



# Downtown DC: Key Facts and Trends

September 2023

Quarterly Update

★ **DMPED** ★  
OFFICE OF THE DEPUTY MAYOR FOR  
PLANNING & ECONOMIC DEVELOPMENT

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GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
DC MURIEL BOWSER, MAYOR

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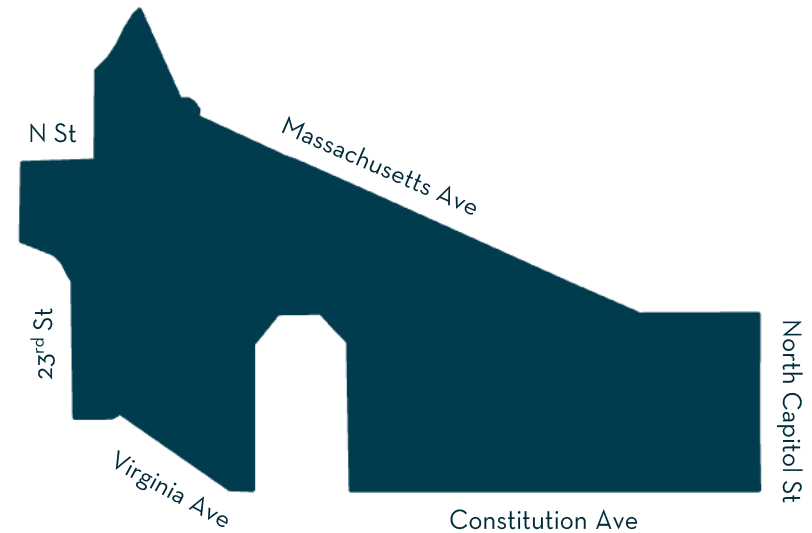
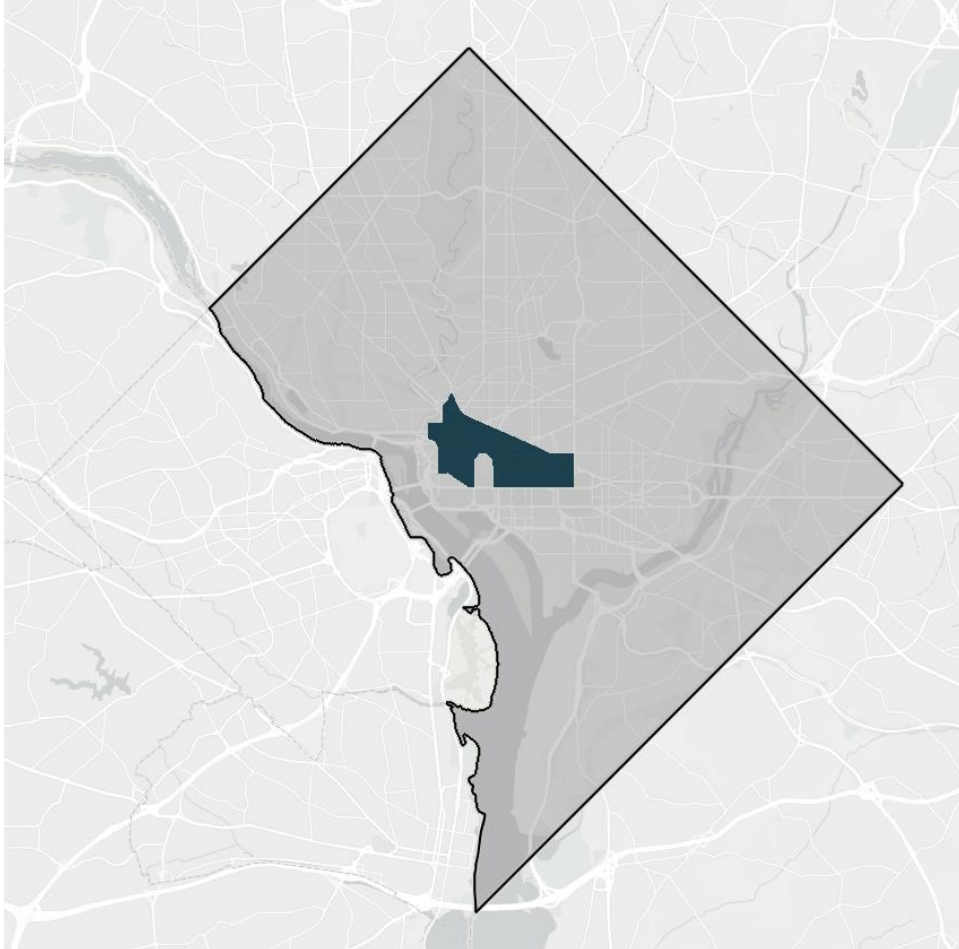
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# Downtown Economic Impact Overview

# Downtown as Defined in DC's Comeback Plan

Downtown DC as defined in DC's Comeback Plan



Geographically the area is 2 square miles, or approximately **3% of the District's total land area.**

The Downtown boundary overlaps with Wards 2 and 6, and touches Advisory Neighborhood Commission boundaries 2A, 2B, 2C, 2F, 2G, 6C, and 6E.

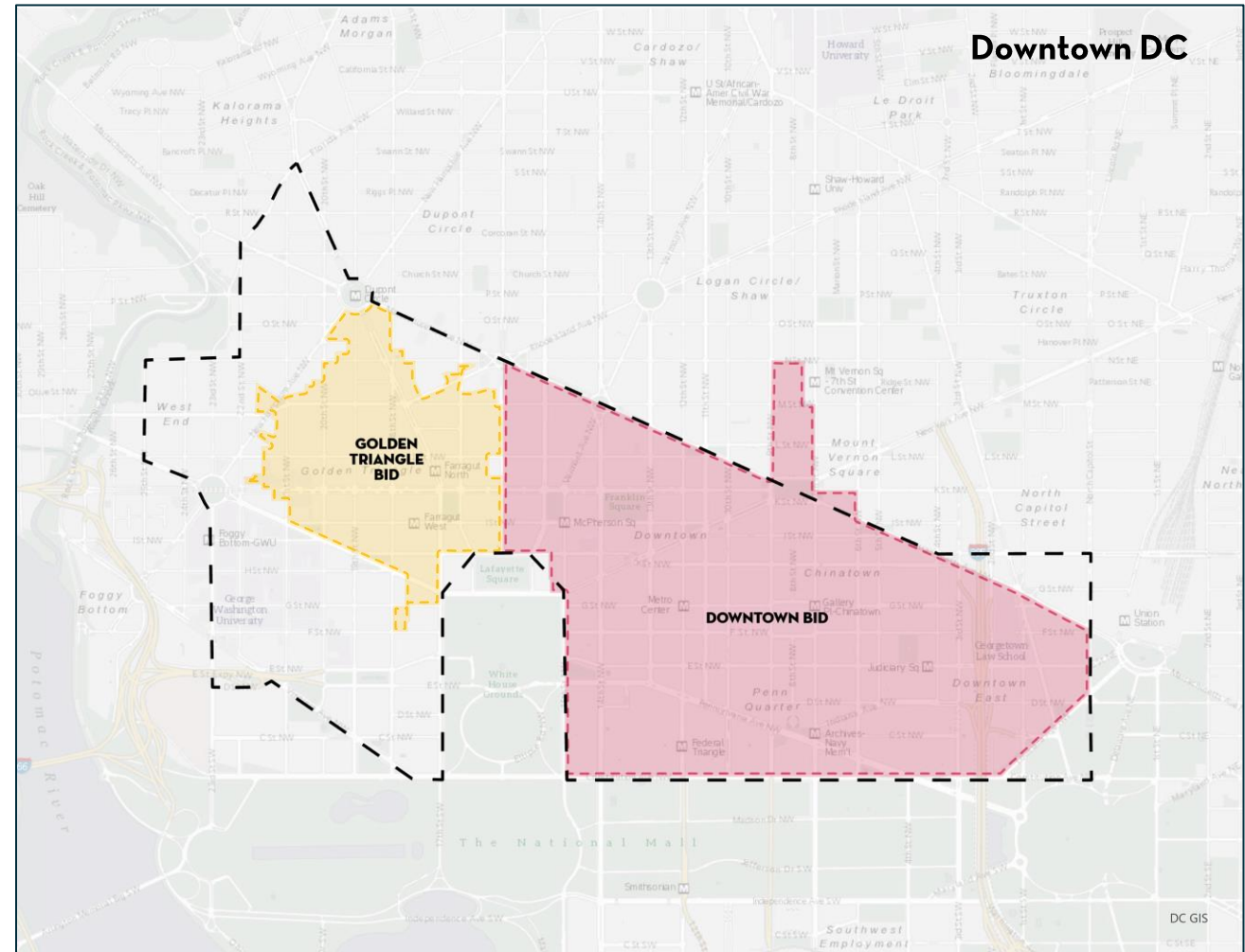
# How do we define Downtown?

## Downtown DC - Comeback Plan Boundary

The map for downtown pulls in the East and West ends, Chinatown, Penn Quarter and few other neighborhoods between Massachusetts Avenue and the National Mall, now home to about 25,000 people.

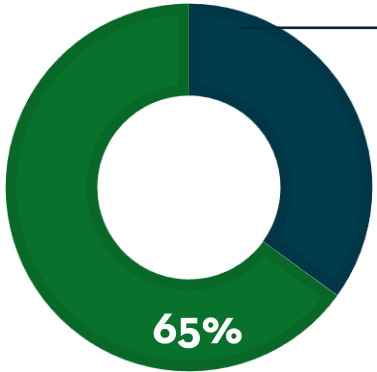
The map area includes two business improvement districts (BIDs):

-  Downtown DC BID
-  Golden Triangle BID



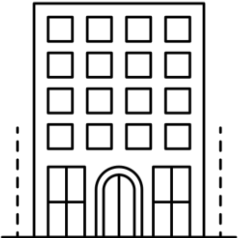
***This map serves as the baseline for the District's 15,000 new resident goal by 2028. The 15,000 resident goal corresponds with roughly 7M SF of residential development (using a 1.6 household size).***

# Downtown has historically served as DC's economic powerhouse



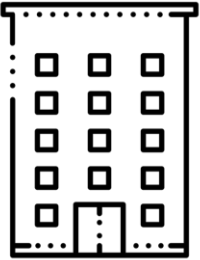
**35%**  
**Percent of total District-wide businesses located in Downtown**

The Downtown area contains a disproportionate amount of DC businesses, **despite making up only about 2.7% of DC's total area.**



**\$930K**  
**Average annual tax revenue from large Downtown hotel<sup>2</sup>**

**\$1.5M**  
**Average per-building tax revenue**

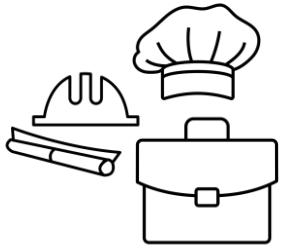


The average large downtown commercial office<sup>1</sup> building brings in about \$1.5M each year in taxes for the city, which funds services such as trash collection, fire departments, and schools throughout the city.



