

**Office Study
Washington, D.C.
Volume 1**



OFFICE MARKET STUDY
WASHINGTON, DC

VOLUME 1

Prepared On:

September 19, 2005

Prepared For:

DOWNTOWN DC BUSINESS IMPROVEMENT DISTRICT
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Washington, DC 20005

And

OFFICE OF THE DEPUTY MAYOR
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September 19, 2005

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Downtown DC Business Improvement District
1250 H Street, NW, Suite 1000
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Mr. Stanley Jackson, Deputy Mayor of Planning and Economic Development
District of Columbia Government
1350 Pennsylvania Avenue, NW, Room 317
Washington, DC 20004

Re: Downtown Washington Office Market Study
Our project # 24268

Dear Mr. Bradley and Mr. Jackson:

This report contains the results of our office market analysis of the District of Columbia, pursuant to our contract dated August 24, 2004. This study focuses on the strengths and weaknesses of the office market in the District of Columbia to keep pace with other jurisdictions in retaining its economic base and competing for and successfully obtaining office new tenants over the next 20 or so years. The purpose of our study is to explore the District's vulnerabilities in this regard, with recommendations to improve the competitive position of the District's office market.

The tasks involved in this analysis include the following:

1. Retrospective and prospective look at demand for office space from 1980 through 2030, based on employment growth and office space absorption trends and projections, including a look at demand/absorption by submarket, and by tenant type/industry.
2. Examination of the special role of the Federal government as an office tenant, including a look at the "60-40 Rule", Federal employment and office space use in the District and the suburbs, and the pattern of procurement spending in the District and the suburbs.
3. Competitive analysis of the District's office submarkets, compared to neighboring jurisdictions and newly emerging submarkets in the District on the basis of tenants, land prices, rents, operating costs, amenities, and the like.
4. Examine the Downtown DC BID's analysis of developable FAR left in the District compared to demand estimates.
5. Summarize the District's exposure in the period ahead to losing (and gaining) tenants by tenant/industry type and price range.
6. Make recommendations on how to maintain/improve the health of the District office market.

Our findings are detailed following. The data on which these findings are based are found in the attached appendices. Please note that the Base Realignment and Closure Commission's report was released after our work was completed, so its recommendations are not considered in this report.

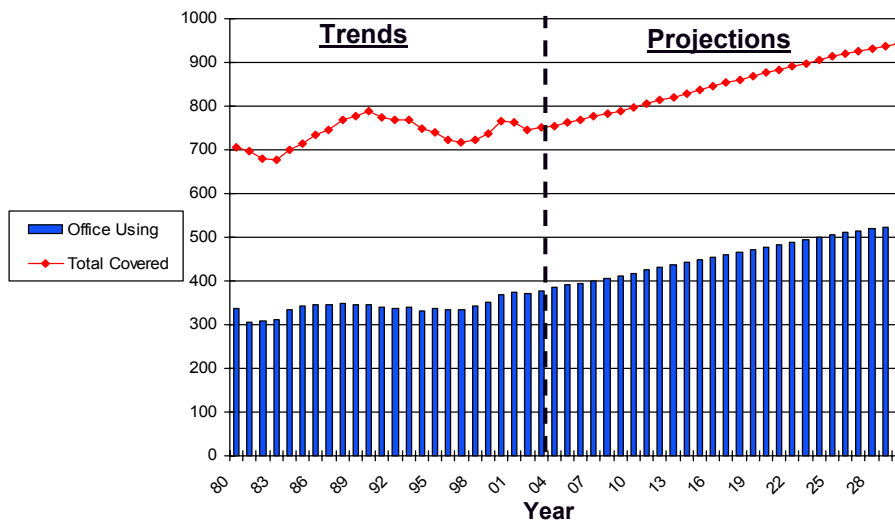
SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The District economy has the potential to add 7,200 jobs per year, including 5,500 office-using jobs, through 2030.

- Its strong base of law firms, government agencies, and membership organizations have created a strong base of non-cyclical employers that account for more than 75% of recent office leasing activity. Membership organizations, for example, are a stable industry that has created jobs at an average of 2.8% annual growth over the last 10 years.
- The District is blessed with a well-managed, financially sound city government that is responsive to its citizens and the business community. This has not always been the case. Should this change in the period ahead, our projections of job growth would be at risk.
- The District is at the focal point of the nation’s second most heavily utilized subway system, in a metro area choking on auto traffic. This represents a competitive advantage for certain employers for certain employment categories.
- The District is the headquarters of three of the region’s four core industries: the Federal government, international business, and hospitality/tourism. Only the tech industry is suburban in its orientation.

GRAPH 1

**Total Public & Private Office-Using Vs.
 Total Covered Employment Trends and Projections
 District of Columbia
 1980-2030**

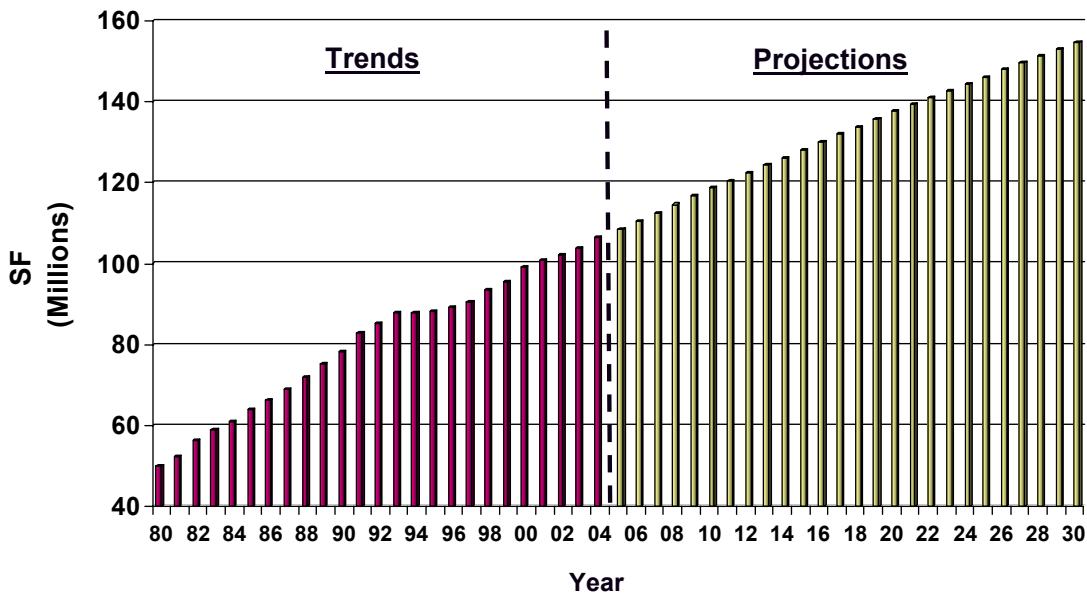


Source: Dr. Stephen Fuller and Delta Associates; May 2005.

2. To accommodate these employment gains, the occupied office inventory of the District would grow from 106 million SF currently to 154 million SF in 2030 – a 48 million SF increase.

GRAPH 2

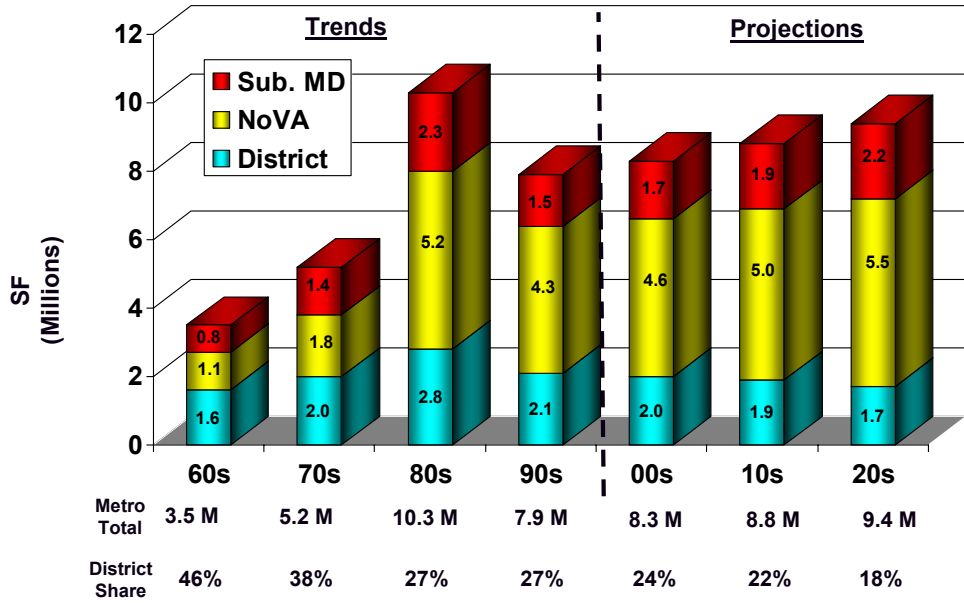
**Occupied Office Space
 Trends and Projections
 District of Columbia
 1980-2030**



Source: Delta Associates; May 2005.

3. Notwithstanding these robust absorption estimates – 1.85 million SF per annum – the District will continue to lose metro market share, but at a much slower rate than most U. S. center cities. The District is better positioned to compete with its suburban counterparts, with a strong economic base and transportation infrastructure.

GRAPH 3
Office Space Net Absorption Trends and Projections
Washington Metro Area
1960 - 2030



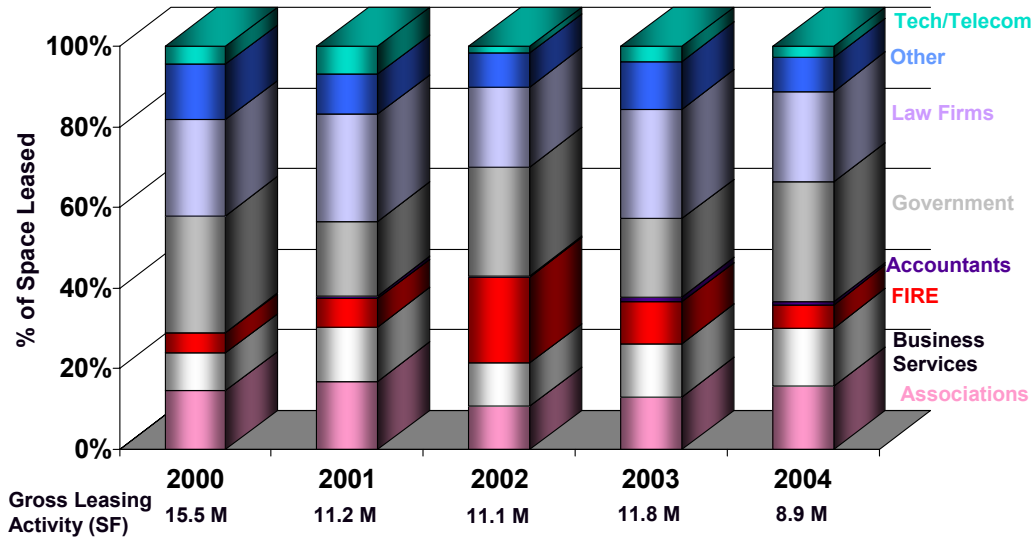
Source: Delta Associates; May 2005.

4. Despite this glowing picture of the future, there are two issues to address:

A. Do we want a Center City so concentrated in a few industries? Is it smart to have an increasingly more narrowly focused economic base in the District? As the cost of doing business in the District goes up, tenants that do not have to be in the District move to the suburbs. This sorting process leaves a concentration of those that have to be in the District or those that want to be in the District – law firms; certain business service firms; some larger, well financed associations; government agencies; lobbyists; and the media. Not bad, so long as the government wants to maintain a concentration of activities in the District (see our discussion of the “60/40 Rule” elsewhere in this report), but worrisome if, like the recent base realignment decision, the government decides to disperse “the target” or change location to reduce costs.

GRAPH 4

**Office Leasing Activity by Sector
 District of Columbia
 2001 – 2004**



Source: CoStar, Delta Associates; May 2005.

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B. Practically speaking, can we accommodate all this development in the District?

- Is there sufficient land so that both the demand for housing and the demand for offices can be accommodated without driving land prices so high that affordability is not further exacerbated? In the short run, we think so. In the intermediate and longer run, we think not.
- Can Metro invest enough money quickly enough to keep up with demand from/to the suburbs? A recent study suggests that the system will be at capacity in 15 years without more tunnels. If so, that suggests the answer is no. That, in turn, suggests more and more District employers will need to rely on District residents for their hiring needs.
- That in turn will put more pressure on dwindling land resources. And what about the school system in the District? How will we actually get families to live in the District in meaningful numbers without a real investment in the District schools?

5. Our research shows that the cost of doing business in the District compared to neighboring jurisdictions puts it at a competitive disadvantage, particularly for cost-sensitive tenants. Although certain tenants, such as industry trade groups, law firms, and the like, will continue to need a Washington address or proximity to the government, tenants that have moved out of the District most often cite cost as the main reason, outweighing any advantages that the District may have.

6. In our estimation, the District has enough development capacity to meet projected office demand through the year 2030. But the capacity is, in some cases, at secondary locations and may not meet the needs of users in all cases. As a result, land prices will escalate dramatically in the period ahead. Development opportunities in the core of the city are finite, and some future new development will likely have to shift to nontraditional locations, but the total development capacity of vacant land parcels and redevelopment sites/areas could meet or exceed the District's requirements over the projection period by as much as 41 million FAR square feet.

7. The main factors affecting the District's potential exposure to losing (or gaining) office tenants in the period ahead include the following:

- Metro's ability to meet future transit requirements, given the need for more maintenance and repair, new/additional rail cars, extension of the system, and additional track and tunnel capacity.
- The growing cost and difficulty of doing business in the District, including not only office occupancy costs, but also employee recruitment and retention, commuting time and cost, housing costs, etc.
- An increasingly less diverse office tenant base that is concentrating in just a few industries, as cost-sensitive tenants move out of the District.
- Reliance on Federal employment and procurement, which could be disrupted by changes in Federal policy, as the main drivers of the office market in the future.
- The ability of the District to maintain a well-managed, financially sound city government that is responsive to its citizens and the business community.

8. We recommend the following actions to maintain and improve the health of the District's office market.

- Assure that WMATA increases the number of subway cars now and, in the future, that it addresses the issue of track and tunnel capacity.
- Increase the size of the resident labor force and reduce the District's dependence on suburban workers by making the city more livable – starting with fixing the school system.
- Promote a more diverse office tenant base through programs to reduce occupancy costs and to recruit new or underrepresented industry sectors.
- Try to attract government contractors to the District by competing with the suburbs on cost and providing assistance in finding affordable space.
- Maintain a well-managed, financially sound city government that is responsive to its citizens and the business community.

OFFICE SPACE DEMAND, 1980-2030

We have examined total employment and office-using employment growth trends from 1980 through 2004 and compared them to occupied privately-owned office space and office space demand (or net absorption) over the same period. Likewise, we have projected office space demand through 2030 based on projected total employment and office-using employment. This work is a collaborative effort of the authors: The employment data are provided by Dr. Stephen Fuller and the occupied office space and office absorption data are from Delta Associates.

Covered employment includes regular full-time, year-round jobs, self-employed and contract workers, uniformed military personnel, part-time and undocumented workers, and employees of start-up firms in the first year of operation. Public and private office-using employment is defined as a combination of private sector workers in industry sectors that use office space and civilian employees of the Federal government that work in leased, privately-owned office space.

1980-2004 Employment and Office Demand Trends

Employment growth in the District of Columbia, as measured by total “covered” employment, has averaged 2,035 jobs per year since 1980. There were about 706,600 covered jobs in the District of Columbia in 1980 and 755,400 such jobs as of yearend 2004 or an increase of 48,840 jobs. (See Figure 1 below and Table A-1 in Appendix A.)

Office-using jobs are largely responsible for total employment growth in the District of Columbia since 1980. Public and private sector office-using employment has increased by 48,200 jobs since 1980, or an annual average of 2,008 jobs. Compared with total employment growth, office-using employment has accounted for about 99% of all new jobs in the District of Columbia since 1980. (See Figure 1 and Tables A-1 and A-2.)

Office-using jobs have increased in importance to the District of Columbia’s economy since 1980. The share of total employment represented by office-using jobs has grown from 47.8% in 1980 to 51.1% in 2004. Although there have been periods in which the share of office-using employment has declined – due to economic conditions or to reductions in the Federal workforce – the long-term trend is upward. This trend has also accelerated since the early 1990s. (See Figure 1 and Tables A-1 and A-2.)

**Figure 1
 Employment Trends
 District of Columbia
 1980-2004**

Year	Total Covered Employment	Public & Private Office-Using Employment	Office-Using Employment Share
1980	706,560	337,500	47.8%
2004	755,400	385,700	51.1%
Change	48,840	48,200	98.7%
Annual Average	2,035	2,008	98.7%

Demand for office space in the District of Columbia has averaged more than 2.3 million square feet per annum since 1980. As a result, the amount of occupied office space in the District has more than doubled in size in that time, from a base of 50.1 million square feet of occupied privately-owned space in 1980 to 106.3 million occupied square feet as of December 2004. This represents total absorption of 56,212,000 square feet, or annual average demand of 2,342,167 square feet of office space over the 1980-2004 period. (See Figure 2 and Tables A-1, A-3, and A-4.)

Since 1980, demand for office space has been driven by employment growth, but even more so by changing patterns of office space utilization. As Figure 2 illustrates, the amount of occupied office space has grown by 112% since 1980, while the number of office-using jobs grew by only 14% over the same period. As a result, the average amount of office space per worker has increased from 148 square feet in 1980 to an estimated 276 square feet in 2004 – an increase of 127 square feet or about 86%. (See Tables A-1 and A-5.)

**Figure 2
 Office Space Absorption and Office-Using Employment
 Compared to Office Space per Worker
 District of Columbia
 1980-2004**

Year	Occupied Office Space	Public & Private Office-Using Employment	Office Space per Worker
1980	50,105,000	337,500	148
2004	106,317,000	385,700	276
Change	56,212,000	48,200	127
Annual Average	2,342,167	2,008	5.3
% Change	112.2%	14.3%	85.7%

The growth in the amount of space per worker in the District of Columbia from 1980 through 1995 is due largely to three simultaneous trends (See Tables A-1 and A-5.):

- Since the early 1980s changes in Federal standards for office space utilization and in the nature of the Federal workforce. During the 1980s and much of the 1990s, the Federal government sought to improve working conditions by increasing the size of its employees' workspaces in order to be more competitive with the private sector. In addition, Federal government jobs were becoming more professional or executive in nature, requiring more private offices with more space for each employee.
- An increase in the concentration of employers that tend to use more space per worker – law firms and associations.
- Since the early 1990s, the rate of increase in the average amount of space per worker has actually slowed, however, due to technology's impact on document duplication and storage needs as well as a real-dollar rise in the cost of office space.

2004-2030 Employment and Office Demand Projections

Total covered employment is projected to increase by an average of 7,224 jobs per year through 2030. Covered employment is projected to be about 943,200 jobs by the year 2030, which represents an increase of 187,800 jobs, or about 25%. (See Figure 3 and Tables A-6 and A-7.) This rate of increase is greater than experienced for the whole period of 1980 through 2004, but more consistent with the gains seen in the period 1995-2005.

Office-using jobs are expected to continue driving the lion's share of employment growth in the District of Columbia through 2030, albeit at a lower share of total growth than in the past. Public and private sector office-using employment is projected to increase by 142,900 jobs, or an annual average of 5,496 new jobs, which accounts for about 76% of total projected employment growth. Despite a lower share of total growth in the future, office-using employment is projected to represent 56% of total covered employment in the District of Columbia by 2030, compared to 51.1% in 2004. (See Figure 3 and Tables A-6 and A-7.)

**Figure 3
 Employment Projections
 District of Columbia
 2004-2030**

Year	Total Covered Employment	Public & Private Office-Using Employment	Office-Using Employment Share
2004	755,400	385,700	51.1%
2030	943,220	528,600	56.0%
Change	187,820	142,900	76.1%
Annual Average	7,224	5,496	76.1%

We estimate that demand for office space in the District of Columbia will average 1.85 million square feet per annum through 2030. The amount of occupied office space in the District of Columbia is projected to grow by 45%, from 106.3 million square feet in 2004 to 154.3 million square feet in 2030. This represents a total of 48 million square feet of office space demand, or an annual average of 1,846,154 square feet. We project that demand will average about 2 million square feet per year through the end of this decade, 1.9 million square feet per year from 2010 to 2020, and 1.7 million square feet per year in the 2020-2030 period. (See Figure 4 and Tables A-6, A-8, and A-9.)

Growth in select private sector office jobs and the tendency of the Federal government to lease rather than own office space will be the primary drivers for future office demand in the District. The amount of space per worker is projected to grow at a slower rate than in the past, because the Federal government has largely corrected the past imbalance with private sector standards. We also expect the Federal government to continue its trend toward leasing more space in the future. Total occupied office space is projected to grow by 45% between 2004 and 2030, while the number of office-using jobs is projected to grow by 37%. As a result, the amount of occupied office space per worker is projected to grow from 276 square feet in 2004 to 296 square feet in 2030, or less than 6%. (See Figure 4 and Table A-10.)

Figure 4
Projected Office Space Absorption, Office-Using Employment, and Space per Worker
District of Columbia
2004-2030

Year	Occupied Office Space	Public & Private Office-Using Employment	Office Space per Worker
2004	106,317,000	385,700	276
2030	154,317,000	528,600	292
Change	48,000,000	142,900	16
Annual Average	1,846,154	5,496	0.6
% Change	45.1%	37.0%	5.6%

Office Space Demand by Submarket Area

Three submarkets – the East End, the CBD, and Capitol Hill – accounted for 86% of total office absorption in the District of Columbia over the past ten years. Total absorption averaged about 1.6 million square feet per year during the 1994-2004 period. The East End submarket, which became the focus of intense office development due to the lack of available sites and high land costs elsewhere, absorbed an average of 705,000 square feet of space per annum, or 43% of the total. The CBD and Capitol Hill submarkets absorbed 383,000 square feet (23%) and 323,000 square feet (20%), respectively. Most of the remaining absorption was divided between Southwest (6%), Uptown (4%), and Georgetown (3%), while the West End captured less than 1%. (See Figure 5 and Table A-21.)

**Figure 5
 Average Annual Office Demand By Submarket Area
 District of Columbia
 1994-2004**

Submarket	Average Annual Net Absorption (SF)	%
CBD	382,909	23.4%
East End	705,000	43.1%
Capitol Hill	322,818	19.7%
Southwest	93,273	5.7%
Georgetown	53,545	3.3%
West End	6,091	0.4%
Uptown	71,091	4.3%
Total	1,634,727	100.0%

We expect that as the East End and Capitol Hill become more built out, this geographic pattern of office absorption will shift somewhat in the period leading up to 2030. First, there will be some redirection of development activity back to areas like the CBD and the West End, where older, obsolete buildings and underdeveloped sites will present redevelopment opportunities. In addition, the availability of land in emerging submarkets, such as the Southwest Waterfront, South Capitol Street, Southeast Federal Center, and possibly even Petworth and the St. Elizabeth’s area, are likely to draw the attention of some developers to those areas eventually. In the near term, however, they will be able to compete only in terms of price, in all likelihood.

Demand by Industry and Tenant Type

The composition of the District’s private sector job growth drives the type and quantity of needed commercial office space. Although private sector employment grew by 26% since 1980 and is projected to grow another 22% by 2030, the District’s private sector employment base has remained highly specialized in the Services industry, which generates most of the office-using employment growth and demand for office space. In 1980, 55% of private sector jobs were in the Services industry. This share had increased to 76% by 2004, and by 2030, the dominance of Services industry jobs will have increased to 80% of the District’s total private sector. Including the Finance, Insurance, and Real Estate industry (FIRE), which is projected to have a 6% share in 2030, the job base in the industries that are the primary users of office space (FIRE and Services combined) will account for 86% of the District’s private sector workforce by 2030. (See Tables A-11 and A-12.)

The job growth pattern determines which economic sectors produce most of the demand for office space and drive the office market, as illustrated by the distribution of employment and leasing activity among tenant types, as shown in Table A-31 for example.

The District of Columbia has seen a significant increase in the share of employment represented by Business Services tenants and to a lesser degree by Associations, Legal, and Health/Medical since 1990. According to data from the Bureau of Labor Statistics, Business Services employment grew from 16% to 21% of total employment in the District from 1990 to 2003, and only FIRE and Government declined during the same period. (See Table A-13.)

The District's office market is driven largely by four tenant types: Government, Law Firms, Associations, and Business Services. Together, they accounted for 75% of the 51.9 million square feet of gross leasing activity in the District from 2000 through 2004. Not surprisingly, these same four tenant types also occupy the largest share of the District's commercial office space. As of 2004, 28% of the office space in the District was leased by Government tenants, followed by Law Firms at 19%, Associations at 12%, and Business Services at 11%. The remainder was split among tenants in FIRE (9%), Tech/Telecom (4%), Health/Medical (2%), and Other (14%). (See Tables A-25, A-27, and A-28.)

We project that office space absorption through 2030 will be led by Government, Legal, Business Services, and Associations, which together represent 71% of the forecasted net absorption. (See Figure 6 and Tables A-25 and A-26.)

Figure 6
Forecasted Share of Net Absorption by Tenant Type
District of Columbia
2005-2030

Tenant Type	Demand Share
Associations	13.0%
Legal	21.0%
Government	24.0%
Tech/Telecom	4.5%
FIRE	8.5%
Business Services	13.0%
Health/Medical	2.5%
Other	13.5%
Total	100.0%

THE ROLE OF THE FEDERAL GOVERNMENT AS AN OFFICE TENANT

The 60/40 Rule

Federal employment has been concentrated in the District of Columbia since the District was established, but the District's share of Federal jobs in the region has steadily declined over time as Federal agencies have expanded or moved to Washington's suburbs. By 1963, only 63% of the region's federal civilian and military jobs were located in the District, according to the National Capital Planning Commission, compared to 23.3% in Virginia and 13.4% in Maryland.

In 1968, a new policy, known as the “60/40 Rule”, was adopted in the Federal Elements of the Comprehensive Plan that stated that 60 percent of the Federal jobs in the region should be located in the District of Columbia. Therefore, the Federal government’s important role in the economy of the District of Columbia and the Washington region has been officially recognized in Federal policies for almost four decades. The new update of the Federal Elements of the Comprehensive Plan (August 5, 2004) has restated the 60/40 Rule again in the discussion of the regional distribution of Federal workplaces:

“The federal government should . . . achieve within the District of Columbia a relative share of the region’s federal employment (civilian and military) that is not less than 60 percent of the region’s.”

The 60/40 Rule has never had the force of law, however, and the Congress has overridden it on occasion with regard to the location of Federal facilities in the region. As a result, the long-term pattern of decentralization of Federal jobs out of the District has continued since the Rule was adopted in 1968. In fact, the District’s share of the region’s Federal jobs (excluding those that are security-related) declined to 53% by 2002, the most recent year for which NCPC figures are available. Furthermore, the District would have an even smaller share if security-related jobs that are mostly found in suburban locations are included in the calculations. (See Figure 7 and Table B-13.)

Figure 7
Distribution of Federal Employment
Washington Metro Area
1980 and 2002

Year	Total Federal Employment, Excluding Security Related Jobs						Region Total
	District of Columbia		Northern VA		Suburban MD		
	#	%	#	%	#	%	
1980	224,985	56.1%	78,181	19.5%	98,097	24.4%	401,263
2002	193,835	53.4%	74,618	20.6%	94,358	26.0%	362,811
Change	-31,150	81.0%	-3,563	9.3%	-3,739	9.7%	-38,452

The District of Columbia has borne the brunt of the downsizing of the Federal government’s workforce in the metro area since 1980. As Figure 7 above indicates, 81% of the 38,500 Federal jobs that the metro area lost between 1980 and 2002 had been located in the District.

Federal Employment and Office Space

The Federal government occupies 88.1 million square feet of office space in the Washington metro area, 50.6 million square feet of which, or 58%, are located in the District of Columbia. Northern Virginia accounts for 26% of Federal office space, and Suburban Maryland has the remaining 16%. About 65% of the space that the Federal government occupies in the District of Columbia, or 32.8 million square feet, is in government-owned buildings, and the remaining 17.8 million square feet, or 35%, are leased in privately-owned office buildings. In the Washington suburbs, the Federal government

leases a much larger share of the office space that it occupies – 39% in Suburban Maryland and 70% in Northern Virginia. (See Figure 8 and Tables B-1 and B-2.)

The amount of office space occupied by the Federal government in the District grew by an average of 933,000 square feet per year between 1981 and 2001, including 310,000 square feet per year of leased space. This occurred during essentially the same period of time in which the government revised its office space utilization policies and cut its workforce in the District by more than 31,000 jobs, which generated much of the rapid growth in the overall amount of office space per worker that was observed in the 1980s and 1990s. (See Table B-1.)

The District's share of the office space occupied by the Federal government in the metro area has declined since 1980 at about the same rate as its share of Federal employment. From 1980 to 2002, the District's share of the region's Federal jobs dropped from about 56% to 53%, as shown in Figure 7 above. Figure 8 on the following page shows that the District's share of Federal office space in the region, both leased and owned, declined from 60.3% in 1981 to 57.5% in 2001. (See Table B-1.)

**Figure 8
 Federal Office Space Inventory
 Leased and Owned
 District of Columbia
 1981 and 2001**

Tenure	1981		2001		Change	
	SF	%	SF	%	SF	%
Owned	20,321,660	63.6%	32,783,234	64.8%	12,461,574	61.3%
Leased	11,649,398	36.4%	17,841,289	35.2%	6,191,891	53.2%
District Total	31,971,058	100.0%	50,624,523	100.0%	18,653,465	58.3%
Metro Area Total	53,047,680	--	88,094,636	--	35,046,956	66.1%
District Share	60.3%	--	57.5%	--	53.2%	--

Federal Procurement

Federal procurement, or the purchase of goods and services from the private sector, has helped to counterbalance the declining number of government workers in the District and the region. Recent estimates indicate that Federal procurement supports more than 315,000 private sector jobs – about 80% of the size of the Federal workforce in the region.

Procurement is the most important element of Federal spending in the region. Federal procurement dollars have a much greater secondary economic impact than salary dollars spent on Federal payroll. Procurement spending has grown substantially in recent years and has exceeded the Federal payroll since 1996. Procurement in the Washington metro area rose to about \$44.2 billion in

2003, accounting for 46% of all Federal funds flowing into the area economy. (See Figure 9 and Table B-21.)

Since 1990, jurisdictions that host firms receiving the largest share of Federal procurement spending have experienced the fastest economic growth. Local procurement spending totaled approximately \$242 billion in the period from 1995 to 2003, with Northern Virginia firms capturing more than half of the total. Northern Virginia is likely to remain a leader in the receipt of Federal dollars, as many government contracts are technology-dependent, and Northern Virginia is the regional leader in technological innovation. (See Figure 9 and Table B-21.)

Procurement spending in the District now represents one-third of all Federal dollars spent there and more than one-quarter of total procurement in the region. Of the \$34.75 billion in Federal spending in the District in 2003, \$11.38 billion (33%) was spent on procurement, a figure exceeded only by salary and wages, which totaled \$14.76 billion (42%). In comparison, procurement represented only 11% of Federal spending in the District and 26% in the region in 1983. Northern Virginia continues to capture a majority of the region's Federal procurement dollars, but procurement in the District grew by 749% between 1983 and 2003 – slightly more than Virginia (736%) and significantly more than Maryland (248%). On an absolute dollar basis, procurement rose by about \$10 billion in the District, compared to \$20 billion in Virginia and \$7 billion in Maryland. (See Figure 9 and Tables B-19, B-20, and B-21.)

**Figure 9
 Federal Spending by Type
 Washington Metro Area
 1983 and 2003
 (Billions of Current Dollars)**

Year	Substate Area	Salary & Wages		Procurement		Other 1/		Total	
		\$	%	\$	%	\$	%	\$	%
1983	District	\$6.76	56.7%	\$1.34	19.3%	\$3.65	43.8%	\$11.75	43.2%
	Maryland	\$2.11	17.7%	\$2.87	41.2%	\$2.77	33.2%	\$7.75	28.5%
	Virginia	\$3.05	25.6%	\$2.75	39.5%	\$1.92	23.0%	\$7.72	28.4%
	Total	\$11.92	100.0%	\$6.96	100.0%	\$8.34	100.0%	\$27.22	100.0%
2003	District	\$14.76	53.9%	\$11.38	25.7%	\$8.61	33.7%	\$34.75	35.8%
	Maryland	\$6.21	22.7%	\$9.88	22.5%	\$9.28	36.4%	\$25.37	26.1%
	Virginia	\$6.41	23.4%	\$22.98	51.8%	\$7.63	29.9%	\$37.02	38.1%
	Total	\$27.38	100.0%	\$44.24	100.0%	\$25.52	100.0%	\$97.14	100.0%
Change	District	\$8.00	118.3%	\$10.04	749.3%	\$4.96	135.9%	\$23.00	195.7%
	Maryland	\$4.10	194.3%	\$7.11	247.7%	\$6.51	235.0%	\$17.62	227.4%
	Virginia	\$3.36	110.2%	\$20.23	735.6%	\$5.71	297.4%	\$29.30	379.5%
	Total	\$15.46	129.7%	\$37.38	537.1%	\$17.18	206.0%	\$69.92	256.9%

1/ Includes grants, direct payments to individuals, and other.

We expect that procurement will continue to rise in the Washington metro area, along with the growth in Federal spending on defense and national security. These trends will build upon established government initiatives to increase outsourcing and the continued concentration of government contractors in the Washington area. Also of note is the passage of legislation in January 2004 that prevents Federal contractors from offshoring work for the government.

COMPETITIVE ANALYSIS OF THE DISTRICT'S OFFICE SUBMARKETS

In the course of our work, we conducted a competitive analysis of the District's seven existing office submarkets, comparing them to existing submarkets in neighboring jurisdictions in Virginia and Maryland. The comparison factors include tenants, land prices, rents, operating costs, amenities, crime, and business-friendly government posture.

The existing office submarkets in the District include the CBD, the East End, Capitol Hill, Southwest, Georgetown, the West End, and Uptown. Submarkets studied in the neighboring jurisdictions include Bethesda/Chevy Chase, Silver Spring, and Prince George's County in Maryland and the Rosslyn/Ballston Corridor, Crystal City/Pentagon City, I-395/Eisenhower Ave., Old Town Alexandria, Tyson's Corner, and Reston/Herndon in Virginia.

