



Come Experience the World of Opportunities

RETAIL MARKET



Demographics¹

| | |
|--------------------------------------|--------------|
| Regional Population | >5 million |
| District Population | 570,042 |
| Residents per Square Mile | 9,284 |
| Households | 249,822 |
| Average Household Size | 2.1 |
| Residential Units Under Construction | 9,726 |
| Average Household Income | \$74,221 |
| Daytime Population | 888,000 |
| Visitors to DC (2002) ² | 18.6 million |

Retail Properties

| | |
|--|-----------------|
| Recently Completed | 1.2 million sf |
| Under Construction | 1.0 million sf |
| Planned | 2.0 million sf |
| Proposed | 1.9 million sf |
| Asking Rental Range | \$10 - \$130/sf |
| Number of Retail Stores ³ | 5,478 |
| Taxable Retail Sales (2002) ⁵ | \$7.5 billion |

DC Restaurants⁴

| | |
|--|---------------|
| Number of Food Service Establishments | 2,155 |
| Number of Restaurant Employees | 29,300 |
| Restaurants with \$30/person or higher check | 55 |
| Restaurants with \$20 - 29.99/person check | 66 |
| Restaurant Sales (2002) | \$1.6 billion |

Composition of DC Retail Market (by number of stores)³



Distribution of DC Retail Market (% of total sales volume)³



Retail in Washington, DC is growing stronger, from Downtown and its business improvement districts, to the neighborhoods and commercial corridors throughout the city. The renewed confidence in the District's retail potential is reflected in the wide range of retailers that have chosen to locate here – big box retailers like Home Depot and Target – national clothing stores like Ann Taylor, Coach, Gap, Kate Spade and H&M – bookstores like Borders and Barnes & Noble – shoe stores like Timberland, Nine West and Foot Locker – home furnishings like Pottery Barn and Restoration Hardware.

Over 18 million visitors, 570,000 residents, 888,000 daytime population, 75,000 students and new residential and office projects are creating demand for national and local retailers. And the market is responding with new stores such as Apartment Zero, Vega, BCBG Max Azria, Thomas Pink, Smith & Hawken and Modell's Sporting Goods.



RETAIL & RESTAURANT LEASE TRANSACTIONS

Washington retail tenants continued to sign leases and open new stores in 2003. New additions like Home Depot and H&M have sparked life into the District's neighborhoods, and continued development activity has created new opportunities for retail growth along commercial corridors like 7th and 9th Streets near the MCI Center and Gallery Place. The following is a list that represents some of the retail/restaurant leases signed in 2003.

| Tenant (Location) | Sq. Ft. | Broker/Developer |
|--|---------|-------------------------|
| Nat'l Wholesale Liquidators (4th & R.I. Ave) | 106,000 | Sax Realty/H&R Retail |
| United Artists Cinema (Gallery Place) | 65,000 | Western Dev./Akridge |
| Jillian's (Gallery Place) | 60,000 | Western Dev./Akridge |
| Giant Foods (Tivoli Square) | 55,000 | Madison Retail Group |
| Best Buy (4500 Wisc. Ave., NW) | 49,126 | Madison/KLNB, Inc. |
| H2O (800 Water St., SW) | 42,000 | Shary Thur/Ezra Co. |
| Loehmann's (Friendship Center) | 29,356 | Madison Retail Group |
| Stein Mart (Chevy Chase Pavilion) | 27,325 | Low Ent./Regency Cntrs |
| Container Store (4500 Wisc. Ave., NW) | 25,649 | Madison Retail Group |
| IMF Credit Union (1750 H St., NW) | 23,825 | CarrAmerica |
| Clyde's (Gallery Place) | 22,029 | Western Dev./Akridge |
| Washington Sports Club (1990 K St., NW) | 16,940 | Madison Retail Group |
| Staples (1901 L St., NW) | 16,000 | H&R Retail/RREEF Funds |
| City Sports (Gallery Place) | 10,000 | Western Dev./Akridge |
| Rosa Mexicana (575 7th St., NW) | 9,012 | CarrAmerica |
| Cieba Restaurant (1341 G St., NW) | 9,000 | Asadoorian |
| Miss Sixty (1239 Wisc. Ave., NW) | 8,805 | Newmark & Company |
| United Colors of Benetton (Gallery Place) | 8,800 | Western Dev./Akridge |
| La Tasca Restaurant (722 7th St., NW) | 8,774 | Douglas Development |
| Aqua Ardiente (1250 24th St., NW) | 8,000 | Asadoorian |
| Coyote Ugly (716 6th St., NW) | 7,650 | Douglas Development |
| Chocolate Moose (1220 Conn. Ave., NW) | 7,500 | Transwestern |
| Sizzling Express (4250 Conn. Ave., NW) | 7,000 | Madison Retail Group |
| Relish (3312 Cady's Alley, NW) | 6,500 | EastBanc Inc. |
| B&B Italia (1028 33rd St., NW) | 5,600 | Transwestern |
| Neisha Thai Cuisine (4445 Wisc. Ave., NW) | 5,400 | Douglas Development |
| Long & Foster (2519 Conn. Ave., NW) | 5,002 | Madison Retail Group |
| Cilantro (3241 M St., NW) | 5,000 | Papadopoulos Properties |
| Dress Barn (900 19th St., NW) | 5,000 | Transwestern |
| Hooters (825-829 7th St., NW) | 4,985 | Douglas Development |
| David Gregory (2030 M St., NW) | 4,500 | Papadopoulos Properties |
| Washington Mutual (228 7th St., NE) | 4,000 | Asadoorian/Smith |
| Brick's (3421 Conn. Ave., NW) | 4,000 | Papadopoulos Properties |
| Alero Mexican Restaurant (Ellington Plaza) | 4,000 | Asadoorian |
| Sala Thai Restaurant (Ellington Plaza) | 4,000 | Asadoorian |
| Plaza Gourmet (919 18th St., NW) | 3,850 | Asadoorian/Madison |

