RECOVERY WEEKLY CHECK-IN WITH DMPED

Economic Recovery Updates

April 6, 2021

CORONAVIRUS.DC.GOV/RECOVERY
Welcome

Deputy Mayor John Falcicchio,
Planning and Economic Development (DMPED)
Remarks

Neil Albert, President & Executive Director, DowntownDC Business Improvement District

Leona Agouridis, Executive Director, Golden Triangle Business Improvement District
Downtown D.C. & Golden Triangle Business Improvement Districts

Pandemic Impact
Relief – Recovery – Growth
Pandemic Impact: Unprecedented

Office Vacancies Are Up

- BIDs = 90 million square feet of office space (approx. 60% of D.C. total)
- Combined Vacancy Rate: 20% (approx. 18 million square feet of vacant office space)
- Total Property Tax (estimated): $1.4 billion in FY 19 (11.4% of D.C. gross revenue / 36.6% of all real property tax)
- Repurposing office buildings for other uses

Foot Traffic and Metro Ridership is Down

- Weekday rail ridership down 90-95% (137,000 riders)
- Only 10%-15% of tenants working in their offices
- Foot traffic down 85-95% on weekdays
- Massive impact on retail & restaurants
Relief: Thank You to Our Partners

District Government

Regulatory
- Expanded outdoor dining
- Construction declared essential business
- Rollover of existing business permits

Business Grants ($154 million total)
- $33 million Microgrants in Spring 2020
- $109.5 million Bridge Fund in Winter 2020-2021
- Several other targeted funding programs: $11.8 million

Federal Government

Three Rounds of Federal Support
- Spring-Summer 2020: first round of PPP ($2.2 billion for D.C.)
- December 2020:
  o Second round of PPP (DC total not yet known)
  o $16.25 billion for independent venue operator support
- March 2021: $28.5 billion for independent restaurants
**Recovery: First Signs are Appearing**

**Recent Weeks**
- **Restaurant Grand Openings:** Yardbird, Cheesecake Factory
- **Museum Re-Openings:** National Museums of Women in the Arts, Planet Word

**Potential April and May**
- **Capital One Arena:** allow indoor sports fans at % of capacity
- **DC Improv:** allow indoor events at % of capacity
- **Hotel Re-Openings:** Madison Hotel, Marriott Marquis, The Jefferson, Beacon, and Hotel Monaco
- **Restaurant Grand Openings:** Trulucks
- **Restaurant Re-Openings:** Carmines, Succotash, Charlie Palmer, China Chilcano, Grillfish, Kellari, Mari Vanna
- **Museum Re-Openings:** All Smithsonian museums

**Labor Day**
- **Office:** 30% to 50% of office workers back in office— influenced by
  - Health statistics
  - Metrorail safety perception
  - Public schools and childcare facilities
In January 2020, DC’s growth was strong and headed towards record social investment. Returning to January 2020 economic levels as soon as possible is our goal. This will allow for:

- Creating a path to the middle class
- Funding equitable growth

**Growth Benefits to D.C.**

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<tr>
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<th>2010-2019</th>
<th>2019-2020</th>
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<tbody>
<tr>
<td>Employment growth:</td>
<td>1.2% annual growth</td>
<td>-6.3%</td>
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<tr>
<td>Population growth:</td>
<td>1.9% annual growth</td>
<td>0.64%</td>
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<tr>
<td>Nominal Tax Revenue growth:</td>
<td>6.1% annual growth</td>
<td>-2.0%</td>
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<tr>
<td>Real Tax Revenue growth:</td>
<td>4.2% annual growth</td>
<td>-3.4%</td>
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Recovery: Cleaning & Maintenance / Landscaping & Beautification
Recovery: Homeless Outreach & Services

Downtown Day Services Center
Recovery: Activating Outdoor Spaces
Recovery: *Tools for a Safe Return*
**Recovery: A Vision for Pennsylvania Avenue**

**Improved Streetscape**
- Bike lanes, bus stop islands, pedestrian safety
- More green space, trees, and rain gardens

**Activating Public Spaces**
- Public art, events, and parks

**Innovation District**
- Global university: renowned med school, hospital, public health, international relations, and innovation/entrepreneur programs
- Diversify office sector and create jobs
  - Attract companies and retain start-ups
- Collaboration with GWU and District of Columbia
- Action plan with District to identify catalyst companies and build tech ecosystem
Special Guest Remarks

Christina Ferzli,
Head of Public Affairs & Communications, WeWork
It’s time to reimagine the workplace of the future.
We are the world’s largest flexible space provider

WeWork has the largest square footage footprint of any other flexible space provider in the world.

