



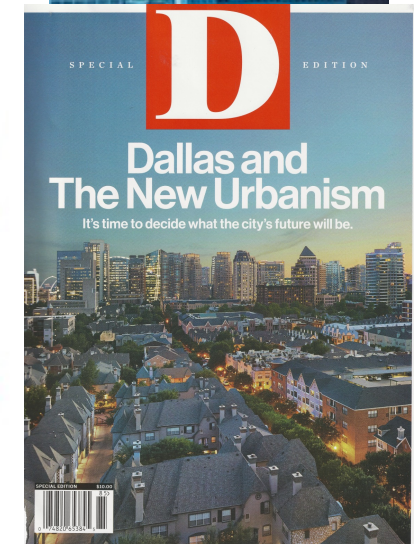
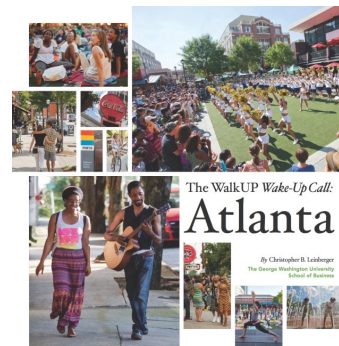
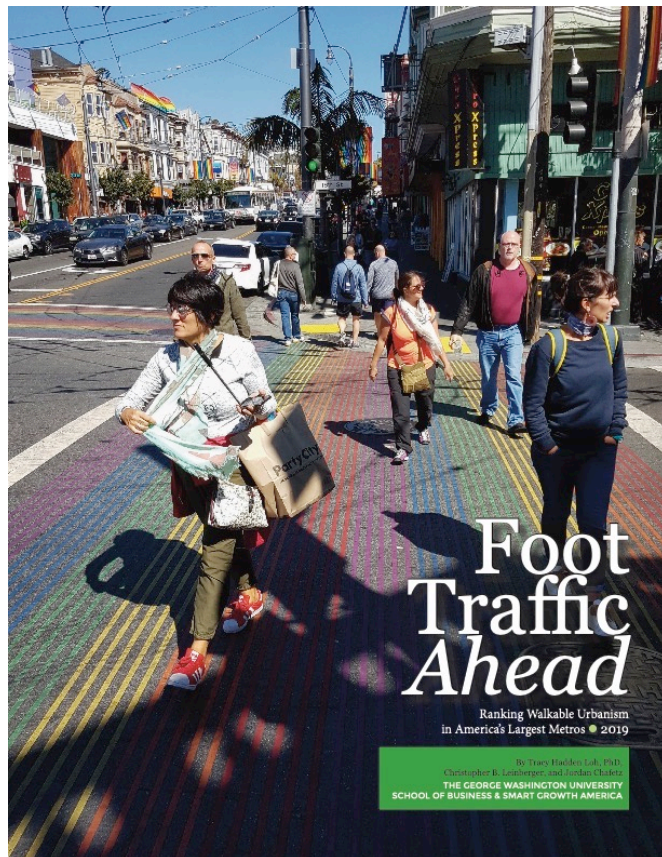
Relevant Personal Background

- RCLCo Washington office opened in 1987, came to DC monthly
- The Atlantic: “How Business is Changing America” 1987→ Edge City
- Research and writing at Brookings Metro including “12 Steps to Turnaround Downtown” in early 2000s
- My bride and I can live anywhere...in 2005 we asked where?
- From research, it *seemed* metro DC may be THE model by which we are building metro USA...hypothesis, not proven
- Foot Traffic Ahead, 2008-2022 five surveys of the walkable urbanism of largest 35 metros→
- PROVED this hypothesis

