

NOTEWORTHY TRENDS IN COMMERCIAL REAL ESTATE

- The announcement of the relocation of Amazon's HQ2 and the proposed changes to the newly defined National Landing, which includes northern portions of the Potomac Yard, has begun to change the commercial real estate market but its impacts will be less immediate and more long-term.
 - Arlington County made its final approval for the HQ2 in December 2019. Demolition and construction started in January 2020 with anticipated completion in early 2023.
 - Construction of the new Potomac Yard Metro began in earnest in the 4th quarter 2019 with completion scheduled for 2022.
 - JBG Smith Properties and the Federal City Council created a regional social impact fund to preserve and create workforce housing. The fund is expected to be used for the first time in the region for the purchase of the Avana Alexandria multi-family rental property in 2020.
 - The new Virginia Tech Innovation Campus will be in the City of Alexandria. The first class is expected to enroll in the fall of 2020, with classroom space developed within the Potomac Yard shopping center, but the complete campus and full student enrollment is not expected for another ten years.
- The City's conventional office market remained flat and continues to face challenges due to a general lack of demand, particularly in non-Metrorail accessible sites, tenant concessions, lower effective rents and continued space compression upon renewal. Based on OREA's edit of the most recent published CoStar data (subtracting conversions), the direct vacancy rate currently stands at 23.1%. The market is responding by reclassifying office properties to other uses. Recent examples of office buildings in process of converting or converted to another use are 200 Stovall Street, 4401 Ford Avenue, 3101 Park Center Drive, 2000 N Beauregard Street, 601 Prince Street, and Trans Potomac Plaza (1033, 1055, and 1111 N Fairfax Street).
- Several parcels with pending site plans or proposals to rezone and develop with multi-family rental (apartments) awaiting approval as of 1/1/2020 were reclassified to vacant residential land by the Office of Real Estate Assessments for the 2020 assessment. This created a large increase to the total assessment of that real property classification from the prior year.

NOTEWORTHY TRENDS IN RESIDENTIAL REAL ESTATE

- From 2018 to 2019, there was a decline in the median sale price of residential properties which sold in the City of Alexandria from \$543,975 to \$517,250, also indicating a decline in the number of higher-dollar sales.
- The average days on the market for residential property in the City of Alexandria reported by BrightMLS was significantly shorter than the previous year and the inventory of available properties decreased from the prior year. In 2019, the average days on the market was 27, compared to 2018 when the average days on the market was 47. The average months' inventory for single-family properties was 1.17 in 2019, compared to 1.59 months' inventory in 2018. The average months' inventory for condominiums was 0.59 in 2019, compared to 1.57 months' inventory in 2018. Viewed in its entirety, the shortage in supply placed some upward pressure on prices, but not the upward Amazon HQ2 upward pressure projected by many national and regional real estate prognosticators.

CENSUS INFORMATION

- The U.S. Census Bureau estimated population growth of 14.7% for the City of Alexandria from April 1, 2010 (140,006) Census to July 1, 2018 (160,530). The number of households was estimated to have decreased by 3.31% from 72,376 in 2010 to 69,979 households in 2018. The Census Bureau estimated that during the 2014 to 2018 period, 42.9% of the estimated housing units in the City were owner-occupied. In addition, 62.1% of persons 25 years of age or older had a bachelor's degree or higher during this period. It was also estimated that 76.4% of the population over age sixteen was in the civilian workforce and that the median household income was \$96,733 (2018 dollars).
- The City of Alexandria's unemployment rate was 2.1% in November 2019, slightly lower than the 2018 annual rate of 2.2% according to statistics compiled by the U.S. Bureau of Labor Statistics. The November 2019 unemployment rate for the Washington-Arlington-Alexandria Metropolitan Statistical Area was 2.8%. These rates comparable favorably with the November rates of 2.6% for the Commonwealth of Virginia and 3.5% for the nation.