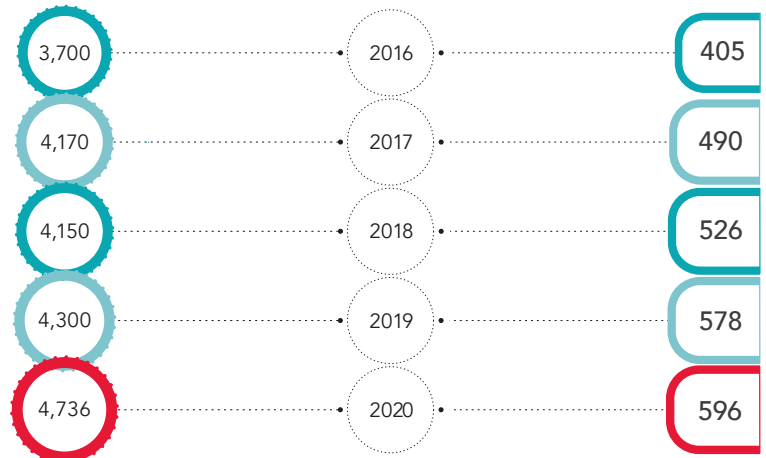
## K-STREET

A once-in-a-generation catalytic project, the K Street Transitway moved forward in 2021. Intended to serve as the flagship transit priority corridor for the District, this project has the opportunity to remake a legendary corridor in the heart of our nation's capital while providing a pleasing and preferable experience for bus riders. In 2021, DDOT worked to advance its designs for the project from the 30% to 65% level. As efforts moved forward, it became clear that key project features like the urban design of the streetscape and the specialized design of the bus shelters needed to be a focus for the project. To bring light to this and provide inspiration for strong design thinking, BID staff worked with DDOT and the Golden Triangle BID to develop a concept-level visual identity for the corridor for further development by DDOT's contractors. DDOT hopes to complete the design for the transitway and begin construction in 2023.

## REGIONAL CAPITAL BIKESHARE SYSTEM DATA

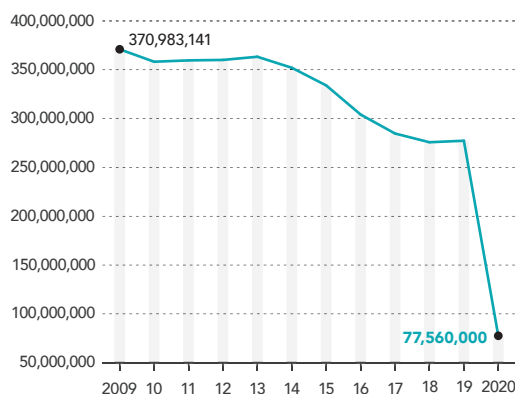
Number of Bicycles

Number of Stations



Sources: Capital Bikeshare and DowntownDC BID

## DC METROBUS RIDERSHIP



Source: WMATA





# PUBLIC REALM AT A GLANCE





## FRANKLIN PARK OPENS

On September 24, 2021, on a perfectly beautiful sunny day, the Mayor and National Park Service, along with the DowntownDC BID and other district agencies, cut the ribbon on the newly renovated Franklin Park. At almost 5 acres, Franklin Park sits within the heart of downtown, just a few blocks from the White House and within walking distance of the 10,000 residents of the DowntownDC BID and the Logan Circle, Shaw, and Mount Vernon Triangle neighborhoods. The \$18 million funding for the project was provided by Mayor Muriel Bowser and permitted through a first-of-its-kind federal lands package which allowed the District of Columbia to invest its capital dollars through a cooperative management agreement with NPS.

In addition to the encouragement of experiential activation and historic preservation, the revitalization plan focused on the environment and sustainability, and the park now includes features that support a vibrant and resilient natural environment, including: stormwater management systems specifically designed with bioswales that capture 100% of stormwater runoff onsite, a tree canopy intentionally diversified to revitalize an end-stage forest, expanding bloom time, and aesthetic interest. The historic fountain celebrates and highlights the origins of the park as the site of a spring that once served the White House, and elevates the importance of water, which is central to the park and key to its sustainability.

