



Square 54

George Washington University Campus

Advisory Services Panel

May 9 - 12, 2005



Introduction

Byron Koste





ULI Overview

Established in 1936.

Independent nonprofit education and research organization.

More than 23,000 members worldwide.

Representing the entire spectrum of land use and real estate development disciplines.

Mission: To provide responsible leadership in the use of the land in order to enhance the total environment.



Advisory Services Program

To bring the finest expertise to bear on complex land use planning and development projects, programs, and policies.

Over 400 panels nationally and internationally since 1947.

On average 14-18 five day panels per year.



The Panel

**Byron R. Koste, Panel
Chair**

Director
Real Estate Center
University of Colorado
Leeds School of
Business
Boulder, CO

Walter S. Bialas, VP

PNC Bank
Real Estate Finance
Pittsburgh, PA

Bruce Leonard

Principal
StreetSense
Bethesda, MD

Steven W. Spillman

Executive VP
Emerald
Development
Co./W.P. Carey &
Co., LLC
Los Angeles, CA

Scope of Service

Development potential of Square 54





Acknowledgements

George Washington University

President Stephen Joel Trachtenberg

Louis H. Katz, Executive VP &
Treasurer

Erinn Torres, ULI Project Manager

Square 54 Team (including BP/KSI)

Office of Government, International,
and Corporate Affairs



Acknowledgements

DC Office of Planning

Ellen McCarthy, Interim Director

John Fondersmith, Development
Review Specialist

Travis Parker, Development Review
Specialist

Chris Shaheen, Ward 2 Planner

**Other City and Federal Agency
representatives**

Community Residents



The Panel Process

Briefing materials sent to panelists before arrival onsite.

Meet with the sponsors/preliminary briefing.

Sponsor briefing and tour.

Conduct 3 roundtable discussion groups:

Community

Business and Institutions

GWU and City

Report preparation.

Presentation of findings and recommendations.

Publication of final report.



Today's Agenda

Market Analysis – Walt Bialas

Site Analysis – Bruce Leonard

Development Process – Steve Spillman

Conclusion – Byron Koste

Market Potential

Walt Bialas





District of Columbia Economy

Strong employment growth.
12,000 jobs have been added
since 2002.

Finance & Real Estate,
Professional & Business
Services, and Leisure &
Hospitality are key sectors
of growth.



Office Market Overview

Office market remains one of the healthiest downtowns in the country.

2004 year-end vacancy stood at 7.5 percent.

2.5 million square feet was delivered in 2004.

Net absorption totaled 1.7 million square feet in 2004.

Federal government and major law firms have been taking significant space.



Office Market Overview

Rents are in the low \$40 to \$50 per square foot range for new construction.

Institutional investment in DC has been strong and continuing.

The outlook is for this level of development to continue.



Apartment Market Overview

Office demand has driven the local DC residential market.

Current apartment vacancy is 3.1 percent.

Newer Class A vacancy is tighter at 2.9 percent.

Rental rates for Class A units now average \$2,100 to \$2,200 per month.

The D.C. development pipeline totals 4,800 rental units.

Tight market conditions are forecasted to continue.



Condominium Market Overview

Tight apartment conditions and high rental rates have driven DC condo development.

Over the last 12 months, 3,200 sales of new condos in DC.

High demand has caused prices to rise rapidly.

Prices for new condos start at \$500,000 (\$400 to \$600 per square foot).

3,500 units (29 projects) are expected to be added over the next 36 months.

Another 1,300 units (7 projects) are on the drawing board.



George Washington University

Evolved into a world-class university.

Strategically shifted focus to full time
undergrads and grad students.

Increased selectivity in its
admissions.

Total enrollment (headcount) has
topped out at 20,000.



Square 54 Attributes

Washington Circle location.

Foggy Bottom Metrorail station.

Anchors the western edge of
the Golden Triangle.

Borders GWU and historic
Foggy Bottom
neighborhood.



Square 54 Development Implications

Can and should serve a variety of users.

Example of best practices of development and mixed-use design.

Location not best for academic use to meet city or community needs.

Ideal location for an institutional-grade office complex of distinction.

Important site for residential development.



Square 54 Development Implications

Can address the service and cultural needs of the community.

Neighborhood retail can bring about street life.

Grocer needed to serve local residents.

Neighborhood retail needed to serve the needs of residents, students, and area workers.

Cultural uses to serve as a community benefit.

