North Potomac Yard

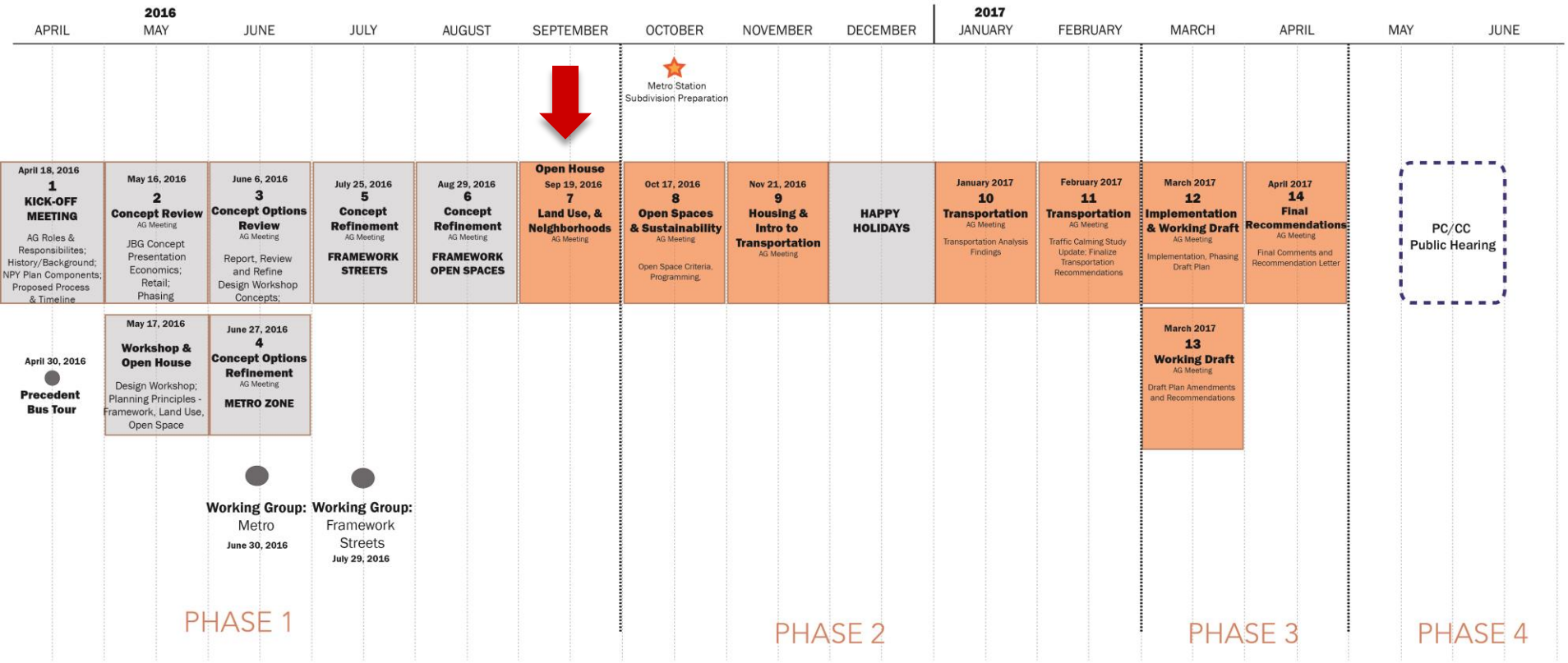
Advisory Group Meeting #7 | September 19, 2016

Advisory Group Work Plan

DRAFT

NORTH POTOMAC YARD UPDATE ADVISORY GROUP WORK PLAN - REVISED

September 15, 2016



Meeting Agenda

Topic: Land Use, Heights, Density and Neighborhoods

- Welcome & Debrief
- Briefing Part 1 (20 min)
- Questions (10 min)
- Briefing Part 2 (20 min)
- Advisory Group Discussion (45 min)
- Public Comment (10 min)
- Next Steps

Planning Commission Debrief

AG & Staff Recommendation

Option 2

AG & Planning Commission Comments

- Explore putting Potomac Avenue on a “road diet” to reduce the overall cross-section.
- Establish principles and criteria that integrate BRT into an urban context and neighborhood-sensitive way.
- Prioritize density close to Metro; maximize people near the Metro – not cars.
- Preference for blocks with “no backs”; think creatively how to solve parking and loading access.
- Refine design of Metro Plaza and Metro Square Park to meet the intent of a civic space and “special space”.
- Ensure road adjacent to Potomac Yard Park creates a distinct separation and reinforces public nature of the park.

Advisory Group Review Consistency with Approved Master Plan

Master Plan

- Vision
- Plan Framework
- General Land Use, Heights, etc.
- Other Plan Elements with recommended amendments
- Recommendations & Implementation

DSUP/CDD

- Building Architecture Massing
- Site & Street Design
- Technical Engineering

Questions ?

September 19, 2016

ALEXANDRIA'S OFFICE, HOTEL & RETAIL MARKET

Stephanie Landrum | *President & CEO*

ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP

City of ALEXANDRIA

ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP

ALEXANDRIAideal.com

KEY LANDMARKS

1. Landmark Mall
2. BRAC-133 – Mark Center
3. Inova Alexandria Hospital
4. T.C. Williams High School
5. George Washington Masonic Temple
6. United States Patent and Trademark Office
7. The Birchmere Music Hall
8. Potomac Yard Shopping Center
9. Alexandria City Hall
10. Torpedo Factory Art Center

Metro Station
BLUE LINE
YELLOW LINE

King Street Trolley

VRE / Amtrak Station

Residential Area

Public Park

Ronald Reagan Washington National Airport

Construction Forecast

Additional 34 million SF by 2040

Plan Area	Construction Forecast 2015-2040	
	Residential	Non-Residential
Arlandria	1,000,000	100,000
Beauregard	3,000,000	1,500,000
Braddock	2,000,000	900,000
Eisenhower East	3,300,000	5,200,000
Landmark/Van Dorn	2,500,000	2,300,000
Potomac Yard	5,800,000	5,600,000
Waterfront	680,000	400,000
Total	18,280,000	16,000,000
Already Approved Development Projects	54%	33%

ALEXANDRIA OFFICE MARKET

22 Million Square Feet in More than 750 Buildings

- **Associations and Nonprofits**
  - 4th largest concentration in the United States, more than 400
  - United Way, SHRM, National Beer Wholesalers Associa