Using the same factors, we have also examined six newly emerging submarket areas in the District where future office development is projected or desired. These include the NOMA Corridor, Southeast Federal Center, South Capitol Street, Southwest Waterfront, Petworth, and St. Elizabeth's.

In addition, a survey of twenty-three tenants that have made recent office location decisions was conducted by the D.C. Marketing Center in conjunction with this study. The tenants surveyed included those that are new to the District, that decided to stay in the District at their current or a new location, and that decided to relocate outside of the District. The survey asked these tenants to rank certain factors that may have played a role in their decisions, such as proximity to clients or the government, rent and other costs, quality of the area and amenities, transportation, parking, and public incentives.

Our observations on the most significant findings from the submarket analysis follow below. The comparative submarket data that were collected are presented in tabular form in Appendix C, and detailed profiles of all submarkets are presented in Appendices H, I, and J in Volume 2 of this report. The tabulated results of the tenant survey are presented in Appendix D. Finally, a summary of the competitive advantages and disadvantages of the District's office market are presented in Appendix E.

It is clear from our research that the District of Columbia office market is appreciably more expensive, and thus less competitive, than the region's suburban submarkets. As the data presented in Appendix C demonstrates, land and building prices, rents, operating expenses, taxes, and other business expenses are significantly higher across the board in the District than they are in the suburbs. This puts the District at a competitive disadvantage in attracting and retaining office tenants, particularly those that are cost-sensitive or that want to own their own buildings.

On other more subjective measures than cost, the District seems to be holding its own in some areas, but those factors are less important than cost to many tenants. The tenant surveys show that the tenants that left the District placed greater weight on economic considerations than they did on factors such as Metro access, shopping, and quality of the immediate area. Furthermore, new tenants and those that decided to stay in the District most often cite the value of a prestigious Washington address or proximity to their clients as the main reason for their decision. In other words, they chose a District location, cost notwithstanding, because they believe that they need to be there, not necessarily because they want to be there. If the motivations that caused them to choose a District location should change in the future, then they could become candidates to move.

Downtown Washington in general offers several competitive advantages that attract certain types of tenants. Associations and trade groups, law firms, international business, the Federal government, and government contractors will always place a high value on being near their clients and/or their peers, proximity to Congress and Federal agencies, access to the national and international press/media, or simply a prestigious Washington address. For more cost-sensitive tenants with no compelling reason to be in the District, the cost of doing business – including not only occupancy costs, but also employee recruitment/retention, commuting time, and housing costs – is making it increasingly difficult to locate there.

It is likely to be decades before some of the emerging submarkets can compete for tenants on an equal footing with the District's established submarkets. As a result, they will have to compete during the early years of the 2005-2030 projection period based on price, for those tenants that are price-sensitive. With land prices of \$100 per FAR square foot or more in downtown Washington and \$35 to \$40 per FAR square foot in the suburbs, some of the emerging submarkets could be a viable alternative for price-sensitive tenants that want or need to be located in the District, particularly with the help of public incentives. It is difficult to say exactly how competitive the emerging submarkets are now, because there has not been any action in those areas, but in order to become competitive, land prices there will have to be below those in the suburban "edge cities" such as Tysons Corner.

We believe the NOMA Corridor submarket is in the best position to become competitive with the District's established office submarkets, given its proximity to Capitol Hill and the East End, good transportation services and infrastructure, public amenities, and strong existing tenant base. Similarly, the Southeast Federal Center and the Southwest Waterfront submarkets are proximate to Capitol Hill and the Federal agencies in the city core, and they have positive factors such as the riverfront to build on. Projects like the DOT headquarters and Waterside have generated some momentum for these submarkets, and planned public investments in the riverfront area along the Potomac and Anacostia Rivers will help to speed up the process. Although South Capitol Street will certainly benefit from the new baseball stadium, it remains to be seen whether the stadium will help or hinder office development there, particularly if the planning and construction of new highway and bridge infrastructure for the South Capitol Street Gateway initiative is too lengthy. The Petworth and St. Elizabeth's Hospital areas are likely to require the longest time to evolve into competitive office submarkets, because they are isolated and distant from the city center, they lack convenient retail and other amenities, and they are perceived as "pioneering" locations. That being said, they have the city's largest tracts of vacant land, which suggests

campus-like office development for large users such as government agencies with high-security requirements.

Accordingly, we have grouped the District's existing and emerging submarkets based on our best judgment as to their respective levels of competitiveness. Each submarket is also ranked against the others within its group. (See Figure 10 on the following page.)

Figure 10
How DC's Office Submarkets Compare

Solidly Competitive	Emerging Competitive	Future Competitive
1 CBD	<i>1 Southeast Federal Center</i>	<i>1 South Capitol Street</i>
2 East End	<i>2 Southwest Waterfront</i>	<i>2 Petworth</i>
3 Capitol Hill		<i>3 St. Elizabeth's</i>
4 Southwest		
5 Georgetown		
6 West End		
<i>7 NOMA Corridor</i>		
8 Uptown		

Note: Emerging submarkets are in bold italics.

THE DISTRICT'S OFFICE SUPPLY OUTLOOK

The Downtown DC BID estimates that there are 58.8 million square feet of developable FAR left in the District of Columbia. The BID has identified developable FAR totaling 58.8 million square feet in undeveloped sites in twelve areas of the city. The largest concentration, estimated at 20 million square feet, is in the Union Station North area, which represents 35% of the total. Another 15 million square feet are located in the Anacostia Waterfront Initiative Area in Southeast and Southwest D.C., and 6.2 million square feet are within the Downtown. The remaining eight areas have smaller amounts ranging from 0.3 to 3.3 million square feet. (See Table F-1.)

Although not the result of an exhaustive study, we estimate that underdeveloped sites and sites that were previously developed with uses other than office represent perhaps another 30 million square feet of additional development capacity. We estimate that there are up to 10.4 million square feet of unutilized FAR contained in older office buildings, alleyways, etc. that could be recaptured through redevelopment. In addition, potential office sites that are developed with other uses could add up to 20 million square feet if they are redeveloped with office space. Significant past examples of such sites include the old D.C. Convention Center in downtown Washington and the old George Washington University Hospital on Washington Circle. See Appendix F for a summary of the estimates from Delta and the Downtown DC BID. (See Table F-1.)

With nearly 90 million square feet of potential developable FAR available for future office development, it appears the demand for 48 million square feet of office space through 2030 can be met. More importantly, we believe, is the fact that land resources will be challenged and land costs will be rising throughout this period.

THE DISTRICT'S EXPOSURES IN THE PERIOD AHEAD

Given the advantages and disadvantages of the District's office market noted elsewhere, there are several points of exposure to losing (and gaining) office tenants.

1. ***Transportation.*** The health of the Metro system is especially important for the District, which depends heavily on WMATA to get workers into the city each day. WMATA is faced today with limited funds to buy new equipment and to address increasing maintenance and repair needs, while at the same time there is growing pressure to expand the system further into the suburbs. It has been estimated that Metro will reach its full service capacity by 2020 or so unless additional tunnel capacity is added under the Potomac River.
2. ***Rising costs and difficulty of doing business in the District*** — and relatively higher office rents and other business costs — are just part of the problem. With moderate household growth and fewer qualified resident workers, the District is becoming more dependent on suburban employees, who tend to be more difficult to recruit and retain. In addition, with housing costs rising throughout the region, more people are choosing to live downtown, where increased housing demand is generating competition for land between office and residential developers and driving up land costs.
3. ***Increasing specialization of the office tenant base.*** As the cost differential between the District and the suburbs increases, there is a sorting out of the type of tenant that stays in the District, and the tenant base is becoming more "specialized" or concentrated in just a few sectors. This increases the District's exposure, because each sector represents a relatively large share of the office market/demand. Tenant types that are most likely to leave are those that are already leaving — those that are most cost-sensitive such as membership organizations, nonprofits, and small businesses. The growth industries that drive the District's office market are government contractors, associations and trade groups, law firms, international business, and, of course, government. These are the types of office tenants that the District will continue to attract, albeit with increasing difficulty as costs continue to rise.
4. ***Federal employment and procurement.*** Federal employment and procurement policies will be the main engine driving the office market. If current Federal outsourcing policies continue, government employment in the District will continue to decline. The rate of this decline could accelerate dramatically, however, if Federal policies change with regard to security or occupancy costs, leading to agency relocations and/or reductions in the amount of space leased.

RECOMMENDATIONS

We recommend the following actions be taken to maintain and improve the health of the District of Columbia's office market.

1. **Transportation.** Although the Metro system is operating under its potential capacity today, due in part to a shortage of subway cars, various studies and articles in the press have warned that track and tunnel capacity could run out as early as 2020. With the region's traffic congestion rated as the third-worst in the nation and commuting times becoming longer and even more unpredictable, a fully functioning mass transit system is crucial for the continued success of the District's office market. The District should make every effort to ensure that WMATA increases the number of subway cars in the Metro system now and that it addresses the issue of track and tunnel capacity soon enough to avert a future transit crisis.
2. **Labor Force.** The District of Columbia needs more qualified resident workers, because its economy is too dependent on suburban workers, who are more difficult to recruit and retain for jobs in the District. While the Mayor's housing policy will help the situation, the District must work to make the city more livable, starting with fixing the school system.
3. **Diversification.** The District's office tenant base is too specialized and becoming more so as rising costs force cost-sensitive tenants to move. In addition to efforts to reduce occupancy costs, the District should identify and recruit new industry sectors that are not here now or those that are underrepresented but could expand significantly under the right circumstances. Two that come to mind are media and financial services. The prospects for diversification are not good for Washington, or any other major city for that matter, but an increasing concentration of the office market among a few tenant types is adding to the District's exposure. An association hotel has been suggested to serve the needs of the association sector. This is another good idea -- if it is accompanied by efforts to create less costly office space in general so that as the associations graduate from the "hotel" they have reason to stay in the District.
4. **Federal Procurement.** If government contracting and procurement continues to be a growth industry, we recommend trying to attract contractors to the District by competing with the suburbs on cost and providing assistance in finding affordable space. Government contracts are typically short in relation to office leases (1 to 3 years as a rule), which limits the contractors' ability to lease office space.

* * * * *

Mr. Richard Bradley
Mr. Stanley Jackson
September 19, 2005
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It has been a pleasure undertaking this assignment for you. Please do not hesitate to contact us if you wish to discuss these matters further or if you have any questions regarding our findings.

Sincerely,

DELTA ASSOCIATES

Gregory H. Leisch, CRE
Chief Executive

David Weisel
President, Consulting Division

David W. Parham
Senior Vice President and Project Manager

NOTICE

Delta Associates (DA) considers that it is essential to the reader's examination of this document, and projections contained herein, to understand the use of data, the methodology involved, the role of judgments as distinct from calculations in the methodology, factors which affect current projections, and the impact, if any, of change over time.

The purpose of market, economic and financial projections, together with the basis for the projections, is to make available a considered opinion on potential economic returns from the project so that those who utilize these results can evaluate them in terms of methodology employed, data applied as well as judgments made and identified. All prospective data are subject to uncertainties. As actual market and economic factors affecting the project materialize, they may differ somewhat from the basis projected herein. Unforeseen changes in laws may also affect real estate market performance and value. Accordingly, although the projections in this report are those one would reasonably expect to occur given the conditions existing at the time of this writing, actual market and financial results may differ from the projections.

Similarly, projections herein have been prepared utilizing the information, assumptions and calculations outlined in this report. Select information utilized in the projection process is on occasion from sources other than DA; where such information is from published sources, DA has identified the source and assumed such information to be accurate as presented. Where such information is from unpublished sources, DA has reviewed the information for reasonableness and consistency before including same herein. No representations are made by DA as regards property ownership, size, zoning conformance, occupancy and lease terms, availability of utilities, soil conditions, flood hazard, environmental problems, or any other matters. All such property specific data has been supplied to DA by the property owner and/or its agents and DA has assumed this data to be accurate as provided.

DA's principal business activity is the evaluation of real estate development economics, including the analysis of market potentials, evaluation of projected operating and financial results, and valuations. In the course of each year the firm typically performs more than a hundred assignments for building and development organizations, financial institutions, property owners and the like. The firm considers that it is "expert" in this field, and it is DA's belief that the methodology and other procedures employed by it constitute valid and accepted methods of evaluating and valuing real estate. However, it is pointed out that procedures used herein rely on judgments dependent on the accuracy of data and influenced by external circumstances which can change quickly with time and substantially affect the project and hence its value. DA recommends that its clients recognize these limitations inherent in using the projections of this report when making business decisions.

Finally, the reader is hereby advised that Delta Associates is the trade name of Transwestern Delta Associates L.L.C., a Delaware limited liability company. As such, DA is part of the Transwestern Commercial Services (TCS) family of real estate service companies that broker, finance, manage, advise, and develop real estate throughout the United States. This disclosure is made so as to (1) avoid the appearance of a conflict and (2) to assure the client of confidentiality and impartiality. Delta Associates is independently operated by its principals and separately officed in Old Town Alexandria. In no way does Delta Associates' TCS affiliation affect the judgments expressed herein.

APPENDICES

Appendix A:

Office Space Demand: 1980 – 2030

TABLE A-1

OFFICE MARKET PERFORMANCE TRENDS
DISTRICT OF COLUMBIA
1980-2004

Year	Total Net Absorption (NRSF) 1/	Change in Total Covered Employment 2/	Change in Total Public & Private OUE 2/	OUE Share of Total Covered Employment 3/	Change in Occupied Office Space		Average SF per Worker 4/
					Total	Per Year	
	A	B	C	C / B	D	E	D / C
1980	--	706,560	337,500	47.8%	50,105,000	--	148
1981	2,445,000	695,760	306,900	44.1%	52,550,000	2,445,000	171
1982	3,883,000	681,190	310,000	45.5%	56,433,000	3,883,000	182
Total/Change:	6,328,000	-25,370	-27,500		6,328,000	6,328,000	
1983	2,608,000	676,770	312,700	46.2%	59,041,000	2,608,000	189
1984	2,143,000	699,890	333,600	47.7%	61,184,000	2,143,000	183
1985	2,785,000	714,220	343,900	48.2%	63,969,000	2,785,000	186
1986	2,341,000	733,700	346,000	47.2%	66,310,000	2,341,000	192
1987	2,747,000	747,120	345,300	46.2%	69,057,000	2,747,000	200
1988	2,777,000	769,880	347,600	45.1%	71,834,000	2,777,000	207
1989	3,432,000	777,780	344,800	44.3%	75,266,000	3,432,000	218
1990	2,956,000	788,690	345,200	43.8%	78,222,000	2,956,000	227
1991	4,547,000	774,500	338,800	43.7%	82,812,000	4,590,000	244
1992	1,340,000	767,990	336,000	43.8%	85,143,000	2,331,000	253
Total/Change:	27,676,000	86,800	26,000		28,710,000	28,710,000	
1993	2,698,000	767,600	340,700	44.4%	87,873,000	2,730,000	258
1994	(44,000)	747,350	332,500	44.5%	88,024,000	151,000	265
1995	266,000	740,410	335,800	45.4%	88,282,000	258,000	263
1996	334,000	722,130	333,000	46.1%	89,202,000	920,000	268
1997	1,457,000	718,250	335,500	46.7%	90,558,000	1,356,000	270
1998	3,345,000	722,150	342,000	47.4%	93,636,000	3,078,000	274
1999	1,845,000	736,020	351,900	47.8%	95,518,000	1,882,000	271
2000	3,589,000	766,050	369,900	48.3%	99,153,000	3,635,000	268
2001	1,757,000	762,090	373,900	49.1%	100,931,000	1,778,000	270
2002	1,129,000	745,220	371,000	49.8%	102,056,000	1,125,000	275
2003	1,779,000	750,140	376,200	50.2%	103,842,000	1,786,000	276
2004 5/	2,525,000	755,400	385,700	51.1%	106,317,000	2,475,000	276
Total/Change:	20,680,000	-12,590	49,700		21,174,000	21,174,000	
1980-2004 Total/Change:	54,684,000	48,840	48,200	98.7%	56,212,000	56,212,000	127

1/ Net absorption and occupied space inventory data are from Delta's year-end office reports. Occupied space includes sublet space.

2/ Total employment and both private and Federal civilian office-using employment (OUE) from Dr. Fuller. Federal civilian OUE in leased, privately owned office space is assumed to be 35% of Dr. Fuller's Federal civilian employment estimate, less postal workers. This is based on an historical pattern of 50% of Federal workers in government-owned office space and an estimated 15% of Federal employees in non-office-using jobs.

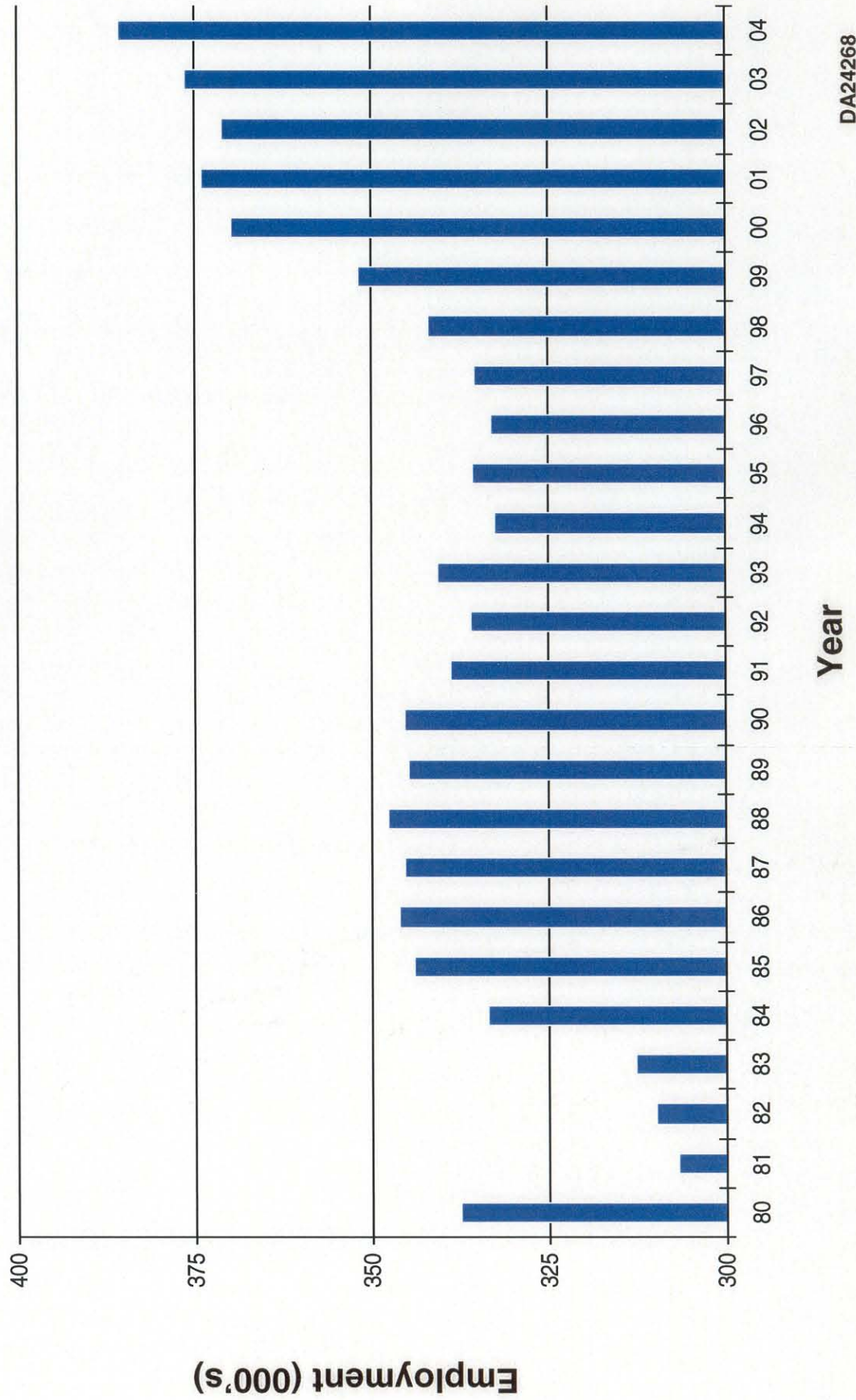
3/ Based on private office-using employment and Federal civilian employment data from Dr. Stephen Fuller.

4/ In the 1980s and much of the 1990s, the Federal government increased the amount of occupied space per worker, and the Federal workforce was becoming more professional/executive in nature, which required more space. 1980-1997 growth in space per worker averaged 7.1 SF per year. The rate of increase has been less since the late 1990's due to technology's impact on document duplication and storage space needs and a real-dollar rise in the cost of office space.

5/ Represents actual conditions at 12/2004.

TABLE A-2

**Total Public & Private Office-Using Employment
Trends
District of Columbia
1980-2004**

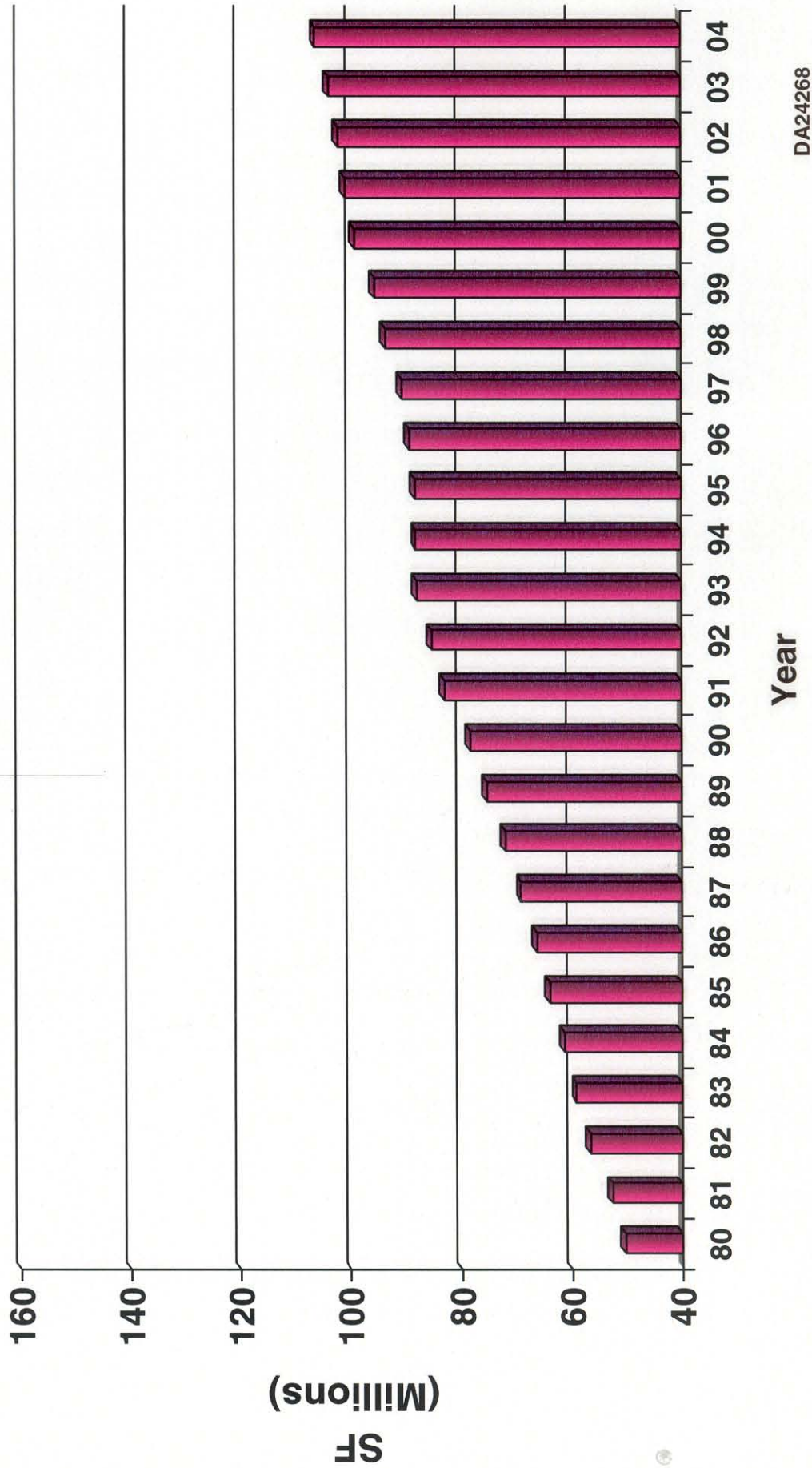


Source: Dr. Stephen Fuller and Delta Associates; May 2005.

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TABLE A-3

Occupied Office Space
District of Columbia
1980-2004



DA24268

Source: Delta Associates; May 2005.

TABLE A-4

**Net Office Absorption
District of Columbia
1981-2004**

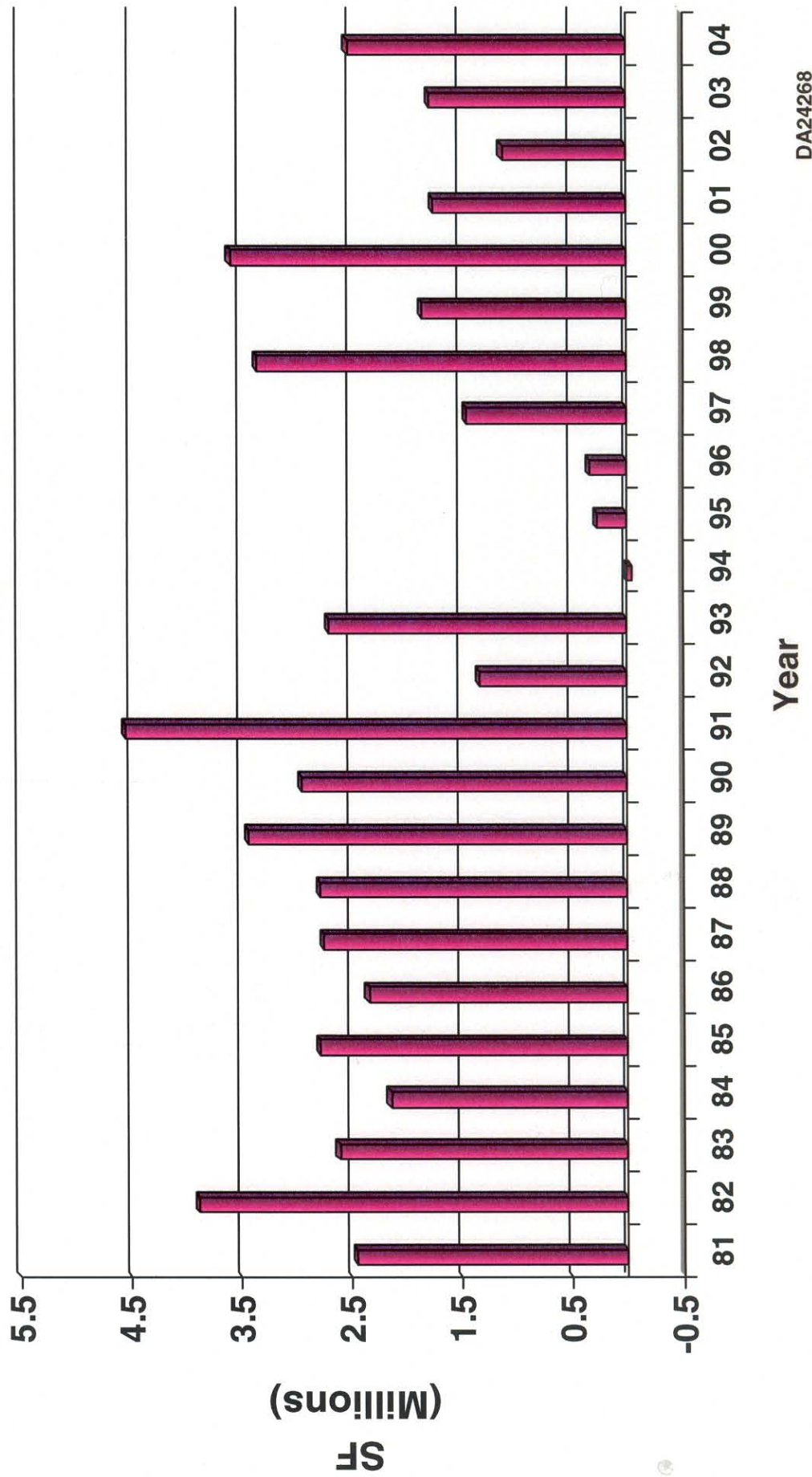
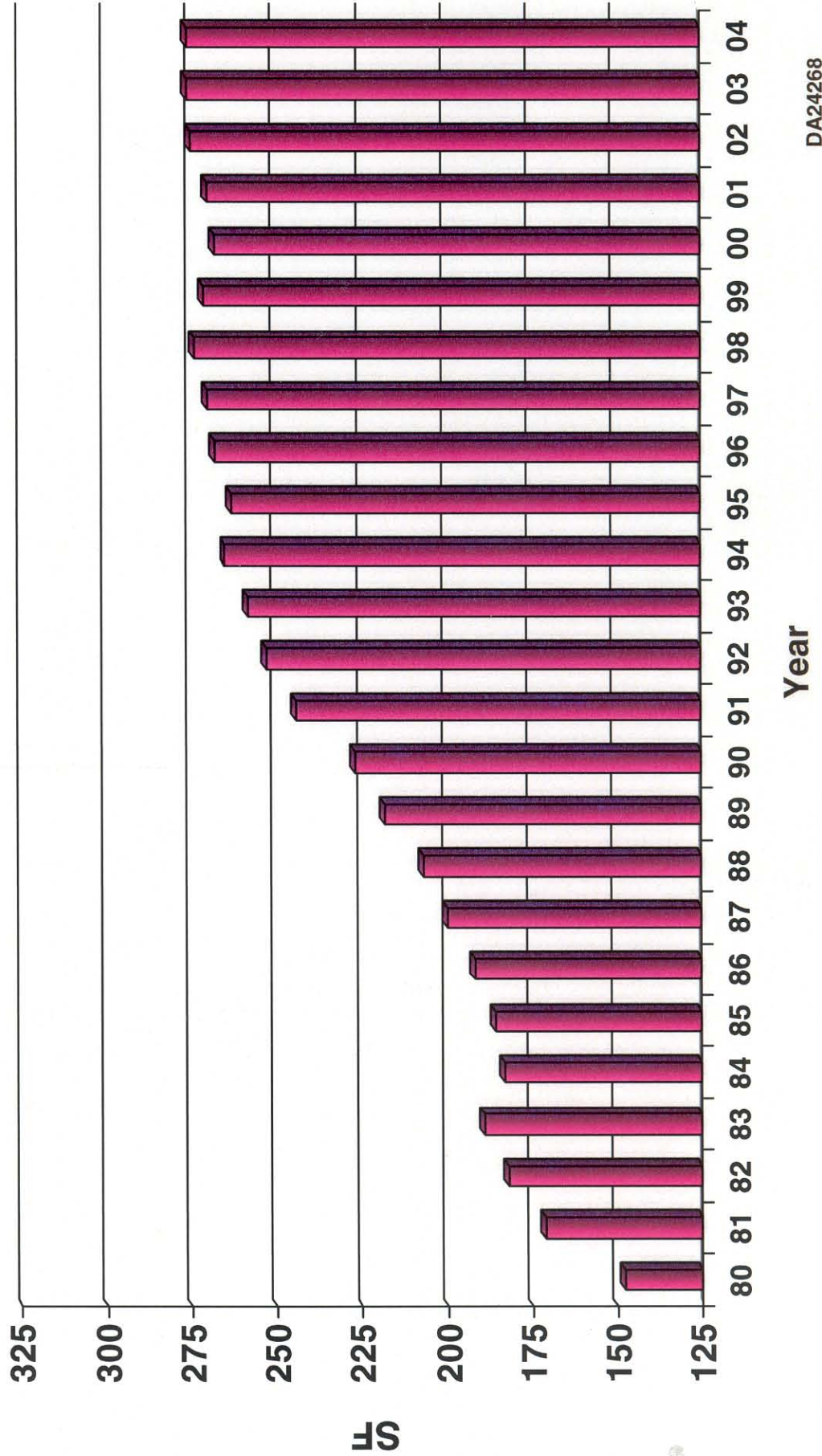


TABLE A-5

**Average Office SF per Office Worker
District of Columbia
1980-2004**



DA24268

Source: Delta Associates, May 2005.