Planning & Design

Bruce Leonard



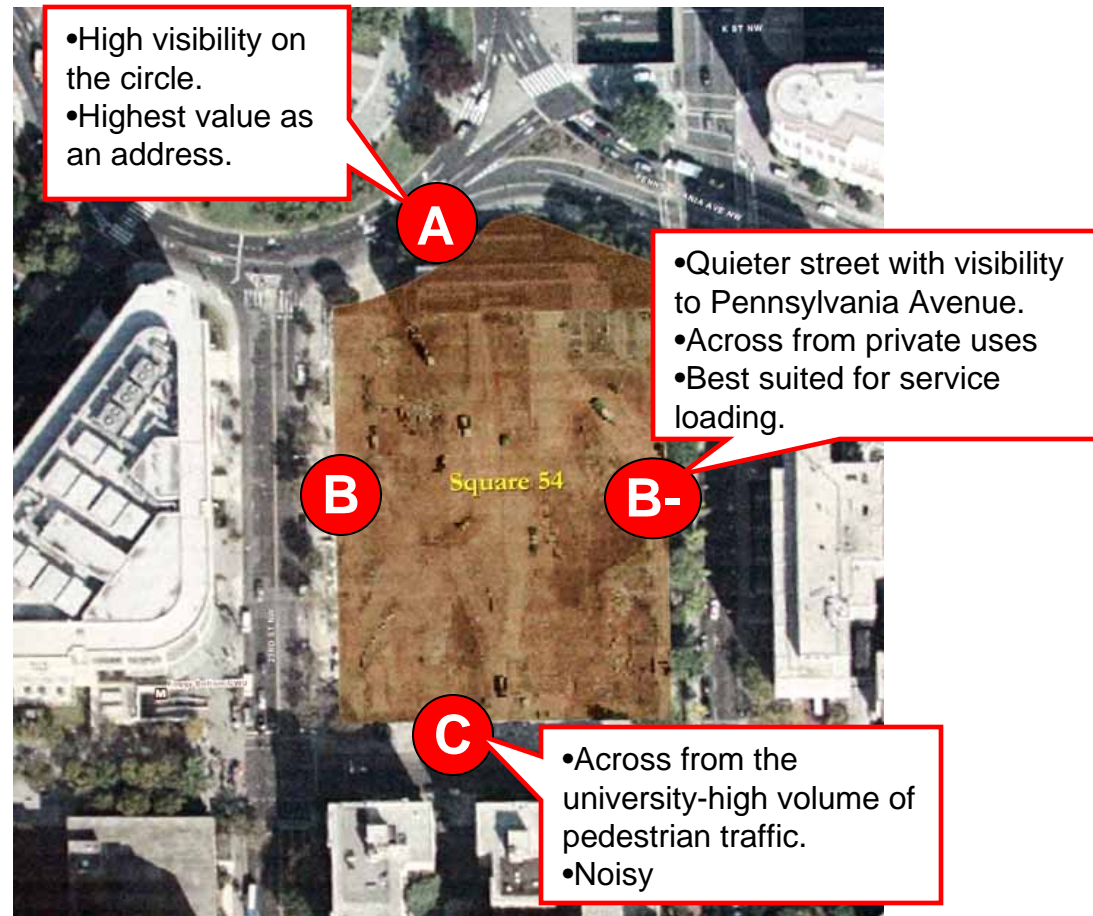
Site Analysis

Site Overview



Site Analysis

Residential



Site Analysis

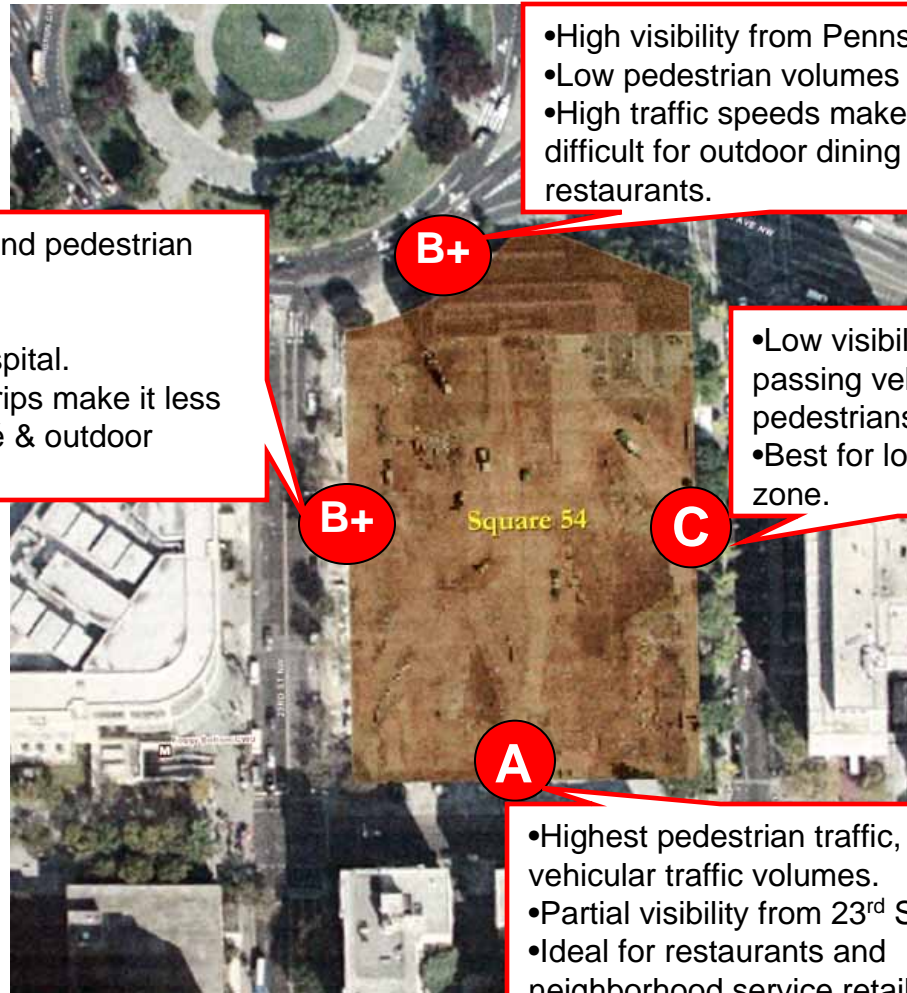
Retail

- High vehicular and pedestrian traffic volumes.
- High visibility.
- Across from hospital.
- High vehicular trips make it less desirable for café & outdoor dining.

- High visibility from Pennsylvania Ave.
- Low pedestrian volumes
- High traffic speeds make this location difficult for outdoor dining and restaurants.