New Office Construction

- **Federal Government Agencies**
  - *US Patent & Trademark Office*- 2.5 million SF campus, 11,000 employees and growing
  - *US Federal Courthouse, Eastern District*- 300,000 SF facility
  - *BRAC 133, Pentagon Annex*- 1.2 million square feet in 2 towers, 6,400 employees
  - *National Science Foundation*- 667,000 SF new facility under on- move-in begin August 2017

Old Church converted to office

- **Commercial Creatives**
- Engineering, Architecture & Planning Firms
- Marketing, PR, Web Design & Branding Firms
- Artists, Galleries, Performance Venues

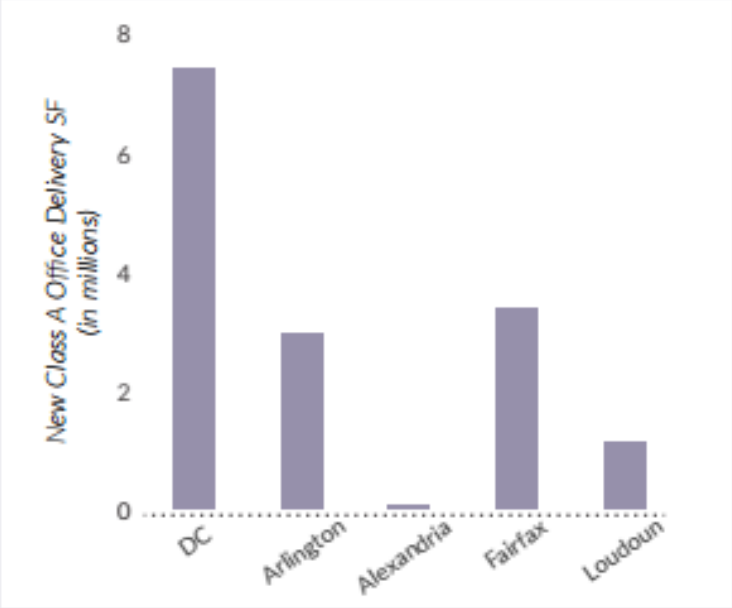
BRAC 133, Pentagon Annex

Regional Office Trends & Forecast

- In light of the region's increasingly competitive office market, incentives are being offered at historic rates to fill vacancies and retain major tenants.
- Office tenants are choosing to relocate to newer, higher amenitized space as opposed to renewing in place; 60% of all lease expirations are now relocations versus renewals. This provides a challenge for buildings that predate 1990, which are forced to amenitize in order to remain competitive.
- Short term renewals and proactive blend/extend leases are being implemented to prolong leases and capitalize on an increasingly competitive market.
- Most office tenants today want to be within ¼ mile of Metro stations. They are also seeking a variety of other walkable amenities, like quick service restaurants, retail, and gyms.
- Tenants are increasingly looking for vibrant, activated social gathering spaces, which include roof tops and terraces.

New Class A Office Space Development 2010 - 2015

Source: CoStar



Alexandria must deliver additional Class A office space to remain competitive with the rest of the region.

Source: CoStar, AEDP, CBRE, Delta Associates

Site Selection Factors

Ideal for Business

1. PLACE!!!
2. Transportation & Transit
3. Workforce
4. Technology & Innovation
5. Cost
6. Energy & Power Needs
7. Government & Taxes
8. Existing Facilities
9. Incentives
10. Union

Source: Corporate Survey Results,
Area Development Magazine

Highly Desirable Factors for Office

Desirable	Metrics
Location & Access • Distance to Metrorail Station • Transit availability • Highway access • Parking Ratio	• ¼ mile walking distance to Metrorail station • Transit Score • 1 mile to highway access • 1.5-4.0/1,000 SF
Amenity Base • In-building amenities • Walkable dining, retail and public spaces	• Fitness center, conference/shared space, and/or food service (2 or more) • Walk score rating
Building Age • Year built or renovated	• Constructed or renovated within the last 15 years
Building Characteristics • Elements of design and construction	• 8’6”+ ceiling heights • < 20,000 SF floor plates • LEED certified (Silver or above) • Modern buildings systems • Natural light

Hotel Occupancy & Rates

Source: Smith Travel Research

	Current Month – July 2016 vs July 2015											
	Occ %		ADR		RevPAR		Percent Change from July 2015					
	2016	2015	2016	2015	2016	2015	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
Fairfax County, VA	77.3	77.8	115.83	115.48	89.51	89.86	-0.7	0.3	-0.4	-0.1	0.3	-0.4
Washington DC CBD	84.3	85.6	190.60	191.61	160.74	164.09	-1.5	-0.5	-2.0	-0.2	1.9	0.4
Prince George`s County, MD	75.8	76.8	118.69	114.57	89.94	88.03	-1.4	3.6	2.2	4.3	2.1	0.7
Arlington County, VA	85.3	86.2	141.20	142.88	120.51	123.22	-1.0	-1.2	-2.2	-2.3	-0.1	-1.1
Alexandria, VA+	80.4	80.4	133.50	140.89	107.37	113.31	-0.0	-5.2	-5.2	-1.4	4.0	4.0
Old Town+	85.8	87.8	147.44	156.18	126.58	137.05	-2.2	-5.6	-7.6	-7.6	0.0	-2.2
Carlyle+	69.3		135.71		94.09							
West End+	79.3	73.6	108.61	110.86	86.10	81.63	7.7	-2.0	5.5	5.5	0.0	7.7

- Alexandria occupancy flat while it fell in other parts of the region
- Potomac Yard hotel demand- more likely to compete with Arlington

Regional & Alexandria Retail Market

- Regionally, Northern Virginia retail vacancy rates are at 5.5%, which is approximately the same as year-end 2014. Retail vacancy rates across the region have been declining slowly since 2012.
- Across the region, neighborhood and community shopping center effective rents grew approximately 2.9% over 2014.
- Alexandria continues to remain the cost effective alternative to neighboring jurisdictions when it comes to retail, with rates hovering on average between $40 - $45 NNN. Rents are trending up in some locations with a rent ceiling likely in sight.
- Long-time owners of both Monroe's and Mancini's Cafe in Del Ray announced their retirements in 2015. Junction Bakery and Cafe will replace Mancini's Cafe, and Live Oak will replace Monroe's.
- Carlyle has seen more retail activity in the second half of 2015. A CVS is slated to open in Spring 2016, and a new seafood restaurant concept from local restaurateurs is coming soon.
- Several retail closings in Old Town at the end of 2015 present opportunities for new retailers to enter the Alexandria market.