**\$967M**

**Estimated net revenue generated by Downtown DC BID and Golden Triangle BID, FY2022**



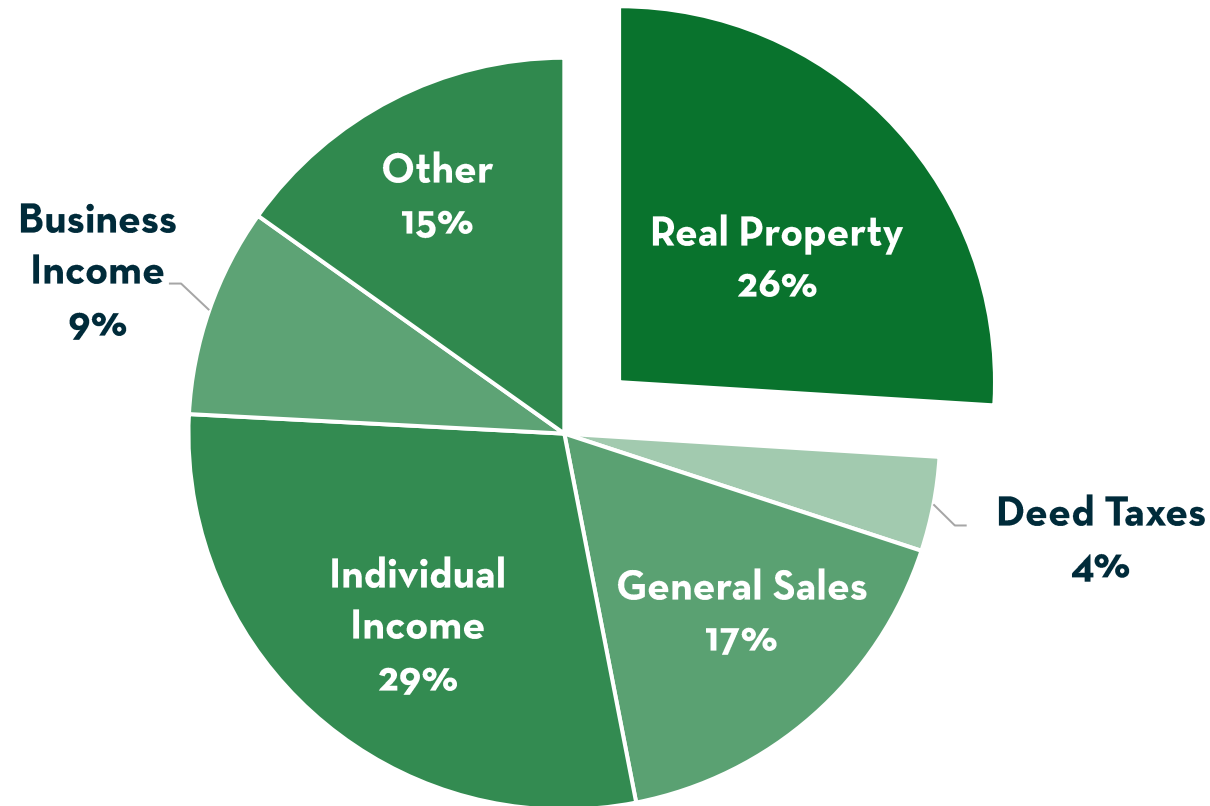
**185K**  
**Downtown jobs as of FY2022**  
 This represents **24%** of total Districtwide jobs in FY22.

Source: DowntownDC BID, Golden Triangle BID, DC Office of the Chief Financial Officer

<sup>1</sup> A large commercial office building is defined as (Class 4): Structure with elevator; used predominantly for offices, secondarily for retail sales, services, parking. A full list of Property Use Codes can be found at <https://opendata.dc.gov/datasets/DCGIS::property-use-code-list-lookup>  
<sup>2</sup> A large hotel is defined as (Class 3): Structure providing a temporary or semi-permanent residences; full personal services; eating/drinking facilities, entertainment, retail, banquet/conference capabilities; more than 150 rooms. A full list of Property Use Codes can be found at <https://opendata.dc.gov/datasets/DCGIS::property-use-code-list-lookup>

# What are DC's revenue streams? Why do property taxes matter?

Real property includes land plus the buildings and fixtures permanently attached to it, often referred to simply as property taxes. These property taxes account for **26% of all revenues** in DC. After income taxes, these property taxes are the main revenue contributor to the District's budget.

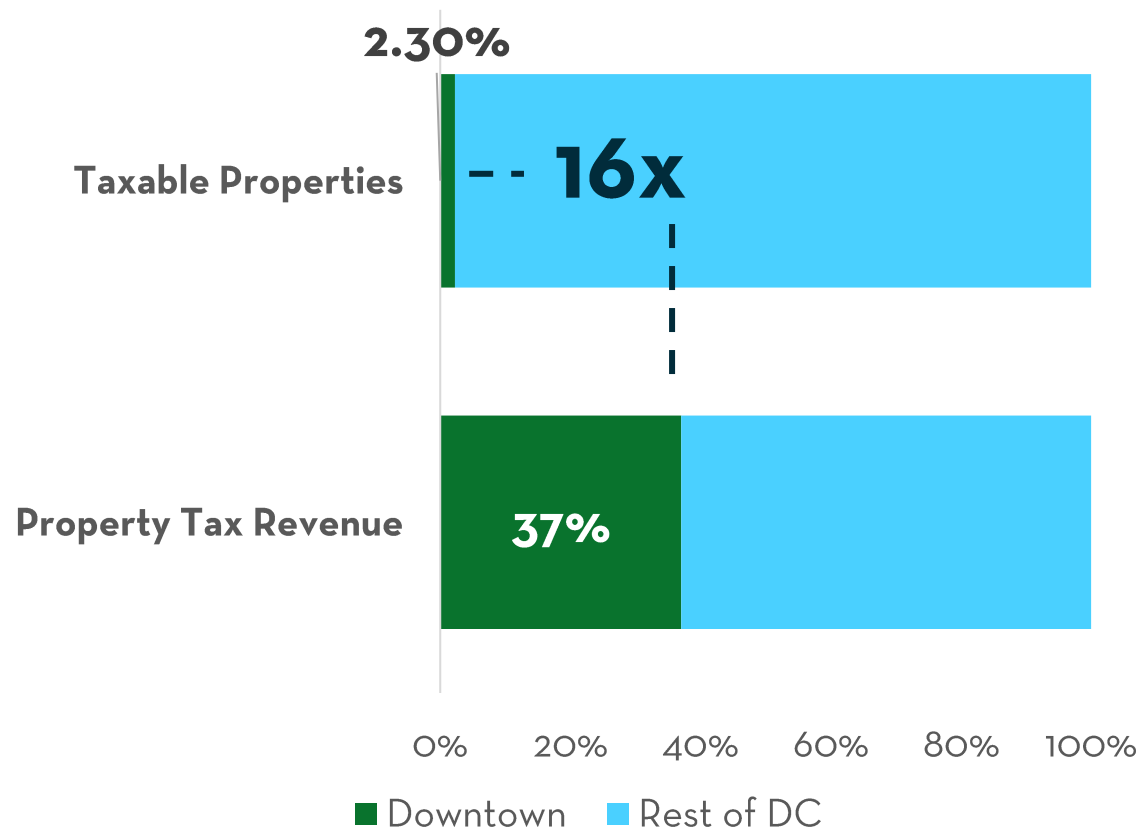


Source: OCFO February 2023 Revenue Estimate

FY23 DC Tax Revenue Estimates

# Why does Downtown matter?

Downtown accounts for **only 2.3% of all taxable properties** in DC but contributes **37% of all property tax revenue collected**.



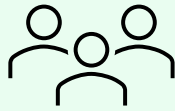
These **property tax revenues contribute to operating costs of essential city services** such as residential trash collection by the Department of Public Works and access to DC Public Library resources.



Source: OCFO February 2023 Revenue Estimate, DC ITSPE, OCFO FY23 Operating Costs



# Who lives in Downtown today?



**25,000** current residents  
**13,000** total downtown households

## Households & Families



**1.6**

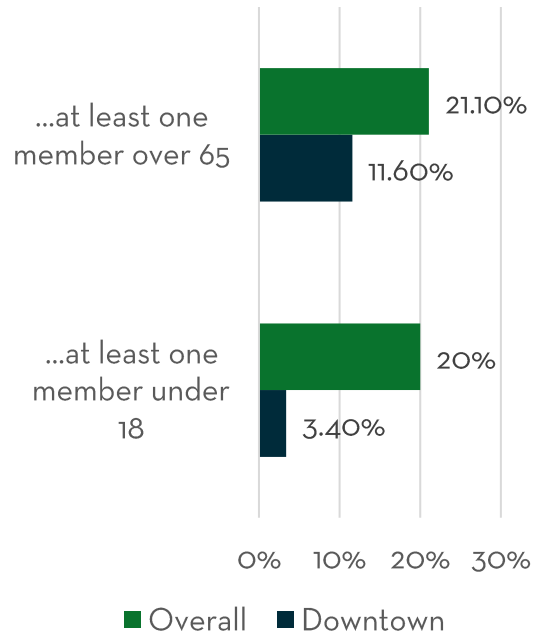
Average Downtown **household** size, which is about **22% lower** than the District's average household size of 2.1.



**2.3**

Average Downtown **family** size, which is about **24% lower** than the District's average family size of 3.1.

Percent of Households Which Include...



## Resident Movement



**21.8**

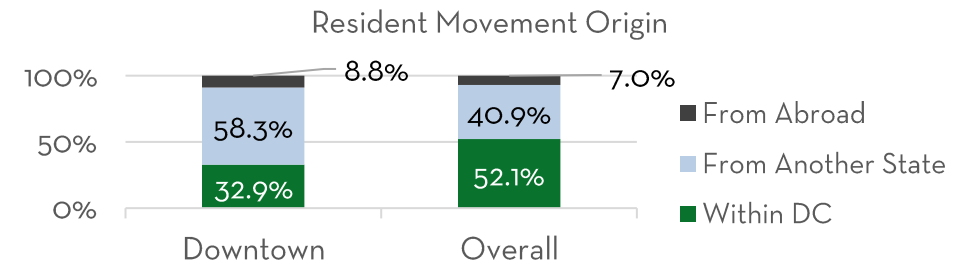
Average **commute time** in minutes for Downtown residents. This is **28% lower** than the District average



**58.4%**

Percent of Downtown residents who **changed address in the last year**, nearly **40% higher** than the District overall

Downtown residents disproportionately move from other states (58.3%) and countries (8.8%).



Source: ACS 2021 5-Year Estimates

# Federal Government and Downtown

# The federal government's office presence in the District at a glance

## Federal vs. Non-Federal Footprint (SF)

The office market in DC is comprised of federal and non-federal assets; the GSA touches **29%** of the total DC office market.

	Downtown	Districtwide
<b>Federal SF</b> <i>(Leased &amp; Owned)</i>	24.4M	54.4M
<b>Non-Federal SF</b>	102.7M	151.7M
<b>Total Office SF*</b>	<b>127.2M</b>	<b>188.6M</b>

\* Total Office SF represents all privately and federally owned commercial square footage. Federally leased square footage is not included in this calculation to avoid double counting federal leases of privately owned space.

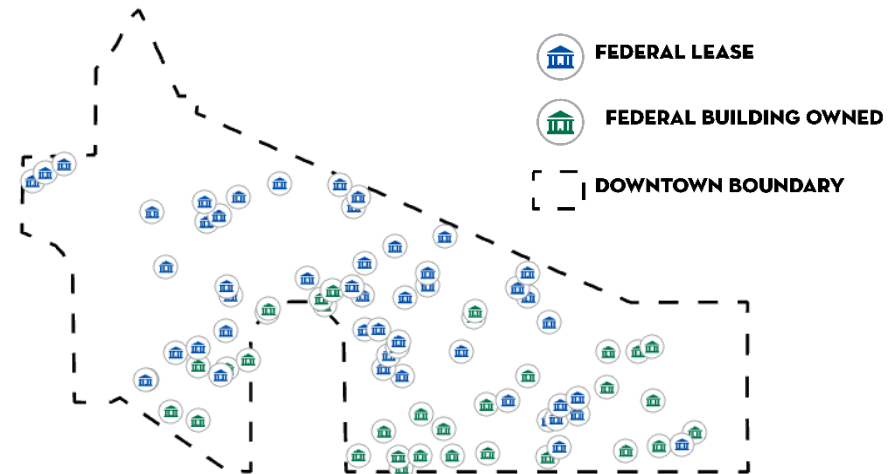
Note that other figures may not sum exactly due to rounding.