- Low visibility/traffic from passing vehicles and pedestrians.
- Best for loading/service zone.

- Highest pedestrian traffic, low vehicular traffic volumes.
- Partial visibility from 23rd Street.
- Ideal for restaurants and neighborhood service retail



Site Analysis

Service Loading/Access

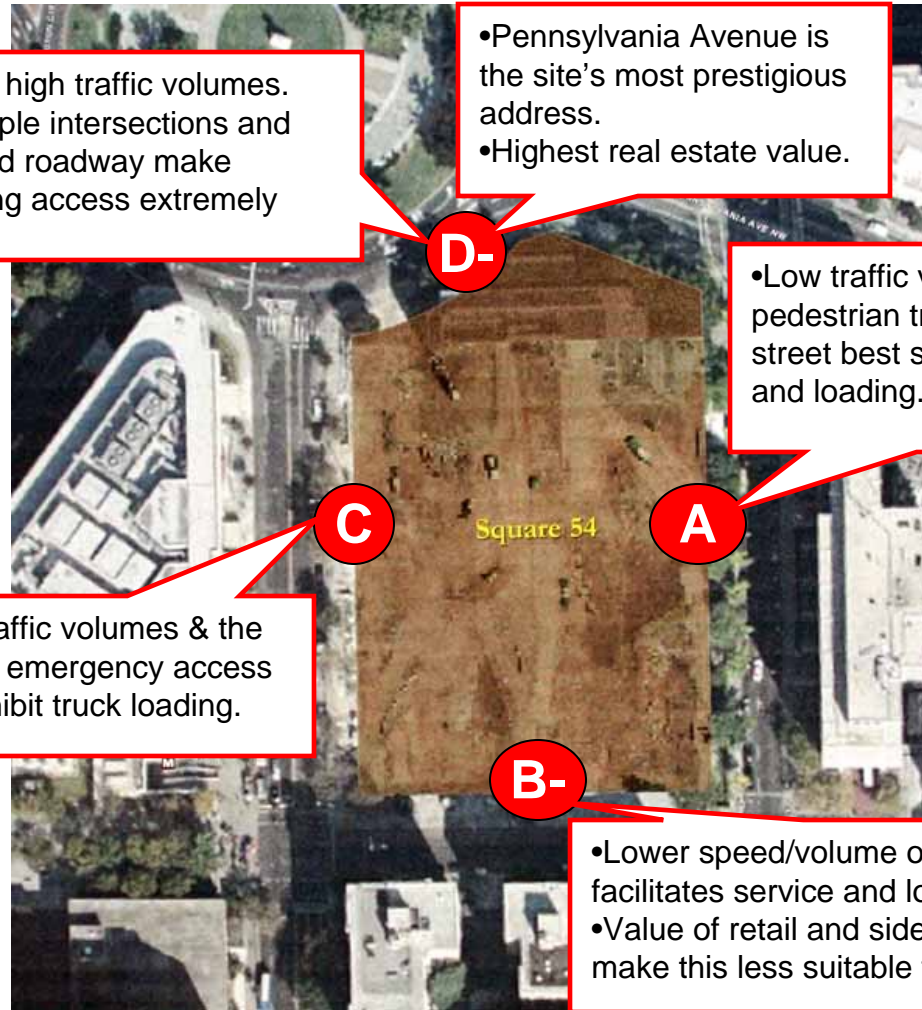
- Very high traffic volumes.
- Multiple intersections and curved roadway make loading access extremely poor.

