Greenprint of Growth

Summary of Findings

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STUDY OBJECTIVES

Quantify and **qualify** the nature of regional development trends

Ground truth the anecdotal information prevalent in the marketplace

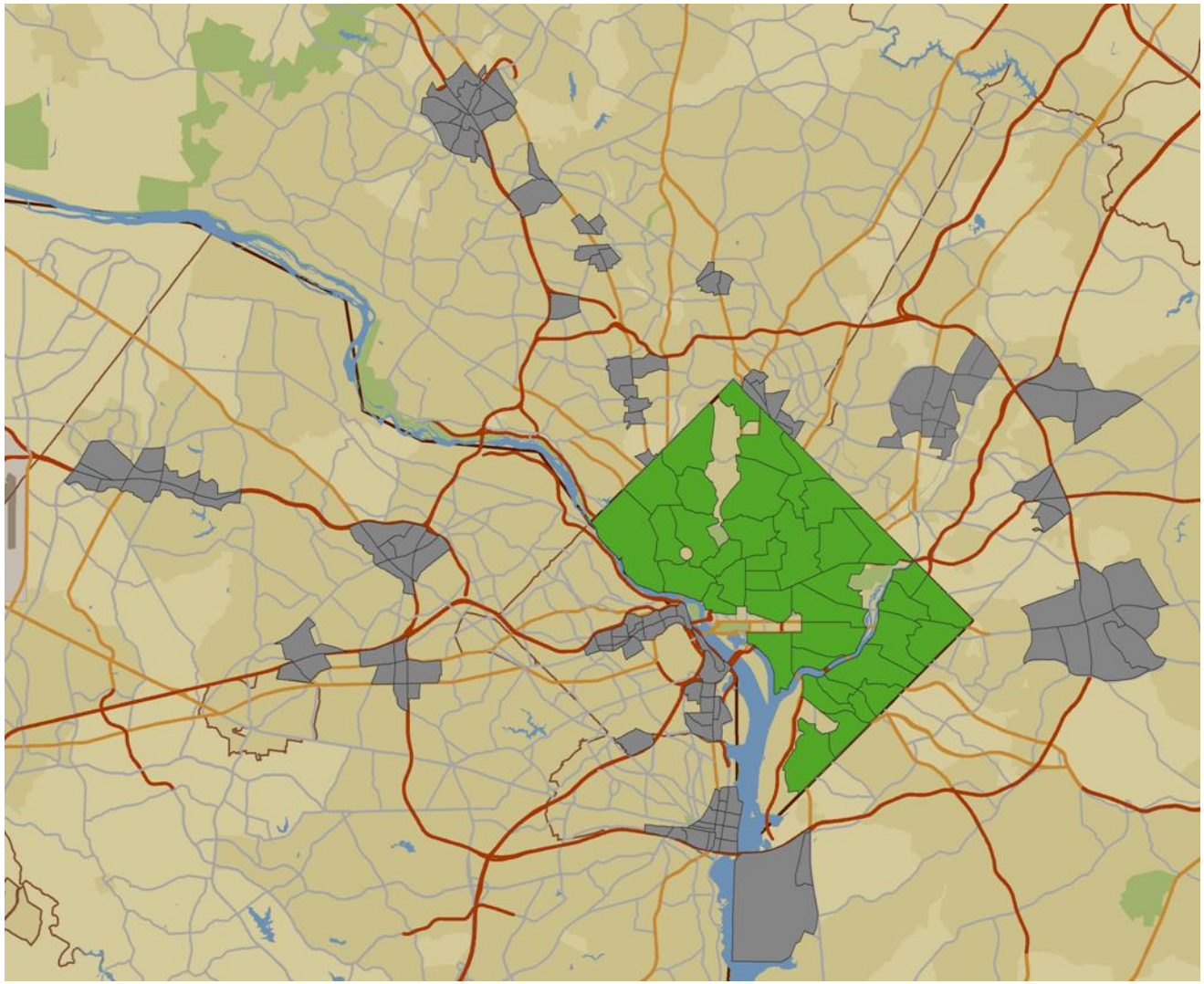
Forecast the likely development activity at and around Green Line Corridor station areas through 2030

Estimate the number of jobs and amount of tax revenue to be created at and around Green Line Corridor station areas through 2030

The Re-Urbanization of Real Estate

DENSIFICATION ALREADY UNDERWAY

THE REGION IS REORIENTING ITS GROWTH PATTERNS



About **20%** of the region's household **growth** between 2005 and 2015 is currently taking place within **walkable, urban, transit-oriented areas.**

The growth of **Gen Y**, increased demand for **Transit-Oriented Development**, and demand for **sophisticated urbanity** in part driving this trend.

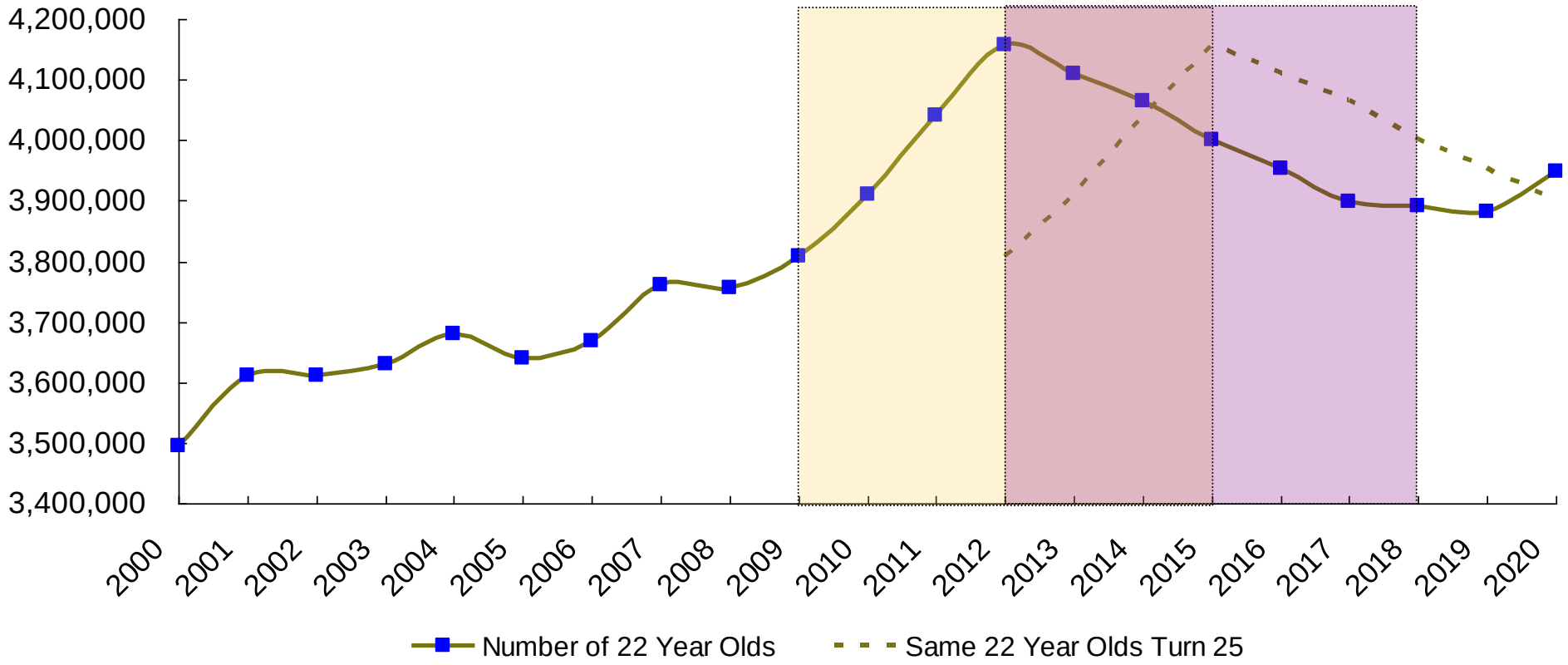
Source: MWCOG Regional Activity Centers, RCLCO