Source: CoStar, General Services Administration, Downtown DC BID

## Federal Leased vs. Owned (SF)

The GSA leases and owns property Downtown and districtwide.

	Downtown	Districtwide
<b>GSA Leased SF</b>	6.0M	17.5M
<b>GSA Owned SF</b>	18.4M	36.9M

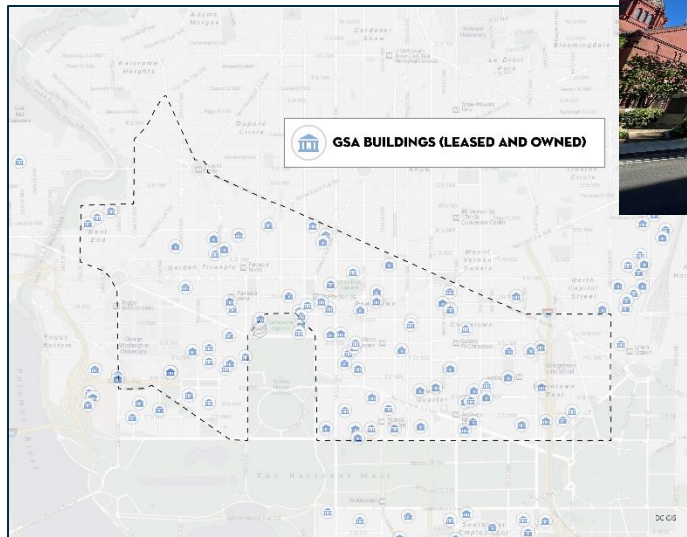


-  **FEDERAL LEASE**
-  **FEDERAL BUILDING OWNED**
-  **DOWNTOWN BOUNDARY**

# What do we mean by “federal footprint”?

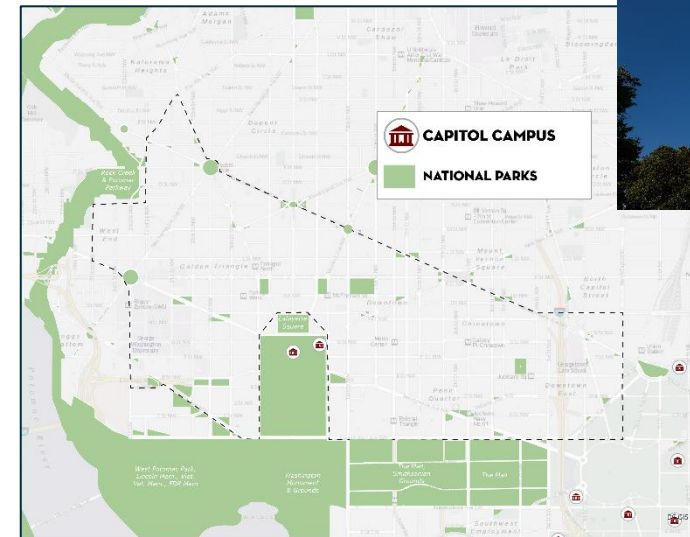
Our analysis only includes **federally owned or leased office** property – the federal government also manages parks and monuments in the District.

The **General Services Administration** (GSA) manages federal office property and provides data on leasing and ownership activity.



Example: 1730 M St NW

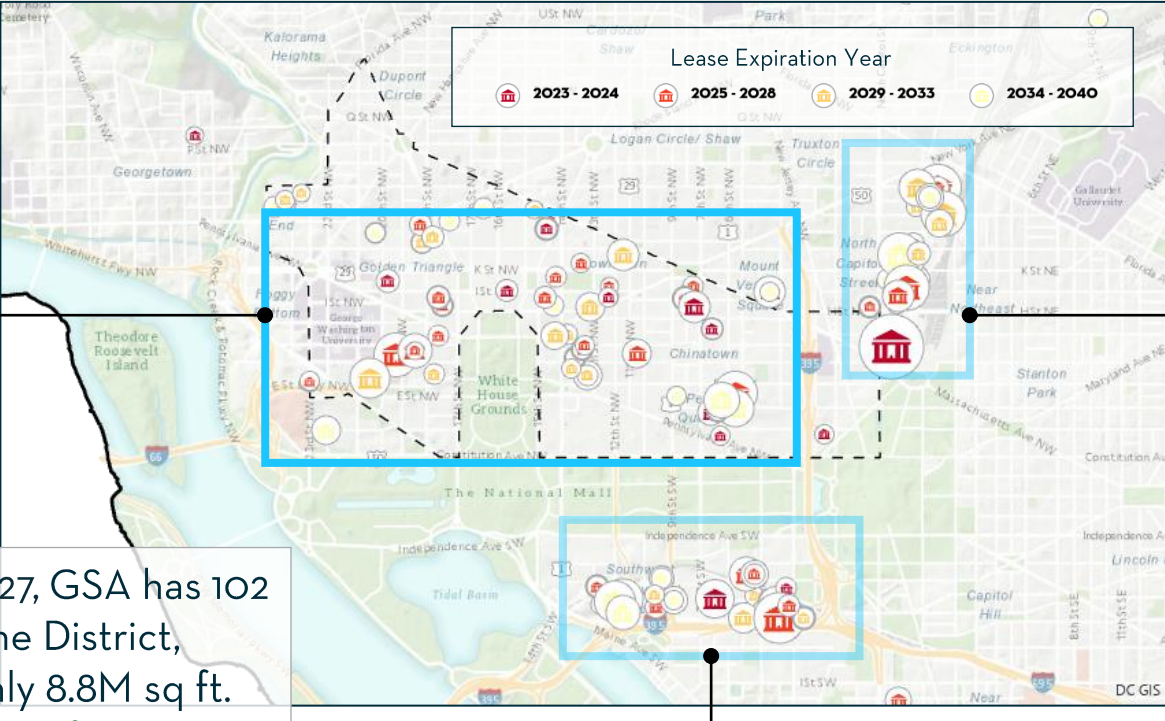
These properties **do not include** national parks and monuments, most of which are managed by the National Park Service, or properties maintained by the Architect of the Capitol.



Example: United States Capitol

# Nearly half of Downtown GSA leases will expire by 2028, representing 2.7M sq. ft. of the total 6.0M federally leased sq. ft. Downtown

GSA Leases Expiring and Lease Agreement (sq ft)



**Downtown cluster**

Leased square feet: 6.0M  
 Square feet expiring by 2028: 2.7M (45%)  
 Example tenants: FBI, DOJ



Between 2023 - 2027, GSA has 102 expiring leases in the District, equivalent to roughly 8.8M sq ft. 31% of expiring square footage is within Downtown DC

**NoMa Corridor**

Leased square feet: 4.7M  
 Square feet expiring by 2028: 2.6M (55%)  
 Example tenants: SEC, ATF



**Southwest Corridor**

Leased square feet: 5.4M  
 Square feet expiring by 2028: 2.4M (44%)  
 Example tenants: HUD, NASA, DOE



Source: GSA, ACS 5-Year Estimates, ABC News, Lightcast



# Federal workers have a significant impact on Downtown and the District overall

Economic impact estimates of the federal government’s presence Downtown vary but given the prevalence of federal workers as a proportion of Downtown employees overall, it is likely in the hundreds of millions of dollars or more.

**\$23B** Estimated pre-tax economic power of federal employees in the District based on average salary and total federal employment (Deloitte).

## Federal Workers Downtown and Districtwide

	Estimated Federal Workers*	Estimated Total Workers*
Downtown	84,000 <b>43% of all Downtown workers</b>	363,300
Districtwide	193,867 <b>25% of all Districtwide workers</b>	773,800

Based on estimates of pre-pandemic employee spend near work, if the current federal workforce were to **return to existing Downtown offices three days per week** it could yield an estimated **\$580M in annual expenditures at businesses located near their place of work.**

\*Worker estimates are calculated using an industry standard ratio of 1 employee per 300 square feet of office.

\*\* The federal government has not released definitive federal telework figures, though they note that nearly 100% of civilian, non-intelligence community DC-based federal positions are telework-eligible. Note that this estimate only includes federal civilian employees and does not include most agencies in the intelligence community, Congress, White House staff, or the US Postal Service, among others. See full documentation on the [FedScope website](#).

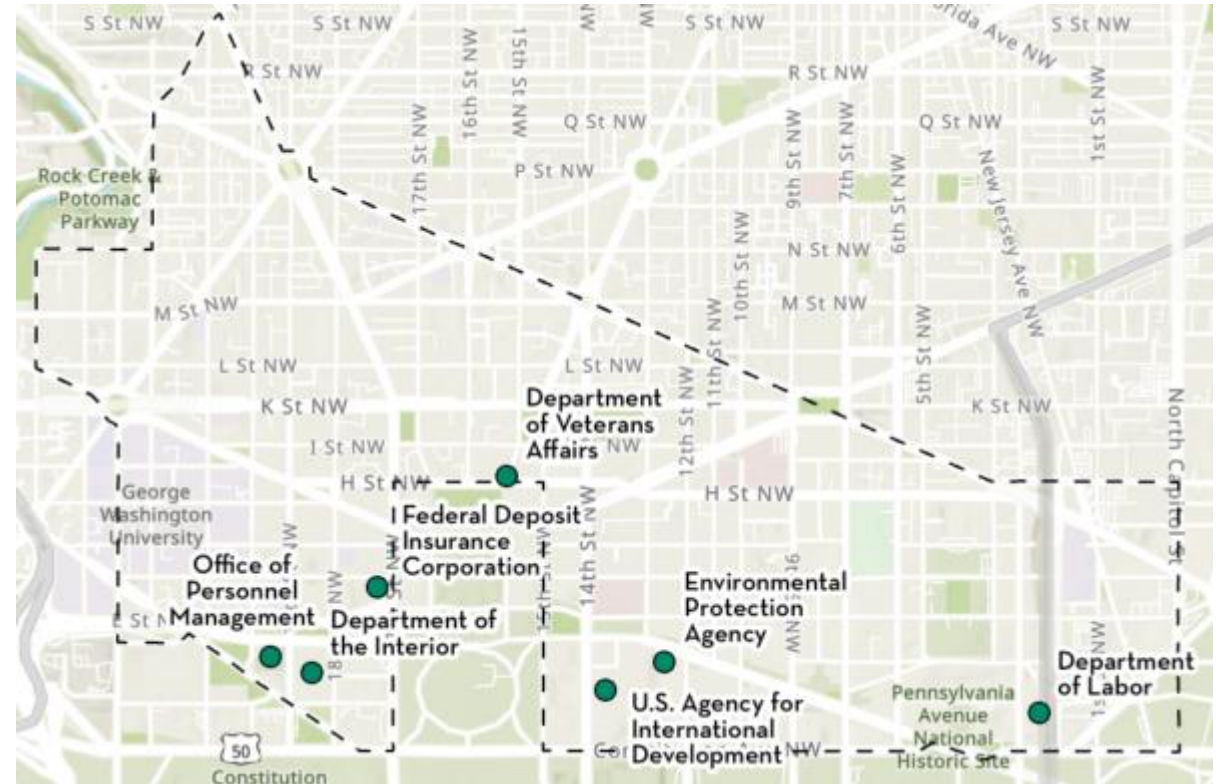
Source: BLS, DC Office of Planning, Office of Personnel Management FedScope, Deloitte

# Several Downtown DC-headquartered federal agencies have released return to office plans - over 22K employees are potentially impacted

Seven federal agencies with Downtown headquarters have publicly announced return to office plans requesting an average of 5 days in office for every two-week period

## By-Agency DC Employees and RTO Days

Agency	DC Employees	In-Office Days Per Two-Week Period
Department of Labor	3,079	5
Department of the Interior*	2,435	5
Environmental Protection Agency	4,096	4
U.S. Agency for International Development*	2,461	6
Department of Veterans Affairs*	7,653	5
Office of Personnel Management	1,036	4
Federal Deposit Insurance Corporation	1,855	6



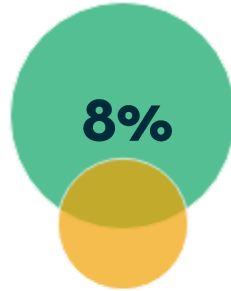
\*Denotes agencies whose return to office policies include a call for headquarters-based employees to return to the office.