- Pennsylvania Avenue is the site's most prestigious address.
- Highest real estate value.

- Low traffic volume and pedestrian traffic make this street best suited for service and loading.

- High traffic volumes & the hospital emergency access area inhibit truck loading.

- Lower speed/volume on I Street facilitates service and loading.
- Value of retail and sidewalk areas make this less suitable for loading.



Site Analysis

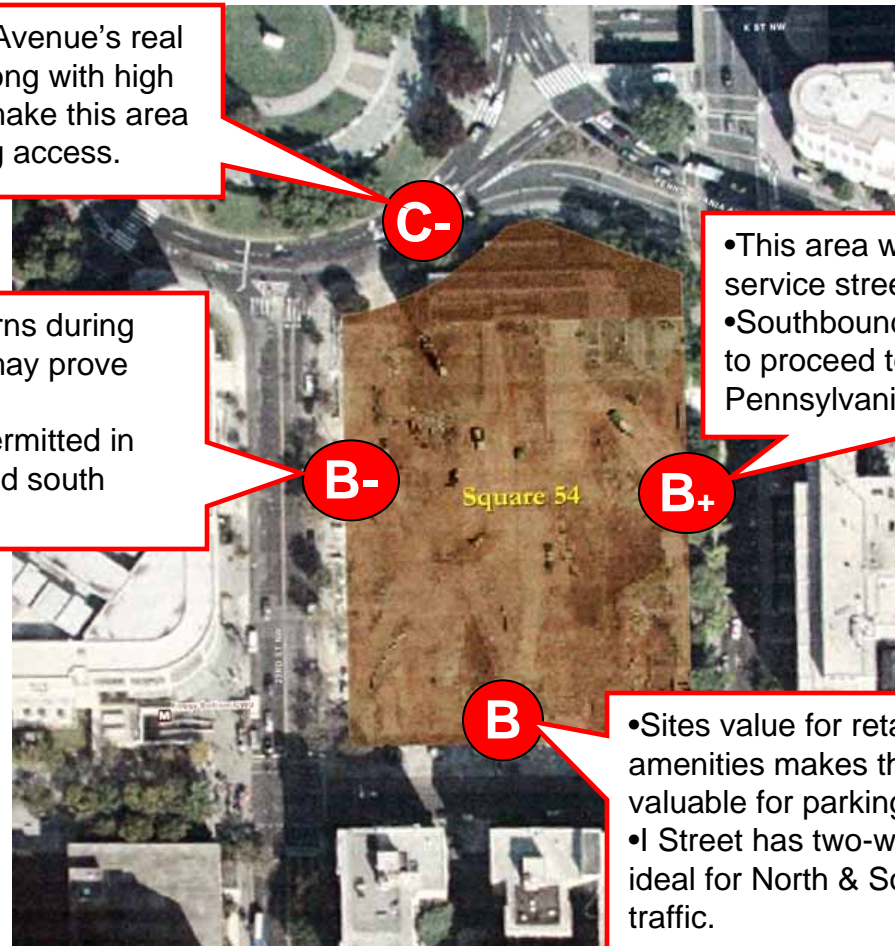
Parking/Access

- Pennsylvania Avenue's real estate value along with high traffic volume make this area poor for parking access.

