

## NOTEWORTHY TRENDS IN COMMERCIAL REAL ESTATE

### Dynamic Market Shifts

Despite the COVID-19 pandemic, new development proposals continue to be processed by the City's Department of Planning and Zoning. Several of the more significant new development projects are discussed below. The selected developments represent dynamic market shifts within their respective submarkets.

#### 5001 Eisenhower Avenue (Victory Center)

Stonebridge purchased this project in May 2019 for \$43.0 million. The property is 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 maligned property lingered on the market for over a decade until its purchase by the current owner. Since then, the property has been subdivided into two lots with a 6.89-acre portion under contract to Winchester Homes for the development of 139 townhouse condominium units consisting of both conventional and back-to-back units. Plans have also been submitted for the construction of 9,250 square feet of freestanding retail 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

JP Morgan Chase, working as the investment manager, along with the development manager JBG SMITH Properties have approvals for redevelopment of 18.77 acres on the east side of Potomac Avenue just south of the Arlington County line and was formerly the home of Regal Cinema. A total of 1,905,500 square feet of mixed-use development is proposed including 630,400 square feet of office space, 120,900 square feet of street scape retail, 718 multi-family units (554,200 square feet) within three buildings and 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) is scheduled to break ground in 2021 with a fall 2024 delivery. The northern entrance to the Potomac Yard Metro Station, scheduled to be completed 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 \$43.8 million. Oakville is located along the west side of Richmond Highway across from Potomac Yard and is currently developed with obsolete industrial and service commercial uses. Managed by Stonebridge, the property was originally approved for the development of 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 115,000 square-foot healthplex facility which will serve as the development's anchor. The proposed hotel was dropped along with a reduction

in retail space from 194,000 square feet to 65,000 square feet. Residential uses include 1.6 million square feet of multi-family and 454,000 square feet of townhouses. Stonebridge has 3.5 acres of the property under contract to Winchester Homes for the development of 84 townhouse units (Block D) at the intersection of Oakville Street and Swann Avenue. Site and infrastructure development will start during the summer of 2021 with the first two apartment buildings (559 units), the healthplex, and townhouses to be delivered in late 2023 or early 2024.

### 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 the intersection of Seminary Road and North Howard Street to a portion of the 52-acre Landmark Mall in what may be the spark needed to kick-off the rejuvenation of the West End. Inova plans to construct a \$1 billion hospital campus including a Level II trauma center which serve as the anchor. The agreement is part of a joint venture between Foulger-Pratt and the property owners Howard Hughes Corp. and Seritage Growth Properties; the latter being a REIT spun out Sears Holding Co. which was the critical piece required to gain control of the entire 52-acre property. A total of approximately 4.2 million square feet are proposed in concept including various types of multi-family rental and condominium units, street scape retail, conventional and medical office, townhouses and a fire station. Actual construction could begin in 2023 with the first deliveries in 2025.

## **NOTEWORTHY TRENDS IN RESIDENTIAL REAL ESTATE**

From 2019 to 2020, there was a sharp increase in the median sale price of residential properties in the City of Alexandria from \$517,250 to \$608,000.

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 2020, the average days on the market was 18, compared to 2019 when the average days on the market was 27. The average months' inventory for single-family properties was 0.95 in 2020, compared to 1.17 months' inventory in 2019. The average months' inventory for condominiums was 1.13 in 2020, compared to 0.59 months' inventory in 2019. In 2020, there was an increase of 12.34% in the volume of single-family property sales and 5.81% increase in condominium sales. The shortage in supply and low interest rates placed upward pressure on single-family property prices.

## **CENSUS INFORMATION**

The U.S. Census Bureau estimated population growth of 13.9% for the City of Alexandria from April 1, 2010 (139,998) Census to July 1, 2019 (159,428). The number of estimated households was 70,598 in 2019. From 2015 to 2019, the Census Bureau determined that 43.4% of the housing units estimated in July 2019 were owner-occupied. 63.1% of persons age 25 or older have a bachelor's degree or higher during this period. The median household income was \$100,939 (2019 dollars) and an estimated 76.1% of the population over age sixteen were in the civilian labor force.

## Attachment 12: Noteworthy Trends in Alexandria Real Estate

The City of Alexandria's unemployment rate was 5.0% in November 2020, higher than the 2019 rate of 2.1% according to statistics compiled by the U.S. Bureau of Labor Statistics. The November 2020 unemployment rate for the Washington-Arlington-Alexandria Metropolitan Statistical Area was 5.8%, the Commonwealth of Virginia was 4.8% and the national rate was 6.7%.