Source: Office of Personnel Management FedScope, General Services Administration

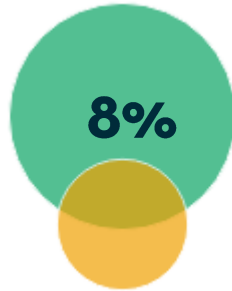
# The federal government owns or leases a higher proportion of the total office inventory (sq ft) in DC than in comparator cities



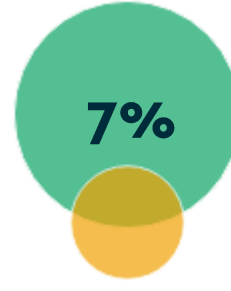
DC



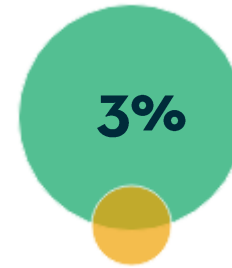
Philadelphia



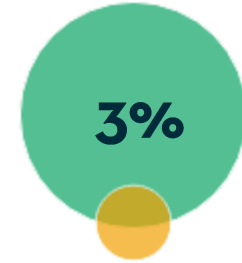
St. Louis



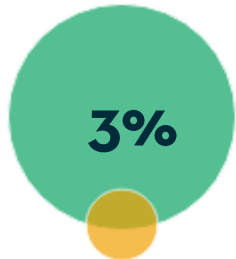
Atlanta



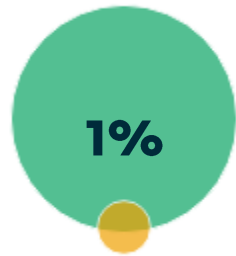
Chicago



Boston

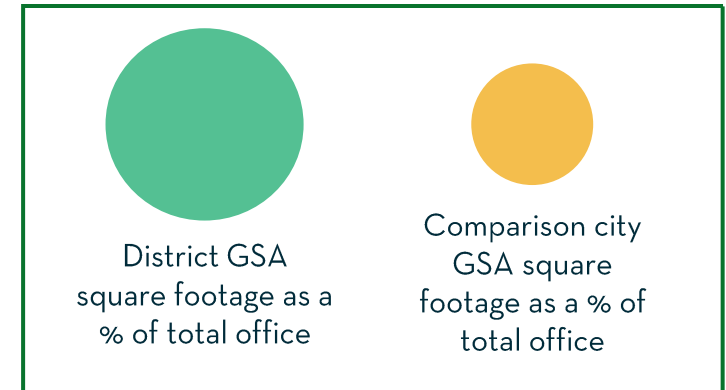


Dallas



New York City

Among comparison cities, DC has the most significant federal footprint. For example, to achieve the same share of GSA owned and leased property, Boston would need nearly 9 times more federal property. Even St. Louis, which has a similar land area and a significant federal footprint, would need more than 3 times more federal property to achieve the same share of federally impacted office as DC.



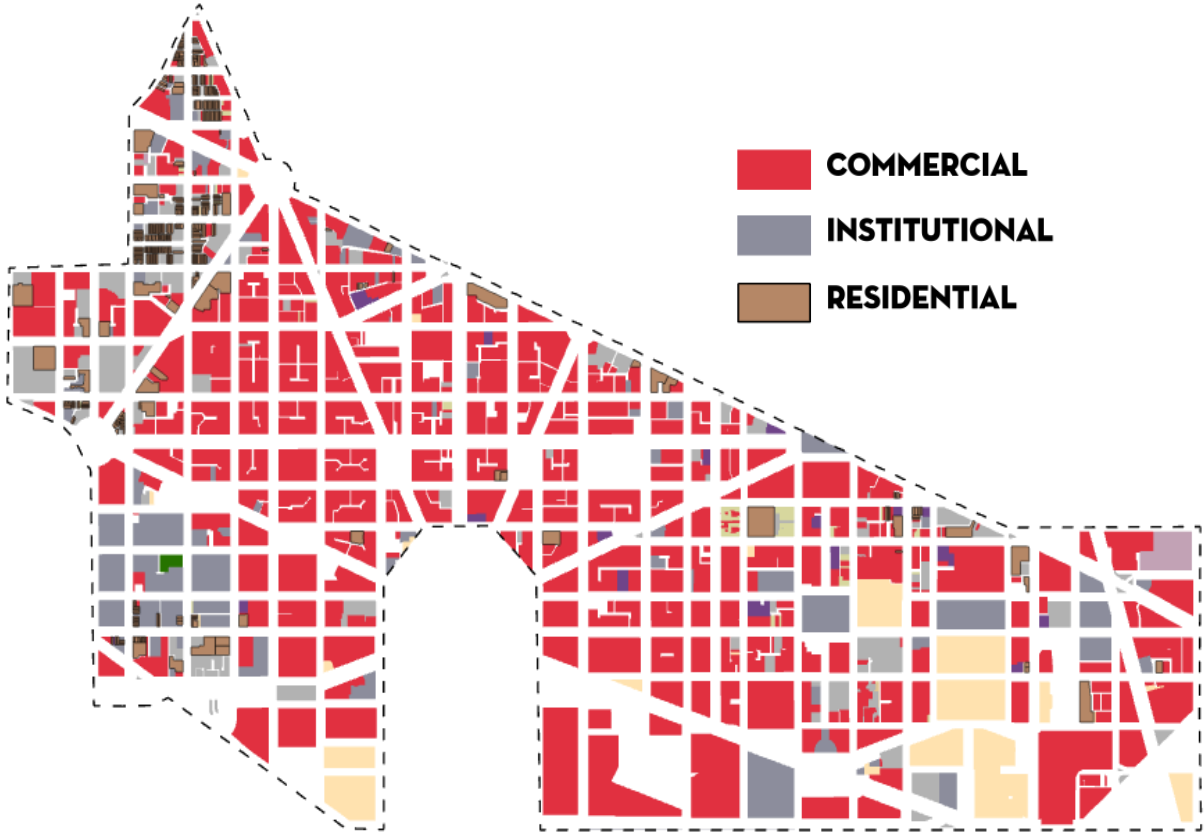
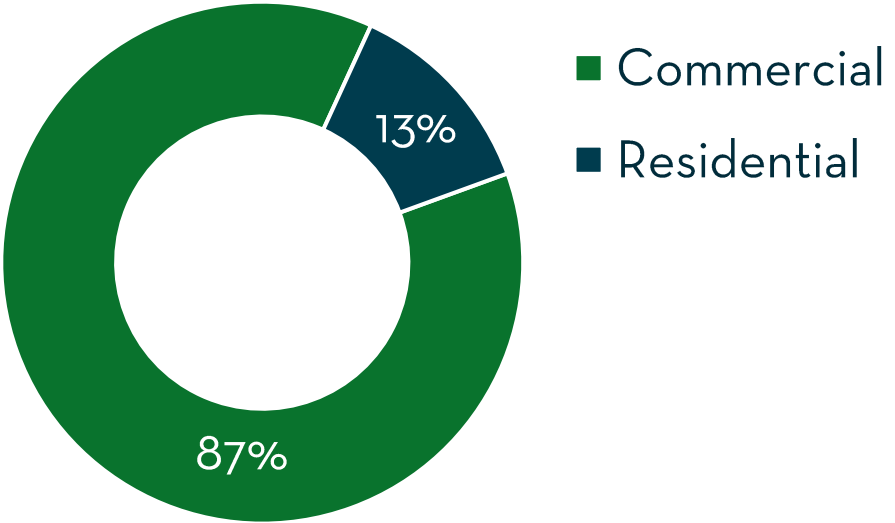
Source: GSA, CoStar



# Downtown Challenges: Office Market

# Downtown has a unique reliance on commercial office space

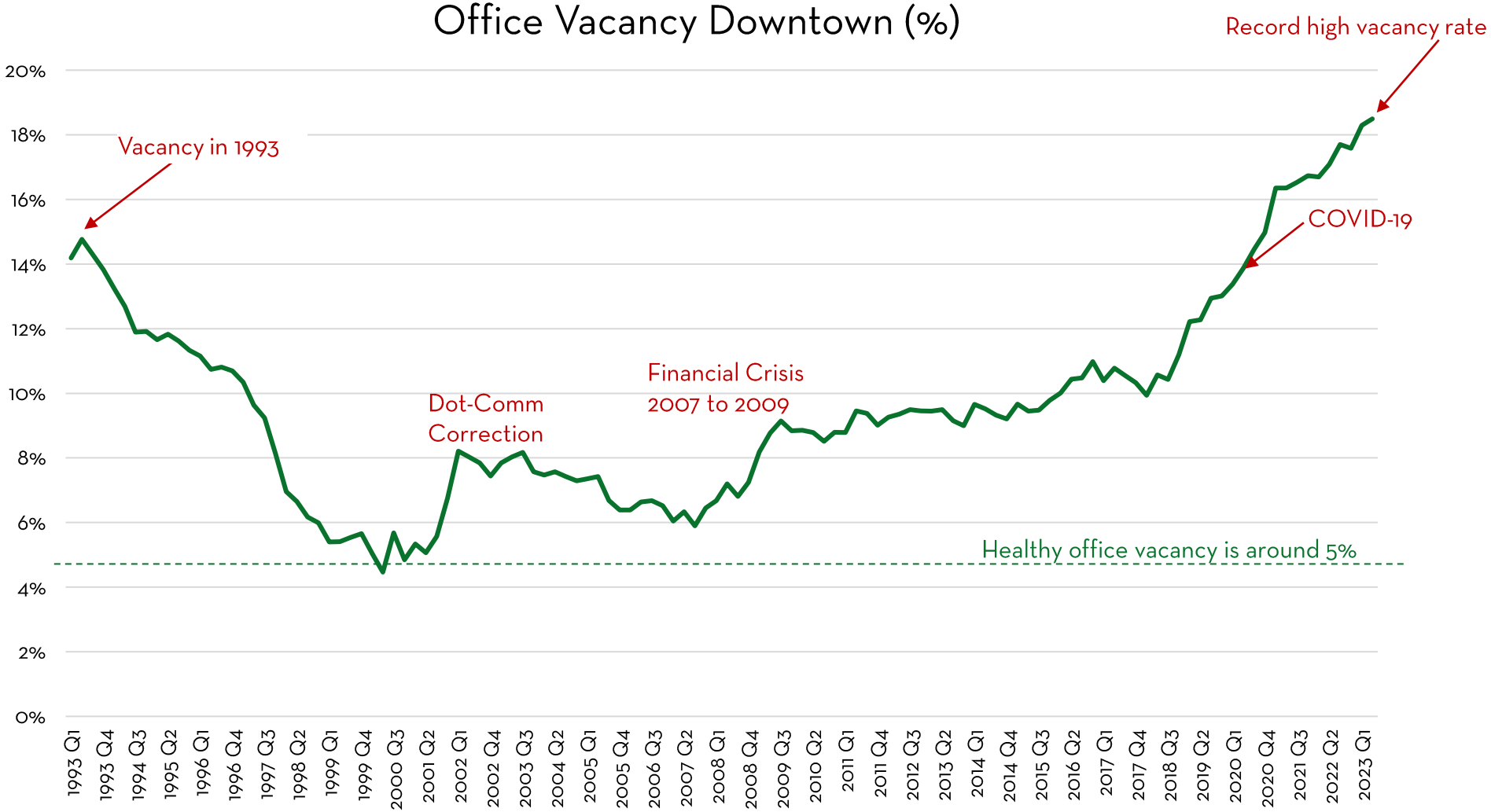
87% of Downtown square footage is commercial compared to 13% residential.