Numbers as of September 30, 2020
As public policy makers begin to encourage companies to make plans to return to the office, WeWork is partnering with key policymakers around the world to help businesses and individuals to return to work in a safety-focused, flexible way.

Fostering economic prosperity through public-private partnership is critical to both post-pandemic recovery as well as developing a stronger, resilient, future model of work.
WeWork has partnered with DC to provide incentives for businesses of all sizes to return to work in a safety-focused, flexible way.

- WeWork is offering key incentives in 10 locations in DC Metro Area
- across 15,000+ desks
- and 1M+ Square Feet

- WeWork is providing key data and insights into what is effective as businesses return employees to work, creating a resource for businesses of all sizes to make informed decisions as the economy recovers.
DC Offers

To further empower businesses to adapt through flexible solutions, we’re offering certain discounts, depending on time or location flexibility needed.

01 WEWORK ALL ACCESS MEMBERSHIP
_ 15% off for up to 12 months with code DMV15*
_ + 1 Free One Month Trial*

02 DEDICATED OFFICE SPACE
_ 2 months free with a 6-month commitment
_ 3 months free with a 12-month commitment

*terms apply
Partnerships to date

WeWork is learning about and aligning with different cities’ key priorities to bring effective programming to each market.

City of Miami x WeWork
Launch Date: 1/21
Partnered with Mayor of Miami with focus on tech sector

NYC x WeWork
Launch Date: 3/16
Partnered with Chambers of Commerce with focus on small businesses

D.C. x WeWork
Launch Date: 3/24
Partnered with D.C. for businesses and individuals of all sizes
Snapshot

What We’re Seeing

- Of all the members who have returned to work at WeWork in the U.S., 76% are non-enterprise businesses.

- The most popular days for reservations are Tuesday-Thursday, showing that users are more likely to bookend the work week by working from home.

- While headlines continue to focus on the return of large Enterprises, our highest uptick has been through SMB segments, with a 50% improvement late 2020.

- An important indicator of economic recovery, SMBs are set to play a huge role in facilitating a broader return to work.
Special Guest Remarks

Allyson McDougal,
Co-Founder & COO, Work Chew
Reimagining the Future of Workspace
WorkChew
Origins

Founded in Washington, DC by two remote workers looking for a more consistent experience.

We are rethinking the office and hospitality industries and revolutionizing how and where people find workspace. WorkChew transforms local restaurants & hotels underutilized space into reservable workspace for remote professionals, verified for health and safety to keep them both engaged and safe.

March 2021 - Raised $2.5 Million seed round to expand our team, product and network of locations to support remote workers across the U.S.
Industry Trends

Dramatic Shift to Hybrid Work

• >60% of employees are expected to work remotely at least 1x week post-pandemic
• Whilst people have become used to virtual meetings, we will still crave personal interaction and collaboration

Focus On Cost Savings - Reduced Leases

87%

Executives expect to make changes to their real estate strategy over the next 12 mos include consolidating office space and/or opening more satellite locations.

56%

Companies plan to reinvest the savings from downsizing office space in new ways to support remote workers.
What Employees Want

Relocation is on the upswing. Workspace diversity & proximity are essential to support the new workforce.

- 84% Flexible Schedule
- 66% Work/Life Balance
- 61% Freedom to choose where to work
- 60% No commuting
Our Vision of the Future of Work

Flexibility & Optionality
Employees able to access workspace no matter where they are.

Local Hospitality Venues As Workspaces & Collaboration Hubs
Residential and business travelers looking to reimagine what workspace flexibility looks like

Workspace Access in Central Business Districts & Surrounding Communities
Access to workspace regardless of proximity to Central Business Districts.

Affordable & Flexible Workspace for All
All people have the ability to access beautiful workspaces to build, create, and connect.
Opportunities for District of Columbia

Key takeaways:

• Provide equitable workspace for all DC residents
• Boost local economy by 2.4x by activating local hospitality venues
• Supply underserved communities with access to high-speed WIFI
• Increase city sustainability and lower greenhouse gas emissions
• Save money by allowing more employees to work remotely
Open Discussion

Q & A
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