What's Hot and What's Not: 2015 Trends

Sources: AEDP, National Association of Publishers, VendHQ, BazaarVoice, Nielsen, Washington Post

Paperback Books | **eBooks**

Contrary to what might seem natural, paperback book sales grew by 12.4% in 2015, while eBook sales fell by 12.3%.

Small Retailers | **Big Box Stores**

Many shoppers are showing preference for smaller retailers, and several big box chains announced store closings in 2015.

Home Furnishings | **Apparel**

As home sales picked up in 2015, so did furniture and decor spending. Shoppers continue to spend less on apparel.

Lace-up Flats | **Wedge Sneakers**

Fashion trends have remained fairly stable over the past few years. Small changes in style are starting to be noted.

Bars & Restaurants | **Fast Food**

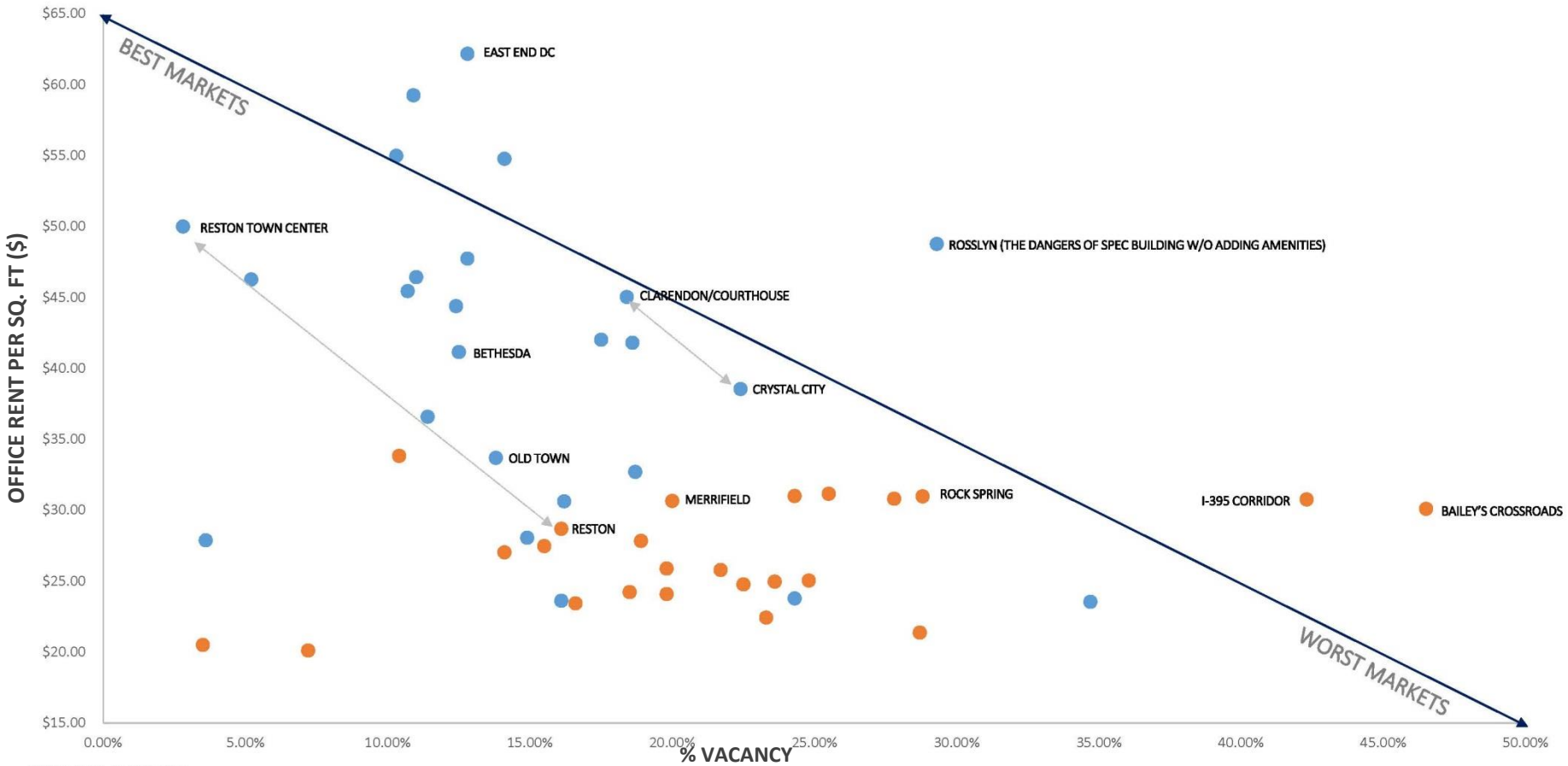
Consumers continue to spend money on eating and drinking, but they choose sustainable & unique over cheap & fast.

Evolved Wearables | **Electronics Stores**

While multi-purpose wearables are on the rise, consumers are not buying these devices in traditional electronics stores.

Retail & Market Analysis

THE IMPORTANCE OF METRO + AMENITIES (CLEAR PATTERN OF SUCCESS)