WASHINGTON, DC MARKETING CENTER

The Washington, DC Marketing Center is a non-profit, public/private partnership dedicated to facilitating economic development in the District of Columbia by promoting business development opportunities throughout the city. The Marketing Center is a 501(c)(3) that serves as a confidential first point-of-contact for realizing development opportunities and for facilitating partnerships between District of Columbia officials and the regional and national development community.



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RETAIL DEVELOPMENT ACTIVITY

Gallery Place – 701 7th Street, NW

Strategically located on top of the Gallery Place/Chinatown Metro station and adjacent to the MCI Center, this mixed-use project includes over 420,000 sq. ft. of urban entertainment, dining, retail and living space. It will include a 14-screen movie theatre, 192 condominiums and 700 new parking spaces.



Rendering courtesy of Western Development

Developer: Akridge Co./Western Dev.
 Estimated Cost: \$274 million
 Size: 1,100,000sf
 Retail component: 260,000sf
 Office component: 237,000sf
 Residential component: 162,000sf
 Scheduled Completion: 2004
 Status: under construction

Tivoli Square – 3303 14th Street, NW

Tivoli Square will be home to a state-of-the-art 53,000-sq.-ft. Giant Foods, 28,000 sq. ft. of office space and 25,000 sq. ft. of shop space fronting on 14th Street.



Developer: Horning Brothers
 Estimated Cost: \$37 million
 Size: 175,000sf
 Scheduled Completion: 2004
 Status: under construction

Cityline at Tenley – 4500 Wisconsin Avenue, NW

Located at the Tenleytown Metro, this 313,000-sq.-ft. multi-level mixed-use project contains a Best Buy & Container Store in the former Hechinger's building. There are 208 condos that will be built on top of the existing building (summer 2004 delivery).



Rendering courtesy of Madison Retail Group

Developer: Roadside Dev./Madison Marquette
 Estimated Cost: \$72 million
 Size: 313,000sf
 Scheduled Completion: 2004
 Status: completed

Washington Gateway – New York & South Dakota Avenues, NE

Washington Gateway Retail Center is a planned 375,000-sq.-ft. destination retail center to be located on New York & South Dakota Avenues on the southern edge of Ft. Lincoln.



Rendering courtesy of The Peterson Companies

Developer: Peterson Companies
 Estimated Cost: n/a
 Size: 375,000sf
 Scheduled Completion: n/a
 Status: planned

DC USA – 3200 block of 14th Street, NW

The DC USA complex – modeled after Harlem USA – will be home to an exciting mix of regional and national retailers, such as Target and Bed Bath & Beyond. It will also include a grocery store, health club, restaurants and other big box anchors.



Rendering courtesy of Newmark & Company

Developer: Grid Properties
 Estimated Cost: \$140 million
 Size: 540,000sf
 Completion: n/a
 Status: planned