GEN Y DRIVING THE FUTURE OF REAL ESTATE

RE-URBANIZING AMERICA THROUGH RECOVERY

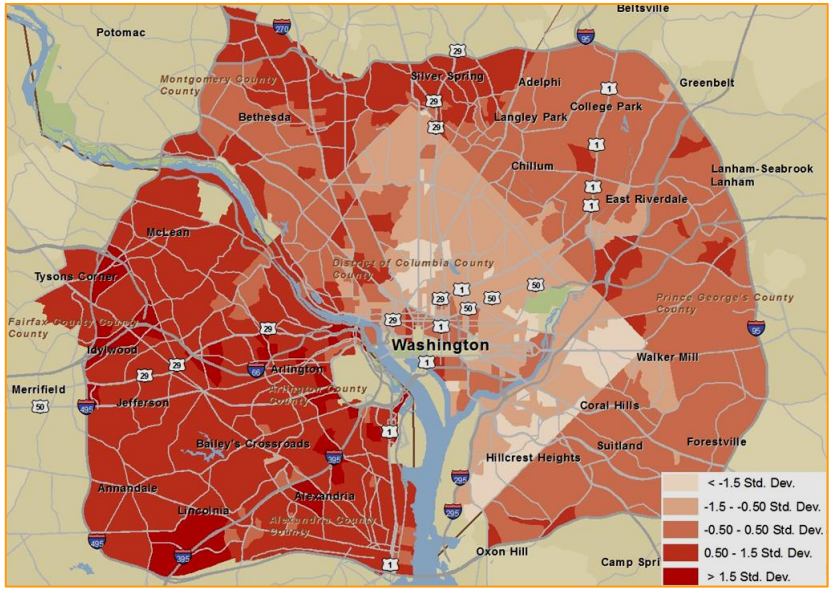
RCLCO Consumer Research shows:

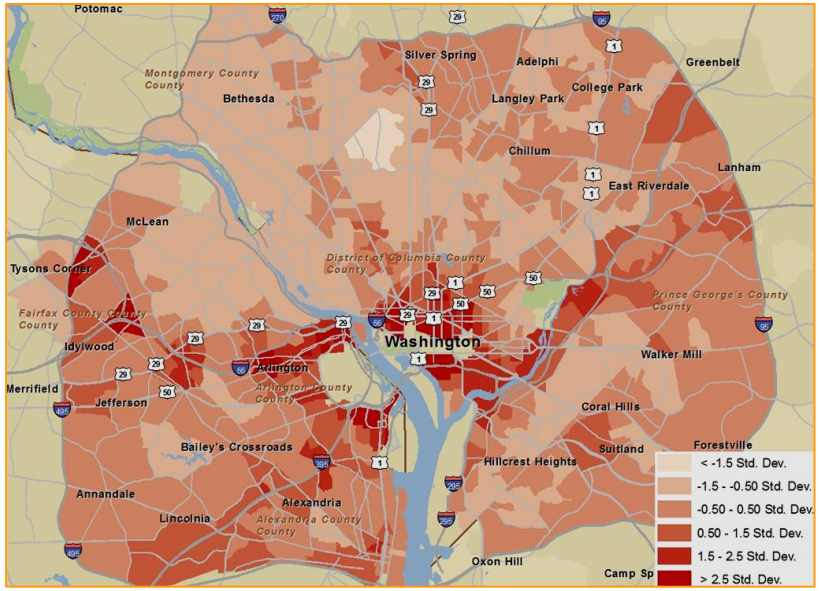
- 77% of Generation Y plan to live in an Urban Core, and is re-urbanizing America year over year
- This is where the future of growth is – capturing Gen Y will be critical to economic vitality through 2050



NOTE: Number of 22-year olds is based upon birth rate and does not factor in death rates and migration.
SOURCE: U.S. Centers for Disease Control and Prevention

CORE TO ADD NEARLY 150,000 HHS BY 2030
HH GROWTH DRIVEN BY GEN Y, MILLENIALS





The D.C. region's historical Favored Quarter has emanated due west.

Growth in the post 1960s period followed this trajectory.

