



State of the Arlington Development Market

Presentation to the Washington Building Congress

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Introductions



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Arlington Economic Development

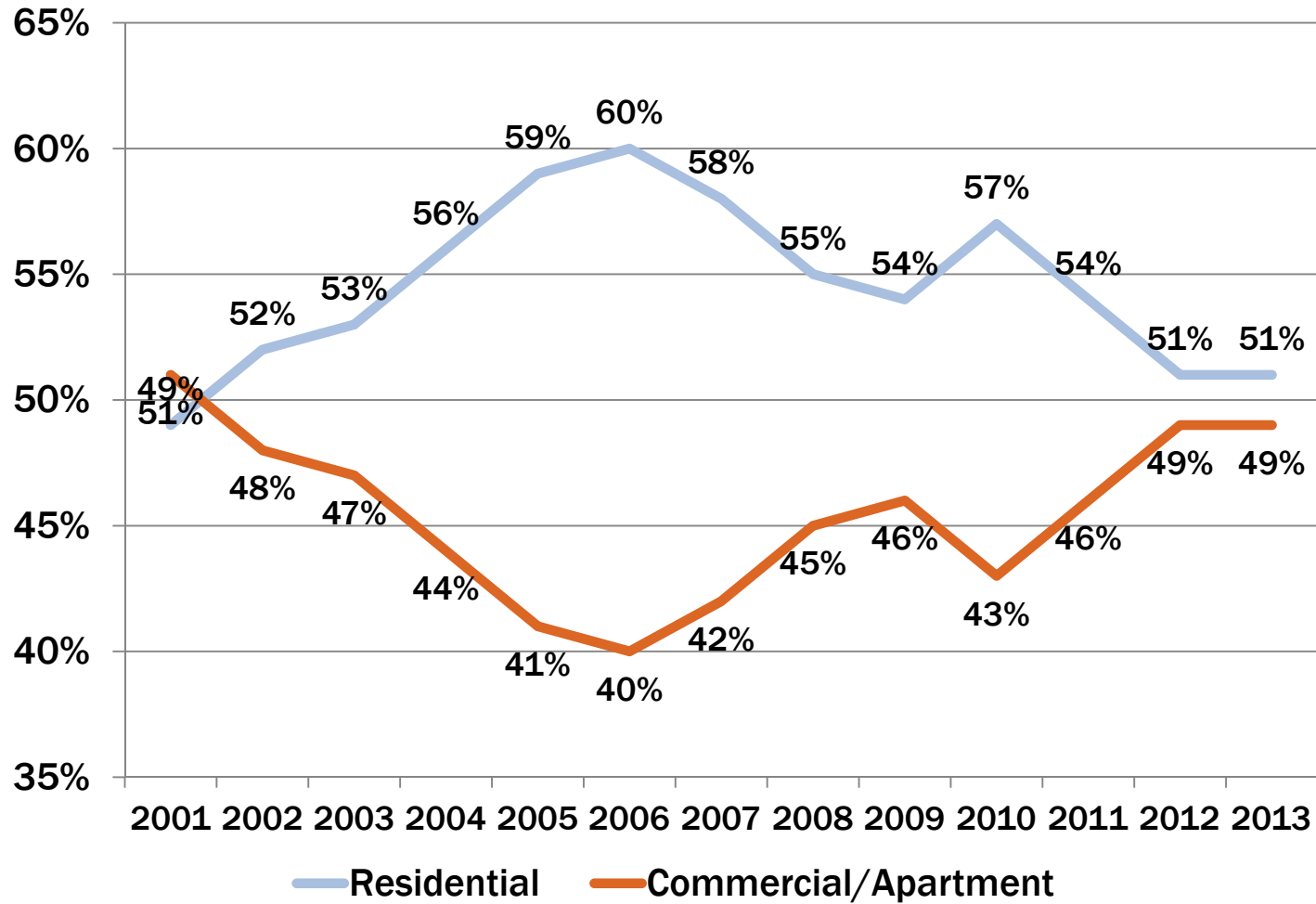
Arlington Economic Development (AED) is dedicated to the preservation and enhancement of an economically competitive and sustainable community, and the creation of exciting, diverse and amenity-rich places.

AED provides visionary leadership and superior services to Arlington's business community, its tourism industry and its real estate development.

