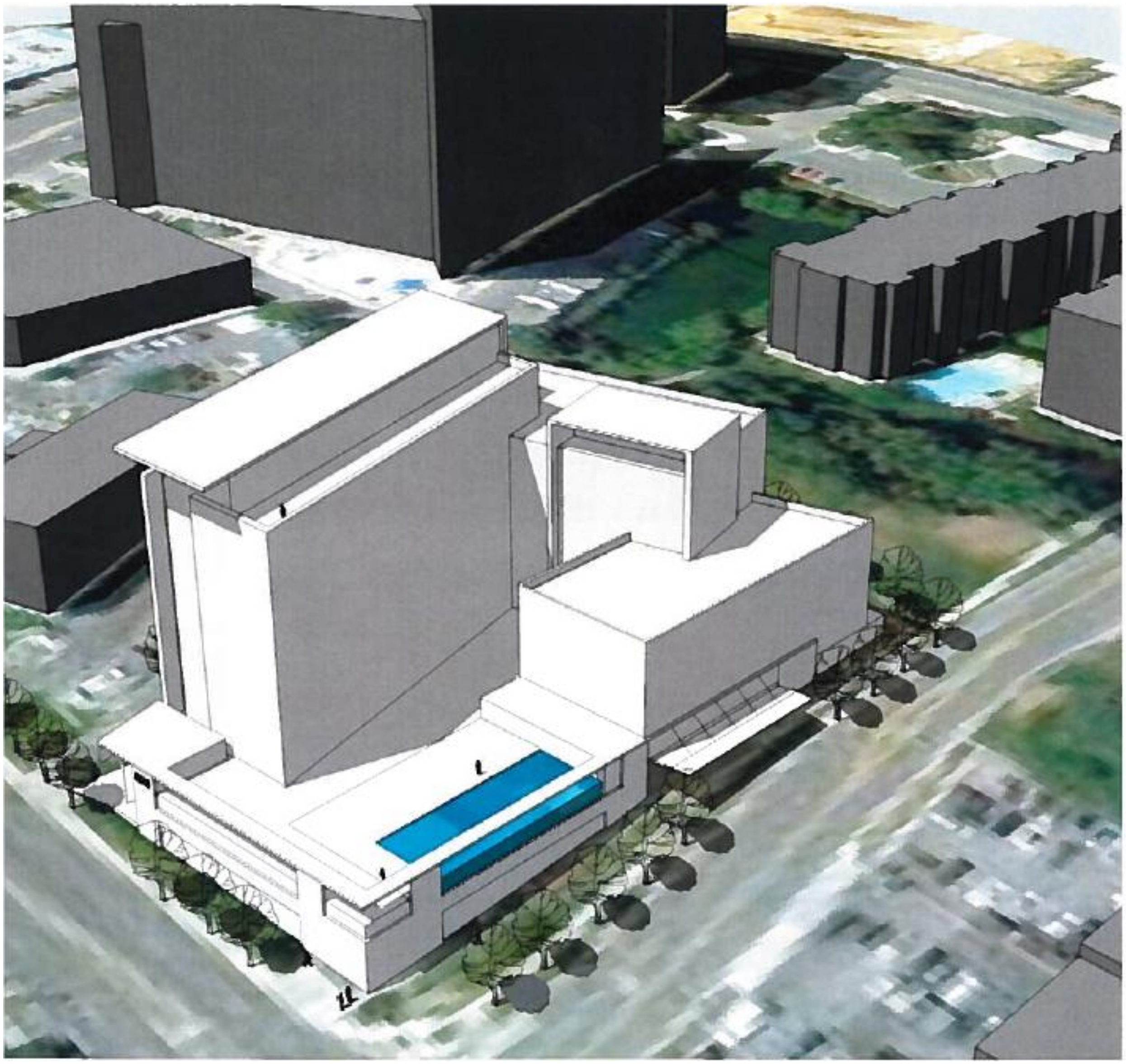
5531 Nicholson Lane
Redevelopment
North Bethesda, MD – Montgomery County

Private Placement Memorandum



Presented by:

The SIF Group

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I. Executive Summary

The SIF Group (the "Sponsor") is pleased to offer the following opportunity to acquire an ownership interest in 5531 Nicholson Lane, L.P. (the "Fund"), a 54,415 SF site in North Bethesda, Maryland. It is The SIF Group's intention to acquire this underutilized site in a "pro redevelopment" area to construct a mixed-use project.

The SIF Group is seeking to raise $9,818,156 in additional equity financing for the development of an approximately 205,000 square foot, 11-story high-rise apartment building, with ground floor retail to be located in North Bethesda, Maryland at the intersection of Nicholson Lane and Citadel Avenue ("the Property"). This offering represents a rare opportunity to invest in an infill development site in the I-270 Corridor, specifically within the White Flint area of one of DC's premier submarkets.

Investment Summary

Project Name:	5531 Nicholson Lane
Location:	North Bethesda, Maryland
Market / Submarket:	Washington DC / I-270 Corridor/ White Flint
Development:	177,224 SF of Residential 11,485 SF of Retail 16,140 SF of Est. Core Factor 204,849 SF Total
FAR (zoning) / FAR Achieved:	4.0 / 3.76
Project Timing:	Entitlements: (sketch plan & site plan) 18 months Pre-development: 6 months Construction: 18 months (delivery Jun. 2015) Leasing: 11 months Stabilization: Dec. 2016
Est. Project Cost:	$59,272,695 ($289.35 per gross square foot - Including acquisition)
Capital Stack:	Construction/Perm Loan: $47.0 million (includes carry) Equity Partner: $9.82 million Sponsor Equity: $2.45 million Total: $59.27 million
Project IRR:	12.09% Unlevered ; 27.00% leveraged
Equity Multiple:	8.14x leveraged

Investment Highlights

Risk Mitigation	The SIF Group will not close on the property until Final Site Plan approval is achieved with Montgomery County (2014)
Superior Location	Montgomery County is known for their excellent schools and being the wealthiest county in Maryland, 36.2% of people within a 1 mile radius of the subject site earn $100,000 annually or more. (STDB- Site to do Business)
Metro Accessible	The White Flint metro station (Red Line) is located within .25 miles from the site. This makes it an attractive location for future residents as well as contributes to density bonuses.
Rent Growth	Suburban Maryland has averaged 3.3% per year in rent growth over the past 5 years, vs. 2.0% for the South Atlantic region (REIS)
Zoning	The property is located within a very "pro development" area. The site can be developed to a max 4.0 FAR

Equity Returns

Amount:	$9,818,156
Investor Equity:	80%
Sponsor Equity (The SIF Group):	20%
Holding Period:	Ten (10) years
Before Tax Yields	
Total Equity Yield:	12.30%
Return on Equity	
Annual Return on Equity:	10%
Investor, Sponsor Returns on Equity Pari-Passu:	No (First to the equity)
Cumulative Returns:	Yes
Compounding Return:	Yes
Return of Capital	
Investor Distribution:	40%
Sponsor Distribution:	60%

Borrowing Entity

The SIF Group will create a joint venture with non-institutional investors, consisting of associates, friends, and family of The SIF Group principals. The joint venture, 5531 Nicholson Lane, LP (the "Fund") will be formed as a limited partnership.

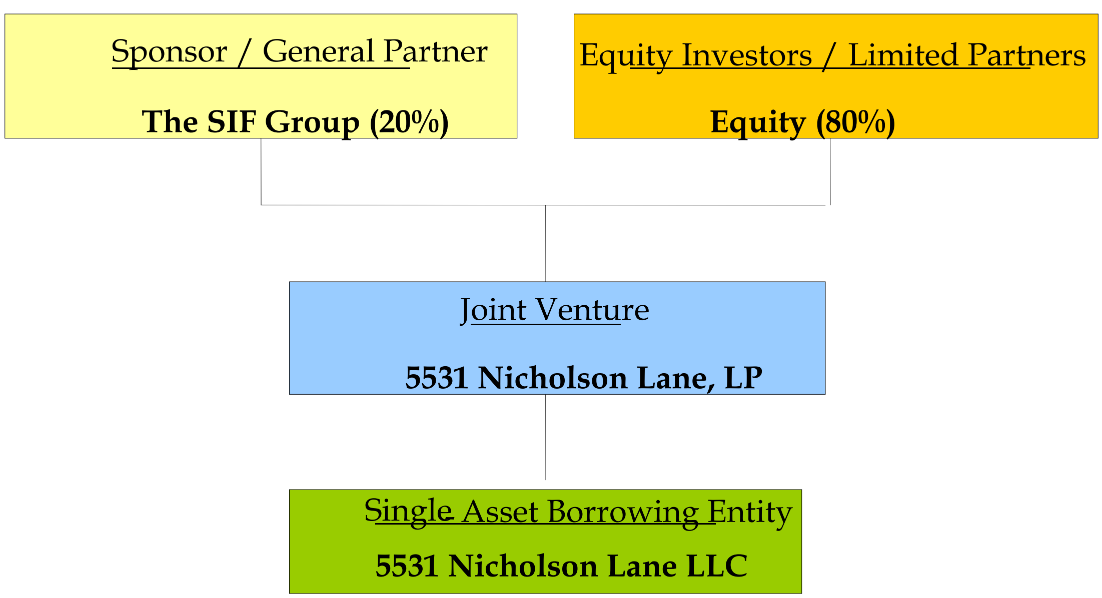
The Fund will be the only member of a single purpose entity, 5531 Nicholson Lane, LLC ("Nicholson Lane"). Nicholson Lane will borrow the funds to complete the project's capital structure.

5531 Nicholson Lane will be formed in the state of Maryland, the principal jurisdiction for The SIF Group's operations. The SIF Group's legal entity decision is the LLC structure as to take advantage of the following key benefits:

1. Limited personal liability for the debts and actions of the LLC
2. Management flexibility
3. Pass-through taxation, which allows partners to report their income and losses on their personal income tax returns and avoids double taxation
4. Minimal administrative paperwork and record keeping requirements driving lower annual expenses

Finally, the single member borrowing entity will enter into an operating agreement that will govern the roles, responsibilities, and distributions of cash flow.

Joint Venture Structure



Property Overview

5531 Nicholson Lane (the "Property") is located at the intersection of Nicholson Lane and Citadel Avenue, just off Maryland Route 355 (Rockville Pike) in North Bethesda, Maryland. The property consists of two contiguous parcels, Parcel A on the South side of the property, and Parcel B on the North side of the property. Parcel A consists of 18,613 square feet (.43 acres) fronting Nicholson Lane, currently encumbered by an approximately 6,142 square foot light industrial building built in 1988 which houses a Jiffy Lube franchise. Parcel B consists of 35,802 square feet (.82 acres) currently encumbered by an approximately 12,500 square foot light industrial building built in 1979 which houses two tenants: 1st Choice Collision Center (9,000 sf) and S&J Enterprises (3,500 sf). All leases expire on 12/31/2014.

The subject property lies within the planning area of North Bethesda/Garrett Park. More specifically, the property is located within the White Flint Sector Plan recently adopted by Montgomery County Council as presented by the Maryland National Capital Area Parks & Planning Commission (see appendix A).

Investment Strategy

The Property is currently 100% leased to three tenants including: Jiffy Lube International (18,613 SF), 1st Choice Collision (9,000 SF), S&J Enterprises (3,500 SF), all of which expire at the end of 2014. The property's CR-4 zoning within the White Flint Sector Plan makes this project a very attractive opportunity to redevelop the current use(s) and ultimately maximize the property's highest and best use, a mixed-use development with the primary use being high-rise residential and the secondary use as retail.

The SIF Group will close on the property subsequently after obtaining all necessary entitlements, which is estimated to take approximately 18 months. With all necessary approvals obtained, construction will subsequently commence for this mixed-use project. The SIF Group will sell the retail component of the project to a retail operator and will distribute the cash to the partnership.

We anticipate a 10 year hold on the asset, which will maximize the property's residual value by ensuring that the property is marketed during optimal market circumstances, maximizing the fund's residual returns.

The principal investment objective is to generate a combination of current cash flow and capital appreciation. The SIF Group will seek to generate a combination of an equity multiple of over 3.0x and overall internal rate of return over 20% to investors.

Market Opportunity

The SIF Group believes that redevelopment of the White Flint area of Montgomery County is a market that is capable of generating attractive risk-adjusted returns. The Fund intends to raise $59,272,695 million of capital, of which $12,272,695 shall be equity investments and $47,000,000 shall come from senior secured debt. In turn, the Fund's equity shall be comprised of $2,454,239 cash equity and value creation from The SIF Group and the remaining $9,818,156 from additional equity investors ("Investors").

The SIF Group is under contract to purchase the land from its current owner for $14,750,000 on a deferred purchase, to occur once all necessary approvals are obtained. The SIF Group will create significant value through obtaining the necessary entitlements to achieve the site's highest and best use and conform the site with the White Flint Sector Plan (appendix A)

It is expected that the Fund will form and contribute its capital to 5531 Nicholson Lane, LP; in turn, the Property is expected to generate sufficient cash for distributions to the Fund from both operations as well as reversion. Distributions of cash available from the Fund's investment in 5531 Nicholson Lane will be allocated in the following order of priority:

- Preferred Return: 100% to the Equity until it has received a 10% cumulative compounded annual preferred return on its capital contributions to 5531 Nicholson Lane Fund, L.P..

- Back-End Split: Thereafter, 40% to the Investors and 60% to The SIF Group.

- Return of Capital: 100% to the Fund until it has received an amount equal to its capital contributions to 5531 Nicholson Lane, L.P. (the "Fund"). 100% of Net proceeds from the disposition of the entire residential operating asset (year 10 of our analysis)

Fee Structure

Acquisition Fee: The SIF Group will agree to waive its acquisition fee, which is 1% of the property's value at acquisition.

Asset Management: The SIF Group will waive its asset management fee, which is 1% of effective gross income annually.

Management Fees: The SIF Group intends to retain the services of CBRE to provide property management services and leasing once construction is complete. To the extent CBRE provides such services, it will be entitled to receive an annual property management fee of 3% of effective gross income.

Broker's fees upon Disposition: It is the SIF Group's intention to sell the retail component once it obtains occupancy. Also, the residential component is expected to be sold after a holding period of ten (10) years. The SIF Group may select a broker to market either or both components of the property for sale to prospective buyers. In either case, the broker may be entitled to a disposition fee upon the sale of the asset in an amount equal to up to 3% of gross asset sale price. These fees are modeled at the maximum 3.0% for purposes of calculating returns to investors.

Pro Forma

5531 Nicholson Lane
Rockville, MD
DEVELOPMENT BUDGET & RETURN ANALYSIS

SUMMARY DATA

RETURNS	
Residential Return on Cost (NOI / TPC)	
Current	7.28%
Stabilized	8.11%
IRR	
Unlevered	10.0%
Levered (equity)	23.1%
Equity Cash Flow Multiple	**7.5**
Return over Cost (Project Profit / TPC)	**80.2%**

SITE			
Zoning	CR-4		
Site Area (SF / acres)	54,415	1.25 ac.	
MAX FAR	4.0	217,660	177,224

PROJECT				Transit Proximity Factor	
RSF - Apartment	177,224	Parking Spaces	213	0.7	149
RSF - Retail	11,485	Retail Spaces	46	0.4	18
Common (incl. Retai	16,140	Total Spaces	259		
Above GSF	204,849	Parking GSF			
Residential Efficienc	91.7%	GSF per Space	350		
FAR Achieved	3.76				

PRO FORMA INCOME & EXPENSES

DATE				Current	2011	Stabilized	*+32 months*
				$ Amount	**Per RSF/Month**	**$ Amount**	**Per RSF/Month**
RESIDENTIAL GROSS POTENTIAL INCOME				**$5,990,880**	**$2.82**	**$6,664,051**	**$3.13**
Parking				0	0.00	0	0.00
Storage & Other Income				0	0.00	0	0.00
Gross Income				**5,990,880**	**2.82**	**6,664,051**	**3.13**
Less Vacancy, Bad Debt & Concessions			-5.52%	(330,744)	(0.16)	(367,908)	(0.17)
RESIDENTIAL EFFECTIVE GROSS INCOME				**5,660,136**	**2.66**	**6,296,143**	**2.96**
Less Operating Expenses (Incl. Res)				(1,729,904)	(0.81)	(1,873,796)	(0.88)
RESIDENTIAL NOI				**$3,930,232**	**$1.85**	**$4,422,347**	**$2.08**
RETAIL NOI		$	**250.00**	**$381,876**		**$381,876**	
NET OPERATING INCOME (NOI)				**$4,312,108**		**$4,804,223**	
RETURN ON COST (NOI / TPC)				**7.28%**		**8.11%**	
VALUE (% cost sale / retail cap / resi cap)	**3.00%**	**7.00%**	**5.00%**	**$81,538,213**	**$432.08**	**$91,085,250**	**$482.68**

CAPITALIZATION

	Debt Yield	Annl Payment		% Cost	$ Amount	Per RSF	Per GSF	Per Unit	% Capital	$ Closing
			Capital Stack							
Senior Lender	9.17%	$	**3,244,575**	**79.29%**	$47,000,000	$249.06	$229.44	$213,636	79.3%	$7,681,508
Equity - Land					0	0.00	0.00	0	0.0%	0
Equity - Cash				20.71%	12,272,695	65.04	59.91	55,785	20.7%	12,272,695
CAPITALIZATION, TOTALS				100.00%	**$59,272,695**	**$314.10**	**$289.35**	**$269,421**	**100.0%**	**$19,954,203**

Sources and Uses

5531 Nicholson Lane
North Bethesda, Maryland
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

EQUITY					
Equity Group		80.00%	9,818,156		
The SIF Group		20.00%	2,454,539		
TOTAL EQUITY - 5531 Nicholson Lane, L.P.		100.00%		12,272,695	
DEBT					
Acquisition/Development/Construction Loan	79% LTC		47,000,000		
TOTAL DEBT				47,000,000	
TOTAL SOURCES OF FUNDS					**59,272,695**

USES OF FUNDS

ACQUISITION COSTS			
Land Acquisition	14,750,000		
TOTAL ACQUISITION COSTS		14,750,000	
General Conditions	555,730		
Site Work - Total	1,432,503		
Hard Costs - Total	26,587,904		
Hard Costs - Contingency	560,408		
Project Related Costs	2,294,664		
Tenant Improvements ($ per RSF)	689,100		
TOTAL HARD COSTS		32,120,309	
A&E	1,000,000		
Legal - Development	300,000		
Third Party Studies	200,000		
Transfer and Recordation (% of Loan)	600,000		
Lender Origination Fee (% of Loan)	400,000		
Debt Placement Fee	200,000		
Equity Placement Fee	123,853		
RE Taxes (2010 assmt. / mill rate / months)	75,350		
Operating Expense Shortfall (no variable)	328,609		
Insurance - Title	75,000		
Retail Leasing Commission (years / %)	12,059		
Marketing Expenses (During Construction)	150,000		
Proffers/Reimbursement for Density Insentives	4,500,000		
Legal - Transactional	100,000		
Development Fee (months / $ per month / % hard)	1,200,000		
TOTAL SOFT COSTS		9,264,871	
TOTAL INTEREST		4,647,648	
TOTAL INTEREST OFFSET BY RENTAL INCOME		(1,510,133)	
TOTAL ALL COSTS		59,272,695	
TOTAL USES OF FUNDS			**59,272,695**

II. Development Program

There are 2 methods of development that are available under the CR zones: Standard method and Optional method. Under the standard method, development must comply with the general requirements and development standards of the CR zones. In addition to these requirements, the optional method requires the development process to provide public benefits to obtain greater density and height than allowed under the standard method of development. (See appendix B) We will seek to achieve the highest and best use for the site by the optional method of development.

Vicinity

The subject site is located on the east side of Rockville Pike, at the corner of Nicholson Lane and Citadel Avenue, within the boundaries of the White Flint Sector Plan. The entire site falls within ¼ mile radius of the White Flint Metro. The site is bounded on the west by Rockville Pike, on the east by Citadel Avenue and on the south by Nicholson Lane.

The neighborhood surrounding the site is predominantly commercial and suburban in nature. Surface parked, retail shopping centers, midrise office buildings and auto-related uses (such as the current use of the subject site) dominate the current neighborhood. The closest residential neighborhoods are Garrett Park Estates, Edson Lane Estates and Timberlawn, all approximately 1/3 mile away. Randolph Hills is approximately ½ mile away.

Site Analysis

The site is currently improved with a multi-tenant flex and warehouse complex with two, single-story buildings located at the intersection of Nicholson Lane and Citadel Avenue. The property consists of approximately 54,415 SF of land area. The Property is currently 100% leased to three tenants including: Jiffy Lube International (18,613 SF), 1st Choice Collision (9,000 SF), S&J Enterprises (3,500 SF), all of which expire during (2014) prior to our closing on the property.

Land Use

The subject property will be redeveloped as a mixed-use development, with multi-family residential as it's primary use, and ancillary ground floor retail. All parking will be structured within or below the buildings.

Building Massing and Heights

The CR-4 zone allows for a maximum 4.0 FAR and a maximum building height of 300 feet. However, due to setbacks and site specifics, the maximum FAR and the achievable FAR often differ. We will gain approval for approximately 205,000 total combined FAR square feet (3.76) under the optional method. Through our architects, BKV Group, we have conducted a massing study which calls for an 11 story building, which will have the first floor partially occupied by a retail use. The maximum numbers will be adjusted during the preliminary and site plan reviews, since the current CR-4: C-3.5, R-3.5, H-300 zoning allows for the maximum flexibility. The following chart shows our development plan, and FAR achieved.

FAR & SF Estimate and Summary

PROJECT ASSUMPTIONS:

			GSF	NSF
Project Type:		**Mixed Use:**		
		Residential (Primary)	193,361	177,221
		Retail (Secondary)	11,485	11,485
Setbacks calculated based on:				
	Front Entrance is on:	Nicholson Lane		
	Rear is on:	Citadel Avenue		
Site Area:	E/W N/S			

	54,415	**SF Site Area**
Bldg Coverage:	**80%**	**Allowable Lot Coverage**
Max Building Envelope:	**43,532**	**SF 1st Floor Max**
Site Area (from above):	**54,415**	**SF Site**
Floor Area Ratio:	**4.00**	**FAR**
Allowable Maximum SF:	**217,660**	**Total SF Max.**
Building Height Allowed (before retail):	300.00	Feet Tall (w/o Mech)
Retail SF Proposed:	**11,485**	**SF**
Building Height Allowed (with retail):	**300.00**	**Feet Tall (w/o Mech)**

BUILDING SUMMARY: / **APPROXIMATE R.S.F.:**

Floor	*E/W*	*N/S*	*SF/Floor*	*Remarks (if any):*	*Height to the next floor slab*	*Stairs, Corridors, Elevators, Bathrooms*	*Services (Mgmt, Leasing, Other)*	*Space Remaining (for Residential and retail)*
Underground			77,083	xxx	10.75	640		76,443
1 parking			8,000	xxx	10.75	640		7,360
1 retail			11,485	xxx	10.75	-		11,485
1 residential			5,000	xxx	10.75	2,076	2,924	-
2			24,657	xxx	10.75	976	138	23,543
3			24,657	xxx	10.75	976	138	23,543
4			24,657	xxx	10.75	976	138	23,543
5			24,657	xxx	10.75	976	138	23,543
6			18,385	xxx	10.75	976	138	17,271
7			18,385	xxx	10.75	976	138	17,271
8			18,385	xxx	10.75	976	138	17,271
9			11,526	xxx	10.75	976	138	10,412
10			11,526	xxx	10.75	976	138	10,412
11	-	-	11,526	xxx	10.75	976	138	10,412
12	-	-	-	xxx	-	-	-	-
13	-	-	-	xxx	-	-	-	-
14	-	-	-	xxx	-	-	-	-
15	-	-	-	xxx	-	-	-	-
		FAR SF	**204,846**		**150.50**	**11,836**	**4,304**	**188,706**
			Total SF		**Total Height**			

Site Access

Vehicular circulation directs traffic into and through the site from the surrounding major streets: Rockville Pike and Nicholson Lane. In this site layout, vehicular circulation is directed to and from the site via the underground parking garage entrance off of Citadel Avenue. Pedestrian circulation is directed around the perimeter of the site, where several building entrances are located, as well as a courtyard.

Open Space and Environmental

There is one plaza or courtyard proposed, which will be open green space. This courtyard will be located along Nicholson Lane, and should be an excellent focal point for the project from the road, as well as adjacent buildings. Further enhancing the environmental aspects of the building, there are several on-site storm water management features planned for the site, including green roofs, filterra bioretention system, micro-bioretention planter boxes and inlet storm filters.

Incentive Density and Public Benefits

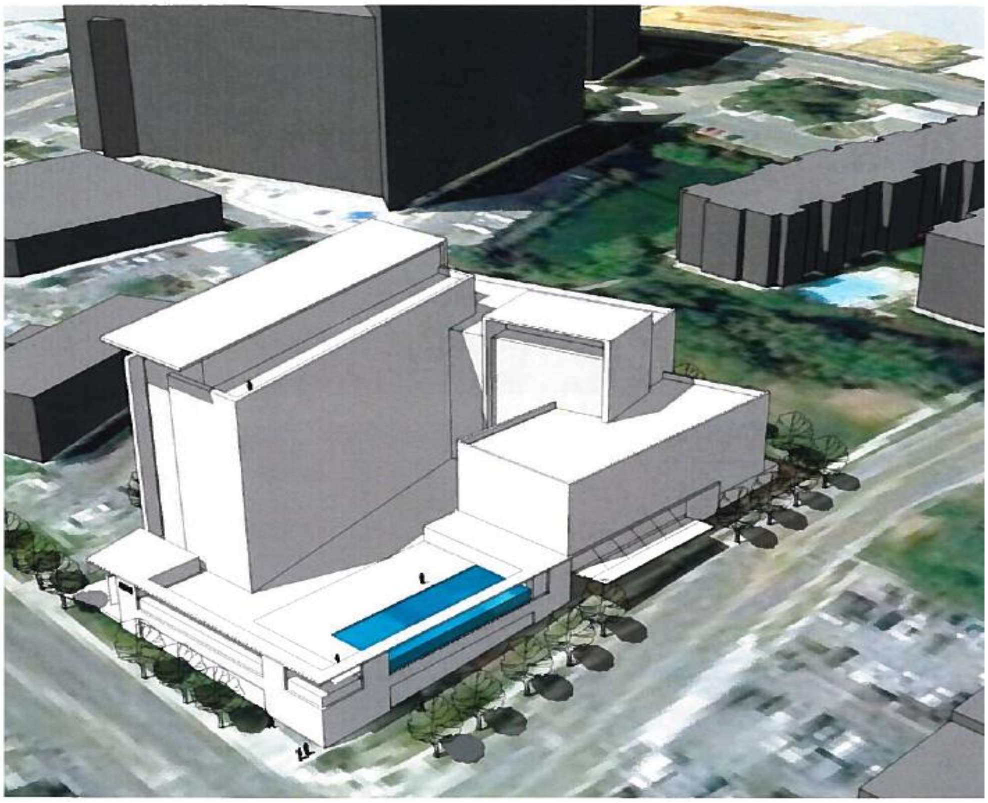
Public benefits must be provided for any development using the optional method of development in the CR zones. Building lot terminations (BLTs) must be provided per a formula provided by the ordinance, with 5% as a minimum. Beyond the purchase/payment of BLTs, projects must provide public benefits that equal 100% of their incentive density as provided in the criteria in the ordinance and the Planning Board's Incentive Density Implementation Guidelines.

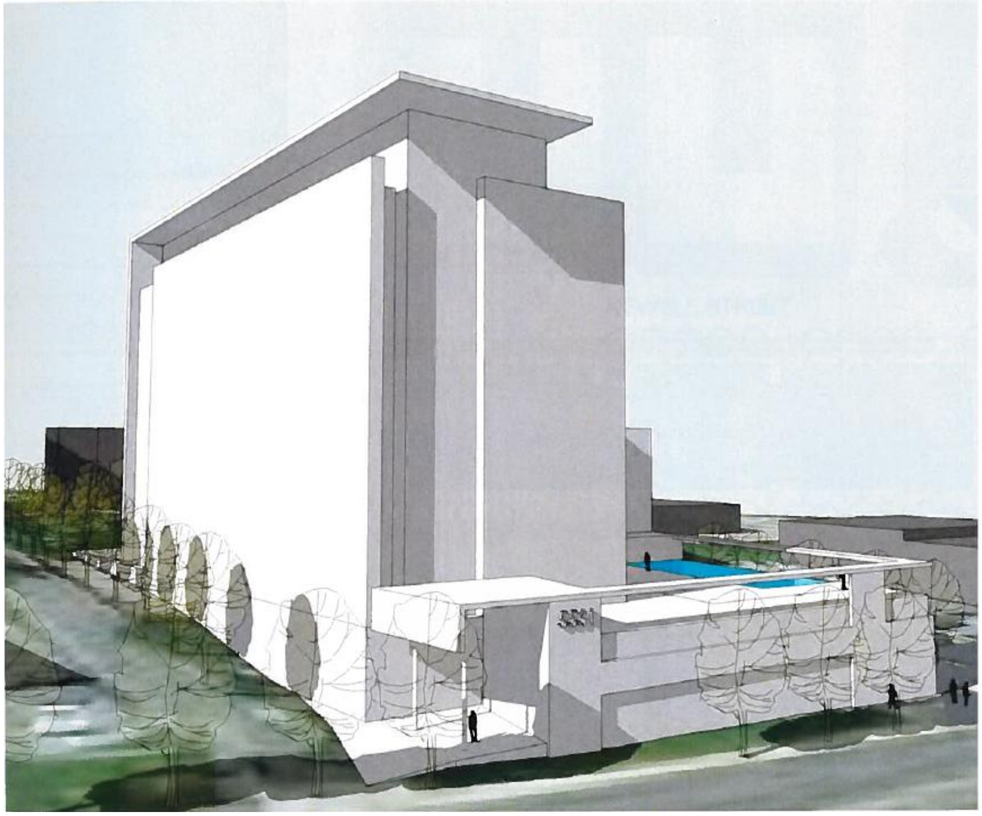
Under the CR zoning designation, incentive density is defined as the square-foot difference between the allowed standard method density (0.5 FAR for all CR zones) and the proposed density (up to a max 4.0 in this case). Any optional method development must provide public benefits from at least 4 of the incentive density and public benefits categories. Development in the CR zones must provide BLTs for at least 5 points. Again, these numbers will be adjusted as the project makes its way through the sketch plan and site plan approval process.

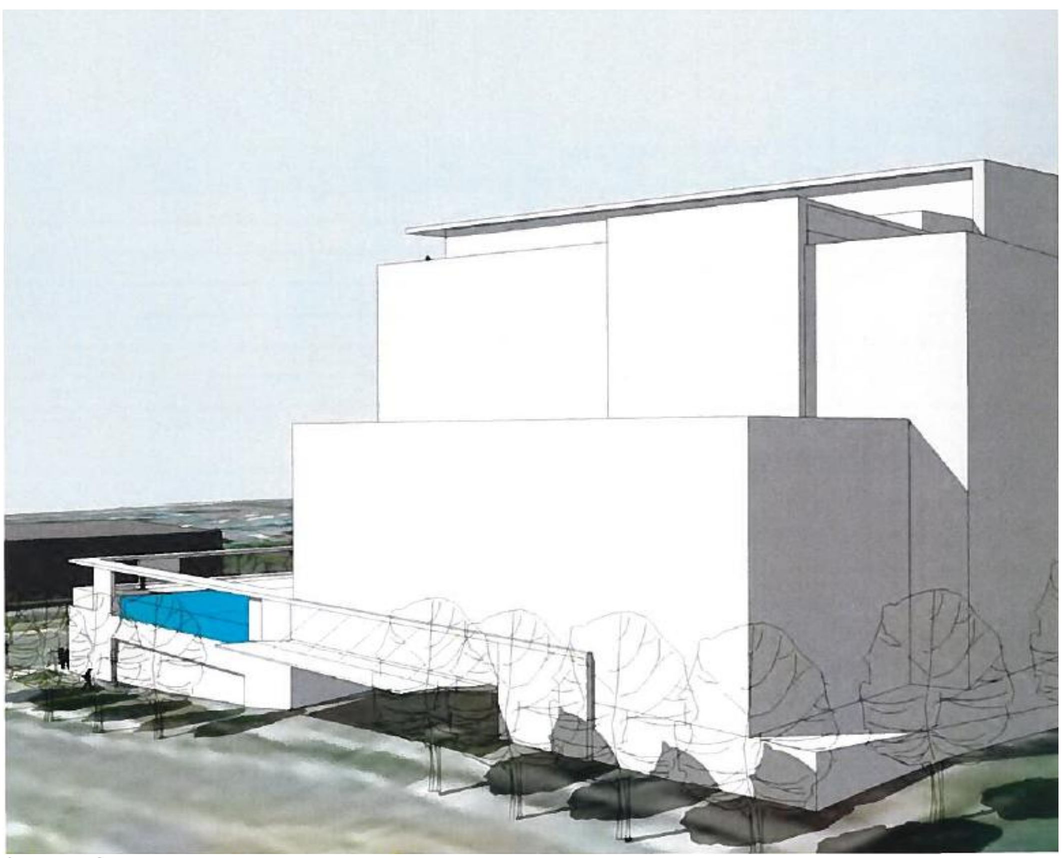
The following table outlines the public benefits proposed and the incentive density achieved by way of the optional development method.

CR Incentive Density Calculation Summary Table		
Gross tract area:	54,415	
Zoned CR Density:	4.0	
Standard Method:	0.5	
Allowed Density:	27,208	
Proposed Density:	217,660	
Insentive Density:	190,453	
Public Benefit	**% Incentive Density**	**Incentive Density**
BLTs	5.00%	9,523
Transit Proximity Level 1	40.00%	76,181
Structured Parking	20.00%	38,091
Small Business Retention	15.00%	28,568
Affordable Housing	20.00%	38,091
Total Achieved	**100.00%**	**190,453**

Renderings of Proposed Structures (preliminary)







Source: BKV Group

III. SITE AND PROPERTY DESCRIPTION

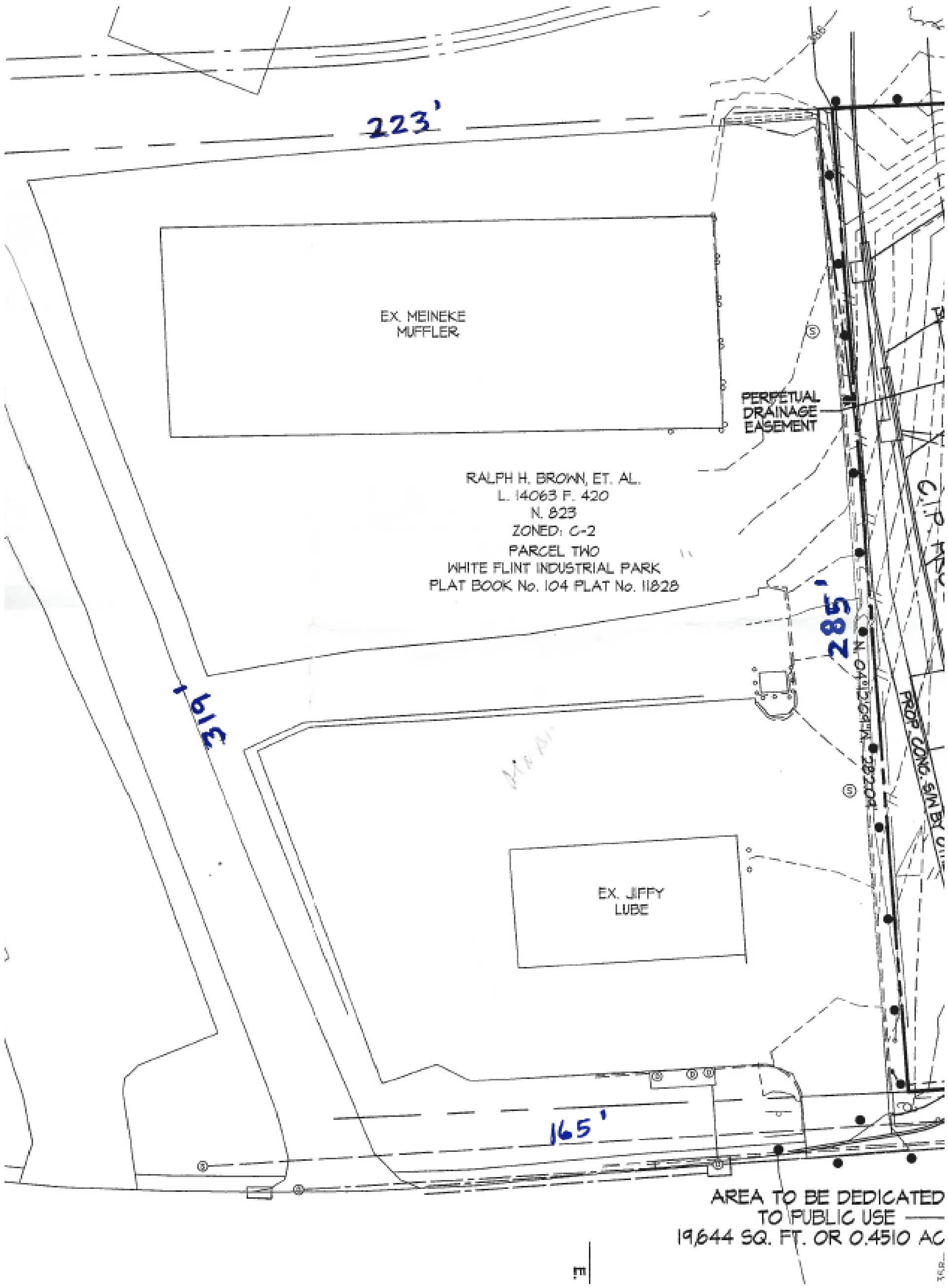
Property Address:	5531 Nicholson Lane, Rockville, MD 20852 (Tax Bill)
Property Overview	5531 Nicholson Lane is currently used as a multi-tenant flex and warehouse complex with two, single-story buildings located at the intersection of Nicholson Lane and Citadel Avenue in North Bethesda, MD. The property consists of approximately 54,415 SF of land area. The Property is currently 100% leased to three tenants including: Jiffy Lube International (18,613 SF), 1st Choice Collision (9,000 SF), S&J Enterprises (3,500 SF), all of which expire during 2014. The subject property is comprised of one tax parcel, however, for the sake of explaining the site layout, we have separated it into two separate parcels.
Parcel A	Located on the South side of the property consists of 18,613 square feet (.43 acres) fronting Nicholson Lane, currently encumbered by an approximately 6,142 square foot light industrial building built in 1988 which houses a Jiffy Lube franchise
Parcel B	Located on the North side of the property consists of 35,802 square feet (.82 acres) currently encumbered by an approximately 12,500 square foot light industrial building built in 1979 which houses two tenants: 1st Choice Collision Center (9,000 sf) and S&J Enterprises (3,500 sf).
Tax Reference:	Account Number 01809714
Legal Description:	R/W Plat No. 687
Total Land Area:	1.24 acres (54,415 sq. ft)
Zoning:	CR – 4 (R-3.5, C-3.5, H-300)
FAR:	4.0 (maximum under CR-4 zone)
Maximum Building Height:	300 Ft. (maximum under CR-4 zone)
Zoning Description:	The subject site was previously zoned General Commercial C-2 which allows various low-density commercial uses. However, this site is located within the NRC District of the recently adopted (July 2009) White Flint Sector Plan (appendix A). The NRC District is the 38.5 acres bounded by Rockville Pike, Nicholson Lane, Nebel Street and Marinelli Road. The NRC District calls for the rezoning of the low density non-residential use properties located in this district from their current zonings to higher density CR-4: C-3.5, R-3.5 zoning designations. CR zoning allows developers the choice to use the standard method or the optional method of development. We have

chosen to use the optional method of development, to achieve the highest and best use of the site.

Summary of Property's Current Use

Tenant	SF	Rate		Annual Rent - Base	Lease Comm.	Lease End	Term (yrs)
1st Choice Collision, LLC	9,000	$ 15.60	$	140,400	6/1/2010	12/31/2014	4.6
Jiffy Lube International, Inc. (Ground Lease)	18,613	$ 9.67	$	180,000	1/1/2010	12/31/2014	5.0
S&J Enterprises, LLC.	3,500	$ 13.09	$	45,831	1/1/2010	12/31/2014	5.0

Site Layout



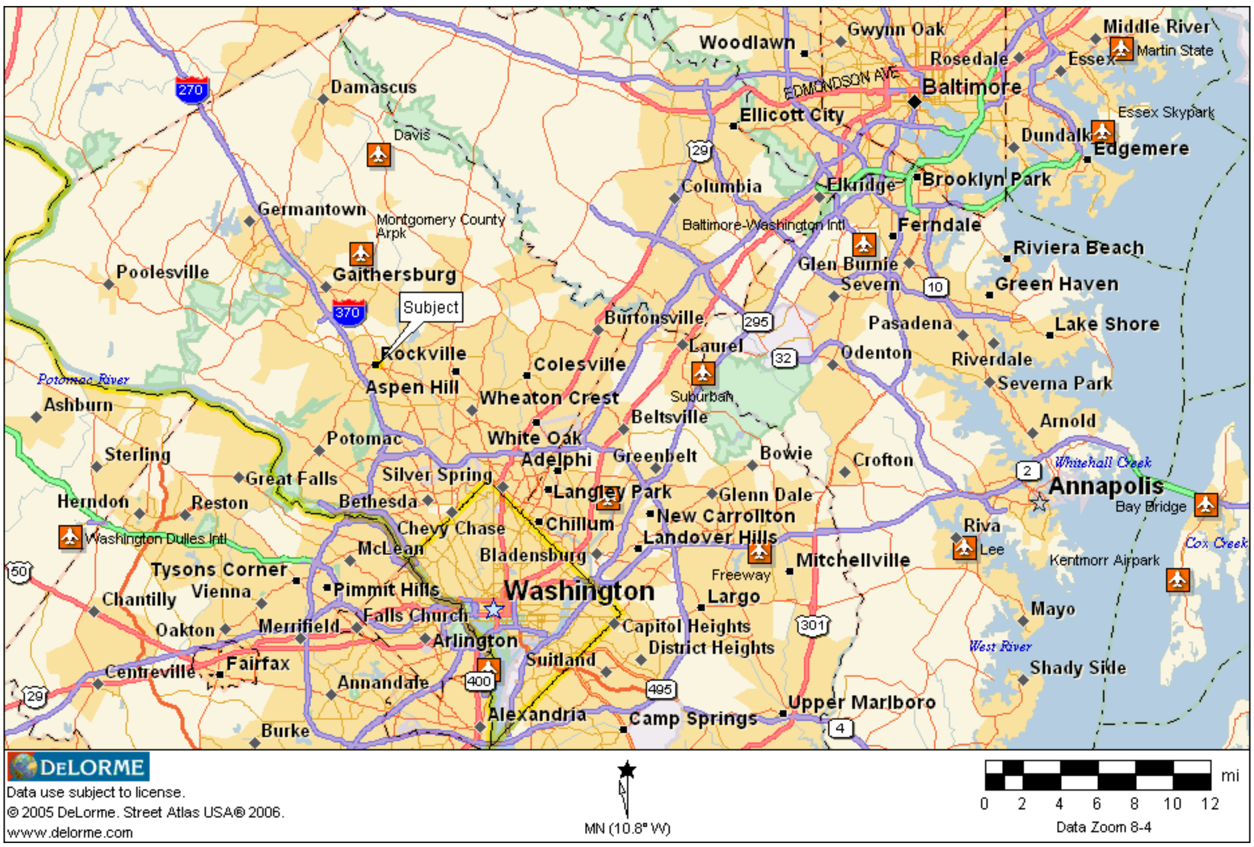
223'
EX. MEINEKE
MUFFLER
PERPETUAL
DRAINAGE
EASEMENT
RALPH H. BROWN, ET. AL.
L. 14063 F. 420
N. 823
ZONED: C-2
PARCEL TWO
WHITE FLINT INDUSTRIAL PARK
PLAT BOOK No. 104 PLAT No. 11828
285'
319'
PROP CONC. S/W
EX. JIFFY
LUBE
165'
AREA TO BE DEDICATED
TO PUBLIC USE
19,644 SQ. FT. OR 0.4510 AC

IV. MARKET ANALYSIS

Washington, DC

The subject property is located in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA), as defined by the U.S. Department of Commerce. This MSA includes the District of Columbia; the Maryland Counties of Calvert, Charles, Frederick, Montgomery and Prince George's; the Virginia Counties of Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford and Warren Counties; Jefferson County, WV; and the Virginia independent Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park.

The following map illustrates the location of the subject property within the Washington, DC MSA.



Source: DeLorme

The subject property represents a multi-tenant industrial (automotive)/flex and warehouse complex, comprised of two singe-story buildings. The property is located within the I-270 Corridor, more specifically, within the White Flint area of North Bethesda, Montgomery County, Maryland.

Currently, the property is 100% occupied and utilized as industrial space, however, the highest and best use of the property is to let the current leases expire and to redevelop the site as a mixed use project, with a high rise apartment building and ground floor retail. This conclusion is grounded in an examination of the multi-family and retail markets.

Washington, DC MSA Retail Market Overview

According to Costar's Third Quarter 2011 Retail Market Report, the Washington retail market experienced a slight improvement in market conditions in the third quarter 2011. The vacancy rate went from 5.0% in the previous quarter to 4.8% in the current quarter. Net absorption was positive 575,179 square feet. Quoted rental rates increased from the previous quarter, ending at $23.27 per square foot per year. A total of eight retail buildings with 256,306 square feet of retail space were delivered to the market in the quarter, with 480,290 square feet still under construction at the end of the quarter. Washington's retail vacancy rate decreased in the third quarter 2011, ending the quarter at 4.8%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 4.9% in the fourth quarter 2010, to 5.1% at the end of the first quarter 2011, 5.0% at the end of the second quarter 2011, to 4.8% in the current quarter. Average quoted asking rental rates in the Washington retail market are up over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the third quarter 2011 at $23.27 per square foot per year. That compares to $23.09 per square foot in the second quarter 2011, and $23.34 per square foot at the end of the fourth quarter 2010, representing a 0.8% increase.

Type	No. Bldgs/Ctrs.	Total SF	Average Asking Rent	Net Absorp.	Under Construction (SF)	Vacancy
General Retail	11,936	81,945,355	$23.86	418,572	371,247	3.60%
Total Retail	13,294	223,414,898	$23.27	1,199,856	480,290	4.80%

Source: CoStar

Washington, DC MSA Multi-Family Market Overview

Demand in the Washington DC MSA has been fueled by being one of the only markets in the U.S. to experience solid employment gains over the past few years. The Washington MSA ranks fourth-largest job market among metro areas, behind New York, Los Angeles and Chicago (PPR). Historically, the regional economy relies upon extensive government offices, military installations (and related government contracting), technology, commercial business activity, associations/nonprofit organizations, and tourism. These strong fundamentals have cushioned the MSA from bearing the full force of the recent national recession by having an economic structure that is less cyclical than other MSA's throughout the country, creating a high-demand for well-located apartment housing.

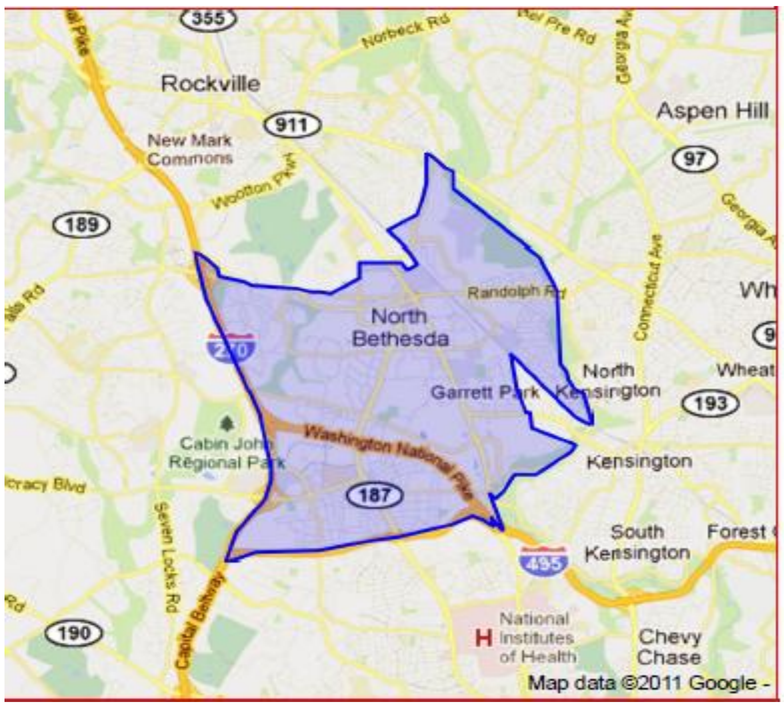
Because of these strong fundamentals, asking rents barely fell and vacancy rates, peaking at 6.7% during Q2 2011 (PPR) didn't see much of an uptick during the downturn. More importantly, the most popular submarkets in the MSA are offering little to no rent concessions, causing rent growth and in turn value growth to rank among the highest in the country (PPR). During 2010, 21 apartment deals each in excess of $50 million changed hands in the region, with this pace continuing into 2011. According to PPR, as of the second quarter 2011, 13 properties each over $50 million changed hands, with most of the transactions achieving cap rates of below 6.0%, some even lower. Because of continued investor interest, and the perception of Washington, DC as being "recession proof", Washington, DC will continue to be one of the strongest, healthiest and well insulated markets in the U.S. over the next five years (PPR).

Montgomery County/Suburban Maryland

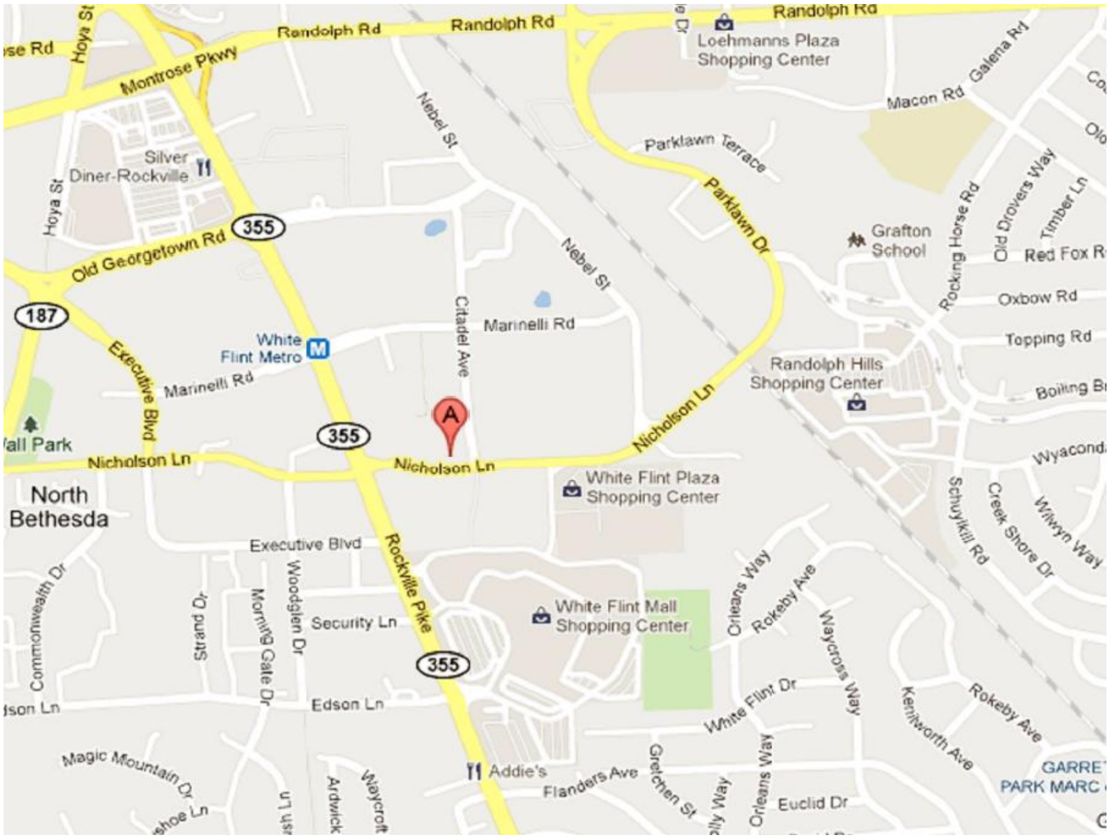
The subject property is located in the North Bethesda area of Montgomery County, Maryland. Being the wealthiest county in Maryland, residents have a median household income of $106,000 (PPR). The Montgomery County jurisdiction offers excellent access to the major thoroughfares as well as the Metrorail system. Montgomery County is known for its high quality education system and tends to generate premium pricing. About 31% of housing units are renter-occupied, with most rental units concentrated near close-in urban areas with close proximity to the Capital Beltway and along I-270. Because traffic congestion continues to get progressively worse along I-270 and I-495-Capital Beltway, multifamily development clustered around Metro stations has become a major competitive advantage in Montgomery County (PPR).

The immediate neighborhood is best defined within the boundaries for the North Bethesda/White Flint area; however, the competitive market area would include a wider geographic area, including most of Metro accessible areas of Suburban Maryland.

The following maps illustrate the subject's location in the market area and the immediate neighborhood.



Source: GoogleMaps



Source: GoogleMaps

Government Influences

The primary government influence on real property in the subject's neighborhood area is exerted by the Montgomery County Planning Board. This jurisdiction controls real estate assessment and taxation, planning, zoning, police service, fire/rescue services, education and many aspects of the judicial process.

Montgomery County Employment

According to the U.S. Bureau of Labor Statistics, employment declined in all eight large counties in Maryland (Anne Arundel County, Baltimore City, Baltimore County, Frederick County, Harford County, Howard County, Montgomery County and Prince Georges County) from March 2010 to March 2011. (Large counties are defined as those with employment of 75,000 or more as measured by 2011 annual average employment.) Howard County experienced the largest employment increase, up 3.4 percent. None of the largest counties in Maryland experienced a year over year employment decrease.

Among the eight largest counties in Maryland, employment was highest in Montgomery County (449,400), in June 2009. Three other counties—Baltimore, Baltimore City, and Prince George's—had employment levels exceeding 300,000. Together, Maryland's large counties accounted for 80.2 percent of total employment within the State. Nationwide, the 334 largest counties made up 71.2 percent of total U.S. employment. The following chart illustrates Montgomery County employment compared to the United States, the State of Maryland, the other seven largest counties in Maryland.

Area	Employment March 2011 (thousands)	Percent change, March 2010-11	National ranking by percent change
United States	127,851	1.3%	--
Maryland (State)	2,452	1.3%	--
Anne Arundel, Md.	224.6	0.9%	22
Baltimore City, Md.	327.8	0.8%	8
Baltimore, Md.	357.7	-0.2%	20
Frederick, Md.	90.4	0.3%	16
Harford, Md.	81.4	2.4%	3
Howard, Md.	147.7	3.5%	1
Prince Georges, MD	297.8	0.5%	15
Montgomery, Md.	445.7	2.0%	5

Source: U.S. BLS

The average weekly wage in Howard County rose 6.8 percent from the first quarter of 2010 to the first quarter of 2011, the largest increase among Maryland's eight large counties. Frederick County had the second-highest rate of wage growth at 6.0 percent. Montgomery County had the highest average weekly wage among the eight largest counties in the State at $1,311, followed by Howard ($1,141) and St. Mary's County ($1,110). Statewide, the average weekly wage increased 3.6 percent over the year to $1,010 in the second quarter of 2011. Nationally, the average weekly wage increased 5.2 percent to $935.

Average weekly wages in five of Maryland's eight large counties placed in the top third among the 334 largest counties in the United States in the first quarter of 2011. Wages in all five of these counties were above the U.S. average of $935. Four of these counties—Montgomery, Baltimore City, and Howard—had wages over $1,000 and ranked in the top 50 nationwide; the remaining three, Prince George's, Anne Arundel, and Baltimore, ranked 58th, 65th, and 88th, respectively.

Suburban Maryland Retail Market Overview

CoStar considers the North Bethesda submarket as part of the I-270 Corridor for statistical purposes According to Costar's Third Quarter 2011 Retail Market Report, the I-270 Corridor retail market experienced a slight improvement in market conditions in the third quarter 2011. The overall vacancy rate went from 5.3% in the previous quarter to 4.9% in the current quarter. Net absorption was positive 148,736 square feet. Quoted rental rates decreased slightly from the previous quarter, ending at $23.27 per square foot per year. A total of one building with 13,753 square feet of retail space were delivered to the market in the quarter, with 3,867 square feet still under construction at the end of the quarter. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 5.1% in the fourth quarter 2010, to 5.2% at the end of the first quarter 2011, 5.3% at the end of the second quarter 2011, to 4.9% in the current quarter.

Average quoted asking rental rates in the I-270 Corridor retail market are flat over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the third quarter 2011 at $23.86 per square foot per year. That compares to $23.87 per square foot in the second quarter 2011, and $24.29 per square foot at the end of the fourth quarter 2010, representing a 0.8% increase. (see appendix C)

Type	No. Bldgs/Ctrs.	Total SF	Average Asking Rent	Net Absorp.	Under Construction (SF)	Vacancy
General Retail	573	5,856,185	$19.87	87,131	3,867	3.50%
Total I-270 Retail	905	23,241,973	$23.86	148,736	3,867	4.90%

Source: CoStar

Suburban Maryland Multi-Family Market

Supply/Inventory

Inventory By Building Age

Year Built	Percent
Before 1970	61.0%
1970-1979	14.0%
1980-1989	10.0%
1990-1999	5.0%
2000-2009	9.0%
After 2009	1.0%
All	100.0%

As of 06/30/11

As shown, according to REIS reports (appendix D), the inventory within the submarket, consists predominantly of complexes built before 1989 (85%), with 15% built after 1990. The most important metric here being that only 1.0% have been built after 2009.

The average year-of-construction of the properties tracked by REIS in the submarket is prior to 1970. The average size of the apartment properties in the area is 272 units (REIS reports) and, on average, apartment communities in Suburban Maryland are located with close proximity to thoroughfares, with the average distance from a highway of 0.4 miles (PPR)(appendix E).

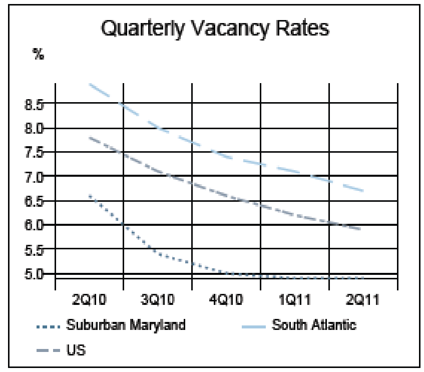
Vacancy

As of the second quarter 2011, the vacancy rate in the Suburban Maryland market is 4.9% flat from the previous quarter but down significantly from a peak in 2009 of 9.1% (REIS) (appendix D). The annualized vacancy rate in 2010 was 5.9%. Vacancy in the Suburban Maryland market has fluctuated since 2005, ranging from a low of 3.8% in the 3rd quarter 2008 to a high of 9.1% in the 3rd quarter of 2009 (REIS) (appendix D).

Section 4 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	4.9%	4.9%	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.7%	7.1%	6.9%	8.4%	7.8%	7.3%
United States	5.9%	6.2%	6.0%	7.3%	6.8%	6.5%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	26	4	3	3	6	6	4
United States	82	29	26	28	30	31	25



Period ending 06/30/11

Rental Rates

Apartment asking rents in the Suburban Maryland market increased 0.7% in the second quarter 2011, and increased 0.5% in the first quarter 2011. Asking rents increased 0.6% overall in 2011.

Section 2 - Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	1.9%	- 0.4%	0.8%	0.4%	0.4%	2.1%
Suburban Maryland	0.7%	0.5%	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.5%	0.4%	0.4%	1.7%	0.9%	2.0%
United States	0.6%	0.4%	0.5%	1.6%	0.6%	2.0%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Submarket Overview – North Bethesda/Rockville

The following map illustrates the physical boundaries of the statistics covered in this section:

Source: REIS

The subject propety is located in North Bethesda, in northern Montgomery County, Maryland. As an unincorporated area, North Bethesda's boundaries are not officially defined. North Bethesda is, however, recognized by the United States Census Bureau as a census-designated place.
According to the United States Census Bureau, the North Bethesda CDP has a total area of 8.9 square miles (23.0 km²).

Significant through-roads in North Bethesda include Interstates 270 and 495 and Maryland State Highways 187 (Old Georgetown Road), 355 (Rockville Pike), and 547 (Strathmore Avenue). The Twinbrook, White Flint, and Grosvenor-Strathmore Metrorail stations all serve the area, as does the Montgomery Country Ride On bus system.

Also in the southern sector of the census designated area, located in the triangle between the two limbs of I-270 and I-495, is a business district that includes the corporate headquarters of Lockheed Martin, Coventry Healthcare, Host Marriott and Marriott International. The Nuclear Regulatory Commission, a government agency which oversees nuclear regulation and safety in the U.S., is also headquartered here. Major shopping centers include Congressional Plaza, Mid-Pike Plaza, Montrose Crossing, Federal Plaza, and White Flint Mall.

Today, the area remains largely a commuter suburb, with most residents traveling an average of 29 minutes to their workplace. While some traditional neighborhoods remain, other areas have struggled with issues related to suburban sprawl.

<u>Major Employers</u>

Montgomery County is home to more than 2,000 businesses, with corporate growth in the last 20 years concentrated in the technology industries. Major employers include Hughes Network Systems, IBM, Lockheed Martin, MedImmune, National Institute of Standards and Technology, Gene Logic, Sodexho USA, Asbury Communities, and Digene. Many other companies have plans to come to Montgomery County (PPR)

Health Services

With the healthcare industry exploding, Montgomery County is home to a number of major hospitals and medical facilities. Shady Grove Adventist Hospital, Montgomery General Hospital, Suburban Hospital and Holy Cross Hospital all serve the North Bethesda area.

<u>Market Area Characteristics</u>

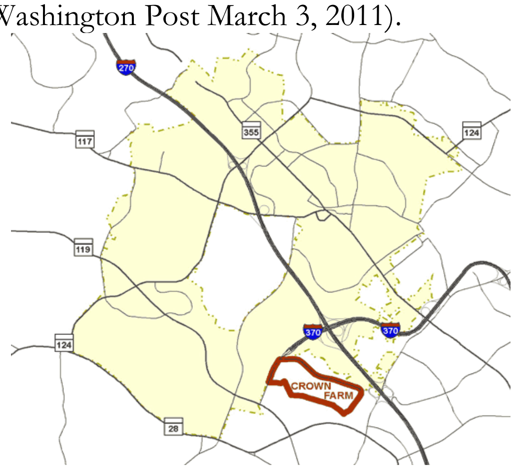
The subject is located in an area known as the I-270 Corridor. Developed primarily over the last couple of decades and exploding with growth in the 1980s early 1990s and again during the boom of the mid 2000's, this area has been a desirable suburban location in close proximity to Washington D.C. At each intersection with I-270, large parcels were planned for office parks. The area is substantially developed with some large blocks of land yet to be developed. These unimproved tracts are mostly zoned residential and do not have good commercial characteristics. The I-270 Corridor is a major center for bio-medical, communications, and telecommunications companies and is somewhat dependent upon a number of federal agencies.

Montgomery County Development Pipeline

Projects Proposed

Crown Farm Project

VII Crown Farm Owners LLC, Bethesda was approved to annex the 182-acre Crown property on August 6, 2006. The land has been divided into six (6) neighborhoods based upon the pods approved by the sketch plan. Of the six Gaithersburg neighborhoods, one is situated on the south side of Fields Road at Sam Eig Highway which has been proposed for mixed-use development. The 87 acre plot includes 1,527 residential units in a mix of single and multi-family units and townhomes plus approximately 250,000 square feet of retail space (Source: Washington Post March 3, 2011).



Wisteria Drive and Walters Road

Known as the Martens property, the proposed project to build 170 townhouses and 286 apartment units on 26.5 acres of land near the intersection of Wisteria Drive and Waters Road will be sent to the Montgomery County Planning Board in October for approval. The mixed-use property will have 13,984 square feet of retail space to add to the cumulative 456 residential units (townhomes and apartments). A preliminary hearing on September 7, 2011, reviewed the submission of finalizing legal resolutions by Buchanan Acquisitions, which resulted in a favorable vote to move forward by the Board. The development would border an existing 36-acre complex with more than 600 residences along Father Hurley and Waterford Hills boulevards, according to county records(Source: Washington Post March 3, 2011).

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Ellsworth Drive at Springvale Road

A rezoning application was submitted by Chelsea Residential Associates LLC for a 5.2 acre property on Ellsworth Drive at Springvale Road in Silver Spring. The property is currently owned by the Chelsea School, a private, special-needs school that announced last year that they would be moving their premises because most of their students commute from outside of Montgomery County. The rezoning application is necessary in order to build the envisioned goal of 76 townhome. This requires changing the zoning of the property from R-60, which allows single-family, detached houses, to RT-15, which allows townhouses.

Although the project would imply the demolishing of most of the existing school buildings, the schools' presence will not all but be forgotten, as it will be named "Chelsea Court" and save the historic Riggs-Thompson House, which would be restored as a house. A new street parallel to Springvale Road would allow homes to be arranged in six rows perpendicular to the street with intimate, shared courtyards to foster community environment. As a result, only six end houses will actually face Springvale and will be disguised to look like single-family homes so that they blend in with the existing houses across the street. The project, which is located across the street from Ellsworth Park, will also include two acres of public parkland (Source: Washington Post March 3, 2011).

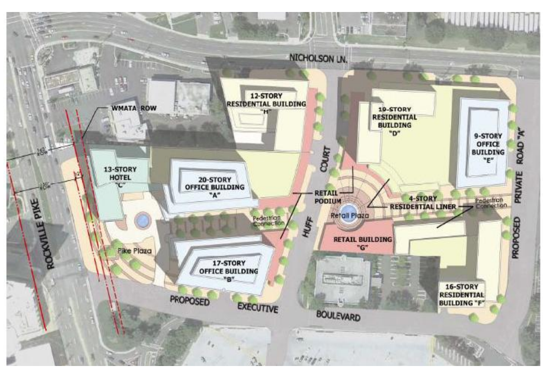
Projects Approved

Mid-Pike Plaza Shopping Center, Rockville Pike and Old Georgetown Road

In the northern part of the White Flint Sector, Federal Realty Investment Trust has been approved for the sketch plan for the redevelopment of the existing Mid-Pike Plaza shopping center, which currently accommodates Toys R Us, G Street Fabrics and Silver Diner. The new plan would allow approximately three million square feet of office and retail space and residential units and development would be performed in phases so that the existing stores and restaurants may stay open during construction (Source: Washington Post March 3, 2011).

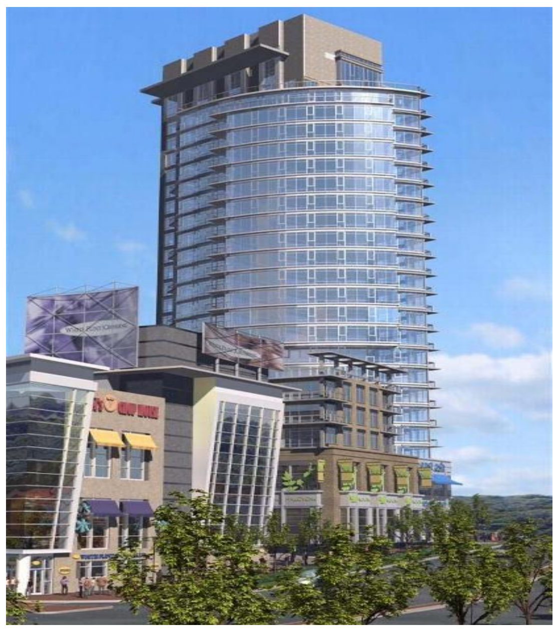
North Bethesda Gateway

The property encumbers 11411 Rockville Pike and the intersection of Nicholson Lane and Huff Court. In the southeast quadrant of Rockville Pike, the North Bethesda Gateway plan includes three properties (5510-5516, 5518 and 5526 Nicholson Lane), a total of 11.04 acres. A sketch plan for up to 1.7 million square feet of development has been approved. A mix of office, retail and residential has been proposed with up to 1,034,131 square feet of non-residential and 666,110 square feet residential. As of October 1, 2010, the property has CR3 and CR4 zoning (Source: Washington Post March 3, 2011).



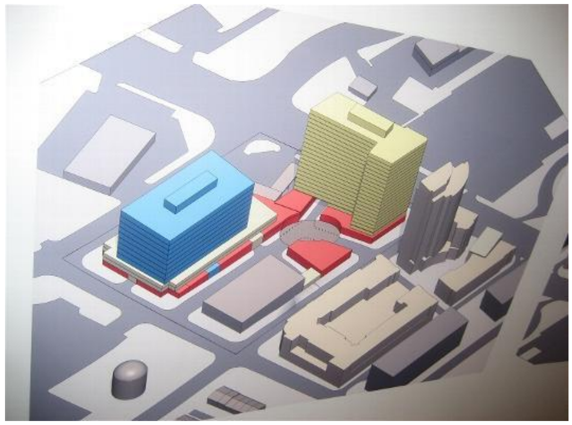
North Bethesda Market

JBG is building the second phase of its North Bethesda Market project on the south side of Nicholson Lane, west of Rockville Pike, North Bethesda. Currently, office buildings and a Chili's restaurant reside on the four acres of property. The plan details 415 apartments for a total of 400,000 square foot high-rise residential building space. Additionally, the place specifies 225,000 square feet of office space and 70,000 square feet of retail. Design and architectural work is scheduled to be performed by Studios Architecture; the firm intends on partnering with environmental specialists in order to create green roofs for each building with tree-lined promenades. Furthermore, the proposed design includes an internal plaza that will provide a sheltered space from Rockville Pike at the east with a basin-less fountain in the center of the area. Confirmed by the south-facing stepped façade with balconies facing the inward plaza, the design creates picturesque views of the city to fit the vision of an intimate, yet urbanized dwelling center for North Bethesda's growing market of professionals(Source: Washington Post March 3, 2011).



A three-phased approach was implemented by JBG for the North Bethesda Market project and is nicknamed "NoBeMa." JBG promises open walking spaces to connect the three areas ("phases") once all are completed. The phases of development are as follows:

Phase One: The current construction on Rockville Pike.
Phase Two: Buildings to the corner at Rockville Pike and Nicholson Lane.
Phase Three: To the west on the parking lot by the water tower at Woodglen and Nicholson.



NoBeMa's Three Proposed Phases

The White Flint Shopping Mall is less than .25 miles to the southeast of the subject site and is expected to also be redeveloped in the future (Source: Washington Post March 3, 2011).

Access

The neighborhood has excellent accessibility within Montgomery County and the rest of the metropolitan area. Interstate 270 as well as Rockville Pike (355) are easily accessible from the subject. Interstate 270 is a heavily traveled north/south artery connecting the Capital Beltway (I-495) to the south and the City of Frederick to the north. Metrorail's Red Line services Montgomery County, following a north/south path along Rockville Pike through most of the area. The closest stop near the subject (White Flint) is located less than ½ miles from the site. Metrobus provides extensive service along Rockville Pike. The Garrett Park MARC train station is ½ miles from the site to the east.

The main surface streets in the area include Rockville Pike (MD Route 355), Darnestown Road (Route 28), Great Seneca Highway, Quince Orchard Road/Montgomery Village Avenue, and Clopper Road. Traffic volumes in the neighborhood are very high, making retail a very good accessory use.

Social/Economic Characteristics

The economic trends that most directly impact office properties in this market area are found on a regional level. To gain a better understanding of the social and economic characteristics among residents in the subject's neighborhood, we considered statistical information pertaining to residents in a one, three and five mile radius from the subject property. This data was obtained through the CCIM site to do business and is posted in the following chart.

Subject Property Demographics			
	1 Mile	3 Mile	5 Mile
2000 Population	6,028	103,445	232,882
2009 Population	9,028	122,379	258,517
2014 Population (Projected)	10,095	129,327	268,750
Projected Change (2009-2014 annually)	2.26%	1.11%	0.78%
2000 Households	2,571	36,913	82,000
2009 Households	2,842	43,575	90,600
% Change 2000-2009	1.12%	1.86%	1.11%
2009 Average Household Size	2.28	2.76	2.82
2009 Median Household Income	$82,643	$88,497	$93,747
2009 Average Household Income	$75,150	$113,021	$121,722
2009 Per Capita Income	$31,686	$40,335	$42,973
% Households < $24,999	9.7%	8.5%	6.7%
% Households $25,000 - $49,999	17.0%	14.9%	11.9%
% Households $50,000 - $74,999	14.4%	15.0%	13.0%
% Households $75,000 - $99,999	22.8%	18.6%	17.3%
% Households > $100,000	36.2%	42.9%	51.1%

Source: CCIM/STDB

These demographics encompass the subject's defined neighborhood and surrounding parts of the Suburban Maryland. The demographics depict a stable population in an established area. The average household size is consistent with the regional average, suggesting a high percentage of family dwellings. Income characteristics suggest a high median and average household income level relative to immediate local trends. The population trends show a large positive growth in the one and three mile radii. This is consistent with the fact that this suburban community is in a state of transition with new development increasing density especially around Metrorail stations. The data also suggests that current population patterns are trending towards an influx of young professionals, new families in the early stages of formation and empty nesters. Residents in this neighborhood demonstrate a wide array of income levels; however, the majority of households are in the middle to upper income brackets.

There has been a shift in the average incomes in the subject's trade area over the past nine years, as indicated by the data. From 2000 to 2009, per capita income increased by approximately 26.9% within a one mile radius. Between 2009 and 2014, a moderate increase in per capita income of around 2.6% (overall) is projected. Median household income levels within the one mile radius have increased by 26.8% (overall) from 2000 to 2009. From 2000 through 2009, the number of households within the one mile radius of the subject increased by 3,000 households. The following chart illustrates the distribution of income within all households during 2000 and 2009.

	2009		
	1 Mile	3 Mile	5 Mile
Under $50K	27%	23%	19%
Over $50-$99K	37%	34%	30%
Over $100K	36%	43%	51%

	2000		
	1 Mile	3 Mile	5 Mile
Under $50K	37%	35%	30%
Over $50-$99K	40%	37%	37%
Over $100K	23%	28%	32%

Source: CCIM/STDB

As shown in the previous chart, 36% of households within a one-mile radius of the subject have income levels over $100,000 in 2009. As the radii get out to the five-mile radius from the subject, the percentage of households earning over $100,000 per year increases to 51%. This indicates that the distribution of wealth is concentrated outside the subject area. This is most likely due to the five mile radius including the City of Rockville as well as Bethesda. This concentration of wealth bodes well for demand for the subject property. The following chart illustrates the increased number of households who had an income over $50,000 from 2000 to 2009. The following chart also illustrates the decreased number of households whose income was under $50,000 during the same period, as well as a significant shift of households earning $100,000 or higher.

		1 Mile	3 Mile	5 Mile
Under $50K	**2000**	6,600	40,756	117,557
	2009	4,558	28,973	90,888
	% +/-	**-31%**	**-29%**	**-23%**
Over $50-$99K	**2000**	6,618	33,067	83,052
	2009	7,351	35,479	92,154
	% +/-	**11%**	**7%**	**11%**
Over $100K	**2000**	4,665	25,783	65,368
	2009	9,223	41,778	99,592
	% +/-	**98%**	**62%**	**52%**

Source: CCIM/STDB

The area demonstrates a strong demographic in the one, three and five-mile rings. The population is expected to grow in all three rings, with the one-mile ring displaying the highest percentage increase. The data demonstrates a low average household size, which is consistent with a high number of singles and empty nesters, and fewer families in the immediate area. The population also has a strong income, with average household incomes over $100,000 annually.

In terms of environmental influences, the subject property is located in a heavily developed area in a very affluent area of suburban Maryland. Most of the subject area was developed during the 1970's and 1980's and is considered to be at least 95% built-up. The neighborhood is going through a major upsizing redevelopment phase. The proximity of this suburban county to the District of Columbia and the presence of a significant commercial base in the closer-in Northern Virginia suburbs, continues to make North Bethesda one of the more desirable close-in submarkets.

Conclusion

The market area benefits from excellent access, provided by a modern transportation system and has access to the major traffic arteries connecting the White Flint neighborhood to the surrounding metropolitan area. Land uses in the market area are diverse, but consist primarily of office and flex uses either already redeveloped or planned for redevelopment as high density mixed-use. The real estate in this area is in the upward stage of its life cycle with an adequate infrastructure in place to serve the needs of the community.

Based on the characteristics of the market area, we believe continued investment is warranted. The market area appears to be stable to improving. We project that future growth will be positive. New development and renovation work is occurring in some segments of the market. Population and household growth remains healthy and is being followed by retail growth. The outlook for the next several years is considered positive.

North Bethesda Retail Market Overview

As previously noted, CoStar considers the subject property specifically within the North Bethesda/Potomac submarket. According to Costar's Third Quarter 2011 Retail Market Report, the I-270 Corridor retail market experienced a slight improvement in market conditions in the third quarter 2011(appendix C). The North Bethesda/Potomac submarket experienced negative absorption within the General Retail sector. This was an anomoly due to one lease burn off. Otherwise, the General Retail within this submarket is fairly strong, with rents and vacancy in line with the overall retail market. The following chart summarizes these market statistics.

Type	No. Bldgs/Ctrs.	Total SF	Average Asking Rent	Net Absorp.	Under Construction (SF)	Vacancy
General Retail	40	546,950	$15.00	-8,252	0	4.80%
Total I-270 Retail	86	4,819,804	$27.76	40,371	0	4.90%

Source: CoStar

North Bethesda Multi-Family Market

The Rockville submarket is comprised of 10,258 units, according to REIS (appendix D).

Inventory By Building Age

Year Built	Percent
Before 1970	37.0%
1970-1979	3.0%
1980-1989	10.0%
1990-1999	11.0%
2000-2009	33.0%
After 2009	5.0%
All	100.0%

As of 06/30/11

As shown, the inventory within the submarket is essentially bifurcated, consisting of complexes built before 1990 (50%) and after 1990 (50%).

The average year-of-construction of the properties tracked by REIS in the submarket is 1988. The average size of the apartment properties in the area is 273 units and, on average, apartment communities are located with close proximity to thoroughfares, with the average distance from a highway of 0.4 miles.

Vacancy

As of the second quarter 2011, the vacancy rate in the Rockville submarket is 7.5% up from 6.5% in the previous quarter but down significantly from a peak in 2009 of 9.1%. The annualized vacancy rate in 2010 was 7.3%. Vacancy in the submarket has fluctuated since 2005, ranging from a low of 3.8% in the 3rd quarter 2008 to a high of 9.1% in the 3rd quarter of 2009.

Section 4 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	7.5%	6.5%	7.0%	7.3%	7.4%	6.8%
Suburban Maryland	4.9%	4.9%	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.7%	7.1%	6.9%	8.4%	7.8%	7.3%
United States	5.9%	6.2%	6.0%	7.3%	6.8%	6.5%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Rental Rates
Apartment asking rents in the Rockville submarket increased 1.9% in the second quarter 2011, however, decreased (.04%) in the first quarter 2011. Asking rents increased 0.8% overall in 2011.

Section 2 - Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	1.9%	- 0.4%	0.8%	0.4%	0.4%	2.1%
Suburban Maryland	0.7%	0.5%	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.5%	0.4%	0.4%	1.7%	0.9%	2.0%
United States	0.6%	0.4%	0.5%	1.6%	0.6%	2.0%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Improved Multifamily Sales

The following chart summarizes basic information obtained on recent sales involving multi-family properties in the District of Columbia, provided by John Brideau of Joseph J. Blake & Associates. Due to rent control laws, which impact the ability to sell freely, there is less activity in the District of Columbia than in surrounding suburbs.

Based on current market conditions, capitalization rates for apartment complexes increased in 2009 for Class A and B apartment properties in the Washington, D.C. and Baltimore areas. Sales activity in the first half of the year substantially decreased over prior years, based on the severe economic recession which deepened in late 2008 and into 2009, and the credit crisis that developed at the same time. The following chart summarizes recent sales of suburban multi-family properties within the region.

Name/Location	# Units	Yr. Built	Occup.	Sale Date	Price/Unit	Going-In Ro
Crystal Plaza, Arlington, VA	539	1966/2000	96%	Sep-11	$354,360	4.75%
Del Ray Central, Alexandria, VA	141	2009	95%	Sep-11	$382,978	4.55%
2400 24th Road, Arlington, VA	217	2010	90%	Aug-11	$387,096	5.1%
Crystal Plaza, Arlington, VA	539	1967	97%	Aug-11	$351,557	4.54%
The Park at Kingview, Germantown, MD	326	1995+	98%	Aug-11	$239,571	5.03%
Carmel Vienna Metro, Fairfax, VA	250	2008	93%	Aug-11	$330,400	4.5%
Westchester at Contee Crossing, Laurel, MD	451	2008	95%	Jul-11	$217,960	5.3%
Yale Village, Rockville, MD	210	1968	95%	Jun-11	$235,714	5.0%
Cityside Huntington Metro, Alexandria	569	1970/2012	97%	May-11	$163,445	5.1%
The Clarendon, Arlington, VA	292	2003	97%	May-11	$445,205	4.9%
The Palatine, Arlington, VA	262	2008	95%	May-11	$541,030	4.25%
800 John Carlyle St, Alexandria, VA	280	2009	94%	Mar-11	$367,143	5.21%
Fairland Gardens, Silver Spring, MD	400	1981	95%	Feb-11	$145,000	6.0%
Hampton Hallow, Silver Spring, MD	240	1987	95%	Feb-11	$129,167	5.8%
Camden Westwind Farms, Ashburn, VA	464	2006	95%+/-	Dec-10	$192,888	5.8%
Residences at Congressional Village, Rockville, MD	404	2005	95%	Oct-10	$168,317	5.5%
The Ashborough, Ashburn, VA	504	2004	97%	Sept-10	$179,167	5.8%
The Courts at Fair Oaks, Fairfax, VA	364	1990	97%	Sept-10	$192,582	5.9%
Concord at Park Russett, Laurel, MD	335	2001	94%	Sept-10	$219,701	5.3%
Town Square at Millbrook, Alexandria, VA	272	2001	95%	Sept-10	$246,324	5.0%
Misty Ridge Apts., Woodbridge, VA	408	1988	95%+/-	Aug-10	$110,294	6.2%
Metropolitan at Pentagon City, Arlington, VA	325	2002	95%	Aug-10	$384,615	4.34%
The Greens at Columbia, Columbia, MD	168	1986	98%	Aug-10	$152,381	5.8%
Village at Potomac Falls, Sterling, VA	247	1999	95%	Aug-10	$155,870	5.6%
Greens at Columbia, Columbia, MD	169	1986	97%	July-10	$152,381	5.25%
Hampton Apts., Arlington, VA	135	1984	95%	July-10	$248,148	6.0%
Spa Cove, Annapolis, MD	242	1966	95%	May-10	$96,281	6.00%
Riverside Station, Woodbridge, VA	304	2005	95%	May-10	$178,618	5.75%
The Portico, Silver Spring, MD	151	2008	90%	Apr-10	$285,563	5.5%

Source: Brideau/CoStar

Sales of Class A and B apartment properties in the Washington area over the past two years demonstrate going-in capitalization rates between 4.34% and 7.5%. In 2009 cap rates increased through most of the year, with the uncertainty in the market caused by the credit crisis and economic recession. However, recent sales and conversations with area brokers indicate that investment parameters have become more aggressive in the last two years with asking cap rates for well-located, good-quality assets falling to the 4.5%-5.5% level.

V. Development Issues

Public Development Restraints

Approvals

As previously discussed, the property will be developed using the optional method of development. It is possible that for some unforseen reason, we are not able to utilize the optional method of development. If this is the case, only 27,208 gross square feet will be able to be built. However, through interviews with Josh Sloan and various County Staff members as well as members of the Montgomery County Parks and Planning, we feel very confident that this is achievable for the subject property. CR zones are set up to give the developer the choice of building to a lesser density (the standard method) or to use the optional method, which the developer "exchanges" community incentives for additional density. The subject property is located within the NRC District of the White Flint Sector Plan, which is mentioned in the Sector Plan as an area that is proximate to the metro station, which carries a heavy desire by the County to be developed to its max density potential. Furthermore, the height and density recommendations within the CR zones were developed with community input and support during the master planning process. Therefore we feel very confident that utilizing the optional method of development is the best choice by which to develop the subject property so long as its use, density and height tie together. Furthermore, as Montgomery County's goal is to improve the "jobs-housing balance" in the I-270/MD 355 corridor, The White Flint Sector Plan's overall goal is to achieve a mix of 60% residential and 40% nonresidential uses. This emphasis on residential development bodes well for the approval of our proposed project since it is a primarily residential with an ancillary retail use (Appendix A).

Staging of Dwelling Units

Staging of density for the White Flint area is tied to the amount of density being approved and is regulated through site plan approvals and the release of building permits. The following table represents the staging plan for the White Flint Sector Plan:

Staging Plan for the White Flint Sector Plan		
Phase	*Max. Residential development (d.u.)*	*Max Non-Residential development (sf.)*
Phase 1	3,000	2,000,000
Phase 2	*3,000*	*2,000,000*
Phase 3	3,800	1,690,000
Total	**9,800**	**5,690,000**

The Staging Plan is designed to ensure the fiscal responsibility, timing, sequence and coordination with the public infrastructure of the area and promote a sense of place. This becomes more refined as each project progresses through the site plan process. This could propose a timing issue for the subject property, however, through interviews with several developers with projects either approved or going through the approval process and Montgomery County Staff members, none of the projects with approvals in place or in process count against the 3,000 dwelling units in the first phase. This bodes well for our project, since 5531 Nicholson Lane will only need approvals for 188 market rate units (affordable housing is not included in the staging capacity) and only 12,000 square feet of retail.

Physical Development Restraints

The site slopes downward slightly, from the west to east. The site is currently served by public water and sewer, lying within the Rock Creek watershed and generally draining towards the northeast to an enclosed storm drain system in Huff Court, off of Nicholson Lane. There are no known rare, threatened or endangered species on site, no forests, 100-year floodplains, stream buffers, wetlands or other environmentally sensitive features on site. The property has no trees, and a very small amount of median grass. There are no known historic properties or features on the site and there are no previous approvals that encumber the site.

Highest and Best Use analysis

According to The Appraisal Of Real Estate, Tenth Edition, Appraisal Institute, 1992. Page 45, Highest and best use may be defined as:

> "That reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In arriving at the highest and best use of the subject property, it was necessary to carefully examine the area in which the property is located and the actions of the market, past, present and future. The highest and best use of a property generally sets the parameters within which that property is valued or evaluated.

The existing improvements are a legal use of the site in accordance with the previous C-2 zoning ordinance, however, this site is located within the NRC District of the recently adopted (July 2009) White Flint Sector Plan (appendix A). The NRC District calls for the rezoning of the low density non-residential use properties located in this district from their current zonings to higher density CR-4: C-3.5, R-3.5 zoning designations. CR zoning allows developers the choice to use the standard method or the optional method of development.

Physically Possible: The size, shape, location, utility, availability and terrain impose physical restraints upon the type of uses possible for the subject property. Any use incompatible with the utility, capacity or constraints imposed by the size, shape, or terrain would not be considered physically possible.

The subject property is currently used as a multi-tenant flex/warehouse complex with two, single-story buildings located at the intersection of Nicholson Lane and Citadel Avenue in North Bethesda, MD. The property consists of approximately 54,415 SF of land area with a possible max density of a 4.0 FAR with a 300' height maximum. The Property is currently 100% leased, however, if vacant, the current single-story buildings could be razed and redeveloped to a much greater density and height, and therefore higher income potential.

Legally Permissible: The primary government influence on the subject property is exerted by the Montgomery County Planning Board. The subject property has been rezoned CR-4 under the White Flint Sector Plan. The subject property is intended by this plan is intended for a mixed use, with the primary use being residential. The existing improvements are legally permissible, however, they are not a conforming use under the new sector plan.

Financially Feasible: Any use of the subject site which provides a financial return in excess of the cost of land and the amortized cost of capital limits those uses which are financially feasible.

There are a number of alternative uses of the site that would warrant demolition or significant reconfiguration of the site plan.

The current lending environment precludes the subject's site's use as an office, since they will require a significant percentage of the building to be pre-leased prior to funding on a loan. This will increase equity requirements, prolong delivery and therefore damage the attractive returns of this site. The White Flint Sector Plan seeks to keep non-residential uses along Rockville Pike, and away from interior sites. Furthermore, at the intersection of Nicholson Lane and Huff Court, Promark Real Estate Services, LLC has a sketch plan approved for its North Bethesda Gateway project, which is 1.7 million square feet of space, over 1 million of which is office space.

A primary retail use would also not be financially feasible, for many of the same reasons why a primary office would not be feasible. Given the high density and maximum height of the subject site, the Sector Plan incents developers to provide mixed-use. Retail developments are rarely constructed above 2 floors, retail would not be an optimal primary use of the site.

Maximally Productive: The maximally productive use would reflect the highest and best use of the property in light of all the previously cited criteria.

The aforementioned market information in the subject's neighborhood proves the demand for residential apartments in the area. If the apartment market softens in the future, we feel confident that we will be creating inherent value by taking the site through the approval process, and we could dispose of the land or land bank the entitled land. Furthermore, the subject could be converted to a condominium development. However, under current market conditions, use as an apartment complex with ancillary ground floor retail would be the highest and best use of the building until a significant change in market conditions takes place.

The maximally productive or highest and best use of the subject property has been determined to be a mixed-use with the secondary use being retail on the ground floor.

VI. Construction and Development Budgets

In the construction industry, painstaking preparation and planning before a project begins construction can be the difference between success and failure. We will use Davis Construction to address every critical detail, developing and maintaining accurate cost estimates and schedules, analyzing materials, building systems and construction methods. We feel that their firm provides valuable insight into mechanical and electrical systems, foundations, structural detailing and purchasing.

We will use the pre-construction phase to anticipate potential problems, to increase cost-efficiency and compress construction schedules, and to prepare the project for unexpected issues that may crop up during construction to mitigate potential delays. In the subsequent pages, Davis Construction has prepared a preliminary construction budget for the 5531 Nicholson Lane Project to assist us in our underwriting.

5531 Nicholson Lane, North Bethesda, Maryland
Preliminary Construction Budget

Scope of Work				Moving Cost Drivers (Exterior Factors)			Moving Cost Drivers (Interior Factors)			
	Each	*Sq.ft per unit*	*Total sf ea.*	*Exterior Facade*	*Total Sq.ft*	*%of Ext Total SF*	*Sq.ft of Elements based on Take off*		*Description*	*Total Sq.ft*
Residential Units	220	800	176,000	**Brick sq.ft**	21,000	15%	**Avg.Bathroom Size**	55	**# Baths**	24200
Common Area Corridors	11	1,705	18,755	**CMU sq.ft**	-	0%	**Avg. Tile Surrounds / Unit**	66	**# Baths**	29040
Lobby Area	1	2,000	2,000	**Hardie sq.ft**	35,000	25%	**Avg. Backsplash / Unit**	25	**# Units**	5500
Ground Level Retail	1	11,485	11,485	**Stucco sq.ft**	56,000	40%	**Avg. Hardwood / Unit**	450	**# Units**	99000
Garage Level 1	1	31,299	31,299	**Vinyl sq.ft**	-	0%	**Avg. Carpet / Unit (sf)**	210	**# Units**	46200
Garage Level 2	1	45,784	45,784	**Metal sq.ft**	7,000	5%		0		0
Ground Floor Parking	1	8000	8,000	**Glass sq.ft**	14,000	10%		0		0
			0	**Store Front sq.ft**	-	0%		0		0
			0	**Laminant**	-	0%		0		0
			0	**Manufactured Stone**	7,000	5%		0		0
						100.00%		0		0

Constant Cost Drivers for Budget (Derived from Scope of Work)	
Total Sellable Square Feet	176,000
Total Square Feet	293,323
Total Number of Units:	220
Total Building Exterior Sq.ft	140,000
Construction Time (Months)	18

COST CODE	DESCRIPTION OF WORK	AL	QUANTITY	UNIT	PRICE	BUDGET	DIV ISION TOTAL	$/Total SF	$/Total No. UNIT	TYP	% of Total
DIV 1	GENERAL CONDITION DIVISIONAL TOTAL					$ 0	$ 555,730	$ 1.89	$ 2,526	TOT	1.76%
DIV 2	SITE WORK					$ 0	$ 1,432,503	$ 4.88	$ 6,511	TOT	4.55%
DIV 3	CONCRETE AND FOUNDATIONS					$ 0	$ 4,840,835.00	$ 16.50	$ 22,004	TOT	15.37%
DIV 4	MASONRY					$ 0	$ 660,500.00	$ 2.25	$ 3,002	TOT	2.10%
DIV 5	METALS					$ 0	$ 3,440,242.25	$ 11.73	$ 15,637	TOT	10.92%
DIV 6	WOOD AND PLASTICS					$ 0	$ 985,000	$ 3.36	$ 4,477	TOT	3.13%
DIV 7	THERMAL AND MOISTURE PROTECT.					$ 0	$ 618,930	$ 2.11	$ 2,813	TOT	1.97%
DIV 8	DOORS AND WINDOWS					$ 0	$ 995,250	$ 3.39	$ 4,524	TOT	3.16%
DIV 9	FINISHES					$ 0	$ 2,585,457	$ 8.81	$ 11,752	TOT	8.21%
DIV 10	BUILDING SPECIALTIES					$ 0	$ 273,150	$ 0.93	$ 1,242	TOT	0.87%
DIV 11	EQUIPMENT					$ 0	$ 922,900	$ 3.15	$ 4,195	TOT	2.93%
DIV 12	FURNISHINGS					$ 0	$ 891,000.00	$ 3.04	$ 4,050	TOT	2.83%
DIV 13	SPECIAL CONSTRUCTION					$ 0	$ 87,500.00	$ 0.30	$ 398	TOT	0.28%
DIV 14	CONVEYING SYSTEMS					$ 0	$ 960,000.00	$ 3.27	$ 4,364	TOT	3.05%
DIV 15	MECHANICAL					$ 0	$ 5,734,952.75	$ 19.55	$ 26,068	TOT	18.21%
DIV 16	ELECTRICAL					$ 0	$ 3,649,112.00	$ 12.44	$ 16,587	TOT	11.59%
18100	HARD COST CONTINGENCY		2%	LS	$ 28,077,332	$ 561,547	$ 561,546.63	$ 1.91	$ 2,552	INC	1.78%
	TOTAL PROJECT RELATED COSTS						$ 2,299,235				
DC	DESIGN COSTS IF APPLICABLE	0.00%	of total				$ -	$ -	$ -	TOT	0.00%
GC	GENERAL CONDITIONS	1.76%	of total				$ 555,730	$ 1.89	$ 2,526	TOT	1.76%
SW	SITE WORK TOTAL	4.55%	of total				$ 1,432,503	$ 4.88	$ 6,511	TOT	4.55%
HC	HARD COST TOTAL	84.60%	of total				$ 26,644,829	$ 90.84	$ 121,113	TOT	84.60%
HCC	HARD COST CONTINGENCY	1.78%	of total				$ 561,547	$ 1.91	$ 2,552	TOT	1.78%
PR	PROJECT RELATED	7.30%	of total				$ 2,299,235	$ 7.84	$ 10,451	TOT	7.30%
	TOTAL HARD & SITE COSTS / GC's / PROJECT RELATED						**$ 31,493,843**	**$ 107.37**	**$ 143,154**	**TOT**	

Budget Summary

GENERAL CONDITIONS	$ 555,730	$ 1.89	$ 2,526
SITE WORK	$ 1,432,503	$ 4.88	$ 6,511
HARD COSTS	$ 26,644,829	$ 90.84	$ 121,113
HCC	$ 561,547	$ 1.91	$ 2,552
FEE	$ 1,431,653	$ 4.88	$ 6,508
PROJECT RELATED AND BOND	$ 867,582	$ 2.96	$ 3,944
Total:	$ 31,493,843	$ 107.37	$ 143,154

Our underwriting objective as an investor and developer is to leverage our costs, to create value. We seek to earn a return equal to a spread of 200 basis points over our exit cap rate. The subject property has been underwritten to a 5.00% cap rate, thus providing the property with a yield threshold of 7.00%. This investment discipline protects against construction cost shocks (including timing) as well as NOI (operating cost) shocks.

The following table illustrates the cost/NOI sensitivity of the project. Our pro forma shows a stabilized yield of 7.61%, however, a 3.0% ($2 milllion) cost reduction/increase equates to a .23% fluctuation to this yield. Concurrently, a $100,000 NOI reduction/increase equates to a .17% on stabilized yield and and a $2,000,000 fluctuation to value. We feel comfortable with these sensitivities.

5531 Nicholson Lane
North Bethesda, Maryland
Yield Analysis (NOI / Total Project Cost)

Base Assumptions	
Stabilized NOI (Year 1)	4,513,088
Total Project Cost	59,272,695
Stabilized Yield	7.61%
GLA	204,849

NOI / Cost Sensitivity	Impact on Yield (bps)
$2M Cost Reduction / Increase	**0.23%**
$100K NOI Reduction / Increase	**0.17%**

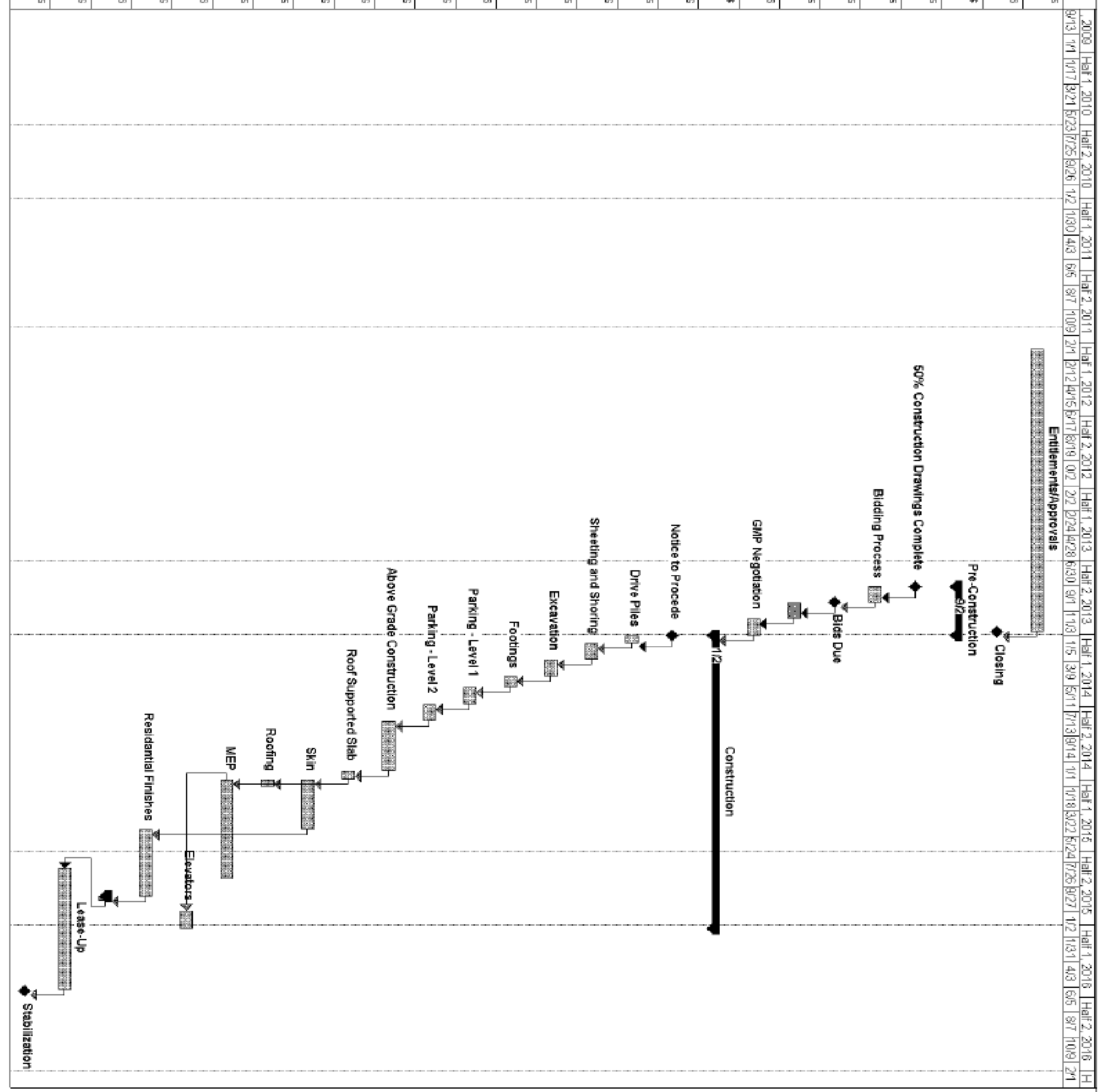
Incremental Increase/Decrease	
NOI	**100,000**
Cap Rate	5.00%
Value	2,000,000
Spread (bps)	**200**
Required Project Yield	7.00%

7.00% Yield	
Required NOI	**4,149,089**
Required Project Cost	**64,472,688**

Stabilized NOI (Year 1)		**PROJECT COST**						
		53,272,695	55,272,695	57,272,695	**59,272,695**	61,272,695	63,272,695	65,272,695
400,000	4,913,088	9.22%	8.89%	8.58%	8.29%	8.02%	7.76%	7.53%
300,000	4,813,088	9.03%	8.71%	8.40%	8.12%	7.86%	7.61%	7.37%
200,000	4,713,088	8.85%	8.53%	8.23%	7.95%	7.69%	7.45%	7.22%
100,000	4,613,088	8.66%	8.35%	8.05%	7.78%	7.53%	7.29%	7.07%
NOI	**4,513,088**	8.47%	8.17%	7.88%	**7.61%**	7.37%	7.13%	6.91%
(100,000)	4,413,088	8.28%	7.98%	7.71%	7.45%	7.20%	6.97%	6.76%
(200,000)	4,313,088	8.10%	7.80%	7.53%	7.28%	7.04%	6.82%	6.61%
(300,000)	4,213,088	7.91%	7.62%	7.36%	7.11%	6.88%	6.66%	6.45%

Construction Schedule

ID	Task Name	Duration
1	Entitlements/Approvals	509 days
2	Closing	0 days
3	**Pre-Construction**	**90 days**
4	50% Construction Drawings Complete	0 days
5	Bidding Process	30 days
6	Bids Due	0 days
7	100% Construction Documents	30 days
8	GMP Negotiation	30 days
9	**Construction**	**527 days**
10	Notice to Procede	0 days
11	Drive Piles	14 days
12	Sheeting and Shoring	30 days
13	Excavation	30 days
14	Footings	20 days
15	Parking - Level 1	30 days
16	Parking - Level 2	30 days
17	Above Grade Construction	90 days
18	Roof Supported Slab	14 days
19	Skin	90 days
20	Roofing	14 days
21	MEP	180 days
22	Elevators	34 days
23	Residantial Finishes	120 days
24	**Base Building Completion**	9 days
25	Lease-Up	220 days
26	Stabilization	30 days



VII. FINANCIAL ANALYSIS

Market Rate Unit Types	Cumulative %	# of Units	% of Units	RSF / Unit	Total SF	Per Month	Per Month	Annual	$ / RSF
Studio	41.5%	78	40.0%	586	45,677	$140,400	$1,800	$1,684,800	$3.07
1 BR	83.0%	78	40.0%	878	68,508	202,800	2,600	2,433,600	2.96
2 BR	100.0%	32	20.0%	1,100	35,200	99,200	3,100	1,190,400	2.82
	100.0%	0	0.0%	0	0	0	0	0	0.00
	100.0%	0	0.0%	0	0	0	0	0	0.00
Gross Potential Rent (Market)		**188**	**100.0%**	**795**	**149,385**	**$442,400**	**$2,353**	**$5,308,800**	**$2.96**
			14.5%	**% Affordable**					
Affordable Unit Types (2010 rent limits for 60% AMI)		**# of Units**	**% of Units**	**RSF / Unit**	**Total SF**	**Per Month**	**Per Month**	**Annual**	**$ / RSF**
Studio	40%	10	31.3%	586	5,856	$12,600	$1,260	$151,200	$2.15
1 BR	40%	10	40.0%	878	8,783	18,200	$1,820	218,400	2.07
2 BR	20%	12	20.0%	1,100	13,200	26,040	$2,170	312,480	1.97
		0	0.0%	0	0	0	0	0	#DIV/0!
Gross Potential Rent (Affordable)		**32**	**100.0%**	**870**	**27,839**	**$56,840**	**$1,776**	**$682,080**	**$2.04**
GROSS POTENTIAL RENTAL INCOME		**220**			**177,224**			**$5,990,880**	

Pro Forma Assumptions

Potential Gross Residential Rents (PGR)

Based on the above unit mix and the market-oriented rents projected with each unit type, the Potential Gross Rent for the subject's residential units is projected at $5,990,880.

Other Income

In addition to base rents, a potential purchaser of the subject property should expect to receive a relatively modest income stream from items such as: application fees, late fees, pet fees, premiums for short-term leases, NSF check fees, damage reimbursements and alike.

It is difficult to project this income stream without a stabilized historical trend. Given the upscale nature of the property, it seems unlikely that the subject should attain significant income from NSF checks and late fees. However, luxury properties do have a higher propensity to charge move-in or amenity fees and frequently generate reimbursements for water/sewer or cable services. The subject could also charges for parking spaces which come at a premium.

The following chart examines the "other income" generated by similar properties in the area.

Project Name	Number of Units	Other Income/Unit
Alexan South Glebe (2011), Arlington, VA	217	$1,276
Past Mass Ave., Washington, DC	269	$1,240
Whitney Bethesda Theater, Bethesda, MD	253	$911
Wayne Manchester, Silver Spring, MD	225	$894
Post Forest, Fairfax, VA	365	$689
Ravens Crest, Manassas, VA	444	$703
The Ellington, Washington, DC	190	$977
Average		**$956**

Source: Brideau

Based on the above data, the subject might expect "other income" of $950 per unit. The projection amounts to $209,000 annually, representing a significant upside to the value of the subject. This "other income" is difficult to project, therefore, we have excluded this income and thus, this value associated with the upside from our analysis.

Non-Revenue Units

Among luxury apartment properties in the market, it is typical for management to keep 1-2 units offline for use as models and/or discounted employee units. We have deducted a one bedroom one bath unit for a model unit that will not be rented. However, since this unit potentially could be rented, it is reflected underneath Gross Potential Income in our analysis.

Vacancy, Credit and Concession Losses

We surveyed several stabilized luxury buildings in the subject's neighborhood surrounding markets. The following chart summarizes the occupancy status of these properties.

Project Name	# Units	Occupancy
The Fenestra	492	98%
Huntington at King Farm	839	95%
Residences at Congressional Village	404	95%
Westchester at Rockville Station	163	94%
Wentworth House	225	95%
Inigos Crossing	473	93%
Whitney at Bethesda Station	253	94%
The Grand	434	97%
The Crest at Congressional Plaza	141	99%
Upstairs at Bethesda Row	180	96%
The Monterey	432	94%
Total/Average	**4,036**	**95%**

Source: Brideau

The previous data reflects occupancy among downtown luxury rental projects that might be good alternatives for a prospective tenant at the subject property. Marketwide stabilized occupancy is approximately 96%. On a stabilized basis and assuming market oriented rents as projected herein, it is anticipated that the subject will perform similar to competitive properties in the market area.

Given the data we have assumed a stabilized vacancy loss of 4.0%. Additionally, we have included a 1.0% collection loss factor. This results in a stabilized vacancy and credit loss of 5.0%.

Effective Gross Income

After deducting the stabilized vacancy and credit losses from the anticipated potential gross income, the resulting estimate of Effective Gross Income (EGI) is $5,660,136.

Operating Expenses and Replacement Reserves

In order to estimate net income, appropriate operating expenses must be deducted from the effective gross income. Typically, the most important source of information from which to project expenses for a property are the historical expenses that have been demonstrated by that property. It is also helpful to weight the subject's expenses against those extracted from comparable properties, in order to identify costs that are atypical and project expenses at market-oriented levels.

The Following chart represents the operating expenses of 8 properties over the past several years, which are similar to the proposed subject property in terms of unit size, property size, construction type and location.

Year	2006			2007		8/08 to 7/09	2009	
Property	Sovereign Park	Prestwick	The Wellington	The Metropolitan	Warwick House	Met. At Pent. Row	N/A	Crystal Plaza Apts
Units	144	310	711	308	533	326	892	538
Year Built	2004	2000	1961/2005	2004	2000	2004	1960's	1966/2000
Location	DC	Falls Church	S. Arlington	Pentagon City	Crystal City	Pentagon City	Sub. MD	Crystal City
Expenses								
Management Fees	$ 1,014	$ 481	$ 530	$ 755	$ 542	$ 691	$ 402	620
Payroll	$ 2,154	$ 1,255	$ 1,267	$ 2,346	$ 2,041	$ 1,871	$ 1,433	1923
Administrative	$ 424	$ 224	$ 236	$ 518	$ 507	$ 532	$ 430	121
Administrative and Promotion	$ 265	$ 404	$ 220	$ 402	$ 321	$ 220	$ 322	217
Repairs and Maintance	$ 1,256	$ 1,037	$ 966	$ 1,102	$ 1,115	$ 840	$ 389	894
Make Ready/Turnover	$ 352	$ 158	$ 120			$ 384	$ 331	267
Building Services		$ 357	$ 408			$ 96	$ 940	274
Utilities	$ 744	$ 1,084	$ 1,138	$ 1,774	$ 741	$ 778	$ 1,717	2215
Reimbursements								
RE Taxes	$ 1,358	$ 897	$ 1,047	$ 3,092	$ 1,855	$ 3,408	$ 1,662	2381
Other Taxes and Insurance	$ 303	$ 213	$ 205	$ 170	$ 172	$ 282	$ 184	409
TOTAL OpEx	**$ 7,870**	**$ 6,110**	**$ 6,137**	**$ 10,159**	**$ 7,294**	**$ 9,102**	**$ 7,810**	**$ 9,321**

Source: Brideau (reformatted by DG)

The subject property will have more on-site amenities thus we have adjusted our expenses accordingly.

Real Estate Taxes

We are projecting the subject property's tax liability on a current basis is $752,000.

Insurance

This is a fixed expense that does not vary due to changes in occupancy. Therefore, we have projected an insurance cost for the subject at $22,000 annually or $150 per unit.

Repairs and Maintenance

This expense projection accounts for the repairs and supplies, which are associated with the daily operation of the property, as well as service contracts for items such as trash removal, lawn service, extermination and turnover costs. This expense category is not intended to account for replacement of major capital items (such as roofs, HVAC systems, and alike), as these items will be accounted for through an allocation to a replacement reserve allowance.

The comparables in the area, suggest a range between $1,114-$1,514 per apartment, with an average of $1,346 per unit/year.

The subject is anticipated to be on the lower end of this range given the high quality of construction and recent delivery in relation to the comparables. Therefore, in projecting the repairs-maintenance expense, we have used $1,091 per unit, $240,000 annually.

Utilities

This expense can vary dramatically between similar properties, depending on lease provisions, HVAC systems and overall efficiency. The subject property will be individually metered for utilities which the tenants pay directly with the exception of water/sewer and trash which are paid by ownership and reimbursed by the tenants. This type of heating system and utility setup typically results in utility costs on the low-end of the range.

The comparable data depicts a wide range in these costs between $482-$2,221 per apartment, with an average of $1,250. The subject utility charges listed include utilities related to common areas, vacant units and water/sewer/trash charges paid by ownership and reimbursed by the tenants. Therefore, we project a stabilized utility expense below the 2010 annualized expense and within the range of comparables at $545 per apartment or $120,000 annually. This projection is consistent with the comparables whose utilities are separately metered.

Administrative/Marketing

This category accounts for expenses associated with items such as advertising, office supplies, accounting fees, legal fees, and alike. The subject's administrative and marketing expense would be high due to the additional administrative and advertising costs associated with a lease-up period. The comparables range from $461 per unit to $1,166 per unit with an average of $738 per unit. Therefore, we have projected administrative and marketing expenses consistent with market expectations for stabilized properties. As a result, we have used $545 per apartment, or $120,000 annually for Marketing and $273 per apartment, or $60,000 annually.

Personnel

This category is intended to account for direct payroll, employee insurance and other related costs. We anticipate having 2 on site leasing agents, at $45,000 per year plus small leasing incentive bonuses ($60,000 annually per employee including bonus). Therefore, we have projected the personnel expense at $644 per unit, or $141,600 annually.

Management

Typical management contracts for medium sized multi-family buildings in this market area will range between approximately 3% and 6% of the Effective Gross Income (EGI), depending on a variety of factors (location, staffing, tenant quality and alike). The comparable expense data shows a range of $647 to $1,007. Therefore, we included a management expense of 3.0% of EGI in our analysis.

Replacement Reserves

This category would provide an allowance for replacement of short-lived items, such as appliances, carpeting, roofs, HVAC systems, etc. A reserve allowance is not always found on operating statements since short-lived items are often transferred out of operating

income or capital when the replacements are needed. Investors in this marketplace vary in terms of how they account for the replacement of short-lived building components. All of the market participants indicated that they incorporated these items in their purchase decisions when formulating their desired rate of return. However, some specifically allocate an expense for this item, while others include reserves with general repairs and maintenance.

Most of the investors include replacement reserves, between $200 and $300 per unit, prior to determining their net income. In our analysis, we considered the age of the property, the location and the design, and then included a replacement reserve allowance of $250 per apartment.

Net Operating Income (NOI)

After deducting for replacement reserves, the total expenses amount to $1,729,904 annually or $8,445 per apartment. After adjusting the expenses to account for replacement reserves, the projected NOI for the first year of stabilization amounts to $3,930,232.

Market Extraction

Based on current market conditions, capitalization rates for apartment complexes increased in 2009 for Class A and B apartment properties in the Washington, D.C. and Baltimore areas. Sales activity in the first half of 2009 substantially decreased over prior years, based on the severe economic recession which deepened in late 2008 and into 2009, and the credit crisis that developed at the same time. However, in late 2009 into 2010, investors began to perceive that the bottom had been reached and buyers returned to the market. The following chart summarizes recent sales of suburban multi-family properties within the region.

Name/Location	# Units	Yr. Built	Occup.	Sale Date	Price/Unit	Going-In Ro
Crystal Plaza, Arlington, VA	539	1966/2000	96%	Sep-11	$354,360	4.75%
Del Ray Central, Alexandria, VA	141	2009	95%	Sep-11	$382,978	4.55%
2400 24th Road, Arlington, VA	217	2010	90%	Aug-11	$387,096	5.1%
Crystal Plaza, Arlington, VA	539	1967	97%	Aug-11	$351,557	4.54%
The Park at Kingview, Germantown, MD	326	1995+	98%	Aug-11	$239,571	5.03%
Carmel Vienna Metro, Fairfax, VA	250	2008	93%	Aug-11	$330,400	4.5%
Westchester at Contee Crossing, Laurel, MD	451	2008	95%	Jul-11	$217,960	5.3%
Yale Village, Rockville, MD	210	1968	95%	Jun-11	$235,714	5.0%
Cityside Huntington Metro, Alexandria	569	1970/2012	97%	May-11	$163,445	5.1%
The Clarendon, Arlington, VA	292	2003	97%	May-11	$445,205	4.9%
The Palatine, Arlington, VA	262	2008	95%	May-11	$541,030	4.25%
800 John Carlyle St, Alexandria, VA	280	2009	94%	Mar-11	$367,143	5.21%
Fairland Gardens, Silver Spring, MD	400	1981	95%	Feb-11	$145,000	6.0%
Hampton Hallow, Silver Spring, MD	240	1987	95%	Feb-11	$129,167	5.8%
Camden Westwind Farms, Ashburn, VA	464	2006	95%+/-	Dec-10	$192,888	5.8%
Residences at Congressional Village, Rockville, MD	404	2005	95%	Oct-10	$168,317	5.5%
The Ashborough, Ashburn, VA	504	2004	97%	Sept-10	$179,167	5.8%
The Courts at Fair Oaks, Fairfax, VA	364	1990	97%	Sept-10	$192,582	5.9%
Concord at Park Russett, Laurel, MD	335	2001	94%	Sept-10	$219,701	5.3%
Town Square at Millbrook, Alexandria, VA	272	2001	95%	Sept-10	$246,324	5.0%
Misty Ridge Apts., Woodbridge, VA	408	1988	95%+/-	Aug-10	$110,294	6.2%
Metropolitan at Pentagon City, Arlington, VA	325	2002	95%	Aug-10	$384,615	4.34%
The Greens at Columbia, Columbia, MD	168	1986	98%	Aug-10	$152,381	5.8%
Village at Potomac Falls, Sterling, VA	247	1999	95%	Aug-10	$155,870	5.6%
Greens at Columbia, Columbia, MD	169	1986	97%	July-10	$152,381	5.25%

Hampton Apts., Arlington, VA	135	1984	95%	July-10	$248,148	6.0%
Spa Cove, Annapolis, MD	242	1966	95%	May-10	$96,281	6.00%
Riverside Station, Woodbridge, VA	304	2005	95%	May-10	$178,618	5.75%
The Portico, Silver Spring, MD	151	2008	90%	Apr-10	$285,563	5.5%

Source: Brideau/CoStar

Sales of Class A and B apartment properties in the Washington area over the past two years demonstrate going-in capitalization rates between 4.25% and 7.5%. Over the last year investment parameters have become more aggressive with asking cap rates for well-located, good-quality assets falling to the 4.00%-5.00% level. The subject occupies an excellent location, it was built in 2007 and is in good condition and would suggest a cap rate within this range or roughly 4.50%-5.00%.

In addition to this recent sales data, we have examined responses from the *PriceWaterHouseCoopers (PWC) (formerly Korpacz) Real Estate Investor Survey*, *3rd Quarter 2011 (appendix* F). The responses are summarized in the following chart.

3rd Quarter 2011 PwC - Mid-Atlantic Apartment Market			
	Mid-Atlantic Apartment Market	Prior Quarter	1 Yr. Change
Yield Rate (IRR)			
Range	5.6%-14.0%		
Average	9.32%	-0.08	-1.01
Overall Cap Rate (R_o)			
Range	4.0%-7.5%		
Average	5.98%	-0.12	-1.17
Terminal Cap Rate (R_n)			
Range	4.5%-9.75%		
Average	6.65%	-0.08	-0.87

Although there is no specified differentiation, the respondents to the PwC Investor Survey typically deal with Class A investment grade properties. The current average for the Mid-Atlantic region is 12 basis points below the previous quarter and 117 basis points lower than the prior year. Given the subject's location within the Washington DC metro area, one of the strongest real estate markets in the nation, an overall cap rate and at the lower end of the range would be appropriate on a leased fee basis.

In our final determination of the appropriate capitalization rate for use in this analysis, we consider the major property and locational attributes are generally positive.

- The subject benefits from a good location and access.
- Current market conditions both on a regional and local level are improving.

Conclusions:

In concluding to the appropriate capitalization rate for use in estimating the subject's market value, we examined data extracted from recent sales, considered information from industry publications. The best data for determining the overall capitalization rate for use in this analysis is from recent sales.

In accordance with area brokers, low capitalization rates of recent sales have been achieved for those properties that have upside potential in rent growth. Investors are estimating rent growth rates of 3% to 5% per annum over the next 5 years for apartment properties. The subject is positioned to achieve high rent growth, as concessions can be reduced from the lease-up phase; also the market area is expected to grow 1.4% over the next 5 years. Therefore, the subject should be competitive with similarly positioned assets. In our analysis, we employed an overall capitalization rate of 5.00%, which reflects the conclusion of upside potential for rent growth.

Retail

For our loan analysis and pro forma on the property, we have assumed market rent of $35.00 per square foot annually for the well located "boutique" space of the subject property. According to the third quarter CoStar Retail Survey, shopping center rents are currently $32.12 per square foot within the subject neighborhood. We have also assumed a market vacancy factor of 5%, which is also market for the subject neighborhood. Furthermore, our analysis assumes that the space would be leased on a NNN basis, where all operating expenses would be passed through to the tenant. This results in a pro forma net operating income of the retail component of $381,876 annually.

The Fund intends to sell the retail component of the subject project as a warm dark shell to a retail operator. Given the small size of the retail component, we feel that the target buyer would be an owner-operator, who would purchase the property for their own use. Typically, these owner/users will pay more for a space. Our market research indicates that in the past year, retail spaces such as the subject property's in well located neighborhoods have sold for between $200-$300 per square foot (CoStar). As such, for our analysis, we have assumed a gross sale price of $250 per square foot, or $2,871,250.