8 Reasons Metro DC is THE Model by Which We Are Building the US & Global Metros

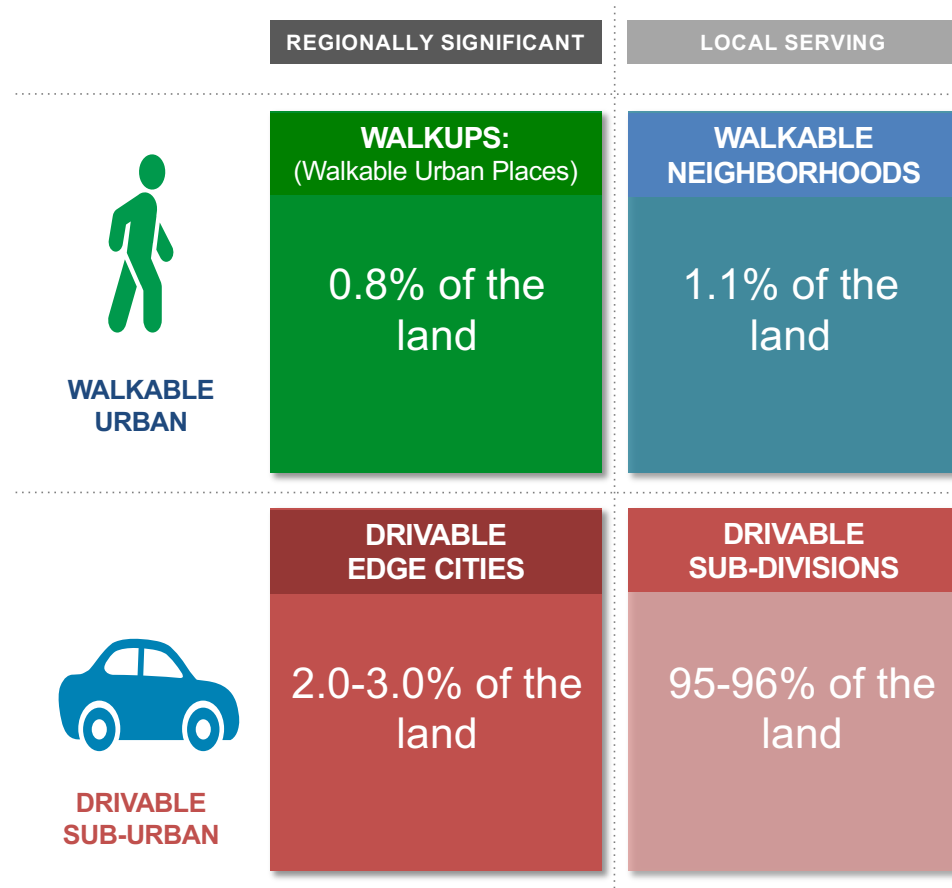
- 1. Consistently Top 5 in Foot Traffic Ahead of 35 largest metros
- 2. Development community GETS walkable urbanism
- 3. Early Downtown and massive Downtown Adjacent development
- 4. Transit investment, largest transit investment in US (until LA)
- 5. Favored Quarter & *NON-Favored Quarter* development
- 6. Urbanization of the suburbs...global leader
- 7. Walkable urban place models, all accessible by a Metro card
- 8. Economic development incentive model for the US & globe

Places Platform Databases for 12 In-depth Metro Reports
and series of 5 **Foot Traffic Ahead Surveys** of 35 Largest Metros

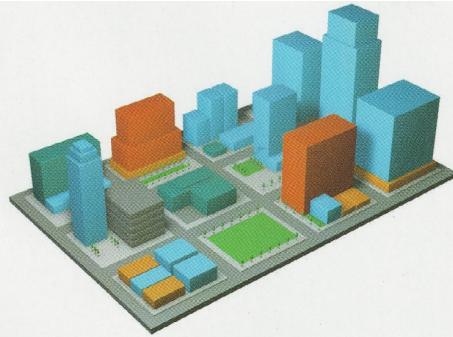


The Places Lens: Form & Function of Metropolitan America: Metro Washington

Metropolitan Land Use Options

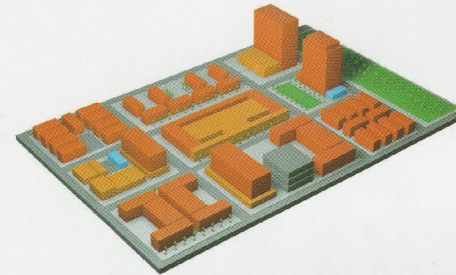


Center City WalkUP Types



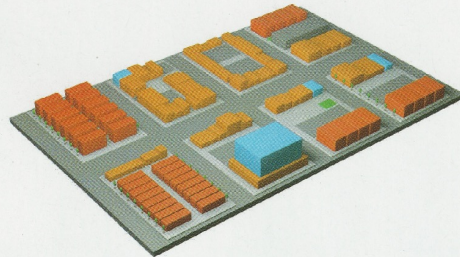
DOWNTOWN

The traditional center of the metro's central city. Dallas-Fort Worth is one of the rare "binary" metropolitan areas, like Minneapolis-St. Paul, so it has two center city downtowns.