- Business Investment Group
- Real Estate Development Group
- Arlington Convention and Visitors Service



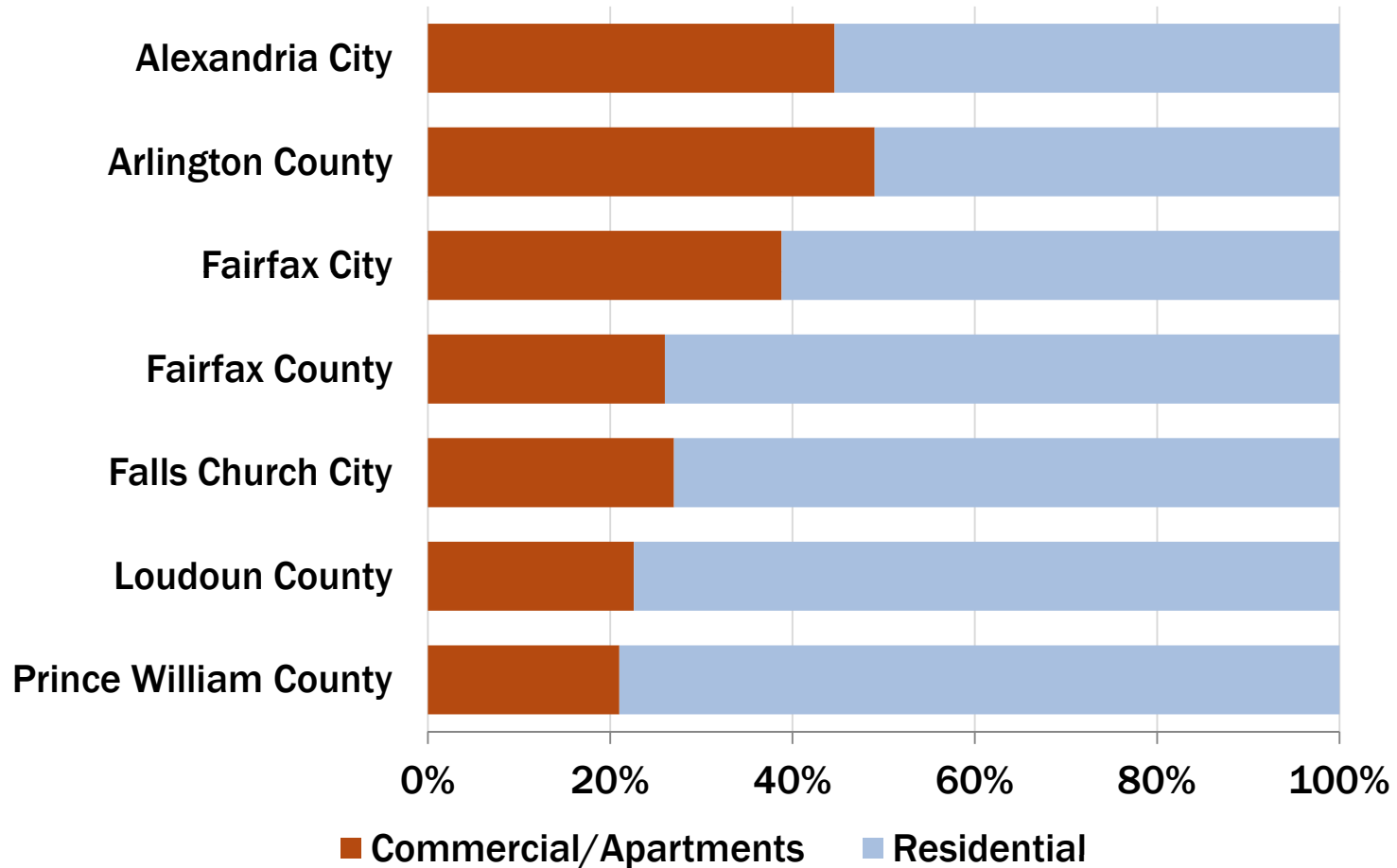
Real Estate Tax Base



Source: Arlington County Department of Management and Finance

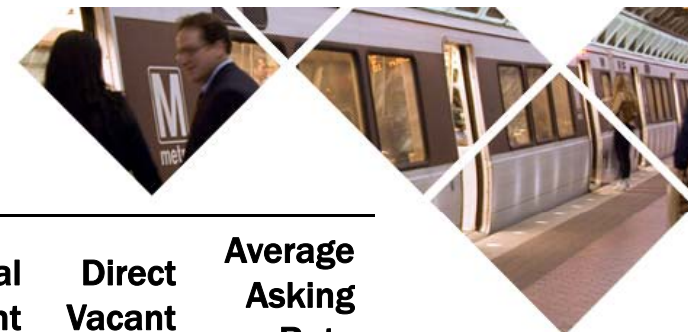


Real Estate Tax Base Northern Virginia



Source: Arlington Economic Development

Regional Office Availability

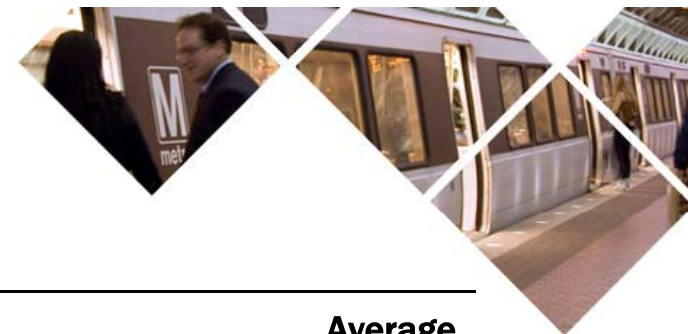


Submarket	Building Area	Total Available	Sublet Available	Total Vacant	Direct Vacant	Average Asking Rate
Washington East End	47,112,991	6,281,031	648,645	9.9%	9.2%	\$52.60
Washington CBD	44,530,121	6,097,619	674,580	10.7%	9.9%	\$50.97
Tysons Corner	28,316,730	6,073,599	234,624	16.9%	15.9%	\$29.98
RB Corridor	24,259,464	5,251,945	653,667	14.5%	13.4%	\$41.24
Reston	18,678,964	4,491,914	784,301	19.1%	16.5%	\$28.42
Crystal City/ Pentagon City	12,561,065	2,714,767	204,618	19.9%	19.0%	\$39.48