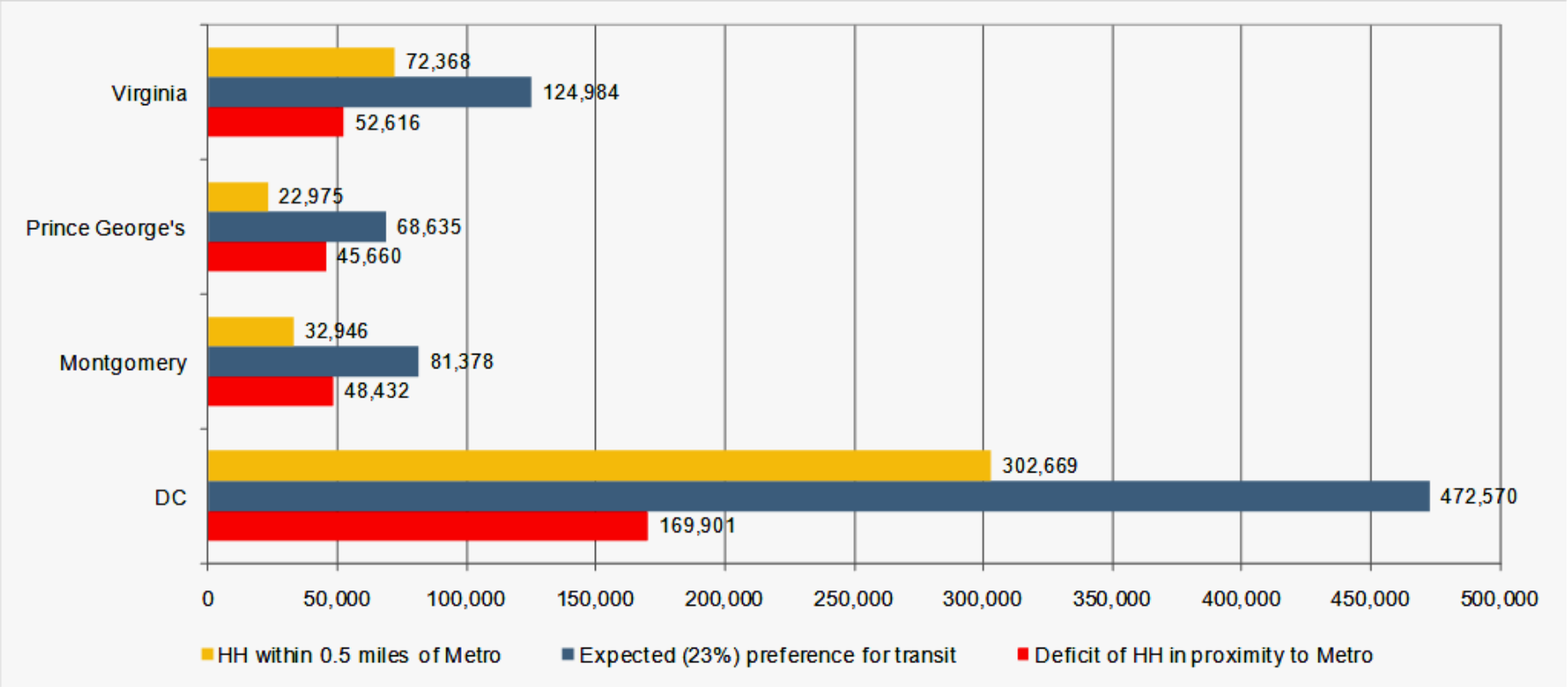
Boomers and retirees may continue to favor the westward trajectory of historical growth.

Younger households and new economy employment is redrawing the investment map.

Gen X and Gen Y are driving demand for urban locations.

Bulk of household growth through 2030 driven by 18-34 year old households.

DC/MD/VA METRO AREA
MORE DEMAND FOR TOD THAN SUPPLY



SOURCE: RCLCO

Implications for Development in Washington, D.C.

CONSIDERATIONS

The questions that the Capitol Riverfront BID have asked are even more important given the above background

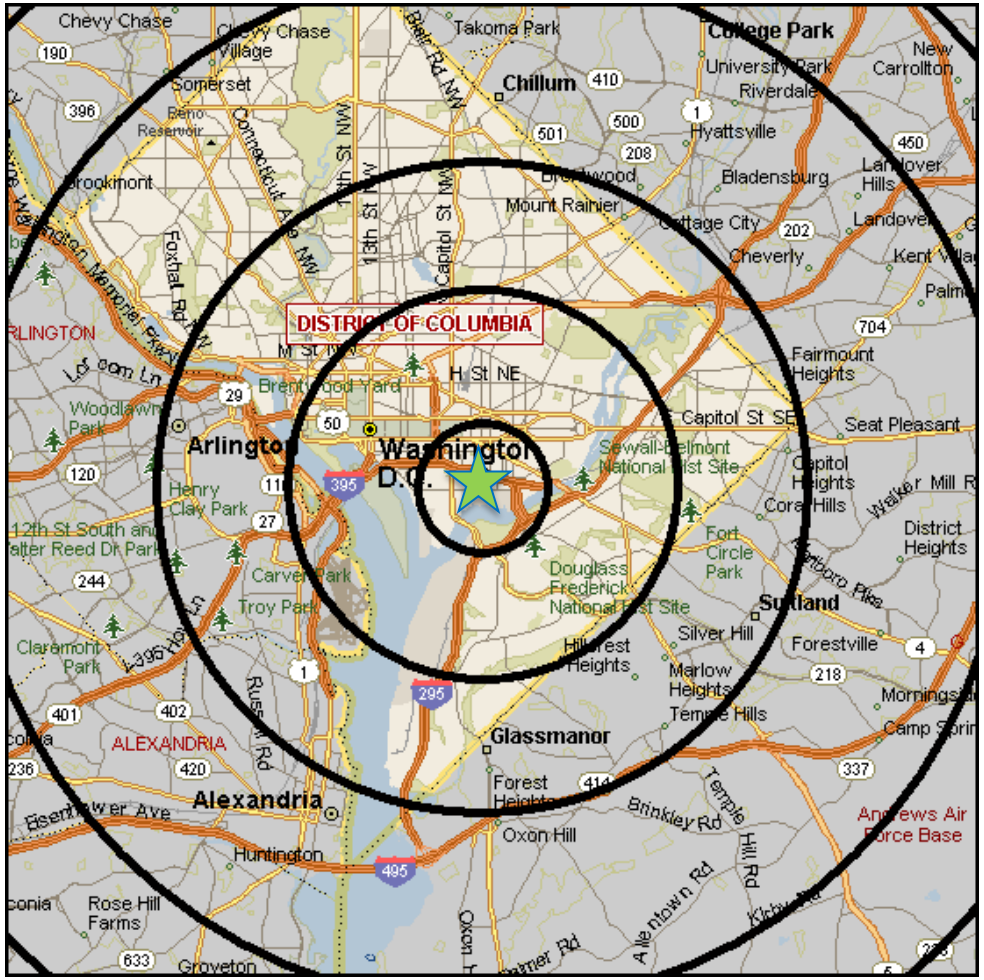
They raise questions of:

Regional (and global) **competitiveness**

Economic **sustainability**

District **fiscal health**

Public **return on investment**



The Green Line - Redrawing the Investment Map

FOCUS ON THE FACTS
A CHANGING REALITY

CONVENTIONAL WISDOM

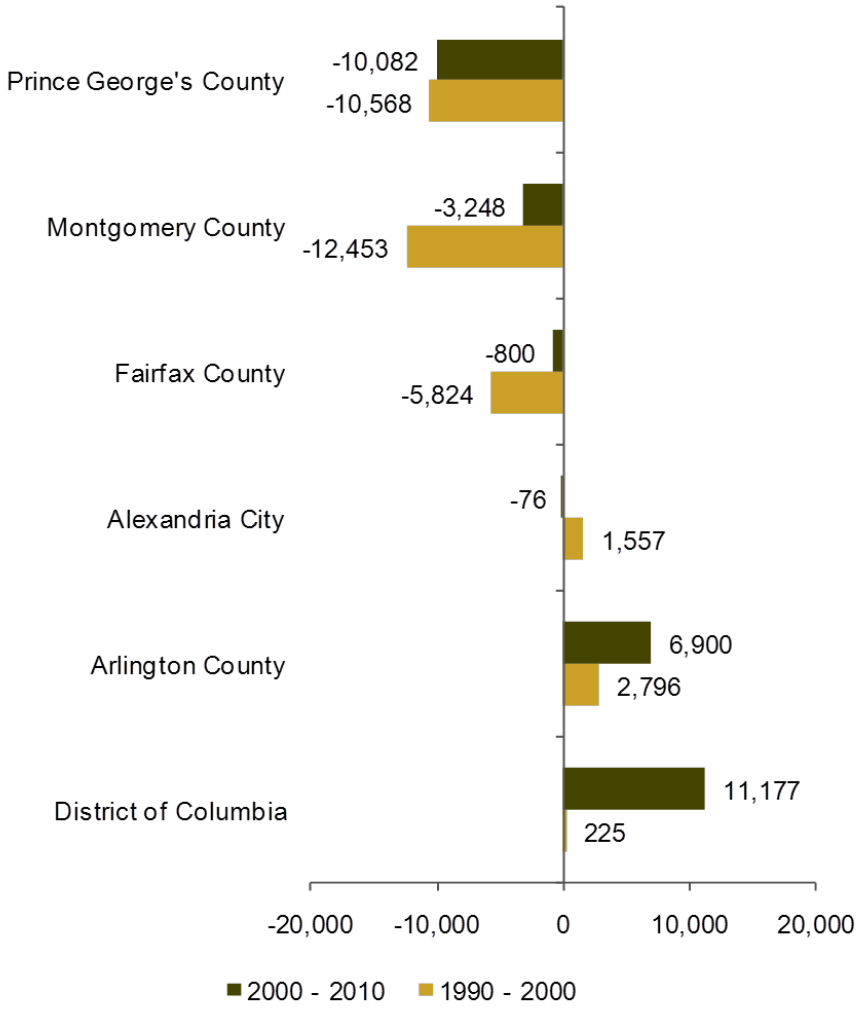
1. Young professionals are primarily flocking to the Rosslyn-Ballston corridor.
2. The District's residential growth is concentrated in NW D.C. along the Red Line.
3. The District's Red Line is the "high-income" corridor.
4. The Green Line corridor economy is driven by public sector jobs.
5. The region's future growth will be concentrated westward.

CURRENT TRENDS

1. The Green Line corridor outcompeted the Rosslyn-Ballston corridor at attracting young professionals in the 2000's.
2. Green Line residential growth outpaced NW D.C. areas along the Red Line in the 2000's.
3. New Green Line households have top-of-market incomes.
4. The Green Line is a magnet for high-paying, private sector jobs.
5. The Green Line is and will continue to be a regional economic engine and growth corridor.

D.C. – ONCE AGAIN A DESTINATION OF CHOICE

18-34 YEAR OLD HOUSEHOLD PREFER A D.C. ADDRESS



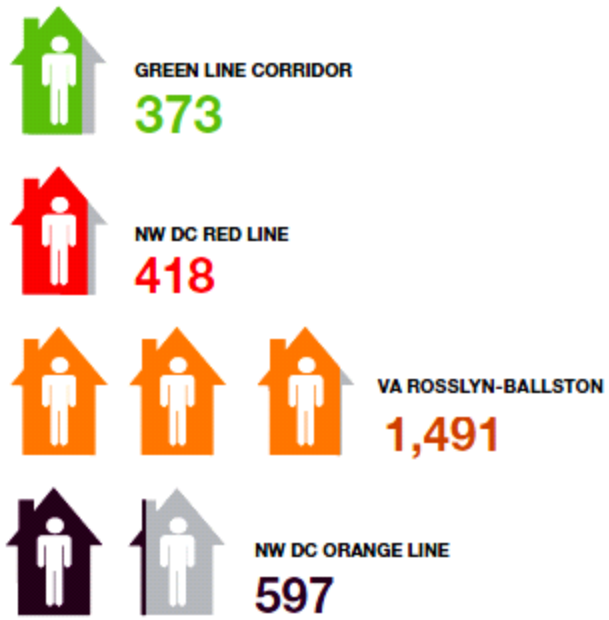
Washington, D.C. has re-emerged as a regional and national destination for young, affluent, professional households.

It's population resurgence has manifested in a percentage growth in 2010 that was the **highest in the nation**.

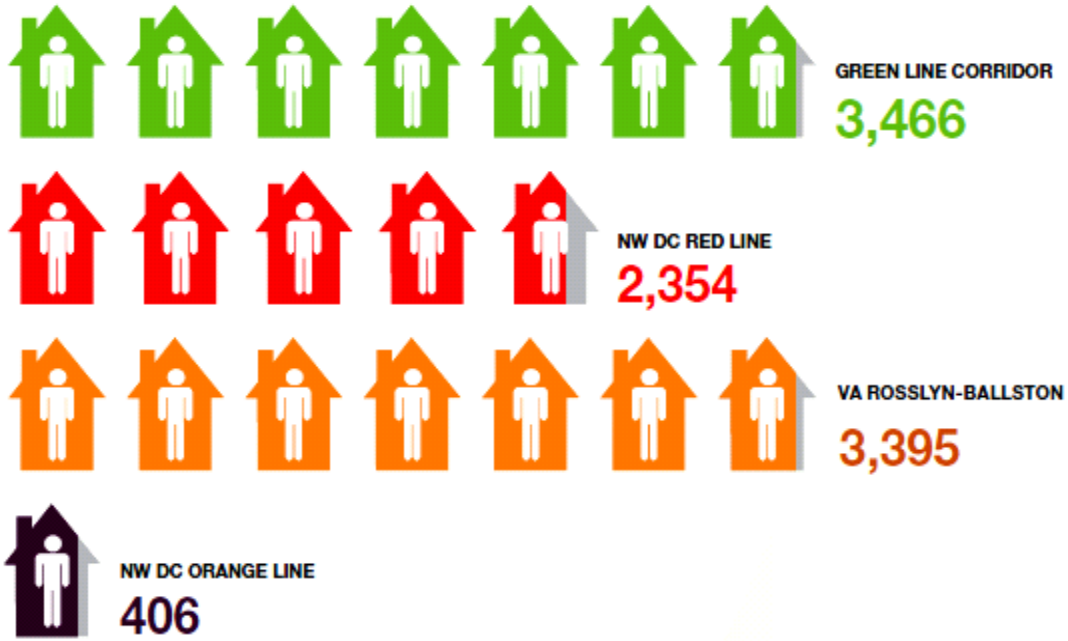
While D.C. recaptured the mantle as the region's growth market, the Green Line station areas repositioned themselves as destinations of choice.