TABLE A-6

PROJECTED OFFICE ABSORPTION
DISTRICT OF COLUMBIA
2004-2030

Year	Change in Total Covered Employment 1/	Change in Total Public & Private OUE 1/	OUE Share of Total Covered Employment 2/	Average SF per Worker	Change in Occupied Space (NRSF)	Total Net Absorption (NRSF)
	A	B	B / A	C	B x C	D
2004 3/	755,400	385,700	51.1%	276	106,317,000	2,525,000
2005	762,175	391,400	51.4%	277	108,317,000	2,000,000
2006	768,950	395,600	51.4%	279	110,317,000	2,000,000
2007	775,725	401,200	51.7%	280	112,317,000	2,000,000
2008	782,500	406,600	52.0%	281	114,317,000	2,000,000
2009	789,275	412,100	52.2%	282	116,317,000	2,000,000
2010	796,050	418,000	52.5%	283	118,317,000	2,000,000
Total/Change:	40,650	32,300			12,000,000	12,000,000
2011	804,460	424,400	52.8%	283	120,217,000	1,900,000
2012	812,870	430,800	53.0%	283	122,117,000	1,900,000
2013	821,280	437,200	53.2%	284	124,017,000	1,900,000
2014	829,690	443,600	53.5%	284	125,917,000	1,900,000
2015	838,100	450,000	53.7%	284	127,817,000	1,900,000
2016	845,676	455,500	53.9%	285	129,717,000	1,900,000
2017	853,252	461,000	54.0%	286	131,617,000	1,900,000
2018	860,828	466,600	54.2%	286	133,517,000	1,900,000
2019	868,404	472,100	54.4%	287	135,417,000	1,900,000
2020	875,980	477,700	54.5%	287	137,317,000	1,900,000
Total/Change:	79,930	59,700			19,000,000	19,000,000
2021	883,438	483,200	54.7%	288	139,017,000	1,700,000
2022	890,896	488,800	54.9%	288	140,717,000	1,700,000
2023	898,354	494,400	55.0%	288	142,417,000	1,700,000
2024	905,812	500,000	55.2%	288	144,117,000	1,700,000
2025	913,270	505,600	55.4%	288	145,817,000	1,700,000
2026	919,260	510,200	55.5%	289	147,517,000	1,700,000
2027	925,250	514,800	55.6%	290	149,217,000	1,700,000
2028	931,240	519,400	55.8%	291	150,917,000	1,700,000
2029	937,230	524,000	55.9%	291	152,617,000	1,700,000
2030	943,220	528,600	56.0%	292	154,317,000	1,700,000
Total/Change:	67,240	50,900			17,000,000	17,000,000
2004-2030 Total/Change:	187,820	142,900	76.1%	16	48,000,000	48,000,000

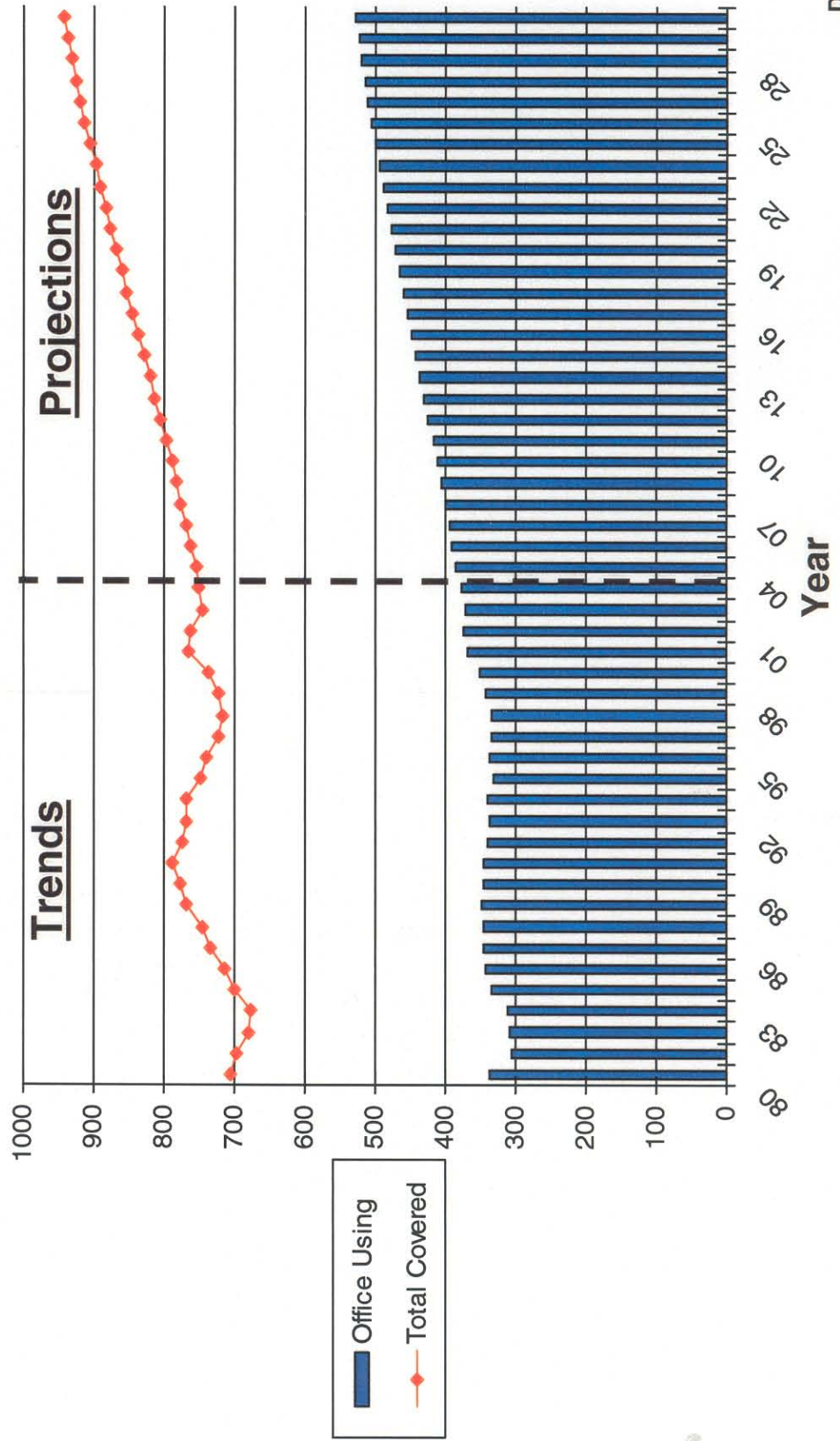
1/ Total employment and both private and Federal civilian office-using employment (OUE) are from Dr. Fuller. We assume that the portion of Federal civilian OUE housed in leased private office space will increase in the future. By our estimate, the share of new Federal civilian OUE housed in private office space will be 65% for 2004-2010, 75% for 2010-2020, and 85% for 2020-2030.

2/ Based on private office-using employment and Federal civilian employment data from Dr. Stephen Fuller.

3/ Represents actual conditions at 12/2004.

TABLE A-7

**Total Public & Private Office-Using Vs.
Total Covered Employment Trends and Projections
District of Columbia
1980-2030**

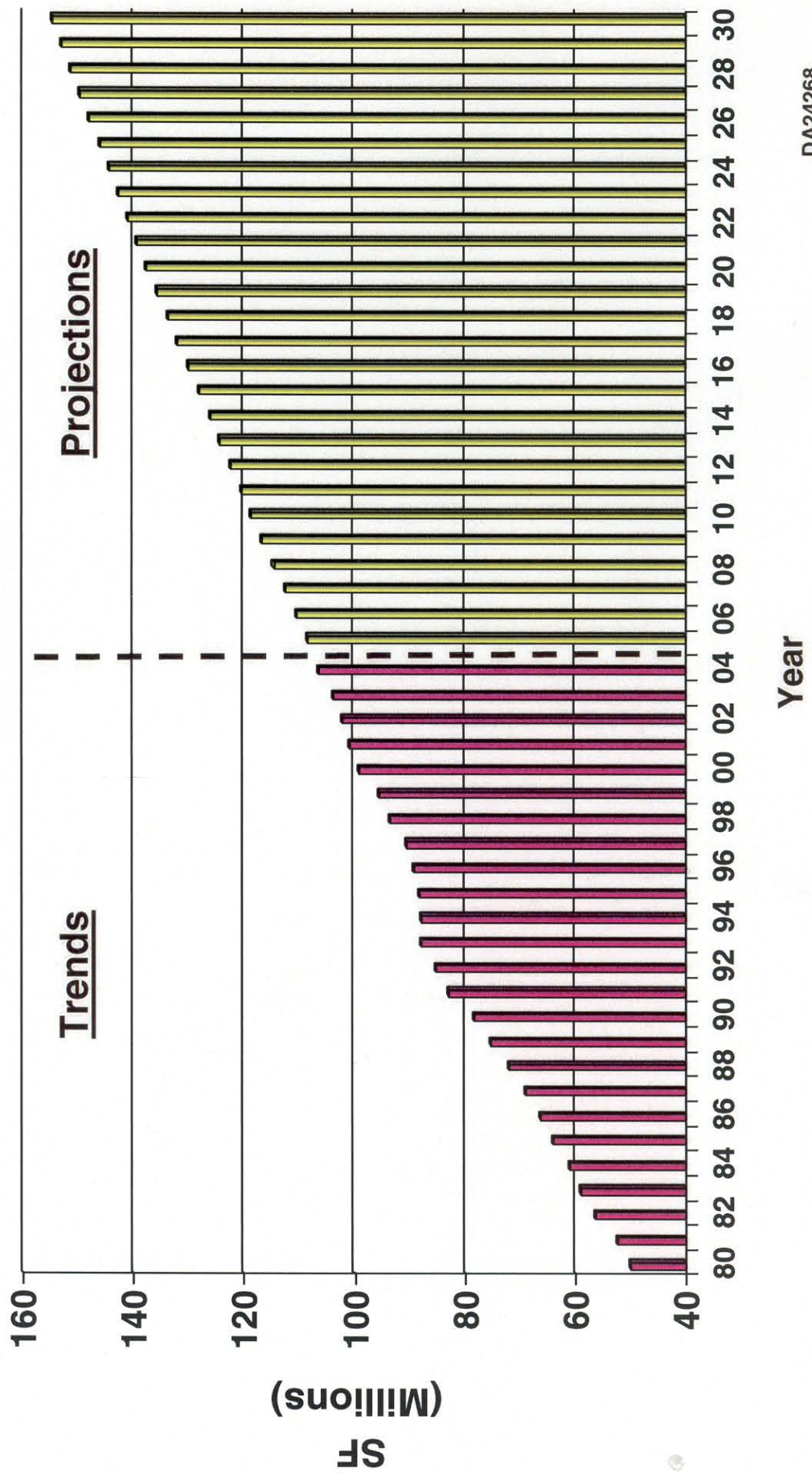


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Source: Dr. Stephen Fuller and Delta Associates; May 2005.

TABLE A-8

**Occupied Office Space
Trends and Projections
District of Columbia
1980-2030**

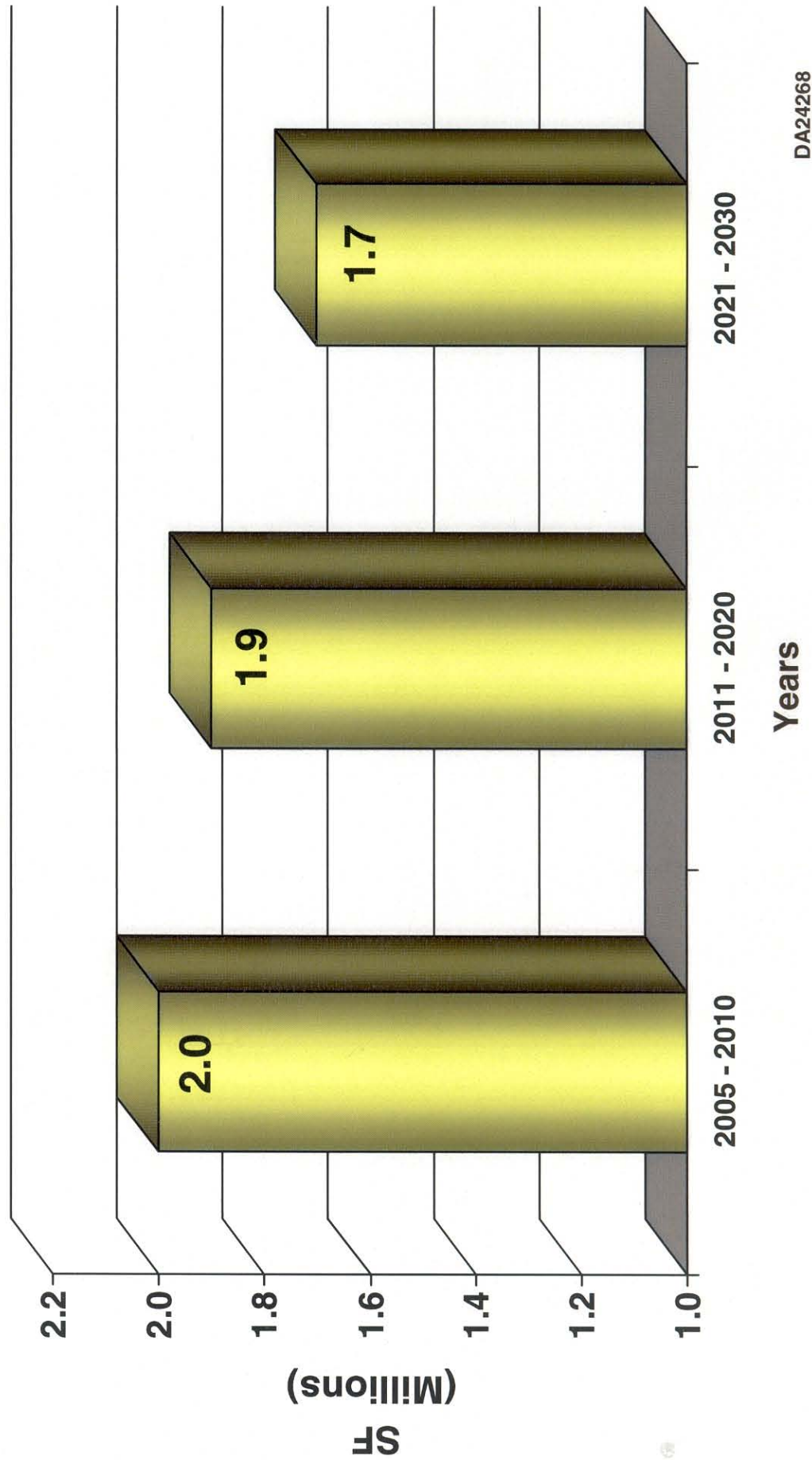


DA24268

Source: Delta Associates; May 2005.

TABLE A-9

Annual Net Office Absorption Projections District of Columbia 2005 - 2030



Source: Delta Associates; May 2005.

DA24268

TABLE A-10

**Average Office SF per Office Worker
Trends and Projections
District of Columbia
1980-2030**

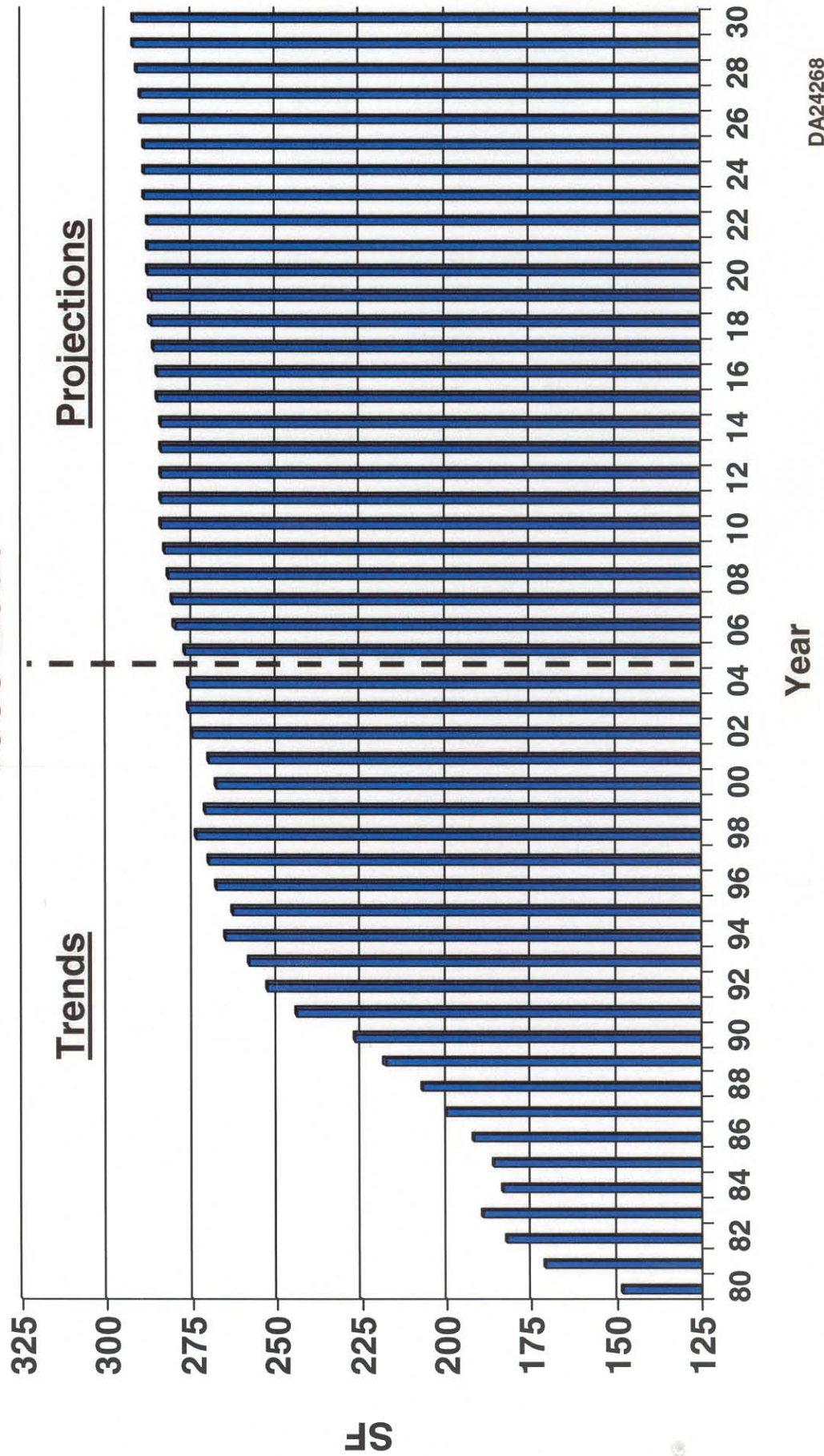


TABLE A-11

TRENDS IN AT-PLACE NONFARM EMPLOYMENT BY INDUSTRY
DISTRICT OF COLUMBIA
(IN THOUSANDS)
1980-2004

Industry	Total 1980	1980-1990 Change		1990-2000 Change		2000-2004 Change		2000-2004 Change						
		Total 1990	#	%	Total 2000	#	%	Total 2004	#	%	Total Annual #	%	Annual #	
Private Nonfarm Employment														
Mining	0.43	0.53	0.10	23.3%	0.29	0.01	-0.24	-45.3%	0.31	0.02	6.0%	0.00	0.00	
Construction	14.56	16.07	1.51	10.4%	13.30	0.15	-2.77	-17.3%	12.96	-0.33	-2.6%	-0.08	-0.08	
Manufacturing	16.41	16.51	0.10	0.6%	12.83	0.01	-3.68	-22.3%	3.37	-9.46	-280.6%	-2.36	-2.36	
Transport, Information, and Utilities	27.69	24.68	-3.01	-10.9%	21.94	-0.30	-2.74	-11.1%	32.55	10.61	32.6%	2.65	2.65	
Trade Wholesale	12.07	8.86	-3.21	-26.6%	6.16	-0.32	-2.71	-30.5%	4.26	-1.89	-44.4%	-0.47	-0.47	
Trade Retail	54.76	57.89	3.13	5.7%	51.20	0.31	-6.69	-11.6%	19.39	-31.81	-164.0%	-7.95	-7.95	
Finance, Insurance and Real Estate	50.17	47.49	-2.68	-5.3%	43.50	-0.27	-4.00	-8.4%	37.20	-6.30	-16.9%	-1.57	-1.57	
Services	219.91	307.81	87.90	40.0%	358.92	8.79	51.11	16.6%	382.49	23.57	6.2%	5.89	5.89	
Other (Agric. Services, Forestry, Fisheries)	4.25	7.33	3.08	72.5%	10.22	0.31	2.89	39.4%	12.48	2.26	18.1%	0.57	0.57	
Private Nonfarm Employment - Total	400.25	487.17	86.92	21.7%	518.35	8.69	31.18	6.4%	505.01	-13.33	-2.6%	-3.33	-3.33	
Public Sector Employment														
Federal Civilian	229.04	214.73	-14.31	-6.2%	185.86	-1.43	-28.87	-13.4%	192.14	6.28	3.3%	1.57	1.57	
Federal Military	23.13	29.24	6.11	26.4%	23.87	0.61	-5.37	-18.4%	23.24	-0.62	-2.7%	-0.16	-0.16	
State and Local	54.15	57.56	3.41	6.3%	37.62	0.34	-19.94	-34.6%	35.60	-2.02	-5.7%	-0.51	-0.51	
Public Sector Employment - Total	306.32	301.53	-4.79	-1.6%	247.35	-0.48	-54.18	-18.0%	250.98	3.64	1.4%	0.91	0.91	
TOTAL NONFARM EMPLOYMENT	706.57	788.70	82.13	11.6%	765.69	8.21	-23.01	-2.9%	756.00	-9.69	-1.3%	-2.42	-2.42	

Source: NPA Data Services, Delta Associates, May 2005.

TABLE A-12

PROJECTIONS OF AT-PLACE NONFARM EMPLOYMENT BY INDUSTRY
DISTRICT OF COLUMBIA
(IN THOUSANDS)
2004-2030

Industry	Total 2004		2004-2010 Change		Total 2010		2010-2015 Change		Total 2015		2015-2020 Change		Total 2020		2020-2025 Change		Total 2025		2025-2030 Change		Total 2030			
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
Private Nonfarm Employment	12.96		12.75		12.95		0.20	1.6%	13.20		0.25	1.9%	13.51		0.31	2.3%	13.81		0.30	2.3%	14.11		0.30	2.3%
Construction	3.37		2.96	-12.2%	2.79	-0.07	-0.17	-5.7%	2.62	-0.03	-0.17	-6.1%	2.45	-0.03	-0.17	-6.5%	2.26	-0.03	-0.17	-6.5%	2.06	-0.03	-0.17	-6.5%
Manufacturing	32.55		29.48	-9.4%	28.34	-0.51	-1.14	-3.9%	27.70	-0.23	-0.64	-2.3%	27.32	-0.13	-0.38	-1.4%	26.71	-0.08	-0.38	-1.4%	26.71	-0.08	-0.38	-1.4%
Transport, Information, and Utilities	4.26		3.81	-10.6%	3.66	-0.08	-0.15	-3.9%	3.60	-0.03	-0.06	-1.6%	3.59	-0.01	-0.01	-0.3%	3.54	0.00	0.00	0.00	3.54	0.00	0.00	0.00
Trade Wholesale	19.39		19.33	-0.3%	19.63	0.01	0.30	1.6%	19.93	0.06	0.30	1.5%	20.28	0.06	0.35	1.8%	20.46	0.07	0.07	0.3%	20.46	0.07	0.07	0.3%
Trade Retail	37.20		36.51	-1.9%	36.65	0.14	0.14	0.4%	36.84	0.19	0.19	0.5%	37.09	0.04	0.25	0.7%	37.01	0.05	0.05	0.1%	37.01	0.05	0.05	0.1%
Finance, Insurance and Real Estate	382.49		403.79	5.6%	427.38	3.55	23.59	5.8%	450.37	4.72	22.99	5.4%	473.82	4.60	23.45	5.2%	493.22	4.69	4.69	5.2%	493.22	4.69	4.69	5.2%
Services	12.79		14.90	16.5%	16.70	0.35	1.80	12.1%	18.39	0.36	1.69	10.1%	20.08	0.34	1.69	9.2%	21.70	0.34	0.34	9.2%	21.70	0.34	0.34	9.2%
Other	505.01		523.53	3.7%	548.10	3.09	24.57	4.7%	572.65	4.91	24.55	4.5%	598.14	4.91	25.49	4.5%	618.59	4.91	5.10	4.5%	618.59	4.91	5.10	4.5%
Private Nonfarm Employment - Total	192.14		214.02	11.4%	231.51	3.65	17.49	8.2%	245.81	3.50	14.30	6.2%	258.99	2.86	13.18	5.4%	270.43	2.64	2.64	5.4%	270.43	2.64	2.64	5.4%
Public Sector Employment	23.24		24.28	4.5%	24.73	0.17	0.45	1.9%	24.62	-0.11	-0.11	-0.4%	24.21	-0.02	-0.41	-1.7%	23.46	-0.08	-0.08	-1.7%	23.46	-0.08	-0.08	-1.7%
Federal Civilian	35.60		36.22	1.7%	37.05	0.10	0.83	2.3%	37.70	0.65	0.65	1.8%	38.33	0.13	0.63	1.7%	38.67	0.13	0.13	1.7%	38.67	0.13	0.13	1.7%
Federal Military	250.98		274.52	9.4%	293.29	3.92	18.77	6.8%	308.13	3.75	14.84	5.1%	321.53	2.97	13.40	4.3%	332.56	2.68	2.68	4.3%	332.56	2.68	2.68	4.3%
State and Local	756.00		798.06	42.06	841.40	7.01	43.34	5.4%	880.79	8.67	39.39	4.7%	919.68	7.88	38.89	4.4%	951.16	7.78	7.78	4.4%	951.16	7.78	7.78	4.4%
Public Sector Employment - Total	250.98		274.52	9.4%	293.29	3.92	18.77	6.8%	308.13	3.75	14.84	5.1%	321.53	2.97	13.40	4.3%	332.56	2.68	2.68	4.3%	332.56	2.68	2.68	4.3%
TOTAL NONFARM EMPLOYMENT	756.00		798.06	42.06	841.40	7.01	43.34	5.4%	880.79	8.67	39.39	4.7%	919.68	7.88	38.89	4.4%	951.16	7.78	7.78	4.4%	951.16	7.78	7.78	4.4%

TABLE A-13

SHARE OF EMPLOYMENT BASE BY TENANT TYPE**WASHINGTON METRO****1990**

Sector	District of Columbia		Northern Virginia		Suburban Maryland	
	Employment	Share	Employment	Share	Employment	Share
Associations	38,700	5.6%	53,000	1.8%	NA	NA
Legal	29,800	4.3%	NA	NA	NA	NA
Government	277,300	40.4%	578,300	20.0%	161,100	20.7%
Tech/Telecom	NA	NA	74,200	2.6%	28,700	3.7%
FIRE	33,400	4.9%	143,700	5.0%	52,000	6.7%
Business Services	109,700	16.0%	347,700	12.0%	109,400	14.1%
Accountants	NA	NA	NA	NA	NA	NA
Health/Medical	48,500	7.1%	199,600	6.9%	55,700	7.2%
Total	686,000	100.0%	2,896,200	100.0%	778,400	100.0%

SHARE OF EMPLOYMENT BASE BY TENANT TYPE**WASHINGTON METRO****2003**

Sector	District of Columbia		Northern Virginia		Suburban Maryland	
	Employment	Share	Employment	Share	Employment	Share
Associations	49,300	7.4%	110,800	3.2%	NA	NA
Legal	34,900	5.3%	NA	NA	NA	NA
Government	231,200	34.8%	638,600	18.2%	190,400	20.3%
Tech/Telecom	NA	NA	101,100	2.9%	26,100	2.8%
FIRE	31,000	4.7%	187,300	5.4%	58,900	6.3%
Business Services	140,900	21.2%	548,800	15.7%	160,100	17.1%
Accountants	NA	NA	NA	NA	NA	NA
Health/Medical	52,400	7.9%	296,900	8.5%	85,800	9.2%
Total	664,600	100.0%	3,500,300	100.0%	936,800	100.0%

CHANGE IN SHARE OF EMPLOYMENT BASE BY TENANT TYPE**WASHINGTON METRO****1990-2003**

Sector	District of Columbia	Northern Virginia	Suburban Maryland
Associations	1.8%	1.3%	NA
Legal	0.9%	NA	NA
Government	-5.6%	-1.7%	-0.4%
Tech/Telecom	NA	0.3%	-0.9%
FIRE	-0.2%	0.4%	-0.4%
Business Services	5.2%	3.7%	3.0%
Accountants	NA	NA	NA
Health/Medical	0.8%	1.6%	2.0%

Source: BLS, Delta Associates; May 2005.

DA24268
Apdx A (Yearend 2004)2, A-13 EmployShare
5/27/2005

TABLE A-14

PROJECTED FIVE-YEAR JOB GROWTH
DISTRICT OF COLUMBIA
2004 - 2030

Sector	Job Growth Per Period				
	2004-2010	2010-2015	2015-2020	2020-2025	2025-2030
Other	1,160	820	440	310	290
Construction	-210	200	250	310	180
Manufacturing	-410	-170	-170	-170	-190
T. I. U. ^{1/}	-3,070	-1,140	-640	-380	-610
Wholesale Trade	-450	-150	-60	-10	-50
Retail Trade	-60	300	300	350	180
FIRE ^{2/}	-690	140	190	250	-80
Services	21,300	23,590	22,990	23,450	19,400
Government	23,080	18,460	14,580	13,180	10,830
Federal Civilian	21,880	17,490	14,300	13,180	11,440
Military	580	130	-370	-630	-950
State/Local	620	830	650	630	340
Total	40,650	42,050	37,880	37,290	29,950

1/ Transport, information, and utilities.

2/ Finance, insurance, and real estate.

TABLE A-15

PROJECTED ANNUAL JOB GROWTH
DISTRICT OF COLUMBIA
2004 - 2030

Sector	Annual Average Over Time Period				
	2004-2010	2010-2015	2015-2020	2020-2025	2025-2030
Other	193	164	88	62	58
Construction	-35	40	50	62	36
Manufacturing	-68	-34	-34	-34	-38
T. I. U. ^{1/}	-512	-228	-128	-76	-122
Wholesale Trade	-75	-30	-12	-2	-10
Retail Trade	-10	60	60	70	36
FIRE ^{2/}	-115	28	38	50	-16
Services	3,550	4,718	4,598	4,690	3,880
Government	3,847	3,692	2,916	2,636	2,166
Federal Civilian	3,647	3,498	2,860	2,636	2,288
Military	97	26	-74	-126	-190
State/Local	103	166	130	126	68
Total	6,775	8,410	7,576	7,458	5,990

1/ Transport, information, and utilities.

2/ Finance, insurance, and real estate.

TABLE A-16

TOTAL EMPLOYMENT AND OFFICE-USING EMPLOYMENT
TRENDS AND PROJECTIONS
DISTRICT OF COLUMBIA
1980-2010
(JOBS IN THOUSANDS)

Year	Total Employment ^{1/}	Office Using Jobs by Sector				Total Office-Using Jobs
		Federal Civilian Jobs	Services	Finance, Insurance, & Real Estate	Transportation, Communications, & Public Utilities	
1980	706.56	197.9	184.6	35.1	13.9	431.5
1981	695.76	191.9	192.6	36.2	13.5	434.2
1982	681.19	187.7	199.5	33.9	13.5	434.6
1983	676.77	183.4	205.7	31.9	13.5	434.5
1984	699.89	189.2	223.9	32.3	13.7	459.1
1985	714.22	195.3	230.7	34.2	13.2	473.4
1986	733.7	197.4	229.2	37.0	13.3	476.9
1987	747.12	198.3	230.0	35.8	12.6	476.7
1988	769.88	201.6	230.9	35.8	12.9	481.2
1989	777.78	201.4	229.3	34.8	12.8	478.3
1990	788.69	204	230.8	33.2	12.4	480.4
1991	774.5	206.4	227.2	31.6	10.3	475.5
1992	767.99	210.6	227.2	28.5	9.1	475.4
1993	767.6	210.6	229.4	28.6	11.5	480.1
1994	747.35	203.2	230.1	25.6	8.2	467.1
1995	740.41	191.4	232.2	28.3	10.9	462.8
1996	722.13	181.4	232.8	28.4	10.9	453.5
1997	718.25	176	237.9	27.7	10.9	452.5
1998	722.15	172.1	245.4	28.1	10.8	456.4
1999	736.02	172.6	254.8	28.6	10.6	466.6
2000	766.05	176.6	269.2	30.4	11.0	487.2
2001	762.09	178.2	279.4	27.4	7.3	492.3
2002	745.22	176.2	281.6	25.8	4.5	488.1
2003	750.14	178.8	285.2	26.0	5.0	495.0
2004	755.4	182.5	293.0	26.2	5.2	506.9
2005	762.45	186.4	296.4	26.3	8.7	517.8
2006	768.18	188	299.2	26.4	8.8	522.4
2007	774.55	191.8	302.4	26.5	7.5	528.2
2008	780.48	195.4	305.2	26.6	6.6	533.8
2009	787.35	199	307.6	26.6	6.1	539.3
2010	796.05	203.3	310.4	26.7	6.1	546.5

1/ Includes regular full-time, year-round jobs, self-employed and contract workers, uniformed military personnel, part-time and undocumented workers, and employees of start-up firms in the first year of operation.

TABLE A-17

OFFICE USING JOB GROWTH PROJECTIONS
DISTRICT OF COLUMBIA
2004 - 2030

Year/Period	<u>New Office-Use Jobs</u>			% of All New Jobs
	Total	Private Sector	Federal	
2004-2010	39,600	18,800	20,800	97.4%
2010-2015	36,070	19,450	16,620	85.8%
2015-2020	31,100	17,520	13,580	82.1%
2020-2025	29,770	17,250	12,520	79.8%
2025-2030	24,720	13,850	10,870	82.5%
2004-2030 ^{1/}	161,260	86,870	74,390	85.8%

1/ Totals may not up add due to rounding.

TABLE A-18

OFFICE SPACE NET ABSORPTION TRENDS
WASHINGTON METRO AREA
1960-2000

Submarket	1960s	1970s	1980s	1990s
	Average Annual in Millions of Square Feet			
District of Columbia	1.6	2.0	2.8	2.1
Northern Virginia	1.1	1.8	5.2	4.3
Suburban Maryland	0.8	1.4	2.3	1.5
Metro	3.5	5.2	10.3	7.9

Submarket	1960s	1970s	1980s	1990s
	Share of Metro Absorption			
District of Columbia	45.7%	38.5%	27.2%	26.6%
Northern Virginia	31.4%	34.6%	50.5%	54.4%
Suburban Maryland	22.9%	26.9%	22.3%	19.0%
Metro	100.0%	100.0%	100.0%	100.0%

Submarket	1960s	1970s	1980s	1990s
	Average Annual Percent			
District of Columbia	11.2%	6.8%	5.6%	2.7%
Northern Virginia	42.2%	13.1%	16.4%	5.1%
Suburban Maryland	13.9%	10.0%	8.2%	2.9%
Metro	15.5%	9.1%	9.4%	3.7%

Submarket	1970	1980	1990	2000
	Occupied Office Space in Millions of Square Feet			
District of Columbia	29.8	50.1	78.2	99.2
Northern Virginia	13.8	31.8	84.0	126.6
Suburban Maryland	14.2	28.3	51.3	66.4
Metro	57.8	110.2	213.5	292.2

Source: Delta Associates; May 2005.