Herndon	12,315,319	2,034,476	372,255	14.9%	13.4%	\$26.73
Bethesda/ Chevy Chase	12,017,129	1,507,536	243,840	10.1%	9.0%	\$35.80
NoMa	9,684,641	1,279,647	32,375	11.4%	11.0%	\$45.27
Capitol Hill	6,230,795	915,330	96,608	9.3%	8.7%	\$52.35
Capitol Riverfront	5,474,610	928,905	48,062	14.9%	14.5%	\$43.15



Source: CoStar 1/25/13

Arlington Office Availability



Submarket	Building Area	Total Available	Sublet Available	Total Vacant	Direct Vacant	Average Asking Rate
Ballston	7,605,009	1,669,674	275,081	14.0%	12.7%	\$40.24
Clarendon/Courthouse	5,766,547	911,782	129,245	11.5%	10.0%	\$41.26
Crystal City	11,600,017	2,826,176	198,433	22.6%	21.8%	\$39.43
Pentagon City	1,232,333	17,546	0	1.4%	1.4%	N/A
Rosslyn	8,927,502	2,281,687	242,012	17.1%	16.4%	\$42.32
Virginia Square	1,960,406	392,121	364,442	13.4%	12.0%	\$40.11
Outside Metro Areas	2,346,838	274,798	11,773	5.1%	4.6%	\$24.57
Arlington County	39,442,430	8,402,143	857,843	16.5%	15.4%	\$40.15