DATA SOURCE: JLL RESEARCH

6

- METRO PROXIMATE LOCATIONS
- NON-METRO LOCATIONS

Creating a Neighborhood Retail Strategy

20
20
vision

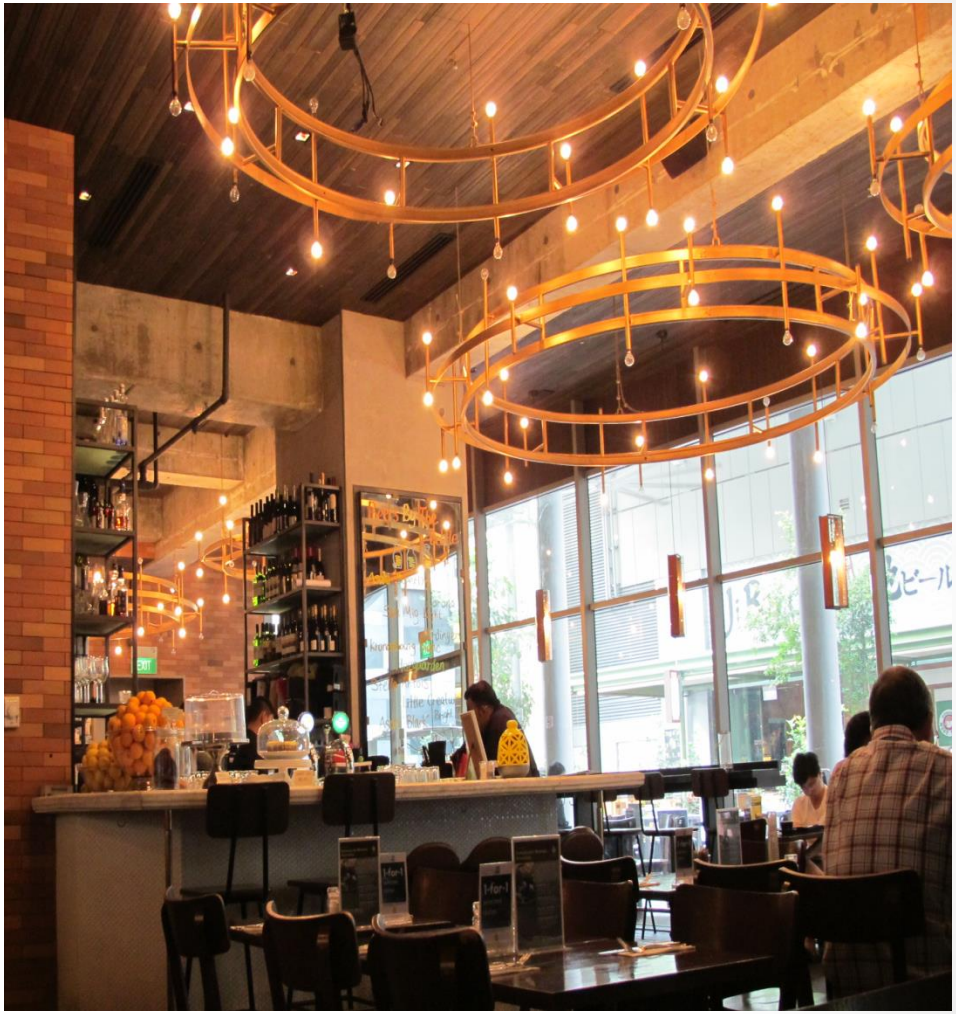
Merchandising Strategies

Serve the needs of the immediate population

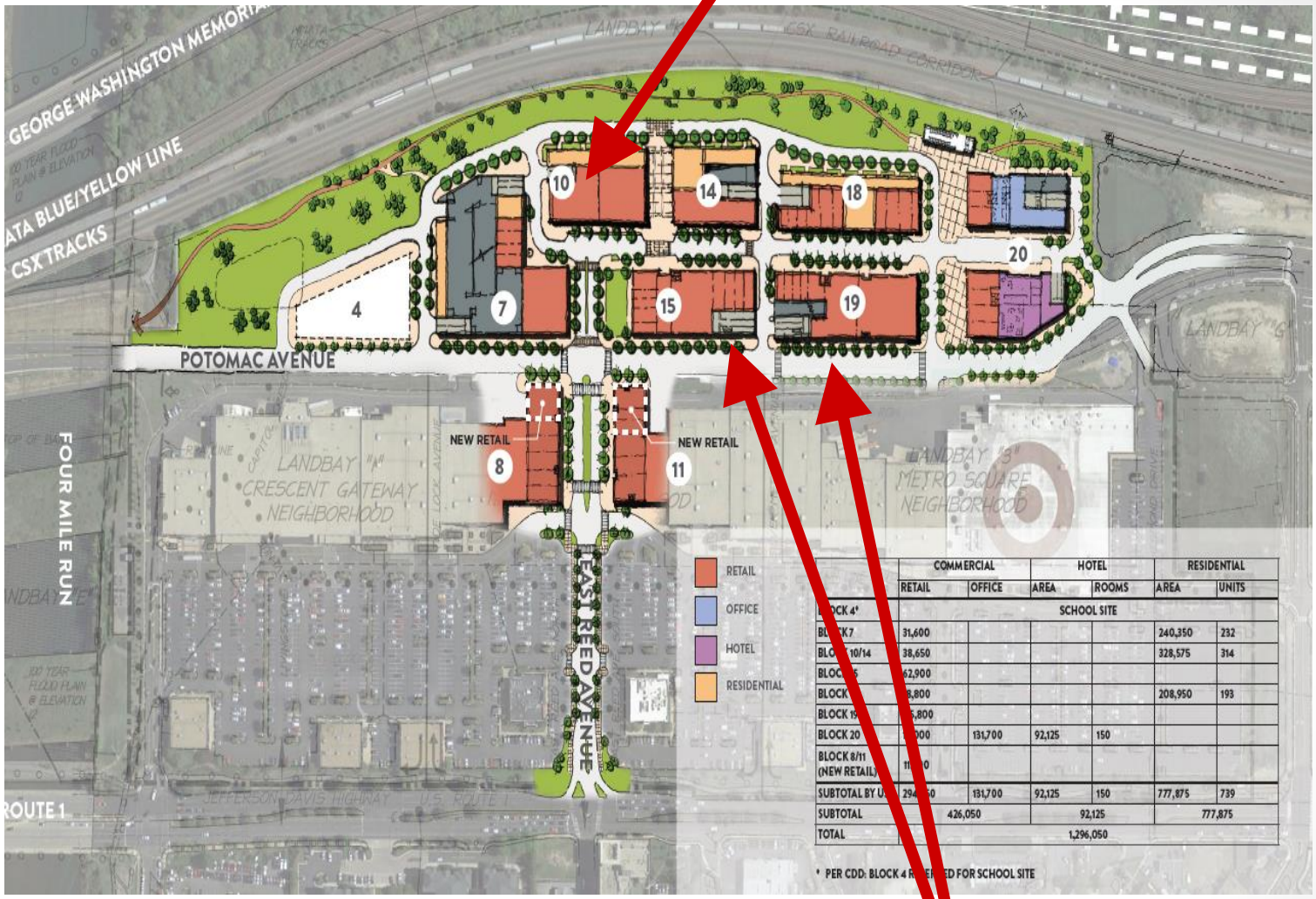
- Metro customer
- Residential dwellers
- Office tenants
- Shoppers from the power center
- Bicyclists on the path

