

Developer and Investor Strategies for Mixed Use and Urban Retail – Tyson to Dulles

T H E P L A C E T O T U R N F O R U R B A N R E T A I L



Investors seeking passive real estate investments are turning to urban, income-producing condominiums (the new “infill”) as a suitable component of their investment portfolios.

A 2010 Real Capital Analytics (REA) survey reported that \$20+ billion in retail condominiums were sold over the past five years.

- That figure only represents transactions of \$5 million or greater in size.
- Developers have successfully capitalized on this trend by coupling multi-use condominiums with ground floor retail space.
- Coming on the heels of the recession, this move to dense, high traffic urban locations signals where investors want to be over the next decade.





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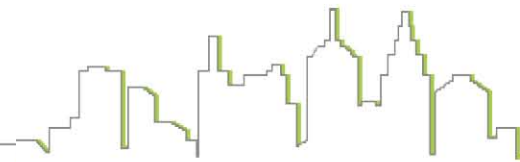
T H E P L A C E T O T U R N F O R U R B A N R E T A I L

- **Market Overview**

- Market Appeal of Net Lease Retail Condos
- Retail Condos from an Investor's Perspective
- Urban Transactions

- **Development Overview**

- Tenant Strategy And Unit Considerations
- Market Rents
- Timing of Disposition



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- **Market Overview**

- Demand for credit rated property in the urban core of primary markets has always been strong
- Investor focus on urban markets has moved to include local, non-credit tenants
 - Smaller transaction sizes
 - While not a new phenomena, the rise in urban mixed-use development meets the market at a very good time.

"Washington D.C. Metro scores the highest marks during a recession. While hard-pressed lenders pull back in most cities, major insurers and big banks have taken a long term view and are actually providing financing for new deals."

ULI - Emerging Trends in Real Estate 2010



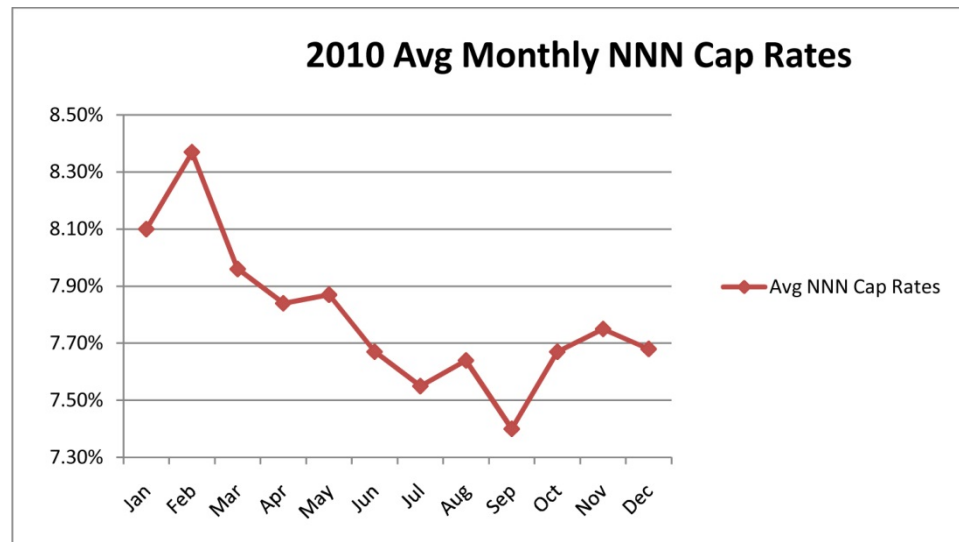
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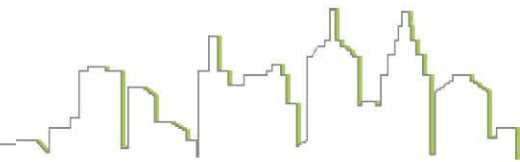
THE PLACE TO TURN FOR URBAN RETAIL

- **Market Overview**

“The nation’s capital has drawn interest from investors seeking to place a defensive bet in the still turbulent property market. The idea is that companies working with the federal government have a more stable business” WSJ 3-17-10

- Product Availability
- Cap Rate Trends



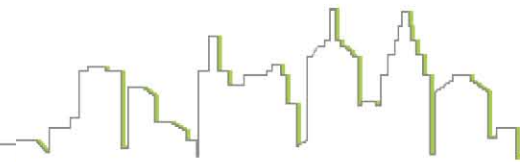


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THE PLACE TO TURN FOR URBAN RETAIL