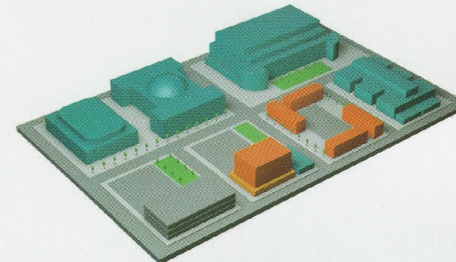
DOWNTOWN ADJACENT

Neighborhoods surrounding the downtown in a 360-degree fashion, such as Dupont Circle in Washington, D.C.; Capitol Hill in Seattle; Uptown in Dallas; and the Near Southside in Fort Worth.



URBAN COMMERCIAL

Local-serving commercial districts in the early 20th century that went into decline in the late 20th century but have experienced a recent revival as regionally significant WalkUPs, such as Fourth Avenue NE in Washington, D.C.; West Hollywood in Los Angeles; and Knox-Henderson in Dallas.



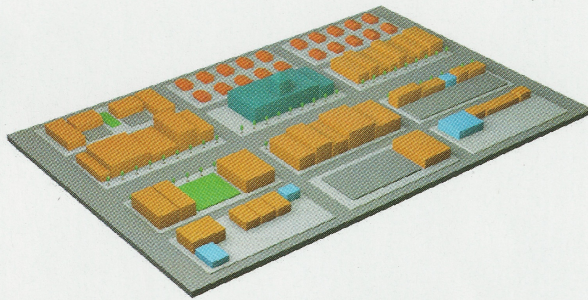
URBAN UNIVERSITY

Institutions of higher learning that have embraced their community, such as UCLA, Penn and Drexel in West Philadelphia, and Georgia Tech in Atlanta. SMU, the University of Texas at Arlington, and the University of North Texas at Dallas aspire to a similar role.

5th WalkUP Type: Innovation District, usually appended to Urban University

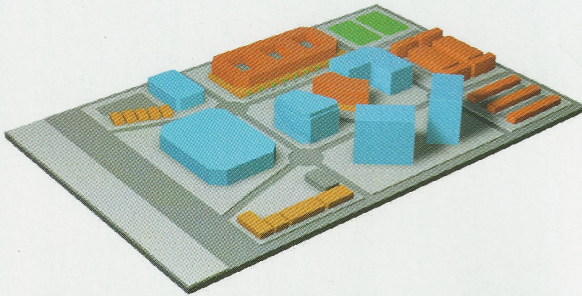
Urbanizing Suburban WalkUPs

Between 30-50% of Future
Absorption of Office,
Multi-family and Retail in 2020's



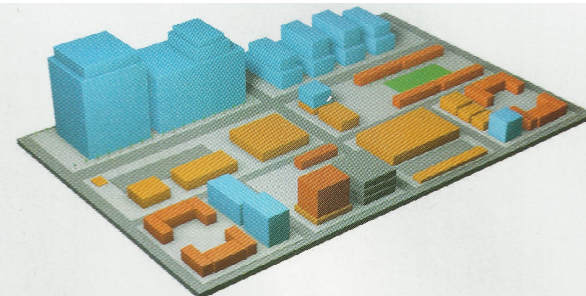
MAJOR TOWN CENTER

Eighteenth- and 19th-century towns that the metro area grew to include and that have enjoyed a recent revival, such as Evanston in metro Chicago, Bellevue in metro Seattle, Decatur in metro Atlanta, and Grapevine in Dallas-Fort Worth.



REDEVELOPED DRIVABLE SUB-URBAN

Strip and regional malls that have urbanized, such as Belmar in metro Denver; Tysons Corner in metro Washington, D.C.; Perimeter Center in metro Atlanta; and Addison Circle and Cityplace in Dallas-Fort Worth.