The park is operated and managed by the BID and hosts numerous programmed activities for residents, families, and visitors. The DowntownDC Foundation is tasked with raising funding and support for Franklin Park (as well as homeless services and other philanthropic endeavors).

## DOWNTOWNDC FOUNDATION

The DowntownDC Foundation 501(c)(3) organization was launched in 2019 to support four main philanthropic initiatives in DowntownDC: Franklin Park; homeless services, including those offered at the Downtown Day Services Center; public space enhancements, including parks and public art; and community events and programming. The Foundation has established itself in a few short years as an effective vehicle to expand the philanthropic reach and partnership capacity for our community.

In the past year, the Foundation secured key support from the private and public sector, as well as from individual donors, to make transformative impacts to the neighborhood. CareFirst BlueCross BlueShield provided a grant to the Foundation to operate a 16-week pilot program to provide dental and mental health support to individuals experiencing homelessness. Through this grant, the Foundation established the Terrell A. Waters Impact Clinic at the Downtown Day Services Center. Coca-Cola Consolidated granted the Foundation support to gift 10 Welcome Home Kits to individuals transitioning from homelessness to housing, as well as overnight shelter backpacks for additional guests. Support from individuals, companies, and faith-based organizations have helped the Foundation to provide holiday meals, emergency supplies, shoes, clothing, and inclement-weather provisions for those in need, and much more.

In Franklin Park, support from the Ann B. and Thomas L. Friedman Family Foundation facilitated the creation of an enhanced Franklin Park Children's Garden, a unique and engaging space for all. Amazon also signed on to be the Park's Greenery and Beautification

Franklin Park

sponsor, supporting landscaping and maintenance for the Park's first year of operations. Amazon is also supporting community programs and events celebrating the return to DowntownDC.

## DOWNTOWN DAY SERVICES CENTER

The DowntownDC BID continues to operate the Downtown Day Services Center as part of its efforts to connect individuals experiencing homelessness to housing and vital services. Launched in 2019 with a \$1.7 million grant from the DC Department of Human Services (DHS), The Center continues to thrive with support from DHS and many members of the DowntownDC community. The Center is a key part of the mayor's goal to end homelessness in the District of Columbia.

Located on the basement level of the New York Avenue Presbyterian Church at 1313 New York Avenue NW, the Center proudly serves as a single access point for multiple essential services including showers, laundry, medical, dental, and mental health treatment, vital records support, and housing, employment, and legal counseling, and provides a daily lunch to guests. Now open six days a week, the Center has become a safe space for people to gather and connect to resources and serves an



average of 200 guests per day.

The Center is staffed by full-time facility assistants, who assertively engage individuals living downtown to inform them of available services and provide them with direct support within the Center. Contracted support through our housing partner, Pathways to Housing DC, and our harm-reduction partner, HIPS, allows the Center to offer guests the opportunity to work directly with a housing counselor and caseworker to develop a plan to

access housing and achieve stability.

In addition to the work of the Center, the DowntownDC BID's Homeless Outreach efforts include engagement with the city to support citywide planning to reduce homelessness, a monthly overnight homeless count to better understand the number of people sleeping downtown, and the convening of multiple community stakeholder groups to address challenges arising from encampments in the downtown area.

## DOWNTOWNDC CONTINUES STAKEHOLDER OUTREACH

Since its founding in 1997, the DowntownDC BID's continued work with stakeholders, including the DC Metropolitan Police Department, the Metro Transit Police Department, and the United States Park Police, is meant to focus and support mitigating disorder and crime. Crime in DowntownDC was down

in 2021, with a noticeable decrease in robberies, assaults, and theft, some of which can be attributed to fewer people in downtown as a result of the omicron variant.