Source: CoStar 1/25/13

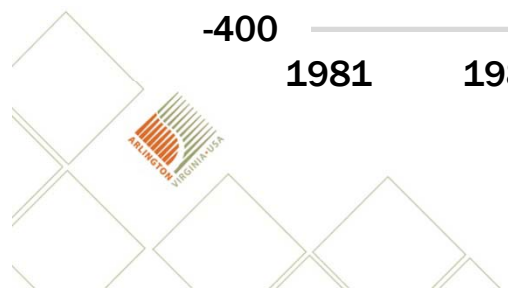
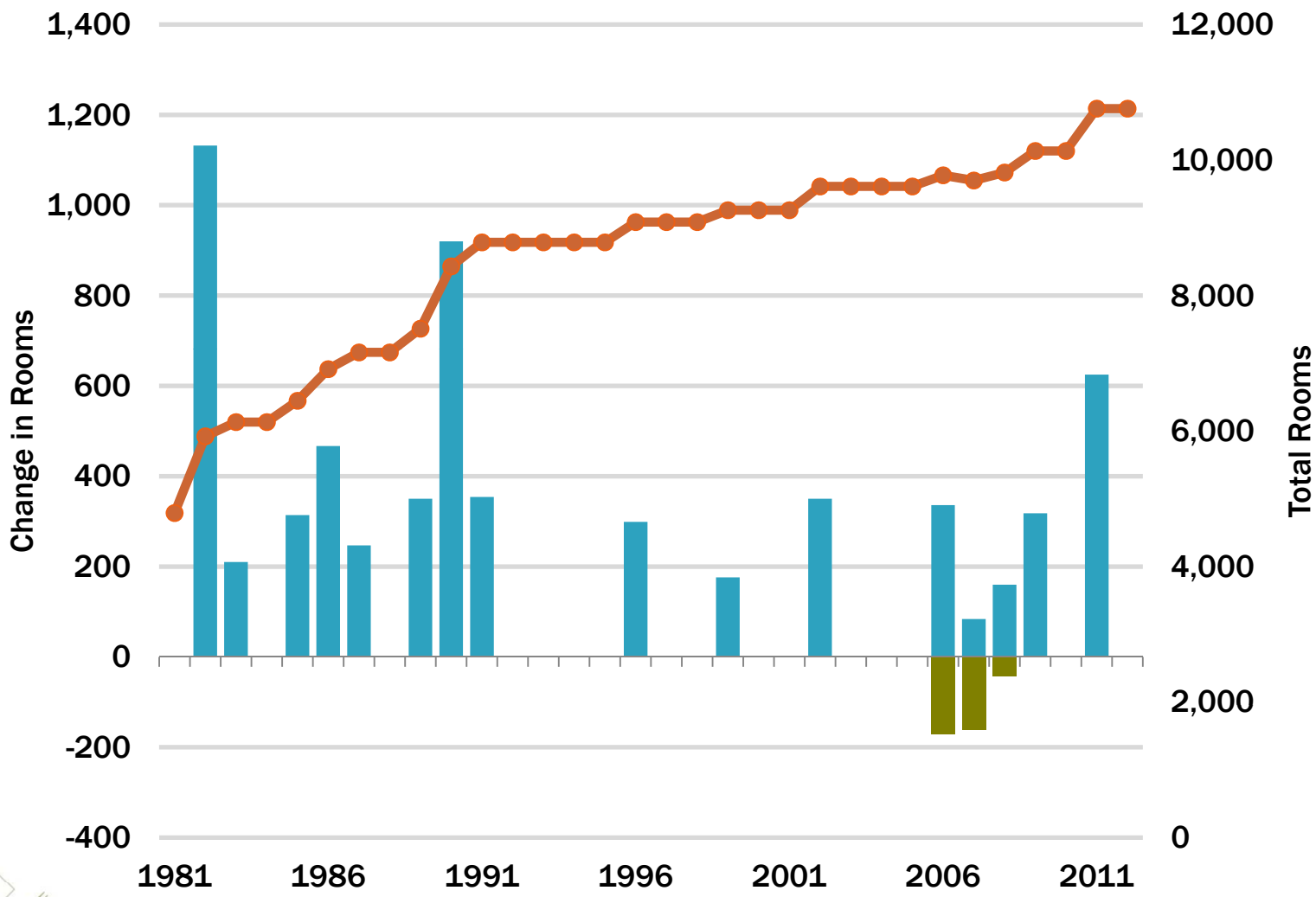
Top Lease Transactions 2012



Tenant	SF	Address
GSA - ONR	274,000	875 N Randolph Street
CNA	173,309	3001 Washington Boulevard
Raytheon	114,000	1100 Wilson Boulevard
Corporate Executive Board	108,000	1777 N Kent Street
E*Trade Financial	100,000	671 N Glebe Road
DRS Technologies	92,000	2345 Crystal Drive
US Department of Labor	91,438	1100 Wilson Boulevard
GSA	74,000	251 18th Street South
Pacific Architects and Engineers (PAE)	71,000	1320 N Courthouse Road
GSA	68,000	1225 S Clark Street
Rosetta Stone	65,000	1919 N Lynn Street
Arlington County School Board	62,000	2110 Washington Boulevard
National Electrical Manufacturers Associations	58,000	1300 N 17th Street
Interstate Hotels & Resorts	49,000	4501 N Fairfax Drive
Turner Construction	37,000	3865 Wilson Boulevard
Strategic Investment Management	36,000	1001 N 19th Street
Environ International Corporation	33,000	4350 N Fairfax Drive
CRDF Global	26,883	1776 Wilson Boulevard
Decisive Analytics Corporation	25,000	1235 S Clark Street