Source: CoStar; residential 12.6% and commercial is 87.4% as of September 2023.

# Downtown office market vacancy rates have reached historic highs

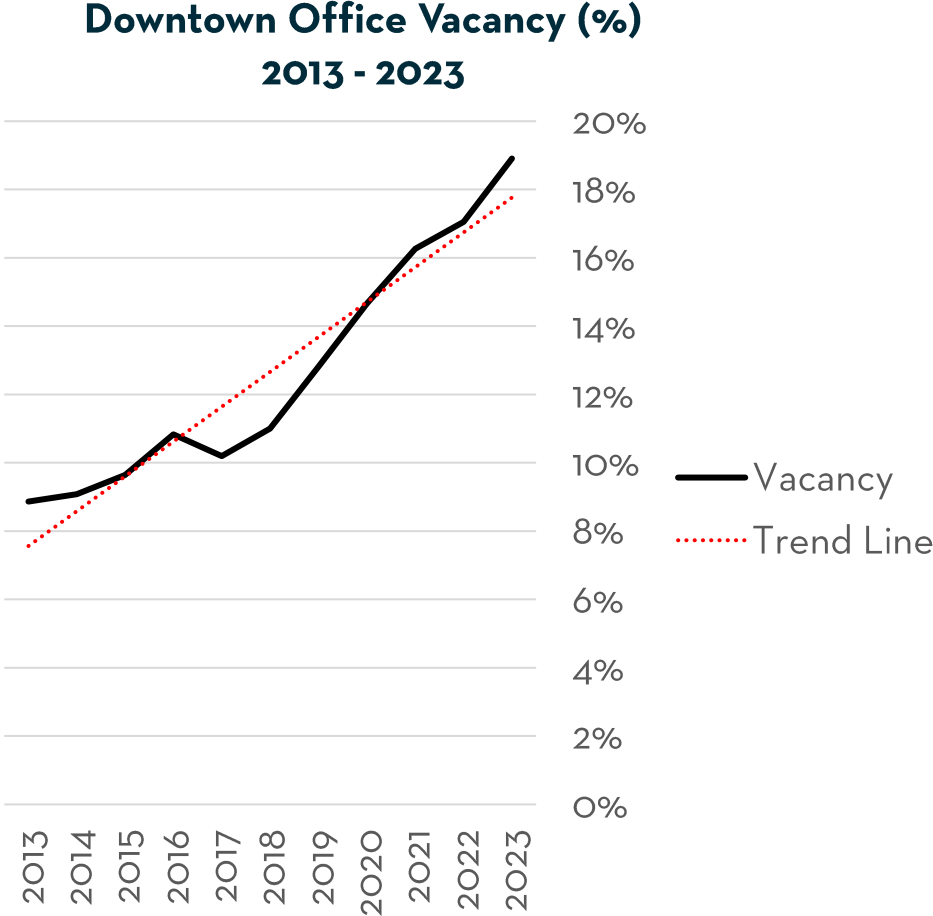
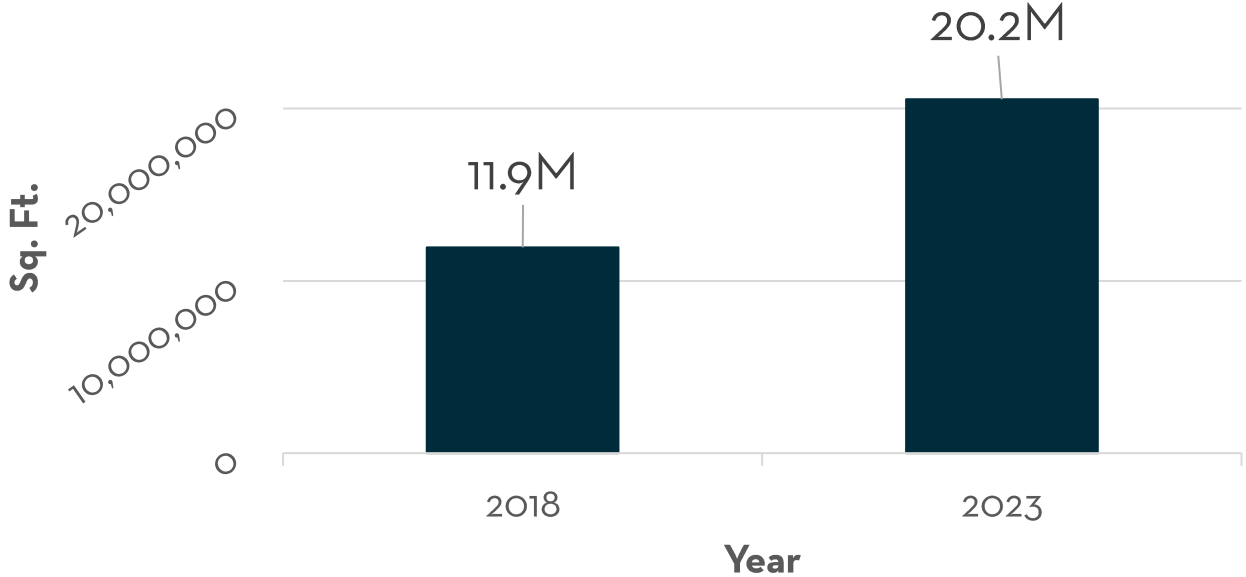
20M SF of vacant office downtown (~19% vacancy rate as of 2023 Q3) is a record high.



Source: CoStar

# Downtown commercial office space vacancy rates have increased significantly in the last ten years, and nearly doubled since 2018

18.9% of total Downtown commercial square footage is vacant in 2023 compared to 11.2% in 2018



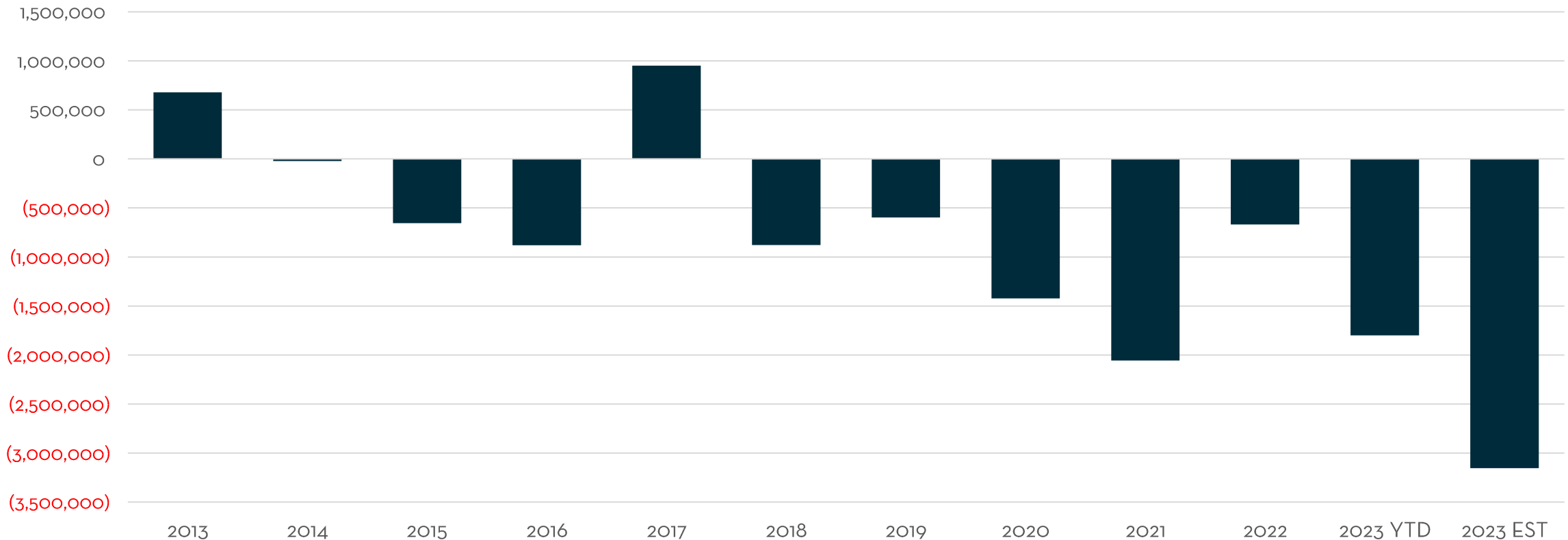
Vacancy Rate is the percentage of time an investment property is left unleased (either partially or entirely) throughout the timespan of a year.

Source: CoStar

# Demand for office has waned since 2017, with a persistent negative absorption

Absorption represents the demand for a type of real estate contrasted with supply. When demand is less than supply, vacancy increases, and absorption is negative.

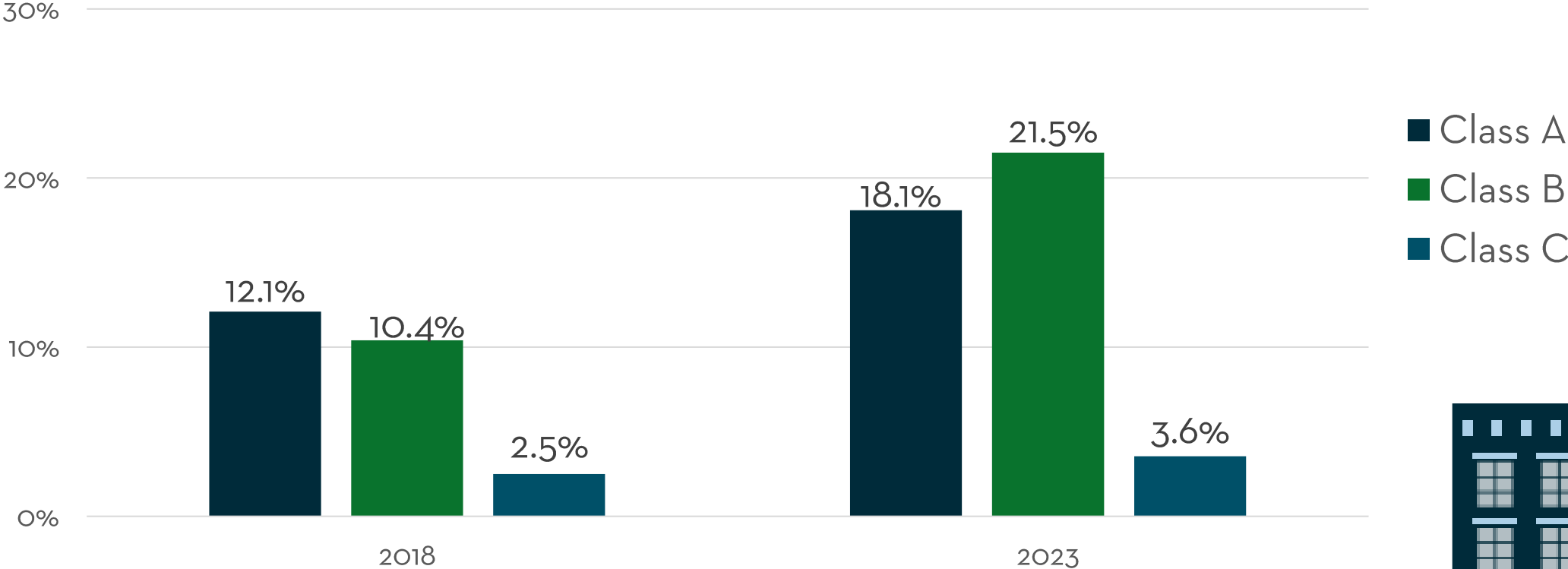
Downtown Office Absorption (SF) 2013 - 2023