DA24268
 Apdx A (Yearend 2004)2, A-18 Abs Trnd
 5/27/2005

TABLE A-19

PROJECTED OFFICE SPACE NET ABSORPTION
WASHINGTON METRO AREA
2000-2030

Submarket	2000s	2010s	2020s
	Average Annual in Millions of Square Feet		
District of Columbia	2.0	1.9	1.7
Northern Virginia	4.6	5.0	5.5
Suburban Maryland	1.7	1.9	2.2
Metro	8.3	8.8	9.4

Submarket	2000s	2010s	2020s
	Share of Metro Absorption		
District of Columbia	24.1%	21.6%	18.1%
Northern Virginia	55.4%	56.8%	58.5%
Suburban Maryland	20.5%	21.6%	23.4%
Metro	100.0%	100.0%	100.0%

Submarket	2000s	2010s	2020s
	Average Annual Share		
District of Columbia	2.0%	1.6%	1.2%
Northern Virginia	3.6%	2.9%	2.5%
Suburban Maryland	2.6%	2.3%	2.1%
Metro	2.8%	2.3%	2.0%

Submarket	2010	2020	2030
	Occupied Office Space in Millions of Square Feet		
District of Columbia	119.2	138.2	155.2
Northern Virginia	172.6	222.6	277.6
Suburban Maryland	83.4	102.4	124.4
Metro	375.2	463.2	557.2

Source: Delta Associates; May 2005.

DA24268
 Apdx A (Yearend 2004)2, A-19 Abs Proj
 5/27/2005

TABLE A-20
Office Space Net Absorption Trends and Projections
Washington Metro Area
1960 - 2030

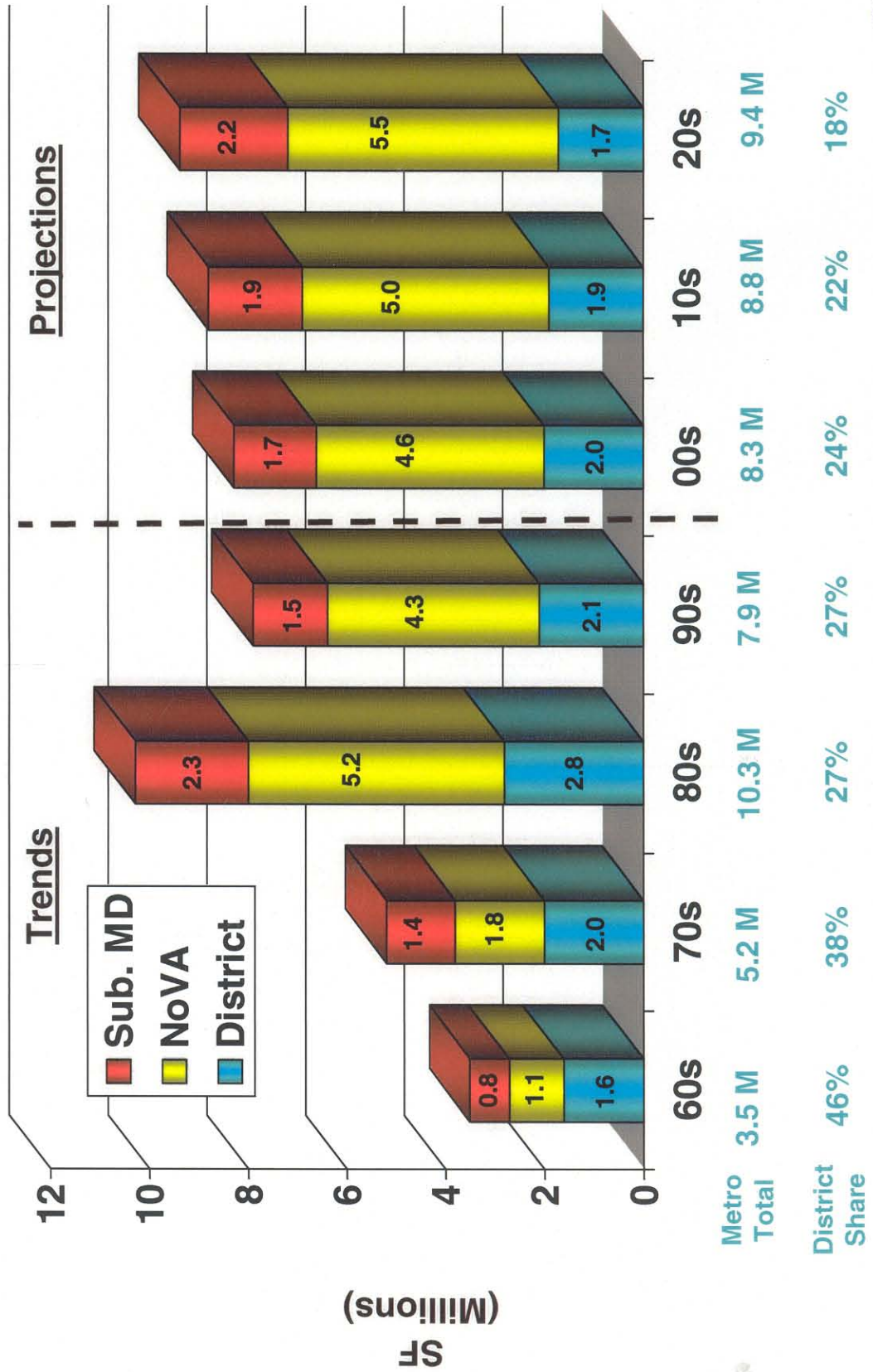


TABLE A-21

**SUMMARY OF HISTORIC NET ABSORPTION - ALL PRIVATE SECTOR OFFICE SPACE
WASHINGTON METROPOLITAN AREA, DISTRICT OF COLUMBIA, NORTHERN VIRGINIA, & SUBURBAN MARYLAND
1994 THROUGH 2004**

Submarket	Net Absorption (SF)										Annual Avg.	
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003		2004
CBD	(352,000)	(391,000)	573,000	1,122,000	684,000	102,000	1,422,000	416,000	(737,000)	934,000	439,000	382,909
East End	466,000	271,000	(164,000)	88,000	1,511,000	630,000	1,952,000	713,000	754,000	(139,000)	1,673,000	705,000
Capitol Hill	(302,000)	(47,000)	(151,000)	93,000	655,000	613,000	175,000	546,000	1,253,000	651,000	65,000	322,818
Southwest	(62,000)	64,000	103,000	68,000	126,000	78,000	(175,000)	222,000	(10,000)	381,000	221,000	93,273
Georgetown	145,000	118,000	115,000	45,000	190,000	2,000	(14,000)	(60,000)	(58,000)	70,000	36,000	53,545
West End	(111,000)	142,000	(76,000)	131,000	10,000	39,000	7,000	-	(23,000)	(37,000)	(15,000)	6,091
Uptown	162,000	109,000	(66,000)	(90,000)	169,000	381,000	222,000	(80,000)	(50,000)	(81,000)	106,000	71,091
TOTAL - District of Columbia	(44,000)	266,000	334,000	1,457,000	3,345,000	1,845,000	3,589,000	1,757,000	1,129,000	1,779,000	2,525,000	1,634,727
TOTAL - Suburban Maryland	(97,000)	824,000	1,411,000	951,000	1,027,000	1,573,000	2,425,000	1,377,000	1,023,000	263,000	2,452,000	1,120,818
TOTAL - Northern Virginia	2,928,000	3,292,000	2,755,000	1,434,000	3,116,000	7,612,000	9,581,000	2,672,000	2,59,000	1,351,000	6,615,000	3,783,182
TOTAL - Washington Metro Area	1,887,000	4,382,000	4,500,000	3,842,000	7,488,000	11,030,000	15,595,000	5,806,000	2,411,000	3,393,000	11,592,000	6,538,727

Source: Delta Associates; May 2005.

DA24258
Apdx A (Yearend 2004)2, A-21 DC Abs All
5/27/2005

TABLE A-22

**SUMMARY OF HISTORIC NET ABSORPTION - CLASS A OFFICE SPACE 1/
WASHINGTON METROPOLITAN AREA, DISTRICT OF COLUMBIA, NORTHERN VIRGINIA, & SUBURBAN MARYLAND
1994 THROUGH 2004**

Submarket	Net Absorption (SF)											Annual Avg.
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
CBD	NA	810,000	241,000	235,000	142,000	(15,000)	390,000	621,000	158,000	942,000	254,000	377,800
East End	NA	53,000	96,000	142,000	455,000	0	1,293,000	991,000	831,000	121,000	1,317,000	529,900
Capitol Hill	NA	(114,000)	6,000	43,000	220,000	75,000	101,000	654,000	735,000	670,000	233,000	262,300
Southwest	NA	(65,000)	2,000	669,000	59,000	11,000	(10,000)	56,000	47,000	4,000	4,000	77,700
Georgetown	NA	(20,000)	96,000	43,000	79,000	6,000	(3,000)	(43,000)	31,000	15,000	7,000	21,100
West End	NA	(25,000)	(339,000)	47,000	16,000	16,000	4,000	(7,000)	(3,000)	(4,000)	4,000	(29,100)
Uptown	NA	NA	7,000	31,000	(24,000)	(9,000)	46,000	49,000	(107,000)	(1,000)	37,000	2,900
TOTAL - District of Columbia	NA	639,000	109,000	1,210,000	947,000	84,000	1,821,000	2,321,000	1,692,000	1,747,000	1,856,000	1,242,600
TOTAL - Suburban Maryland	NA	674,000	685,000	(224,000)	882,000	1,484,000	1,373,000	1,421,000	1,435,000	271,000	2,153,000	1,015,400
TOTAL - Northern Virginia	NA	1,925,000	2,599,000	1,731,000	2,238,000	6,628,000	8,489,000	3,581,000	1,585,000	1,446,000	6,185,000	3,640,700
TOTAL - Washington Metro Area	NA	3,238,000	3,393,000	2,717,000	4,067,000	8,196,000	11,683,000	7,323,000	4,712,000	3,464,000	10,194,000	5,898,700

1/ Class A is defined as buildings greater than 50,000 SF and built after 1984.

**SUMMARY OF HISTORIC NET ABSORPTION - CLASS B/C OFFICE SPACE
WASHINGTON METROPOLITAN AREA, DISTRICT OF COLUMBIA, NORTHERN VIRGINIA, & SUBURBAN MARYLAND
1994 THROUGH 2004**

Submarket	Net Absorption (SF)												Annual Avg.
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
CBD	NA	(1,201,000)	332,000	887,000	542,000	117,000	1,032,000	(205,000)	(895,000)	(8,000)	185,000	78,600	
East End	NA	218,000	(260,000)	(54,000)	1,056,000	630,000	659,000	(278,000)	(77,000)	(260,000)	356,000	199,000	
Capitol Hill	NA	67,000	(157,000)	50,000	435,000	538,000	74,000	(108,000)	518,000	(19,000)	(168,000)	123,000	
Southwest	NA	129,000	101,000	(601,000)	67,000	67,000	(165,000)	166,000	(57,000)	377,000	217,000	30,100	
Georgetown	NA	138,000	19,000	2,000	111,000	(4,000)	(11,000)	(17,000)	(89,000)	55,000	29,000	23,300	
West End	NA	167,000	263,000	84,000	(6,000)	23,000	3,000	7,000	(20,000)	(33,000)	(19,000)	46,900	
Uptown	NA	NA	(73,000)	(121,000)	193,000	390,000	176,000	(129,000)	57,000	(80,000)	69,000	48,200	
TOTAL - District of Columbia	NA	(373,000)	225,000	247,000	2,398,000	1,761,000	1,768,000	(564,000)	(563,000)	32,000	669,000	560,000	
TOTAL - Suburban Maryland	NA	150,000	726,000	1,175,000	145,000	89,000	1,052,000	(44,000)	(412,000)	(8,000)	299,000	317,200	
TOTAL - Northern Virginia	NA	1,367,000	156,000	(297,000)	878,000	984,000	1,092,000	(909,000)	(1,326,000)	(95,000)	430,000	228,000	
TOTAL - Washington Metro Area	NA	1,144,000	1,107,000	1,125,000	3,421,000	2,834,000	3,912,000	(1,517,000)	(2,301,000)	(71,000)	1,398,000	1,105,200	

Source: Delta Associates, May 2005.

TABLE A-24

SHARE OF EMPLOYMENT BASE BY TENANT TYPE
WASHINGTON METRO AREA
1990

Sector	District of Columbia		Northern Virginia		Suburban Maryland	
	Employment	Share	Employment	Share	Employment	Share
Associations	38,700	5.6%	53,000	1.8%	NA	NA
Legal	29,800	4.3%	NA	NA	NA	NA
Government	277,300	40.4%	578,300	20.0%	161,100	20.7%
Tech/Telecom	NA	NA	74,200	2.6%	28,700	3.7%
FIRE	33,400	4.9%	143,700	5.0%	52,000	6.7%
Business Services	109,700	16.0%	347,700	12.0%	109,400	14.1%
Accountants	NA	NA	NA	NA	NA	NA
Health/Medical	48,500	7.1%	199,600	6.9%	55,700	7.2%
Total	686,000	100.0%	2,896,200	100.0%	778,400	100.0%

SHARE OF EMPLOYMENT BASE BY TENANT TYPE
WASHINGTON METRO AREA
2003

Sector	District of Columbia		Northern Virginia		Suburban Maryland	
	Employment	Share	Employment	Share	Employment	Share
Associations	49,300	7.4%	110,800	3.2%	NA	NA
Legal	34,900	5.3%	NA	NA	NA	NA
Government	231,200	34.8%	638,600	18.2%	190,400	20.3%
Tech/Telecom	NA	NA	101,100	2.9%	26,100	2.8%
FIRE	31,000	4.7%	187,300	5.4%	58,900	6.3%
Business Services	140,900	21.2%	548,800	15.7%	160,100	17.1%
Accountants	NA	NA	NA	NA	NA	NA
Health/Medical	52,400	7.9%	296,900	8.5%	85,800	9.2%
Total	664,600	100.0%	3,500,300	100.0%	936,800	100.0%

CHANGE IN SHARE OF EMPLOYMENT BASE BY TENANT TYPE
WASHINGTON METRO
1990-2003

Sector	District of Columbia	Northern Virginia	Suburban Maryland
Associations	1.8%	1.3%	NA
Legal	0.9%	NA	NA
Government	-5.6%	-1.7%	-0.4%
Tech/Telecom	NA	0.3%	-0.9%
FIRE	-0.2%	0.4%	-0.4%
Business Services	5.2%	3.7%	3.0%
Accountants	NA	NA	NA
Health/Medical	0.8%	1.6%	2.0%

Source: CoStar Group, Delta Associates; May 2005.

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 5/27/2005

TABLE A-25

EXISTING SHARE OF OCCUPIED SPACE BY TENANT TYPE
WASHINGTON METRO AREA
2004

Sector	District of Columbia	Northern Virginia	Suburban Maryland
Associations	12.0%	4.3%	4.7%
Legal	19.9%	2.7%	2.5%
Government	28.0%	12.8%	17.2%
Tech/Telecom	3.9%	24.9%	11.7%
FIRE	8.8%	11.3%	19.1%
Business Services	10.9%	21.0%	15.4%
Accountants (portion)	(1.1%)	(1.0%)	(1.5%)
Health/Medical	2.1%	4.6%	8.9%
Other	14.4%	18.4%	20.5%
Total	100.0%	100.0%	100.0%

FORECASTED SHARE OF NET ABSORPTION BY TENANT TYPE
WASHINGTON METRO
2005 - 2030

Sector	District of Columbia	Northern Virginia	Suburban Maryland
Associations	13.0%	5.0%	5.0%
Legal	21.0%	3.0%	2.5%
Government	24.0%	12.0%	17.0%
Tech/Telecom	4.5%	25.0%	11.5%
FIRE	8.5%	11.5%	18.5%
Business Services	13.0%	22.0%	17.0%
Health/Medical	2.5%	5.0%	10.0%
Other	13.5%	16.5%	18.5%
Total	100.0%	100.0%	100.0%

Source: CoStar Group, Delta Associates; May 2005.

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 Apdx A (Yearend 2004)2, A-25 Off Ten SF
 5/27/2005

TABLE A-26

PROJECTED OFFICE SPACE DEMAND BY TENANT TYPE ^{1/}
DISTRICT OF COLUMBIA
2005 - 2030

Sector	Millions of Square Feet per Period				
	Period			2005 - 2030	
	2005-2010	2011-2020	2021-2030	Total Demand	Annual Avg.
Associations	1.54	2.47	2.21	6.22	0.24
Legal	2.50	3.99	3.57	10.06	0.39
Government	2.96	4.56	4.08	11.60	0.45
Tech/Telecom	0.53	0.86	0.77	2.15	0.08
FIRE	1.03	1.62	1.45	4.09	0.16
Business Services	1.52	2.47	2.21	6.20	0.24
Health/Medical	0.29	0.48	0.43	1.19	0.05
Other	1.64	2.57	2.30	6.50	0.25
Total	12.00	19.00	17.00	48.00	1.85

1/ See Tables A-11 and A-16.

TABLE A-27

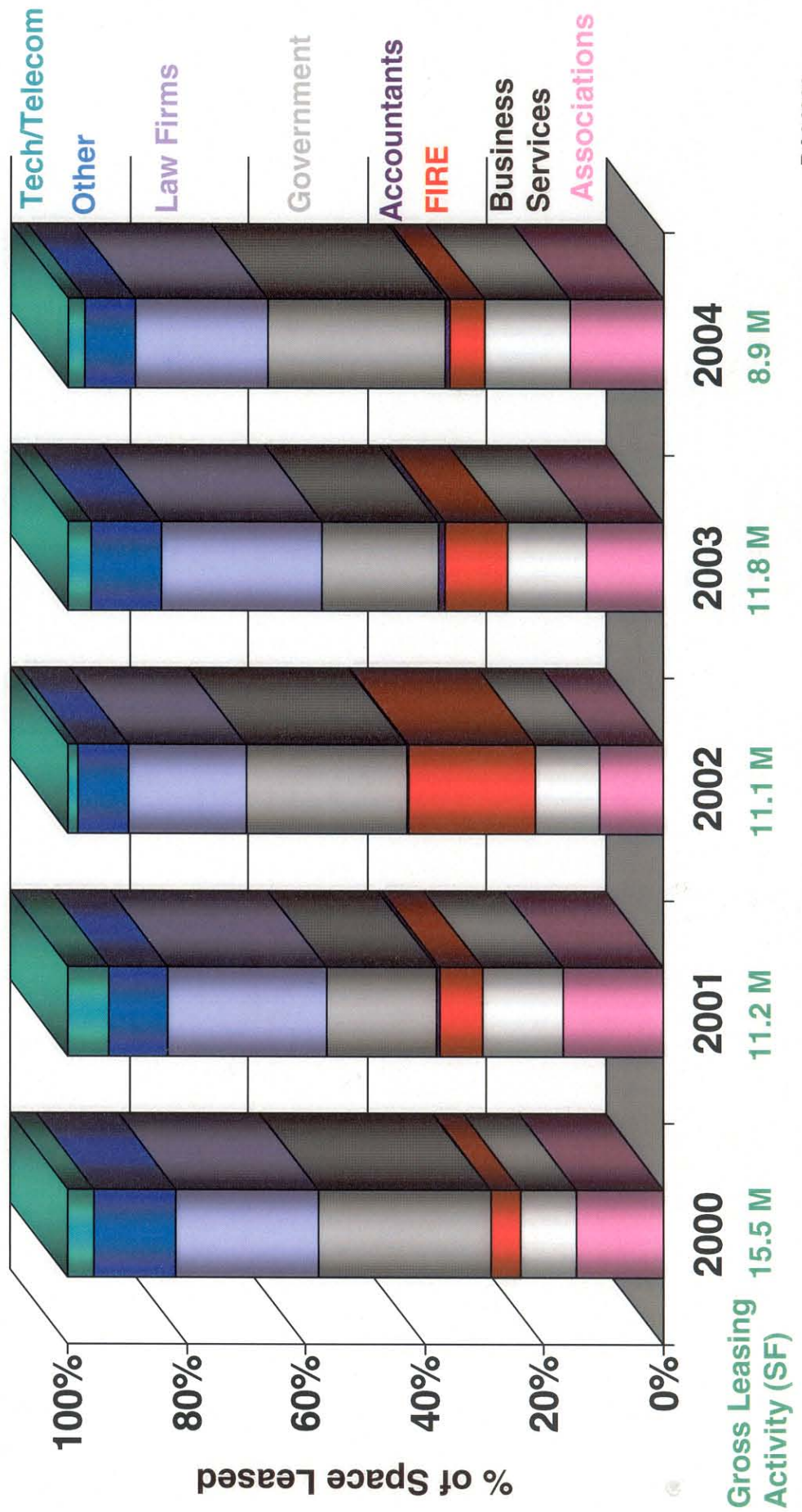
**GROSS LEASING ACTIVITY
DISTRICT OF COLUMBIA
2000 - 2004**

Industry	2000		2001		2002		2003		2004		Total		Annual Average	
	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%
Accountants	21,094	0.2%	87,854	0.7%	27,577	0.3%	104,785	1.2%	50,751	0.6%	292,062	0.6%	58,412	0.6%
Associations/Organizations	1,686,668	14.6%	2,133,813	16.9%	1,106,939	10.8%	1,125,377	13.1%	1,399,112	15.7%	7,451,909	14.3%	1,490,382	14.3%
Business Services	1,072,328	9.3%	1,699,907	13.5%	1,101,281	10.7%	1,137,929	13.2%	1,287,995	14.4%	6,299,439	12.1%	1,259,888	12.1%
FIRE	577,630	5.0%	878,320	7.0%	2,191,821	21.3%	884,998	10.3%	519,226	5.8%	5,051,996	9.7%	1,010,399	9.7%
Government/Schools	3,344,666	29.0%	2,334,944	18.5%	2,776,485	27.0%	1,673,483	19.5%	2,661,821	29.9%	12,791,400	24.6%	2,558,280	24.6%
Law Firms	2,747,675	23.8%	3,343,161	26.5%	2,044,652	19.9%	2,336,441	27.2%	2,004,752	22.5%	12,476,681	24.0%	2,495,336	24.0%
Other	1,588,611	13.8%	1,268,834	10.1%	854,484	8.3%	1,021,657	11.9%	748,208	8.4%	5,481,794	10.6%	1,096,359	10.6%
Tech/Telecom	511,418	4.4%	854,793	6.8%	168,186	1.6%	313,822	3.6%	245,033	2.7%	2,093,252	4.0%	418,650	4.0%
Total	11,550,090	100.0%	12,601,626	100.0%	10,271,425	100.0%	8,598,493	100.0%	8,916,898	100.0%	51,938,532	100.0%	10,387,706	100.0%

Source: CoStar Group, Delta Associates, May 2005.

TABLE A-28

Office Leasing Activity by Sector District of Columbia 2001 - 2004



DA24268

Source: CoStar, Delta Associates; May 2005.

TABLE A-29

GROSS LEASING ACTIVITY
NORTHERN VIRGINIA ^{1/}
2000 - 2004

Industry	2000		2001		2002		2003		2004		Total		Annual Average	
	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%
Accountants	172,690	0.8%	68,865	0.4%	242,258	1.2%	98,886	0.5%	235,535	1.0%	818,235	0.8%	163,647	0.8%
Associations/Organizations	673,592	3.2%	1,364,590	7.3%	1,102,892	5.4%	562,815	3.1%	1,008,127	4.4%	4,712,016	4.7%	942,403	4.7%
Business Services	3,643,950	17.2%	3,372,706	18.1%	4,217,276	20.7%	3,444,055	19.1%	4,262,456	18.6%	18,940,442	18.7%	3,788,088	18.7%
FIRE	2,029,429	9.6%	1,394,126	7.5%	2,264,904	11.1%	1,816,989	10.1%	3,925,671	17.1%	11,431,119	11.3%	2,286,224	11.3%
Government/Schools	2,115,286	10.0%	3,708,462	19.9%	2,307,103	11.3%	1,654,585	9.2%	2,980,682	13.0%	12,766,119	12.6%	2,553,224	12.6%
Law Firms	1,541,788	7.3%	508,693	2.7%	729,759	3.6%	419,574	2.3%	715,159	3.1%	3,914,974	3.9%	782,995	3.9%
Other	4,606,508	21.8%	3,591,189	19.3%	4,973,060	24.4%	5,866,410	32.6%	4,067,338	17.7%	23,104,506	22.8%	4,620,901	22.8%
Tech/Telecom	6,379,997	30.1%	4,627,897	24.8%	4,573,403	22.4%	4,142,432	23.0%	5,767,784	25.1%	25,491,512	25.2%	5,098,302	25.2%
Total	22,962,752	100.0%	18,005,747	100.0%	20,410,655	100.0%	18,636,528	100.0%	21,163,240	100.0%	101,178,922	100.0%	20,235,784	100.0%

^{1/} Includes Fairfax, Arlington, Loudoun, Prince William Counties and the city of Alexandria.

TABLE A-30

**GROSS LEASING ACTIVITY
SUBURBAN MARYLAND ^{1/}
2000 - 2004**

Industry	2000		2001		2002		2003		2004		Total		Annual Average	
	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%	S.F.	%
Accountants	603,293	7.0%	29,219	0.4%	45,462	0.5%	61,752	0.8%	215,549	3.0%	955,275	2.5%	191,055	2.5%
Associations/Organizations	214,286	2.5%	480,074	6.3%	251,030	3.0%	265,896	3.6%	656,285	9.3%	1,867,570	4.8%	373,514	4.8%
Business Services	1,163,689	13.6%	1,324,408	17.3%	1,253,290	15.2%	816,865	11.2%	1,674,866	23.7%	6,233,118	16.0%	1,246,624	16.0%
FIRE	1,218,157	14.2%	1,580,289	20.7%	2,077,996	25.1%	1,943,998	26.5%	883,707	12.5%	7,704,147	19.8%	1,540,829	19.8%
Government/Schools	839,708	9.8%	1,314,084	17.2%	1,469,859	17.8%	611,468	8.3%	286,373	4.1%	4,521,492	11.6%	904,298	11.6%
Law Firms	129,726	1.5%	160,313	2.1%	106,467	1.3%	128,976	1.8%	218,437	3.1%	743,919	1.9%	148,784	1.9%
Medical	22,230	0.3%	90,991	1.2%	205,553	2.5%	900,299	12.3%	363,216	5.1%	1,582,288	4.1%	316,458	4.1%
Other	2,251,390	26.3%	1,249,920	16.4%	1,408,608	17.0%	1,553,217	21.2%	1,884,289	26.7%	8,347,423	21.5%	1,669,485	21.5%
Tech/Telecom	2,117,471	24.7%	1,412,559	18.5%	1,449,527	17.5%	1,036,558	14.2%	886,522	12.5%	6,902,636	17.8%	1,380,527	17.8%
Total	8,559,948	100.0%	7,641,856	100.0%	8,267,793	100.0%	7,319,029	100.0%	7,069,243	100.0%	38,857,870	100.0%	7,771,574	100.0%

^{1/} Includes Montgomery, Prince George's, and Frederick Counties.

TABLE A-31

Office Leasing Activity by Sector
 District of Columbia Vs. Washington Metro Area
 2004

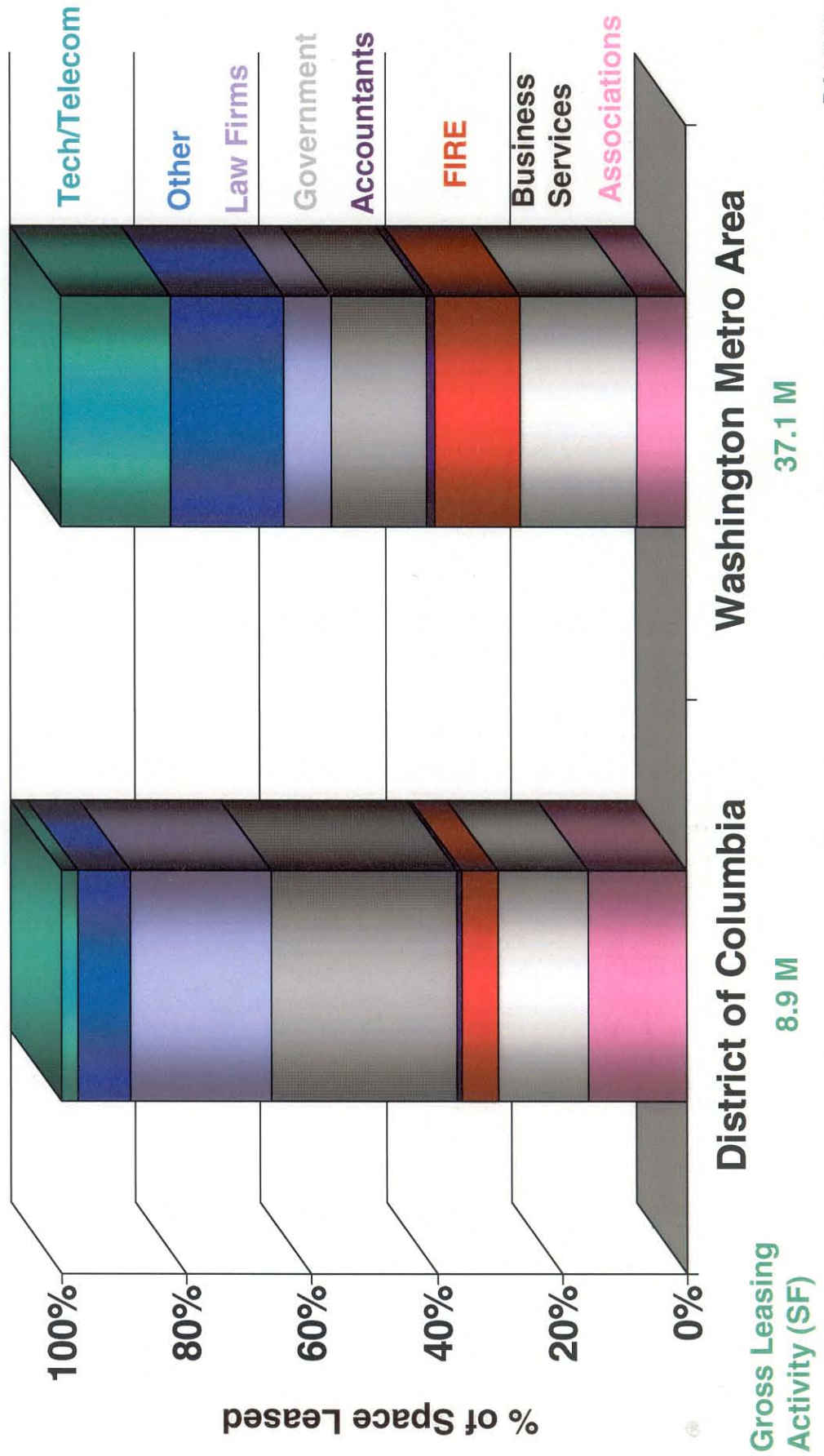


TABLE A-32

**SUMMARY OF OFFICE MARKET INDICATORS - ALL PRIVATE SECTOR SPACE
DISTRICT OF COLUMBIA EMERGING SUBMARKETS
2001 - 2004**

Submarket	4Q 2004		Direct Vacancy Rate at End of:				Vacancy at End of 4th Q 2004 w/ Sublet	SF Under Constr. or Renovation 4Q 04	Net Absorption (SF)			
	Total Rentable SF All Bldgs. ^{1/}	SF Avail. Immediately All Bldgs. ^{2/}	2001 - 2004						2001	2002	2003	2004
			2001	2002	2003	2004						
NOMA Corridor	4,231,846	63,478	6.5%	1.6%	3.0%	1.5%	195,652	408,400	181,145	63,478		
SE Federal Center Area	1,268,062	87,496	0.0%	0.0%	10.5%	6.9%	790,047	1,350,000	309,892	45,650		
SW Waterfront Area	556,991	12,811	0.0%	0.0%	0.0%	2.3%	0	-	0	(12,811)		
South Capitol Street Area	1,062,562	358,083	46.8%	46.8%	46.8%	33.7%	0	-	0	139,196		
Petworth Area	108,103	0	0.0%	0.0%	0.0%	0.0%	0	-	0	0		
St. Elizabeth's Area	34,500	0	0.0%	0.0%	0.0%	0.0%	0	-	0	0		
TOTAL	7,262,064	521,868	11.7%	8.5%	10.4%	7.2%	985,700	1,758,400	491,038	235,513		
Vacancy Rate with Sublet Space			12.1%	9.4%	11.4%	8.2%						

1/ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction, under renovation, or buildings owned by the government.

2/ Does not include sublet space.

SUMMARY OF OFFICE MARKET INDICATORS - CLASS A ^{1/}
DISTRICT OF COLUMBIA EMERGING SUBMARKETS

2001 - 2004

Submarket	Total Rentable SF ^{2/}	SF Available Immediately ^{3/}	4Q 2004			Net Absorption (SF)			
			Direct Vacancy Rate	Vacancy Rate with Sublet Space	SF Under Construction or Renovation	2001	2002	2003	2004
NOMA Corridor	2,274,727	52,319	2.3%	2.5%	--	118,884	(674,595)	1,035,001	50,044
SE Federal Center Area	1,200,280	74,417	6.2%	10.7%	1,350,000	--	757,241	313,409	55,213
SW Waterfront Area	--	--	--	--	--	--	--	--	--
South Capitol Street Area	--	--	--	--	--	--	--	--	--
Petworth Area	--	--	--	--	--	--	--	--	--
St. Elizabeth's Area	--	--	--	--	--	--	--	--	--
TOTAL	3,475,007	126,736	3.6%	5.3%	1,350,000	118,884	82,646	1,348,410	105,257

1/ Class A is defined as buildings greater than 50,000 SF and built after 1984.

2/ Includes buildings 50,000 SF RBA and greater. Does not include buildings under construction, under renovation, or buildings owned by the government.

3/ Does not include sublet space.