Merchandising Principles

- Improve the quality of life in the community
- Achieve good walkability score
- Provide mix of uses which will allow smart growth principles of less car driven economy
- Fill voids



Anchors with visibility to Route 1



	COMMERCIAL		HOTEL		RESIDENTIAL	
	RETAIL	OFFICE	AREA	ROOMS	AREA	UNITS
BLOCK 4*	SCHOOL SITE					
BLOCK 7	31,600				240,350	232
BLOCK 10/14	38,650				328,575	314
BLOCK 15	62,900					
BLOCK 18	8,800				208,950	193
BLOCK 19	6,800					
BLOCK 20	[illegible]000	131,700	92,125	150		
BLOCK 8/11 (NEW RETAIL)	11[illegible]0					
SUBTOTAL BY U[illegible]	294,[illegible]50	131,700	92,125	150	777,875	739
SUBTOTAL	426,050		92,125		777,875	
TOTAL	1,296,050					

* PER CDD: BLOCK 4 R[illegible]ED FOR SCHOOL SITE

General small shop aspirational plan

Best in class lifestyle tenants who:

- *Want this market*
- *Might add stores from Bethesda, Rockville, Tysons*
- *Locals who wanted additional units*
- *Nationals who want to capture the local and regional business*

Anchors with visibility along Potomac Avenue

Retail Categories

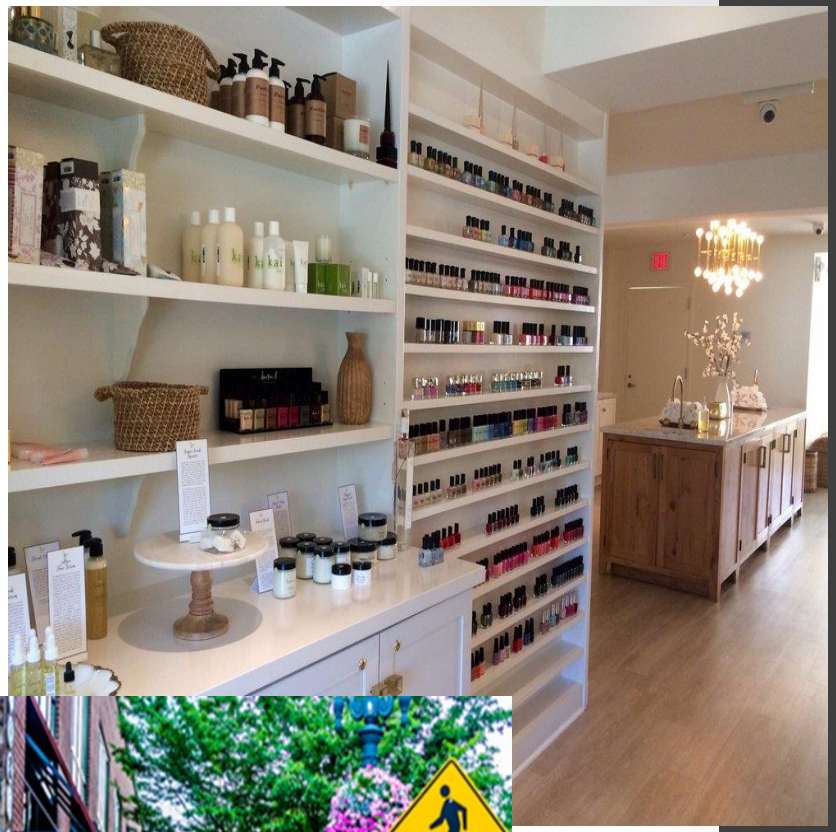
- Theater (choose good brand and special build out)
- Gym (everyday need)

Retail Categories

- Food Service(fill void)- restaurants, fast casual, outdoor dining

Retail Categories

- Services
  - Hair
  - Nails
- Specialty Items
  - Flowers
  - Cards
  - Gifts
  - Accessories
  - Sports



Retail Categories

- Lifestyle (home, etc.)
- Fashion

Using good retail merchandising to create a great neighborhood

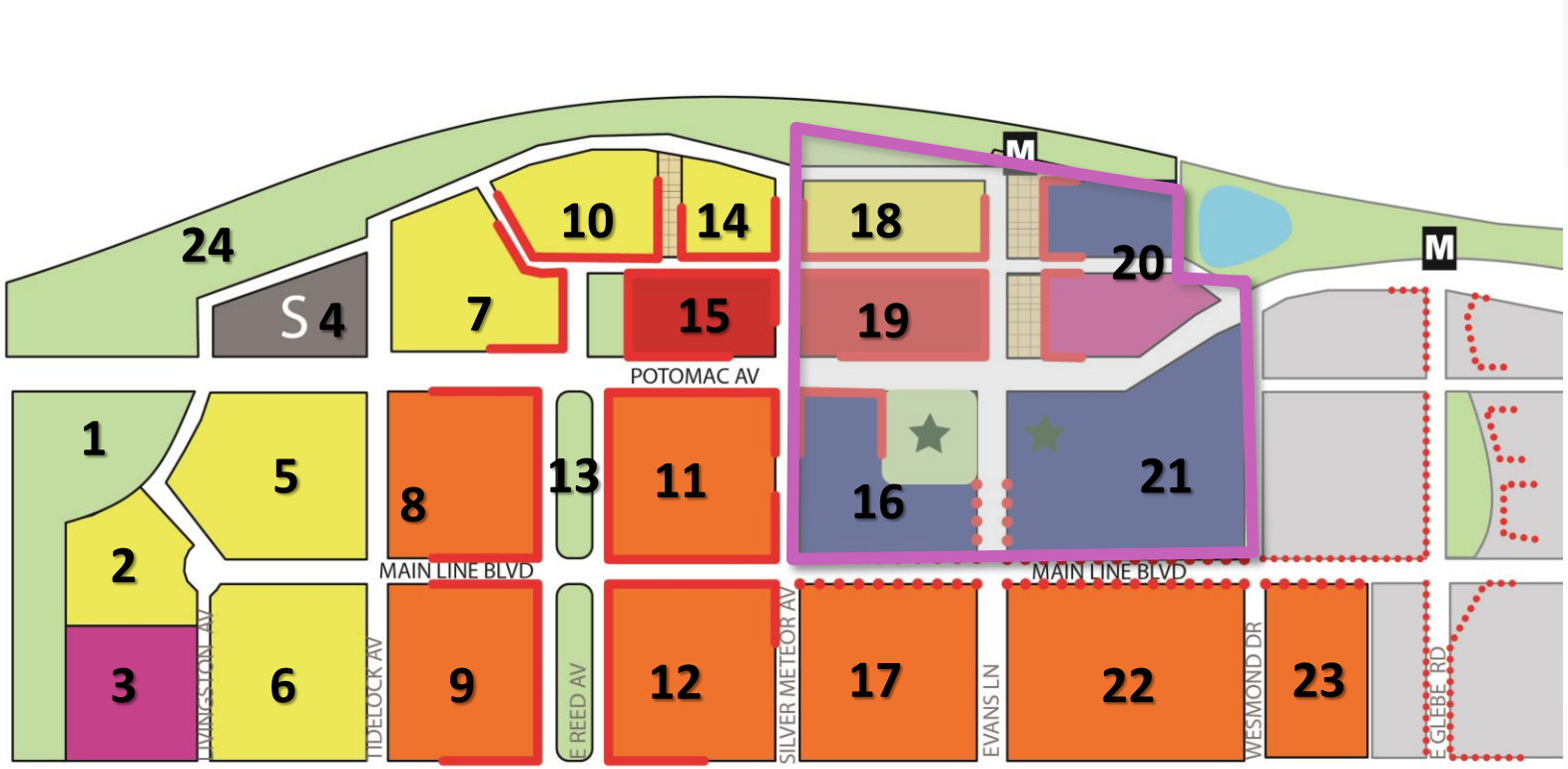
Questions ?