- Left hand turns during peak hours may prove difficult.
- Access is permitted in both north and south directions.

- This area works best as a service street.
- Southbound traffic will have to proceed to 21st Street via Pennsylvania Ave.

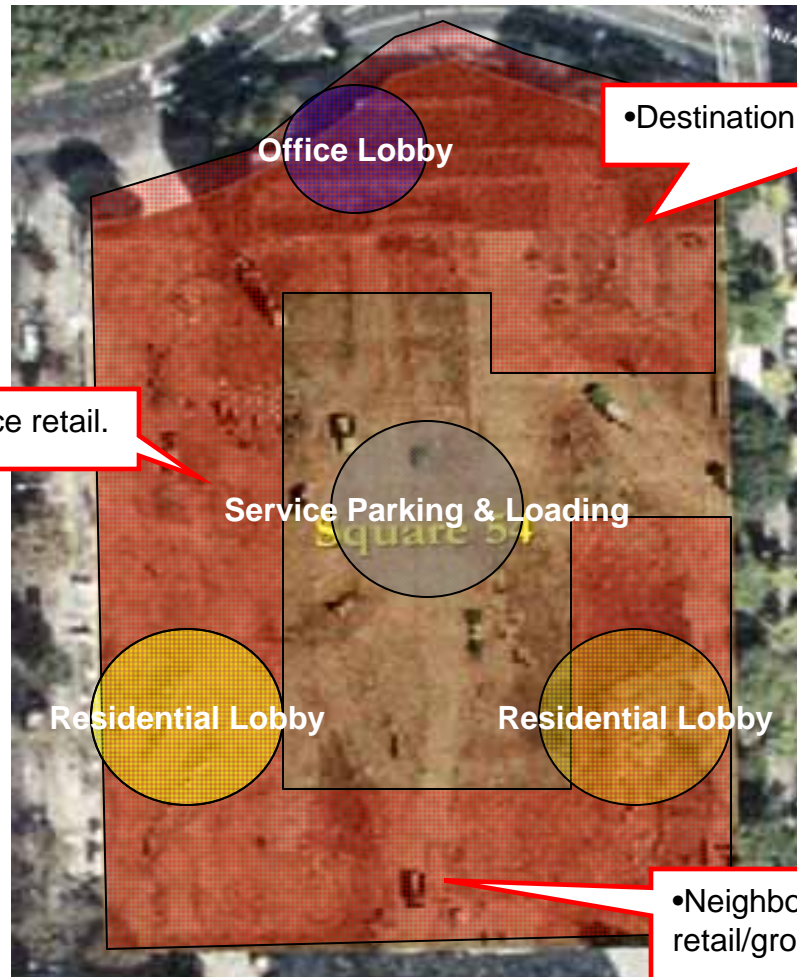
- Sites value for retail and park amenities makes this area too valuable for parking access.
- I Street has two-way traffic, ideal for North & Southbound traffic.



Putting It All Together



Neighborhood service retail.



Office Lobby

•Destination retail/restaurant

Service Parking & Loading

Residential Lobby

Residential Lobby

•Neighborhood goods & service retail/grocer entry.