Appendix B:

The Federal Government As An Office Tenant

TABLE B-1

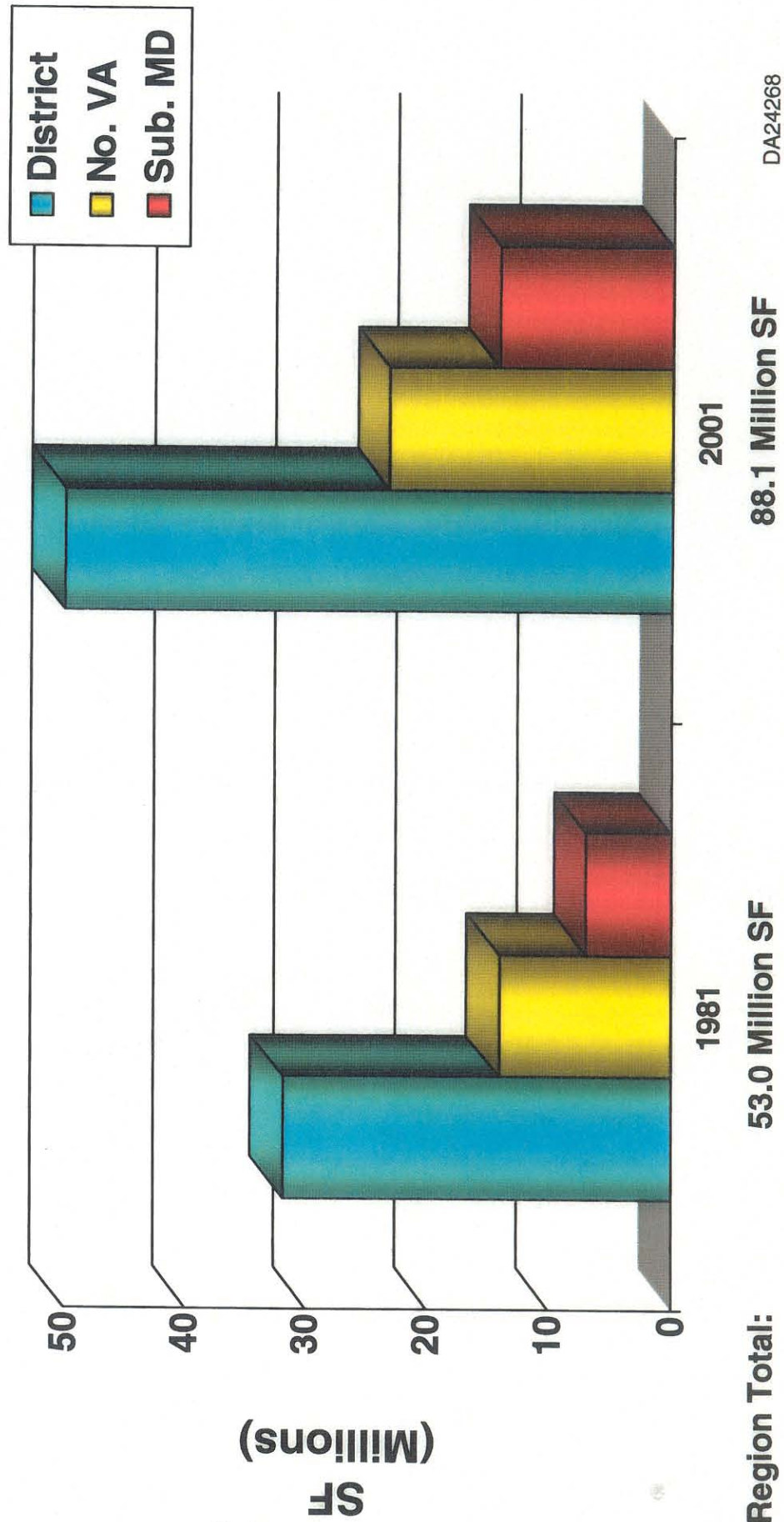
INVENTORY OF GSA OFFICE SPACE 1/
OWNED VS. LEASED SPACE
WASHINGTON METRO AREA
1981 VS. 2001

	1981		2001 2/		20-Year Change 3/		Avg. Annual Change	
	S.F.	%	S.F.	%	S.F.	%	S.F.	%
A. Owned Office Space:								
District of Columbia	20,321,660	72.0%	32,783,234	72.2%	12,461,574	61.3%	623,079	3.1%
Northern Virginia	5,600,928	19.8%	7,049,705	15.5%	1,448,777	25.9%	72,439	1.3%
Suburban Maryland	2,310,894	8.2%	5,565,261	12.3%	3,254,367	140.8%	162,718	7.0%
Metro Area Total	28,233,482	100.0%	45,398,200	100.0%	17,164,718	60.8%	858,236	3.0%
B. Leased Office Space:								
District of Columbia	11,649,398	46.9%	17,841,289	41.8%	6,191,891	53.2%	309,595	2.7%
Northern Virginia	8,499,254	34.3%	16,190,820	37.9%	7,691,566	90.5%	384,578	4.5%
Suburban Maryland	4,665,546	18.8%	8,664,327	20.3%	3,998,781	85.7%	199,939	4.3%
Metro Area Total	24,814,198	100.0%	42,696,436	100.0%	17,882,238	72.1%	894,112	3.6%
C. Combined Space (A + B):								
District of Columbia	31,971,058	60.3%	50,624,523	57.5%	18,653,465	58.3%	932,673	2.9%
Northern Virginia	14,100,182	26.6%	23,240,525	26.4%	9,140,343	64.8%	457,017	3.2%
Suburban Maryland	6,976,440	13.2%	14,229,588	16.2%	7,253,148	104.0%	362,657	5.2%
Metro Area Total	53,047,680	100.0%	88,094,636	100.0%	35,046,956	66.1%	1,752,348	3.3%

- 1/ This inventory includes both regular and "special" office space, but no storage space. "Special" space is defined as having unique architectural/construction features that require special equipment to construct, maintain, and/or operate. Examples are library space, auditoriums, conference rooms, computer space, and Sensitive Compartmentalized Information Facility (SCIF) space.
- 2/ The 2001 Virginia inventory includes the Pentagon, Navy Annex, and CIA Headquarters, which total 5.5 million SF. They were in GSA's portfolio in 1981, but were no longer in GSA's custody in 2001.
- 3/ It should be noted that GSA added more space to its portfolio during the 1990's than it did during the 1980's.

TABLE B-2

Federal Leased & Owned Office Space Washington Metro Area 1981 vs. 2001



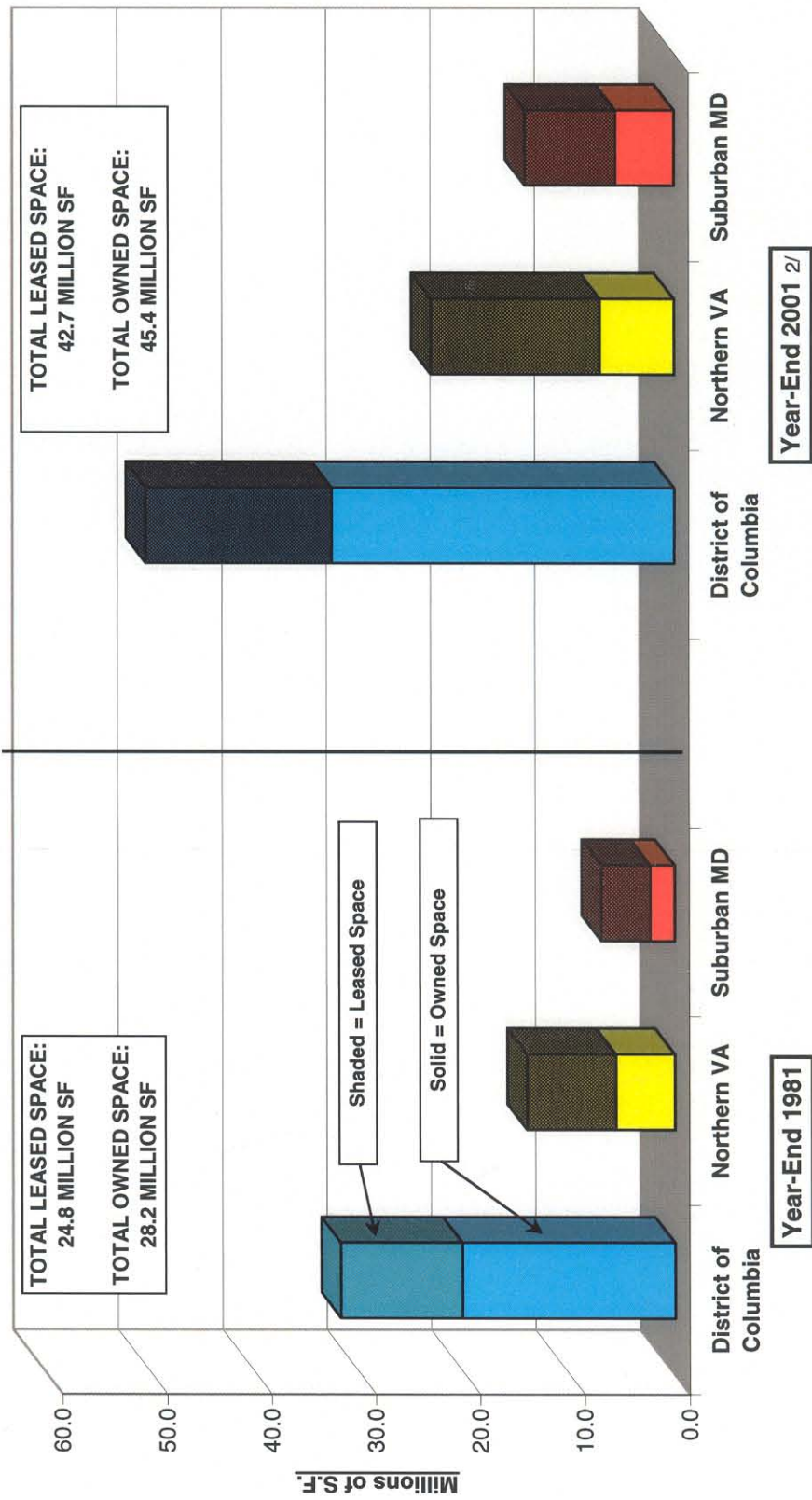
Region Total: 53.0 Million SF (1981) / 88.1 Million SF (2001)

Source: "Federal Increases to Fight the War on Terrorism," Delta Associates; May 2005.

DA24268

TABLE B-3

**INVENTORY OF GSA OFFICE SPACE BY TYPE OF TENURE 1/
WASHINGTON METRO AREA
1981 vs. 2001**



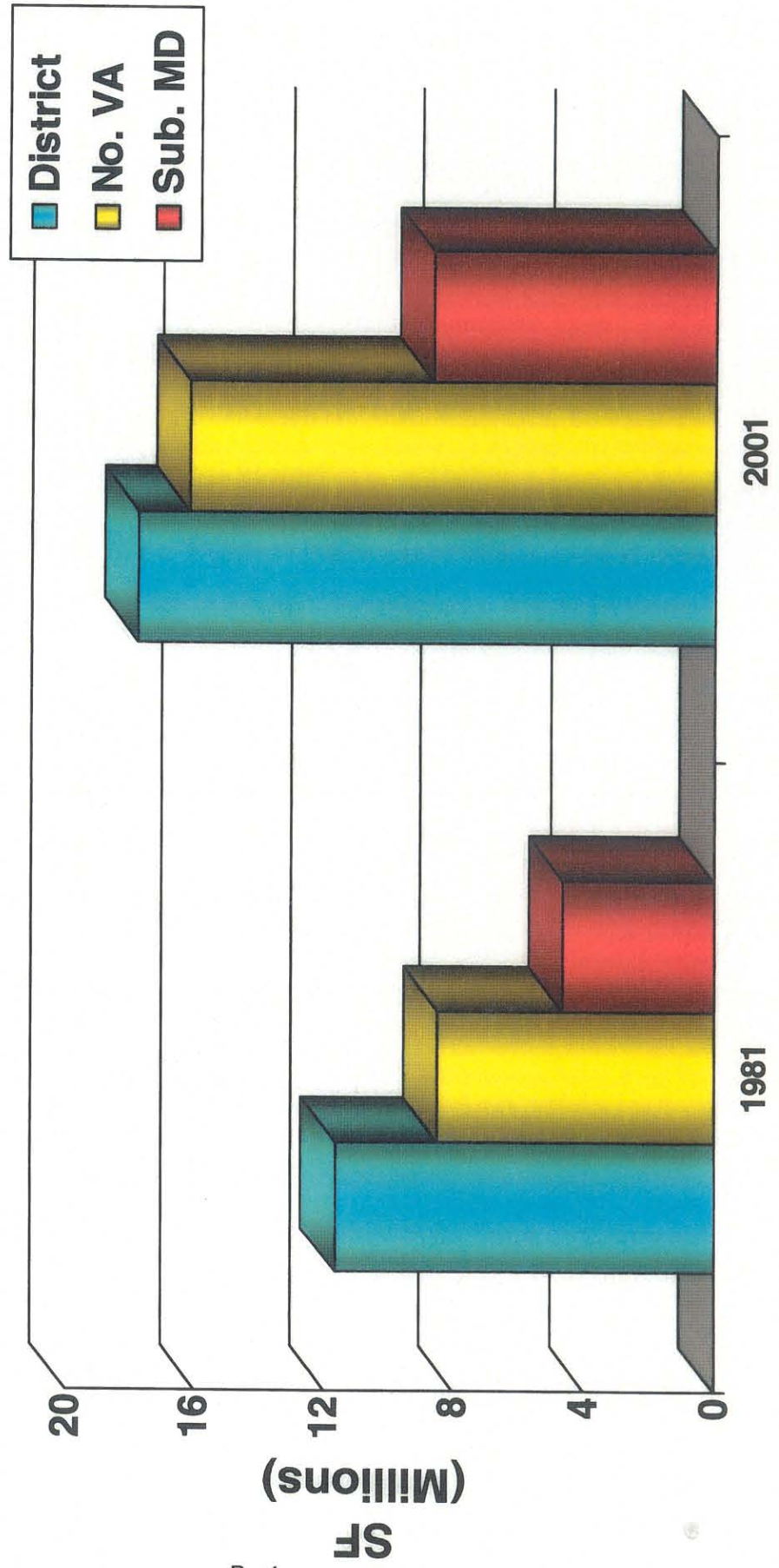
1/ This inventory includes both owned and leased regular and "special" office space, but does not include any storage space.
 2/ The 2001 Virginia inventory includes the Pentagon, Navy Annex, and CIA Headquarters, which total 5.5 million SF. They were in GSA's portfolio in 1981, but were no longer in GSA's custody in 2001.

Source: General Services Administration, Delta Associates, May 2005.

DA24268
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 9/19/2005

TABLE B-4

**Federal Leased Office Space
Washington Metro Area
1981 vs. 2001**

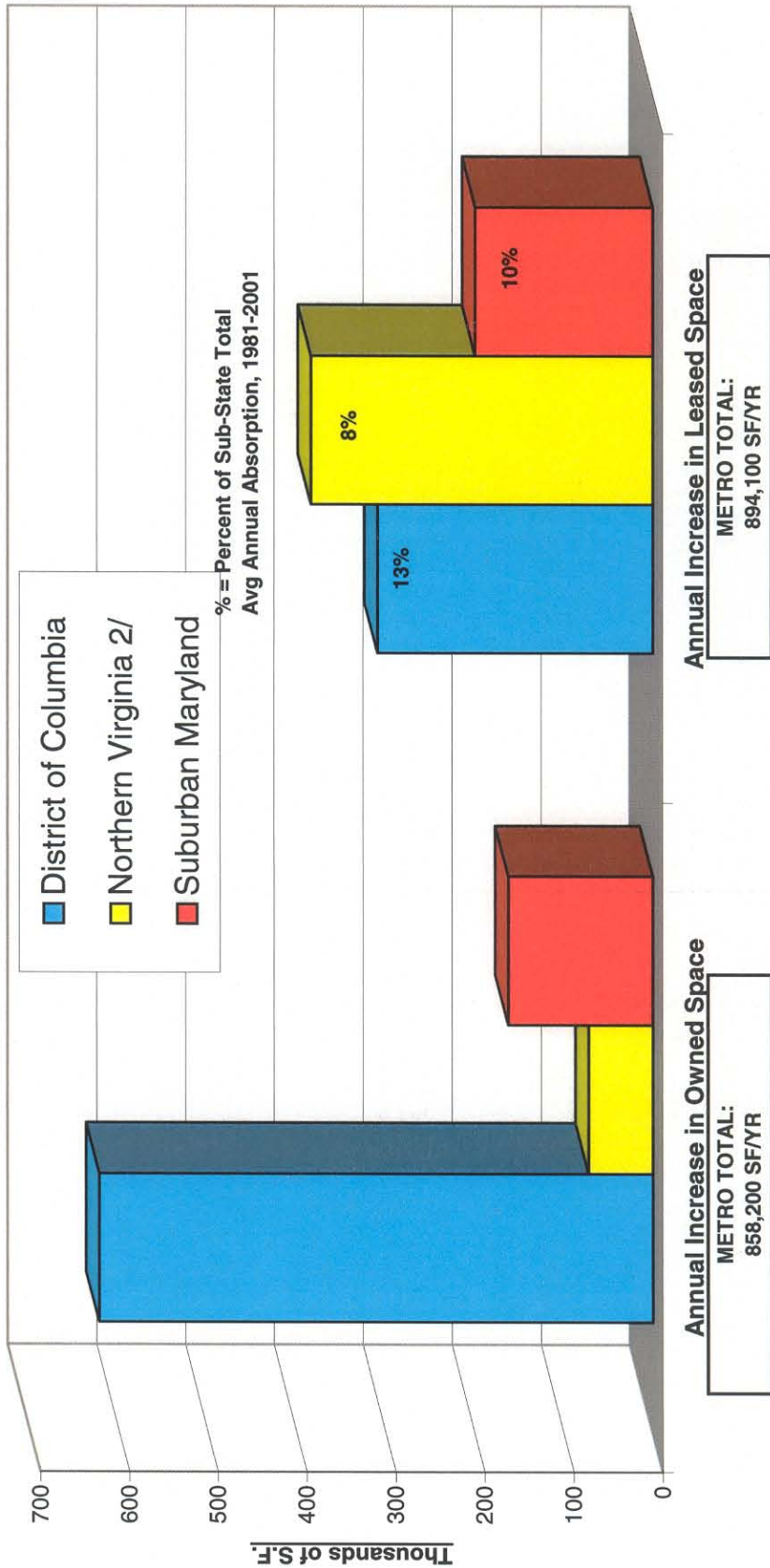


DA24268

Source: "Federal Increases to Fight the War on Terrorism," Delta Associates, May 2005.

TABLE B-5

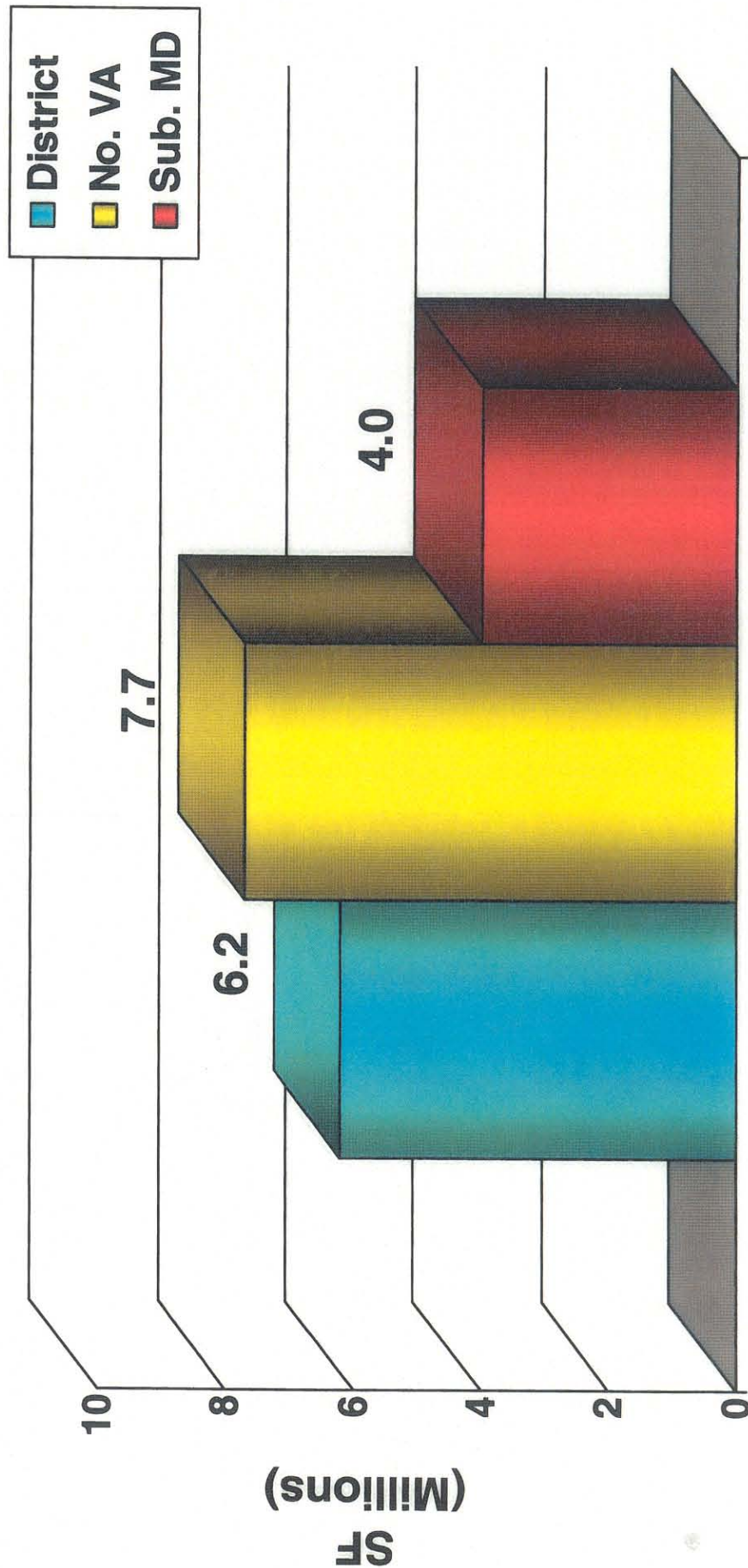
**AVERAGE ANNUAL INCREASE IN GSA OFFICE SPACE
BY SUB-STATE AREA 1/
1981 - 2001**



1/ These increases include all leased and owned regular and "special" office space, but do not include storage space.
 2/ The 2001 Virginia inventory includes the Pentagon, Navy Annex, and CIA Headquarters, which total 5.5 million SF. They were in GSA's portfolio in 1981, but were no longer in GSA's custody in 2001.
 Note: GSA added a greater amount of space the portfolio during the 1990's than during the 1980's. District of Columbia owned space increase reflects GSA's absorption of Federal Triangle from PADC in the 1980's.

TABLE B-6

Change in Federal Leased Office Space Washington Metro Area 1981-2001



Total Change in Region: 17.9 Million SF

DA24268

Source: "Federal Increases to Fight the War on Terrorism," Delta Associates, May 2005.

TABLE B-7

**ALL SPACE OWNED AND LEASED BY THE FEDERAL GOVERNMENT
NATIONAL CAPITAL REGION (NCR)
2003**

Jurisdiction	Owned Buildings		Leased Buildings		Buildings in Trust		Total	
	#	Sq. Ft.	#	Sq. Ft.	#	Sq. Ft.	#	Sq. Ft.
District of Columbia	1,629	69,710,000	281	20,576,000	57	4,999,000	1,967	95,285,000
Montgomery County	580	25,249,000	162	8,612,000			742	33,861,000
Prince George's County	2,202	23,370,000	313	6,324,000	38	1,042,000	2,553	30,736,000
Maryland	2,782	48,619,000	475	14,936,000	38	1,042,000	3,295	64,597,000
Alexandria City	49	915,000	47	2,852,000			96	3,767,000
Arlington County	233	10,993,000	98	10,538,000			331	21,531,000
Fairfax County	1,479	14,207,000	79	2,807,000	1	102,000	1,559	17,116,000
Fairfax City	2	34,000	14	326,000			16	360,000
Falls Church City	2	1,000	18	1,692,000			20	1,693,000
Loudoun County	65	944,000	61	634,000			126	1,578,000
Manassas City	40	64,000	5	27,000			45	91,000
Prince William County	1,456	9,539,000	63	1,090,000			1,519	10,629,000
Virginia	3,326	36,697,000	385	19,966,000	1	102,000	3,712	56,765,000
NCR Total	7,737	155,026,000	1,141	55,478,000	96	6,143,000	8,974	216,647,000

Note: Includes all types of space submitted to GSA by holding agencies, including Defense Dept., as of Nov. 2003.

TABLE B-8

ALL SPACE OWNED BY THE FEDERAL GOVERNMENT
NATIONAL CAPITAL REGION
2003

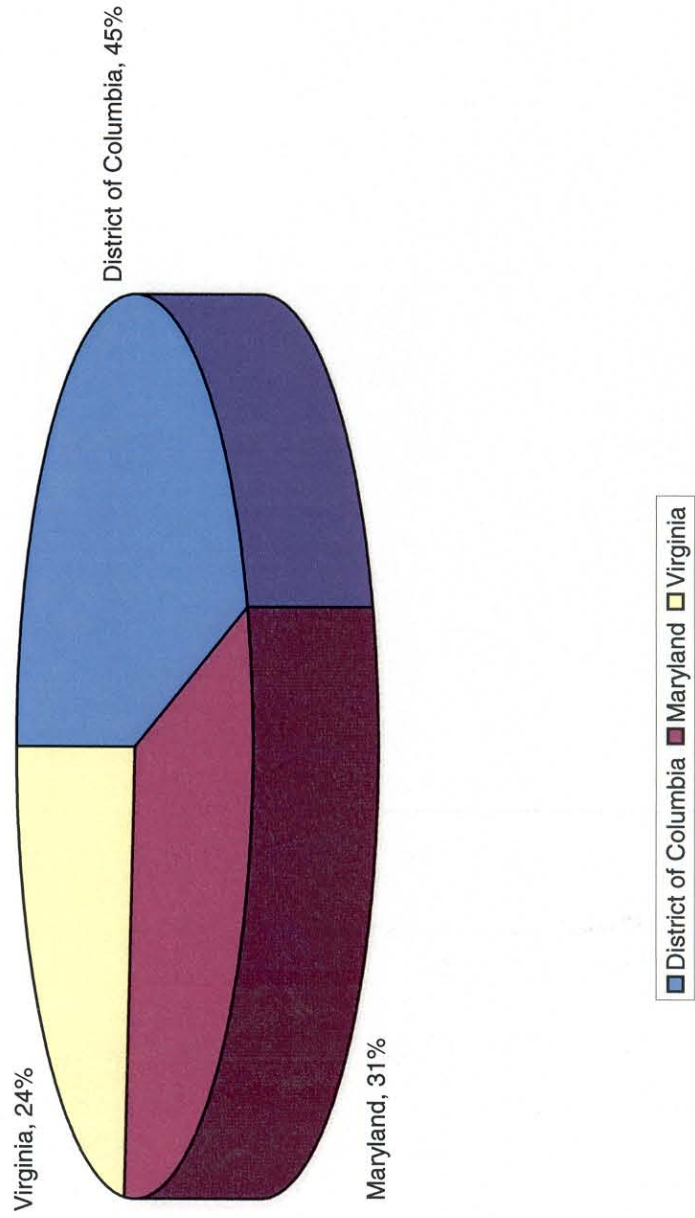


TABLE B-9

SPACE LEASED BY THE FEDERAL GOVERNMENT
NATIONAL CAPITAL REGION
2003

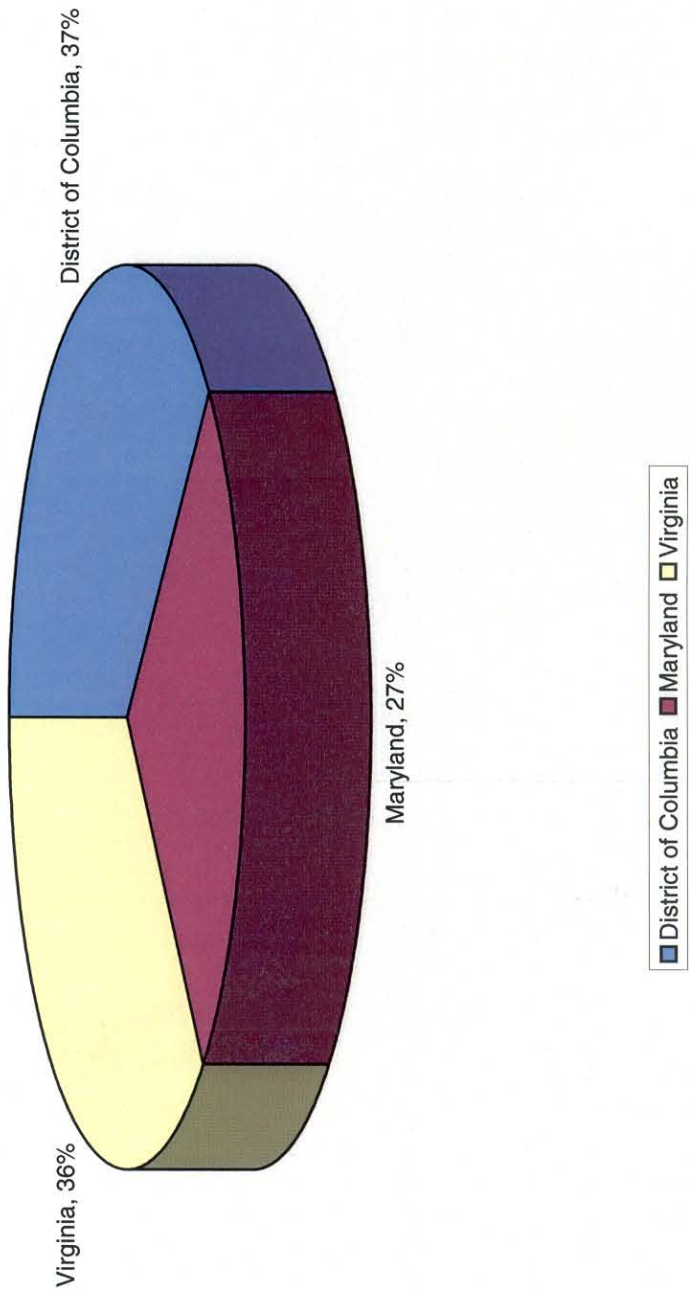


TABLE B-10

ALL SPACE OCCUPIED BY THE FEDERAL GOVERNMENT
NATIONAL CAPITAL REGION
2003

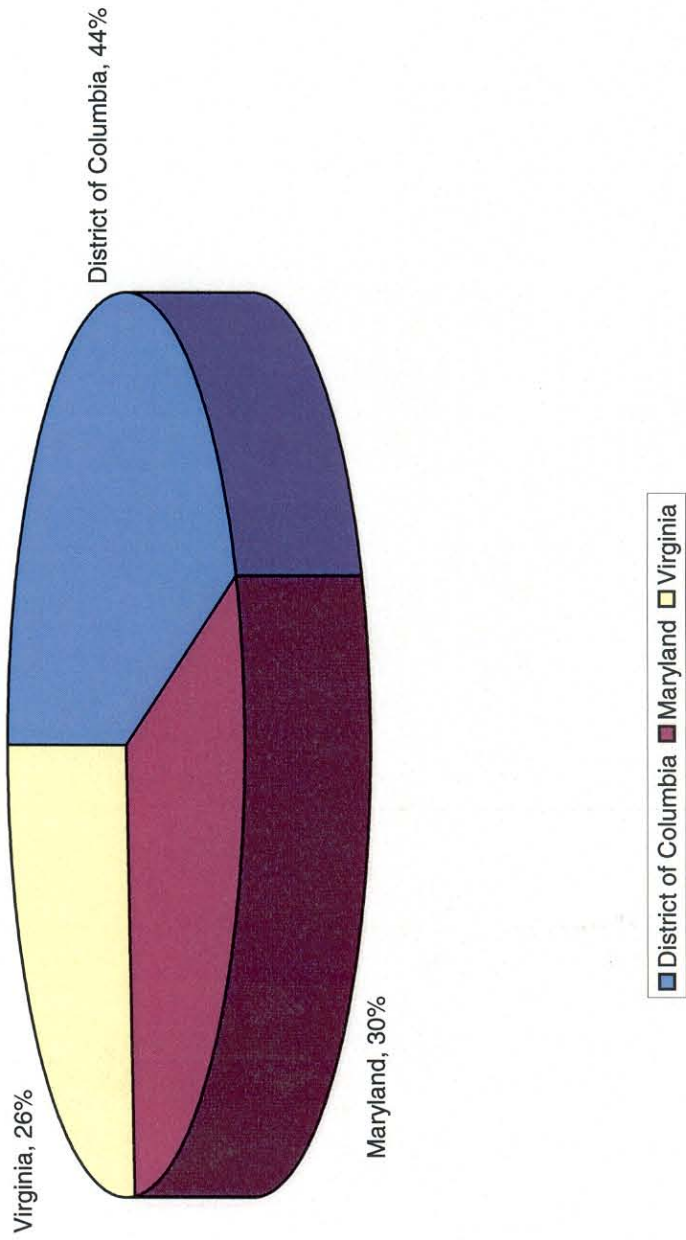
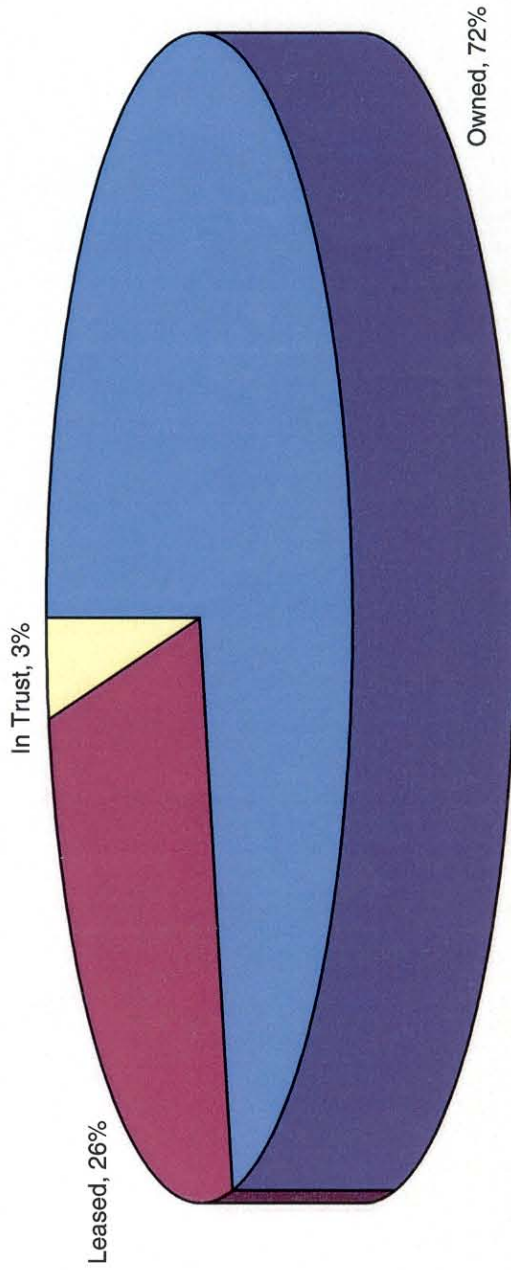