Land Uses – 2010 SAP

Legend

- Hotel
- Residential
- Office
- Mix of Office and Residential
- Parks
- Public Plaza - Metro
- Required Retail
- Preferred Retail
- Planned Retail

Land Uses – 2016 Proposal



- Hotel
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- Mix of Office and Residential
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- Planned Retail (Landbay G Town Center)

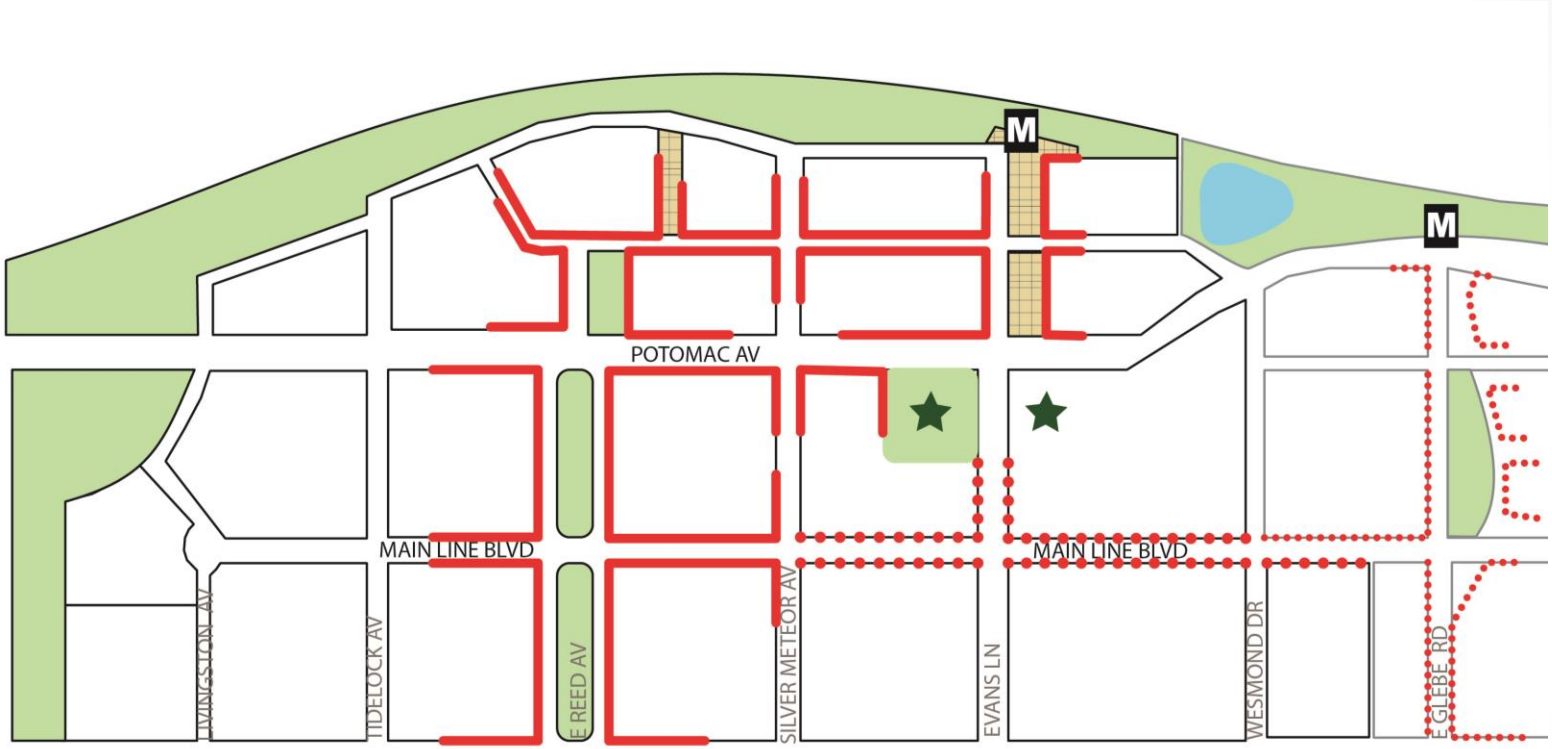
Land Uses (2010) – Retail

Required Retail

Preferred Retail

Planned Retail (Landbay G Town Center)

Land Uses (2016) – Retail



Required Retail

Preferred Retail

Planned Retail (Landbay G Town Center)