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VALUATION ANALYSIS – Direct Capitalization

5531 Nicholson Lane
Rockville, MD
DEVELOPMENT BUDGET & PRO FORMA INCOME & EXPENSE ANALYSIS

GROSS POTENTIAL RENT (Residential)

Market Rate Unit Types	Cumulative %	# of Units	% of Units	RSF / Unit	Total SF	Per Month	Per Month	Annual	$ / RSF	% GPI	Comps - Low	Comps - High
Studio	41.5%	78	40.0%	586	45,677	$140,400	$1,800	$1,684,800	$3.07	28.1%		
1 BR	83.0%	78	40.0%	878	68,508	202,800	2,600	2,433,600	2.96	40.6%		
2 BR	100.0%	32	20.0%	1,100	35,200	99,200	3,100	1,190,400	2.82	19.9%		
	100.0%	0	0.0%	0	0	0	0	0	0.00	0.0%		
	100.0%	0	0.0%	0	0	0	0	0	0.00	0.0%		
Gross Potential Rent (Market)		**188**	**100.0%**	**795**	**149,385**	**$442,400**	**$2,353**	**$5,308,800**	**$2.96**	**88.6%**		

Affordable Unit Types (2010 rent limits for 60% AMI)		# of Units	14.5% % of Units	% Affordable RSF / Unit	Total SF	Per Month	Per Month	Annual	$ / RSF	$ / RSF
Studio	40%	10	31.3%	586	5,856	$12,600	$1,260	$151,200	$2.15	2.5%
1 BR	40%	10	40.0%	878	8,783	18,200	$1,820	218,400	2.07	3.6%
2 BR	20%	12	20.0%	1,100	13,200	26,040	$2,170	312,480	1.97	5.2%
		0	0.0%	0	0	0	0	0	#DIV/0!	0.0%
Gross Potential Rent (Affordable)		**32**	**100.0%**	**870**	**27,839**	**$56,840**	**$1,776**	**$682,080**	**$2.04**	**11.4%**
GROSS POTENTIAL RENTAL INCOME		**220**			**177,224**			**$5,990,880**		**100.0%**

OPERATING BUDGET

				Per Month	Per RSF / Mo.	$ Annual	Per RSF	% GPI
Gross Potential Rent				**$499,240**	**$2.82**	**$5,990,880**	**$33.80**	**100.0%**
Parking Income (Rent space / # Spaces / Occupancy	$0	213	100%	0	0.00	0	0.00	0.0%
Other Income (% of Base Revenue)	0.00%			0	0.00	0	0.00	0.0%
Gross Potential Income (Adjusted)				**499,240**	**2.82**	**5,990,880**	**33.80**	**100.0%**
Less: Vacancy (%)	5.00%			(24,962)	(0.14)	(299,544)	(1.69)	-5.0%
Less: Model - 1BD : 1BA Unit (no. / rent / % GPI)	1.0	$2,600		(2,600)	(0.01)	(31,200)	(0.18)	-0.5%
Less: Market Rate Concessions (months / percent)	0.00	0.00%		0	0.00	0	0.00	0.0%
Less: Bad Debt	0.00%			0	0.00	0	0.00	0.0%
EFFECTIVE GROSS INCOME (EGI)				**$471,678**	**$2.66**	**$5,660,136**	**$31.94**	**94.5%**
Operating Expenses				**Per Month**	**Per Unit**	**$ Annual**	**Per RSF**	**% Expense**
Personnel (people / overhead / salary)	2.00	18%	$60,000	(11,800)	(644)	(141,600)	(0.80)	8.2%
Make Ready / % Turnover	$350	50%		(3,208)	(175)	(38,500)	(0.22)	2.2%
Repairs & Maintenance (with contracts)				(20,000)	(1,091)	(240,000)	(1.35)	13.9%
Utilities - Common Area				(10,000)	(545)	(120,000)	(0.68)	6.9%
Utilities - Affordable Paid By Landlord ($ per month)	$0	32		0	0	0	0.00	0.0%
Marketing				(10,000)	(545)	(120,000)	(0.68)	6.9%
Administrative				(5,000)	(273)	(60,000)	(0.34)	3.5%
Management Fees (% of EGI)	3.00%			(14,150)	(772)	(169,804)	(0.96)	9.8%
Insurance				(2,750)	(150)	(33,000)	(0.19)	1.9%
Subtotal (before Taxes and Reserves)				**(76,909)**	**(4,195)**	**(922,904)**	**(5.21)**	**53.4%**
RE Taxes				(62,667)	(4,000)	(752,000)	(4.24)	43.5%
Reserves				(4,583)	(250)	(55,000)	(0.31)	3.2%
Operating Expenses (% of EGI)	**30.6%**			**(144,159)**	**(8,445)**	**(1,729,904)**	**(9.76)**	**100.0%**
RESIDENTIAL NOI				**$327,519**	**$17,865**	**$3,930,232**	**$22.18**	
RETAIL NOI (RSF / Rent / Vacancy)	**11,485**	**$35.00**	**5.00%**			**381,876**		
NET OPERATING INCOME - PROJECT						**$4,312,108**		

Discounted Cash Flow Analysis

5531 Nicholson Lane
North Bethesda, Maryland
10 Year Cash Flow and Returns

	Entitlements / Pre-Development		Construction / Lease Up		Mixed Use								
Year #			1	2	3	4	5	6	7	8	9	10	11
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross Revenues			$ -	$ 734,126	$ 5,888,168	$ 6,901,477	$ 7,182,653	$ 7,475,286	$ 7,779,840	$ 8,096,803	$ 8,426,679	$ 8,769,995	$ 9,127,298
Effective Gross Rev.			$ -	$ 693,596	$ 5,563,095	$ 6,520,460	$ 6,786,114	$ 7,062,591	$ 7,350,332	$ 7,649,795	$ 7,961,460	$ 8,285,822	$ 8,623,399
NOI			$ -	$ -	$ 2,219,880	$ 4,596,818	$ 4,803,962	$ 5,020,150	$ 5,245,768	$ 5,481,219	$ 5,726,925	$ 5,983,321	$ 6,250,866
Perm Loan				$ -	$ 1,351,906	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ -
DSCR					1.64	1.42	1.48	1.55	1.62	1.69	1.77	1.84	0
CF After Debt Svc.	$ -	$ -	$ -	$ -	$ 867,974	$ 1,352,242	$ 1,559,387	$ 1,775,574	$ 2,001,192	$ 2,236,644	$ 2,482,349	$ 2,738,746	$ 6,250,866

Gross Sale Proceeds from Retail	2,871,250
Sales Commissions	(86,138)
Net Proceeds from sale of Retail	2,785,113

Terminal Cap Rate	5.00%
Sale Proceeds	$125,017,311
Sales Commissions	($3,750,519)
Loan Exit Fees	($388,273)
A+M+C Loan Payoff	($38,827,267)
Net Profit	$82,051,252

Year #	0	0	1	2	3	4	5	6	7	8	9	10	11
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TOTAL CASH FLOW	$ -	$ -	$ -	$ 2,785,113	$ 867,974	$ 1,352,242	$ 1,559,387	$ 1,775,574	$ 2,001,192	$ 2,236,644	$ 2,482,349	$ 84,789,997	

		0	1	2	3	4	5	6	7	8	9	10
Equity Infusion		$ (12,272,695)	$ -	$ 2,785,113	$ 867,974	$ 1,352,242	$ 1,559,387	$ 1,775,574	$ 2,001,192	$ 2,236,644	$ 2,482,349	$ 84,789,997
Leveraged IRR	27.07%											
Equity Multple	8.14x											
Total Cost		$ (59,272,695)	$ -	$ 2,871,250	$ 2,219,880	$ 4,596,818	$ 4,803,962	$ 5,020,150	$ 5,245,768	$ 5,481,219	$ 5,726,925	$ 127,250,113
Unleveraged IRR	12.09%											
Equity Multple	2.75x											

Disposition Analysis

5531 Nicholson Lane Financial Analysis Proceed Distribution Based on Sale at End of 10th Year		

Distribution of Sales Proceeds

- 10% Cumulative,Compounded Return to the Equity
- Return of Net Capital Investment
- 40% Additional Cash to Equity / 60% Additional Cash to Back-End Promote (Sponsor)

Initial Equity Investment		
Equity Group	80.00%	9,818,156
The SIF Group	20.00%	2,454,539
Total Equity Investment	**100.00%**	**12,272,695**

Net Sales Proceeds Before Loan Payoff @ 5.0% CAP Rate		**125,017,311**
Sale Commissions/Closing Costs @ 3%		**(3,750,519)**
Lender Exit Fees @ 1% of loan balance		**(388,273)**
Acquisition Loan Balance (Incl. Construction)		**(38,827,267)**
Net Proceeds from Sale		**82,051,252**
Year 10 Cash Flow from Operations		2,738,746
Cumulative Non Paid Return to Equity Group		(1,421,134)
Return of Equity Group Equity		(9,818,156)
Return of The SIF Group Equity		(2,454,539)
Balance to be distributed		**71,096,168**
Distribution to All Equity Investors		
Equity Group	40.00%	28,438,467
The SIF Group	60.00%	42,657,701
TOTAL DISTRIBUTION	**100.00%**	**71,096,168**

Cap Rate Sensitivity Analysis

5531 Nicholson Lane
Financial Analysis
Cap Rate Sensitivity Analysis
Based on Sale at End of 10th Year

Initial Equity Investment		
Equity Group	80%	9,818,156
The SIF Group	20%	2,454,539
Total Equity Investment	100%	12,272,695

NOI Year 11	6,250,866
Loan Balance end of Year 10	38,827,267

Deductions from Sales Price		Additions to Sales Proceeds	
Estimated Cost of Sale	3.0%	Cash Flow Y10	2,738,746
Exit Fees (Lender)	1.0%	Total Additions	2,738,746

Capitalization Rate Sensitivity	4.75%	5.00%	5.50%
Projected Sales Price	**131,597,169**	**125,017,311**	**113,652,101**
Sales Commissions/Closing Costs	(4,336,188)	(4,138,792)	(3,797,836)
Loan Balance	(38,827,267)	(38,827,267)	(38,827,267)
Net Proceeds from Sale	**88,433,715**	**82,051,252**	**71,026,998**
Cash Flow Y10	2,738,746	2,738,746	2,738,746
Cumulative Non Paid Return to Equity Group	(1,421,134)	(1,421,134)	(1,421,134)
Return of Equity 5531 Nicholson Lane, L.P.	(9,818,156)	(9,818,156)	(9,818,156)
Return of The SIF Group Equity	(2,454,539)	(2,454,539)	(2,454,539)
Balance to be distributed	**77,478,631**	**71,096,168**	**60,071,914**

Debt Service and Income Taxes

5531 Nicholson Lane

Debt Service and Income Tax

Capital Stack			
Debt			$47,000,000
Equity Split			
5531 Nicholson Lane, L.P.	80%	$9,818,156	
The SIF Group	20%	$2,454,539	
Total Equity			$12,272,695
Total Purchase/Project Costs			**$59,272,695**

Debt Assumptions		
Debt		$47,000,000
Term	(Years)	10
Amortization	(Years)	30
Rate		5.53%
Annual Debt		$ 3,244,575

Income Tax		
Depreciation (Years)		39
Federal Income Tax Rate		35%
Capital Gains Tax Rate		15%
Improvements Value		$ 32,120,309
Cap Ex	Per Year	$ 100,000

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Net Cash Flow before debt service		**$ -**	**$ -**	**$ 2,219,880**	**$ 4,596,818**	**$ 4,803,962**	**$ 5,020,150**	**$ 5,245,768**	**$ 5,481,219**	**$ 5,726,925**	**$ 5,983,321**
Reversion Cash Flow											**$ 125,017,311**
Debt Service		$ -	$ -	$ 1,351,906	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575	$ 3,244,575
Net Cash flow After Debt Service		$ -	$ -	$ 867,974	$ 1,352,242	$ 1,559,387	$ 1,775,574	$ 2,001,192	$ 2,236,644	$ 2,482,349	$ 2,738,746
DSCR NOI		.x	.x	1.64x	1.42x	1.48x	1.55x	1.62x	1.69x	1.77x	1.84x
DSCR CF		0.x	0.x	0.64x	0.42x	0.48x	0.55x	0.62x	0.69x	0.77x	0.84x
Taxable Income (Loss)											
Amortization		$ 629,654	$ 665,370	$ 703,112	$ 742,995	$ 785,140	$ 829,676	$ 876,738	$ 926,470	$ 979,022	$ 1,034,556
Depreciation		$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598	$ 823,598
Capital expenses (Est.)				$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total Taxable Income (Loss)		$ (193,944)	$ (158,228)	$ 647,488	$ 1,171,640	$ 1,420,929	$ 1,681,653	$ 1,954,333	$ 2,239,516	$ 2,537,774	$ 2,849,704
Income Taxes Owed		$ -	$ -	$ 226,621	$ 410,074	$ 497,325	$ 588,578	$ 684,016	$ 783,831	$ 888,221	$ 997,396
Net Cash From Sale											$ 73,987,045
After Tax Cash Flow	**$ (12,272,695)**	**$ -**	**$ -**	**$ 641,353**	**$ 942,168**	**$ 1,062,061**	**$ 1,186,996**	**$ 1,317,176**	**$ 1,452,813**	**$ 1,594,128**	**$ 75,728,394**

Value of Building at Completion	$ 59,272,695
Capital Ex.	$ 800,000
(Less: Depreciation and Amortization)	$ (16,408,710)
Net Book Value	**$ 43,663,986**

Sales Price	$ 125,017,311
(Less: Net Book Value)	$ (43,663,986)
Gain On Sale	**$ 81,353,325**
Tax Liability @ 15%	$ (12,202,999)

Sales Price	$ 125,017,311
(Less: Income Tax)	$ (12,202,999)
(Less: Mortgage Balance)	$ (38,827,267)
Net Cash From Sale	**$ 73,987,045**

Amortization Table

Amortization schedule

Loan Assumptions

Loan Amount	$47,000,000
Amort	30
RATE	5.53%
Monthly PMT	$267,746.16

Yr.	month	balance start	interest	principal	balance end	principal	interest
	1	$47,000,000	$216,592	$51,154	$46,948,846		
	2	$46,948,846	$216,356	$51,390	$46,897,455		
	3	$46,897,455	$216,119	$51,627	$46,845,828		
	4	$46,845,828	$215,881	$51,865	$46,793,963		
	5	$46,793,963	$215,642	$52,104	$46,741,859		
	6	$46,741,859	$215,402	$52,344	$46,689,515		
	7	$46,689,515	$215,161	$52,585	$46,636,930		
	8	$46,636,930	$214,919	$52,828	$46,584,102		
	9	$46,584,102	$214,675	$53,071	$46,531,031		
	10	$46,531,031	$214,431	$53,316	$46,477,716		
	11	$46,477,716	$214,185	$53,561	$46,424,154		
1	**12**	**$46,424,154**	**$213,938**	**$53,808**	**$46,370,346**	**$629,654**	**$2,583,300**
	13	$46,370,346	$213,690	$54,056	$46,316,290		
	14	$46,316,290	$213,441	$54,305	$46,261,985		
	15	$46,261,985	$213,191	$54,556	$46,207,429		
	16	$46,207,429	$212,939	$54,807	$46,152,622		
	17	$46,152,622	$212,687	$55,059	$46,097,563		
	18	$46,097,563	$212,433	$55,313	$46,042,249		
	19	$46,042,249	$212,178	$55,568	$45,986,681		
	20	$45,986,681	$211,922	$55,824	$45,930,857		
	21	$45,930,857	$211,665	$56,081	$45,874,776		
	22	$45,874,776	$211,406	$56,340	$45,818,436		
	23	$45,818,436	$211,147	$56,600	$45,761,836		
2	**24**	**$45,761,836**	**$210,886**	**$56,860**	**$45,704,976**	**$665,370**	**$2,547,584**
	25	$45,704,976	$210,624	$57,122	$45,647,853		
	26	$45,647,853	$210,361	$57,386	$45,590,468		
	27	$45,590,468	$210,096	$57,650	$45,532,818		
	28	$45,532,818	$209,830	$57,916	$45,474,902		
	29	$45,474,902	$209,564	$58,183	$45,416,719		
	30	$45,416,719	$209,295	$58,451	$45,358,269		
	31	$45,358,269	$209,026	$58,720	$45,299,548		
	32	$45,299,548	$208,755	$58,991	$45,240,558		
	33	$45,240,558	$208,484	$59,263	$45,181,295		
	34	$45,181,295	$208,210	$59,536	$45,121,759		
	35	$45,121,759	$207,936	$59,810	$45,061,949		
3	**36**	**$45,061,949**	**$207,660**	**$60,086**	**$45,001,864**	**$703,112**	**$2,509,842**
	37	$45,001,864	$207,384	$60,363	$44,941,501		
	38	$44,941,501	$207,105	$60,641	$44,880,860		
	39	$44,880,860	$206,826	$60,920	$44,819,940		
	40	$44,819,940	$206,545	$61,201	$44,758,739		
	41	$44,758,739	$206,263	$61,483	$44,697,256		
	42	$44,697,256	$205,980	$61,766	$44,635,490		
	43	$44,635,490	$205,695	$62,051	$44,573,439		
	44	$44,573,439	$205,409	$62,337	$44,511,102		
	45	$44,511,102	$205,122	$62,624	$44,448,478		
	46	$44,448,478	$204,833	$62,913	$44,385,565		
	47	$44,385,565	$204,543	$63,203	$44,322,363		
4	**48**	**$44,322,363**	**$204,252**	**$63,494**	**$44,258,869**	**$742,995**	**$2,469,959**
	49	$44,258,869	$203,960	$63,787	$44,195,082		
	50	$44,195,082	$203,666	$64,080	$44,131,002		
	51	$44,131,002	$203,370	$64,376	$44,066,626		
	52	$44,066,626	$203,074	$64,672	$44,001,953		
	53	$44,001,953	$202,776	$64,970	$43,936,983		
	54	$43,936,983	$202,476	$65,270	$43,871,713		
	55	$43,871,713	$202,175	$65,571	$43,806,142		
	56	$43,806,142	$201,873	$65,873	$43,740,269		
	57	$43,740,269	$201,570	$66,176	$43,674,093		
	58	$43,674,093	$201,265	$66,481	$43,607,612		
	59	$43,607,612	$200,958	$66,788	$43,540,824		
5	**60**	**$43,540,824**	**$200,651**	**$67,096**	**$43,473,728**	**$785,140**	**$2,427,814**

Yr.	month	balance start	interest	principal	balance end	principal	interest
	61	$43,473,728	$200,341	$67,405	$43,406,324		
	62	$43,406,324	$200,031	$67,715	$43,338,608		
	63	$43,338,608	$199,719	$68,027	$43,270,581		
	64	$43,270,581	$199,405	$68,341	$43,202,240		
	65	$43,202,240	$199,090	$68,656	$43,133,584		
	66	$43,133,584	$198,774	$68,972	$43,064,612		
	67	$43,064,612	$198,456	$69,290	$42,995,322		
	68	$42,995,322	$198,137	$69,609	$42,925,713		
	69	$42,925,713	$197,816	$69,930	$42,855,782		
	70	$42,855,782	$197,494	$70,252	$42,785,530		
	71	$42,785,530	$197,170	$70,576	$42,714,954		
6	**72**	**$42,714,954**	**$196,845**	**$70,901**	**$42,644,052**	**$829,676**	**$2,383,278**
	73	$42,644,052	$196,518	$71,228	$42,572,824		
	74	$42,572,824	$196,190	$71,556	$42,501,268		
	75	$42,501,268	$195,860	$71,886	$42,429,382		
	76	$42,429,382	$195,529	$72,217	$42,357,164		
	77	$42,357,164	$195,196	$72,550	$42,284,614		
	78	$42,284,614	$194,862	$72,885	$42,211,729		
	79	$42,211,729	$194,526	$73,220	$42,138,509		
	80	$42,138,509	$194,188	$73,558	$42,064,951		
	81	$42,064,951	$193,849	$73,897	$41,991,054		
	82	$41,991,054	$193,509	$74,237	$41,916,817		
	83	$41,916,817	$193,167	$74,579	$41,842,237		
7	**84**	**$41,842,237**	**$192,823**	**$74,923**	**$41,767,314**	**$876,738**	**$2,336,216**
	85	$41,767,314	$192,478	$75,268	$41,692,046		
	86	$41,692,046	$192,131	$75,615	$41,616,431		
	87	$41,616,431	$191,782	$75,964	$41,540,467		
	88	$41,540,467	$191,432	$76,314	$41,464,153		
	89	$41,464,153	$191,081	$76,666	$41,387,487		
	90	$41,387,487	$190,727	$77,019	$41,310,469		
	91	$41,310,469	$190,372	$77,374	$41,233,095		
	92	$41,233,095	$190,016	$77,730	$41,155,365		
	93	$41,155,365	$189,658	$78,089	$41,077,276		
	94	$41,077,276	$189,298	$78,448	$40,998,828		
	95	$40,998,828	$188,936	$78,810	$40,920,018		
8	**96**	**$40,920,018**	**$188,573**	**$79,173**	**$40,840,845**	**$926,470**	**$2,286,484**
	97	$40,840,845	$188,208	$79,538	$40,761,307		
	98	$40,761,307	$187,842	$79,904	$40,681,402		
	99	$40,681,402	$187,473	$80,273	$40,601,130		
	100	$40,601,130	$187,104	$80,643	$40,520,487		
	101	$40,520,487	$186,732	$81,014	$40,439,473		
	102	$40,439,473	$186,359	$81,388	$40,358,085		
	103	$40,358,085	$185,984	$81,763	$40,276,322		
	104	$40,276,322	$185,607	$82,139	$40,194,183		
	105	$40,194,183	$185,228	$82,518	$40,111,665		
	106	$40,111,665	$184,848	$82,898	$40,028,767		
	107	$40,028,767	$184,466	$83,280	$39,945,487		
9	**108**	**$39,945,487**	**$184,082**	**$83,664**	**$39,861,823**	**$979,022**	**$2,233,932**
	109	$39,861,823	$183,697	$84,050	$39,777,773		
	110	$39,777,773	$183,309	$84,437	$39,693,336		
	111	$39,693,336	$182,920	$84,826	$39,608,510		
	112	$39,608,510	$182,529	$85,217	$39,523,293		
	113	$39,523,293	$182,137	$85,610	$39,437,683		
	114	$39,437,683	$181,742	$86,004	$39,351,679		
	115	$39,351,679	$181,346	$86,401	$39,265,279		
	116	$39,265,279	$180,947	$86,799	$39,178,480		
	117	$39,178,480	$180,547	$87,199	$39,091,281		
	118	$39,091,281	$180,146	$87,601	$39,003,681		
	119	$39,003,681	$179,742	$88,004	$38,915,677		
10	**120**	**$38,915,677**	**$179,336**	**$88,410**	**$38,827,267**	**$1,034,556**	**$2,178,398**

Distribution of Cash Flow

5531 Nicholson Lane
Distribution of Cash Flow

Cash Flow Distribution
- 10% Cumulative,Compounded Return to the Equity
- 40% Additional Cash to Equity / 60% Additional Cash to Back-End Promote (Sponsor)

Cash Equity	9,818,156
Cash Equity Preferred Return	10.00%

Year 11 NOI	6,250,866
CAP Rate	5.00%
Proceeds From Sale	125,017,311
Comms. and Closing Costs @ 3.0%	(3,750,519)
Loan Payoff	(38,827,267)
Loan Exit Fees @ 1.0% of Balance	(388,273)
Net Proceeds From Sale for Distribution	**82,051,252**

For the years ending		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow After Debt Service			0	0	867,974	1,352,242	1,559,387	1,775,574	2,001,192	2,236,644	2,482,349	2,738,746
Net Proceeds From Sale of Retail Space (Cold Dark Shell)			2,785,113									
Net Proceeds From Sale Year 10												82,051,252
Net Cash Flow			**2,785,113**	**0**	**867,974**	**1,352,242**	**1,559,387**	**1,775,574**	**2,001,192**	**2,236,644**	**2,482,349**	**84,789,997**
Distribution Level 1												
Initial Cash Equity Infusion			**9,818,156**									
Equity Balance			9,818,156	9,818,156	10,799,972	11,993,811	13,034,789	13,819,860	14,211,342	14,211,342	14,211,342	14,211,342
Preferred Return	10.00%		981,816	981,816	1,079,997	1,199,381	1,303,479	1,381,986	1,421,134	1,421,134	1,421,134	1,421,134
Cumulative Unpaid Preferred Return Owed			981,816	981,816	2,061,813	2,393,220	2,344,457	2,167,056	1,812,616	1,421,134	1,421,134	1,421,134
Cash Distribution - Level 1			**981,816**	**0**	**867,974**	**1,352,242**	**1,559,387**	**1,775,574**	**1,812,616**	**1,421,134**	**1,421,134**	**1,421,134**
Remaining Unpaid Preferred Return			0	981,816	1,193,839	1,040,978	785,070	391,482	0	0	0	0
			0									
Return of Equity - Equity Partners												9,818,156
Return of Equity - The SIF Group												2,454,539
Total Equity Returned						0	0	0	0	0	0	12,272,695
Cash To Be Distributed (After Return of all Equity)			**1,803,297**	**0**	**0**	**0**	**0**	**0**	**188,576**	**815,510**	**1,061,215**	**71,096,168**
Distribution Level 2												
Equity Partners (Front-End)	40.00%		721,319	0	0	0	0	0	75,431	326,204	424,486	28,438,467
The SIF Group (Back-End)	60.00%		1,081,978	0	0	0	0	0	113,146	489,306	636,729	42,657,701
Total - Distribution Level 2	**100.00%**		**1,803,297**	**0**	**0**	**0**	**0**	**0**	**188,576**	**815,510**	**1,061,215**	**71,096,168**
Summary of Distributions												
Equity Partners (Front-End)		(9,818,156)	1,703,134	0	867,974	1,352,242	1,559,387	1,775,574	1,888,047	1,747,338	1,845,620	29,859,601
The SIF Group		(2,454,539)	1,081,978	0	0	0	0	0	113,146	489,306	636,729	42,657,701
TOTAL		**(12,272,695)**	**2,785,113**	**0**	**867,974**	**1,352,242**	**1,559,387**	**1,775,574**	**2,001,192**	**2,236,644**	**2,482,349**	**72,517,302**

	IRR	Equity Multiple
Equity Partners Returns	20.2%	4.34x
The SIF Group	38.9%	18.32x

VIII. Project Management Plan

Architect

BKV Group is a design leader in the development of residential environments. They are a design resource that emphasizes the total building design, from the aesthetics of residential branding to the sciences of building technology and the challenge of creative cost control. The creative design value of BKV Group has attracted national exposure and clients. BKV Group's creative effort embraces the client and translates their vision into a reality that endeavors to exceed their expectations. It is a journey that involves the community in the "vision for growth and quality" structured to rally support and enthusiasm; a team of client, neighborhood and designer working together to build community.

1054 31st Street N.W. Canal Square, Suite 204 Washington, DC 20007

Civil Engineer/Land Planner/Environmental/Transportation

Dewberry is a leading professional services firm. We selected Dewberry because of their "one stop shop" approach to client support. We felt that there would be significant savings in time and money by using this type of approach. With Dewberry handing the civil, land planning, environmental and transportation, we felt that there could be a real synergy there.

Dewberry 203 Perry Parkway Suite 1 Gaithersburg, MD 20877-2169

General Contractor

James G. Davis Construction Corporation (DAVIS) has provided construction services in Maryland, Virginia, and Washington, DC since 1966. They have completed base buildings, renovation, and interior construction projects of all sizes for corporate headquarters, the public sector, law firms, associations, technology companies, telecommunications firms, mission critical facilities, schools, broadcast facilities, restaurants, retail, and many other clients

12530 Parklawn Drive 1430 Rockville, MD 20852

Legal Counsel

Walsh Colucci is a diverse, mid-size civil practice, with wide-ranging emphasis in the practice areas of commercial real estate development law, business law and civil litigation. They provide clients with thoughtful, sophisticated counsel, supported by a critical mass of resources and talent.

Courthouse Plaza 2200 Clarendon Blvd. 13th Floor Arlington, VA 22201

Property Manager /Marketing/Leasing Consultants

CBRE offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management

7501 Wisconsin Ave. Suite 820E Bethesda, MD 20814

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<u>Appendicies</u>

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midtown on the pike

White Flint Sector Plan

April 2010

approved and adopted

montgomery county planning department
the maryland-national capital park and planning commission
MontgomeryPlanning.org

WHITE FLINT ABSTRACT

This Plan contains the text and supporting maps for a comprehensive amendment to the approved and adopted 1992 North Bethesda/Garrett Park Master Plan, as amended. It also amends The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties, as amended, the Master Plan of Highways within Montgomery County, as amended, and the Countywide Bikeways Functional Master Plan, as amended. This Plan focuses on land use, appropriate density, and mobility for 430 acres around the White Flint Metro Station, and makes recommendations for zoning; urban design; the transportation network including transit, streets and bikeways; and public facilities.

SOURCE OF COPIES

The Maryland-National Capital Park and Planning Commission
8787 Georgia Avenue
Silver Spring, MD 20910-3760

Available online at www.montgomeryplanning.org/community/whiteflint/

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Maryland-National Capital Park and Planning Commission is a bi-county agency created by the General Assembly of Maryland in 1927. The Commission's geographic authority extends to the great majority of Montgomery and Prince George's Counties; the Maryland-Washington Regional District (M-NCPPC planning jurisdiction) comprises 1,001 square miles, while the Metropolitan District (parks) comprises 919 square miles, in the two counties.

The Commission is charged with preparing, adopting, and amending or extending The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties.

The Commission operates in each county through Planning Boards appointed by the county government. The Boards are responsible for preparing all local plans, zoning amendments, subdivision regulations, and the administration of parks.

The Maryland-National Capital Park and Planning Commission encourages the involvement and participation of individuals with disabilities, and its facilities are accessible. For assistance with special needs (e.g., large print materials, listening devices, sign language interpretation, etc.), please contact the Community Outreach and Media Relations Division, 301-495-4600 or TDD 301-495-1331.

WHITE FLINT SECTOR PLAN

CERTIFICATION OF APPROVAL AND ADOPTION

This Comprehensive Amendment to the *Approved and Adopted 1992 North Bethesda/Garrett Park Master Plan*, as amended; *The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District Within Montgomery and Prince George's Counties*, as amended; the *Master Plan of Highways Within Montgomery County*, as amended; and the *Master Plan of Bikeways*, 1978, as amended; has been approved by the Montgomery County Council, sitting as the District Council, by Resolution No. 16-1300 on March 23, 2010, and has been adopted by The Maryland-National Capital Park and Planning Commission by Resolution 10-02 on April 21, 2010 after a duly advertised public hearing as required by Article 28 of the Annotated Code of Maryland.

THE MARYLAND–NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Royce Hanson
Chairman

Samuel J. Parker, Jr.
Vice Chairman

Al Warfield
Acting Secretary-Treasurer

MONTGOMERY COUNTY PLANNING DEPARTMENT
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB NO. 10-19
M-NCPPC NO. 10-02

RESOLUTION

WHEREAS, The Maryland-National Capital Park and Planning Commission, by virtue of Article 28 of the Annotated Code of Maryland, is authorized and empowered, from time to time, to make and adopt, amend, extend and add to *The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District within Montgomery and Prince George's Counties*; and

WHEREAS, the Montgomery County Planning Board of The Maryland-National Capital Park and Planning Commission, pursuant to said law, held a duly advertised public hearing on January 12, 2009 on the Public Hearing Draft White Flint Sector Plan, being also an amendment to the *Approved and Adopted 1992 North Bethesda/Garrett Park Master Plan*, as amended; the Countywide Bikeways Functional Master Plan, as amended; The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District within Montgomery and Prince George's Counties, as amended; and the Master Plan of Highways within Montgomery County, as amended; and

WHEREAS, the Montgomery County Planning Board, after said public hearing and due deliberation and consideration, on July 16, 2009, approved the Planning Board Draft White Flint Sector Plan, recommended that it be approved by the District Council, and forwarded it to the County Executive for recommendations and analysis; and

WHEREAS, the Montgomery County Executive reviewed and made recommendations on the Planning Board Draft White Flint Sector Plan and forwarded those recommendations and analysis to the District Council on October 6, 2009; and

WHEREAS, the Montgomery County Council sitting as the District Council for the portion of the Maryland-Washington Regional District lying within Montgomery County, held a public hearing on October 20 and 22, 2009, wherein testimony was received concerning the Planning Board Draft White Flint Sector Plan; and

WHEREAS, the District Council, on March 23, 2010, approved the Planning Board Draft White Flint Sector Plan subject to modifications and revisions set forth in Resolution No. 16-1300.

Vision Division, 301-495-4555, Fax: 301-495-1304
8787 Georgia Avenue, Silver Spring, Maryland 20910
www.MontgomeryPlanning.org

MONTGOMERY COUNTY PLANNING BOARD
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOW, THEREFORE BE IT RESOLVED, that the Montgomery County Planning Board and The Maryland-National Capital Park and Planning Commission do hereby adopt the said *White Flint Sector Plan,* together with the *General Plan for the Physical Development of the Maryland-Washington Regional District within Montgomery and Prince George's Counties,* and as approved by the District Council in the attached Resolution No. 16-1300; and

BE IT FURTHER RESOLVED, that copies of said Amendment should be certified by The Maryland-National Capital Park and Planning Commission and filed with the Clerk of the Circuit Court of each of Montgomery and Prince George's Counties, as required by law.

****

This is to certify that the foregoing is a true and corrected copy of a resolution adopted by the Montgomery County Planning Board of The Maryland-National Capital Park and Planning Commission on motion of Commissioners Alfandre, Dreyfuss, Hanson, Presley, and Wells-Harley voting in favor of the motion, at its regular meeting held on Thursday, April 1, 2020, in Silver Spring, Maryland.

Patricia Colihan Barney
Patricia Colihan Barney
Executive Director

****

This is to certify that the foregoing is a true and correct copy of Resolution No. 10-02, adopted by the Maryland-National Capital Park and Planning Commission on motion of Commissioner Vaughns, seconded by Commissioner Dreyfuss, with Commissioners Hanson, Wells-Harley, Cavitt, Dreyfuss, Alfandre, Clark, and Squire, voting in favor of the motion, and with Commissioners Parker and Presley absent during the vote, at its meeting held on Wednesday, April 21, 2010, in Riverdale, Maryland.

Patricia Colihan Barney
Patricia Colihan Barney
Executive Director

8787 Georgia Avenue, Silver Spring, Maryland 20910 Chairman's Office: 301.495.4605 Fax: 301.495.1320
www.MCParkandPlanning.org E-Mail: mcp-chairman@mncppc.org

Approved and Adopted

The White Flint Sector Plan

midtown on the pike

Prepared by the Maryland-National Capital Park and Planning Commission
July 2009

Approved by the Montgomery County Council
March 23, 2010

Adopted by the Maryland-National Capital Park and Planning Commission
April 21, 2010

MontgomeryPlanning.org

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the vision

This Sector Plan vision establishes policies for transforming an auto-oriented suburban development pattern into an urban center of residences and businesses where people walk to work, shops and transit. Offices and plazas are full of workers during the day. At night and on weekends people attend the theater, visit galleries, and eat out. In the summer, people are out enjoying evening activities. Rockville Pike will be transformed from a traffic barrier dividing the center into a unifying multi-modal boulevard. White Flint will be a place where different lifestyles converge to make urban living interesting and exciting. The proposed cultural and retail destinations in and around the civic core, the open space system, and the walkable street grid unite to energize White Flint. From this energy, White Flint will become a vibrant and sustainable urban center that can adapt and respond to existing and future challenges.

There are few locations remaining in Montgomery County where excellent transit service and redevelopment potential coincide. The MD 355/I-270 Corridor (Map 1) is a historic travel and trade route that links communities in Montgomery County to those in Frederick County. In the last 30 years the corridor has emerged as a prime location for advanced technology and biotechnology industries with regional shopping and cultural destinations. White Flint fits squarely into Montgomery County's General Plan and long range policies as the place to accommodate a substantial portion of the region's projected growth, especially housing. This Plan recommends adding more residential capacity near existing transit facilities to balance land uses in the MD 355/I-270 Corridor. A substantial housing resource at White Flint is well situated to support the planned expansion of federal facilities in White Flint (Nuclear Regulatory Commission) and Bethesda (Walter Reed National Military Medical Center) and provide a sufficient supply of housing options to serve County residents throughout their stages of life.

White Flint was first proposed as an urban, mixed-use community at the center of North Bethesda more than 30 years ago with the extension of Metrorail service. Over the decades, the envisioned transformation from a suburban, car-oriented series of strip shopping centers into an urban, transit-oriented, mixed-use area has occurred slowly and in scattered pockets. The White Flint Mall, a regional shopping destination with three floors of shops and ample structured parking, was one of the early attempts to blend urban form with suburban needs. But, the automobile still dominates, especially along Rockville Pike and the pedestrian experience in most of White Flint is barely tolerable. Recent projects (the Conference

midtown

Center, The Sterling, and the North Bethesda Center) have created urban block patterns with buildings oriented toward the streets, destination uses, and an improved pedestrian experience. More needs to be done to connect these urban pockets, to introduce civic functions and open space, and to reduce conflicts between vehicles and pedestrians.

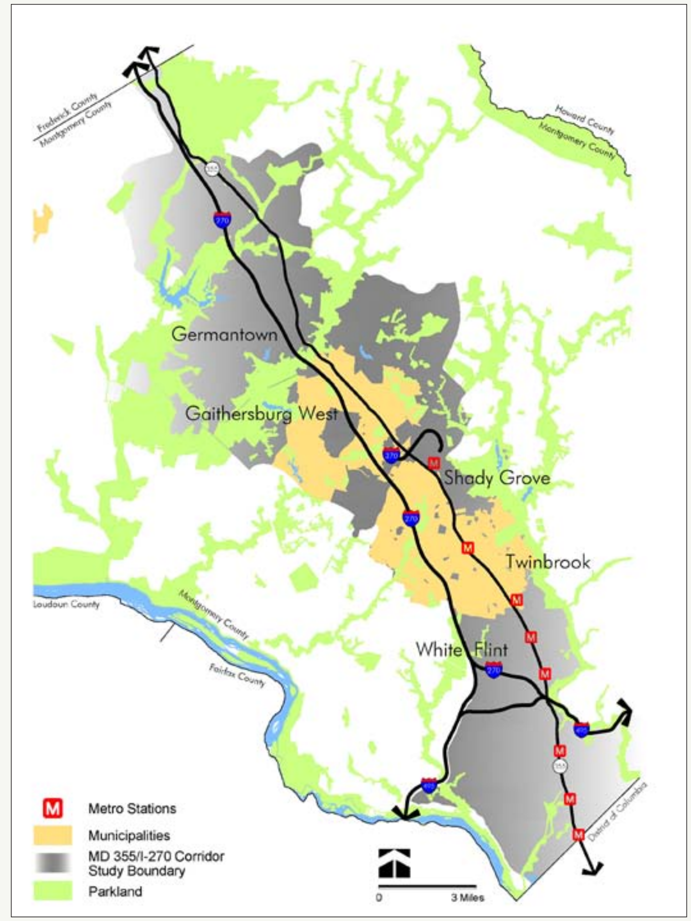
Given the reality of future energy constraints and the effects of climate change, growth must take advantage of existing infrastructure, especially transit, to create compact new communities where reliance on the automobile is unnecessary. Growth should be directed to those places where a reduction in the carbon footprint is possible, like White Flint, and where the infrastructure can support a sustainable, culturally diverse urban center outside the well-established central business districts.

This vision furthers the 2003 Ten-Year Transportation Policy Report, which supports land use policies that promote new opportunities for living closer to work, especially near Metrorail stations. Furthermore, this vision is consistent with regional planning efforts to improve the jobs-housing ratio. This Plan recommends the approval of 9,800 new units (Table 1), which is a substantial increase in housing resources in the I-270 Corridor. The projected jobs to housing ratio in White Flint will be about three jobs to one dwelling unit, an improvement over existing conditions.

Table 1: Proposed Development and Jobs Housing Ratio

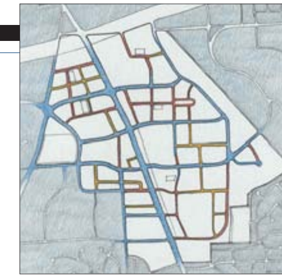
	Existing	Approved	Proposed	TOTAL
Residential Units	2,321	2,220	9,800	14,341
Non-residential sf	5.49 M	1. 8M	5.69M	12.98 m
Non-residential sf converted into jobs	22,800	6700	19,100	48,600
Jobs/Housing Ratio	9.85/1	3.0/1	1.9/1	3.4/1

Map 1: I-270/MD 355 Corridor



on the pike

background



Sector Plan Area

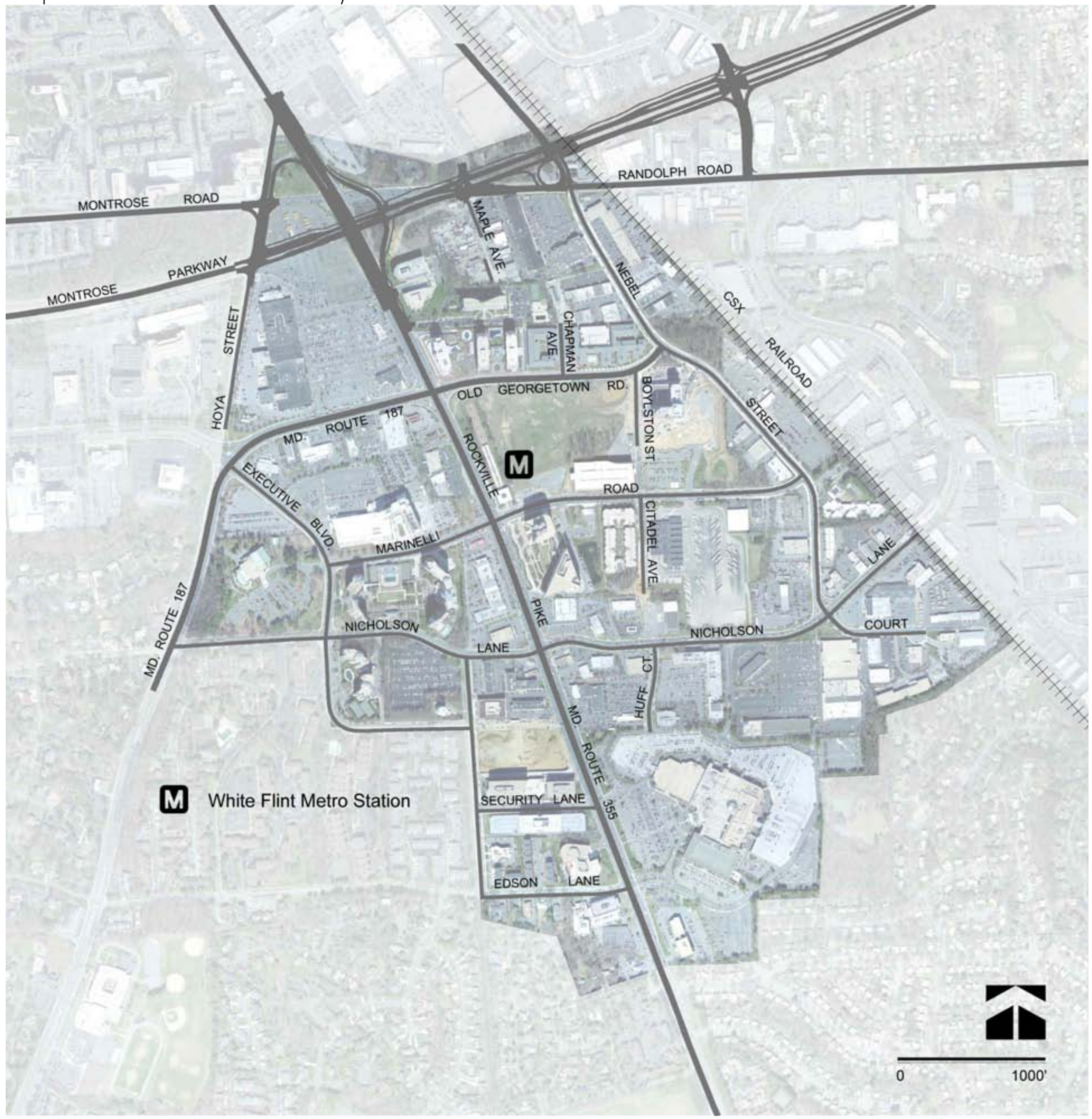
The Sector Plan area covers 430 acres and is bounded by the CSX tracks, Montrose Parkway, Old Georgetown Road, and the White Flint Mall (Map 2). All of the Sector Plan area lies within a ¾-mile radius of the Metro station, which, in an urban context, is a walkable distance.

Rockville Pike, which follows a ridge line dividing the Cabin John (west) and Rock Creek (east) watersheds, bisects the Sector Plan area. The topography east and west of the Pike descends about 25 feet from the ridge line. Since there is more contiguous underdeveloped land area east of Rockville Pike than west, the east has greater potential for the creation of new neighborhoods. Development constraints include a large water main and 80-foot wide safety zone underneath Nicholson Lane and the 50-foot Washington Metropolitan Area Transit Authority (WMATA) tunnel easement along Rockville Pike. Both of these facilities limit building placement.

High-density land uses were first considered in White Flint when the Montrose Road/Nicholson Lane area was identified as a mass transit line/station primary impact area during the planning stages for the Metrorail system. By 1978, the planning concept evolved into a mixed-use center concept within a 200-acre area at the Metro station. At that time, approximately 63 percent of the 200-acre study area was zoned R-90, a low-density residential zone. Mid-Pike Plaza was the E. J. Korvettes Shopping Center and the high-rise Forum was the only residential development. The 1978 Plan recommended transit mixed-use floating zones (TS-R and TS-M) at a 2.0 FAR density within a half-mile radius of the Metro station and the C-2, I-1, and O-M Zones for properties not recommended for mixed uses.

The 1992 re-examination of the same 200 acres added a street grid, extended the use of the TS-R and TS-M Zones to C-2 zoned properties and rezoned I-1 properties to I-4 to limit the development of industrial zones with office uses. Five years later, in 1997, the County Council approved an amendment to advance the development of the Conference Center on the west side of Rockville Pike across from the Metro station as a centerpiece public/private partnership. These planning efforts established the framework for the urban center concept and placed an important public resource at the core.

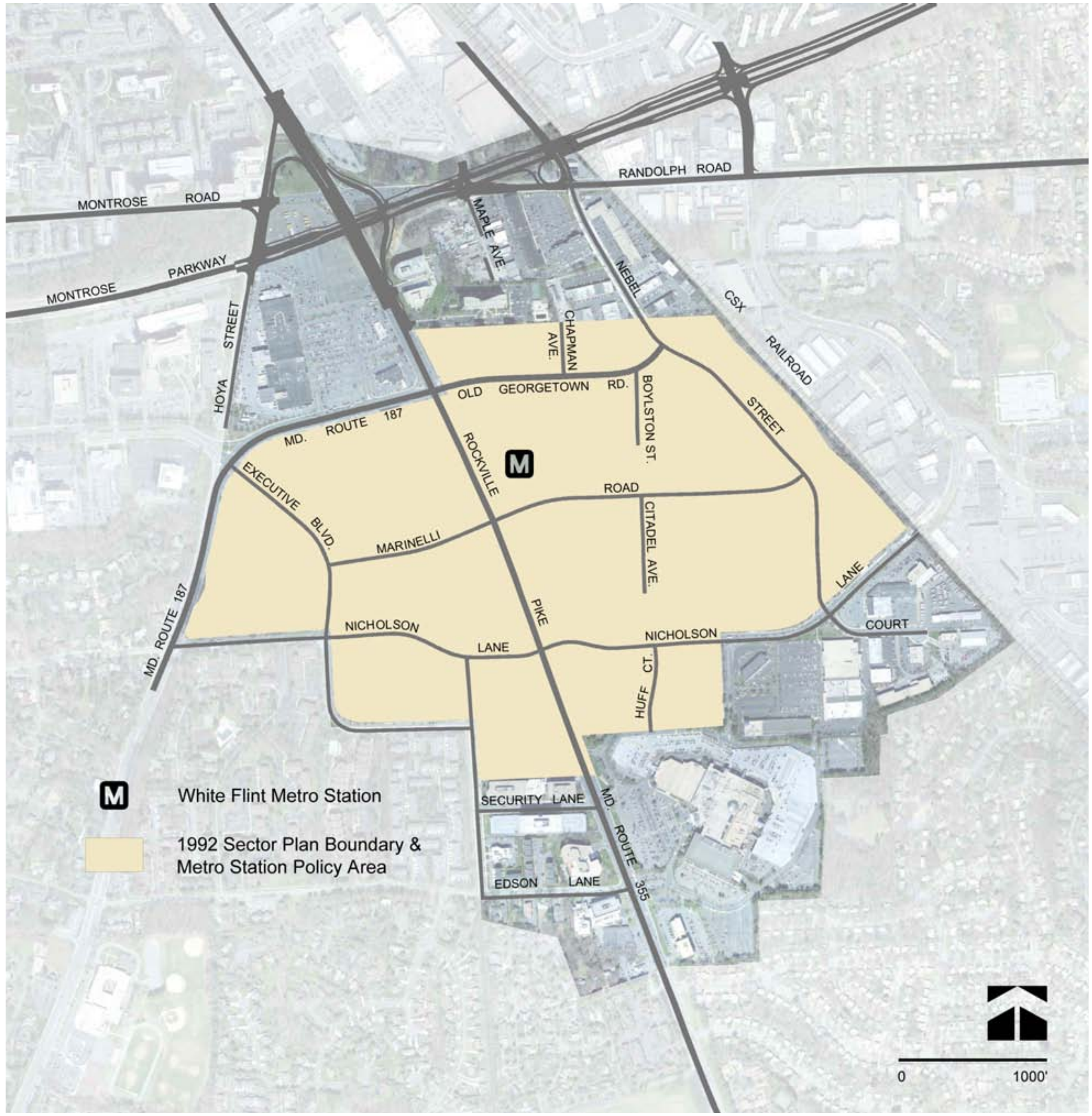
Map 2: Sector Plan Area Boundary



What has triggered this Sector Plan evaluation? The 1978 and 1992 Plans recommended floating zones to accomplish mixed-use development. Several property owners pursued rezoning, most did not. There was little incentive for property owners to seek a change from the existing C-2 zoning. The C-2 Zone, although it has a 42-foot height limit, has few development standards and allows many uses. Market forces must remain strong for developers to risk a lengthy rezoning development process that typically takes at least a few years. A recent C-2 Zone text amendment (special development procedures for transit-oriented, mixed-use development) allowing residential development with taller building heights underscores the interest in achieving mixed uses without requiring rezoning.

This Plan doubles the 1992 Sector Plan area and examines whether more, if not all, of it should be zoned for mixed uses. There is ample space within the Sector Plan area to establish edges and to ensure that new development is compatible with adjoining residential communities.

Map 3: 1992 Sector Plan Area Boundary and Metro Station Policy Area



Demographic Profile and Housing Resources

The area for the demographic and housing analysis is twice the size of the Sector Plan area. Within the analysis area, there are about 18,720 residents, 3,000 detached units, 1,140 townhouses, 2,900 garden apartments, and 1,755 high-rise units.

Within the Sector Plan area, there are 2,321 existing and 2,220 approved dwelling units, all of which are high-rises (Table 2). More than 1,000 of the existing units in the Sector Plan area are rental units. There are 211 existing moderately priced dwelling units (MPDUs) and 258 more affordable units have been approved.

Compared to the residents of Montgomery County as a whole, residents of the White Flint Sector Plan area are generally older, less diverse, wealthier, highly educated, and more likely to live alone in a rental unit in a multifamily building. More than half of the residents of White Flint live and work in Montgomery County, 28 percent work in the District of Columbia and more than 20 percent use transit.

Table 2: Existing and Proposed Housing Units - June 2008

	Total Existing	Existing MPDUs	Total Approved	Approved MPDUs	Total Proposed	Proposed MPDUs 12.5%	Proposed workforce housing (10%)	Total Affordable Housing Units
Housing Units	2,321	211	2,220	258	9,800	1,225	980	2,674

Households in White Flint spend on average 30 percent of their income on housing, which is less than the 47 percent spent by households County wide. White Flint has a larger percentage (40 percent) of non-family households than the County (26 percent). One half of the area's households are married couples compared to 62 percent County wide, and 38 percent of the householders live alone compared to 24 percent of householders County wide. Apartments are in high demand. There was a 3.5 percent apartment vacancy rate in 2006, compared to the County rate of 4.3 percent. There are no nursing homes or group homes within a half mile of the Metro station.

Existing Land Uses and Zoning

There are more than 150 properties in the Sector Plan area, ranging in size from 3,000 square feet to 40 acres. Much of the land is non-residential (Map 4). There are 5.3 million square feet of commercial and office buildings and many acres of surface parking. More than 4,500 residential units exist or have been approved. There is a local park, Wall Local Park, within the Sector Plan area and a second local park, White Flint Neighborhood Park, at the southern edge of the Sector Plan area's boundary. The neighborhood park is a buffer for two adjoining residential communities: White Flint Park and Garrett Park Estates. Two cultural and educational institutions, Georgetown Preparatory School and Strathmore Performing Arts Center, are south of the Sector Plan area.

Map 4: Existing Land Use

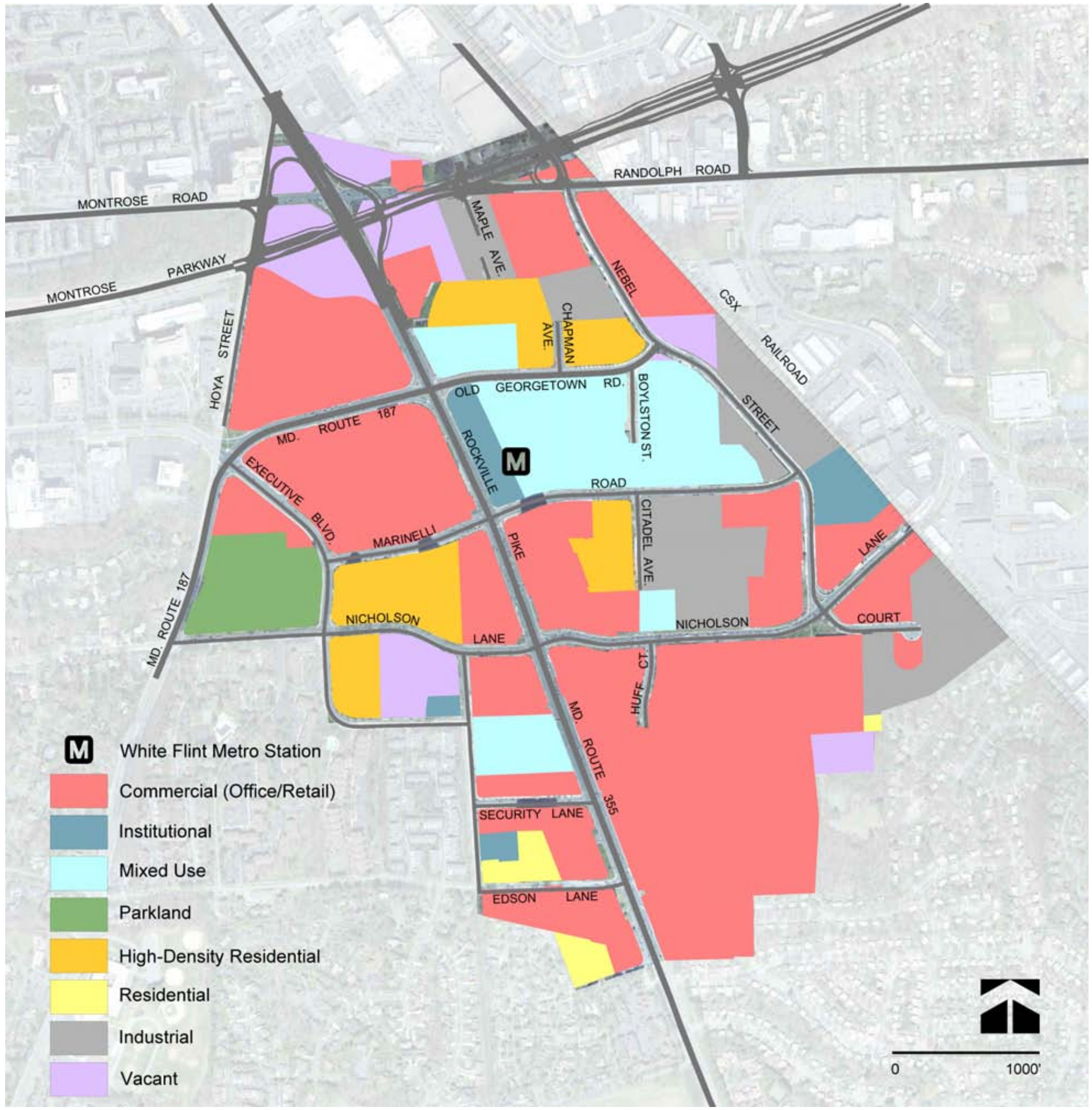
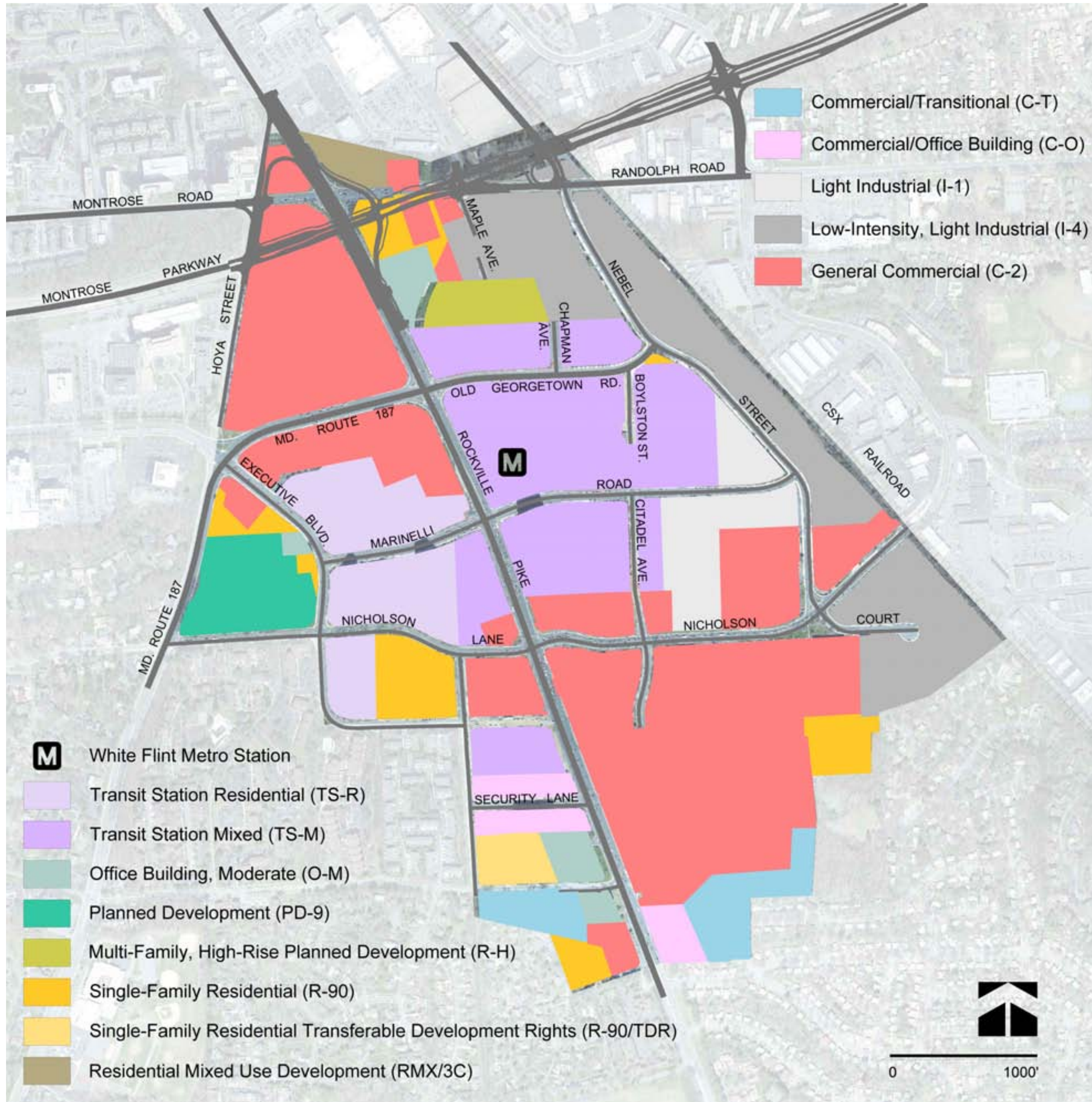


Table 3: Existing Zoning		
Zone	Description	Acreage
C-2	General commercial	138
C-0	Commercial, office bldg.	8
CT	Commercial, transitional	7
RMX/3C	Residential mixed use, regional center, commercial base	3
RH	Multiple-family, high rise, planned residential	5
I-1	Light Industrial	21
I-4	Low-intensity, light industrial	49
TS-R	Transit station, residential	42
TS-M	Transit station, mixed	57
O-M	Office building, moderate intensity	9
PD-9	Planned development	11
R-90	Residential, one-family	7
R-90/TDR	Residential, one-family/ TDR	5
R-200	Residential, one family	5
Zoning not shown	Public right-of-way	63

Table 3 indicates the amount and type of zoning in the Sector Plan area and Figure 5 shows the distribution of zoning categories. The public right-of-way measures approximately 63 acres; zoning is not shown in public rights-of-way.

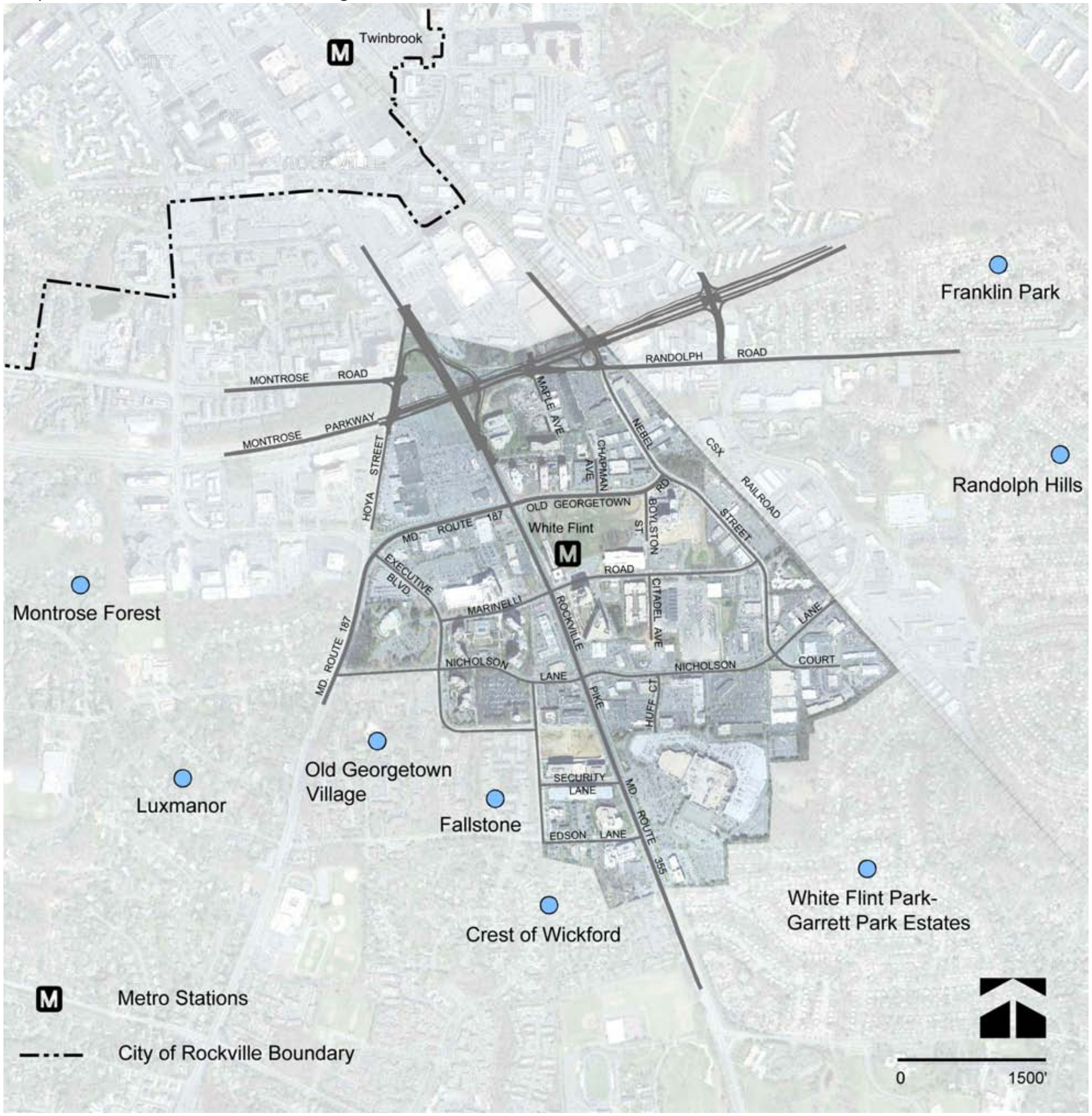
Map 5: Existing Zoning



Residential Neighborhoods Outside the Sector Plan Area

A number of established residential communities surround the Sector Plan area (Map 6). Single-family residential neighborhoods, especially to the southwest and southeast, are the primary land uses just outside the Sector Plan area. White Flint Park and Garrett Park Estates are neighborhoods to the immediate south. To the southwest are the neighborhoods of The Crest of Wickford (townhouses), Old Georgetown Village (multifamily) and Fallstone (townhouses). Single-family residential neighborhoods a bit farther from the Sector Plan area are Luxmanor, west of Old Georgetown Road, and Randolph Hills, east of the CSX tracks. The neighborhoods were built from the late 1950s through the 1990s.

Map 6: Established Residential Neighborhoods

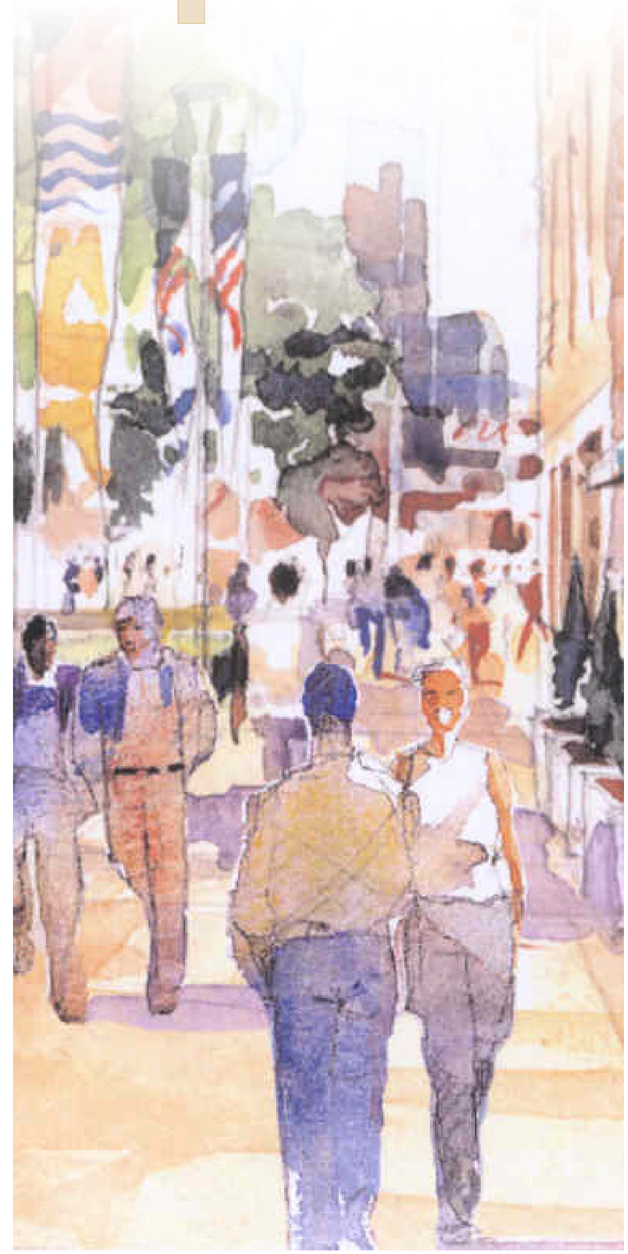


Urban Form and the Public Realm

White Flint will be more than the sum of its parts. This Plan seeks to unify White Flint around an urban core where active public spaces, streets, public parks, and plazas organize the built environment and give it character and style. Land use may define the activity, but successful places rely on the quality of urban spaces and buildings. This requires a connected street grid and public use space system framed by buildings. The street grid creates walkable blocks with residences and local services. Two intersecting promenades, an east-west section along Market Street and a north-south section along Rockville Pike, will provide a unique environment for walking and biking throughout the Sector Plan. Pedestrian activity brings more people into the public spaces and increases the safety of all.

Redevelopment in the Sector Plan area may take 20 years or more and will occur property by property. Therefore, the Plan guides how the parts fit together as development occurs. The Planning Board must adopt the White Flint Urban Design Guidelines that provide greater detail for context-sensitive development, such as build-to lines, placement of sidewalks and streetscape, utilities, and other special features, to ensure implementation of the Plan vision.

Core	In the core, the community, the conference center, and commerce converge to express White Flint's special character. The highest density and tallest buildings at the Metro station will form an identifiable center.
Mobility	White Flint will have a walkable street system. Rockville Pike, transformed into a grand boulevard, will visually tie together the east and west sides of the Sector Plan area. Sidewalks, bikeways, trails, and paths will provide options for pedestrian circulation and connections to the existing and new neighborhoods and surrounding communities.
Buildings	White Flint will have buildings with podiums that line the street and slender towers that articulate the skyline. Architectural details will incorporate features that add interest at the ground level as well as the floors above.
Public Use Spaces	The compact development pattern includes a system of public use spaces where people can gather for events or enjoy recreational activities.
Compatibility	New development will decline in height and density from the center and Rockville Pike, providing compatible transitions as it approaches the surrounding neighborhoods.
Sustainability	New development must incorporate environmentally sensitive design to conserve and generate energy and make maximum use of resources and minimize disruption of the natural environment.



Core

The core of White Flint is located between Marinelli Road and Old Georgetown Road and within a ¼-mile of the Metro station. Here density is high and buildings are tall. Two districts define the core: the Metro West District with the Conference Center, Wall Local Park, and civic green on the west side of Rockville Pike; and the Metro East District with two Metro entrances, a bridge over the Metro tunnel, and the North Bethesda Center development. Market Street connects the two districts across Rockville Pike. A secondary focal area lies along both sides of Rockville Pike between Montrose Parkway and Executive Boulevard (Extended), where existing and planned retail centers will continue to serve the regional market. Buildings along Rockville Pike take advantage of long views out as well as visibility from the northern and southern edges of the Sector Plan area (Map 7).

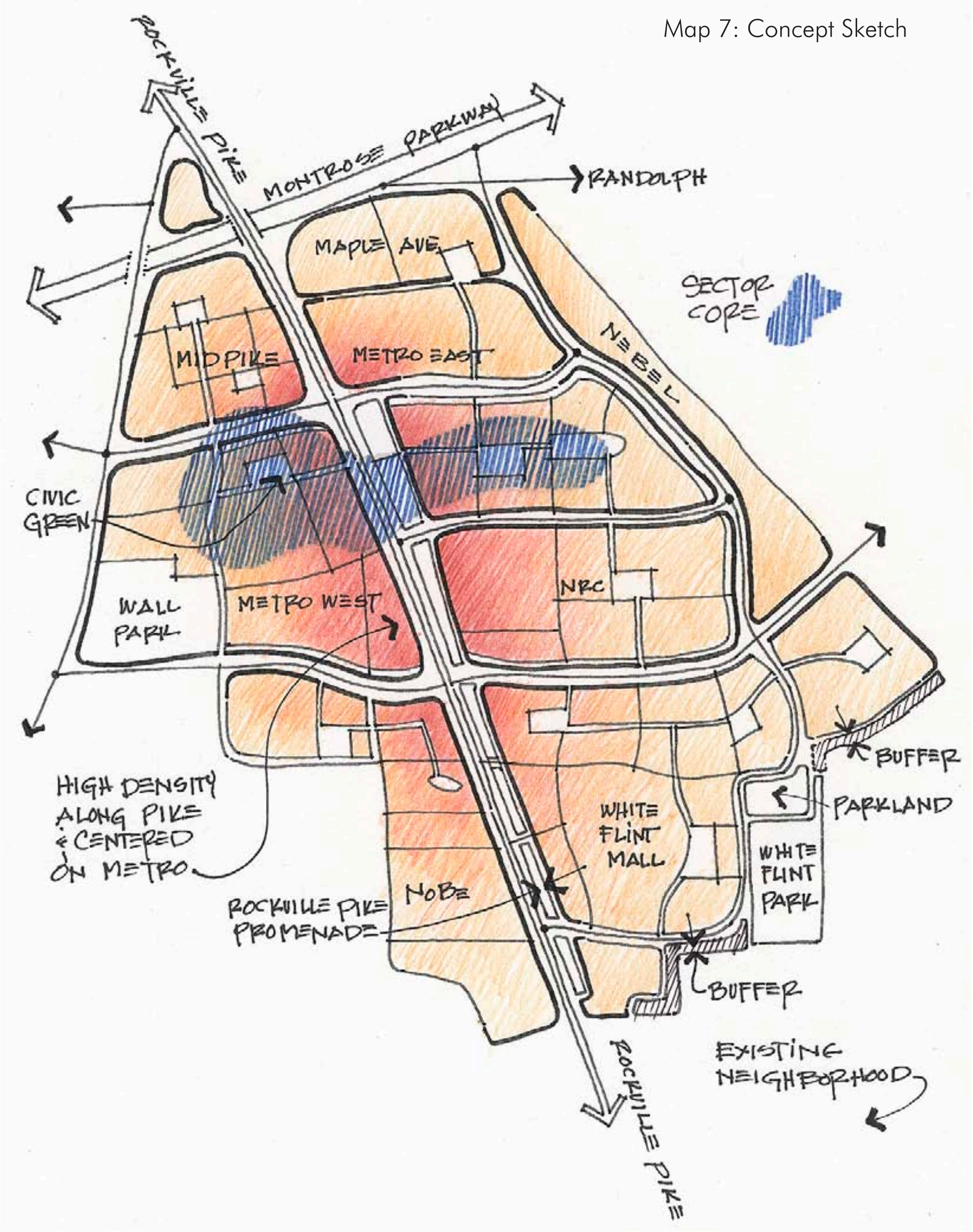
Mobility

The key to transforming White Flint into a great urban place is reconfiguring its mobility system. The existing street network will be reconstituted into a hierarchical grid system and the proposed new streets will form smaller grids that provide access into the new development. The transit system will expand to include local as well as circulator bus service and convenient pedestrian access.

Street Hierarchy
Rockville Pike Boulevard
Business streets
Private streets
Promenades
Bike paths and trails
Recreation loop

The success of White Flint as an urban center requires attention to the pedestrian experience. Existing conditions, high volumes of traffic, lack of streetscape, narrow sidewalks, and multiple turning lanes at wide intersections inhibit pedestrian movement. Reconstructing the existing street network, especially along Rockville Pike, and using pedestrian-friendly cross sections will significantly improve the pedestrian environment. All the streets will be pedestrian-oriented and walkable. Rockville Pike, transformed into a grand boulevard, will visually tie together the east and west sides of the Sector Plan area. Sidewalks, bikeways, trails, and paths provide options for pedestrian circulation and connections to other communities.

Map 7: Concept Sketch



Street Hierarchy

A hierarchical street network accommodates local and through circulation. The wider streets convey more through traffic and the narrower streets accommodate local traffic. The street network is designed so that loading and service functions do not hinder pedestrian movements. All streets must have ample space for pedestrians, bicyclists, and street trees. Undergrounding utilities and locating "wet" and "dry" utilities under the pavement or under the sidewalk will allow the street tree canopy space to grow. On-street metered parking should be permitted on all local streets and on most of the major streets during non-peak hour traffic. On-street metered parking will reduce speeds and generate revenue.

Rockville Pike Boulevard

Rockville Pike (MD 355) carries the majority of through traffic and thus divides the Sector Plan area. Rockville Pike has three northbound and three southbound through lanes, plus turning lanes. There are no street trees, landscaped median, or on-street parking. The utilities are on poles located in the middle of narrow sidewalks. It is a classic suburban commercial strip highway.

This Plan recommends reconstructing the "Pike" as an urban boulevard, placing utilities underground, and adding a median wide enough to accommodate turn lanes and street trees. Street tree panels and wider sidewalks will promote walking. Bus priority lanes will be provided, located either in the median or along the curb.

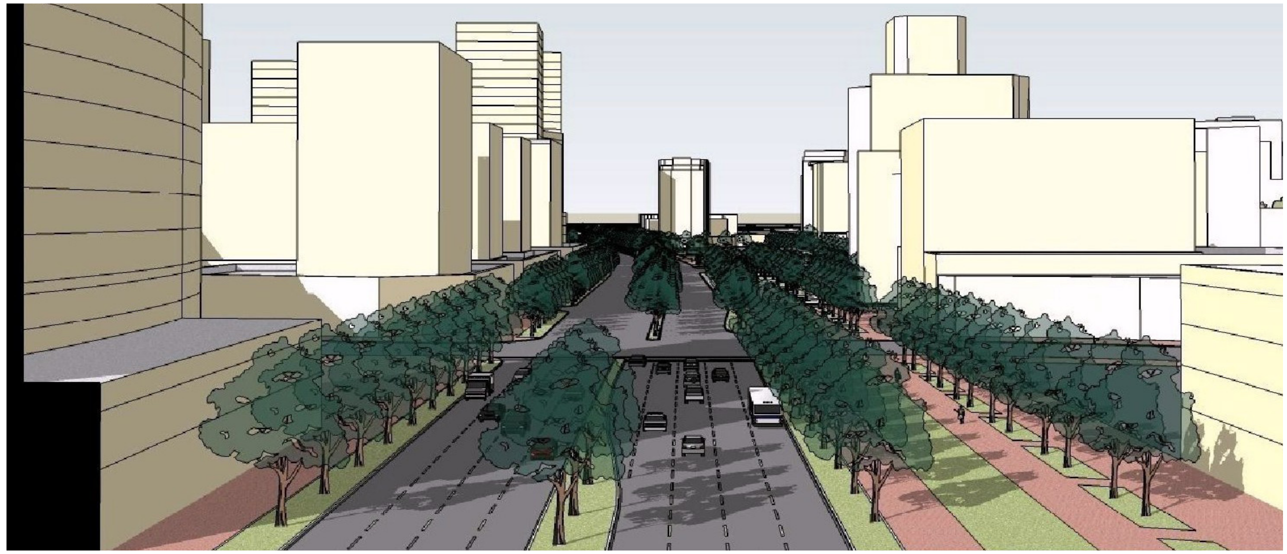


Figure 1: Rockville Pike Boulevard and Promenade Cross Section

Figure 2: Alternative Rockville Pike BRT Cross Section

Business Streets

These public streets (Figure 3) vary from 70 to 90-foot wide right-of-ways with a minimum ten-foot sidewalk, street trees, and two or more lanes for traffic.

Local Streets

These streets provide access into the interior of the blocks and can have special features to distinguish the different enclaves of development from each other, such as distinctive paving materials. The streets are intended to have a narrower cross section and should emphasize pedestrian activity. Vehicles should operate at greatly reduced speeds.

Promenades

Promenades are designated for those streets where a distinctive streetscape lends character and importance to the pedestrian experience. There are two intersecting promenades in the Sector Plan area: the Market Street Promenade (Figure 4) and the Rockville Pike Promenade over the WMATA Tunnel. A portion of the proposed Rockville Pike Promenade exists along the Nuclear Regulatory Commission frontage and should be extended north and south to create a unique walking environment.

Figure 3: Business Street Cross Section

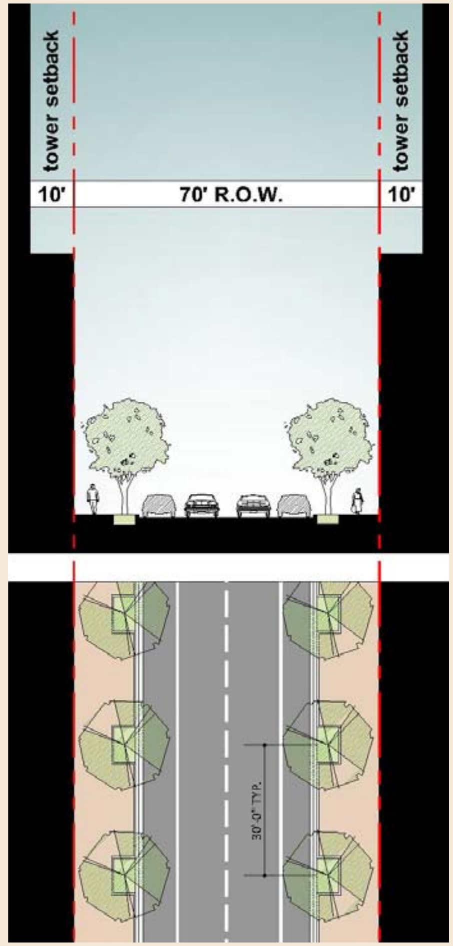
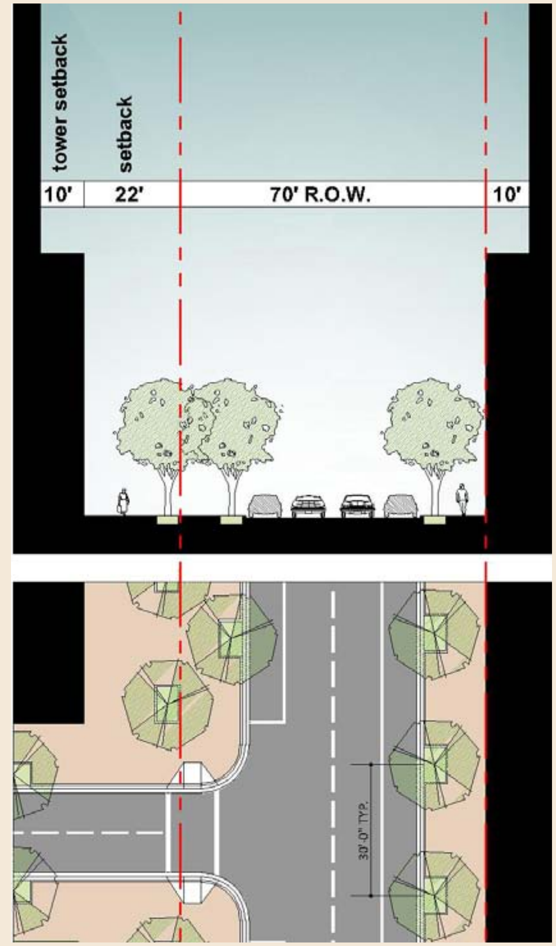


Figure 4: Market Street Promenade - Conference Center Block



Bike Paths and Trails

This Plan proposes an integrated network of bike paths and trails. Two bike paths in White Flint are part of the regional pedestrian and bicycle circulation system: the planned Montrose Parkway bike path and the Bethesda Trolley Trail. The Montrose Parkway bike path provides east-west links to trails in Cabin John Regional Park and Rock Creek Regional Park. The Bethesda Trolley Trail should be extended along Woodglen Drive to connect to Wall Local Park, the Market Street Promenade, and the Montrose Parkway bike path. The Plan recommends providing connections to these regional trails.

Recreation Loop

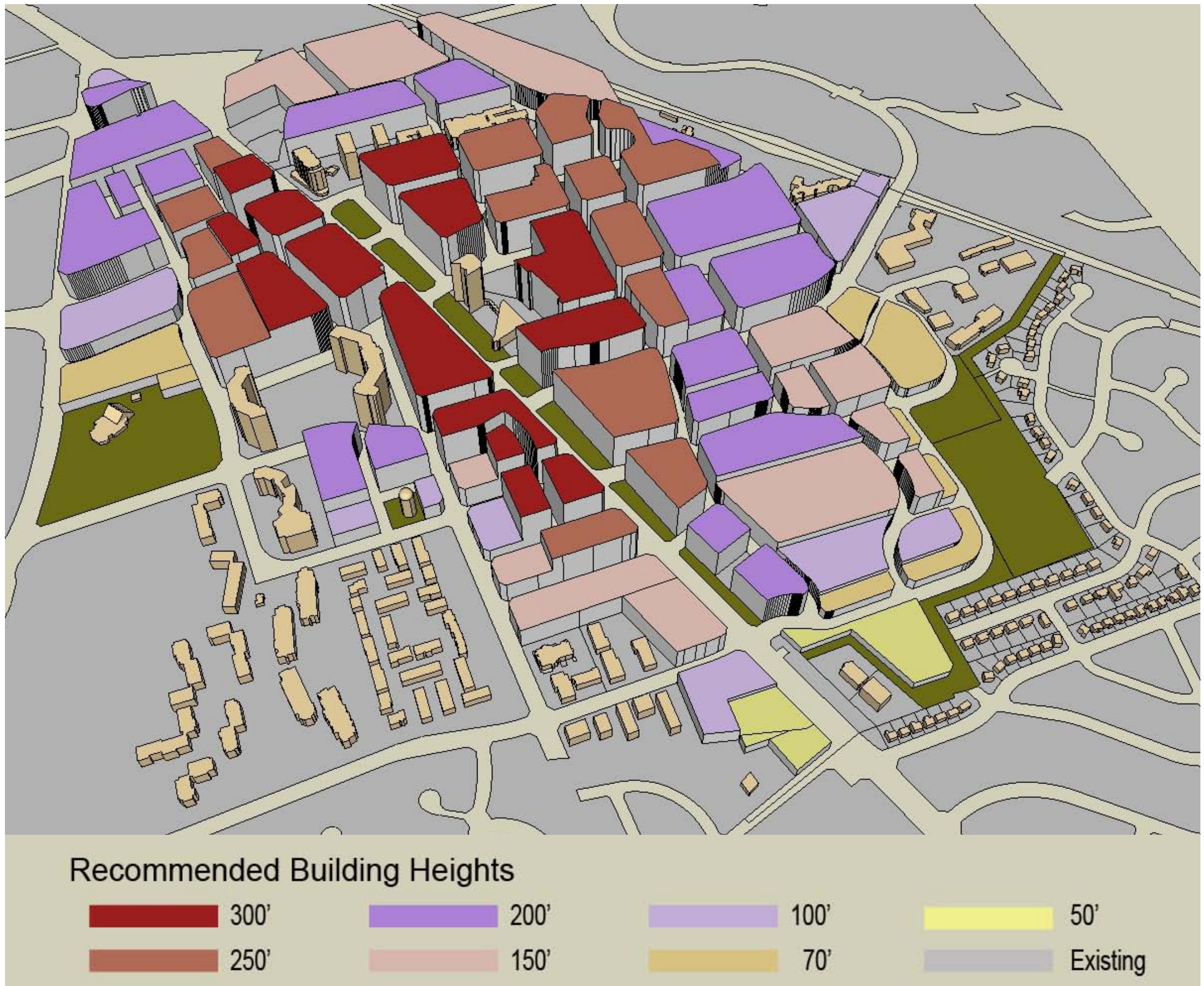
The recreation loop is a continuous signed recreational pathway that connects the public use spaces to the civic green and Wall Local Park. The loop is intended to link new and existing neighborhoods (see Public Use Space Plan, Map 9).

Buildings

Buildings frame the public realm. They establish destinations and points of interest, and create a skyline that can give a place a unique identity. Buildings are the vertical extension of the street edge. They provide substance in mass and bulk, and enliven the vertical plane with windows, doors, and variations in height. Buildings in urban settings combine horizontal elements—the podiums—and vertical elements—the towers—to provide variation, interest, and rhythm along the streetscape.

The maximum building height in the White Flint Sector Plan is 300 feet nearest the Metro station. Elsewhere in the Sector Plan area, recommended building heights range from 50 to 250 feet (Map 8). Building heights should reflect existing conditions where existing building heights may be 40 feet or lower. Buildings should be sited and designed with sensitivity for their effect on light, shadows, and air circulation for the occupants and those of neighboring buildings. At the edges of the Sector Plan area, building heights must be compatible with surrounding residential neighborhoods. Building heights and distinctive architecture should accentuate important intersections along Rockville Pike. Within each district, signature buildings near the maximum height are allowed and desirable to create gateways or focal points.

Map 8: Building Height Plan



Public Use Space

The Plan recommends a hierarchical public use space system in which each space contributes variety in function and setting (Map 9). A recreation loop connects the public use spaces.

For Everyone
Wall Local Park
swimming sports, recreation, and fitness activities

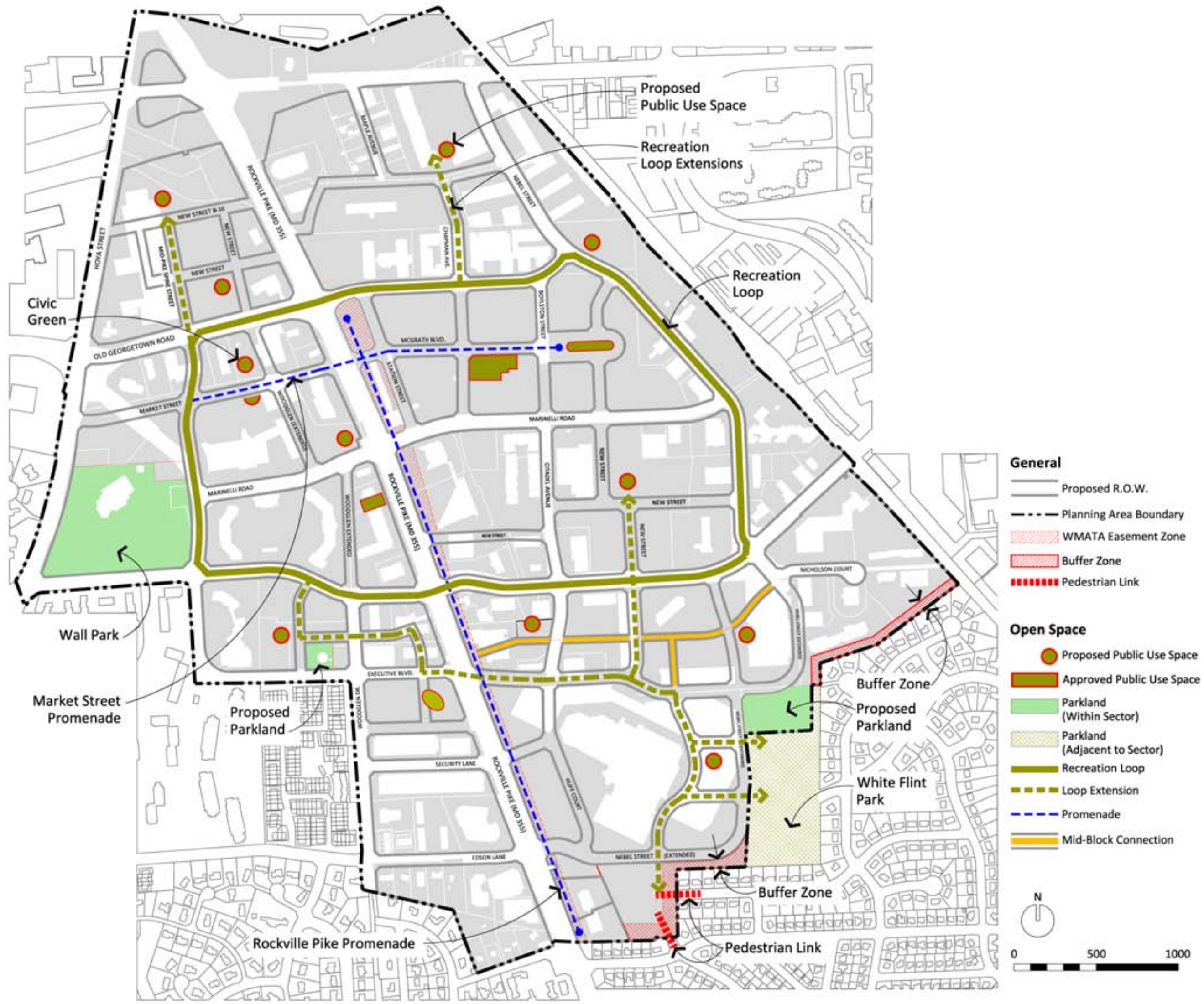
For the Sector Plan Area
a central civic green
gathering, ceremonies, and celebrations

For Each Block
an urban plaza
at each cluster of offices, residences, and shops provide plazas, pocket parks, green streets

For Each Neighborhood
a neighborhood green
meeting place and landmark

For Each Building
private recreation space
public use space, community garden, green roof

Map 9: Public Use Space Plan



Wall Park

Wall Local Park will function both as a regional destination (the Aquatic Center) and as a local park. It is also an appropriate location for a new community recreation center. When the surface parking is relocated, there will be space for outdoor recreational facilities.

The Central Civic Green

This centrally located one -to two-acre public park is to be located along Market Street in the core of White Flint. The civic green is intended to function as the major outdoor civic space for public activities, ceremonies, and gatherings.

Urban Plazas

Urban plazas are public use spaces surrounded by active uses and generally paved. Trees and landscaping mark edges and provide shade. These plazas can be integrated into commercial development as part of outdoor seating or outdoor restaurant space. There are no minimum or maximum sizes or programmatic requirements for urban plazas. Plazas along Rockville Pike should function as energy-capturing spaces to draw passersby off the Pike and into the interior blocks. These plazas should be integrated into the streetscape and framed by buildings.

Neighborhood Greens

The neighborhood green is a public use space with grass and trees that functions as a gathering place. About five percent of the Sector Plan area should be set aside for neighborhood greens. These spaces range in size from one quarter acre to one acre, depending on the type of development around the green. They should be large enough to support outdoor activities but not so large as to require costly maintenance. These spaces provide environmental and recreational benefits, including stormwater infiltration and tree canopy for shade. Some of these spaces could be located on top of parking structures.

Private Recreation Space

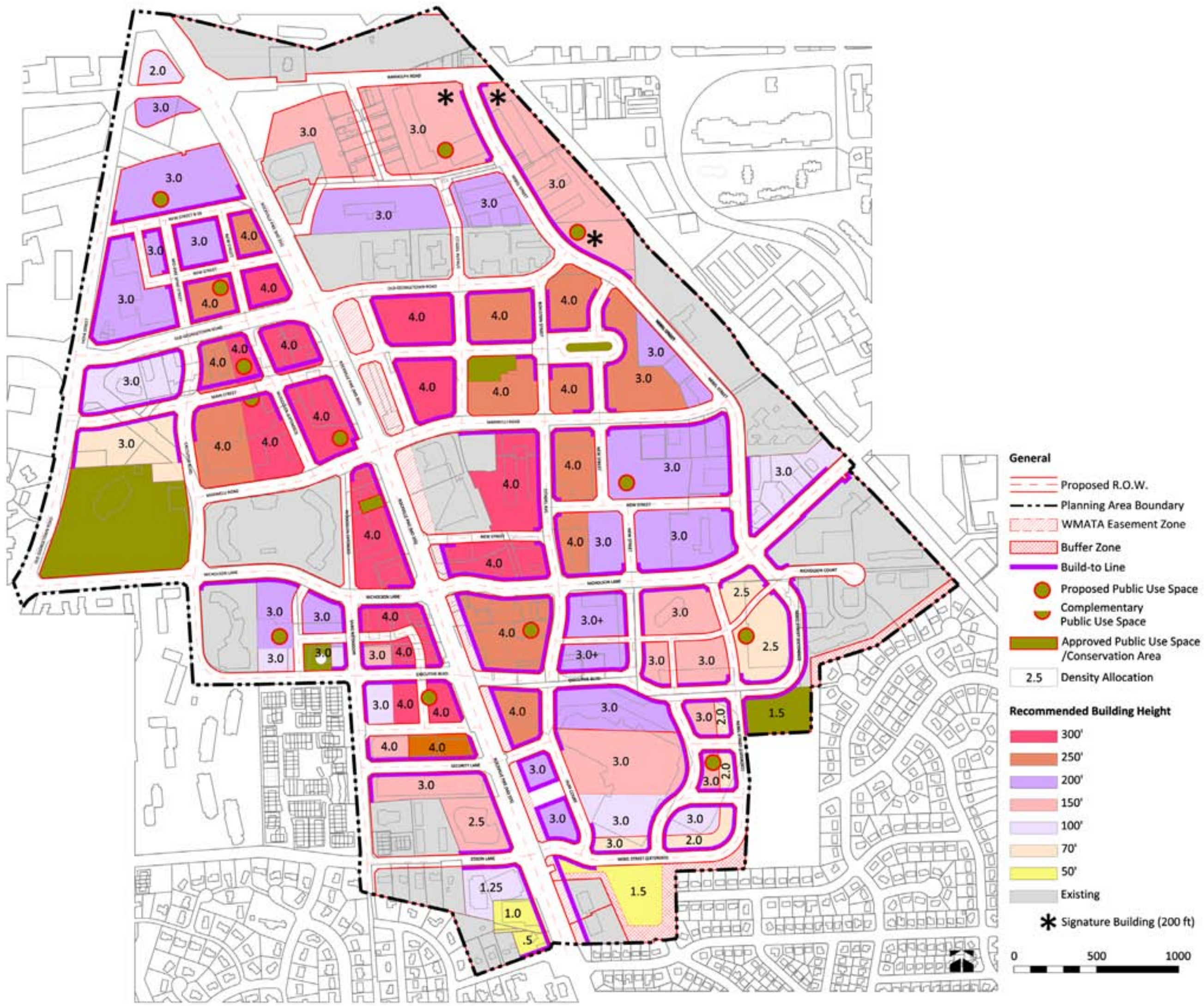
Residential development should include common indoor spaces as well as common outdoor recreational facilities. Private spaces can be decks, balconies, rooftops, or terraces. Outdoor communal recreational spaces can include swimming pools, tennis courts, or other facilities.

Compatibility

White Flint Park, Garrett Park Estates, Crest of Wickford, Old Georgetown Village and Fallstone are single-family and townhouse communities that immediately surround the Sector Plan area. These neighborhoods have differing densities and scales. New development at the edges must be compatible with these neighborhoods in building height and scale and should accommodate pedestrian and bicycle access from existing neighborhoods. Landscaped buffers, compatible uses, and buildings of appropriate bulk and height should be located adjacent to existing communities.

Development in accordance with this Plan should add value and enhance the quality of life that surrounds the area by providing increased services, better facilities, employment opportunities and greater housing opportunities. The proposed density and height map (Map 10) indicates the areas where heights and density transition to the surrounding neighborhoods.

Map 10: Density and Height



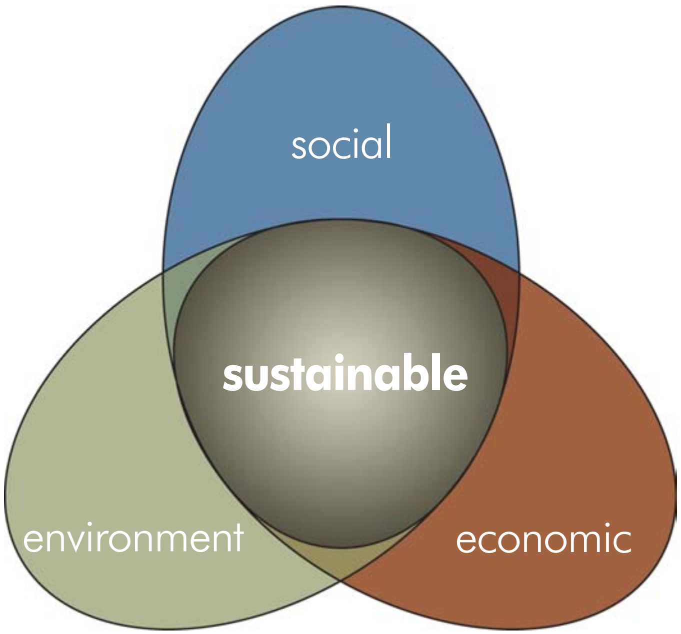


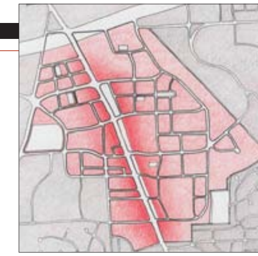
Figure 5: Sustainability

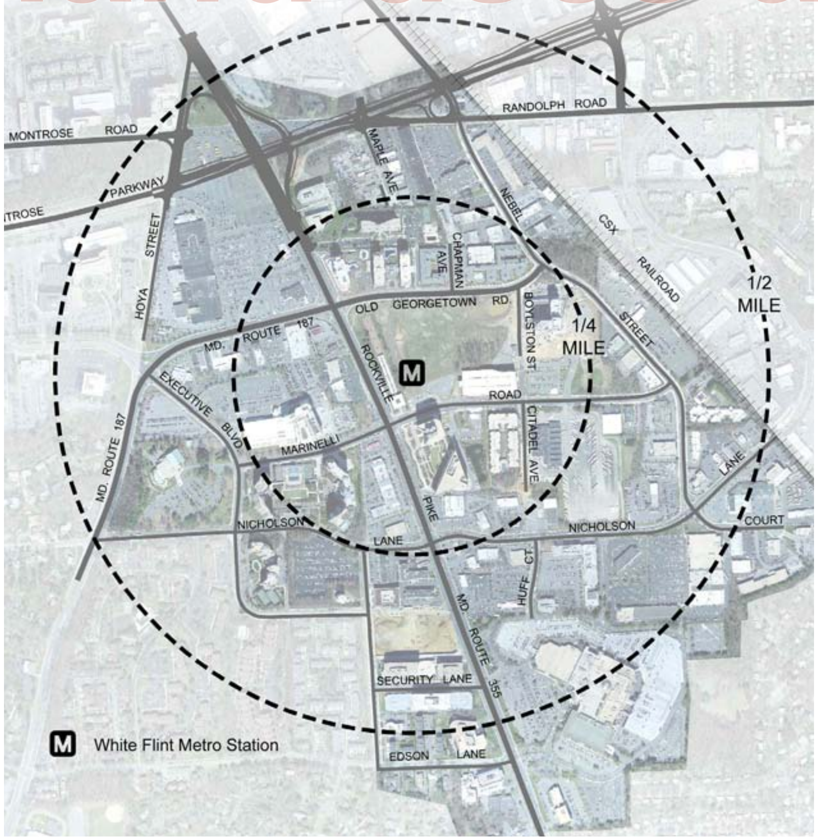
Sustainability

Sustainability is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. A sustainable environment integrates economic viability, environmentally conscious design, social equity and renewable energy sources. The compact, walkable and green community envisioned for White Flint integrates many aspects of sustainability. It accommodates new residents and businesses while reducing land consumption and vehicle miles travelled, thereby reducing the carbon footprint from new development.

Urban development patterns served by transit can reduce dependence on the automobile. An expanded street grid with adequate sidewalks and street trees can encourage people to walk or bicycle to local services or destinations. Energy conservation, on-site energy generation, or renewable energy sources will reduce the costs of energy transmission. Energy efficient building design reduces energy costs for building materials and energy usage. On-site stormwater management improves water quality and quantity. Street trees add to the tree canopy and reduce the heat island effect. Vertically integrated mixed uses put services in easy reach of residents. Emphasis on residential development will provide more affordable housing and expand opportunities for economic diversity located near transit and services.

land uses and zoning





Map 11: Metro Proximity

Area Wide

Density

The measure of density used in the White Flint Plan is Floor Area Ratio (FAR). The greater the FAR, the more development would be permitted on a property. Density however, does not automatically translate into taller buildings. A shorter, wider building may have more FAR that a taller, narrower building.

Ten to twenty years ago, a 2.0 FAR was enough to spur redevelopment in White Flint. Now, given the amount of infrastructure required on each property, redevelopment to a higher FAR is often necessary to encourage owners to abandon profitable, income-producing properties and redevelop.

The recommended FAR in White Flint will range from 1.5 FAR to 4.0 FAR. Maximum heights in the Sector Plan area range from 300 feet in the core to 50 feet near the residental area. The proposed density pattern in White Flint places the highest density and tallest buildings within ¼-mile of the Metro station (Map 11). Densities and heights transition away from Rockville Pike and the Metro station. The lowest FAR density and lowest building heights are located at the edges of the Sector Plan area where they provide a compatible transition to the modest scale of adjacent residential communities.

The Plan recommends applying the Commercial Residential (CR) Zones, a mixed-use zoning category that permits the widest range of uses and will best achieve the urban center concept. The CR Zone has four components: a total CR FAR, a maximum commercial (C) FAR, a maximum residential (R) FAR and a height (H) maximum. CR zoning has a standard method allowing up to 0.5 FAR. Development greater than 0.5 FAR must use the optional method that allows the use of incentive based FAR bonuses to reach the maximum FAR designation. New development must provide public benefits that enhance or contribute to the objectives of the CR zone, such as master-planned major public facilities, transit proximity, connectivity, diversity of uses and activities, quality of building and site design, protection and enhancement of the natural environment, and advanced dedication of rights-of-way. The proposed public street grid and reconstruction of Rockville Pike require substantial dedication of rights-of-way. The advanced dedication of right-of-way provision reduces the public costs of purchasing rights-of-way.

The Plan's goal is to achieve overall, a mix of 60 percent residential and 40 percent non-residential uses. This emphasis on residential development reduces overall trip generation and provides enough new residents to create neighborhoods and support an urban center. It also achieves the County's goal of improving the jobs-housing balance in the I-270/MD 355 corridor.

Mixed Uses

In compact development, vertical and horizontal mixed uses provide variety in the urban environment. Vertically-integrated uses will provide fewer single-use buildings. This does not suggest, however, that there are no suitable places for single-use buildings.

Housing

Affordable housing in an urban environment takes many forms, but because space is at a premium, the units are typically multifamily apartments. To accommodate a variety of households, all new residential development should include different unit types and sizes, including options for the number of bedrooms per unit, and provide choices for all budgets. New residential development should yield 9,800 new units, of which at least 12.5 percent will be MPDUs, according to current law (Chapter 25A). In addition to the MPDUs, new residential development in a Metro Station Policy Area must include Workforce Housing units (Chapter 25B).

Affordable housing is a suitable use for publicly owned land or land recommended for public use. Where new private development is proposed adjacent to publicly owned land, consideration should be given to public/private ventures to provide more than the required affordable housing through land swaps or other creative solutions. This Plan recommends that units for seniors and special populations be included in residential development, particularly in locations nearest local services and transit.

Child Daycare

One difficulty working families face is finding child daycare near work or home. Child daycare is an optional incentive in the CR Zone. Child daycare should be incorporated in new office and residential development, especially near transit facilities.

Hotels

Hotels generally should be located close to transit, especially within the first one quarter mile of the Metro station. Hotels at this location will support the Conference Center facilities and could be integrated with residential uses and ground floor retail. They can also accommodate visitors to the Walter Reed National Military Medical Center and NIH, just two stops south on Metro's Red Line.

Industrial

There are properties with existing low-intensity industrial uses at the edges of the Sector Plan area where redevelopment is unlikely in the immediate future. This Plan does not discourage the continuation of these uses.

Local Services

Grocery stores, restaurants, local retail and commercial services, such as hair salons, pharmacies and dry cleaners, make a neighborhood desirable. Local retail should be incorporated where appropriate in the ground floor of buildings where streets cross Rockville Pike (Old Georgetown Road, Executive Boulevard, Marinelli Road and Nicholson Lane) or interior north/south roads (Woodglen Drive Extended and Nebel Street). Regional retail is best located along Rockville Pike where there is high visibility.

districts

Districts

The White Flint mixed-use urban center includes eight districts: Metro West, Metro East, Mid-Pike, NoBe, Maple Avenue, Nebel, NRC and White Flint Mall (Map 12).

The Metro West and Metro East Districts form the White Flint core at the Metro station. The Mid-Pike District is envisioned as a regional marketplace. The White Flint Mall District has the greatest potential for a series of new neighborhoods as well as a proposed MARC station. The NoBe District has five blocks that contain existing office development and new mixed-use development. Other districts have long term public uses, such as the Montgomery County Pre-release Center, Washington Gas facility, or the Nuclear Regulatory Commission complex. There is potential in all the districts to unify existing and new developments into a more coherent urban pattern and create new neighborhoods. The promenades that run through the core and along Rockville Pike, coupled with the public use spaces, will draw the neighborhoods together and create a sector-wide character.

Four maps accompany each district. The location maps identify blocks, properties, special features, and proposed road alignments. The road alignments and sizes of blocks as depicted are not intended to represent specific or final locations and could shift. The height and density maps indicate how density should be dispersed through the recommended street grid and the approximate location of public use spaces to create an interconnected public use space network. These maps indicate where heights should be lower than the maximum permitted in the zone to ensure

For each district:

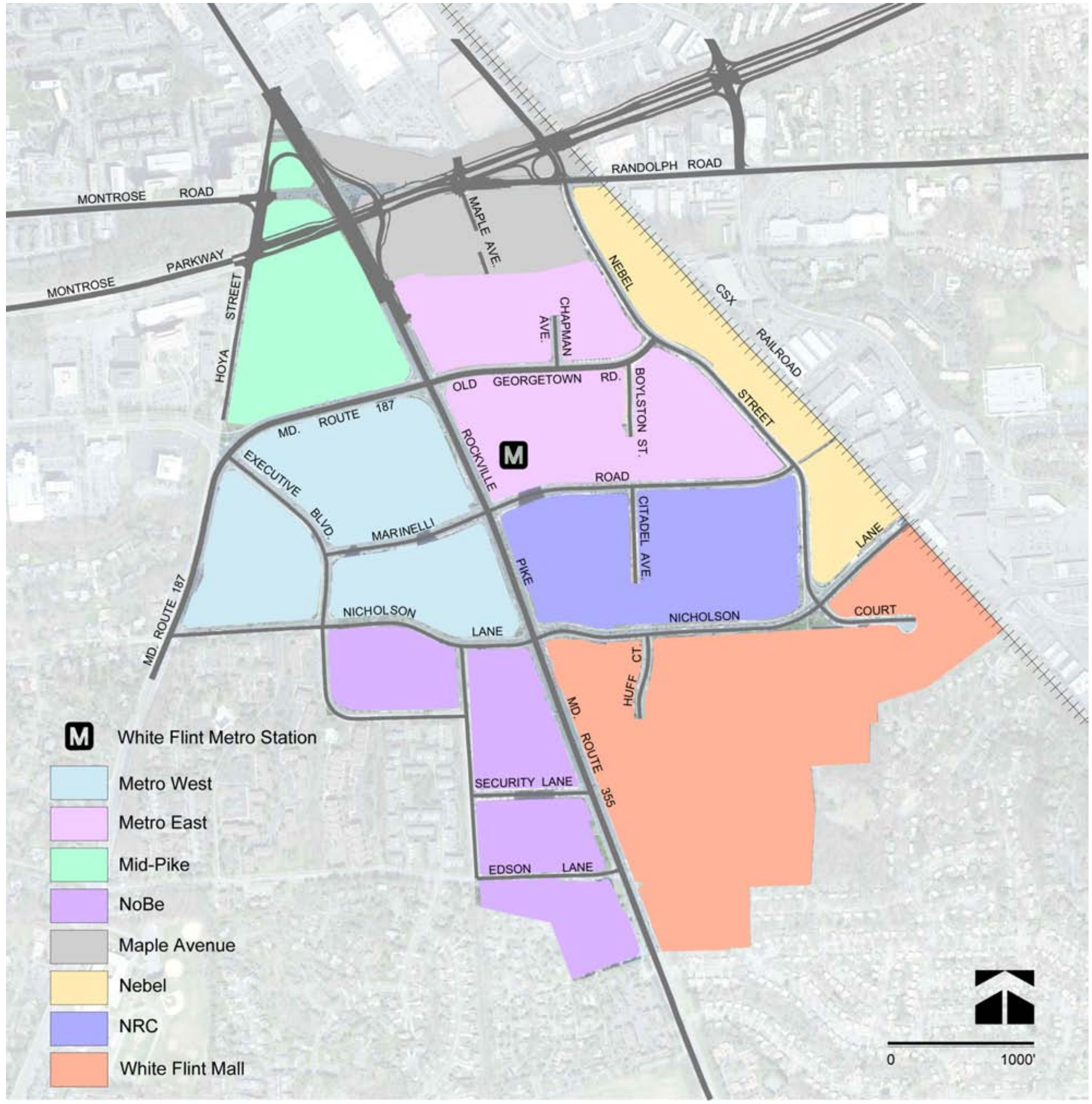
- a destination
- public use space
- local retail
- access to the recreation loop
- connection to the rest of White Flint

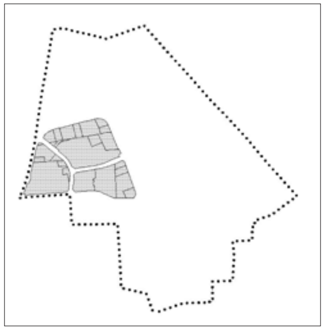
compatibility with surrounding neighborhoods, and where transitions in both density and height within a district are important to achieve both the Plan's vision and compatibility with surrounding development. A set of urban design guidelines (a separate document) will describe in greater detail the form that new development should take to create a distinctive character for each district.

The zoning maps identify recommended zoning changes. Each CR zone indicates the maximum FAR densities for overall development, the proportion of residential and non-residential uses, and height. In order to create a distinctive urban fabric, proposed designs should provide variation and transition within each CR zone. The height and density maps suggest where variation and transitions should occur given existing conditions, compatibility, and the goals of the sector plan to create great places.

The Metro West District is envisioned as functioning as the main civic core for the Sector Plan and contains publicly owned properties and is, therefore, the preferred location for co-locating recommended public facilities with existing ones. Wall Local Park is recommended for the co-location of a recreation center in conjunction with the expanded Aquatic Center. The proposed Civic Green is to be located within the Conference Center Block and it may be appropriate to co-locate the recommended library and regional services center within the same block.

Map 12: White Flint Districts





Metro West District

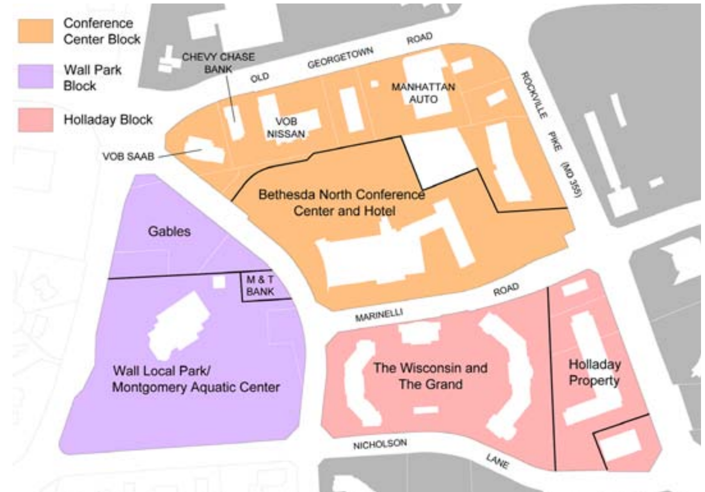
This 54-acre district, bounded by Old Georgetown Road, Nicholson Lane and Rockville Pike, forms the western part of the Sector Plan core. There is substantial public investment in the Aquatic Center, Wall Local Park, and the Bethesda North Conference Center and Hotel. The realignment of Executive Boulevard and Old Georgetown Road will create a street grid within the district and improve traffic circulation in the entire Sector Plan area. The District is divided into three blocks: Conference Center, Wall Local Park and Holladay (Map 13).

The Plan recommends public investment in the Market Street Civic Green promenade, and outdoor recreational facilities at Wall Local Park. Assembly or combined development would best create the proposed street grid, especially in Blocks 1 and 2. When Executive Boulevard and Old Georgetown Road are reconfigured and Market Street is constructed, Blocks 1 and 2 will be divided into smaller blocks. Development in the smaller blocks should be organized with lower building heights at the northwest corner of the Old Georgetown Road and the realigned Executive Boulevard intersection.

Block 1: Conference Center

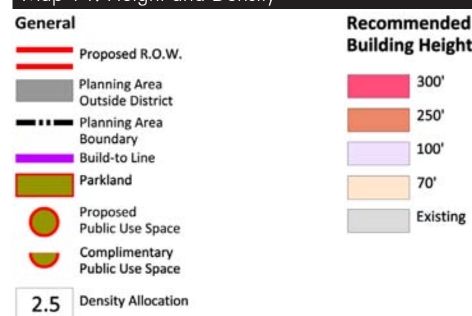
The Bethesda North Conference Center and Hotel (TS-R Zone), surrounded by automobile sales and other commercial uses, is the main feature in this block. These properties are in the C-2 and TS-R Zones. The new civic green, public use spaces, and Market Street will create the backdrop for future private redevelopment. The road alignments and location of public facilities indicated in Map 18 are not meant to represent specific or final locations and could shift. Development at the intersection of Rockville Pike and Marinelli Road at the Metro station entrance should have a significant public use space.

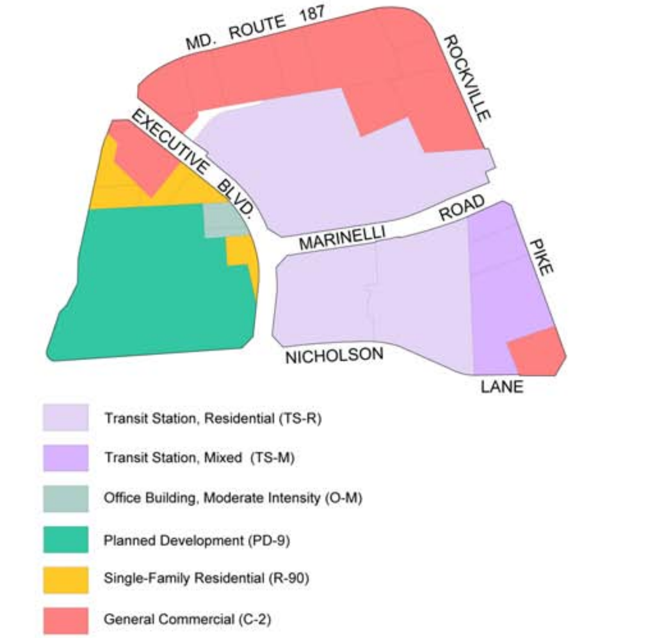
- Properties zoned C-2 and TS-R fronting Rockville Pike should be rezoned to CR 4: C 3.5, R 3.5, and H 300 with the remainder of the block CR 4: C 2.0, R 3.5, and H 250. The lower height in the block's interior will be consistent with residential development across Marinelli Road, which is 200 feet or greater. The Conference Center property is split zoned to accommodate taller buildings along Rockville Pike and lower buildings on the west.
- The Conference Center Block contains 11 different properties. The proposed street alignment will create smaller blocks. The civic green is to be located on the north side of Market Street. Redevelopment in this block will require careful coordination between property owners and the public sector to align, dedicate, acquire, and build the public



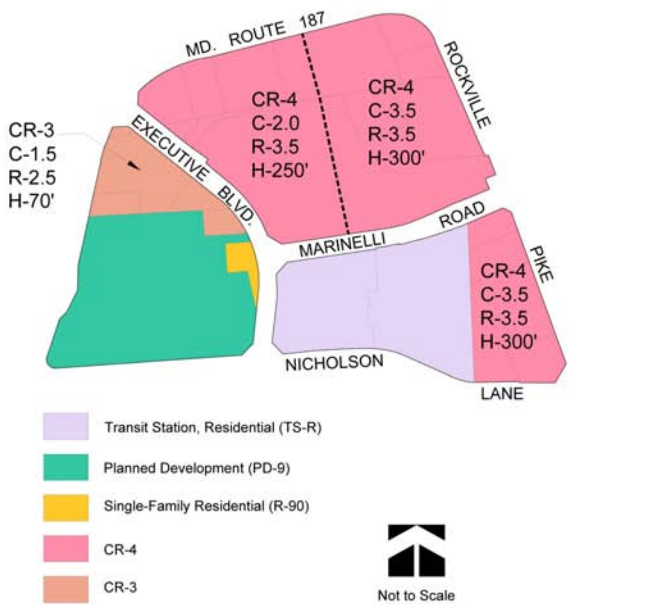
Map 13: Location

Map 14: Height and Density





Map 15: Existing Zoning



Map 16: Proposed Zoning

roads so that the new blocks formed by the new street network are of a size and configuration that is suitable for redevelopment and can accommodate the one-to-two-acre civic green. The Planning Board should attempt to maximize the size of the civic green, provided it does not compromise functionality. When the Conference Center site redevelops, there should be a complementary public use space on the south side of Market Street to anchor the civic green.

Block 2: Wall Local Park

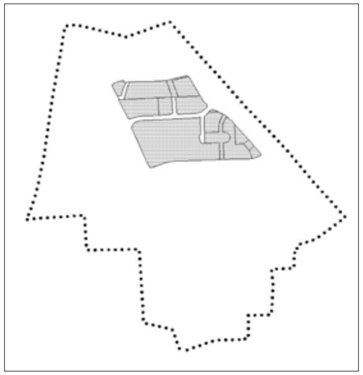
This block contains the 11-acre Wall Local Park and Montgomery Aquatic Center. There are two other properties, the Gables (now used as a parking lot) and a bank. The land area remaining after the intersection realignment of Old Georgetown Road and Executive Boulevard will be reconfigured into rectangular blocks in sizes more conducive to redevelopment. Wall Local Park should be redesigned with more active outdoor facilities through developer contributions. It may also be an appropriate location for a new community recreation center. This area should be primarily residential in character and use. The Metro East District, because of its proximity to transit in the center of the Sector Plan area, is a suitable alternate location for the co-location of the recommended library and regional services center.

- Confirm the PD-9 and R-90 Zones on Wall Local Park.
- Rezone the rest of the block to CR 3: C 1.5, R 2.5, and H 70 to ensure a transition in height and density between Block 1 at the Metro station and the existing residential development across Old Georgetown Road.

Block 3: Holladay

This 15-acre block is bounded by Marinelli Road, Nicholson Lane, Executive Boulevard, and Rockville Pike. Properties are zoned TS-M, TS-R, and C-2. The Wisconsin and The Grand multifamily developments reflect earlier success with high-rise residential development, while the Holladay development along Rockville Pike represents the type of mixed-use envisioned in this Plan. There is already substantial residential development in this block and redevelopment should focus on employment and retail uses.

- Confirm existing residential development (Grand and Wisconsin) in the TS-R Zone since redevelopment with mixed uses is unlikely.
- Rezone the TS-M zoned Holladay property, located at Marinelli Road and Rockville Pike, and the C-2 property at the corner of Nicholson Lane and Rockville Pike to CR 4: C 3.5, R 3.5, and H 300. The Holladay property is currently subject to a development plan with a maximum 2.2 FAR. If the owners choose to take advantage of the greater potential FAR of the CR Zone, the new plan will be subject to the requirements of the CR Zone.



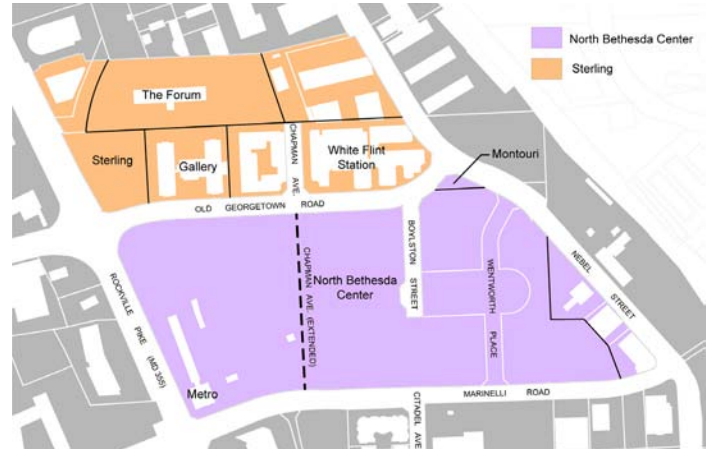
Metro East District

Metro East forms the eastern half of the core area and contains the 32-acre North Bethesda Center project on the Washington Metropolitan Area Transit Authority (WMATA) property and the Forum, an older residential high-rise. Along Old Georgetown Road, between Rockville Pike and Nebel Street, are the recently built Sterling, Gallery, and White Flint Station mixed-use, high-rise developments (Map 17). The Metro East District, because of its proximity to transit in the center of the Sector Plan area, is a suitable alternate location for the co-location of the recommended library and regional services center.

Block 1: North Bethesda Center

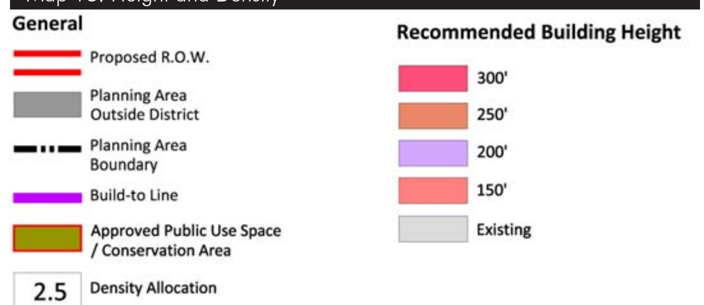
The 32-acre North Bethesda Center development is a planned mixed-use development with high rise multifamily residential, child daycare, office, and retail development on the WMATA site. The Center, because of its Metro station proximity, should take advantage of the additional density and provide more residential and office development. There are four other properties along Nebel Street that could redevelop into mixed uses.

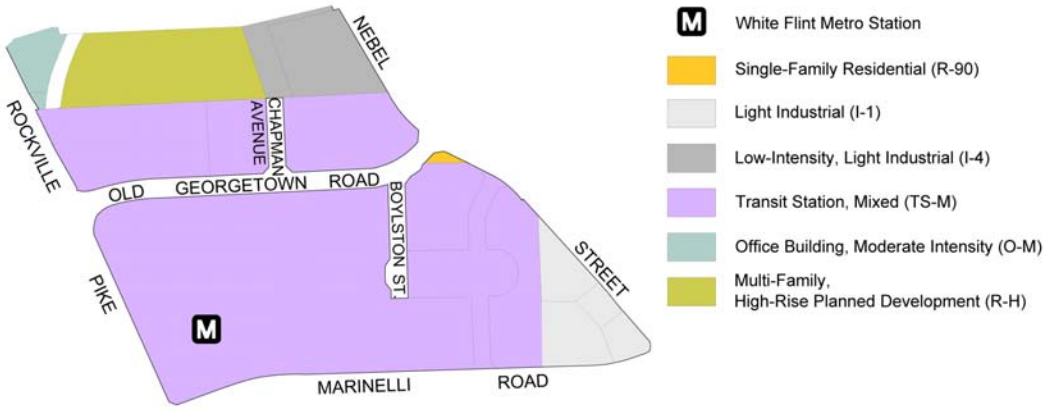
- A development plan and preliminary plan govern the TS-M zoned North Bethesda Center. Some of the parcels in the project have received site plan review approval. Rezone the TS-M area between Rockville Pike and Chapman Avenue Extended (Chapman/Oak Grove Street) to CR 4: C 3.5, R 3.5, and H 300. This will create potential for more density at the Metro station than is currently approved under the existing TS-M Zone. McGrath Boulevard (the eastern extension of Market Street) has an approved streetscape plan, building setbacks, and cross section. Figure 4 does not apply to McGrath Boulevard.
- Rezone the TS-M zoned land between Chapman Avenue Extended and Wentworth Place (including the 0.17 acre R-90 zoned Montouri property) to CR 4: C 2.0, R 3.5, and H 250. This will allow more residential development at the Metro, but not directly on Rockville Pike. In this section, building heights should be lower, allowing a transition to the Nebel District.



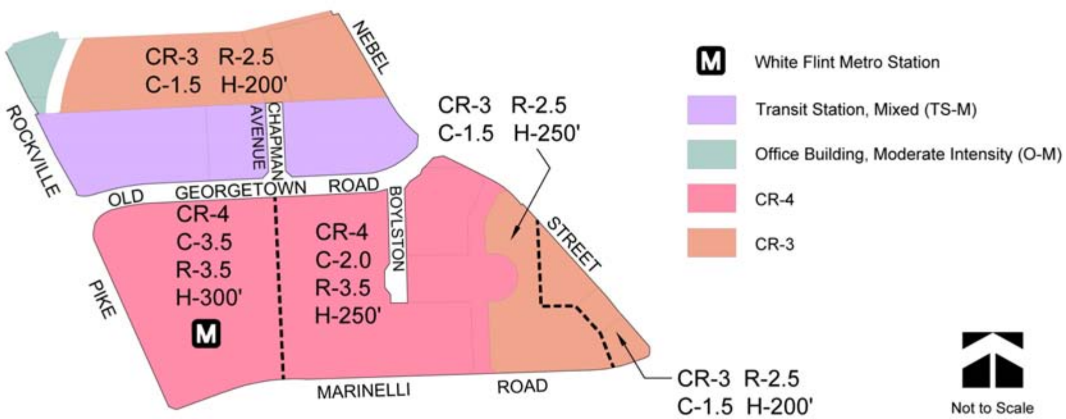
Map 17: Location

Map 18: Height and Density





Map 19: Existing Zoning

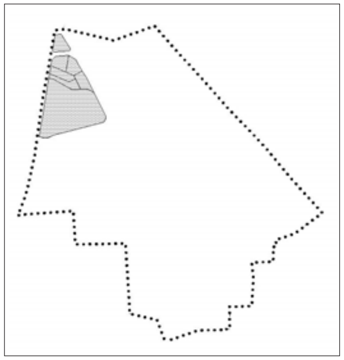


Map 20: Proposed Zoning

- Rezone the remaining TS-M zoned area and the I-1 parcel east of Wentworth Place (once used for stormwater management) in the North Bethesda Center project to CR 3: C 1.5, R 2.5, and H 250 to correspond to heights in approved development.
- Rezone the three properties on the south end along Nebel Street to the same zone, CR 3: C 1.5, R 2.5, and H 200 feet. This will allow for assembly or independent redevelopment.

Block 2: Sterling

- Confirm TS-M Zone on properties along the north side of Old Georgetown Road. The mixed-use development is recent and there is little likelihood of redevelopment over the Plan's lifetime.
- Confirm the O-M Zone on the existing office buildings.
- Rezone the Forum Property to CR 3: C 1.5, R 2.5, and H 200 to allow for future mixed-use redevelopment comparable in density and height to surrounding properties. The existing access may have to be modified in order to accommodate the recommended location of the Fire Station in the Maple Avenue District and is shown as a local street on Figure 43, Existing and Proposed Street Network.
- Rezone the I-4 properties to CR 3: C 1.5, R 2.5, and H 200. This will allow existing properties to continue in their current uses, but if future redevelopment is desirable, mixed-use is possible.

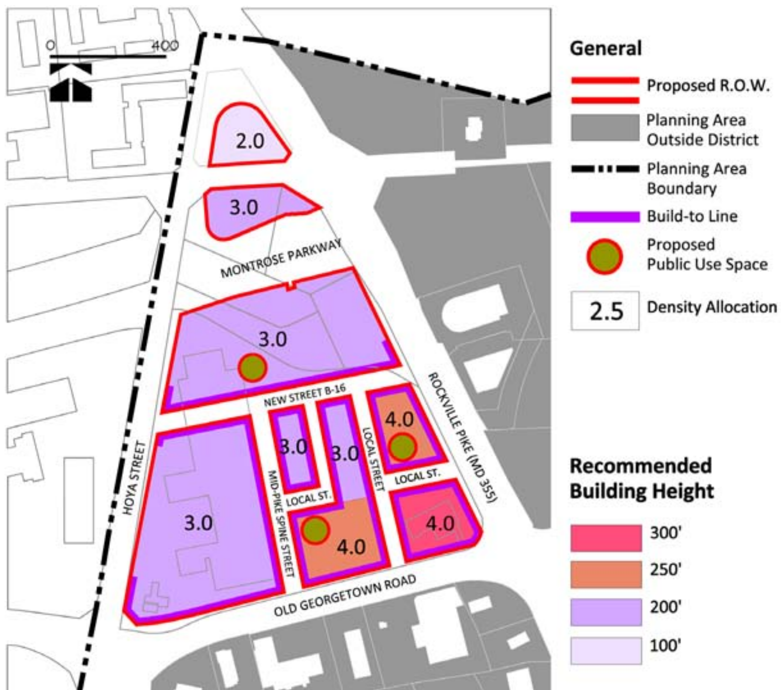


Mid-Pike District

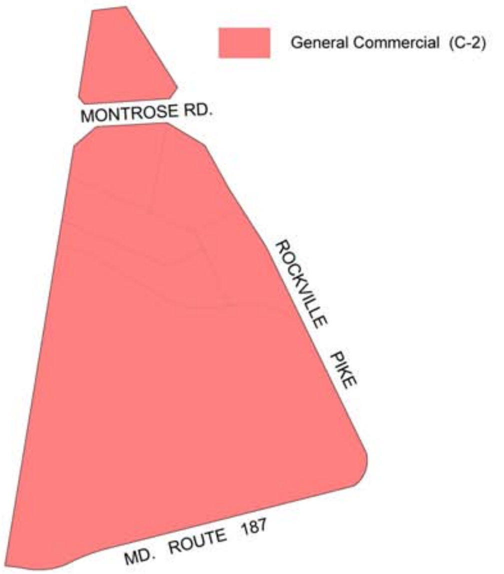
The Mid-Pike District contains the Mid-Pike Plaza Shopping Center and excess right-of-way for Montrose Parkway. This District will function as a regional retail magnet with a substantial residential component and public services (Map 21). Mid-Pike Plaza is a 20-acre strip shopping center with surface parking and one and two-story buildings in the C-2 Zone. The State of Maryland owns approximately 9.5 acres immediately north of the shopping center, much of which will be used for Montrose Parkway.

Redevelopment in the district should retain its regional marketplace function and include residential and civic uses. Building heights of 300 feet should frame the corner of Rockville Pike and Old Georgetown Road. Public use space, such as an urban plaza or neighborhood green or a civic or cultural attraction, will provide reasons to gather and encourage all day activity.

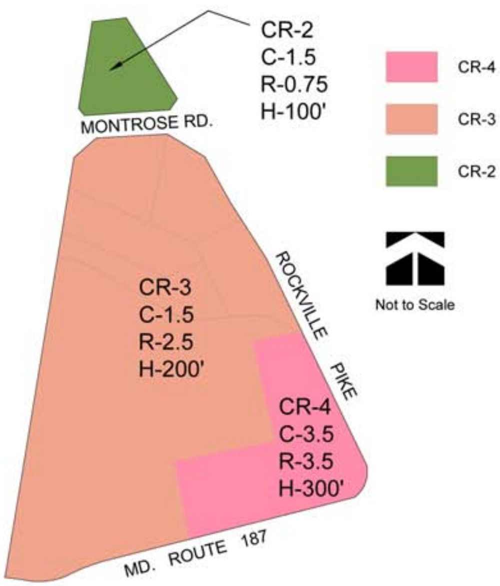
Map 21: Location



Map 22: Height and Density



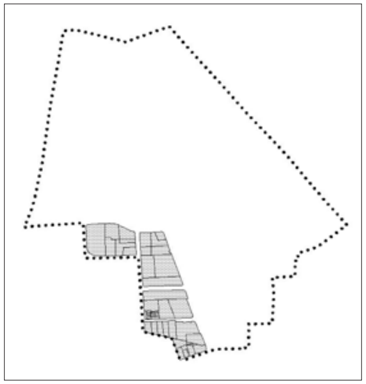
Map 23: Existing Zoning



Map 24: Proposed Zoning

The new internal road network at the corner of Rockville Pike and Old Georgetown Road creates a high visibility corner and should be developed with mostly non-residential uses. This Plan recommends taller buildings and greater FAR at the corner and along Rockville Pike.

- Rezone the corner at Rockville Pike and Old Georgetown Road of the Mid-Pike Plaza property to CR 4: C 3.5, R 3.5, and H 300. This allows more non-residential use, if necessary.
- Rezone remainder of the Mid-Pike Plaza property CR 3: C 1.5, R 2.5 and H 200. This mix allows the property to develop at a mix of 50 percent each residential and non-residential, although the maximum FAR cannot be reached without mixed-uses.
- Rezone the portion of SHA property south of Montrose Parkway the same as the Mid-Pike Plaza property to CR 3: C 1.5, R 2.5, and H 200 so that assembly is possible. Affordable housing and public facilities are appropriate and desirable in this area, possibly in conjunction with private development.
- Rezone the C-2 zoning on the SHA property north of Montrose Parkway to CR 2: C 1.5, R .75, H 100 to allow for mixed-uses. Public facilities are suitable uses. Surface parking is not an appropriate use at this location, since much of the Plan's emphasis is to reduce the amount of surface parking.
- Provide a minimum one-acre public use space that can be divided into smaller areas, such as urban plazas or neighborhood greens, on the Mid-Pike Plaza property.

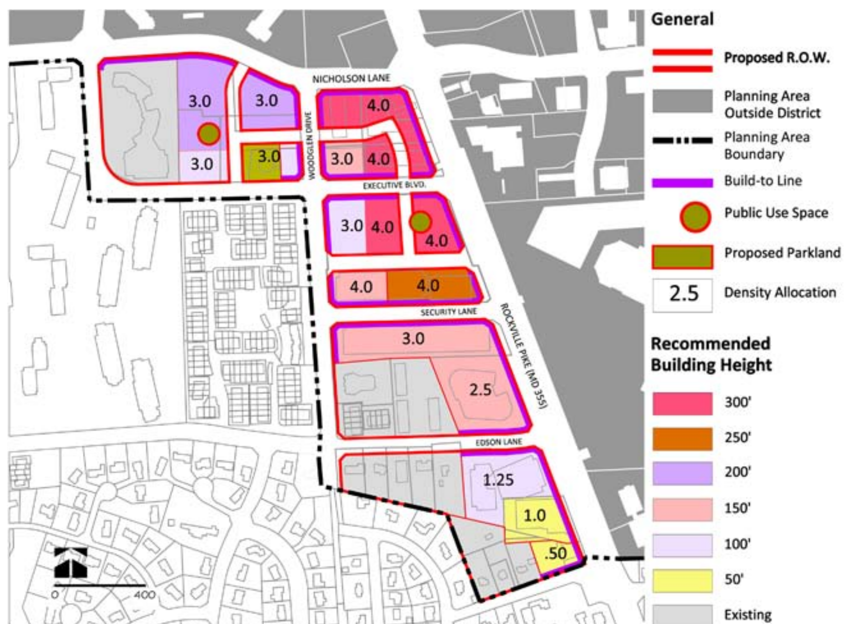


NoBe District

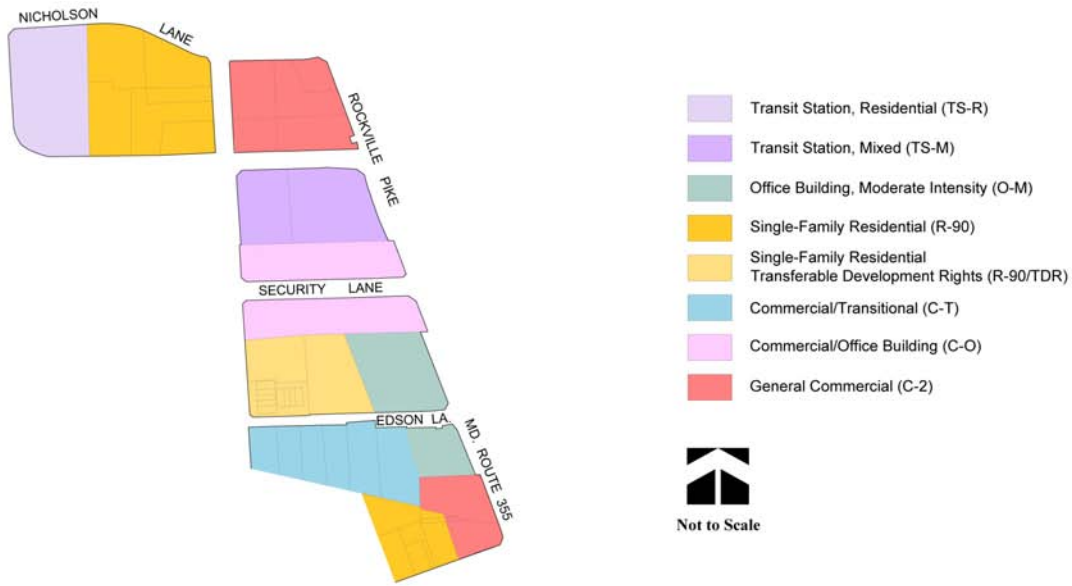
The NoBe (North Bethesda) District (Map 25) contains office buildings, commercial properties, and the North Bethesda Market mixed-use development. The western edge adjoins existing residential development. North Bethesda Market development is consistent with the mixed-use urban concept envisioned in the Plan. The Bethesda Trolley Trail will draw pedestrians and bicyclists along Woodglen Drive and new residential uses will transition between the existing residential communities and the commercial uses along Rockville Pike.