GREENFIELD/BROWNFIELD DEVELOPMENT

A complete WalkUP built from scratch, such as Reston Town Center in metro Washington, D.C.; Atlantic Station in metro Atlanta; Easton Town Center in metro Columbus, Ohio; and Legacy (greenfield) and Victory Park (brownfield) in Dallas-Fort Worth.

#1-FOOT TRAFFIC AHEAD 2022 RESULTS

| Metro Area | Rank | Office Share | Multifamily Rental Share | Retail Share | For Sale Share | Foot Traffic Ahead Index |
|---------------|------|--------------|--------------------------|--------------|----------------|--------------------------|
| New York | 1 | 73.2% | 70.3% | 59.1% | 17.9% | 100.0 |
| Boston | 2 | 47.3% | 44.4% | 11.2% | 24.6% | 74.3 |
| Washington DC | 3 | 55.6% | 34.1% | 12.4% | 8.6% | 72.6 |
| Seattle | 4 | 60.0% | 37.1% | 19.4% | 12.4% | 69.4 |
| Portland | 5 | 54.3% | 36.7% | 26.7% | 20.8% | 68.5 |
| San Francisco | 6 | 38.0% | 35.4% | 22.2% | 21.2% | 66.2 |
| Chicago | 7 | 52.7% | 44.8% | 10.8% | 15.2% | 65.9 |
| Los Angeles | 8 | 42.3% | 30.5% | 21.3% | 17.3% | 59.0 |
| | | | | | | |
| Wt. Avg | | 42.10% | 30.40% | 18.50% | 11.70% | 22.6 |

#1: Walkable Urban Metro DC: *Bump in Road* in Pandemic

| Metro WU \$/SF Price Premiums | Office \$ rent/SF WU Premium | M-F \$ rent/SF WU Premium | Off/MF Weighted Avg rent/SF WU Premium | For-Sale Housing \$/SF WU Premium |
|-------------------------------|-------------------------------|------------------------------|--|-----------------------------------|
| Washington, DC (#3 of 35) | 73% (+3 % point from YE 2018) | 41% (-8% point from YE 2018) | 69% (-4 % point from YE 2018) | 90% (-16% point from YE 2018)) |
| 35 Metro Weighted Avg | 44% (-4%) | 41% (-10%) | 47% (-9%) | 47% (-9%) |