Land Uses Phase I

	COMMERCIAL		HOTEL		RESIDENTIAL	
	RETAIL	OFFICE	AREA	ROOMS	AREA	UNITS
BLOCK 4*	SCHOOL SITE					
BLOCK 7	31,600				240,350	232
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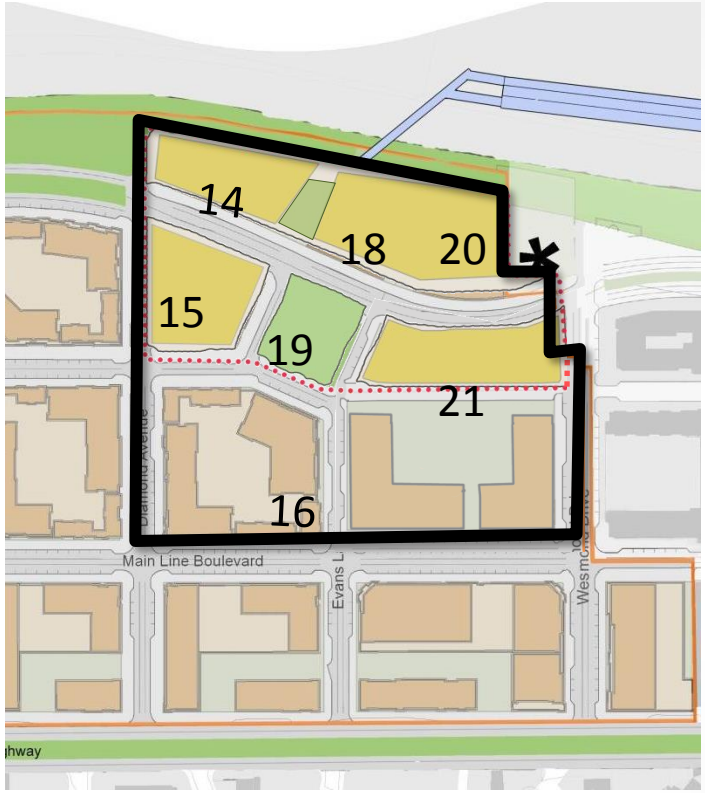
SUBTOTAL	426,050		92,125		777,875	
TOTAL	1,296,050					

* PER CDD: BLOCK 4 RESERVED FOR SCHOOL SITE

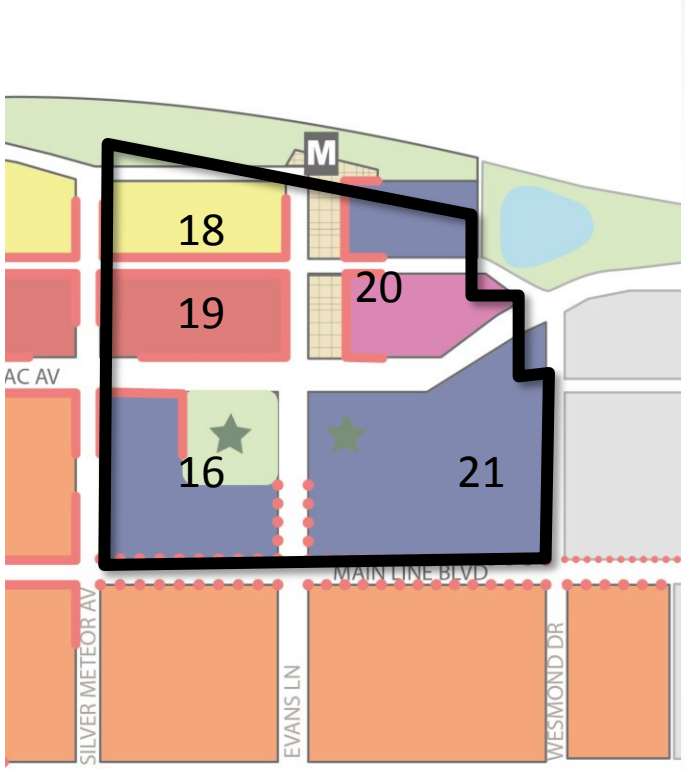
Metrorail flex zone 2010

- Centrally located park
- Park framed by buildings
- Direct interface between BRT and Metrorail Station
- Pedestrian plaza at Metrorail station
- Final design of the Metrorail station approved prior to the first development approval