The land use and zoning recommendations will provide opportunities for new mixed-uses and public use spaces while maintaining residential and office uses and ensuring a buffer for existing residential communities. The District is divided into five blocks: Water Tower, North Bethesda Market, Security Lane, Edson Lane, and Hillery Way. Security and Edson Lanes are well-landscaped streets with a full tree canopy along the sidewalk.

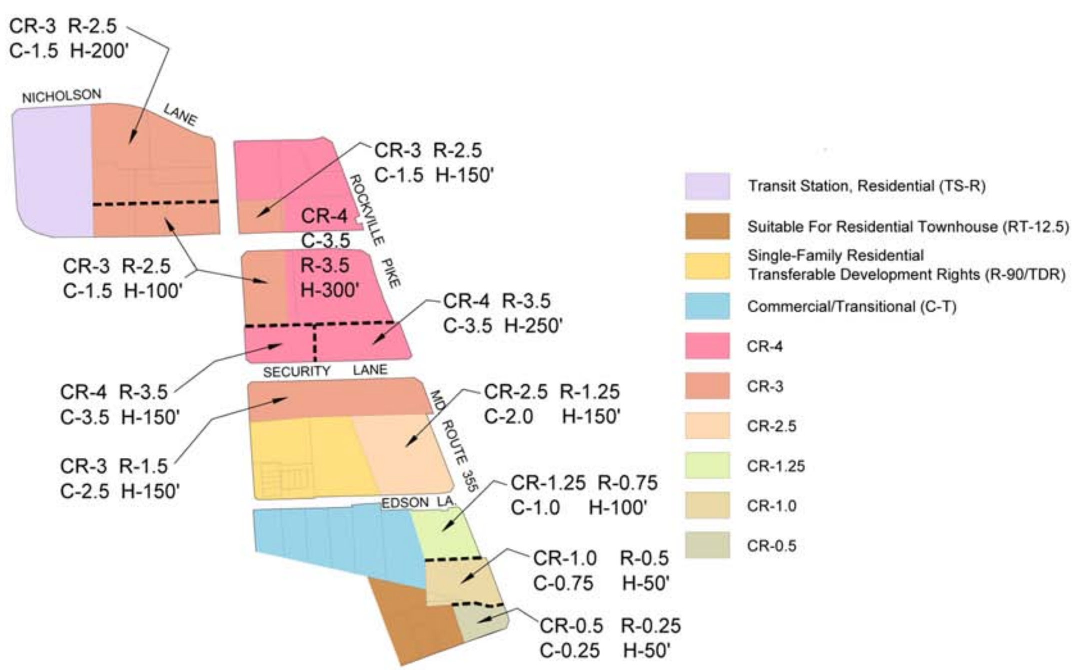
Map 25: Location



Map 26: Height and Density



Map 27: Existing Zoning



Map 28: Proposed Zoning

Block 1: Water Tower

The 10-acre Water Tower block is bordered by Executive Boulevard, Woodglen Drive, and Nicholson Lane and has little redevelopment potential. This block should be primarily residential. The 18-story Fallswood multifamily residential building and the Washington Suburban Sanitary Sewer Commission (WSSC) water storage facility will remain. The Luttrell property has redevelopment potential and should provide a local street network between Executive Boulevard and Nicholson Lane.

- Confirm the TS-R Zone on the existing Fallswood residential properties.
- Rezone the R-90 properties along Nicholson Lane to CR 3: C 1.5, R 2.5, and H 200 on the northern portion along Nicholson Lane. The southern portion closer to Executive Boulevard should be zoned CR 3: C 1.5, R 2.5, and H 100. The height difference in this block is intended to allow taller heights opposite the Metro West District to the north and lower heights to the south where there is lower scale residential development.
- If the WSSC site is no longer needed, the site should be considered for public parkland. This could be accomplished through assembly with adjoining properties or through a land transfer between public entities.
- Locate a one-half acre neighborhood green on the Luttrell property. The Luttrell property is suitable as an alternative site for an elementary school. When there is an application for development of the Luttrell property, Montgomery County Public Schools must make a realistic assessment of whether an elementary school site is needed and whether MCPS and the County have the funds necessary to purchase the property in a timely manner. If the finding cannot be made, development should be permitted to proceed.

Block 2: North Bethesda Market

This block, approximately 10 acres, contains a signature mixed-use building at the intersection of Executive Boulevard and Rockville Pike. Existing zones are TS-M and C-2. This block contains a significant redevelopment opportunity north of Executive Boulevard and could include a hotel, retail, residential uses, and offices.

- Rezone C-2 properties fronting Nicholson Lane and Rockville Pike to CR 4: C 3.5, R 3.5, and H 300.
- Rezone the North Bethesda Market development (TS-M Zone) to CR 4: C 3.5, R 3.5, and H 300. This is the location of a signature 289-foot tall building on Rockville Pike in the North Bethesda Market project. New development should transition between this building to the lower scale residential development located west along Woodglen Drive.
- Rezone the remainder of the TS-M zoned properties along Woodglen Drive Extended to CR 3: C 1.5, R 2.5, and H 100 to transition to existing residential development and the proposed rezoning to the north.
- Rezone the remainder of the C-2 zoned properties along Woodglen Drive Extended and north of the proposed Executive Boulevard (B-7) to CR 3: C 1.5, R 2.5, H 150 to transition to existing residential development and the recommended rezoning in the southern portion of Block 1. Heights may be less than 150 feet to achieve compatibility with the residential development southwest of this block.

Block 3: Security Lane

Two office buildings, Rockwall and Cascade, with associated parking garages are the primary uses along Security Lane between Rockville Pike and Woodglen Drive. Security Lane is a business street with on-street parking.

- Rezone the C-O zoned Rockwall property to CR 4: C 3.5, R 3.5, and H 250 on the eastern portion and CR 4: C 3.5, R 3.5, and H 150 on the western portion of the site. This property will be split zoned. This designation will accommodate the existing office buildings, which are already in excess of a 3.0 FAR, and allow for some additional square footage if buildings are converted to mixed uses. Redevelopment on the north side of Security Lane should transition between the 300-foot height in Block 2 and the 150-foot height recommended on the south side of Security Lane.
- Rezone the C-O zoned Cascade property on the south side of the Security Lane to CR 3: C 2.5, R 1.5, and H 150 to continue the transition from the higher densities north to the lower densities south.

Block 4: Edson Lane

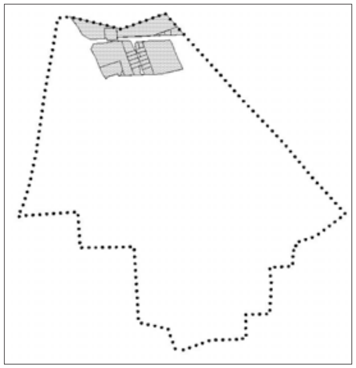
Office buildings, residential townhouses, a religious institution, and commercial properties comprise the Edson Lane block. This block is surrounded by the Crest of Wickford and Old Georgetown Village residential communities south and east, respectively. Commercial properties are west of Rockville Pike. Edson Lane connects Woodglen Drive to Rockville Pike. The entrance to the Bethesda Trolley Trail is located at Edson Lane and Woodglen Drive.

- Rezone the O-M properties north of Edson Lane to CR 2.5: C 2.0, R 1.25, and H 150 to continue the transition established on Block 3.
- Confirm the residential development and religious institution in the R-90/TDR Zone.
- Confirm the C-T Zone south of Edson Lane.
- Rezone the O-M property south of Edson Lane to CR 1.25: C 1.0, R 0.75, and H 100. The lower density and heights will provide a transition to the C-T Zone and residential uses to the south.
- Rezone the C-2 property to CR 1: C 0.75, R 0.5, and H 50 to continue the transition to the less dense commercial and residential uses at the southern boundary of the Sector Plan area.

Block 5: Hillery Way

This block transitions to residential communities to the immediate south and west. Hillery Way provides the only access to the residentially-zoned areas. Townhouse development will allow a transition to the existing community.

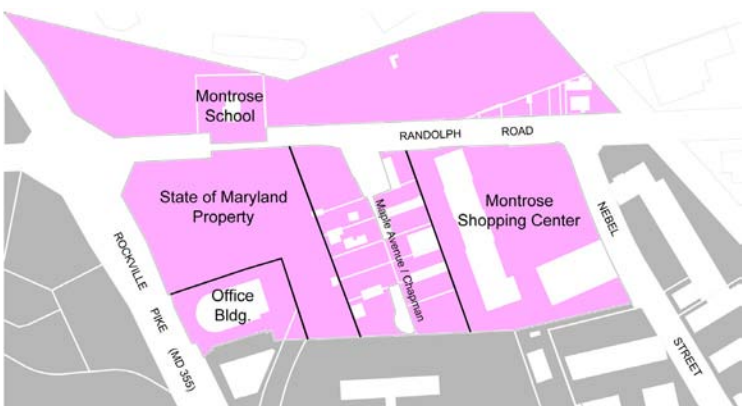
- The RT 12.5 Zone is suitable for the R-90 zoned properties.
- Rezone the R-90 properties (N390, N391) to CR 1.0: C 0.75, R 0.5 and H 50 to prevent a split zoning of these small properties.
- Rezone the C-2 property at the corner of Rockville Pike (P420) to CR 0.5: C 0.25, R 0.25, and H 50 to complete the density transition to the Plan's southern boundary.



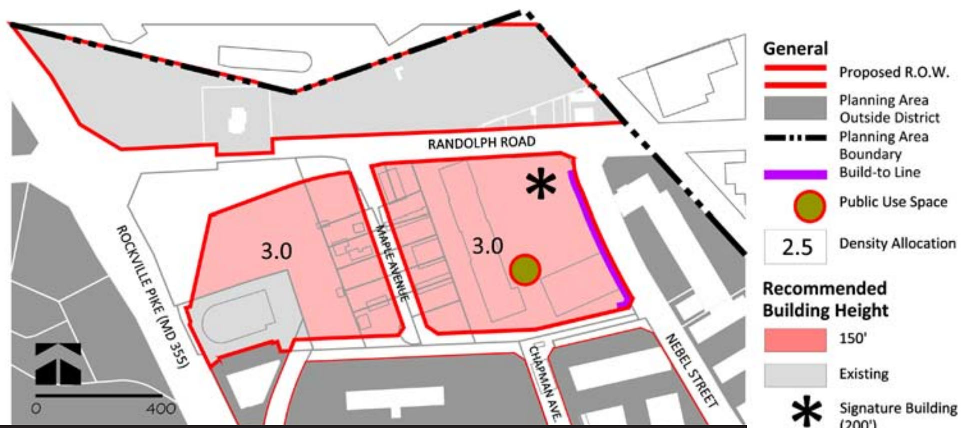
Maple Avenue District

The 30-acre Maple Avenue District has three sections. Along Rockville Pike is an office building and excess right-of-way for the Montrose Parkway interchange. In the interior on either side of Maple Avenue are small lots with low-scale industrial and commercial uses, including automobile repair. Many of these properties are small and redevelopment is unlikely in the near term. The Montrose Shopping Center is located at the intersection of Nebel Street and Randolph Road. The historic Montrose School is located on the north side of Montrose Parkway. Existing zones in this district are I-4, C-2, O-M, R-200, RMX/3C, and R-90 (Map 29).

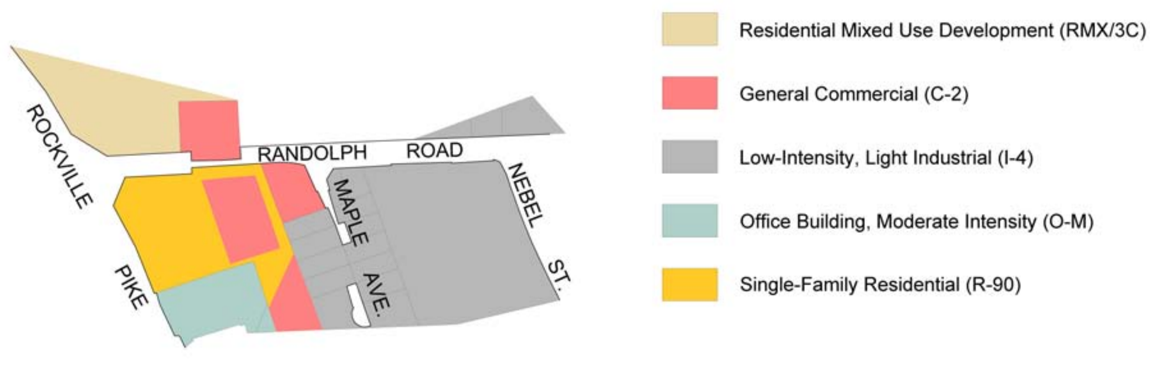
The Montrose Parkway interchange limits the desirability for residential uses for properties along Rockville Pike and Randolph Road. The excess right-of-way for the Montrose Parkway interchange, owned by the SHA, is the appropriate location for the Fire and Emergency Services Facility and police facility because it is possible to provide signalized access to both Rockville Pike and Montrose Parkway. However, the extension of Maple/Chapman Avenue to Old Georgetown Road will provide new access to the Metro station and residential redevelopment may be appropriate. Some light industrial and commercial properties may redevelop with mixed-uses along Maple/ Chapman Avenue.



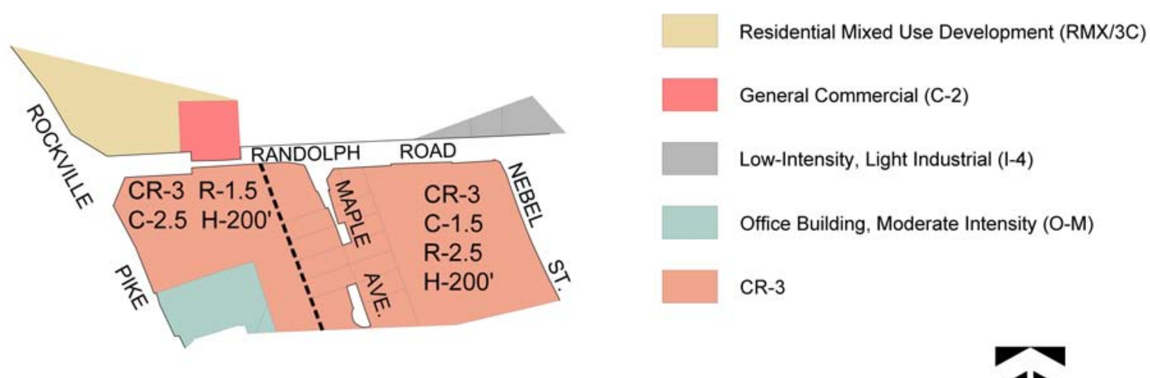
Map 29: Location



Map 30: Height and Density



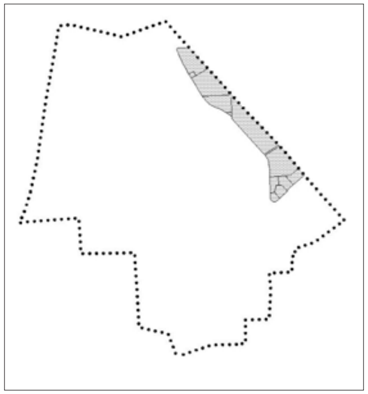
Map 31: Existing Zoning



Map 32: Proposed Zoning

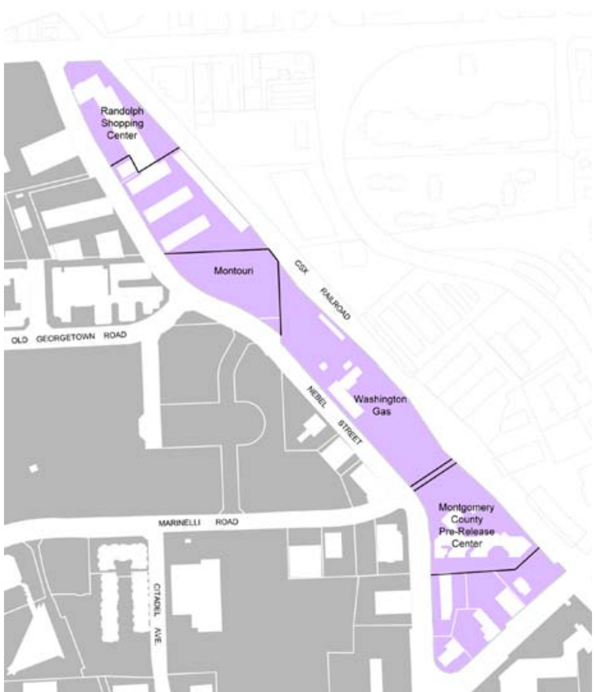
Not to Scale

- Confirm the O-M, R-200, and RMX/3C zoned properties.
- Confirm the I-4 zoning on the three properties located on the north side of Randolph Road; redevelopment of these small properties is unlikely.
- Confirm the C-2 Zone on the historic Montrose School property. Montrose Parkway will alter access to the site: pedestrians will have access from the south and north, but vehicular access is from the north only. There is no potential for creating mixed-uses on the property. The property owner is not interested in relocating the structure under any circumstances.
- Rezone the remaining I-4 and C-2 properties (Montrose Shopping Center and the properties on Maple Avenue) to CR 3: C 1.5, R 2.5, and H 200. The density map indicates that lower heights, 150 feet, are generally intended for this area. Building heights should transition down from the core, but it may be desirable to have a taller building of up to 200 feet define the corner of Randolph Road and Nebel Street.
- There should be significant green area in the public use space site on the Montrose Shopping Center property.
- Rezone the SHA property at the intersection of Randolph Road and Rockville Pike from the R-90 and C-2 zones to CR 3: C 2.5, R 1.5, and H 200 to allow for a greater percentage of commercial development at the intersection.

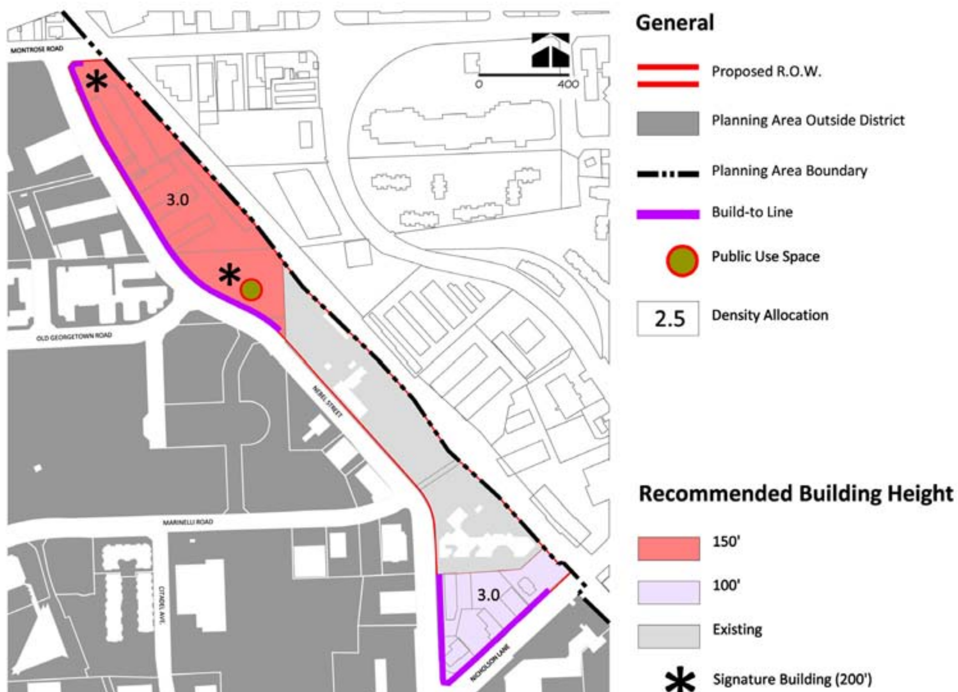


Nebel District

The Washington Gas facility and the Montgomery County Pre-Release Center are two public uses within this 23-acre district, which lies alongside the CSX tracks. The district is zoned I-4 and C-2. Some properties in this district, including the Randolph Shopping Center, have redevelopment potential (Map 33).

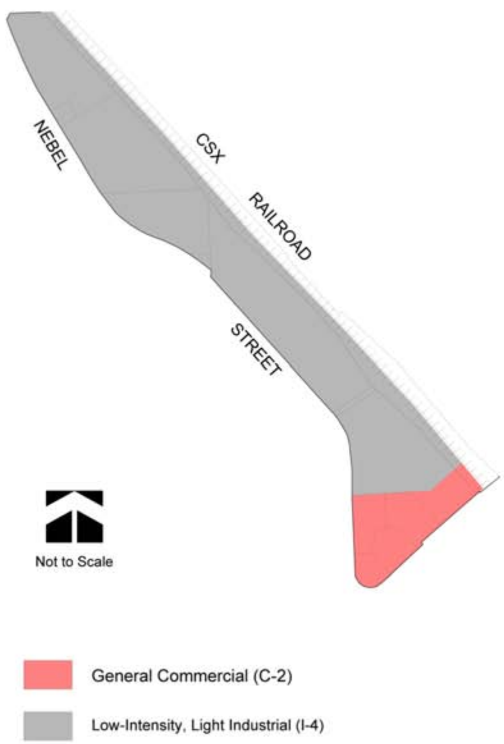


Map 33: Location

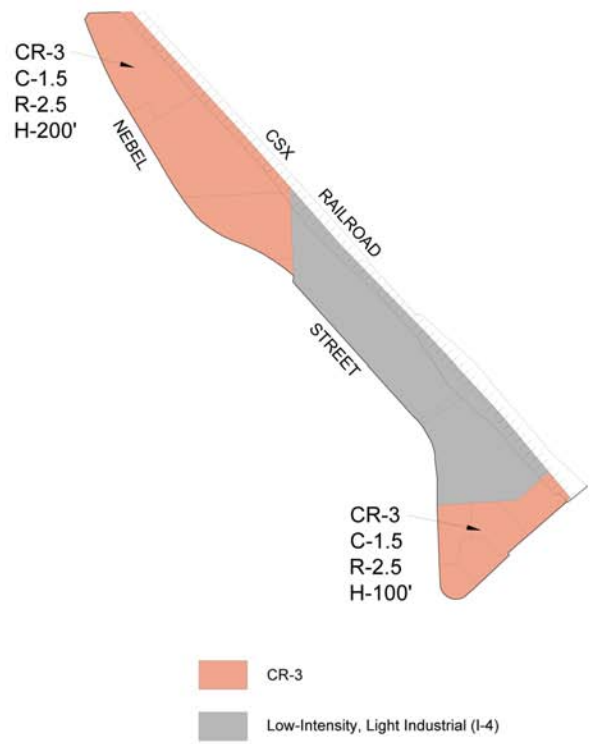


Map 34: Height and Density

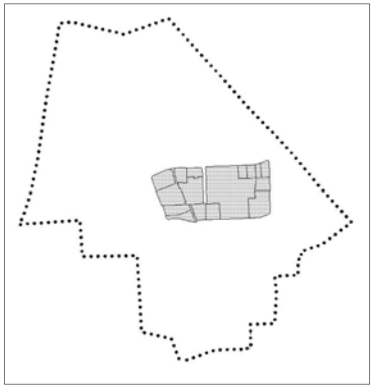
- Confirm the Montgomery County Pre-Release Center and the Washington Gas facility in the I-4 Zone.
- The I-4 zoned Montouri and Washington Real Estate Investment Trust properties north of the Washington Gas Company should be rezoned CR 3: C 1.5, R 2.5, and H 200 to encourage as much residential development as possible. Signature buildings, between 150 and 200 feet tall, may be located at the terminus of Old Georgetown Road and Nebel Street or at the intersection of Randolph Road and Nebel Street, in conjunction with development in the Maple Avenue District.
- Rezone the five C-2 properties at the southern end of the Nebel Street and Nicholson Lane to CR 3: C 1.5, R 2.5, and H 100 to allow for mixed-uses.



Map 35: Existing Zoning

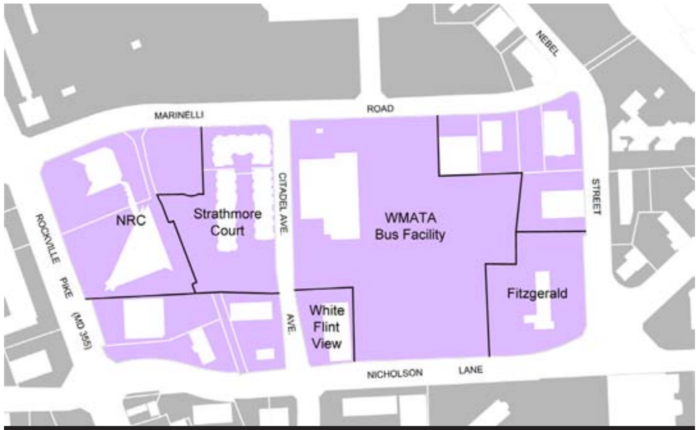


Map 36: Proposed Zoning

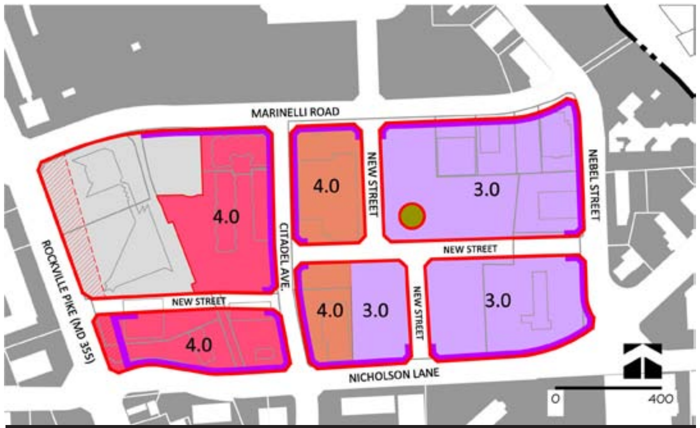


NRC District

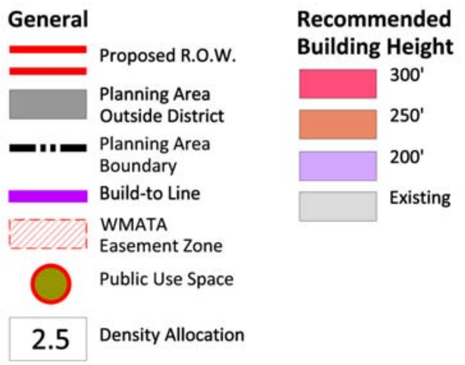
The NRC District, approximately 38.5 acres, is bounded by Rockville Pike, Nicholson Lane, Nebel Street, and Marinelli Road. The headquarters of the Nuclear Regulatory Commission (NRC); Strathmore Court, a Housing Opportunities Commission (HOC) multifamily residential development; and a WMATA bus facility are located within the district. The WMATA bus depot provides maintenance service for all WMATA buses serving the County. Properties are zoned TS-M, I-1, and C-2. The WMATA site has the greatest potential for future redevelopment and could add a substantial amount of residential uses should the bus facility no longer be needed (Map 37).

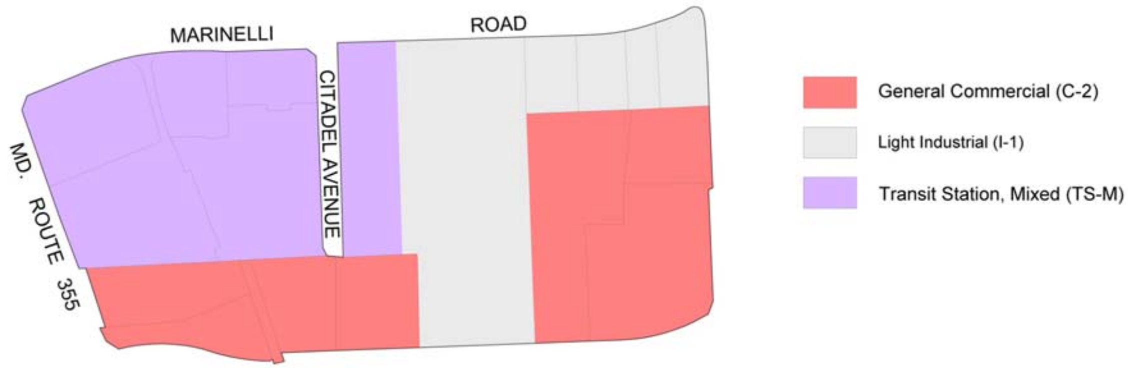


Map 37: Location

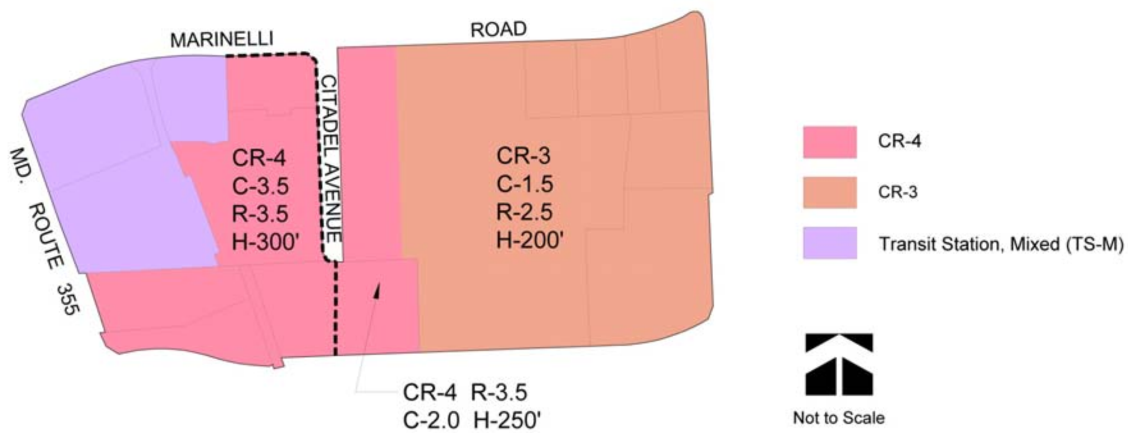


Map 38: Height and Density



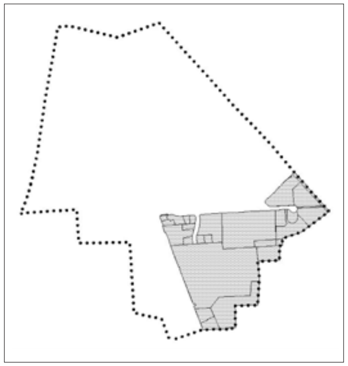


Map 39: Existing Zoning



Map 40: Proposed Zoning

- Confirm TS-M Zone on the three NRC properties.
- Rezone the TS-M properties (Strathmore Court) on the west side of Citadel Avenue to CR 4: C 3.5, R 3.5, and H 300 to encourage residential development.
- Rezone C-2 properties along Rockville Pike south of the NRC and west of Citadel Avenue to CR 4: C 3.5, R 3.5, and H 300. These properties may be more appropriate for primarily non-residential uses.
- White Flint View, east of Citadel Avenue Extended, is zoned C-2 and has an approved preliminary plan. To the north is a portion of the WMATA facility zoned TS-M. Both properties should be rezoned CR 4: C 2.0, R 3.5 and H 250 to accommodate approved residential development and to encourage more residential development. The remaining WMATA property (zoned I-1 and C-2) and the properties at the corner of Nicholson Lane and Nebel Street should be rezoned CR 3: C 1.5, R 2.5 and H 200.

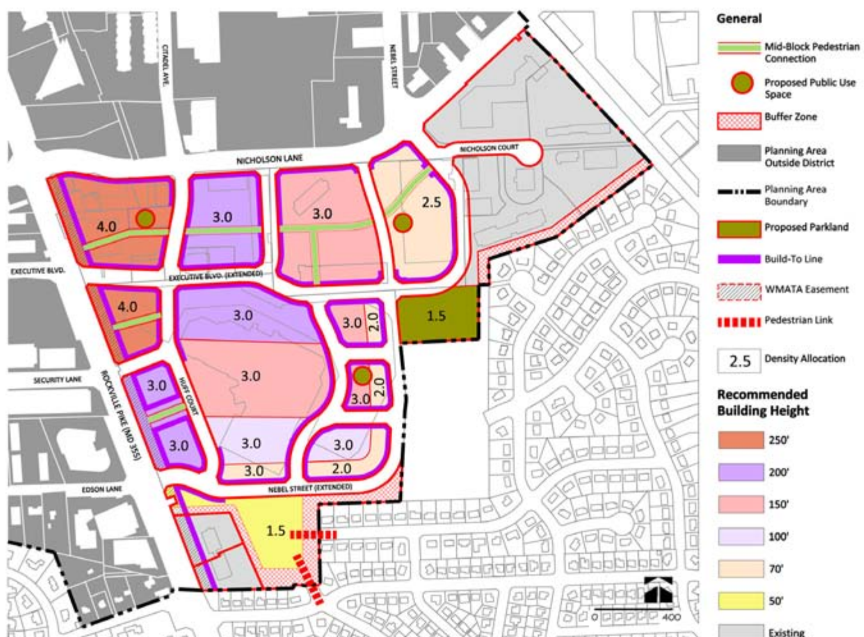


White Flint Mall District

The White Flint Mall, at 88 acres, is the Sector Plan area's largest district. It contains office, commercial, and industrial uses, including the White Flint Mall and White Flint Plaza. The White Flint Neighborhood Park and the White Flint Park and Garrett Park Estates community are on the southern boundary. The CSX tracks form the eastern boundary. Rockville Pike is the western boundary and Nicholson Lane is the northern boundary. Properties in this district are zoned I-4, C-T, C-2, C-0, and R-90. There are no residential units in the district (Map 41).

The district is divided into four blocks: Eisinger and Fitzgerald, White Flint Plaza, Nicholson Court, and White Flint Mall. Each of these blocks can be further divided into smaller walkable blocks by extending the existing road network and adding lateral connections. Redevelopment can provide a considerable number of new residential units organized into discrete neighborhoods. Some blocks may redevelop with more than the targeted 60 percent residential use. A MARC station is planned in the Nicholson Court block. There should be a substantial amount of public use space generated by new development. It is important for the public use spaces to be distributed and connected through the blocks. Each block should have connecting public use spaces as indicated on the Height and Density Map.

Map 41: Location



Map 42: Height and Density

Block 1: Fitzgerald and Eisinger

This C-2 zoned block contains commercial properties located at the southwestern and southeastern corners of the intersection of Huff Court and Nicholson Lane. The Fitzgerald property has frontage along Rockville Pike while the Eisinger property is located at the southeastern intersection of Nicholson Lane and Huff Court. Uses include an automobile sales center, office buildings, and a commercial shopping center. New mixed-use development is anticipated for both blocks. The Eisinger property is anticipated to develop with more residential than non-residential development.

- Rezone land west of Huff Court (Fitzgerald property, a closed gas station, and some smaller properties) to CR 4: C 3.5, R 2.0, and H 250. Residential uses may not be as desirable along Rockville Pike as offices or hotel uses.
- Rezone land east of Huff Court (Eisinger property and two lots owned by Lerner/Tower) to CR 3: C 1.5, R 2.5, and H 200 to encourage residential development. Affordable housing, especially Workforce Housing, may be appropriate at this location in conjunction with redevelopment of the western portion of Block 1.

Block 2: White Flint Plaza

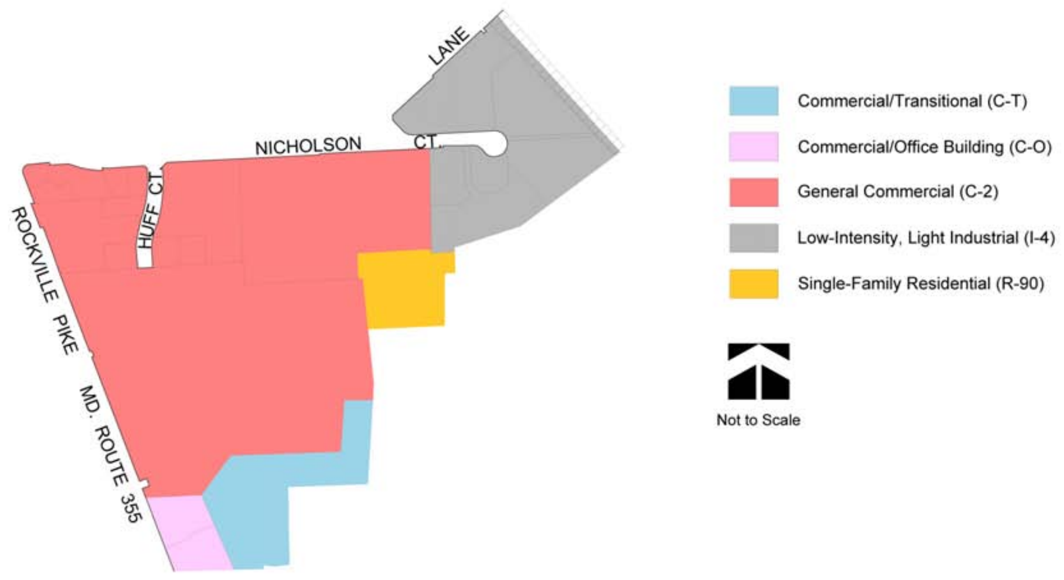
White Flint Plaza is a commercial shopping center zoned C-2. The shopping center has surface parking and several single-story buildings. There are some long-term leases in this shopping center that may affect the timing of redevelopment. A new neighborhood green up to ½ acre is proposed when the shopping center is redeveloped. This block is under single ownership.

- A proposed local street will divide the property. Rezone the western portion to CR 3: C 1.5, R 2.5, and H 200. Rezone the eastern portion to CR 2.5: C 1.25, R 2.0 and H 70. The C 1.5 and C 1.25 designations will accommodate the existing shopping center. As shown on the Height and Density map, development on this property should transition between Block 1 and Block 3. Development on the western half should have 150-foot heights to ensure a transition between Block 1 and the eastern portion. The eastern portion should have a density of 2.5 FAR and a maximum height of 70 feet to ensure compatibility with Block 3.

Block 3: Nicholson Court

Light industrial and commercial uses, including a Ride On bus parking facility and warehouses, are the primary uses in this block. Redevelopment in this district is likely to take place in the long-term. The MARC station will be located in this block and there may be some interest in combining Ride On bus storage and MARC parking facilities. Nicholson Lane, the northern boundary, crosses the CSX tracks and will provide excellent east-west access to the MARC station. For this reason, the zoning and existing uses in this block should be retained and revisited during the development of the White Flint II Sector Plan that will examine the eastern side of the CSX tracks.

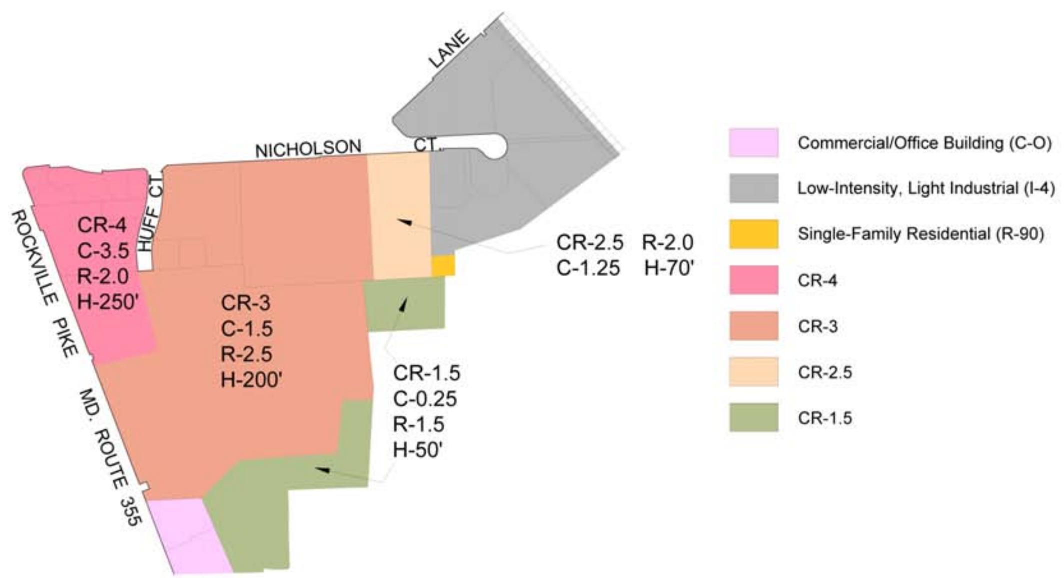
- Retain the existing I-4 zoning.



Map 43: Existing Zoning

Block 4: White Flint Mall

The White Flint Mall is the Sector Plan area's largest property and has been home to premier department stores for 40 years. Two of the companies, Bloomingdale's and Lord and Taylor, own their buildings, which has implications for redevelopment. The property is zoned C-2 and CT. There are two medical office buildings zoned C-O along Rockville Pike south of the mall. White Flint Neighborhood Park is to the immediate east and Garrett Park Estates is to the immediate south.

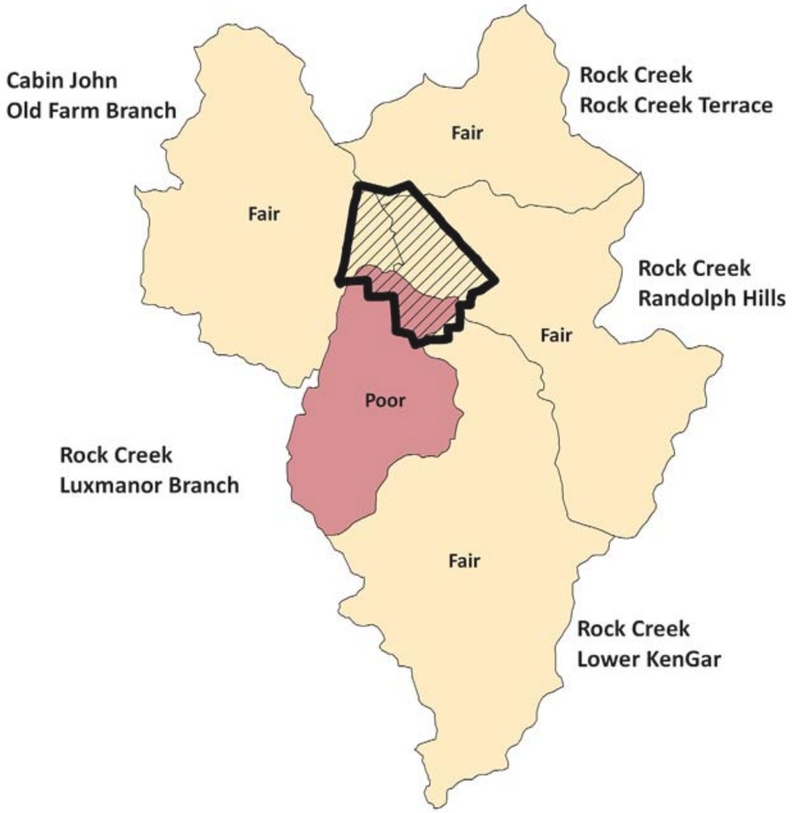


Map 44: Proposed Zoning

New vertical residential and non-residential uses will transform this property. New public amenities and facilities, public uses, neighborhood greens, and an expanded road network will create walkable blocks. Using the WMATA tunnel easement as a pedestrian promenade will enhance this block and improve pedestrian access. This property could accommodate an elementary school. Development along Rockville Pike may be denser and the buildings taller than the eastern segment of the property.

The land use mix on the blocks between Nebel Street Extended and the residential community and neighborhood park should reflect a greater proportion of residential than commercial uses. This will allow for the gradual transition to the more intense residential and commercial uses in the center and northern portion of the property. Building heights should also transition between the south side of Nebel Street Extended, where 50 feet is recommended, to 70 feet along the north and west sides of the street. The elementary school site is recommended for the approximately 4-acre area south of Nebel Street Extended between the adjacent medical office building to the west and the residential community to the east. A school at this location will serve as a community gathering place for families from established and future residential development. Should the mall site redevelop before MCPS is prepared to build a school, appropriate interim uses should be selected to ensure compatibility with the adjoining residential neighborhood.

- Dedicate approximately 2.3 acres to expand the White Flint Neighborhood Park.
- The White Flint Mall property will be split zoned to provide appropriate transitions between Rockville Pike, the expanded White Flint Neighborhood Park, and residential communities to the south and east.
- Rezone four C-2 zoned acres adjacent to Block 1 to CR 4: C 3.5, R 2.0, and H 250.
- Rezone the existing R-90 and C-T portions to CR 1.5: C 0.25, R 1.5, and H 50. Lower density and height limits will ensure compatibility with the park and adjoining single-family detached residential communities.
- Rezone the central portion to CR 3.0: C 1.5, R 2.5, and H 200. The Density and Height map indicates height bands across the central portion, with the taller buildings at the north, lower buildings in the middle (150 feet) and the southern portion (70 feet). The 70-foot tall buildings are to be located on the north side of Nebel Street Extended to continue the transition to the lower building height of 50 feet south of the proposed street. The heights shown on the map demonstrate this Plan's intent that heights decline as buildings move from the north and west of the site toward the southern and eastern edges. Some variation from the lines on the map may be necessary to accommodate a carefully organized and thoughtful design, but the overall effect should be that buildings within each height band not exceed the height indicated.
- Confirm the C-O zoning on the medical office building properties.



Map 45:
White Flint Stream Conditions

The compact, walkable, and green community envisioned for White Flint fully integrates all aspects of sustainability. It accommodates new residents and businesses while reducing land consumption and vehicle miles travelled, improving our carbon footprint, and water and air quality.

Redevelopment is an opportunity to improve environmental conditions and create a greener community, which conserves energy and uses roofs and green spaces to filter stormwater and purify the air. The CR Zone provides incentives to protect and enhance natural resources while reinforcing current environmental regulations.

The Sector Plan area spans a cluster of five headwater subwatersheds in the Lower Rock Creek basin and the Cabin John watershed. Most of the development occurred at a time before stormwater management regulations were in place, so all streams in the subwatersheds are degraded. Most of the subwatersheds are in fair condition and a portion of the southern Sector Plan area is in poor condition. As development occurred, the smaller headwater streams were placed in pipes underground and covered. There are almost no natural resources or environmental functions remaining in the Sector Plan area, and there are no environmentally sensitive areas (stream buffers, wetlands, floodplains, or steep slopes) remaining to protect. Current tree canopy is approximately 10.5 percent and imperviousness is about 87 percent. The remaining pervious area is either in grass, gravel, or cleared earth.

The Plan's recommendations are aimed at maintaining the same amount of pervious land cover, increasing tree canopy and incorporating stormwater management into all new and redeveloped properties. This will decrease the amount and increase the quality of runoff from the Sector Plan area, but it cannot completely offset the impacts of the existing and proposed development (Map 45).

Stream conditions should stabilize and improve over time. Stream restoration and forest planting along streams near the Sector Plan area will also be needed to achieve better stream conditions in the Rock Creek and Cabin John watersheds. Compact development that accommodates more people on less land avoids degradation in other stream systems in the County, reducing the total impact on the Chesapeake Bay.

The first goal is to minimize carbon emissions. The County's overall goal is to reduce the 2005 measured carbon emission levels by 80 percent by 2050. The land use pattern in White Flint will prevent the emission of approximately six to seven million metric tons of carbon equivalent over the lifetime of development. This reflects the physical savings of more compact building types and reduced vehicle miles traveled.

Recommendations to achieve further savings include:

- providing a safe, attractive and continuous network of sidewalks and bikeways to further reduce vehicle miles traveled
- reducing consumption of energy through site design and energy-efficient buildings:
  - site buildings to maximize natural lighting and ventilation and minimize thermal loss
  - use awnings and overhangs to block direct summer sunlight and use light shelves to reflect natural daylight farther into the building
  - maximize use of on-site and off-site renewable energy sources
  - maximize the LEED or equivalent standards met in the Energy and Atmosphere category
- mitigating carbon emissions through maximizing the preservation and planting of trees and other vegetation

The second goal is to create a healthy, livable urban environment by improving air and water quality. The Sector Plan area is currently approximately 87 percent impervious with only 10.5 percent tree canopy. Very little of the current development is served by stormwater management.

Recommendations to accomplish this goal include:

- using the incentives for protection of the natural environment as described in the CR zone, on all properties. These incentives should be chosen based on the individual sites and integrated into the design of the development:
  - increase tree canopy
  - maximize energy conservation
  - increase carbon storage (sequestration)
  - decrease carbon production
  - decrease urban heat island effect
- adding stormwater treatment along Rockville Pike and along the Market Street to reduce the impact of runoff as required by the Road Code
- using environmental site design to handle stormwater management. Appropriate techniques may include green roofs, bio-infiltration, innovative stormwater features, green streets, cisterns, and pervious paving. Recycling stormwater for beneficial uses is preferred
- increasing the tree canopy for the entire Sector Plan area from 10.5 percent to 20 percent through streetscaping and tree plantings in public use space.

mobility

The Plan recommends a transit-focused, multi-modal mobility system that supports the proposed urban center and local neighborhoods. Street enhancements are necessary to fully support transit service. An improved street grid would allow better traffic flow. Improved pedestrian and bicyclist access to transit would provide incentives to reduce automobile use.

Two principles underpin the mobility recommendations.

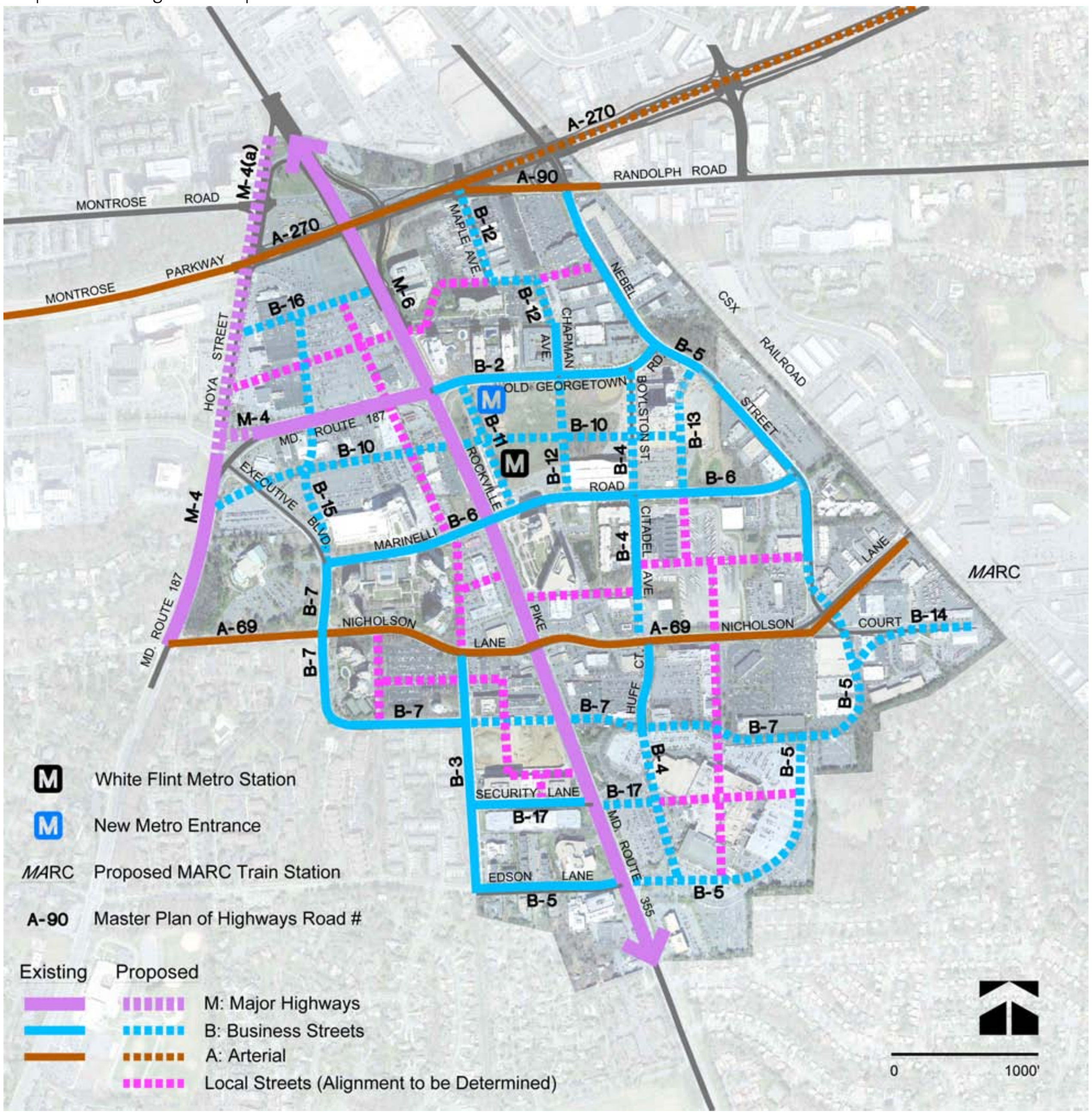
- An enhanced grid street network can diffuse congestion. The Plan recommends a grid street network that includes business district streets and a finer grained system of local connections, including private streets, for more direct vehicular and pedestrian circulation. This robust network relieves pressure on Rockville Pike and Old Georgetown Road, the two major highways that have the most congestion in the Sector Plan area.
- Walkable streets with access to transit reduce reliance on the automobile.

The Plan incorporates the following regarding future trip generation.

- Development in Metro Station Policy Areas has a lower vehicle trip generation rate than development elsewhere in Montgomery County because of the availability of high-quality transit.
- Future commercial development in White Flint can be expected to have a lower vehicle trip generation rate because of the County's commitment to transportation demand management strategies including policies and programs designed to affect commuter behavior such as parking management, connected sidewalk and bikeway facilities, improved access to Metro and MARC, expanded circulator bus service, and efficient parking management.
- Residential development can generally be expected to have a lower vehicle trip generation rate than commercial development.

Based on these assumptions, Local Area Transportation Review (LATR) standards can likely be met if the Metro Station Policy Area boundary is expanded to encompass the entire Sector Plan area.

Map 46: Existing and Proposed Street Network



Street Network

- Implement the master planned street network (Map 46). Sector Plan area streets should adhere to the design standards of the County Road Code. Nebel Street is to have a three-lane cross section to allow for a southbound travel lane and continuous left turn lane. Pedestrian refuge islands can be provided where Nebel Street forms a T intersection with B-2, B-13 and B-6, because there is no left turn lane.
- Implement non-master planned street and alley connections in conformance with the Montgomery County Zoning Ordinance, White Flint Urban Design Guidelines, and the County Road Code. These streets may be public or private and provide flexibility for operational functions including property access, loading, and parking.
- Target speeds for the Sector Plan area roadways are 25 miles per hour except for Montrose Parkway, which has a target speed of 35 miles per hour.

Privatization of Traffic-Carrying Streets

Four proposed street segments in the Sector Plan area are classified as master-planned business streets, based on their need to carry traffic as part of the determination of master plan transportation system adequacy:

- Woodglen Drive Extended (B-3) between Nicholson Lane and Mid-Pike Rung;
- Huff Court Extended (B-4) between Executive Boulevard Extended and Nebel Street Extended;
- New Street (B-18) between Chapman Avenue and Nebel Street; and
- New Street (B-19) between Nicholson Lane and Executive Boulevard Extended.

These four streets may be implemented as private streets subject to the following conditions:

1. Public easements must be granted for the roadway and be reviewed and approved by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Department of Transportation (MCDOT) for connectivity and consistency with Figure 43 of the White Flint Sector Plan prior to acceptance of the easement.
2. The design of the road must follow or improve the corresponding Road Code standard for a similar public road, unless approved by MCDOT and the Planning Board at the subdivision review stage or otherwise specified in the Sector Plan.
3. Installation of any public utilities must be permitted within such easement.
4. The road will not be closed for any reason unless approved by MCDOT.
5. Approval from the Department of Fire and Rescue Services must be obtained for purpose of fire access.
6. The public easement may be volumetric to accommodate uses above or below the designated easement area.
7. The County may require the applicants to install appropriate traffic control devices within the public easement, and the easement must grant the right to the County to construct and install such devices.
8. Maintenance and Liability Agreements will be required for each Easement Area. These agreements must identify the applicants' responsibility to maintain all of the improvements within their Easement Area in good fashion and in accordance with applicable laws and regulations.

Transit

- Construct a northern entrance to the Metro station in the southeast quadrant of Rockville Pike and Old Georgetown Road.
- Construct a MARC station at Nicholson Court. The location replaces the Bou Avenue location recommended in the 1992 North Bethesda/Garrett Park Master Plan. The relocation is appropriate since White Flint will be the most intensely developed activity center in North Bethesda along the Brunswick line.
- Provide bus transit transfer facilities serving the Metro and MARC stations. A minimum of ten bus bays should be provided at the Metro station and two bus bays at the MARC station.
- Support the development and maintenance of shuttle bus services serving both the Sector Plan area and immediately adjacent commercial properties.

- Develop circulator bus routes to provide local service, particularly on the east and west cross streets.
- Examine opportunities for bus priority treatments for east-west routes along Montrose Parkway.

Rockville Pike and Promenade

The primary purpose of Rockville Pike is to accommodate the movement of people and goods in all modes in a safe and efficient manner, and provide connectivity for travel to, from, and through all Sector Plan area neighborhoods and adjacent communities.

The Plan recommends retaining Rockville Pike as a six-lane major highway but stresses the need to redesign and reconstruct the Pike as an urban boulevard with both design elements and adjacent building lines reinforcing the need to lower travel speeds as appropriate for an urban environment.

The reconstruction of the Pike needs to include:

- elements that provide pedestrian comfort along sidewalks and in crosswalks
- on-road bicyclist accommodation
- bus priority lanes located to balance the needs for Metrorail feeder, circulator, and potential new line-haul services along Rockville Pike as would be found desirable to supplement Metrorail.

The design analysis for Rockville Pike should be undertaken during the first phase of the Plan as a priority study with the support of the County Executive and Council. During that time, there may be requests for development approval for projects fronting Rockville Pike. The recommended right-of-way is 150 feet, but additional right-of-way up to 162 feet should be reserved during the development process to accommodate the conclusion of the design analysis.

The design analysis needs to reflect:

- a BRT network north and south of the Sector Plan area should be examined by the County during the next year. In the interim, both barrier-separated median busway and curb-lane busway options should be preserved
- transit service concept planning
- pedestrian demand studies focused on Metrorail access
- Metrorail tunnel structural load analyses
- coordination with utility companies
- operational analysis of the effect of on-street parking.

Within six months of the publication of a final report documenting the Countywide Bus Rapid Transit Study, and after holding a public hearing, the County Council may determine whether the busway should be located in the median or along the outside curbs of Rockville Pike. The Council may also reduce the minimum right-of-way width for Rockville Pike from 162′ to 150′ at that time.

Market Street and Promenade

- The Planning Board, County Executive, and County Council should initiate a CIP project as a public/private partnership with the property owners in the Conference Center Block to select a road alignment and cross section for Market Street. When development occurs, each property can provide the needed right-of-way, locate driveways and loading areas, set back buildings correctly, and provide their share of the streetscape. The promenade will include a wide sidewalk for pedestrian and bicycle use and a distinctive streetscape with a mature tree canopy (Figure 10).

Travel Demand Management

- Establish a 50 percent non-auto driver mode share goal for employees arriving at work during the morning peak period in the Sector Plan area. The current non-auto driver mode share for the Sector Plan area is 26 percent. The Plan goal is aggressive but achievable through the combination of land use (density, diversity, and design) and zoning requirements, transit improvements, supportive travel demand management programs, and staging. Establish a 51 percent non-auto driver mode share goal for employed residents in the Sector Plan area leaving home during the morning peak period.

Parking Management

- Encourage provision of public parking by private development through incentives in the CR Zone.
- Establish a parking management authority for the Sector Plan area to assist in the active management of parking demand and promote shared parking efficiencies, particularly relieving the requirement for smaller properties to self-park. Public/private parking agreements should be encouraged as private properties redevelop.

Growth Policy

- Amend the White Flint Metro Station Policy Area boundaries to be coterminous with the Sector Plan boundary. The Sector Plan boundary was developed in anticipation of amending the Policy Area boundary. This would support transit-oriented development, including establishment of higher intersection congestion thresholds.
- Establish an alternative adequate public facilities (APF) review procedure with an exaction process based on the planned transportation infrastructure as proportioned to the traffic generated by each development. This will improve the efficiency of both the development review process (minimizing administrative costs) and infrastructure delivery (by avoiding “lumpy” infrastructure implementation).

Table 4: Roadway Facility and Segment						
Street	**From**	**To**	**Road Number**	**ROW (feet)**	**Lanes***	**Road Code Standard**
Major Highways						
Old Georgetown Rd (MD 187)	Nicholson Ln	Executive Blvd	M-4	150	6, divided	2008.02 mod.
	Executive Blvd	Rockville Pike (MD 355)	M-4	120	4, divided	2008.01 mod.
Hoya St	Executive Blvd	Montrose Pkwy	M-4a	120	4, divided	2008.01 mod.
Rockville Pike (MD 355)	Sector Plan southern boundary	Sector Plan northern boundary	M-6	150 (162**)	6, divided	2008.02 mod.
Arterials						
Montrose Pkwy	Hoya St	Sector Plan eastern boundary	A-270	300	4, divided	2007.01 mod.
Randolph Rd	Montrose Pkwy	Plan eastern boundary	A-90	100	4	2004.01 mod. / 2004.28 mod.
Nicholson Ln	Old Georgetown Rd (MD 187)	Sector Plan eastern boundary	A-69	90	4	2004.02 mod. 2004.26 mod.
Business Roads						
Chapman Ave (Maple Ave)	Marinelli Rd	Old Georgetown Rd	B-12	70	2	2005.02
	Old Georgetown Rd	Montrose Pkwy	B-12	70	2	2005.02
Citadel Ave/Boylston St	Nicholson Ln	Old Georgetown Rd	B-4	70	2	2005.02
Edson Ln	Woodglen Dr	Rockville Pike (MD 355)	B-5	70	2	2004.21 mod. / 2005.02 mod.
Executive Blvd Extended	Marinelli Rd	Nebel St Extended (B-5)	B-7	80	4	2004.01
Huff Ct/ Huff Ct Extended	Executive Blvd Extended	Nicholson Ln	B-4	70	2	2005.02
Huff Ct/ Huff Ct Extended***	Nebel St Extended (B-5)	Executive Blvd Extended	B-4	70	2	2005-02
Station St	Marinelli Rd	Old Georgetown Rd	B-11	70	2	2005.02
Marinelli Rd	Executive Blvd	Nebel St	B-6	90	4	2005.03 mod.
Market St	Old Georgetown Rd (MD 187)	Rockville Pike (MD 355)	B-10	70	2	2005.02
McGrath Blvd	Rockville Pike (MD 355)	Wentworth Pl (B-13)	B-10	70	2	2005.02
Mid-Pike spine street	Marinelli Rd	Old Georgetown Rd (MD 187)	B-15	80	4	2004.01
	Old Georgetown Rd (MD 187)	New Street (Mid-Pike rung) (B-16)	B-15	70	2	2005.02
Nebel St Extended	Randolph Rd	Plan northern boundary	B-5	80	4	2004.24 mod.
Nebel St	Nicholson Ln	Randolph Rd	B-5	80	2	2004.24 mod.
Nebel St Extended	Rockville Pike (MD 355)	Nicholson Ln	B-5	80	2	2004.01 mod. 2005.02 mod.
new street (Mid-Pike rung)	Hoya St	Rockville Pike (MD 355)	B-16	80	2	2005.02 mod.
Nicholson Ct (realigned)	Nebel St Extended	900 feet east of Nebel St Extended	B-14	70	2	2005.02
Old Georgetown Rd	Rockville Pike (MD 355)	Nebel St	B-2	90	4	2004.02 mod. / 2005.03 mod.
Security Ln/Security Ln Extended	Woodglen Dr	Huff Ct Extended (B-4)	B-17	70	2	2005.02
Wentworth Pl	Marinelli Rd	Nebel St	B-13	70	2	2005.02
Woodglen Dr	Edson Ln	Nicholson Ln	B-3	70	2	2005.02 mod.
Woodglen Dr ***	Nicholson Ln	Marinelli Rd	B-3	60	2	2005.02 mod.
Woodglen Dr ***	Marinelli Rd	Mid-Pike Rung (B-16)	B-3	70	2	2005.02 mod.
new street ***	Chapman Ave	Nebel St	B-18	70	2	2005.02
new street ***	Nicholson Ln	Executive Blvd Extended	B-19	70	2	2005.02

*The number of planned through travel lanes for each segment, not including turning, parking, acceleration, deceleration, or other auxiliary lanes.

** The Rockville Pike 150-foot right-of-way can be expanded to 162 feet (additional feet to be obtained through reservation).

*** New streets B-18, B-19, Huff Court Extended (B-4), and the portion of Woodglen Drive (B-3) north of Nicholson Lane may be constructed as private streets subject to use easements meeting the requirements described in the Plan text.

"mod." indicates that some modification is needed to the referenced design standard to reflect planned elements such as transit priority, bike lanes, or turn lanes.

The target speed for all master planned roadways in the Plan area is 25 m.p.h., except for Montrose Parkway with a target speed of 35 m.p.h. in the Plan area.

Bikeway Network

- Provide links to existing and proposed public transit facilities as well as to the outlying bicycle and trails network (Map 47).
- Designate the Sector Plan area as a Bicycle/Pedestrian Priority Area, an official State designation that facilitates the allocation of funds for bicycle and pedestrian improvements on State roads.

Map 47: Existing and Proposed Bikeways

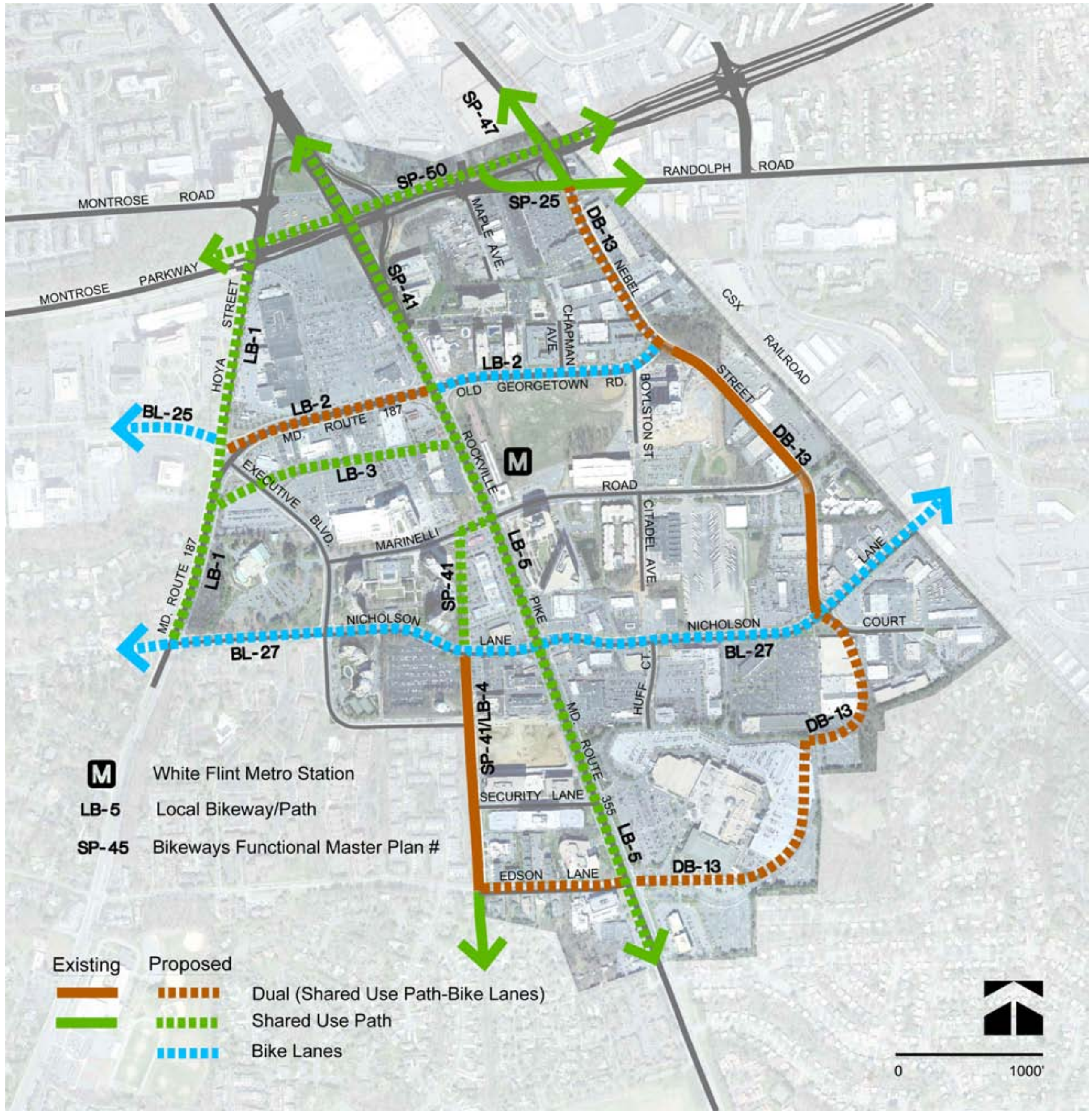


Table 5: Bikeway Facility and Segment				
Street	**From**	**To**	**Route Number**	**Bikeway Type**
Nebel St	Randolph Rd	Nicholson Ln	DB-13	Dual Bikeway: Shared Use Path/ Bike Lanes
Nebel St Extended	Nicholson Ln	Rockville Pike	DB-13	Dual Bikeway: Shared Use Path/ Bike Lanes
Edson Ln	Rockville Pike (MD 355)	Woodglen Dr	DB-13	Dual Bikeway: Shared Use Path/ Bike Lanes
Randolph Rd	Montrose Pkwy	CSX tracks	SP-25	Shared Use Path
Nebel St Extended	Randolph Rd	Sector Plan northern boundary	SP-47	Shared Use Path
Montrose Pkwy	Hoya St	CSX Tracks	SP- 50	Shared Use Path
Nicholson Ln	Old Georgetown Rd	CSX Tracks	BL-27	Bike Lanes
Old Georgetown Rd (MD 187)	Nicholson Ln	Executive Blvd	LB-1	Shared Use Path
Hoya Street	Executive Blvd	Montrose Pkwy	LB-1	Shared Use Path
Old Georgetown Rd	Executive Blvd/Hoya St	Rockville Pike	LB-2	Dual Bikeway: Shared Use Path/ Bike Lanes
	Rockville Pike	Nebel St	LB-2	Bike Lanes
Market St	Old Georgetown Rd	Rockville Pike	LB-3	Shared Use Path
Rockville Pike (MD 355)	Edson Ln/Nebel St Extended	Marinelli Rd	LB-5	Shared Use Path
North Bethesda Trolley Trail				
Woodglen Dr	Edson Ln	Nicholson Ln	SP-41 & LB-4	Dual Bikeway: Shared Use Path & Bike Lanes
	Nicholson Ln	Marinelli Rd	SP-41	Shared Use Path
Marinelli Rd	Woodglen Dr	Rockville Pike (MD 355)	SP-41	Shared Use Path
Rockville Pike (MD 355)	Marinelli Rd	Sector Plan Northern boundary	SP-41	Shared Use Path

community facilities & cultural resources

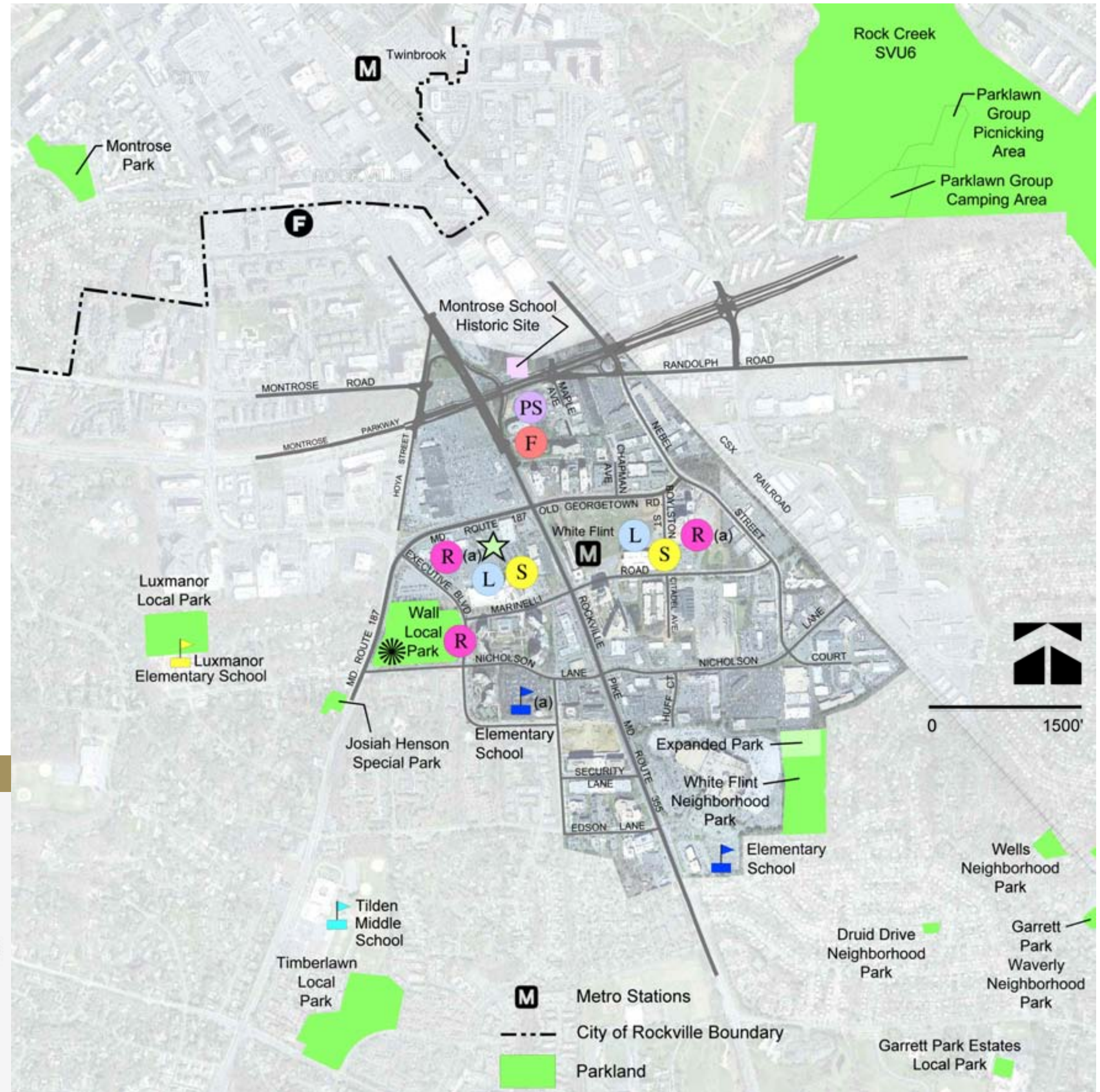
Public facilities demonstrate public investment and interest in ensuring quality of life and public safety. Cultural resources, such as historic sites, represent our local heritage and enhance our quality of life and understanding of place.

Parks, schools, libraries, fire, rescue and emergency services will be needed to support the planned population. Because space is at a premium in an urban area, public facilities in White Flint will have to be located on smaller properties and efficiencies may be achieved in multi-use buildings (Map 48). The proposed public use spaces will be connected to the parks and cultural resources (Map 49).

Co-Location of Community Facilities

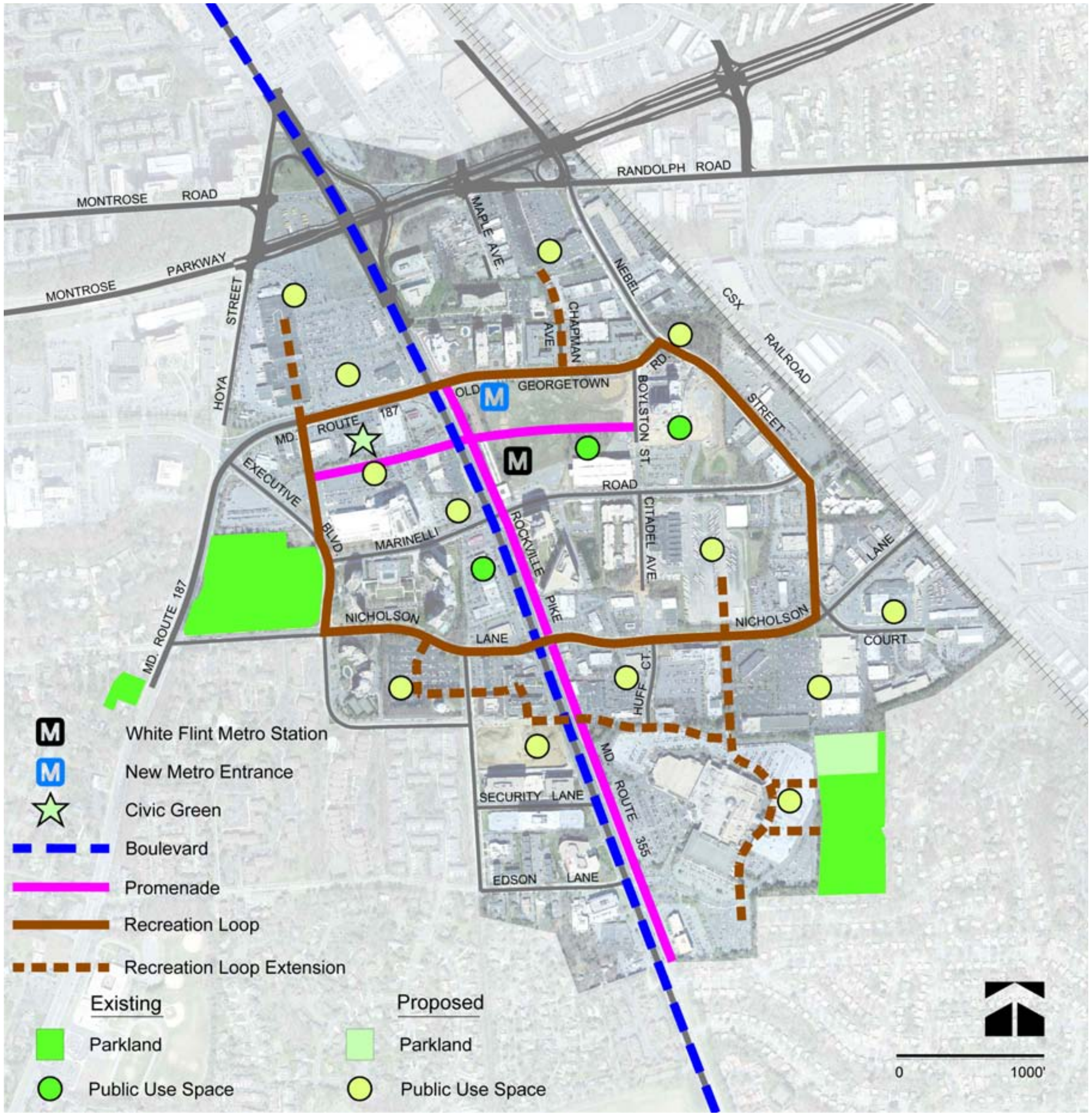
Community facilities, such as a library, recreation center, and a satellite regional services center can help create an important civic presence and destination in the Sector Plan area. The best locations for the library and regional services center are in the two districts closest to Metro: Metro West and Metro East. Primarily private development

Existing Facilities	Proposed Facilities
Elementary School	Elementary School (a = alternate)
Middle School	Recreation Center (a = alternate)
Fire and Emergency Services	Library (Alternative Location)
Montgomery County Aquatic Center	Satellite Services Center (Alternative Location)
	Fire and Emergency Services
	Police Substation
	Civic Green



Map 48: Existing and Proposed Community Facilities and Historic Sites

Map 49: Existing and Proposed Public Use Space System and Recreation Loop



in Metro East could provide the opportunity for public facilities as part of this development. The Conference Center Block in Metro West is adjacent to the civic green and has the potential to contribute to the creation of a great central place. The county owns the conference center land; it is close to the Metro portal and adjacent to the civic green. If this is the site selected for the co-location of public facilities, a public building of exceptional design should be provided to house the facilities, either as a CIP project or as part of a public-private partnership, and could face on the civic green. The civic building should meet all the standards of the CR Zone in which it is located. Wall Local Park is less central and should not contain the service center or library, but the area's recreational opportunities would be enhanced by co-locating the recreation center with the aquatic center. An alternative would be to locate a separate recreation center nearer Metro as one of the public benefits obtained through the development of a large private tract.

Public Parks

The Sector Plan recommends one new park, an expansion of an existing park and enhancements to a third park. The new park, the Civic Green, will be located in the core area. White Flint Neighborhood Park will be expanded and Wall Local Park will be enhanced by relocating the surface parking to provide space for more recreational uses. The park facilities will be connected through a series of paths and trails including the Recreational Loop.

The Civic Green

This is the public park for outdoor community-wide activities and events and should be centrally located within the Conference Center Block. There are two ways to obtain land for the civic green: through dedication, if there is assemblage of properties within the Conference Center Block, or through acquisition with public funds.

Whether acquired or dedicated, the civic green must be approximately one to two acres and designed so that activation of this central public space is ensured and that the surrounding uses contribute and complement the desired functions, so that it can accomplish the following:

- accommodate major outdoor activities, public events, gatherings, and celebrations
- allow for local street closures to provide more event space
- draw people from the surroundings to participate in local events

If assemblage is not possible, there are properties within the Conference Center Block large enough and in an appropriate location to function as the civic green that should be acquired with public funds. After public acquisition occurs, it may be that the adjoining property owners become interested in redevelopment. They may wish to enter into a public/private venture to accomplish better the public purpose of the civic green. In that event, it may be prudent to consider land swaps or other options to achieve the desired outcome.

Wall Local Park

Wall Local Park is approximately 11 acres and within one half-mile of the Metro station. The Montgomery Aquatic Center and a large surface parking lot (250 spaces) occupy almost half the site. If the surface parking were relocated, Wall Local Park could include more outdoor recreational options for the surrounding community and the future residents. Wall Local Park is a suitable site for co-location of a recreation center in conjunction with the expansion of the aquatic center.

This Plan envisions a public/private partnership with adjacent properties to relocate the surface parking within a parking structure built in conjunction with new residential development. This would help redirect public sector funds from building structured parking on-site to improving Wall Local Park. The redesign of Wall Local Park should incorporate the sizable trees and include a pedestrian connection to the Josiah Henson/Uncle Tom's Cabin site, a cultural site of international significance, about one quarter-mile south on Old Georgetown Road and one half-mile from the Metro station.

The facility plan for Wall Local Park should consider:

- an outdoor splash park
- an expanded indoor pool area
- skateboarding facilities
- playgrounds for young children
- level grass areas for leisure and informal play to serve people of all ages
- flexible space for adults, children, teens, and young adults
- paths
- a pedestrian connection to Josiah Henson/Uncle Tom's Cabin site.

WSSC Site

The 0.72 acre WSSC site, located in Block 1 of the NoBe District, is in use as part of the community water delivery system, but is well located for a small public park.

- The WSSC site is suitable for public parkland, should the facility no longer be needed.

Expansion of White Flint Neighborhood Park

The White Flint Neighborhood Park lies adjacent to the southern and eastern boundaries of the Sector Plan area. The Plan recommends that an additional 2.3 acres located on the White Flint Mall property be dedicated to expand the existing park boundaries. The dedication should include the existing parking lots. These areas will provide enough space for additional recreational facilities, such as rectangular fields that will benefit the future and surrounding neighborhoods.

The facility plan for the park should consider:

- rectangular fields
- pedestrian and bicycle connections
- upgrading the existing facilities
- stormwater management and drainage impacts on the adjoining existing single-family community.

Recreation Loop

The Recreation Loop is a signed pathway that is to be incorporated into the street right-of-way as part of the sidewalk. There are two components. The main loop (indicated as a solid brown line on Map 49) connects Wall Local Park to the Civic Green via Executive Boulevard Relocated, turns east on Old Georgetown Road, crosses Rockville Pike to Nebel Street, turns south on Nebel Street, turns west on Nicholson Lane and ends at Wall Local Park. The loop extensions, shown on Figure 46 as a brown dashed line, consist of short segments that link major public use spaces in the districts to the main loop. The Recreation Loop and extensions should be constructed during street improvements as part of a development project or in a CIP project. Signage for the loop is included as an amenity fund project. (See page 68).

Historic Resources

The Montrose School (1909) (Resource #30/2) in the Maple Avenue District (see page 39) is the only historic site designated on the Master Plan for Historic Preservation in the Sector Plan area (Figure 6). Thomas C. Groomes designed the Montrose School with classic detailing and pebbledash walls. As completed in 1909, the school has two rooms, augmented by a third in 1948. The school closed in 1965 and is now owned by Peerless Rockville. Designation in the Master Plan for Historic Preservation provides protection for the site under Montgomery County's Historic Preservation ordinance, Chapter 24a of the

Figure 6: Historic Montrose School

County Code. The site's environmental setting encompasses the entire one-acre parcel on which the school is located. The property is also listed in the National Register of Historic Places.

Just outside the Sector Plan area south of Wall Local Park is Josiah Henson Site/Uncle Tom's Cabin (Resource #30/6). The building is an 1800-1815 frame structure with an 1850 log wing. The building and site are associated with Josiah Henson, whose 1849 autobiography inspired Harriett Beecher Stowe to write her novel, Uncle Tom's Cabin. Henson was a slave on the property for most of the years 1795-1830. The property is designated as a historic site in the Master Plan for Historic Preservation. The environmental setting at the time of acquisition was just over an acre. The property is managed by the Montgomery County Department of Parks.

- New development in the Maple Avenue District should provide a pedestrian connection to the Montrose School.
- Improve pedestrian access through the Sector Plan area to the Josiah Henson Site/Uncle Tom's Cabin historic site.

Public Schools

The proposed residential development in the Sector Plan area will generate new students at each level, but primarily at the elementary school level. Projections from proposed development indicate the need for an additional elementary school, whereas new middle and high school students can be accommodated at the existing high school and middle school facilities.

- There is no site large enough for a typical 10 to 12-acre elementary school site within the Sector Plan area. MCPS has identified two sites that are suitable for an elementary school. The preferred site is located on the White Flint Mall Property, along the southern boundary south of the proposed Nebel Street Extended. The second site is the Luttrell Property, in Block 1 of the NoBe District.
    - Designate an elementary school site in the southern portion of the White Flint Mall Property as the preferred site.
    - Designate the Luttrell Property as an alternative school site.

Fire, Rescue, and Emergency Medical Services

The Sector Plan area is serviced by Rockville Volunteer Fire Department Station 23 on Rollins Avenue and Bethesda Station 20 at West Cedar Lane and Old Georgetown Road. Bethesda Station 26 on Democracy Boulevard and Kensington Station 21 along Veirs Mill Road also provide emergency services to the Sector Plan area. Montgomery County Fire and Rescue Service (MCFRS) have determined that relocating Station 23 farther south on Rockville Pike would improve service between White Flint and I-495.

- Locate a new Fire and Emergency Services Facility on the State Highway Administration right-of-way east of Rockville Pike and south of Randolph Road.

Public Safety

There are six police districts and one special operations unit in the County. The Sector Plan area is within the Montgomery County Department of Police 2nd District in Bethesda and adjacent to District 1 in Rockville. The Bethesda Station is located at 7359 Wisconsin Avenue in Bethesda and Rockville Station is at 1451 Seven Locks Road.

- Locate a new police substation with the new Fire and Emergency Services Facility on the SHA property in the Maple Avenue District.

Satellite Regional Services Center

The Montgomery County Bethesda-Chevy Chase Regional Services Center, which will serve the Sector Plan area, has determined that a satellite office should be located in the core. The services center should include space to house the public entities that will manage redevelopment in White Flint and community meeting space. The facility can be integrated with non-residential or residential development.

- Co-locate a satellite regional services center and library in the Metro East or Metro West Districts.

Libraries

The Montgomery County Department of Public Libraries has recommended that a new library should be located within the Sector Plan area. The new library may be smaller than a traditional library and may be integrated with residential or non-residential development. It will be designed to serve existing and future residents and employees who can walk to the library from adjacent residential development or from Metro and public transportation. The library should be co-located with the satellite regional services center and sized to provide sufficient services to the community.

- Co-locate a new library in the Metro East or Metro West Districts close to the high-density urban core.

Recreation Center

The Montgomery County Department of Recreation has recommended that a recreation center will be needed to serve the existing and future residents of the White Flint Sector Plan. There may be cost efficiencies in co-locating the recreation center on the Wall Local Park site in conjunction with expansion of the Aquatic Center and proposed new recreational facilities. (See page 62.)

- The Aquatic Center at Wall Local Park may be the appropriate location to provide recreational facilities as needed to complement and expand existing recreational facilities. Alternatively, the community recreation center could be located in the Metro East or Metro West Districts.

Farmers' Market

Farmers' markets provide economic opportunities for local farmers, promote public health, activate public space, and create a strong sense of community. Montgomery County's Agricultural Services Division operates several farmers' markets throughout the County. Because farmers' markets are located in places with other uses on non-market days, their location is flexible and requires little infrastructure.

- Locate a site for a farmers' market within the Metro West District, possibly at Wall Local Park.

Art

Art in public places adds value to development and provides an enhanced experience for residents and visitors. The CR Zones have incentives for public art. New development should consider integrating art into public use space.

Child Day Care

Child daycare is a necessity for many working families. Child daycare should be incorporated in new office and residential development, especially near transit facilities.

Zoning

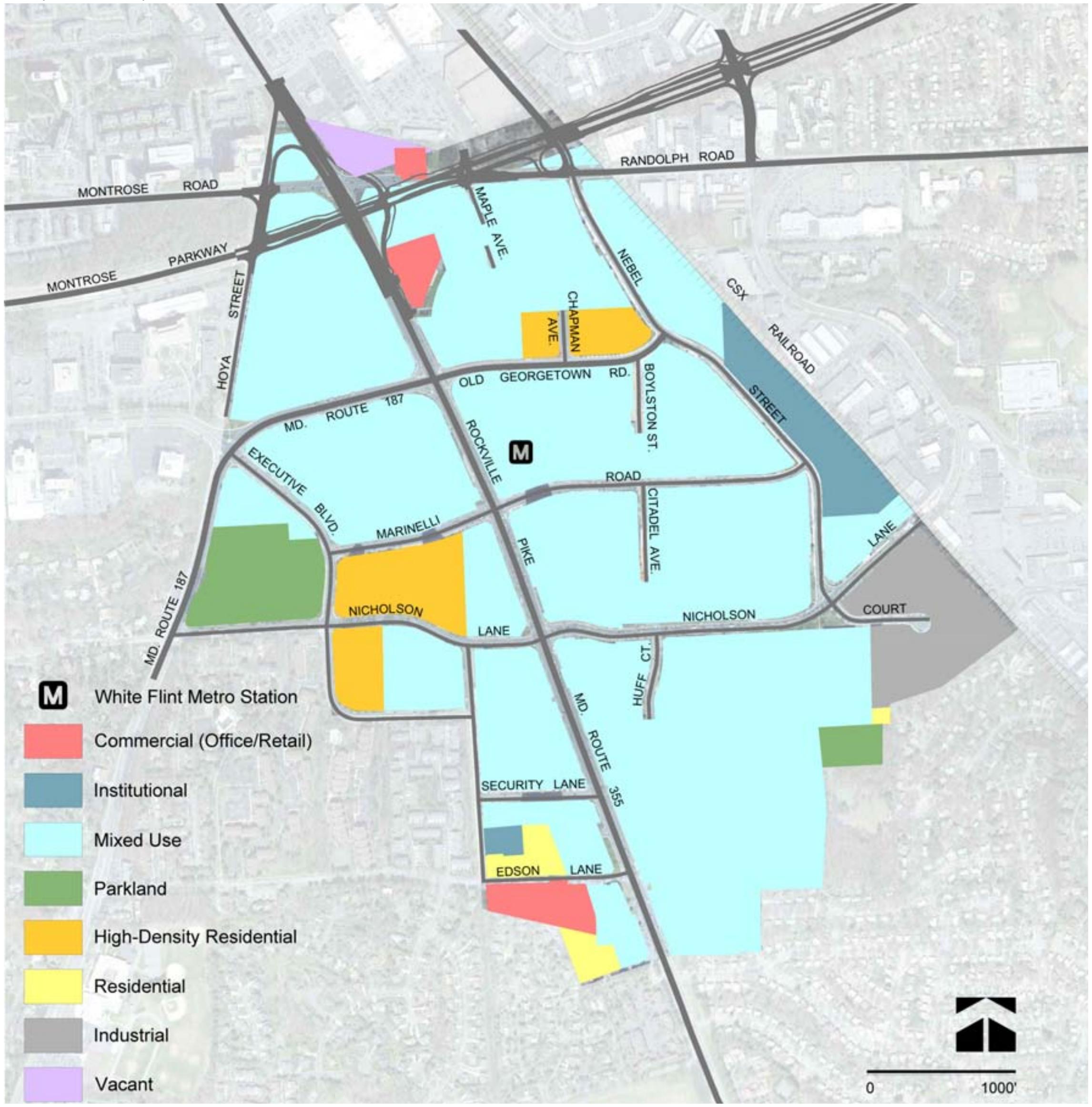
Commercial Residential Zone (CR Zone)

Implementing the Plan's vision is best accomplished with a mixed-use zone. The 1992 Sector Plan recommended the floating transit station mixed-use zones (TS-M and TS-R) for redevelopment projects. These zones require District Council approval of a local map amendment. This Plan recommends using the Commercial/Residential (CR) Zone, which promotes mixed commercial and residential uses at varying densities to provide sustainable development where people can live, work, and find services and amenities while minimizing automobile use.

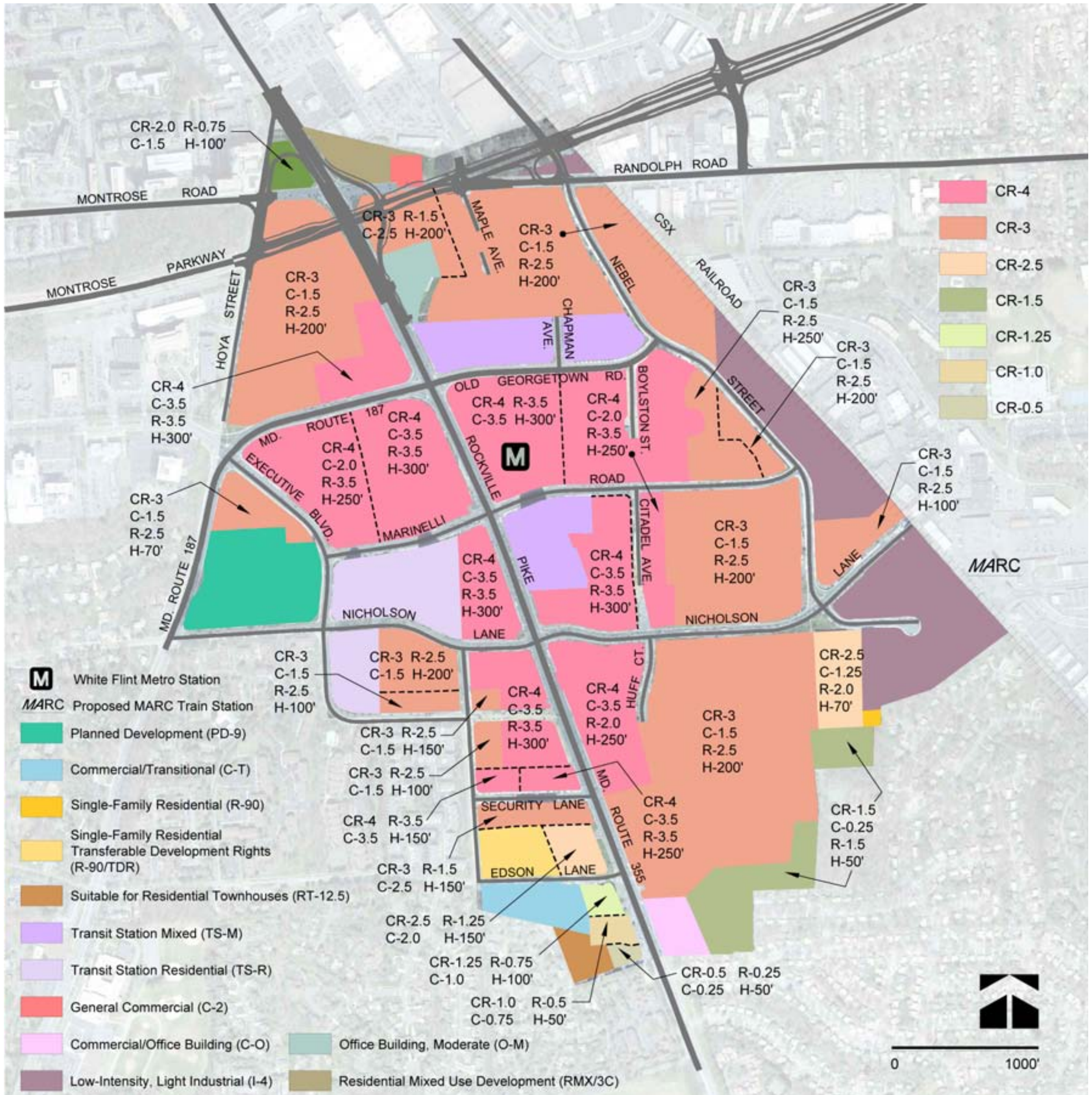
The CR Zone allows a broad range of uses similar to the CBD Zones and requires the designation of four elements: a total allowed floor area ratio (FAR), a maximum non-residential (C) FAR, a maximum residential (R) FAR, and a maximum building height (H). The CR Zone is applied through a sectional map amendment consistent with the recommendations of a sector or master plan.

There are two methods for development: standard and optional. The standard method requires compliance with a specific set of development standards and the optional method allows for greater density and height when supported by additional public benefits, facilities and amenities. The additional density may be achieved through a series of incentive bonuses that can be bundled to earn the maximum allowable density.

Map 50: Proposed Land Use



Map 51: Proposed Zoning



Properties within the Sector Plan area can redevelop using incentives allowed under the CR zone, such as master planned major public facilities, transit proximity connectivity and mobility, and diversity of uses.

Moderately Priced Dwelling Units (MPDUs) are required in all residential development in Montgomery County with more than 20 units. The Plan includes a recommendation to expand the current Metro Station Policy Area to include all properties within the Sector Plan boundary. Workforce Housing is required for residential development with more than 40 dwelling units per acre within a Metro Station Policy Area. When that action has been taken, residential development within the Sector Plan area must comply with the County's Workforce Housing requirements.

Map 51 shows all four elements of the CR Zone: the total maximum density (CR), the total commercial (C) and residential (R) components, and the maximum height (H). Also mapped are other recommended changes to zoning or confirmation of the existing zoning as described in the text accompanying the recommendations for each District, pages 26-47.

Public Use Space Requirements

The CR Zone requires public use space for all development under either the standard and optional methods, based on the lot area, frontages and size of the lot. Public use space may be privately owned, but must be accessible to the public. It is preferable for the public use space to be located on site and combined with adjoining development to create useful and connected places. This Plan assumes that much of the public use space system will be obtained through this requirement (Map 51). If all the properties recommended for CR zoning were to redevelop, the public use space requirement could yield approximately between 20 and 30 acres.

For example, the following three large properties could yield significant public use space.

- Mid-Pike Plaza (20 acres) would yield about two acres.
- The Lutrell property (five acres) would yield a one-half acre, which could become a neighborhood green or two smaller urban squares.
- The White Flint Mall property (43 acres) would yield at least four acres.

Priority Projects Eligible for Amenity Fund Support

The CR Zone allows contributions for off-site amenities that advance the building of the public realm. These projects must be identified in a sector or master plan and appear in the CIP to enable contributions.

The following projects are recommended for White Flint:

- underground utilities and streetscape on all existing public streets, including, but not limited to Old Georgetown Road, Nicholson Lane and Marinelli Road, Nebel Street, Nicholson Court, and Maple Avenue
- a community meeting room
- the civic green
- facility plan for design and construction of Wall Local Park
- Market Street
- improvements to Woodglen Drive for bicyclist and pedestrian access between the Bethesda Trolley Trail and Nicholson Lane including public art, benches, bicycle racks, and trash receptacles
- the landscaped promenade on top of the Metro access tunnel easement between the Metro East District and the White Flint Mall District
- mid-block pedestrian connections between Mid-Pike and Metro West Districts and the NRC and White Flint Mall Districts
- signage for the Recreation Loop.
- Recreation Center
- Library
- Satellite Regional Services Center

The advisory committee described in the staging plan should identify additional projects in their periodic reports to the Planning Board.

Staging Plan

A staging plan addresses timing of new development and public facilities within the lifetime of a sector or master plan. A successful staging plan should be elastic enough to respond to market forces without losing the plan's vision or requiring amendments. It must also make realistic assumptions about the facilities needed to support development while minimizing negative impacts on surrounding development. In White Flint, staging must include increasing transit ridership as a means to reduce traffic congestion.

The White Flint staging plan is guided by the following:

- Ensuring fiscal responsibility. Timing and sequence of development should be matched to capital improvement funding. Funding for the capital improvements required by new growth will come from a variety of public and private sources. Private development should provide for those public facilities needed to support the new development and not burden existing facilities.
- Coordinating development with public infrastructure. Public facilities should be provided in conjunction with private land development, including dedication of land for public use in order to reduce the costs to the public.
- Promoting balance. The Plan recommends substantial residential development to create neighborhoods in White Flint. Non-residential development should not preempt residential development by absorbing available capacity or land.
- Promoting a sense of place. The reconstruction of Rockville Pike as a boulevard and the creation of a civic core area are both fundamental to creating a sense of community and place in White Flint. The sequence in which these projects are developed, especially the construction phases for Rockville Pike, is critical to traffic management and to minimizing disruption to commerce and impacts on surrounding communities.

The proposed zoning envelope contains more potential density than will be used over the life of the Plan. The Mobility chapter outlined the requirements for accommodating new development, such as the desired mode split, the enhanced street network, and more emphasis on multifamily residential development since it generates less traffic than non-residential development. The Plan recommends a staging plan that meters development approvals to ensure that the transportation infrastructure is in place when needed. The amount of development that can be accommodated by the proposed infrastructure and transit is approximately 75 percent of the recommended zoning envelope capacity.

Of primary importance is managing traffic congestion, which can be accomplished by building the proposed street grid and improving and enhancing access to transit. The realignment of Old Georgetown Road and Executive Boulevard is the critical part of the road network that will provide an alternative for through traffic on Rockville Pike and diffuse traffic through the Sector Plan area.

Second is ensuring that proposed civic uses, intended to create vitality within the urban core, are built and constructed early in the life of the Plan.

Finally, reconstruction of Rockville Pike will require additional right-of-way, which cannot be obtained all at once, since development will occur property by property. The Plan recommends dedication of the 150 foot right-of-way and an additional reservation to 162 feet to accommodate the design of the multi-modal cross section. An interim solution may be necessary, such as locating a drive-aisle in the setback area or setting aside vaults for the undergrounding of utilities outside the limits of the future reconstruction. Regardless of when the reconstruction occurs, there will be disruption to adjacent businesses. Efforts should be made to address that disruption, such as local bus shuttles and an evening construction schedule.

Before any additional development can be approved, the following actions must be taken:

- Approval and adoption of the Sector Plan.
- Approval of sectional map amendment.
- Amend the Growth Policy to expand the White Flint Metro Station Policy Area (MSPA) to encompass the Sector Plan boundary, and to exempt development within White Flint from the Policy Area Review test. The traffic from existing and approved development in the White Flint MSPA would still be counted in the Policy Area Review of all other Policy Areas, including North Bethesda.
- Establish the Sector Plan area as a State of Maryland Bicycle Pedestrian Priority Area.
- Initiate development of plans for through-traffic access restrictions and other appropriate protective measures for the residential neighborhoods abutting the Sector Plan area, including traffic from future development in White Flint, and implement these plans if sufficient neighborhood consensus is attained.

Additional Development may proceed subject to existing regulatory requirements (including LATR and Policy Area Review, when appropriate) and subject to the following:

- Create public entities or financing mechanisms necessary to implement the Sector Plan within 6 months of adopting the sectional map amendment.
- Develop a transportation approval mechanism and monitoring program within 12 months of adopting the sectional map amendment.
  - Planning Board must develop biennial monitoring program for the White Flint Sector Plan area. This program must include a periodic assessment of development approvals, public facilities and amenities, the status of new facilities, and the Capital Improvements Program (CIP) and Growth Policy as they relate to White Flint. The program must include a Comprehensive Local Area Transportation Review (or comparable analysis) that will identify and recommend for Council approval and action specific projects and services necessary to promote adequate transportation service. The program should conduct a regular assessment of the staging plan and determine if any modifications are necessary. The biennial monitoring report must be submitted to the Council and Executive prior to the development of the biennial CIP.

- The Planning Board must establish an advisory committee of property owners, residents and interested groups that are stakeholders in the redevelopment of the Sector Plan area, as well as representatives from the Executive Branch, to evaluate the assumptions made regarding congestion levels, transit use, and parking. The committee's responsibilities should include monitoring the Plan recommendations, identifying new projects for the Amenity Fund, monitoring the CIP and Growth Policy, and recommending action by the Planning Board and County Council to address issues that may arise.

Phasing

Development may occur anywhere within the Sector Plan area; however, all projects will be required to fund or, at a minimum, defray total transportation infrastructure costs. The phases of the staging plan are set at 30 percent, 30 percent, and 40 percent respectively of the 17.6 million square feet of new development. This Plan recommends that affordable housing units provided under the CR Zone incentives (and are in addition to those required by Chapter 25A) may be excluded from the staging capacity. Residential development must pass the School Adequacy Test in the Growth Policy. This test is assessed annually. Any development approvals that predate the approval of this Sector Plan are considered to be in conformance with this Plan. For such approvals, only the difference between the amount of the prior approval and any requested increase would be subject to the phasing caps.

Phase 1: 3,000 dwelling units and 2.0 million square feet nonresidential development

During Phase 1, the Planning Board may approve both residential and non-residential development until either of the limits above is reached. Work-around road projects west of Rockville Pike, including the streets for the civic core, should be contracted for construction during Phase 1 and completed before commencement of Phase 2.

The following prerequisites must be met during Phase 1 before moving to Phase 2.

- Contract for the construction of the realignment of Executive Boulevard and Old Georgetown Road.
- Contract for construction of Market Street (B-10) in the Conference Center Block.
- Fund streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.
- Fund and complete the design study for Rockville Pike to be coordinated with SHA, MCDOT, and M-NCPPC.
- Achieve 34 percent non-auto driver mode share for the Sector Plan area.
- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.

Phase 2: 3,000, dwelling units and 2.0 million square feet nonresidential development

Before development beyond the limits set in Phase 1 can be approved, the Planning Board must determine that all the Phase 1 public projects have been completed. The amount of development that could be approved in Phase 2 is set at approximately one-third of the planned development. During Phase 2, the Planning Board may approve both residential and non-residential development until either of the limits above is reached.

The following prerequisites must be completed during Phase 2 before proceeding to Phase 3.

- Construct streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.
- Complete realignment of Executive Boulevard and Old Georgetown Road.
- Construct the portion of Market Street as needed for road capacity.
- Fund the second entrance to the White Flint Metro Station.
- Explore the potential for expediting portions of Rockville Pike where sufficient right-of-way exists or has been dedicated. It should be constructed once the "work-around" roads are open to traffic.
- Increase non-auto driver mode share to 42 percent.
- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.
- The Planning Board must develop a plan to determine how to bring the mode share to 51 percent NADMS for residents and 50 percent NADMS for employees during Phase 3.

Phase 3: 3,800 dwelling units and 1.69 million square feet nonresidential development

Before development beyond the limits set in Phase 2 can be approved, the Planning Board must determine that all the Phase 2
Before development beyond the limits set in Phase 2 can be approved, the Planning Board must determine that all the Phase 2
public and private projects have been completed. In Phase 3, the remaining transportation capacity could be committed. At the end of Phase 3, the development should total 14,500 units (17.4 million square feet) and 12.9 million non-residential square feet. This is a 58/42 percent residential/non-residential mix and close to the desired 60/40 percent residential/non-residential mix.

- Complete all streetscape improvements, sidewalk improvements and bikeways outside one quarter-mile from the Metro.
- Reconstruct any remaining portion of Rockville Pike not constructed during prior phases.
- Achieve the ultimate mode share goals of 51 percent NADMS for residents and 50 percent NADMS for employees.

Table 6 : Staging Plan		
Phase 1 3,000 dwelling units 2 million square feet non-residential	**Phase 2** 3,000 dwelling units 2 million square feet non-residential	**Phase 3** 3,800 dwelling units 1.69 million square feet non-residential
Contract for the construction of the realignment of Executive Boulevard and Old Georgetown Road. Contract for construction of Market Street (B-10) in the Conference Center block. Fund streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one-quarter mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane. Fund and complete the design study for Rockville Pike to be coordinated with SHA, MCDOT and M-NCPPC. Achieve 34 percent non-auto driver mode share for the Plan area. The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.	Construct streetscape improvements, sidewalk improvements, and bikeways for substantially all of the street frontage within one-quarter mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane. Complete realignment of Executive Boulevard and Old Georgetown Road. Construct the portion of Market Street as needed for road capacity. Fund the second entrance to the White Flint Metro Station. Explore the potential for expediting portions of Rockville Pike where sufficient right-of-way exists or has been dedicated. It should be constructed once the "work-around" roads are open to traffic. Increase non-auto driver mode to 42 percent. The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals. The Planning Board must develop a plan to determine how to bring the mode share to 51 percent NADMS for residents and 50 percent NADMS for employees during Phase 3.	Complete all streetscape improvements, sidewalks, and bikeways outside one-quarter mile from the Metro. Reconstruct any remaining portion of Rockville Pike not constructed during prior phases. Achieve the ultimate mode share goals of 51 percent NADMS for residents and 50 percent NADMS for employees.

Capital Improvement Projects (CIP)

Proposed CIP Projects

Table 7 contains the infrastructure projects that should be publicly funded through the CIP. CIP projects that are not in the Staging Plan are indicated. The table includes staff estimates of capital costs for projects that may require public financing and implementation. Projects may also include private sector participation. Projects already fully funded in CIP or CTP such as Montrose Parkway, Citadel Avenue, and Chapman Avenue are not included.

Table 7: Capital Improvement Projects

				Right-of-way		Construction		
Phase	Project Name	Location/Limits	Road #	Acreage	Estimated Cost ($m)	Length (miles)	Estimated Cost ($m)	Total Cost ($m)
2	Civic green *			1.0	$ 6.5			$ 6.5
1	Library *				$ -		$ 5.0	$ 5.0
1	Market Street and promenade	MD 187 to MD 355		3.2	$ 20.8	0.3	$ 7.5	$ 28.3
1	Police and Fire/Rescue*			1.5	$ 9.8		$ 10.0	$ 19.8
1	Streetscape improvements				$ -	3.0	$ 15.0	$ 15.0
1	MD 187/Executive Blvd intersection	M-4/M-4(a) junction		0.5	$ 3.3	0.3	$ 7.5	$ 10.8
1	Hoya Street	Executive Blvd to Montrose Pkwy	M-4(a)	0.2	$ 1.3	0.3	$ 7.5	$ 8.8
1	Executive Blvd realignment		B-15	2.6	$ 16.9	0.3	$ 7.5	$ 24.4
2	Nebel St Extended (south)*	MD 355 to Nicholson Ln	B-5	5.2	$ 33.8	0.5	$ 12.5	$ 46.3
2	Metrorail northern station entrance				$ -		$ 25.0	$ 25.0
2	Streetscape improvements				$ -	5.4	$ 27.0	$ 27.0
3	Rockville Pike boulevard	Montrose Rd to Edson Ln	M-6	2.4	$ 15.6	1.2	$ 66.0	$ 81.6
	MARC station/access improvements*	Nicholson Ct			$ -		$ 15.0	$ 15.0
	Phase 1 Subtotal				$ 58.5		$ 60.0	$ 118.5
	Phase 2 Subtotal				$ 33.8		$ 64.5	$ 98.3
	Phase 3 Subtotal				$ 15.6		$ 81.0	$ 96.6
	TOTAL				**$ 107.9**		**$ 205.5**	**$ 313.4**
* not in the staging plan								

Administration

This Plan recommends the creation of an urban service district, as well as a redevelopment office or similar entity, both of which will work in coordination with the Bethesda-Chevy Chase Regional Services Center.

The urban service district will provide increased maintenance of the streetscape and its amenities; provide additional public amenities such as plantings, seating, shelters, and works of art; promote the commercial and residential interests of the community; and program cultural and community activities.

The redevelopment office, or similar entity, would provide specific redevelopment expertise. A redevelopment office would serve as an interface between developers and County agencies regulating development, utilities, State Highway Administration, WMATA, and other affected public sector entities.

Financing

Implementing the White Flint Sector Plan will require substantial public and private investment in infrastructure and public facilities. The infrastructure necessary to advance phases of the staging plan should be financed through general fund revenues appropriated in the regular CIP process, as well as through mechanisms that would generate significant revenues from properties and developments within the Sector Plan area.

Recognizing that the Council and the Executive will decide how to implement the Plan using these or other tools, the following principles are applicable:

- Be sensitive to the limits of the private sector's capacity to fund public infrastructure in light of the requirements to provide public benefits and amenities.
- Provide maximum certainty regarding the timing and extent of public sector investments.
- Expand the Metro Station Policy Area boundary to be coterminous with the Sector Plan boundary.
- To the extent possible, residential condominium developments' share of the financing burden should be met by one-time payments rather than recurring obligations.
- Direct private sector funds to improvements within the Sector Plan boundary, to the extent that the benefits of those improvements accrue within the Sector Plan boundary.
- Direct public sector funds to improvements within the Sector Plan boundary to the extent that the benefits of those improvements accrue outside the boundary or to the public sector as a property owner.

Resolution No.: 16-1300
Introduced: March 23, 2010
Adopted: March 23, 2010

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND
SITTING AS THE DISTRICT COUNCIL FOR THAT PORTION
OF THE MARYLAND-WASHINGTON REGIONAL DISTRICT
WITHIN MONTGOMERY COUNTY, MARYLAND

By: District Council

SUBJECT: Approval of Planning Board Draft White Flint Sector Plan

1. On August 6, 2009 the Montgomery County Planning Board transmitted to the County Executive and the County Council the Planning Board Draft White Flint Sector Plan.

2. The Planning Board Draft White Flint Sector Plan amends the approved and adopted 1992 North Bethesda/Garrett Park Master Plan; The General Plan (On Wedges and Corridors) for the Physical Development of the Maryland-Washington Regional District in Montgomery and Prince George's Counties; the Master Plan of Highways within Montgomery County; and the Countywide Bikeways Functional Master Plan.

3. On October 6, 2009 the County Executive transmitted to the County Council his fiscal analysis of the White Flint Sector Plan.

4. On October 20 and October 22, 2009 the County Council held a public hearing regarding the Planning Board Draft White Flint Sector Plan. The Sector Plan was referred to the Planning, Housing, and Economic Development Committee for review and recommendation.

5. On November 16, November 30, December 7, and December 10, 2009 and January 19, February 1, and February 16, 2010 the Planning, Housing, and Economic Development Committee held worksessions to review the issues raised in connection with the Planning Board Draft White Flint Sector Plan.

6. On February 23, 2010 and March 2, 2010 the County Council reviewed the Planning Board Draft White Flint Sector Plan and the recommendations of the Planning, Housing, and Economic Development Committee.

Action

The County Council for Montgomery County, Maryland, sitting as the District Council for that portion of the Maryland-Washington Regional District in Montgomery County, Maryland, approves the following resolution:

The Planning Board Draft White Flint Sector Plan, dated July 2009, is approved with revisions. County Council revisions to the Planning Board Draft White Flint Sector Plan are identified below. Deletions to the text of the Plan are indicated by [brackets], additions by underscoring. All page references are to the July 2009 Planning Board Draft Plan.

General: All page references are to the July 2009 Planning Board Draft Plan.

Page 14: Modify the first sentence as follows:

There are more than 150 properties in the Plan area, ranging in size from 3,000 square feet to 40 acres.

Page 15: Add a row to the bottom of Table 3:

Zoning not shown	Public right-of-way	63

Page 15: Add the following sentence to the Paragraph under Table 3 as follows:

Table 3 indicates the amount and type of zoning in the Plan area and Figure 5 shows the distribution of zoning categories. The public right-of-way measures approximately 63 acres; zoning is not shown in public rights-of-way.

Page 18: Modify the fifth sentence on the page as follows:

A secondary focal area lies along both sides of Rockville Pike between Montrose [Road] Parkway and Executive Boulevard (Extended), where existing and planned retail centers will continue to serve the regional market.

Page 19: Revise the fifth sentence under the heading Street Hierarchy as follows:

Undergrounding utilities and locating "wet" and "dry" utilities under the pavement or [and "dry" utilities] under the sidewalk will allow the street tree canopy space to grow.

Page 19: Revise the last paragraph as follows:

This Plan recommends reconstructing the "Pike" as an urban boulevard, placing utilities underground, and adding a median wide enough to accommodate turn lanes[,] and street trees[, and possibly buses or light rail]. Street tree panels and wider sidewalks will promote walking. Bus priority lanes will be provided, located either in the median or along the curb (Figure 8)."

Page 19: Revise Figure 8 to include two alternatives: one with a center median busway and one with a curbside busway.

Page 21: Revise Figure 11 to illustrate heights supported by the Council.

Page 22: Revise Figure 12 to show all public use spaces indicated in text or diagrams, including a public use space on the Luttrell Property, Halloday Property, Montouri Property and at the metro station entrance in Metro West District.

Page 23: Modify the paragraphs at the top of the page as follows:

Wall Park

Wall Park will function both as a regional destination (the Aquatic Center) and as a local park. It is also an appropriate location for a new community recreation center. When the surface parking is relocated, there will be space for outdoor recreational facilities.

The Central Civic Green

This centrally located 1 to 2 acre public park is to be located along Market Street in the core of White Flint. The civic green is intended to function as the major outdoor civic space for public activities, ceremonies, and gatherings.

Page 24: Revise Figure 13 to illustrate heights and floor area ratios supported by the Council.

Page 26: Modify the second sentence in the fourth paragraph:

The CR zone has [three] four components: a total CR FAR, a maximum commercial (C) FAR, a maximum residential (R) FAR and a height (H) maximum.

Page 26: Modify the last sentence in the fourth paragraph to reflect changes to the CR Zone:

[The incentives cover a variety of features including diversity, sustainability, improved access to transit and walkability, and better designed communities]. New development must provide public benefits that enhance or contribute to the objectives of the CR zone, such as master-planned major public facilities, transit proximity, connectivity, diversity of uses and activities, quality of building and site design, protection and enhancement of the natural environment, and advanced dedication of rights-of-way. The proposed public street grid and reconstruction of Rockville Pike require substantial dedication of rights-of-way. The advanced dedication of right-of-way provision reduces the public costs of purchasing rights-of-way.

Page 28: Modify the third sentence of the second paragraph:

The White Flint Mall District has the greatest potential for a series of new neighborhoods [including a transit-oriented development centered at the] as well as a proposed MARC station.

Page 28: Modify the last sentence of the second paragraph, delete and replace the third paragraph, and add a fourth and fifth paragraph as follows:

The promenades that run through the core and along Rockville Pike, coupled with the public use spaces, will draw the neighborhoods together and create a sector-wide character.

[Three maps accompany each district. The location maps identify blocks, properties, and special features. The height and density maps indicate how density should be dispersed through the recommended street grid and the location of public use spaces to create an interconnected public open space network. It also indicates where heights should be limited to ensure compatibility with surrounding neighborhoods and where transitions in both density and height within a district are important to achieve both the Plan's vision and compatibility with surrounding development. A set of urban design guidelines, a separate document, will describe in greater detail the form that new development should take to create a distinctive character for each district. The zoning maps identify recommended zoning changes.]

Four maps accompany each district. The location maps identify blocks, properties, and special features and proposed road alignments. The road alignments and sizes of blocks as depicted are not intended to represent specific or final locations and could shift. The height and density maps indicate how density should be dispersed through the recommended street grid and the approximate location of public use spaces to create an interconnected public open space network. These maps indicate where heights should be lower than the maximum permitted in the zone to ensure compatibility with surrounding neighborhoods, and where transitions in both density and height within a district are important to achieve both the Plan's vision and compatibility with surrounding development. A set of urban design guidelines (a separate document) will describe in greater detail the form that new development should take to create a distinctive character for each district.

The zoning maps identify recommended zoning changes. Each CR zone indicates the maximum FAR densities for overall development, the proportion of residential and non-residential uses, and height. In order to create a distinctive urban fabric, proposed designs should provide variation and transition within each CR zone. The height and density maps suggest where variation and transitions should occur given existing conditions, compatibility, and the goals of the sector plan to create great places.

The Metro West District is envisioned as functioning as the main civic core for the Sector Plan and contains publicly owned properties and is, therefore, the preferred location for co-locating recommended public facilities with existing ones. Wall Park is recommended for the co-location of a recreation center in conjunction with the expanded Aquatic Center. The proposed Civic Green is to be located within the Conference Center Block and it may be appropriate to co-locate the recommended library and regional services center within the same block.

Page 30: Under the heading **Block 1: Conference Center**, amend the first paragraph and both bullets as follows:

The Bethesda North Conference Center and Hotel [(](TS-R Zone), surrounded by automobile sales and other commercial uses, is the main feature in this block. These properties are in the C-2 and TS-R Zones. The new civic green, public use spaces, and Market Street will create the backdrop for future private redevelopment. The road alignments and location of public facilities indicated in Figure 18 are not meant to represent specific or final locations and could shift. Development at the intersection of Rockville Pike and Marinelli Road at the Metro station entrance should have a significant public use space.

- Properties zoned C-2 and TS-R fronting Rockville Pike should be rezoned to CR 4: C 3.5, R 3.5, and H 300 with the remainder of the block CR 4: C 2.0, R 3.5, and H 250. The lower height in the block's interior will be consistent with residential development across Marinelli Road, which is 200 feet or greater. [The proposed zoning lines follow property lines.] The Conference Center property is split zoned to accommodate taller buildings along Rockville Pike and lower buildings on the west.

- The Conference Center Block contains 11 different properties. The proposed street alignment will create smaller bocks. The [one-acre] civic green is to be located on the north side of Market Street. Redevelopment in this block will require careful coordination between property owners and the public sector to align, dedicate, acquire, and build the public roads so that the new blocks formed by the new street network are of a size and configuration that is suitable for redevelopment and can accommodate the 1 - 2 acre civic green. The Planning Board should attempt to maximize the size of the civic green, provided it does not compromise functionality. When the Conference Center site redevelops, there should be a complementary public use space on the south side of Market Street to anchor the civic green.

Pages 30-31: Revise Figure 17 to label the ownership of additional properties. Revise Figures 18 (page 30) and currently numbered Figure 16 (page 31) and 17 to adjust zoning lines and heights to reflect the Council's decisions. Correct Figures to show the correct location of the PD-9 zoning boundary. Re-label Figure 16 as Figure 19.

Page 31: Adjust the zoning line on the Conference Center property on currently labeled Figure 16 to reflect the higher building heights along Rockville Pike. The property will be split zoned to accomplish this.

Page 31: Insert the following sentence between the last two sentences in the first paragraph:

> Wall Local Park should be redesigned with more active outdoor facilities through developer contributions. It may also be an appropriate location for a new community recreation center. This area should be primarily residential in character and use.

Page 32: Insert the following at the end of the first paragraph:

> The Metro East District, because of its proximity to transit in the center of the Sector Plan area, is a suitable alternate location for the co-location of the recommended library and regional services center.

Page 32: Change reference in the first bullet from Citadel Street Extended to Chapman Avenue Extended.

Page 32: Amend the first sentence in the last bullet as follows:

> Rezone the TS-M zoned land between [Citadel Road Extended (] Chapman [/ Oak Grove)] Avenue Extended and Wentworth Place (including the 0.17 acre R-90 zoned Montouri property) to CR 4: C 2.0, R 3.5, and H 250.

Page 33: Amend the first bullet as follows:

- Rezone the remaining TS-M zoned area and the I-1 parcel east of Wentworth Place (once used for stormwater management) in the North Bethesda Center project to CR 3: C 1.5, R 2.5, and H [200] 250 to correspond to heights in approved development. [Rezone the 0.17-acre, R-90 zoned Montouri property to CR 3: C 1.5, R 2.5, and H 200.]

Page 33: Under the heading **Block 2: Sterling,** revise the second bullet and add a new third bullet:

- Confirm the O-M Zone on the existing office buildings [and the R-H Zone on the Forum property].

- Rezone the Forum Property to CR 3: C 1.5, R 2.5, and H 200 to allow for future mixed-use redevelopment comparable in density and height to surrounding properties. The existing access may have to be modified in order to accommodate the recommended location of the Fire Station in the Maple Avenue District and is shown as a local street on Figure 43, Existing and Proposed Street Network.

Page 34: Amend the second paragraph as follows:

> Redevelopment in the district should retain its regional marketplace function and include residential and civic uses. Building heights of 300 feet should frame the corner of Rockville Pike and Old Georgetown Road. Public use space, such as an urban plaza or neighborhood green[,] or a civic or cultural attraction, [such as a community playhouse or theater, in conjunction with [an express/electronic a library,] will provide reasons to gather and encourage all day activity.

Page 34: Revise Figure 24 to show a 2.0 FAR on the State Highway Administration (SHA) right-of-way.

Page 35: Revise Figure 25 to show the zoning on SHA property as CR 2: C 1.5, R .75, H 100.

Page 35: Modify bullet 4 as follows:

- [Retain] Rezone the C-2 zoning on the SHA property north of Montrose Parkway to CR 2: C 1.5, R .75, H 100 to allow for mixed uses. Public facilities[, such as EMS, fire and rescue, and police services] are suitable uses. Surface parking is not an appropriate use at this location, since much of the Plan's emphasis is to reduce the amount of surface parking.

Page 36: On Figure 27 change the height on the northeast corner of Executive Boulevard and Woodglen Drive from 100 feet to 150 feet and indicate a height transition on the Rockwall property with 250 feet along Rockville Pike and 150 feet along Woodglen Avenue. (The Rockwall property will be split zoned.)

Page 37: Under the heading **Block 1: Water Tower,** modify the last bullet as follows:

- Locate a one-half[-] acre neighborhood green on the Luttrell property. The Luttrell property is suitable as an alternative site for an elementary school. When there is an application for development of the Luttrell property, Montgomery County Public Schools must make a realistic assessment of whether an elementary school site is needed and whether MCPS and the County have the funds necessary to purchase the property in a timely manner. If the finding cannot be made, development should be permitted to proceed.

Page 38: Under the heading **Block 2: North Bethesda Market,** modify the third bullet and add a fourth bullet as follows:

- Rezone the remainder of the [C-2 and] TS-M zoned properties along Woodglen Drive Extended to CR 3: C 1.5, R 2.5, and H 100 to transition to existing residential development and the proposed rezoning [in Block 1] to the north.
- Rezone the remainder of the C-2 zoned properties along Woodglen Drive Extended and north of the proposed Executive Boulevard (B-7) to CR 3: C 1.5, R 2.5, H 150 to transition to existing residential development and the recommended rezoning in the southern portion of Block 1. Heights may be less than 150 feet to achieve compatibility with the residential development southwest of this block.

Page 38: Under the heading **Block 3: Security Lane**, modify the first bullet as follows:

- [Rezone the C-O Rockwall property on the north side of Security Lane to CR 4: C 3.5, R 3.5, and H 300.] Rezone the C-O zone on the Rockwall property to CR 4: C 3.5, R 3.5, and H 250 on the eastern portion and CR 4: C 3.5, R 3.5, and H 150 on the western portion of the site. This property will be split zoned. This designation will accommodate the existing office buildings, which are already in excess of a 3.0 FAR, and allow for some additional square footage if buildings are converted to mixed uses. Redevelopment on the north side of Security Lane should transition between the 300-foot height in Block 2 and the 150-foot height recommended on the south side of Security Lane.

Page 39: Under the heading **Block 4: Edson Lane**, correct the first bullet and modify the last two bullets as follows:

- Rezone the O-M properties north of Edson Lane to CR 2.5:[,] C [2.9] 2.0, R 1.25, and H 150 to continue the transition established on Block 3.
- Confirm the residential development and religious institution in the R-90/TDR Zone.
- Confirm the C-T Zone south of Edson Lane.
- Rezone the O-M property south of Edson Lane to CR [2.5] 1.25: C [2] 1.0, R [1.25] 0.75, and H [150] 100. The lower density and heights will provide a transition to the C-T Zone and residential uses to the south.
- Rezone the C-2 property to CR [2.5] 1: C [2] 0.75, R [1.25] 0.5, and H [150] 50 to continue the transition to the less dense commercial and residential uses at the southern boundary of the Plan area.

Page 39: Under the heading **Block 5: Hillery Way**, modify the second bullet as follows:

- [Recommend] The RT 12.5 Zone [as] is suitable for the R-90 zoned properties.
- Rezone the R-90 properties (N390, N391) to CR 1.0: C 0.75, R 0.5 and H 50 to prevent a split zoning of these small properties.
- Rezone the C-2 property at the corner of Rockville Pike (P420) to CR [1.5] 0.5: C [0.75] 0.25, [and] R [1.5] 0.25, and H 50 to complete the density transition to the Plan's southern boundary. [This zone allows for all residential development if desirable.]

Page 40: Revise the second sentence on the page as follows:

Along Rockville Pike is an office building and excess right-of-way for the Montrose [Road] Parkway interchange.

Page 40: Modify the last sentence in the first paragraph as follows:

Existing zones in this district are I-4, C-2, O-M, R-200, RMX/3C, and R-90 (Figure 29).

Page 40: Insert a new sentence after the first sentence in the second paragraph:

The excess right-of-way for the Montrose Parkway interchange, owned by the SHA, is the appropriate location for the Fire and Emergency Services Facility and police facility because it is possible to provide signalized access to both Rockville Pike and Montrose Parkway.

Page 40: Revise Figure 30 to indicate that there will be a signature building (at the corner of Randolph Road and Nebel Street) that may be up to 200 feet in height.

Page 41: Revise Figure 31 to reflect the Council's change in zoning on the SHA property.

Page 41: Modify the fourth bullet and add two new bullets at the bottom of the page as follows:

- Rezone the remaining I-4 and C-2 properties (Montrose Shopping Center and the properties on Maple Avenue) to CR 3: C 1.5, R 2.5, and H 200. The density map indicates that lower heights, 150 feet, are generally intended for this area. Building heights should transition down from the core, but it may be desirable to have a taller building of up to 200 feet define the corner of Randolph Road and Nebel Street.
- There should be significant green area in the public use space site on the Montrose Shopping Center property.
- Rezone the SHA property at the intersection of Randolph Road and Rockville Pike from the R-90 and C-2 zones to CR 3: C 2.5, R 1.5, and H 200 to allow for a greater percentage of commercial development at the intersection.