TABLE B-11

DISTRIBUTION OF SPACE OCCUPIED BY THE FEDERAL GOVERNMENT
NATIONAL CAPITAL REGION
2003



Owned Leased In Trust

TABLE B-12

DISTRIBUTION OF SPACE OCCUPIED BY THE FEDERAL GOVERNMENT
DISTRICT OF COLUMBIA
2003

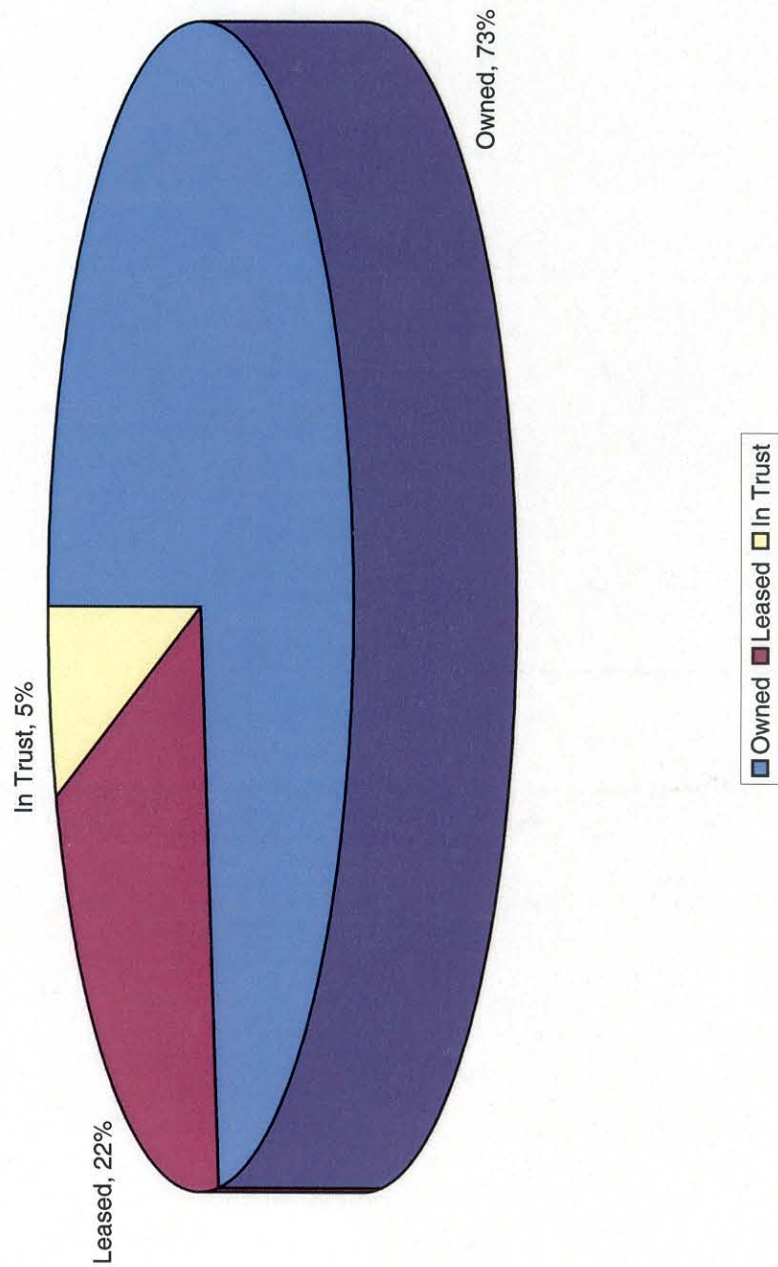


TABLE B-13

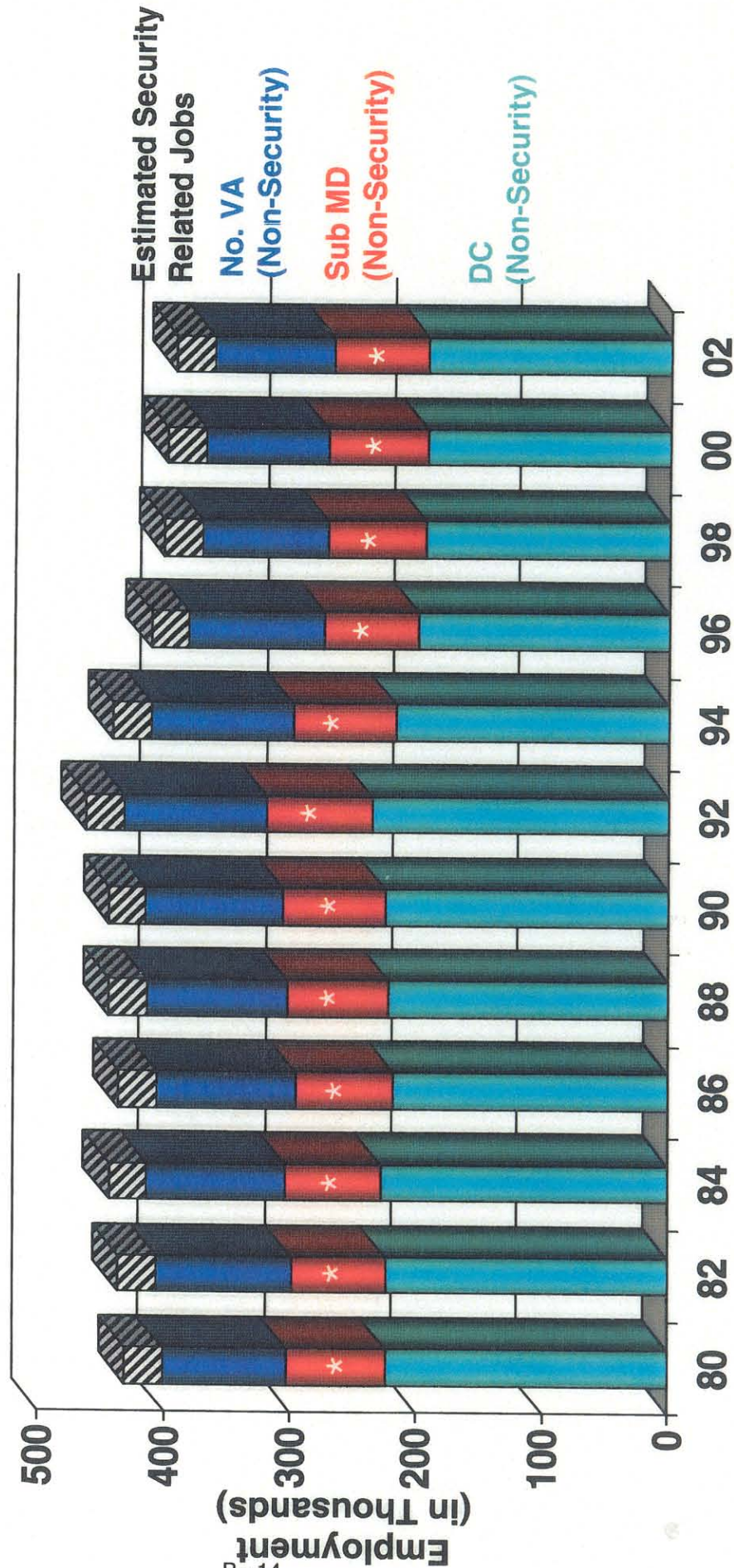
CIVILIAN AND MILITARY FEDERAL EMPLOYMENT BY SUBSTATE AREA
NATIONAL CAPITAL REGION
1980-2002

Year	Total Federal Employment, Excluding Security-Related ¹⁷							Estimated Security- Related Jobs	Total Federal Jobs	D.C. Share of Total
	District of Columbia		Maryland		Virginia		Region Total			
	#	%	#	%	#	%				
1980	224,985	56.1%	78,181	19.5%	98,097	24.4%	401,263	30,000	431,263	52.2%
1982	224,708	55.3%	74,611	18.4%	107,032	26.3%	406,351	30,000	436,351	51.5%
1984	228,878	55.3%	75,470	18.2%	109,211	26.4%	413,559	30,000	443,559	51.6%
1986	219,186	53.9%	77,477	19.1%	109,714	27.0%	406,377	30,000	436,377	50.2%
1988	223,136	53.8%	80,271	19.4%	111,121	26.8%	414,528	30,000	444,528	50.2%
1990	225,914	54.4%	80,948	19.5%	108,056	26.0%	414,918	30,000	444,918	50.8%
1992	236,886	54.7%	82,700	19.1%	113,377	26.2%	432,963	30,000	462,963	51.2%
1994	218,052	53.0%	81,031	19.7%	112,464	27.3%	411,547	30,000	441,547	49.4%
1996	199,818	52.3%	75,058	19.6%	107,195	28.1%	382,071	30,000	412,071	48.5%
1998	194,709	52.3%	78,001	21.0%	99,520	26.7%	372,230	30,000	402,230	48.4%
2000	193,780	52.5%	78,866	21.4%	96,666	26.2%	369,312	30,000	399,312	48.5%
2002	193,835	53.4%	74,618	20.6%	94,358	26.0%	362,811	30,000	392,811	49.3%

Note: Excludes agencies exempt from reporting personnel due to security; e.g., CIA, NSA, Defense Intelligence Agency, etc.

TABLE B-14

**Civilian & Military Federal Employment
National Capital Region
1980 – 2002**



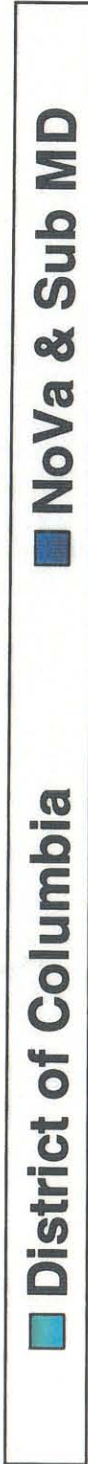
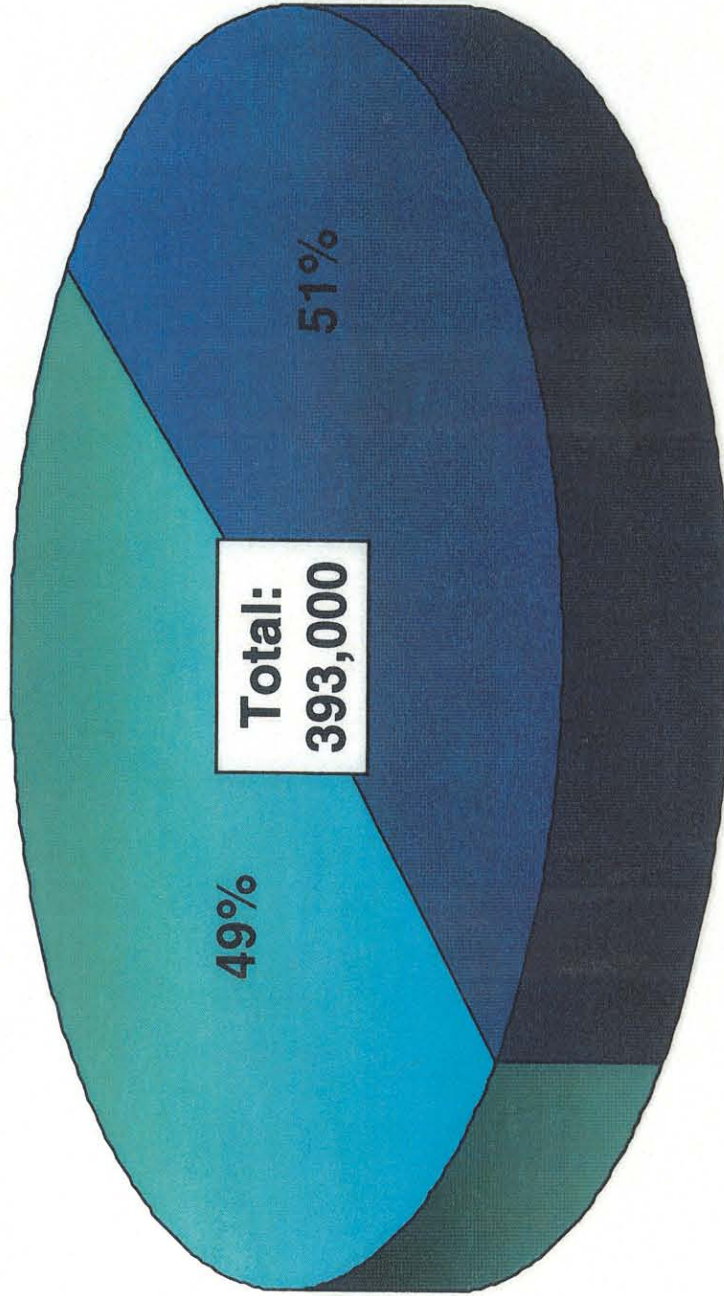
Note: * represents 60% of total employment

Source: National Capital Planning Commission, Delta Associates; May 2005.

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TABLE B-15

**Civilian & Military Federal Employment
Distribution by Sub-State Area
2002**

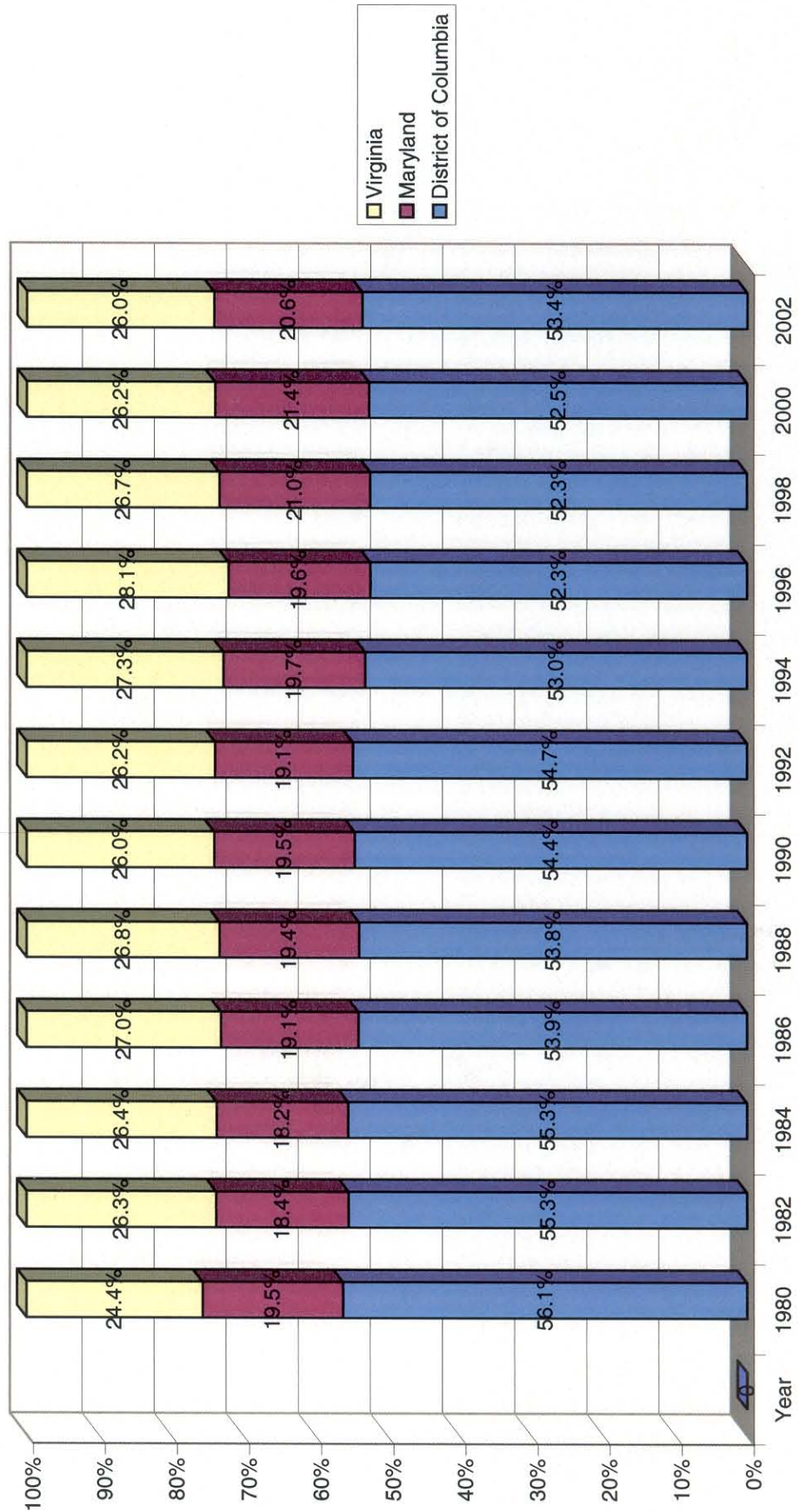


Note: Includes estimated security-related jobs.
Source: National Capital Planning Commission, Delta Associates; May 2005.

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TABLE B-16

CIVILIAN AND MILITARY FEDERAL EMPLOYMENT DISTRIBUTION
NATIONAL CAPITAL REGION
1980-2002



Note: Excludes security-related jobs.
Source: National Capital Planning Commission, Delta Associates, May 2005.

DA24268
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9/19/2005

TABLE B-17

FEDERAL SPENDING TRENDS
DISTRICT OF COLUMBIA
1983-2003
(Billions of Current Dollars)

Year	Salary	<i>Procurement</i>	Retirement ^{1/}	Other	Total
1983	\$6.76	\$1.34	\$1.16	\$2.49	\$11.75
1984	\$7.10	\$1.81	\$1.22	\$3.21	\$13.34
1985	\$7.54	\$1.95	\$1.09	\$3.32	\$13.90
1986	\$7.45	\$2.76	\$1.09	\$3.30	\$14.60
1987	\$7.83	\$2.68	\$1.17	\$2.82	\$14.50
1988	\$8.22	\$2.76	\$1.21	\$3.12	\$15.31
1989	\$8.53	\$2.26	\$1.28	\$3.40	\$15.47
1990	\$9.44	\$2.94	\$1.29	\$4.00	\$17.69
1991	\$10.15	\$3.66	\$1.45	\$4.35	\$19.61
1992	\$10.06	\$4.20	\$1.37	\$4.71	\$20.34
1993	\$10.23	\$4.01	\$1.40	\$5.07	\$20.72
1994	\$11.42	\$4.10	\$1.44	\$5.20	\$22.16
1995	\$11.39	\$4.09	\$1.63	\$4.80	\$21.91
1996	\$11.30	\$4.58	\$1.65	\$5.15	\$22.68
1997	\$11.60	\$4.18	\$1.61	\$5.71	\$23.10
1998	\$11.44	\$5.20	\$1.68	\$5.71	\$24.03
1999	\$11.98	\$6.40	\$1.70	\$6.73	\$27.03
2000	\$12.21	\$7.49	\$1.77	\$6.78	\$28.25
2001	\$12.65	\$10.26	\$1.83	\$6.20	\$30.94
2002	\$13.82	\$10.87	\$1.88	\$6.96	\$33.53
2003	\$14.76	\$11.38	\$1.93	\$6.68	\$34.75

1/ Retirement includes disability payments.

TABLE B-18

Federal Spending Trends
District of Columbia
1983-2003

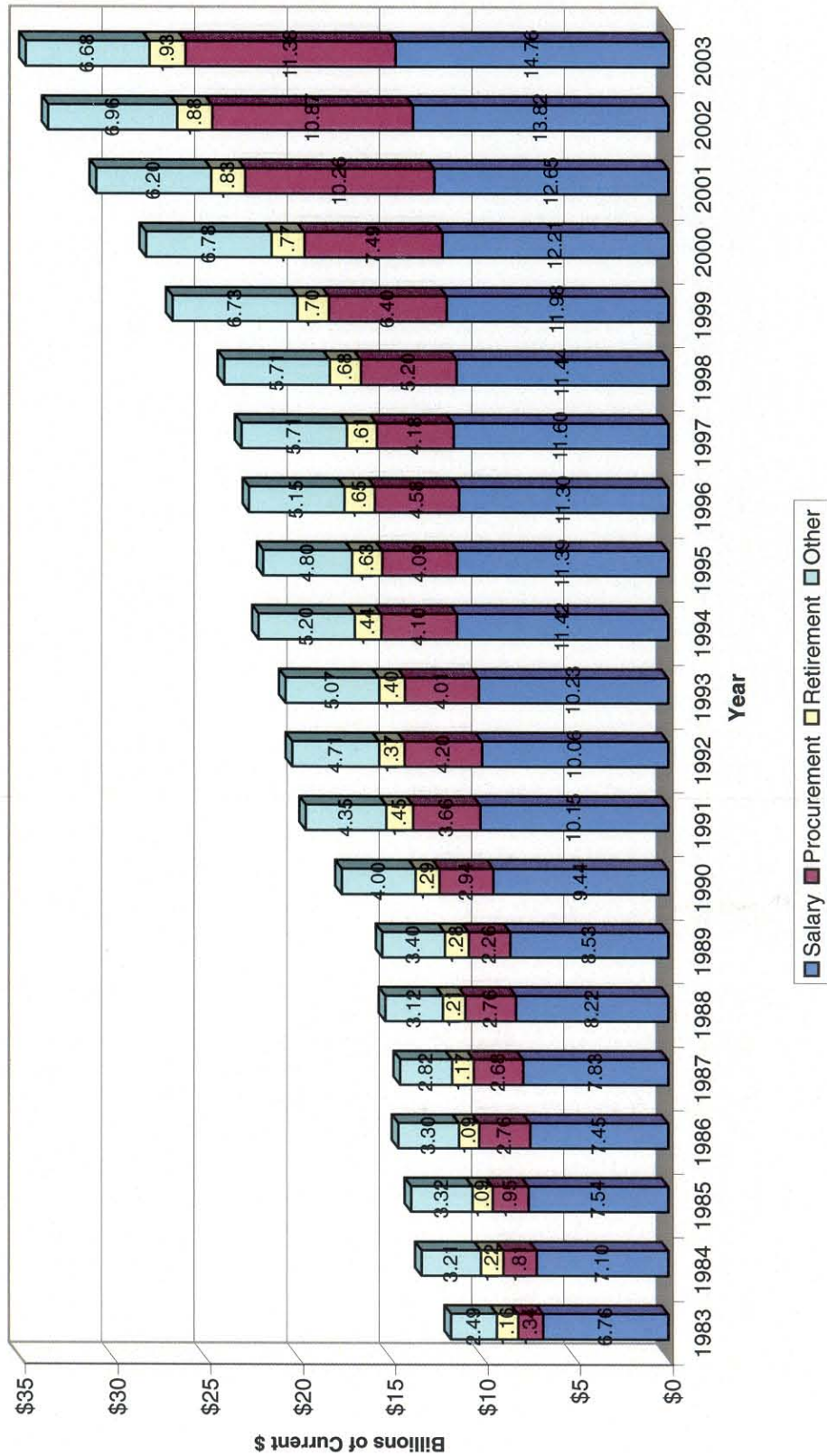


TABLE B-19

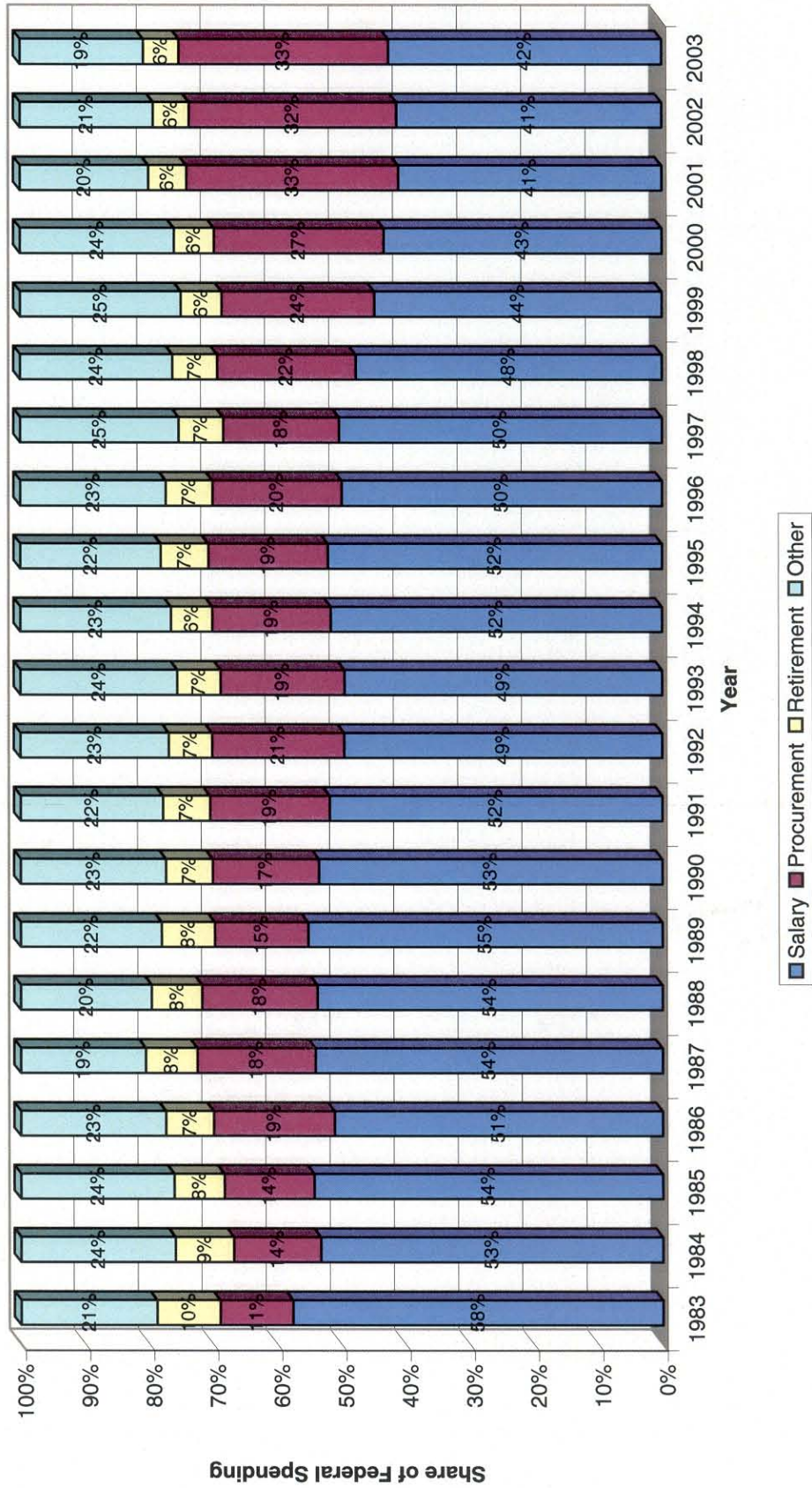
FEDERAL SPENDING DISTRIBUTION TRENDS
DISTRICT OF COLUMBIA
1983-2003
(Billions of Current Dollars)

Year	Salary	<i>Procurement</i>	Retirement ^{2/}	Other	Total
1983	58%	11%	10%	21%	100.0%
1984	53%	14%	9%	24%	100.0%
1985	54%	14%	8%	24%	100.0%
1986	51%	19%	7%	23%	100.0%
1987	54%	18%	8%	19%	100.0%
1988	54%	18%	8%	20%	100.0%
1989	55%	15%	8%	22%	100.0%
1990	53%	17%	7%	23%	100.0%
1991	52%	19%	7%	22%	100.0%
1992	49%	21%	7%	23%	100.0%
1993	49%	19%	7%	24%	100.0%
1994	52%	19%	6%	23%	100.0%
1995	52%	19%	7%	22%	100.0%
1996	50%	20%	7%	23%	100.0%
1997	50%	18%	7%	25%	100.0%
1998	48%	22%	7%	24%	100.0%
1999	44%	24%	6%	25%	100.0%
2000	43%	27%	6%	24%	100.0%
2001	41%	33%	6%	20%	100.0%
2002	41%	32%	6%	21%	100.0%
2003	42%	33%	6%	19%	100.0%

1/ Retirement includes disability payments.

TABLE B-20

**Federal Spending Distribution Trends
District of Columbia
1983-2003**



Source: U.S. Census Bureau, GMU Center for Regional Analysis, Delta Associates, May 2005.

TABLE B-21

FEDERAL SPENDING BY TYPE: SUB-STATE AREAS
WASHINGTON METROPOLITAN AREA
1983 - 2003
(Billions of Current Dollars)

Year	Sub-State Area	Salary & Wages	Procurement ^{1/}	Grants	Direct Payments to Individ. ^{4/}	Other	Total
1983	District	\$6.76	\$1.34	\$1.89	\$1.75	\$0.01	\$11.75
	SubMD	\$2.11	\$2.87	\$0.21	\$2.02	\$0.54	\$7.75
	<u>NVA</u>	<u>\$3.05</u>	<u>\$2.75</u>	<u>\$0.16</u>	<u>\$1.75</u>	<u>\$0.01</u>	<u>\$7.72</u>
	Total	\$11.92	\$6.96	\$2.26	\$5.52	\$0.56	\$27.22
1985	District	\$7.54	\$1.95	\$1.87	\$1.48	\$1.06	\$13.90
	SubMD	\$2.52	\$3.03	\$0.40	\$2.36	\$0.01	\$8.32
	<u>NVA</u>	<u>\$3.49</u>	<u>\$4.09</u>	<u>\$0.24</u>	<u>\$2.05</u>	<u>\$0.01</u>	<u>\$9.88</u>
	Total	\$13.55	\$9.07	\$2.51	\$5.89	\$1.08	\$32.10
1990	District	\$9.44	\$2.94	\$2.46	\$2.00	\$0.85	\$17.69
	SubMD	\$3.40	\$3.51	\$0.69	\$3.48	\$0.04	\$11.12
	<u>NVA</u>	<u>\$4.27</u>	<u>\$4.74</u>	<u>\$0.36</u>	<u>\$2.99</u>	<u>\$0.05</u>	<u>\$12.41</u>
	Total	\$17.11	\$11.19	\$3.51	\$8.47	\$0.94	\$41.22
1995	District	\$11.39	\$4.09	\$3.05	\$2.69	\$0.69	\$21.91
	SubMD	\$4.22	\$5.86	\$1.20	\$4.53	\$0.02	\$15.83
	<u>NVA</u>	<u>\$5.06</u>	<u>\$9.42</u>	<u>\$0.76</u>	<u>\$3.80</u>	<u>\$0.03</u>	<u>\$19.07</u>
	Total	\$20.67	\$19.37	\$5.01	\$11.02	\$0.74	\$56.81
2000	District	\$12.21	\$7.49	\$4.67	\$1.77	\$2.11	\$28.25
	SubMD	\$5.58	\$6.40	\$1.64	\$4.40	\$1.46	\$19.48
	<u>NVA</u>	<u>\$5.35</u>	<u>\$15.34</u>	<u>\$1.05</u>	<u>\$4.09</u>	<u>\$1.14</u>	<u>\$26.97</u>
	Total	\$23.14	\$29.23	\$7.36	\$10.26	\$4.71	\$74.70
2003	District	\$14.76	\$11.38	\$4.31	\$1.93	\$2.37	\$34.75
	SubMD	\$6.21	\$9.88	\$2.54	\$5.17	\$1.57	\$25.37
	<u>NVA</u>	<u>\$6.41</u>	<u>\$22.98</u>	<u>\$1.61</u>	<u>\$4.87</u>	<u>\$1.15</u>	<u>\$37.02</u>
	Total	\$27.38	\$44.24	\$8.46	\$11.97	\$5.09	\$97.14

1/ Includes USPS.

2/ Retirement and disability.

TABLE B-22

SHARE OF FEDERAL SPENDING BY TYPE: SUB-STATE AREAS
WASHINGTON METROPOLITAN AREA
1983 - 2003

Year	Sub-State	Salary & Wages	Procurement ^{1/}	Grants	Direct Payments to Individ. ^{4/}	Other	Total
1983	District	56.7%	19.3%	83.6%	31.7%	1.8%	43.2%
	SubMD	17.7%	41.2%	9.3%	36.6%	96.4%	28.5%
	<u>NVA</u>	<u>25.6%</u>	<u>39.5%</u>	<u>7.1%</u>	<u>31.7%</u>	<u>1.8%</u>	<u>28.4%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1985	District	55.6%	21.5%	74.5%	25.1%	98.1%	43.3%
	SubMD	18.6%	33.4%	15.9%	40.1%	0.9%	25.9%
	<u>NVA</u>	<u>25.8%</u>	<u>45.1%</u>	<u>9.6%</u>	<u>34.8%</u>	<u>0.9%</u>	<u>30.8%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1990	District	55.2%	26.3%	70.1%	23.6%	90.4%	42.9%
	SubMD	19.9%	31.4%	19.7%	41.1%	4.3%	27.0%
	<u>NVA</u>	<u>25.0%</u>	<u>42.4%</u>	<u>10.3%</u>	<u>35.3%</u>	<u>5.3%</u>	<u>30.1%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1995	District	55.1%	21.1%	60.9%	24.4%	93.2%	38.6%
	SubMD	20.4%	30.3%	24.0%	41.1%	2.7%	27.9%
	<u>NVA</u>	<u>24.5%</u>	<u>48.6%</u>	<u>15.2%</u>	<u>34.5%</u>	<u>4.1%</u>	<u>33.6%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2000	District	52.8%	25.6%	63.5%	17.3%	44.8%	37.8%
	SubMD	24.1%	21.9%	22.3%	42.9%	31.0%	26.1%
	<u>NVA</u>	<u>23.1%</u>	<u>52.5%</u>	<u>14.3%</u>	<u>39.9%</u>	<u>24.2%</u>	<u>36.1%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2003	District	53.9%	25.7%	50.9%	16.1%	46.6%	35.8%
	SubMD	22.7%	22.3%	30.0%	43.2%	30.8%	26.1%
	<u>NVA</u>	<u>23.4%</u>	<u>51.9%</u>	<u>19.0%</u>	<u>40.7%</u>	<u>22.6%</u>	<u>38.1%</u>
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1/ Includes USPS.