THESE HOUSEHOLDS ARE CHOOSING THE GREEN LINE OVER ALL OTHER OPTIONS

1990-2000

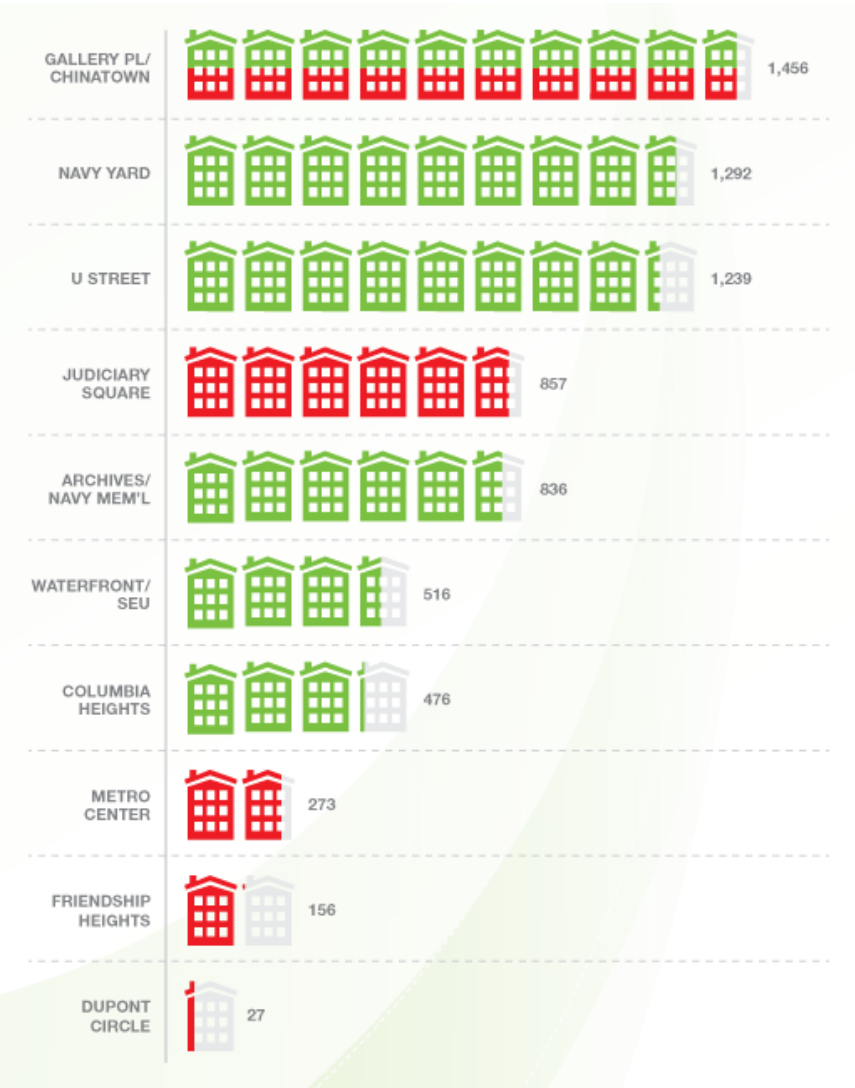


2000-2010



THE GREEN LINE CORRIDOR LEADING THE WAY

SETTING THE BAR FOR URBAN AND TOD DEVELOPMENT



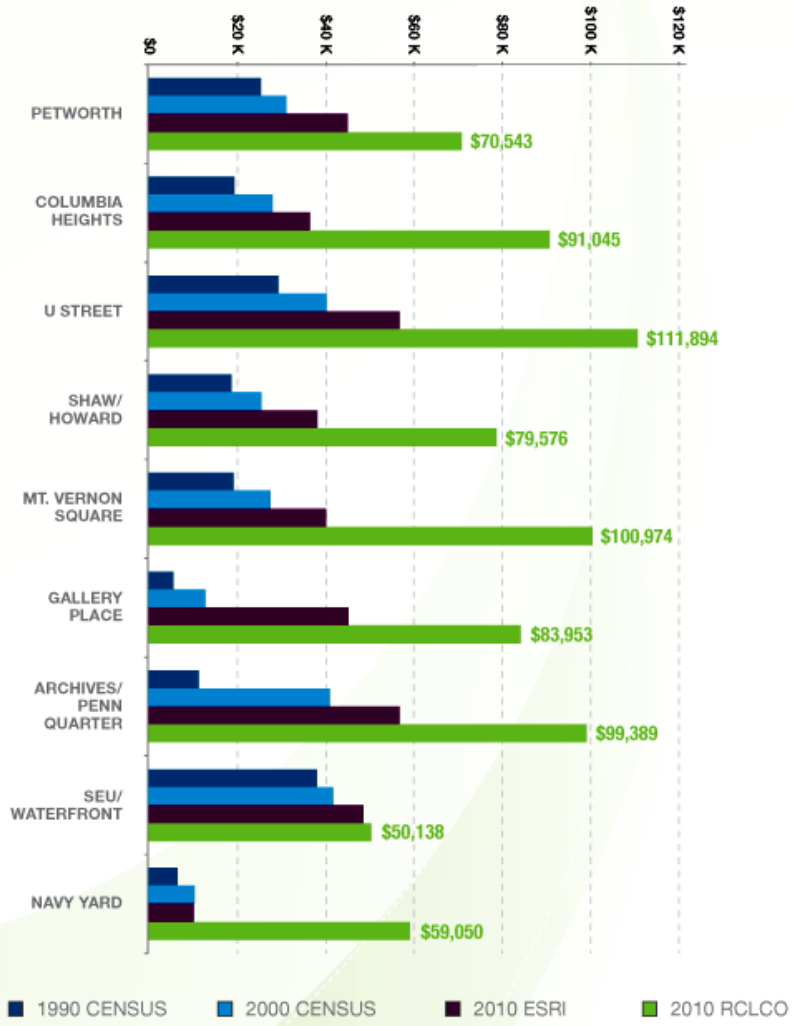
Over the past ten years,

multifamily units added near **Green Line Corridor station areas** outpaced Northwest D.C. Red Line station areas.