Page 42: Revise Figure 33 to indicate possible locations for signature building sites.

Page 44: Add the following sentence after the second sentence:

The WMATA bus depot provides maintenance service for all WMATA buses serving the County.

Page 46: Amend Figure 39 to show changes in heights so that there is a transition between the taller buildings in the interior and the shorter buildings on the north side of Nebel Street Extended—see text.

Page 46: Modify the next to last sentence in the first paragraph as follows:

Properties in this district are zoned I-4, C-T, C-2, C-0, and R-90.

Page 47: Modify the first and second sentences as follows:

This C-2 zoned block contains commercial properties located at the [north] southwestern and [north] southeastern corners of the intersection of Huff Court and Nicholson Lane. The Fitzgerald property has frontage along Rockville Pike, while the Eisinger property is located at the [north]southeastern intersection of Nicholson Lane and Huff Court.

Page 48: Revise Figure 40 to have the zoning on the Figure match the zoning in the text on page 47 for the properties in Block 1 west of Huff Court. Figure 40 will be revised to show CR 4: C 3.5, R 2.0, and H 250 for this area.

Page 48: Amend Figure 40 to change the mix of commercial and residential FAR in the CR zone to reflect more residential uses along the boundary with the adjoining public park and residential community to correspond to the changes recommended to the text on page 49.

Page 48: Edit the paragraph and bullet under **Block 3: Nicholson Court** as follows:

Block 3: Nicholson Court

Light industrial and commercial uses, including a Ride On bus parking facility and warehouses, are the primary uses in this block. Redevelopment in this district is likely to take place in the long-term. [This block could redevelop as a residential enclave with local services.] The MARC station will be located in this block and there may be some interest in combining Ride On bus storage and MARC parking facilities. Nicholson Lane, the northern boundary, crosses the CSX tracks and will provide excellent east-west access to the MARC station. [Any new development must provide transitions in height and density to the adjacent single-family residential community.] For this reason, the zoning and existing uses in this block should be retained and revisited during the development of the White Flint II Sector Plan that will examine the eastern side of the CSX tracks.

- [Rezone the entire block to CR 2.5: C 1.25, R 2.0, and H 70 for a transit-oriented neighborhood centered on the MARC station. The C 1.25 will accommodate existing commercial FAR on individual properties. A public use space to be provided as shown in Figure 39.]

- Retain the existing I-4 zoning.

Page 49: Add this new paragraph after the second paragraph and before the bullets.

The land use mix on the blocks between Nebel Street Extended and the residential community and neighborhood park should reflect a greater proportion of residential than commercial uses. This will allow for the gradual transition to the more intense residential and commercial uses in the center and northern portion of the property. Building heights should also transition between the south side of Nebel Street Extended, where 50 feet is recommended, to 70 feet along the north and west sides of the street. The elementary school site is recommended for the approximately 4 acre area south of Nebel Street Extended between the adjacent medical office building to the west and the residential community to the east. A school at this location will serve as a community gathering place for families from established and future residential development. Should the mall site redevelop before MCPS is prepared to build a school, appropriate interim uses should be selected to ensure compatibility with the adjoining residential neighborhood.

Page 49: Amend Bullet 4, first sentence as follows:

- Rezone the existing R-90 and C-T portions to CR 1.5[,]: C [0.75] 0.25, [and] R 1.5, and H 50.

Page 49: Revise the beginning of the fifth bullet as follows:

- Rezone the central portion to CR 3.0: C 1.5, R 2.5, and H 200. The Density and Height map indicates height bands across the central portion, with the taller buildings at the north, lower buildings in the middle (150 feet) and the southern portion ([100] 70 feet) as shown in the height and density maps. The 70 foot tall buildings are to be located on the north side of Nebel Street Extended to continue the transition to the lower building height of 50 feet south of the proposed street.

Page 50: Modify the second paragraph as follows:

Redevelopment is an opportunity to improve environmental conditions and create a greener community, which conserves energy and uses roofs and green spaces to filter stormwater and purify the air. The CR Zone [will provide] provides incentives to [incorporate green building technology and environmental site design] protect and enhance natural resources while reinforcing current environmental regulations.

Page 51: Under second series of bullets, **Recommendations to accomplish this goal include** amend the first bullet and first two sub-bullets as follows:

- using the incentives for protection and enhancement of the natural environment [maximizing the use of environmental incentives], as described in the CR zone [zoning code], on all properties. These [Environmental] incentives should be chosen based on the individual sites and integrated into the design of the development: [Environmental incentives should be used to:]
  - [improve air quality] increase tree canopy
  - [improve water quality] maximize energy conservation

Page 51: Insert a new bullet under second set of bullets, **Recommendations to accomplish this goal include** as follows:

- Increasing the tree canopy for the entire planning area from 10.5 percent to 20 percent through streetscaping and tree plantings in public use space.

Page 51: Revise Figure 42 to add a quantitative measurement to the axis labeled "Stream Degradation" and use equal intervals between years or delete the Figure.

Page 52: Revise the second sentence in the first paragraph as follows:

Street enhancements are necessary to fully [use] support transit service.

Page 53: Revise Figure 43 to change certain pink streets to Business Streets and add Access Street (as a pink street) for Fire Station and Forum property.

Page 53: Revise Figure 43 to incorporate the changes described on Pages 56 and 57 and add local street to the Forum Property.

Page 53: Revise the first bullet as follows:

- [Augment] Implement the master planned street network (Figure 43).

Page 53: Add a new section after **Street Network** as follows:

Privatization of Traffic-Carrying Streets

Four proposed street segments in the Sector Plan area are classified as master-planned business streets, based on their need to carry traffic as part of the determination of master plan transportation system adequacy:

- Woodglen Drive Extended (B-3) between Nicholson Lane and Mid-Pike Rung;
- Huff Court Extended (B-4) between Executive Boulevard Extended and Nebel Street Extended;
- New Street (B-18) between Chapman Avenue and Nebel Street; and
- New Street (B-19) between Nicholson Lane and Executive Boulevard Extended.

These four streets may be implemented as private streets subject to the following conditions:

1. Public easements must be granted for the roadway and be reviewed and approved by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Department of Transportation (MCDOT) for connectivity and consistency with Figure 43 of the White Flint Sector Plan prior to acceptance of the easement.
2. The design of the road must follow or improve the corresponding Road Code standard for a similar public road, unless approved by MCDOT and M-NCPPC at the subdivision review stage or otherwise specified in the Sector Plan.
3. Installation of any public utilities must be permitted within such easement.
4. The road will not be closed for any reason unless approved by MCDOT.
5. Approval from the Department of Fire and Rescue Services must be obtained for purpose of fire access.
6. The public easement may be volumetric to accommodate uses above or below the designated easement area.
7. The County may require the applicants to install appropriate traffic control devices within the public easement, and the easement must grant the right to the County to construct and install such devices.
8. Maintenance and Liability Agreements will be required for each Easement Area. These agreements must identify the applicants' responsibility to maintain all of the improvements within their Easement Area in good fashion and in accordance with applicable laws and regulations.

Page 54: Revise the first sentence of the second bullet as follows:

Provide bus transit transfer facilities [at] serving the Metro and MARC stations.

Page 54: Revise the second bullet under **Rockville Pike and Promenade** as follows:

- on-road bicyclist accommodation [facilitated by the east-side sidewalk]

Page 55: Add a new sentence at the end of the section **Rockville Pike and Promenade** as follows:

Within six months of the publication of a final report documenting the Countywide Bus Rapid Transit Study, and after holding a public hearing, the County Council may determine whether the busway should be located in the median or along the outside curbs of Rockville Pike. The Council may also reduce the minimum right-of-way width for Rockville Pike from 162' to 150' at that time.

Page 55: Revise the bullet under **Travel Demand Management** as follows:

- Establish a [39] 50 percent non-auto driver mode share goal for employees arriving at work during the morning peak period in the entire Plan area. The current non-auto driver mode share for the Plan area is 26 percent. The Plan goal is aggressive but achievable through the combination of land use (density, diversity, and design) and zoning requirements, transit improvements, supportive travel demand management programs, and staging. Establish a 51% non-auto driver mode share goal for employed residents in the Plan area leaving home during the morning peak period.

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Pages 56 and 57: Revise Table 4 as follows

Table 4: Roadway Facility and Segment

Street	From	To	Road Number	ROW (feet)	Lanes*	Road Code Standard
Major Highways						
Old Georgetown Road (MD 187)	Nicholson Ln	Executive Blvd	M-4	150	6, divided	2008.02 Mod.
	Executive Blvd	Rockville Pike (MD 355)	M-4	120	4, divided	2008.01 Mod.
["Old" Old Georgetown Road] Hoya Street	Executive Blvd	Montrose [Pkwy] Road	M-4a	120	4, divided	2008.01 Mod.
Rockville Pike (MD 355)	Sector Plan southern boundary	Sector Plan northern boundary	M-6	150 (162**)	6, divided	2008.02 Mod.
Arterials						
Montrose Parkway	["Old" Old Georgetown Road] Hoya Street	Sector Plan eastern boundary	A-270	300	4, divided	2007.01 Mod.
Randolph Road	Montrose Parkway	Sector Plan eastern boundary	A-90	100	4	2004.01 Mod. & 2004.28 Mod.
Nicholson Lane	Old Georgetown Rd	Sector Plan eastern boundary	A-69	90	4	2004.02 Mod. & 2004.26 Mod.
Business Roads						
Chapman Ave (Maple Ave)	Marinelli Rd	Old Georgetown Rd	B-12[***]	70	2	2005.02
	Old Georgetown Rd	Montrose Pkwy	B-12[***]	70	2	2005.02
Citadel Ave/Boylston St[***]	Nicholson Ln	Old Georgetown Rd	B-4	70	2	2005.02
Edson Ln	Woodglen Dr	Rockville Pike (MD 355)	B-5	70	2	2004.21 Mod. & 2005.02

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Street	From	To	Road Number	ROW (feet)	Lanes*	Road Code Standard
						Mod.
Executive Blvd Extended	[Woodglen Dr	Nebel St Extended	B-7	80	4]	
	[Marinelli Rd	Nicholson Ln	B-7	80	4]	
	[Nicholson Ln] Marinelli Rd	Nebel St Extended (B-5)	B-7	80	4	2004.01
Huff Ct/ Huff Ct Extended	[Nebel St Extended] Executive Blvd Extended	Nicholson Lane	B-4	70	2	2005.02
Huff Court/ Huff Court Extended***	Nebel St Extended (B-5)	Executive Blvd Extended	B-4	70	2	2005.02
[Lansown] Station St	Marinelli Rd	Old Georgetown Road	B-11	70	2	2005.02
Marinelli Rd	Executive Blvd	Nebel St	B-6	90	4	2005.03 Mod.
Market St	Old Georgetown Rd (MD 187)	Rockville Pike (MD 355)	B-10	70	2	2005.02
McGrath Blvd	[Old Georgetown Rd (MD 187)] Rockville Pike (MD 355)	Wentworth Pl (B-13)	B-10	70	2	2005.02
Mid-Pike Spine Street	Marinelli Rd	Old Georgetown Rd (MD 187)	B-15	80	4	2004.01
	Old Georgetown Rd (MD 187)	New Street (Mid-Pike rung, B-16)	B-15	70	2	2005.02
Nebel Street Extended	Randolph Rd	Sector Plan northern boundary	B-5	80	4	2004.24 Mod.
Nebel St	Nicholson Ln	[Sector Plan northern boundary] Randolph Road	B-5	80	[3] 2	2004.24 Mod.
Nebel St Extended	Rockville Pike (MD 355)	Nicholson Ln	B-5	80	[3] 2	2004.01 Mod. & 2005.02 Mod.
New St (Mid-Pike rung)	["Old" Old Georgetown Rd] Hoya St	Rockville Pike (MD 355)	B-16	80	2	2005.02 Mod.
Nicholson Ct (realigned)	Nebel St Extended	900 feet east of Nebel St Extended	B-14	70	2	2005.02

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Street	From	To	Road Number	ROW (feet)	Lanes*	Road Code Standard
Old Georgetown Rd	Rockville Pike (MD 355)	Nebel St	B-2	90	4	2004.02 Mod. & 2005.03 Mod.
Security Ln/Security Ln Extended	Woodglen Dr	Huff Ct Extended (B-4)	B-17	70	2	2005.02
Wentworth Pl	Marinelli Rd	Nebel St	B-13	70	2	2005.02
Woodglen Dr	Edson Ln	Nicholson Ln	B-3	70	2	2005.02 Mod.
Woodglen Drive ***	Nicholson Ln	Marinelli Rd	B-3	60	2	2005.02 Mod.
Woodglen Drive ***	Marinelli Rd	Mid-Pike Rung (B-16)	B-3	70	2	2005.02 Mod.
New Street ***	Chapman Ave	Nebel Stt	B-18	70	2	2005.02
New Street ***	Nicholson Ln	Executive Blvd Extended	B-19	70	2	2005.02

*The number of planned through travel lanes for each segment, not including turning, parking, acceleration, deceleration, or other auxiliary lanes.

** The Rockville Pike 150-foot right-of-way can be expanded to 162 feet (the additional feet to be obtained through reservation) (see page 54)

*** [North of Nicholson Lane, Woodglen Drive is needed for connectivity but will be constructed as a private street because site constraints limit the availability of needed right-of-way.] New streets B-18, B-19, Huff Court Extended (B-4), and the portion of Woodglen Drive (B-3) north of Nicholson Lane may be constructed as private streets subject to use easements meeting the requirements described in the Sector Plan text.

"Mod." Indicates that some modification is needed to the referenced design standard to reflect planned elements such as transit priority, bike lanes, or turn lanes.

The target speed for all master planned roadways in the Plan area is 25 m.p.h., except for Montrose Parkway with a target speed of 35 m.p.h. in the Plan Area.

Page 59: Revise Table 5 as follows:

Table 5: Bikeway Facility and Segment

Street	From	To	[Road] Route Number	[ROW (feet)] Bikeway Type
Nebel St	Randolph Rd	Nicholson Ln	DB-13	Dual Bikeway: Shared Use Path/Bike Lanes

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Street	From	To	[Road] Route Number	[ROW (feet)] Bikeway Type
Nebel St Extended	Nicholson Ln	Rockville Pike	DB-13	Dual Bikeway: Shared Use Path/Bike Lanes
Edson Ln	Rockville Pike (MD 355)	Woodglen Dr	DB-13	Dual Bikeway: Shared Use Path/Bike Lanes
Randolph Rd	Montrose Pkwy	CSX [t]Tracks	SP-25	Shared Use Path
Nebel St Extended	Randolph Road	Sector Plan northern boundary	SP-47	Shared Use Path
Montrose Pkwy	["Old" Old Georgetown Rd] Hoya St	CSX Tracks	SP-50	Shared Use Path
Nicholson Ln	Old Georgetown Road	CSX Tracks	BL-27	Bike Lanes
Old Georgetown Rd (MD 187)	Nicholson Ln	Executive Blvd	LB-1	Shared Use Path
["Old" Old Georgetown Rd] Hoya St	Executive Blvd	Montrose Pkwy	LB-1	Shared Use Path
Old Georgetown Rd	Executive Blvd/["Old" Old Georgetown Rd] Hoya St	Rockville Pike (MD 355)	LB-2	Dual Bikeway: Shared Use Path/Bike Lanes
	Rockville Pike (MD 355)	Nebel St	LB-2	Bike Lanes
Market St	Old Georgetown Rd	Rockville Pike (MD 355)	LB-3	Shared Use Path
Rockville Pike (MD 355)	Edson Ln/Nebel St Extended	Marinelli Rd	LB-5	Shared Use Path
North Bethesda Trolley Trail				
Woodglen Dr	Edson Ln	Nicholson Ln	SP-41 & LB-4	Dual Bikeway: Shared Use Path/Bike Lanes
	Nicholson Ln	Marinelli Rd	SP-41	Shared Use Path
Marinelli Rd	Woodglen Dr	Rockville Pike (MD 355)	SP-41	Shared Use Path
Rockville Pike (MD 355)	Marinelli Rd	Sector Plan Northern boundary	SP-41	Shared Use Path

Page 60: Revise Figure 45 to add a community recreation center to Wall Park and potential elementary school sites to White Flint Mall and Luttrell properties. Remove the proposed school symbol shown on a site outside the planning area. Show the proposed Fire Station at the new location and show the current WSSC site as potential parkland.

Page 60: Insert the following after the second paragraph:

Co-Location of Community Facilities

Community facilities, such as a library, recreation center, and a satellite regional services center can help create an important civic presence and destination in the planning area. The best locations for the library and regional services center are in the two districts closest to Metro: Metro West and Metro East. Primarily private development in Metro East could provide the opportunity for public facilities as part of this development. The Conference Center Block in Metro West is adjacent to the civic green and has the potential to contribute to the creation of a great central place. The county owns the conference center land; it is close to the Metro portal and adjacent to the civic green. If this is the site selected for the co-location of public facilities, a public building of exceptional design should be provided to house the facilities, either as a CIP project or as part of a public-private partnership, and could face on the civic green. The civic building should meet all the standards of the CR Zone in which it is located. Wall Park is less central and should not contain the service center or library, but the area's recreational opportunities would be enhanced by co-locating the recreation center with the aquatic center. An alternative would be to locate a separate recreation center nearer Metro as one of the public benefits obtained through the development of a large private tract.

Page 61: Amend the second paragraph as follows:

Whether acquired or dedicated, the civic green must be approximately one [acre] to two acres and designed [to] so that activation of this central public space is ensured and that the surrounding uses contribute and complement the desired functions, so that it can accomplish the following:

Page 61: Revise Figure 46 to be consistent with the revisions to Figure 12 on page 22.

Page 62: At the end of the first paragraph insert the following sentence:

Wall Park is a suitable site for co-location of a recreation center in conjunction with the expansion of the aquatic center.

Page 62: After the last bullet, add a new heading and the following:

WSSC Site

The 0.72 acre WSSC site, located in Block 1 of the NoBe District, is in use as part of the community water delivery system, but is well located for a small public park.

- The WSSC site is suitable for public parkland, should the facility no longer be needed.

Page 64: Under the heading **Public Schools**, delete paragraphs two and three and the bullet, and replace as follows:

[There is no site large enough for a typical 10 to 12 acre elementary school within the Plan area. As a result, the Plan recommends that Montgomery County Public Schools (MCPS) consider utilizing Rocking Horse Center, a closed elementary school on 18 acres of land approximately one half-mile from the center of the Plan area and located on Macon Road.

MCPS may consider reopening one of the former elementary schools in the Walter Johnson cluster: the former Alta Vista, Arylawn, Kensington, and Montrose elementary schools. Alta Vista and Arylawn are owned by Montgomery County and leased to private schools. Kensington is owned by the County and leased to the Housing Opportunities Commission (HOC). Montrose Elementary School is owned by the Board of Education and leased to a private school. MCPS operates the former Grosvenor Elementary School as a holding school for elementary schools undergoing modernization and it is not a likely candidate for reopening. Garrett Park Elementary School is slated for complete modernization to expand the capacity to 640 students from the existing capacity of 450 students by the 2012.

- Locate an elementary school site on the Rocking Horse Road facility in the Randolph Hills neighborhood or explore redistricting to accommodate the new students generated by future development in the Plan area.]

There is no site large enough for a typical 10 to 12 acre elementary school site within the Plan area. MCPS has identified two sites that are suitable for an elementary school. The preferred site is located on the White Flint Mall Property, along the southern boundary south of the proposed Nebel Street Extended. The second site is the Luttrell Property, in Block 1 of the NoBe District,

- Designate an elementary school site in the southern portion of the White Flint Mall Property as the preferred site.
- Designate the Luttrell Property as an alternative school site.

Page 64: Under the heading **Fire, Rescue, and Emergency Medical Services**, delete the bullet and replace with the following bullet:

- [Locate a new fire, rescue, and emergency medical services (EMS) station on the excess right-of-way for the Montrose Parkway owned by the SHA.]
- Locate a new Fire and Emergency Services Facility on the State Highway Administration right-of-way east of Rockville Pike and south of Randolph Road.

Page 64: Under the Heading **Public Safety**, revise bullet as follows:

- Locate a new police substation [with other public uses,] with the new Fire and Emergency Services Facility on [excess] the SHA property in the [Mid-Pike Plaza] Maple Avenue District.

Page 65: Under the heading **Satellite Regional Services Center**, revise the second sentence as follows:

The services center should include space to house the public entities that will manage redevelopment in White Flint [(see page 57, bullet 5 in the Staging Plan),] and [a] community meeting space [room, and a transit store].

Page 65: Revise the first bullet on the page as follows:

- [Locate] Co-locate a satellite regional services center and library in the Metro East[,] or Metro West [, or Mid-Pike] Districts.

Page 65: Revise the paragraph under the heading **Libraries** as follows:

The Montgomery County Department of Public Libraries has recommended that a new [express] library should be located within the Plan area. The new library [will] may be smaller than a traditional library and may be integrated with residential or non-residential development. It will be designed to serve existing and future residents and employees who can walk to the library from adjacent residential development or from Metro and public transportation. The library should be co-located with the satellite regional services center and sized to provide sufficient services to the community.

Page 65: Revise the second bullet on the page as follows:

- [Locate] Co-locate a new [express] library in the Metro East or [Mid-Pike Plaza Districts] Metro West Districts close to the high-density urban core.

Page 65: After the section on Libraries, add a new section on recreation as follows:

Recreation Center
The Montgomery County Department of Recreation has recommended that a recreation center will be needed to serve the existing and future residents of the White Flint Sector Plan. There may be cost efficiencies in co-locating the recreation center on the Wall Park site in conjunction with expansion of the Aquatic Center and proposed new recreational facilities. [See page 62.]

- The Aquatic Center at Wall Park may be the appropriate location to provide recreational facilities as needed to complement and expand existing recreational facilities. Alternatively, the community recreation center could be located in the Metro East or Metro West Districts.

Pages 66 and 67: Revise the Proposed Land Use and Zoning Maps to reflect Council changes to the Sector Plan. Add a symbol and label for the Commercial/Office Building (C-0) zone to the key for Figure 49.

Page 67: Delete the second sentence in the third paragraph:

[There are nine discrete CR Zones proposed (Table 6).]

Page 67: Revise the first paragraph to be consistent with the approved CR Zone language:

Properties within the Plan area can redevelop using incentives allowed under the CR zone, such as master planned major public facilities, transit proximity connectivity and mobility, and diversity of uses [will have the benefit of incentives based on proximity to transit as well as incentives for providing a range of housing types, additional affordable housing, incorporating community facilities into mixed-use developments, environmental sustainability features, and innovative design].

Page 68: Delete Table 6: Proposed CR Zones

Page 68: After the last bullet under the heading **Priority Projects Eligible for Amenity Fund Support** add the following:

- Recreation Center
- Library
- Satellite Regional Services Center

Pages 70-74: Amend the staging section of the Sector Plan beginning with the second paragraph as follows:

Before any additional development can be approved, the following actions must be taken.

- Approval and adoption of the Sector Plan.
- Approval of sectional map amendment.
- Amend the Growth Policy to expand the White Flint Metro Station Policy Area (MSPA) to encompass the Sector Plan boundary, and to exempt development within White Flint from the Policy Area Review test. The traffic from existing and approved development in the White Flint MSPA would still be counted in the Policy Area Review of all other Policy Areas, including North Bethesda.
- [Council resolution to expand the Metro Station Policy Area to encompass the entire Sector Plan boundary, which:
  - Requires workforce housing
  - proposes legislative changes to allow impact fees to be captured in a Metro Station Policy Area

- reduces Transportation Impact Tax
- allows Critical Lane Volume (CLV) Standard to increase to 1,800.]

- Establish the Sector Plan area as a State of Maryland Bicycle Pedestrian Priority Area.

- Initiate development of plans for through-traffic access restrictions and other appropriate protective measures for the residential neighborhoods abutting the Sector Plan area, including traffic from future development in White Flint, and implement these plans if sufficient neighborhood consensus is attained.

Additional Development may proceed subject to existing regulatory requirements (including LATR and Policy Area Review, when appropriate) and subject to the following:

- Create public entities or financing mechanisms necessary to implement the Sector Plan within [12] 6 months of adopting the sectional map amendment. [These include, as appropriate, the following:
  - parking management authority
  - urban service district
  - redevelopment office or similar entity
  - tax increment financing district
  - special assessment district.]

- Develop a transportation approval mechanism and monitoring program within 12 months of adopting the sectional map amendment.
  - Planning Board must develop biennial monitoring program for the White Flint Sector Plan area. This program [will] must include a periodic assessment [on] of development approvals, [traffic issues] public facilities and amenities, the status of new facilities, and the Capital Improvements Program (CIP) and [Annual] Growth Policy [(AGP)] as they relate to White Flint. The program must include a Comprehensive Local Area Transportation Review (or comparable analysis) that will identify and recommend for Council approval and action specific projects and services necessary to promote adequate transportation service. The program should conduct a regular assessment of the staging plan and determine if any modifications are necessary. The biennial monitoring report must be submitted to the Council and Executive prior to the development of the biennial CIP.
  - The Planning Board must establish an advisory committee of property owners, residents and interested groups that [support] are stakeholders in the redevelopment of the Plan area, as well as representatives from the Executive Branch, to evaluate the assumptions made regarding congestion levels, transit use, and parking. The committee's responsibilities should include monitoring the Plan recommendations, identifying new projects for the Amenity Fund, monitoring the CIP and [AGP] Growth Policy, and recommending action by the Planning Board and County Council to address issues that may arise.

- [Any development approvals that proceed before the public entities are in place are subject to existing regulatory review requirements, including, LATR and PAMR.]

Phasing

Development may occur anywhere within the Plan area[,]; however, all projects will be required to fund or, at a minimum, defray total transportation infrastructure costs. The phases of the staging plan are set at 30 percent, 30 percent, and 40 percent respectively of the 17.6 million square feet of new development. This Plan recommends that affordable housing units provided under the CR Zone incentives (and are in addition to those required by Chapter 25A) may be excluded from the staging capacity. Residential development must pass the School Adequacy Test in the Growth Policy. This test is assessed annually. Any development approvals that predate the approval of this Sector Plan are considered to be in conformance with this Plan. For such approvals, only the difference between the amount of the prior approval and any requested increase would be subject to the phasing caps.

Phase 1: 3,000 dwelling units and 2.0 million square feet non-residential development

During Phase 1, the Planning Board may approve both residential and non_residential development until either of the limits above is reached. Work-around road projects west of Rockville Pike, including the streets for the civic core, should be contracted for construction during Phase 1 and completed before commencement of Phase 2.

The following prerequisites must be met during Phase 1 before [to] moving to Phase 2.

- Contract for the construction of the realignment of Executive Boulevard and Old Georgetown Road.

- Contract for construction of Market Street (B-10) in the Conference Center block.

- Fund streetscape improvements, sidewalk improvements, and bikeways for [all streets] substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.

- Fund and complete the design study for Rockville Pike to be coordinated with SHA, MCDOT, and M-NCPPC.

- [Establish a bus circulator system linked to surrounding office districts and residential neighborhoods.]

- [Establish an inventory of long-term parking spaces to set requirements for Phase 1 and Phase 2 parking caps that provide a progressive achievement of the end-state limitation of 0.61 long-term parking spaces per employee in the Plan area.]

- [Limit long-term parking spaces to capacity established in the Annual Growth Policy.]

- Achieve [30] 34 percent non-auto driver mode share for the Plan area.

- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.

Phase 2: 3,000[,] dwelling units and 2.0 million square feet non residential development

Before development beyond the limits set in Phase 1 can be approved, the Planning Board must determine that all the Phase 1 public projects have been completed. The amount of development that could be approved in Phase 2 is set at approximately one-third of the planned development. During Phase 2, the Planning Board may approve both residential and non-residential development until either of the limits above is reached.

The following prerequisites must be completed during Phase 2 before proceeding to Phase 3.

- Construct streetscape improvements, sidewalk improvements, and bikeways for [all streets] substantially all of the street frontage within one quarter-mile of the Metro station: Old Georgetown Road, Marinelli Road, and Nicholson Lane.
- Complete realignment of Executive Boulevard and Old Georgetown Road.
- Construct the portion of Market Street as needed for road capacity.
- Fund the second entrance to the White Flint Metro Station.
- [Construct Nebel Street Extended between Nicholson Lane and Rockville Pike as needed for road capacity.]
- Explore the potential for expediting portions of Rockville Pike where sufficient right-of-way exists or has been dedicated. It should be constructed once the "work-around" roads are open to traffic.
- [Conduct a North Bethesda residential areas circulation study.]
- Increase non-auto driver mode share to [35] 42 percent.
- [Limit long-term parking spaces to capacity established in the Annual Growth Policy.]
- The Planning Board should assess whether the build out of the Sector Plan is achieving the Plan's housing goals.
- The Planning Board must develop a plan to determine how to bring the mode share to 51 percent NADMS for residents and 50 percent NADMS for employees during Phase 3.

Phase 3: 3,800 dwelling units and 1.9 million square feet non-residential development

Before development beyond the limits set in Phase 2 can be approved, the Planning Board must determine that all the Phase 2 public and private projects have been completed. In Phase

3, the remaining transportation capacity could be committed. At the end of Phase 3, the development should total 14,500 units (17.4 million square feet) and 12.9 million non-residential square feet. This is a 58/42 percent residential/ non-residential mix and close to the desired 60/40 percent residential/non-residential mix.

- Complete all streetscape improvements, sidewalk improvements, and bikeways outside one quarter-mile from the Metro.
- Reconstruct any remaining portion of Rockville Pike not constructed during prior phases.
- [Fund MARC station.]
- [Increase non-auto driver mode share to 39 percent.]
- Achieve the ultimate mode share goals of 51 percent NADMS for residents and 50 percent NADMS for employees.
- [Limit long-term parking spaces to 0.61 per employee.]

[Phase 4: Raising the Transportation Cap

The Plan recommends a level of development and a mix of uses that can be accommodated by the road network and transit facilities. The proposed road infrastructure supports the proposed development and it is important to note that there are no additional roads within the Plan boundaries that would further improve vehicular mobility.

There is growing evidence from other parts of the country that urban scale, transit-served development does not always result in higher traffic congestion. Detailed monitoring of traffic conditions over time will indicate if transit use results in fewer than anticipated vehicle trips. If that is the case, the transportation cap of 9,800 dwelling units and 5.9 million square feet of development should be reexamined. The CR Zone as applied in the Plan allows a greater zoning capacity than can be served by the proposed mobility infrastructure. This was done so that if assumptions regarding the transportation cap proved conservative, the County Council would not have to revisit the zoning envelope to allow more development and could confine their review to the transportation issue. The proposed monitoring program should include provisions for alternative transportation analyses, such as a cordon line cap, to evaluate how much additional density could be supported.]

Page 74: Revise Table 7 to conform to the changes on pages 70-73.

Page 76: In the Financing section, revise the second sentence as follows:

The infrastructure necessary to advance phases of the staging plan should be financed through general fund revenues appropriated in the regular CIP process, as well as through [the creation of a tax increment financing district and a special assessment district] mechanisms that would generate significant revenues from properties and developments within the Sector Plan area.

Page 76: Under **Financing**, delete the first and fifth bullets as follows:

- [Leverage the substantial tax increment generated by redevelopment in the Plan area.]
- Be sensitive to the limits of the private sector's capacity to fund public infrastructure in light of the requirements to provide public benefits and amenities.
- Provide maximum certainty regarding the timing and extent of public sector investments.
- Expand the Metro Station Policy Area boundary to be coterminous with the Plan boundary.
- [To the extent possible, capture impact taxes or similar excise taxes paid by development in the district and spend those revenues within the Plan boundary.]

General

All illustrations and tables included in the Plan are to be revised to reflect District Council changes to the Planning Board Draft (July 2009). The text and graphics are to be revised as necessary to achieve and improve clarity and consistency, to update factual information, and to convey the actions of the District Council. Graphics and tables should be revised to be consistent with the text. The existing and proposed zoning figure should be separated into two figures with a key for each.

All references throughout the Plan to Old Old Georgetown Road should be changed to Hoya Street.

The planned land use and transportation in this plan are considered to be in balance at the end of Phase 3, based on a Relative Arterial Mobility of 39.2%.

Achieving a balance of land use and transportation at the end of Phase 3 assumes that the non-auto-driver mode share (NADMS) of certain other master and sector plan areas will be achieved by Year 2030. The NADMS for these other planning areas are: Germantown Town Center—25%; Gaithersburg West—30%; North Bethesda (outside the White Flint Sector Plan)—39%; Bethesda CBD—37%; Friendship Heights CBD—39%; and Silver Spring CBD—50%.

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council

ELECTED AND APPOINTED OFFICIALS

County Council

Nancy Floreen, President
Valerie Ervin, Vice President
Philip Andrews
Roger Berliner
Marc Elrich
Michael Knapp
George L. Leventhal
Nancy Navarro
Duchy Trachtenberg

County Executive

Isiah Leggett

The Maryland-National Capital Park and Planning Commission

Royce Hanson, Chairman
Samuel J. Parker, Jr., Vice Chairman

Commissioners

Montgomery County Planning Board

Royce Hanson, Chairman
Marye Wells-Harley, Vice Chair
Joe Alfandre
Norman Dreyfuss
Amy Presley

Prince George's County Planning Board

Samuel J. Parker, Jr., Chairman
Sylvester J. Vaughns, Vice Chair
Sarah A. Cavitt
Jesse Clark
Colonel John H. Squire

The Plan Process

A plan provides comprehensive recommendations for the use of public and private land. Each plan reflects a vision of the future that responds to the unique character of the local community within the context of a countywide perspective.

Together with relevant policies, plans guide public officials and private individuals when making land use decisions.

The PUBLIC HEARING DRAFT PLAN is the formal proposal to amend an adopted master plan or sector plan. Its recommendations are not necessarily those of the Planning Board; it is prepared for the purpose of receiving public testimony. The Planning Board holds a public hearing and receives testimony, after which it holds public worksessions to review the testimony and revise the Public Hearing Draft Plan as appropriate. When the Planning Board's changes are made, the document becomes the Planning Board Draft Plan.

The PLANNING BOARD DRAFT PLAN is the Planning Board's recommended Plan and reflects its revisions to the Public Hearing Draft Plan. The Regional District Act requires the Planning Board to transmit a sector plan to the County Council with copies to the County Executive who must, within sixty days, prepare and transmit a fiscal impact analysis of the Planning Board Draft Plan to the County Council. The County Executive may also forward to the County Council other comments and recommendations.

After receiving the Executive's fiscal impact analysis and comments, the County Council holds a public hearing to receive public testimony. After the hearing record is closed, the Council's Planning, Housing, and Economic Development (PHED) Committee holds public worksessions to review the testimony and makes recommendations to the County Council. The Council holds its own worksessions, and then adopts a resolution approving the Planning Board Draft Plan, as revised.

After Council approval the plan is forwarded to the Maryland-National Capital Park and Planning Commission for adoption. Once adopted by the Commission, the plan officially amends the master plans, functional plans, and sector plans cited in the Commission's adoption resolution.

Acknowledgements

Rollin Stanley, Planning Director
Glenn Kreger, Acting Chief, Community Based Planning

Project Team

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Clare Kelly

Park Planning
Brooke Farquhar

Mapping and Graphics
Shahrzad Etemadi
Darrell Godfrey

Approved and Adopted

White Flint Sector Plan

midtown on the pike

April 2010

Montgomery County Planning Department
The Maryland-National Capital Park and Planning Commission

www.MontgomeryPlanning.org

7100000016

commercial residential zones

overview

ordinance contents

15.1
- zones established

15.2
- descriptions and objectives

15.3
- definitions

15.4
- methods of development

15.5
- land uses

15.6
- general requirements

15.7
- development standards

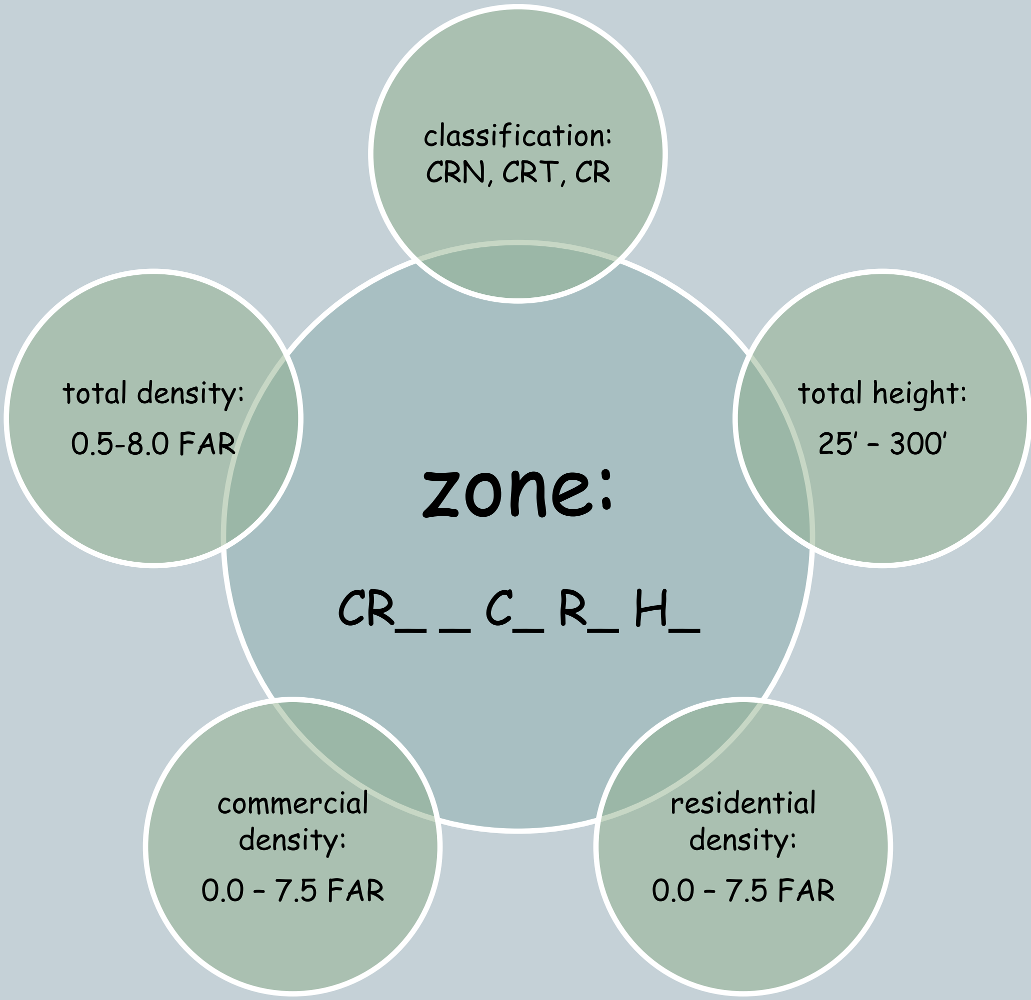
15.8
- special regulations for optional method

15.9
- existing approvals

classifications

- CR Neighborhood (CRN)
- CR Town (CRT)
- CR

fine-grain for context



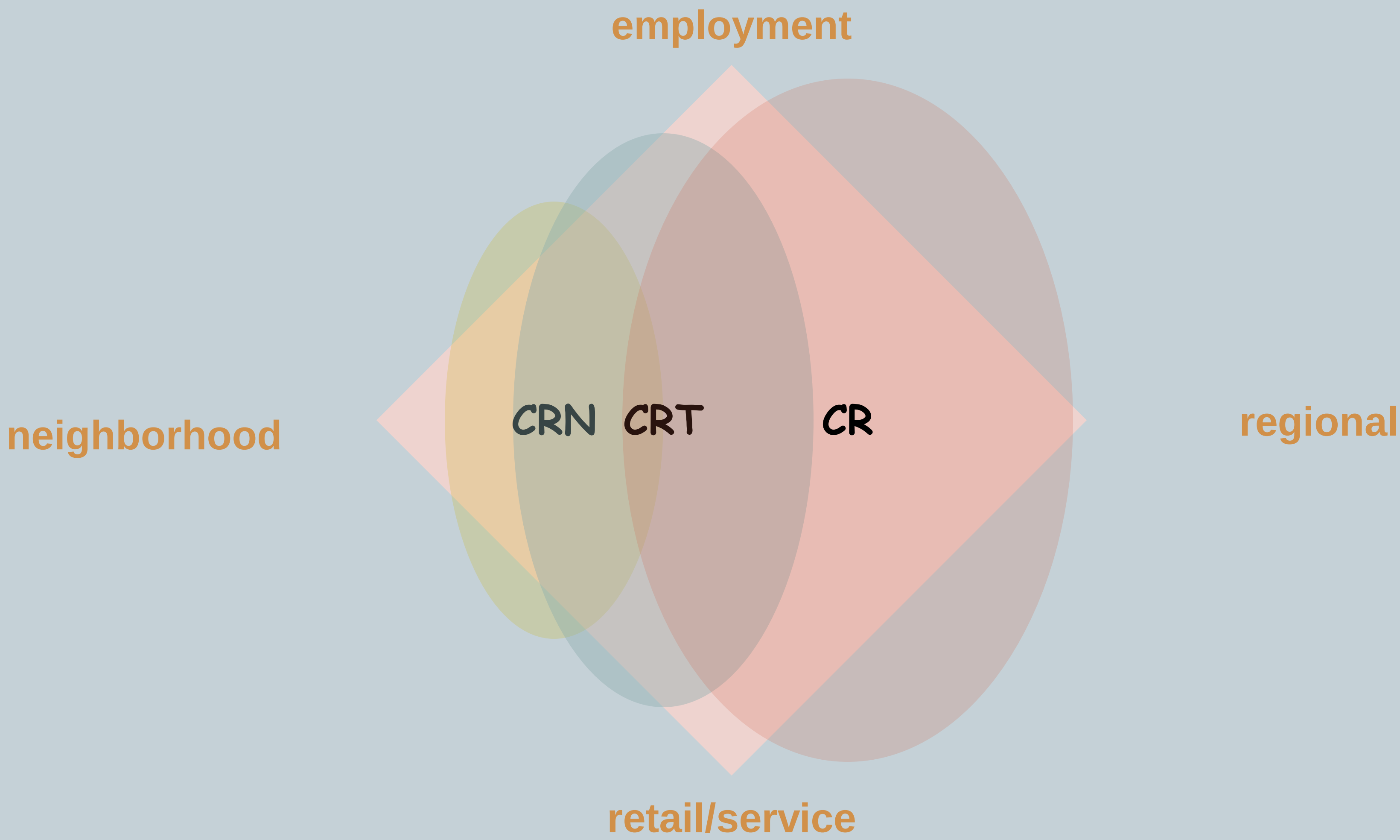
flexibility

CRN0.25 C0.0 R0.25 H25

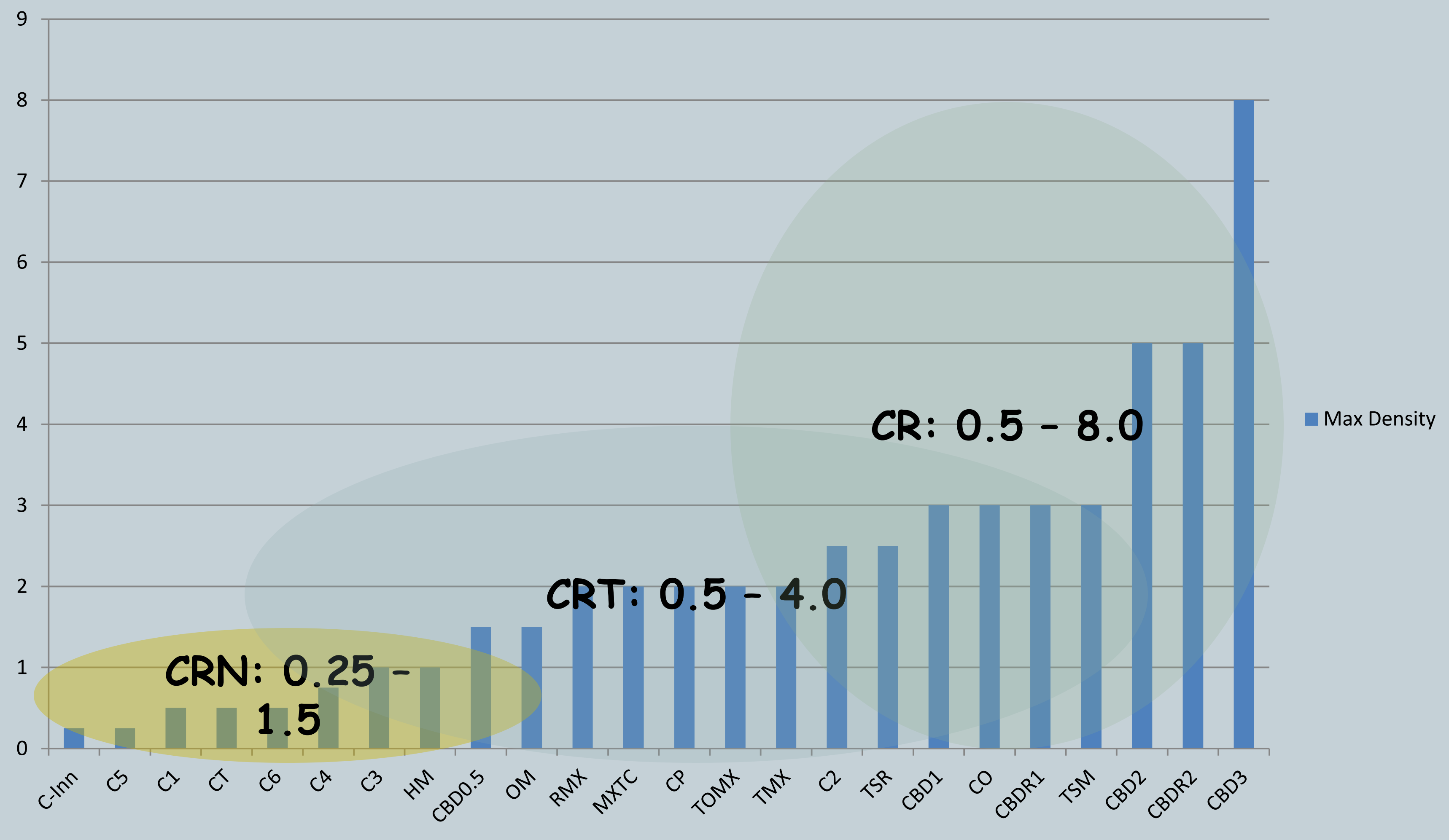
CRT2.5 C1.5 R1.5 H75

CR8.0 C7.5 R7.5 H300

focused uses and markets
residential allowed in all



density limits



commercial & residential limits

CRN

- Total = 0.25 to 1.5
- C = 0 to 1.5
- R = 0 to 1.5

CRT

- Total = 0.5 to 4.0
- C = 0.25 to 3.5
- R = 0.25 to 3.5

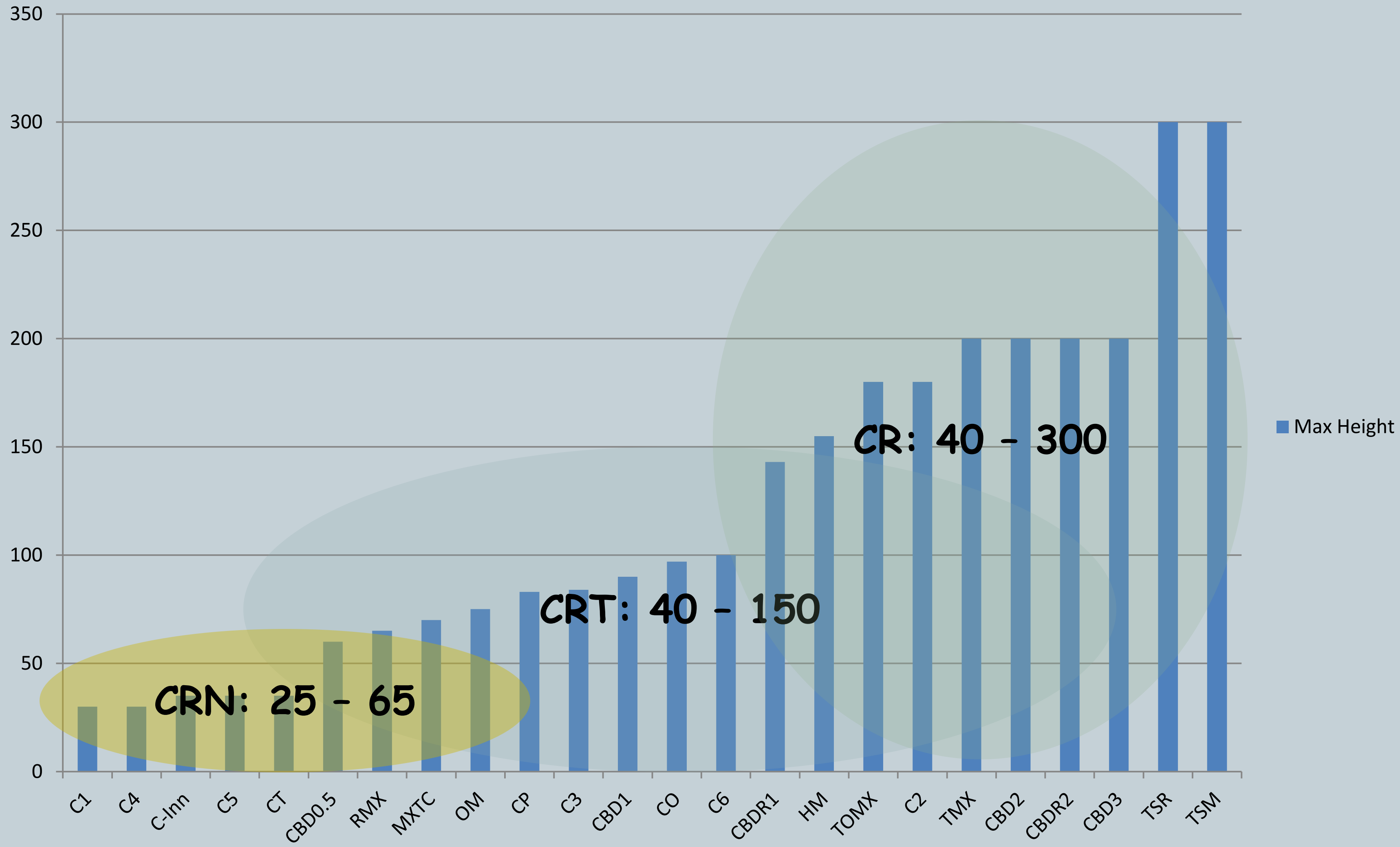
CR

- Total = 0.5 to 8.0
- C = 0.25 to 7.5
- R = 0.25 to 7.5

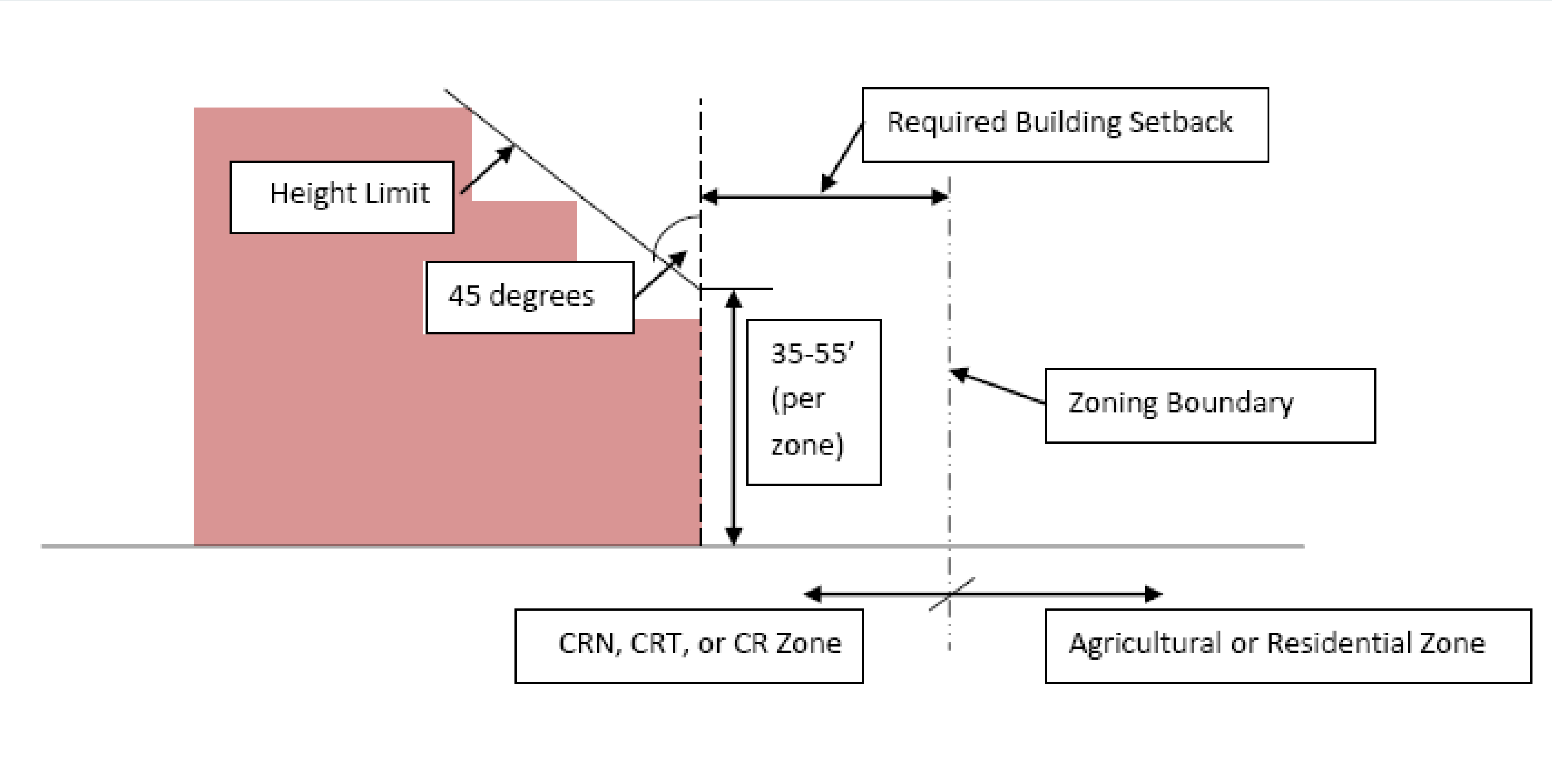
density averaging

- proposed by same sketch or site plan
- created by same preliminary plan or satisfy approved phasing plan
- maximum total, C, & R FAR applies to entire site
- may not exceed height set by zone
- uses are subject to zone
- total may not exceed zone when adj or con one-family res or ag

height limits



angular plane setback



objectives

(a)
- implement the policy recommendations of applicable master and sector plans;

(b)
- target opportunities for redevelopment of single-use areas and surface parking lots with a mix of uses;

(c)
- reduce dependence on the automobile by encouraging development that integrates a combination of housing types, mobility options, commercial services, and public facilities and amenities;

(d)
- allow a mix of uses, densities, and building heights appropriate to various contexts to ensure compatible relationships with adjoining neighborhoods;

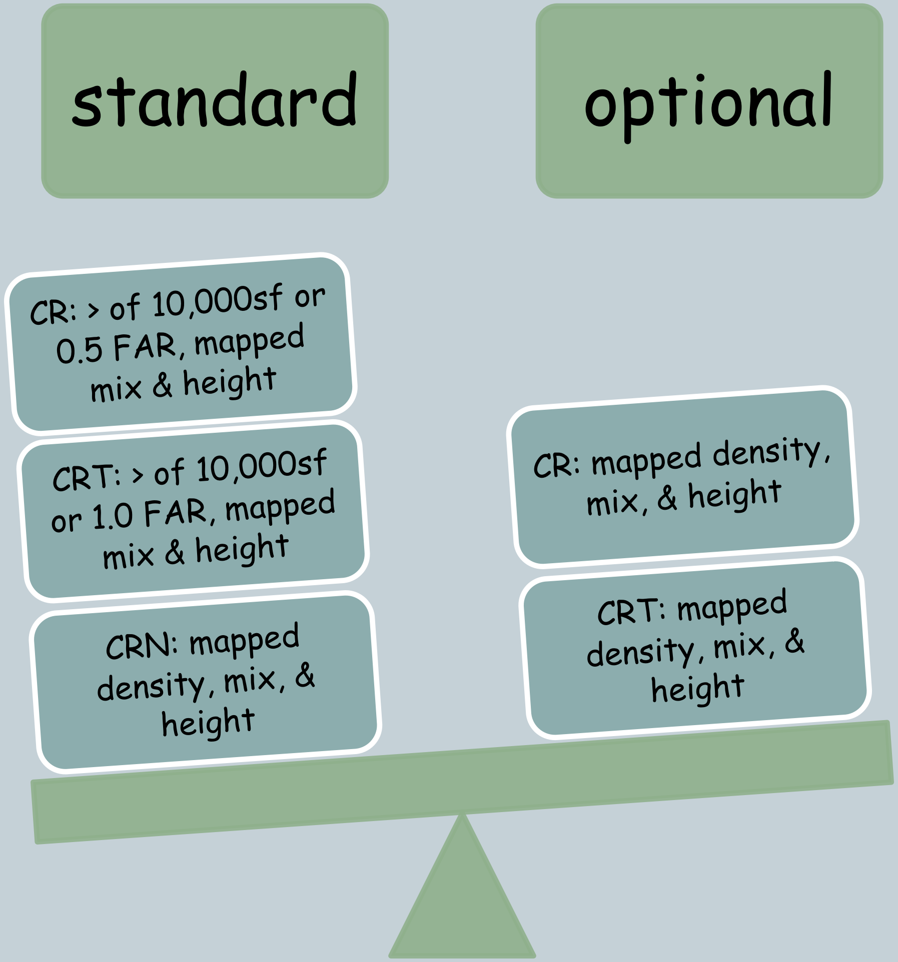
(e)
- allow an appropriate balance of employment and housing opportunities; and

(f)
- standardize optional method development by establishing minimum requirements for the provision of public benefits that will support and accommodate density above the standard method limit.

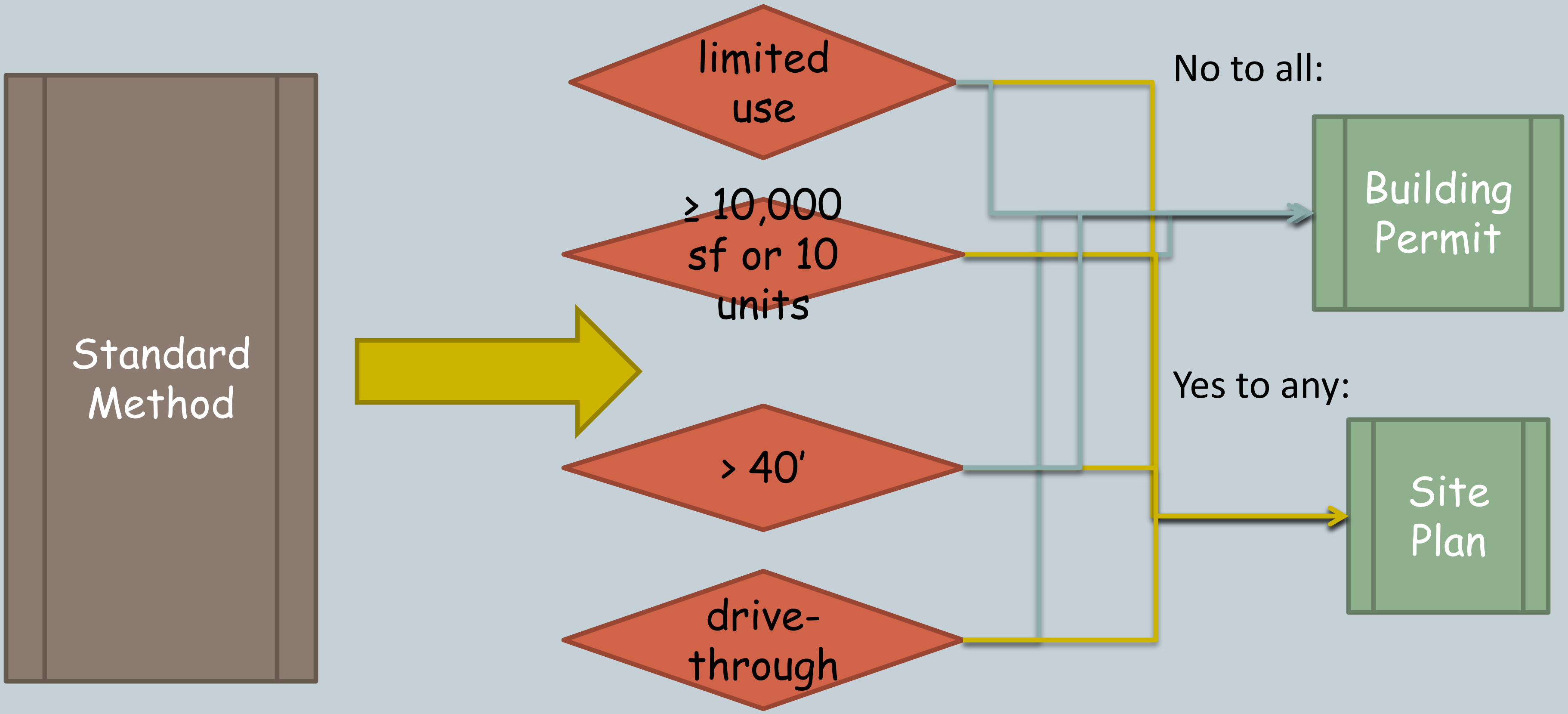
defined terms

- car share space
- cultural institutions
- day care facilities and centers
- frontage
- limits of disturbance
- live/work unit
- manufacturing and production, artisan
- public arts trust steering committee
- public owned or operated uses
- recreational facilities, participatory
- reconstruction
- renovation
- seasonal outdoor sales
- teen center
- tenant footprint
- transit proximity

methods of development



site plan


Standard Method
limited use
≥ 10,000 sf or 10 units
> 40′
drive-through
No to all:
Building Permit
Yes to any:
Site Plan

sketch plan

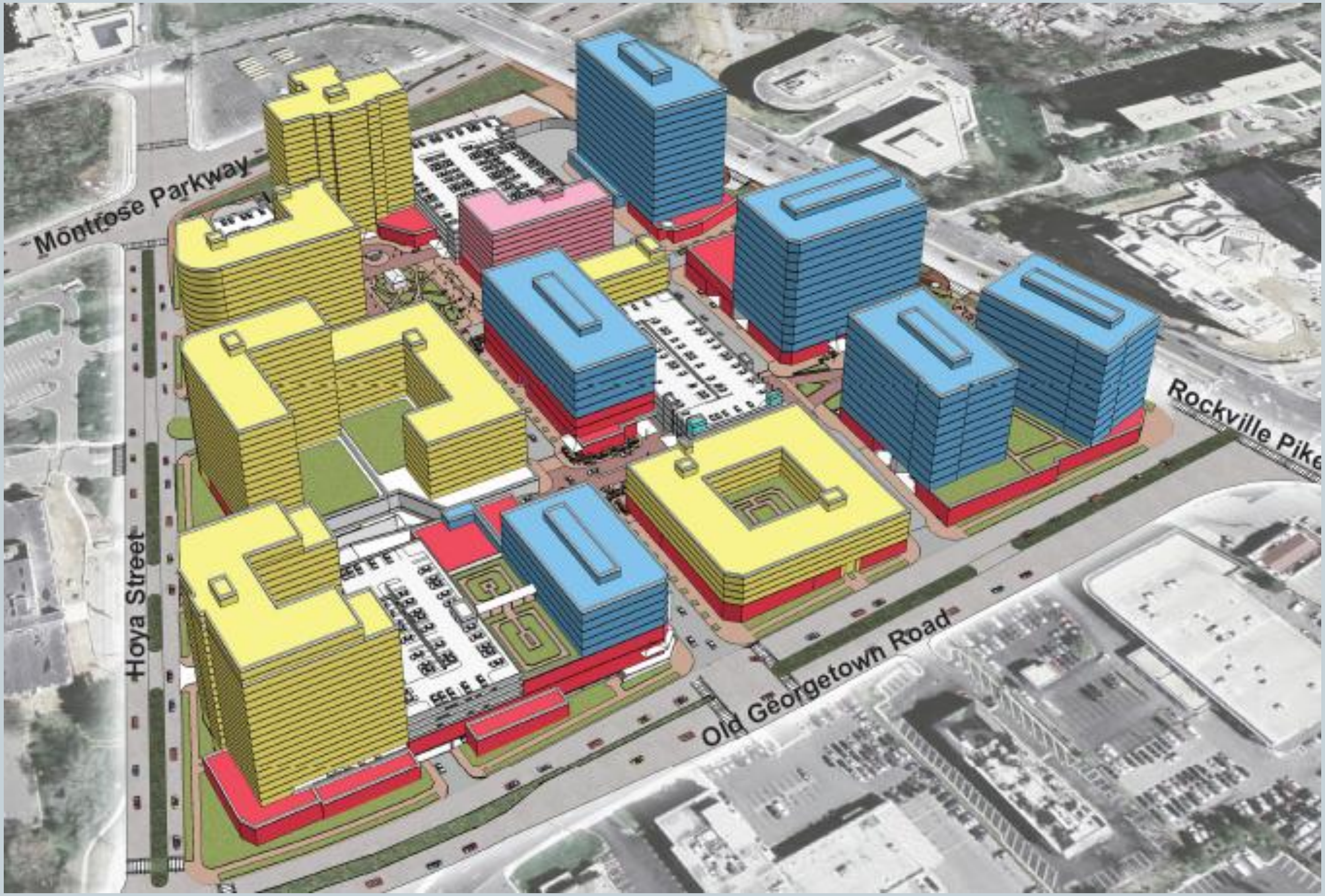
(1)
- justification statement
- req & standards of zone; objectives of master plan

(2)
- illustrative plans
- building massing, heights, use mix; open space; circulation, parking, loading; rights-of-way

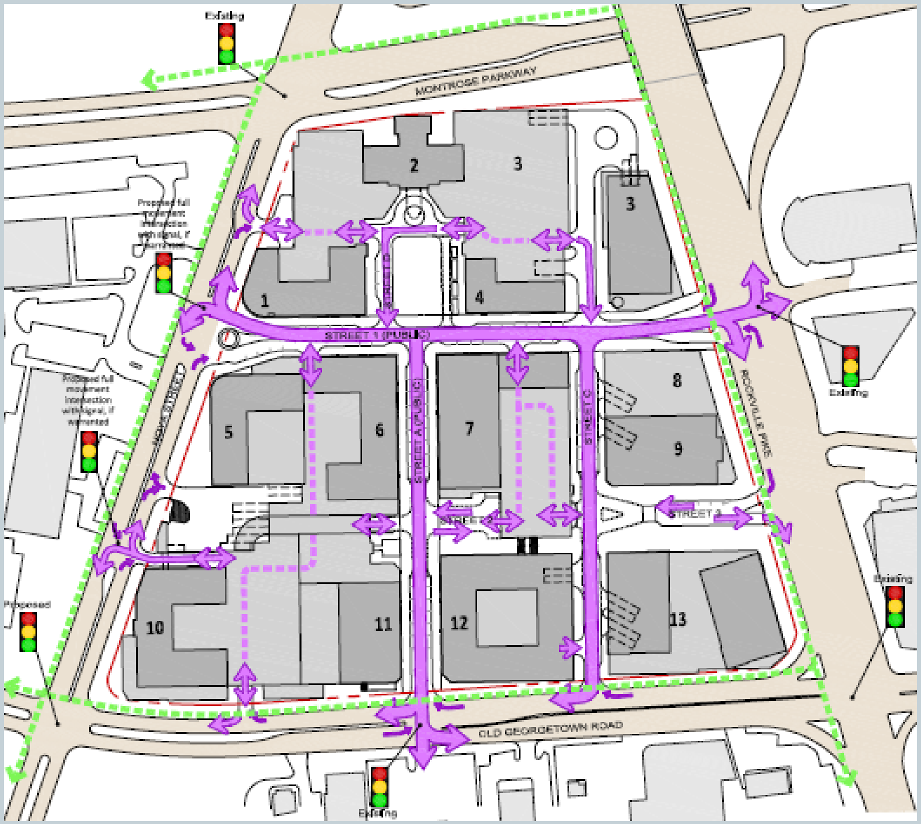
(3)
- public benefits
- requested points

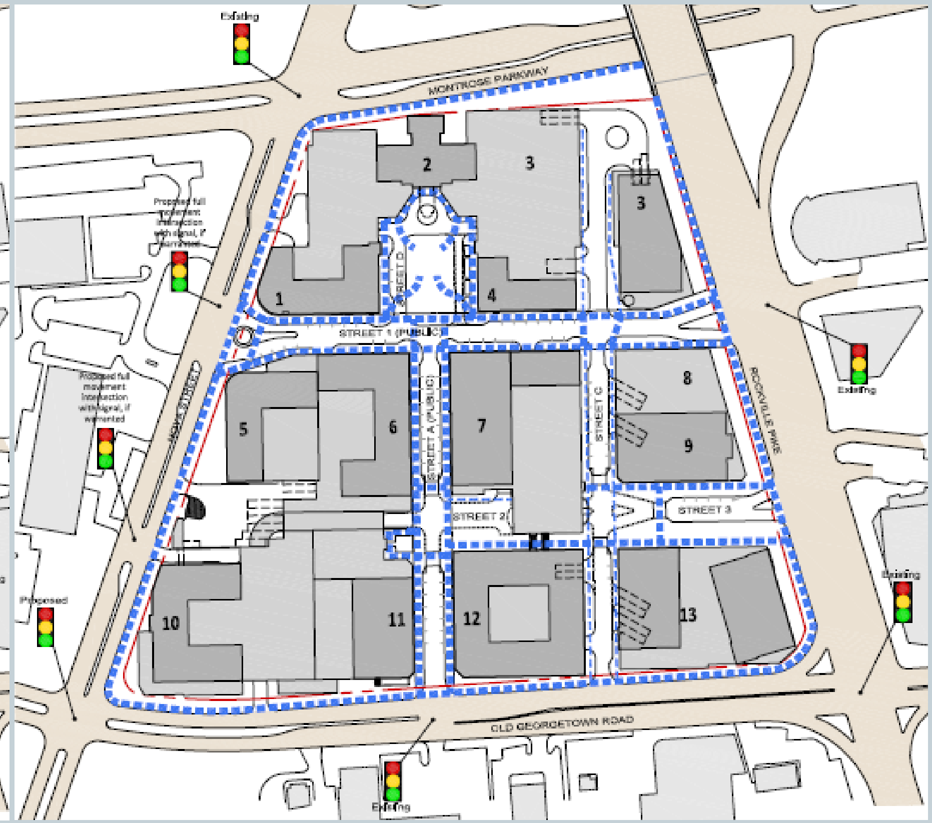
(4)
- phasing outline
- structures, uses, r.o.w., sidewalks, dedications, benefits, applications

massing, heights, uses….



circulation





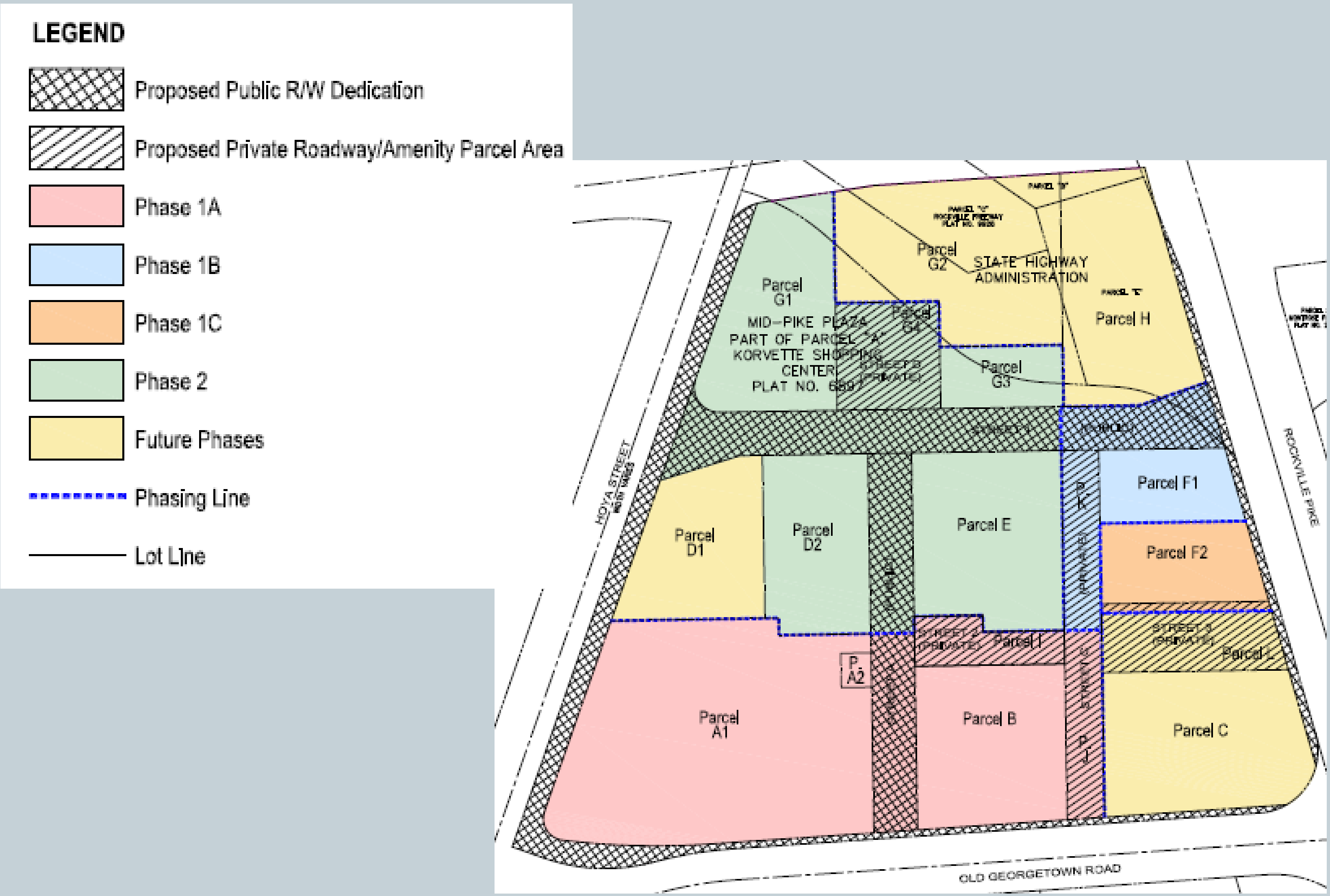
open space

MONTROSE PARKWAY
2
3
3
1
a
STREET D
4
STREET 1 (PUBLIC)
NOVA STREET
5
6
STREET A (PUBLIC)
7
STREET C
8
9
b1
ROCKVILLE PIKE
STREET 2
STREET 3
b4
b3
b2
10
11
12
13
OLD GEORGETOWN ROAD

public benefits

Category	Public Benefit	% Requested	Notes
Transit Proximity		33.09	Calculated as a weighted average per the ordinance.
Connectivity	Neighborhood Services	10.00	Project provides or is within ¼ mile of 10 different retail services.
	Minimum Parking	6.32	Project provides less than maximum allowed parking.
	Through-Block Connection	10.00	Pedestrian access within a block between streets.
	Public Parking	7.62	Project provides publicly accessible parking spaces.
Diversity	Adaptive Buildings	4.37	Project provides buildings with minimum specified floor-to-floor ratios and open floor plans.
	Care Center	15.00	Adult or child care center per the ordinance.
	Dwelling Unit Mix	2.19	Project provides units with a range of bedroom counts.
Design	Structured Parking	14.32	Project provides parking in below- and above-grade structures.
	Tower Setback	1.53	Building towers for some buildings area stepped back from the street-level façade.
	Public Art	5.00	Project provides public art program.
	Exceptional Design	6.70	Project provides buildings and open spaces per the ordinance and guidelines.
Environment	BLTs	5.00	Purchase of 7.28 BLTs.
	Tree Canopy	10.00	Canopy coverage of at least 25% of the open space.
	Vegetated Roof	4.48	Project provides a vegetated roof on some buildings.
Advance Dedication		3.72	Advance dedication of 39,504sf of right-of-way.
	Total	**139.34**	

phasing



LEGEND
Proposed Public R/W Dedication
Proposed Private Roadway/Amenity Parcel Area
Phase 1A
Phase 1B
Phase 1C
Phase 2
Future Phases
Phasing Line
Lot Line
Parcel G1
MID-PIKE PLAZA
PART OF PARCEL "A"
KORVETTE SHOPPING
CENTER
Parcel G2
STATE HIGHWAY
ADMINISTRATION
Parcel H
Parcel G3
Parcel D1
Parcel D2
Parcel E
Parcel F1
Parcel F2
Parcel I
STREET 3
(PRIVATE)
Parcel L
P. A2
Parcel A1
Parcel B
Parcel C
HOYA STREET
ROCKVILLE PIKE
OLD GEORGETOWN ROAD

crn uses

permitted

- farm (veggies, herbs, ornamentals)
- seasonal outdoor sales
- most residential
- auto rental offices
- home occupations, no impact
- dry cleaning/laundry pick-up
- offices
- retail ≤ 5,000sf
- most institutional/civic
- artisan manufacturing
- accessory/public uses

limited

- farm/country market
- large group homes
- hospice care
- clinics
- restaurants
- health club/gym
- retail 5,001 – 15,000sf
- day care > 30 users
- private clubs/organizations

special exception

- animal boarding
- major home occupations
- rec facilities
- vets with boarding facilities

crt uses

permitted

- most uses not limited or se

limited

- private ambulance squads
- most automobile related uses
- retail >60,000sf
- day care > 30 users
- manufacturing (r & d or medical/scientific

special exception

- animal boarding
- gas stations
- major home occupations
- self-storage

cr uses

permitted

most uses not limited or se

limited

auto rental with vehicle storage

special exception

- animal boarding
- gas stations
- major home occupations
- self-storage

limited uses

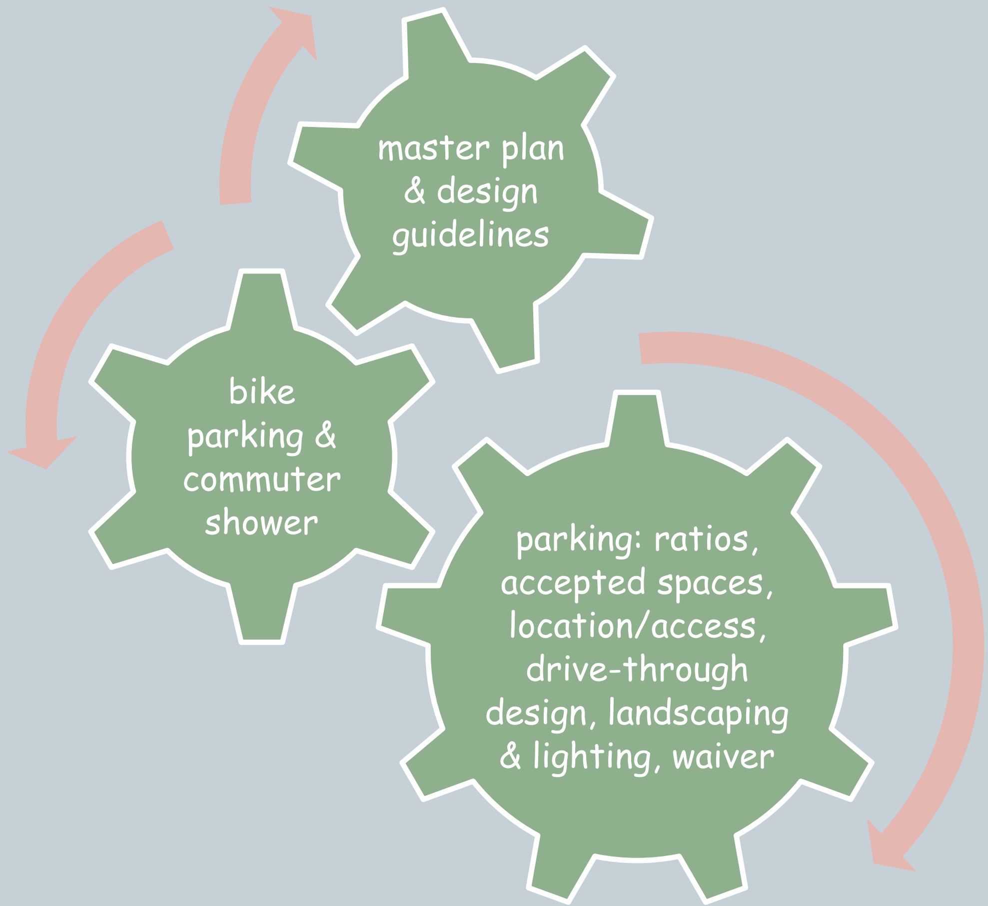
applicability

- adjacent/ to one-family res or ag zone that is not improved with comm/ind/utility use
- separated by 1°, 2°, or 3° residential street

requirements where applicable

- site plan
- master plan/design guideline compliance
- mitigation (setbacks, screening, height restrictions, lighting/noise buffering)

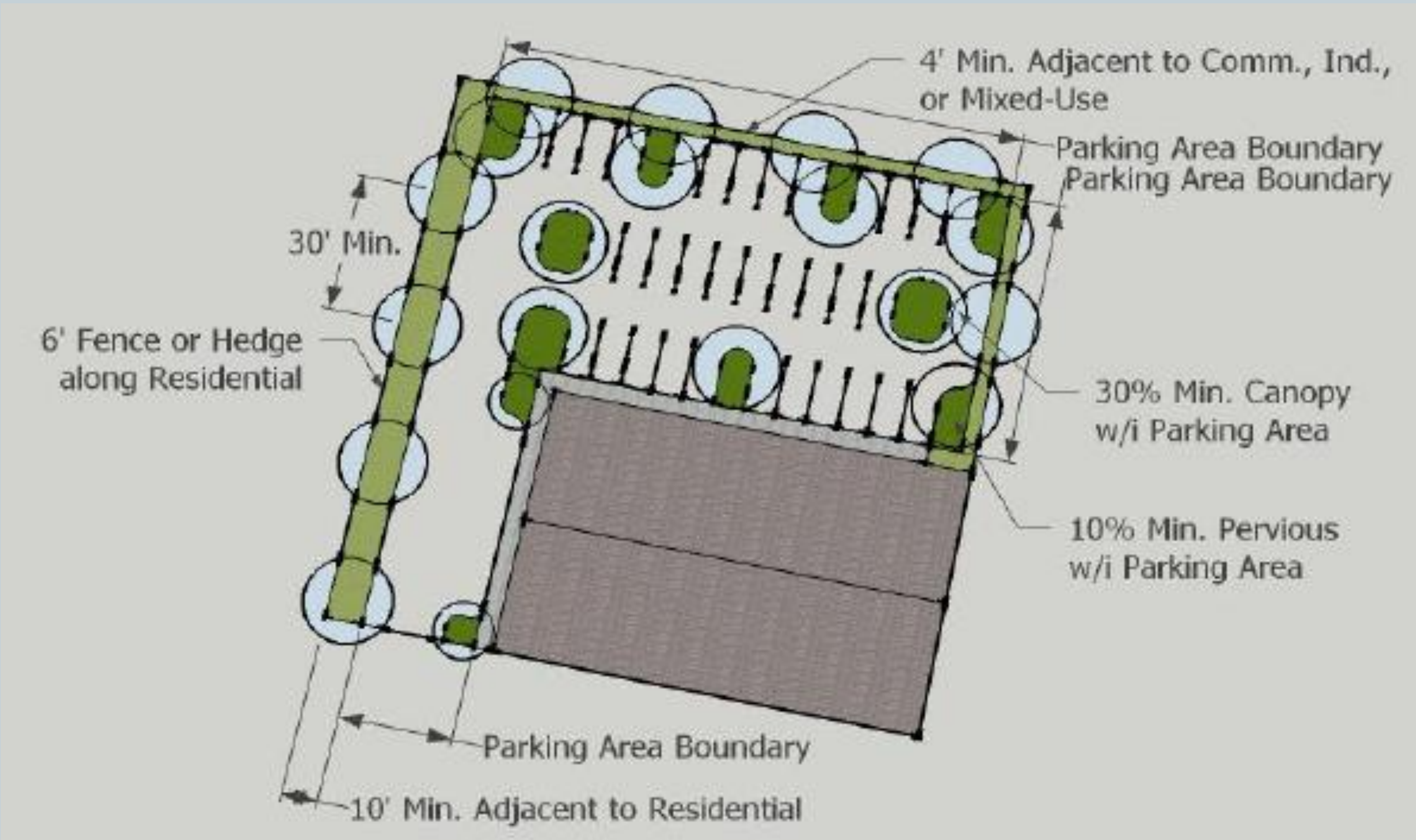
general requirements



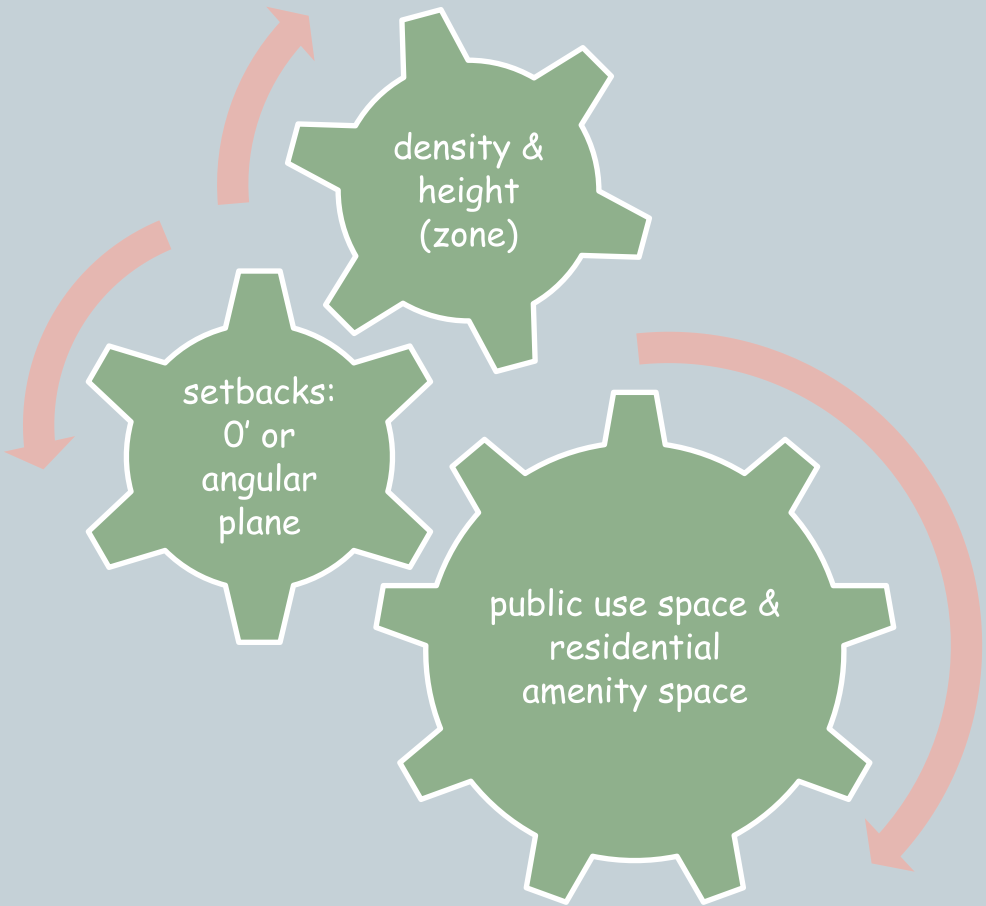
parking ratios

Use	CRN		CRT		CR			
Distance from a level 1 or 2 transit station or stop	Up to ½ mile	Greater than ½ mile	Up to ½ mile	Greater than ½ mile	Up to ¼ mile	¼ to ½ mile	½ to 1 mile	Greater than 1 mile
(a) Residential								
Maximum:	None	None	59-E	None	59-E	59-E	59-E	None
Minimum:	0.8	1.0	0.7	0.8	0.6	0.7	0.8	0.9
(b) Retail and restaurant non-residential uses (gross leasable indoor area; no parking spaces are required for outdoor patron area)								
Maximum:	None	None	None	None	59-E	59-E	59-E	None
Minimum:	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet
(c) All other non-residential uses								
Maximum:	59-E	None	59-E	None	59-E	59-E	59-E	None
Minimum:	0.8	1.0	0.6	0.8	0.2	0.4	0.6	0.8

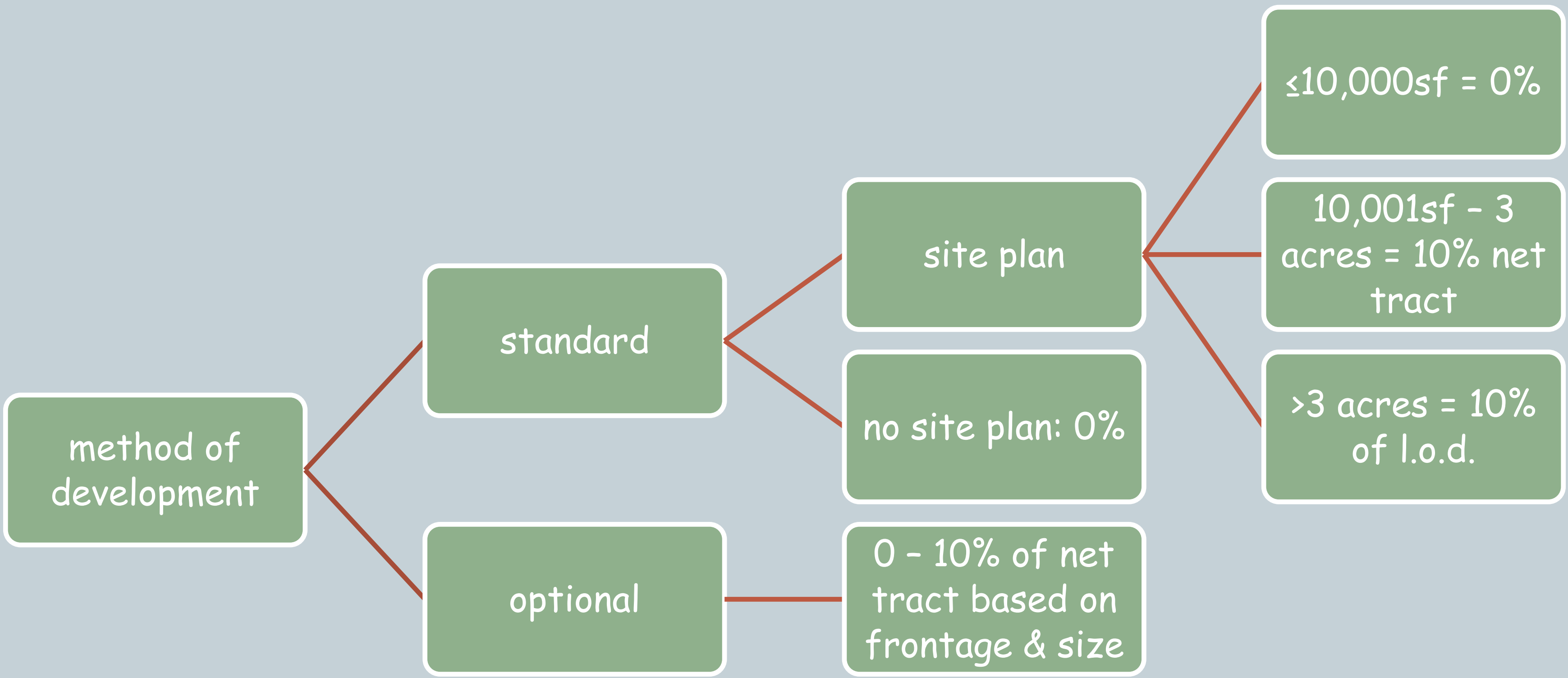
parking landscaping/lighting



development standards



public use space



off-site improvement or payment in part or full is allowed.

public use space

Minimum Required Public Use Space (% of net tract area)				
Acres (Gross)	Number of Existing, Proposed, and Master-Planned Right-of-Way Frontages			
	1	2	3	4+
< ½	0	0	0	5
½ - 1.00	0	0	5	10
1.01 - 3.00	0	5	10	10
3.01 – 6.00	5	10	10	10
6.01 +	10	10	10	10

residential amenity space

Required Residential Amenity Space	
Type of Amenity Space	Area of Amenity Space
Indoor space in a multi-purpose room, fitness room, or other common community room(s), at least one of which must contain a kitchen and bathroom.	A minimum of 20 square feet per market-rate dwelling unit up to 5,000 square feet.
Passive or active outdoor recreational space.	A minimum of 20 square feet per market-rate dwelling unit, of which at least 400 square feet must adjoin or be directly accessible from the indoor amenity space, up to 5,000 square feet.

public benefits

requirement

Zoning Classification	Sites smaller than 10,000 square feet of land area or less than 1.5 maximum allowed FAR		Sites equal to or larger than 10,000 square feet of land area or equal to or more than 1.5 maximum allowed FAR	
	Public Benefit Points	Number of Benefit Categories	Public Benefit Points	Number of Benefit Categories
CRT	25	2	50	3
CR	50	3	100	4

general review considerations

- (a) master plan
- (b) cr incentive density guidelines
- (c) size & configuration of lot
- (d) relationship of site to adjacent properties
- (e) presence/lack of similar benefits nearby
- (f) enhancements beyond requirements

major public facilities

identified in master plan

- schools, libraries, parks, etc.
- payment may be made towards facility

not recommended in master plan

- facility must provide community with resource equal to typical major public facilities
- must be for improvement beyond requirements of apf
- payment may be made towards facility

up to 40 points in CRT & 70 points in CR

transit proximity

Proximity	Adjacent or confronting		Within ¼ mile		Between ¼ and ½ mile		Between ½ and 1 mile	
Transit Service Level	1	2	1	2	1	2	1	2
CRT	25	15	20	12.5	15	10	10	7.5
CR	50	30	40	25	30	20	20	15

level 1 = metro
level 2 = brt, light rail, marc (fixed, dedicated path transit)

connectivity & mobility

up to 15	• neighborhood services
up to 10	• minimum parking
up to 20	• through-block connections
up to 25	• public parking
up to 20	• transit access improvements
up to 20	• trip mitigation
up to 20	• streetscape
up to 30	• advance dedication
up to 10	• way-finding

diversity of uses & activities

up to 40	• mpdus
up to 15	• adaptive buildings
up to 20	• care centers
up to 20	• small business opportunities
up to 10	• dwelling unit mix
up to 20	• housing for the disabled
up to 15	• live/work

quality building & site design

up to 20	• historic resource protection
up to 20	• structured parking
up to 10	• tower step-back
up to 15	• public art
up to 20	• public open space
up to 10	• exceptional design
up to 20	• architectural elevations

protection & enhancement of the natural environment

up to 30	• BLTS (5% of incentive density req in CR)
up to 30	• energy conservation & generation
up to 10	• vegetated wall
up to 15	• tree canopy
up to 10	• vegetated area
up to 15	• vegetated roof
up to 10	• cool roof
up to 10	• recycling facility plan
up to 20	• habitat preservation & restoration

retained buildings

parameters

- maintain 75% of structural system
- use architectural deconstruction company to remove recyclable materials
- submit documentation

points awarded

- proportional to retained gfa & incentive density gfa
- up to 100 points
- category requirement must be met

existing approvals

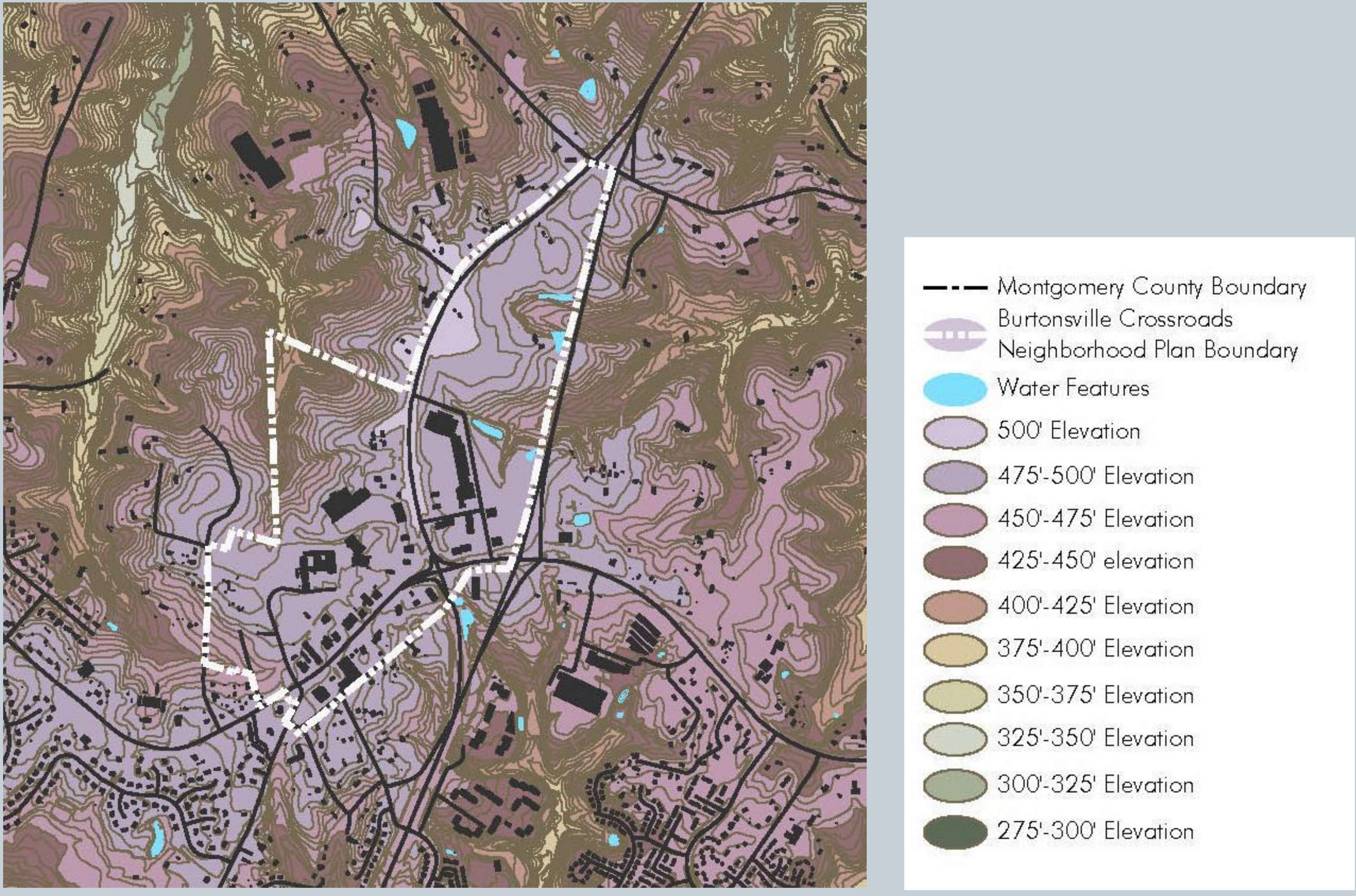
lawfully existing buildings, structures, or uses

- continued, renovated, repaired, reconstructed
- enlarged up to lesser of 10% or 30,000sf
- converted to any permitted use

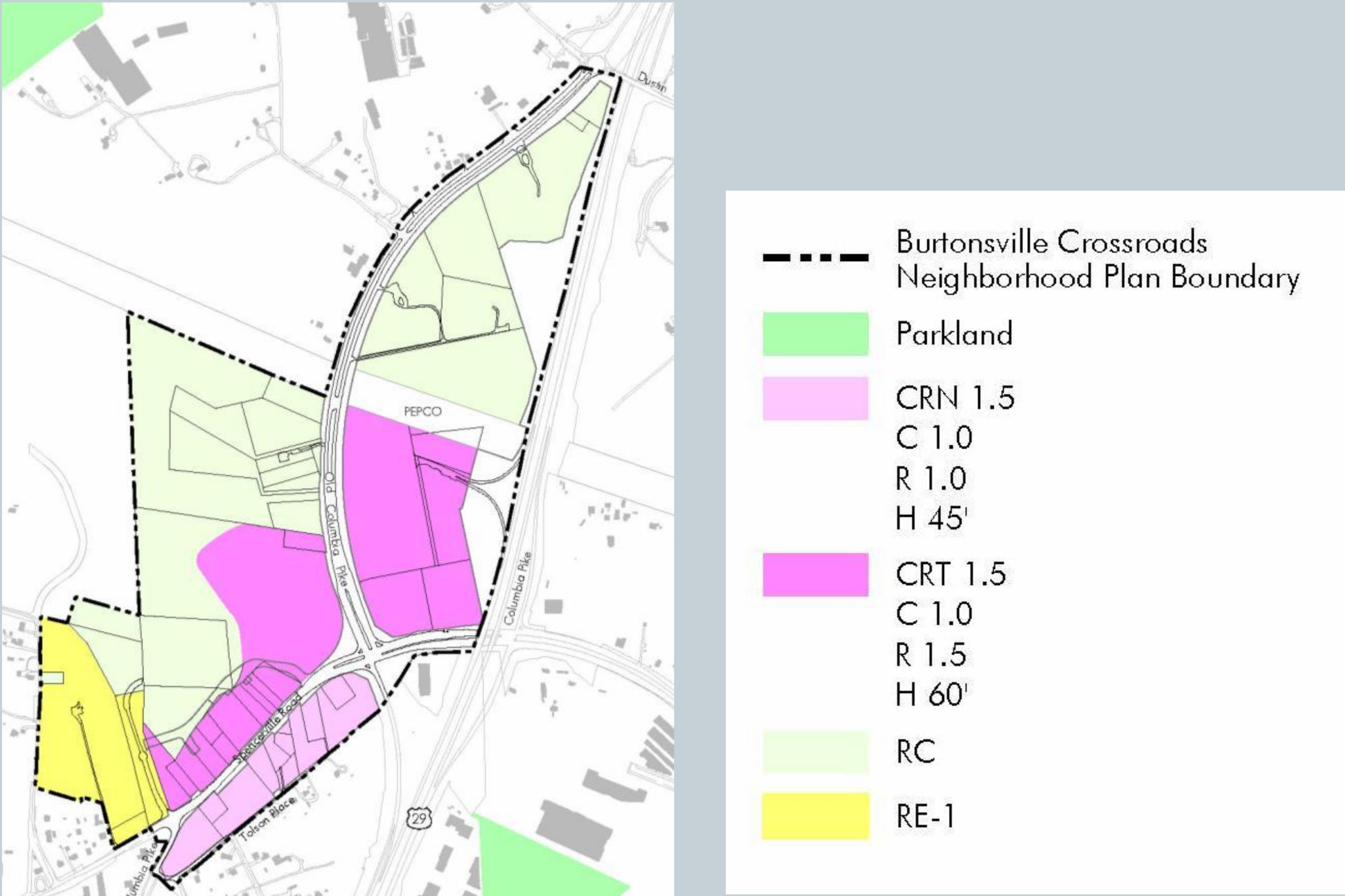
previous approvals

- proceed under conditions/binding elements
- come under CR provisions
- incremental density subject to CR provisions

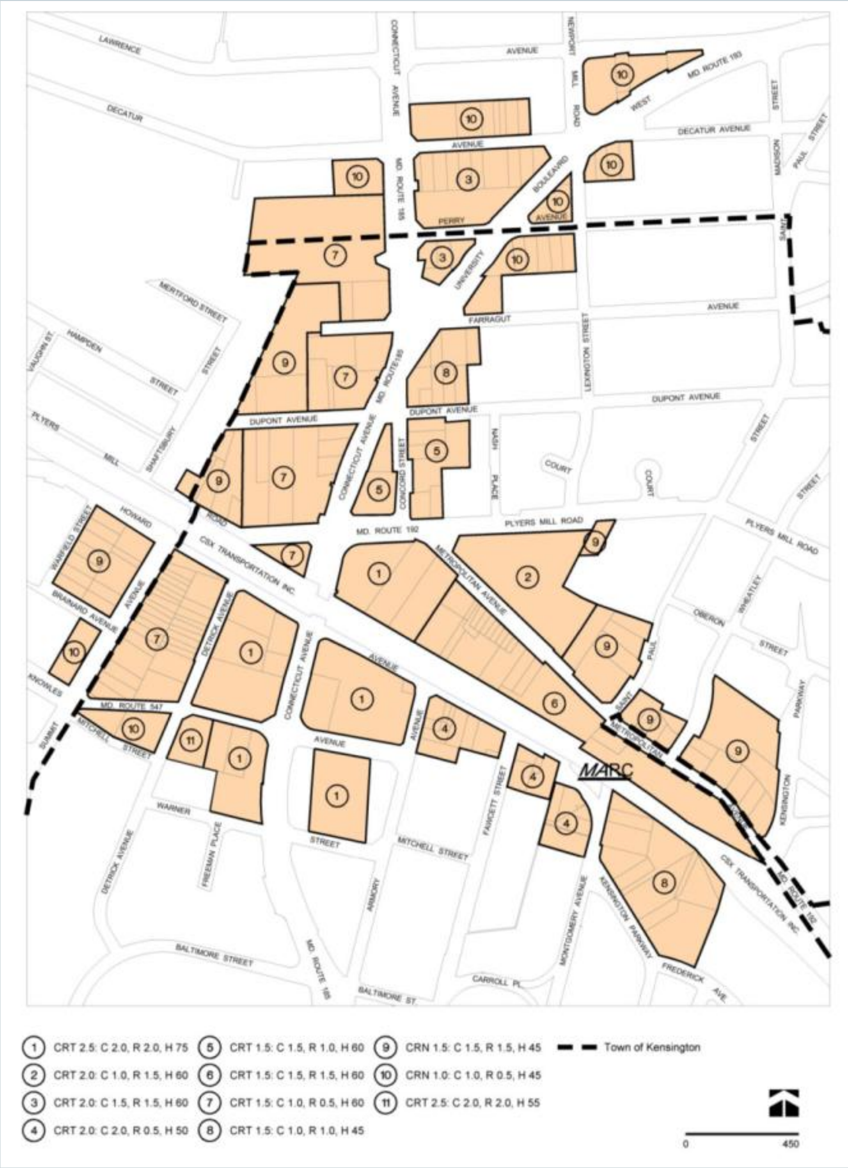
burtonsville existing conditions



burtonsville proposed zoning



kensington recommended crt and crn zones



kensington proposed crt zones

….areas 1 through 8 and 11

….far range: 1.5 to 2.5

….heights: 55 feet to 75 feet

….preserves existing far in most areas

….encourages mixed uses in some areas to achieve maximum densities

….reduces building height in area adjacent to townhouses

kensington proposed crn zones

....areas 9 and 10

....area 9 proposed for crn 1.5: c 1.5, r 1.5, h 45

- ....generally preserves current far
- ....allows mixed- or single-use projects

....area 10 proposed for crn 1.0: c 1.0, r 0.5, h 45

- ....reflects lower existing far in transition zones
- ....far “windfall” undesirable absent optional method

DIVISION 59-C-15. COMMERCIAL/RESIDENTIAL (CR) ZONES

59-C-15.1. Zones Established.

59-C-15.11. The Commercial/Residential (CR) zones are established as combinations of a sequence of 4 factors: maximum total floor area ratio (FAR), maximum non-residential FAR, maximum residential FAR, and maximum building height. These zones are identified by a sequence of symbols: CR, C, R, and H, each followed by a number where:

(a) the number following the symbol "CR"- is the maximum total FAR;
(b) the number following the symbol "C" is the maximum non-residential FAR;
(c) the number following the symbol "R" is the maximum residential FAR; and
(d) the number following the symbol "H" is the maximum building height in feet.

The examples in this Division do not add, delete, or modify any provision of this Division. Examples are provided only to demonstrate particular applications of the provisions in the Division. Examples are not intended to limit the provisions.

59-C-15.12. Each unique sequence of CR, C, R, and H is established as a zone under the following limits:

(a) the maximum total FAR must be established as an increment of 0.25 from 0.5 up to 8.0;
(b) the maximum non-residential and residential FAR must be established as an increment of 0.25 from 0.25 up to 7.5; and
(c) the maximum height must be established as an increment of 5 feet up to 100 feet and an increment of 10 feet from 100 feet up to 300 feet.

59-C-15.121. Permitted density may be averaged over 2 or more directly abutting or confronting lots in one or more CR zones, provided that:

(a) the lots are subject to the same sketch plan;
(b) the lots are created by the same preliminary subdivision plan;
(c) the maximum total density and non-residential and residential density limits apply to the entire development, not to individual lots;
(d) no building may exceed the maximum height set by the zone;
(e) public benefits must be provided under the phasing element of an approved sketch plan;
(f) the total maximum density of a lot or parcel zoned CR that is adjacent to or confronting one-family residentially zoned or agriculturally zoned lots or parcels may not be exceeded; and
(g) the resulting development must conform to the design and land use objectives of the applicable master or sector plan and design guidelines.

59-C-15.13. The CR zones can only be applied when specifically recommended by an approved and adopted master or sector plan and only by the sectional map amendment process.

Examples:

- An area zoned CR-2.0, C1.0, R1.0, H80 allows a total FAR of 2.0, with maximum non-residential and residential FARs of 1.0, thereby requiring an equal mix of uses to obtain the total FAR allowed. The height for any building in this zone is limited to 80 feet.
- An area zoned CR-6.0, C3.0, R5.0, H200 allows a residential FAR of up to 5.0, a non-residential FAR of up to 3.0, and a mix of the two uses could yield a total FAR of 6.0. This combination allows for flexibility in the market and shifts in the surrounding context. The height for any building in this zone is limited to 200 feet.
- An area zoned CR-4.0, C4.0, R4.0, H160 allows complete flexibility in the mix of uses, including buildings with no mix, because the maximum allowed non-residential and residential FARs are both equivalent to the total maximum FAR allowed. The height for any building in this zone is limited to 160 feet.

59-C-15.2. Description and Objectives of the CR Zones.

The CR zones permit a mix of residential and non-residential uses at varying densities and heights. The zones promote economically, environmentally, and socially sustainable development patterns where people can live, work, and have access to services and amenities while minimizing the need for automobile use. The application of the CR zones is appropriate where ecological impacts can be moderated by co-locating housing, jobs, and services. The objectives of the CR zones are to:

(a) implement the policy recommendations of applicable master and sector plans;

(b) target opportunities for redevelopment of single-use areas and surface parking lots with a mix of uses;

(c) reduce dependence on the automobile by encouraging development that integrates a combination of housing types, mobility options, commercial services, and public facilities and amenities;

(d) encourage an appropriate balance of employment and housing opportunities and compatible relationships with adjoining neighborhoods;

(e) establish the maximum density and building height for each zone, while retaining appropriate development flexibility within those limits; and

(f) standardize optional method development by establishing minimum requirements for the provision of the public benefits that will support and accommodate density above the standard method limit.

59-C-15.3. Definitions Specific to the CR Zones.

The following words and phrases, as used in this Division, have the meaning indicated. The definitions in Division 59-A-2 otherwise apply.

Car share space: a parking space that serves as the location of an in-service vehicle used by a vehicle-sharing service.

Cultural institutions: public or private institutions or businesses including: art, music, and photographic studios; auditoriums or convention halls; libraries and museums; recreational or entertainment establishments, commercial; theater, indoor; theater, legitimate.

Day care facilities and centers: facilities and centers that provide daytime care for children and/or adults, including: child daycare facility (family day care, group day care, child day care center); daycare facility for not more than 4 senior adults and persons with disabilities; and day care facility for senior adults and persons with disabilities.

Frontage: a property line shared with an existing or master-planned public or private road, street, highway, or alley right-of-way or easement boundary.

LEED: the series of Leadership in Energy and Environmental Design (LEED) rating systems developed by the Green Building Council as amended.

Live/Work unit: Buildings or spaces within buildings that are used jointly for non-residential and residential purposes where the residential use of the space may be secondary or accessory to the primary use as a place of work.

Manufacturing and production, artisan: The manufacture and production of commercial goods by a skilled manual worker or craftsperson, such as jewelry, metalwork, cabinetry, stained glass, textiles, ceramics, or hand-made food products.

Public Arts Trust Steering Committee: A committee of the Arts and Humanities Council that allocates funds from the Public Arts Trust.

Public owned or operated uses: Activities that are located on land owned by or leased and developed or operated by a local, county, state, or federal body or agency.

Recreational facilities, participatory: Facilities used for sports or recreation.

Reconstruction: Building the same or less floor area on or within the footprint of a demolished or partially demolished building.

Renovation: An interior or exterior alteration that does not affect a building's footprint.

Seasonal Outdoor Sales: A lot or parcel where a use or product is offered annually for a limited period of time during the same calendar period each year. The availability or demand for the use or product is related to the calendar period, such as Christmas trees, pumpkin patches, or corn mazes.

Transit proximity: Transit proximity is categorized in two levels: 1. proximity to an existing or planned Metrorail Station; 2. proximity to an existing or planned station or stop along a rail or bus line with a dedicated, fixed path.

59-C-15.4. Methods of Development and Approval Procedures.
Two methods of development are available under the CR zones.

59-C-15.41. Standard Method.
Standard method development must comply with the general requirements and development standards of the CR zones. A site plan approval under Division 59-D-3 is required for a standard method development project only if:

(a) the gross floor area exceeds 10,000 square feet; or
(b) any building or group of buildings contains 10 or more dwelling units.

59-C-15.42. Optional Method.
Optional method development must comply with the general requirements and development standards of the CR zones and must provide public benefits under Section 59-C-15.8 to obtain greater density and height than allowed under the standard method of development. A sketch plan and site plan are required for any development using the optional method. A sketch plan must be filed under the provisions below; a site plan must be filed under Division 59-D-3. Any required preliminary subdivision plan must not be submitted before a sketch plan is submitted.

(a) A sketch plan application must contain:
  (1) a justification statement that addresses how the project meets the requirements and standards of this Division for optional method development and describes how the development will further the objectives of the applicable master or sector plan;
  (2) an illustrative plan or model that shows the maximum densities for residential and non-residential uses, massing, and heights of buildings; locations of public use and other open spaces; and the relationships between existing or proposed buildings on adjoining tracts;
  (3) an illustrative diagram of proposed vehicular, pedestrian, and bicycle access, circulation, parking, and loading areas;
  (4) a table of proposed public benefits and the incentive density requested for each; and
  (5) the general phasing of structures, uses, public benefits, and site plan applications.
(b) Procedure for a sketch plan:
  (1) Before filing a sketch plan application, an applicant must comply with the provisions of the Manual for Development Review Procedures, as amended, that concern the following:
    (A) notice;
    (B) posting the site of the application submittal; and
    (C) holding a pre-submittal meeting.
  (2) A public hearing must be held by the Planning Board on each sketch plan application no later than 90 days after the filing of an optional method development application, unless a request to extend this period is requested by the applicant, Planning Board staff, or other interested parties. A request for an extension must be granted if the

Planning Board finds it not to constitute prejudice or undue hardship on any interested party. A recommendation regarding any request for extension must be acted upon as a consent agenda item by the Planning Board on or before the 90-day hearing period expires. Notice of the extension request and recommendation by Staff must be posted no fewer than 10 days before the item's agenda date.

(3) No fewer than 10 days before the public hearing on a sketch plan, Planning Board staff must submit its analysis of the application, including its findings, comments, and recommendations with respect to the requirements and standards of this division and any other matters that may assist the Planning Board in reaching its decision on the application. This staff report must be included in the record of the public hearing.

(4) The Planning Board must act within 30 days after the close of the record of the public hearing, by majority vote of those present and voting based upon the hearing record, to:

(A) approve;

(B) approve subject to modifications, conditions, or binding elements; or

(C) disapprove.

(c) In approving a sketch plan, the Planning Board must find that the following elements are appropriate in concept and appropriate for further detailed review at site plan:

(1) The plan: (A) meets the requirements and standards of this Division; (B) will further the objectives of the applicable master or sector plan; and (C) will provide more efficient and effective development of the site than the standard method of development;

(2) The proposed building massing and height and public use and other open spaces are located and scaled to achieve compatible relationships with each other and with existing and proposed buildings and open space adjacent to the site and with adjacent communities;

(3) The general vehicular, pedestrian, and bicyclist access, circulation, parking, and loading areas are adequate, safe, and efficient;

(4) The proposed public benefits and associated requested incentive density will further the objectives of the applicable master or sector plan and the objectives of the CR zones; and

(5) The general phasing of structures, uses, public benefits, and site plans is feasible and appropriate to the scale and characteristics of the project.

(d) During site plan review, the Planning Board may approve modifications to the binding elements or conditions of an approved sketch plan.

(1) If changes to a sketch plan are requested by the applicant, notice of the site plan application must identify those changes requested. The applicant has the burden of persuading the Planning Board that such changes should be approved.

(2) If other changes are recommended after the application is made, notice of the site plan hearing must identify changes requested.

(3) In acting to approve a sketch plan modification as part of site plan review, the Planning Board must make the findings required in Section 59-C-15.42 (c) in addition to those required by Section 59-D-3.

59-C-15.5. Land Uses.

No use is allowed in the CR zones except as indicated below:

- *Permitted Uses* are designated by the letter "P" and are permitted subject to all applicable regulations.
- *Special Exception Uses* are designated by the letters "SE" and may be authorized as special exceptions under Article 59-G.

(a) Agricultural	
Farm and country markets	P
Farm, limited to crops, vegetables, herbs, and ornamental plants	P
Nursery, horticultural – retail or wholesale	P
Seasonal outdoor sales	P
(b) Residential	
Dwellings	P
Group homes, small or large	P
Hospice care facilities	P
Housing and related facilities for senior adults or persons with disabilities	P
Life care facilities	P
Live/Work units	P
Personal living quarters	P
(c) Commercial Sales and Service	
Advanced technology and biotechnology	P
Ambulance or rescue squads	P
Animal boarding places	SE
Automobile filling stations	SE
Automobile rental services, excluding storage of vehicles and supplies	P
Automobile repair and services	P
Automobile sales, indoors	P
Automobile sales, outdoors (except where a municipality prohibits the use within its jurisdiction by resolution)	P
Clinic	P
Conference centers	P
Eating and drinking establishments	P
Health clubs and gyms	P
Home occupations, major	SE

Home occupations, registered and no-impact	P
Hotels and motels	P
Laboratories	P
Dry cleaning and laundry pick-up stations	P
Offices, general	P
Recreational facilities, participatory	P
Research, development, and related activities	P
Retail trades, businesses, and services of a general commercial nature	P
Self-storage facilities	SE
Veterinary hospitals and offices without boarding facilities	P
Warehousing, not including self-storage, less than 10,000 square feet	P
(d) Institutional & Civic	
Charitable and philanthropic institutions	P
Cultural institutions	P
Day care facilities and centers	P
Educational institutions, private	P
Hospitals	P
Parks and playgrounds, private	P
Private clubs and service organizations	P
Publicly owned or publicly operated uses	P
Religious institutions	P
(e) Industrial	
Manufacturing and production, artisan	P
Manufacturing, compounding, processing, or packaging of cosmetics, drugs, perfumes, pharmaceuticals, toiletries, synthetic molecules, and projects resulting from biotechnical and biogenetic research and development	P
Manufacturing and assembly of medical, scientific, or technical instruments, devices, and equipment	P
(f) Other	
Accessory buildings and uses	P
Bus terminals, non-public	P
Parking garages, automobile	P
Public utility buildings, structures, and underground facilities	P
Radio and television broadcast studios	P
Rooftop mounted antennas and related unmanned equipment buildings, cabinets, or rooms	P

59-C-15.6. General Requirements.

Development in the CR zone must comply with the following requirements.

59-C-15.61. Master Plan and Design Guidelines Conformance.

Development that requires a site plan must be consistent with the applicable master or sector plan and must address any design guidelines approved by the Planning Board that implement the applicable plan.

59-C-15.62. Priority Retail Street Frontages.

Development that requires a site plan and is located on a street identified as a priority retail street frontage in the applicable master plan, sector plan, or design guidelines must be developed in a manner that is consistent with the recommendations and objectives of the applicable plan and address any applicable design guidelines approved by the Planning Board that implement the applicable plan.

59-C-15.63. Streetscape.

Streetscape improvements must be consistent with the recommendations of the applicable master or sector plan and must address any Planning Board approved design guidelines that implement the applicable plan.

59-C-15.64. Bicycle Parking Spaces and Commuter Shower/Change Facility.

(a) Bicycle parking facilities must be secure and accessible to all residents or employees of the proposed development.

(b) The number of bicycle parking spaces and shower/change facilities required is shown in the following table (calculations must be rounded to the higher whole number):

Bicycle and Shower/Change Facilities Required	
Use	Requirement
Residential	
In a building containing less than 20 dwelling units.	At least 4 bicycle parking spaces.
In a building containing 20 or more dwelling units.	At least 0.5 bicycle parking spaces per dwelling unit, not to be fewer than 4 spaces and up to a maximum of 100 required spaces.
In any group living arrangement expressly for senior citizens.	At least 0.1 bicycle parking spaces per unit, not to be fewer than 2 spaces, up to a maximum of 100 required spaces.

Non-Residential	
In a building with a total non-residential floor area of 1,000 to 9,999 square feet.	At least 2 bicycle parking spaces.
In a building with a total non-residential floor area of 10,000 to 99,999 square feet.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces.
In a building with a total non-residential floor area of 100,000 square feet or greater.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces. One shower/change facility for each gender available only to employees when the building is accessible.

59-C-15.65. Parking.

(a) (1) For projects that satisfy the requirements for transit proximity levels 1 or 2, the number of parking spaces provided on site must not exceed the number required under Article 59-E, except that the maximum number of parking spaces for general retail and restaurant uses is 4 spaces for every 1,000 square feet of gross leasable area, and no parking spaces are required for restaurant outdoor patron areas.

(2) All projects that do not satisfy the requirements for transit proximity levels 1 or 2 must meet the parking requirements established under Article 59-E, except that the number of parking spaces for general retail and restaurant uses in Subsection (a)(1) may be provided without a parking waiver.

(b) Except for retail and restaurant uses that satisfy Subsection (a)(1) and projects that do not satisfy transit proximity level 1 or 2, the number of parking spaces required is based on a building's distance from transit as follows:

Parking Requirements				
	Transit Proximity (Level 1 or 2)			
	¼ mile from transit	¼ to ½ mile from transit	½ mile to 1 mile from transit	>1 mile from transit
Non-residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.20	0.40	0.60	0.80
Residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.60	0.70	0.80	0.90

The appropriate parking rates apply to the gross floor area within each distance category.

(c) Parking requirements must be met by any of the following:

(1) providing the spaces on site;

(2) constructing publicly available on-street parking; or

(3) participating in a parking lot district or entering into an agreement for shared parking spaces in a public or private facility within 1,000 feet of the subject lot, if the off-site parking facility is not in an agricultural (Division 59-C-9), planned unit development (Division 59-C-7), or residential (Division 59-C-1) zone.

(d) Every "car-share" space provided reduces the total number of required spaces by 6 spaces for non-residential use or 3 spaces for residential use.

Example: A non-residential site requiring at least 100 spaces under Article 59-E would be required to provide a maximum of 100 spaces on site. If that site was within ¼ to ½ mile of a transit station, the minimum requirement for parking would be 40 spaces (100 x 0.40 = 40). If 2 car-share spaces were provided, that requirement would be 28 for non-residential use or 34 for residential use.

(e) The design of surface parking facilities must comply with the following:

(1) a parking facility at or above grade must not be located between the street and the main front wall of the building or the side wall of a building on a corner lot unless the Planning Board finds that safe and efficient circulation would be better served by a different arrangement;

(2) if a site is adjacent to an alley, the primary vehicular access to the parking facility must be from that alley; and

(3) curb cuts must be kept to a minimum and shared by common ingress/egress easements whenever possible.

(f) The design of parking facilities with drive-through services must comply with the following; however, the Planning Board may approve a design if it finds that the alternative design would provide safer and more efficient circulation:

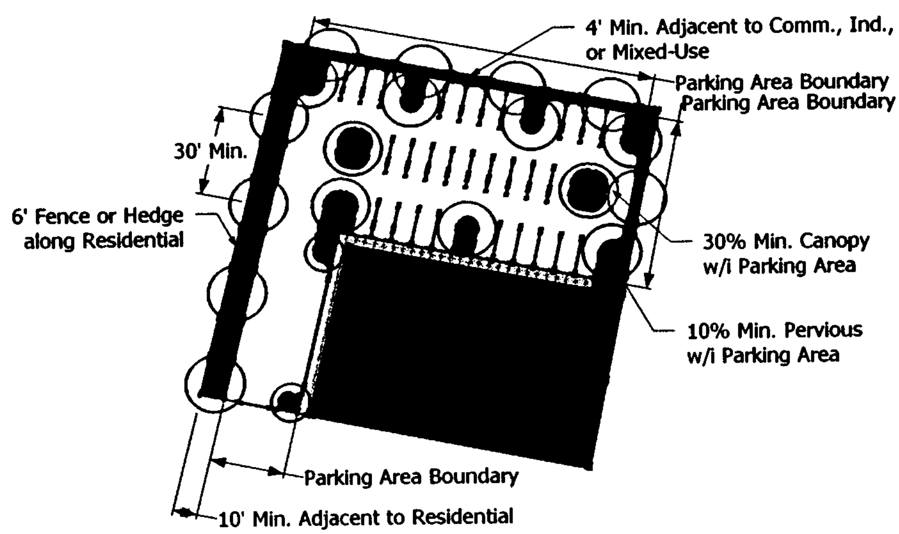
(1) the driveway must not be located between the street and the main front wall of a building or the side wall of a building on a corner lot;

(2) the drive-through service window must be located on the rear or side wall of the building; any service window on the side wall of a building must be permanently screened from any street; and

(3) curb cuts to a street must be minimized to one drive aisle of no more than 20 feet in width for two-way traffic or two drive aisles each of no more than 10 feet in width for one-way traffic.

(g) Except for areas used for internal driveway or sidewalk connections between lots or parcels that are not in residential (59-C-1) or agricultural (59-C-9) zones, landscaping for surface parking facilities must satisfy the following requirements:

Minimum Landscape Standards for Surface Parking	
Subject	*Requirement*
Right-of-Way Screening	6-foot width of continuous soil panel or stormwater management recharge facility (not including any PUE or PIE) with groundcover, planting bed, or lawn; a minimum 3-foot high continuous evergreen hedge or fence; and one deciduous tree per 30 feet of street frontage or per the applicable streetscape standards.
Adjacent to a lot or parcel in any Commercial, Industrial, or Mixed-Use Zone	4-foot width continuous soil panel or stormwater management recharge facility with groundcover, planting bed, or lawn; one deciduous tree per 30 feet of frontage.
Adjacent to a lot or parcel in an Agricultural or Residential District	10-foot width continuous soil panel or stormwater management recharge facility with groundcover, planting bed, or lawn; 6-foot high continuous evergreen hedge or fence; and one deciduous tree per 30 feet of frontage.
Internal Pervious Area	10 percent of the parking facility area comprised of individual areas of at least 100 square feet each.
Tree Canopy Coverage	30 percent of the parking facility area (at 15 years growth).



Surface Parking Landscape Requirements Illustrative

59-C-15.7. Development Standards.

Development in any CR zone must comply with the following standards.

59-C-15.71. Density.

(a) The maximum density for any standard method project is the greater of 0.5 FAR or 10,000 square feet of gross floor area. Any single land use or any combination of land uses allowed in the zone may achieve the maximum density.

(b) The maximum total density and mix of maximum non-residential and residential density for any project using the optional method of development is specified by the zone.

59-C-15.72. Height.

(a) The maximum height for any building or structure in a standard method project is 40 feet.

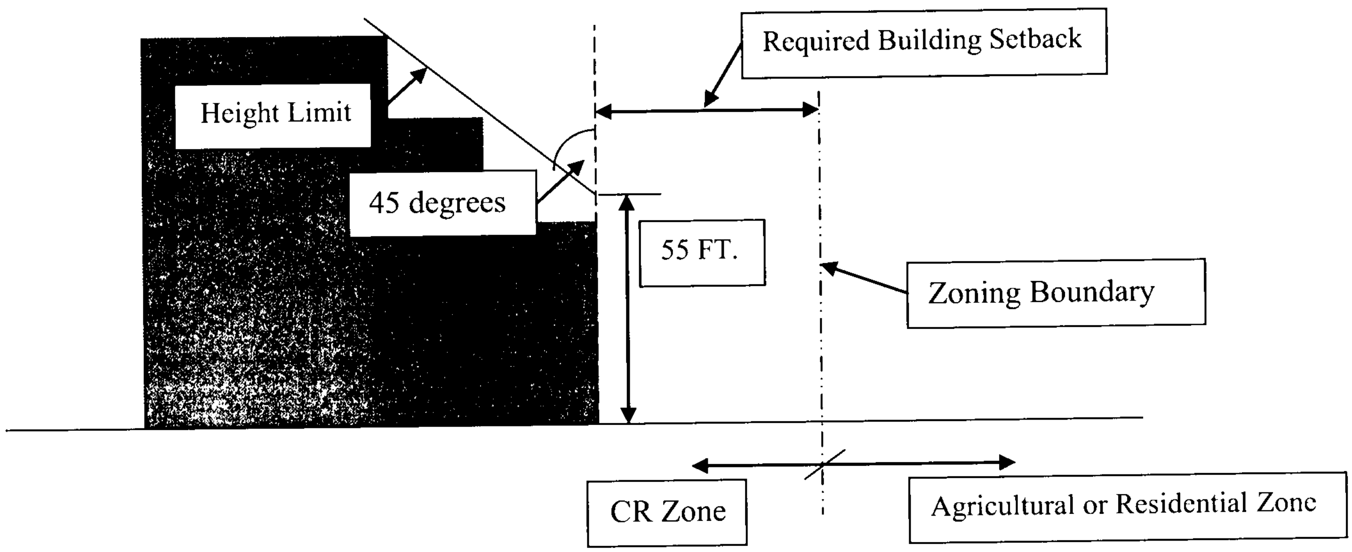
(b) The maximum height for any building or structure in an optional method project is determined by the zone.

59-C-15.73. Setbacks.

(a) A building must not be any closer to a lot line shared with a lot or parcel in an agricultural (Division 59-C-9) or residential (Division 59-C-1) zone than:

(1) 25 feet or the setback required by the adjacent lot, whichever is greater; and

(2) the building must not project beyond a 45 degree angular plane projecting over the lot measured from a height of 55 feet at the setback determined above, with the exception of those features exempt from height and setback restrictions under Section 59-B-1.



Angular Plan Setback Illustration

(b) The development of a new building in place of a building existing when the CR zone is applied may be built to the pre-existing setbacks if the height of the new building is not increased over that of the former building.

59-C-15.74. Public Use Space.