2/ Retirement and disability.

TABLE B-23

Distribution of Federal Procurement Spending
Washington Metro Area
1983-2003



TABLE B-24

FEDERAL CONTRACTOR EMPLOYMENT DISTRIBUTION
WASHINGTON METROPOLITAN AREA
2004

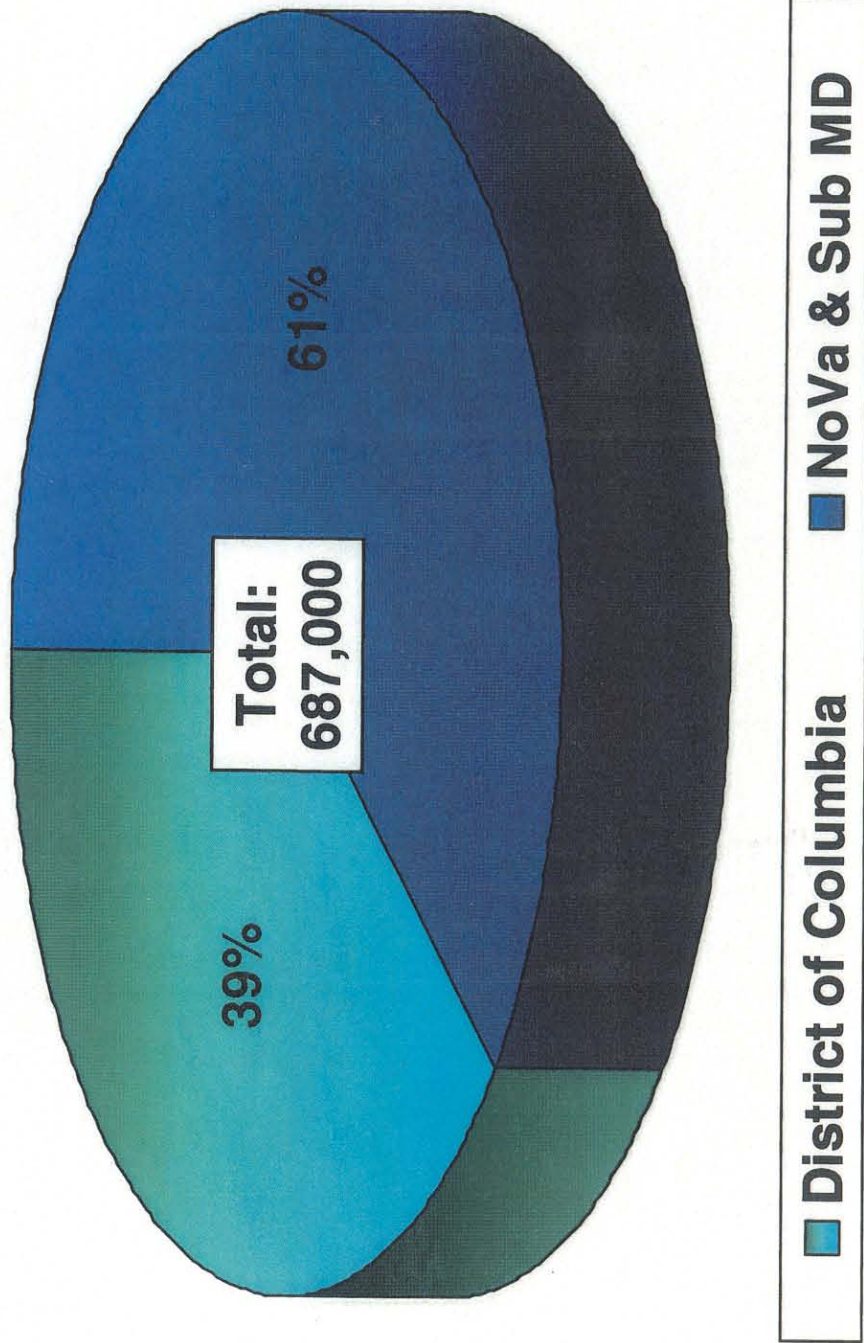
Sub-State Area	Total Employees	Percent
District of Columbia	72,385	24.6%
<u>Northern Virginia and Suburban Maryland</u>	<u>221,615</u>	<u>75.4%</u>
Total	294,000	100.0%

Source: GMU Center for Regional Analysis;
 Delta Associates; May 2005.

DA24268
 Apdx B-GSA_graphs, B22FedContrEmpl
 5/25/2005

TABLE B-25

**Civilian & Military Federal Employment and
Federal Contractor Employment
Distribution by Sub-State Area
2002**



DA24268

Source: National Capital Planning Commission, Dr. Stephen Fuller, and Delta Associates; May 2005.

Appendix C:

Comparative Office Submarket Data

TABLE C-1

**COMPARISON OF OFFICE SUBMARKETS
DISTRICT OF COLUMBIA, NORTHERN VIRGINIA, SUBURBAN MARYLAND
2004**

Submarkets	Tenants	2003-2004 Land Prices per FAR SF	Class A Rents	Operating Expenses ^{1/}					Real Property Tax Rate ^{2/}	Other Business Costs ^{3/}				Amenities				Total Crimes ^{4/} per 1,000	Business-Friendly Government Posture
				Taxes	Insurance	Utilities	Other	Total		Unemploy. Insurance	Corporate Income Tax	General Sales Tax	Personal Prop. Tax / \$100	Metro Access	Highway Access	Retail	Housing		
District of Columbia																			
CBD	Law firms, associations, accounting, finance, government, public relations	\$114	\$42.10	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Dupont Circle, Farragut West and North, McPherson Sq.	Local streets (New York Ave./Rt. 50, Mass. Ave., Penn. Ave, Conn. Ave.) and I-395	Excellent	Convenient to excellent stock of old/new condos/apts.	60.07	See Table C-6
East End	Banks, accounting, legal, associations, government	\$74-\$120	\$41.00	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Metro Ctr., Federal Triangle, Gallery Place, Judiciary Sq., Archives, McPherson Sq.	Local streets (New York Ave./Rt. 50, Mass. Ave., Penn. Ave), I-395	Excellent	Excellent stock of new condos and rental apartments	60.07	See Table C-6
Capitol Hill	Government, associations, media/communications	\$119	\$36.50	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Union Sta., Capitol South, Judiciary Sq., Eastern Mkt, Potomac Avenue	Local streets (Pennsylvania Ave.), I-395, Rt. 50	Good - Union Station, Eastern Mkt.	Older existing stock (single-fam., apts.) limited new development	60.07	See Table C-6
Southwest	Government, associations, government contractors	\$31	\$41.20	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Federal Center SW, L'Enfant Plaza, Waterfront-SEU	Good access - I-395, S. Capitol St.	Limited	Limited, but some new development is occurring	60.07	See Table C-6
Georgetown	Associations, legal, education, media	NA	\$35.50	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	None	Local streets (M St., Wisc. Ave.) provide access to US 29 & I-66	Excellent	Excellent older existing stock, and nearby new development	60.07	See Table C-6
West End	Nonprofits, legal, PR education, international	NA	\$35.50	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Foggy Bottom	Local streets (Penn. and New Hampshire Aves.), access to I-66	Limited in immediate area, excellent nearby	Excellent older existing stock, plus new multi-family	60.07	See Table C-6
Uptown	Nonprofits, associations, education, international	NA	\$33.70	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	9 Metro stations	Local streets (Conn., Wisc., Mass. New Hampshire Aves.), Rt. 29, US 1	Excellent	Excellent older existing stock, plus some new multi-family	60.07	See Table C-6
Northern Virginia																			
Rosslyn/Courthouse/Ballston	Government, nonprofits, associations, accounting, communications	NA	\$31.70	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$0.958 (Rosslyn +.028)	0.2%	6.0%	4.5%	\$4.40	Rosslyn, Virginia Sq., Ballston, Clarendon	I-66 and Rt. 50, plus local roads, e.g. Washington Blvd. and Glebe Rd.	Excellent	Existing older single- & multifamily stock; much new multifamily devel.	28.14	See Tables C-7, C-8
Crystal and Pentagon Cities	Government, defense contractors, aviation	NA	\$33.90	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$0.958	0.2%	6.0%	4.5%	\$4.40	Pentagon City, Crystal City	I-395, GW Pkwy., US 1	Excellent	Large stock of rental apts. & condos; much new development	28.14	See Tables C-7, C-8
Old Town Alexandria	Associations, nonprofits	NA	\$29.10	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$0.995	0.2%	6.0%	4.5%	\$3.55-\$4.75	Eisenhower Avenue, King St., Braddock Rd.	Duke St./Rt. 7, US 1, GW Pkwy., good access to Capital Beltway	Excellent	Existing single- & multifamily stock plus new TH, multifamily devel.	32.10	See Tables C-7, C-8
Eisenhower Ave./I-395	Government, government contractors, media	NA	\$25.20	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$0.995	0.2%	6.0%	4.5%	\$3.55-\$4.75	Eisenhower Avenue	I-395, Capital Beltway, Rt. 7	Good	Good, large stock of single- & multi-family	32.10	See Tables C-7, C-8
Tysons Corner	Legal, finance, media, accounting, technology, government	NA	\$32.15	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$1.130	0.2%	6.0%	4.5%	\$4.57	None today	Main roads: Capital Beltway, Dulles Toll Rd, I-66, Rt. 7, Rt. 123	Excellent	Excellent, large stock of single- & multi-family, & new development	18.52	See Tables C-7, C-8
Reston/Herndon	Technology (electronics, computers, communications, aviation), government	\$18-\$95	\$23.55	\$1.95	\$0.20	\$1.74	\$4.04	\$7.93	\$1.130	0.2%	6.0%	4.5%	\$4.57	None today	Main roads: Fairfax County Parkway, Dulles Toll Road	Excellent	Excellent, large stock of single- & multi-family, & new development	18.52	See Tables C-7, C-8
Suburban Maryland																			
Bethesda/Chevy Chase	Finance, insurance, legal	NA	\$32.70	\$1.69	\$0.21	\$2.07	\$4.58	\$8.55	\$0.866	0.3%	7.0%	5.0%	\$1.835	Friendship Heights, Bethesda, Medical Center	Wisconsin Avenue, Capital Beltway, I-270	Excellent	Excellent, large stock of single- & multi-family, & new development	30.02	See Tables C-9, C-10
Silver Spring	Government, media, finance/insurance	NA	\$26.15	\$1.69	\$0.21	\$2.07	\$4.58	\$8.55	\$0.866	0.3%	7.0%	5.0%	\$1.835	Silver Spring Station	Capital Beltway, I-95, Rt. 29	Excellent	Good, large stock of single- & multi-family, & new multifamily	30.02	See Tables C-9, C-10
Prince George's County	Government, government contractors, education, retail, banking	NA	\$21.50	\$1.69	\$0.21	\$2.07	\$4.58	\$8.55	\$1.092	0.3%	7.0%	5.0%	\$2.40	7 Metro stations	Capital Beltway, I-95, US 1, Rt. 50, B-W Parkway	Adequate	Good, large stock of single- & multi-family	61.72	See Tables C-9, C-10

1/ See Table C-3. C-4, C-5. Operating expenses, including tax rate, are substate area averages. Property taxes vary by jurisdiction.
 2/ See Table C-5.
 3/ See Table C-4.
 4/ District of Columbia crime rate data only available for the District as a whole. See Tables C-11 and C-12.

TABLE C-2

**COMPARISON OF EMERGING OFFICE SUBMARKETS
DISTRICT OF COLUMBIA
2004**

Submarkets	Major Tenants	2003-2004 Land Prices per FAR SF	Class A Rents	Operating Expenses ^{1/}					Real Property Tax Rate ^{2/}	Other Business Costs ^{3/}				Amenities				Total Crimes ^{4/} per 1,000	Business-Friendly Government Posture
				Taxes	Insurance	Utilities	Other	Total		Unemploy. Insurance	Corporate Income Tax	General Sales Tax	Personal Prop. Tax / \$100	Metro Access	Highway Access	Retail	Housing		
Southeast Federal Center	Anteon Corp, BAE, CSC, Northrop Grumman, Gen'l Dynamics, Lockheed Martin, Perot Systems, DOT	\$30-\$50	\$39.01	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Navy Yard Station	Good access to Anacostia Freeway	Limited now, but proposed projects include retail space	Limited; planned projects include Capitol Hill Towers & Capper/Carrolsburg Hope VI	60.07	See Table C-6
South Capitol Street	U.S. Coast Guard	NA	NA	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Not close (Navy Yard)	Quick access to I-295	None now, but new baseball stadium may spin off retail	None	60.07	See Table C-6
Southwest Waterfront	DOT, NIH, Dept. of Agriculture	NA	NA	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Waterfront-SEU Station	Easy access to I-395	Limited now, but proposed projects include retail space	Older existing (Tiber Island) but 800-900 units proposed	60.07	See Table C-6
NOMA Corridor	Accenture, Amer. Psychological Assoc., Amtrak, CNN, D.C. Government, HUD, Kaiser Permanente, Quest, Social Security Admin., World Resources Institute, XM Satellite Radio	\$47	\$32.53	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Union Station, NY Ave.	Served by city streets - Mass. Ave, NY Ave.	Good - Union Station	Good in nearby areas - the East End and NoMa	60.07	See Table C-6
Petworth	Howard University	NA	NA	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Petworth Station	Served by city streets - Georgia, New Hampshire Aves.	Limited	Older existing single-family stock, limited new development	60.07	See Table C-6
St. Elizabeth's	Congress Heights Health Center	NA	NA	\$4.38	\$0.22	\$2.14	\$5.67	\$12.41	\$1.850	0.4%	9.975%	5.75%	\$3.40	Anacostia & Congress Hts.	Near Suitland Parkway and Anacostia Freeway	Limited	Older existing single-family nearby, increasing new development	60.07	See Table C-6

1/ See Tables C-3, C-4, C-5. Operating expenses, including taxes are substate area averages.

2/ See Table C-5.

3/ See Table C-4.

4/ Crime rate data only available for the District as a whole. See Table C-12.

TABLE C-3

AVERAGE OPERATING EXPENSES
TOTAL BUILDING RENTABLE AREA
WASHINGTON, DC METRO AREA
2003

	Washington, DC	Northern Virginia	Suburban Maryland
Number of Buildings Reporting	41	67	11
Total Square Footage	12,154,384	15,657,735	1,846,560
Operating Expenses			
Cleaning	\$1.59	\$1.00	\$1.21
Payroll	\$0.28	N/A	\$0.32
Routine Contract	\$1.27	\$0.90	\$0.96
Spec. Contract	\$0.05	\$0.03	\$0.06
Sup./Mat./Misc.	\$0.08	\$0.07	\$0.05
Trash Removal	\$0.10	\$0.05	\$0.07
Maintenance & Repairs	\$1.85	\$1.45	\$1.45
Payroll	\$0.85	\$0.76	\$0.70
Elevator	\$0.18	\$0.13	\$0.12
HVAC	\$0.23	\$0.17	\$0.25
Electrical	\$0.09	\$0.06	\$0.08
Struct/Roof	\$0.06	\$0.01	\$0.04
Plumbing	\$0.05	\$0.02	\$0.02
Fire/Life Safety	\$0.09	\$0.05	\$0.08
Gen. Exterior	\$0.20	\$0.11	\$0.09
Gen. Interior	\$0.36	\$0.20	\$0.14
Contract	\$1.20	\$0.95	\$0.77
Utilities	\$2.14	\$1.74	\$2.07
Electricity	\$2.01	\$1.64	\$1.92
Gas	\$0.15	\$0.03	\$0.05
Fuel Oil	\$0.06	\$0.03	N/A
Water/Sewer	\$0.13	\$0.09	\$0.14
Roads/Grounds	\$0.16	\$0.18	\$0.29
Landscape	\$0.08	\$0.11	\$0.18
Garage	\$0.24	\$0.08	\$0.08
Snow	\$0.01	\$0.02	\$0.07
Other	\$0.15	\$0.04	\$0.11
Security	\$0.69	\$0.24	\$0.49
Payroll	\$0.34	\$0.30	N/A
Contract	\$0.52	\$0.25	\$0.36
Equipment	\$0.02	N/A	\$0.03
Other	\$0.09	\$0.09	\$0.34
Administrative	\$1.78	\$1.32	\$1.22
Payroll	\$0.47	\$0.27	\$0.47
Alloc. Admin.	N/A	N/A	\$0.18
Management Fees	\$1.20	\$0.82	\$0.57
Professional Fees	\$0.04	\$0.09	\$0.08
Gen. Office Exp.	\$0.14	\$0.09	\$0.13
Emp. Exp.	\$0.07	\$0.09	\$0.01
Other Adm. Exp.	\$0.14	\$0.01	\$0.14
Total Operating Expenses	\$7.72	\$5.68	\$6.59
Fixed Expenses			
Real Estate Taxes	\$4.32	\$1.95	\$1.64
Building Insurance	\$0.22	\$0.20	\$0.21
Personal Property Tax	\$0.17	\$0.02	\$0.08
Other Tax	\$0.15	\$0.05	\$0.03
License Fee	\$0.09	\$0.10	\$0.06
Total Fixed Expenses	\$4.69	\$2.25	\$1.96
Leasing Expenses	\$2.45	\$4.22	\$1.67
Parking	\$0.56	\$0.19	N/A

1/ Totals may not add up due to different sampling sizes.

TABLE C-4

**COMPARISON OF TAXES
DISTRICT OF COLUMBIA, VIRGINIA, AND MARYLAND
2004**

Tax	DC		VA		MD	
State Individual Income Tax ¹	0 - \$10,000:	5.00%	0 - \$3,001:	2.00%	0 - \$1,000:	2.00%
	\$10,000 - \$30,000	7.50%	\$3,001 - \$5,001:	3.00%	\$1,000 - \$2,000:	3.00%
	\$30,000 +:	9.30%	\$5,001 - \$17,000:	5.00%	\$2,000 - \$3,000:	4.00%
			\$17,000 +:	5.75%	\$3,000 +:	4.75%
State and Local Tax % of Income ³	12.8%		9.3%		9.9%	
Federal, State, and Local % of Income ³	32.1%		27.4%		27.7%	
Sales and Use Tax ²						
General	5.75%		4.5%		5.0%	
Groceries	Exempt		4.0%		Exempt	
Restaurant/Meals	10.0%		4.5% - 8.5%		5.0%	
Alcohol	8.0/10.0%		4.5%		5.0%	
Personal Property Tax (per \$100 assessed value)	\$3.40 ^{4/}		Arlington County: \$4.40 ⁵		Montgomery County: \$1.835 ⁸	
			Fairfax County: \$4.57 ⁶		Prince George's County: \$2.40 ⁸	
			City of Alexandria: \$3.55-\$4.75 ⁷			
Motor Fuel Excise Tax Rate (Gasoline) ²	\$0.20		\$0.175		\$0.235	
Corporate Income Tax ³	9.975%		6.000%		7.000%	
Unemployment Insurance ⁹						
On Total Wages	0.4%		0.2%		0.3%	
Taxable Wage Base	\$9,000		\$8,000		\$8,500	

1/ The Bond Market Association; 2004.

2/ Federation of Tax Administrators.

3/ The Tax Foundation.

4/ District of Columbia Office of the Chief Financial Officer.

5/ Arlington County Office of the Commissioner of Revenue.

6/ Fairfax County Department of Tax Administration.

7/ City of Alexandria Department of Finance.

8/ Maryland State Department of Assessments and Taxation.

9/ U.S. Department of Labor.

TABLE C-5

REAL ESTATE TAXES
DC, VA AND MD
2004

Submarket/Jurisdiction	Tax per \$100 Assesed Value
<u>District of Columbia</u> ¹	\$1.850
<u>Northern Virginia</u>	
Reston/Herndon ²	\$1.130
Special Area Tax	\$0.052 - \$0.22 Additional
Tysons Corner ²	\$1.130
McLean Community Center Tax District	\$0.028 Additional
RBC Corridor ³	\$0.958
Rosslyn Business Improvement District	\$0.049 Additional
Crystal City/Pentagon City ³	\$0.958
Old Town Alexandria ⁴	\$0.995
I-395/Eisenhower Avenue ⁴	\$0.995
<u>Suburban Maryland</u>	
Prince George's County ⁵	\$0.960 County
	<u>\$0.132 State</u>
	\$1.092 Total
Bethesda/Chevy Chase ⁶	\$0.734 County
	\$0.132 State
	\$0.866 Total
Silver Spring ⁶	\$0.734 County
	<u>\$0.132 State</u>
	\$0.866 Total
Special Area Tax	\$0.272 - \$0.585 Additional

- 1/ Source: District of Columbia Office of Tax and Revenue.
 2/ Source: Fairfax County Department of Tax Administration.
 3/ Source: Arlington County Department of Tax Administration.
 4/ Source: City of Alexandria Department of Finance.
 5/ Source: Maryland State Department of Assessments and Taxation.
 6/ Source: Montgomery County Department of Finance.

TABLE C-6

BUSINESS INCENTIVES
DISTRICT OF COLUMBIA
2004

Incentive
<p><u>Enterprise Zone Incentives</u> Federal incentives designed to tap the investment and employment potential of the Enterprise Zones include three types of wage credits, an additional expensing allowance, a zero federal capital gains tax rate on certain investments and tax-exempt bond financing.</p>
<p><u>Technology Incentives (NET 2000)</u> Provides certain credits, exemptions and other benefits fro a Qualified High Technology Company. These incentives include resources to develop their workforce, secure affordable facilities for their business and benefit from reduced real estate, personal property, sales and income taxes.</p>
<p><u>Employee Tax & Work Support Incentives</u> There are a number of incentives available to help employers reduce their operating costs, promote jobs for District residents . and create tax revenues for our city</p>
<p><u>Revenue Bond Program</u> Provides below market interest rate loans to qualified private enterprises that are located in the Enterprise Zone as well as non-profit and manufacturing organizations citywide. Bonds can be issued to assist in financing a broad variety of capital projects, including commercial development, infrastructure improvements and equipment and machinery used in business and other endeavors such as the retail trades, health care, education, housing, recreation, and solid waste recycling.</p>
<p><u>Tax Increment Financing</u> The issuance and sale of tax-exempt governmental revenue bonds to finance public infrastructure redevelopment within one or more predetermined geographic areas on the basis of specific statutory eligibility criteria. To secure the repayment of TIF bonds, the government consents to segregate into a special account a portion (e.g., 25 percent, 50 percent) of the incremental growth in real property tax collections occurring within the area from a specific date. Sales tax increments may be applied to shorten the repayment period, or to provide credit enhancement.</p>

BUSINESS INCENTIVES
VIRGINIA
2004

Incentive
<p>Major Business Facility Job Tax Credit Qualified companies locating or expanding in Virginia receive a \$1,000 corporate income tax credit for each new full-time job created over a threshold number of jobs.</p>
<p>Recycling Equipment Tax Credit An income tax credit is available to manufacturers for the purchase of certified machinery and equipment used for processing recyclable materials property, sales and income taxes.</p>
<p>Day Care Facility Investment Tax Credit Businesses may claim a tax credit equal to 25 percent of all expenditures incurred in the construction, renovation, planning or acquisition of facilities for the purpose of providing day care for children of company employees.</p>
<p>Workforce Services The Workforce Services Division of the Virginia Department of Business Assistance offers customized recruiting and training to companies that are creating new jobs.</p>
<p>Sales and Use Tax Exemptions Virginia offers some of the broadest sales and use tax exemptions in the U.S.</p>
<p>Property Tax Exemptions Virginia does not tax intangible property, manufacturers' inventory, and manufactures' furniture, fixtures and corporate aircraft.</p>
<p>Virginia Small Business Financing Authority (VSBFA) VSBFA offers programs to provide businesses with access to capital needed for growth and expansion.</p>
<p>Technology Zones Qualified businesses locating or expanding operations in a zone may receive local permit and user fee waivers, local tax incentives, special zoning treatment or exemption from ordinances.</p>
<p>Enterprise Zone Tax Credits</p> <p>General Tax Credit. A 10-year tax credit is available against state income tax liability that results from business activity within an enterprise zone. Businesses may receive an 80 percent credit in the first qualification year and a 60 percent credit in years two through ten.</p> <p>Refundable Real Property Improvement Tax Credit. A credit against state income tax equal to 30 percent of qualified zone improvements is available for rehabilitation projects investing the greater of \$50,000 or an amount equal to the current assessed value of the real property.</p> <p>Investment Tax Credit. Businesses investing in excess of \$100 million in plant, machinery, tools and equipment, and thereby also creating 200 jobs are eligible for a negotiated state income tax credit of up to 5 percent of investment.</p> <p>Job Grants. Businesses creating new, full-time positions above a 10 percent increase are eligible to receive grants for three consecutive years of up to \$500 per job (\$1,000 if a zone resident fills a job).</p>

TABLE C-8

SUMMARY OF BUSINESS INCENTIVES
NORTHERN VIRGINIA SUBMARKETS
MAY 2005

Reston/Herndon, Tysons Corner

BPOL Tax Exemption: Fairfax County allows exemption and reductions of the Business, Professional and Occupational license tax to nonprofits, government computer hardware/software sellers, and software development companies.

RBC Corridor

Technology Zone: The Rosslyn-Ballston corridor contains one of three zones in Arlington offering reduced Business, Professional and Occupational License (BPOL) tax rates for qualified firms.

Smart Building Initiative: 1-year real estate tax exemption on increased assessed value of rehabilitated commercial properties incorporating "Smart" technology improvements.

Industrial Revenue Bond Financing: Financing of new or expanded facilities for qualified tax-exempt organizations at reduced rates.

Tax Abatements: For real estate investment in revitalization districts.

Old Town Alexandria

Enterprise Zones: Local funds are available for capital improvements, small business financing, and crime prevention.

Industrial Bonds: Low interest industrial revenue bonds available to non-profits.

Crystal City/Pentagon City

Technology Zones: The Jefferson Davis corridor is one of three technology zones in Arlington offering reduced Business, Professional and Occupational License (BPOL) tax rates for qualified firms.

Smart Building Initiative: 1-year real estate tax exemption on increased assessed value of rehabilitated commercial properties incorporating "Smart" technology improvements.

I-395/Eisenhower Avenue

Enterprise Zones: Local cash is available for capital improvements, small business financing, and crime prevention.

Industrial Bonds: Low interest industrial revenue bonds available to non-profits.

Source: Delta Associates, May 2005.

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STATEWIDE BUSINESS INCENTIVES
MARYLAND
2004

Incentive
<p><u>Major Business Facility Job Tax Credit</u> Businesses can qualify for up to \$5.5 million in tax credits. Businesses that invest in an economic development project in a “qualified distressed county” may qualify for project tax credits of up to \$5 million and start-up tax credits of up to \$500,000.</p>
<p><u>Job Creation Tax Credit</u> Provides tax credits to businesses that create new jobs. The purpose of these incentives is to encourage businesses to expand or relocate in Maryland.</p>
<p><u>Focus Area Tax Credits</u> Businesses locating in a focus area within the Baltimore City, Prince George’s County, Takoma Park/Long Branch or St. Mary’s County/ Lexington Park enterprise zones may be eligible for the following tax credits:</p> <p><u>Real property tax credits</u> - Ten-year, 80 percent credit against local real property taxes on a portion of real property improvements. <u>Personal property tax credits</u> - Ten-year, 80 percent credit against local personal property taxes on new investment in personal property within a focus area. <u>Income tax credits</u> - One- or three-year credit for wages paid to new employees. The general credit is a one-time \$1,500 credit per new employee. For economically disadvantaged employees, the credit increases to a total of \$9,000 per employee distributed over three years.</p>
<p><u>Enterprise Zone Tax Credits</u> <u>Real property tax credits</u> - Ten-year credit against local real property taxes on a portion of real property improvements. Credit is 80 percent the first five years, and decreases 10 percent annually thereafter to 30 percent in the tenth and last year. <u>Income tax credits</u> - One- or three-year credit for wages paid to new employees. The general credit is a one-time \$1,000 credit per new worker. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker distributed over three years</p>
<p><u>Tax Exemptions and Incentives</u></p> <ul style="list-style-type: none"> No gross receipts tax on manufacturers No corporate franchise tax No unitary tax on profits No income tax on foreign dividends (if the corporation owns 50 percent or more of the subsidiary) No separate school taxes

SUMMARY OF BUSINESS INCENTIVES
SUBURBAN MARYLAND SUBMARKETS
MAY 2005

Silver Spring

Real Estate Property Tax Credit: Provides businesses that locate or expand in Downtown Silver Spring a 10-year property tax credit on newly constructed or renovated facilities. The credit applies to the taxes due on any increase in taxes from a higher assessed value on the property.

Employment Tax Credits: Businesses creating new full-time jobs are eligible for a \$1000 income tax credit per newly created job. In addition, businesses hiring economically disadvantaged employees to fill newly created positions in the enterprise zone are eligible for \$6,000 income tax credit per new job over a 3-year period.

Silver Spring Business District Tax Credits: For businesses and commercial property owners between Spring St., Cedar St., Wayne Ave., Fenton St. and 16th St. boundaries.

* Property owners receive 80% of the increased taxes from qualifying expansions, renovations or capital improvements.

* Firms leasing property in the Enterprise Zone (see above) may receive tax credit based on the tax pass-through provisions in their lease agreements.

New Jobs Tax Credit: Promotes job and construction growth

Bethesda/Chevy Chase

New Jobs Tax Credit: A real and personal property tax credit for qualifying businesses which relocate or expand into newly constructed or previously unoccupied premises.

Enhanced real and personal property tax credit: is available for large businesses generating or creating major economic impacts in Montgomery County.

Prince George's County

Incentives include expediting permits, tax abatements, workforce assistance, site identification, county and state financial assistance, and SBA financial assistance. Incentives are most generous in Enterprise Zone areas.

TABLE C-11

CRIME INDEX
WASHINGTON, D.C. METRO AREA
2004 ^{1/}

Crime	Arlington County, VA ^{2/}		City of Alexandria, VA ^{3/}		Fairfax County, VA ^{4/}		Montgomery County, MD ^{5/}		Prince George's County, MD ^{6/}	
	#	Crimes per 1,000	#	Crimes per 1,000	#	Crimes per 1,000	#	Crimes per 1,000	#	Crimes per 1,000
Homicide	3	0.02	2	0.01	5	0.01	21	0.02	140	0.16
Forcible Rape	30	0.16	31	0.22	56	0.05	135	0.15	258	0.30
Robbery	208	1.08	187	1.35	536	0.52	1,004	1.09	3,389	3.98
Aggravated Assault	204	1.06	213	1.54	356	0.35	954	1.04	3,267	3.83
Total Violent Crime:	445	2.31	433	3.14	953	0.93	2,114	2.30	7,054	8.28
Burglary	374	1.94	426	3.09	1,516	1.48	4,095	4.46	6,517	7.65
Larceny/Theft	4,006	20.78	635	4.60	14,540	14.19	17,875	19.46	22,783	26.74
Motor Vehicle Theft	599	3.11	2,937	21.28	1,976	1.93	3,489	3.80	16,225	19.04
Total Property Crime:	4,979	25.83	3,998	28.97	18,032	17.59	25,459	27.72	45,525	53.44
Total Crime:	5,424	28.14	4,431	32.10	18,985	18.52	27,573	30.02	52,579	61.72

1/ Arlington and Montgomery County data is as of year-end 2003.

2/ Source: Arlington County Police Department.

3/ Source: City of Alexandria Police Department.

4/ Source: Fairfax County Police Department. Crime statistics have been annualized based on data collected between January thru September 2004.

5/ Source: Montgomery County Department of Police.

6/ Source: Prince George's County Police Department. Crime statistics have been annualized based on data collected between January thru October 2004.

TABLE C-12

CITYWIDE CRIME STATISTICS
DISTRICT OF COLUMBIA
2004

Type of Crime	#
Homicide	198
Forcible Rape	218
Robbery	3,057
Aggravated Assault	3,863
Burglary	3,943
Larceny/Theft	13,756
Stolen Auto	8,136
Arson	81
Total Crimes	33,252
2004 Population Estimate	553,523
Crimes per 1,000 Population	60.07

Source: Metropolitan Police Dept., U.S. Census Bureau, Delta Associates, May 2005.