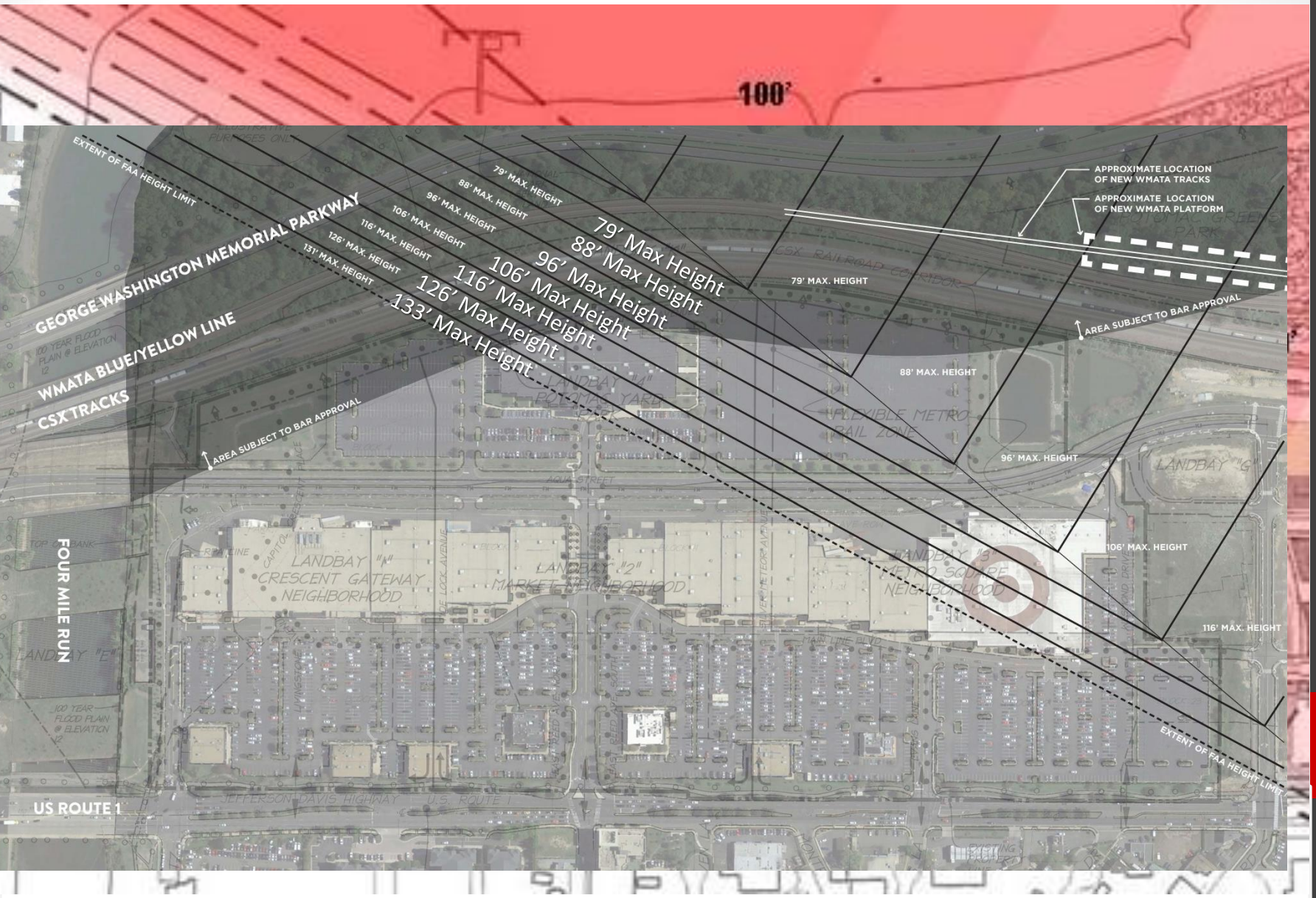
Metrorail flex zone 2016

- Achieves goals established in the 2010 Plan ;
- Provides a mix of office, residential, retail, and hotel uses around the Metro and plaza.
- A larger pedestrian plaza to interface with Metro Square Park (Phase II).
- Retains the minimum office density required within the Metro Flex Zone.



2010 Plan Building Heights (Maximums)

2012 FAA Height Restrictions

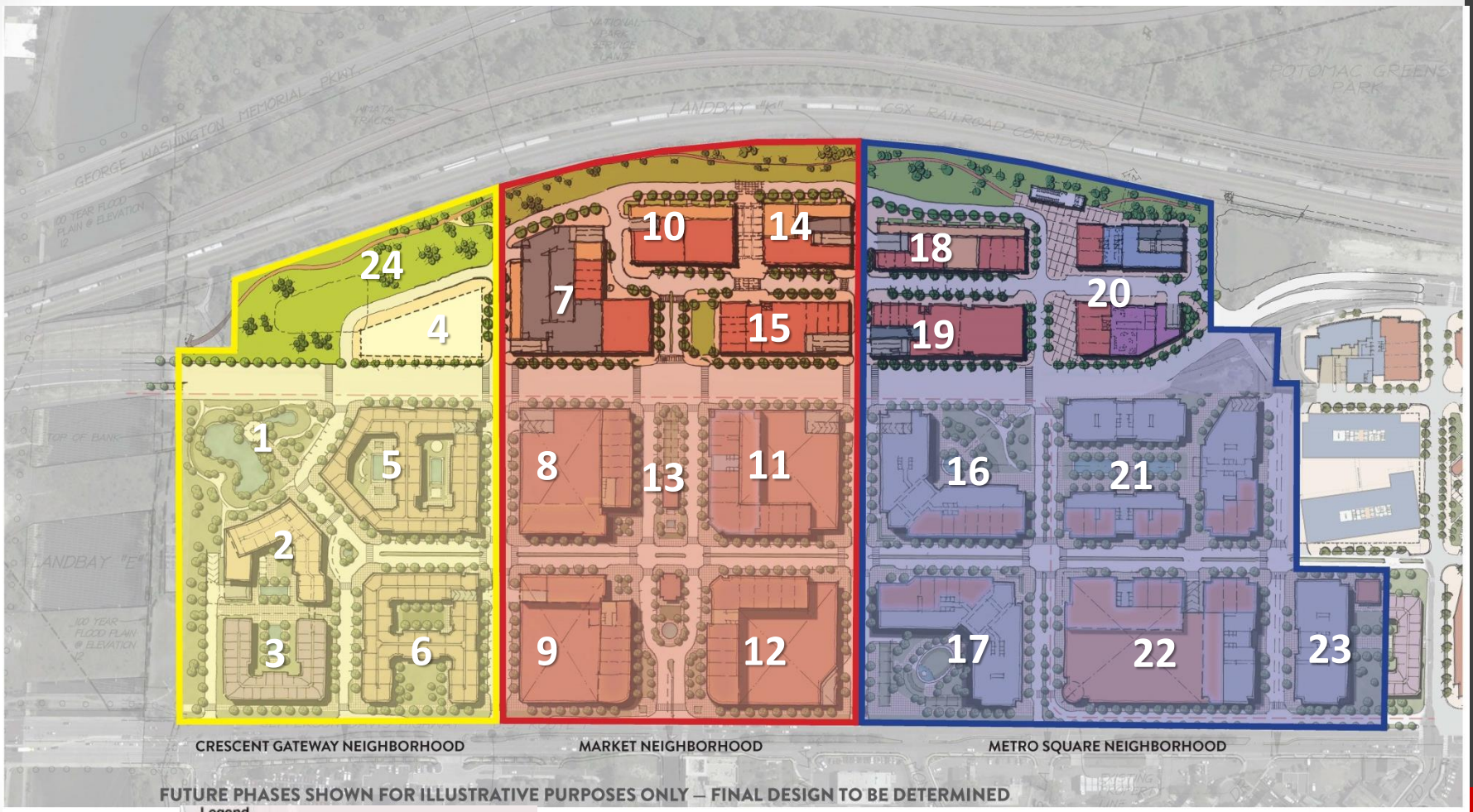


Proposed Building Heights

Future Phases shown for illustrative purposes only. Final Design to be determined.

Neighborhoods (2010 Plan)

Neighborhoods (2016 Proposal)



Legend

- Crescent Gateway Neighborhood
- Market Neighborhood
- Metro Neighborhood

ADVISORY GROUP DISCUSSION

Next Steps/Upcoming Meetings

October Advisory Group Meeting #8

Monday, October 17th, Station at Potomac Yard

- *Open Space & Sustainability*

November Advisory Group Meeting #9

Monday, November 21st, Station at Potomac Yard

- *Affordable Housing & Intro to Transportation*

Additional Discussion Topics

- Open Space & Park Programming
- Parking, Traffic Calming
- Potomac Ave Mitigation
- Metro Plaza/Metro Square Park Design & Coordination
- Phasing