Mixed-Use Density

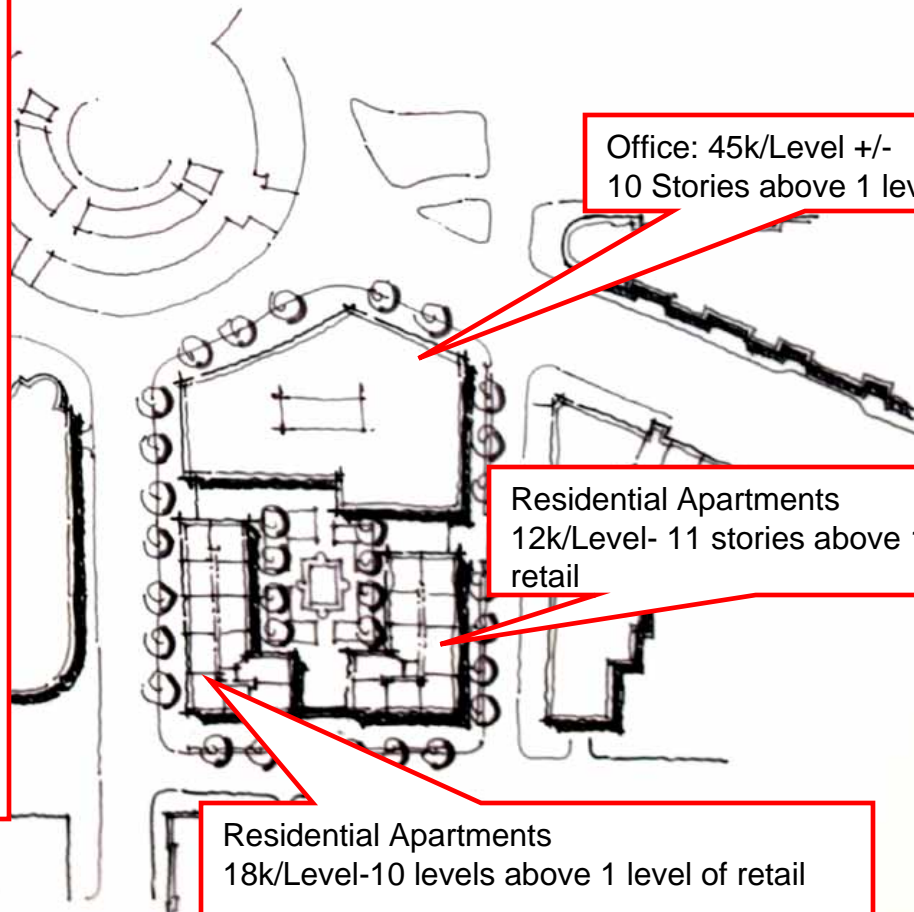
Office	45,000 x 10=450,000 SF
Retail	45,000 x 1 = 45,000 SF
Total	495,000 SF

Resid.	12,000 x 11=132,000 SF
Retail	12,000 x 1 = 12,000 SF
Total	144,000 SF

Resid.	18,000 x 10=180,000 SF
Retail	18,000 x 1 = 18,000 SF
Total	198,000 SF

Total	837,000 SF
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7.3 FAR



Office: 45k/Level +/-
10 Stories above 1 level of retail

Residential Apartments
12k/Level- 11 stories above 1 level of
retail

Residential Apartments
18k/Level-10 levels above 1 level of retail

Mixed-Use Density

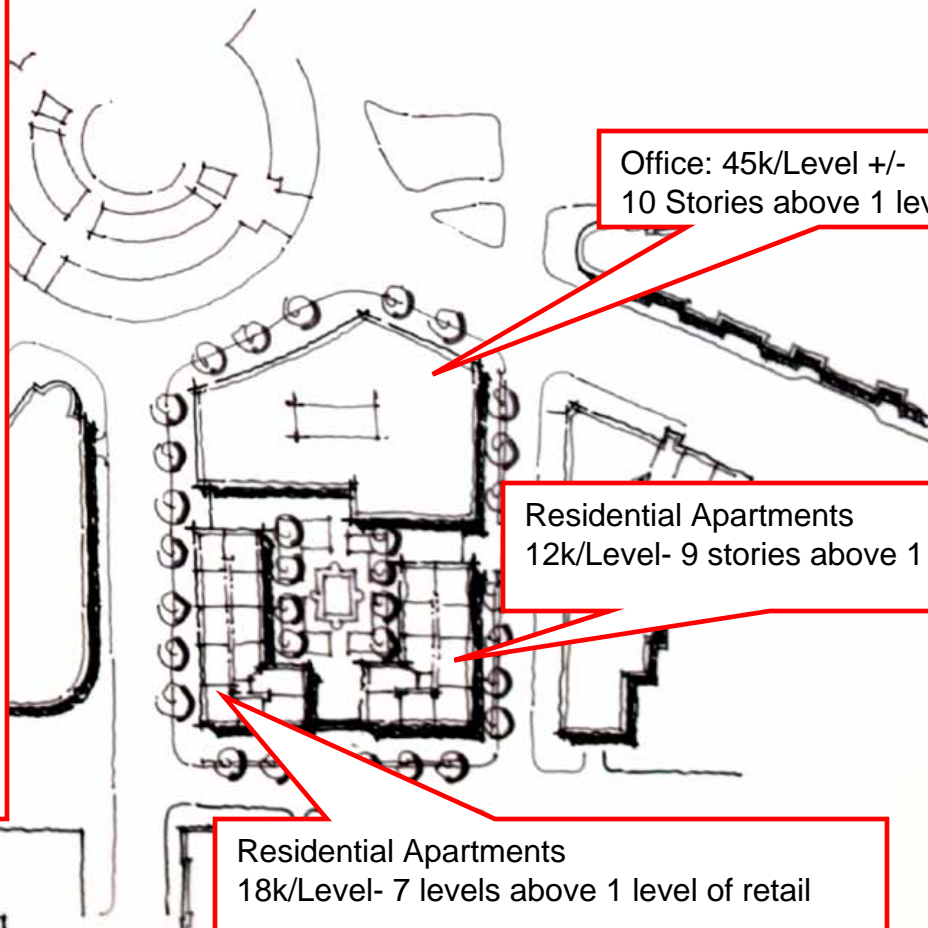
Office	45,000 x 10 = 450,000 SF
Retail	45,000 x 1 = 45,000 SF
Total	495,000 SF