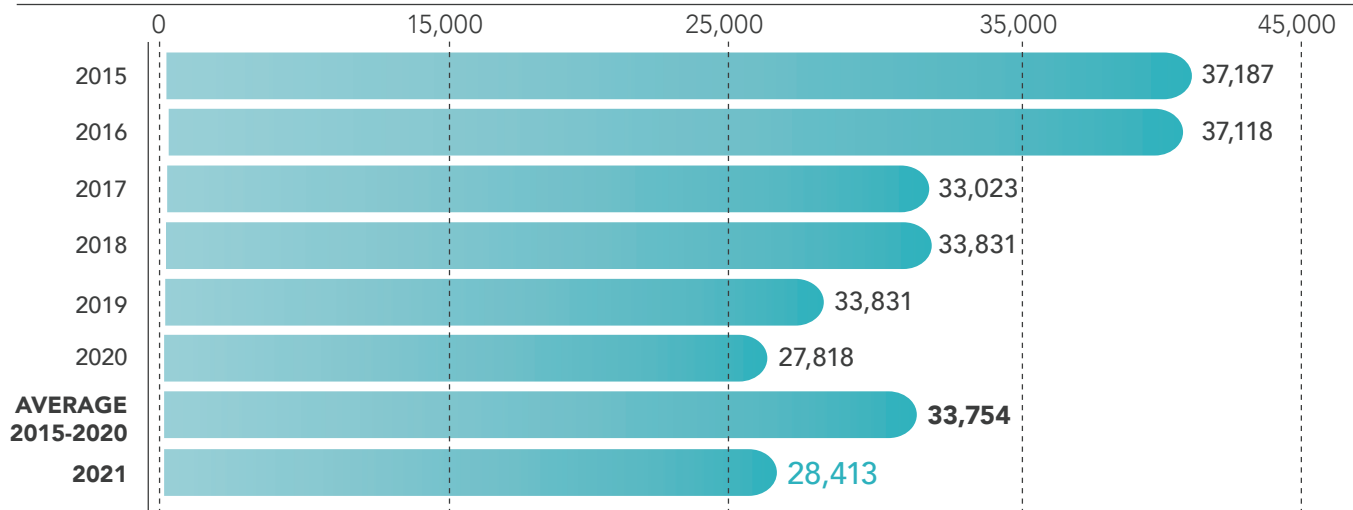
In DowntownDC in 2021, there were a total of 1,174 total crimes, with 1,095 of those in reported property crimes. There were 642 incidents of thefts,

a decrease from 938 in 2020. There were 36 robberies, a decrease of 8%, and 31 assaults, a decrease of about 14%. Burglary incidents decreased to 23 reported, a 75% decrease. There was reported homicide in Downtown in 2021. Citywide total crimes saw a slight increase at a 2% change to 28,413 in 2021 from 27,818 in 2020.