Over the next 20 years, the **Green Line Corridor study area** may see market-driven demand for **8,100** housing units, **4.35 million SF** of office and approximately **400,000 SF** of retail.

Unveiling the New Green Line Householder

THE NEW GREEN LINE HOUSEHOLDER
HIGH INCOMES, HIGH STANDARDS

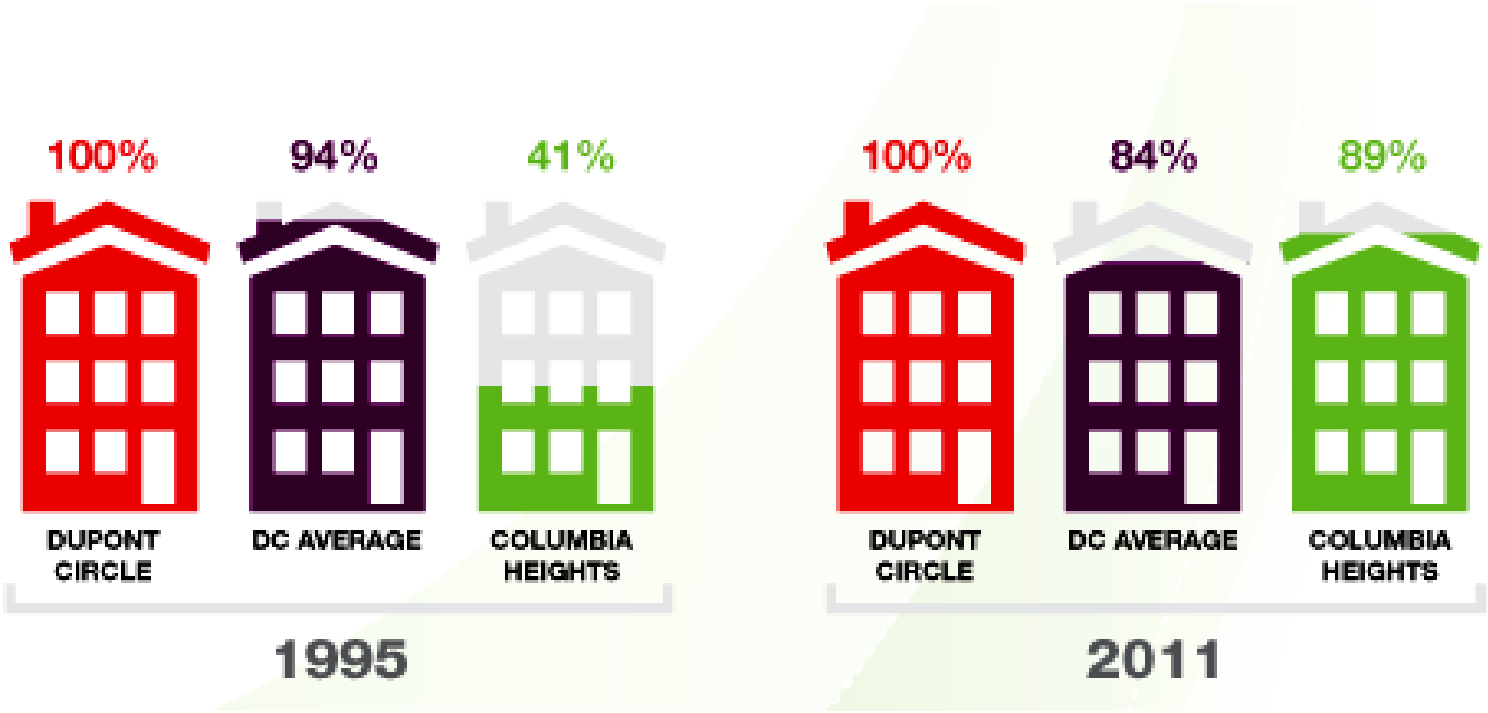


New households moving into Green Line station areas may **have incomes that are twice as high as existing data suggests** prevails in these submarkets.

Restaurants and retailers that can locate proximate to this **spending power** and household growth concentration may have the advantage of harnessing an **underserved high-income market**.