Source: CoStar

# Class B office space is leading the vacancy increase as a percent of total Downtown stock

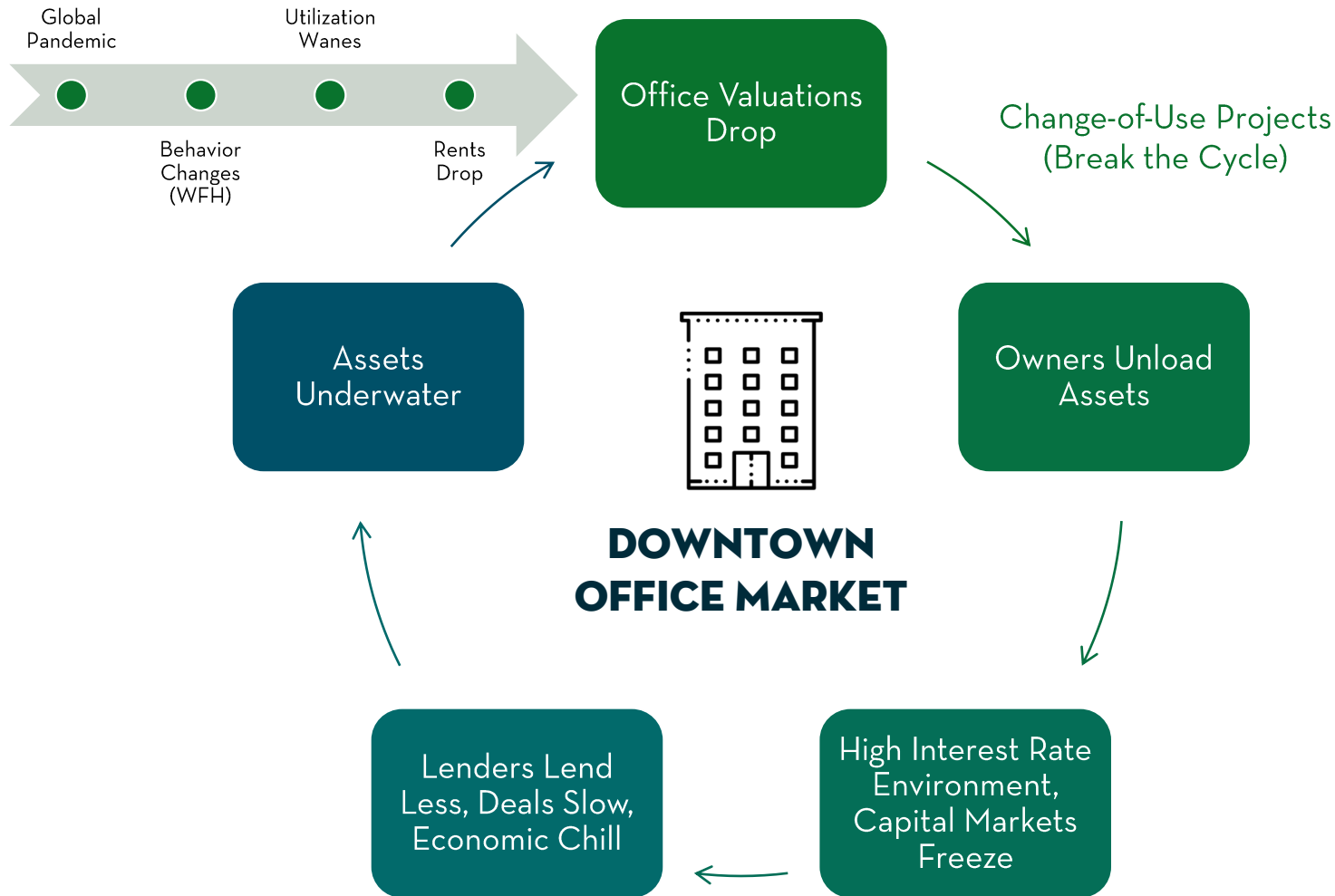
Vacancy has increased across all classes, though **Class B space has seen the most dramatic change** – 21.5% of all Downtown Class B commercial space is vacant in 2023 compared to 10.4% in 2018.



Source: CoStar



# The Downtown office market is vulnerable to the high-interest rate environment and the uncertainty of a post-Covid world, office valuations have plummeted



Economic uncertainty will persist as the Federal Reserve continues to raise interest rates now around 5%, which is the highest rate since the great recession 15 years ago.

"Tax revenue from commercial properties in the District, particularly large office buildings valued over \$50 million, significantly declined in the past fiscal year and was the main reason for the reduction in overall real property tax revenue in FY 2022"

- CFO Glen Lee

# Tracking Housing Downtown: housing developments since 2019 and recently announced conversion projects

Conversion from office-to-residential is necessary for downtown; however only two conversion projects are currently under construction. In total, there is roughly 1M SF of change-of-use projects in the pipeline (announced and under construction).

## New housing projects are sparse Downtown.

### Conversion Projects Under Construction

(orange circles on map)



The Elle Apartments  
1111 20th St NW (161 Units)



1313 L Street NW (222 Units)



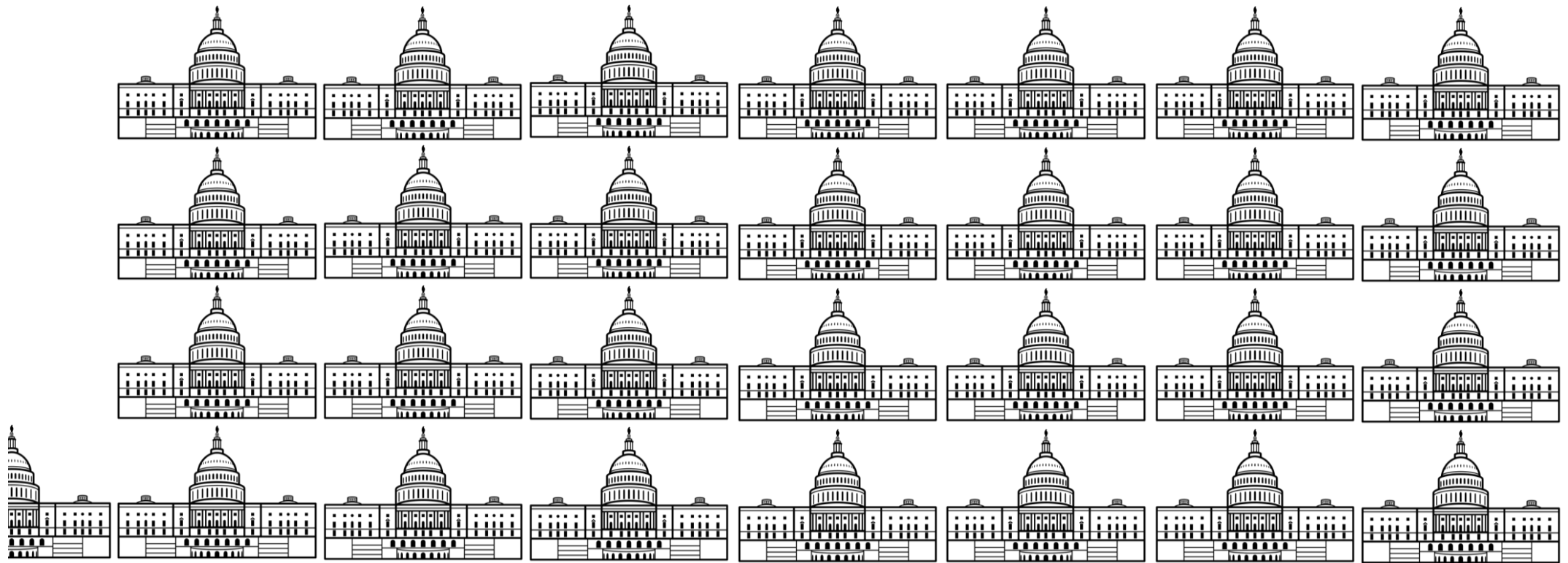
Downtown publicly announced housing conversions and new housing developments

Source: Open Data DC, Certificates of Occupancy (DOB)



# Visualizing Office Vacancy Downtown

There are **20.5M** square feet of vacant office property downtown, which is equivalent to **28.5** Capitol Buildings



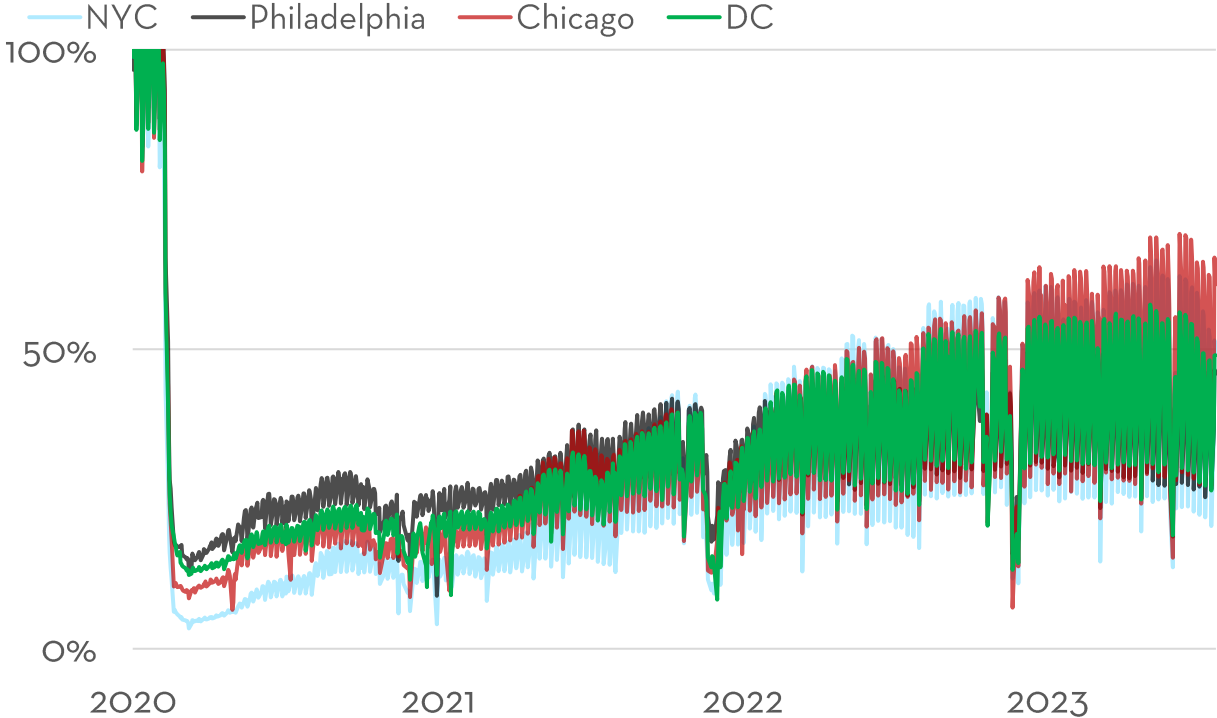
**Note on analysis:** this analysis captures vacant private sector office space Downtown which is reported by Costar, whereas vacant federal properties are not captured by Costar and are therefore not represented in this visualization. This analysis accounts for the floor area of the US Capitol Building which is approx. 718,740 sf (floor area includes the space occupied by rooms, hallways, corridors, and other interior areas bounded by the floor).