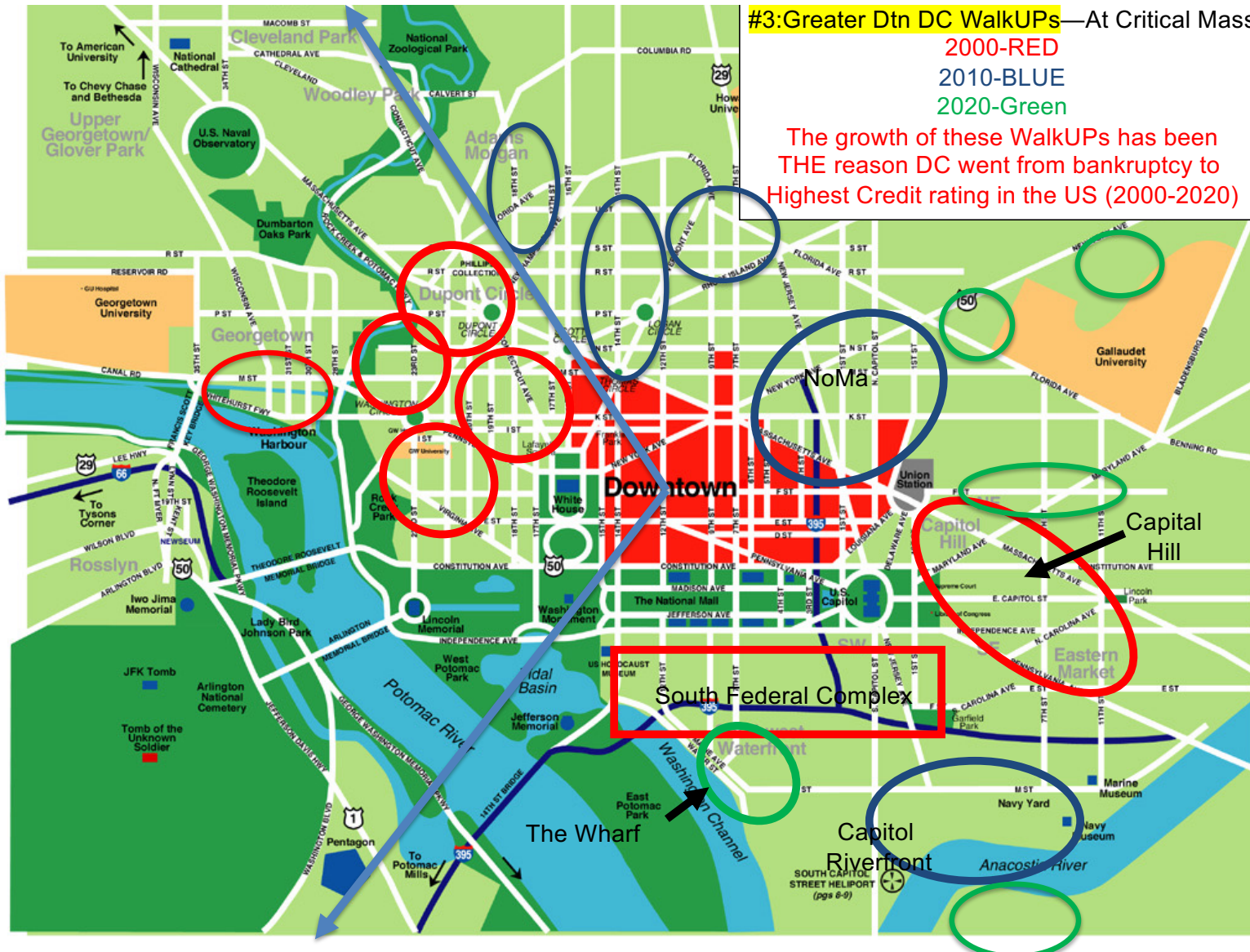
| Market Shift Share | 2018 (2011-2018) | 2021 (2019-2021) | 35 Metro (2019-2021) |
|--------------------|------------------|------------------|------------------------------|
| Office/MF | 1.92 | 1.2 | 2.8 (only SEA & SF lost M/S) |

Conclusions for #3 Metro DC:

1. Walkable urban product continues to have significant rent/sales price premium on \$/SF basis over drivable sub-urban...but
2. Compressed for the first time since 2008, probably due to Covid (flight to fringe/larger homes), civil unrest in walkable urban downtown (Downtown & Golden Triangle BID) and the premiums in 2018 were too large and needed to narrow
3. Lower market shift share for same #2 reasons above
4. “V” rebound post-Covid or “L” post-Covid??? We think a “V”

#2: Washington Real Estate Community *Does* Walkable Urban Development: Examples

- JBG Smith, largest developer in region, nearly 100% of pipeline is walkable urban...NOT 20 years ago
- Federal Realty & Edens have huge portfolios of strip retail but pipeline is predominantly walkable urban places (Pike and Rose & Mosaic District), converting their portfolio toward walkable urbanism
- Mid-sized firms like Akridge, Stonebridge Carras, Jair Lynch & EYA, "life within walking distance"
- Small firms like J Street & Red Brick
- Most homebuilders have separate walkable urban divisions (Toll City Living, etc.)...entirely different strategy for WU than SDU
- @80-90% of developers know and ONLY develop WU product