(a) Public use space is not required for any standard method project that does not require a site plan. If a site plan is required for the proposed project, then the minimum public use space is 10 percent of the project's net land area.

(b) Projects using the optional method of development must provide public use space as follows:

Minimum Required Public Use Space (% of net tract area)				
Acres (Gross)	*Number of Existing and Planned Right-of-Way Frontages*			
	1	**2**	**3**	**4+**
< ½	0	0	0%	5%
½ - 1.00	0	0%	5%	10%
1.01 - 3.00	0%	5%	10%	10%
3.01 – 6.00	5%	10%	10%	10%
6.01 +	10%	10%	10%	10%

(c) Public use space must:

(1) be calculated on the net tract area that was included in the sketch plan application;

(2) be rounded to the next highest 100 square feet;

(3) be easily and readily accessible to the public;

(4) be distributed within the entire tract area included in the sketch plan application; and

(5) contain amenities such as seating options, shade, landscaping, or other similar public benefits.

(d) Instead of providing on-site public use space, for any site of 3 acres or less, a development may propose the following alternatives, subject to Planning Board approval:

(1) public use space improvements of an equal or greater size within ¼ mile of the subject site; or

(2) a payment in part or in full to the Public Amenity Fund under Section 59-D-2.31.

(e) A development on a site larger than 3 acres may only provide off-site public use space in order to provide master-planned open space improvements, or a payment under Subsection (d)(2), for an area of equal or greater size required on site that is:

(1) located within the same master plan area as the proposed development; and

(2) indicated on the approved sketch plan.

59-C-15.75. Residential Amenity Space.

(a) Any building containing 20 or more dwelling units must provide amenity space for its residents as follows:

Required Residential Amenity Space	
Type of Amenity Space	*Area of Amenity Space*
Indoor space in a multi-purpose room, fitness room, or other common community room(s), at least one of which must contain a kitchen and bathroom.	20 square feet per dwelling unit up to 5,000 square feet.
Passive or active outdoor recreational space.	20 square feet per dwelling unit, of which at least 400 square feet must adjoin or be directly accessible from the indoor amenity space.

(b) The amenity space is not required for Moderately Priced Dwelling Units (MPDUs) on a site within a metro station policy area or where the Planning Board finds that there is adequate recreation and open space within a ½ mile radius of the subject site.

(c) The amenity space requirement may be reduced by ½ for Workforce Housing Units (WFHUs) located within a metro station policy area or if the minimum public open space requirement is satisfied on site.

(d) The provision of residential amenity space may be counted towards meeting the required recreation calculations under the M-NCPPC Recreation Guidelines, as amended.

59-C-15.8. Special Regulations for the Optional Method of Development

59-C-15.81. Incentive Density Provisions.

This section establishes incentives for optional method projects to provide public benefits in return for increases in density and height above the standard method maximums, consistent with the applicable master or sector plan, up to the maximum permitted by the zone.

(a) Public benefits must be provided that enhance or contribute to the objectives of the CR zone in the following categories:

(1) Master-planned major public facilities;

(2) Transit proximity for residents, workers, and patrons;

(3) Connectivity between uses and activities and mobility options;

(4) Diversity of uses and activities;

(5) Quality of building and site design;

(6) Protection and enhancement of the natural environment; and

(7) Advanced dedication of right-of-way.

Sections 59-C-15.82 through 59-C-15.88 indicate the types of public benefits that may be accepted in each of these categories.

(b) In approving any incentive density based on the provision of public benefits, the Planning Board must consider:

(1) The policy objectives and priorities of the applicable master or sector plan;

(2) Any applicable design guidelines and any adopted public benefit standards and guidelines;
(3) The size and configuration of the tract;
(4) The relationship of the site to adjacent properties;
(5) The presence or lack of similar public benefits nearby; and
(6) Enhancements that increase public access to or enjoyment of the benefit.

(c) Any incentive density increase approved by the Planning Board for an optional method of development application must satisfy Subsection 59-C-15.87(a).

(d) The Planning Board must adopt, publish, and maintain guidelines that detail the standards and requirements for public benefits that may be provided for incentive density. The guidelines must:
(1) be consistent with the recommendations and objectives of the applicable master or sector plan and the purpose of the CR zones;
(2) be in addition to any standards, requirements, or rules of incentive density calculation included in this Division, but may not supersede those provisions;
(3) allow any single feature of a project a density incentive from only 1 public benefit;
(4) only address the public benefits listed in Sections 59-C-15.82 through 59-C-15.88 and must not add a public benefit category; and
(5) include the criteria to determine when an early dedication of right-of-way qualifies for incentive density, and the amount of the incentive density permitted.

59-C-15.82. Incentives for Master-Planned Major Public Facilities.

Major public facilities such as schools, libraries, recreation centers, urban parks, and county service centers provide public services at convenient locations, centers for community meetings, and civic events. Because of their significance in place-making, the Planning Board may approve incentive density of up to 70 percent for the conveyance of a site and/or construction of a major public facility that is designated on a master plan or sector plan and is accepted for use and operation by the appropriate public agency, community association, or nonprofit organization.

59-C-15.83. Incentives for Transit Proximity.

In order to encourage greater use of transit, control sprawl, and reduce vehicle miles traveled, congestion, and carbon emissions, the Planning Board may approve incentive density for transit proximity under this section. The percentage of incentive density awarded to a project for transit proximity is as follows:

Transit Proximity	**Level 1**	**Level 2**
Adjacent or confronting	50%	30%
Within ¼ mile	40%	25%
Between ¼ and ½ mile	30%	20%
Between ½ and 1 mile	20%	15%

(a) A project is adjacent to or confronting a transit station or stop if it shares a property line, easement line, or is separated only by a right-of-way from an existing or planned transit station or stop and 100 percent of the gross tract area submitted in a single sketch plan application is within ¼ mile of the transit portal.

(b) (1) For all other projects to qualify for incentive density availability at the other distances, at least 75 percent of the gross tract area in a single sketch plan application must be within the range for which the incentive is proposed.

(2) The incentive density for projects less than 75 percent of the gross tract in 1 distance range must be calculated as the weighted average of the percentage of area in each range.

59-C-15.84. Incentives for Connectivity and Mobility.

In order to enhance connectivity between uses and amenities and increase mobility options; encourage non-automotive travel for short and multi-purpose trips as well as for commuting; facilitate social and commercial interaction; provide opportunities for healthier living; and stimulate local businesses, the Planning Board may approve incentive density of up to 30% for a project that provides at least 2 of the following public benefits:

(a) **Neighborhood Services:** Safe and direct pedestrian access to 10 different retail services on site or within ¼ mile, of which at least 4 have a maximum retail bay floor area of 5,000 square feet.

(b) **Minimum Parking:** Provision of the minimum required parking for projects of one acre of gross tract area or more.

(c) **Through-Block Connections:** Safe and attractive pedestrian connections between streets.

(d) **Public Parking:** Provision of up to the maximum number of parking spaces allowed in the zone as public parking.

(e) **Transit Access Improvement:** Ensuring that access to transit facilities meets County standards for handicapped accessibility.

(f) **Trip Mitigation:** A binding and verifiable Traffic Mitigation Agreement to reduce the number of weekday morning and evening peak hour trips attributable to the site in excess of any other regulatory requirement; the agreement must result in a non-auto driver mode share of at least 50% for trips attributable to the site.

59-C-15.85. Incentives for Diversity of Uses and Activities.

In order to increase the variety and mixture of land uses, types of housing, economic diversity, and community activities; contribute to development of a more efficient and sustainable community; reduce the necessity for automobile use; and facilitate healthier lifestyles and social interaction, the Planning Board may approve incentive density of up to 30% for a project that provides affordable housing or a public facility, as described below, or at least 2 of the other following public benefits:

(a) **Affordable Housing:** All residential development must comply with the requirements of Chapter 25A for the provision of Moderately Priced Dwelling Units (MPDUs) and may provide Workforce Housing Units (WFHUs) under Chapter 25B.

(1) MPDU Incentive Density: Provision of MPDUs above the minimum required is calculated on the total number of dwelling units as required by Chapter 25A, and the percent of incentive density increase is based on the proposed FAR for the entire project.

> *Example: Provision of 14.5% MPDUs is awarded an incentive density of 20% (see 25-A-5(c)(3)). In the case of a CR 4.5 zone that proposes 4.5 FAR, that equals 0.20 x 4.0 (the incentive density), which is 0.8 FAR.*

(2) WFHU Incentive Density: Provision of WFHUs is calculated at the following rate: 2 times the percentage of units provided as WFHUs.

> Example: Provision of 5% WFHUs is awarded incentive density of 10%; provision of 12% WFHUs is awarded incentive density of 24%.

(b) **Adaptive Buildings:** Provision of buildings with minimum floor-to-floor heights of at least 15 feet on any floor that meets grade and 12 feet on all other floors. Internal structural systems must be able to accommodate various types of use with only minor modifications.

(c) **Care Centers:** Child or adult day care facilities.

(d) **Small Business Retention:** Provision of on-site space for small, neighborhood-oriented businesses.

(e) **Dwelling Unit Mix:** Provision of at least 7.5% efficiency units, 8% 1-bedroom units, 8% 2-bedroom units, and 5% 3-or-more bedroom units.

(f) **Enhanced Accessibility for the Disabled:** Provision of dwelling units that satisfy American National Standards Institute A117.1 Residential Type A standards or units that satisfy an equivalent County standard.

59-C-15.86. Incentives for Quality Building and Site Design.

High quality design is especially important in urban, integrated-use settings to ensure that buildings and uses are compatible with each other and adjacent communities and to provide a harmonious pattern of development. Due to the increased density of these settings, buildings tend to have high visibility. High quality design may help to attract residents and businesses to locate in these settings. Location, height, massing, façade treatments, and ornamentation of buildings affect sense of place, orientation, and the perception of comfort and convenience. The quality of the built environment affects light, shadow, wind, and noise, as well as the functional and economic value of property. In order to promote high quality design, the Planning Board may approve incentive density of up to 30% to a project that provides at least 2 of the following public benefits:

(a) **Historic Resource Protection:** Preservation and/or enhancement of a historic resource indicated on the Master Plan for Historic Preservation in conformance with a plan approved by the Historic Preservation Commission. A fee-in-lieu for a specific preservation project may be paid to the Historic Preservation Division as specified in the Guidelines for Public Benefits.

(b) **Structured Parking:** Parking provided within a structure or below-grade.

(c) **Tower Setback:** Setback of building by a minimum of 6 feet beyond the first floor façade at a maximum height of 72 feet.

(d) **Public Art:** Provision of public art must be reviewed for comment by the Public Arts Trust Steering Committee. A fee-in-lieu may be paid to the Trust as specified in the Guidelines for Public Benefits.

(e) **Public Open Space:** Provision of open space in addition to the minimum required by the zone. Public open space must be easily accessible to the public during business hours and/or at least from sunrise to sunset and must contain amenities such as seating, plantings, trash receptacles, kiosks, and water features.

(f) **Streetscape:** Construction of off-site streetscape in addition the requirements of this division.

(g) **Exceptional Design:** Building design that provides innovative solutions in response to the immediate context; creates a sense of place and serves as a landmark; enhances the public realm in a distinct and original manner; introduces new materials, forms, or building methods; uses design solutions to make compact infill development living, working, and shopping environments more pleasurable and desirable; and integrates low-impact development methods into the overall design of the site and building.

59-C-15.87. Incentives for Protection and Enhancement of the Natural Environment.

In order to combat sprawl and mitigate or reverse environmental problems such as heat from the built environment, inadequate carbon-sequestration, and pollution caused by reliance on the automobile, the Planning Board may approve a density increase up to 30% for the public benefits in this Subsection:

(a) CR zones require the purchase of BLT easements or payment to the Agricultural Land Preservation Fund for at least 5% but no more than 30% of the incentive density under the following conditions.

(1) Any private BLT easement must be purchased in whole units; or

(2) BLT payments must be made to the Agricultural Land Preservation Fund, based on the amount established by Executive Regulations under Chapter 2B; if a fraction of a BLT easement is needed, a payment based on the gross square footage of incentive density must be made to the Agricultural Land Preservation Fund for at least the fraction of the BLT easement.

(3) (A) For the first 5% of incentive density, each BLT easement purchase or payment allows 20,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.

(B) For the incentive density above 5%, each BLT easement purchase or payment allows 30,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.

(b) **Energy Conservation and Generation:** Provision of energy-efficiency that exceeds standards for the building type by 17.5% for new buildings or 10% for existing buildings, or provision of renewable energy generation facilities on-site or within ½ mile of the site for a minimum of 2.5% of the projected energy requirement.

(c) **Green Wall:** Installation and maintenance of a vegetated wall that covers at least 30% of any blank wall or parking garage façade visible from a public street or open space.

(d) **Tree Canopy:** Coverage at 15 years of growth of at least 25% of the on-site open space.

(e) **Vegetated Area:** Installation of plantings in a minimum of 12 inches of soil covering at least 5,000 square feet of previously impervious surfaces. This does not include vegetated roofs.

(f) **Vegetated Roof:** Provision of a vegetated roof with a soil depth of at least 4 inches covering at least 33% of a building's roof, excluding space for mechanical equipment.

59-C-15.88. Advanced dedication of right-of-way.

When sketch plans or site plans are approved, the Planning Board may allow an incentive density not to exceed 30% for a prior dedication of rights-of-way for roadways, sidewalks, or bikeways recommended in the applicable master or sector plan, if the County or the State is responsible for constructing the facility on the right-of-way.

59-C-15.9. Existing Approvals.

(a) One or more lawfully existing buildings or structures and the uses therein, which predate the applicable sectional map amendment, are conforming structures or uses, and may be continued, renovated, repaired, or reconstructed to the same size and configuration, or enlarged up to a total of 10 percent above the total existing floor areas of all buildings and structures on site or 30,000 square feet, whichever is less, and does not require a site plan. Enlargements in excess of the limitations in this Subsection will require compliance with the full provisions of this Division.

(b) A project that received an approved development plan under Division 59-D-1 or schematic development plan under Division 59-H-2 before the enactment of the CR zones may proceed under the binding elements of the development plan and will thereafter be treated as a lawfully existing building, and may be renovated or reconstructed under Subsection (a) above. Such development plans or schematic development plans may be amended as allowed under Division 59-D-1 or 59-H-2 under the provisions of the previous zone; however, any incremental increase in the total floor area beyond that allowed by Subsection (a) above or any incremental increase in building height greater than 15 feet requires, with respect to the incremental increase only, full compliance with the provisions of this Division.

(c) At the option of the owner, any portion of a project subject to an approved development plan or schematic development plan described in Subsection (b) above may be developed under this Division. The remainder of that project continues to be subject to the approved development plan or schematic development plan, under Subsections (a) and (b).

(d) A project which has had a preliminary or site plan approved before the applicable sectional map amendment may be built or altered at any time, subject to either the full provisions of the previous zone or this division, at the option of the owner. If built under the previous approval, it will be treated as a lawfully existing building and may be renovated or reconstructed under Subsection (a) above. If built with an incremental increase over the previous approval, only that incremental increase must comply with this Division.

DIVISION 59-C-15. COMMERCIAL/RESIDENTIAL (CR) ZONES

Sec. 59-C-15.1. Zones established.

59-C-15.11.

The Commercial/Residential (CR) zones are established as combinations of a sequence of 4 factors: maximum total floor area ratio (FAR), maximum non-residential FAR, maximum residential FAR, and maximum building height. These zones are identified by a sequence of symbols: CR, C, R, and H, each followed by a number where:

(a) the number following the symbol "CR"- is the maximum total FAR;

(b) the number following the symbol "C" is the maximum non-residential FAR;

(c) the number following the symbol "R" is the maximum residential FAR; and

(d) the number following the symbol "H" is the maximum building height in feet.

The examples in this Division do not add, delete, or modify any provision of this Division. Examples are provided only to demonstrate particular applications of the provisions in the Division. Examples are not intended to limit the provisions.

59-C-15.12.

Each unique sequence of CR, C, R, and H is established as a zone under the following limits:

(a) the maximum total FAR must be established as an increment of 0.25 from 0.5 up to 8.0;

(b) the maximum non-residential and residential FAR must be established as an increment of 0.25 from 0.25 up to 7.5; and

(c) the maximum height must be established as an increment of 5 feet up to 100 feet and an increment of 10 feet from 100 feet up to 300 feet.

59-15.121. Permitted density may be averaged over 2 or more directly abutting or confronting lots in one or more CR zones, provided that:

(a) the lots are subject to the same sketch plan;

(b) the lots are created by the same preliminary subdivision plan;

(c) the maximum total density and non-residential and residential density limits apply to the entire development, not to individual lots;

(d) no building may exceed the maximum height set by the zone;

(e) public benefits must be provided under the phasing element of an approved sketch plan;

(f) the total maximum density of a lot or parcel zoned CR that is adjacent to or confronting one-family residentially zoned or agriculturally zoned lots or parcels may not be exceeded; and

(g) the resulting development must conform to the design and land use objectives of the applicable master or sector plan and design guidelines.

59-C-15.13.

The CR zones can only be applied when specifically recommended by an approved and adopted master or sector plan and only by the sectional map amendment process.

Examples:
-An area zoned CR-2.0, C1.0, R1.0, H80 allows a total FAR of 2.0, with maximum non-residential and residential FARs of 1.0, thereby requiring an equal mix of uses to obtain the total FAR allowed. The height for any building in this zone is limited to 80 feet.
-An area zoned CR-6.0, C3.0, R5.0, H200 allows a residential FAR of up to 5.0, a non-residential FAR of up to 3.0, and a mix of the two uses could yield a total FAR of 6.0. This combination allows for flexibility in the market and shifts in the surrounding context. The height for any building in this zone is limited to 200 feet.
-An area zoned CR-4.0, C4.0, R4.0, H160 allows complete flexibility in the mix of uses, including buildings with no mix, because the maximum allowed non-residential and residential FARs are both equivalent to the total maximum FAR allowed. The height for any building in this zone is limited to 160 feet.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.2. Description and objectives of the CR zones.

The CR zones permit a mix of residential and non-residential uses at varying densities and heights. The zones promote economically, environmentally, and socially sustainable development patterns where people can live, work, and have access to services and amenities while minimizing the need for automobile use. The application of the CR zones is appropriate where ecological impacts can be moderated by co-locating housing, jobs, and services. The objectives of the CR zones are to:

(a) implement the policy recommendations of applicable master and sector plans;

(b) target opportunities for redevelopment of single-use areas and surface parking lots with a mix of uses;

(c) reduce dependence on the automobile by encouraging development that integrates a combination of housing types, mobility options, commercial services, and public facilities and amenities;

(d) encourage an appropriate balance of employment and housing opportunities and compatible relationships with adjoining neighborhoods;

(e) establish the maximum density and building height for each zone, while retaining appropriate development flexibility within those limits; and

(f) standardize optional method development by establishing minimum requirements for the provision of the public benefits that will support and accommodate density above the standard method limit.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.3. Definitions specific to the CR zones.

The following words and phrases, as used in this Division, have the meaning indicated. The definitions in Division 59-A-2 otherwise apply.

Car share space: a parking space that serves as the location of an in-service vehicle used by a vehicle-sharing service.

Cultural institutions: public or private institutions or businesses including: art, music, and photographic studios; auditoriums or convention halls; libraries and museums; recreational or entertainment establishments, commercial; theater, indoor; theater, legitimate.

Day care facilities and centers: facilities and centers that provide daytime care for children and/or adults, including: child daycare facility (family day care, group day care, child day care center); daycare facility for not more than 4 senior adults and persons with disabilities; and day care facility for senior adults and persons with disabilities.

Frontage: a property line shared with an existing or master-planned public or private road, street, highway, or alley right-of-way or easement boundary.

Live/Work unit: Buildings or spaces within buildings that are used jointly for non-residential and residential purposes where the residential use of the space may be secondary or accessory to the primary use as a place of work.

Manufacturing and production, artisan: The manufacture and production of commercial goods by a skilled manual worker or craftsperson, such as jewelry, metalwork, cabinetry, stained glass, textiles, ceramics, or hand-made food products.

Public Arts Trust Steering Committee: A committee of the Arts and Humanities Council that allocates funds from the Public Arts Trust.

Public owned or operated uses: Activities that are located on land owned by or leased and developed or operated by a local, county, state, or federal body or agency.

Recreational facilities, participatory: Facilities used for sports or recreation.

Reconstruction: Building the same or less floor area on or within the footprint of a demolished or partially demolished building.

Renovation: An interior or exterior alteration that does not affect a building's footprint.

Seasonal Outdoor Sales: A lot or parcel where a use or product is offered annually for a limited period of time during the same calendar period each year. The availability or demand for the use or product is related to the calendar period, such as Christmas trees, pumpkin patches, or corn mazes.

Transit proximity: Transit proximity is categorized in two levels: 1. proximity to an existing or planned Metrorail Station; 2. proximity to an existing or planned station or stop along a rail or bus line with a dedicated, fixed path.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.4. Methods of development and approval procedures.

Two methods of development are available under the CR zones.

59-C-15.41. Standard method.

Standard method development must comply with the general requirements and development standards of the CR zones. A site plan approval under Division 59-D-3 is required for a standard method development project only if:

(a) the gross floor area exceeds 10,000 square feet; or

(b) any building or group of buildings contains 10 or more dwelling units.

59-C-15.42. Optional method.

Optional method development must comply with the general requirements and development standards of the CR zones and must provide public benefits under Section 59-C-15.8 to obtain greater density and height than allowed under the standard method of development. A sketch plan and site plan are required for any development using the optional method. A sketch plan must be filed under the provisions below; a site plan must be filed under Division 59-D-3. Any required preliminary subdivision plan must not be submitted before a sketch plan is submitted.

(a) A sketch plan application must contain:

(1) a justification statement that addresses how the project meets the requirements and standards of this Division for optional method development and describes how the development will further the objectives of the applicable master or sector plan;

(2) an illustrative plan or model that shows the maximum densities for residential and non-residential uses, massing, and heights of buildings; locations of public use and other open spaces; and the relationships between existing or proposed buildings on adjoining tracts;

(3) an illustrative diagram of proposed vehicular, pedestrian, and bicycle access, circulation, parking, and loading areas;

(4) a table of proposed public benefits and the incentive density requested for each; and

(5) the general phasing of structures, uses, public benefits, and site plan applications.

(b) Procedure for a sketch plan:

(1) Before filing a sketch plan application, an applicant must comply with the provisions of the Manual for Development Review Procedures, as amended, that concern the following:

(A) notice;

(B) posting the site of the application submittal; and

(C) holding a pre-submittal meeting.

(2) A public hearing must be held by the Planning Board on each sketch plan application no later than 90 days after the filing of an optional method development application, unless a request to extend this period is requested by the applicant, Planning Board staff, or other interested parties. A request for an extension must be granted if the Planning Board finds it not to constitute prejudice or undue hardship on any interested party. A recommendation regarding any request for extension must be acted upon as a consent agenda item by the Planning Board on or before the 90-day hearing period expires. Notice of the extension request and recommendation by Staff must be posted no fewer than 10 days before the item's agenda date.

(3) No fewer than 10 days before the public hearing on a sketch plan, Planning Board staff must submit its analysis of the application, including its findings, comments, and recommendations with respect to the requirements and standards of this division and any other matters that may assist the Planning Board in reaching its decision on the application. This staff report must be included in the record of the public hearing.

(4) The Planning Board must act within 30 days after the close of the record of the public hearing, by majority vote of those present and voting based upon the hearing record, to:

(A) approve;

(B) approve subject to modifications, conditions, or binding elements; or

(C) disapprove.

(c) In approving a sketch plan, the Planning Board must find that the following elements are appropriate in concept and appropriate for further detailed review at site plan:

(1) The plan: (A) meets the requirements and standards of this Division; (B) will further the objectives of the applicable master or sector plan; and (C) will provide more efficient and effective development of the site than the standard method of development;

(2) The proposed building massing and height and public use and other open spaces are located and scaled to achieve compatible relationships with each other and with existing and proposed buildings and open space adjacent to the site and with adjacent communities;

(3) The general vehicular, pedestrian, and bicyclist access, circulation, parking, and loading areas are adequate, safe, and efficient;

(4) The proposed public benefits and associated requested incentive density will further the objectives of the applicable master or sector plan and the objectives of the CR zones; and

(5) The general phasing of structures, uses, public benefits, and site plans is feasible and appropriate to the scale and characteristics of the project.

(d) During site plan review, the Planning Board may approve modifications to the binding elements or conditions of an approved sketch plan.

(1) If changes to a sketch plan are requested by the applicant, notice of the site plan application must identify those changes requested. The applicant has the burden of persuading the Planning Board that such changes should be approved.

(2) If other changes are recommended after the application is made, notice of the site plan hearing must identify changes requested.

(3) In acting to approve a sketch plan modification as part of site plan review, the Planning Board must make the findings required in Section 59-C-15.42(c) in addition to those required by Section 59-D-3.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.5. Land uses.

No use is allowed in the CR zones except as indicated below:

-*Permitted Uses* are designated by the letter "P" and are permitted subject to all applicable regulations.

-*Special Exception Uses* are designated by the letters “SE” and may be authorized as special exceptions under Article 59-G.

(a) Agricultural	
Farm and country markets	P
Farm, limited to crops, vegetables, herbs, and ornamental plants	P
Nursery, horticultural - retail or wholesale	P
Seasonal outdoor sales	P
(b) Residential	
Dwellings	P
Group homes, small or large	P
Hospice care facilities	P
Housing and related facilities for senior adults or persons with disabilities	P
Life care facilities	P
Live/Work units	P
Personal living quarters	P
(c) Commercial Sales and Service	
Advanced technology and biotechnology	P
Ambulance or rescue squads	P
Animal boarding places	SE
Automobile filling stations	SE
Automobile rental services, excluding storage of vehicles and supplies	P
Automobile repair and services	P
Automobile sales, indoors	P
Automobile sales, outdoors (except where a municipality prohibits the use within its jurisdiction by resolution)	P
Clinic	P
Conference centers	P
Eating and drinking establishments	P
Health clubs and gyms	P
Home occupations, major	SE

Home occupations, registered and no-impact	P
Hotels and motels	P
Laboratories	P
Dry cleaning and laundry pick-up stations	P
Offices, general	P
Recreational facilities, participatory	P
Research, development, and related activities	P
Retail trades, businesses, and services of a general commercial nature	P
Self-storage facilities	SE
Veterinary hospitals and offices without boarding facilities	P
Warehousing, not including self-storage, less than 10,000 square feet	P
(d) Institutional and Civic	
Charitable and philanthropic institutions	P
Cultural institutions	P
Day care facilities and centers	P
Educational institutions, private	P
Hospitals	P
Parks and playgrounds, private	P
Private clubs and service organizations	P
Publicly owned or publicly operated uses	P
Religious institutions	P
(e) Industrial	
Manufacturing and production, artisan	P
Manufacturing, compounding, processing, or packaging of cosmetics, drugs, perfumes, pharmaceuticals, toiletries, synthetic molecules, and projects resulting from biotechnical and biogenetic research and development	P
Manufacturing and assembly of medical, scientific, or technical instruments, devices, and equipment	P
(f) Other	
Accessory buildings and uses	P
Bus terminals, non-public	P

Parking garages, automobile	P
Public utility buildings, structures, and underground facilities	P
Radio and television broadcast studios	P
Rooftop mounted antennas and related unmanned equipment buildings, cabinets, or rooms	P

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.6. General requirements.

Development in the CR zone must comply with the following requirements.

59-C-15.61. Master plan and design guidelines conformance.

Development that requires a site plan must be consistent with the applicable master or sector plan and must address any design guidelines approved by the Planning Board that implement the applicable plan.

59-C-15.62. Priority retail street frontages.

Development that requires a site plan and is located on a street identified as a priority retail street frontage in the applicable master plan, sector plan, or design guidelines must be developed in a manner that is consistent with the recommendations and objectives of the applicable plan and address any applicable design guidelines approved by the Planning Board that implement the applicable plan.

59-C-15.63. Streetscape.

Streetscape improvements must be consistent with the recommendations of the applicable master or sector plan and must address any Planning Board approved design guidelines that implement the applicable plan.

59-C-15.64. Bicycle parking spaces and commuter shower/change facility.

(a) Bicycle parking facilities must be secure and accessible to all residents or employees of the proposed development.

(b) The number of bicycle parking spaces and shower/change facilities required is shown in the following table (calculations must be rounded to the higher whole number):

Bicycle and Shower/Change Facilities Required	
Use	Requirement
Residential	

In a building containing less than 20 dwelling units.	At least 4 bicycle parking spaces.
In a building containing 20 or more dwelling units.	At least 0.5 bicycle parking spaces per dwelling unit, not to be fewer than 4 spaces and up to a maximum of 100 required spaces.
In any group living arrangement expressly for senior citizens.	At least 0.1 bicycle parking spaces per unit, not to be fewer than 2 spaces, up to a maximum of 100 required spaces.
Non-Residential	
In a building with a total non-residential floor area of 1,000 to 9,999 square feet.	At least 2 bicycle parking spaces.
In a building with a total non-residential floor area of 10,000 to 99,999 square feet.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces.
In a building with a total non-residential floor area of 100,000 square feet or greater.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces. One shower/change facility for each gender available only to employees when the building is accessible.

59-C-15.65. Parking.

(a) (1) For projects that satisfy the requirements for transit proximity levels 1 or 2, the number of parking spaces provided on site must not exceed the number required under Article 59-E, except that the maximum number of parking spaces for general retail and restaurant uses is 4 spaces for every 1,000 square feet of gross leasable area, and no parking spaces are required for restaurant outdoor patron areas.

(2) All projects that do not satisfy the requirements for transit proximity levels 1 or 2 must meet the parking requirements established under Article 59-E, except that the number of parking spaces for general retail and restaurant uses in Subsection (a)(1) may be provided without a parking waiver.

(b) Except for retail and restaurant uses that satisfy Subsection (a)(1) and projects that do not satisfy transit proximity level 1 or 2, the number of parking spaces required is based on a building's distance from transit as follows:

Parking Requirements				
	Transit Proximity (Level 1 or 2)			
	¼ mile	¼ to ½	½ mile to	> 1 mile

	from transit	mile from transit	1 mile from transit	from transit
Non-residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.20	0.40	0.60	0.80
Residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.60	0.70	0.80	0.90

The appropriate parking rates apply to the gross floor area within each distance category.

(c) Parking requirements must be met by any of the following:

(1) providing the spaces on site;

(2) constructing publicly available on-street parking; or

(3) participating in a parking lot district or entering into an agreement for shared parking spaces in a public or private facility within 1,000 feet of the subject lot, if the off-site parking facility is not in an agricultural (Division 59-C-9), planned unit development (Division 59-C-7), or residential (Division 59-C-1) zone.

(d) Every "car-share" space provided reduces the total number of required spaces by 6 spaces for non-residential use or 3 spaces for residential use.

Example: A non-residential site requiring at least 100 spaces under Article 59-E would be required to provide a maximum of 100 spaces on site. If that site was within ¼ to ½ mile of a transit station, the minimum requirement for parking would be 40 spaces (100 x 0.40 = 40). If 2 car-share spaces were provided, that requirement would be 28 for non-residential use or 34 for residential use.

(e) The design of surface parking facilities must comply with the following:

(1) a parking facility at or above grade must not be located between the street and the main front wall of the building or the side wall of a building on a corner lot unless the Planning Board finds that safe and efficient circulation would be better served by a different arrangement;

(2) if a site is adjacent to an alley, the primary vehicular access to the parking facility must be from that alley; and

(3) curb cuts must be kept to a minimum and shared by common ingress/egress easements whenever possible.

(f) The design of parking facilities with drive-through services must comply with the following; however, the Planning Board may approve a design if it finds that the alternative design would provide safer and more efficient circulation:

(1) the driveway must not be located between the street and the main front wall of a building or the side wall of a building on a corner lot;

(2) the drive-through service window must be located on the rear or side wall of the building; any service window on the side wall of a building must be permanently screened from any street; and

(3) curb cuts to a street must be minimized to one drive aisle of no more than 20 feet in width for two-way traffic or two drive aisles each of no more than 10 feet in width for one-way traffic.

(g) Except for areas used for internal driveway or sidewalk connections between lots or parcels that are not in residential (59-C-1) or agricultural (59-C-9) zones, landscaping for surface parking facilities must satisfy the following requirements:

Minimum Landscape Standards for Surface Parking	
Subject	Requirement
Right-of-Way Screening	6-foot width of continuous soil panel or stormwater management recharge facility (not including any PUE or PIE) with groundcover, planting bed, or lawn; a minimum 3-foot high continuous evergreen hedge or fence; and one deciduous tree per 30 feet of street frontage or per the applicable streetscape standards.
Adjacent to a lot or parcel in any Commercial, Industrial, or Mixed-Use Zone	4-foot width continuous soil panel or stormwater management recharge facility with groundcover, planting bed, or lawn; one deciduous tree per 30 feet of frontage.
Adjacent to a lot or parcel in an Agricultural or Residential District	10-foot width continuous soil panel or stormwater management recharge facility with groundcover, planting bed, or lawn; 6-foot high continuous evergreen hedge or fence; and one deciduous tree per 30 feet of frontage.
Minimum Landscape Standards for Surface Parking	
Subject	Requirement
Internal Pervious Area	10 percent of the parking facility area comprised of individual areas of at least 100 square feet each.

Tree Canopy Coverage	30 percent of the parking facility area (at 15 years growth).

Surface Parking Landscape Requirements Illustrative

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.7. Development standards.

Development in any CR zone must comply with the following standards.

59-C-15.71. Density.

(a) The maximum density for any standard method project is the greater of 0.5 FAR or 10,000 square feet of gross floor area. Any single land use or any combination of land uses allowed in the zone may achieve the maximum density.

(b) The maximum total density and mix of maximum non-residential and residential density for any project using the optional method of development is specified by the zone.

59-C-15.72. Height.

(a) The maximum height for any building or structure in a standard method project is 40 feet.

(b) The maximum height for any building or structure in an optional method project is determined by the zone.

59-C-15.73. Setbacks.

(a) A building must not be any closer to a lot line shared with a lot or parcel in an agricultural (Division 59-C-9) or residential (Division 59-C-1) zone than:

(1) 25 feet or the setback required by the adjacent lot, whichever is greater; and

(2) the building must not project beyond a 45 degree angular plane projecting over the lot measured from a height of 55 feet at the setback determined above, with the exception of those features exempt from height and setback restrictions under Section 59-B-1.

(b) The development of a new building in place of a building existing when the CR zone is applied may be built to the pre-existing setbacks if the height of the new building is not increased over that of the former building.

Angular Plan Setback Illustration

59-C-15.74. Public use space.

(a) Public use space is not required for any standard method project that does not require a site plan. If a site plan is required for the proposed project, then the minimum public use space is 10 percent of the project's net land area.

(b) Projects using the optional method of development must provide public use space as follows:

Minimum Required Public Use Space (% of net tract area)				
Acres (Gross)	Number of Existing and Planned Right-of-Way Frontages			
	1	2	3	4+
< ½	0	0	0	5
½ - 1.00	0	0	5	10
1.01 - 3.00	0	5	10	10
3.01 - 6.00	5	10	10	10
6.01 +	10	10	10	10

(c) Public use space must:

(1) be calculated on the net tract area that was included in the sketch plan application;

(2) be rounded to the next highest 100 square feet;

(3) be easily and readily accessible to the public;

(4) be distributed within the entire tract area included in the sketch plan application; and

(5) contain amenities such as seating options, shade, landscaping, or other similar public benefits.

(d) Instead of providing on-site public use space, for any site of 3 acres or less, a development may propose the following alternatives, subject to Planning Board approval:

(1) public use space improvements of an equal or greater size within ¼ mile of the subject site; or

(2) a payment in part or in full to the Public Amenity Fund under Section 59-D-2.31.

(e) A development on a site larger than 3 acres may only provide off-site public use space in order to provide master-planned open space improvements, or a payment under Subsection (d)(2), for an area of equal or greater size required on site that is:

(1) located within the same master plan area as the proposed development; and

(2) indicated on the approved sketch plan.

59-C-15.75. Residential amenity space.

(a) Any building containing 20 or more dwelling units must provide amenity space for its residents as follows:

Required Residential Amenity Space	
Type of Amenity Space	Area of Amenity Space
Indoor space in a multi-purpose room, fitness room, or other common community room(s), at least one of which must contain a kitchen and bathroom.	20 square feet per dwelling unit up to 5,000 square feet.
Passive or active outdoor recreational space.	20 square feet per dwelling unit, of which at least 400 square feet must adjoin or be directly accessible from the indoor amenity space.

(b) The amenity space is not required for Moderately Priced Dwelling Units (MPDUs) on a site within a metro station policy area or where the Planning Board finds that there is adequate recreation and open space within a ½ mile radius of the subject site.

(c) The amenity space requirement may be reduced by ½ for Workforce Housing Units (WFHUs) located within a metro station policy area or if the minimum public open space requirement is satisfied on site.

(d) The provision of residential amenity space may be counted towards meeting the required recreation calculations under the M-NCPPC Recreation Guidelines, as amended.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.8. Special regulations for the optional method of development.

59-C-15.81. Incentive density provisions.

This section establishes incentives for optional method projects to provide public benefits in return for increases in density and height above the standard method maximums, consistent with the applicable master or sector plan, up to the maximum permitted by the zone.

(a) Public benefits must be provided that enhance or contribute to the objectives of the CR zone in the following categories:

(1) Master-planned major public facilities;

(2) Transit proximity for residents, workers, and patrons;

(3) Connectivity between uses and activities and mobility options;

(4) Diversity of uses and activities;

(5) Quality of building and site design;

(6) Protection and enhancement of the natural environment; and

(7) Advanced dedication of right-of-way.

Sections 59-C-15.82 through 59-C-15.88 indicate the types of public benefits that may be accepted in each of these categories.

(b) In approving any incentive density based on the provision of public benefits, the Planning Board must consider:

(1) The policy objectives and priorities of the applicable master or sector plan;

(2) Any applicable design guidelines and any adopted public benefit standards and guidelines;

(3) The size and configuration of the tract;

(4) The relationship of the site to adjacent properties;

(5) The presence or lack of similar public benefits nearby; and

(6) Enhancements that increase public access to or enjoyment of the benefit.

(c) Any incentive density increase approved by the Planning Board for an optional method of development application must satisfy Subsection 59-C-15.87(a).

(d) The Planning Board must adopt, publish, and maintain guidelines that detail the standards and requirements for public benefits that may be provided for incentive density. The guidelines must:

(1) be consistent with the recommendations and objectives of the applicable master or sector plan and the purpose of the CR zones;

(2) be in addition to any standards, requirements, or rules of incentive density calculation included in this Division, but may not supersede those provisions;

(3) allow any single feature of a project a density incentive from only 1 public benefit;

(4) only address the public benefits listed in Sections 59-C-15.82 through 59-C-15.88 and must not add a public benefit category; and

(5) include the criteria to determine when an early dedication of right-of-way qualifies for incentive density, and the amount of the incentive density permitted.

59-C-15.82. Incentives for master-planned major public facilities.

Major public facilities such as schools, libraries, recreation centers, urban parks, and county service centers provide public services at convenient locations, centers for community meetings, and civic events. Because of their significance in place-making, the Planning Board may approve incentive density of up to 70 percent for the conveyance of a site and/or construction of a major public facility that is designated on a master plan or sector plan and is accepted for use and operation by the appropriate public agency, community association, or nonprofit organization.

59-C-15.83. Incentives for transit proximity.

In order to encourage greater use of transit, control sprawl, and reduce vehicle miles traveled, congestion, and carbon emissions, the Planning Board may approve incentive density for transit proximity under this section. The percentage of incentive density awarded to a project for transit proximity is as follows:

Transit Proximity	Level 1	Level 2
Adjacent or confronting	50%	30%
Within ¼ mile	40%	25%
Between ¼ and ½ mile	30%	20%
Between ½ and 1 mile	20%	15%

(a) A project is adjacent to or confronting a transit station or stop if it shares a property line, easement line, or is separated only by a right-of-way from an existing or planned transit station or stop and 100 percent of the gross tract area submitted in a single sketch plan application is within ¼ mile of the transit portal.

(b) (1) For all other projects to qualify for incentive density availability at the other distances, at least 75 percent of the gross tract area in a single sketch plan application must be within the range for which the incentive is proposed.

(2) The incentive density for projects less than 75 percent of the gross tract in 1 distance range must be calculated as the weighted average of the percentage of area in each range.

59-C-15.84. Incentives for connectivity and mobility.

In order to enhance connectivity between uses and amenities and increase mobility options; encourage non-automotive travel for short and multi-purpose trips as well as for commuting; facilitate social and commercial interaction; provide opportunities for healthier living; and stimulate local businesses, the Planning Board may approve incentive density of up to 30% for a project that provides at least 2 of the following public benefits:

(a) Neighborhood Services: Safe and direct pedestrian access to 10 different retail services on site or within ¼ mile, of which at least 4 have a maximum retail bay floor area of 5,000 square feet.

(b) Minimum Parking: Provision of the minimum required parking for projects of one acre of gross tract area or more.

(c) Through-Block Connections: Safe and attractive pedestrian connections between streets.

(d) Public Parking: Provision of up to the maximum number of parking spaces allowed in the zone as public parking.

(e) Transit Access Improvement: Ensuring that access to transit facilities meets County standards for handicapped accessibility.

(f) Trip Mitigation: A binding and verifiable Traffic Mitigation Agreement to reduce the number of weekday morning and evening peak hour trips attributable to the site in excess of any other regulatory requirement; the agreement must result in a non-auto driver mode share of at least 50% for trips attributable to the site.

59-C-15.85. Incentives for diversity of uses and activities.

In order to increase the variety and mixture of land uses, types of housing, economic diversity, and community activities; contribute to development of a more efficient and sustainable community; reduce the necessity for automobile use; and facilitate healthier lifestyles and social interaction, the Planning Board may approve incentive density of up to 30% for a project that provides affordable housing or a public facility, as described below, or at least 2 of the other following public benefits:

(a) Affordable Housing: All residential development must comply with the requirements of Chapter 25A for the provision of Moderately Priced Dwelling Units (MPDUs) and may provide Workforce Housing Units (WFHUs) under Chapter 25B.

(1) MPDU Incentive Density: Provision of MPDUs above the minimum required is calculated on the total number of dwelling units as required by Chapter 25A, and the percent of incentive density increase is based on the proposed FAR for the entire project.

Example: Provision of 14.5% MPDUs is awarded an incentive density of 20% (see 25A-5(c)(3)). In the case of a CR 4.5 zone that proposes 4.5 FAR, that equals 0.20 x 4.0 (the incentive density), which is 0.8 FAR.

(2) WFHU Incentive Density: Provision of WFHUs is calculated at the following rate: 2 times the percentage of units provided as WFHUs.

Example: Provision of 5% WFHUs is awarded incentive density of 10%; provision of 12% WFHUs is awarded incentive density of 24%.

(b) Adaptive Buildings: Provision of buildings with minimum floor-to-floor heights of at least 15 feet on any floor that meets grade and 12 feet on all other floors. Internal structural systems must be able to accommodate various types of use with only minor modifications.

(c) Care Centers: Child or adult day care facilities.

(d) Small Business Retention: Provision of on-site space for small, neighborhood-oriented businesses.

(e) Dwelling Unit Mix: Provision of at least 7.5% efficiency units, 8% 1-bedroom units, 8% 2-bedroom units, and 5% 3-or-more bedroom units.

(f) Enhanced Accessibility for the Disabled: Provision of dwelling units that satisfy American National Standards Institute A117.1 Residential Type A standards or units that satisfy an equivalent County standard.

59-C-15.86. Incentives for quality building and site design.

High quality design is especially important in urban, integrated-use settings to ensure that buildings and uses are compatible with each other and adjacent communities and to provide a harmonious pattern of development. Due to the increased density of these settings, buildings tend to have high visibility. High quality design may help to attract residents and businesses to locate in these settings. Location, height, massing, facade treatments, and ornamentation of buildings affect sense of place, orientation, and the perception of comfort and convenience. The quality of the built environment affects light, shadow, wind, and noise, as well as the functional and economic value of property. In order to promote high quality design, the Planning Board may approve incentive density of up to 30% to a project that provides at least 2 of the following public benefits:

(a) Historic Resource Protection: Preservation and/or enhancement of a historic resource indicated on the Master Plan for Historic Preservation in conformance with a plan approved by the Historic Preservation Commission. A fee-in-lieu for a specific preservation project may be paid to the Historic Preservation Division as specified in the Guidelines for Public Benefits.

(b) Structured Parking: Parking provided within a structure or below-grade.

(c) Tower Setback: Setback of building by a minimum of 6 feet beyond the first floor facade at a maximum height of 72 feet.

(d) Public Art: Provision of public art must be reviewed for comment by the Public Arts Trust Steering Committee. A fee-in-lieu may be paid to the Trust as specified in the Guidelines for Public Benefits.

(e) Public Open Space: Provision of open space in addition to the minimum required by the zone. Public open space must be easily accessible to the pubic during business hours and/or at least from sunrise to sunset and must contain amenities such as seating, plantings, trash receptacles, kiosks, and water features.

(f) Streetscape: Construction of off-site streetscape in addition the requirements of this division.

(g) Exceptional Design: Building design that provides innovative solutions in response to the immediate context; creates a sense of place and serves as a landmark; enhances the public realm in a distinct and original manner; introduces new materials, forms, or building methods; uses design solutions to make compact infill development living, working, and shopping environments more pleasurable and desirable; and integrates low-impact development methods into the overall design of the site and building.

59-C-15.87. Incentives for protection and enhancement of the natural environment.

In order to combat sprawl and mitigate or reverse environmental problems such as heat from the built environment, inadequate carbon-sequestration, and pollution caused by reliance on the automobile, the Planning Board may approve a density increase up to 30% for the public benefits in this Subsection:

(a) CR zones require the purchase of BLT easements or payment to the Agricultural Land Preservation Fund for at least 5% but no more than 30% of the incentive density under the following conditions.

(1) Any private BLT easement must be purchased in whole units; or

(2) BLT payments must be made to the Agricultural Land Preservation Fund, based on the amount established by Executive Regulations under Chapter 2B; if a fraction of a BLT easement is needed, a payment based on the gross square footage of incentive density must be made to the Agricultural Land Preservation Fund for at least the fraction of the BLT easement.

(3) (A) For the first 5% of incentive density, each BLT easement purchase or payment allows 20,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.

(B) For the incentive density above 5%, each BLT easement purchase or payment allows 30,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.

(b) Energy Conservation and Generation: Provision of energy-efficiency that exceeds standards for the building type by 17.5% for new buildings or 10% for existing buildings, or provision of renewable energy generation facilities on-site or within ½ mile of the site for a minimum of 2.5% of the projected energy requirement.

(c) Green Wall: Installation and maintenance of a vegetated wall that covers at least 30% of any blank wall or parking garage facade visible from a public street or open space.

(d) Tree Canopy: Coverage at 15 years of growth of at least 25% of the on-site open space.

(e) Vegetated Area: Installation of plantings in a minimum of 12 inches of soil covering at least 5,000 square feet of previously impervious surfaces. This does not include vegetated roofs.

(f) Vegetated Roof: Provision of a vegetated roof with a soil depth of at least 4 inches covering at least 33% of a building's roof, excluding space for mechanical equipment.

59-C-15.88. Advanced dedication of right-of-way.

When sketch plans or site plans are approved, the Planning Board may allow an incentive density not to exceed 30% for a prior dedication of rights-of-way for roadways, sidewalks, or bikeways recommended in the applicable master or sector plan, if the County or the State is responsible for constructing the facility on the right-of-way.

(Legislative History: Ord. No. 16-44, § 1.)

59-C-15.9. Existing approvals.

(a) One or more lawfully existing buildings or structures and the uses therein, which predate the applicable sectional map amendment, are conforming structures or uses, and may be continued, renovated, repaired, or reconstructed to the same size and configuration, or enlarged up to a total of 10 percent above the total existing floor areas of all buildings and structures on site or 30,000 square feet, whichever is less, and does not require a site plan. Enlargements in excess of the limitations in this Subsection will require compliance with the full provisions of this Division.

(b) A project that received an approved development plan under Division 59-D-1 or schematic development plan under Division 59-H-2 before the enactment of the CR zones may proceed under the binding elements of the development plan and will thereafter be treated as a lawfully existing building, and may be renovated or reconstructed under Subsection (a) above. Such development plans or schematic development plans may be amended as allowed under Division 59-D-1 or 59-H-2 under the provisions of the previous zone; however, any incremental increase in the total floor area beyond that allowed by Subsection (a) above or any incremental increase in building height greater than 15 feet requires, with respect to the incremental increase only, full compliance with the provisions of this Division.

(c) At the option of the owner, any portion of a project subject to an approved development plan or schematic development plan described in Subsection (b) above may be developed under this Division. The remainder of that project continues to be subject to the approved development plan or schematic development plan, under Subsections (a) and (b).

(d) A project which has had a preliminary or site plan approved before the applicable sectional map amendment may be built or altered at any time, subject to either the full provisions of the previous zone or this division, at the option of the owner. If built under the previous approval, it will be treated as a lawfully existing building and may be renovated or reconstructed under Subsection (a) above. If built with an incremental increase over the previous approval, only that incremental increase must comply with this Division.

(Legislative History: Ord. No. 16-44, § 1.)

Ordinance No: 17-09
Zoning Text Amendment No: 11-01
Concerning: Commercial/Residential zones – Neighborhood and Town zones
Draft No. & Date: 9 – 10/11/11
Introduced: April 12, 2011
Public Hearing: May 17, 2011
Adopted: October 11, 2011
Effective: October 31, 2011

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND SITTING AS THE DISTRICT COUNCIL FOR THAT PORTION OF THE MARYLAND-WASHINGTON REGIONAL DISTRICT WITHIN MONTGOMERY COUNTY, MARYLAND

By: Council President Ervin at Request of the Planning Board

AN AMENDMENT to the Montgomery County Zoning Ordinance to:

- **establish** the Commercial/Residential Neighborhood (CRN) and Commercial/Residential Town (CRT) zones; and
- generally amend the Commercial/Residential zones.

By **amending** the following Division to the Montgomery County Zoning Ordinance, Chapter 59 of the Montgomery County Code:

DIVISION 59-C-15 "COMMERCIAL/RESIDENTIAL [(CR)] ZONES"

EXPLANATION:	***Boldface*** *indicates a heading or a defined term.* *Underlining indicates text that is added to existing laws by the original text amendment.* *[Single boldface brackets] indicate text that is deleted from existing law by the original text amendment.* *Double underlining indicates text that is added to the text amendment by amendment.* *[[Double boldface brackets]] indicate text that is deleted from the text amendment by amendment.* * * * *indicates existing law unaffected by the text amendment.*

OPINION

Zoning Text Amendment No. 11-01 was introduced on April 12, 2011 by Council President Ervin, at the request of the Planning Board.

The initial Planning Board Draft Kensington Sector Plan proposed using CR zones to implement the Plan. The Planning, Housing, and Economic Development Committee did not believe that CR zones were appropriate because of the burdens it placed on development. The Committee asked the Planning Board to develop zones more appropriate for Kensington, Takoma/Langley, and Wheaton. The Planning Board responded with a request to introduce ZTA 11-01 on March 11, 2011. In the Planning Board's opinion, ZTA 11-01 has 3 functions:

(1) establish new Commercial/Residential Neighborhood (CRN) zones;
(2) establish new Commercial/Residential Town (CRT) zones; and
(3) enact various amendments to the Commercial/Residential (CR) zones, some related to integrating the new CRN and CRT zones, and some representing improvements and clarifications resulting from experience with the CR zones since their adoption.

The Commercial/Residential Neighborhood (CRN) and Commercial/Residential Town (CRT) zones were developed for areas where there are smaller properties, lower densities, and more challenging economic conditions. The new zones are structured like the current CR zones; the total floor area ratio (FAR), the residential FAR, the non-residential FAR, and the maximum building height are identified with each zone. One zoning series is needed for areas where existing commercial zones are located next to single-family residential neighborhoods. Another zoning series is needed for areas where requiring too many public benefits might impede redevelopment. The allowed land uses and development standards vary with each zone. The CRN zones would have the most limited land uses of the 3 commercial/residential zones. Optional method development would not be allowed in CRN zones.

The Montgomery County Planning Board, in its letter to the Council dated May 13, 2011, recommended that the text amendment be approved with amendments to the provisions for parking requirements in the CRN and CRT zones, sketch plan amendments during the site plan approval process, and the definition of transit proximity. The Board's recommendations were based on testimony from its hearing and its deliberations thereafter.

The County Council held a public hearing on May 17, 2011 to receive testimony concerning the proposed text amendment. The text amendment was referred to the Planning, Housing, and Economic Development Committee for review and recommendation.

The PHED Committee took a hard look at the Planning Board's recommendations. It recommended strengthening the role of master plans; maintaining the current role of design guidelines; clarifying the sketch plan process as recommended by the Planning Board; amending the parking provisions as recommended by the Planning Board; protecting neighborhoods by limiting land uses in CRN zones; increased incentives for MPDUs above the minimum required;

adding a provision for retaining existing buildings; and allowing a shorter list of public benefits for projects zoned CR or CRT after the approval of ZTA 11-01.

The shorter list of public benefits deleted environmental and some design provisions and amended transit-related public benefits. A majority of the Committee believed that much of the deleted public benefits could be required elements of a development for which additional density should not be granted. A majority of the Committee also believed that a reduced list of public benefits would focus on more important benefits, such as affordable housing. The detailed recommendation of the Committee is identified in the staff memorandum to the Council for its October 4, 2011. This opinion incorporates that memorandum by reference.

On September 19, 2011, the Committee recommended the approval of ZTA 11-01, with amendments identified in the October 4, 2011 staff memorandum to the Council. The Committee's recommendation was developed after the Committee held previous worksessions on June 13, June 22, June 23, June 27, June 30, July 11, July 14, and July 18, 2011.

The District Council reviewed Zoning Text Amendment No.11-01 at worksessions held on September 27, October 4, and October 11, 2011. After a review of the Committee's recommendations and deliberations on the testimony received, the Council agreed with most of the recommendations of the Planning, Housing, and Economic Development Committee; however, the Council did not agree with the Committee's recommendations concerning the definition of transit proximity and the list of public benefits. The Council agreed with Councilmember Floreen's substitute amendment to accomplish that objective.

The Council agreed with the Planning Board's May 13, 2011 recommendation for the definition of transit proximity and the treatment of development that satisfies the definition. The Council believed that it is in the public interest to make it easier to develop nearest transit than to develop further from transit. A recommendation to delete the benefits for a project located between ½ mile and 1 mile from transit was not approved.

The Council agreed with the Committee's recommendations for increased public benefit points for affordable housing and new public benefits for retaining existing buildings, but added the 5 new public benefits recommended by the Planning Board:

1) way-finding signage;
2) live/work units;
3) architectural elevations;
4) habitat preservation/restoration; and
5) cool roofs.

In the Council's opinion, the increased list of benefits added the flexibility needed in softer markets. It also avoided the need to have one set of public benefit rules in White Flint and the Shady Grove Science Corridor and a different set of rule outside of those areas. On October 4 and October 11, 2011, the Council made 9 changes to the ZTA as amended by Councilmember Floreen. The Council:

1) allowed teen centers as a public benefit and defined teen centers;
2) allowed "clinics" as a "limited" use in CRN zones;
3) allowed public benefit points for neighborhood services, only if the applicant is providing small retail space in an area where retail choices do not exist, with a grandfathering provision for sketch plans approved before October 11, 2011;
4) allowed fewer public benefit points for small lots and properties zoned at lower density;
5) required that optional method projects substantially conform to Planning Board approved design guidelines;
6) lowered the maximum total density, residential density, non-residentail density, and height in CRN zones;
7) clarified the triggers for site plan review;
8) excluded land zoned residential or agricultural, but used for commercial, industrial, or utility uses, from setback, density averaging, and land use protections;
9) allowed staff to make editorial changes.

The Council was particularly concerned that CRN zones may replace CT zones. CT zoning sometimes has lower heights, lower density, and restrictive land uses enforced by binding covenants. Expanding the allowable range of options will help the Council to implement master plans. The Council approved master or sector plan would still guide the zone applied.

There are 3 provisions in ZTA 11-01 that protect one-family zoned and agriculturally zoned properties. Projects may not average density in a manner that exceeds the density of the zone abutting the protected zones. Projects that include limited land uses are required to get site plan approval. Setbacks are specified. The Council wants to protect single-family communities and farmland. The reason for protection no longer exists when the neighboring property is zoned for residential or agricultural purposes but the land use is non-residential (commercial, industrial, or utility use).

ZTA 11-01 as recommended by the Planning Board included 20 public benefit categories, with a maximum number of public benefit points that could be awarded by the Planning Board. In addition, the Planning Board recommended 14 public benefits that had a minimum number of points designated but no maximum number of points. The Council determined that, to make the appropriate delegation of authority, upper bounds for public benefit points were in order for all public benefit categories.

The Council was also satisfied that ZTA 11-01 includes provisions to allow the Planning Board to disapprove a project if the package of public benefits does not sufficiently conform to the master plan and public needs created by the development. The Planning Board Chair agreed that the ZTA will be administered using that discretion.

The Council did not change the applicability provisions as submitted by the Planning Board. The Council wanted to retain the opportunity to apply the zones after a full examination in a master plan, without being constrained by strict standards. The Council retained the provision that only allowed the application of the CR, CRN, and CRT zones by the specific recommendation of a master plan. In doing so, the Council did not intend to prejudge if that provision might be retained or amended when it considers a rewritten zoning ordinance.

For these reasons, and because to approve this amendment will assist in the coordinated, comprehensive, adjusted and systematic development of the Maryland-Washington Regional District located in Montgomery County, Zoning Text Amendment No. 11-01 will be approved as amended.

ORDINANCE

The County Council for Montgomery County, Maryland, sitting as the District Council for that portion of the Maryland-Washington Regional District in Montgomery County, Maryland, approves the following ordinance:

Sec. 1. Division 59-C-15 is amended as follows:

* * *

DIVISION 59-C-15. COMMERCIAL/RESIDENTIAL [(CR)] ZONES

59-C-15.1. Zones established.

59-C-15.11. [The Commercial/Residential (CR) zones are established as combinations of a sequence of 4 factors: maximum total floor area ratio (FAR), maximum non-residential FAR, maximum residential FAR, and maximum building height.]

(a) There are 3 commercial/residential classifications with variable uses, density and height limits, general requirements, development standards, and public benefit requirements to respond to different settings. These zone classifications are:

(1) CR Neighborhood (CRN);

(2) CR Town (CRT); and

(3) CR (CR).

(b) [These zones are identified by] Each CRN, CRT, or CR zone classification is followed by a number and a sequence of 3 additional symbols: [CR,] C, R, and H, each followed by a number where:

[(a)](1) the number following the [symbol "CR"-] CRN, CRT, or CR is the maximum total FAR;

[(b)](2) the number following the [symbol] "C" is the maximum non-residential FAR;

[(c)](3) the number following the [symbol] "R" is the maximum residential FAR; and

[(d)](4) the number following the [symbol] "H" is the maximum building height in feet.

(c) The Commercial/Residential zones must be applied on the zoning map that will show, for each property classified:

(1) the commercial/residential classification; and

(2) the 4 standards (total, non-residential, and residential densities and building height).

(d) This Division uses examples and illustrations to demonstrate the intent of the CR zones. [The] These examples [in this Division] and illustrations do not add, delete, or modify any provision of this Division. [Examples are provided only to demonstrate particular applications of the provisions in the Division. Examples are not intended to limit the provisions.]

59-C-15.12. Density and height allocation.

59-C-15.121. Density and height limits.

(a) Each [[unique sequence of]] CRN, CRT, or CR[[,]] classification and unique sequence of C, R, and H is established as a zone under the following limits:

Category	**Maximum Total FAR**	**Maximum C or R FAR**	**Maximum H**
CRN	[[0.5]] 0.25 to 1.5	[[.25]] 0 to 1.5	[[40]] 25 to 65
CRT	0.5 to 4.0	0.25 to 3.5	40 to 150
CR	0.5 to 8.0	0.25 to 7.5	40 to 300

(b) Zones may be established and mapped at densities in increments of 0.25 and heights in increments of 5 feet, within the ranges indicated in the table.

> *Example:* Under the provisions of Sections (a) and (b) above, the CRN zones may establish maximum total densities of 0.25, 0.5, 0.75, 1.0, 1.25, or 1.5 FAR, and maximum heights of 25, 30, 35, 40, 45, 50, 55, 60, or 65. The range of densities

and heights from which the various CRN zones can be established and mapped provides guidance to the Planning Board's recommendation and to the Council when [[appling]] applying a particular zone. Once the zone is approved on a zoning map, it allows a [[developer]] property owner to build at any height and density up to the maximum. For example, a property owner whose land is zoned at CRN-1.0 C-0.5 R-1.0 H-45 could elect to build at a 1.0 FAR with a height of 35 feet or 0.75 FAR and 42 feet, or any other combination up to 1.0 FAR and 45 feet.

[(a) the maximum total FAR must be established as an increment of 0.25 from 0.5 up to 8.0;

(b) the maximum non-residential and residential FAR must be established as an increment of 0.25 from 0.25 up to 7.5; and

(c) the maximum height must be established as an increment of 5 feet up to 100 feet and an increment of 10 feet from 100 feet up to 300 feet.]

[59-C-15.121]59-C-15.122. Density averaging.

Permitted density may be averaged over 2 or more directly abutting or confronting lots or parcels in one or more CRN, CRT, or CR zones, provided that:

(a) the lots or parcels are subject to the same site plan or sketch plan; however, if a sketch plan is required, density averaging must be shown on the sketch plan;

(b) the lots or parcels are created by the same preliminary subdivision plan or satisfy a phasing plan established by an approved sketch plan;

(c) the maximum total [density and][[,]] non-residential and residential density limits apply to the entire development, not to individual lots or parcels;

(d) no building may exceed the maximum height set by the zone;

(e) [public benefits must be provided under the phasing element of an approved sketch plan] uses are subject to the provisions of the property's zone classification;

(f) the total allowed maximum density [of] on a lot or parcel [zoned CR] that is adjacent to or confronting [one-family residentially zoned or agriculturally zoned lots or parcels] a lot or parcel in a one-family residential zone or an agricultural zone, that is not improved with a commercial, industrial, or utility use, may not [be exceeded] exceed that allowed by the lot or parcel's commercial/residential zone; and

(g) [the resulting development must conform to the design and land use objectives of the applicable master or sector plan and design guidelines.] public benefits must be provided under the phasing element of an approved sketch plan.

59-C-15.13. Applicability.

The CRN, CRT, and CR zones can only be applied when specifically recommended by an approved and adopted master or sector plan and only by [the] sectional map amendment [process].

Examples:

- An area zoned [CR-2.0] [[CRN1.5, C1.0, R1.0, [H80] H45]] CRN-1.5 C-1.0 R-1.0 H-45 allows a total FAR [of 2.0] up to 1.5, with maximum non-residential and residential FARs of 1.0, thereby requiring [an equal] a mix of uses to obtain the total FAR allowed. The height for any building in this zone is limited to [80] 45 feet.
- An area zoned [[CR[-]6.0, C3.0, R5.0, H200]] CR-6.0 C-3.0 R-5.0 H-200 allows [a residential FAR of up to 5.0,] a non-residential FAR [of] up to 3.0, a residential FAR up to 5.0, and a mix of the two uses could yield a total FAR of 6.0. This combination allows for flexibility in the market and shifts in the surrounding context. The height for any building in this zone is limited to 200 feet.
- An area zoned [CR-4.0] [[CRT3.5, [C4.0] C3.5, [R4.0] R3.5, [H160] H100]] CRT-3.5 C-3.5 R-3.5 H-100 allows complete flexibility in the mix of uses, including buildings with no mix, because the maximum allowed non-residential and residential FARs are both

equivalent to the total maximum FAR allowed. The height for any building in this zone is limited to [160] 100 feet.

59-C-15.2. Description and objectives of the CR zones.

The CRN, CRT, and CR zones permit a mix of residential and non-residential uses at varying densities and heights. The zones promote economically, environmentally, and socially sustainable development patterns where people can live, work, recreate, and have access to services and amenities while minimizing the need for automobile use. The application of the CR zones is appropriate where ecological impacts can be moderated by co-locating housing, jobs, and services. The objectives of the CRN, CRT, and CR zones are to:

(a) implement the policy recommendations of applicable master and sector plans;

(b) target opportunities for redevelopment of single-use areas and surface parking lots with a mix of uses;

(c) reduce dependence on the automobile by encouraging development that integrates a combination of housing types, mobility options, commercial services, and public facilities and amenities;

(d) allow a mix of uses, densities, and building heights appropriate to various contexts to ensure compatible relationships with adjoining neighborhoods;

(e) [encourage] allow an appropriate balance of employment and housing opportunities [and compatible relationships with adjoining neighborhoods;

(e) establish the maximum density and building height for each zone, while retaining appropriate development flexibility within those limits]; and

(f) standardize optional method development by establishing minimum requirements for the provision of [the] public benefits that will support and accommodate density above the standard method limit.

59-C-15.3. Definitions specific to the CR zones.

The following words and phrases, as used in this Division, have the meaning indicated. The definitions in Division 59-A-2 otherwise apply.

Car share space: a parking space that serves as the location of an in-service vehicle used by a vehicle-sharing service.

Cultural institutions: public or private institutions or businesses, including: art, music, and photographic studios; auditoriums or convention halls; libraries and museums; recreational, performance, or entertainment establishments, commercial; theater, indoor; theater, legitimate.

Day care facilities and centers: facilities and centers that provide daytime care for children and/or adults, including: child [[daycare]] day care facility (family day care, group day care, child day care center, teen center); [[daycare]] day care facility for not more than 4 senior adults and persons with disabilities; and day care facility for senior adults and persons with disabilities.

Frontage: a property line shared with an existing or master-planned public or private road, street, highway, or alley right-of-way or easement boundary.

Limits of Disturbance: an area on a certified site plan within which all construction work must occur.

Live/Work unit: Buildings or spaces within buildings that are used jointly for non-residential and residential purposes [where the residential use of the space may be secondary or accessory to the primary use as a place of work].

Manufacturing and production, artisan: The manufacture and production of commercial goods by a skilled manual worker or craftsperson, such as jewelry, metalwork, cabinetry, stained glass, textiles, ceramics, or hand-made food products; however, it does not include any activity which causes noise, odor, or vibration to be detectable on a neighboring property.

Public Arts Trust Steering Committee: A committee of the Arts and Humanities Council that allocates funds from the Public Arts Trust.

Public owned or operated uses: Activities that are located on land owned by or leased and developed or operated by a local, county, state, or federal body or agency.

Recreational facilities, participatory: Facilities used for sports or recreation.

Reconstruction: Building the same or less floor area on or within the footprint of a demolished or partially demolished building.

Renovation: An interior or exterior alteration that does not affect a building's footprint.

Seasonal Outdoor Sales: A lot or parcel where a use or product is offered annually for a limited period of time during the same calendar period each year. The availability or demand for the use or product is related to the calendar period, such as Christmas trees, pumpkin patches, or corn mazes.

Teen Center: A supervised building, or a supervised area of a building, which provides a facility for the social, recreational, or educational use of children between the ages of 12 and 18. At least 80 percent of the facility's hours of operation must be for the use of teenagers.

Tenant Footprint: The horizontal area measured within the exterior walls for the ground floor of the main structure allocated to each non-residential tenant or owner-occupant.

Transit proximity: Transit proximity is categorized in two levels: 1. proximity to an existing or master planned Metrorail Station; 2. proximity to an existing or master planned station or stop along a rail or bus line with a dedicated, fixed path. All distances for transit proximity are measured from the nearest transit station entrance or bus stop entrance. [[To qualify as a planned station or stop , the station or stop must have funds appropriated in the relevant Capital Improvement Program.]]

59-C-15.4. Methods of development and approval procedures.

[Two methods of development are available under the CR zones] The CRN zones allow development only under the standard method. The CRT and CR zones allow development under the standard method and may allow development under the optional method.

59-C-15.41. Standard Method.

Standard method development [must comply with the general requirements and development standards of the CR zones] is allowed under the following requirements.

(a) In the CRN zones, the maximum total, non-residential, and residential densities and maximum building height for any property are shown on the zoning map.

(b) In the CRT and CR zones, the maximum standard method density is the lesser of the density shown on the zoning map or:

Category	**Maximum Total Density**
CRT	The greater of 1.0 FAR or 10,000 gross square feet of floor area.
CR	The greater of 0.5 FAR or 10,000 gross square feet of floor area.

(c) A site plan approval under Division 59-D-3 is required for a standard method development [project] only if the development:

[(a)] (1) is a Limited Use;

(2) [the] [[includes a gross floor area [exceeds] exceeding 10,000 square feet;]] [or] is located in a CRN zone and results in 10,000 square feet

or more of floor area, including any existing floor area, except where Section 59-C-15.9(a) applies;

(3) is located in a CRT or CR zone and results in 10,000 square feet or more of floor area in addition to any floor area existing when the CRT or CR zone was applied, except where Section 59-C-15.9(a) applies;

(4) includes a building height exceeding 40 feet; [[or]]

[(b)] [[(4)]](5) [any building or group of buildings contains] includes 10 or more dwelling units; or

(6) includes a drive-through facility.

59-C-15.42. Optional method.

Optional method development [must comply with the general requirements and development standards of the CR zones and must provide public benefits under Section 59-C-15.8 to obtain greater density and height than allowed under the standard method of development. A sketch plan and site plan are required for any development using the optional method. A sketch plan must be filed under the provisions below; a site plan must be filed under Division 59-D-3. Any required preliminary subdivision plan must not be submitted before a sketch plan is submitted] is allowed under the following requirements.

(a) The maximum total, non-residential, and residential densities and building height for any property are set by the zone shown on the zoning map.

(b) A sketch plan must be submitted under Section 59-C-15.43.

(c) Site plan(s) must be submitted under Division 59-D-3.

(d) Public benefits must be provided under Section 59-C-15.8.

59-C-15.43. Sketch plan.

Any optional method development in the CRT and CR zones requires an approved sketch plan. Any required preliminary plan of subdivision or site plan may [[not]]

be submitted [[before a sketch plan has been approved]] when a sketch plan is submitted, or any time thereafter.

(a) A sketch plan application must contain:

(1) a justification statement that addresses how the project meets the requirements and standards of this Division [for optional method development] and describes how the development will further the objectives of the applicable master or sector plan;

(2) [an] illustrative [plan] plans [or model that shows] showing:

(A) [the maximum densities for residential and non-residential uses, massing, and heights of buildings] building densities, massing, heights, and the anticipated mix of uses;

(B) locations of public use and other open spaces;

(C) pedestrian, bicycle, and vehicular circulation, parking, and loading; and

(D) [the] relationships between existing or proposed adjacent buildings [on adjoining tracts] and rights-of-way;

(3) [an illustrative diagram of proposed vehicular, pedestrian, and bicycle access, circulation, parking, and loading areas;

(4)] a table of proposed public benefits and the incentive density requested for each; and

[(5)](4) [the] a general phasing outline of structures, uses, rights-of-way, sidewalks, dedications, public benefits, and future preliminary and site plan applications.

(b) Procedure for a sketch plan:

(1) Before filing a sketch plan application, an applicant must comply with the provisions of the Manual for Development Review Procedures, as amended, that concern the following:

(A) notice;

(B) posting the site of the application submittal; and

(C) holding a pre-submittal meeting.

(2) A public hearing must be held by the Planning Board on each sketch plan application no later than 90 days after the filing of an optional method development application, unless a request to extend this period is requested by the applicant, Planning Board staff, or other interested parties. A request for an extension must be granted if the Planning Board finds it not to constitute prejudice or undue hardship on any interested party. A recommendation regarding any request for extension must be acted upon [as a consent agenda item] by the Planning Board on or before the 90-day hearing period expires. Notice of the extension request and recommendation by Staff must be posted no fewer than 10 days before the item's agenda date.

(3) No fewer than 10 days before the public hearing on a sketch plan, Planning Board staff must submit its analysis of the application, including its findings, comments, and recommendations with respect to the requirements and standards of this [[division]] Division and any other matters that may assist the Planning Board in reaching its decision on the application. This staff report must be included in the record of the public hearing.

(4) The Planning Board must act within 30 days after the close of the record of the public hearing, by majority vote of those present and voting based upon the hearing record, to:

(A) approve;

(B) approve subject to modifications, conditions, or binding elements; or

(C) disapprove.

(c) In approving a sketch plan, the Planning Board must find that the following elements are appropriate in concept and appropriate for further detailed review at site plan. The sketch plan must:

(1) [The plan: (A) meets the] meet the objectives, general requirements, and standards of this Division;

(2) [(B) will further] further the recommendations and objectives of the applicable master or sector plan;[and (C) will provide more efficient and effective development of the site than the standard method of development;]

[(2)](3) [The proposed building massing and height and public use and other open spaces are located and scaled to achieve] achieve compatible internal and external relationships [with each other and with] between existing and proposed nearby buildings, [and] open space [adjacent to the site and with adjacent communities], and uses;

[(3)](4) [The] provide satisfactory general vehicular, pedestrian, and bicyclist access, circulation, parking, and loading [areas are adequate, safe, and efficient];

[(4)](5) [The proposed] propose an outline of public benefits [and associated] that supports the requested incentive density [will further the objectives of the applicable master or sector plan and the objectives of the CR zones]; and

[(5)](6) [The general] establish a feasible and appropriate provisional phasing [of] plan for all structures, uses, rights-of-way, sidewalks, dedications, public benefits, and future preliminary and site [plans is feasible and appropriate to the scale and characteristics of the project] plan applications.

(d) During site plan review, the Planning Board may approve [[modifications to the binding elements or conditions of an approved sketch plan.

(1) If changes to a sketch plan are requested by the applicant, notice of the site plan application must identify those changes requested. The applicant has the burden of persuading the Planning Board that such changes should be approved.

(2) If changes are recommended after the application is made, notice of the site plan hearing must identify changes requested.

(3) In acting to approve a sketch plan modification as part of site plan review, the Planning Board must make the findings required in Section 59-C-15.42(c) in addition to those required by Section 59-D-3]] amendments to the binding elements of an approved sketch plan.

(1) Amendments to the binding elements may be approved, if such amendments are:

(A) requested by the applicant;

(B) recommended by the Planning Board staff and agreed to by the applicant; or

(C) made by the Planning Board, based on a staff recommendation or on its own initiative, if the Board finds that a change in the relevant facts and circumstances since sketch plan approval demonstrates that the binding element either is not consistent with the applicable master or sector plan or does not meet the requirements of the zone.

(2) Notice of proposed amendments to the binding elements must be identified in the site plan application if requested by the applicant, or in the final notice of the site plan hearing if recommended by Planning Board staff and agreed to by the applicant.

(3) For any amendments to the binding elements, the Planning Board must make the applicable findings under Section 59-C-15.43(c), in addition to the findings necessary to approve a site plan under Section 59-D-3.

59-C-15.5. Land uses.

No use is allowed in the CRN, CRT, or CR zones except as indicated below:

- *Permitted Uses* are designated by the letter "P" and are permitted subject to all applicable regulations.
- *Limited Uses* are designated by the letter "L" and are permitted subject to all applicable regulations and the additional restrictions under Section 59-C-15.51.
- *Special Exception Uses* are designated by the letters "SE" and may be authorized as special exceptions under Article 59-G.

Use	CRN	CRT	CR
(a) Agricultural (non-residential)			
Farm and country markets	L	P	P
Farm, limited to crops, vegetables, herbs, and ornamental plants	P	P	P
Nursery, horticultural – retail or wholesale		P	P
Seasonal outdoor sales	P	P	P
(b) Residential			

Use	CRN	CRT	CR
Dwellings	P	P	P
Group homes, small [or large]	P	P	P
Group homes, large	L	P	P
Hospice care facilities	L	P	P
Housing and related facilities for senior adults or persons with disabilities	P	P	P
Life care facilities	P	P	P
Live/Work units	P	P	P
Personal living quarters	P	P	P
(c) Commercial Sales and Service (non-residential)			
Advanced technology and biotechnology		P	P
Ambulance or rescue squads, private	[[L]]	L	P
Animal boarding places	SE	SE	SE
Automobile filling stations		SE	SE
Automobile rental services, excluding storage of vehicles and supplies	P	P	P
Automobile rental services, including storage of vehicles and supplies		L	L
Automobile repair and services		L	P
Automobile sales, indoors	[[L]]	L	P
Automobile sales, outdoors [(except where a municipality prohibits the use within its jurisdiction by resolution)]		L	P
Clinic	L	P	P
Conference centers		P	P
Eating and drinking establishments	L	P	P
Health clubs and gyms	L	P	P
Home occupations, major	SE	SE	SE
Home occupations, registered and no-impact	P	P	P
Hotels and motels	[[L]]	P	P
Laboratories		P	P
Dry cleaning and laundry pick-up stations	P	P	P
Dry Cleaner / Laundry Under 3,000 square feet GFA		P	P
Offices, general	P	P	P
Recreational facilities, participatory	[[L]] SE	P	P
Research, development, and related activities		P	P
Retail trades, businesses, and services of a general commercial nature with each tenant footprint up to 5,000[[sf]] square feet	P	P	P
Retail trades, businesses, and services of a general commercial nature with each tenant footprint between 5,000[[sf]] square feet and 15,000[[sf]] square feet	L	P	P
Retail trades, businesses, and services of a general commercial nature with each tenant footprint between 15,000[[sf]] square feet and 60,000[[sf]] square feet		P	P

Use	CRN	CRT	CR
Retail trades, businesses, and services of a general commercial nature with each tenant footprint over 60,000[[sf]] square feet		L	P
Self-storage facilities		SE	SE
Veterinary hospitals and offices with boarding facilities	SE	L	P
Veterinary hospitals and offices without boarding facilities	P	P	P
Warehousing, not including self-storage, less than 10,000 square feet		P	P
(d) Institutional & Civic (non-residential)			
Charitable and philanthropic institutions	[[L]] P	P	P
Cultural institutions less than or equal to 5,000 square feet GFA	[[L]] P	P	P
Cultural institutions greater than 5,000 square feet GFA		P	P
Day care facilities and centers with over 30 users	L	L	P
Day care facilities and centers with up to 30 users	P	P	P
Educational institutions, private	L	P	P
Hospitals		P	P
Parks and playgrounds, private	P	P	P
Private clubs and service organizations	L	P	P
Publicly owned or publicly operated uses	P	P	P
Religious institutions	P	P	P
(e) Industrial (non-residential)			
Manufacturing and production, artisan	P	P	P
Manufacturing, compounding, processing, or packaging of cosmetics, drugs, perfumes, pharmaceuticals, toiletries, synthetic molecules, and projects resulting from biotechnical and biogenetic research and development		L	P
Manufacturing and assembly of medical, scientific, or technical instruments, devices, and equipment		L	P
(f) Other (non-residential)			
Accessory buildings and uses	P	P	P
Bus terminals, non-public		P	P
Parking garages, automobile		P	P
Public utility buildings, structures, and underground facilities	P	P	P
Radio and television broadcast studios		P	P
Rooftop mounted antennas and related unmanned equipment buildings, cabinets, or rooms	P	P	P

59-C-15.51. Limited Uses.

59-C-15.511. Applicability. Uses designated by an "L" in the land use table are Limited Uses and must comply with the requirements of this Section if they are on properties that are:

(a) [[Located]] located adjacent to a property in a one-family residential or agricultural zone that is not improved with a commercial, industrial, or utility use; or

(b) [[Separated]] separated from such a property only by the right-of-way of a primary, secondary, or tertiary residential street.

Where these circumstances do not apply, the use is considered a permitted use, and Section [[59-C-15.41(c)(1)]] 59-C-15.512 does not apply.

59-C-15.512. Requirements of Limited Uses.

Development applications that include Limited Uses must:

(a) satisfy the site plan requirements of 59-D-3;

(b) comply with the design recommendations of the applicable sector or master plan[[,]] and associated design guidelines; and

(c) ensure compatible relationships with existing and proposed adjacent residential housing through mitigating factors including, but not limited to[[;]]:

(1) increased setbacks;

(2) sound and visual barriers;

(3) decreased structural heights[[,]]; or

(4) diminished site lighting.

59-C-15.6. General requirements.

Development in the CRN, CRT, and CR [zone] zones must comply with the following requirements.

59-C-15.61. Master plan and design guidelines conformance.

Development that requires a site plan must be substantially consistent with the applicable master or sector plan [[, unless the Planning Board finds that events have occurred to render the relevant master or sector plan recommendation no

<u>longer appropriate,</u>]] and must [address] <u>substantially conform to</u> any design guidelines approved by the Planning Board that implement the applicable plan.

[59-C-15.62. Priority retail street frontages.

Development that requires a site plan and is located on a street identified as a priority retail street frontage in the applicable master plan, sector plan, or design guidelines must be developed in a manner that is consistent with the recommendations and objectives of the applicable plan and address any applicable design guidelines approved by the Planning Board that implement the applicable plan.

59-C-15.63. Streetscape.

Streetscape improvements must be consistent with the recommendations of the applicable master or sector plan and must address any Planning Board approved design guidelines that implement the applicable plan.]

[59-C-15.64]<u>59-C-15.62</u>. Bicycle parking spaces and commuter shower/change facility.

[(a) Bicycle parking facilities must be secure and accessible to all residents or employees of the proposed development.

(b) The number of bicycle parking spaces and shower/change facilities required is shown in the following table (calculations must be rounded to the higher whole number):

Bicycle and Shower/Change Facilities Required			
Use	Requirement		
<u>Multi-family</u> Residential			
In a building containing less than 20 dwelling units.	At least 4 bicycle parking spaces.		

In a building containing 20 or more dwelling units.	At least 0.5 bicycle parking spaces per dwelling unit, not to be fewer than 4 spaces and up to a maximum of 100 required spaces.		
In any group living arrangement expressly for senior citizens.	At least 0.1 bicycle parking spaces per unit, not to be fewer than 2 spaces, up to a maximum of 100 required spaces.		
Non-Residential			
In a building with a total non-residential floor area of 1,000 to 9,999 square feet.	At least 2 bicycle parking spaces.		
In a building with a total non-residential floor area of 10,000 to 99,999 square feet.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces.		
In a building with a total non-residential floor area of 100,000 square feet or greater.	Two bicycle parking spaces for the first 10,000 square feet plus one additional space for every additional 10,000 square feet, up to a maximum of 100 spaces. One shower/change facility for each gender available only to employees when the building is accessible.		

]

Instead of the requirements of Article 59-E regarding bicycle parking spaces, development in the CRN, CRT, and CR zones must satisfy the following provisions.

(a) Bicycle Parking Spaces

Use	Publicly Accessible Bike Spaces	Private, Secure Bike Spaces
(1) Multi- family Residential		
In a building containing less than 20 dwelling units	2	4
In a building containing 20 or more dwelling units	0.1 per unit to a maximum requirement of 10	[[0.5]] 0.35 per unit to a maximum requirement of 100
In any group living arrangement expressly for senior citizens	0.1 per unit, not fewer than 2, to a maximum requirement of 100	0.1 per unit, not fewer than 2, to a maximum requirement of 100
(2) Non-Residential		
Total non-residential floor area under 10,000 square feet gross floor area	2	2
Total non-residential floor area between 10,000[[sf]] square feet and 100,000 square feet gross floor area [[(sf)]]	2 per 10,000[[sf]] square feet	1 per 10,000[[sf]] square feet, not fewer than 2, to a maximum requirement of 10
Total non-residential floor area greater than 100,000 square feet gross floor area [[(sf)]]	20	1 per 10,000[[sf]] square feet, not fewer than 10, to a maximum requirement of 100.

(b) For office uses with a total non-residential floor area of 100,000 square feet of gross floor area or greater, one shower/change facility is required for each gender; the facility may be made available only to employees when the building is accessible.

[59-C-15.65]59-C-15.63. Parking.

[(a) (1) For projects that satisfy the requirements for transit proximity levels 1 or 2, the number of parking spaces provided on-site must not exceed the number required under Article 59-E, except that the maximum number of parking spaces for general retail and restaurant uses is 4 spaces for every 1,000 square feet of gross leasable area, and no parking spaces are required for restaurant outdoor patron areas.

(2) All projects that do not satisfy the requirements for transit proximity levels 1 or 2 must meet the parking requirements established under Article 59-E, except that the number of parking spaces for general retail and restaurant uses in Subsection (a)(1) may be provided without a parking waiver.

(b) Except for retail and restaurant uses that satisfy Subsection (a)(1) and projects that do not satisfy transit proximity level 1 or 2, the number of parking spaces required is based on a building's distance from transit as follows:

Parking Requirements				
	Transit Proximity (Level 1 or 2)			
	¼ mile from transit	¼ to ½ mile from transit	½ mile to 1 mile from transit	>1 mile from transit
Non-residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.20	0.40	0.60	0.80
Residential: the number of required spaces under Article 59-E multiplied by the following factor:	0.60	0.70	0.80	0.90

The appropriate parking rates apply to the gross floor area within each distance category.]

Instead of the requirements of Article 59-E regarding parking space numerical requirements, landscaping, and surface parking design, development in the CRN, CRT, and CR zones must comply with the following provisions. All standards and requirements of Article 59-E that are not modified by this Section must be satisfied.

59-C-15.631. Parking Ratios.

Parking spaces must satisfy the following minimums and maximums unless the minimum number of parking spaces is waived under §59-C-15.636. The minimum number of spaces required is equal to the number of parking spaces that would otherwise be required by Division 59-E-3, multiplied by the applicable factor in the table, or at the rate indicated. When a maximum number of spaces is indicated, no more parking than would otherwise be required by Division 59-E-3 may be provided.

Use	**CRN**		**CRT**		**CR**			
Distance from a level 1 or 2 transit station or stop	Up to ½ mile	Greater than ½ mile	Up to ½ mile	Greater than ½ mile	Up to ¼ mile	¼ to ½ mile	½ to 1 mile	Greater than 1 mile
(a) Residential								
Maximum:	None	None	59-E	None	59-E	59-E	59-E	None
Minimum:	0.8	1.0	0.7	0.8	0.6	0.7	0.8	0.9
(b) Retail and restaurant non-residential uses (gross leasable indoor area; no parking spaces are required for outdoor patron area)								
Maximum:	[[59-E]] None	None	[[59-E]] None	None	59-E	59-E	59-E	None
Minimum:	[[0.6]] 4 per 1,000 square feet	[[0.8]] 4 per 1,000 square feet	[[0.4]] 4 per 1,000 square feet	[[0.6]] 4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	4 per 1,000 square feet	[[0.8]] 4 per 1,000 square feet
(c) All other non-residential uses								
Maximum:	59-E	None	59-E	None	59-E	59-E	59-E	None
Minimum:	[[0.6]] 0.8	[[0.8]] 1.0	[[0.4]] 0.6	[[0.6]] 0.8	0.2	0.4	0.6	0.8

(d) The appropriate rates to determine the number of parking spaces apply to the gross floor area of each use within each distance category.

59-C-15.632. Accepted Parking Spaces.

[(c)] Parking requirements must be met by any one or a combination of the following:

[(1)](a) providing the spaces on site;

[(2)](b) constructing publicly available on-street parking; or

[(3)](c) participating in:

(1) a parking lot district;

(2) [or] a shared parking program established by municipal resolution; or

(3) entering into an agreement for shared parking spaces within ¼ mile of the subject property in a public or private facility [[within]] [1,000 feet] [[¼ mile of the subject lot]], if the off-site parking facility is not in an agricultural (Division 59-C-9), planned unit development (Division 59-C-7), or one-family residential (Division 59-C-1) zone, unless otherwise allowed by this Chapter.

[(d)] Every "car-share" space provided reduces the total number of required spaces by 6 spaces for a non-residential use or 3 spaces for a residential use.

Example: A non-residential project on a CR-zoned site requiring at least 100 spaces under Article 59-E would be required to provide a maximum of 100 spaces on site. If that site was within ¼ to ½ mile of a transit station, the minimum requirement for parking would be 40 spaces (100 x 0.40 = 40). If 2 car-share spaces were provided, that requirement would be 28 for non-residential use or 34 for residential use.

59-C-15.633. Parking space location and access.

[(e)] The design of surface parking [facilities] spaces must comply with the following:

[(1)](a) [a] parking [facility at] spaces on or above grade must not be located between the street and the main front wall of the building or the side wall of [a] the main building on a corner lot [unless the Planning Board finds that safe and efficient circulation would be better served by a different arrangement]; and

[(2)](b) if a site is adjacent to an alley, the primary vehicular access to the parking facility must be from that alley.[; and

(3) curb cuts must be kept to a minimum and shared by common ingress/egress easements whenever possible.]

59-C-15.634. Drive-through facility design.

Any drive-through facility requires the approval of a site plan under Division 59-D-3 and must satisfy the following:

[(f)](a) [The design of parking facilities with drive-through services must comply with the following; however, the Planning Board may approve a design if it finds that the alternative design would provide safer and more efficient circulation:] no part of a drive-through [[service]] facility, including the stacking area, may be located within 100 feet of a property line shared with [[an]] one-family (Division 59-C-1) or agriculturally (Division 59-C-9) zoned land;

[(1)](b) [the driveway must not be] no drive-through service window, drive aisle, or stacking area may be located between the street and the main front wall of [a] the main building [or the side wall of a building on a corner lot];

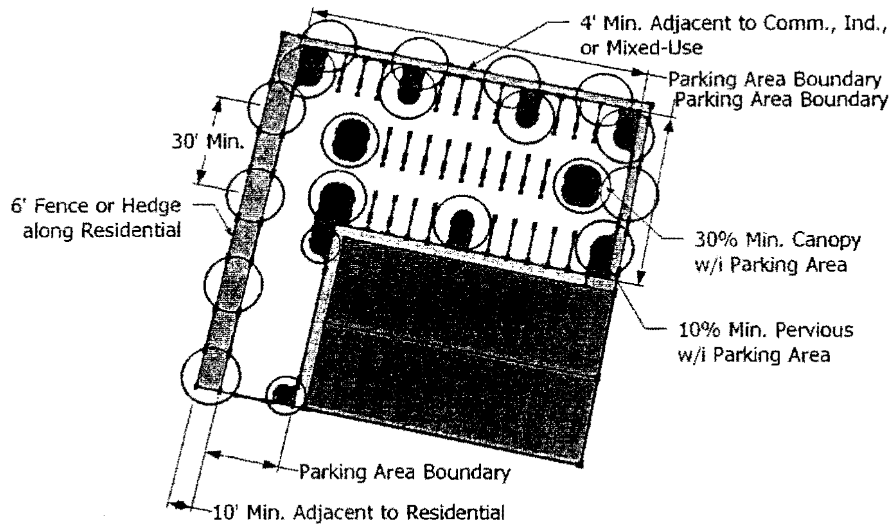
[(2)](c) [the] no drive-through service window [must], drive aisle, or stacking area may be located [on the rear or] between the street and the side wall of the main building [; any service window on the side wall of a building must be] on a corner lot unless permanently screened from any street by a 5-foot or higher wall or fence[[; and]].

[(3) curb cuts to a street must be minimized to one drive aisle of no more than 20 feet in width for two-way traffic or two drive aisles each of no more than 10 feet in width for one-way traffic.]

59-C-15.635. Landscaping and lighting.

[(g)] Except for areas used for internal driveway or sidewalk connections between lots or parcels that are not [in] zoned one-family residential [(59-C-1)] or agricultural [(59-C-9) zones], landscaping for surface parking [facilities] spaces must satisfy the following requirements:

Minimum Landscape Standards for Surface Parking	
Subject	Requirement
(a) [Right-of-Way Screening] Property line adjacent to a right-of-way	No less than 6-foot [width of] wide continuous soil panel [or] (excluding any utility easements) with stormwater [management recharge facility (not including any PUE or PIE) with groundcover] facilities, planting bed, or lawn, including[;] a minimum 3-foot high continuous evergreen hedge or fence; [and] plus one deciduous tree per 30 feet of street frontage or per the applicable streetscape standards.
(b) Property line adjacent to a lot or parcel in a one-family residential or agricultural zone	No less than 10-foot [[width]] wide continuous soil panel (excluding any utility easements) with stormwater facilities, planting bed, or lawn, including a minimum 6-foot high continuous evergreen hedge or fence; plus one deciduous tree per 30 feet of frontage.
(c) Property line [Adjacent] adjacent to a lot or parcel in any [Commercial, Industrial, or Mixed-Use Zone] zone not subject to (b), above	No less than 4-foot [[width]] wide continuous soil panel [or] (excluding any utility easements) with stormwater [management recharge facility with groundcover] facilities, planting bed, or lawn; plus one deciduous tree per 30 feet [of frontage].
[Adjacent to a lot or parcel in an Agricultural or Residential District	10-foot continuous soil panel or stormwater management recharge facility with groundcover, planting bed, or lawn; 6-foot high continuous evergreen hedge or fence; and one deciduous tree per 30 feet of frontage.]
(d) Internal Pervious Area	No less than 10 percent of the parking facility area [[comprised]] composed of individual areas of at least 100 square feet each.
(e) Tree Canopy Coverage	No less than 30 percent of the parking facility area (at 15 years growth).
(f) Lighting	Per the Illuminating Engineering Society of North America standards, or County equivalent, with full or partial cut-off fixtures and no more than 0.5 [[foocandle]] footcandle illumination at any property line subject to (b), above.



Surface Parking Landscape Requirements [[*Illustrative*]] *Illustration*

59-C-15.636. Waiver of parking provisions.

The Director, Planning Board, or Board of Appeals may waive any requirement of Section 59-C-15.63 not necessary to accomplish the objectives of this Division and Section 59-E-4.2, and in conjunction with such a waiver may adopt reasonable mitigating requirements above the minimum standards. At least 10 days notice of any request for a waiver under this Section must be provided to all adjoining property owners, affected citizen associations, and Planning Department Staff, if applicable, before a decision may be made.

59-C-15.7. Development standards.

Development in [any] the CRN, CRT, and CR [zone] zones must comply with the following standards.

59-C-15.71. Density and height.

Maximum density and height are specified by the zone established on the zoning map under [[the provisions of]] Section 59-C-15.1.

[(a) The maximum density for any standard method project is the greater of 0.5 FAR or 10,000 square feet of gross floor area. Any single land use or any combination of land uses allowed in the zone may achieve the maximum density.

(b) The maximum total density and mix of maximum non-residential and residential density for any project using the optional method of development is specified by the zone.]

[59-C-15.72. Height.

(a) The maximum height for any building or structure in a standard method project is 40 feet.

(b) The maximum height for any building or structure in an optional method project is determined by the zone.]

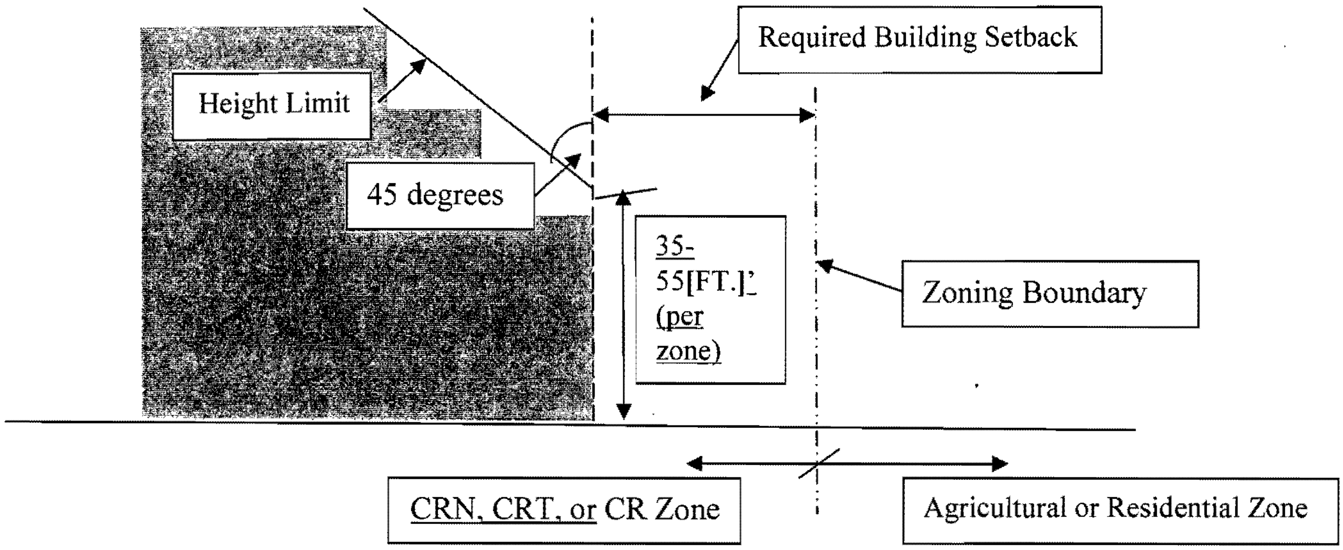
[59-C-15.73]59-C-15.72. Setbacks.

(a) [A building must not be any closer to a lot line shared with] Where a tract of land is adjacent to a lot or parcel in [an agricultural (Division 59-C-9) or residential (Division 59-C-1)] a one-family residential or agricultural zone that is not improved with a commercial, industrial, or utility use, [than] any building:

(1) must have a minimum setback of 25 feet or the setback required by the adjacent lot or parcel, whichever is greater; and

(2) [the building] must not project beyond a 45 degree angular plane projecting over the subject lot or parcel measured from a height of 55 feet in the CR zones, 45 feet in the CRT zones, or 35 feet in the CRN zones at the setback line determined above, with the exception of those features exempt from height and setback restrictions under Section 59-B-1.

(b) The development of a new building in place of a building existing when [the] a CRN, CRT, or CR zone is applied may be built to the [pre-existing setbacks] previously allowed setback if the height of the new building is not increased [over that] above the height of the former building.



Angular Plan Setback Illustration

[59-C-15.74]59-C-15.73. Public use space.

(a) Public use space is not required for any standard method project that does not require a site plan. If a site plan is required for the proposed project, [then the minimum] public use space is [10 percent of the project's net land area.] required as follows:

Gross Tract Area	**Minimum Public Use Space**
Up to 10,000[[sf]] square feet	None
10,001[[sf]] square feet up to 3 acres	10% of net tract area
Over 3 acres	10% of limits of disturbance

(b) Projects using the optional method of development must provide public use space as follows:

Minimum Required Public Use Space (% of net tract area)				
Acres (Gross)	Number of Existing, Proposed, and Master-Planned Right-of-Way Frontages			
	1	**2**	**3**	**4+**
< ½	0	0	0	5
½ - 1.00	0	0	5	10
1.01 - 3.00	0	5	10	10
3.01 – 6.00	5	10	10	10
6.01 +	10	10	10	10

(c) Public use space must:

(1) be [calculated on the net tract area that was included in the sketch plan application;

(2) be] rounded to the next highest 100 square feet;

[(3)](2) be easily and readily accessible to the public; and

[(4) be distributed within the entire tract area included in the sketch plan application; and

(5)](3) contain amenities such as seating options, shade, landscaping, artwork, or [other similar public benefits] fountains.

(d) Instead of providing on-site public use space, [for any site of 3 acres or less, a development may propose the following alternatives,] an applicant may satisfy all or part of the requirement by one or more of the following means, subject to Planning Board approval:

(1) implementing public park or public use space improvements of an equal or greater size within [¼ mile of the subject site] or near the applicable master or sector plan area; or

(2) making a payment in part or in full [to the Public Amenity Fund under Section 59-D-2.31.] for design, construction, renovation, restoration, installation, and/or operation within or near the applicable master or sector plan area if the payment is:

(A) equal to the cost of constructing an equal amount of public use space and associated amenities on[[-]] site per square foot plus the fair market value of the [[application]] applicable tract of land per square foot;

(B) used to implement the open space, recreation, and cultural goals of the applicable master or sector plan; and

(C) made within 30 days of the release of any building permit for the subject application.

[(e) A development on a site larger than 3 acres may only provide off-site public use space in order to provide master-planned open space improvements, or a payment under Subsection (d)(2), for an area of equal or greater size required on site that is:

(1) located within the same master plan area as the proposed development; and

(2) indicated on the approved sketch plan.]

[59-C-15.75]59-C-15.74. Residential amenity space.

(a) Any building containing 20 or more dwelling units must provide amenity space for its residents as follows:

Required Residential Amenity Space	
Type of Amenity Space	Area of Amenity Space
Indoor space in a multi-purpose room, fitness room, or other common community room(s), at least one of which must contain a kitchen and bathroom.	A minimum of 20 square feet per market-rate dwelling unit up to 5,000 square feet.
Passive or active outdoor recreational space.	A minimum of 20 square feet per market-rate dwelling unit, of which at least 400 square feet must adjoin or be directly accessible from the indoor amenity space, up to 5,000 square feet.

(b) [The] Additional amenity space is not required for Moderately Priced Dwelling Units (MPDUs) or Workforce Housing Units (WFHUs) on a site within a metro station policy area or where the Planning Board finds [that there is] adequate recreation facilities and open space area available within [a] ½ mile [radius] of the subject site. If such a finding cannot be made, amenity space must be provided as if all the dwelling units were market-rate units.

(c) [The amenity space requirement may be reduced by ½ for Workforce Housing Units (WFHUs) located within a metro station policy area or if the minimum public open space requirement is satisfied on site.

(d)] The provision of residential amenity space may be counted towards meeting the required recreation calculations under the M-NCPPC Recreation Guidelines, as amended.

59-C-15.8. Special regulations for the optional method of development.

[59-C-15.81. Incentive Density Provisions.]

This section establishes incentives for optional method projects to provide public benefits in return for increases in density and height above the standard method maximums[, consistent with the applicable master or sector plan,], up to the maximum permitted by the zone.

59-C-15.81. Incentive Density Categories.

[(a)] Public benefits must be provided that enhance or contribute to the objectives of the CRT and CR [zone] zones in some or all of the following categories:

[(1)](a) [Master-planned major] Major public facilities;

[(2)](b) Transit proximity [for residents, workers, and patrons];

[(3)](c) Connectivity between uses [and],activities, and mobility options;

[(4)](d) Diversity of uses and activities;

[(5)](e) Quality of building and site design; [[and]]

[(6)](f) Protection and enhancement of the natural environment[; and

(7) Advanced dedication of right-of-way];and

(g) Retained Buildings.

[Sections 59-C-15.82 through 59-C-15.88 indicate] Section 59-C-15.85 indicates the individual [types of] public benefits that may be accepted in each of these categories.

59-C-15.82. Public benefits required.

(a) Any optional method development must satisfy the minimum public benefit points from the mininium number of benefit categories as follows:

Zoning Classification	**Sites smaller than 10,000 square feet of land area or less than 1.5 maximum allowed FAR**		**Sites equal to or larger than 10,000 square feet of land area or equal to or more than 1.5 maximum allowed FAR**	
	Public Benefit Points	Number of Benefit Categories	Public Benefit Points	Number of Benefit Categories
CRT	25	2	50	3
CR	50	3	100	4

For the purpose of determining the minimum number of public benefit points and the minimum number of benefit categories, all land adjoining and abutting the subject property under common ownership when the CR or CRT zone was applied must be included to determine the area of the site.

[[Any optional method development must provide public benefits from at least 4 of the categories listed in Section 59-C-15.81 and:

(a) Development in the CRT zones must provide public benefits worth a minimum total of 50 points; and]]

(b) Development in the CR zones must provide BLTs required under Section 59-C-15.856(a) for at least 5 points and provide additional public benefits; the sum of the public benefit points must equal at least 100.

59-C-15.83. General incentive density considerations.

[(b)] In approving any incentive density based on the provision of public benefits, the Planning Board must not grant incentive density for any attribute required by law and must consider:

[(1)](a) The [policy] recommendations, [[and]] objectives, [and priorities] and priorities of the applicable master or sector plan;

[(2)](b) [Any applicable design guidelines and any adopted public benefit standards and guidelines] The CR Zone Incentive Density Implementation Guidelines and any design guidelines adopted for the applicable master plan area;

[(3)](c) The size and configuration of the tract;

[(4)](d) The relationship of the site to adjacent properties;

[(5)](e) The presence or lack of similar public benefits nearby; and

[(6)](f) Enhancements beyond the elements listed in the individual public benefit descriptions or criteria that increase public access to or enjoyment of the benefit.

> *Examples:* Pedestrian activation along a through-block connection, greater vegetated roof or tree canopy area than required, tower step-backs at a lower height or deeper into the site than the minimum necessary to qualify for the benefit, or provision of neighborhood services for more smaller businesses than required.

[(c) Any incentive density increase approved by the Planning Board for an optional method of development application must satisfy Subsection 59-C-15.87(a).]

59-C-15.84. CR zones incentive density implementation guidelines.

[(d)] The Planning Board must adopt, publish, and maintain guidelines that detail the standards and requirements for public benefits [that may be provided for incentive density]. The guidelines must:

[(1)](a) be consistent with the [recommendations and] objectives of [the applicable master or sector plan and the purpose of the CR zones] [[this Division]] the applicable master or sector plan and the purpose of the CR zones;

[(2)](b) be in addition to any standards, requirements, or rules of incentive density calculation included in this Division, but may not [supersede] conflict with those provisions; and

[(3) allow any single feature of a project a density incentive from only 1 public benefit;

(4)](c) only [address the] allow incentive density for those public benefits listed in [Sections 59-C-15.82 through 59-C-15.88 and must not add a public benefit category; and

(5) include the criteria to determine when an early dedication of right-of-way qualifies for incentive density, and the amount of the incentive density permitted] Section 59-C-15.85.

59-C-15.85. Individual public benefit descriptions and criteria for CR zones.

[59-C-15.82]59-C-15.851. [Incentives for master-planned major] Major public facilities.

Major public facilities [such as schools, libraries, recreation centers, urban parks, and county service centers] provide public services at convenient locations and where increased density creates a greater need for civic uses and greater demands on public infrastructure [, centers for community meetings, and civic events].

(a) Major public facilities include, but are not limited to, such facilities as schools, libraries, recreation centers, parks, county service centers, public transportation or utility upgrades, or other resources delineated in an applicable master or sector plan.

(b) If a major public facility is not recommended in the applicable master or sector plan, the Planning Board must find that the facility or improvement provides the community with a resource that is at least as beneficial as other major facilities recommended in the applicable master or sector plan. Additionally, any infrastructure upgrade may only receive incentive density for improvements beyond those required by any applicable adequate public facilities requirement to complete the proposed development.

(c) Because of their significance in place-making, the Planning Board may approve incentive density of up to 40 points in the CRT zones and 70 [percent] points in the CR zones for (1) the conveyance of a site or floor area for, [and/or] (2) construction of, and/or (3) making a payment for a major public facility that is [designated on a master plan or sector plan and is] accepted for use and/or operation by [the] an appropriate public agency, community association, or nonprofit organization.

[59-C-15.83]59-C-15.852. [Incentives for transit] Transit Proximity.

[In order to encourage] Development near transit facilities encourages greater use of transit, [control] controls sprawl, and [reduce] reduces vehicle miles traveled, congestion, and carbon emissions[, the Planning Board may approve incentive density for transit proximity under this section. The percentage of incentive density awarded to a project for transit proximity is], and is eligible for incentive density. The Planning Board may approve incentive density for transit proximity under this section. Transit proximity points are granted for proximity to existing or master planned transit stops based on transit service level and CRT and CR zones as follows:

[Transit Proximity	**Level 1**	**Level 2**
Adjacent or confronting	50%	30%
Within ¼ mile	40%	25%
Between ¼ and ½ mile	30%	20%
Between ½ and 1 mile	20%	15%]

Proximity	**Adjacent or confronting**		**Within ¼ mile**		**Between ¼ and ½ mile**		**Between ½ and 1 mile**	
Transit Service Level	1	2	1	2	1	2	1	2
CRT	25	15	20	12.5	15	10	10	7.5
CR	50	30	40	25	30	20	20	15

(a) A project is adjacent to or confronting a transit station or stop if it shares a property line[,] or easement line, or is separated only by a right-of-way from an existing or master-planned transit station or stop, and 100 percent of the gross tract area [submitted] in a single sketch plan application is within ¼ mile of the transit portal.

(b) For split proximity-range projects:

(1) [For all other projects to qualify for incentive density availability at the other distances,] If at least 75 percent of the gross tract area in a single sketch plan application [must be within the range for which the incentive is proposed.] is within the closer of two proximity ranges, the entire project may take the points for the closer range;

(2) [The incentive density for projects] If less than 75 percent of the gross tract area in [1 distance range] a single sketch plan is within the closer of 2 proximity ranges, the points must be calculated as the weighted average of the percentage of area in each range.

[59-C-15.84]59-C-15.853. [Incentives for connectivity] Connectivity and mobility.

[In order to enhance] Development that enhances connectivity between uses and amenities; [and increase] increases mobility options; [encourage] encourages non-automotive travel [for short and multi-purpose trips as well as for commuting]; [facilitate] facilitates social [and commercial] interaction; [provide] provides opportunities for healthier living; and [stimulate] stimulates local businesses[, the Planning Board may approve incentive density of up to 30% for a project that provides at least 2 of the following public benefits:] is eligible for incentive density.

(a) **Neighborhood Services**: [Safe] [[At least 10 points for safe and direct pedestrian access to at least 10 different retail services on site or within ¼ mile, of which at least 4 have a [maximum] retail bay floor area of no greater than 5,000 square feet]] When fewer than 10 different basic services are within ¼ mile of the subject site, up to 15 points for providing floor area resulting in at least 10 different basic services within ¼ mile of the subject site. Of those 10 services, at least 4 must have tenant or owner bays of no more than 5,000 square feet each. However, for all sketch plan applications approved by the Planning Board before October 11, 2011, and for any subsequent related site plan approvals, at least 10 points for safe and direct pedestrian access to at least 10 different retail services on site or within ¼ mile, of which at least 4 have a retail bay floor area of no greater than 5,000 square feet.

(b) **Minimum Parking**: [Provision of the minimum required] Up to 10 points for providing less than the maximum allowed number of parking [for projects of one acre of gross tract area or more] spaces, if a maximum is applicable under Section 59-C-15.631.

(c) **Through-Block Connections**: [Safe] Up to 20 points for safe and attractive pedestrian connections between streets.

(d) **Public Parking**: [Provision of] Up to 25 points for providing up to the maximum number of parking spaces allowed in the zone as public parking.

(e) **Transit Access Improvement**: [Ensuring] Up to 20 points for ensuring that access to transit facilities meets County standards for handicapped accessibility.

(f) **Trip Mitigation**: [A] [[At least 15]] Up to 20 points for entering into a binding [and verifiable] Traffic Mitigation Agreement to reduce the number of weekday morning and evening peak hour trips attributable to the site in excess of any other regulatory requirement; the agreement must result in a non-auto driver mode share of at least 50% for trips attributable to the site.

(g) **Streetscape**: Up to 20 points for construction of off-site streetscape, excluding any streetscape improvements required by this Division.

(h) **Advance Dedication**: Up to 30 points for dedicating or providing a reservation for dedication for master-planned rights-of-way in advance of a preliminary or site plan application.

(i) **Way-Finding**: [[At least 5]] Up to 10 points for design and implementation of a way-finding system orienting pedestrians and cyclists to major open spaces, cultural facilities, and transit opportunities.

[59-C-15.85]59-C-15.854. [Incentives for diversity] Diversity of uses and activities.

[In order to increase] Development that increases the variety and mixture of land uses, types of housing, economic [diversity] variety, and community activities; [contribute] contributes to development of [a] more efficient and sustainable [community] communities; [reduce] reduces the necessity for automobile use; and [facilitate] facilitates healthier lifestyles and greater social interaction[, the Planning Board may approve incentive density of up to 30% for a project that provides affordable housing or a public facility, as described below, or at least 2 of the other following public benefits:] is eligible for incentive density.

(a) **Affordable Housing**:

(1) All residential development must comply with the requirements of Chapter 25A for the provision of Moderately Priced Dwelling Units (MPDUs) [and may provide Workforce Housing Units (WFHUs) under Chapter 25B.

(1) MPDU Incentive Density: Provision of MPDUs above the minimum required is calculated on the total number of dwelling units as required by Chapter 25A, and the percent of incentive density

increase is based on the proposed FAR for the entire project][[, except that achieving bonus density under Section 25A-5(c)(3), as amended from time to time, entitles an applicant to incentive density points under this Division equal to the bonus density percentage]].

(2) MPDU Incentive Density: Provision of MPDUs above the minimum number of units required by Chapter 25A.

(A) MPDU units above the minimum number of units required, but not more than 15 percent of all units, entitles the applicant to 12 incentive density points for each 1 percent increase in MPDUs. Any fraction of 1 percent increase in MPDUs entitles the applicant to an equal fraction of 12 points.

(B) Above 15 percent of MPDUs, each 1 percent of additional MPDUs entitles the applicant to an additional 2 benefit points; any fraction of 1 percent increase in MPDUs entitles the applicant to an equal fraction of 2 points.

(C) MPDUs under this subsection may be provided in any manner allowed by Chapter 25A.

[[

Example: Provision of 14.5% MPDUs is awarded [an incentive density of 20 % (see 25A-5(c)(3)). In the case of a CR 4.5 zone that proposes 4.5 FAR, that equals 0.20 x 4.0 (the incentive density), which is 0.8 FAR] 20 points; provision of 13.0% MPDUs is awarded 5 points.

]]

[[(2)]] [WFHU Incentive Density: Provision of] [[Up to 30 points for providing Workforce Housing Units (WFHUs) at a rate of]] [is calculated at the following rate:] [[2 times the percentage of total units, excluding MPDUs]] [provided as WFHUs][[.

> *Example*: Provision of 5% WFHUs is awarded [incentive density of] 10[%] points; provision of 12% WFHUs is awarded [incentive density of] 24[%] points.

]]

(b) **Adaptive Buildings**: [Provision of buildings with] [[At least 10]] Up to 15 points for constructing commercial or [[mixed use]] mixed-use buildings with minimum floor-to-floor heights of at least 15 feet on any floor that meets grade and 12 feet on all other floors. Internal structural systems must be able to accommodate various types of use with only minor modifications.

(c) **Care Centers**: [Child] Up to 20 points for constructing a child [[or]] day care, adult day care [facilities], or teen center facility, with spaces for at least 15 users.

(d) **Small Business [Retention] Opportunities**: [Provision of] Up to 20 points for providing on-site space for small, neighborhood-oriented businesses.

(e) **Dwelling Unit Mix**: [Provision of] [[At least 5]] Up to 10 points for integrating a mix of residential unit types with at least 7.5% efficiency units, 8% 1-bedroom units, 8% 2-bedroom units, and 5% 3-or-more bedroom units.

(f) **Enhanced Accessibility for the Disabled**: [Provision of] Up to 20 points for constructing dwelling units that satisfy American National Standards Institute A117.1 Residential Type A standards or [units that satisfy] an equivalent County standard.

(g) **Live/Work: [[At least 10]]** Up to 15 points for developments of up to 2.0 FAR total density that provide at least the greater of 3 units or 10% of the total unit count as live/work units.

[59-C-15.86]59-C-15.855. [Incentives for quality] Quality building and site design.

High quality design is especially important in urban, integrated-use settings, to ensure that buildings and uses are visually compatible with each other and adjacent communities and to provide a harmonious pattern of development, and is eligible for incentive density. Due to [the] increased density [of] in these settings, buildings tend to [have high visibility. High] be highly visible; [[and]] high quality design [may help to] helps attract residents, patrons, and businesses to [locate in] these [settings] areas. Location, height, massing, façade treatments, and ornamentation of buildings affect sense of place, orientation, and the perception of comfort and convenience. The quality of the built environment affects light, shadow, wind, and noise, as well as the functional and economic value of property. [In order to promote high quality design, the Planning Board may approve incentive density of up to 30% to a project that provides at least 2 of the following public benefits:]

(a) **Historic Resource Protection**: [Preservation] Up to 20 points for the preservation and/or enhancement of, or payment towards preservation [[and/]]or enhancement of a historic resource [indicated on] or a contributing element within a historic district designated in the Master Plan for Historic Preservation [in conformance with a plan approved by the Historic Preservation Commission. A fee-in-lieu for a specific preservation project may be paid to the Historic Preservation Division as specified in the Guidelines for Public Benefits].

(b) **Structured Parking**: [Parking provided] Up to 20 points for placing parking within [a structure or below-grade] above- or below-grade structures.

(c) **Tower [Setback] Step-Back**: [Setback of building] [[At least 5]] Up to 10 points for stepping back a building's upper floors by a minimum of 6 feet [beyond] behind the first floor façade [at a maximum height of]. The step-back must begin at a height no greater than 72 feet.

(d) **Public Art**: [Provision of] Up to 15 points for installing public art [must be] reviewed for comment by, or paying a fee accepted by, the [Public Arts Trust Steering Committee. A fee-in-lieu may be paid to the Trust as specified in the Guidelines for Public Benefits] Arts and [[Humanity]] Humanities Council.

(e) **Public Open Space**: [Provision of] Up to 20 points for providing, or making a payment for, open space in addition to the minimum public use space required by [the zone. Public open space must be easily accessible to the public during business hours and/or at least from sunrise to sunset and must contain amenities such as seating, plantings, trash receptacles, kiosks, and water features] this Division.

[(f) **Streetscape**: Construction of off-site streetscape in addition to the requirements of this division][[.]]

(f) **Exceptional Design**: [Building design that provides innovative solutions in response to the immediate context; creates a sense of place and serves as a landmark; enhances the public realm in a distinct and original manner; introduces new materials, forms, or building methods; uses design solutions to make compact infill development living, working, and shopping environments more pleasurable and desirable; and integrates low-impact development methods into the overall design of the site and building.] Up to 10 points for building or site design whose visual and functional impacts enhance the character of a setting and the purposes delineated in this Section.

(g) **Architectural Elevations**: Up to 20 points for providing elevations of architectural façades and agreeing to be bound by particular elements of design, such as minimum amount of transparency, maximum separation between doors, awning provisions, sign restrictions, or lighting parameters that affect the perception of mass[[,]] or pedestrian comfort, or enhance neighborhood compatibility.

[59-C-15.87]59-C-15.856. [Incentives for] Protection and enhancement of the natural environment.

[In order to combat sprawl and] [[Protection]] Protecting and [[enhancement of]] enhancing natural systems and [[decreases in]] decreasing energy consumption help mitigate or reverse environmental [problems] impacts, such as heat island effects from the built environment, inadequate carbon-sequestration, habitat and agricultural land loss, and air and water pollution caused by reliance on the automobile, and are eligible for incentive density [, the Planning Board may approve a density increase up to 30% for the public benefits in this Subsection:].

(a) **Building Lot Termination(BLT):** [CR zones require] Up to 30 points for the purchase of BLT easements or payment to the Agricultural Land Preservation Fund (ALPF) [for at least 5% but no more than 30% of the incentive density under the following conditions]. The first 5 points are mandatory for all developments in the CR zones; up to 25 additional points are allowed as an option.

(1) In the CR zones, an applicant must purchase BLT easements, or make payments to the ALPF, in an amount equal to 5% of the incentive density floor area under the following parameters:

(A) One BLT must be purchased or equivalent payment made for every 20,000 square feet of gross floor area to qualify for the first 5% incentive density floor area; [[and]]

(B) Any private BLT easement must be purchased in whole units; or

(C) BLT payments must be made to the ALPF, based on the amount established by Executive Regulations under Chapter 2B; if a fraction of a BLT easement is needed, a payment based on the gross square footage of incentive density must be made for at least the fraction of the BLT easement.

(2) [BLT payments must be made to the Agricultural Land Preservation Fund, based on the amount established by Executive Regulations under Chapter 2B; if a fraction of a BLT easement is needed, a payment based on the gross square footage of incentive density must be made to the Agricultural Land Preservation Fund for at least the fraction of the BLT easement.] Up to 25 points for the purchase of BLTs[[,]] or equivalent payments to the ALPF may be made for any incentive density above 5%. Each BLT easement purchase or payment is equal to 30,000 square feet of gross floor area, or such proportionate square footage represented by a fractional BLT purchase or payment. This is converted into points by dividing the incentive density floor area covered by the purchase or payment by the total square feet of the incentive density area.

(3) In the CRT zones, BLT payments are optional; each BLT easement purchase or payment is equal to 30,000 square feet of gross floor area, or such proportionate square footage represented by a fractional BLT purchase or payment.[(A) For the first 5% of incentive density, each BLT easement purchase or payment allows 20,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.

(B) For the incentive density above 5%, each BLT easement purchase or payment allows 30,000 gross square feet of incentive density or a proportion thereof, allowed by a payment for a fraction of a BLT.]

> *Example*: If a 50,000 square-foot [[(sf) CR3.0]] CR-3.0 site is fully developed, the incentive density available to be earned equals 125,000[[sf]] square feet (150,000[[sf]] square feet - 25,000[[sf]] square feet = 125,000[[sf]] square feet). The 5% BLT requirement for 125,000[[sf]] square feet equals 6,250[[sf]] square feet, which equals 0.32 BLT (6,250[[sf]] square feet / 20,000[[sf]] square feet = 0.32). If the applicant seeks an additional 10 points through the purchase of BLTs, 10% of the incentive density is calculated, which in this case is 12,500[[sf]] square feet (125,000[[sf]] square feet x 0.10 = 12,500[[sf]] square feet). Because 1 BLT, above the required 5%, is equivalent to 30,000[[sf]] square feet, the 12,500[[sf]] square feet requires a payment for an additional 0.42 BLTs (12,500[[sf]] square feet / 30,000[[sf]] square feet = 0.42). Together, the required and incentive BLTs equal 0.74 BLTs for 15 points in the Environment category.

(b) **Energy Conservation and Generation**: [Provision of energy-efficiency that exceeds] [[At least 10]] Up to 15 points for constructing buildings that exceed the energy-efficiency standards for the building type by 17.5% for new buildings or 10% for existing buildings [, or provision of]. At least 15 points for providing renewable energy generation facilities on[[-]] site or within ½ mile of the site for a minimum of 2.5% of the projected energy requirement for the development.

(c) **[Green] Vegetated Wall**: [Installation] [[At least 5]] Up to 10 points for the installation and maintenance of a vegetated wall that covers at least 30% of any blank wall or parking garage façade that is at least 300 square feet in area and is visible from a public street or open space.

(d) **Tree Canopy**: [Coverage] [[At least 10]] Up to 15 points for tree canopy coverage at 15 years of growth of at least 25% of the on-site open space.

(e) **Vegetated Area**: [Installation] [[At least 5]] Up to 10 points for installation of plantings in a minimum of 12 inches of soil, covering at least 5,000 square feet [of previously impervious surfaces]. This does not include vegetated roofs.

(f) **Vegetated Roof**: [Provision] [[At least 10]] Up to 15 points for installation of a vegetated roof with a soil depth of at least 4 inches covering at least 33% of a building's roof, excluding space for mechanical equipment.

(g) **Cool Roof**: [[At least 5]] Up to 10 points for constructing any roof area that is not covered by a vegetated roof with a minimum solar reflectance index (SRI) of 75 for roofs with a slope at or below a ratio of 2:12, and a minimum SRI of 25 for slopes above 2:12.

(h) **Recycling Facility Plan**: [[At least 5]] Up to 10 points for providing a recycling facility plan to be approved as part of a site plan for buildings that must comply with Montgomery County Executive Regulation 15-04AM or Montgomery County Executive Regulation 18-04.

(i) **Habitat Preservation and Restoration**: Up to 20 points for protection, restoration, or enhancement of natural habitats, [[onsite]] on site or within the same local watershed, which are in addition to requirements of the Forest Conservation Law or other county laws.

[59-C-15.88. Advanced dedication of right-of-way.

When sketch plans or site plans are approved, the Planning Board may allow an incentive density not to exceed 30% for a prior dedication of rights-of-way for roadways, sidewalks, or bikeways recommended in the applicable master or sector plan, if the County or the State is responsible for constructing the facility on the right-of-way.]

59-C-15.857. Retained Buildings.

Development that:

(a) maintains 75% of the structural system of the existing building;

(b) uses an architectural deconstruction company or organization to remove recyclable materials prior to any demolition; and

(c) submits documentation showing compliance with these criteria before the County issues a building permit for a new development

may receive public benefit points, determined by applying the following formula:

Public benefit points in CR zones =
(Retained gross floor area / Incentive density gross floor area) x 100;

Public benefit points in CRT zones =
(Retained gross floor area / Incentive density gross floor area) x 50.

59-C-15.9. Existing Approvals.

(a) One or more lawfully existing buildings [or], structures [and the], or uses [therein which][[,]] that predate the [applicable sectional map amendment] application of the CR zone to the [[site]][,] land are conforming structures or uses[[,]] and may be continued, renovated, repaired, or reconstructed to the same size and configuration, or enlarged up to a total of 10 percent above the total existing floor areas of all buildings and structures on site or 30,000 square feet, whichever is less, and such development does not require a site plan. [Enlargements] Expansions in excess of the limitations in this Subsection will require compliance with the full provisions of this Division. Uses located in a building or structure deemed conforming under the provisions of this Subsection may be converted to any permitted non-residential or residential use(s) up to the density limits for the land use established by the CRT, CRN, or CR zone.

(b) A project that received an approved development plan under Division 59-D-1 or schematic development plan under Division 59-H-2 before the [enactment] application of the CR zones to the [[site]] land may proceed under the binding elements of the development plan and will thereafter be treated as a lawfully existing building, and may be renovated or reconstructed under Subsection (a) above. Such development plans or schematic development plans may be amended as allowed under Division 59-D-1 or 59-H-2 under the provisions of the previous zone; however, any incremental increase in the total floor area beyond that allowed by Subsection (a) above or any incremental increase in building height greater than 15 feet requires, with respect to the incremental increase only, full compliance with the provisions of this Division. Any failure to fully comply with the binding elements of the development plan will require full compliance with the provisions of this Division.

(c) At the option of the owner, any portion of a project subject to an approved development plan or schematic development plan described in Subsection

(b) above may be developed under this Division. The remainder of that project continues to be subject to the approved development plan or schematic development plan[[,]] under Subsections (a) and (b).

(d) A project which has had a preliminary or site plan approved before the [[applicable sectional map amendment]] application of the CR zone to the property may be built or altered at any time, subject to either the full provisions of the previous zone or this [division] Division, at the option of the owner. If built under the previous approval, it will then be treated as a [lawfully existing building] conforming building, structure, or use and may be renovated, continued, repaired, or reconstructed under Subsection (a) above. If built with an incremental increase over the previous approval, only that incremental increase must comply with this Division.

(e) A project that has had a special exception approved before application of the CR zone to the site may continue as a lawfully existing use as long as it fully complies with the terms and conditions of its approval. Any failure to fully comply with the terms and conditions of the special exception approval will require full compliance with the provisions of this Division. If a special exception holder chooses to operate under this Division instead of under the special exception, written notice must be provided to the Board of Appeals that the special exception has been abandoned.

* * *

Sec. 3. Effective date. This ordinance takes effect 20 days after the date of Council adoption.

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council

The CoStar Retail Report

THIRD QUARTER 2011

Washington, D.C. Retail Market

CoStar Group®

Stop Searching. Start Finding.™

Washington, D.C. Retail Market

Table of Contents

Methodology

The CoStar Retail Report calculates Retail statistics using CoStar Group's base of existing, under construction and under renovation Retail buildings in each given metropolitan area. All Retail building types are included, including Community Center, Freestanding Retail, Neighborhood Center, Power Center, Regional Mall, Specialty Center and Unanchored Strip Center, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 71.7 billion square feet of coverage in 3 million properties. All rental rates reported in the CoStar Retail Report are calculated using Triple Net (NNN) rental rates.

CoStar Group, Inc.

1331 L ST NW • Washington, DC USA 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

Terms & Definitions

Anchor Tenant: A large national or regional retailer that serves as a primary draw for a shopping center; a store strategically located in a retail property in order to enhance, bring attention to, or increase traffic at the property. Sometimes called a "destination" tenant, usually these tenants lease at least 25,000 SF.

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

Community Center: A shopping center development that has a total square footage between 100,000 – 350,000 SF. Generally will have 2-3 large anchored tenants, but not department store anchors. Community Center typically offers a wider range of apparel and other soft goods than the Neighborhood Center. Among the more common anchors are supermarkets and super drugstores. Community Center tenants sometime contain retailers selling such items as apparel, home improvement/furnishings, toys, electronics or sporting goods. The center is usually configured as a strip, in a straight line, or an "L" or "U" shape.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Freestanding Retail: Single tenant building with a retail tenant. Examples include video stores, fast food restaurant, etc.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

General Retail: Typically are single tenant freestanding general-purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don't meet any of the more detailed use code descriptions.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Lifestyle Center: An upscale, specialty retail, main street concept shopping center. An open center, usually without anchors, about 300,000 SF GLA or larger, located near affluent neighborhoods, includes upscale retail, trendy restaurants and entertainment retail. Nicely landscaped with convenient parking located close to the stores.

Mall: The combined retail center types of Lifestyle Center, Regional Mall and Super Regional Mall.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Neighborhood Center: Provides for the sales of convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day living needs of the immediate neighborhood with a supermarket being the principal tenant. In theory, the typical GLA is 50,000 square feet. In practice, the GLA may range from 30,000 to 100,000 square feet.

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Outlet Center: Usually located in a rural or occasionally in a tourist location, an Outlet Center consists of manufacturer's outlet stores selling their own brands at a discount. 50,000 – 500,000 SF. An Outlet Center does not have to be anchored. A strip configuration is most common, although some are enclosed malls and others can be arranged in a village cluster.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Power Center: The center typically consists of several freestanding (unconnected) anchors and only a minimum amount of small specialty tenants. 250,000 – 600,000 SF. A Power Center is dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or "category killers," i.e., stores that offer tremendous selection in a particular merchandise category at low prices.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Regional Mall: Provides shopping goods, general merchandise, apparel, and furniture, and home furnishings in full depth and variety. It is built around the full-line department store with a minimum GLA of 100,000 square feet, as the major drawing power. For even greater comparative shopping, two, three, or more department stores may be included. In theory a regional center has a GLA of 400,000 square feet, and may range from 300,000 to more than 1,000,000 square feet. Regional centers in excess of 750,000 square feet GLA with three or more department stores are considered Super Regional. (See also: Super Regional Mall).

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Shopping Center: The combined retail center types of Community Center, Neighborhood Center and Strip Center.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Specialty Center: The combined retail center types of Airport Retail, Outlet Center and Theme/Festival Center.

Sports & Entertainment: A facility suited for recreational activities, including: Amusement Facility, Aquatic Facility/Swimming Pool, Bowling Alley, Casino/Gaming Facility, Equestrian Center/Stable, Fitness, Court and Spa Facility, Golf Related, Racetrack, Skating Rink, Ski Resort, Sports Arena/Stadium, and Theatre/Performing Art Facility.

Strip Center: A strip center is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape.

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Super Regional Mall: Similar to a regional mall, but because of its larger size, a super regional mall has more anchors, a deeper selection of merchandise, and draws from a larger population base. As with regional malls, the typical configuration is as an enclosed mall, frequently with multiple levels (See also: Regional Mall).