Source: CoStar, Architect of the Capitol

# Downtown Challenges: Economic Activity and Return to Office

# In-person work in DC remains significantly below pre-pandemic levels

## Weekly average office utilization Downtown is below comparison cities



Comparative Office Utilization	
August 2023 Average	
City	Utilization
Philadelphia Metro	40.3%
<b>Washington, DC Metro</b>	<b>46.6%</b>
All of DC	41.0%
Downtown DC	36.8%
New York City Metro	44.6%
Chicago Metro	52.3%

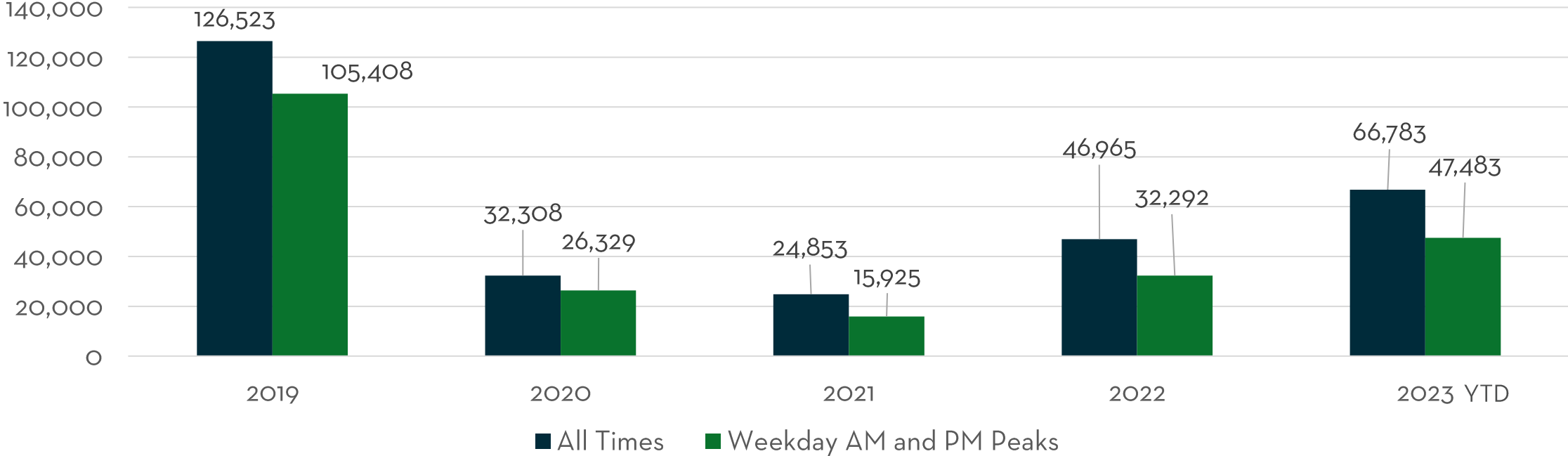
Utilization is measured by comparing office badge-ins on any given day to pre-pandemic levels - note that true utilization in the District is likely much lower due to limited federal capture in Kastle data.

Source: Kastle, Downtown DC BID

# Downtown WMATA entries remain significantly below pre-pandemic levels but are showing signs of progress

Overall average daily Metro entries for Downtown stations have returned to 53% of pre-pandemic levels. AM and PM weekday peak averages have reached 45% of pre-pandemic levels.

## Average Daily Downtown Metro Entries



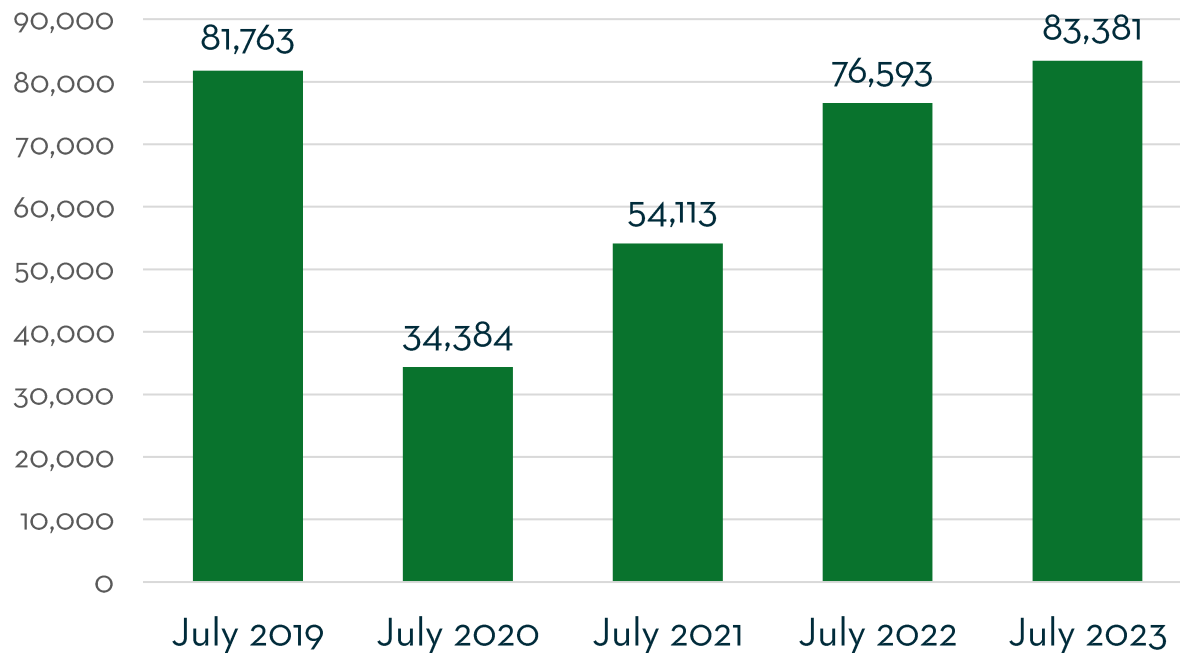
Metro stations within Downtown boundary: Dupont Circle, McPherson Sq, Foggy Bottom-GWU, Farragut West, Farragut North, Archives-Navy Memorial-Penn Quarter, Judiciary Square, Metro Center, Gallery Pl-Chinatown, Federal Triangle

Source: WMATA

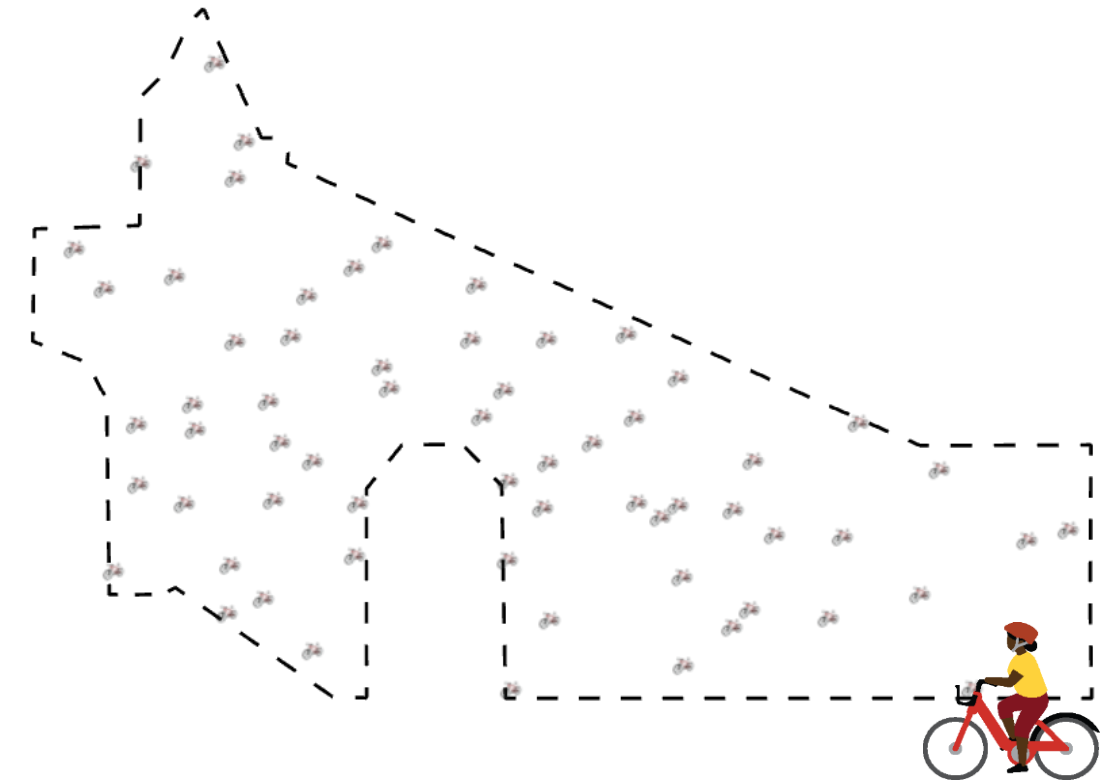
# In another sign of progress, Capital Bikeshare trips ending Downtown have exceeded pre-pandemic levels

Capital Bikeshare ridership has exceeded pre-pandemic figures, in contrast to recovery of other transportation modes