Hotel Room Inventory



Source: Arlington Economic Development

Hotel Market Characteristics



Area	Occupancy		Average Daily Rate		RevPAR	
	2012	Annual Change	2012	Annual Change	2012	Annual Change
Washington DC (CBD)	74.9%	-0.4%	\$203.37	-1.3%	\$152.31	-1.7%
Arlington, VA	72.9%	0.8%	\$156.99	-2.1%	\$114.43	-1.3%
Dulles Airport Area	70.5%	-1.0%	\$107.27	-0.6%	\$75.67	-1.5%
Fairfax/Tysons Corner	64.7%	-0.4%	\$131.33	2.1%	\$85.02	1.7%
Alexandria	66.9%	0.6%	\$129.66	-0.4%	\$86.69	0.2%
Bethesda/College Park	64.9%	2.4%	\$123.96	-2.1%	\$80.41	0.2%
Washington, DC-MD-VA	67.5%	0.3%	\$143.84	-0.7%	\$97.09	-0.5%
South Atlantic	60.9%	2.5%	\$103.28	3.1%	\$62.86	5.7%
United States	61.4%	2.5%	\$106.10	4.2%	\$65.17	6.8%



Source: Smith Travel Research

Development Pipeline Summary



Stage	No. of Projects	Office SF	Retail SF	Other SF	Housing Units	Hotel Rooms
Under Construction	18	1,621,413	192,259	21,031	3,261	183
Near-term Construction Starts	8	1,995,703	78,535	12,985	721	148
Awaiting Market or Phasing	15	2,186,598	173,905	389,072	1,986	0
Zoning Review	8	3,677,529	131,637	0	1,922	968
Total Pipeline	49	9,442,243	576,700	423,088	7,890	1,299



Source: Arlington Economic Development

Major Nonresidential Projects Completed



Project	Submarket	2009	2010	2011	2012
800 N. Glebe Rd.	Ballston	0	0	0	309,281
900 N. Glebe Rd.	Ballston	0	0	142,776	0
DARPA Building	Ballston	0	0	0	355,530
Clarendon Center - North	Clarendon	0	120,907	0	0
Clarendon Center - South	Clarendon	0	161,392	0	0
Residence Inn Courthouse	Courthouse	151,110	0	0	0
Marriott Renaissance & Residence Inn	Crystal City	0	0	440,000	0
National Gateway 1 & 2	Crystal City	374,379	0	0	0
Marymount Univ. 26th Street	Outside Metro	0	129,031	0	0
1776 Wilson Blvd.	Rosslyn	0	0	0	136,749
Hilton Garden Inn	Shirlington	111,222	0	0	0
Randolph Square	Shirlington	195,000	0	0	0
GMU Founder's Hall	Virginia Square	0	0	244,000	0
Total		831,711	411,330	826,776	801,560



Source: Arlington Economic Development

Major Nonresidential Projects Under Construction



Project	Submarket	Office SF	Retail SF	Hotel Rooms	Other SF	Delivery
Founder's Square - Marriott	Ballston	0	1,880	183	0	2Q/13
3001 Clarendon Blvd.	Clarendon	284,012	22,479	0	0	1Q/14
1400 Crystal Drive	Crystal City	302,765	0	0	0	1Q/13
Boeing Regional Headquarters	Crystal City	453,422	0	0	0	3Q/14
1812 N Moore St	Rosslyn	569,739	11,020	0	21,031	4Q/13
Total		1,609,938	35,379	183	21,031	



Source: Arlington Economic Development

Major Nonresidential Projects Approved



Project	Submarket	Office SF	Retail SF	Hotel	
				Rooms	Other SF
Founder's Square North Office	Ballston	418,810	7,670	0	0
2311 Wilson Blvd.	Courthouse	150,002	7,812	0	14,900
1900 Crystal Drive	Crystal City	719,704	11,290	0	0
National Gateway 3-4-5-6	Crystal City	1,064,298	41,325	0	0
Pentagon Centre	Pentagon City	489,911	33,495	0	0
Central Place	Rosslyn	570,459	44,554	0	9,555
Rosslyn Gateway (2 bldgs.)	Rosslyn	490,056	18,689	148	0
3901 Fairfax Dr.	Virginia Square	178,131	3,200	0	12,985
Total		4,081,371	168,035	148	37,440