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Theme/Festival Center: These centers typically employ a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, in their merchandise. Sometimes the biggest appeal of these centers is to tourists; they can be anchored by restaurants and entertainment facilities. These centers, generally located in urban areas, tend to be adapted from older, sometimes historic, buildings, and can be part of mixed-use projects. 80,000 – 250,000 SF.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Washington's Vacancy Decreases to 4.8%

Net Absorption Positive 575,179 SF in the Quarter

The Washington retail market experienced a slight improvement in market conditions in the third quarter 2011. The vacancy rate went from 5.0% in the previous quarter to 4.8% in the current quarter. Net absorption was positive 575,179 square feet, and vacant sublease space increased by 20,831 square feet. Quoted rental rates increased from second quarter 2011 levels, ending at $23.27 per square foot per year. A total of eight retail buildings with 256,306 square feet of retail space were delivered to the market in the quarter, with 480,290 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was strong in Washington third quarter 2011, with positive 575,179 square feet absorbed in the quarter. In second quarter 2011, net absorption was positive 754,418 square feet, while in first quarter 2011, absorption came in at negative (129,741) square feet. In fourth quarter 2010, positive 1,383,190 square feet was absorbed in the market.

Vacancy

Washington's retail vacancy rate decreased in the third quarter 2011, ending the quarter at 4.8%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 4.9% in the fourth quarter 2010, to 5.1% at the end of the first quarter 2011, 5.0% at the end of the second quarter 2011, to 4.8% in the current quarter.

The amount of vacant sublease space in the Washington market has trended up over the past four quarters. At the end of the fourth quarter 2010, there were 373,622 square feet of vacant sublease space. Currently, there are 408,063 square feet vacant in the market.

Largest Lease Signings

The largest lease signings occurring in 2011 included: the 206,310-square-foot-lease signed by Ashley Furniture Home Store at 7408 Streamwalk Ln; the 116,085-square-foot-deal signed by Ashley Furniture Home Store at Promenade at Manassas; and the 90,644-square-foot-lease signed by Wal-Mart at Fairfax Centre II.

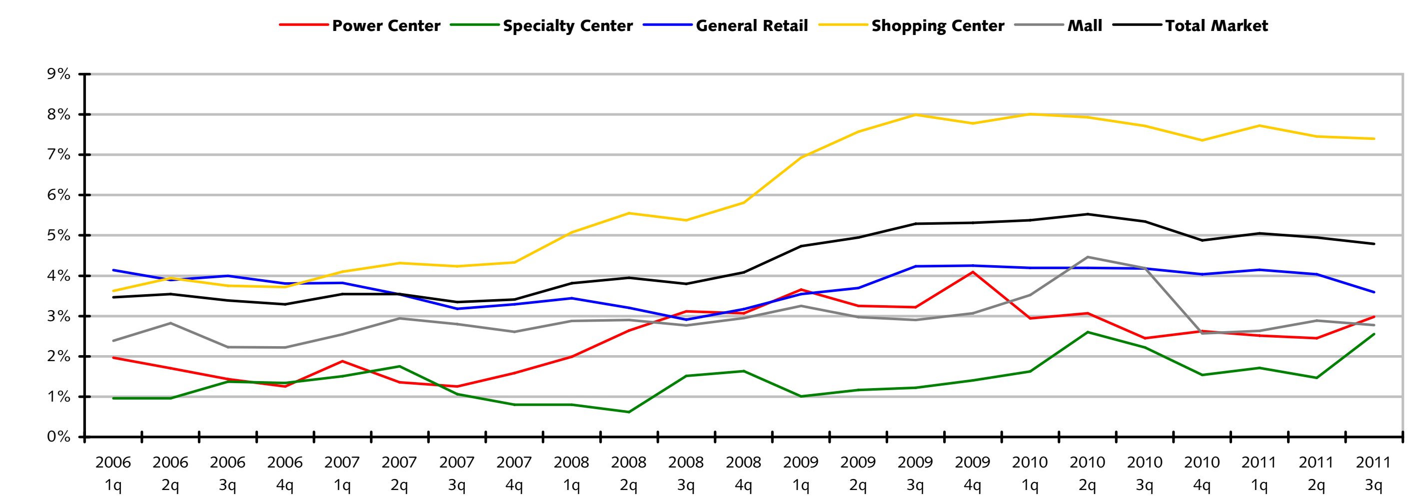
Rental Rates

Average quoted asking rental rates in the Washington retail market are up over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the third quarter 2011 at $23.27 per square foot per year. That compares to $23.09 per square foot in the second quarter 2011, and $23.34 per square foot at the end of the fourth quarter 2010. This represents a 0.8% increase in rental rates in the current quarter, and a 0.30% decrease from four quarters ago.

Inventory & Construction

During the third quarter 2011, eight buildings totaling 256,306 square feet were completed in the Washington retail market. Over the past four quarters, a total of 1,471,421 square feet of retail space has been built in Washington. In addition to the current quarter, 10 buildings with 562,904 square feet were completed in second quarter 2011, 15 buildings totaling 283,171 square feet completed in first quarter 2011, and 369,040 square

Vacancy Rates by Building Type 2006-2011



Source: CoStar Property®

Washington, D.C. Retail Market

OVERVIEW

feet in 15 buildings completed in fourth quarter 2010.

There were 480,290 square feet of retail space under construction at the end of the third quarter 2011.

Some of the notable 2011 deliveries include: Clemson Corner - Lowe's, a 316,000-square-foot facility that delivered in second quarter 2011, and Clemson Corner - Wegman's, a 135,000-square-foot building that delivered in second quarter 2011.

Total retail inventory in the Washington market area amounted to 223,414,898 square feet in 15,214 buildings and 1358 centers as of the end of the third quarter 2011.

Shopping Center

The Shopping Center market in Washington currently consists of 1262 projects with 82,172,293 square feet of retail space in 2,635 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing 58,443 square feet and delivering 15,603 square feet in the current quarter, the Shopping Center sector saw the vacancy rate go from 7.5% at the end of the second quarter 2011 to 7.4% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 7.4% at the end of the fourth quarter 2010, to 7.7% at the end of the first quarter 2011, to 7.5% at the end of the second quarter 2011, and finally to 7.4% at the end of the current quarter.

Rental rates ended the third quarter 2011 at $22.36 per square foot, up from the $22.14 they were at the end of second quarter 2011. Rental rates have trended up over the past year, going from $22.15 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 601,502 square feet over the past four quarters. In addition to the positive 58,443 square feet absorbed this quarter, positive 218,837 square feet was absorbed in the second quarter 2011, negative (69,203) square feet was absorbed in the first quarter 2011, and positive 393,425 square feet was absorbed in the fourth quarter 2010.

Power Centers

The Power Center average vacancy rate was 3.0% in the third quarter 2011. With negative (84,656) square feet of net absorption and no new deliveries, the vacancy rate went from 2.5% at the end of last quarter to 3.0% at the end of the third quarter.

In the second quarter 2011, Power Centers absorbed positive 9,309 square feet, delivered no new space, and the vacancy rate went from 2.5% to 2.5% over the course of the quarter. Rental rates started the quarter at $30.08 per square foot and ended the quarter at $30.47 per square foot.

A year ago, in third quarter 2010, the vacancy rate was 2.4%. Over the past four quarters, Power Centers have absorbed a cumulative (85,491) square feet of space and delivered cumulative 0 square feet of space. Vacant sublease space has gone from 2,000 square feet to 14,179 square feet over that time period, and rental rates have gone from $30.29 to $24.65.

At the end of the third quarter 2011, there were 40,670 square feet under construction in the Washington market. The total stock of Power Center space in Washington currently sits at 16,101,461 square feet in 33 centers comprised of 209 buildings.

A total of 40,670 square feet of space was under construction at the end of the third quarter 2011.

General Retail Properties

The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 3.6% at the end of third quarter 2011. There was a total of 2,941,289 square feet vacant at that time. The General Retail sector in Washington currently has average rental rates of $23.86 per square foot per year. There are 371,247 square feet of space under construction in this sector, with 29,108 square feet having been completed in the third quarter. In all, there are a total of 11,936 buildings with 81,945,355 square feet of General Retail space in Washington.

Specialty Centers

There are currently 10 Specialty Centers in the Washington market, making up 1,523,520 square feet of retail space. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

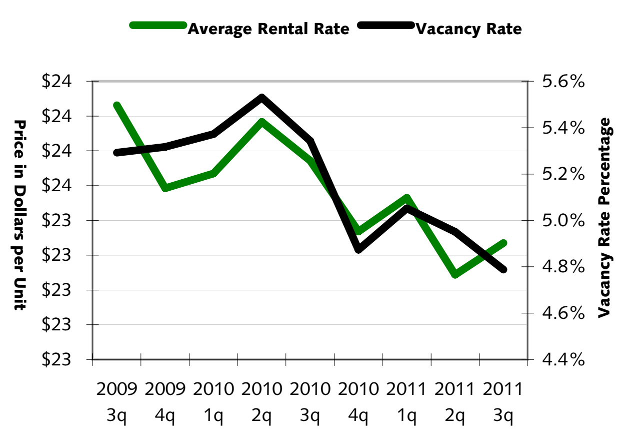
Specialty Centers in the Washington market have experienced negative (15,525) square feet of net absorption in 2011. The vacancy rate currently stands at 2.6%, and rental rates average $95.39 per square foot.

Malls

Malls recorded net absorption of positive 252,746 square feet in the third quarter 2011. This net absorption number, com-

Vacancy & Rent

Past 9 Quarters



Source: CoStar Property•

bined with the 211,595 square feet that was built in the quarter, caused the vacancy rate to go from 2.9% a quarter ago to 2.8% at the end of the third quarter 2011. Rental rates went from $26.38 per square foot to $26.05 per square foot during that time. In this report the Mall market is comprised of 53 Lifestyle Center, Regional Mall and Super Regional Malls.

Sales Activity

Tallying retail building sales of 15,000 square feet or larger, Washington retail sales figures fell during the second quarter 2011 in terms of dollar volume compared to the first quarter of 2011.

In the second quarter, 10 retail transactions closed with a total volume of $116,615,391. The 10 buildings totaled 416,237 square feet and the average price per square foot equated to $280.17 per square foot. That compares to 12 transactions totaling $134,944,944 in the first quarter 2011. The total square footage in the first quarter was 880,712 square feet for an average price per square foot of $153.22.

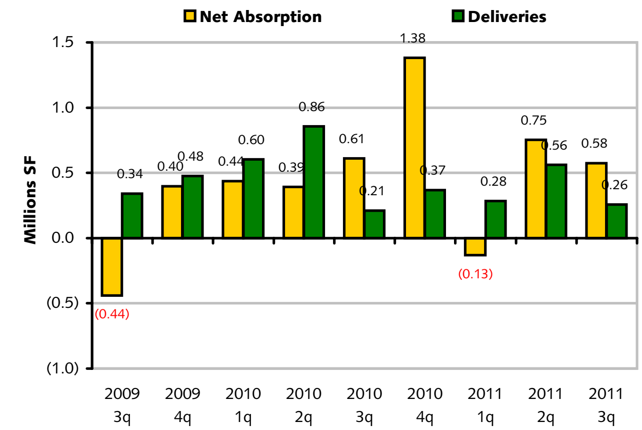
Total retail center sales activity in 2011 was up compared to 2010. In the first six months of 2011, the market saw 22 retail sales transactions with a total volume of $251,560,335. The price per square foot averaged $193.96. In the same first six months of 2010, the market posted 15 transactions with a total volume of $134,272,208. The price per square foot averaged $117.30.

Cap rates have been lower in 2011, averaging 7.20% compared to the same period in 2010 when they averaged 8.25%.

One of the largest transactions that has occurred within the last four quarters in the Washington market is the sale of Kentlands Square in Gaithersburg. This 240,732 square foot retail center sold for $74,500,000, or $309.47 per square foot. The property sold on 9/23/2011, at a 5.30% cap rate.

Absorption & Deliveries

Past 9 Quarters



Source: CoStar Property•

Reports compiled by: Brandon Skaggs CoStar Research Manager.

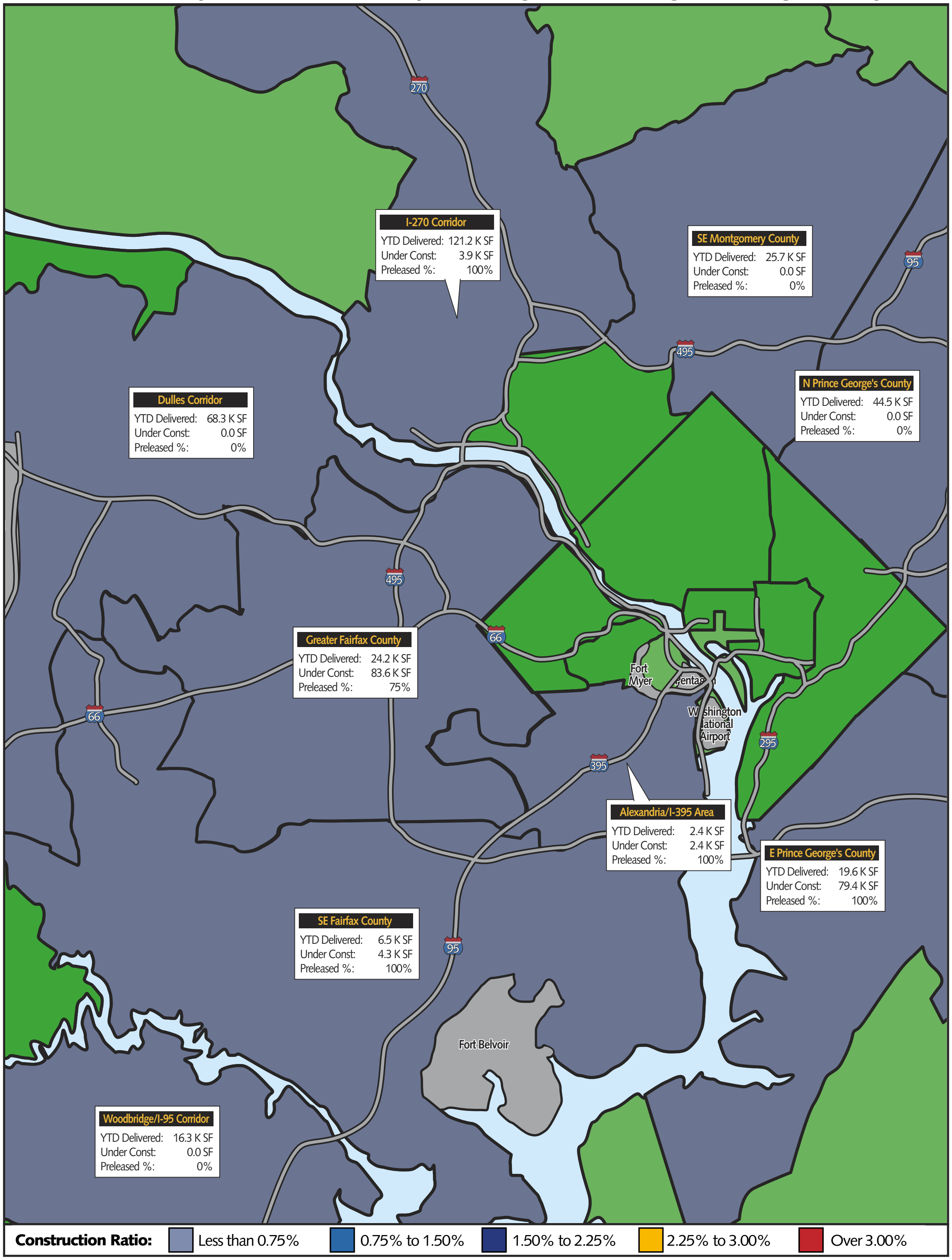
CoStar Markets & Submarkets

In analyzing metropolitan areas in the U.S., CoStar has developed geographic designations to help group properties together, called Regions, Markets and Submarkets. Regions are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are then divided into Markets, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Markets	Submarkets			
Alexandria/I-395 Area	Crystal City Pentagon City	Eisenhower Ave Corridor	I-395 Corridor	Old Town Alexandria
Bethesda/Chevy Chase	Bethesda/Chevy Chase			
Capitol Hill Area	Capitol Hill	Capitol Riverfront	NoMa	Southwest
Downtown DC	CBD	East End	West End	
Dulles Corridor	Great Falls Route 28 Corridor South	Herndon	Reston	Route 28 Corridor North
E Prince Georges County	Bowie	Greater Upper Marlboro		
East Falls Church	N Arlington/E FallsChurch			
Frederick	Frederick			
Georgetown/Uptown	Georgetown	Uptown		
Greater Fairfax County	Annandale McLean Vienna	Fairfax Center Merrifield	Fairfax City Oakton	Falls Church Tysons Corner
I-270 Corridor	Gaithersburg North Rockville	Germantown Rockville	I-270 Corridor North	North Bethesda/Potomac
Leesburg/Route 7 Corridor	Leesburg/West Loudoun	Route 7 Corridor		
Manassas/Route 29/I-66	Manassas	Route 29/I-66 Corridor		
N Prince Georges County	Beltsville/Calverton Lanham	College Park Laurel	Greenbelt	Landover/Largo/Captl Hts
Northeast/Southeast	Northeast	Southeast		
R-B Corridor	Ballston	Clarendon/Courthouse	Rosslyn	Virginia Square
S Prince Georges County	Branch Avenue Corridor	NatHbr/OxnHill/FtWash	Pennsylvania Ave Corridor	
SE Fairfax County	Huntington/Mt Vernon	Springfield/Burke		
SE Montgomery County	Kensington/Wheaton	North Silver Spring/Rt 29	Silver Spring	
Winchester City	Winchester City			
Woodbridge/I-95 Corridor	Woodbridge/I-95 Corridor			

Construction Highlights in Select CoStar Markets

Color Coded by Under Construction Square Footage as a Percentage of Existing Inventory

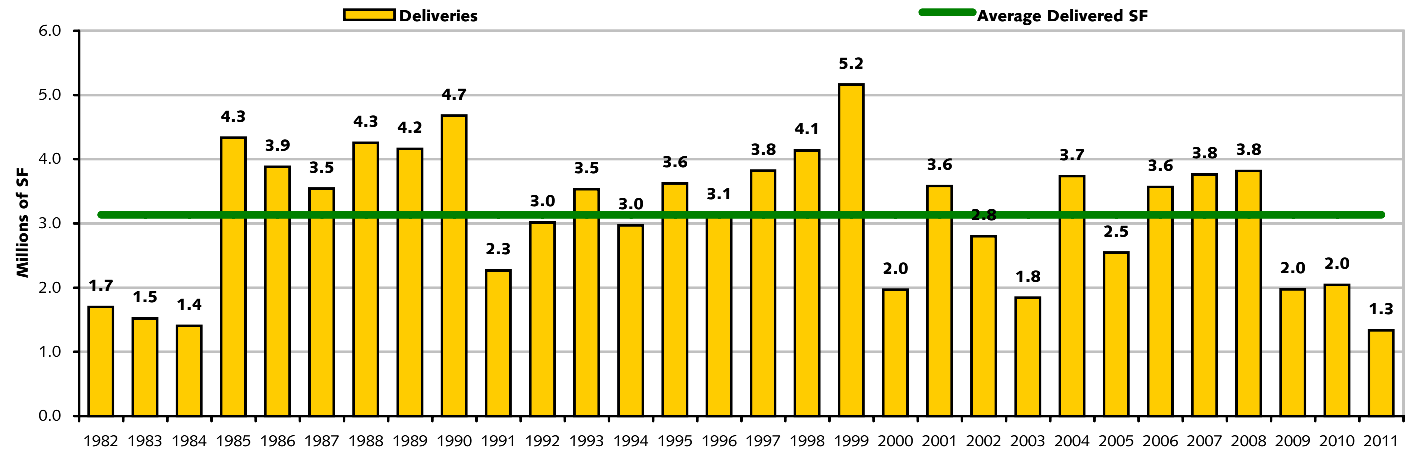


Source: CoStar Property®

Washington, D.C. Retail Market

INVENTORY & DEVELOPMENT

Historical Deliveries 1982 - 2011



Source: CoStar Property® ** Future deliveries based on current under construction buildings.*

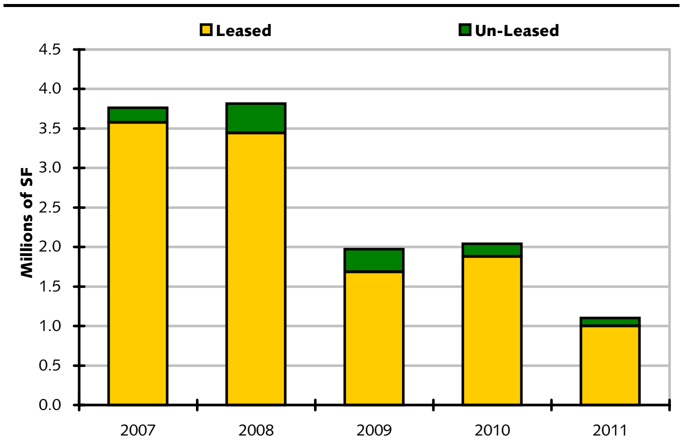
Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory # Bldgs	Total GLA	Preleased SF	Preleased %	Average Bldg Size All Existing	U/C
Manassas/Route 29/I-66	3	101,670	101,670	100.0%	17,950	33,890
Greater Fairfax County	3	83,593	62,477	74.7%	20,730	27,864
S Prince Georges County	1	79,371	79,371	100.0%	14,070	79,371
Northeast/Southeast	2	73,000	3,000	4.1%	5,632	36,500
E Prince Georges County	3	57,582	21,586	37.5%	25,285	19,194
Leesburg/Route 7 Corridor	1	30,607	23,261	76.0%	15,604	30,607
Bethesda/Chevy Chase	1	22,737	22,737	100.0%	14,111	22,737
Georgetown/Uptown	1	18,000	0	0.0%	5,496	18,000
SE Fairfax County	1	4,321	4,321	100.0%	21,699	4,321
I-270 Corridor	1	3,867	3,867	100.0%	25,682	3,867
All Other	2	5,542	5,542	100.0%	14,640	2,771
Totals	**19**	**480,290**	**327,832**	**68.3%**	**14,685**	**25,278**

Source: CoStar Property®

Recent Deliveries

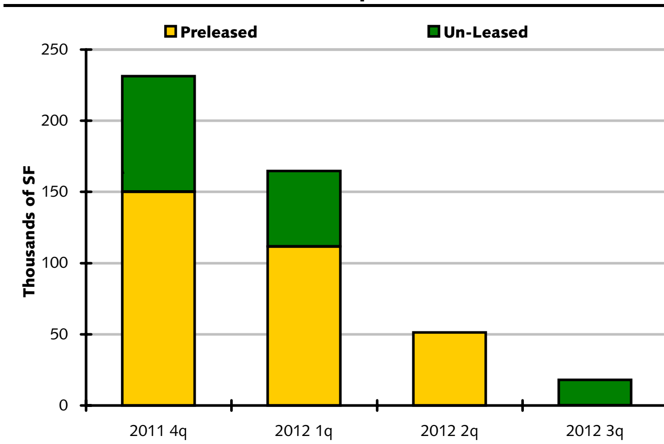
Leased & Un-Leased SF in Deliveries Since 2007



Source: CoStar Property®

Future Deliveries

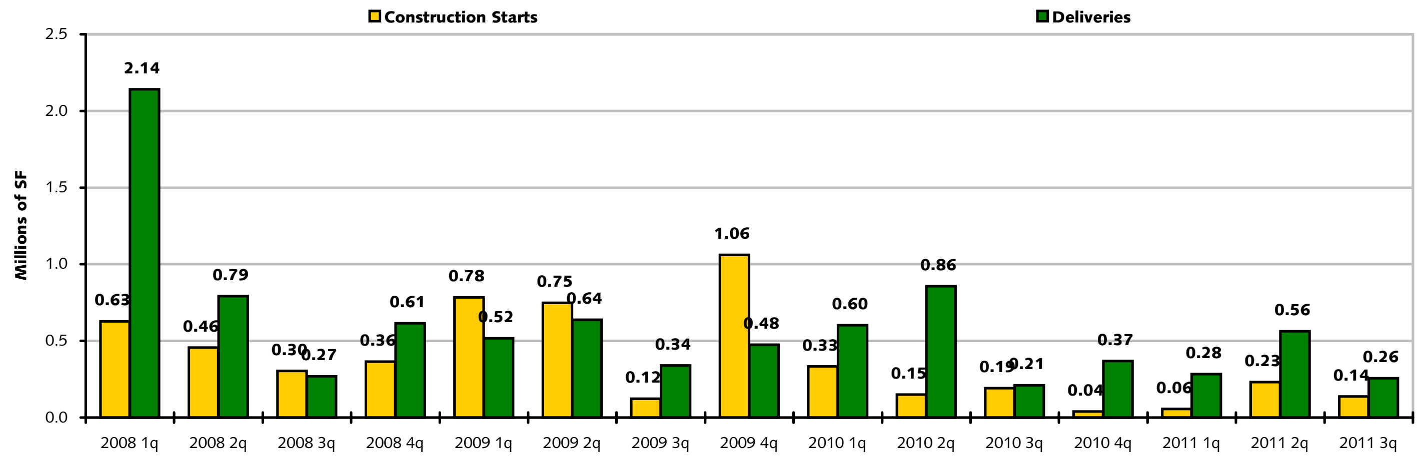
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

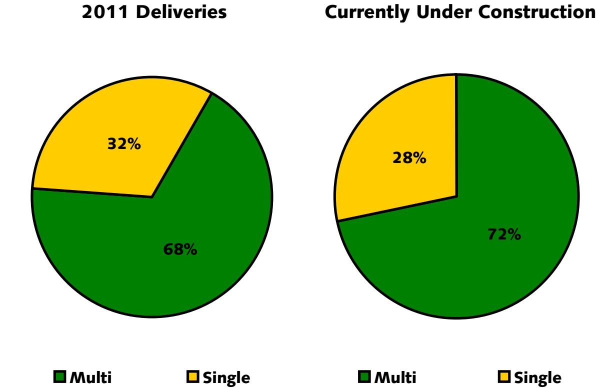
Recent Deliveries by Project Size of Year-to-Date Development

Building Size	# Bldgs	GLA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	27	289,881	228,492	78.8%	$38.42	37,687	252,194
50,000 SF - 99,999 SF	2	149,905	132,612	88.5%	$0.00	0	149,905
100,000 SF - 249,999 SF	3	346,595	325,293	93.9%	$0.00	0	346,595
250,000 SF - 499,999 SF	1	316,000	316,000	100.0%	$0.00	316,000	0
>= 500,000 SF	0	0	0	0.0%	$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

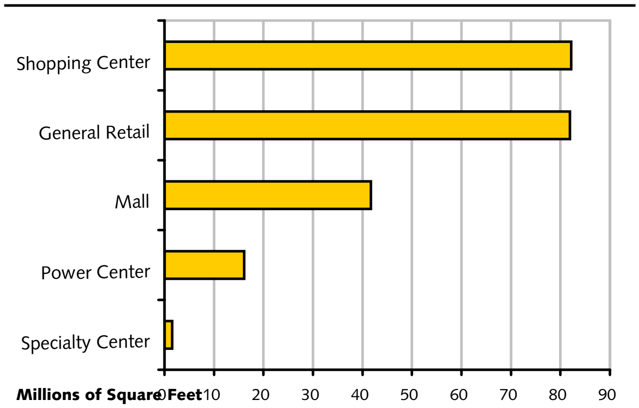
Based on GLA Developed for Single & Multi Tenant Use



Source: CoStar Property®

Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

SELECT YEAR-TO-DATE DELIVERIES

Based on Project Square Footage

1. Clemson Corner - Lowe's
   - Submarket: **Frederick Retail Market**
   - RBA: **316,000**
   - Occupied: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Fourth Quarter 2009**
   - Deliv Date: **Second Quarter 2011**
   - Leasing Co: **Faison & Associates, LLC**
   - Developer: **N/A**

2. Clemson Corner - Wegman's
   - Submarket: **Frederick Retail Market**
   - RBA: **135,000**
   - Occupied: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Fourth Quarter 2009**
   - Deliv Date: **Second Quarter 2011**
   - Leasing Co: **Faison & Associates, LLC**
   - Developer: **N/A**

3. 9100 McHugh Dr
   - Submarket: **E Prince George's County Retail Market**
   - RBA: **110,159**
   - Occupied: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Fourth Quarter 2009**
   - Deliv Date: **Third Quarter 2011**
   - Leasing Co: **Woodmore Town Center**
   - Developer: **N/A**

4. 1600 Village Market Blvd SE
   - Submarket: **Leesburg/Route 7 Corridor Retail Market**
   - RBA: **101,436**
   - Occupied: **79%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **Third Quarter 2010**
   - Deliv Date: **Third Quarter 2011**
   - Leasing Co: **Cypress Equities I LP**
   - Developer: **N/A**

5. 11410 Rockville Pike
   - Submarket: **I-270 Corridor Retail Market**
   - RBA: **92,260**
   - Occupied: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **First Quarter 2010**
   - Deliv Date: **First Quarter 2011**
   - Leasing Co: **JBG Rosenfeld Retail Properties**
   - Developer: **The JBG Companies**

6. The Shops at Moorefield Village - Building H
   - Submarket: **Dulles Corridor Retail Market**
   - RBA: **57,645**
   - Occupied: **70%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **First Quarter 2010**
   - Deliv Date: **First Quarter 2011**
   - Leasing Co: **KLNB Retail**
   - Developer: **N/A**

7. 7820 Wormans Mill Rd
   - Submarket: **Frederick Retail Market**
   - RBA: **42,000**
   - Occupied: **92%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **Fourth Quarter 2009**
   - Deliv Date: **Second Quarter 2011**
   - Leasing Co: **KLNB Retail**
   - Developer: **N/A**

8. 2800 Campus Way N
   - Submarket: **E Prince George's County Retail Market**
   - RBA: **26,990**
   - Occupied: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Third Quarter 2010**
   - Deliv Date: **First Quarter 2011**
   - Leasing Co: **N/A**
   - Developer: **N/A**

9. 5501 Baltimore Ave
   - Submarket: **N Prince George's County Retail Market**
   - RBA: **21,636**
   - Occupied: **81%**
   - Quoted Rate: **$41.84**
   - Grnd Brk Date: **First Quarter 2010**
   - Deliv Date: **First Quarter 2011**
   - Leasing Co: **StreetSense**
   - Developer: **N/A**

10. 7000 Marlboro Pike
    - Submarket: **S Prince George's County Retail Market**
    - RBA: **19,620**
    - Occupied: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Third Quarter 2010**
    - Deliv Date: **Third Quarter 2011**
    - Leasing Co: **N/A**
    - Developer: **N/A**

11. 3050 Nutley St
    - Submarket: **Greater Fairfax County Retail Market**
    - RBA: **17,706**
    - Occupied: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Fourth Quarter 2010**
    - Deliv Date: **Second Quarter 2011**
    - Leasing Co: **Metropolitan Capital Investments LL**
    - Developer: **N/A**

12. 4585 Daisy Reid Ave
    - Submarket: **Woodbridge/I-95 Corridor Retail Market**
    - RBA: **16,303**
    - Occupied: **83%**
    - Quoted Rate: **Negotiable**
    - Grnd Brk Date: **Third Quarter 2010**
    - Deliv Date: **Second Quarter 2011**
    - Leasing Co: **R.L. Travers & Associates, Inc.**
    - Developer: **N/A**

13. 7810 Wormans Mill Rd
    - Submarket: **Frederick Retail Market**
    - RBA: **15,368**
    - Occupied: **12%**
    - Quoted Rate: **Negotiable**
    - Grnd Brk Date: **Fourth Quarter 2009**
    - Deliv Date: **Second Quarter 2011**
    - Leasing Co: **Faison & Associates, LLC**
    - Developer: **N/A**

14. The Shoppes at Arts District - Bldg A
    - Submarket: **N Prince George's County Retail Market**
    - RBA: **13,928**
    - Occupied: **63%**
    - Quoted Rate: **$38.44**
    - Grnd Brk Date: **First Quarter 2010**
    - Deliv Date: **First Quarter 2011**
    - Leasing Co: **StreetSense**
    - Developer: **N/A**

15. Montgomery Village Marketplace - Building B
    - Submarket: **I-270 Corridor Retail Market**
    - RBA: **13,753**
    - Occupied: **30%**
    - Quoted Rate: **Negotiable**
    - Grnd Brk Date: **First Quarter 2011**
    - Deliv Date: **Third Quarter 2011**
    - Leasing Co: **Research In Progress**
    - Developer: **N/A**

Source: CoStar Property®

Select Top Under Construction Properties

Based on Project Square Footage

1. Rhode Island Row
   - Submarket: **Northeast/Southeast Retail Market**
   - RBA: **70,000**
   - Preleased: **0%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **First Quarter 2010**
   - Deliv Date: **Fourth Quarter 2011**
   - Leasing Co: **Asadoorian Retail Solutions**
   - Developer: **N/A**

2. 8223 Lee Hwy
   - Submarket: **Greater Fairfax County Retail Market**
   - RBA: **51,216**
   - Preleased: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Third Quarter 2011**
   - Deliv Date: **Second Quarter 2012**
   - Leasing Co: **N/A**
   - Developer: **N/A**

3. 7979 Stonewall Shops Sq
   - Submarket: **Manassas/Route 29/I-66 Retail Market**
   - RBA: **40,670**
   - Preleased: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Second Quarter 2011**
   - Deliv Date: **Fourth Quarter 2011**
   - Leasing Co: **N/A**
   - Developer: **N/A**

4. Hall Station - 15301 Hall Rd
   - Submarket: **E Prince George's County Retail Market**
   - RBA: **35,996**
   - Preleased: **0%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **Third Quarter 2011**
   - Deliv Date: **First Quarter 2012**
   - Leasing Co: **The Rappaport Companies**
   - Developer: **The Rappaport Companies**

5. 19334 Diamond Lake Dr
   - Submarket: **Leesburg/Route 7 Corridor Retail Market**
   - RBA: **30,607**
   - Preleased: **76%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **Third Quarter 2011**
   - Deliv Date: **First Quarter 2012**
   - Leasing Co: **N/A**
   - Developer: **N/A**

6. 5000 Bradley Blvd
   - Submarket: **Bethesda/Chevy Chase Retail Market**
   - RBA: **22,737**
   - Preleased: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Second Quarter 2011**
   - Deliv Date: **Fourth Quarter 2011**
   - Leasing Co: **Safeway**
   - Developer: **N/A**

7. 9625 Lee Hwy
   - Submarket: **Greater Fairfax County Retail Market**
   - RBA: **18,000**
   - Preleased: **37%**
   - Quoted Rate: **$41.51**
   - Grnd Brk Date: **Fourth Quarter 2010**
   - Deliv Date: **Fourth Quarter 2011**
   - Leasing Co: **William J. Reap Co, Inc.**
   - Developer: **N/A**

8. 1800 14th St
   - Submarket: **Georgetown/Uptown Retail Market**
   - RBA: **18,000**
   - Preleased: **0%**
   - Quoted Rate: **Negotiable**
   - Grnd Brk Date: **Second Quarter 2011**
   - Deliv Date: **Third Quarter 2012**
   - Leasing Co: **JBG Rosenfeld Retail Properties**
   - Developer: **N/A**

9. Bristow Commons - Walgreens
   - Submarket: **Manassas/Route 29/I-66 Retail Market**
   - RBA: **15,000**
   - Preleased: **100%**
   - Quoted Rate: **N/A**
   - Grnd Brk Date: **Second Quarter 2011**
   - Deliv Date: **Fourth Quarter 2011**
   - Leasing Co: **Thur & Associates**
   - Developer: **N/A**

10. 15201 Hall Rd
    - Submarket: **E Prince George's County Retail Market**
    - RBA: **14,968**
    - Preleased: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Third Quarter 2011**
    - Deliv Date: **Fourth Quarter 2012**
    - Leasing Co: **Prince Georges Cmnty Fcu**
    - Developer: **N/A**

11. 10120 Fairfax Blvd
    - Submarket: **Greater Fairfax County Retail Market**
    - RBA: **14,377**
    - Preleased: **32%**
    - Quoted Rate: **$43.50**
    - Grnd Brk Date: **First Quarter 2011**
    - Deliv Date: **First Quarter 2012**
    - Leasing Co: **KLNB Retail**
    - Developer: **N/A**

12. 15994 Annapolis Rd
    - Submarket: **E Prince George's County Retail Market**
    - RBA: **6,618**
    - Preleased: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **First Quarter 2011**
    - Deliv Date: **Fourth Quarter 2011**
    - Leasing Co: **M. Leo Storch Management Corporatio**
    - Developer: **N/A**

13. 7010 Old Keene Mill Rd
    - Submarket: **SE Fairfax County Retail Market**
    - RBA: **4,321**
    - Preleased: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Third Quarter 2011**
    - Deliv Date: **First Quarter 2012**
    - Leasing Co: **WPPI Springfield HS LLC**
    - Developer: **N/A**

14. 5 Bank St
    - Submarket: **I-270 Corridor Retail Market**
    - RBA: **3,867**
    - Preleased: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Second Quarter 2011**
    - Deliv Date: **Fourth Quarter 2011**
    - Leasing Co: **Stan Johnson Company**
    - Developer: **N/A**

15. 1710 Kingfisher Dr
    - Submarket: **Frederick Retail Market**
    - RBA: **3,117**
    - Preleased: **100%**
    - Quoted Rate: **N/A**
    - Grnd Brk Date: **Second Quarter 2011**
    - Deliv Date: **Fourth Quarter 2011**
    - Leasing Co: **Giant**
    - Developer: **N/A**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

General Retail Market Statistics

Third Quarter 2011

Market	Existing Inventory # Blds	Existing Inventory Total GLA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Alexandria/I-395 Area	801	5,507,525	180,086	187,519	3.4%	(36,333)	2,427	2,425	$29.35
Bethesda/Chevy Chase	281	2,770,116	55,042	56,325	2.0%	14,850	0	22,737	$31.19
Capitol Hill Area	633	2,584,115	147,637	147,637	5.7%	(10,970)	3,000	0	$29.52
Downtown DC	284	1,668,879	89,301	89,301	5.4%	5,245	0	0	$45.58
Dulles Corridor	377	4,455,460	57,960	57,960	1.3%	(11,338)	0	0	$30.11
E Prince Georges County	182	1,602,664	72,831	73,531	4.6%	(24,645)	0	21,586	$14.53
East Falls Church	111	866,964	13,709	13,709	1.6%	(490)	0	0	$40.00
Frederick	826	5,447,165	183,124	183,124	3.4%	112,344	0	3,117	$11.50
Georgetown/Uptown	1,908	8,362,603	344,666	346,826	4.1%	84,989	0	18,000	$40.33
Greater Fairfax County	835	7,285,314	217,044	260,831	3.6%	24,960	24,194	69,216	$31.42
I-270 Corridor	573	5,856,185	203,065	203,065	3.5%	87,131	0	3,867	$19.87
Leesburg/Route 7 Corridor	320	1,793,233	114,627	114,627	6.4%	(20,276)	0	30,607	$23.34
Manassas/Route 29/I-66	426	3,731,569	161,446	161,446	4.3%	(730)	3,500	46,000	$15.48
N Prince Georges County	1,199	6,847,887	210,881	210,881	3.1%	103,184	8,976	0	$16.88
Northeast/Southeast	776	2,833,479	142,966	144,910	5.1%	17,816	0	70,000	$16.48
R-B Corridor	135	1,571,984	39,394	39,394	2.5%	14,929	8,000	0	$30.47
S Prince Georges County	649	4,414,041	315,423	315,423	7.1%	(68,625)	19,620	79,371	$14.03
SE Fairfax County	359	3,162,523	55,488	55,488	1.8%	(13,286)	6,500	4,321	$21.96
SE Montgomery County	646	5,609,114	119,527	119,527	2.1%	21,942	0	0	$20.41
Winchester City	253	2,647,007	125,000	125,000	4.7%	91,046	0	0	$10.18
Woodbridge/I-95 Corridor	362	2,927,528	27,817	34,765	1.2%	26,829	16,303	0	$19.70
Totals	**11,936**	**81,945,355**	**2,877,034**	**2,941,289**	**3.6%**	**418,572**	**92,520**	**371,247**	**$23.86**

Source: CoStar Property®

Mall Market Statistics

Third Quarter 2011

Market	Existing Inventory # Ctrs	Existing Inventory Total GLA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Alexandria/I-395 Area	3	2,759,750	25,786	25,786	0.9%	2,920	0	0	$32.00
Bethesda/Chevy Chase	1	430,712	7,279	7,279	1.7%	1,078	0	0	$0.00
Capitol Hill Area	0	0	0	0	0.0%	0	0	0	$0.00
Downtown DC	0	0	0	0	0.0%	0	0	0	$0.00
Dulles Corridor	3	2,323,178	4,411	4,411	0.2%	4,613	0	0	$0.00
E Prince Georges County	3	2,208,618	21,512	21,512	1.0%	132,449	137,149	0	$31.06
East Falls Church	0	0	0	0	0.0%	0	0	0	$0.00
Frederick	4	2,090,882	37,345	37,345	1.8%	509,764	511,968	0	$18.00
Georgetown/Uptown	2	1,084,454	78,637	78,637	7.3%	0	0	0	$58.56
Greater Fairfax County	7	7,662,333	74,024	74,024	1.0%	199	0	0	$22.87
I-270 Corridor	6	4,246,948	137,180	177,180	4.2%	(59,387)	0	0	$16.28
Leesburg/Route 7 Corridor	2	1,246,379	230,021	230,021	18.5%	38,148	101,436	0	$39.66
Manassas/Route 29/I-66	3	1,910,296	58,836	58,836	3.1%	20,868	0	0	$17.50
N Prince Georges County	6	4,304,828	219,070	222,285	5.2%	10,716	0	0	$12.48
Northeast/Southeast	0	0	0	0	0.0%	0	0	0	$0.00
R-B Corridor	2	948,730	12,000	12,000	1.3%	0	0	0	$16.00
S Prince Georges County	3	1,981,703	75,573	75,573	3.8%	814	0	0	$32.08
SE Fairfax County	2	2,042,475	14,805	14,805	0.7%	7,082	0	0	$0.00
SE Montgomery County	2	2,880,546	3,497	3,497	0.1%	(3,497)	0	0	$19.24
Winchester City	1	444,922	0	0	0.0%	0	0	0	$0.00
Woodbridge/I-95 Corridor	3	3,105,515	113,933	113,933	3.7%	(19,865)	0	0	$0.00
Totals	**53**	**41,672,269**	**1,113,909**	**1,157,124**	**2.8%**	**645,902**	**750,553**	**0**	**$26.05**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Power Center Market Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Alexandria/I-395 Area	4	1,680,269	23,374	23,374	1.4%	26,699	0	0	$28.31
Bethesda/Chevy Chase	0	0	0	0	0.0%	0	0	0	$0.00
Capitol Hill Area	0	0	0	0	0.0%	0	0	0	$0.00
Downtown DC	0	0	0	0	0.0%	0	0	0	$0.00
Dulles Corridor	6	3,310,258	97,976	104,033	3.1%	(28,117)	0	0	$29.48
E Prince Georges County	2	991,903	1,992	1,992	0.2%	0	0	0	$0.00
East Falls Church	0	0	0	0	0.0%	0	0	0	$0.00
Frederick	2	925,763	3,090	3,090	0.3%	0	0	0	$15.13
Georgetown/Uptown	0	0	0	0	0.0%	0	0	0	$0.00
Greater Fairfax County	1	317,670	6,445	6,445	2.0%	1,792	0	0	$30.00
I-270 Corridor	3	2,980,388	18,638	26,760	0.9%	(18,149)	0	0	$27.10
Leesburg/Route 7 Corridor	2	714,921	29,901	29,901	4.2%	(18,439)	0	0	$15.85
Manassas/Route 29/I-66	5	1,945,515	232,334	232,334	11.9%	(18,192)	0	40,670	$32.12
N Prince Georges County	2	933,897	22,500	22,500	2.4%	(7,000)	0	0	$35.00
Northeast/Southeast	0	0	0	0	0.0%	0	0	0	$0.00
R-B Corridor	0	0	0	0	0.0%	0	0	0	$0.00
S Prince Georges County	1	542,500	1,837	1,837	0.3%	2,063	0	0	$25.00
SE Fairfax County	1	142,238	3,717	3,717	2.6%	1,000	0	0	$0.00
SE Montgomery County	1	376,088	0	0	0.0%	0	0	0	$0.00
Winchester City	1	418,649	6,850	6,850	1.6%	(2,850)	0	0	$18.92
Woodbridge/I-95 Corridor	2	821,402	16,927	16,927	2.1%	4,023	0	0	$17.40
Totals	**33**	**16,101,461**	**465,581**	**479,760**	**3.0%**	**(57,170)**	**0**	**40,670**	**$24.65**

Source: CoStar Property®

Shopping Center Market Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Alexandria/I-395 Area	56	3,634,488	172,062	175,262	4.8%	(16,605)	0	0	$33.34
Bethesda/Chevy Chase	14	1,173,664	58,314	58,314	5.0%	5,393	0	0	$32.82
Capitol Hill Area	7	416,088	3,842	3,842	0.9%	5,050	0	0	$42.00
Downtown DC	3	286,801	0	0	0.0%	8,200	0	0	$50.00
Dulles Corridor	88	7,489,376	521,633	521,633	7.0%	65,444	68,256	0	$24.76
E Prince Georges County	27	2,541,252	369,735	369,735	14.5%	(52,203)	0	35,996	$20.43
East Falls Church	18	458,657	5,889	5,889	1.3%	4,491	0	0	$32.20
Frederick	64	4,098,588	354,321	361,000	8.8%	(41,220)	6,711	0	$19.56
Georgetown/Uptown	32	926,091	27,878	27,878	3.0%	25,934	0	0	$26.21
Greater Fairfax County	129	8,699,022	326,630	433,206	5.0%	133,994	0	14,377	$31.35
I-270 Corridor	129	10,064,452	711,241	717,192	7.1%	154,953	121,185	0	$26.96
Leesburg/Route 7 Corridor	41	3,345,283	274,887	315,090	9.4%	(4,931)	0	0	$27.09
Manassas/Route 29/I-66	60	3,962,384	340,039	344,305	8.7%	(14,588)	1,850	15,000	$25.07
N Prince Georges County	172	8,610,715	681,473	688,186	8.0%	4,472	35,564	0	$19.42
Northeast/Southeast	37	1,880,767	89,998	89,998	4.8%	(10,396)	0	3,000	$19.02
R-B Corridor	10	213,116	1,922	1,922	0.9%	79	0	0	$44.17
S Prince Georges County	103	5,499,466	340,799	340,799	6.2%	29,700	0	0	$15.87
SE Fairfax County	89	7,129,681	293,054	359,260	5.0%	(31,734)	0	0	$25.77
SE Montgomery County	89	4,543,097	388,756	388,756	8.6%	(61,345)	25,742	0	$25.02
Winchester City	32	1,423,229	161,157	201,657	14.2%	58,236	0	0	$12.04
Woodbridge/I-95 Corridor	62	5,776,076	672,233	677,093	11.7%	(54,847)	0	0	$14.71
Totals	**1,262**	**82,172,293**	**5,795,863**	**6,081,017**	**7.4%**	**208,077**	**259,308**	**68,373**	**$22.36**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Specialty Center Market Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Alexandria/I-395 Area	2	247,106	3,558	3,558	1.4%	(3,558)	0	0	$95.39
Bethesda/Chevy Chase	0	0	0	0	0.0%	0	0	0	$0.00
Capitol Hill Area	1	40,100	0	0	0.0%	0	0	0	$0.00
Downtown DC	0	0	0	0	0.0%	0	0	0	$0.00
Dulles Corridor	1	52,000	0	0	0.0%	0	0	0	$0.00
E Prince Georges County	1	139,889	0	0	0.0%	0	0	0	$0.00
East Falls Church	0	0	0	0	0.0%	0	0	0	$0.00
Frederick	0	0	0	0	0.0%	0	0	0	$0.00
Georgetown/Uptown	2	420,644	17,589	18,849	4.5%	3,845	0	0	$0.00
Greater Fairfax County	0	0	0	0	0.0%	0	0	0	$0.00
I-270 Corridor	1	94,000	16,512	16,512	17.6%	(15,812)	0	0	$0.00
Leesburg/Route 7 Corridor	1	483,700	0	0	0.0%	0	0	0	$0.00
Manassas/Route 29/I-66	1	46,081	0	0	0.0%	0	0	0	$0.00
N Prince Georges County	0	0	0	0	0.0%	0	0	0	$0.00
Northeast/Southeast	0	0	0	0	0.0%	0	0	0	$0.00
R-B Corridor	0	0	0	0	0.0%	0	0	0	$0.00
S Prince Georges County	0	0	0	0	0.0%	0	0	0	$0.00
SE Fairfax County	0	0	0	0	0.0%	0	0	0	$0.00
SE Montgomery County	0	0	0	0	0.0%	0	0	0	$0.00
Winchester City	0	0	0	0	0.0%	0	0	0	$0.00
Woodbridge/I-95 Corridor	0	0	0	0	0.0%	0	0	0	$0.00
Totals	**10**	**1,523,520**	**37,659**	**38,919**	**2.6%**	**(15,525)**	**0**	**0**	**$95.39**

Source: CoStar Property®

Total Retail Market Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Alexandria/I-395 Area	922	13,829,138	404,866	415,499	3.0%	(26,877)	2,427	2,425	$30.94
Bethesda/Chevy Chase	310	4,374,492	120,635	121,918	2.8%	21,321	0	22,737	$31.63
Capitol Hill Area	641	3,040,303	151,479	151,479	5.0%	(5,920)	3,000	0	$29.69
Downtown DC	287	1,955,680	89,301	89,301	4.6%	13,445	0	0	$45.90
Dulles Corridor	719	17,630,272	681,980	688,037	3.9%	30,602	68,256	0	$26.36
E Prince Georges County	296	7,484,326	466,070	466,770	6.2%	55,601	137,149	57,582	$19.40
East Falls Church	132	1,325,621	19,598	19,598	1.5%	4,001	0	0	$36.63
Frederick	1,010	12,562,398	577,880	584,559	4.7%	580,888	518,679	3,117	$17.12
Georgetown/Uptown	1,964	10,793,792	468,770	472,190	4.4%	114,768	0	18,000	$43.12
Greater Fairfax County	1,156	23,964,339	624,143	774,506	3.2%	160,945	24,194	83,593	$30.30
I-270 Corridor	905	23,241,973	1,086,636	1,140,709	4.9%	148,736	121,185	3,867	$23.86
Leesburg/Route 7 Corridor	486	7,583,516	649,436	689,639	9.1%	(5,498)	101,436	30,607	$26.03
Manassas/Route 29/I-66	646	11,595,845	792,655	796,921	6.9%	(12,642)	5,350	101,670	$20.95
N Prince Georges County	1,573	20,697,327	1,133,924	1,143,852	5.5%	111,372	44,540	0	$18.09
Northeast/Southeast	837	4,714,246	232,964	234,908	5.0%	7,420	0	73,000	$17.88
R-B Corridor	151	2,733,830	53,316	53,316	2.0%	15,008	8,000	0	$28.65
S Prince Georges County	884	12,437,710	733,632	733,632	5.9%	(36,048)	19,620	79,371	$15.59
SE Fairfax County	575	12,476,917	367,064	433,270	3.5%	(36,938)	6,500	4,321	$25.16
SE Montgomery County	838	13,408,845	511,780	511,780	3.8%	(42,900)	25,742	0	$22.97
Winchester City	320	4,933,807	293,007	333,507	6.8%	146,432	0	0	$11.40
Woodbridge/I-95 Corridor	562	12,630,521	830,910	842,718	6.7%	(43,860)	16,303	0	$15.29
Totals	**15,214**	**223,414,898**	**10,290,046**	**10,698,109**	**4.8%**	**1,199,856**	**1,102,381**	**480,290**	**$23.27**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

General Retail Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	111	830,400	16,974	16,974	2.0%	(73)	3,044	0	$22.98
Ballston	32	873,461	1,900	1,900	0.2%	10,000	8,000	0	$45.00
Beltsville/Calver	74	435,602	40,000	40,000	9.2%	40,500	0	0	$13.14
Bethesda/Chevy	281	2,770,116	55,042	56,325	2.0%	14,850	0	22,737	$31.19
Bowie	122	1,115,406	19,786	20,486	1.8%	6,300	0	21,586	$23.39
Branch Avenue (	294	2,539,127	204,242	204,242	8.0%	(56,025)	0	0	$12.75
Capitol Hill	549	1,872,932	124,282	124,282	6.6%	(31,307)	3,000	0	$29.75
Capitol Riverfror	33	448,530	0	0	0.0%	2,083	0	0	$0.00
CBD	58	288,519	24,014	24,014	8.3%	(5,423)	0	0	$52.86
Clarendon/Cour	61	367,245	35,048	35,048	9.5%	4,929	0	0	$28.52
College Park	539	3,208,192	75,423	75,423	2.4%	55,662	8,976	0	$22.37
Crystal City	42	333,827	33,842	33,842	10.1%	(27,142)	0	0	$28.83
East End	210	1,101,542	64,612	64,612	5.9%	11,343	0	0	$39.70
Eisenhower Ave	32	478,217	30,593	30,593	6.4%	(1,043)	0	2,425	$31.00
Fairfax Center	23	235,936	10,645	10,645	4.5%	(5,700)	0	0	$0.00
Fairfax City	181	1,600,398	18,335	18,335	1.1%	14,975	0	18,000	$31.80
Falls Church	199	1,531,925	73,806	73,806	4.8%	(1,538)	0	0	$30.48
Frederick	826	5,447,165	183,124	183,124	3.4%	112,344	0	3,117	$11.50
Gaithersburg	224	2,218,419	66,609	66,609	3.0%	46,368	0	3,867	$19.60
Georgetown	360	1,583,357	80,170	82,330	5.2%	(2,682)	0	0	$56.93
Germantown	72	500,381	3,000	3,000	0.6%	0	0	0	$20.97
Great Falls	29	158,455	6,460	6,460	4.1%	1,740	0	0	$20.69
Greater Upper M	60	487,258	53,045	53,045	10.9%	(30,945)	0	0	$12.00
Greenbelt	28	326,828	15,855	15,855	4.9%	(9,600)	0	0	$30.00
Herndon	80	422,319	7,200	7,200	1.7%	0	0	0	$38.96
Huntington/Mt	190	1,438,689	37,190	37,190	2.6%	(3,825)	6,500	0	$18.47
I-270 Corridor N	29	168,039	9,870	9,870	5.9%	(6,113)	0	0	$22.11
I-395 Corridor	291	2,585,318	50,841	50,841	2.0%	10,598	2,427	0	$25.60
Kensington/Wh	224	1,746,848	64,019	64,019	3.7%	5,960	0	0	$20.58
Landover/Largo	270	1,277,189	31,467	31,467	2.5%	35,112	0	0	$10.33
Lanham	91	516,160	1,200	1,200	0.2%	1,800	0	0	$18.98
Laurel	197	1,083,916	46,936	46,936	4.3%	(20,290)	0	0	$14.27
Leesburg/West	294	1,513,485	39,356	39,356	2.6%	13,756	0	0	$23.31

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

General Retail Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	298	2,353,223	123,814	123,814	5.3%	(23,376)	3,500	0	$16.53
McLean	48	321,527	900	900	0.3%	4,770	0	0	$44.82
Merrifield	76	610,215	25,379	25,379	4.2%	5,734	0	51,216	$30.00
N Arlington/E Fa	111	866,964	13,709	13,709	1.6%	(490)	0	0	$40.00
NatHbr/OxnHill	166	879,431	33,722	33,722	3.8%	(6,105)	0	0	$25.19
NoMa	50	256,163	23,355	23,355	9.1%	18,254	0	0	$27.40
North Bethesda/	40	546,950	25,999	25,999	4.8%	(8,252)	0	0	$15.00
North Rockville	73	930,299	12,562	12,562	1.4%	32,248	0	0	$18.89
North Silver Spri	131	1,157,991	0	0	0.0%	4,290	0	0	$19.20
Northeast	527	1,992,259	118,491	120,435	6.0%	(1,594)	0	70,000	$14.94
Oakton	11	124,906	0	0	0.0%	0	0	0	$0.00
Old Town Alexa	436	2,110,163	64,810	72,243	3.4%	(18,746)	0	0	$31.99
Pennsylvania Av	189	995,483	77,459	77,459	7.8%	(6,495)	19,620	79,371	$15.83
Pentagon City	0	0	0	0	0.0%	0	0	0	$0.00
Reston	50	538,456	6,062	6,062	1.1%	(1,035)	0	0	$0.00
Rockville	135	1,492,097	85,025	85,025	5.7%	22,880	0	0	$20.55
Rosslyn	7	90,887	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	122	2,216,726	28,250	28,250	1.3%	(12,490)	0	0	$27.82
Route 28 Corrid	96	1,119,504	9,988	9,988	0.9%	447	0	0	$28.59
Route 29/I-66 C	128	1,378,346	37,632	37,632	2.7%	22,646	0	46,000	$13.53
Route 7 Corrido	26	279,748	75,271	75,271	26.9%	(34,032)	0	30,607	$23.36
Silver Spring	291	2,704,275	55,508	55,508	2.1%	11,692	0	0	$20.34
Southeast	249	841,220	24,475	24,475	2.9%	19,410	0	0	$22.99
Southwest	1	6,490	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	169	1,723,834	18,298	18,298	1.1%	(9,461)	0	4,321	$34.55
Tysons Corner	86	1,483,869	55,555	99,342	6.7%	(18,813)	0	0	$50.00
Uptown	1,548	6,779,246	264,496	264,496	3.9%	87,671	0	18,000	$36.18
Vienna	100	546,138	15,450	15,450	2.8%	25,605	21,150	0	$34.41
Virginia Square	35	240,391	2,446	2,446	1.0%	0	0	0	$39.98
West End	16	278,818	675	675	0.2%	(675)	0	0	$0.00
Winchester City	253	2,647,007	125,000	125,000	4.7%	91,046	0	0	$10.18
Woodbridge/I-9	362	2,927,528	27,817	34,765	1.2%	26,829	16,303	0	$19.70
Totals	**11,936**	**81,945,355**	**2,877,034**	**2,941,289**	**3.6%**	**418,572**	**92,520**	**371,247**	**$23.86**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Mall Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	0	0	0	0	0.0%	0	0	0	$0.00
Ballston	1	578,000	12,000	12,000	2.1%	0	0	0	$16.00
Beltsville/Calvert	0	0	0	0	0.0%	0	0	0	$0.00
Bethesda/Chevy	1	430,712	7,279	7,279	1.7%	1,078	0	0	$0.00
Bowie	3	2,208,618	21,512	21,512	1.0%	132,449	137,149	0	$31.06
Branch Avenue (	2	1,382,500	50,432	50,432	3.6%	814	0	0	$32.08
Capitol Hill	0	0	0	0	0.0%	0	0	0	$0.00
Capitol Riverfror	0	0	0	0	0.0%	0	0	0	$0.00
CBD	0	0	0	0	0.0%	0	0	0	$0.00
Clarendon/Cour	1	370,730	0	0	0.0%	0	0	0	$0.00
College Park	2	1,290,781	51,368	51,368	4.0%	0	0	0	$0.00
Crystal City	1	878,793	3,441	3,441	0.4%	2,920	0	0	$32.00
East End	0	0	0	0	0.0%	0	0	0	$0.00
Eisenhower Ave	0	0	0	0	0.0%	0	0	0	$0.00
Fairfax Center	3	3,296,222	34,746	34,746	1.1%	(30,239)	0	0	$22.87
Fairfax City	1	468,843	24,000	24,000	5.1%	0	0	0	$0.00
Falls Church	1	612,747	0	0	0.0%	30,438	0	0	$0.00
Frederick	4	2,090,882	37,345	37,345	1.8%	509,764	511,968	0	$18.00
Gaithersburg	1	1,206,695	29,180	29,180	2.4%	0	0	0	$0.00
Georgetown	1	369,454	12,003	12,003	3.2%	0	0	0	$22.80
Germantown	0	0	0	0	0.0%	0	0	0	$0.00
Great Falls	0	0	0	0	0.0%	0	0	0	$0.00
Greater Upper M	0	0	0	0	0.0%	0	0	0	$0.00
Greenbelt	1	864,478	76,751	76,751	8.9%	24,900	0	0	$12.31
Herndon	0	0	0	0	0.0%	0	0	0	$0.00
Huntington/Mt	1	750,078	14,805	14,805	2.0%	4,082	0	0	$0.00
I-270 Corridor N	0	0	0	0	0.0%	0	0	0	$0.00
I-395 Corridor	1	886,712	22,345	22,345	2.5%	0	0	0	$0.00
Kensington/Wh	1	1,646,503	0	0	0.0%	0	0	0	$0.00
Landover/Largo	1	489,405	37,526	40,741	8.3%	(18,211)	0	0	$13.00
Lanham	0	0	0	0	0.0%	0	0	0	$0.00
Laurel	2	1,660,164	53,425	53,425	3.2%	4,027	0	0	$0.00
Leesburg/West I	2	1,246,379	230,021	230,021	18.5%	38,148	101,436	0	$39.66

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Mall Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	0	0	0	0	0.0%	0	0	0	$0.00
McLean	0	0	0	0	0.0%	0	0	0	$0.00
Merrifield	0	0	0	0	0.0%	0	0	0	$0.00
N Arlington/E Fa	0	0	0	0	0.0%	0	0	0	$0.00
NatHbr/OxnHill	0	0	0	0	0.0%	0	0	0	$0.00
NoMa	0	0	0	0	0.0%	0	0	0	$0.00
North Bethesda/	2	2,024,877	22,000	22,000	1.1%	(10,672)	0	0	$17.60
North Rockville	0	0	0	0	0.0%	0	0	0	$0.00
North Silver Spri	0	0	0	0	0.0%	0	0	0	$0.00
Northeast	0	0	0	0	0.0%	0	0	0	$0.00
Oakton	0	0	0	0	0.0%	0	0	0	$0.00
Old Town Alexa	0	0	0	0	0.0%	0	0	0	$0.00
Pennsylvania Av	1	599,203	25,141	25,141	4.2%	0	0	0	$0.00
Pentagon City	1	994,245	0	0	0.0%	0	0	0	$0.00
Reston	2	806,204	4,411	4,411	0.5%	4,613	0	0	$0.00
Rockville	3	1,015,376	86,000	126,000	12.4%	(48,715)	0	0	$15.50
Rosslyn	0	0	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	1	1,516,974	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	0	0	0	0	0.0%	0	0	0	$0.00
Route 29/I-66 C	3	1,910,296	58,836	58,836	3.1%	20,868	0	0	$17.50
Route 7 Corrido	0	0	0	0	0.0%	0	0	0	$0.00
Silver Spring	1	1,234,043	3,497	3,497	0.3%	(3,497)	0	0	$19.24
Southeast	0	0	0	0	0.0%	0	0	0	$0.00
Southwest	0	0	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	1	1,292,397	0	0	0.0%	3,000	0	0	$0.00
Tysons Corner	2	3,284,521	15,278	15,278	0.5%	0	0	0	$0.00
Uptown	1	715,000	66,634	66,634	9.3%	0	0	0	$65.00
Vienna	0	0	0	0	0.0%	0	0	0	$0.00
Virginia Square	0	0	0	0	0.0%	0	0	0	$0.00
West End	0	0	0	0	0.0%	0	0	0	$0.00
Winchester City	1	444,922	0	0	0.0%	0	0	0	$0.00
Woodbridge/I-9	3	3,105,515	113,933	113,933	3.7%	(19,865)	0	0	$0.00
Totals	**53**	**41,672,269**	**1,113,909**	**1,157,124**	**2.8%**	**645,902**	**750,553**	**0**	**$26.05**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Power Center Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	0	0	0	0	0.0%	0	0	0	$0.00
Ballston	0	0	0	0	0.0%	0	0	0	$0.00
Beltsville/Calvert	0	0	0	0	0.0%	0	0	0	$0.00
Bethesda/Chevy	0	0	0	0	0.0%	0	0	0	$0.00
Bowie	2	991,903	1,992	1,992	0.2%	0	0	0	$0.00
Branch Avenue (	1	542,500	1,837	1,837	0.3%	2,063	0	0	$25.00
Capitol Hill	0	0	0	0	0.0%	0	0	0	$0.00
Capitol Riverfror	0	0	0	0	0.0%	0	0	0	$0.00
CBD	0	0	0	0	0.0%	0	0	0	$0.00
Clarendon/Cour	0	0	0	0	0.0%	0	0	0	$0.00
College Park	0	0	0	0	0.0%	0	0	0	$0.00
Crystal City	0	0	0	0	0.0%	0	0	0	$0.00
East End	0	0	0	0	0.0%	0	0	0	$0.00
Eisenhower Ave	0	0	0	0	0.0%	0	0	0	$0.00
Fairfax Center	1	317,670	6,445	6,445	2.0%	1,792	0	0	$30.00
Fairfax City	0	0	0	0	0.0%	0	0	0	$0.00
Falls Church	0	0	0	0	0.0%	0	0	0	$0.00
Frederick	2	925,763	3,090	3,090	0.3%	0	0	0	$15.13
Gaithersburg	0	0	0	0	0.0%	0	0	0	$0.00
Georgetown	0	0	0	0	0.0%	0	0	0	$0.00
Germantown	1	1,397,920	0	0	0.0%	0	0	0	$18.09
Great Falls	0	0	0	0	0.0%	0	0	0	$0.00
Greater Upper M	0	0	0	0	0.0%	0	0	0	$0.00
Greenbelt	0	0	0	0	0.0%	0	0	0	$0.00
Herndon	0	0	0	0	0.0%	0	0	0	$0.00
Huntington/Mt	0	0	0	0	0.0%	0	0	0	$0.00
I-270 Corridor N	0	0	0	0	0.0%	0	0	0	$0.00
I-395 Corridor	3	1,342,840	23,374	23,374	1.7%	26,699	0	0	$28.31
Kensington/Wh	0	0	0	0	0.0%	0	0	0	$0.00
Landover/Largo	0	0	0	0	0.0%	0	0	0	$0.00
Lanham	1	471,066	17,500	17,500	3.7%	(17,500)	0	0	$0.00
Laurel	1	462,831	5,000	5,000	1.1%	10,500	0	0	$35.00
Leesburg/West I	2	714,921	29,901	29,901	4.2%	(18,439)	0	0	$15.85

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Power Center Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	0	0	0	0	0.0%	0	0	0	$0.00
McLean	0	0	0	0	0.0%	0	0	0	$0.00
Merrifield	0	0	0	0	0.0%	0	0	0	$0.00
N Arlington/E Fa	0	0	0	0	0.0%	0	0	0	$0.00
NatHbr/OxnHill	0	0	0	0	0.0%	0	0	0	$0.00
NoMa	0	0	0	0	0.0%	0	0	0	$0.00
North Bethesda/	0	0	0	0	0.0%	0	0	0	$0.00
North Rockville	2	1,582,468	18,638	26,760	1.7%	(18,149)	0	0	$39.18
North Silver Spri	1	376,088	0	0	0.0%	0	0	0	$0.00
Northeast	0	0	0	0	0.0%	0	0	0	$0.00
Oakton	0	0	0	0	0.0%	0	0	0	$0.00
Old Town Alexa	0	0	0	0	0.0%	0	0	0	$0.00
Pennsylvania Av	0	0	0	0	0.0%	0	0	0	$0.00
Pentagon City	1	337,429	0	0	0.0%	0	0	0	$0.00
Reston	0	0	0	0	0.0%	0	0	0	$0.00
Rockville	0	0	0	0	0.0%	0	0	0	$0.00
Rosslyn	0	0	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	4	2,225,321	70,576	76,633	3.4%	(42,717)	0	0	$30.83
Route 28 Corrid	2	1,084,937	27,400	27,400	2.5%	14,600	0	0	$27.43
Route 29/I-66 C	5	1,945,515	232,334	232,334	11.9%	(18,192)	0	40,670	$32.12
Route 7 Corrido	0	0	0	0	0.0%	0	0	0	$0.00
Silver Spring	0	0	0	0	0.0%	0	0	0	$0.00
Southeast	0	0	0	0	0.0%	0	0	0	$0.00
Southwest	0	0	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	1	142,238	3,717	3,717	2.6%	1,000	0	0	$0.00
Tysons Corner	0	0	0	0	0.0%	0	0	0	$0.00
Uptown	0	0	0	0	0.0%	0	0	0	$0.00
Vienna	0	0	0	0	0.0%	0	0	0	$0.00
Virginia Square	0	0	0	0	0.0%	0	0	0	$0.00
West End	0	0	0	0	0.0%	0	0	0	$0.00
Winchester City	1	418,649	6,850	6,850	1.6%	(2,850)	0	0	$18.92
Woodbridge/I-9	2	821,402	16,927	16,927	2.1%	4,023	0	0	$17.40
Totals	**33**	**16,101,461**	**465,581**	**479,760**	**3.0%**	**(57,170)**	**0**	**40,670**	**$24.65**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Shopping Center Submarket Statistics

Third Quarter 2011

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	25	1,179,014	56,667	56,667	4.8%	10,388	0	0	$29.06
Ballston	5	87,987	0	0	0.0%	0	0	0	$0.00
Beltsville/Calver	17	451,640	18,610	20,323	4.5%	4,122	0	0	$17.50
Bethesda/Chevy	14	1,173,664	58,314	58,314	5.0%	5,393	0	0	$32.82
Bowie	22	1,925,374	331,774	331,774	17.2%	(54,011)	0	35,996	$18.98
Branch Avenue (	51	1,512,026	124,481	124,481	8.2%	3,024	0	0	$14.93
Capitol Hill	4	54,702	3,842	3,842	7.0%	5,050	0	0	$42.00
Capitol Riverfror	0	0	0	0	0.0%	0	0	0	$0.00
CBD	0	0	0	0	0.0%	0	0	0	$0.00
Clarendon/Cour	4	107,587	1,922	1,922	1.8%	79	0	0	$44.17
College Park	75	3,039,571	237,882	242,882	8.0%	86,788	35,564	0	$23.60
Crystal City	3	161,013	23,506	23,506	14.6%	(3,182)	0	0	$33.93
East End	3	286,801	0	0	0.0%	8,200	0	0	$50.00
Eisenhower Ave	0	1,385	0	0	0.0%	0	0	0	$0.00
Fairfax Center	8	1,347,570	58,257	58,257	4.3%	73,640	0	0	$33.43
Fairfax City	25	1,806,220	81,671	187,297	10.4%	16,895	0	14,377	$31.00
Falls Church	21	1,381,918	47,316	47,316	3.4%	10,674	0	0	$25.78
Frederick	64	4,098,588	354,321	361,000	8.8%	(41,220)	6,711	0	$19.56
Gaithersburg	38	3,290,739	225,245	225,245	6.8%	3,099	16,925	0	$26.08
Georgetown	5	99,285	0	0	0.0%	0	0	0	$0.00
Germantown	13	1,168,931	82,653	82,653	7.1%	15,346	0	0	$25.02
Great Falls	5	246,381	15,294	15,294	6.2%	(3,589)	0	0	$28.63
Greater Upper N	5	615,878	37,961	37,961	6.2%	1,808	0	0	$23.38
Greenbelt	6	714,708	36,001	36,001	5.0%	(5,055)	0	0	$31.47
Herndon	13	958,862	37,934	37,934	4.0%	41,834	0	0	$21.91
Huntington/Mt	38	1,881,213	85,978	139,358	7.4%	(62,888)	0	0	$22.92
I-270 Corridor N	4	177,158	22,201	24,796	14.0%	(3,650)	0	0	$23.49
I-395 Corridor	48	2,739,664	148,556	151,756	5.5%	(13,423)	0	0	$33.09
Kensington/Wh	33	1,584,208	178,903	178,903	11.3%	(58,971)	0	0	$23.56
Landover/Largo	41	2,069,270	158,292	158,292	7.6%	(61,470)	0	0	$14.17
Lanham	9	822,857	84,332	84,332	10.2%	(9,631)	0	0	$17.81
Laurel	24	1,512,669	146,356	146,356	9.7%	(10,282)	0	0	$21.24
Leesburg/West I	34	2,301,813	178,114	180,314	7.8%	(12,995)	0	0	$25.06

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Shopping Center Submarket Statistics

Third Quarter 2011

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	36	1,818,093	216,211	216,211	11.9%	(43,952)	0	0	$20.25
McLean	12	524,363	27,543	27,543	5.3%	3,761	0	0	$36.31
Merrifield	13	854,935	30,426	30,426	3.6%	16,791	0	0	$31.95
N Arlington/E Fa	18	458,657	5,889	5,889	1.3%	4,491	0	0	$32.20
NatHbr/OxnHill	24	1,994,441	101,745	101,745	5.1%	48,229	0	0	$17.22
NoMa	2	356,422	0	0	0.0%	0	0	0	$0.00
North Bethesda/	24	2,247,977	187,257	187,257	8.3%	59,295	92,260	0	$32.35
North Rockville	12	890,169	21,724	21,724	2.4%	15,332	0	0	$20.00
North Silver Spri	30	1,984,673	177,623	177,623	8.9%	8,017	25,742	0	$24.96
Northeast	17	1,126,835	80,748	80,748	7.2%	(12,994)	0	3,000	$16.93
Oakton	3	211,919	0	0	0.0%	2,827	0	0	$0.00
Old Town Alexa	4	122,257	0	0	0.0%	0	0	0	$0.00
Pennsylvania Av	28	1,992,999	114,573	114,573	5.7%	(21,553)	0	0	$16.42
Pentagon City	1	610,169	0	0	0.0%	0	0	0	$0.00
Reston	8	949,991	28,436	28,436	3.0%	8,299	0	0	$32.06
Rockville	38	2,289,478	172,161	175,517	7.7%	65,531	12,000	0	$26.96
Rosslyn	1	17,542	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	37	2,638,632	273,871	273,871	10.4%	47,829	68,256	0	$24.76
Route 28 Corrid	25	2,695,510	166,098	166,098	6.2%	(28,929)	0	0	$20.60
Route 29/I-66 C	24	2,144,291	123,828	128,094	6.0%	29,364	1,850	15,000	$34.61
Route 7 Corrido	7	1,043,470	96,773	134,776	12.9%	8,064	0	0	$36.48
Silver Spring	26	974,216	32,230	32,230	3.3%	(10,391)	0	0	$28.50
Southeast	20	753,932	9,250	9,250	1.2%	2,598	0	0	$30.79
Southwest	1	4,964	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	51	5,248,468	207,076	219,902	4.2%	31,154	0	0	$28.02
Tysons Corner	10	600,372	14,005	14,005	2.3%	2,588	0	0	$0.00
Uptown	27	826,806	27,878	27,878	3.4%	25,934	0	0	$26.21
Vienna	12	792,711	10,745	11,695	1.5%	(3,570)	0	0	$37.00
Virginia Square	0	0	0	0	0.0%	0	0	0	$0.00
West End	0	0	0	0	0.0%	0	0	0	$0.00
Winchester City	32	1,423,229	161,157	201,657	14.2%	58,236	0	0	$12.04
Woodbridge/I-9	62	5,776,076	672,233	677,093	11.7%	(54,847)	0	0	$14.71
Totals	**1,262**	**82,172,293**	**5,795,863**	**6,081,017**	**7.4%**	**208,077**	**259,308**	**68,373**	**$22.36**

Source: CoStar Property®

Specialty Center Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	0	0	0	0	0.0%	0	0	0	$0.00
Ballston	0	0	0	0	0.0%	0	0	0	$0.00
Beltsville/Calvert	0	0	0	0	0.0%	0	0	0	$0.00
Bethesda/Chevy	0	0	0	0	0.0%	0	0	0	$0.00
Bowie	1	139,889	0	0	0.0%	0	0	0	$0.00
Branch Avenue (	0	0	0	0	0.0%	0	0	0	$0.00
Capitol Hill	1	40,100	0	0	0.0%	0	0	0	$0.00
Capitol Riverfror	0	0	0	0	0.0%	0	0	0	$0.00
CBD	0	0	0	0	0.0%	0	0	0	$0.00
Clarendon/Cour	0	0	0	0	0.0%	0	0	0	$0.00
College Park	0	0	0	0	0.0%	0	0	0	$0.00
Crystal City	1	31,200	0	0	0.0%	0	0	0	$95.39
East End	0	0	0	0	0.0%	0	0	0	$0.00
Eisenhower Ave	0	0	0	0	0.0%	0	0	0	$0.00
Fairfax Center	0	0	0	0	0.0%	0	0	0	$0.00
Fairfax City	0	0	0	0	0.0%	0	0	0	$0.00
Falls Church	0	0	0	0	0.0%	0	0	0	$0.00
Frederick	0	0	0	0	0.0%	0	0	0	$0.00
Gaithersburg	0	0	0	0	0.0%	0	0	0	$0.00
Georgetown	1	126,709	0	1,260	1.0%	6,573	0	0	$0.00
Germantown	0	0	0	0	0.0%	0	0	0	$0.00
Great Falls	0	0	0	0	0.0%	0	0	0	$0.00
Greater Upper M	0	0	0	0	0.0%	0	0	0	$0.00
Greenbelt	0	0	0	0	0.0%	0	0	0	$0.00
Herndon	0	0	0	0	0.0%	0	0	0	$0.00
Huntington/Mt	0	0	0	0	0.0%	0	0	0	$0.00
I-270 Corridor N	0	0	0	0	0.0%	0	0	0	$0.00
I-395 Corridor	1	215,906	3,558	3,558	1.6%	(3,558)	0	0	$0.00
Kensington/Wh	0	0	0	0	0.0%	0	0	0	$0.00
Landover/Largo	0	0	0	0	0.0%	0	0	0	$0.00
Lanham	0	0	0	0	0.0%	0	0	0	$0.00
Laurel	0	0	0	0	0.0%	0	0	0	$0.00
Leesburg/West I	1	483,700	0	0	0.0%	0	0	0	$0.00

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Specialty Center Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	1	46,081	0	0	0.0%	0	0	0	$0.00
McLean	0	0	0	0	0.0%	0	0	0	$0.00
Merrifield	0	0	0	0	0.0%	0	0	0	$0.00
N Arlington/E Fa	0	0	0	0	0.0%	0	0	0	$0.00
NatHbr/OxnHill	0	0	0	0	0.0%	0	0	0	$0.00
NoMa	0	0	0	0	0.0%	0	0	0	$0.00
North Bethesda/	0	0	0	0	0.0%	0	0	0	$0.00
North Rockville	0	0	0	0	0.0%	0	0	0	$0.00
North Silver Spri	0	0	0	0	0.0%	0	0	0	$0.00
Northeast	0	0	0	0	0.0%	0	0	0	$0.00
Oakton	0	0	0	0	0.0%	0	0	0	$0.00
Old Town Alexa	0	0	0	0	0.0%	0	0	0	$0.00
Pennsylvania Av	0	0	0	0	0.0%	0	0	0	$0.00
Pentagon City	0	0	0	0	0.0%	0	0	0	$0.00
Reston	0	0	0	0	0.0%	0	0	0	$0.00
Rockville	1	94,000	16,512	16,512	17.6%	(15,812)	0	0	$0.00
Rosslyn	0	0	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	1	52,000	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	0	0	0	0	0.0%	0	0	0	$0.00
Route 29/I-66 C	0	0	0	0	0.0%	0	0	0	$0.00
Route 7 Corrido	0	0	0	0	0.0%	0	0	0	$0.00
Silver Spring	0	0	0	0	0.0%	0	0	0	$0.00
Southeast	0	0	0	0	0.0%	0	0	0	$0.00
Southwest	0	0	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	0	0	0	0	0.0%	0	0	0	$0.00
Tysons Corner	0	0	0	0	0.0%	0	0	0	$0.00
Uptown	1	293,935	17,589	17,589	6.0%	(2,728)	0	0	$0.00
Vienna	0	0	0	0	0.0%	0	0	0	$0.00
Virginia Square	0	0	0	0	0.0%	0	0	0	$0.00
West End	0	0	0	0	0.0%	0	0	0	$0.00
Winchester City	0	0	0	0	0.0%	0	0	0	$0.00
Woodbridge/I-9	0	0	0	0	0.0%	0	0	0	$0.00
Totals	**10**	**1,523,520**	**37,659**	**38,919**	**2.6%**	**(15,525)**	**0**	**0**	**$95.39**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Total Retail Submarket Statistics

Third Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Annandale	156	2,009,414	73,641	73,641	3.7%	10,315	3,044	0	$27.79
Ballston	39	1,539,448	13,900	13,900	0.9%	10,000	8,000	0	$19.60
Beltsville/Calvert	100	887,242	58,610	60,323	6.8%	44,622	0	0	$14.24
Bethesda/Chevy	310	4,374,492	120,635	121,918	2.8%	21,321	0	22,737	$31.63
Bowie	226	6,381,190	375,064	375,764	5.9%	84,738	137,149	57,582	$21.36
Branch Avenue (	398	5,976,153	380,992	380,992	6.4%	(50,124)	0	0	$14.54
Capitol Hill	554	1,967,734	128,124	128,124	6.5%	(26,257)	3,000	0	$29.93
Capitol Riverfror	33	448,530	0	0	0.0%	2,083	0	0	$0.00
CBD	58	288,519	24,014	24,014	8.3%	(5,423)	0	0	$52.86
Clarendon/Cour	69	845,562	36,970	36,970	4.4%	5,008	0	0	$30.13
College Park	666	7,538,544	364,673	369,673	4.9%	142,450	44,540	0	$23.04
Crystal City	56	1,404,833	60,789	60,789	4.3%	(27,404)	0	0	$33.55
East End	213	1,388,343	64,612	64,612	4.7%	19,543	0	0	$41.00
Eisenhower Ave	33	479,602	30,593	30,593	6.4%	(1,043)	0	2,425	$31.00
Fairfax Center	92	5,197,398	110,093	110,093	2.1%	39,493	0	0	$27.08
Fairfax City	236	3,875,461	124,006	229,632	5.9%	31,870	0	32,377	$31.36
Falls Church	246	3,526,590	121,122	121,122	3.4%	39,574	0	0	$29.72
Frederick	1,010	12,562,398	577,880	584,559	4.7%	580,888	518,679	3,117	$17.12
Gaithersburg	315	6,715,853	321,034	321,034	4.8%	49,467	16,925	3,867	$22.63
Georgetown	385	2,178,805	92,173	95,593	4.4%	3,891	0	0	$51.80
Germantown	130	3,067,232	85,653	85,653	2.8%	15,346	0	0	$22.14
Great Falls	47	404,836	21,754	21,754	5.4%	(1,849)	0	0	$27.23
Greater Upper M	70	1,103,136	91,006	91,006	8.2%	(29,137)	0	0	$16.98
Greenbelt	59	1,906,014	128,607	128,607	6.7%	10,245	0	0	$17.51
Herndon	109	1,381,181	45,134	45,134	3.3%	41,834	0	0	$29.44
Huntington/Mt	277	4,069,980	137,973	191,353	4.7%	(62,631)	6,500	0	$21.81
I-270 Corridor N	34	345,197	32,071	34,666	10.0%	(9,763)	0	0	$23.04
I-395 Corridor	389	7,770,440	248,674	251,874	3.2%	20,316	2,427	0	$29.25
Kensington/Wh	299	4,977,559	242,922	242,922	4.9%	(53,011)	0	0	$22.47
Landover/Largo	360	3,835,864	227,285	230,500	6.0%	(44,569)	0	0	$13.26
Lanham	122	1,810,083	103,032	103,032	5.7%	(25,331)	0	0	$18.24
Laurel	266	4,719,580	251,717	251,717	5.3%	(16,045)	0	0	$20.33
Leesburg/West I	427	6,260,298	477,392	479,592	7.7%	20,470	101,436	0	$25.01

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Total Retail Submarket Statistics

Third Quarter 2011

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Manassas	387	4,217,397	340,025	340,025	8.1%	(67,328)	3,500	0	$18.89
McLean	67	845,890	28,443	28,443	3.4%	8,531	0	0	$40.28
Merrifield	104	1,465,150	55,805	55,805	3.8%	22,525	0	51,216	$31.82
N Arlington/E Fa	132	1,325,621	19,598	19,598	1.5%	4,001	0	0	$36.63
NatHbr/OxnHill	229	2,873,872	135,467	135,467	4.7%	42,124	0	0	$18.31
NoMa	52	612,585	23,355	23,355	3.8%	18,254	0	0	$27.40
North Bethesda/	86	4,819,804	235,256	235,256	4.9%	40,371	92,260	0	$27.76
North Rockville	121	3,402,936	52,924	61,046	1.8%	29,431	0	0	$25.15
North Silver Spri	205	3,518,752	177,623	177,623	5.0%	12,307	25,742	0	$24.65
Northeast	548	3,119,094	199,239	201,183	6.5%	(14,588)	0	73,000	$16.06
Oakton	19	336,825	0	0	0.0%	2,827	0	0	$0.00
Old Town Alexa	440	2,232,420	64,810	72,243	3.2%	(18,746)	0	0	$31.99
Pennsylvania Av	257	3,587,685	217,173	217,173	6.1%	(28,048)	19,620	79,371	$16.32
Pentagon City	4	1,941,843	0	0	0.0%	0	0	0	$0.00
Reston	96	2,294,651	38,909	38,909	1.7%	11,877	0	0	$32.06
Rockville	219	4,890,951	359,698	403,054	8.2%	23,884	12,000	0	$23.28
Rosslyn	8	108,429	0	0	0.0%	0	0	0	$0.00
Route 28 Corrid	275	8,649,653	372,697	378,754	4.4%	(7,378)	68,256	0	$26.30
Route 28 Corrid	192	4,899,951	203,486	203,486	4.2%	(13,882)	0	0	$23.91
Route 29/I-66 C	259	7,378,448	452,630	456,896	6.2%	54,686	1,850	101,670	$22.82
Route 7 Corrido	59	1,323,218	172,044	210,047	15.9%	(25,968)	0	30,607	$29.55
Silver Spring	334	4,912,534	91,235	91,235	1.9%	(2,196)	0	0	$22.57
Southeast	289	1,595,152	33,725	33,725	2.1%	22,008	0	0	$26.82
Southwest	2	11,454	0	0	0.0%	0	0	0	$0.00
Springfield/Burk	298	8,406,937	229,091	241,917	2.9%	25,693	0	4,321	$28.47
Tysons Corner	111	5,368,762	84,838	128,625	2.4%	(16,225)	0	0	$50.00
Uptown	1,579	8,614,987	376,597	376,597	4.4%	110,877	0	18,000	$41.16
Vienna	125	1,338,849	26,195	27,145	2.0%	22,035	21,150	0	$35.85
Virginia Square	35	240,391	2,446	2,446	1.0%	0	0	0	$39.98
West End	16	278,818	675	675	0.2%	(675)	0	0	$0.00
Winchester City	320	4,933,807	293,007	333,507	6.8%	146,432	0	0	$11.40
Woodbridge/I-9	562	12,630,521	830,910	842,718	6.7%	(43,860)	16,303	0	$15.29
Totals	**15,214**	**223,414,898**	**10,290,046**	**10,698,109**	**4.8%**	**1,199,856**	**1,102,381**	**480,290**	**$23.27**

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

General Retail Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	11,936	81,945,355	2,877,034	2,941,289	3.6%	365,158	4	29,108	14	371,247	$23.86
2011 2q	11,933	81,949,247	3,216,236	3,310,339	4.0%	130,265	5	50,936	14	299,243	$23.42
2011 1q	11,929	81,903,791	3,298,136	3,395,148	4.1%	(76,851)	2	12,476	12	174,043	$23.97
2010 4q	11,928	81,893,572	3,215,643	3,308,078	4.0%	113,560	3	12,843	8	160,605	$23.78
2010 3q	11,929	81,892,003	3,223,718	3,420,069	4.2%	132,145	4	123,381	8	134,242	$24.82
2010 2q	11,926	81,771,165	3,242,966	3,431,376	4.2%	20,170	4	97,589	8	207,758	$25.73
2010 1q	11,924	81,747,957	3,232,755	3,428,338	4.2%	146,198	8	117,935	10	295,170	$25.70
2009 4q	11,918	81,642,649	3,270,752	3,469,228	4.2%	3,312	3	15,800	13	302,524	$26.00
2009 3q	11,915	81,626,849	3,256,588	3,456,740	4.2%	(235,496)	6	221,486	12	208,639	$26.49
2009 2q	11,911	81,411,828	2,775,164	3,006,223	3.7%	(14,238)	8	118,942	12	306,188	$26.94
2009 1q	11,905	81,301,643	2,664,351	2,881,800	3.5%	(160,232)	16	213,247	18	419,365	$27.48
2008 4q	11,898	81,152,922	2,501,760	2,572,847	3.2%	(98,262)	4	138,569	27	565,144	$28.69
2008 3q	11,895	81,035,444	2,303,573	2,357,107	2.9%	264,307	8	37,578	28	681,114	$30.32
2008 2q	11,888	81,008,060	2,559,459	2,594,030	3.2%	280,765	7	100,319	21	556,659	$30.63
2008 1q	11,882	80,918,515	2,751,179	2,785,250	3.4%	542,028	33	701,186	22	575,312	$29.38
2007	11,852	80,228,185	2,607,345	2,636,948	3.3%	1,398,919	49	1,155,503	47	945,502	$27.98

Source: CoStar Property®

Mall Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	53	41,672,269	1,113,909	1,157,124	2.8%	252,746	2	211,595	0	0	$26.05
2011 2q	53	41,460,674	1,152,359	1,198,275	2.9%	392,292	5	511,968	2	211,595	$26.38
2011 1q	52	40,948,706	1,018,930	1,078,599	2.6%	864	1	26,990	7	723,563	$25.79
2010 4q	52	40,921,716	1,009,830	1,052,473	2.6%	894,067	5	244,177	8	750,553	$26.53
2010 3q	52	40,677,539	1,656,274	1,702,363	4.2%	113,828	0	0	13	994,730	$26.78
2010 2q	52	40,677,539	1,760,319	1,816,191	4.5%	328,671	3	738,781	11	866,304	$24.88
2010 1q	52	39,938,758	1,344,565	1,406,081	3.5%	290,364	10	484,992	12	1,555,615	$25.24
2009 4q	52	39,453,766	1,149,937	1,211,453	3.1%	66,750	1	138,000	22	2,040,607	$24.06
2009 3q	51	39,315,766	1,056,828	1,140,203	2.9%	27,622	0	0	13	1,353,992	$23.67
2009 2q	51	39,315,766	1,062,446	1,167,825	3.0%	109,400	0	0	13	1,353,992	$23.26
2009 1q	51	39,315,766	1,075,986	1,277,225	3.2%	(85,685)	3	33,990	11	622,992	$20.06
2008 4q	51	39,281,776	1,006,908	1,157,550	2.9%	104,780	1	179,821	3	33,990	$21.37
2008 3q	51	39,101,955	934,262	1,082,509	2.8%	58,933	1	7,500	3	211,611	$22.51
2008 2q	51	39,094,455	975,295	1,133,942	2.9%	169,747	2	184,187	2	187,321	$23.20
2008 1q	50	38,910,268	916,314	1,119,502	2.9%	995,015	13	1,127,579	4	371,508	$26.05
2007	49	37,782,689	704,164	986,938	2.6%	231,066	4	388,388	15	1,311,766	$30.95

Source: CoStar Property®

Power Center Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	33	16,101,461	465,581	479,760	3.0%	(84,656)	0	0	1	40,670	$24.65
2011 2q	33	16,101,461	380,925	395,104	2.5%	9,309	0	0	1	40,670	$30.47
2011 1q	33	16,101,461	390,234	404,413	2.5%	18,177	0	0	0	0	$30.08
2010 4q	33	16,101,461	416,330	422,590	2.6%	(28,321)	0	0	0	0	$29.73
2010 3q	33	16,101,461	392,269	394,269	2.4%	99,545	0	0	0	0	$30.29
2010 2q	33	16,101,461	461,184	493,814	3.1%	(20,397)	0	0	0	0	$27.74
2010 1q	33	16,101,461	440,787	473,417	2.9%	185,574	0	0	0	0	$25.95
2009 4q	33	16,101,461	626,361	658,991	4.1%	(140,848)	0	0	0	0	$25.86
2009 3q	33	16,101,461	485,513	518,143	3.2%	5,312	0	0	0	0	$26.90
2009 2q	33	16,101,461	490,825	523,455	3.3%	65,538	0	0	0	0	$27.15
2009 1q	33	16,101,461	526,363	588,993	3.7%	(83,200)	2	12,230	0	0	$26.17
2008 4q	33	16,089,231	458,914	493,563	3.1%	26,535	3	19,240	2	12,230	$26.08
2008 3q	33	16,069,991	466,209	500,858	3.1%	20,765	2	99,509	5	31,470	$26.34
2008 2q	33	15,970,482	389,484	422,114	2.6%	162,283	3	271,760	3	106,526	$28.64
2008 1q	33	15,698,722	280,007	312,637	2.0%	(63,095)	0	0	5	371,269	$27.98
2007	33	15,698,722	247,542	249,542	1.6%	257,461	4	314,760	4	360,461	$28.71

Source: CoStar Property®

Washington, D.C. Retail Market

FIGURES AT A GLANCE

Shopping Center Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	1,262	82,172,293	5,795,863	6,081,017	7.4%	58,443	2	15,603	4	68,373	$22.36
2011 2q	1,262	82,156,690	5,892,083	6,123,857	7.5%	218,837	0	0	5	47,980	$22.14
2011 1q	1,262	82,156,690	6,113,867	6,342,694	7.7%	(69,203)	12	243,705	4	32,980	$22.66
2010 4q	1,258	81,912,985	5,798,762	6,029,786	7.4%	393,425	7	112,020	13	245,555	$22.32
2010 3q	1,256	81,800,965	6,065,712	6,311,191	7.7%	259,380	3	88,240	20	357,575	$22.15
2010 2q	1,254	81,712,725	6,268,308	6,482,331	7.9%	79,040	2	20,800	20	431,793	$22.33
2010 1q	1,253	81,691,925	6,336,964	6,540,571	8.0%	(183,200)	0	0	15	362,682	$21.93
2009 4q	1,253	81,691,925	6,126,704	6,357,371	7.8%	471,802	5	322,195	8	140,282	$21.71
2009 3q	1,251	81,369,730	6,250,913	6,506,978	8.0%	(236,897)	4	118,466	6	335,515	$22.35
2009 2q	1,251	81,251,264	5,869,566	6,151,615	7.6%	(36,895)	12	519,010	10	453,981	$23.15
2009 1q	1,247	80,732,254	5,447,100	5,595,710	6.9%	(659,586)	9	257,683	21	960,365	$22.57
2008 4q	1,243	80,474,571	4,517,240	4,678,441	5.8%	(91,886)	6	276,869	26	1,124,298	$22.74
2008 3q	1,241	80,197,702	4,267,070	4,309,686	5.4%	257,467	6	123,901	27	1,061,865	$23.09
2008 2q	1,239	80,073,801	4,373,460	4,443,252	5.5%	(157,502)	12	235,552	28	1,100,036	$23.12
2008 1q	1,234	79,838,249	3,970,844	4,050,198	5.1%	(295,205)	16	312,887	26	967,044	$22.30
2007	1,224	79,525,362	3,369,482	3,442,106	4.3%	1,349,997	67	1,902,927	33	1,181,708	$25.52

Source: CoStar Property®

Specialty Center Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	10	1,523,520	37,659	38,919	2.6%	(16,512)	0	0	0	0	$95.39
2011 2q	10	1,523,520	21,147	22,407	1.5%	3,715	0	0	0	0	$0.00
2011 1q	10	1,523,520	24,862	26,122	1.7%	(2,728)	0	0	0	0	$0.00
2010 4q	10	1,523,520	22,134	23,394	1.5%	10,459	0	0	0	0	$35.00
2010 3q	10	1,523,520	32,593	33,853	2.2%	5,764	0	0	0	0	$35.00
2010 2q	10	1,523,520	38,357	39,617	2.6%	(14,861)	0	0	0	0	$35.00
2010 1q	10	1,523,520	23,496	24,756	1.6%	(3,398)	0	0	0	0	$35.00
2009 4q	10	1,523,520	20,098	21,358	1.4%	(2,738)	0	0	0	0	$35.00
2009 3q	10	1,523,520	17,360	18,620	1.2%	(846)	0	0	0	0	$40.33
2009 2q	10	1,523,520	12,516	17,774	1.2%	(2,422)	0	0	0	0	$40.33
2009 1q	10	1,523,520	11,354	15,352	1.0%	9,548	0	0	0	0	$40.33
2008 4q	10	1,523,520	24,900	24,900	1.6%	(1,838)	0	0	0	0	$40.33
2008 3q	10	1,523,520	23,062	23,062	1.5%	(13,592)	0	0	0	0	$39.96
2008 2q	10	1,523,520	9,470	9,470	0.6%	2,750	0	0	0	0	$39.96
2008 1q	10	1,523,520	12,220	12,220	0.8%	0	0	0	0	0	$23.35
2007	10	1,523,520	12,220	12,220	0.8%	8,187	0	0	0	0	$23.35

Source: CoStar Property®

Total Retail Market Statistics

Third Quarter 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 3q	15,214	223,414,898	10,290,046	10,698,109	4.8%	575,179	8	256,306	19	480,290	$23.27
2011 2q	15,207	223,191,592	10,662,750	11,049,982	5.0%	754,418	10	562,904	22	599,488	$23.09
2011 1q	15,198	222,634,168	10,846,029	11,246,976	5.1%	(129,741)	15	283,171	23	930,586	$23.53
2010 4q	15,184	222,353,254	10,462,699	10,836,321	4.9%	1,383,190	15	369,040	29	1,156,713	$23.34
2010 3q	15,173	221,995,488	11,370,566	11,861,745	5.3%	610,662	7	211,621	41	1,486,547	$23.74
2010 2q	15,167	221,786,410	11,771,134	12,263,329	5.5%	392,623	9	857,170	39	1,505,855	$23.97
2010 1q	15,160	221,003,621	11,378,567	11,873,163	5.4%	435,538	18	602,927	37	2,213,467	$23.67
2009 4q	15,144	220,413,321	11,193,852	11,718,401	5.3%	398,278	9	475,995	43	2,483,413	$23.59
2009 3q	15,135	219,937,326	11,067,202	11,640,684	5.3%	(440,305)	10	339,952	31	1,898,146	$24.06
2009 2q	15,127	219,603,839	10,210,517	10,866,892	4.9%	121,383	20	637,952	35	2,114,161	$24.63
2009 1q	15,109	218,974,644	9,725,154	10,359,080	4.7%	(979,155)	30	517,150	50	2,002,722	$24.07
2008 4q	15,088	218,522,020	8,509,722	8,927,301	4.1%	(60,671)	14	614,499	58	1,735,662	$24.62
2008 3q	15,075	217,928,612	7,994,176	8,273,222	3.8%	587,880	17	268,488	63	1,986,060	$25.46
2008 2q	15,059	217,670,318	8,307,168	8,602,808	4.0%	458,043	24	791,818	54	1,950,542	$25.70
2008 1q	15,036	216,889,274	7,930,564	8,279,807	3.8%	1,178,743	62	2,141,652	57	2,285,133	$24.81
2007	14,977	214,758,478	6,940,753	7,327,754	3.4%	3,245,630	124	3,761,578	99	3,799,437	$26.96

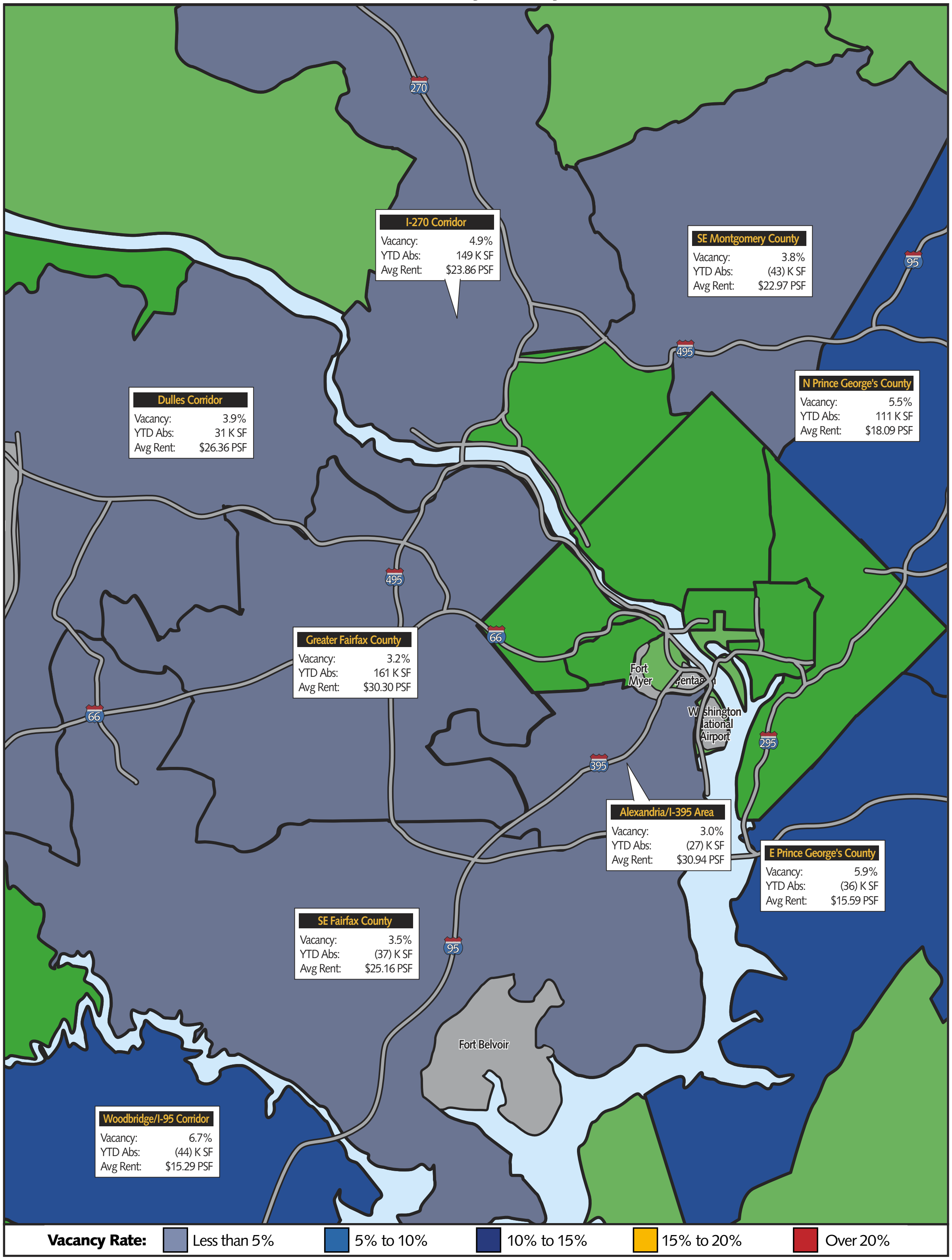
Source: CoStar Property®

Washington, D.C. Retail Market

LEASING ACTIVITY

Leasing Highlights in Select CoStar Markets

Color Coded by Vacancy Rate



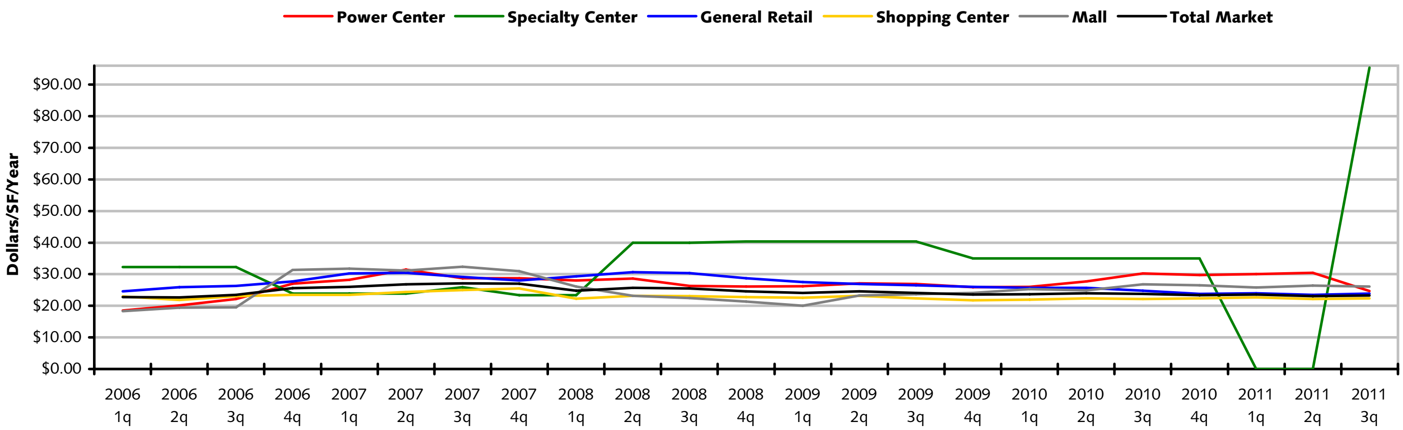
Source: CoStar Property®

Washington, D.C. Retail Market

LEASING ACTIVITY

Historical Rental Rates

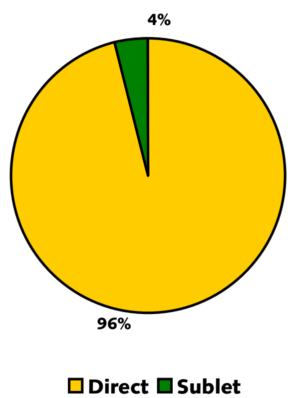
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

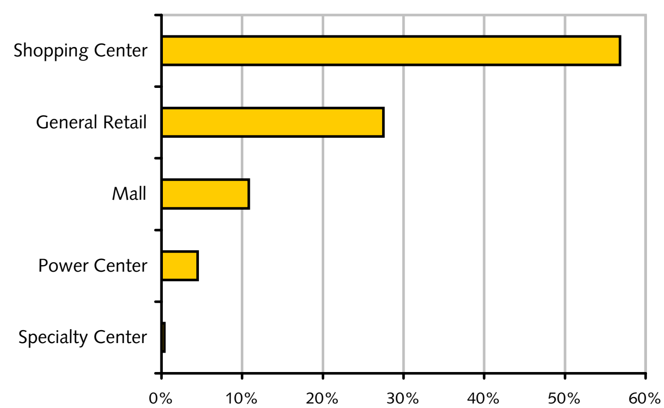
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

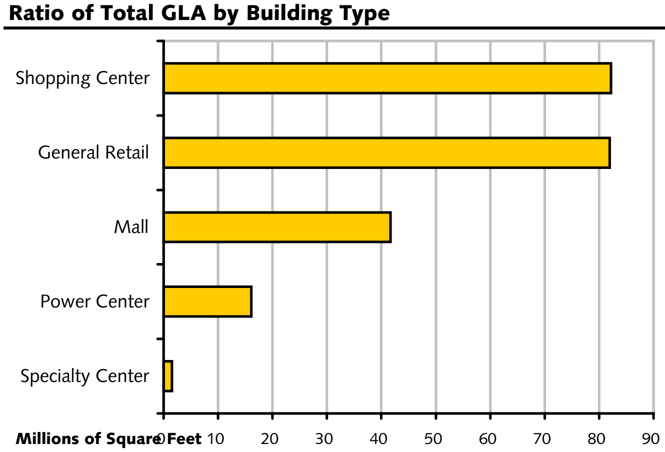
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

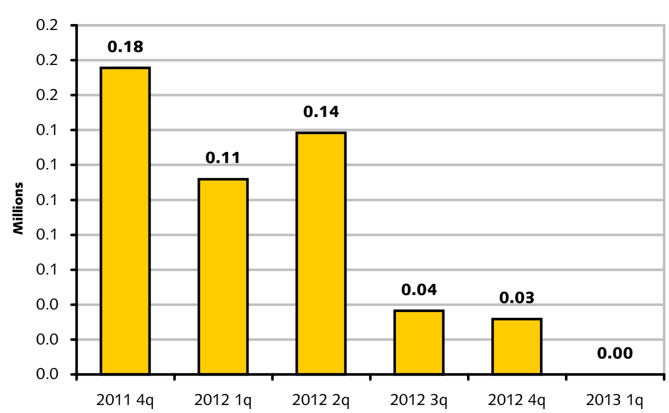
Ratio of Total GLA by Building Type



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



** Includes Under Construction Spaces* *Source: CoStar Property®*

Select Top Retail Leases Based on Leased Square Footage For Deals Signed in 2011

	Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1	7408 Streamwalk Ln	Route 29/I-66 Corridor	206,310	1st	Ashley Furniture Home Store	Kimel Company, Inc.	Kimel Company, Inc.
2	Promenade at Manassas	Route 29/I-66 Corridor	116,085	2nd	Ashley Furniture Home Store	N/A	Edens & Avant
3	Fairfax Centre II	Fairfax City	90,644	3rd	Walmart	N/A	Excess Space Retail Services, Inc.-
4	Montrose Crossing - Proposed Phase II	Rockville	61,000	1st	Bob's Discount Furnture	Ryan Commercial, LLC	KLNB Retail
5	Burtonsville Crossing*	North Silver Spring/Rt 29	58,000	2nd	Giant Food	N/A	Edens & Avant
6	7201 Heritage Village Plz	Route 29/I-66 Corridor	46,000	2nd	Sport & Health	Vanguard Realty Group	KLNB Retail
7	4001 Powder Mill Rd*	Beltsville/Calverton	40,000	1st	Sony Theaters	N/A	Segall Group
8	Potomac Festival	Woodbridge/I-95 Corridor	35,402	2nd	Everest College	N/A	The Rappaport Companies
9	11216 James Swart Cir	Fairfax Center	34,798	1st	Xsport Fitness	N/A	Simon Property Group, Inc.
10	Metropolitan Shops At Prince Georges Station	College Park	34,773	1st	Bob's Discount Furniture	Ryan Commercial, LLC	Rosenthal Properties, LLC
11	Colony House	Rosslyn	31,644	1st	Colony House, Incorporated	N/A	N/A
12	5799 Leesburg Pike	I-395 Corridor	30,803	1st	Bob's Discount Furniture	Ryan Commercial, LLC	H & R Retail, Inc.
13	3000 Donnell Dr	Pennsylvania Ave Corridor	30,450	3rd	Ross Dress For Less	N/A	The Rappaport Companies
14	Hechinger Mall	Northeast	30,000	1st	Ross Dress For Less	N/A	Ashkenazy Acquisition Corporation
15	8353 Leesburg Pike	Tysons Corner	28,900	3rd	HomeGoods	N/A	KLNB Retail
16	Herndon Centre II	Herndon	25,989	1st	Big Lots	N/A	A.J. Dwoskin & Associates, Inc.
17	6711 Bland St	Springfield/Burke	23,684	1st	L.A. Mart	N/A	Federal Realty Investment Trust
18	Seminary Plaza	I-395 Corridor	20,745	1st	Planet Fitness	N/A	CB Richard Ellis
19	Lynwood Plaza	Woodbridge/I-95 Corridor	20,000	3rd	Planet Fitness	N/A	Thur & Associates
20	Congressional Plaza	Rockville	19,860	1st	The Fresh Market	N/A	N/A
21	Ashbrook Commons	Route 7 Corridor	19,858	2nd	N/A	N/A	Thur & Associates
22	11000 Veirs Mill Rd	Kensington/Wheaton	19,669	1st	Sears Outlet	DJM Realty Services, LLC	Grubb & Ellis
23	9301 Baltimore Ave	College Park	18,051	2nd	Hibachi Grille and Supreme Buffet	N/A	Segall Group
24	Montrose Shopping Center	North Bethesda/Potomac	18,000	2nd	N/A	N/A	Washington Real Estate Investment T
25	Crossroads Place	I-395 Corridor	17,999	1st	Office Depot	N/A	The Rappaport Companies
26	The Market Common	Clarendon/Courthouse	17,250	3rd	Ruby Tuesday Inc.	NAI Knoxville	NAI Knoxville
27	2700 Columbia Pike	I-395 Corridor	16,400	2nd	Cinthia's Bakery Cafe	N/A	Grubb & Ellis Tyson's Corner
28	6201 Seven Corners Ctr	Falls Church	15,766	2nd	Ski Chalet	N/A	Saul Centers, Inc.
29	83311 Leesburg Pike	Tysons Corner	15,552	3rd	Pier 1 Imports	N/A	KLNB Retail
30	Antaeus Plaza	Manassas	15,550	1st	Vertical Rock Inc	Direct Deal	Ralph Nussbaumer
31	11025 Nokesville Rd	Route 29/I-66 Corridor	15,350	2nd	N/A	N/A	Prudential Carruthers Realtors
32	Maplewood Centre	Manassas	15,050	2nd	Hua Long Center	Avison Young Commercial Real Estate	Geo. H. Rucker Realty Corporation
33	Rockville Town Square	Rockville	15,000	3rd	Dawsons Market	N/A	Federal Realty Investment Trust
34	7000 Marlboro Pike	Pennsylvania Ave Corridor	14,820	3rd	Walgreens	N/A	Marcus & Millichap
35	11410 Rockville Pike	North Bethesda/Potomac	14,800	3rd	N/A	N/A	JBG Rosenfeld Retail Properties
36	New Hampshire & University Center	Silver Spring	13,514	2nd	Gallo One Price Clothing	N/A	Renaud Consulting
37	6201 Seven Corners Ctr	Falls Church	13,352	2nd	N/A	N/A	Saul Centers, Inc.
38	Festival At Old Bridge	Woodbridge/I-95 Corridor	12,800	1st	Cornerstone Christian	N/A	The Rappaport Companies
39	Potomac Mills Home & Auto Center	Woodbridge/I-95 Corridor	12,519	3rd	Suite Home Furniture	N/A	H & R Retail, Inc.
40	1190 Rockville Pike	Rockville	12,500	2nd	Mini of Montgomery County	N/A	NRD Retail, LLC

Source: CoStar Property®

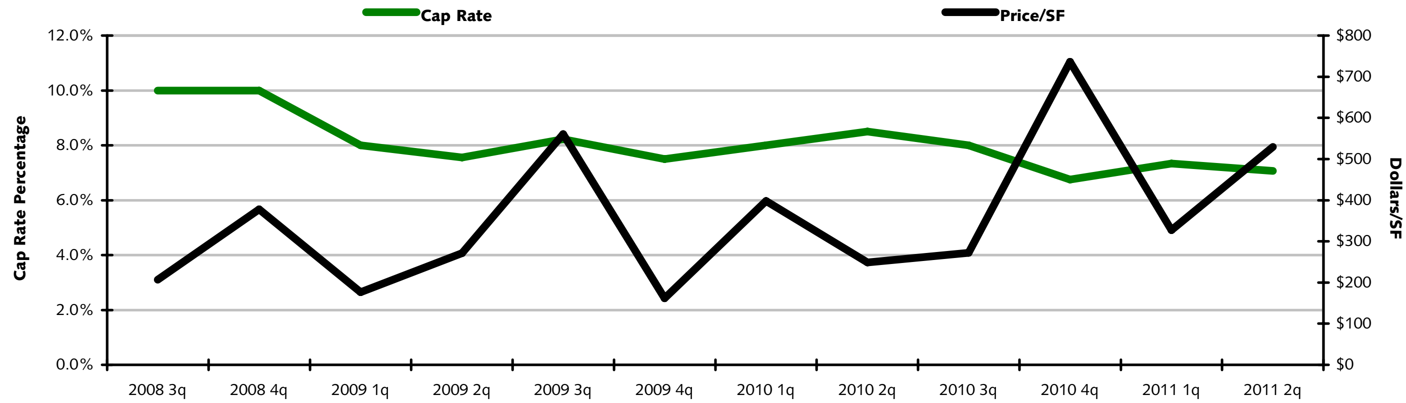
* Renewal

Washington, D.C. Retail Market

SALES ACTIVITY

The Optimist Sales Index

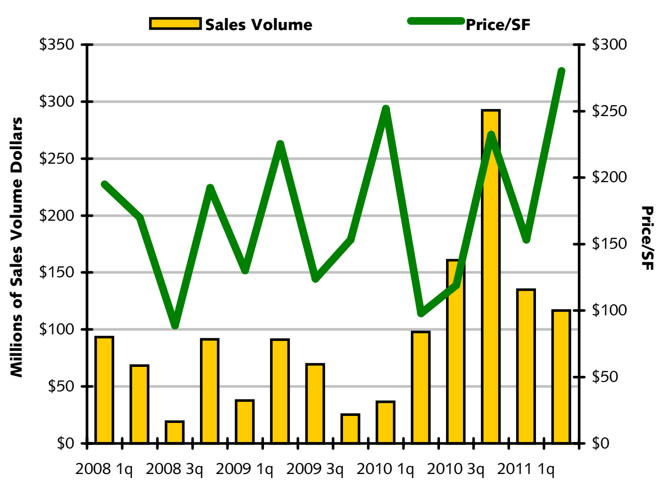
Average of Two Highest Price/SF's and Two Lowest Cap Rates



Source: CoStar COMPS®

Sales Volume & Price

Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

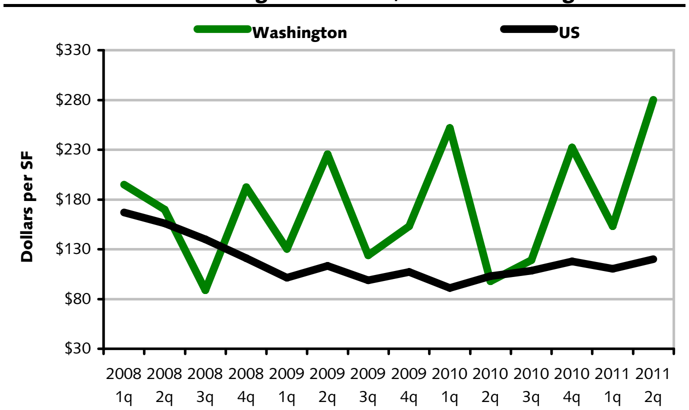
Based on Retail Building Sales From July 2010 - June 2011

Bldg Size	#	RBA	$ Volume	Price/SF	Cap Rate
< 25,000 SF	250	1,497,522	$ 460,341,432	$ 307.40	7.36%
25K-99K SF	23	1,235,973	$ 314,382,744	$ 254.36	6.88%
100K-249K SF	7	1,030,245	$ 206,900,000	$ 200.83	7.21%
>250K SF	4	1,300,676	$ 121,855,745	$ 93.69	7.60%

Source: CoStar COMPS®

U.S. Price/SF Comparison

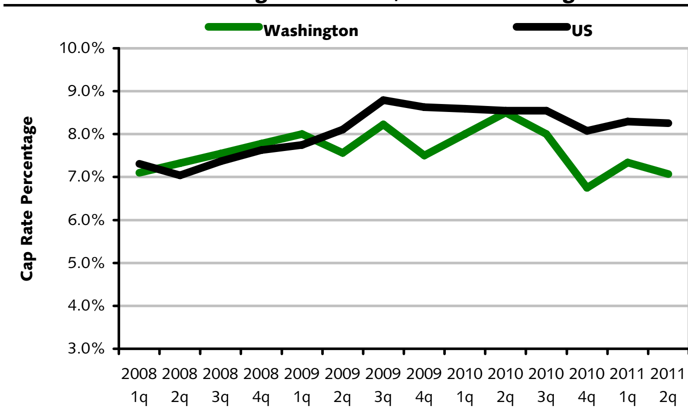
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Washington, D.C. Retail Market

SALES ACTIVITY

Select Top Sales

Based on Sales from July 2010 Through September 2011

1. Kentlands Square

Gaithersburg

Price:	$74,500,000
Price/SF:	$309.47
Cap Rate:	5.3%
RBA:	240,732
Date:	9/23/2011
Year Built:	1993
Buyer:	Saul Centers, Inc.
Seller:	LaSalle Investment Management, Inc.