- **Market Appeal of Net Lease Retail Condos**
 - Location
 - Anchor
 - Street Scene





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T H E P L A C E T O T U R N F O R U R B A N R E T A I L

- **Retail Condos from an Investor's Perspective**
 - Condo Regime Considerations
 - Condo Board Representation
 - Common Areas
 - Restrictions
 - Budget & Reporting
 - Tenants and Lease Structure

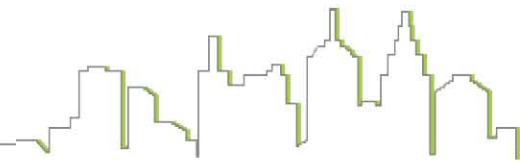
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THE PLACE TO TURN FOR URBAN RETAIL

• Urban Transactions

Investors have shown a willingness to pay aggressive price per square foot for urban properties.

	Location	Sale Date	SF	Rent/SF	\$/SF	NOI	Sales Price	Cap Rate
PNC Bank	1401 P St., NW	September 2006	4,110	\$65	\$1,119	\$267,000	\$4,600,000	5.80%
Wachovia Bank	1150 K Street NW	July 2007	3,424	\$62	\$1,119	\$210,650	\$3,830,000	5.50%
Fedex/Kinkos	1327 14Th St., NW	November 2007	2,285	\$60	\$810	\$137,100	\$1,850,000	7.41%
Garden District	1520 14Th St., NW	April 2008	2,775	\$50	\$673	\$138,750	\$1,866,424	7.43%
Lululemon	1515 15Th St., NW	December 2008	2,306	\$60	\$791	\$138,360	\$1,825,000	7.58%
Pitango Gelato	1515 15Th St., NW	September 2009	550	\$80	\$1,124	\$44,000	\$618,000	7.12%
Mitchell- Gold	1526 14Th St., NW	October 2009	7,338	\$35	\$368	\$256,830	\$2,700,000	9.51%
TD Bank	1515 15th St., NW	March 2010	4,403	\$69	\$979	\$301,606	\$4,300,000	7.01%
The Matrix	1529 14th St., NW	August 2010	8,862	\$38	\$440	\$332,950	\$3,900,000	8.54%
Sweetgreen	1515 P.St., NW	September 2010	1,133	\$77	\$1,068	\$87,375	\$1,210,000	7.22%
Walgreens	3130 Lee Highway N.Arl,VA	July 2010	11,697	\$43	\$624	\$500,000	\$7,300,000	6.85%
CVS - Ground Lease	3642 Georgia Avenue NW	July 2010	10,181	\$27	\$386	\$275,000	\$3,930,000	7.00%
CVS	1749 Columbia Road	Pending	12,592	\$69	\$952	\$868,848	\$11,985,000	7.25%
Culinaerie-Newstand	1155 14th Street NW	June 2010	4,725	\$39	\$397	\$183,619	\$1,875,000	9.79%
ALL Pediatrics	9010 Lorton Boulevard	April 2010	5,805	\$26	\$336	\$149,479	\$1,950,000	7.67%

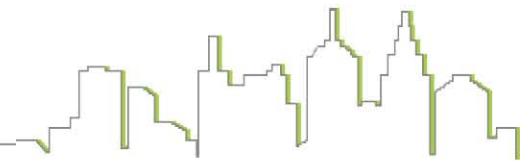


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- **Development Overview**

- Project Timeline
 - Prelease Consultative Timing of Calkain Involvement
 - Tenant Strategy
- Retail Unit footprint
 - Unit Square Footage
 - Attainable and Replaceable Rents
- Cost Basis and Tenant Improvements
- Timing of Disposition
 - Potential infusion of cash from the sale of the retail units long before the residential properties have sold out



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T H E P L A C E T O T U R N F O R U R B A N R E T A I L

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www.calkain.com

Calkain Urban Investment Advisors (CUIA), a division of Calkain Companies, specializes in premier investment properties in high density, urban districts throughout the United States. CUIA builds on Calkain's record of success in brokering some of the most notable transactions within the urban net lease market and focuses strictly on assets located within metropolitan regions. Calkain's newest and proven division understands the ever-growing NNN urban investment market and the requirements of investors and developers working within the space.



Pitango Gelato
Washington DC
\$1,123.64 psf



Lululemon
Washington DC
\$791.41 psf



PNC Bank
Washington DC
\$1,119.22 psf



TD Bank
Washington DC
\$977.27 psf



Fedex Kinkos
Washington DC
\$809.63 psf



Sweetgreen
Washington DC
\$1,089 psf