

NOTEWORTHY TRENDS IN COMMERCIAL REAL ESTATE

Dynamic Market Shifts

Despite the COVID-19 pandemic still playing a major role in national, state and local operations, new development proposals continue to be processed by the City's Department of Planning and Zoning. Several of the more significant new development projects have been approved are same as those described last year but now the pipe dreams have become reality.

Victory Center

Stonebridge/Carras purchased this project in May 2019 for \$43,000,000. At the time of sale, the property was improved with an 11-story office building containing 605,998 square feet on approximately 16 acres. The previous owner had gutted and refaced the building in anticipation of procuring a large single space user in an area primarily developed with industrial land uses. The much-maligned property had lingered on the market for over a decade until its purchase by the current owner. The property was subsequently subdivided into two lots with a 6.89-acre portion sold to Tri-Pointe Homes (\$23,500,000; \$169,069/lot) for the development of 139 townhouse condominium units consisting of both conventional and back-to-back units priced from \$800,000 to \$1,000,000. Plans have also been submitted by Stonebridge proposing the construction of a 9,250 square-foot freestanding retail building fronting on Eisenhower Avenue. The property owner has vowed to continue marketing the existing office component for the foreseeable future.

North Potomac Yard/Virginia Tech

Lionstone Investments along with its development manager JBG Smith Properties have approvals and are in the process of redeveloping 18.77 acres on the east side of Potomac Avenue just south of the Arlington County line that was formerly the home of Hoyts Theater. Development partner is developing 1,335,563 leasable square feet including 810,617 square feet in four buildings, 98,251 square feet of streetscape retail, and 426,195 square feet of multifamily in two buildings containing 456 units. An additional 600,000 square feet of academic space that will be home to Virginia Tech's Innovation Campus devoted to graduate-level programs in computer science and computer engineering. The first 300,000 square-foot campus building (Block 7 West) broke ground in 2021 and has a fall 2024 delivery. The northern entrance to the Potomac Yard Metro Station, scheduled to be operational in 2022, is located at the southeast corner of the development.

Oakville Triangle

The Blackstone Group purchased this 13-acre property in June 2012 for \$43,800,000. Oakville is located along the west side of Richmond Highway across from Potomac Yards and was previously developed with obsolete industrial and service commercial uses. Managed by Stonebridge, the property was originally approved for the development hotel, retail, and various types of residential including multi-family and townhouse. Virginia Tech initially planned to develop its Innovation Campus within Oakville, but this changed when they decided that the North Potomac Yard site proved to be more suitable to their space needs. Now the project has gone full circle with Inova committing to the development of a 95,000 square-foot ambulatory care center, 84 conventional

townhouses to be constructed by Tri-Pointe Homes, 571 multifamily units and 37,000 square feet of street scape retail. The project broke ground in November 2021.

West End (f/k/a) Landmark Mall

In late December of 2020, the City of Alexandria announced that they have a preliminary agreement with the Inova Health System to relocate their Alexandria Hospital Campus from its current location at 4320 Seminary Road to a 10.39-acre portion of the 51.47-acre former Landmark Mall in what is considered by many to be the spark to kick-off the rejuvenation of the city's West End. Inova plans to construct a \$1 billion 990,000 square-foot hospital campus with a Level II trauma center which will serve as the anchor. The Inova site transferred to the Industrial Development Authority (IDA) on November 17, 2021, for \$54,000,000. Demolition and site development will begin in the second quarter of 2022 and with construction completed by the first quarter of 2028. The balance of the site, approximately 41.08 acres, will be developed by a joint venture consisting of Foulger-Pratt, Howard Hughes Corp. and Seritage Growth Properties who are operating under the name of Landmark Mall LLC. Additional land uses will consist of 2,698,000 square feet of multifamily residential of various types, triplex towns, a 210,000 square-foot medical office building, and 285,000 square feet streetscape retail. Public improvements will include a new fire station and dedicated affordable multifamily housing. Demolition is scheduled begin in the second quarter of 2022 with infrastructure and rough grading during 2023 and vertical construction 2024.

NOTEWORTHY TRENDS IN RESIDENTIAL REAL ESTATE

From 2020 to 2021, there was a decrease in the median sale price of residential properties in the City of Alexandria from \$608,000 to \$588,750 (between 2019 and 2020, the median rose from \$517,250 to \$608,000). This is attributable to a greater number of condominium properties in the sales sample compared to the previous year. The average days on the market for residential property in the City of Alexandria reported by BrightMLS increased from 18 days to 22, a market correction. In 2019, the average days on the market was 27. However, the average months' inventory for single-family properties continued to decrease from 0.95 in 2020 to 0.65 in 2021. The average months' inventory for condominiums increased from 1.13 in 2020 to 1.45 in 2021. In 2021, there was an 11.20% increase in the volume of single-family property sales and a 19.91% increase in condominium sales.