THE NEW 100% LOCATION?
SOME GREEN LINE STATIONS SET TOP-OF-MARKET PRICES

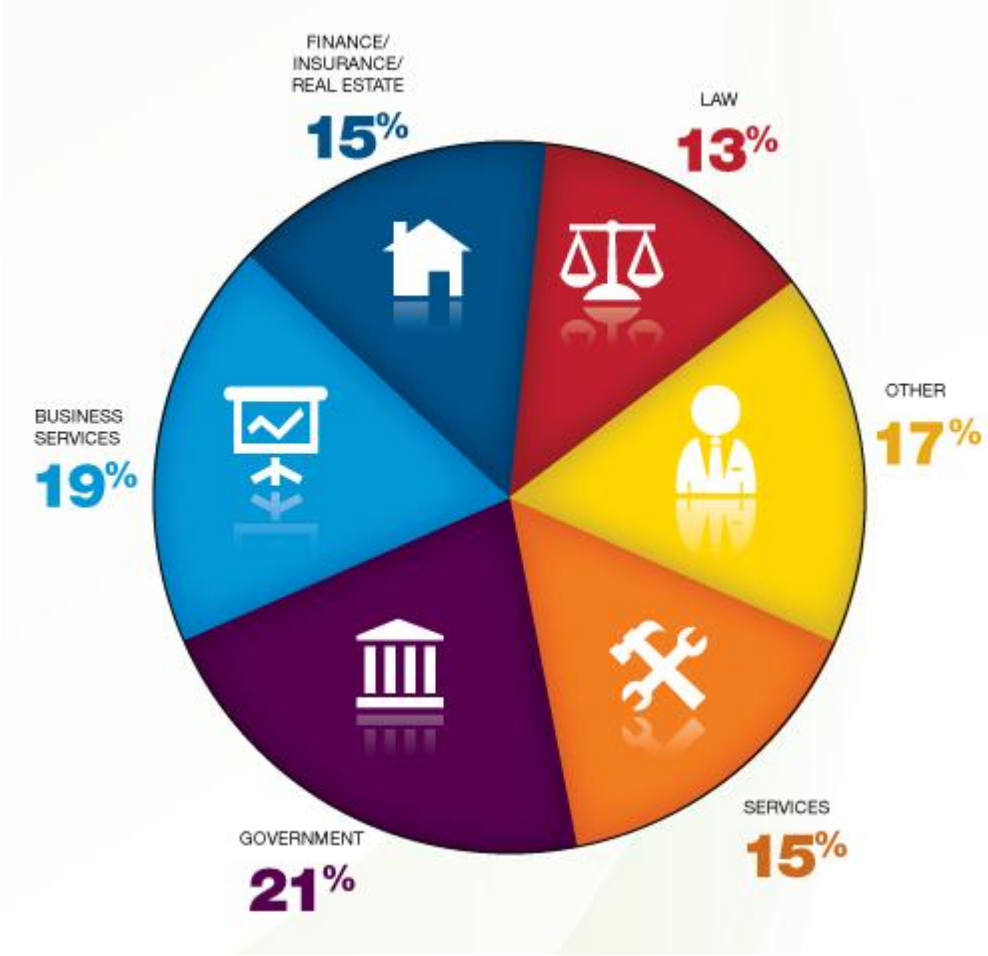
By 2010, the **for-sale multifamily pricing** at certain Green Line stations **caught up to and even eclipsed** pricing in the **top of market**, high-priced Dupont Circle neighborhood.



The Green Line as an Employment Destination

JOBS - THE GREEN LINE EFFECT

THE GREEN LINE – A MAGNET FOR HIGH-WAGE JOBS

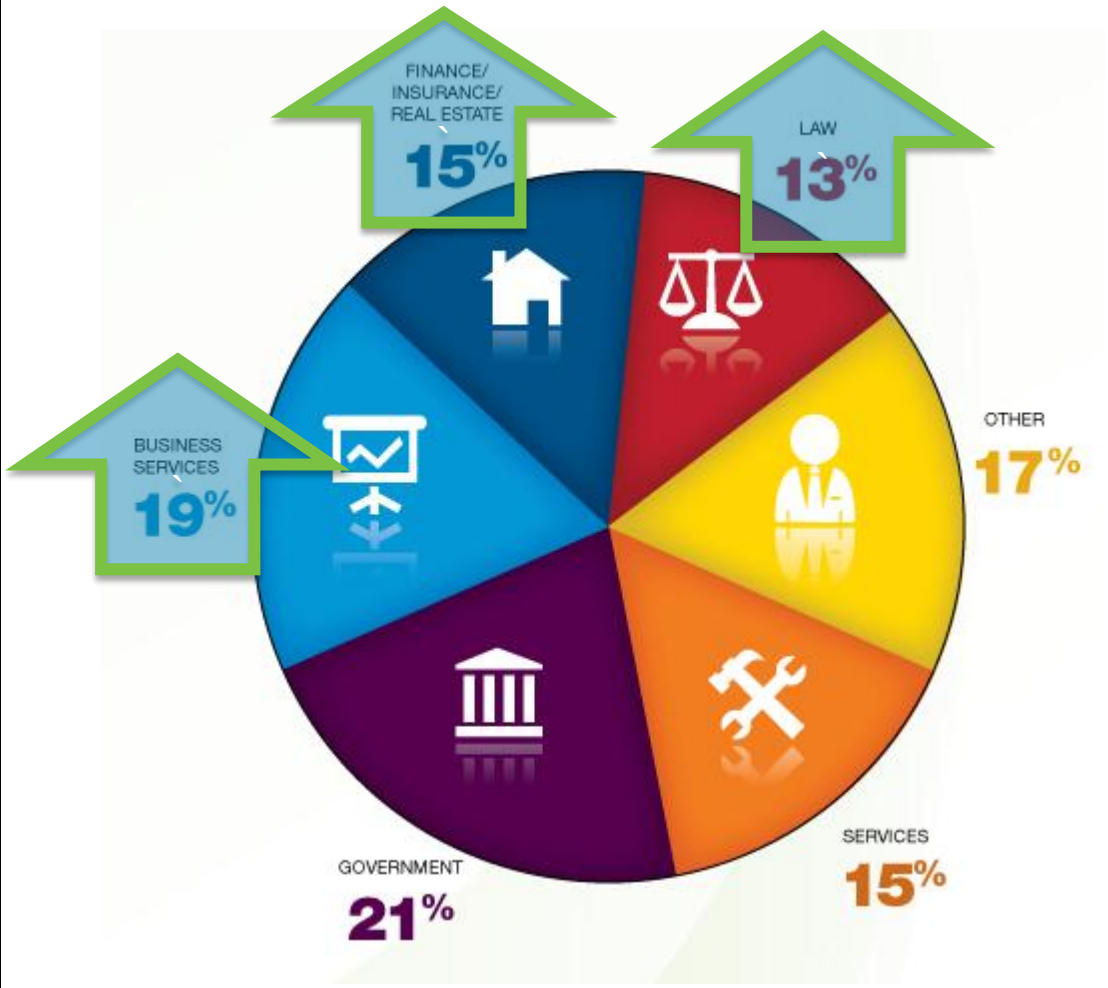


Of the **24,600** net new jobs added to the District of Columbia between 2004 and 2010, **11,200** of them were added **within a quarter mile of the Green Line** station areas.

That represents **46% of the city's total employment growth**.

JOBS - THE GREEN LINE EFFECT

THE GREEN LINE – A MAGNET FOR HIGH-WAGE JOBS



Real Estate, **Legal**, **Architecture, Engineering**, **Management**, and **Scientific/Technical** jobs all gravitated to the station areas under investigation in numbers that were **far in excess** of their capture in either **NW D.C. Red Line station areas in D.C., Orange Line station areas in D.C., or the R-B corridor in Virginia**.

JOBS – THE GREEN LINE EFFECT

THE GREEN LINE – A MAGNET FOR HIGH-WAGE JOBS

The above findings suggests in clear terms that the **Green Line** station areas, are in fact the **most competitive locations in the District for high wage employment growth**. They are the places where professional employment – *private sector professional employment* – wants to locate, and **where employers should be looking** for locations to meet this demand.