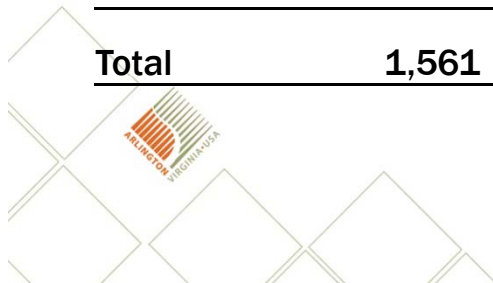


Source: Arlington Economic Development

Major Residential Projects Completed



Submarket	2009	2010	2011	2012	Projects
Ballston	0	0	90	81	The Jordan, Buckingham Village Towns, Thomas St. Apts.
Clarendon	0	244	0	268	Clarendon Center S., Views at Clarendon, Garfield Park
Columbia Pike	423	0	299	0	55 Hundred, Siena Park, Penrose Square
Courthouse	89	0	0	0	Rhodes Hill Square*
Crystal City	266	184	0	0	220 20th Street, North Tract Lofts
East Falls Church	0	214	0	0	Crescent Apartments
Nauck	94	171	0	0	The Shelton, Shirlington Crest*
Pentagon City	0	300	0	0	The Millennium
Rosslyn	347	0	0	184	Hilltop House 100*, Turnberry Tower*, Gaslight Square*, Grayson Flats
Virginia Square	108	0	0	0	The Amelia
Outside Metro	234	217	58	460	The Madison, Alexan 24, Brompton's Cherrydale, The Macedonian, Buckingham Bldg. B, Mosaic at Clarendon
Total	1,561	1,330	447	993	

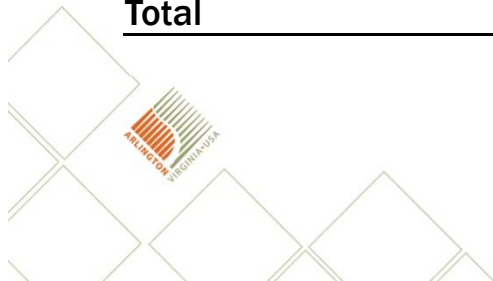


*Condominium
Source: Arlington Economic Development

Major Residential Projects Under Construction



Project	Submarket	Units	Retail SF	Delivery
Founder's Square - N. Residential	Ballston	257	9,035	1Q/14
Beacon at Clarendon West	Clarendon	187	18,450	2Q/14
19Nineteen Clarendon Blvd.	Courthouse	198	24,657	4Q/13
2001 Clarendon Blvd.	Courthouse	154	32,840	4Q/13
The Tellus	Courthouse	254	4,354	2Q/14
Arlington Mill	Columbia Pike	122	2,250	4Q/13
Pike 3400	Columbia Pike	301	15,443	2Q/14
Dominion Heights	Lee Highway	66	8,420	1Q/13
Archstone Parkland Gardens	Outside Metro	325	0	2Q/14
Acadia at Metropolitan Park	Pentagon City	411	16,345	2Q/14
Sedona & Slate	Rosslyn	479	12,635	1Q/13
Virginia Square Towers	Virginia Square	540	12,815	2Q/14
Total		3,294	157,244	



Source: Arlington Economic Development

Major Residential Projects Approved



Project	Submarket	Units	Retail SF
650 N. Glebe	Ballston	163	2,230
The Shell	Columbia Pike	83	6,700
Wakefield Manor	Courthouse	104	0
Airport Plaza IV	Crystal City	198	0
Crystal House Lofts	Crystal City	252	0
Brittany East	Crystal City	360	16,503
Brittany West	Crystal City	331	15,868
2145 Lee Highway	Lee Highway	202	13,257
Central Place	Rosslyn	350	0
Rosslyn Gateway (2 bldgs.)	Rosslyn	273	7,687
Total		2,316	62,245



Source: Arlington Economic Development

Challenges in 2013



- **Residual BRAC Space 25 Buildings Still Occupied (65 Leases)**
- **Unpredictable Federal Market - OMB; GSA; Politics**
- **Soft Private Market - Space Utilization; Less Contract Volume; Consolidation**
- **Space Utilization - Changed Workplace Practices**
- **Labor Shortages in High End Labor - Migration & Immigration; Federal Retirements**
- **Increased Potential Office Supply - Crystal City; Tysons; NOMA; S. Capitol**
- **Competitiveness - Taxes; Regulations; Incentives; Silver Line**





**Please come to our annual review
and forecast...**

Silver Line/ings

The 2013 Arlington Real Estate Market Review and Forecast

02.26.2013