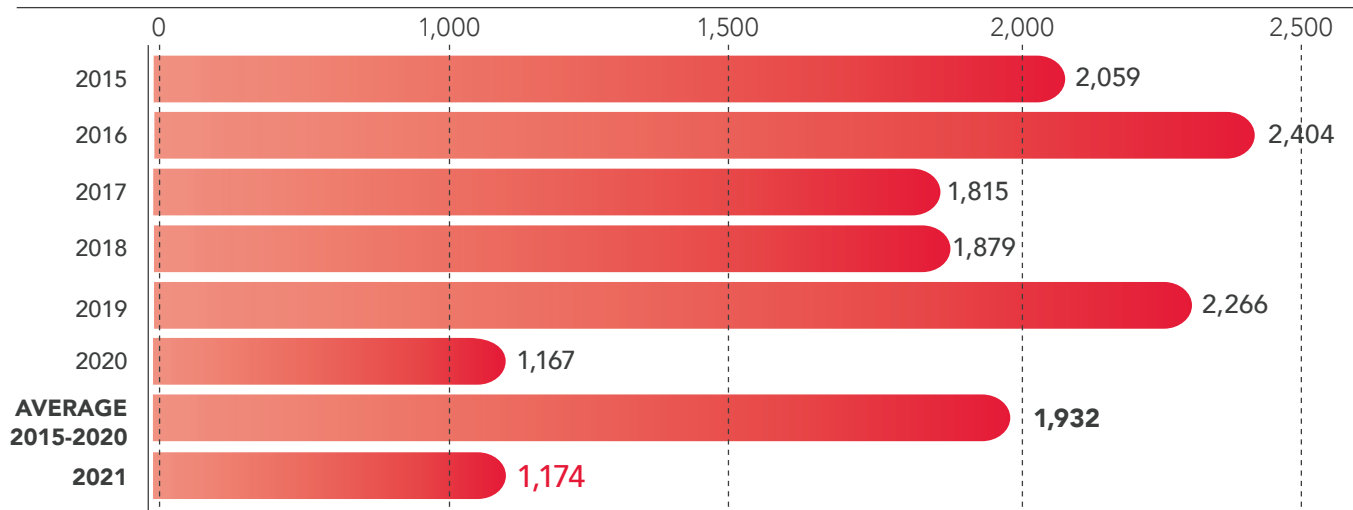


# AT A GLANCE / MPD CRIME STATES

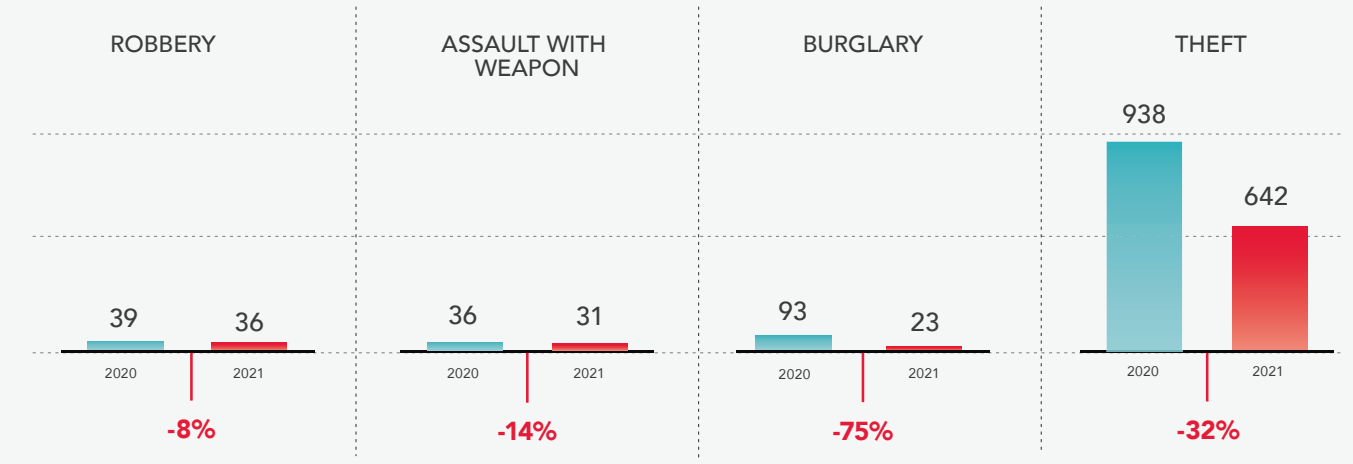
## DC ANNUAL CRIME INCIDENTS



## DOWNTOWNDC ANNUAL CRIME INCIDENTS



## CRIME BREAKOUT DOWNTOWNDC BID BY THE NUMBERS



## 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 Children's 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

Planet Word

Property Group Partners

Quadrangle Development Corporation

The Residences at CityCenter

Rockefeller Group

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





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## CREATIVE DIRECTION AND EDITORIAL DESIGN

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## RESEARCH & ANALYSIS

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Maria Espinoza, Karyn Le Blanc

## PHOTOGRAPHY

DowntownDC BID, Executive Office of the Mayor

**THANK YOU FOR YOUR  
CONTRIBUTIONS IN 2021 AND  
2022, AND YOUR CONTINUED  
SUPPORT IN THE FUTURE**





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