2. Potomac Promenade

Potomac

Price:	$72,250,000
Price/SF:	$726.09
Cap Rate:	5.5%
RBA:	99,505
Date:	12/10/2010
Year Built:	1976
Buyer:	TIAA-CREF
Seller:	AI Combined Centers

3. Alexandria Commons

Alexandria

Price:	$65,700,000
Price/SF:	$452.25
Cap Rate:	5.75%
RBA:	145,273
Date:	6/30/2011
Year Built:	1990
Buyer:	American Realty Advisors
Seller:	Stewart Investment

4. Olney Village Center

Olney

Price:	$58,000,000
Price/SF:	$291.60
Cap Rate:	6%
RBA:	198,901
Date:	8/30/2011
Year Built:	1979
Buyer:	Washington Real Estate Investment Trust
Seller:	Carl M. Freeman Companies

5. Twinbrook Metro Center

Rockville

Price:	$40,000,000
Price/SF:	$499.59
Cap Rate:	N/A
RBA:	80,065
Date:	12/6/2010
Year Built:	1990
Buyer:	Northwestern Mutual Financial Network
Seller:	Leo Rocca

6. Marketplace at Potomac Towne Center

Ranson

Price:	$36,000,000
Price/SF:	$97.47
Cap Rate:	7.6%
RBA:	369,343
Date:	10/28/2010
Year Built:	2007
Buyer:	
Seller:	Carl M. Freeman Companies

7. Rock Creek Village Center

Rockville

Price:	$34,200,000
Price/SF:	$331.80
Cap Rate:	5.7%
RBA:	103,075
Date:	8/15/2011
Year Built:	N/A
Buyer:	Lehrco Corporation
Seller:	Carl M. Freeman Companies

8. Metro Pike Center

Rockville

Price:	$33,250,000
Price/SF:	$495.90
Cap Rate:	5.41%
RBA:	67,050
Date:	12/17/2010
Year Built:	1999
Buyer:	Saul Centers, Inc.
Seller:	The Holladay Corporation

9. Hunters Woods Village Center

Reston

Price:	$29,800,000
Price/SF:	$239.86
Cap Rate:	N/A
RBA:	124,238
Date:	8/11/2010
Year Built:	1998
Buyer:	Edens & Avant, Inc.
Seller:	American Realty Advisors

Source: CoStar COMPS®

Washington, D.C. Retail Market

SALES ACTIVITY

Select Same Building Sales

Based On Recent Building Sales Compared to Prior Sale

Shoppes on the Pike

Address:	**11503 Rockville Pike**
City:	**Rockville**
RBA:	**20,149**
Year Built:	**1990**
Tot $ Return:	**-$450,000**
Tot % Return:	**-3%**
Ann.Return:	**-1%**
Months Held:	**39**

Most Recent Sale

Price:	**$15,050,000**
Price/SF:	**$746.94**
Cap Rate:	**6.54%**
Date:	**10/4/2010**
Buyer:	**Saul Centers, Inc.**
Seller:	**The JBG Companies**
Brokers:	**HFF**

Sale Prior to Most Recent Sale

Price:	**$15,500,000**
Price/SF:	**$769.27**
Cap Rate:	**N/A**
Date:	**7/9/2007**
Buyer:	**The JBG Companies**
Seller:	**Axent Realty Group**
Brokers:	**N/A**

8204 Leesburg Pike

Address:	**8204 Leesburg Pike**
City:	**McLean**
RBA:	**24,190**
Year Built:	**1967**
Tot $ Return:	**-$1,215,052**
Tot % Return:	**-8%**
Ann.Return:	**-2%**
Months Held:	**37**

Most Recent Sale

Price:	**$14,687,722**
Price/SF:	**$607.18**
Cap Rate:	**6.2%**
Date:	**5/13/2011**
Buyer:	**Benlin Tysons Llc**
Seller:	**Transwestern Investment Comp**
Brokers:	**N/A**

Sale Prior to Most Recent Sale

Price:	**$15,902,774**
Price/SF:	**$657.41**
Cap Rate:	**N/A**
Date:	**4/8/2008**
Buyer:	**Transwestern Investment Comp**
Seller:	**Atlantic Realty Companies**
Brokers:	**N/A**

3011 Patrick Henry Dr

Address:	**3011 Patrick Henry Dr**
City:	**Falls Church**
RBA:	**3,800**
Year Built:	**1963**
Tot $ Return:	**$96,000**
Tot % Return:	**9%**
Ann.Return:	**3%**
Months Held:	**36**

Most Recent Sale

Price:	**$1,156,000**
Price/SF:	**$304.21**
Cap Rate:	**N/A**
Date:	**12/30/2010**
Buyer:	**3011 Patric Henry Real Estat**
Seller:	**Fame Investments Llc**
Brokers:	**N/A**

Sale Prior to Most Recent Sale

Price:	**$1,060,000**
Price/SF:	**$278.95**
Cap Rate:	**N/A**
Date:	**12/17/2007**
Buyer:	**Fame Investments Llc**
Seller:	**Seth Horne**
Brokers:	**N/A**

Source: CoStar COMPS®

Select Land Sales

Based on Commercially Zoned Land Sales Occurring From July 2010 - Sept. 2011

2333 Dulles Station Blvd, Herndon

Sale Price:	**$21,250,000**
Acres:	**8.08**
Price/SF:	**$60.39**
Closing Date:	**10/12/2010**
Zoning:	**400**
Intended Use:	**MultiFamily**
Buyer:	**JLB Partners, LP**
Seller:	**Redus Properties, Inc.**

3050 Nutley St, Fairfax

Sale Price:	**$13,800,655**
Acres:	**13.52**
Price/SF:	**$23.44**
Closing Date:	**04/12/2011**
Zoning:	**C3,C8, County**
Intended Use:	**Drug Store**
Buyer:	**Metropolitan Capital Investments LLC**
Seller:	**Washington Property Company**

12179 Fair Lakes Promenade Dr, Fairfax

Sale Price:	**$7,500,000**
Acres:	**0.49**
Price/SF:	**$349.55**
Closing Date:	**03/30/2011**
Zoning:	**PDC**
Intended Use:	**Bank**
Buyer:	**Bayrock Investment Company**
Seller:	**The Peterson Companies, LC.**

10649 Main St, Fairfax

Sale Price:	**$6,153,000**
Acres:	**1.29**
Price/SF:	**$109.50**
Closing Date:	**05/20/2011**
Zoning:	**C2**
Intended Use:	**Bank**
Buyer:	**Kireland Main Street Fairfax LLC**
Seller:	**J. Donegan Company**

Pacific Blvd, Sterling

Sale Price:	**$5,183,403**
Acres:	**5.10**
Price/SF:	**$23.33**
Closing Date:	**03/21/2011**
Zoning:	**C**
Intended Use:	**Auto Dealership**
Buyer:	**Brown Automotive Group**
Seller:	**Cypress Equities I LP**

5414 Rotry Ave, New Market

Sale Price:	**$2,125,000**
Acres:	**2.00**
Price/SF:	**$24.39**
Closing Date:	**12/17/2010**
Zoning:	**GC**
Intended Use:	**Retail**
Buyer:	**CVS Pharmacy**
Seller:	**Osprey Property Companies LLC**

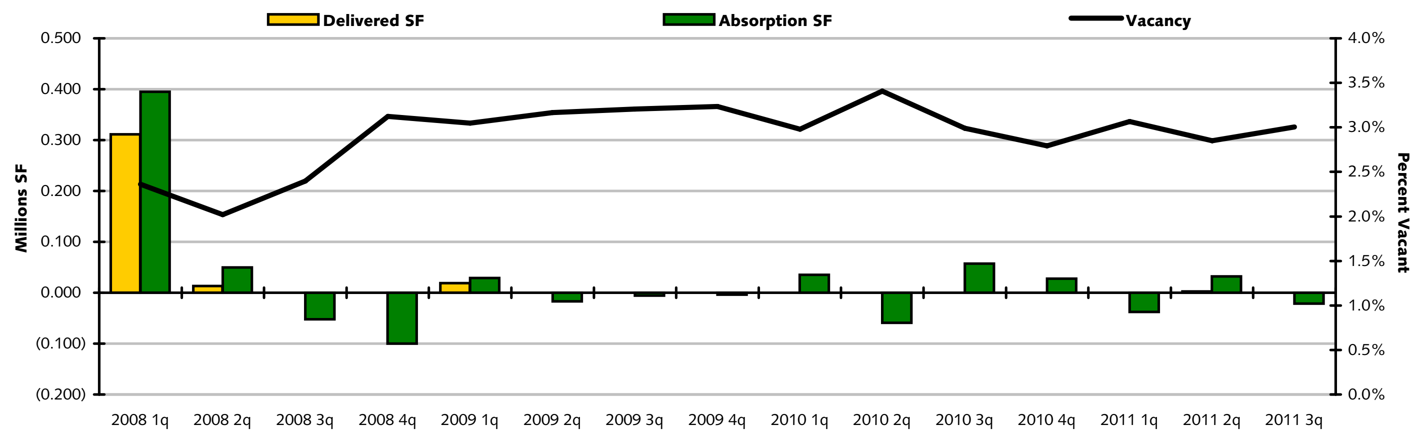
Source: CoStar COMPS®

Washington, D.C. Retail Market

ALEXANDRIA/I-395 AREA MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

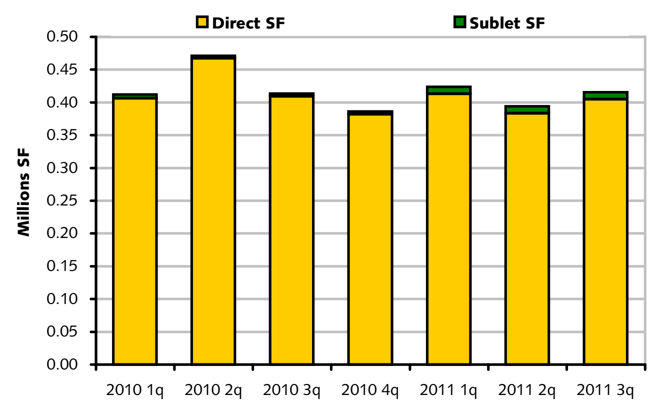
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

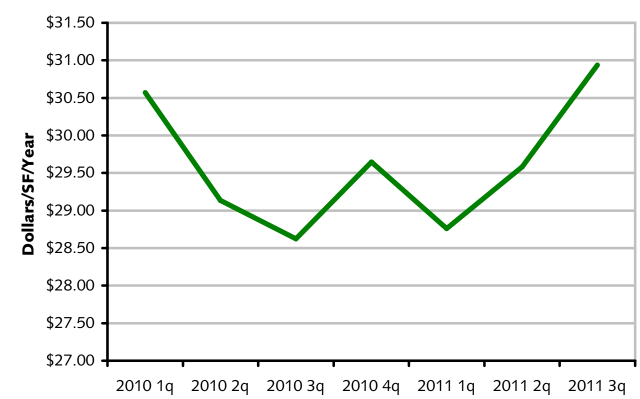
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	922	13,829,138	415,499	3.0%	(21,417)	0	0	1	2,425	$30.94
2011 2q	922	13,829,138	394,082	2.8%	32,209	1	2,427	1	2,425	$29.58
2011 1q	921	13,826,711	423,864	3.1%	(37,669)	0	0	2	4,852	$28.76
2010 4q	921	13,826,711	386,195	2.8%	27,404	0	0	0	0	$29.65
2010 3q	921	13,826,711	413,599	3.0%	57,464	0	0	0	0	$28.63
2010 2q	921	13,826,711	471,063	3.4%	(59,096)	0	0	0	0	$29.14
2010 1q	921	13,826,711	411,967	3.0%	35,070	0	0	0	0	$30.57
2009 4q	921	13,826,711	447,037	3.2%	(3,696)	0	0	0	0	$31.58
2009 3q	921	13,826,711	443,341	3.2%	(5,378)	0	0	0	0	$30.73
2009 2q	921	13,826,711	437,963	3.2%	(16,669)	0	0	0	0	$32.16
2009 1q	921	13,826,711	421,294	3.0%	28,837	2	18,941	0	0	$31.97
2008 4q	919	13,807,770	431,190	3.1%	(100,019)	0	0	2	18,941	$30.33
2008 3q	919	13,807,770	331,171	2.4%	(52,187)	0	0	2	18,941	$31.27
2008 2q	919	13,807,770	278,984	2.0%	49,580	1	13,298	0	0	$31.04
2008 1q	919	13,805,246	326,040	2.4%	394,822	13	311,537	1	13,298	$30.39
2007 4q	906	13,493,709	409,325	3.0%	39,937	0	0	14	324,835	$28.55

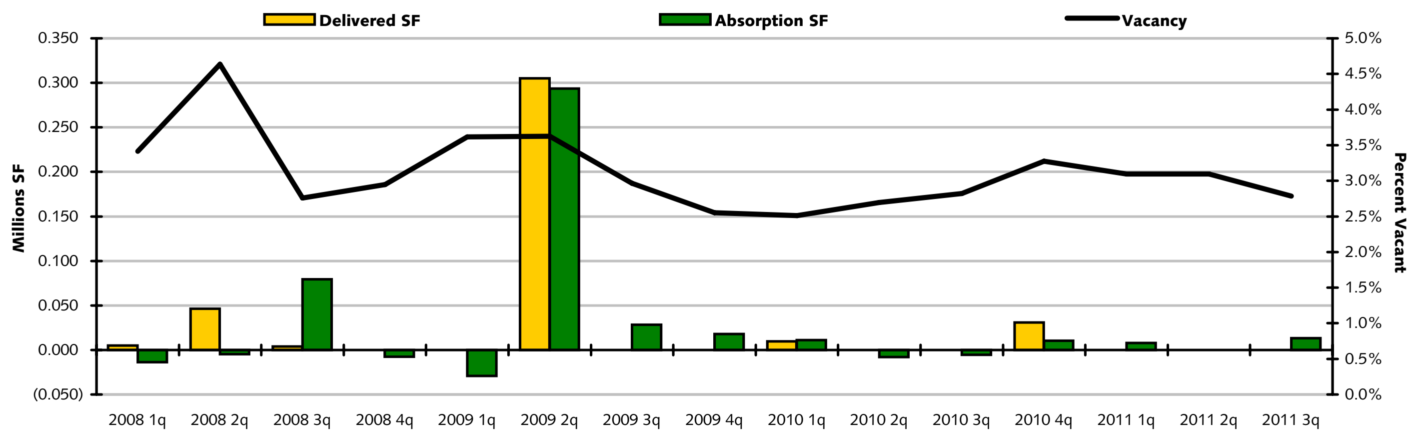
Source: CoStar Property®

Washington, D.C. Retail Market

BETHESDA/CHEVY CHASE MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

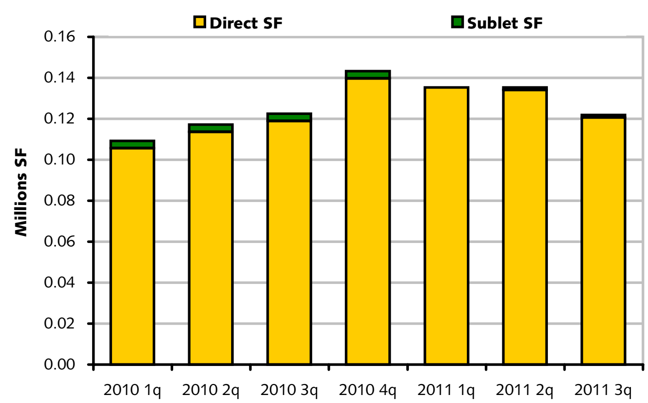
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

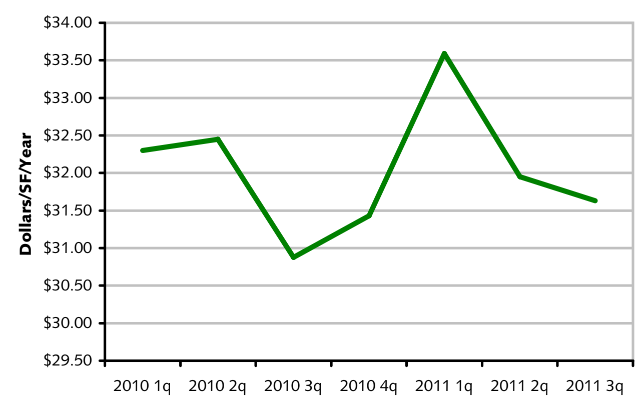
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	310	4,374,492	121,918	2.8%	13,413	0	0	1	22,737	$31.63
2011 2q	310	4,374,492	135,331	3.1%	4	0	0	1	22,737	$31.95
2011 1q	310	4,374,492	135,335	3.1%	7,904	0	0	0	0	$33.59
2010 4q	310	4,374,492	143,239	3.3%	10,248	1	31,000	0	0	$31.43
2010 3q	309	4,343,492	122,487	2.8%	(5,352)	0	0	1	31,000	$30.88
2010 2q	309	4,343,492	117,135	2.7%	(7,971)	0	0	1	31,000	$32.45
2010 1q	309	4,343,492	109,164	2.5%	11,110	1	9,600	1	31,000	$32.30
2009 4q	308	4,333,892	110,674	2.6%	17,877	0	0	2	40,600	$32.33
2009 3q	308	4,333,892	128,551	3.0%	28,489	0	0	2	40,600	$34.65
2009 2q	308	4,333,892	157,040	3.6%	293,589	1	305,000	2	40,600	$34.74
2009 1q	307	4,028,892	145,629	3.6%	(29,215)	0	0	2	314,600	$39.62
2008 4q	309	4,031,277	118,799	2.9%	(7,625)	0	0	1	305,000	$39.08
2008 3q	309	4,031,277	111,174	2.8%	79,419	1	3,800	1	305,000	$40.66
2008 2q	308	4,027,477	186,793	4.6%	(4,724)	1	46,187	2	308,800	$40.49
2008 1q	307	3,981,290	135,882	3.4%	(13,630)	1	5,000	2	351,187	$40.88
2007 4q	306	3,976,290	117,252	2.9%	(11,991)	0	0	3	356,187	$40.21

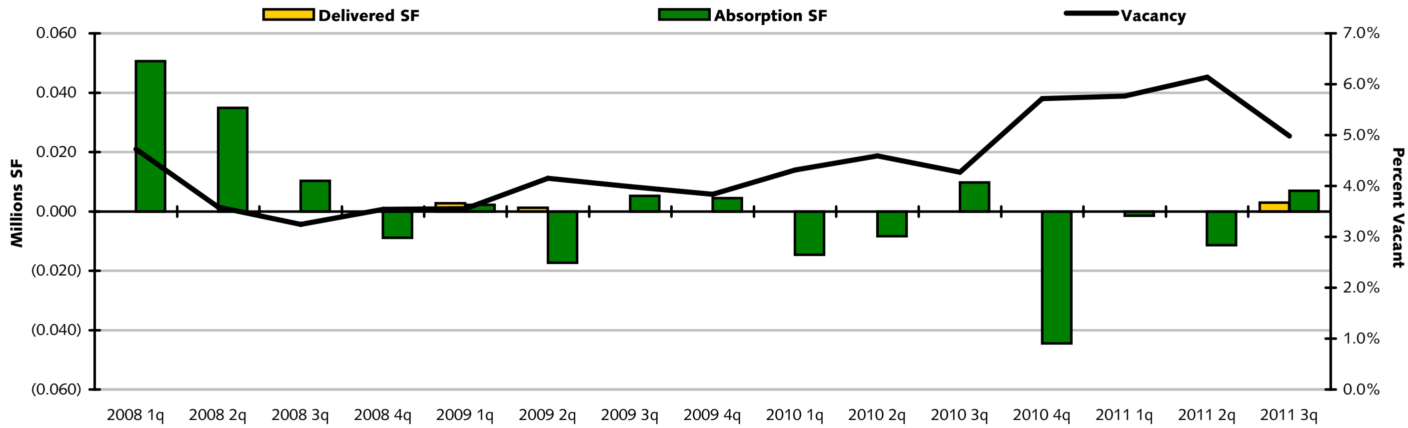
Source: CoStar Property®

Washington, D.C. Retail Market

CAPITOL HILL AREA MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

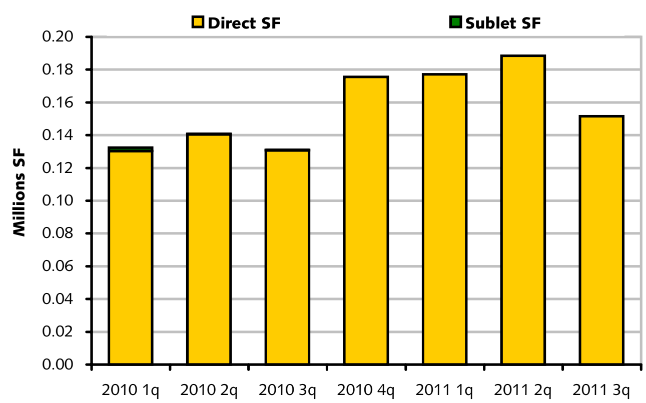
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

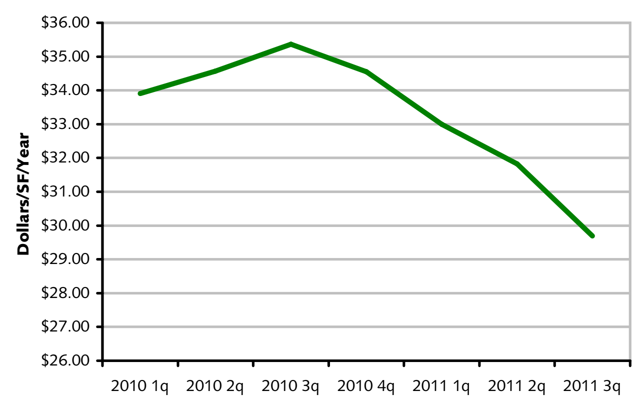
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	641	3,040,303	151,479	5.0%	6,912	1	3,000	0	0	$29.69
2011 2q	641	3,070,303	188,391	6.1%	(11,335)	0	0	1	3,000	$31.82
2011 1q	641	3,070,303	177,056	5.8%	(1,497)	0	0	1	3,000	$33.00
2010 4q	641	3,070,303	175,559	5.7%	(44,435)	0	0	0	0	$34.55
2010 3q	641	3,070,303	131,124	4.3%	9,766	0	0	0	0	$35.37
2010 2q	641	3,070,303	140,890	4.6%	(8,373)	0	0	0	0	$34.57
2010 1q	641	3,070,303	132,517	4.3%	(14,658)	0	0	0	0	$33.91
2009 4q	641	3,070,303	117,859	3.8%	4,475	0	0	0	0	$31.46
2009 3q	641	3,070,303	122,334	4.0%	5,209	0	0	0	0	$33.38
2009 2q	641	3,070,303	127,543	4.2%	(17,295)	1	1,198	0	0	$34.79
2009 1q	640	3,069,105	109,050	3.6%	2,213	1	2,752	1	1,198	$32.16
2008 4q	639	3,066,353	108,511	3.5%	(8,916)	0	0	2	3,950	$32.50
2008 3q	639	3,066,353	99,595	3.2%	10,350	0	0	1	2,752	$33.43
2008 2q	639	3,066,353	109,945	3.6%	34,910	0	0	0	0	$32.36
2008 1q	639	3,066,353	144,855	4.7%	50,568	0	0	0	0	$32.77
2007 4q	640	3,068,353	197,423	6.4%	13,088	0	0	0	0	$29.73

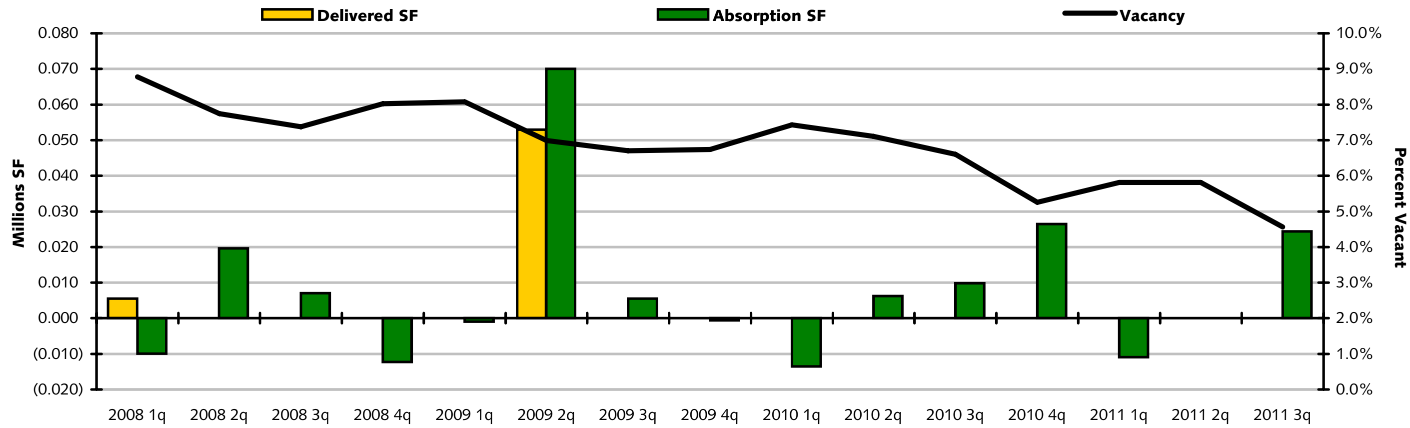
Source: CoStar Property®

Washington, D.C. Retail Market

DOWNTOWN DC MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

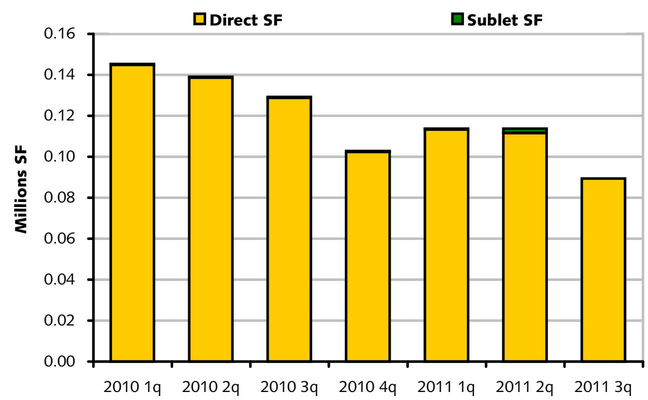
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

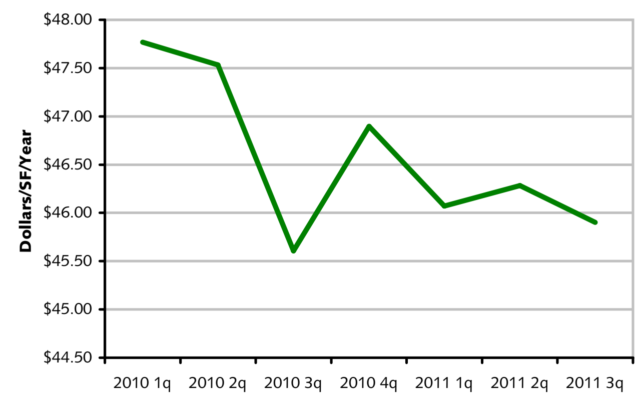
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	287	1,955,680	89,301	4.6%	24,387	0	0	0	0	$45.90
2011 2q	287	1,955,680	113,688	5.8%	0	0	0	0	0	$46.28
2011 1q	287	1,955,680	113,688	5.8%	(10,942)	0	0	0	0	$46.07
2010 4q	287	1,955,680	102,746	5.3%	26,431	0	0	0	0	$46.90
2010 3q	287	1,955,680	129,177	6.6%	9,831	0	0	0	0	$45.61
2010 2q	287	1,955,680	139,008	7.1%	6,246	0	0	0	0	$47.53
2010 1q	287	1,955,680	145,254	7.4%	(13,500)	0	0	0	0	$47.77
2009 4q	287	1,955,680	131,754	6.7%	(610)	0	0	0	0	$48.15
2009 3q	287	1,955,680	131,144	6.7%	5,486	0	0	0	0	$48.63
2009 2q	287	1,955,680	136,630	7.0%	70,052	1	53,000	0	0	$46.87
2009 1q	286	1,902,680	153,682	8.1%	(997)	0	0	1	53,000	$45.63
2008 4q	286	1,902,680	152,685	8.0%	(12,302)	0	0	1	53,000	$42.23
2008 3q	286	1,902,680	140,383	7.4%	7,025	0	0	1	53,000	$40.76
2008 2q	286	1,902,680	147,408	7.7%	19,582	0	0	1	53,000	$40.76
2008 1q	286	1,902,680	166,990	8.8%	(9,957)	1	5,545	1	53,000	$40.71
2007 4q	286	1,903,791	158,144	8.3%	(10,770)	0	0	2	58,545	$42.43

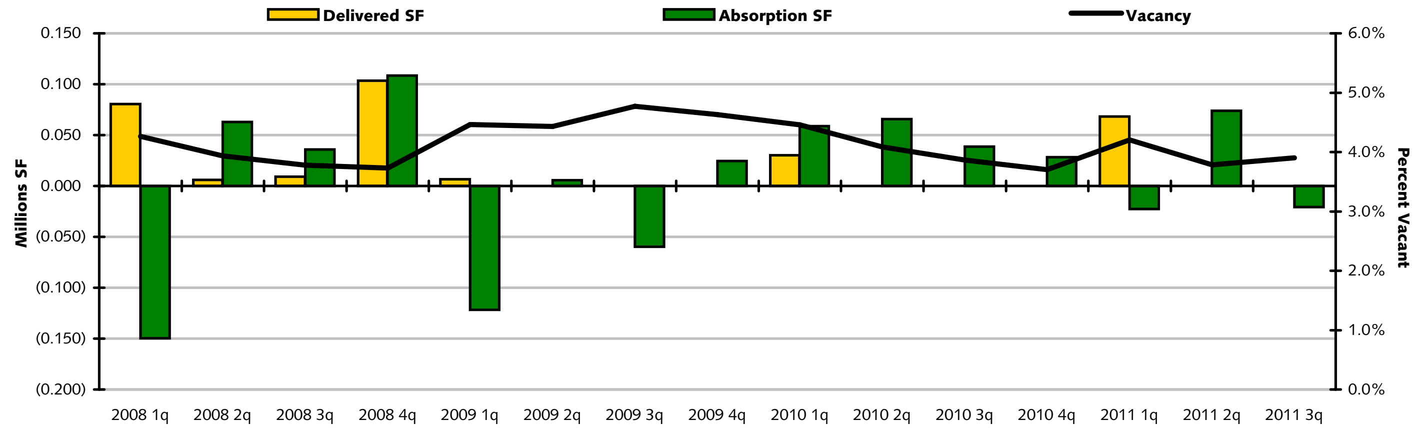
Source: CoStar Property®

Washington, D.C. Retail Market

DULLES CORRIDOR MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

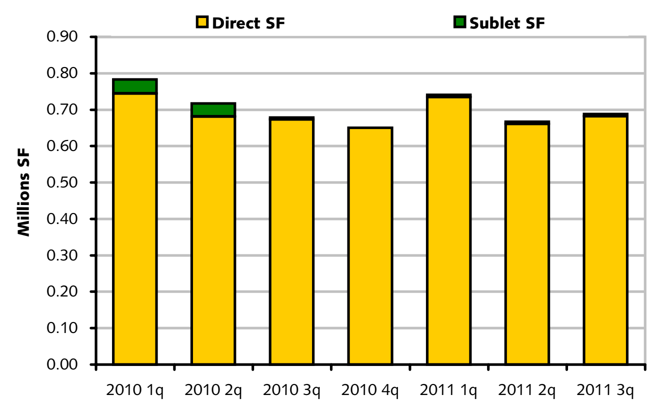
Deliveries, Absorption & Vacancy **Historical Analysis, All Classes**



Source: CoStar Property®

Vacant Space

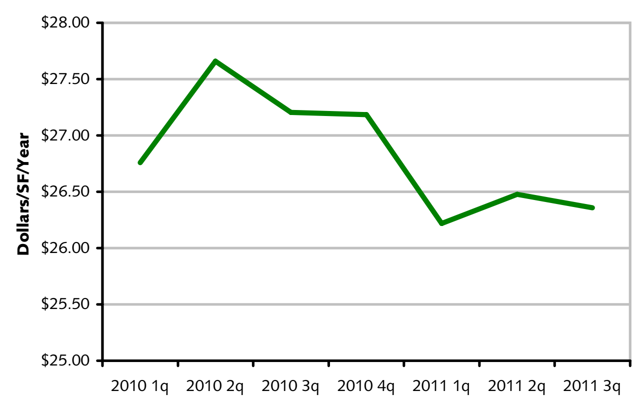
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	719	17,630,272	688,037	3.9%	(20,610)	0	0	0	0	$26.36
2011 2q	719	17,630,272	667,427	3.8%	73,830	0	0	0	0	$26.48
2011 1q	719	17,630,272	741,257	4.2%	(22,618)	2	68,256	0	0	$26.22
2010 4q	717	17,562,016	650,383	3.7%	28,218	0	0	2	68,256	$27.19
2010 3q	717	17,562,016	678,601	3.9%	38,576	0	0	2	68,256	$27.21
2010 2q	717	17,562,016	717,177	4.1%	65,880	0	0	2	68,256	$27.66
2010 1q	717	17,562,016	783,057	4.5%	58,720	3	30,078	2	68,256	$26.76
2009 4q	714	17,531,938	811,699	4.6%	24,562	0	0	3	30,078	$25.35
2009 3q	714	17,531,938	836,261	4.8%	(59,809)	0	0	3	30,078	$25.92
2009 2q	714	17,531,938	776,452	4.4%	5,705	0	0	0	0	$25.86
2009 1q	714	17,531,938	782,157	4.5%	(121,796)	1	6,486	0	0	$25.62
2008 4q	713	17,525,452	653,875	3.7%	108,384	2	103,515	1	6,486	$26.34
2008 3q	711	17,421,937	658,744	3.8%	35,907	2	9,061	3	110,001	$26.23
2008 2q	709	17,412,876	685,590	3.9%	62,948	1	5,900	4	112,576	$26.66
2008 1q	708	17,406,976	742,638	4.3%	(149,674)	6	80,432	4	114,961	$24.54
2007 4q	702	17,326,544	512,532	3.0%	227,961	2	303,300	7	86,332	$27.23

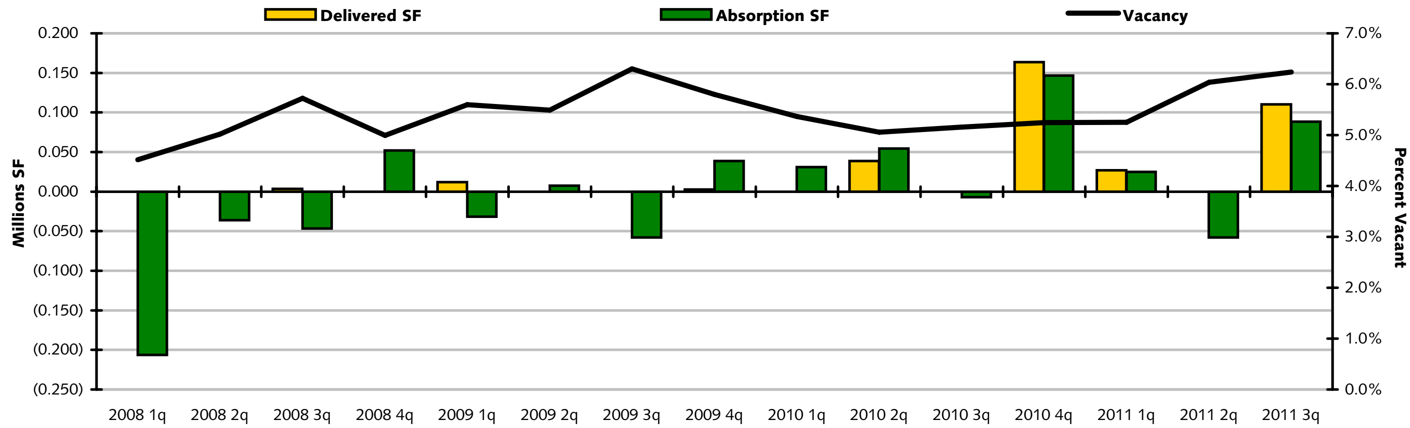
Source: CoStar Property®

Washington, D.C. Retail Market

E Prince Georges County Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

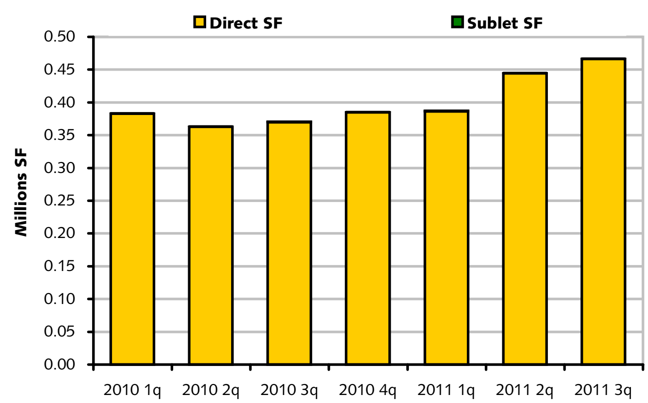
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

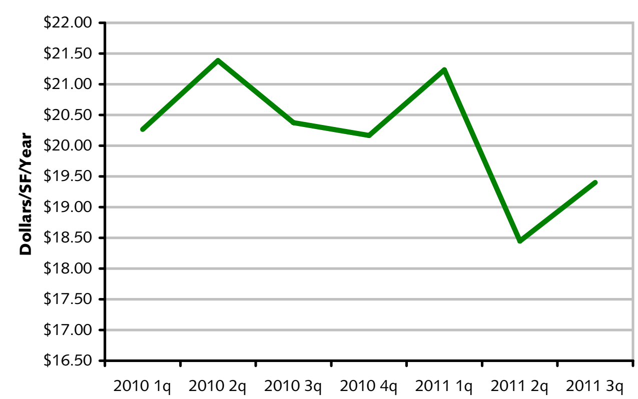
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	296	7,484,326	466,770	6.2%	88,397	1	110,159	3	57,582	$19.40
2011 2q	295	7,374,167	445,008	6.0%	(57,891)	0	0	2	116,777	$18.45
2011 1q	295	7,374,167	387,117	5.2%	25,095	1	26,990	2	116,777	$21.23
2010 4q	294	7,347,177	385,222	5.2%	146,754	2	163,707	2	137,149	$20.16
2010 3q	293	7,185,641	370,440	5.2%	(7,027)	0	0	4	300,856	$20.37
2010 2q	293	7,185,641	363,413	5.1%	54,537	2	38,781	3	273,866	$21.39
2010 1q	292	7,151,212	383,521	5.4%	31,037	0	0	5	312,647	$20.27
2009 4q	292	7,151,212	414,558	5.8%	38,625	1	2,863	5	312,647	$21.97
2009 3q	291	7,148,349	450,320	6.3%	(58,003)	0	0	1	2,863	$23.44
2009 2q	291	7,148,349	392,317	5.5%	7,654	0	0	1	2,863	$18.39
2009 1q	291	7,148,349	399,971	5.6%	(31,569)	2	12,123	0	0	$20.55
2008 4q	289	7,136,226	356,279	5.0%	52,105	0	0	2	12,123	$21.88
2008 3q	289	7,136,226	408,384	5.7%	(46,817)	1	3,600	2	12,123	$21.34
2008 2q	288	7,132,626	357,967	5.0%	(35,981)	0	0	1	3,600	$20.13
2008 1q	288	7,132,626	321,986	4.5%	(206,288)	0	0	1	3,600	$17.74
2007 4q	288	7,132,626	115,698	1.6%	59,101	1	3,232	1	3,600	$22.26

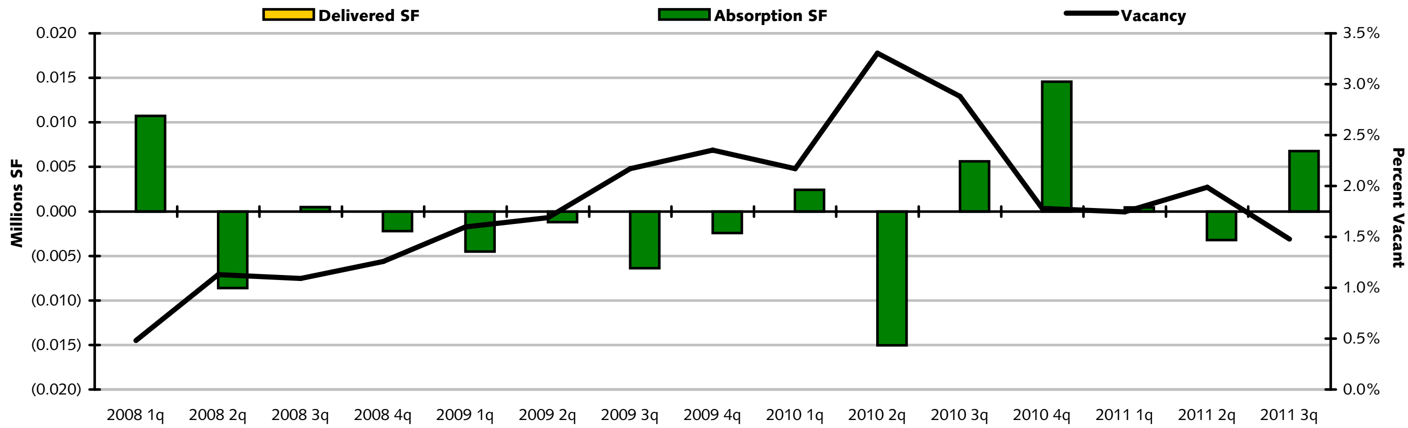
Source: CoStar Property®

Washington, D.C. Retail Market

EAST FALLS CHURCH MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

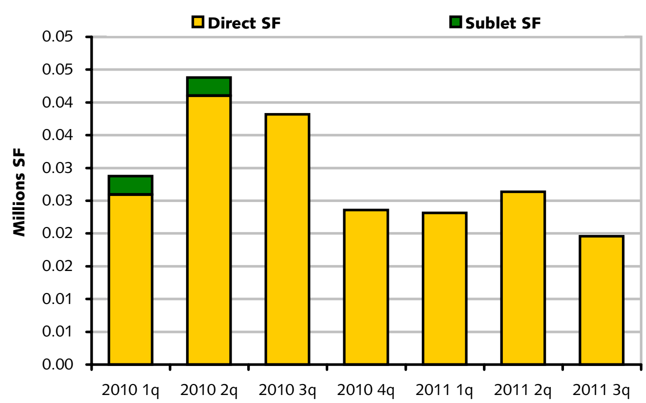
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

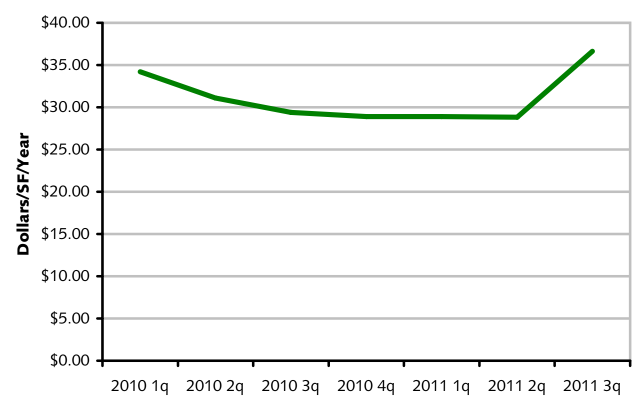
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	132	1,325,621	19,598	1.5%	6,767	0	0	0	0	$36.63
2011 2q	132	1,325,621	26,365	2.0%	(3,229)	0	0	0	0	$28.84
2011 1q	132	1,325,621	23,136	1.7%	463	0	0	0	0	$28.91
2010 4q	132	1,325,621	23,599	1.8%	14,578	0	0	0	0	$28.90
2010 3q	132	1,325,621	38,177	2.9%	5,616	0	0	0	0	$29.38
2010 2q	132	1,325,621	43,793	3.3%	(15,045)	0	0	0	0	$31.09
2010 1q	132	1,325,621	28,748	2.2%	2,437	0	0	0	0	$34.19
2009 4q	132	1,325,621	31,185	2.4%	(2,437)	0	0	0	0	$34.39
2009 3q	132	1,325,621	28,748	2.2%	(6,373)	0	0	0	0	$35.82
2009 2q	132	1,325,621	22,375	1.7%	(1,200)	0	0	0	0	$36.08
2009 1q	132	1,325,621	21,175	1.6%	(4,496)	0	0	0	0	$36.09
2008 4q	132	1,325,621	16,679	1.3%	(2,204)	0	0	0	0	$37.98
2008 3q	132	1,325,621	14,475	1.1%	495	0	0	0	0	$41.77
2008 2q	132	1,325,621	14,970	1.1%	(8,600)	0	0	0	0	$41.77
2008 1q	132	1,325,621	6,370	0.5%	10,730	0	0	0	0	$37.75
2007 4q	132	1,325,621	17,100	1.3%	4,201	0	0	0	0	$37.75

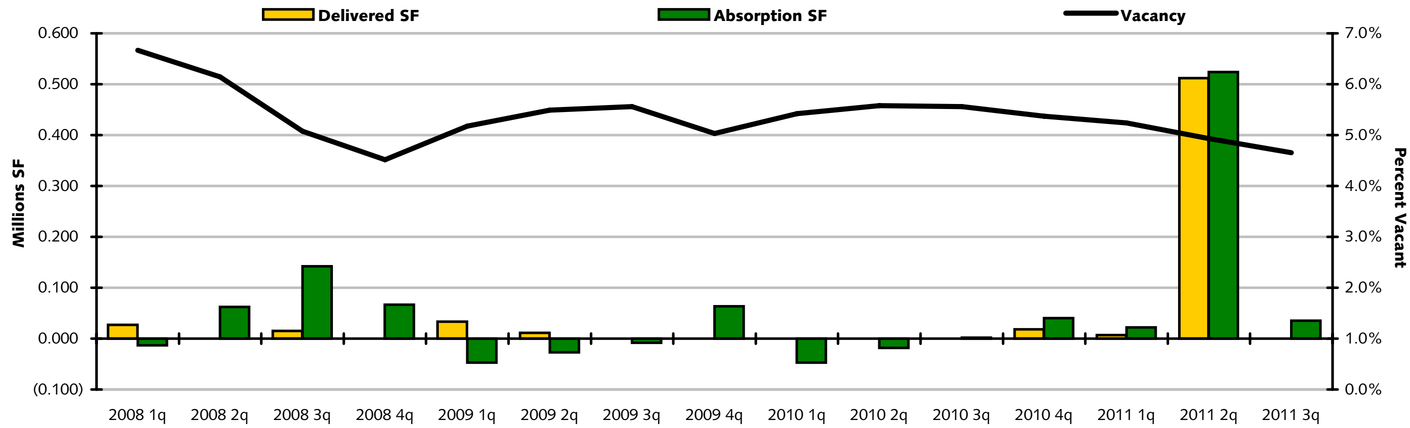
Source: CoStar Property®

Washington, D.C. Retail Market

FREDERICK MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

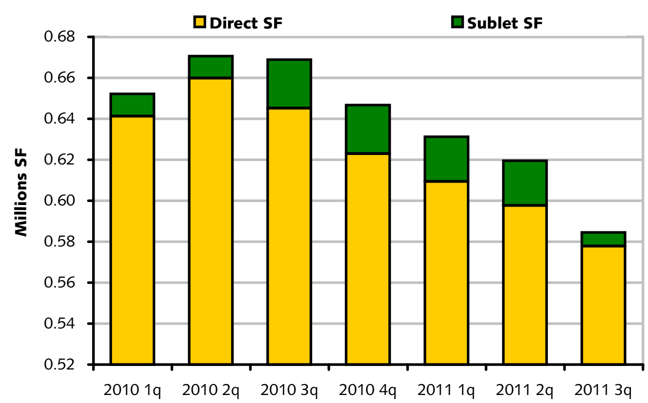
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

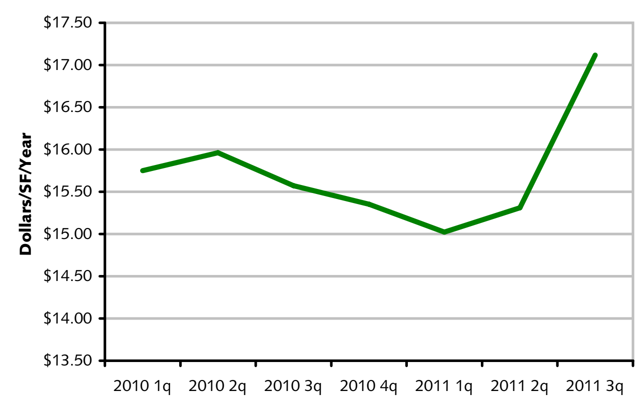
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	1,010	12,562,398	584,559	4.7%	34,948	0	0	1	3,117	$17.12
2011 2q	1,010	12,562,398	619,507	4.9%	523,706	5	511,968	1	3,117	$15.31
2011 1q	1,005	12,050,430	631,245	5.2%	22,234	2	6,711	5	511,968	$15.02
2010 4q	1,003	12,043,719	646,768	5.4%	40,188	1	18,000	7	518,679	$15.35
2010 3q	1,002	12,025,719	668,956	5.6%	1,744	0	0	8	536,679	$15.57
2010 2q	1,002	12,025,719	670,700	5.6%	(18,540)	0	0	8	536,679	$15.96
2010 1q	1,002	12,025,719	652,160	5.4%	(47,196)	0	0	5	511,968	$15.75
2009 4q	1,002	12,025,719	604,964	5.0%	63,412	0	0	5	511,968	$15.31
2009 3q	1,002	12,025,719	668,376	5.6%	(8,206)	0	0	0	0	$15.82
2009 2q	1,002	12,025,719	660,170	5.5%	(27,242)	2	11,401	0	0	$15.61
2009 1q	1,000	12,014,318	621,527	5.2%	(46,985)	2	33,346	2	11,401	$15.83
2008 4q	998	11,980,972	541,196	4.5%	66,560	0	0	4	44,747	$15.73
2008 3q	998	11,980,972	607,756	5.1%	142,442	4	15,059	3	41,346	$16.38
2008 2q	994	11,965,913	735,139	6.1%	62,497	0	0	5	44,005	$16.64
2008 1q	994	11,965,913	797,636	6.7%	(13,255)	2	26,783	5	44,005	$17.20
2007 4q	992	11,939,130	757,598	6.3%	(93,467)	1	2,700	2	26,783	$18.22

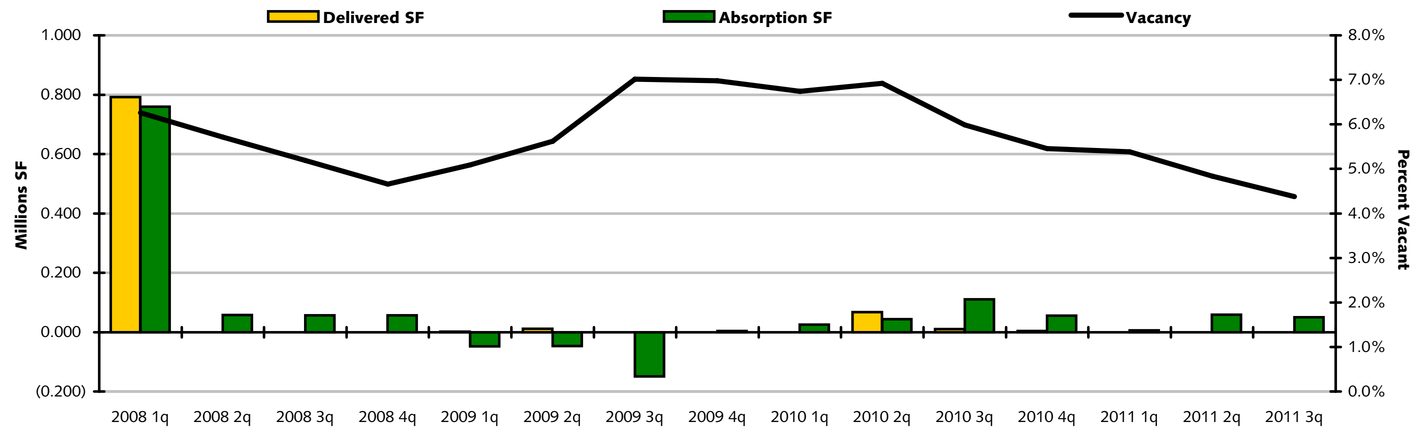
Source: CoStar Property®

Washington, D.C. Retail Market

GEORGETOWN/UPTOWN MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

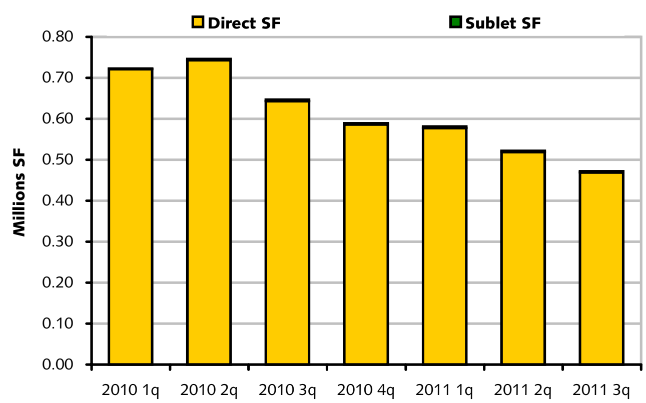
Deliveries, Absorption & Vacancy **Historical Analysis, All Classes**



Source: CoStar Property®

Vacant Space

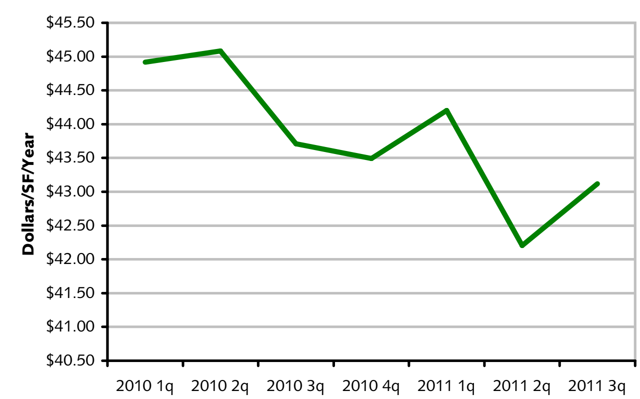
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	1,964	10,793,792	472,190	4.4%	49,690	0	0	1	18,000	$43.12
2011 2q	1,964	10,793,792	521,880	4.8%	59,133	0	0	1	18,000	$42.21
2011 1q	1,964	10,793,792	581,013	5.4%	5,945	0	0	0	0	$44.20
2010 4q	1,965	10,796,049	589,215	5.5%	55,403	1	3,677	0	0	$43.49
2010 3q	1,966	10,798,036	646,605	6.0%	109,993	1	10,181	1	3,677	$43.71
2010 2q	1,965	10,787,855	746,417	6.9%	43,269	1	67,039	2	13,858	$45.08
2010 1q	1,964	10,720,816	722,647	6.7%	25,634	0	0	2	77,220	$44.92
2009 4q	1,964	10,720,816	748,281	7.0%	3,563	0	0	1	67,039	$45.11
2009 3q	1,964	10,720,816	751,844	7.0%	(149,268)	0	0	1	67,039	$46.40
2009 2q	1,964	10,720,816	602,576	5.6%	(46,544)	1	11,000	0	0	$48.27
2009 1q	1,963	10,709,816	545,032	5.1%	(47,486)	1	1,918	1	11,000	$44.40
2008 4q	1,963	10,711,198	498,928	4.7%	56,965	0	0	2	12,918	$43.88
2008 3q	1,963	10,711,198	555,893	5.2%	56,377	0	0	2	12,918	$44.19
2008 2q	1,963	10,711,198	612,270	5.7%	57,935	0	0	1	11,000	$45.05
2008 1q	1,963	10,711,198	670,205	6.3%	759,768	3	792,158	1	11,000	$44.43
2007 4q	1,960	9,919,040	637,815	6.4%	(5,410)	0	0	4	803,158	$41.01

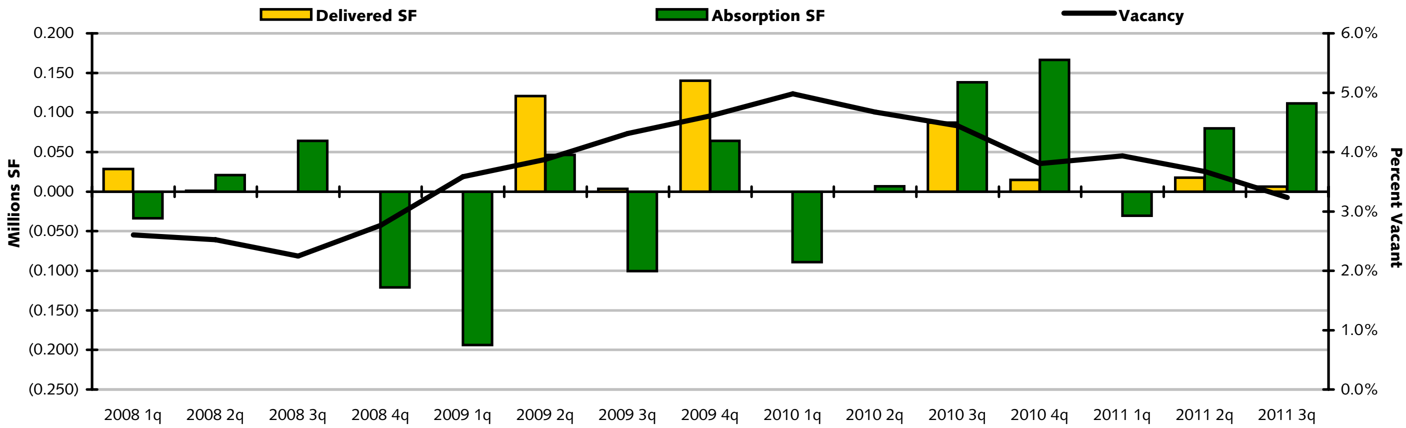
Source: CoStar Property®

Washington, D.C. Retail Market

GREATER FAIRFAX COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

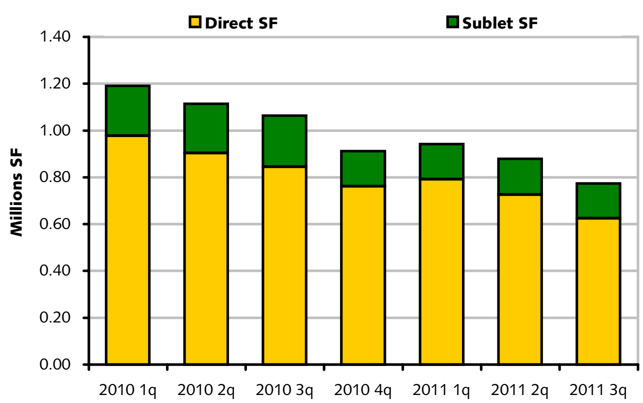
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

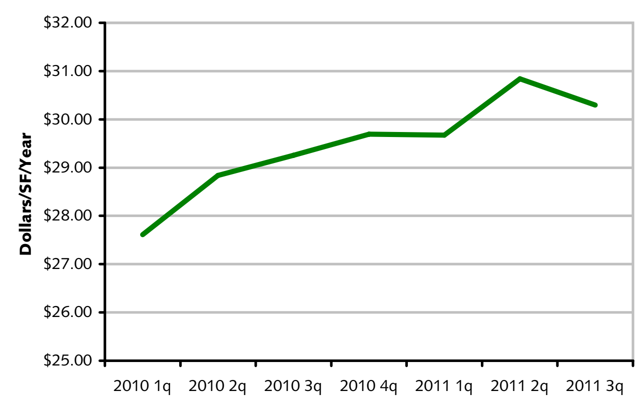
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	1,156	23,964,339	774,506	3.2%	111,356	2	6,488	3	83,593	$30.30
2011 2q	1,154	23,957,851	879,374	3.7%	79,902	1	17,706	4	38,865	$30.84
2011 1q	1,153	23,940,145	941,570	3.9%	(30,313)	0	0	4	53,527	$29.67
2010 4q	1,153	23,940,145	911,257	3.8%	166,459	2	14,700	2	35,706	$29.69
2010 3q	1,151	23,925,445	1,063,016	4.4%	137,996	1	87,000	2	14,700	$29.25
2010 2q	1,150	23,838,445	1,114,012	4.7%	6,682	0	0	3	101,700	$28.84
2010 1q	1,151	23,908,474	1,190,723	5.0%	(89,132)	0	0	2	91,200	$27.61
2009 4q	1,151	23,908,474	1,101,591	4.6%	64,021	1	140,139	1	87,000	$28.35
2009 3q	1,150	23,768,335	1,025,473	4.3%	(100,426)	1	3,486	1	140,139	$28.94
2009 2q	1,149	23,764,849	921,561	3.9%	46,294	4	120,658	2	143,625	$28.40
2009 1q	1,145	23,644,191	847,197	3.6%	(193,942)	0	0	6	264,283	$28.70
2008 4q	1,145	23,644,191	653,255	2.8%	(121,152)	0	0	5	260,797	$29.73
2008 3q	1,145	23,644,191	532,103	2.3%	64,039	0	0	2	68,252	$30.60
2008 2q	1,145	23,644,191	596,142	2.5%	20,923	1	1,091	1	5,376	$29.68
2008 1q	1,144	23,643,100	615,974	2.6%	(33,538)	3	28,585	2	6,467	$28.03
2007 4q	1,141	23,614,515	553,851	2.3%	37,865	0	0	4	29,676	$29.83

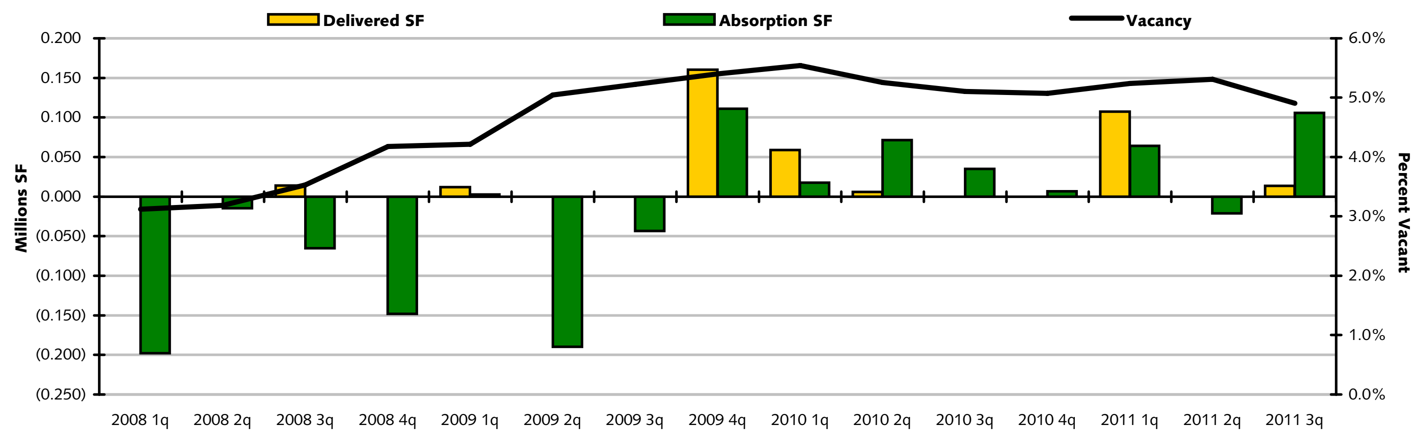
Source: CoStar Property®

Washington, D.C. Retail Market

I-270 Corridor Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

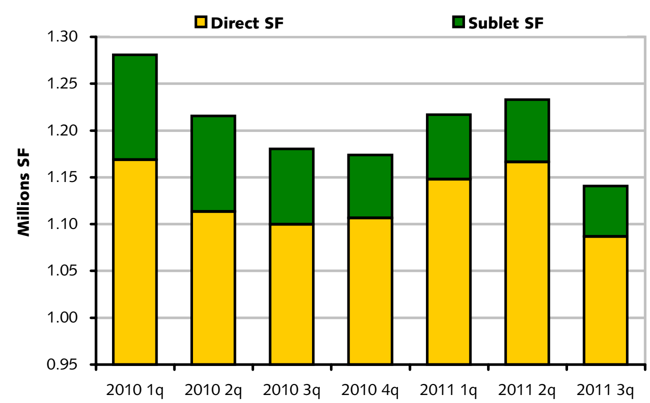
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

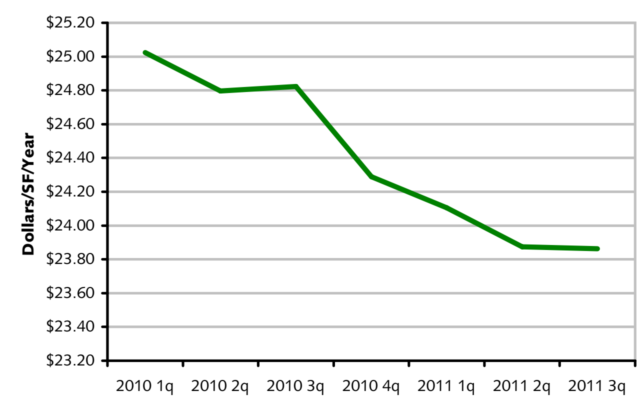
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	905	23,241,973	1,140,709	4.9%	105,958	1	13,753	1	3,867	$23.86
2011 2q	904	23,228,220	1,232,914	5.3%	(21,281)	0	0	2	17,620	$23.87
2011 1q	905	23,233,700	1,217,113	5.2%	64,059	4	107,432	1	13,753	$24.11
2010 4q	901	23,126,268	1,173,740	5.1%	6,797	0	0	4	107,432	$24.29
2010 3q	901	23,126,268	1,180,537	5.1%	34,899	0	0	4	107,432	$24.82
2010 2q	901	23,126,268	1,215,436	5.3%	71,449	1	6,000	2	95,260	$24.80
2010 1q	900	23,120,268	1,280,885	5.5%	17,801	2	59,090	2	98,260	$25.02
2009 4q	899	23,068,003	1,246,421	5.4%	111,222	3	160,402	3	65,090	$24.79
2009 3q	896	22,907,601	1,197,241	5.2%	(43,441)	0	0	4	215,357	$25.62
2009 2q	897	22,909,666	1,155,865	5.0%	(189,909)	0	0	4	215,357	$26.40
2009 1q	897	22,909,666	965,956	4.2%	2,515	3	12,169	3	212,455	$26.35
2008 4q	894	22,897,497	956,302	4.2%	(148,047)	0	0	5	161,124	$27.40
2008 3q	894	22,897,497	808,255	3.5%	(65,409)	1	14,137	4	67,124	$26.99
2008 2q	893	22,883,360	728,709	3.2%	(14,586)	0	0	3	70,462	$27.41
2008 1q	893	22,883,360	714,123	3.1%	(197,812)	0	0	2	69,092	$26.01
2007 4q	894	22,885,560	518,511	2.3%	30,674	1	17,235	1	14,137	$30.57

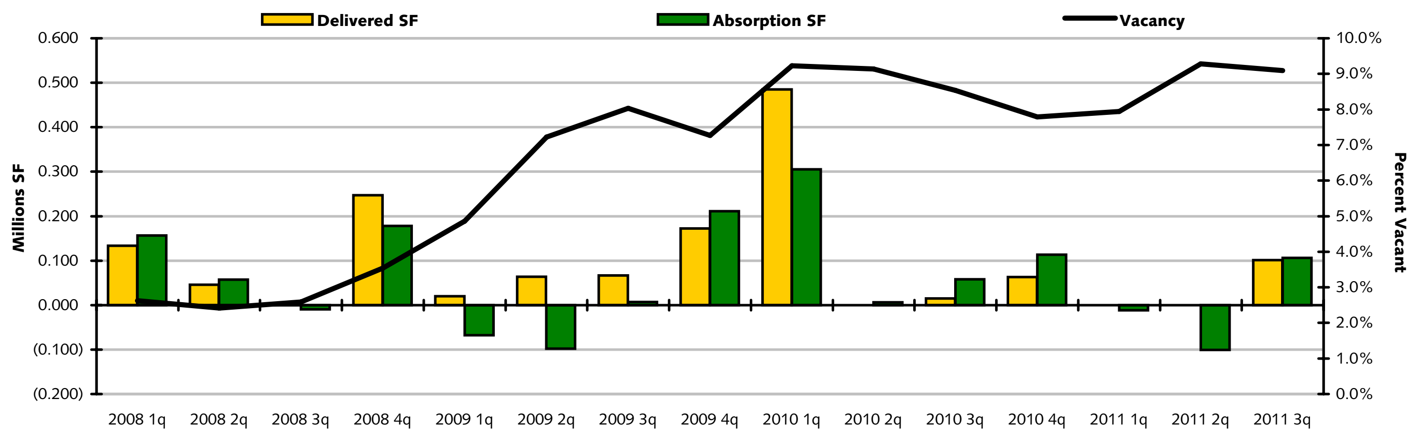
Source: CoStar Property®

Washington, D.C. Retail Market

LEESBURG/ROUTE 7 CORRIDOR MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

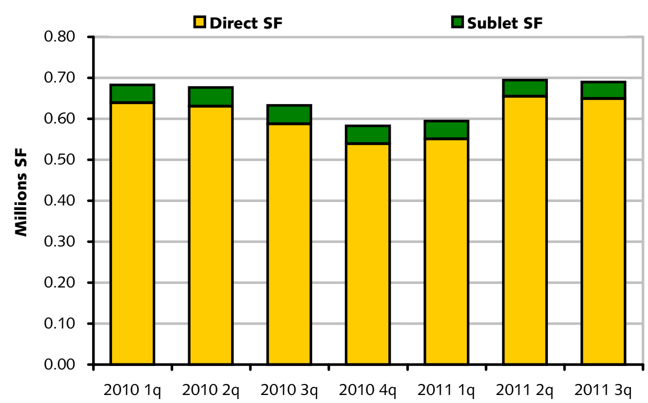
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

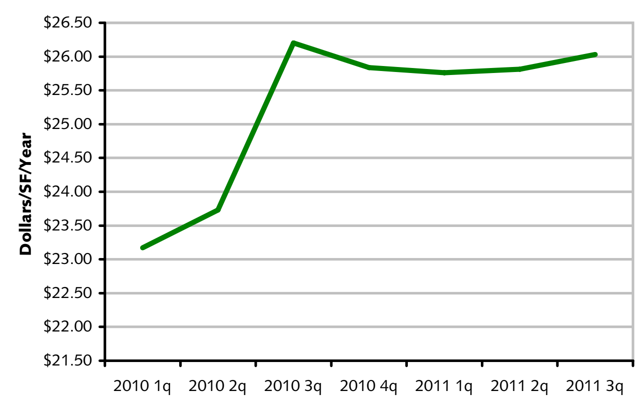
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	486	7,583,516	689,639	9.1%	106,488	1	101,436	1	30,607	$26.03
2011 2q	485	7,482,080	694,691	9.3%	(100,456)	0	0	1	101,436	$25.81
2011 1q	485	7,482,080	594,235	7.9%	(11,530)	0	0	1	101,436	$25.76
2010 4q	485	7,482,080	582,705	7.8%	113,532	3	63,286	1	101,436	$25.84
2010 3q	482	7,418,794	632,951	8.5%	58,217	1	14,707	4	164,722	$26.20
2010 2q	481	7,404,087	676,461	9.1%	6,515	0	0	3	73,027	$23.73
2010 1q	481	7,404,087	682,976	9.2%	305,218	10	484,992	2	28,027	$23.17
2009 4q	471	6,919,095	503,202	7.3%	211,493	4	172,591	11	498,312	$22.58
2009 3q	467	6,746,504	542,104	8.0%	7,155	2	66,757	15	670,903	$24.33
2009 2q	465	6,679,747	482,502	7.2%	(97,734)	2	63,456	17	737,660	$26.01
2009 1q	463	6,616,291	321,312	4.9%	(68,006)	3	19,708	18	788,490	$28.75
2008 4q	460	6,596,583	233,598	3.5%	177,883	4	247,269	6	135,921	$32.11
2008 3q	456	6,349,314	164,212	2.6%	(9,250)	1	1,368	9	330,433	$32.93
2008 2q	455	6,347,946	153,594	2.4%	57,406	3	45,600	6	288,438	$33.52
2008 1q	452	6,302,346	165,400	2.6%	156,692	4	133,530	8	294,237	$32.61
2007 4q	448	6,168,816	188,562	3.1%	(6,807)	4	30,600	11	426,399	$35.24

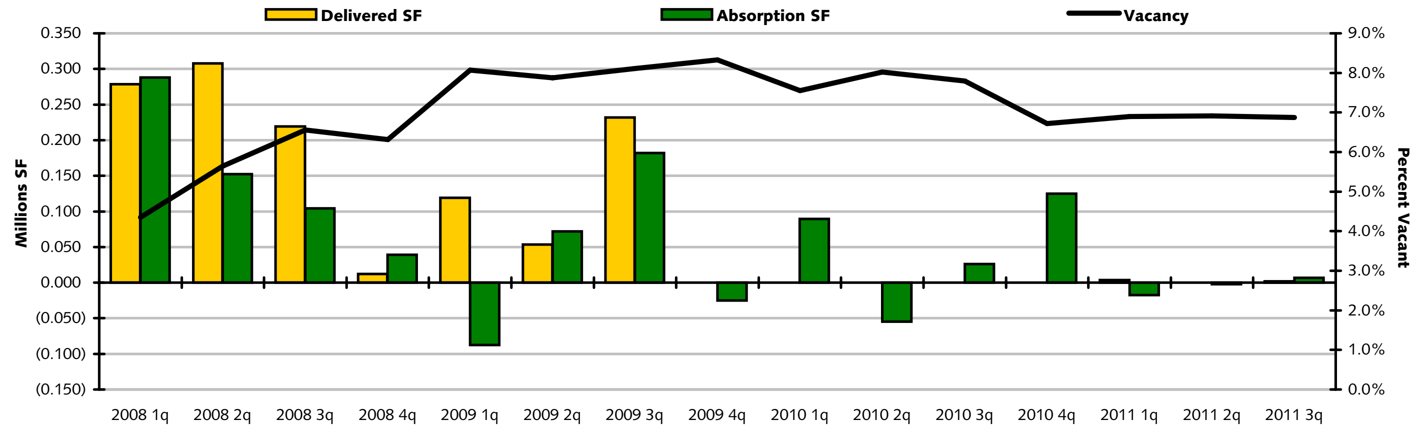
Source: CoStar Property®

Washington, D.C. Retail Market

MANASSAS/ROUTE 29/I-66 MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

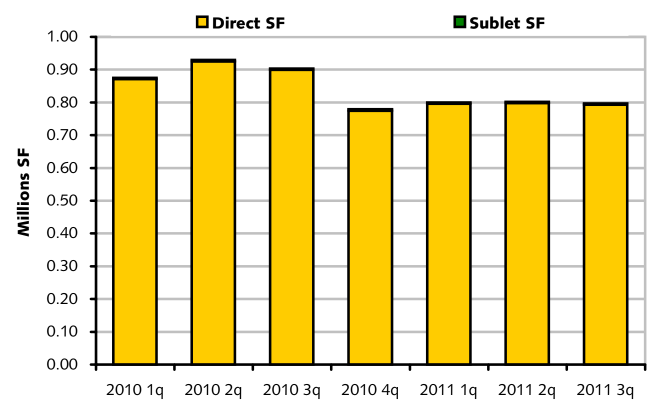
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

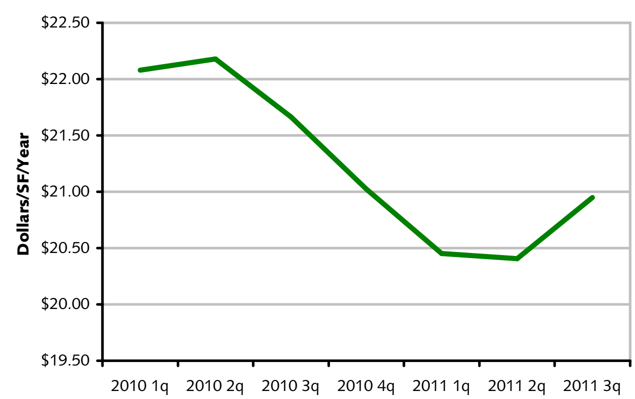
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	646	11,595,845	796,921	6.9%	6,880	1	1,850	3	101,670	$20.95
2011 2q	645	11,593,995	801,951	6.9%	(2,056)	0	0	4	103,520	$20.41
2011 1q	645	11,593,995	799,895	6.9%	(17,466)	1	3,500	1	1,850	$20.45
2010 4q	644	11,590,495	778,929	6.7%	124,824	0	0	2	5,350	$21.02
2010 3q	644	11,590,495	903,753	7.8%	26,201	0	0	1	1,850	$21.66
2010 2q	644	11,590,495	929,954	8.0%	(54,679)	0	0	0	0	$22.18
2010 1q	644	11,590,495	875,275	7.6%	89,620	0	0	0	0	$22.08
2009 4q	644	11,590,495	964,895	8.3%	(24,888)	0	0	0	0	$22.69
2009 3q	644	11,590,495	940,007	8.1%	182,111	5	231,709	0	0	$25.26
2009 2q	640	11,363,186	894,809	7.9%	71,795	6	53,551	5	231,709	$23.24
2009 1q	634	11,309,635	913,053	8.1%	(87,712)	4	118,990	11	285,260	$23.17
2008 4q	630	11,190,645	706,351	6.3%	39,333	2	12,223	13	393,250	$24.94
2008 3q	628	11,178,422	733,461	6.6%	104,479	6	219,424	14	403,273	$23.31
2008 2q	622	10,958,998	618,516	5.6%	152,450	8	307,647	15	570,234	$24.33
2008 1q	614	10,651,351	463,319	4.3%	288,158	7	278,701	15	687,071	$24.20
2007 4q	607	10,372,650	472,776	4.6%	123,212	7	264,397	17	769,049	$26.69

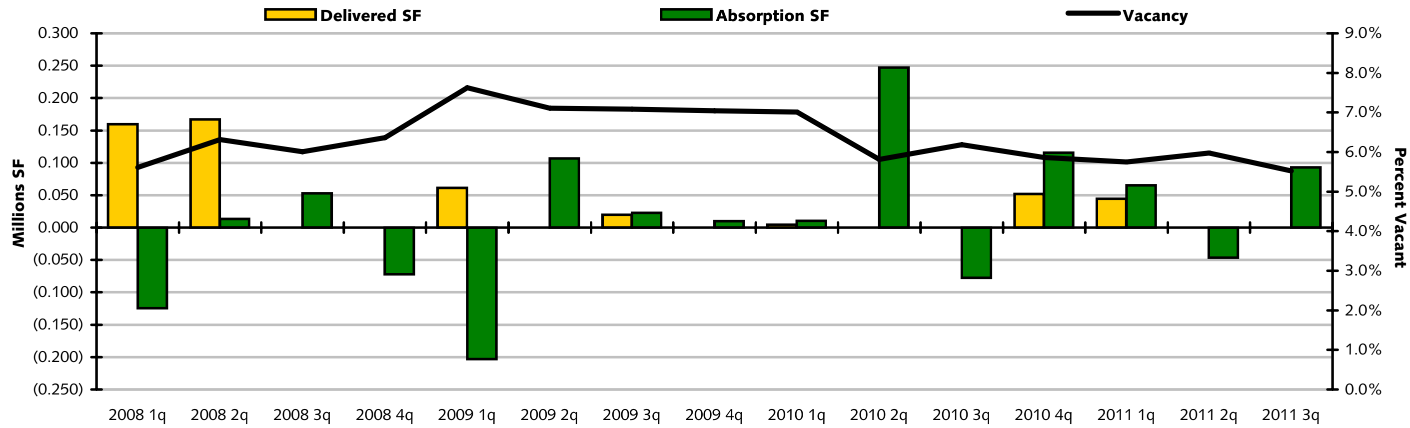
Source: CoStar Property®

Washington, D.C. Retail Market

N Prince Georges County Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

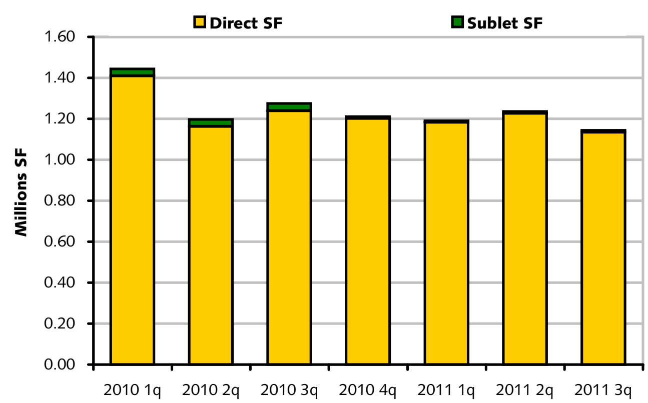
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

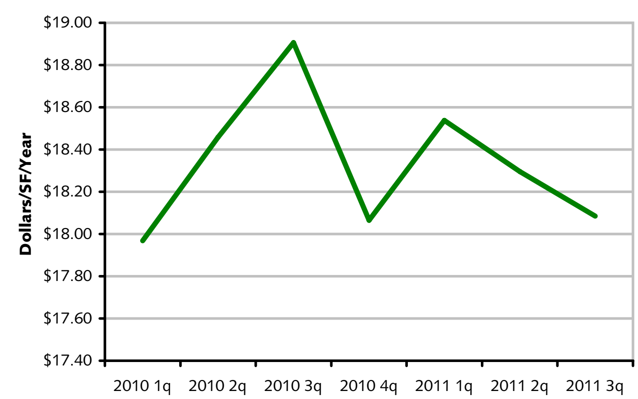
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	1,573	20,697,327	1,143,852	5.5%	92,826	0	0	0	0	$18.09
2011 2q	1,573	20,697,327	1,236,678	6.0%	(46,554)	0	0	0	0	$18.30
2011 1q	1,573	20,697,327	1,190,124	5.8%	65,100	3	44,540	0	0	$18.54
2010 4q	1,570	20,652,787	1,210,684	5.9%	115,911	2	51,700	3	44,540	$18.07
2010 3q	1,568	20,601,087	1,274,895	6.2%	(77,766)	0	0	5	96,240	$18.91
2010 2q	1,568	20,601,087	1,197,129	5.8%	247,065	0	0	4	87,264	$18.46
2010 1q	1,568	20,601,087	1,444,194	7.0%	10,200	1	4,347	2	35,564	$17.97
2009 4q	1,567	20,596,740	1,450,047	7.0%	9,705	0	0	1	4,347	$16.85
2009 3q	1,567	20,596,740	1,459,752	7.1%	22,883	1	20,000	1	4,347	$15.65
2009 2q	1,566	20,576,740	1,462,635	7.1%	106,896	0	0	2	24,347	$16.55
2009 1q	1,566	20,576,740	1,569,531	7.6%	(203,108)	2	61,527	2	24,347	$17.66
2008 4q	1,564	20,515,213	1,304,896	6.4%	(72,272)	0	0	2	61,527	$17.94
2008 3q	1,564	20,515,213	1,232,624	6.0%	52,738	0	0	2	61,527	$17.94
2008 2q	1,565	20,525,407	1,295,556	6.3%	13,601	3	167,251	1	57,499	$17.59
2008 1q	1,562	20,358,156	1,141,906	5.6%	(124,492)	6	159,673	3	167,251	$18.10
2007 4q	1,556	20,198,483	857,741	4.2%	11,982	4	48,660	9	326,924	$22.01

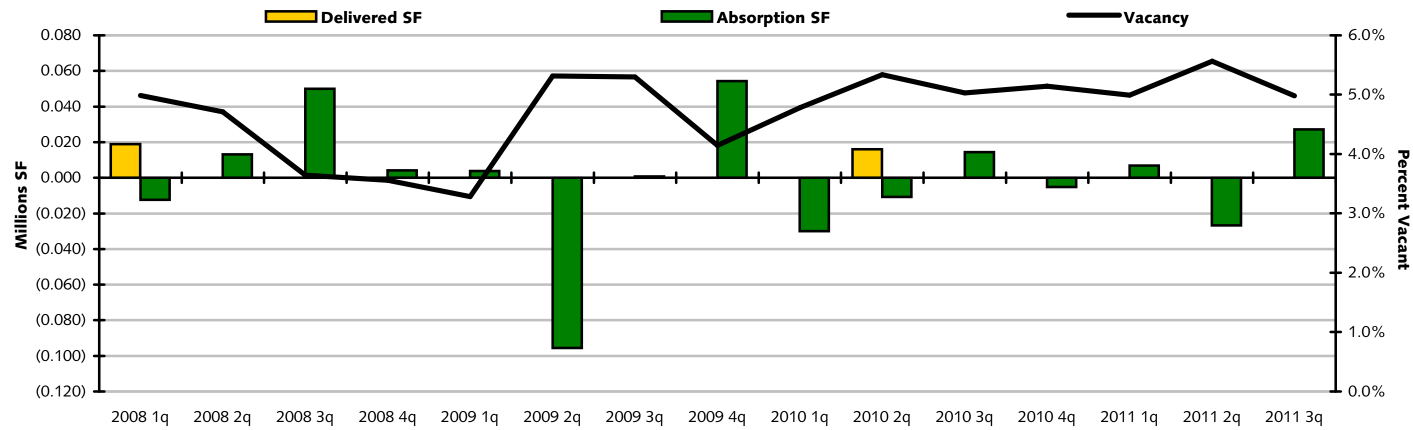
Source: CoStar Property®

Washington, D.C. Retail Market

NORTHEAST/SOUTHEAST MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

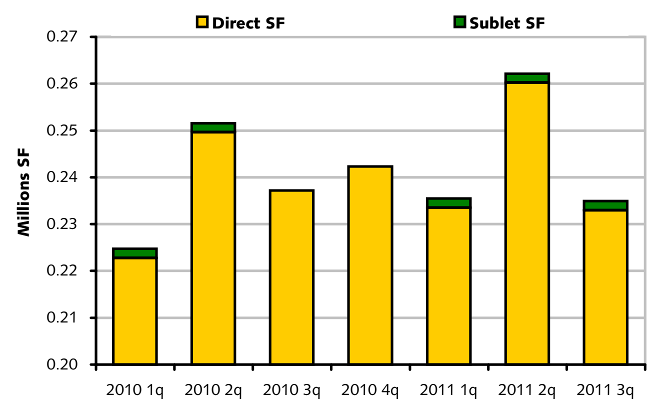
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

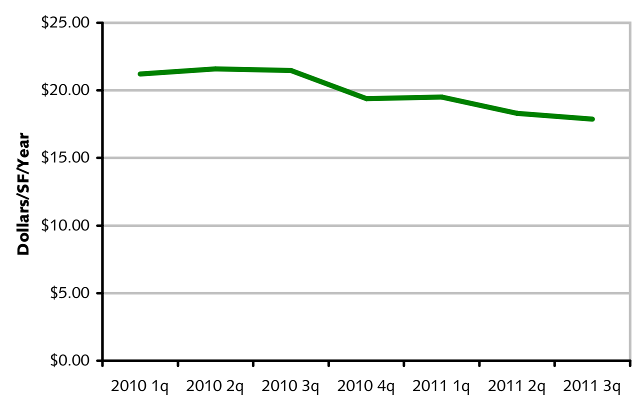
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	837	4,714,246	234,908	5.0%	27,241	0	0	2	73,000	$17.88
2011 2q	837	4,714,246	262,149	5.6%	(26,691)	0	0	2	73,000	$18.30
2011 1q	837	4,714,246	235,458	5.0%	6,870	0	0	2	73,000	$19.51
2010 4q	837	4,714,246	242,328	5.1%	(5,169)	0	0	1	70,000	$19.39
2010 3q	837	4,714,246	237,159	5.0%	14,401	0	0	1	70,000	$21.48
2010 2q	837	4,714,246	251,560	5.3%	(10,828)	2	16,000	1	70,000	$21.58
2010 1q	835	4,698,246	224,732	4.8%	(30,018)	0	0	3	86,000	$21.20
2009 4q	835	4,698,246	194,714	4.1%	54,335	0	0	2	16,000	$23.38
2009 3q	835	4,698,246	249,049	5.3%	683	0	0	1	12,000	$23.44
2009 2q	835	4,698,246	249,732	5.3%	(95,525)	0	0	0	0	$23.74
2009 1q	835	4,698,246	154,207	3.3%	3,778	0	0	0	0	$25.07
2008 4q	840	4,707,667	167,406	3.6%	4,235	0	0	0	0	$24.86
2008 3q	840	4,707,667	171,641	3.6%	50,048	0	0	0	0	$25.05
2008 2q	840	4,707,667	221,689	4.7%	13,065	0	0	0	0	$26.80
2008 1q	840	4,707,667	234,754	5.0%	(12,373)	3	18,909	0	0	$26.36
2007 4q	837	4,688,758	203,472	4.3%	31,677	0	0	3	18,909	$26.01

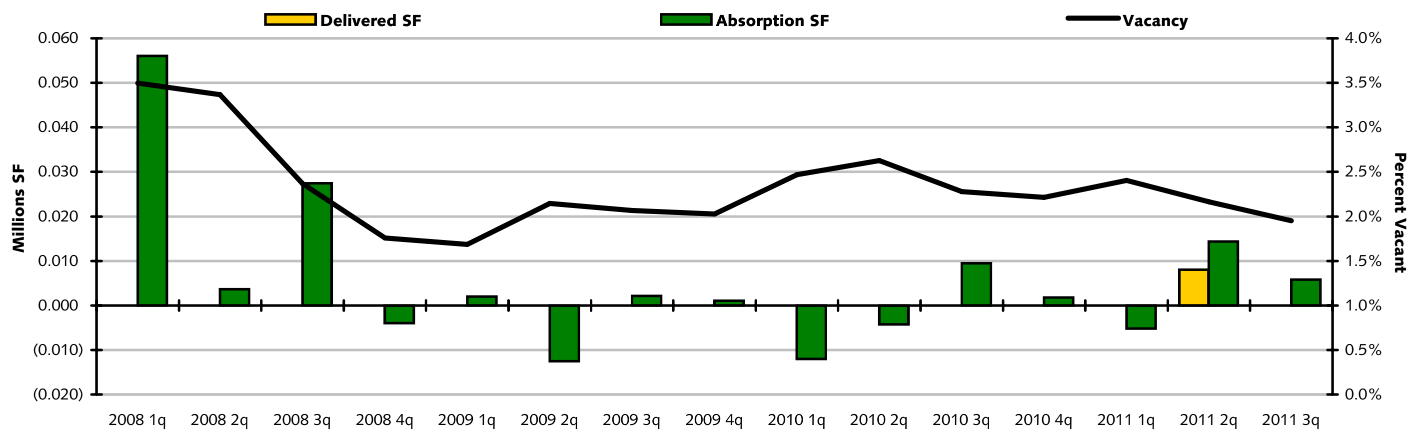
Source: CoStar Property®

Washington, D.C. Retail Market

R-B Corridor Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

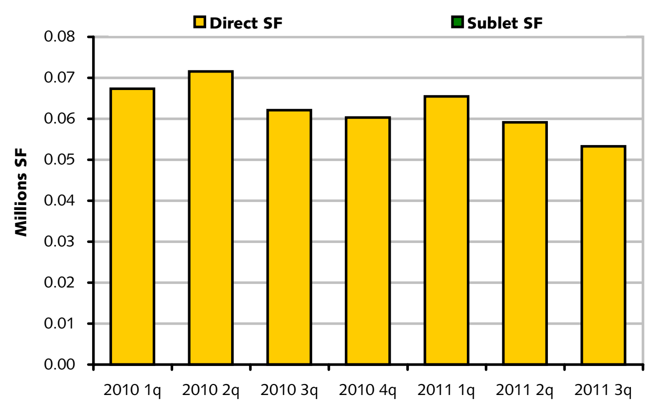
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

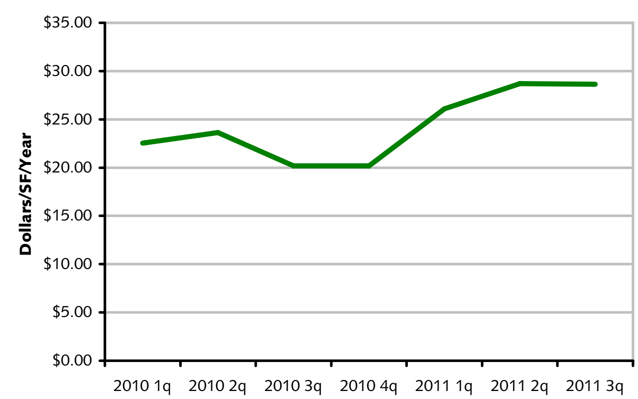
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	151	2,733,830	53,316	2.0%	5,830	0	0	0	0	$28.65
2011 2q	151	2,733,830	59,146	2.2%	14,350	1	8,000	0	0	$28.69
2011 1q	150	2,725,830	65,496	2.4%	(5,172)	0	0	1	8,000	$26.09
2010 4q	150	2,725,830	60,324	2.2%	1,800	0	0	0	0	$20.17
2010 3q	150	2,725,830	62,124	2.3%	9,454	0	0	0	0	$20.17
2010 2q	150	2,725,830	71,578	2.6%	(4,254)	0	0	0	0	$23.63
2010 1q	150	2,725,830	67,324	2.5%	(12,051)	0	0	0	0	$22.52
2009 4q	150	2,725,830	55,273	2.0%	1,078	0	0	0	0	$23.39
2009 3q	150	2,725,830	56,351	2.1%	2,123	0	0	0	0	$22.05
2009 2q	150	2,725,830	58,474	2.1%	(12,528)	0	0	0	0	$23.07
2009 1q	150	2,725,830	45,946	1.7%	1,964	0	0	0	0	$24.86
2008 4q	150	2,725,830	47,910	1.8%	(3,964)	0	0	0	0	$29.68
2008 3q	151	2,746,921	65,037	2.4%	27,430	0	0	0	0	$29.64
2008 2q	151	2,746,921	92,467	3.4%	3,612	0	0	0	0	$28.21
2008 1q	151	2,746,921	96,079	3.5%	56,070	0	0	0	0	$27.61
2007 4q	151	2,746,921	152,149	5.5%	42,668	0	0	0	0	$14.99

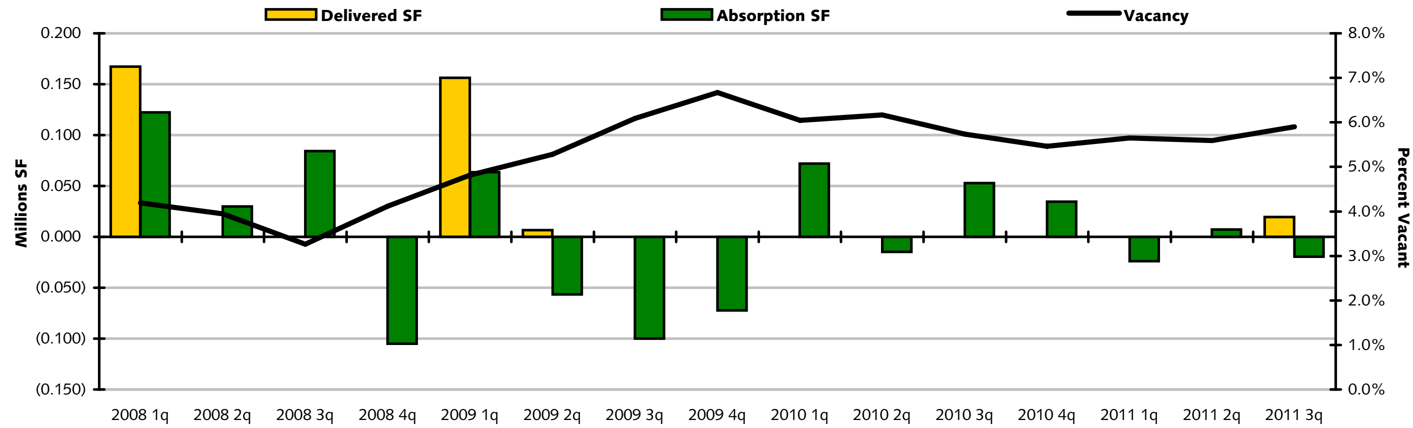
Source: CoStar Property®

Washington, D.C. Retail Market

S Prince Georges County Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

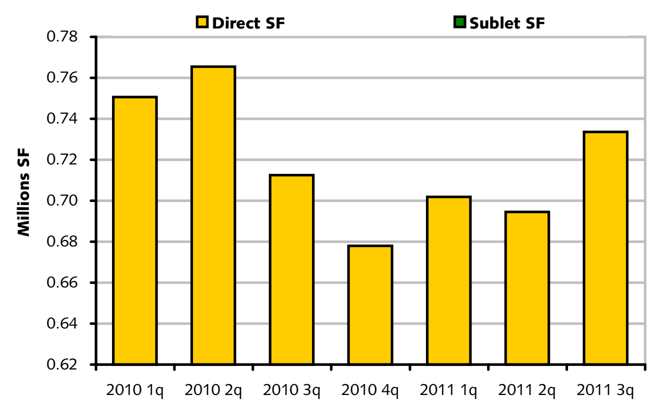
Deliveries, Absorption & Vacancy **Historical Analysis, All Classes**



Source: CoStar Property®

Vacant Space

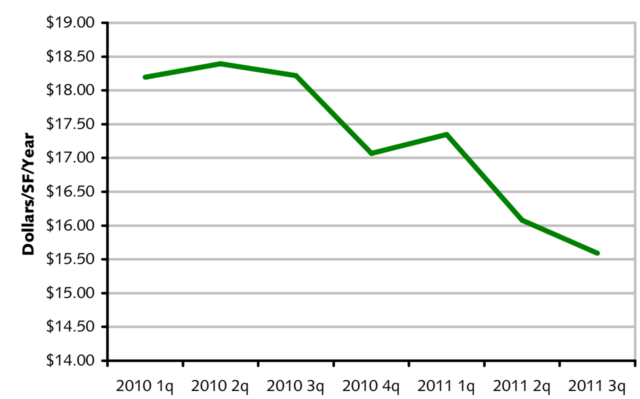
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	884	12,437,710	733,632	5.9%	(19,447)	1	19,620	1	79,371	$15.59
2011 2q	883	12,418,090	694,565	5.6%	7,282	0	0	2	98,991	$16.08
2011 1q	883	12,418,090	701,847	5.7%	(23,883)	0	0	1	19,620	$17.35
2010 4q	883	12,418,090	677,964	5.5%	34,585	0	0	1	19,620	$17.07
2010 3q	883	12,418,090	712,549	5.7%	52,985	0	0	1	19,620	$18.22
2010 2q	883	12,418,090	765,534	6.2%	(14,925)	0	0	0	0	$18.40
2010 1q	883	12,418,090	750,609	6.0%	72,125	0	0	0	0	$18.19
2009 4q	884	12,423,892	828,536	6.7%	(72,359)	0	0	0	0	$18.15
2009 3q	884	12,423,892	756,177	6.1%	(100,024)	0	0	0	0	$17.79
2009 2q	884	12,423,892	656,153	5.3%	(56,537)	1	6,532	0	0	$18.43
2009 1q	884	12,422,360	598,084	4.8%	63,453	4	156,222	1	6,532	$15.43
2008 4q	880	12,266,138	505,315	4.1%	(105,128)	0	0	5	162,754	$15.25
2008 3q	880	12,266,138	400,187	3.3%	84,270	0	0	5	162,754	$17.20
2008 2q	880	12,266,138	484,457	3.9%	29,991	0	0	2	93,265	$17.64
2008 1q	880	12,266,138	514,448	4.2%	122,288	4	167,376	1	6,532	$17.40
2007 4q	876	12,098,762	469,360	3.9%	(65,240)	2	48,202	5	173,908	$22.76

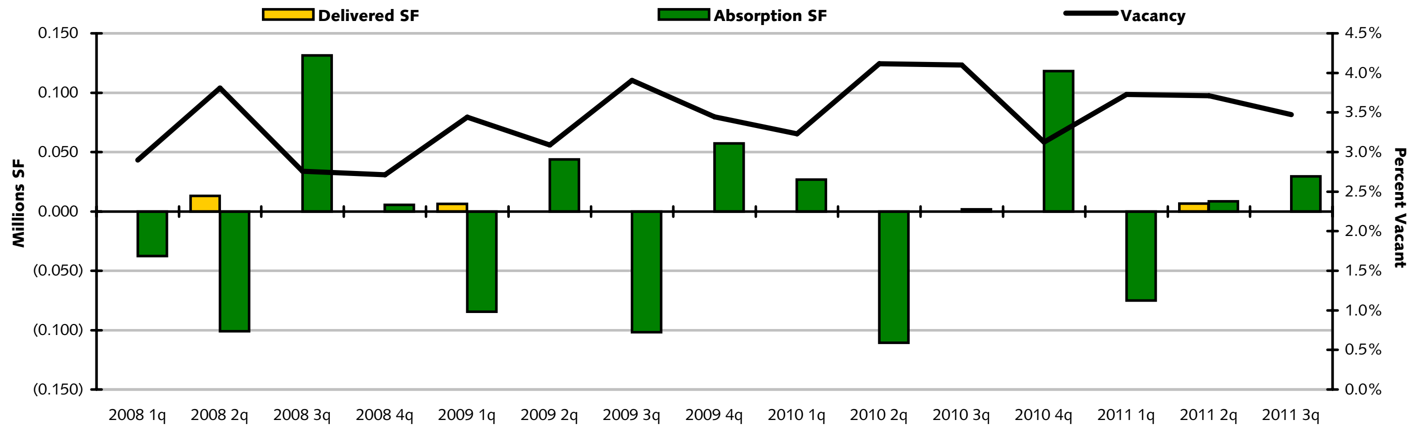
Source: CoStar Property®

Washington, D.C. Retail Market

SE FAIRFAX COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

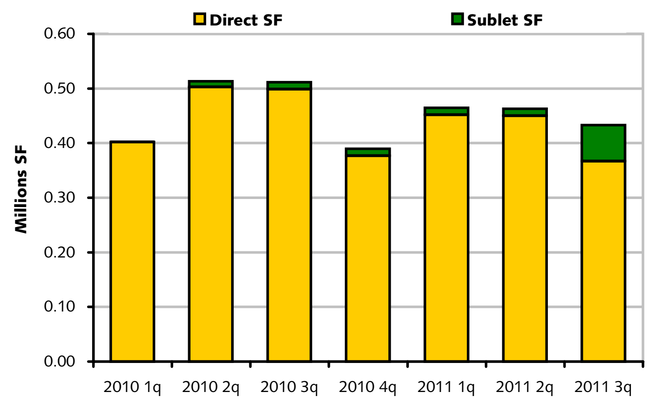
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

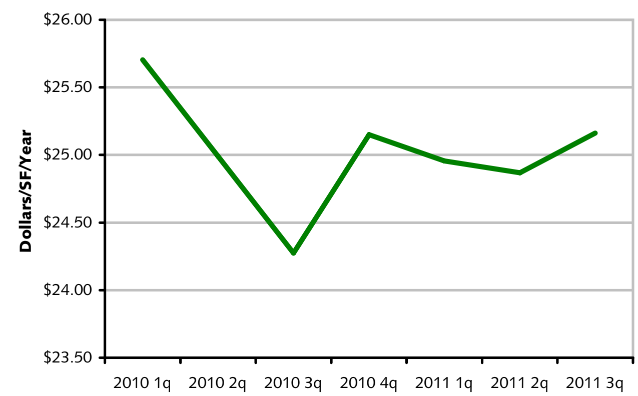
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	575	12,476,917	433,270	3.5%	29,640	0	0	1	4,321	$25.16
2011 2q	575	12,476,917	462,910	3.7%	8,457	1	6,500	0	0	$24.87
2011 1q	574	12,470,417	464,867	3.7%	(75,035)	0	0	1	6,500	$24.95
2010 4q	574	12,470,417	389,832	3.1%	118,201	0	0	1	6,500	$25.15
2010 3q	575	12,473,856	511,472	4.1%	1,850	0	0	1	6,500	$24.27
2010 2q	575	12,473,856	513,322	4.1%	(110,519)	0	0	1	6,500	$24.99
2010 1q	575	12,473,856	402,803	3.2%	26,869	0	0	0	0	$25.70
2009 4q	575	12,473,856	429,672	3.4%	57,276	0	0	0	0	$25.32
2009 3q	575	12,473,856	486,948	3.9%	(101,649)	0	0	0	0	$23.58
2009 2q	575	12,473,856	385,299	3.1%	43,757	0	0	0	0	$23.03
2009 1q	575	12,473,856	429,056	3.4%	(84,578)	1	6,368	0	0	$22.69
2008 4q	574	12,467,488	338,110	2.7%	5,617	0	0	1	6,368	$22.44
2008 3q	574	12,467,488	343,727	2.8%	131,286	0	0	1	6,368	$21.13
2008 2q	574	12,467,488	475,013	3.8%	(100,955)	1	13,000	0	0	$20.70
2008 1q	573	12,454,488	361,058	2.9%	(37,732)	0	0	1	13,000	$20.77
2007 4q	573	12,454,488	323,326	2.6%	47,001	1	12,630	0	0	$21.52

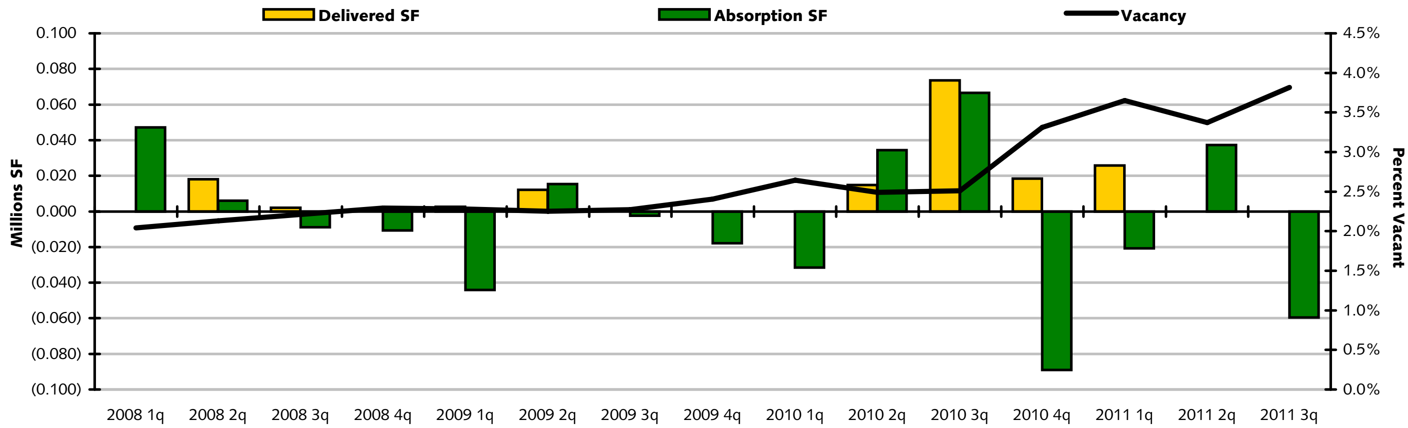
Source: CoStar Property®

Washington, D.C. Retail Market

SE Montgomery County Market

MARKET HIGHLIGHTS – CLASS "A, B & C"

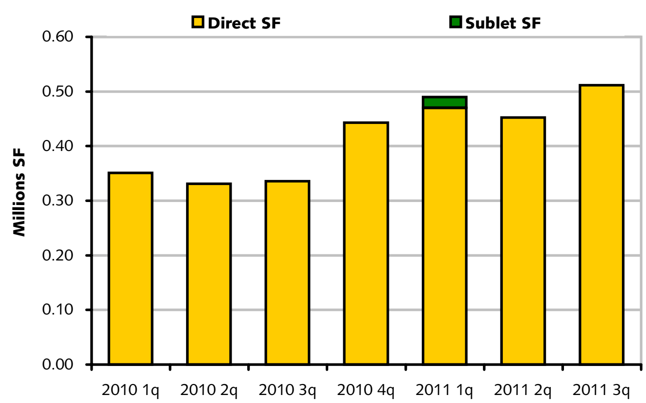
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

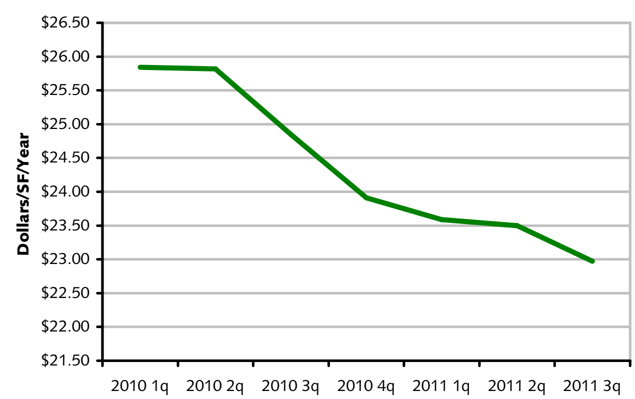
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	838	13,408,845	511,780	3.8%	(59,541)	0	0	0	0	$22.97
2011 2q	838	13,408,845	452,239	3.4%	37,359	0	0	0	0	$23.50
2011 1q	838	13,408,845	489,598	3.7%	(20,718)	2	25,742	0	0	$23.59
2010 4q	836	13,383,103	443,138	3.3%	(89,005)	2	18,500	2	25,742	$23.91
2010 3q	834	13,364,603	335,633	2.5%	66,597	2	73,533	4	44,242	$24.85
2010 2q	833	13,293,613	331,240	2.5%	34,430	1	14,800	6	117,775	$25.82
2010 1q	832	13,278,813	350,870	2.6%	(31,512)	0	0	7	132,575	$25.84
2009 4q	832	13,278,813	319,358	2.4%	(17,881)	0	0	6	120,962	$26.23
2009 3q	832	13,278,813	301,477	2.3%	(2,359)	0	0	0	0	$26.39
2009 2q	832	13,278,813	299,118	2.3%	15,389	1	12,156	0	0	$26.71
2009 1q	831	13,266,657	302,351	2.3%	(44,093)	1	2,600	1	12,156	$27.33
2008 4q	831	13,313,477	305,078	2.3%	(10,648)	0	0	2	14,756	$29.97
2008 3q	831	13,313,477	294,430	2.2%	(8,808)	1	2,039	2	14,756	$28.55
2008 2q	830	13,311,438	283,583	2.1%	6,062	1	18,000	3	16,795	$28.63
2008 1q	829	13,293,438	271,645	2.0%	47,083	0	0	2	20,039	$27.55
2007 4q	829	13,293,438	318,728	2.4%	21,237	1	52,644	1	18,000	$29.70

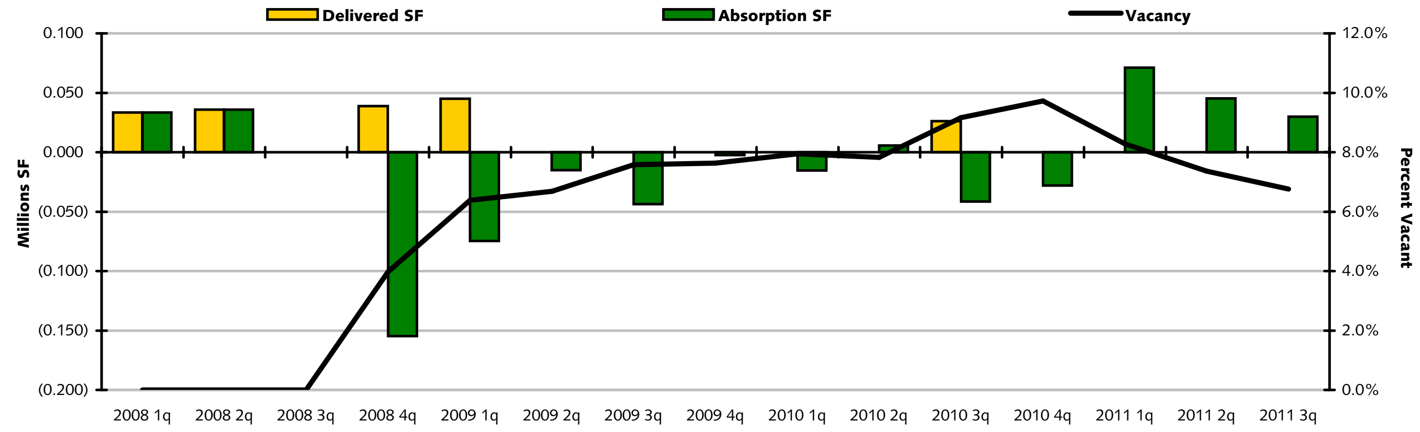
Source: CoStar Property®

Washington, D.C. Retail Market

WINCHESTER CITY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

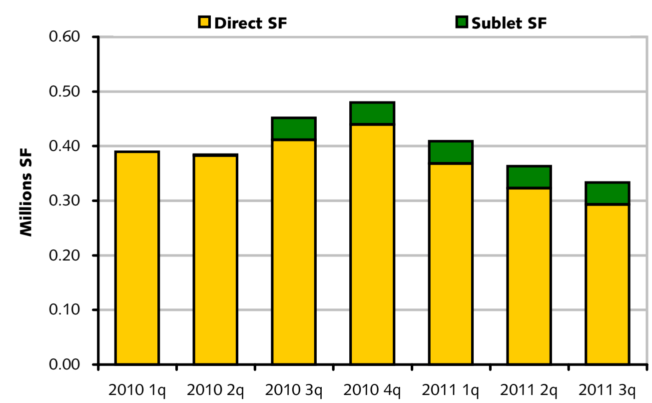
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

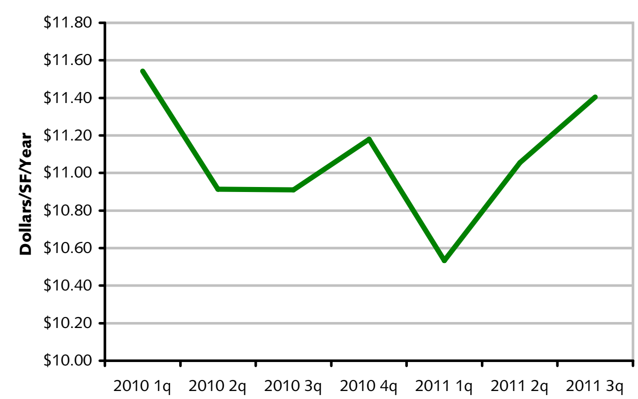
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	320	4,933,807	333,507	6.8%	29,904	0	0	0	0	$11.40
2011 2q	320	4,933,807	363,411	7.4%	45,287	0	0	0	0	$11.06
2011 1q	320	4,933,807	408,698	8.3%	71,241	0	0	0	0	$10.53
2010 4q	320	4,933,807	479,939	9.7%	(27,920)	0	0	0	0	$11.18
2010 3q	320	4,933,807	452,019	9.2%	(41,523)	2	26,200	0	0	$10.91
2010 2q	318	4,907,607	384,296	7.8%	5,576	0	0	2	26,200	$10.91
2010 1q	318	4,907,607	389,872	7.9%	(15,367)	0	0	2	26,200	$11.54
2009 4q	318	4,907,607	374,505	7.6%	(2,441)	0	0	0	0	$11.51
2009 3q	318	4,907,607	372,064	7.6%	(43,798)	0	0	0	0	$11.24
2009 2q	318	4,907,607	328,266	6.7%	(15,063)	0	0	0	0	$12.04
2009 1q	318	4,907,607	313,203	6.4%	(74,687)	2	45,000	0	0	$12.25
2008 4q	316	4,862,607	193,516	4.0%	(154,771)	2	38,745	2	45,000	$10.70
2008 3q	314	4,823,862	0	0.0%	0	0	0	4	83,745	$0.00
2008 2q	314	4,823,862	0	0.0%	35,844	3	35,844	4	83,745	$0.00
2008 1q	311	4,788,018	0	0.0%	33,450	1	33,450	6	112,572	$0.00
2007 4q	310	4,754,568	0	0.0%	0	0	0	6	125,022	$0.00

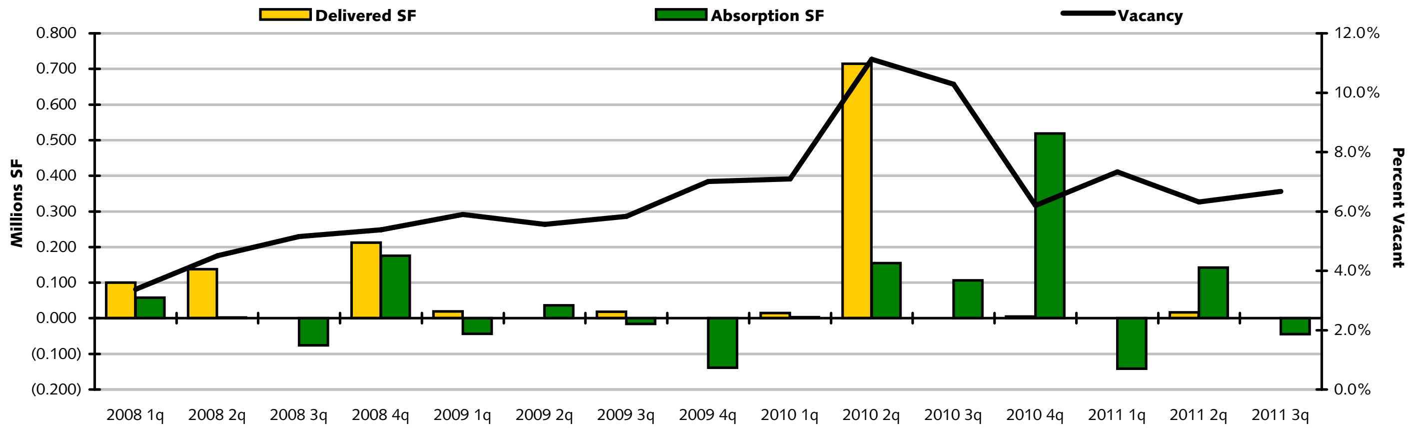
Source: CoStar Property®

Washington, D.C. Retail Market

WOODBRIDGE/I-95 CORRIDOR MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

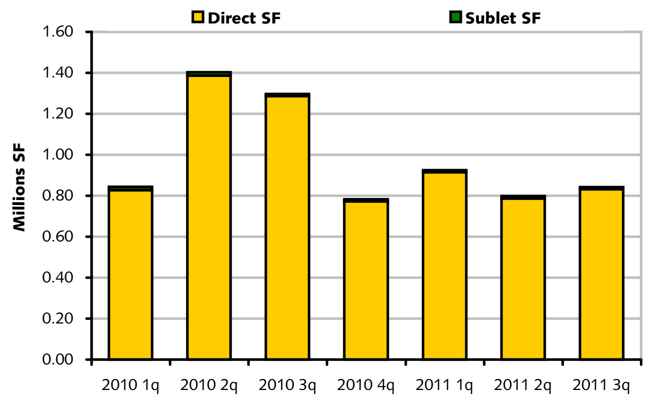
Deliveries, Absorption & Vacancy Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

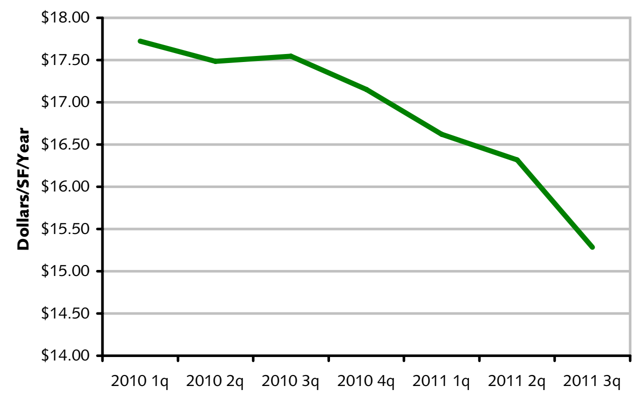
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2011 3q	562	12,630,521	842,718	6.7%	(44,443)	0	0	0	0	$15.29
2011 2q	562	12,630,521	798,275	6.3%	142,392	1	16,303	0	0	$16.32
2011 1q	561	12,614,218	924,364	7.3%	(141,809)	0	0	1	16,303	$16.62
2010 4q	561	12,614,218	782,555	6.2%	518,386	1	4,470	1	16,303	$17.15
2010 3q	560	12,609,748	1,296,471	10.3%	106,740	0	0	2	20,773	$17.55
2010 2q	560	12,609,748	1,403,211	11.1%	155,204	2	714,550	1	4,470	$17.49
2010 1q	558	11,895,198	843,865	7.1%	3,131	1	14,820	2	714,550	$17.72
2009 4q	557	11,880,378	832,176	7.0%	(139,054)	0	0	3	729,370	$17.95
2009 3q	557	11,880,378	693,122	5.8%	(15,710)	1	18,000	2	714,820	$24.18
2009 2q	556	11,862,378	659,412	5.6%	36,498	0	0	2	718,000	$23.85
2009 1q	557	11,866,135	699,667	5.9%	(43,245)	1	19,000	1	18,000	$19.56
2008 4q	556	11,847,135	637,422	5.4%	175,295	4	212,747	2	37,000	$20.11
2008 3q	552	11,634,388	599,970	5.2%	(75,954)	0	0	5	231,747	$19.49
2008 2q	552	11,634,388	524,016	4.5%	2,483	1	138,000	5	231,747	$21.20
2008 1q	551	11,496,388	388,499	3.4%	57,865	8	99,973	2	317,821	$21.58
2007 4q	543	11,396,415	346,391	3.0%	144,917	2	21,571	9	237,973	$21.40

Source: CoStar Property®

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Contents

Apartment

Metro Analysis

Apartment - 2nd Quarter 2011
Metro: Suburban Maryland

Section 1 - Current Metro Rent Details

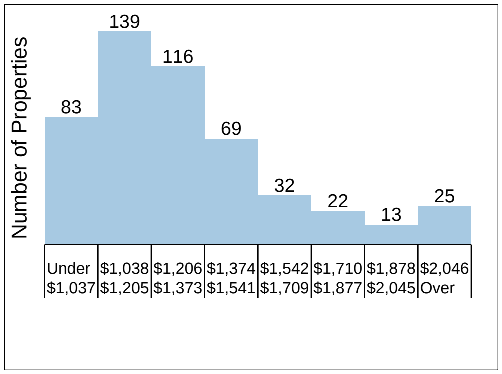
Asking Rent by Age

Year Built	Rent
Before 1970	$1,226
1970-1979	$1,254
1980-1989	$1,253
1990-1999	$1,591
2000-2009	$1,867
After 2009	$2,097
All	$1,318

As of 06/30/11

Asking Rent Distribution

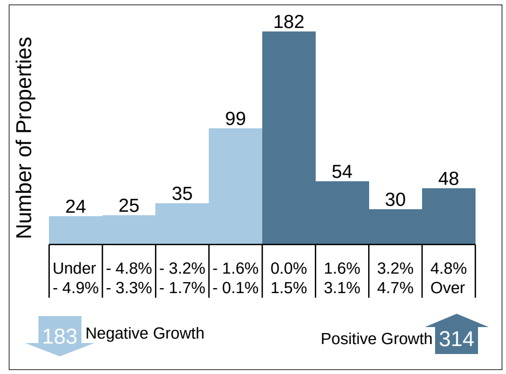
Low	25%	Mean	Median	75%	High
$869	$1,090	$1,318	$1,237	$1,443	$2,209



As of 06/30/11

Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 5.8%	- 0.7%	0.7%	0.3%	1.7%	7.4%

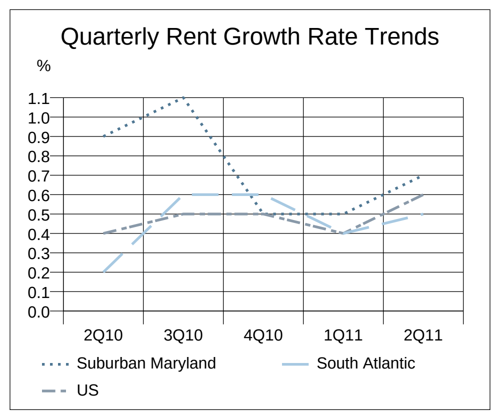


Qtr Ending 06/30/11

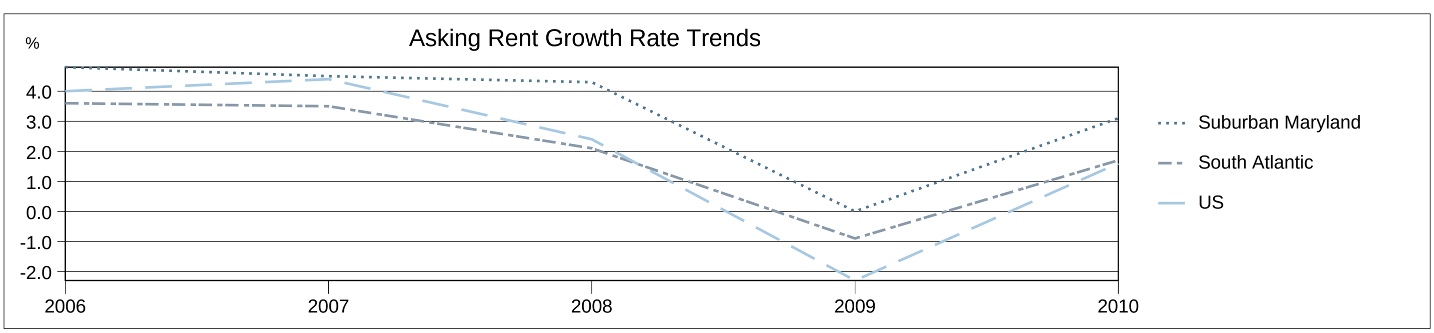
Section 2 - Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	0.7%	0.5%	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.5%	0.4%	0.4%	1.7%	0.9%	2.0%
United States	0.6%	0.4%	0.5%	1.6%	0.6%	2.0%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	26	5	9	5	3	1	2
United States	82	17	25	15	5	1	5



Period ending 06/30/11



Period ending 12/31/10

Section 3 - Current Metro Vacancy Details

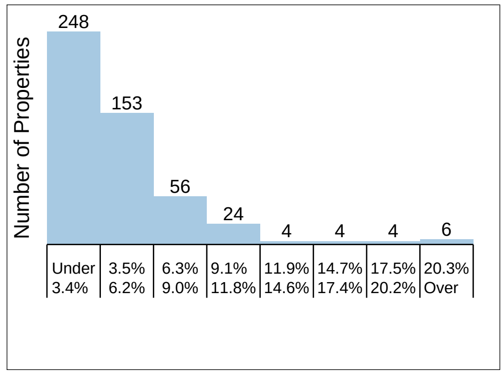
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	4.8%
1970-1979	4.5%
1980-1989	4.5%
1990-1999	5.1%
2000-2009	5.2%
After 2009	19.6%
All	4.9%

As of 06/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.6%	2.1%	4.9%	3.6%	6.0%	23.2%

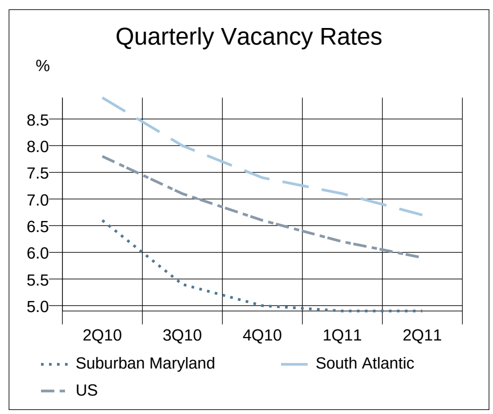


As of 06/30/11

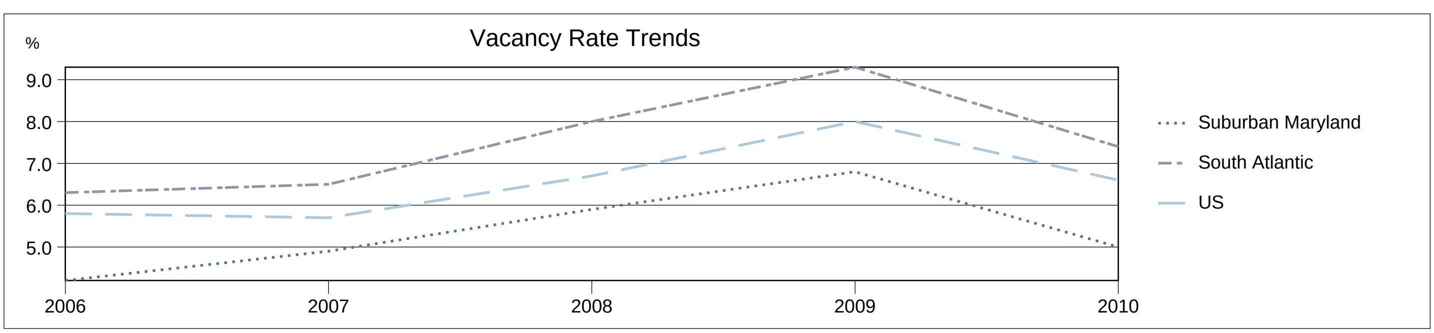
Section 4 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	4.9%	4.9%	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.7%	7.1%	6.9%	8.4%	7.8%	7.3%
United States	5.9%	6.2%	6.0%	7.3%	6.8%	6.5%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	26	4	3	3	6	6	4
United States	82	29	26	28	30	31	25



Period ending 06/30/11

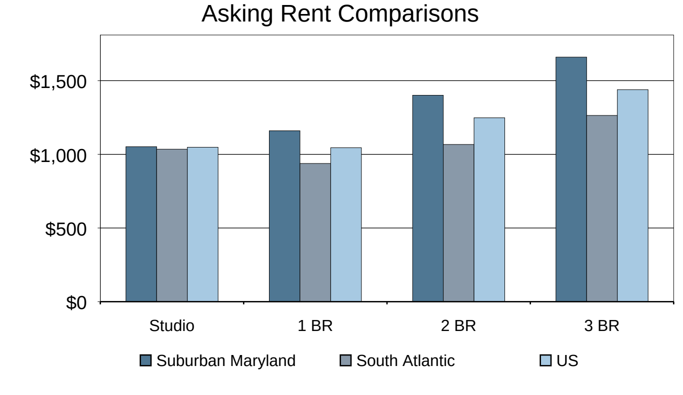


Period ending 12/31/10

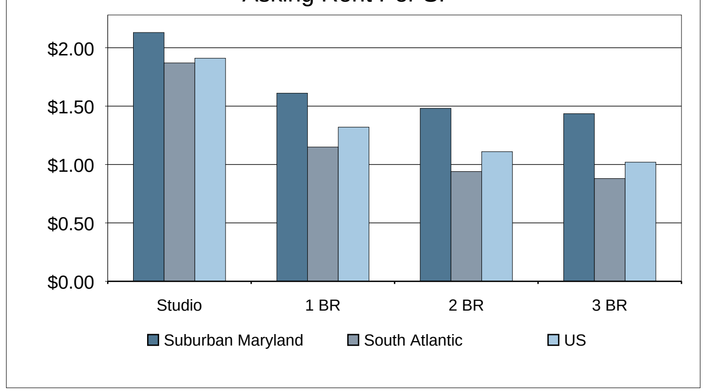
Section 5 - Metro Unit Mix Rent Details

Current Metro Average Rents and Sizes				Asking Rent Growth					
	2Q 2011			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	2Q11	1Q11	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	$1,052	494	$ 2.13	0.4%	0.5%	0.9%	2.0%	2.3%	3.6%
One Bedroom	$1,160	720	$ 1.61	0.3%	0.4%	0.7%	2.8%	2.4%	3.2%
Two Bedroom	$1,401	946	$ 1.48	1.0%	0.5%	1.5%	3.6%	2.6%	3.4%
Three Bedroom	$1,660	1157	$ 1.44	0.7%	0.9%	1.6%	2.3%	2.3%	3.2%
Average over period ending:				06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Asking Rent Comparisons



Asking Rent Per SF



	Studio	1 BR	2 BR	3 BR
Suburban Maryland	$1,052	$1,160	$1,401	$1,660
South Atlantic	$1,035	$938	$1,067	$1,264
United States	$1,048	$1,045	$1,248	$1,439

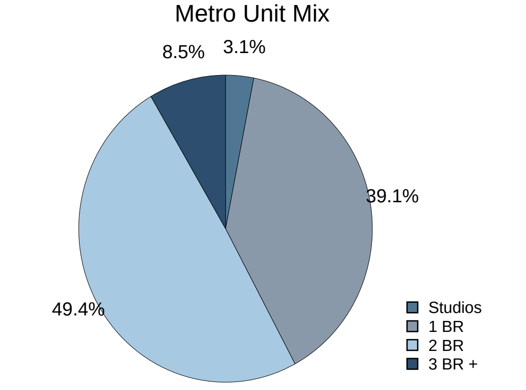
As of 06/30/11

	Studio	1 BR	2 BR	3 BR
Suburban Maryland	$ 2.13	$ 1.61	$ 1.48	$ 1.44
South Atlantic	$ 1.87	$ 1.15	$ 0.94	$ 0.88
United States	$ 1.91	$ 1.32	$ 1.11	$ 1.02

As of 06/30/11

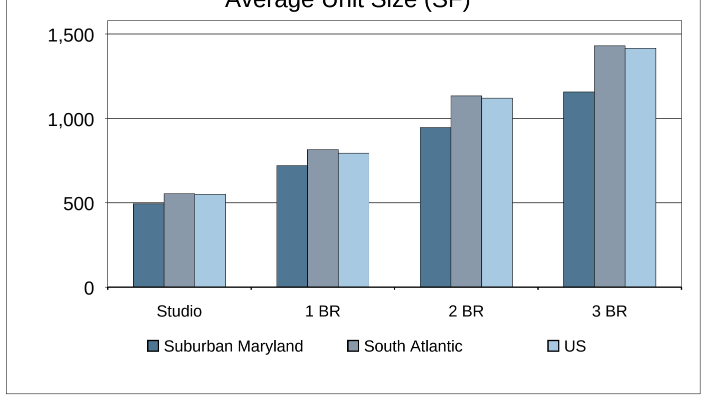
Section 6 - Metro Unit Mix Inventory Details

Metro Unit Mix



As of 06/30/11

Average Unit Size (SF)



As of 06/30/11

Section 7 - Metro Inventory Detail

Inventory By Building Age

Year Built	Percent
Before 1970	61.0%
1970-1979	14.0%
1980-1989	10.0%
1990-1999	5.0%
2000-2009	9.0%
After 2009	1.0%
All	100.0%

As of 06/30/11

Apartment Stock Traits

	Metro			
	Low	Mean	Median	High
Year Built	1945	1972	1967	2008
Size (units)	52	272	240	858
Distance to Highway (miles)	0.1	1	0.5	10.8
Distance to CBD (miles)	0.5	8.3	7.1	36.6
Distance to Landmark (miles)	2	7.7	7.3	13.8

As of 06/30/11 Landmark =Potomac River

Average Metro Lease Terms

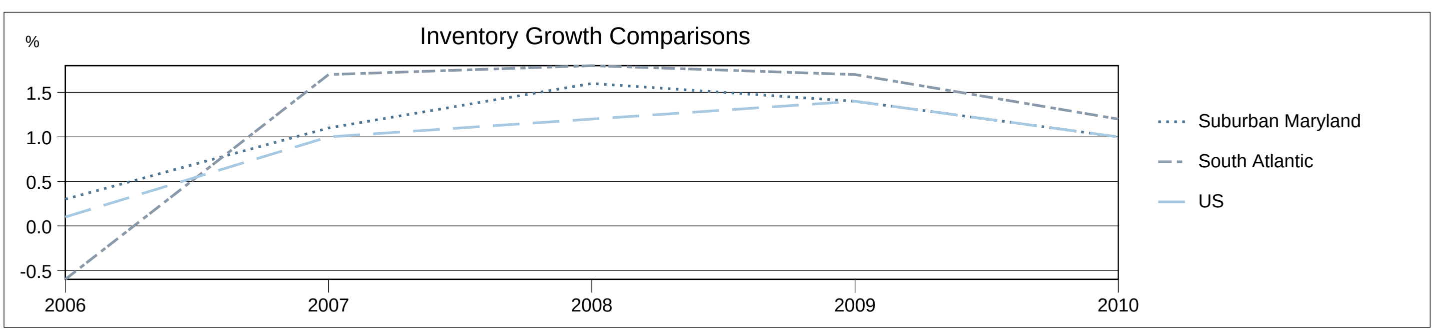
Free Rent (mos)	Expenses % (Apartment)
0.6	42.3%

As of 06/30/11

Section 8 - Inventory Growth Comparison

	Inventory Growth Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	0.4%	0.0%	0.2%	1.0%	1.3%	1.1%
South Atlantic	0.2%	0.0%	0.1%	1.2%	1.6%	1.2%
United States	0.1%	0.1%	0.1%	1.0%	1.2%	0.9%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	26	5	10	6	13	17	14
United States	82	8	35	10	34	35	30



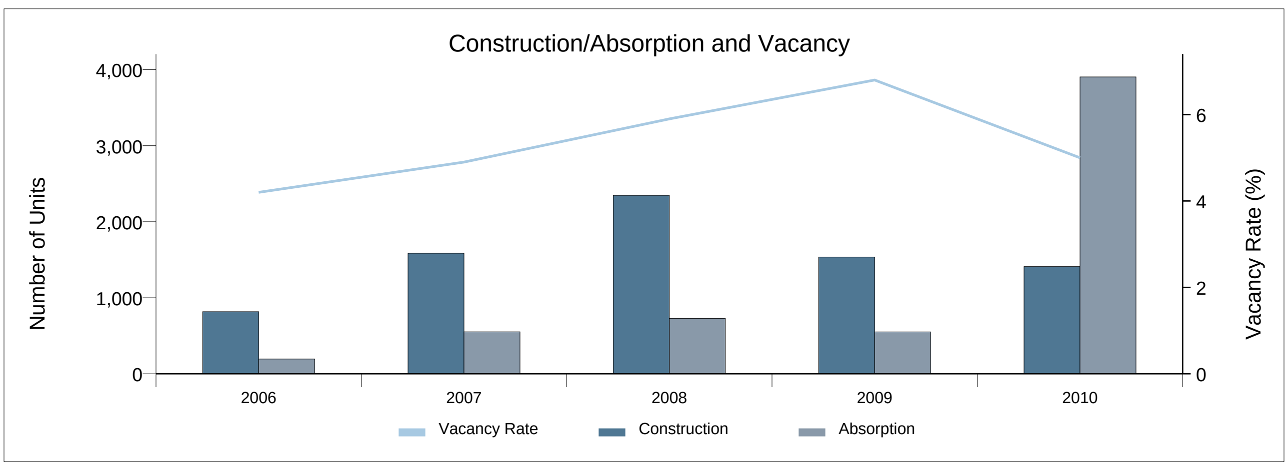
Period ending 12/31/10

Section 9 - Construction/Absorption Change

Construction and Absorption

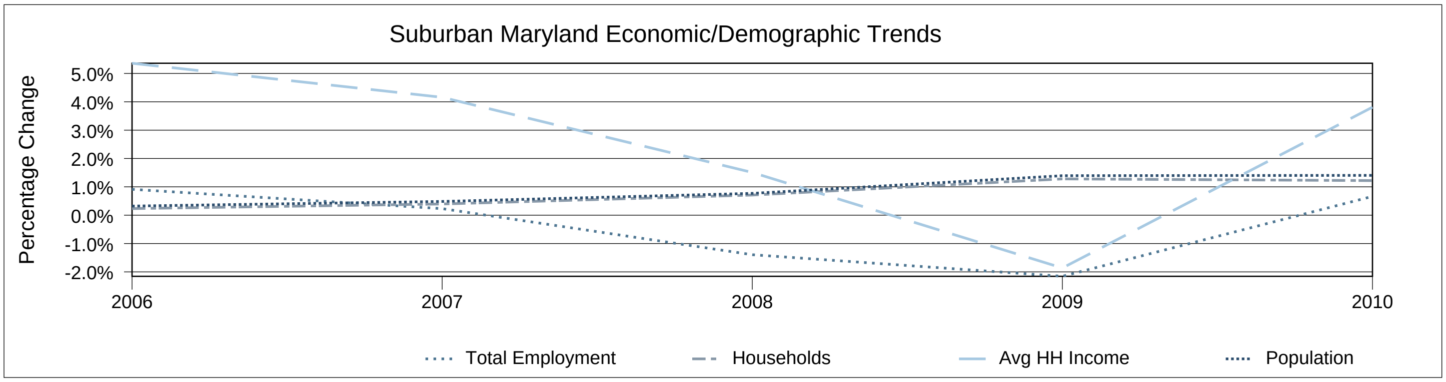
	Quarterly								
	2Q11			1Q11			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Suburban Maryland	621	638	1.0	0	171	0.0	311	405	0.8
South Atlantic	3,499	10,732	0.3	1,913	9,875	0.2	2,706	10,304	0.3
Average over period ending:	06/30/11	06/30/11	06/30/11	03/31/11	03/31/11	03/31/11	06/30/11	06/30/11	06/30/11

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Suburban Maryland	1,410	3,905	0.4	1,764	1,728	1.0	1,539	1,186	1.3
South Atlantic	28,032	67,380	0.4	36,397	25,835	1.4	34,251	17,428	2.0
Average over period ending:	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10