THE FUTURE OF GREEN LINE REAL ESTATE

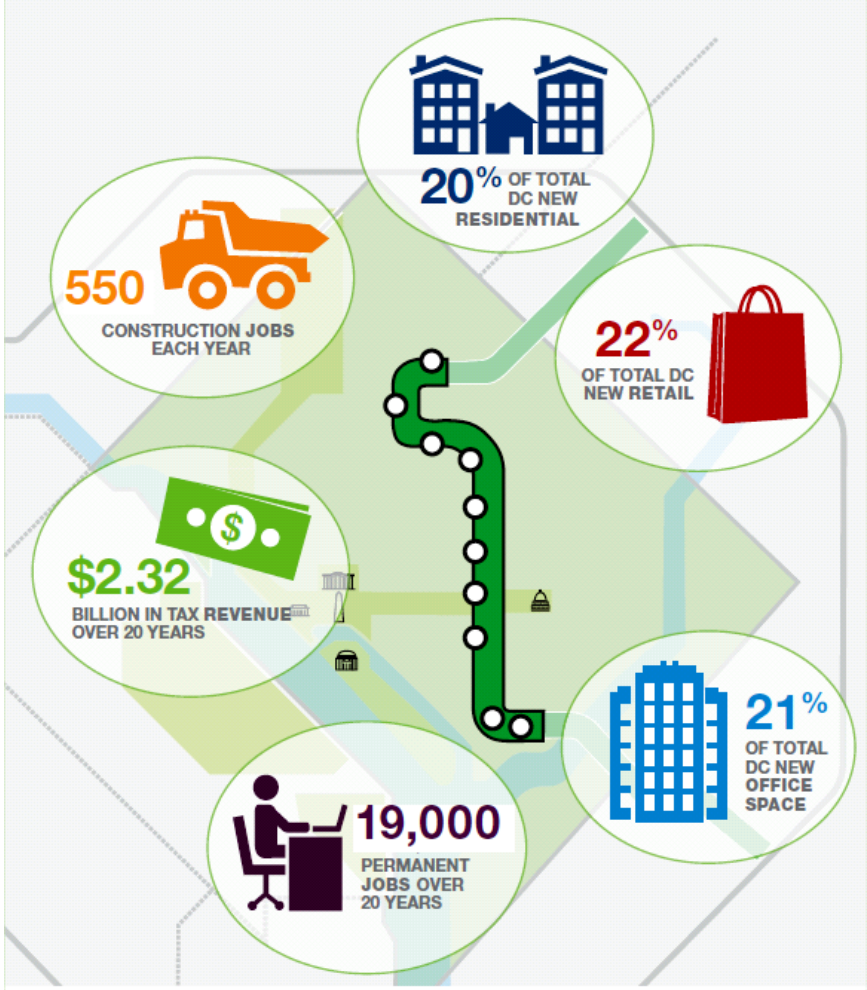
PROJECTIONS OF FUTURE DEVELOPMENT ACTIVITY

Over the next twenty years in the Green Line Corridor, RCLCO forecasts market-driven demand for:

- 8,100 housing units (20%)
- 4.35M square feet of office space (21%), and approximately
- 400,000 square feet of retail (22%)

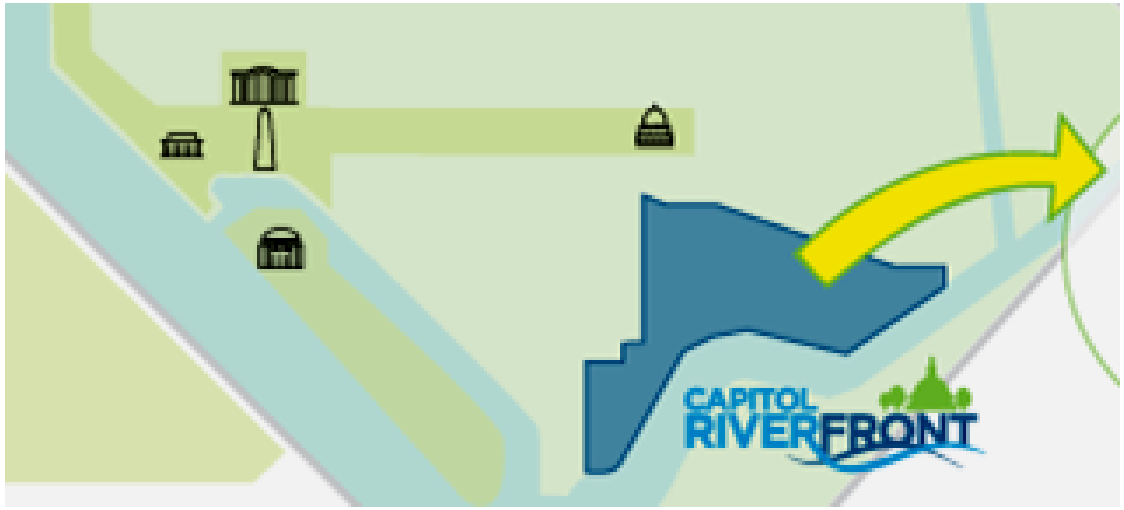
As well as

- 550 construction jobs
- $2.32 billion in tax revenue, and
- 19,000 permanent jobs



THE FUTURE OF CAPITOL RIVERFRONT BID

PROJECTIONS OF FUTURE DEVELOPMENT ACTIVITY



Over the next twenty years in the Capitol Riverfront BID, RCLCO forecasts market-driven demand for:

- 6,000 housing units
- 5.3M square feet of office space, and approximately
- 287,000 square feet of retail

As well as…

- 21,000 permanent jobs
- $2.28 B fiscal impact

SUMMARY
PERCEPTIONS VERSUS CHANGING REALITIES

CONVENTIONAL WISDOM

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IMPLICATIONS

HARNESSING THE POTENTIAL IMPACT OF THE GREEN LINE

The Green Line Corridor and the entirety of the Capitol Riverfront are poised to add **billions of dollars** in tax revenue to the District while adding **thousands of jobs and housing units** over the next two decades.

The public sector paved the way 20 years ago, and the **private sector has responded** in a major way.

We are at the beginning of the next **30 years of continued strong investment** along the Green Line Corridor

The **Green Line Corridor** has already cemented its role as a **destination of choice** for employers and their employees.

The Green Line Corridor plays a significant role in the future of the regional economy, and **the future is now**.

Greenprint of Growth

Summary of Findings

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