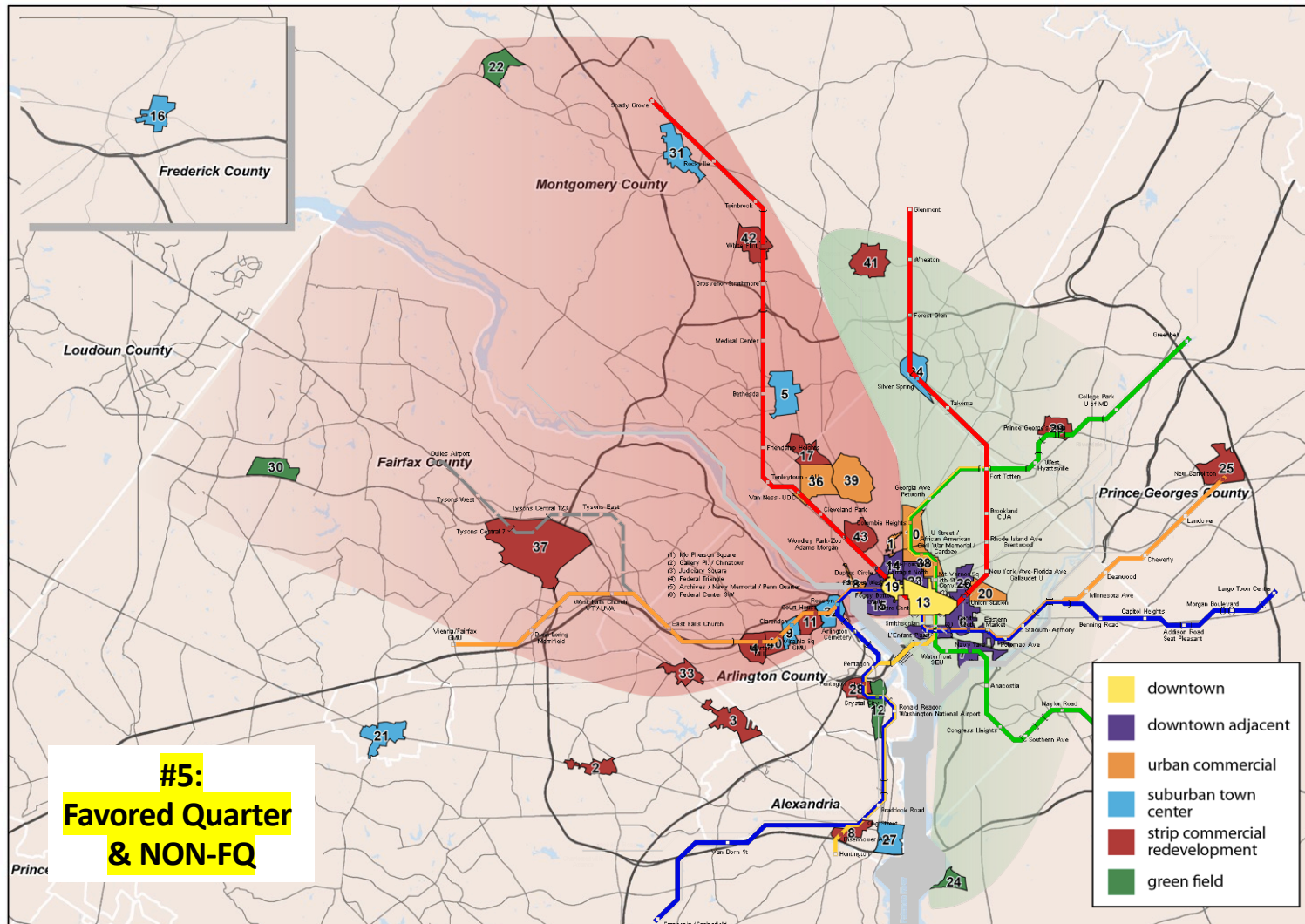


#4: Transit in Metro Washington

- 32 Clicks of Growth (1976-2022)..versus 15 clicks for SF & ATL
- <https://ggwash.org/view/67044/happy-birthday-metro-watch-metros-evolution-since-1976-in-this-slideshow>

#4—Purple Line as Step Toward Rail Beltway





REGIONALLY SIGNIFICANT WUPs



#6: Urbanization of Suburbs Which Globally Starts in Arlington

Regionally Significant WalkUPs:

1. Ballston
2. Clarendon
3. Virginia Sq.
4. Courthouse
5. Rosslyn
6. National Landing (Pentagon City & Crystal City)
7. Shillington

Local-serving Corridors:

1. Columbia Pike
2. Langston (former Lee) Hwy



Arlington Starts Transforms in 1980s: Rail Transit, Overlay Zoning & Place Mgmt



**Two blocks north and south, single family housing that is
highest priced in Arlington on \$/foot basis**

Best of Two Worlds

11% of the land=50%+ of government revenues

Among best schools in Country

The Boro, Tysons The Meridian Group



Suburban Town Center: Silver Spring, MD

Metro Washington, DC



Greenfield: National Harbor

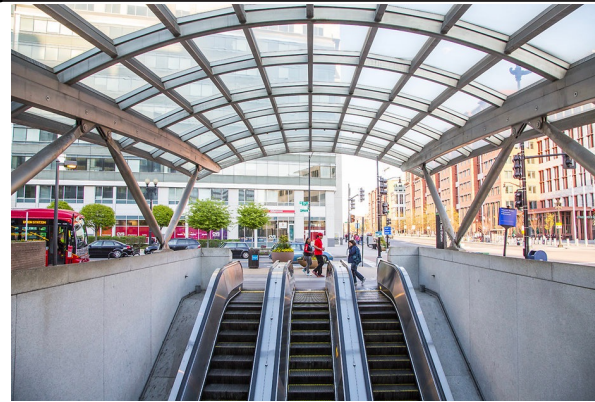


Suburban Town Center: Bethesda, MD

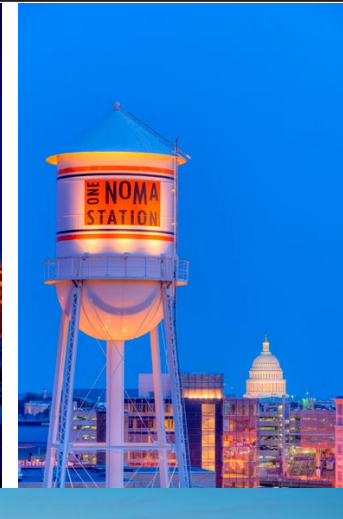
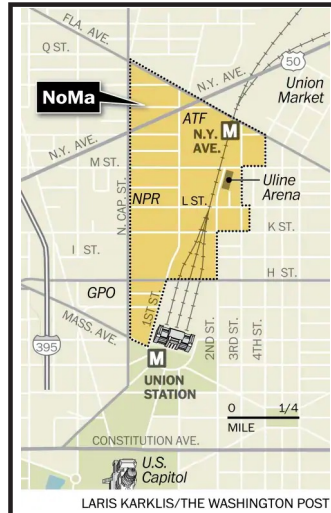


#7: Global WalkUP Models

Dtn Adjacent: Capitol Riverfront



Downtown Adjacent: NOMA



Greenfield Development: Reston Town Center, Metro Washington

Grand Daddy of Green Field WalkUPs



Could Be Anywhere Strip Mall: White Flint Metro Station, MD



BEFORE REDEVELOPMENT



AFTER REDEVELOPMENT

Pike and Rose, The Pike District (Federal Realty)

Replacing Mid-Pike Plaza Strip Mall

- Office, Rental Apartment & Retail by NYSE REIT
- Used to Only Own Strip Malls,
- Now 100% Pipeline is Walkable Urban



Drivable Sub-Urban Redevelopment

Mosaic District, Fairfax County, VA



The Boro, Tysons The Meridian Group



#8: Economic Dev. Global Model--National Landing, Home of Amazon HQ2, then Raytheon and Boeing



However, Only Buddha is Perfect: 5 Issues to Address

- **Downtowns got crushed** in pandemic/civic unrest...20-40% of office space will have to be converted, probably to residential (BIG haircut),
 - take 3-8 years but better outcome for downtown and city tax base.
 - Recent tax forgiveness plan is a baby step to an answer...far too few resources
 - Dtn Adjacent did better! Due to balanced inventory portfolio
- **Innovation District Needed in city** for the jobs/businesses of the mid-21st century. Penn West Equity and Innovation District (JV of GWU, Golden Triangle BID and city)
- **Need for new WalkUPs in city**, due East...Perhaps selectively lift height limits.
 - Union Station redevelopment → 10 years to start!!! Pay for the deck over tracks
 - Minnesota Metro Station/Pepco plant on Anacostia River (Non-FQ)
 - Former RFK station
- **Get real about homelessness**, such as zero sleeping in public places
 - NoMa model
 - Involuntary institutionalization...follow NYC proposed model to judge effectiveness
- **UPZONING at rail transit stations and strip mall conversion** for MORE affordable/socially equitable housing, at least 3-5% of metro land upzoned to flood WU land market to drive down land prices
 - California state-mandates overriding local zoning is model
 - Rail Station Overlay Districts (Churchillian Vigor of Jay H)