Resid.	12,000 x 9 = 108,000 SF
Retail	12,000 x 1 = 12,000 SF
Total	120,000 SF

Resid.	18,000 x 7 = 126,000 SF
Retail	18,000 x 1 = 18,000 SF
Total	144,000 SF

Total	759,000 SF
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6.6 FAR



Office: 45k/Level +/-
10 Stories above 1 level of retail

Residential Apartments
12k/Level- 9 stories above 1 level of retail

Residential Apartments
18k/Level- 7 levels above 1 level of retail

Development Process

Steve Spillman





Stakeholder Goals

Promote a vibrant community and meet diverse needs.

Create a destination.

Incorporate smart growth and TOD principles with MU development.

Respond positively to changing market dynamics.

City and community benefit of having Square 54 on the tax roles.



Stakeholder Goals

Energize the street environment.

Provide contextual architecture.

Create a front door for the university
compatible with the
neighborhood.

Generate income to fund GWU's
academic mission.



Partnering

Bring together the best land use experts:

- Developers
- Planners
- Architects
- Artists
- Traffic consultants



Advantages of Partnering

GWU *teaches*

and

BP/KSI developers *build*



Advantages of BP/KSI Collaboration

Brings skills and proven solutions.

Experience working in the District of Columbia.

Creates the mixed-use development concept based on urban infill expertise.

Access to required capital.

Thorough understanding of the development process.

BP presents, negotiates and documents all agreements.

Coordinates development and project management on time and within budget.



Components of the Development Process

BP/KSI partnership established.

Create and refine development and design concepts.

Communicate with all stakeholders.

Share updated campus master plan with all stakeholders.

Secure entitlements and regulatory approvals.



Components of the Development Process

Complete design and specifications.

Gather comparative bids and start construction.

Establish a marketing and leasing plan.

Provide on-going project management.



Essential Ingredients

All interested parties must be:

Open-minded

Cooperative

Committed to Consensus

To assure a transparent
development process.

Conclusions

Byron Koste



A Special Place





Development Characteristics

A mixed-use development that serves all stakeholders by providing office, residential and retail uses.

World Class Architecture in multiple structures.

Served by multi-modal transportation.

Promotes smart growth principles.

Addresses neighborhood needs.

Main Assumption

GWU will accommodate academic and student housing within their existing boundary, concurrent with their needs.





Consensus for Specific Uses

- Class A office space 'on the Circle'
- Non-student, high quality rental housing
- Workforce housing units
- Neighborhood grocery
- Neighborhood retail
- Incorporate open space
- Improve pedestrian access, esp. to and through Washington Circle
- Improve vehicular access around the Circle
- Accommodate parking underground



Stakeholder Benefits

High quality mixed-use TOD equals *neighborhood services*.

Development agreement includes addressing *community needs*.

Development of Square 54 provides income to fund *academic and student housing needs*.



Result

The best urban design solution.

A transparent and collaborative process.

World class design that is *non-negotiable*.

Mixed-use will energize the area and bring the university and Foggy Bottom neighborhoods together.



We Challenge YOU....

The University

The Development Team

The City

The Community



Building for Success

Accommodate university needs within agreed upon campus boundary.

Define mechanisms needed to ensure compliance.

Have agreements in place to allow development to proceed in a timely fashion.

Seize upon this opportunity for all stakeholders to work together.

Thank You