DA24268
 Apdx-C Office SubmktcsC-12 DC Crime
 6/10/2005

TABLE C-13

**COMPARISON OF OFFICE LAND SALES RATE BY SUBMARKET
WASHINGTON D.C. AND SURROUNDING AREA
1998-2004**

		1998	1999	2000	2001	2002	2003	2004
Price Per SF	CBD	\$686.99	\$942.27	--	\$533.33	--	--	\$1,301.84
	East End	\$493.60	\$409.59	\$689.08	--	N/A	--	\$1,024.97
	Capitol Hill	\$171.70	\$73.92	\$159.63	\$200.38	\$726.30	--	\$234.26
	Southwest	--	--	--	--	--	--	--
	Georgetown	\$142.19	--	--	--	--	--	--
	West End	--	--	--	--	--	--	--
	Uptown	--	--	--	--	--	--	--
	TOTAL - District	\$408.48	\$438.99	\$333.55	\$218.13	\$726.30	--	\$677.17
	Rosslyn, Cthse, Ballston	\$101.23	\$103.70	\$142.05	--	--	--	--
	Crystal and Pentagon Cities	--	--	--	--	--	--	\$53.50
	Old Town Alexandria	\$40.86	\$135.11	--	--	--	N/A	\$229.57
	Eisenhower Ave, I-395 Corridor	--	--	\$55.48	--	\$27.76	--	--
	Reston, Herndon	\$14.81	\$10.26	\$14.71	\$9.10	\$84.53	\$46.01	\$18.45
Tysons Corner	\$36.94	--	\$42.97	\$76.52	--	--	--	
TOTAL - Northern Virginia	\$2.89	\$6.88	\$5.37	\$21.71	\$18.71	\$24.17	\$30.94	
Bethesda/Chevy Chase	\$61.84	--	--	\$167.26	--	--	--	
Silver Spring	--	--	\$35.51	\$66.32	--	\$68.04	\$30.42	
Montgomery County	\$8.31	\$9.65	\$8.39	\$13.11	\$26.38	\$41.85	\$34.42	
Prince George's County	\$2.49	\$4.08	\$8.59	\$8.90	--	--	--	
TOTAL - Suburban Maryland	\$6.62	\$6.68	\$8.45	\$10.28	\$26.38	\$41.85	\$32.02	
Price Per FAR SF	CBD	\$75.62	\$93.60	--	\$66.67	--	--	\$113.91
	East End	\$57.08	\$72.35	\$77.17	--	N/A	--	\$102.78
	Capitol Hill	\$26.39	\$15.51	\$30.42	\$34.53	\$64.52	--	\$118.56
	Southwest	--	--	--	--	--	\$30.98	--
	Georgetown	\$72.80	--	--	--	--	--	--
	West End	--	--	--	--	--	--	--
	Uptown	--	--	--	--	--	--	--
	TOTAL - District	\$59.88	\$52.25	\$50.71	\$36.85	\$64.52	\$30.98	\$108.97
	Rosslyn, Cthse, Ballston	\$30.54	\$25.87	\$33.65	--	--	--	--
	Crystal and Pentagon Cities	--	--	--	--	--	--	--
	Old Town Alexandria	\$35.13	\$37.13	--	--	--	--	--
	Eisenhower Ave, I-395 Corridor	--	--	--	--	\$37.00	--	--
	Reston, Herndon	\$27.51	--	\$33.30	--	--	--	--
Tysons Corner	\$26.78	--	\$49.68	--	--	--	--	
TOTAL - Northern Virginia	\$11.53	\$14.66	\$19.63	--	--	--	--	
Bethesda/Chevy Chase	\$33.40	--	--	--	--	--	--	
Silver Spring	--	--	--	--	--	--	--	
Montgomery County	\$20.00	\$18.04	\$22.23	--	\$16.31	--	--	
Prince George's County	\$6.50	\$13.65	\$10.05	--	--	--	--	
TOTAL - Suburban Maryland	\$16.45	\$15.59	\$18.96	--	\$16.31	--	--	

TABLE C-14

**COMPARISON OF NET ABSORPTION BY SUBMARKET
WASHINGTON, D.C. AND SURROUNDING AREA
1994 - 2004**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CBD	(352,000)	(391,000)	573,000	1,122,000	684,000	102,000	1,422,000	416,000	(737,000)	934,000	439,000
East End	466,000	271,000	(164,000)	88,000	1,511,000	630,000	1,952,000	713,000	754,000	(139,000)	1,673,000
Capitol Hill	(302,000)	(47,000)	(151,000)	93,000	655,000	613,000	175,000	546,000	1,253,000	651,000	65,000
Southwest	(52,000)	64,000	103,000	68,000	126,000	78,000	(175,000)	222,000	(10,000)	381,000	221,000
Georgetown	145,000	118,000	115,000	45,000	190,000	2,000	(14,000)	(60,000)	(58,000)	70,000	36,000
West End	(111,000)	142,000	(76,000)	131,000	10,000	39,000	7,000	--	(23,000)	(37,000)	(15,000)
Uptown	162,000	109,000	(66,000)	(90,000)	169,000	381,000	222,000	(80,000)	(50,000)	(81,000)	106,000
TOTAL - District of Columbia	(44,000)	266,000	334,000	1,457,000	3,345,000	1,845,000	3,589,000	1,757,000	1,129,000	1,779,000	2,525,000
Rosslyn, Ctse, Ballston	346,000	428,000	(249,000)	9,000	683,000	694,000	780,000	104,000	75,000	238,000	605,000
Crystal and Pentagon Cities	41,000	475,000	27,000	(573,000)	356,000	62,000	62,000	(305,000)	(484,000)	88,000	26,000
Old Town Alexandria	30,000	147,000	60,000	42,000	363,000	198,000	403,000	(53,000)	(65,000)	286,000	2,157,000
Eisenhower Ave, I-395 Corridor	44,000	(2,000)	(17,000)	268,000	275,000	--	83,000	--	79,000	23,000	(420,000)
Reston, Herndon	462,000	361,000	240,000	335,000	760,000	2,293,000	2,737,000	518,000	57,000	286,000	1,302,000
Tysons Corner	739,000	831,000	1,299,000	51,000	55,000	835,000	2,250,000	286,000	169,000	(249,000)	509,000
TOTAL - Northern Virginia	2,928,000	3,292,000	2,755,000	1,434,000	3,116,000	7,612,000	9,581,000	2,672,000	259,000	1,351,000	6,615,000
Bethesda/Chevy Chase	(370,000)	243,000	328,000	369,000	225,000	152,000	361,000	536,000	(201,000)	(75,000)	212,000
Silver Spring	(143,000)	(127,000)	88,000	41,000	114,000	200,000	(186,000)	5,000	143,000	696,000	354,000
Montgomery County	(1,031,000)	958,000	952,000	671,000	757,000	(929,000)	1,475,000	1,226,000	611,000	496,000	2,211,000
Prince George's County	34,000	(134,000)	459,000	265,000	382,000	417,000	864,000	201,000	329,000	(300,000)	196,000
TOTAL - Suburban Maryland	(997,000)	824,000	1,411,000	951,000	1,168,000	1,573,000	2,425,000	1,377,000	1,023,000	263,000	2,452,000
TOTAL - DC Metro Area	1,887,000	4,382,000	4,500,000	3,842,000	7,629,000	11,030,000	15,595,000	5,806,000	2,411,000	3,393,000	11,592,000

TABLE C-15

COMPARISON OF NEW CONSTRUCTION BY SUBMARKET
WASHINGTON, D.C. AND SURROUNDING AREA
1996 - 2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
CBD	261,201	235,000	307,664	1,609,616	1,238,053	1,618,547	1,108,393	932,637	1,047,250
East End	539,748	699,000	1,848,605	3,140,649	2,845,477	1,919,656	2,721,500	2,425,304	1,231,953
Capitol Hill	448,179	--	1,171,929	1,131,648	1,823,208	983,156	1,325,117	1,189,400	2,830,827
Southwest	588,500	--	--	--	--	438,000	438,000	280,000	800,000
Georgetown	--	--	--	--	--	--	18,200	--	172,556
West End	--	--	--	--	--	--	--	--	--
Uptown	100,810	263,731	227,206	277,000	239,461	35,642	--	106,000	106,000
TOTAL - District of Columbia	1,938,438	1,197,731	3,555,404	6,158,913	6,146,199	4,995,001	5,611,210	4,933,341	6,188,586
Rosslyn, Cthse, Ballston	497,786	844,381	525,427	968,580	1,284,459	1,305,828	929,148	855,460	934,083
Crystal and Pentagon Cities	--	--	--	--	234,005	--	--	--	629,159
Old Town Alexandria	--	230,048	405,531	390,220	268,999	209,395	2,845,932	2,663,672	535,640
Eisenhower Ave, I-395 Corridor	244,000	--	121,199	311,000	412,700	258,412	--	--	--
Reston, Herndon	--	1,851,072	2,984,910	3,490,729	2,245,714	1,951,242	--	497,400	--
Tysons Corner	--	764,315	1,969,656	2,809,352	2,613,114	747,000	200,590	434,822	318,714
TOTAL - Northern Virginia	1,459,345	4,280,546	8,725,720	11,668,051	11,727,270	7,243,302	4,548,842	5,810,213	4,493,552
Bethesda/Chevy Chase	122,390	--	540,578	1,012,309	1,100,007	60,000	33,000	--	412,000
Silver Spring	--	--	--	238,535	243,582	600,000	600,000	183,000	--
Montgomery County	383,970	278,449	1,426,994	2,450,883	3,329,768	2,292,652	1,449,005	1,189,619	718,799
Prince George's County	--	--	201,483	121,915	33,340	503,450	272,035	210,445	191,992
TOTAL - Suburban Maryland	383,970	278,449	1,799,037	2,701,798	3,525,406	2,815,702	1,804,040	1,430,332	950,791
TOTAL - DC Metro Area	3,781,753	5,756,726	14,080,161	20,528,762	21,398,875	15,054,005	11,964,092	12,173,886	11,632,929

TABLE C-16

**RENT RATE ANALYSIS BASED ON A SELECTED SAMPLE OF ACTUAL LEASE TRANSACTIONS
CLASS A, B AND C SPACE IN DOWNTOWN WASHINGTON, DC
1998 - 2004**

Class	Average Face Rent (\$'s/SF, GFS) For:				2004	% Increase 2003-2004		
	1998	1999	2000	2001			2002	2003
Class A	\$36.50	\$39.40	\$42.50	\$41.00	\$41.05	\$41.00	\$42.10	2.68%
Class B	\$27.50	\$28.90	\$31.75	\$33.35	\$33.35	\$33.10	\$34.05	2.87%
Class C	\$20.00	\$21.45	\$23.25	\$25.00	\$25.80	\$25.75	\$26.25	1.94%
	Average Effective Rent (\$'s/SF, GFS) For:				2004	% Increase 2003-2004		
1998	1999	2000	2001	2002			2003	
Class A	\$35.80	\$38.80	\$42.10	\$40.75	\$40.70	\$40.60	\$41.15	1.35%
Class B	\$27.00	\$28.45	\$31.55	\$33.20	\$33.10	\$32.80	\$33.50	2.13%
Class C	\$19.75	\$21.15	\$23.15	\$24.85	\$25.65	\$25.55	\$26.00	1.76%
	Average TI Package (\$/SF)				2004			
1998	1999	2000	2001	2002		2003		
Class A	\$34.00	\$40.00	\$45.00	\$50.00	\$50.00	\$50.00	\$50.00	
Class B	\$13.80	\$15.00	\$15.00	\$20.00	\$20.00	\$20.00	\$25.00	
Class C	\$9.75	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	

Source: Delta Associates, May 2005.

TABLE C-17

SIGNIFICANT LEASE TRANSACTIONS IN THE DISTRICT
2000-2003

Year	Tenant	Address	Submarket	SF
2003	Wilmer Cutler & Pickering	1801-1899 Penn. Ave., NW	CBD	524,000
	Dickstein Shapiro Morin & Oshinsky	1825/1850 K St., NW	CBD	417,000
	GSA (Renewal)	1099 14th St., NW	East End	235,000
	The Advisory Board	2445 M St., NW	West End	144,000
	U.S. Government	550 12th St., SW	Southwest	118,000
2002	Department of State (Renewal)	400 C St., SW	Southwest	364,000
	Securities and Exchange Commission (Pre-Lease)	Station Place	Capitol Hill	360,000
	U.S. Department of Education (GSA)	550 12th St., SW	Southwest	309,000
	Finnegan Henderson et. al. (Pre-Lease)	901 New York Ave., NW	East End	250,000
	CareFirst BlueCross BlueShield (Pre-Lease)	840 1st St., NE	Capitol Hill	244,000
2001	Securities and Exchange Commission (Pre-Lease)	2nd and F Sts., NE	Capitol Hill	650,000
	Department of Justice/INS	20 Massachusetts Ave., NW	Capitol Hill	323,000
	Venable, Baetjer, et al. (Pre-Lease)	575 7th St./650 F St., NW	East End	244,000
	State Services Organization (Renewal)	444 N. Capitol St., NW	Capitol Hill	223,000
	Rothwell, Figg, Ernst & Manbeck	1425 K St., NW	East End	215,000
2000	INS (Renewal)	425 Eye Street, NW	East End	385,000
	US Department of Education (Pre-Lease)	830 1st Street, NE	Capitol Hill	330,000
	The Fed. Emergency Mgmt Agency (Pre-Lease)	500-550 12th Street, SW	Southwest	310,000
	Small Business Administration (Renewal)	409 3rd Street, NW	Southwest	223,000
	ULLICO (Pre-Lease)	1625 Eye Street, NW	CBD	200,000

Source: Delta Associates, May 2005.

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TABLE C-18

SIGNIFICANT LEASE TRANSACTIONS IN THE DISTRICT
2004

Tenant	Address	Submarket	SF
Patton Boggs (Renewal)	2550 M St., NW	West End	187,000
White & Case	701 13th St., NW	East End	136,000
Ernst & Young	1101 New York Ave, NW	East End	135,000
GSA	1900 Half St., SW	Southwest	129,000
APCO Worldwide	701 13th St., NW	East End	120,000
Miller & Chevalier	655 15th St., NW	East End	118,000
Collier Shannon Scott (Renewal)	3050 K St., NW	Georgetown	117,000
Wiley Rein & Fielding (Renewal and Expansion)	1750 K St., NW	CBD	110,000
Patton Boggs	2445 M St., NW	West End	109,000
Crowell & Morning	1001 Pennsylvania Ave., NW	East End	102,000
Heller Ehrman White & McAuliffe	1717 Rhode Island Ave., NW	CBD	83,000
Morrison & Foerster (Pre-Lease)	1700 K St., NW	CBD	77,000
Thelen Reid & Priest (Pre-Lease)	701 8 th St., NW	East End	75,000
Federal Housing Finance Board	1625 Eye St., NW	CBD	70,000
Pharmaceutical Researchers and Manufacturers	950 F St., NW	East End	70,000
U.S. Department of Homeland Security	1201 New York Ave., NW	East End	68,000
C-SPAN	400-444 N. Capitol St., NW	Capitol Hill	67,000
Baker and McKenzie	815 Connecticut Ave., NW	CBD	63,000
GSA	1111 19 th St., NW	CBD	58,000
District of Columbia Courts	616 H St., NW	East End	56,000
Zuckerman Spaeder	1800 M St., NW	CBD	54,000
Department of Justice (Renewal)	325 7 th St., NW	East End	53,000
GSA	800 N. Capitol St., NW	Capitol Hill	48,000
Sheppard, Mullin, et al. (Conv. of Sublease & Exp.)	1300 Eye St., NW	East End	43,000
Fox News (Renewal)	400-444 N. Capitol St., NW	Capitol Hill	41,000
Center for American Progress	1333 H St., NW	East End	39,000
U.S. Government	1201 New York Ave., NW	East End	39,000
The Futures Group International	One Thomas Cir., NW	East End	38,000
District of Columbia Government	1275 K St., NW	East End	37,000
Baach Robinson & Lewis (Sublease)	1201 F St., NW	East End	35,000
Corp. for National and Community Service (Renewal)	1201 New York Ave., NW	East End	34,000
O'Melveny & Myers	1625 Eye St., NW	CBD	33,000
Wachovia	1300 Eye St., NW	East End	31,000
World Bank	1776 G St., NW	CBD	30,000
U.S. Government	111 Massachusetts Ave., NW	Capitol Hill	30,000

Source: Delta Associates, May 2005.

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**SUMMARY OF OFFICE MARKET INDICATORS - ALL PRIVATE SECTOR SPACE
DISTRICT OF COLUMBIA EMERGING SUBMARKETS
2001 - 2004**

Submarket	4Q 2004			Direct Vacancy Rate at End of:				Vacancy at End of 4th Q 2004 w/ Sublet	SF Under Constr. or Renovation 4Q 04	Net Absorption (SF)					
	Total Rentable SF All Bldgs. 1/	SF Avail. Immediately All Bldgs. 2/	2004	2001			2003			2001	2002	2003	2004		
				2001	2002	2003	2004							2003	2004
North of Union Station	4,231,846	63,478	1.5%	6.5%	1.6%	3.0%	1.5%	1.7%	408,400	195,652	405,765	181,145	63,478		
SE Federal Center Area	1,268,062	87,496	6.9%	0.0%	0.0%	10.5%	6.9%	12.2%	1,350,000	790,047	0	309,892	45,650		
SW Waterfront Area	556,991	12,811	2.3%	0.0%	0.0%	0.0%	2.3%	2.3%	-	0	0	0	(12,811)		
South Capitol Street Area	1,062,562	358,083	33.7%	46.8%	46.8%	46.8%	33.7%	33.7%	-	0	0	0	139,196		
Petworth Area	108,103	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	0	0	0	0		
St. Elizabeth's Area	34,500	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	0	0	0	0		
TOTAL	7,262,064	521,868	7.2%	11.7%	8.5%	10.4%	7.2%	8.2%	1,758,400	985,700	405,765	491,038	235,513		
Vacancy Rate with Sublet Space				12.1%	9.4%	11.4%	8.2%								

1/ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction, under renovation, or buildings owned by the government.

2/ Does not include sublet space.

SUMMARY OF OFFICE MARKET INDICATORS - CLASS A ^{1/}
DISTRICT OF COLUMBIA EMERGING SUBMARKETS
2001 - 2004

Submarket	Total Rentable SF ^{2/}	SF Available Immediately ^{3/}	4Q 2004			Net Absorption (SF)			
			Direct Vacancy Rate	Vacancy Rate with Sublet Space	SF Under Construction or Renovation	2001	2002	2003	2004
North of Union Station	2,274,727	52,319	2.3%	2.5%	--	118,884	(674,595)	1,035,001	50,044
SE Federal Center Area	1,200,280	74,417	6.2%	10.7%	1,350,000	--	757,241	313,409	55,213
SW Waterfront Area	--	--	--	--	--	--	--	--	--
South Capitol Street Area	--	--	--	--	--	--	--	--	--
Petworth Area	--	--	--	--	--	--	--	--	--
St. Elizabeth's Area	--	--	--	--	--	--	--	--	--
TOTAL	3,475,007	126,736	3.6%	5.3%	1,350,000	118,884	82,646	1,348,410	105,257

1/ Class A is defined as buildings greater than 50,000 SF and built after 1984.

2/ Includes buildings 50,000 SF RBA and greater. Does not include buildings under construction, under renovation, or buildings owned by the government.

3/ Does not include sublet space.

Appendix D:

**TENANTS THAT LEFT OR ARE LEAVING THE DISTRICT OF COLUMBIA
SUMMARY OF OFFICE TENANT SURVEY
MAY 2005**

Organizations Surveyed	Decision Date/ Move Date	Old Address	New Address	Percent of Organization Moved	Old Location		New Location		CEO or Local Office Head Residence	Other Senior Staff Residences	Employee Residence Breakdown	
					SF	Rent Or Own	SF	Rent Or Own			DC	MD
1 American Nurses Association	1Q-2003 3Q-2004	6th & Maryland, SW	8515 Georgia Ave. Silver Spring, MD	100%	58,785	Rent	65,000	Own	NA	NA	NA	NA
2 Union Labor Life Insurance Corporation	Fall 2003 Apr-04	111 Mass Ave., NW	84C3 Colesville Rd. Silver Spring, MD	60%	266,623	Owned	90,500 63,369	Rent Rent 1/	NA	NA	10%	60%
3 Aerospace Industry Association	N/A Mar-03	1250 Eye Street, NW	1000 Wilson Blvd. Roslyn, VA	100%	30,000	Rent	45,000	Rent	VA	VA	20%	60%
4 American Psychiatric Association	3Q-2002 Jan-03	14th & K, NW	1000 Wilson Blvd. Roslyn, VA	100%	100,000	NA	70,000	NA	VA	MD, VA, DC	33%	33%
5 American Red Cross Nat'l Capital Chapter	N/A Apr-04	2131 K Street, NW	8550 Arlington Blvd. Fairfax, VA	N/A	20,000	NA	7,056	NA	NA	NA	34%	33%
6 Cannon Design	4Q-2002 2/1/2003	3299 K Street, NW	1000 Wilson Blvd. Roslyn, VA	100%	20,000	NA	25,000	NA	VA	Mostly VA	10%	30%
7 Corporate Executive Board	2004 2008	5 Locations in DC	New Building Roslyn, VA	75-80%	250,000	Rent	500,000	Includes Options	VA	NA	40%	15%
8 Momentum Marketing	N/A Apr-03	2nd St, NE	727 N. Washington St. Alexandria, VA	100%	10,000	Rent	13,000	Own	VA	VA	5%	20%
9 New Media Strategies	N/A Jan-03	2001 S Street, NW	1100 Wilson Blvd. Roslyn, VA	100%	10,000	Rent	15,000	Rent	DC	Mixed	30%	30%
10 Watson Wyatt	1Q-2004 2Q-2005	1717 H St., NW	901 Glebe Road Arlington, VA	100%	174,000	Rent	122,000	Rent	MD	Mixed	33%	33%

1/ New DC Headquarters space at 1625 I Street

TENANTS THAT LEFT OR ARE LEAVING THE DISTRICT OF COLUMBIA
SUMMARY OF REASONS FOR LEAVING 1/
MAY 2005

Organizations Surveyed	New Address	Proximity to Clients/Partners	Opportunity to Own Building	Rent or Other Space Costs	Quality of Area and Amenities	Parking	Access To Public Transportation	Tax or Financial Incentives	Better Space Layout	Other Factors
1 American Nurses Association	8515 Georgia Ave. Silver Spring, MD		1	1	2		3		4	
2 Union Labor Life Insurance Corporation	8403 Colesville Rd. Silver Spring, MD		2	1	3			1		
3 Aerospace Industry Association	1000 Wilson Blvd. Roslyn, VA	1								2. Members are located nearby
4 American Psychiatric Association	1000 Wilson Blvd. Roslyn, VA			1						
5 American Red Cross Nat'l Capital Chapter	8550 Arlington Blvd. Fairfax, VA	1		1		2	3			2. Cost of doing business 3. Commuting/traffic congestion
6 Cannon Design	1000 Wilson Blvd. Roslyn, VA	3		2		3	3		1	1. Bus and sales taxes
7 Corporate Executive Board	New Building Roslyn, VA									1. Consolidation of staff
8 Momentum Marketing	727 N. Washington St. Alexandria, VA		1	1	2		3		2	3. Crime
9 New Media Strategies	1100 Wilson Blvd. Roslyn, VA			2					1	
10 Watson Wyatt	901 Glebe Road Arlington, VA							2		1. Security (loss of company data)

1/ Respondents were asked to indicate their top three reasons in order of importance (#1, #2, #3).

TENANTS THAT ARE NEW TO THE DISTRICT OF COLUMBIA
SUMMARY OF OFFICE TENANT SURVEY
MAY 2005

Organizations Surveyed	Decision Date/ Move Date	Old Address	New Address	Percent of Organization Moved	Old Location		New Location		CEO or Local Office Head Residence	Other Senior Staff Residences	Employee Residence Breakdown		
					SF	Rent Or Own	SF	Rent Or Own			DC	MD	VA
1 American College of Cardiology	2004 2006/7	Old Georgetown Rd. North Bethesda, MD	2400 N Street, NW West End	100%	127,000	Own	200,000	Own	DC	Mostly MD	10%	60%	30%
2 Anteon Corporation	4Q-2001 4Q-2003	Crystal City	1100 New Jersey Ave., S Navy Yard - West	100%	118,000	NA	123,000	NA	VA	VA	33%	33%	33%
3 Lockheed Martin	3Q-1999 2001	New Location	300 M Street, SE Navy Yard--West	NA	New Location	NA	40,000	Rent	VA	VA	5%	25%	70%
4 National Association of Theatre Owners	NA 2Q-2004	Los Angeles, CA	750 1st Street, NE	100%	Lease	Rent	1,600	NA	DC	MD	20%	60%	20%
5 Northrup Grumman (Chip Systems)	3Q-1999 2001	2121 Crystal Drive Arlington, VA	300 M Street, SE Navy Yard--West	NA	26,000	NA	100,000	NA	DC	MD & VA	10%	40%	50%
6 SAW Enterprises (technology firm)	4Q-2002 1Q-2003	VA	519 14th Street, NW Nat'l Press Bldg.	100%	New Location	Rent	2,000	NA	VA	VA	0%	25%	75%
7 Heart Rhythm Society	3Q-2004 Dec-04	Natick, MA	1400 K Street, NW	100%	NA	NA	10,856	NA	na	na	na	na	na

**TENANTS THAT ARE NEW TO THE DISTRICT OF COLUMBIA
SUMMARY OF REASONS FOR LOCATING IN THE DISTRICT OF COLUMBIA 1/
MAY 2005**

Organizations Surveyed	New Address	Proximity to Federal Government	Proximity to Clients/Partners	Prestigious Address	Opportunity to Own Building	Rent or Other Space Costs	Quality of Area and Amenities	Parking	Access To Public Transportation	Tax or Financial Incentives	Better Space Layout	Other Factors
1 American College of Cardiology	2400 N Street, NW West End			1								Wanted better position in their market
2 Anteon Corporation	1100 New Jersey Ave., SE Navy Yard - West		1									Moved because of Navy contract.
3 Lockheed Martin	300 M St, SE Navy Yard--West		1									Moved because of Navy contract.
4 National Association of Theatre Owners	750 1st St., NE	1		3								
5 Northrup Grumman (Chip Systems)	300 M St, SE Navy Yard--West		1				3	2				
6 SAW Enterprises (technology firm)	519 14th St., NW Nat'l Press Bldg.			2					1	3		
7 Heart Rhythm Society	1400 K St., NW	1		2								

1/ Respondents were asked to indicate their top three reasons in order of importance (#1, #2, #3).

**TENANTS THAT DECIDED TO REMAIN OR EXPAND IN THE DISTRICT OF COLUMBIA
SUMMARY OF OFFICE TENANT SURVEY
MAY 2005**

Organizations Surveyed	Decision Date/ Move Date	Old Address	New Address	Percent of Organization Moved	Old Location		New Location		CEO or Local Office Head Residence	Other Senior Staff Residences	Employee Residence Breakdown		
					SF	Rent Or Own	SF	Rent Or Own			DC	MD	VA
1 American Association of Retired Persons	2Q-2004 3Q-2004	601 E St, NW	575 7th Street, NW	Expansion	500,000	Own	582,000	Own	MD	DC - 50% MD, VA - 25%	33%	33%	33%
2 Amgen (government relations office)	3Q-2004 1Q-2005	1300 I St, NW	555 15th Street, NW	100%	9,900	NA	24,000	NA	na Company is in CA	DC - 50%	20%	40%	40%
3 Hayes, Seay, Mathern & Mathern (law)	Pending Sep-05	1030 15th St NW	Undecided	100%	14,196	Rent	20,000	Rent	VA	VA	2%	48%	50
4 Louis Berger Group	Renewal Nov-01	2300 N Street, NW	2300 N Street, NW	100%	50,000	NA	100,000	NA	na	Mixed	30%	40%	30%
5 Bognet Construction	2Q-2003 3Q-2003	5185 MacArthur Blvd., NW	1055 Thomas Jefferson St, NW Georgetown	100%	3,278	NA	2,000	NA	VA	VA & MD	5%	50%	45%
6 Crowell & Moring	1Q-2004 1Q-2005	1001 Pennsylvania Ave., NW	1001 Pennsylvania Ave., NW	Adding more employees	239,612	NA	341,758	NA	na	Mixed	40%	30%	30%

**TENANTS THAT DECIDED TO REMAIN OR EXPAND IN THE DISTRICT OF COLUMBIA
SUMMARY OF REASONS FOR REMAINING/EXPANDING IN THE DISTRICT OF COLUMBIA 1/
MAY 2005**

Organizations Surveyed	New Address	Proximity to Federal Government	Proximity to Clients/Partners	Prestigious Address	Opportunity to Own Building	Rent or Other Space Costs	Quality of Area and Amenities	Parking	Access To Public Transportation	Tax or Financial Incentives	Better Space Layout	Other Factors
1 American Association of Retired Persons	2400 N Street, NW West End	3		2			1					
2 Angen (government relations office)	1100 New Jersey Ave., SE Navy Yard--West	1	2									
3 Hayes, Seay, Mathem & Mathem (law)	300 M St. SE Navy Yard--West		1	2								
4 Louis Berger Group	750 1st St. NE	1		2								3. Want DC image, despite commuting/traffic congestion. 3. Assistance from Deputy Mayor's Office in site location 2. CEO and key staff live nearby
5 Bognet Construction	300 M St. SE Navy Yard--West		1							2		
8 Crowell & Moring	1001 Pennsylvania Ave., NW	1		1			3					

1/ Respondents were asked to indicate their top three reasons in order of importance (#1, #2, #3).

Appendix E:

TABLE E-1

**SUMMARY OF COMPETITIVE ADVANTAGES AND DISADVANTAGES BY TENANT TYPE
DISTRICT OF COLUMBIA
MAY 2005**

Tenant Types	Advantages	Disadvantages
Associations	Proximity to Congress and Federal agencies. Proximity to peer organizations. Access to the press/media. Prestigious Washington address.	High occupancy costs. Lack of convenient, affordable housing.
Legal	Proximity to clients. Proximity to the courts. Proximity to Congress and Federal agencies. Prestigious Washington address.	Employee recruitment/retention. Lack of convenient, affordable housing.
Government	Proximity to Congress. Proximity to departmental headquarters. Proximity to other agencies.	Security issues; new security standards Lack of convenient, affordable housing. Employee recruitment/retention.
Tech/Telecom	Proximity to clients. Proximity to government agencies. International business opportunities.	High occupancy costs. Commuting distance/time. Employee recruitment/retention. Distance from suburban tech clusters
FIRE	Proximity to clients. Proximity to government regulators. Prestigious Washington address.	High occupancy costs. Employee recruitment/retention. Lack of convenient, affordable housing.
Business Services, including Accounting	Proximity to clients. Proximity to government agencies. Prestigious Washington address.	High occupancy costs. Employee recruitment/retention.
Health/Medical	Proximity to patients. Proximity to government agencies & funding.	High occupancy costs. Employee recruitment/retention.

Appendix F:

TABLE F-1

OFFICE DEVELOPMENT CAPACITY ESTIMATES
DISTRICT OF COLUMBIA
MAY 2005

<u>Office Sub-Markets</u>	<u>Downtown DC BID</u> <u>Estimate</u> <u>of Office</u> <u>Capacity (SF)</u>		<u>Delta's</u> <u>Estimate</u> <u>of Office</u> <u>Capacity (SF)</u>	
Downtown BID	6.2	MM	6.2	MM
Central Business District	1.2		1.2	
West End	0.3		0.3	
Mount Vernon Triangle	1.2		1.2	
NOMA Corridor	20.0		20.0	
SW--North of I-395	3.3		3.3	
SW--North of M Street	2.0		2.0	
SE--SE Federal Center	1.5		1.5	
SE--Upriver from Navy Yard	3.0		3.0	
Anacostia Waterfront Initiative Area	15.0	(a)	15.0	
Armed Services Retirement Home	3.0		3.0	
St. Elizabeth's Hospital	2.1	(b)	2.1	
Subtotal Office Capacity	<u>58.8</u>	MM	<u>58.8</u>	MM
Additional Redevelopment Capacity	(c)		10.4	MM
Sites With Potential Change of Use	(d)		20.0	MM
Total Office Capacity	<u>58.8</u>	MM	<u>89.2</u>	MM

- (a) Based on ERA study for Office of Planning. Could be as little as 10 million. Need to do a block by block analysis.
 (b) Includes new construction and rehabilitation of existing vacant space.
 (c) Represents under-developed sites. Estimated at 20% of current space built before 1980.
 (d) Potential office sites that are now developed with a different use.

Source: Downtown DC BID, Delta Associates, May 2005.

DA24268
 Apdx F Development CapacitySheet1
 6/15/2005

Appendix G:

**Downtown BID
Methodology and Assumptions Underlying
DC Office Employment Projections**

Employment Forecast Methodology

The database utilized in developing the office-using employment projections for the District of Columbia was acquired from NPA Data Services, Inc. in August 2004 and in December 2004 (revised). This database was developed from Bureau of Economic Analysis (US Department of Commerce) employment data by sector. These employment data build on BLS payroll survey data and job data from IRS records that include self-employed persons, part-time and contract workers, uniform military personnel, and other workers not covered by employer withholding of tax and social security contributions—workers receiving 1099 tax reports. This database is a national file disaggregated by states and counties.

NPA Data Services, Inc. develops employment estimates and projections from the BEA file (an annual tabulation covering the 1968-2002 period) for the current period and forecasts to 2030 using a national I-O model. Employment estimates and projections for the District of Columbia reflect its economic structure with national growth rate projections being applied to this unique mix of fast and slow growth sectors. To the extent that the district's economy is composed of more fast growing sectors—its jobs are disproportionately distributed to faster growing sectors—its overall employment base will grow faster than the national employment base. Alternatively, if the District's employment distribution is skewed to slower growth or declining sectors its overall job growth will lag the national projection.

These District-specific employment data (actual and projected) were inspected by sector and assignments made regarding the types of building space that was required to accommodate these workers. For example, jobs in construction, manufacturing, and wholesale and retail trade sectors were not considered to require office-type space. Ninety-five percent (95%) of the federal civilian government workers were assigned to office-type space while lesser percentages were applied to the remaining sectors: service sector—75%; Finance, insurance and real estate—70%; and transportation, communications, and utilities—50%. Military personnel and District of Columbia employees were not assigned to office-type space in this tabulation. These percentages were applied to the respective sector employment estimates and projections for the District of Columbia. Private Sector jobs exclude all government employment (federal civilian, military, and state and local); the private sector distinction does not reflect the ownership of the office space housing office workers but rather the sector in which the worker is employed.

**Office Jobs by Sector in the District of Columbia: 1980-2030
(Jobs in Thousands)**

Sector	1980	1990	2000	2005	2010	2030
TCPU*	13.84	12.34	10.97	15.16	14.45	14.06
FIRE**	35.12	33.24	30.44	26.29	26.74	29.37
Services	164.93	230.86	269.18	296.42	310.40	364.16
Total Private	213.89	276.44	310.59	337.87	351.59	407.59
Federal***	217.69	204.00	176.60	186.75	205.34	258.10
Total Office Type Jobs	431.48	475.44	487.19	524.62	556.93	605.69

Notes: sector data for 1980, 1990, and 2000 reflect SIC Codes; for 2005, 2010, and 2030 reflect NAICS Codes. Data for 2005, 2010 and 2030 reflect December 2004 updated forecasts.

*transportation, communications and utilities; **finance, insurance, and real estate; ***federal civilian only

Limitations of Forecast

Long-term forecasts are subject to many limitations. One of these is fundamental to the forecast model; that is, an econometric model does not reflect the vagaries of the business cycle and therefore the 2030 forecast does not incorporate the timing and magnitudes of any recessions and expansions that will occur of the next twenty-five years. Additionally, the impact of technology on the District's economic sector is held constant over the forecast period. Possible changes to federal employment and outsourcing policies are not modeled in the employment forecast or are changes that might be associated with political, social and national and global economic trends over the forecast period. The impacts of terrorist events also are not reflected in the forecast.

Therefore, the forecast represents expected changes in employment assuming the continuation of the District of Columbia's current comparative advantages in the metropolitan and national economies given the respective national projections for job growth in each sector. This forecast incorporates the District of Columbia's historic economic trends spanning the 1968-2002 period relative to the national economy and incorporates the assumption that the evolution of the District's economy over this 35-year period (changes in the number of jobs and their distribution among sectors) will provide the basis for the economy's future performance.