### Snapshot of Capital Bikeshare Trips Ending in Downtown July 2019 - July 2023



### Downtown Capital Bikeshare Locations



Source: Capital Bikeshare, District Department of Transportation

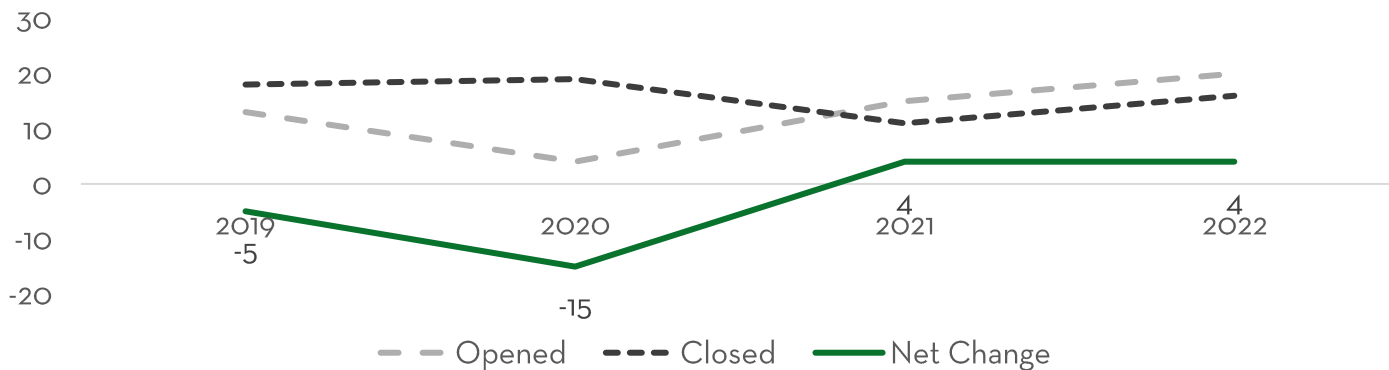
# Downtown Business Activity

Business activity Downtown continues but has not yet reached pre-pandemic levels

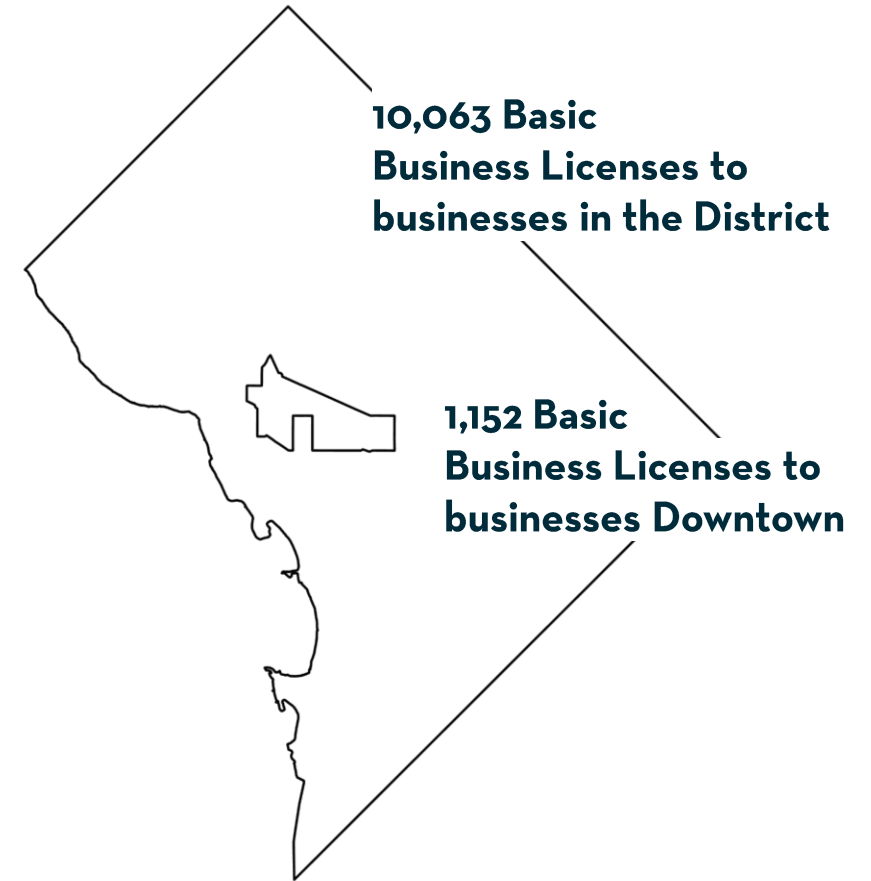
In 2023 to date, DLCP has issued over 10,000 Basic Business Licenses to DC-based businesses, of which over **1,100 are Downtown**. Downtown’s destination businesses are unique to its corridor, and more destination restaurants or stores have opened than closed in 2021 and 2022. Their economic performance has been estimated at 90% - 100%+ of pre-pandemic levels.

## Downtown Destination Shopping and Dining

Destination Restaurants and Store Opens, Closures, and Net Change, 2019 - 2022



Source: DowntownDC BID 2022 State of Downtown Report



Source: Department of Licensing and Consumer Protection

# Guiding Downtown's Transition: Actions, Plans, and Programs

# DC's Comeback Plan outlines a 3-pronged approach to Downtown transformation: 1) Fill the Space, 2) Change the Space, and 3) Bring the People

Related goals include creating 35,000 new jobs in high-growth target sectors and adding 15,000 residents to the Downtown population in the next 5 years.

## Initiatives in Progress

### Fill the Space



Vitality Fund (\$10M) to attract and retain businesses in targeted sectors that make commitments to locate in DC  
Expand business attraction, retention and expansion efforts  
Grow Penn West Equity and Innovation District  
Grow university and innovation activity and footprint Downtown

### Change the Space



Housing in Downtown program implementation  
Pennsylvania Avenue Initiative with the National Capital Planning Commission  
Downtown public realm study and action plan (OP and DMPED)  
Downtown housing capacity analysis  
Federal government real estate portfolio engagement

### Bring the People



- Tourism Recovery District to increase marketing for tourism by \$20M+ FY24-27 (DDC)
- ~\$7.5M DC Family Fun Destinations
- \$1.5M Special Event Relief Fund (SERF) for local outdoor events
- \$12M DMPED State Tourism Grant to support travel, tourism, and recreation sectors
- \$1.4M Streets for People program to support public space activations

## FY24 Initiatives

\$991K Creative and Open Space Modernization rebate program (DMPED) to retain tech/innovation companies  
\$3.2M Retail Support Grant Program for downtown businesses (DMPED)

Housing in Downtown (HID) program modifications - \$2.5M total cap, FY24-26, increases to \$6.8M in FY27 and \$41M in FY28. (DMPED). Will create ~ 7,900 new homes downtown

\$9.8M to update Farragut Square Park (DPR)

\$550K for Dupont Underground

\$3M grant to Ford Theatre for community and education center on 10<sup>th</sup> Street NW

\$1.5M Festival Fund (DMPED) to offset costs for community organizations hosting events

\$1.2M Downtown Safe Commercial Corridors Grant (DMPSJ)

\$1.3M Main Streets Program (DSLBD)



# Making the most of Downtown’s transition takes all of us, and we’re just getting started

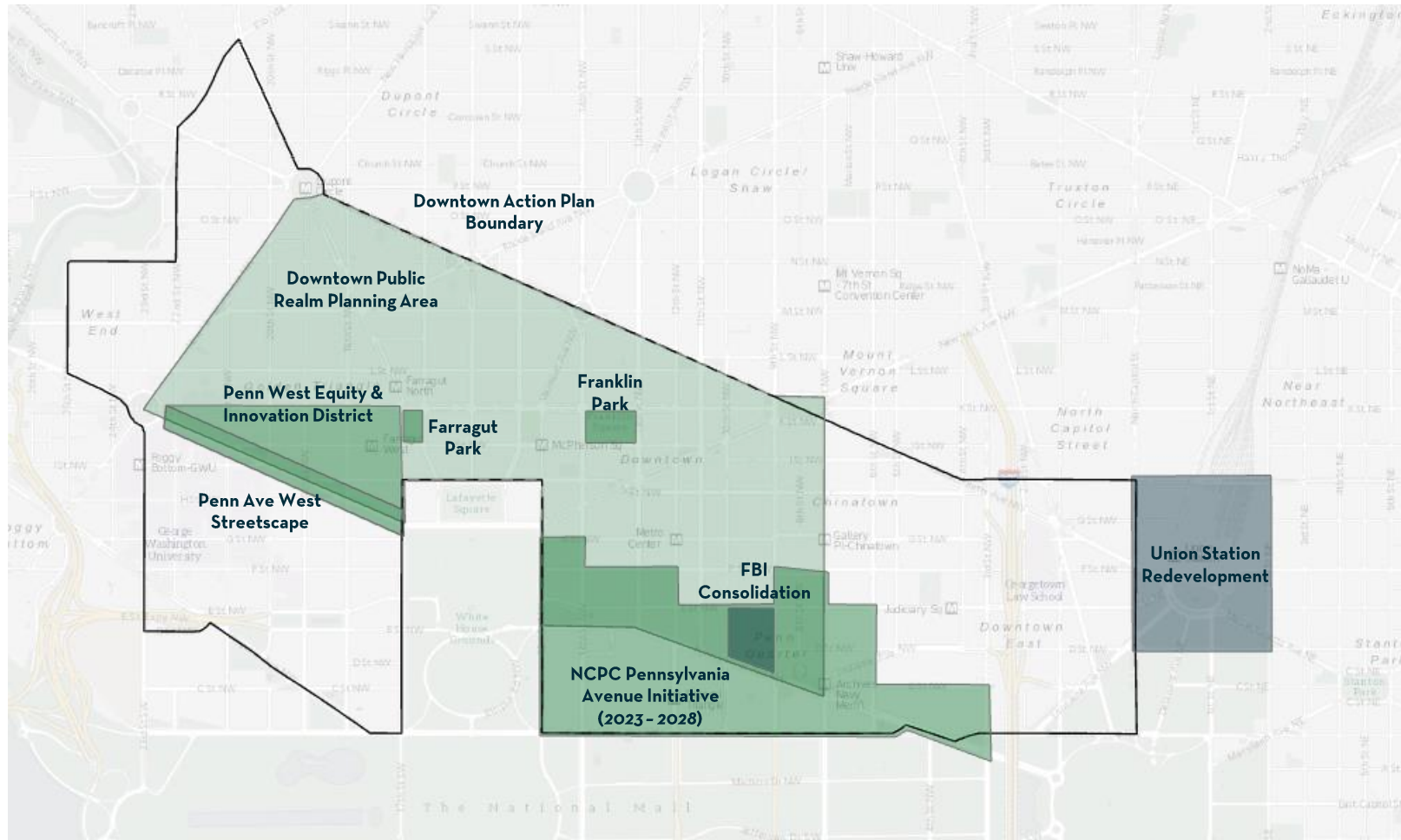
			FY23	FY24	FY25	FY26	FY27		
<p><b>DC’s <a href="#">Comeback Plan</a></b> 2023 - 2027</p>	<p><b>Scope</b></p> <p>Sets ambitious goals for DC’s Comeback, including for Downtown recovery</p> <ul style="list-style-type: none"> <li>• Thriving people</li> <li>• Successful businesses</li> <li>• Opportunity-rich neighborhoods, including Downtown</li> </ul>	<p><b>Actions in Progress</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Vitality Fund</a> and <a href="#">Penn West Equity Innovation District</a> to bring new employers and jobs</li> <li>• <a href="#">Housing in Downtown</a> program to support 15k new resident goal</li> <li>• K Street Transitway investment to improve bus service, congestion and safety</li> <li>• Tourism Recovery District and Family Fun Destinations grant to bring the people</li> <li>• <a href="#">DC Family Fun Destinations</a> supporting family-friendly attractions downtown.</li> </ul>							
<p><b>Downtown-Specific Plans</b></p>									
<p><b><a href="#">Downtown DC Public Realm Plan</a></b></p>	<p>Identifies transformative public realm projects</p>	<p>Kicked off in early May 2023</p>							
<p><b><a href="#">Reimagine Downtown Engagement and Action Plan</a></b></p>	<p>Creates plan to reimagine Downtown as a vibrant, mixed-use community</p>	<p>RFP released in February 2023, awarded in April 2023</p>							

**Want to learn more about Downtown’s Comeback?**

Visit the [Downtown DC Public Realm Plan](#) and the [Reimagine Downtown Action and Engagement Plan](#) to stay up to date.

# Actions, Plans, and Programs Forthcoming Downtown

The map below represents initiatives downtown that have recently started or are planned within the District's transitioning downtown.



## Actions, Plans, and Programs

- Downtown Action Plan Boundary
- Penn West Equity & Innovation District
- Downtown Public Realm Planning Area
- NCPC Pennsylvania Avenue Initiative (2023 - 2028)
- Penn Ave West Streetscape
- Franklin Park
- Farragut Square
- Housing in Downtown Program
- Reimagine Downtown Action Plan Area

## Future Transformations

- Union Station Expansion
- FBI Headquarters (*Consolidation*)