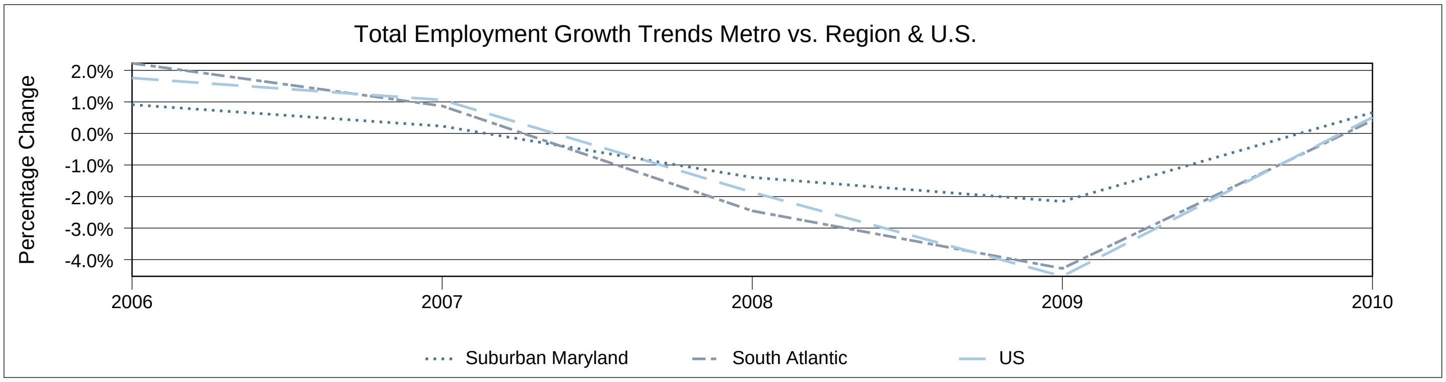


Period ending 12/31/10

Section 10 - Economic and Demographic Trends



Provided by Moody's Economy.com, Period ending 12/31/10



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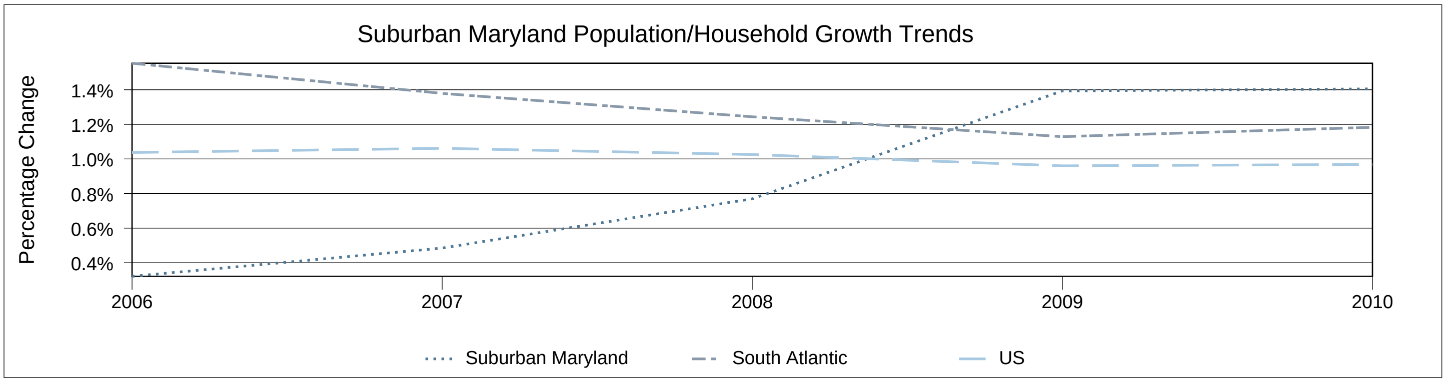
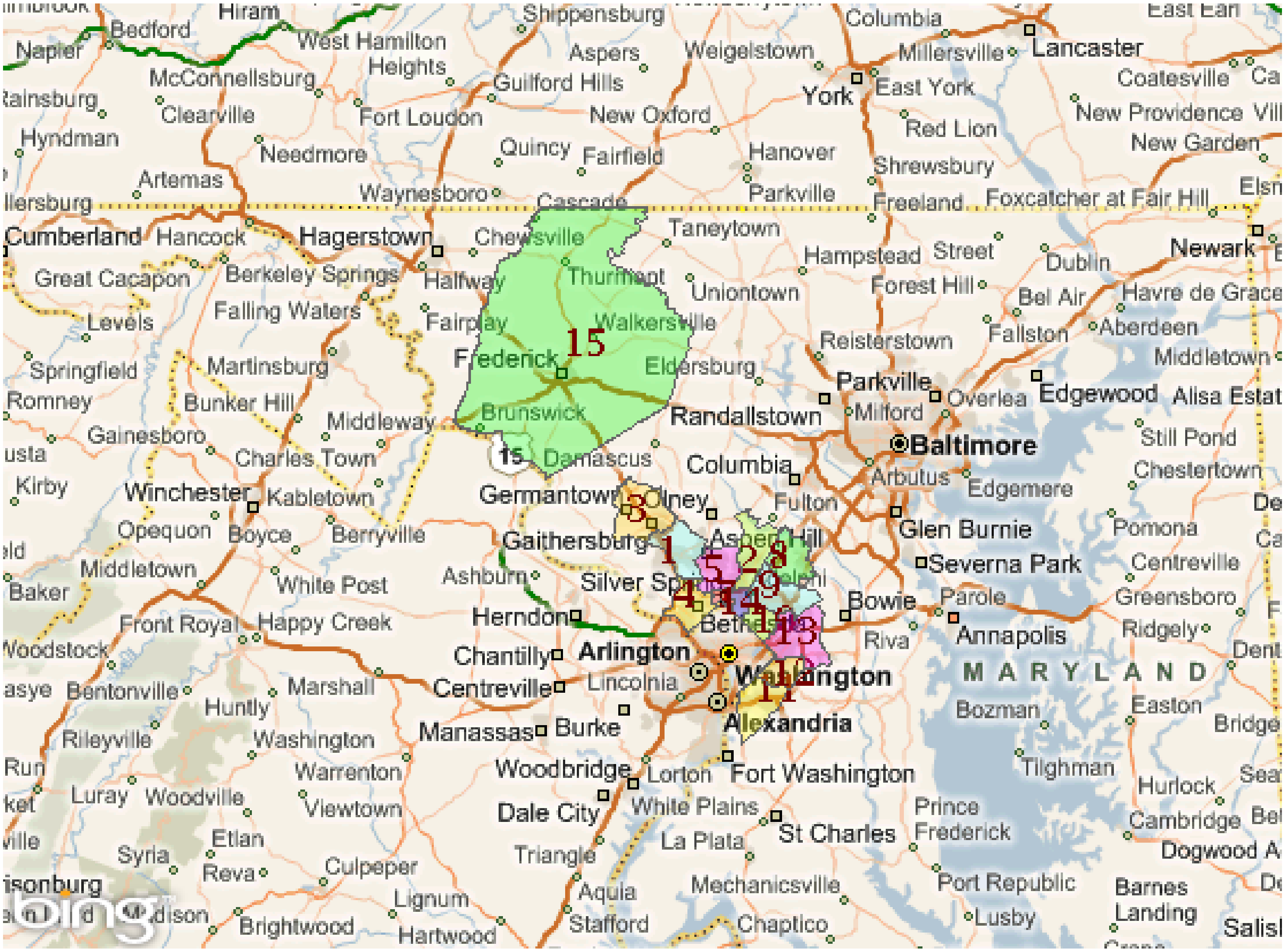


Provided by Moody's Economy.com, Period ending 12/31/10

Metro Analysis

Apartment - 2nd Quarter 2011
Metro: Suburban Maryland

Section 11 - Metro Area - Suburban Maryland



Suburban Maryland Submarkets

1	Rockville	2	Northeast Montgomery	3	Gaithersburg/Germantown
4	Bethesda/Chevy Chase	5	Kensington/Wheaton	7	Takoma Park
8	Laurel	9	College Park/Greenbelt	10	Hyattsville
11	Forest Heights/Oxon Hill	12	District Heights	13	Landover
14	Silver Spring	15	Frederick County		

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Submarket Analysis

Apartment

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Submarket Analysis

Apartment - 2nd Quarter 2011
Submarket: Rockville

Section 1 - Current Submarket Rent Details

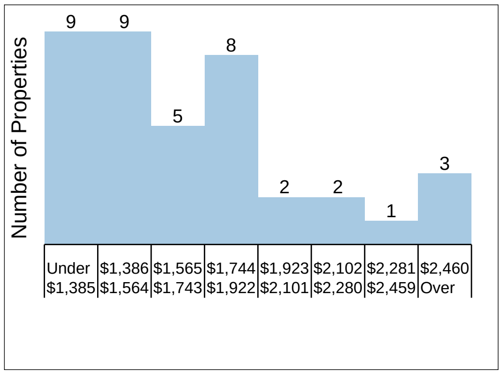
Asking Rent by Age

Year Built	Rent
Before 1970	$1,511
1970-1979	$1,753
1980-1989	$1,559
1990-1999	$1,922
2000-2009	$1,812
After 2009	$2,423
All	$1,717

As of 06/30/11

Asking Rent Distribution

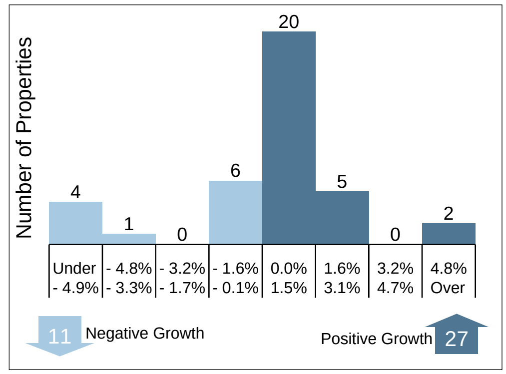
Low	25%	Mean	Median	75%	High
$1,206	$1,433	$1,717	$1,614	$1,883	$2,638



As of 06/30/11

Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 5.8%	- 0.1%	1.9%	0.2%	1.2%	7.4%

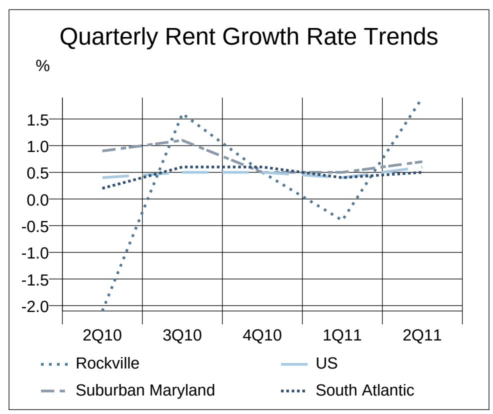


Qtr Ending 06/30/11

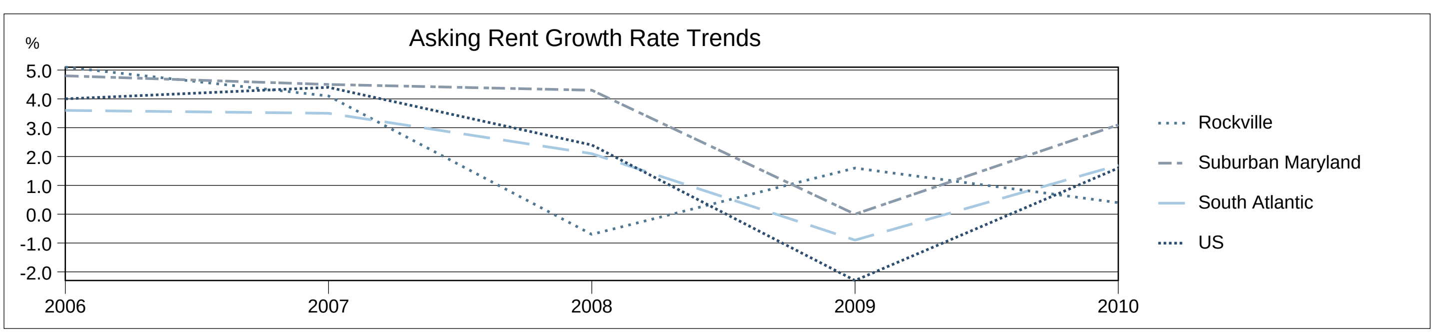
Section 2 - Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	1.9%	- 0.4%	0.8%	0.4%	0.4%	2.1%
Suburban Maryland	0.7%	0.5%	0.6%	3.1%	2.4%	3.3%
South Atlantic	0.5%	0.4%	0.4%	1.7%	0.9%	2.0%
United States	0.6%	0.4%	0.5%	1.6%	0.6%	2.0%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	14	1	13	3	14	13	13
South Atlantic	243	3	211	47	167	147	87
United States	834	14	728	166	561	483	332



Period ending 06/30/11



Period ending 12/31/10

Submarket Analysis

Apartment - 2nd Quarter 2011
Submarket: Rockville

Section 3 - Current Submarket Vacancy Details

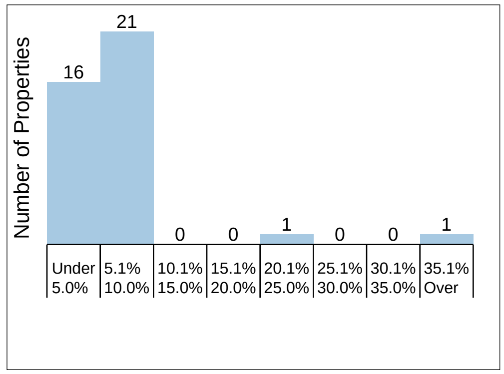
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	5.0%
1970-1979	3.7%
1980-1989	3.9%
1990-1999	5.7%
2000-2009	6.8%
After 2009	44.2%
All	7.5%

As of 06/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.0%	3.7%	7.5%	5.8%	7.2%	58.6%

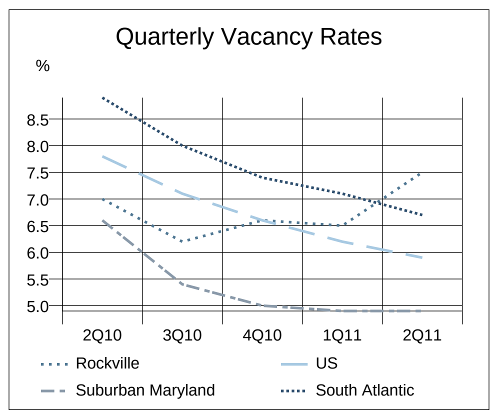


As of 06/30/11

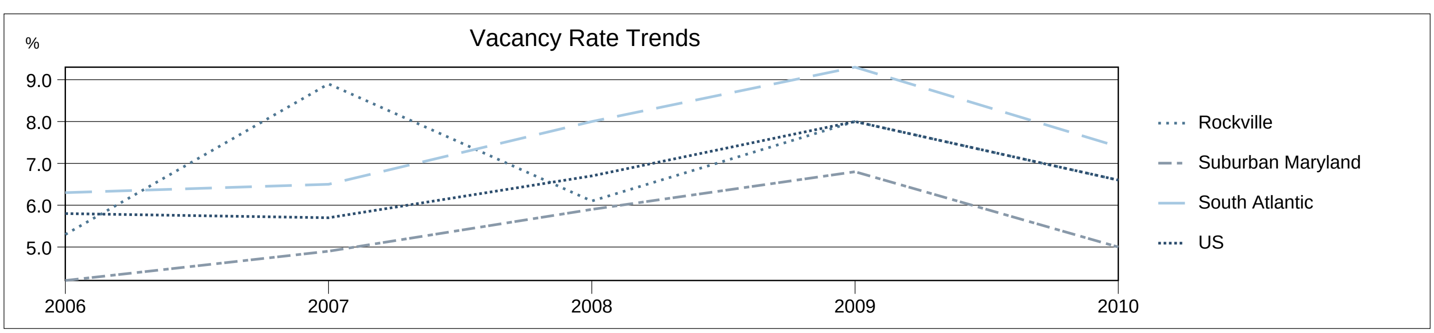
Section 4 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	7.5%	6.5%	7.0%	7.3%	7.4%	6.8%
Suburban Maryland	4.9%	4.9%	4.9%	5.9%	5.6%	5.2%
South Atlantic	6.7%	7.1%	6.9%	8.4%	7.8%	7.3%
United States	5.9%	6.2%	6.0%	7.3%	6.8%	6.5%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	14	14	12	13	11	13	13
South Atlantic	243	162	121	146	104	116	106
United States	834	645	520	592	460	507	453



Period ending 06/30/11



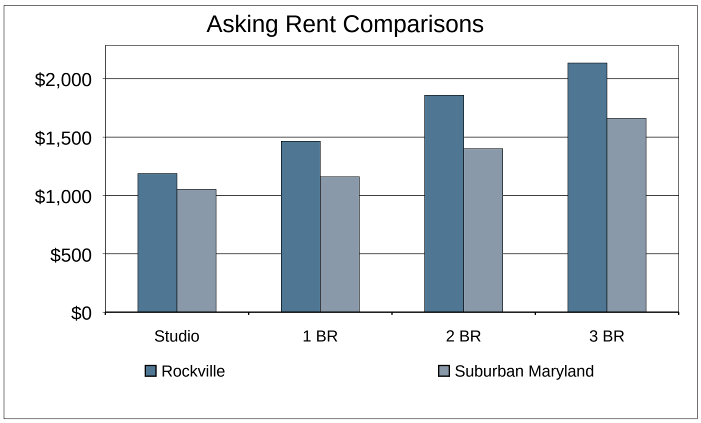
Period ending 12/31/10

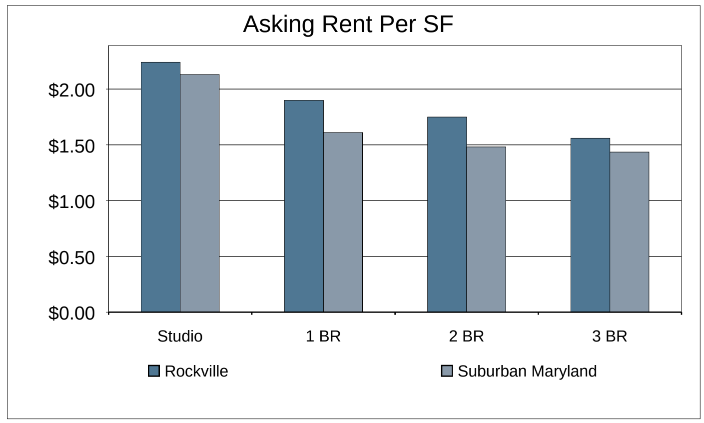
Submarket Analysis

Apartment - 2nd Quarter 2011
Submarket: Rockville

Section 5 - Submarket Unit Mix Rent Details

Current Submarket Average Rents and Sizes				Asking Rent Growth					
	2Q 2011			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	2Q11	1Q11	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	$1,188	530	$ 2.24	2.9%	- 0.2%	2.8%	- 5.9%	4.1%	4.8%
One Bedroom	$1,464	771	$ 1.90	1.5%	- 0.6%	0.9%	- 1.2%	- 0.2%	2.0%
Two Bedroom	$1,858	1062	$ 1.75	2.9%	- 0.6%	2.3%	2.5%	1.3%	2.5%
Three Bedroom	$2,135	1369	$ 1.56	- 0.4%	1.2%	0.8%	- 2.4%	- 0.5%	1.2%
			Average over period ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10





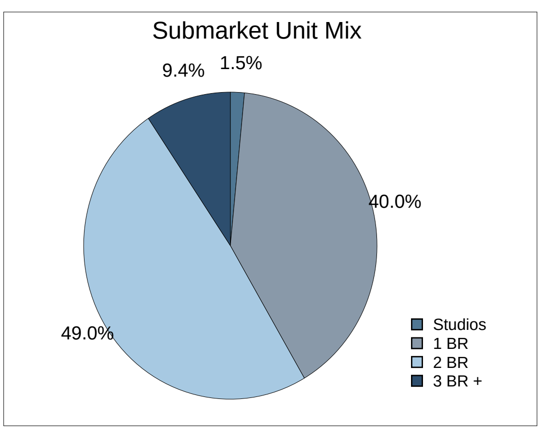
	Studio	1 BR	2 BR	3 BR
Rockville	$1,188	$1,464	$1,858	$2,135
Suburban Maryland	$1,052	$1,160	$1,401	$1,660

As of 06/30/11

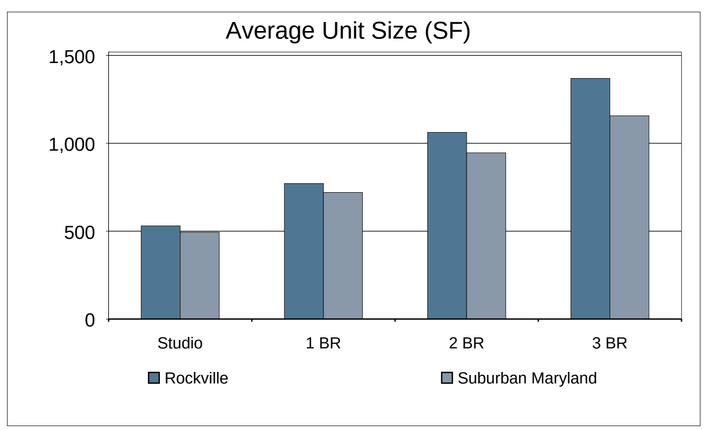
	Studio	1 BR	2 BR	3 BR
Rockville	$ 2.24	$ 1.90	$ 1.75	$ 1.56
Suburban Maryland	$ 2.13	$ 1.61	$ 1.48	$ 1.44

As of 06/30/11

Section 6 - Submarket Unit Mix Inventory Details



As of 06/30/11



As of 06/30/11

Section 7 - Submarket Inventory Detail

Inventory By Building Age

Year Built	Percent
Before 1970	37.0%
1970-1979	3.0%
1980-1989	10.0%
1990-1999	11.0%
2000-2009	33.0%
After 2009	5.0%
All	100.0%

As of 06/30/11

Apartment Stock Traits

	Submarket			
	Low	Mean	Median	High
Year Built	1960	1986	1992	2010
Size (units)	67	286	270	610
Distance to Highway (miles)	0.1	0.4	0.4	1.1
Distance to CBD (miles)	6.1	8.7	8.1	12.7
Distance to Landmark (miles)	5.5	6.3	6.3	7.6

As of 06/30/11 Landmark =Potomac River

Average Submarket Lease Terms

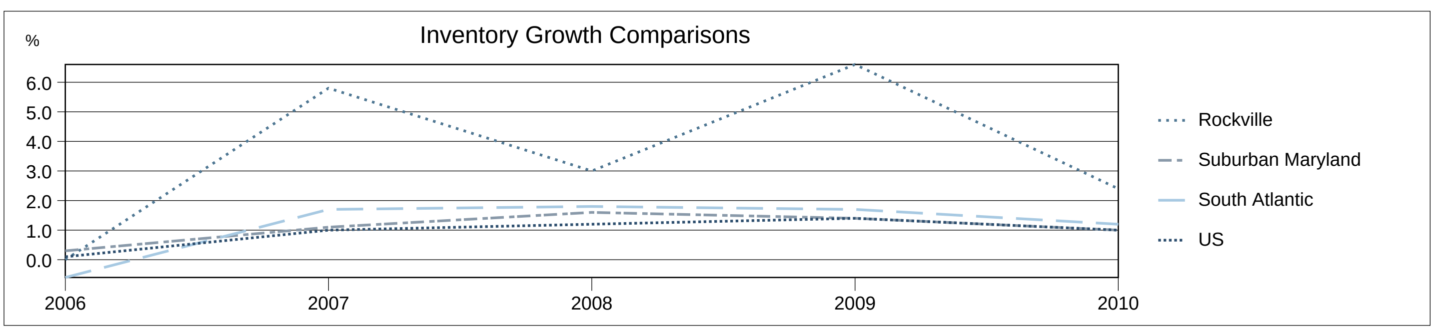
Free Rent (mos)	Expenses % (Apartment)
1.0	41.7%

As of 06/30/11

Section 8 - Inventory Growth Comparison

	Inventory Growth Rates					
	Quarterly			Annualized		
	2Q11	1Q11	YTD Avg	1 Year	3 Year	5 Year
Rockville	3.4%	0.0%	1.7%	2.4%	4.0%	3.5%
Suburban Maryland	0.4%	0.0%	0.2%	1.0%	1.3%	1.1%
South Atlantic	0.2%	0.0%	0.1%	1.2%	1.6%	1.2%
United States	0.1%	0.1%	0.1%	1.0%	1.2%	0.9%
Period Ending:	06/30/11	03/31/11	06/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		2Q11	1Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	14	1	7	1	4	2	1
South Atlantic	243	6	83	10	49	34	29
United States	834	8	392	16	131	79	77



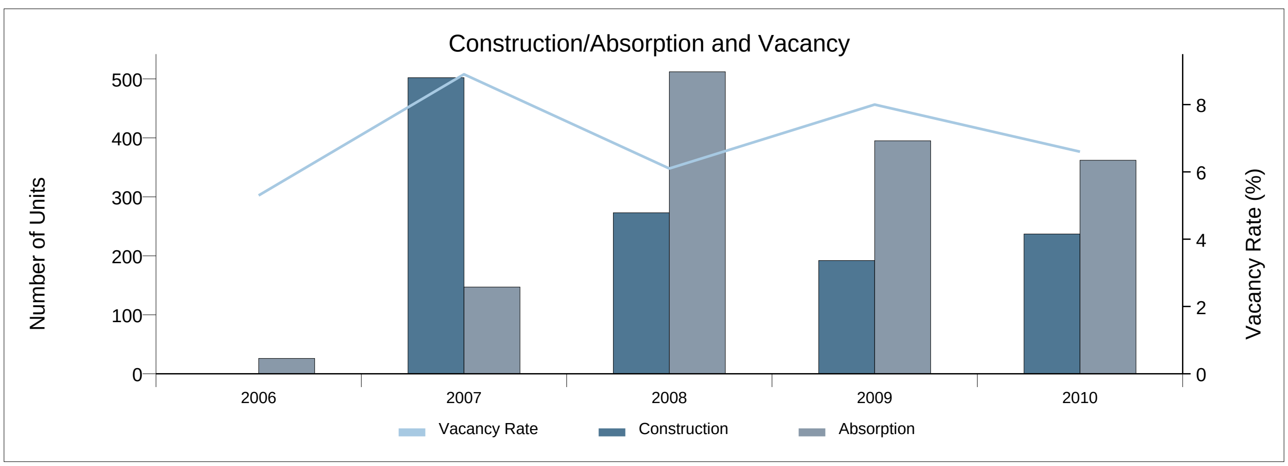
Period ending 12/31/10

Section 9 - Construction/Absorption Change

Construction and Absorption

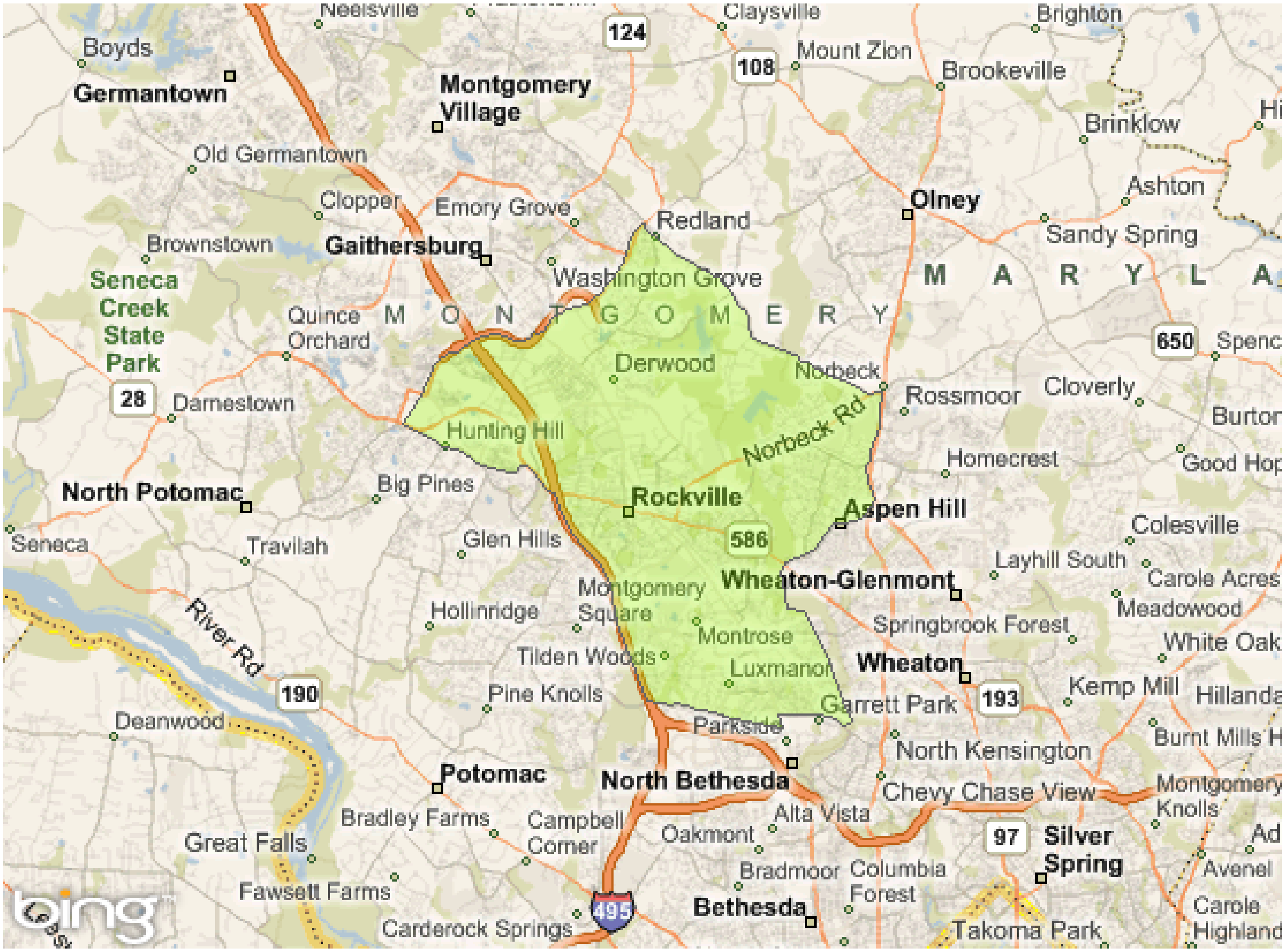
	Quarterly								
	2Q11			1Q11			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Rockville	345	214	1.6	0	10	0.0	173	112	1.5
Suburban Maryland	621	638	1.0	0	171	0.0	311	405	0.8
Average over period ending:	06/30/11	06/30/11	06/30/11	03/31/11	03/31/11	03/31/11	06/30/11	06/30/11	06/30/11

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Rockville	237	362	0.7	234	423	0.6	241	288	0.8
Suburban Maryland	1,410	3,905	0.4	1,764	1,728	1.0	1,539	1,186	1.3
Average over period ending:	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10



Period ending 12/31/10

Section 10 - Metro Area - Suburban Maryland



Metro:Suburban Maryland Submarket:Rockville

State Hwy 115	Washington National Pike	State Hwy 97
Sam Eig Hwy	State Hwy 185	Aspen Hill Rd
Tuckerman Ln	Rock Creek Park Boundary	State Hwy 28
Shadygrove Rd	Strathmore Ave	

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Rent Comparables

Apartment

Powered by Reis, inc.

Rent Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

SUBJECT PROPERTY

Subject Property Location

Address	5531 Nicholson Lane
City	Rockville
State	MD
ZIP	20852
Metro	Suburban Maryland
Submarket	Rockville
Latitude	39.04497
Longitude	-77.10950

Subject Property Statistics

Property Type	Apartment
Year Built	
Size (units)	

COMPARABLE GROUP MARKET SUMMARY

Comparable Group Summary Statistics

	Low	Mean	Median	High
Current Asking Rent/Unit	$1,238.00	$1,452.65	$1,406.00	$2,160.00
Current Vacancy Rate	1.0%	2.9%	2.2%	4.6%
Property Size (units)	119	353	303	881
Year Built	1965	1967	1967	1968

As of 6/30/11

Comparable Group Summary Statistics

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$1,165.33	$1,210.07	$1,532.76	$1,814.94
Unit Size (SF)	438	774	960	1,251
Current Asking Rent/SF	$2.66	$1.56	$1.60	$1.45

As of 6/30/11

LEASE TERMS

Submarket Expense Ratio	41.70%
Submarket Free Rent (Mo./year)	1.0

Rent Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

RENT GROWTH COMPARISONS

Asking Rent Growth Rates

	Quarterly			Annualized		
	2011Q2	2011Q1	YTD	1 Year	3 Year	5 Year
Comparable Group	-0.1%	-0.1%	-0.1%	4.3%	3.8%	3.7%
Rockville	1.9%	-0.4%	0.8%	0.4%	0.4%	2.1%
Suburban Maryland	0.7%	0.5%	0.6%	3.1%	2.4%	3.3%

1. Quarter ending 6/30/11 2. Quarter ending 3/31/11 3. Avg over period ending 6/30/11 4. Avg over period ending 12/31/10

VACANCY RATE COMPARISONS

	Quarterly			Annualized		
	2011Q2	2011Q1	YTD	1 Year	3 Year	5 Year
Comparable Group	2.9%	3.3%	3.1%	5.1%	4.4%	4.3%
Rockville	7.5%	6.5%	7.5%	7.3%	7.4%	6.8%
Suburban Maryland	4.9%	4.9%	4.9%	5.9%	5.6%	5.2%

1. Quarter ending 6/30/11 2. Quarter ending 3/31/11 3. Avg over period ending 6/30/11 4. Avg over period ending 12/31/10

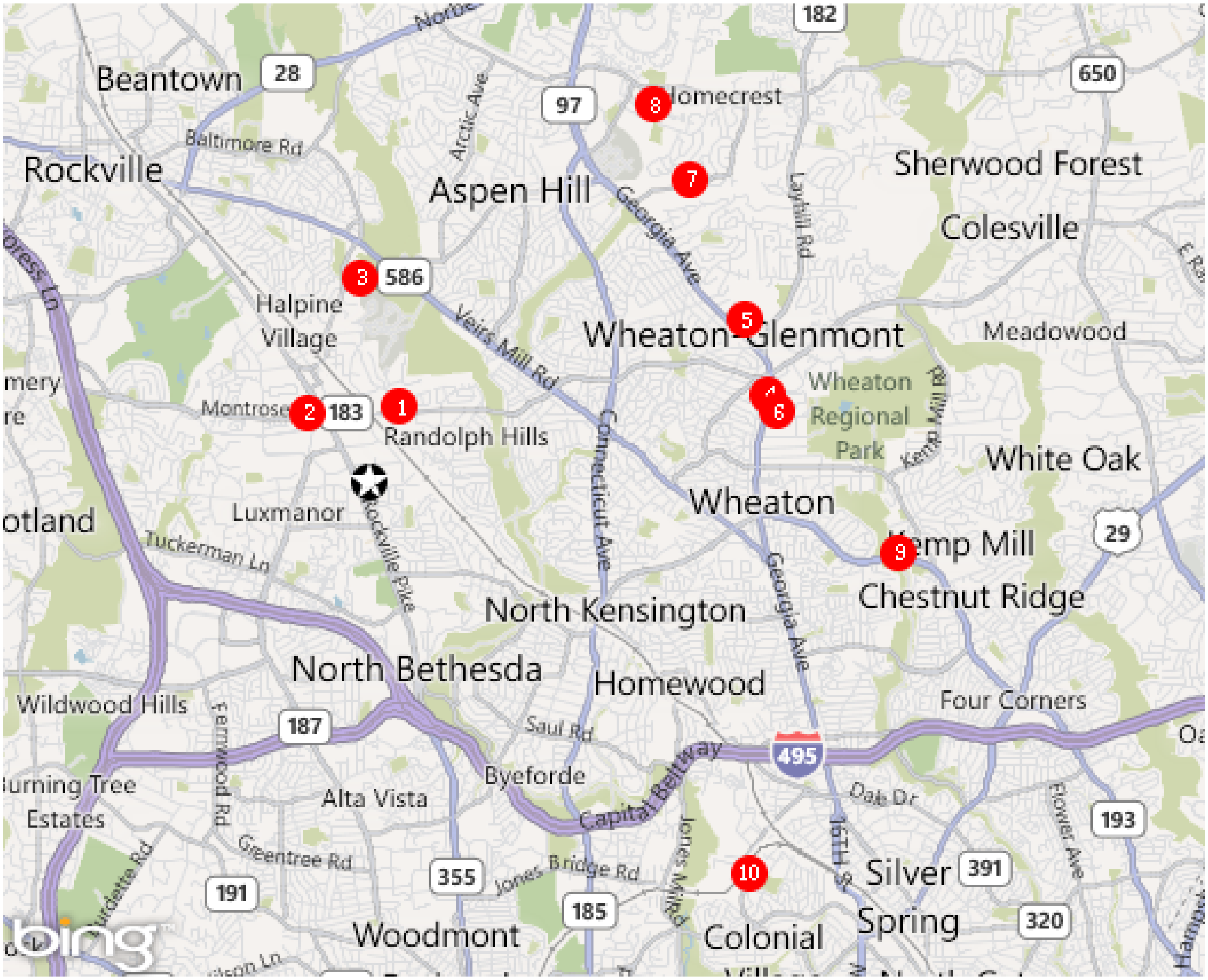
COMPARABLE GROUP GROWTH TRENDS

Year	Qtr	Asking Rent (per unit)	Asking Rent Pct Change	Vacancy Rate	Vacancy Change (BPS)
2006	4	$1,249.98	3.0%	4.7%	150
2007	4	$1,298.55	3.9%	3.7%	-100
2008	4	$1,445.50	11.3%	3.9%	20
2009	4	$1,394.69	-3.5%	6.8%	290
2010	4	$1,454.20	4.3%	3.3%	-350
2010	2	$1,443.76	0.7%	5.2%	20
2010	3	$1,451.55	0.5%	3.6%	-160
2010	4	$1,454.20	0.2%	3.3%	-30
2011	1	$1,453.45	-0.1%	3.3%	0
2011	2	$1,452.65	-0.1%	2.9%	-40

Rent Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LOCATION



Rent Comparables

Apartment - 2nd Quarter 2011

5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LISTING

1

Name	Randolph Square	Current Asking Rent/Unit	$1,559.00
Address	5307 Randolph Rd	Current Vacancy Rate	4.2%
City	Rockville	Distance from Subject (miles)	0.65
State	MD	Property Size (Units)	119
ZIP	20852	Floors	3
County	Montgomery	Year Built	1968
Submarket	Rockville	Class	BC
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,407.00	$1,605.00	$1,677.00
Unit Size (SF)	N/A	738	864	1080
Current Asking Rent/SF	N/A	$1.91	$1.86	$1.55

2

Name	The Monterey Apartments	Current Asking Rent/Unit	$2,160.00
Address	5901 Montrose Rd	Current Vacancy Rate	4.6%
City	Rockville	Distance from Subject (miles)	0.75
State	MD	Property Size (Units)	432
ZIP	20852	Floors	16
County	Montgomery	Year Built	1967
Submarket	Rockville	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,693.00	$2,323.00	$3,085.00
Unit Size (SF)	N/A	711	1013	1435
Current Asking Rent/SF	N/A	$2.38	$2.29	$2.15

3

Name	Alpine View	Current Asking Rent/Unit	$1,282.00
Address	13013 Crookston Ln	Current Vacancy Rate	3.5%
City	Rockville	Distance from Subject (miles)	1.65
State	MD	Property Size (Units)	564
ZIP	20851	Floors	3
County	Montgomery	Year Built	1965
Submarket	Rockville	Class	BC
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$1,026.00	$1,152.00	$1,354.00	$1,590.00
Unit Size (SF)	368	660	778	950
Current Asking Rent/SF	$2.79	$1.75	$1.74	$1.67

Rent Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LISTING

4

Name	Woodberry Park	Current Asking Rent/Unit	$1,370.00
Address	12207 Georgia Ave	Current Vacancy Rate	2.0%
City	Silver Spring	Distance from Subject (miles)	3.28
State	MD	Property Size (Units)	199
ZIP	20902	Floors	3
County	Montgomery	Year Built	1967
Submarket	Kensington/Wheaton	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	N/A	$1,319.00	$1,591.00
Unit Size (SF)	N/A	N/A	785	1261
Current Asking Rent/SF	N/A	N/A	$1.68	$1.26

5

Name	Glenmont Metro Center	Current Asking Rent/Unit	$1,442.00
Address	2600 Glenallan Ave	Current Vacancy Rate	1.7%
City	Silver Spring	Distance from Subject (miles)	3.28
State	MD	Property Size (Units)	363
ZIP	20906	Floors	3
County	Montgomery	Year Built	1965
Submarket	Kensington/Wheaton	Class	BC
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,374.00	$1,387.00	$1,778.00
Unit Size (SF)	N/A	761	946	1006
Current Asking Rent/SF	N/A	$1.81	$1.47	$1.77

6

Name	Westerly Park	Current Asking Rent/Unit	$1,253.00
Address	2309 Shorefield Rd	Current Vacancy Rate	1.0%
City	Wheaton	Distance from Subject (miles)	3.32
State	MD	Property Size (Units)	199
ZIP	20902	Floors	3
County	Montgomery	Year Built	1967
Submarket	Kensington/Wheaton	Class	BC
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,170.00	$1,317.00	N/A
Unit Size (SF)	N/A	696	835	N/A
Current Asking Rent/SF	N/A	$1.68	$1.58	N/A

COMPARABLE GROUP LISTING

7

Name	Hermitage Square Apts	Current Asking Rent/Unit	$1,247.00
Address	3213 Hewitt Ave	Current Vacancy Rate	2.3%
City	Silver Spring	Distance from Subject (miles)	3.55
State	MD	Property Size (Units)	131
ZIP	20906	Floors	3
County	Montgomery	Year Built	1968
Submarket	Kensington/Wheaton	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,098.00	$1,274.00	$1,646.00
Unit Size (SF)	N/A	800	1000	1225
Current Asking Rent/SF	N/A	$1.37	$1.27	$1.34

8

Name	Peppertree Farm	Current Asking Rent/Unit	$1,238.00
Address	14120 Weeping Willow Dr	Current Vacancy Rate	3.6%
City	Silver Spring	Distance from Subject (miles)	3.80
State	MD	Property Size (Units)	881
ZIP	20906	Floors	3
County	Montgomery	Year Built	1965
Submarket	Kensington/Wheaton	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	N/A	$1,082.00	$1,300.00	$1,517.00
Unit Size (SF)	N/A	807	996	1256
Current Asking Rent/SF	N/A	$1.34	$1.31	$1.21

9

Name	The Warwick	Current Asking Rent/Unit	$1,571.00
Address	1131 University Blvd W	Current Vacancy Rate	1.5%
City	Wheaton	Distance from Subject (miles)	4.28
State	MD	Property Size (Units)	395
ZIP	20902	Floors	21
County	Montgomery	Year Built	1967
Submarket	Kensington/Wheaton	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$1,201.00	$1,454.00	$1,551.00	$1,732.00
Unit Size (SF)	400	861	1250	1450
Current Asking Rent/SF	$3.00	$1.69	$1.24	$1.19

COMPARABLE GROUP LISTING

10

Name	Claridge House	Current Asking Rent/Unit	$1,483.00
Address	2445 Lyttonsville Rd	Current Vacancy Rate	2.1%
City	Silver Spring	Distance from Subject (miles)	4.38
State	MD	Property Size (Units)	242
ZIP	20910	Floors	15
County	Montgomery	Year Built	1966
Submarket	Silver Spring	Class	A
		Data As Of	6/30/11

	Studio	1BR	2BR	3BR
Current Asking Rent/Unit	$1,197.00	$1,414.00	$1,793.00	$1,961.00
Unit Size (SF)	465	960	1250	1600
Current Asking Rent/SF	$2.57	$1.47	$1.43	$1.23

GLOSSARY

Subject Property Location

Address: Street address of the property as defined by the user.
City: The city in which the property is located as defined by the user.
State: The state in which the property is located as defined by the user.
ZIP: ZIP code in which the property is located as defined by the user.
Metro: The Metropolitan Statistical Area in which the property is located as defined by its address
Submarket: The submarket in which the property is located as defined by its address. Submarkets with insufficient inventory for reporting purposes are excluded.

Subject Property Stats

Property Type: Primary property use as defined by the user.
Year Built: Year of construction as defined by the user.
Size: Total number of market rent units in the property.
Latitude: Property's latitude based upon street address.
Longitude: Property's longitude based upon street address.

Comp Group Summary Stats

Current Asking Rent: Monthly rent per apartment unit.
Current Vacancy Rate: Amount of available units expressed as a percentage of the total units in the property.
Property Size: Number of market rent units.
Year Built: Average year of completed construction.
Low: Minimum value for the selected peer group.
Mean: Arithmetic average value for the selected peer group.
Median: The 50th percentile value for the selected peer group.
High: Maximum value for the selected peer group.

Comp Group Summary Stats (by bedroom type)

Current Asking Rent/unit: Weighted average monthly rent per apartment unit.
Unit Size (SF): Weighted average unit size in square feet.
Current Asking Rent/SF: Weighted average monthly rent per square foot.
Studio: Studio apartment.
1BR: 1 bedroom apartment.
2BR: 2 bedroom apartment.
3BR: 3 bedroom apartment.

Avg. Submarket Lease Terms

Submarket Expense Ratio: The average annual cost of operating multifamily buildings in the applicable submarket area. Includes property taxes, energy, janitorial service, insurance, general maintenance and management. Operating expense information is expressed as a percentage of gross potential revenue.
Submarket Free Rent: The average free rent concession expressed as the number of months over a twelve-month lease for the applicable submarket.

Comp Group Listing

Name: Name of peer building.
Address: Street address of peer.
City: City in which the peer is located.
State: The state in which the peer is located.
ZIP: ZIP Code in which the peer is located.
County: County in which the peer is located.
Submarket: Reis defined submarket in which the peer is located.
SubID: Reis code for the applicable submarket.
Current Asking Rent: Monthly rent per unit for the peer property as of the most recent quarterly update to this peer's record of information
Current Vacancy Rate: Amount of available units expressed as a percentage of total units in the property as of the most recent quarterly update to this peer's record of information.
Distance from Subject: Distance, in miles, from the peer property to the subject property.

GLOSSARY

Floors: Number of floors in the peer.
Year Built: Year in which the peer was built.
Class: Reis-defined class category for the peer.
Data as of: Reis's most recent quarterly update to this peer's record of information.
Current Asking Rent/unit: Weighted average monthly rent per apartment unit for the peer.
Unit Size (SF): Weighted average unit size in square feet for the peer.
Current Asking Rent/SF: Weighted average monthly rent per square foot for the peer.
Studio: Studio apartment.
1BR: 1 bedroom apartment.
2BR: 2 bedroom apartment.
3BR: 3 bedroom apartment.

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Sales Comparables

Apartment

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Subject Property Location

Name	(None Entered)
Address/Area Searched	5531 Nicholson Lane, Rockville, MD, 20852
Metro	Suburban Maryland

Summary Statistics

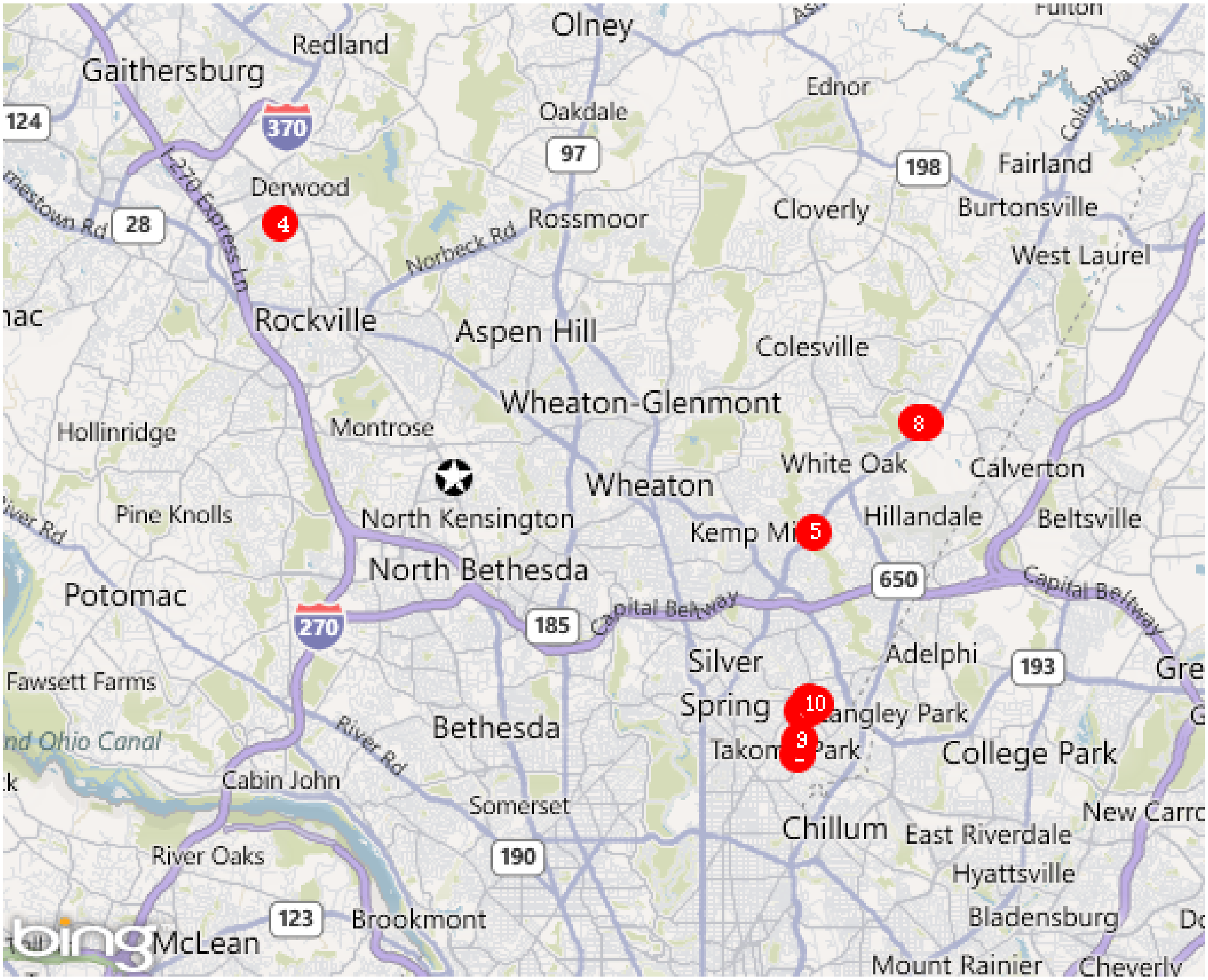
	Low	Average	High
Number of Units	4	125	400
Number of Floors	2	3	11
Year Built	1921	1963	1991
Time Since Sale (months)	2	6	10
Sale Price	$275,000	$13,565,003	$58,000,000
Sale Price Per Unit	$41,000	$143,292	$235,714
Effective Gross Income Multiplier	1.0x	6.0x	7.8x

Total Number of Properties 10

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LOCATION



Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

	Address	Submarket	Year Built	Floors	Total Units	Sale Price	Price Per Unit	Sale Date
1.	8317 Eastridge Ave Takoma Park, MD 20912	Takoma Park	1950	2	4	$330,000	$82,500	17 Aug 2011
2.	115-123 Lee Ave Takoma Park, MD 20912	Takoma Park	1955	2	37	$2,173,581	$58,745	Jul 2011
3.	8213 Roanoke Ave Takoma Park, MD 20912	Takoma Park	1953	3	11	$566,355	$51,487	Jul 2011
4.	1699 Yale Pl Rockville, MD 20850	Rockville	1976	2	210	$49,500,000	$235,714	29 Jun 2011
5.	10700 Venetia Mill Cir Silver Spring, MD 20901	NE Montgomery	1991	2	50	$4,040,095	$80,802	27 Jun 2011
6.	8202 Houston Ct Takoma Park, MD 20912	Takoma Park	1954	3	10	$410,000	$41,000	25 Mar 2011
7.	12305 Old Columbia Pike Silver Spring, MD 20904	NE Montgomery	1981	2	400	$58,000,000	$145,000	18 Feb 2011
8.	12305 Treetop Dr Silver Spring, MD 20904	NE Montgomery	1980	4	400	N/A	N/A	Feb 2011
9.	7667 Maple Ave Takoma Park, MD 20912	Takoma Park	1964	11	125	$6,790,000	$54,320	27 Dec 2010
10.	8208 Greenwood Ave Takoma Park, MD 20912	Takoma Park	1921	2	5	$275,000	$55,000	23 Dec 2010

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name		**Property Type**	Market Rate Rental
Address	8317 Eastridge Ave	**Building Area (SF)**	3,840
City	Takoma Park	**No. of Bldgs./Floors**	1 / 2
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1950 / --
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	4 / BC
Distance from subject	6.77 miles		

Comments

Sale Details and Analysis

Sale Date	17 Aug 2011
Sale Price	$330,000 (Verified: Pub Rcrd)
Sale Price/Unit	$82,500
Sale Price PSF	$86
Vacancy at Sale	0.0%
Seller	1. Eric L Peterson / 5 Urraca Ln, Santa Fe, NM 87506
Buyer	1. 8317 Eastridge LLC / 8317 Eastridge Ave, Takoma Park, MD 20912
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses/Ratio	--	
Capital Reserve	--	
Net Operating Income	--	
Estimated Going-in Cap Rate	--	
12-Month Rolling Metro Cap Rate	7.0%	(Q3 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	8,248 SF / 0.19 Acres
Parcel Number	1301080154		
Deed Reference	42136/072		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	4	--

Financing Details Virginia Commerce Bk provided a $245,000 loan.

Other:

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Lee Ave Apartments	**Property Type**	Market Rate Rental
Address	115-123 Lee Ave	**Building Area (SF)**	26,670[NRA]
City	Takoma Park	**No. of Bldgs./Floors**	3 / 2
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1955 / --
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	37 / BC
Distance from subject	7.09 miles		
Comments			

Sale Details and Analysis

Sale Date	Jul 2011
Sale Price	$2,173,581[APD]
Sale Price/Unit	$58,745
Sale Price PSF	$81[NRA]
Vacancy at Sale	0.0%
Seller	1. JP Morgan Chase / (212) 270-6000 / 270 Park Ave, New York, NY 10017
Buyer	1. Private Investor 2. Private Investor
Comments	Portfolio sale involving one other property. See Reis Sales Comparables ID 331815. Foreclosure sale.

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses/Ratio	--	
Capital Reserve	--	
Net Operating Income	--	
Estimated Going-in Cap Rate	--	
12-Month Rolling Metro Cap Rate	7.0%	(Q3 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	Rick Struse & Cullen OGrady, Vanguard Realty, 1201 Seven Locks Rd, Ste 350, Potomac, MD 20854, (301) 795-1400	**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	33,105 SF / 0.76 Acres
Parcel Number			
Deed Reference			
Time on Market			

	Number	Monthly Rent
Efficiencies	2	--
1 Bedrooms	3	--
2 Bedrooms	13	--
3 Bedrooms	18	--
4 Bedrooms	1	--
Total	37	$0

Financing Details Eagle bank provided financing for the transaction.

Other:

Laundry Facility.

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Roanoke Avenue Apartments	**Property Type**	Market Rate Rental
Address	8213 Roanoke Ave	**Building Area (SF)**	6,950 NRA
City	Takoma Park	**No. of Bldgs./Floors**	1 / 3
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1953 / --
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	11 / BC
Distance from subject	6.82 miles		

Comments

Sale Details and Analysis

Sale Date	Jul 2011
Sale Price	$566,355 APD
Sale Price/Unit	$51,487
Sale Price PSF	$81 NRA
Vacancy at Sale	0.0%
Seller	1. JP Morgan Chase / (212) 270-6000 / 270 Park Ave, New York, NY 10017
Buyer	1. Private Investor 2. Private Investor
Comments	Portfolio sale involving one other property. See Reis Sales Comparables ID 331813. Foreclosure sale.

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses/Ratio	--	
Capital Reserve	--	
Net Operating Income	--	
Estimated Going-in Cap Rate	--	
12-Month Rolling Metro Cap Rate	7.0%	(Q3 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker	Rick Struse & Cullen OGrady, Vanguard Realty, 1201 Seven Locks Rd, Ste 350, Potomac, MD 20854, (301) 795-1400		
Interest Purchased	--	**Lot Size**	10,018 SF / 0.23 Acres
Parcel Number			
Deed Reference			
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	6	--
2 Bedrooms	5	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	11	$0

Financing Details Eagle Bank provided financing for this transaction.

Other:

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Yale Village	**Property Type**	Market Rate Rental
Address	1699 Yale Pl	**Building Area (SF)**	
City	Rockville	**No. of Bldgs./Floors**	-- / 2
State/ZIP/County	MD / 20850 / Montgomery	**Year Built/Renovated**	1976 / --
Metro (Submarket)	Suburban Maryland (Rockville)	**Total Units/Asset Class**	210 / A
Distance from subject	4.94 miles		

Comments

Sale Details and Analysis

Sale Date	29 Jun 2011
Sale Price	$49,500,000 (Verified: Pub Rcrd)
Sale Price/Unit	$235,714
Sale Price PSF	N/A
Vacancy at Sale	0.0%
Seller	1. C/O Polinger Co 2. Yale Village LP / (301) 657-3600 / 5530 Wisconsin Ave, Chevy Chase, MD 20815
Buyer	1. AvalonBay Communities, Inc / (703) 329-6300 / 671 N Glebe Rd, Ste 800, Arlington, VA 22203 2. Avalon II Maryland Value IV LP
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	210	
Potential Rent Revenue	**$4,949,520**	
Vacancy Loss/Rate *$1,964 Market Rent x 12 Months x 210 Units x 0.0%*	($0)	[0.0%]
Effective Rent Revenue *$1,964 In Place Rent x 12 Months x 210 Units x 100.0%*	**$4,949,520**	
Free Rent Concessions	($111,364)	[$530 Per Unit]
Credit Loss	($49,495)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$4,788,661**	
Operating Expenses/Ratio	($2,063,950)	[41.7%]
Capital Reserve	($73,500)	[$350 Per Unit]
Net Operating Income	**$2,651,211**	
Estimated Going-in Cap Rate *Based on Sale Price of $49,500,000*	5.4%	
12-Month Rolling Metro Cap Rate	7.1%	(Q2 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	630,748 SF / 14.48 Acres
Parcel Number	04-00239616		
Deed Reference	41878/095		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	20	--
3 Bedrooms	170	--
4 Bedrooms	20	--
Total	210	$0

Financing Details

Other:

Washer/Dryer Hook-ups. Pool. Exercise Room. On site business center.

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Burnt Mills Crossing	**Property Type**	Market Rate Rental
Address	10700 Venetia Mill Cir	**Building Area (SF)**	98,700
City	Silver Spring	**No. of Bldgs./Floors**	12 / 2
State/ZIP/County	MD / 20901 / Montgomery	**Year Built/Renovated**	1991 / --
Metro (Submarket)	Suburban Maryland (NE Montgomery)	**Total Units/Asset Class**	50 / BC
Distance from subject	5.84 miles		
Comments			

Sale Details and Analysis

Sale Date	27 Jun 2011
Sale Price	$4,040,095 (Verified: Pub Rcrd)
Sale Price/Unit	$80,802
Sale Price PSF	$41
Vacancy at Sale	0.0%
Seller	1. Burnt Mills Crossing LP / (301) 907-6660 / 7805 Old Georgetown Rd, Bethesda, MD 20814
Buyer	1. Burnt Mills Crossing LLC / (301) 652-9070 / 8030 Woodmont Ave, Ste 300, Bethesda, MD 20814
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	50	
Potential Rent Revenue	**$840,852**	
Vacancy Loss/Rate *$1,401 Market Rent x 12 Months x 50 Units x 0.0%*	($0)	[0.0%]
Effective Rent Revenue *$1,401 In Place Rent x 12 Months x 50 Units x 100.0%*	**$840,852**	
Free Rent Concessions	($14,715)	[$294 Per Unit]
Credit Loss	($8,409)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$817,729**	
Operating Expenses/Ratio	($360,726)	[42.9%]
Capital Reserve	($15,000)	[$300 Per Unit]
Net Operating Income	**$442,003**	
Estimated Going-in Cap Rate *Based on Sale Price of $4,040,095*	10.9%	
12-Month Rolling Metro Cap Rate	7.1%	(Q2 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	302,021 SF / 6.93 Acres
Parcel Number	502835296		
Deed Reference	41802/026		
Time on Market			
Financing Details			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	50	--

Other:

ReisReports Prepared by Comstock
Clearly Objective.

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name		**Property Type**	Market Rate Rental
Address	8202 Houston Ct	**Building Area (SF)**	6,160
City	Takoma Park	**No. of Bldgs./Floors**	1 / 3
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1954 / --
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	10 / BC
Distance from subject	6.75 miles		
Comments			

Sale Details and Analysis

Sale Date	25 Mar 2011	**Reis Cap Rate Analysis Proforma** *All per unit figures are monthly*	
Sale Price	$410,000 (Verified: Pub Rcrd)		
Sale Price/Unit	$41,000	**Total Units**	--
Sale Price PSF	$67	**Potential Rent Revenue**	--
Vacancy at Sale	0.0%	**Vacancy Loss/Rate**	--
Seller	1. Alvin M & Jacqueline R Mitchell	**Effective Rent Revenue**	--
		Free Rent Concessions	--
		Credit Loss	--
Buyer	1. 8202 Houston Court Assocs LLC / 8202 Houston Ct, Takoma Park, MD 20912	**Additional Income**	--
		Effective Gross Revenue	--
		Operating Expenses/Ratio	--
		Capital Reserve	--
Comments		**Net Operating Income**	--
		Estimated Going-in Cap Rate	--
		12-Month Rolling Metro Cap Rate	5.8% (Q1 2011)
		Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	8,324 SF / 0.19 Acres
Parcel Number	1301057592		
Deed Reference	41417000423		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	10	--

Financing Details Wells Fargo Bk Na provided a $246,000 loan.

Other:

ReisReports Prepared by Comstock

Clearly Objective.

Sales Comparables

Apartment - 2nd Quarter 2011

5531 Nicholson Lane
Rockville, MD 20852

Property Name		**Property Type**	Market Rate Rental
Address	12305 Old Columbia Pike	**Building Area (SF)**	455,584 GBA
City	Silver Spring	**No. of Bldgs./Floors**	8 / 2
State/ZIP/County	MD / 20904 / Montgomery	**Year Built/Renovated**	1981 / --
Metro (Submarket)	Suburban Maryland (NE Montgomery)	**Total Units/Asset Class**	400 / BC
Distance from subject	7.64 miles		
Comments			

Sale Details and Analysis

Sale Date	18 Feb 2011
Sale Price	$58,000,000 (Verified: Pub Rcrd)
Sale Price/Unit	$145,000
Sale Price PSF	$127 GBA
Vacancy at Sale	0.0%
Seller	1. Equity Residential / (312) 474-1300 / Two North Riverside Plz, Chicago, IL 60606 2. Woodbine Properties
Buyer	1. Realty Management Services / (301) 657-8899 / 7910 Woodmont Ave, Ste 350, Bethesda, MD 20814 2. AP Fairland Gardens LLC
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	400	
Potential Rent Revenue	**$6,362,592**	
Vacancy Loss/Rate *$1,326 Market Rent x 12 Months x 400 Units x 0.0%*	($0)	[0.0%]
Effective Rent Revenue *$1,326 In Place Rent x 12 Months x 400 Units x 100.0%*	**$6,362,592**	
Free Rent Concessions	($111,345)	[$278 Per Unit]
Credit Loss	($63,626)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$6,187,621**	
Operating Expenses/Ratio	($2,729,552)	[42.9%]
Capital Reserve	($140,000)	[$350 Per Unit]
Net Operating Income	**$3,318,069**	
Estimated Going-in Cap Rate *Based on Sale Price of $58,000,000*	5.7%	
12-Month Rolling Metro Cap Rate	5.8%	(Q1 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	715,255 SF / 16.42 Acres
Parcel Number	05-01969692		
Deed Reference	41178/00307		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	400	--

Financing Details Holliday Fenoglio Fowler LP provided a $41,824,000 loan.

Other:

Pool. Exercise Room. Barbeques.

ReisReports Prepared by Comstock

Clearly Objective.

Sales Comparables

Apartment - 2nd Quarter 2011

5531 Nicholson Lane
Rockville, MD 20852

Property Name	Fairland Gardens	**Property Type**	Market Rate Rental
Address	12305 Treetop Dr	**Building Area (SF)**	
City	Silver Spring	**No. of Bldgs./Floors**	-- / 4
State/ZIP/County	MD / 20904 / Montgomery	**Year Built/Renovated**	1980 / 2009
Metro (Submarket)	Suburban Maryland (NE Montgomery)	**Total Units/Asset Class**	400 / BC
Distance from subject	7.50 miles		

Comments

Sale Details and Analysis

Sale Date	Feb 2011
Sale Price	N/A
Sale Price/Unit	N/A
Sale Price PSF	N/A
Vacancy at Sale	4.0%
Seller	1. Equity Residential / (312) 474-1300 / 2 North Riverside Plz, Ste 450, Chicago, IL 60606
Buyer	1. AREA Property Partners / (212) 515-3400 / 60 Columbus Cir, 20th Fl, New York, NY 10023
Comments	The acquisition price was not released.

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses/Ratio	--	
Capital Reserve	--	
Net Operating Income	--	
Estimated Going-in Cap Rate	--	
12-Month Rolling Metro Cap Rate	5.8%	(Q1 2011)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	
Parcel Number			
Deed Reference			
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	123	--
2 Bedrooms	247	--
3 Bedrooms	30	--
4 Bedrooms	--	--
Total	400	$0

Financing Details

Other:

Washer/Dryer Hook-ups. Pool. Tennis. Barbeques. Property also features a clubhouse and a basketball court. 25% of the units are covered by the Housing Assistance Payments program, which the buyer is expected to extend the contract.

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Parkview Towers	**Property Type**	Market Rate Rental
Address	7667 Maple Ave	**Building Area (SF)**	
City	Takoma Park	**No. of Bldgs./Floors**	1 / 11
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1964 / 2007
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	125 / BC
Distance from subject	7.00 miles		
Comments			

Sale Details and Analysis

Sale Date	27 Dec 2010
Sale Price	$6,790,000 (Verified: Pub Rcrd)
Sale Price/Unit	$54,320
Sale Price PSF	N/A
Vacancy at Sale	3.0%
Seller	1. Parkview Towers LLC
Buyer	1. MHP Parkview Towers LLC / 12200 Tech Rd, Ste 250, Silver Spring, MD 20904
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	125	
Potential Rent Revenue	**$1,697,544**	
Vacancy Loss/Rate *$1,132 Market Rent x 12 Months x 125 Units x 3.0%*	($50,926)	[3.0%]
Effective Rent Revenue *$1,132 In Place Rent x 12 Months x 125 Units x 97.0%*	**$1,646,618**	
Free Rent Concessions	($24,699)	[$198 Per Unit]
Credit Loss	($16,975)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$1,604,943**	
Operating Expenses/Ratio	($735,037)	[43.3%]
Capital Reserve	($43,750)	[$350 Per Unit]
Net Operating Income	**$826,156**	
Estimated Going-in Cap Rate *Based on Sale Price of $6,790,000*	12.2%	
12-Month Rolling Metro Cap Rate	6.3%	(Q4 2010)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	Firoozabadi Group, Bethesda, MD, (202) 536-3747	**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	122,438 SF / 2.81 Acres
Parcel Number	1301080416		
Deed Reference			
Time on Market			
Financing Details			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	53	--
2 Bedrooms	52	--
3 Bedrooms	20	--
4 Bedrooms	--	--
Total	125	$0

Other:

Laundry Facility.

Sales Comparables

Apartment - 2nd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name		**Property Type**	Market Rate Rental
Address	8208 Greenwood Ave	**Building Area (SF)**	3,180
City	Takoma Park	**No. of Bldgs./Floors**	1 / 2
State/ZIP/County	MD / 20912 / Montgomery	**Year Built/Renovated**	1921 / --
Metro (Submarket)	Suburban Maryland (Takoma Park)	**Total Units/Asset Class**	5 / BC
Distance from subject	6.88 miles		
Comments			

Sale Details and Analysis

Sale Date	23 Dec 2010	**Reis Cap Rate Analysis Proforma** *All per unit figures are monthly*	
Sale Price	$275,000 (Verified: Pub Rcrd)		
Sale Price/Unit	$55,000	**Total Units**	--
Sale Price PSF	$86	**Potential Rent Revenue**	--
Vacancy at Sale	0.0%	**Vacancy Loss/Rate**	--
Seller	1. Green River Capital LLC	**Effective Rent Revenue**	--
		Free Rent Concessions	--
		Credit Loss	--
Buyer	1. Weilin P & Lily Y Chang / 8208 Greenwood Ave, Takoma Park, MD 20912	**Additional Income**	--
		Effective Gross Revenue	--
		Operating Expenses/Ratio	--
		Capital Reserve	--
Comments		**Net Operating Income**	--
		Estimated Going-in Cap Rate	--
		12-Month Rolling Metro Cap Rate	6.3% (Q4 2010)
		Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	7,645 SF / 0.18 Acres
Parcel Number	1300979206		
Deed Reference	41039000349		
Time on Market			
Financing Details			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	5	--

Other:

1031 Exchange: The exchange, under Section 1031 of the Internal Revenue Code, of a real property held for investment or used in a trade or business, for a similar property; it allows the property holders to defer capital gains.

1031 Replacement Property: A property purchased with the proceeds from the sale of another property recently sold by the buyer, so as to qualify the sale and subsequent purchase as a *1031 exchange*.

A: See *Asset Class*.

Additional Income: Building revenue resulting from sources other than apartment unit rents. Examples include rent revenue from retail or office space, and income from laundry and vending machines, parking garages, billboards/signage, gym and other facilities fees, telephone or ATM access fees, and roof antennas.

Address: Street location of the property.

Affiliated Parties: A *buyer* and *seller* who are related by blood, marriage or corporate structure, such as a parent and sibling or a corporation and its subsidiary.

APD: Indicates that the sale price has been apportioned based on the number of apartment units in each building included in a multiple property transaction. When information on total units is not available, sale price is apportioned based upon the square footage of all buildings included in the transaction.

APX: Indicates that the sale price is approximate.

Arms Length Transaction: A transaction between unrelated parties under no duress.

Asset Class: An overall indicator of both a property's physical condition and operating performance, where "A" properties tend to be the best in the market, have above average design, construction and finish, minimal or no deferred maintenance, superior locations, achieve the highest rents, and have tenants of strong credit quality; "B" properties tend to be in good to above average condition, have adequate construction but do not have design and finish reflective of the latest standards and preferences, have above average locations, are generally well maintained, and command average rents; "C" properties tend to be in average condition, exhibit some deferred maintenance, provide functional space for tenants, have less desirable locations, are usually managed by small local companies with limited experience, command below average rents, and have tenants of lower credit quality that provide a less stable income stream.

B: See *Asset Class*.

B/C: See *Asset Class*.

Bankruptcy: Indicates that the *seller* was operating under Chapter 7 or 11 bankruptcy protection at the time of sale.

Building Area: The total area of the building(s) included in the transaction, expressed in square feet. May represent *NRA*, *GBA*, or *unspecified building area*.

Buyer: The person or entity to whom property rights were transferred; the grantee.

Buyer's Broker: An intermediary in the transaction who represented the interests of the *buyer*.

C: See *Asset Class*.

Capital Reserve: An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life.

Condominium Building: A multi-unit structure or property in which persons hold fee simple title to individual units and an undivided interest in common areas.

Credit Loss: The total amount of rent due that the landlord is unable to collect due to tenant default.

Deed Reference: A filing number that provides a means of retrieving the deed in the public record. Usually in the form of the book number and page number under which the deed has been filed by the recorder.

Effective Gross Revenue: The sum of *effective rent revenue* and *additional income*, less *free rent concessions* and *credit loss*.

Effective Rent Revenue: *Potential rent revenue* less *vacancy loss*.

Efficiencies: Apartment units with an efficiency, or studio, configuration (no separate bedrooms).

EST: Indicates that the sale price is estimated.

Estimated Going-in Cap Rate: An overall capitalization rate obtained by dividing the projected *net operating income* for the first full calendar year of ownership by the purchase price.

Federally Subsidized: An apartment property at which some, or all, of the units are occupied by tenants who participate in Federal programs, such as Section 8.

Financing Details: Information regarding how the purchase was financed. May include lender, loan amount, interest rate and term.

Foreclosure Sale: A sale resulting from the exercise of the optional right of the mortgagee or lending institution to sell mortgaged property if the mortgagor fails to make payment, applying proceeds from the sale toward the outstanding debt.

Free Rent Concessions: The total dollar amount of free rent granted by the landlord.

GBA: Gross Building Area of the building(s) included in the transaction, expressed in square feet.

In Place Rent: Weighted average rent of all existing leases in a multi-family property during the indicated year, expressed per unit per month.

Interest Purchased: The share of the property that was purchased in the transaction. A figure of less than 100% indicates purchase of a fractional interest.

Key Tenants: Tenants which occupy significant blocks of space in a building.

Lot Size: The total area of all land included in the purchase, expressed in square feet and acres.

Lstg: Indicates that the broker was the listing broker in the sale.

Market Rate Rental: An apartment property at which rents are set primarily by market forces, with no significant influence from rent regulations.

Market Rent: The weighted average rent at which a new lease would be signed, expressed per unit per month.

Metro: An area defined by concentrations of multi-family properties and usually consisting of a county, or group of counties, around a central urbanized area.

N/A: Not available.

Net Operating Income: *Effective gross revenue*, less *operating expenses* and *capital reserve*.

NRA: Net Rentable Area of the building(s) included in the transaction, expressed in square feet.

Number of Bldgs.: The total number of buildings included in the particular property at a single location. Does not include buildings at other locations, which might have been purchased simultaneously as part of a portfolio.

Number of Bldgs./Floors: See *Number of Bldgs.* and *Number of Floors*.

Number of Floors: The total number of floors, or stories, comprising a building. For sales involving multiple buildings, the total number of floors of the tallest structure included in the sale.

Operating Expenses/Ratio: Expenditures for ongoing costs of operating a building, including maintenance and repairs, insurance, administrative fees and real estate taxes; expressed as an annual dollar amount and as a percent of *potential rent revenue*.

Other Broker: An intermediary in the transaction, where it is unclear whether they represented the interests of the *buyer*, *seller*, or both.

Parcel Number: A code number that serves as an abbreviation of, or replacement for, a parcel's legal description.

Potential Rent Revenue: The sum of *in place rent* multiplied by currently occupied units, plus *market rent* multiplied by vacant units.

Price Per Unit: The purchase price of the property divided by the total number of apartment units included in the sale.

Property Name: When applicable, the name by which the property was known at the time of sale.

Property Type: See *Market Rate Rental*, *Rent Regulated*, *Federally Subsidized*, *Condominium Building*, and/or *Senior Housing*.

Rec: Indicates that the *"sale date"* is actually a recording date.

Refereed: Indicates that the sale occurred pursuant to a declaration by a judge or arbitrator.

Reis Cap Rate Analysis Proforma: An analysis which projects income and expenses for the first full calendar year of ownership of the property after the indicated sale date, and which results in a projected *net operating income* that is then divided by the sale price to obtain an *estimated going-in cap rate*. Note that projection of revenue relies largely on a rent roll that Reis estimates based on rents, vacancies and expenses observed during several years of surveys at the property or at nearby properties.

12-Month Rolling Metro Cap Rate: 12-Month Rolling Cap Rates are calculated from the average of the metro's mean cap rate from the previous four quarters.

Rent Regulated: An apartment property at which most, or all, of the units are subject to local regulations that stipulate the amount of rent that may be charged.

Reported Cap Rate, This Sale: A capitalization rate reported by the *buyer*, *seller* or other party to the transaction, or calculated by dividing reported *net operating income* by the purchase price.

Sale Date: The specific date on which the transaction closed; and, only when indicated by the superscript "Rec" to the right of the date, the date on which the transaction was recorded by the county recorder.

Sale Price PSF: The purchase price of the property per square foot of net rentable area (indicated by *NRA*), and/or gross building area (indicated by *GBA*) and/or *unspecified building area* (no indicator).

Sale-Leaseback Transaction: A financing arrangement in which real property is sold by its owner-user, who simultaneously leases the property from the *buyer* for continued use by the *seller*.

Seller: The person or entity which transferred property rights; the grantor.

Seller's Broker: An intermediary in the transaction who represented the interests of the *seller*. May, or may not, be the broker who obtained the listing contract.

Senior Housing: A multifamily property which is designed, configured and operated for occupancy by the elderly. Includes independent living and assisted living facilities.

State/Zip/County: The state, zip code and county in which the property is located.

Submarket: A Reis-defined geographic division of a *metro* comprising a neighborhood, or business concentration/corridor.

Time on Market: Time elapsed from when the property was first offered for sale and when the sale resulting from that offering closed.

Time Since Sale: Time elapsed between when the property sold and the date the report was generated.

Total Units: The total number of rental units in the apartment complex.

Total Units/Asset Class: See *Total Units* and *Asset Class*.

Unspecified Building Area: The size of the building in square feet when there is either unclear or conflicting information between various sources as to whether that size represents net rentable area or gross building area.

Vacancy Loss/Rate: Loss of *potential rent revenue* attributable to units which are not leased, expressed as a total dollar amount and as a percentage of total rental units.

Verified: Lstng Brkr: Indicates that the sale price and other details have been verified with the listing broker.

Verified: Buy Attny: Indicates that the sale price and other details have been verified with the buyer's attorney.

Verified: Buy Brkr: Indicates that the sale price and other details have been verified with the buyer's broker.

Verified: Buyer: Indicates that the sale price and other details have been verified with the *buyer*.

Verified: Other Pty: Indicates that the sale price and other details have been verified with a reliable party to the transaction other than a buyer or seller, or their brokers or attornies. Such parties include lenders and property managers.

Verified: Pub Rcrd: Indicates that the sale price and other details have been verified in an assessor and/or deed recorder record, or in an official public document such as a filing with the Securities and Exchange Commission.

Verified: Sel Attny: Indicates that the sale price and other details have been verified with the seller's attorney.

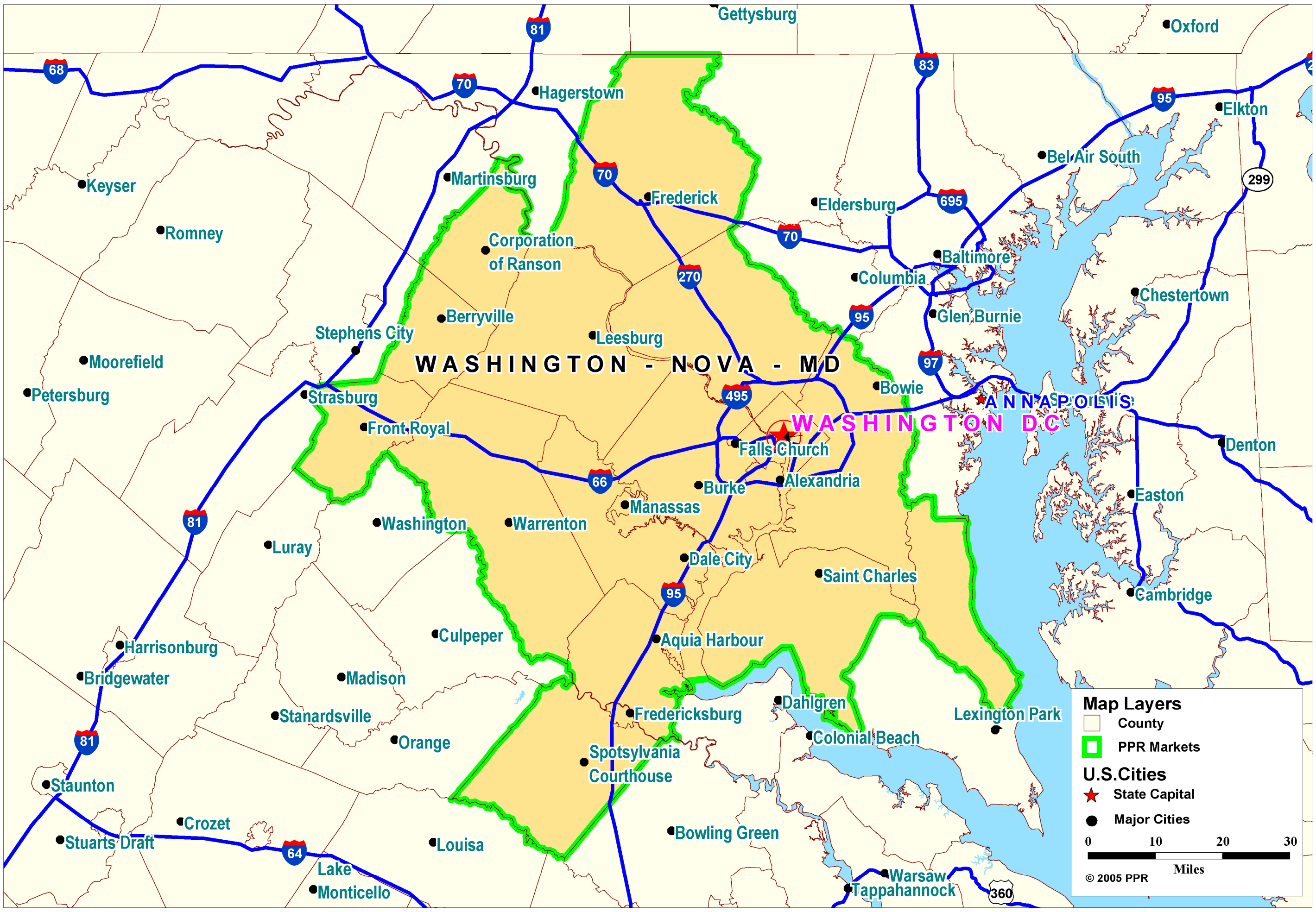
Verified: Sel Brkr: Indicates that the sale price and other details have been verified with the seller's broker.

Verified: Seller: Indicates that the sale price and other details have been verified with the *seller*.

Year Built/Renovated: The year in which the property was built, and the year(s) during which it underwent renovation.

METRO MAP

Contact: Walter Bialas (walter.bialas@pprglobal.com)



ECONOMIC OVERVIEW

Sources: PPR; Moody's Analytics

Metro Economic Trends

Since the release of its Base Case forecast in early August, PPR has released a new forecast scenario that calls for sluggish job and GDP growth through 2013. The rationale for this Sluggish Recovery scenario is that the U.S. economy suffered some heavy blows in the first half of the year. Notably, the Japanese earthquake, which disrupted supply chains (particularly in the automotive sector), and a sharp increase in gas prices (from $3 to $4 a gallon) spurred by geopolitical unrest in the Middle East and North Africa, which drained consumers' spending power. Economic growth was expected to pick up in the second half of 2011 as these pressures unwind. However, recent financial stress stemming from the U.S. debt ceiling fiasco, S&P's downgrade of U.S. Treasuries, and the looming threat of European debt defaults has increased the probability of a more sluggish recovery. In particular, by reducing household wealth, lifting the cost of capital, and undermining confidence, lower stock prices and higher corporate bond yields may discourage business and consumer spending and therefore the broader economy. Accordingly, we have assigned a 40% probability to the Sluggish Recovery scenario, and reduced the corresponding probabilities assigned to the Base Case, Slow Growth, and Severe Recession scenarios. Scenario forecasts and descriptions are available in the Data Genie on our website.

The Washington region added 30,000 jobs during 2010. Monthly gains, however, were choppy. After accelerating in the spring, new jobs slowed in early summer and then bumped around for the remainder of the year.

Since that first rebound, D.C.'s job picture has shifted into a much lower gear. The recovery that was underway lost steam. In June, employment data showed three consecutive months of decline. At this time, the region lost almost 7,000 jobs in 2011, and even the 12-month totals show a 4,000-jobs contraction.

The most recent July jobs release did tally a reversal of this trend, with 16,000 jobs being added. While this is good on the surface, the fact that almost 15,000 of these jobs were in the contracting government sector suggests that this uptick may be re-benchmarked lower.

The major change over the last year was that the government began to shed jobs in the region. In fact, since the beginning of 2011, the government sector added 8,000 jobs, but this includes the most recent 16,000-monthly gain. The private sector also remains sidelined, contributing little to the regional economic engine.

The slowing job story impacted some stable past performers, with **education and health, information, leisure, and other services all contracting to some degree**. On a positive note, the dominant office using sectors of finance and professional business services were up modestly in 2011. June's numbers essentially mirrored these trends. The unemployment rate in the region was roughly stable, inching up slightly to 5.8% and down from 6.5% at the start of 2010. In comparison, the U.S. was stable just above 9%.

We expect job growth to slow but remain positive in the coming months, especially in the high-value industries. The biggest issue that exists at this time is the outlook for the key drivers of the federal government, defense, national security, and the related support industries. Although, the influence of federal government spending insulated the D.C. region from the worst of the downturn, a spending slowdown is now happening, with deeper cuts on the horizon that will impact both the federal government and the private sector. We continue to expect to see D.C. returning to be **a steady performer, with modest (due to government and defense cuts) risk going forward**. *Updated: 02-Sep-2011*

U.S. Economic Trends

An unrelenting stream of poor economic data and the threat of debt crises in Europe and here at home have cast a dark shadow over the outlook. PPR believes that most — but not all — of the slowdown in the first half of 2011 was caused by transitory factors and that growth should pick up in the second half of the year as these headwinds fade. The economy should accelerate further in 2012 and 2013 as more deep-seated problems, including housing and state-budget woes, begin to ameliorate. However, the federal government's fearsome debt situation looms heavily over the economy: In a worst-case scenario, failure to lift the nation's debt ceiling will wreak havoc on financial markets and plunge the nation into recession. More likely, tough budget measures — tax increases, spending cuts, or both — will sap momentum for several years, but at a time and intensity that is currently uncertain.

There is no denying that the economy has hit a rough patch. Positive trends at the end of 2010 and fresh infusions of fiscal and monetary stimulus (payroll tax cuts and QE II) had raised hopes for 2011. Instead, GDP growth slipped below 2% in the first and second quarters, while job growth, which was quite healthy in the first four months of the year, fell flat in May and June. Some of this weakness is attributable to bad weather, which hampered construction, and the Japanese earthquake, which disrupted supply chains and manufacturing activity, particularly in the auto sector. But it was mostly the result of surging gas prices stemming from turmoil in the Middle East and North Africa: While nominal consumer spending grew at its fastest rate in four years in the first quarter, higher inflation neutralized most of these gains, reducing “real” (inflation-adjusted) consumption growth to just 2%. Since consumption accounts for 70% of U.S. GDP, the hit to the economy was substantial.

Still, it would be disingenuous to claim that high gas prices were the economy’s only challenge. Having stabilized in mid-2009 with the help of homebuyer tax credits, house prices started falling again in mid-2010, discouraging homebuilding and consumer confidence. And state and local governments began slashing budgets in earnest, cutting 165,000 jobs in the first half of the year (while the federal government shaved 23,000 and the private sector added 945,000, bringing total job creation to 757,000).

And yet there is scope for optimism. Easing gas prices since April will boost consumer spending power in the second half of the year. Financial distress continues to afflict the housing market: Mortgage delinquency and foreclosure rates of around 8% and 4.5%, respectively — though stabilizing — are double normal levels. But an unprecedented construction shutdown, to a level that is only half of that necessary to keep pace with natural population growth (and the lowest since records began in the 1950s), together with affordable prices and mortgage rates, should put a floor under prices in early 2012. Meanwhile, rising tax revenue (up 5% in 2010) as the economy expands should stem state job losses by this time next year.

Moreover, contrary to conventional wisdom, household finances are healthy, with wealth and savings levels in line with historical norms. American exports are thriving thanks to buoyant emerging-market demand and the competitive benefits of a nearly 20% decline of the trade-weighted exchange rate over the past two years. In this context, time-honored cyclical forces — rising profits and employment, supporting more investment and spending, leading to higher profits and employment — will propel the recovery.

But while the expansion is set to continue, there is one major hurdle on the horizon: the burgeoning federal deficit. Even if a crisis surrounding the debt ceiling is averted, the tax increases and spending cuts necessary to put the budget on track could subtract as much as three percentage points from GDP over several years. The drain on the economy is a near certainty; however, its timing is not.

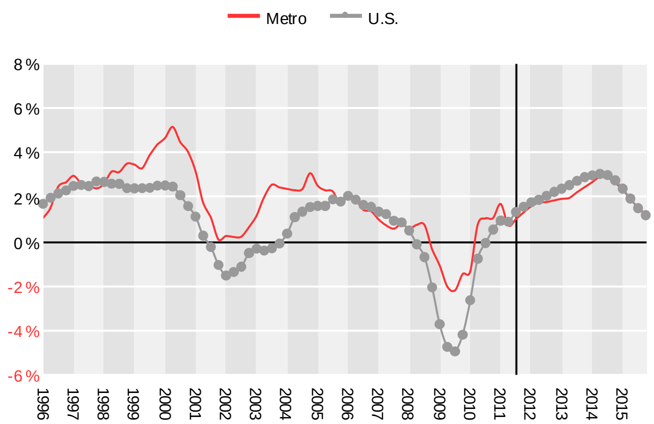
PPR’s base case assumes that serious action on the deficit will wait until after the next election, and given lags in implementation, will not actually hit the economy until 2014. Under this scenario, GDP growth will accelerate from 2% in the first half of 2011 to 4% in 2012 and 2013 as energy, housing, and state-budget pressures abate, and fall back to 2.5% in 2015 as austerity begins to bite. This would mark a distinctly subpar recovery by historical standards: In the early 1980s, for example, GDP grew by around 5% annually in the first five years of expansion (7% in 1984). If debt-ceiling negotiations advance the timing of budget cuts, as seems increasingly likely, growth will be even weaker in the earlier years of the forecast. *Updated: 01-Aug-2011*

Employment Trends

	Current Value Jul 2011		Annual Growth Rates: Current Jul 2011			Past Decade (2001 - 2010)			Forecast (2011 - 2015)		
NAICS Category	**Employment***	**Location Quotient****	**Metro**	**U.S.**	**PPR54**	**Metro**	**U.S.**	**PPR54**	**Metro**	**U.S.**	**PPR54**
Manufacturing	50	0.19	-5.7 %	1.4 %	0.9 %	-4.3 %	-3.9 %	-4.0 %	1.0 %	0.8 %	1.3 %
Trade, Transportation and Utilities	381	0.67	0.2 %	1.4 %	0.7 %	-0.4 %	-0.6 %	-0.7 %	1.0 %	1.2 %	1.3 %
Retail Trade	257	0.77	0.5 %	1.1 %	0.5 %	-0.1 %	-0.6 %	-0.6 %	1.0 %	1.1 %	1.3 %
Wholesale Trade	64	0.51	-0.4 %	1.7 %	1.2 %	-0.7 %	-0.8 %	-0.8 %	1.4 %	1.5 %	1.2 %
Transportation, Warehouse, Utilities	60	0.54	-0.2 %	2.0 %	0.9 %	-1.4 %	-0.5 %	-1.0 %	0.3 %	1.1 %	1.2 %
Financial Activities	149	0.86	1.7 %	-0.2 %	-0.4 %	0.0 %	-0.1 %	-0.5 %	0.8 %	1.9 %	1.9 %
Government	702	1.40	0.4 %	-2.4 %	-1.5 %	1.8 %	0.7 %	0.7 %	1.2 %	1.3 %	1.4 %
Natural Resources, Mining and Construction	135	0.94	-4.5 %	1.9 %	-0.1 %	-1.2 %	-1.7 %	-2.2 %	3.9 %	3.1 %	3.2 %
Education and Health Services	363	0.80	1.3 %	2.1 %	2.2 %	2.6 %	2.6 %	2.6 %	2.4 %	3.0 %	3.0 %
Professional and Business Services	692	1.77	1.1 %	3.1 %	1.9 %	1.9 %	0.0 %	0.0 %	2.9 %	3.5 %	2.9 %
Information	78	1.27	-0.7 %	-0.9 %	-0.3 %	-5.2 %	-3.1 %	-3.1 %	-1.7 %	1.7 %	1.4 %
Leisure and Hospitality	261	0.87	0.6 %	1.6 %	2.4 %	1.9 %	0.9 %	1.2 %	2.9 %	3.2 %	3.1 %
Other Services	177	1.43	-2.6 %	1.6 %	0.1 %	1.6 %	0.4 %	0.3 %	0.8 %	2.1 %	1.6 %
Total Employment	**2,987**	**1.00**	**0.2 %**	**1.0 %**	**0.8 %**	**0.9 %**	**-0.2 %**	**-0.2 %**	**1.9 %**	**2.1 %**	**2.1 %**

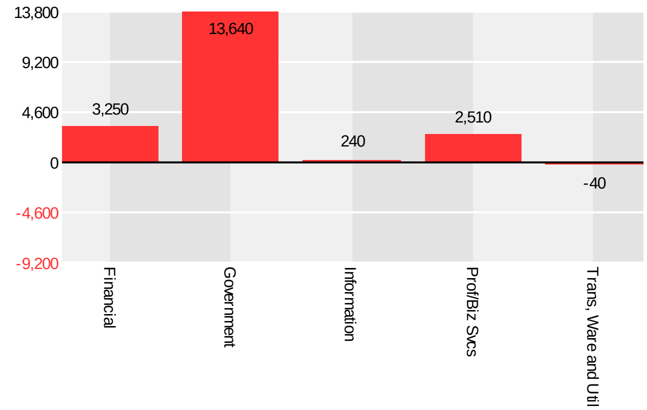
*In Thousands **Location Quotient measures the concentration of an industry within a metro relative to that of the nation.

Job Growth Year-Over-Year



Largest Contributors to Job Growth Over Last 6 Months

As of Jul 2011



Major Employers

The federal government dominates the regional employment landscape. Currently, 330,000 residents work directly for the federal government, which translates into **14% of all metro area jobs**. **The federal government also accounted for 21% of the region's total job growth since 2000**.

The largest payrolls are at defense-related agencies, including the Department of Defense, the Washington Navy Yard, Fort Belvoir, and Bolling Air Force Base. Government contractors also employ many residents. SAIC and Northrop Grumman moved their headquarters from Southern California to Northern Virginia. Assuming job creation requirements are met, SAIC will receive $8.5 million in government incentives from the state of Virginia as part of its Tysons Corner relocation. Northrop Grumman also purchased a 14-story building in Falls Church to be close to the Pentagon and will take occupancy later this year. As was the case with SAIC, a significant incentive package, worth $16 million in grants and infrastructure improvements from the state and local governments, sweetened the Northrop deal.

Siemens also announced plans to move its U.S. headquarters to the District, after opening a 21,000 SF foothold in March 2011. Siemens rationale for coming to D.C. is straightforward, to be close to the federal decision makers given its book of business in health care, energy, and transportation. Siemens, which employs 62,000 in the U.S. and generated $25 billion in revenue, will be downsizing its NYC presence.

Even with this expansion of defense contractors in the region, the realities of the changing economy and reduction in military activity are prompting some to rethink staffing levels. Recently, Lockheed Martin offered buyouts to 6,500 employees corporate-wide in an effort to pare costs, which included 2,000 in the Washington region, or about 15% of its local workforce.

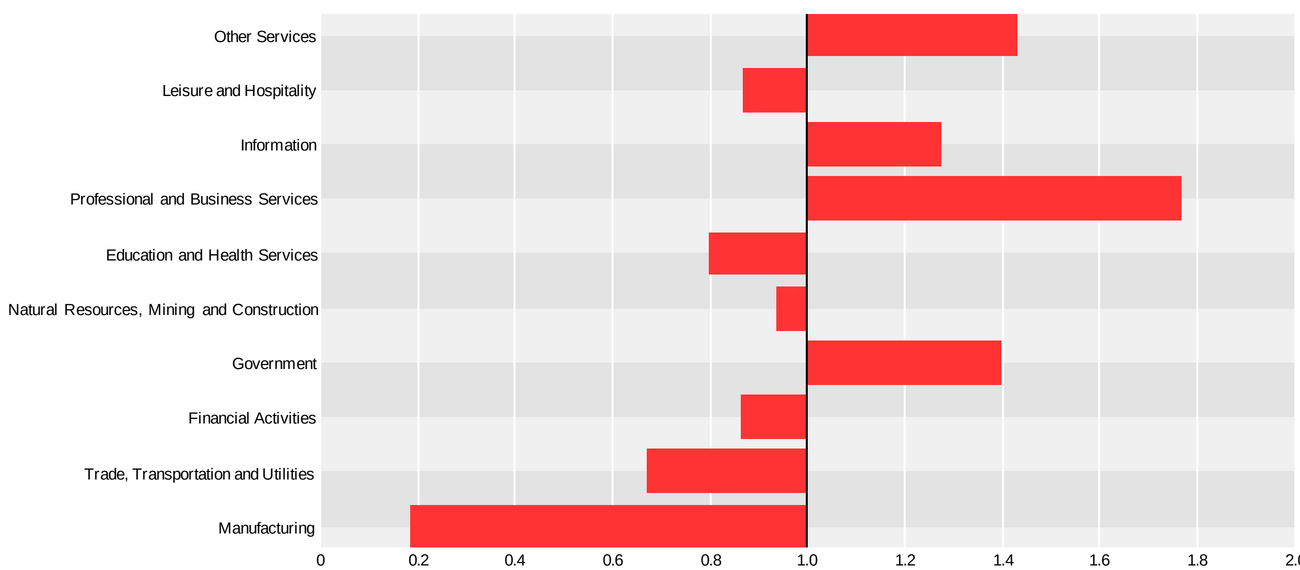
The education and healthcare sector also stabilizes the metro’s economy. The National Institutes of Health (17,600 employees), Food and Drug Administration (7,700), and National Naval Medical Command (5,000) are all in Montgomery County, Maryland. Universities include the University of Maryland at College Park, George Washington University, George Mason University, and Georgetown University. Johns Hopkins University is nearby in Baltimore and also has a Montgomery County presence. A biotech corridor has formed in Montgomery County along I-270, and though the biotech sector took its lumps in recent years, it has the potential to be an economic driver in the long run. Biotech funding shriveled in 2008 and 2009, but venture capital investment in this field came back at the end of 2009 and stayed steady during 2010, albeit at lower levels than their peak, according to the PricewaterhouseCoopers MoneyTree Report.

Many other public and private sector employers put Washington – NoVA – MD’s skilled labor force to work. The headquarters of 17 Fortune 500 companies are in the metro, including: lenders Freddie Mac, Fannie Mae, Capital One Financial, AES, and Sallie Mae; defense contracting firms Lockheed Martin, General Dynamics, Computer Sciences Corporation, SAIC, and Northrop Grumman; and hospitality companies Marriott International and Host Hotels & Resorts. Hilton also moved its headquarters from Beverly Hills to Northern Virginia to be closer to Europe. Other major public sector employers include the National Oceanic and Atmospheric Administration, the Nuclear Regulatory Commission, the National Geospatial Intelligence Agency, NASA, the FBI, and the Smithsonian Institution, all of which require highly skilled workers with specialized scientific knowledge.

Freddie Mac and Fannie Mae are presently undergoing a complete restructuring by the government. In fact, to try to recoup losses from the mortgage problems, the feds have just announced law suit on behalf of these agencies of several of the largest banks in the U.S, like Bank of America and Citi. The future of the GSAs is murky. Some in the Federal government are seeking a complete disbanding. Freddie and Fannie employ 10,000 direct jobs, occupy 3.5 million SF, and support numerous other local jobs, as well as fund nonprofits. While the administration has proposed scrapping the organizations, it is not clear what would replace them. If closed, some of their functions and some employees would largely be assimilated into HUD or the Federal Housing Administration. Another option is that a new agency may be created to provide mortgage insurance for high-quality loans and have the power to step in during a crisis. This plan is still being worked on and will likely evolve over an extended period.

Law firms are another staple of the Washington economy due to lobbying efforts and related needs to be close to the federal government. Reportedly, D.C. law firms account for 28% of the Class A office market, with some estimating that they account for 50% of the trophy asset segment in the downtown. **While many firms are relocating and generating office space demand, the industry is still right-sizing**. In fact, the announcement of the Howrey closing underscores the challenges in the sector and impacts 400,000 SF of space in the D.C. region (mostly in the District central core submarket). *Updated: 02-Sep-2011*

Employment Concentration Relative to the U.S.



POPULATION AND MIGRATION TRENDS

Sources: PPR; Moody's Analytics

Demographic Trends

	Current Value Jul 2011			Annual Growth Rates: Current Jul 2011			Annual Growth Rates: Past Decade (2001 - 2010)			Annual Growth Rates: Forecast (2011 - 2015)		
	Metro	U.S.	PPR54	Metro	U.S.	PPR54	Metro	U.S.	PPR54	Metro	U.S.	PPR54
Population*	5,687	312,550	168,226	1.3 %	1.0 %	1.0 %	1.5 %	0.9 %	1.0 %	1.1 %	1.0 %	1.0 %
Households*	2,113	118,236	62,390	1.3 %	1.0 %	1.1 %	1.4 %	1.0 %	1.1 %	1.3 %	1.2 %	1.3 %
Median Household Income	$89,722	$51,854	$61,347	3.1 %	3.0 %	2.3 %	2.6 %	1.8 %	1.6 %	2.8 %	3.2 %	2.8 %
Labor Force*	3,066	153,228	83,940	0.1 %	-0.3 %	-0.2 %	1.3 %	0.7 %	0.8 %	1.3 %	1.0 %	1.3 %
Unemployment**	5.8 %	9.1 %	9.1 %	5.9 %	9.3 %	9.2 %	4.0 %	6.1 %	6.0 %	5.0 %	7.2 %	7.3 %

*In Thousands **The Unemployment Rate provided in the Annual Growth Rates section is the average unemployment rate during the specified period.

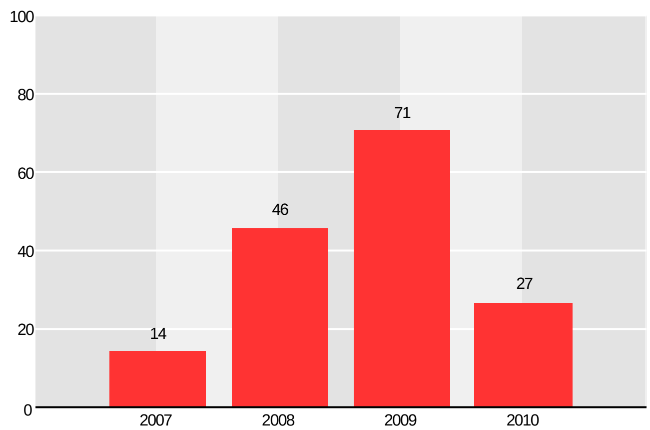
Population & Migration

The Washington region's expanding job base has helped fuel ongoing in-migration into the area. Although D.C. did see a couple of years of net out-migration at the peak of the boom, this was due to the availability of jobs in other regions. Current numbers have D.C. running around 23,000 net new residents from outside the region annually. While major corporate relocations are making the news, they sometimes result in few new residents. Northrup Grumman, for example, estimates that only half of their west coast staff will make the D.C. move, forcing them to recruit local talent.

The local job market is in better shape than many others in the U.S. and has continued to attract new residents to the region. With average annual population growth of 1.5% since 2000, this metro now boasts 5.6 million residents. Outlying counties with suburban bedroom communities (such as Western Fairfax, Loudoun, and Spotsylvania) had the strongest population growth in the middle of the decade, as inflated home prices forced many people to move away from the urban core to find affordable housing, especially for families requiring more space. But the metro's urban areas have also grown in population due to the high traffic congestion that has encouraged many households to locate at closer-in locations, even at premium prices.

Washington – NoVA – MD's growth will continue to outpace the national average over the forecast, due to continued strength in the area's primary employment drivers. With one of the largest population bases in the nation, the metro's forecast 1.1% annual population growth through 2015 will outperform other major metros on the East Coast, such as New York, Boston, and Philadelphia. Its growth, however, will trail such Southern fast-growth giants like Atlanta, Dallas-Fort Worth, and Houston. *Updated: 02-Sep-2011*

Net Migration



Population by Age and Educational Attainment

Age Cohort	Value	Rank of 54	U.S. Value
Total Population (000s)	5,687	7	312,550
<20 / Children	27.0 %	26	26.8 %
20-34 / Young Adult	21.8 %	23	20.8 %
20-65 / Working Age	62.8 %	5	60.0 %
35-54 / Prime Spenders	29.6 %	6	27.3 %
65+ / Retirement Age	10.3 %	47	13.2 %
% > 25 with Bachelor Degree	42.4 %	2	24.6 %

Demographics

The Washington – NoVA – MD metro's young demographic makeup is favorable for most commercial real estate property types. The median age is slightly below that of the U.S. and the percentage of the population of retirement age is low. The metro has a very high concentration of population in the prime spending cohort (35–54 years old), ranking it in the top 10. Although this bodes well for retail sales, this age group will shrink slightly over the next five years as the next wave of Baby Boomers enter retirement. In real terms, however, this segment will still account for almost 1.6 million area residents.

The metro's wealth is the key to this region's stability and to understanding its future. With a median household personal income of $89,000/year, the D.C. region has one of the the highest incomes in the country, 50% above the average for the PPR54. This level should continue to be a catalyst to attract retailers to the region. Likewise, the apartment-renting cohort (ages 20–34 years old) will continue to be fueled by the area's transient nature and future job opportunities. We expect the market to grow by 8% over the forecast, ranking in the top 20 of the PPR54. Top that off with one of the most educated workforces in the nation, and this market has the recipe for consistent, strong demand that will ultimately translate into growth across the major property types. *Updated: 02-Sep-2011*

Costs

The high cost of this metro is one of its disadvantages. Living expenses are 21% above the national average, making it one of the top 10 most expensive metros in the U.S. Only Long Island and North – Central New Jersey (which include much of the executive housing for New York workers) are pricier places to live in on the East Coast. Business costs are also almost 20% above the U.S. average but are not as high as those in New York (50%) and Boston (32%).

The relocation of companies to less pricey metros nearby, such as Norfolk or Raleigh, is a minor risk. While these metros have below-average business costs, those that choose Washington are here for specific reasons related to federal government access or a world-class city location. The Washington region is the home of all major policy decisions in the U.S. and, to a great degree, has become a key global financial center since the recession. *Updated: 02-Sep-2011*

SUPPLY, DEMAND, AND VACANCY TRENDS

Sources: PPR; Moody's Analytics; Reed Construction Data

Metro Vacancy Overview

In terms of vacancy, Washington is one of the healthiest of the major markets in the country. **Because of the region's solid employment gains and the transient nature of area households, vacancy stood at just 6.2% in the first quarter 2011**, essentially unchanged from late 2010. **Slower employment growth and some supply additions pushed vacancy up in the second quarter to 6.7%**. This rise was attributable to a variety of submarkets, with no single area standing out as having a poor supply-demand balance.

While D.C. has gotten slightly softer, it still is running tighter than the PPR54 average and not far from almost frictional levels. Our review of the detailed data and in-person surveys of some of the higher-end apartment completes in the region illustrate that most are essentially fully occupied. Given a growing development pipeline, our forecast is for overall market vacancy to continue to notch down slowly over the next several quarters. The market, however, needs ongoing employment gains to fuel this demand. If the private sector job gains remain on pause, D.C. will continue to soften. Our forecast for the region, suggests that vacancy will come in at around 6.4% at year-end 2011, about 30 basis points better than the PPR54. Ultimately, we see demand returning and vacancy continuing to improve and edging below 6% in 2013, comparable to the boom period of 2007 when vacancy stood at 6%. *Updated: 02-Aug-2011*

PPR54 Vacancy Overview

Occupancy levels continued their ascent across the PPR54 as the apartment market continued to outperform expectations. While in the fourth and first quarters absorption slowed and the vacancy recovery stagnated, renters returned to the apartment market with a vengeance in the second quarter, driving vacancies down 30 basis points. As the national recovery sputtered in the second quarter, the apartment market was buoyed by reasonably strong job growth through the first four months of 2011 and an unprecedented shutdown in supply. After six quarters of declining vacancies, apartment markets around the country are starting to look quite different from one another. In the Northeast, the vacancy recovery has slowed, as supply-constrained metros such as Boston and Washington, D.C., focus on pushing rents, with occupancies already approaching prerecession lows. In the Southeast and Southwest, landlords continue to bask in the sun, enjoying a rare window of limited completions that has led to an unprecedentedly swift correction in vacancies, a trend that should continue in the near term. While things will slow a bit in the second half of the year across the U.S., vacancies will decline by another 20 basis points through the end of the year and will continue to fall through 2015, ending the forecast in the 6% range. In many metros, much of the vacancy recovery has already occurred. But in others, such as Seattle, continued construction has kept vacancies from falling much as yet. Markets that typically receive plenty of supply, such as Phoenix, Austin, and Orlando, have had a recent dearth of construction, paving the way for a fantastic fundamentals recovery. But keep in mind that these same metros are most at risk for another vacancy climb as the next supply wave kicks in.

Thanks to new construction in lease-up, Class A vacancies have often been higher than Class B or C vacancies over history. However, Class A vacancies dipped significantly in the first three quarters of 2010, reversing this trend, according to data from Axiometrics. Since Class A product typically competes with new construction, in the absence of supply deliveries, Class A properties have been faring well. **Going forward, with vacancy rates in many markets approaching prerecession lows for high-quality assets, look for owners to push rents aggressively**. This will likely result in increased turnover, as tenants are forced to seek more affordable options, which should accelerate the recovery for lesser-quality assets. *Updated: 03-Aug-2011*

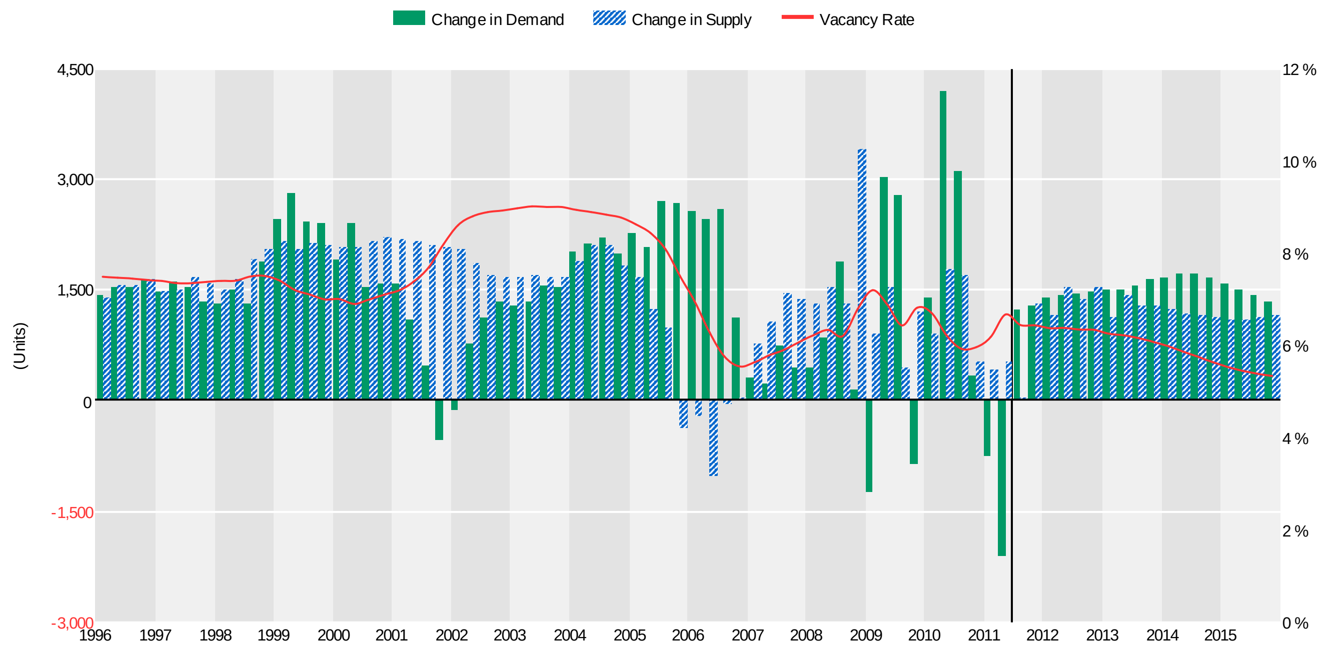
Supply, Demand, and Vacancy Statistics *As of 2011Q2*

Annual Trends	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in Supply*	4,667	7,588	4,091	4,897	2,322	5,599	5,149	4,711	4,506
Change in Demand*	1,737	3,351	3,703	9,059	-313	5,767	6,226	6,815	5,893
Vacancy Rate (Q4)	6.1 %	6.8 %	6.8 %	6.0 %	6.4 %	6.3 %	6.1 %	5.6 %	5.3 %

Quarterly Trends	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Change in Supply*	1,768	1,705	525	433	522	49	1,318	1,149	1,538
Change in Demand*	4,213	3,113	331	-741	-2,100	1,246	1,281	1,392	1,439
Vacancy Rate	6.2 %	5.9 %	6.0 %	6.2 %	6.7 %	6.4 %	6.4 %	6.4 %	6.4 %

*In Units

Quarterly Supply, Demand, and Vacancy *As of 2011Q2*



Historical and Forecast Summary *As of 2011Q2*

Historical Peak and Trough					Historical Volatility		Average Annual Growth Rates				
								Historical		Forecast	
	Peak	Period	Trough	Period				Metro	PPR54	Metro	PPR54
Vacancy Rate	9.0 %	2003Q2	3.2 %	1983Q4	Supply Volatility Ratio	0.87	Supply	1.8 %	1.5 %	0.9 %	0.8 %
Demand (Annual)	14,239*	1988	-99*	1992	Demand Volatility Ratio	0.78	Demand	1.7 %	1.4 %	1.2 %	1.1 %
Supply (Annual)	15,525*	1988	-1,257*	2006	Correlation	0.47	Net Demand	-0.1 %	-0.1 %	0.3 %	0.3 %

*In Units

Demand Trends

Since the 1990s, apartment demand in the Washington region has been predictably positive. Even during the recession of the early 1990s, annual demand averaged 5,100 units per year over the decade. From 2000 to 2008, annual demand came in at 5,400 units. This new period of the housing boom, however, saw some annual demand spikes and slowdowns. For example, apartment demand shrank to 2,500 units annually as the condominium boom took place between 2006 and 2007.

Unlike most major markets across the U.S., apartment demand in D.C. continued to run positive in 2008 and 2009, fueled by the region's changing and expanding job base. The local housing market value downturn helped spur the region's apartment market to a degree. More significantly, however, has been the recent job growth, which has brought many new workers related to government, defense, and private industry to the region. The Washington housing market is also quite transient as residents often relocate within the region to take advantage of changing job opportunities, rather than deal with lengthy commutes.

Through year-end 2010, the market saw demand of 9,000 units, putting D.C. toward the top of the PPR54. In the last few months, employment growth has slowed in the region in response to the federal government reconciling the budget issues and the private sector waiting to see the potential repercussions. Because of this, we have moderated our near-term forecast to reflect better the current market. Importantly, while we are looking to slower demand at a time when several new apartment projects have either broken ground or been announced, we do not see an impending imbalance in supply and demand. Rather, the current tightness in the D.C. market should continue to support new project development, provided features and proforma rents remain in line with market realities. *Updated: 29-Aug-2011*

Supply Trends

Average apartment deliveries in the Washington region typically come in at around 4,500 units annually. Interestingly, over the last 20 years, annual peak construction periods have been in the range of 7,500–8,000 units. D.C. last saw this level of development coming out of the housing boom in 2008, when 7,600 units came on line. During the last two years, the region settled into a more normal pattern of apartment construction activity.

Even though the Washington apartment market is relatively tight in terms of vacancy, the development pipeline has been modest. In 2010, less than 5,000 units were completed. This level of new supply will keep vacancies from dropping rapidly. Select projects added included 425 Mass (370 units) and West End 25 (283 units) in the District and the Reserve at Tysons Corner (240 units). Also added were the Alexan 24 (197 units in Arlington), Flats 130 at Constitution Square (440 units in NoMa), 1200 East West Highway, the Courts at Huntington Station (202 units), Crescent at Falls Church (205 units), and the Residences at Moorefield Villas in Loudoun County (414 units).

In addition, JBG completed both phases of **North Bethesda Market** (397 units) at the end of 2010 and during the first quarter 2011. **B.F. Saul also opened their new apartment project, Lyon Place, in Clarendon** at the Metrorail station at the end of 2010. This project, which has been underway for 2½ years, sets a new standard for luxury in the submarket. Asking rents **started at better than $3.00/SF**, although concessions have brought that number down into the $2.75/SF range. Lyon Place looks to have reached stabilization rapidly, now having only a handful of two-bedroom units available.

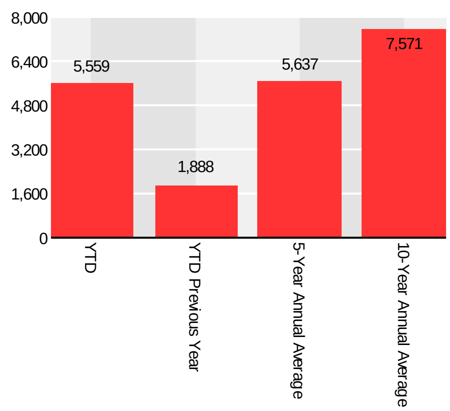
With vacancy coming down to such low levels, many better-quality projects (even the recently developed condos that are now rentals) are operating at frictional levels, with concessions being nonexistent in all, but the newest properties. Mostly attributable to the unavailability of credit for to-be-built projects, not much was started in the past few quarters. As such, we anticipate completions to come in well below the long-term average for the market. These projects are quite mixed, ranging across the region in the District, Montgomery and Fairfax Counties, and the Northern Virginia Inner Beltway submarket. Given their base of operations in the region, Archstone is a major player with 1,300 units under development, mostly in the District. AvalonBay is also underway with its 354 unit ParkCrest in Fairfax County, and Comstock has a variety of projects moving ahead in the Loudoun County and the Outer Northern Virginia submarkets.

Because of the low vacancy levels, **renewed development interest has taken off**. Our forecast is for supply to ramp up in 2012 and beyond, led by recently announced projects such as Camden South Capitol (276 units), WRIT's project in Ballston (150 units) that is now going for approval, USAA and ZOM's Rosslyn project (191 units), and the development of two buildings (685 units) in Tysons Corner that Cityline is now taking through rezoning to prep the existing older office asset for sale. *Updated: 29-Aug-2011*

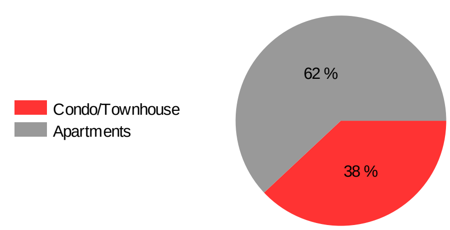
Major Construction Projects

Title	Submarket	City	Status	Size (Units)	Target Start	Target Completion
Mill Creek Apartments	District	Washington	Underway	603	Mar 2011	May 2012
Rosslyn Commons	NoVA - Inner Beltway	WASHINGTON	Underway	474	Sep 2009	Dec 2011
Archstone 1st & M Sts NE	District	Washington	Underway	469	Oct 2010	Mar 2012
Square 673 Phase 1	District	WASHINGTON	Underway	469	Sep 2010	Apr 2013
Westchester at Olde Towne	Montgomery County	Gaithersburg	Underway	389	Feb 2011	Oct 2012

Multifamily Permits



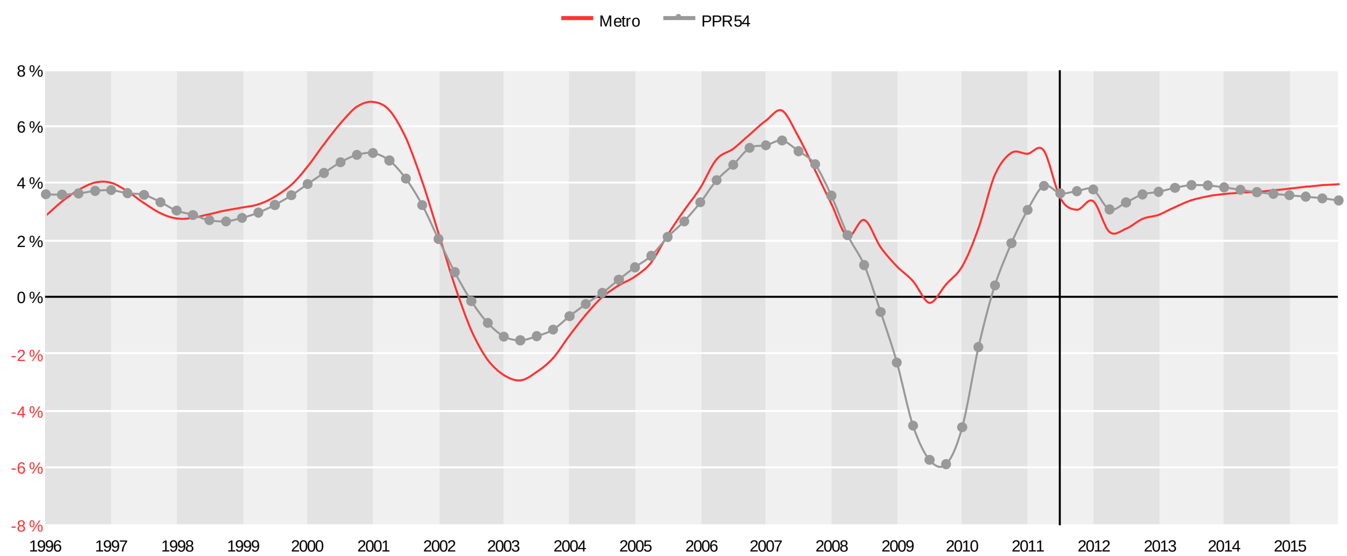
Multifamily Underway by Subclass



RENT TRENDS

Source: PPR

Average Rent Growth Year-Over-Year *As of 2011Q2*



Rent Trends

Washington apartment owners saw little rent slippage in the downturn. Stable demand served to keep asking rent growth positive, which was not the case in many of the major markets.

According to Axiometrics, toward the end of 2008 just 29% of units surveyed were offering concessions. This ramped up rapidly as the downturn hit, with succeeding quarters all showing deterioration. For all of 2009, roughly 44% of units tracked were offering some form of specials. This share began to drop slightly at the start of 2010. By second quarter, the share was 31%. By the end of the year, that level improved even further to 30%. As of the second quarter 2011, concessions have declined for all units to just 23%. This level is nearing the rate before the housing bubble in the first half of 2006.

In terms of effective rents, the discounts topped out at 5.8% of asking rent at year-end 2009. In comparison, that discount dropped to just 3% by mid-2010 and is unchanged as of the first quarter 2011. Reflecting the lower level of units offering concessions, that rate has now declined to just 2.5%. Although this is elevated above the level seen in the first half of 2006, this improvement over a short time period reflects a market that is coming into balance.

Despite slightly higher vacancy, we see Washington continuing to see good rent growth due to the solid in-place demand fundamentals. Recognizing the strong rental growth already seen in 2010, we forecast cumulative rent growth through 2015 of 16% for D.C., versus 17% for the PPR54.

As more luxury product comes on line, the spread between Class A and B asking rents often tends to increase. According to data from Axiometrics, the average Class B asking rent was 20% below the Class A average as of the second quarter. This level has been holding steady, underscoring that there has been little recent rent creep from Class B to A over the last few years, despite the tight vacancy. This is probably related to the fact that the minimal Class A rent declines in D.C. have kept the product expensive through the downturn.

At the top of the market, that gap may be beginning to widen because luxury complexes such as West End 25, Zosa Flats, The Palatine, Senate Square, Flats 130, and Lyon Place (all with average asking rents near $3,000/month) have hit the market. Pricing for these units appears to have topped out at effective rates of around $2.75-$3.00/SF, with most of the established properties offering no concessions. **The question that owners and investors are now asking, especially in light of the slowdown in job growth, is**

"where is the top end of the market" given lower vacancies and the minimal concessions in the established, better-quality product. *Updated: 29-Aug-2011*

Rent Statistics *As of 2011Q2*

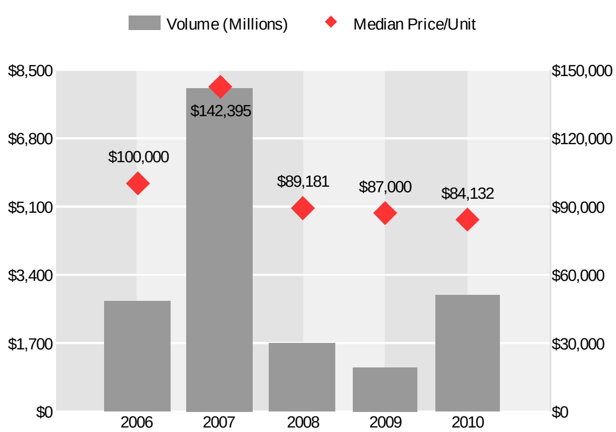
Annual Trends	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rent Level	$1,393.60	$1,417.96	$1,424.38	$1,496.57	$1,542.49	$1,584.80	$1,640.91	$1,702.45	$1,769.87
Rent Growth	4.5 %	1.7 %	0.5 %	5.1 %	3.1 %	2.7 %	3.5 %	3.8 %	4.0 %

Quarterly Trends	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Rent Level	$1,452.51	$1,484.42	$1,496.57	$1,502.30	$1,527.28	$1,535.86	$1,542.49	$1,552.95	$1,562.20

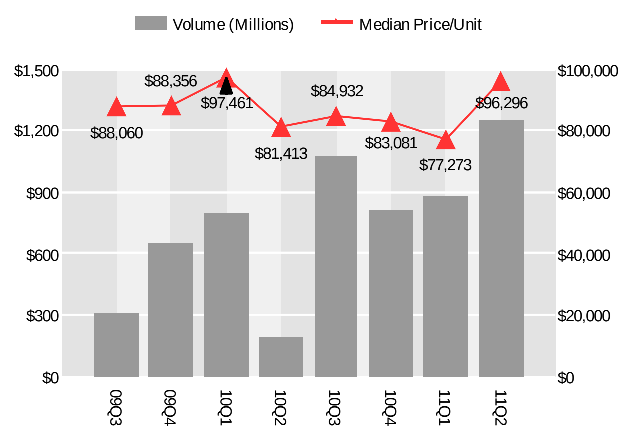
INVESTMENT TRENDS

Sources: PPR; CoStar Group, Inc.

Historical Annual Volume and Price/Unit



Recent Quarterly Volume and Price/Unit



Sales Transactions Statistics

Year	Volume* All	Volume* Inv. Grade	Median Price/Unit All	Median Price/Unit Inv. Grade	Median Cap Rate All	Median Cap Rate Inv. Grade
2010	$2,881	$2,607	$84,132	$136,503	6.5 %	5.9 %
2009	$1,119	$1,004	$87,000	$114,062	6.8 %	6.7 %
2008	$1,706	$1,536	$89,181	$157,248	6.1 %	6.0 %
2007	$8,063	$7,232	$142,395	$328,000	6.0 %	6.0 %
2006	$2,760	$2,400	$100,000	$97,179	6.0 %	6.1 %

*In Millions

Quarter	Volume* All	Volume* Inv. Grade	Median Price/Unit All	Median Price/Unit Inv. Grade	Median Cap Rate All	Median Cap Rate Inv. Grade
2011Q2	$1,252	$1,175	$96,296	$163,445	6.0 %	6.6 %
2011Q1	$878	$824	$77,273	$137,815	5.8 %	5.8 %
2010Q4	$815	$748	$83,081	$133,097	6.9 %	5.8 %
2010Q3	$1,077	$1,024	$84,932	$135,549	6.2 %	6.1 %
2010Q2	$190	$87	$81,413	$117,273	5.9 %	5.0 %

*In Millions

Investment Trends

Investors continue to favor **Washington apartments given the consistent and strong demand fundamentals driven by the region's economic engine.** After a very quiet first half, total investment grade transaction volume accelerated in the last part of the year, coming in at just over $1 billion in 2009, covering 7,100 units.

The consistent economic stability of the region got the full attention of investors in 2010. During 2010, $2.3 billion worth of investment grade assets were sold, almost matching the pace of deal flow in 2004 through 2006. A total of 14,000 units changed hands in 2010, which puts the activity level on par with the best years in the region (excluding the unsustainable 2006 and 2007 housing bubble years). In fact, **Washington, D.C. came in second to the NYC-NJ metro area in terms of investment grade transaction volume**, and well ahead of almost all other major markets in the U.S. In terms of overall numbers, D.C. accounted for 10% of investment-grade apartment deals in the PPR54.

Class A apartments in desirable locations continue to command a hefty premium. In 2010, 21 apartment deals in excess of $50 million changed hands in the region, which included almost half of the investment grade units. This pace of large-value transactions continued into 2011. As of the end of the second quarter 13 properties over $50 million dollars changed hands, accounting for 47% of the units. Like 2010, for deals where cap rates were available, these largest assets generally traded at below 6% cap rates. In fact, several changed hands at cap rates of 5% or lower.

Notable active buyers included Dune Real Estate in their multi-property portfolio deal, Equity Residential, Avalon Bay, Starwood Capital, and Foulger-Pratt.

In terms of pricing for investment grade deals, the median pricing came in at around $160,000/unit for the second quarter. This, however, masks some of the high-priced trades. Some of these top price assets included Barton's Crossing ($303,000/unit), Alexan at Carlyle ($367,000/unit), The Clarendon ($445,000/unit), The Palatine re-sale ($541,000/unit), and View 14 ($562,000/unit).

The Palatine is a particularly interesting deal because it is a success story coming out of distress. It was auctioned in March for $118 million at a 4.4% cap rate. Indicative of the investor appetite in the area, The Palatine was put back on the market for almost $100,000/unit more after the owner increased occupancy to 96% (up from 88% at time of the original sale), boosted rents by 6%, and NOI by $1 million.

The other significant deal in the market that demonstrates current investor appetite is the **Alexan at Carlyle**. This new 280-unit property sold to Prudential Realty Advisors at a 4.5% cap rate. Mostly one- and two-bedroom units, the project was 95% occupied at time of sale, with average rents in the $2.90/SF range for the one- and two-bedroom models. This asset is also around the corner from Post Properties phase II of its anticipated Carlyle apartment development. *Updated: 29-Aug-2011*

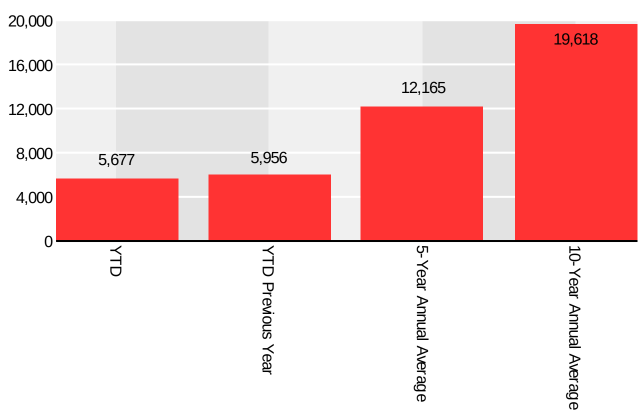
Recent Transactions

Title	Submarket	Date	Price	Size (Units)	Price/Unit	Year Built	Buyer Name (Type)	Seller Name (Type)
The Palatine	NoVA - Inner Beltway	16-May-11	$141,750,000	262	$541,031	2008	TIAA-CREF (Institutional)	Crescent Heights (Private)
The Clarendon	NoVA - Inner Beltway	20-May-11	$130,000,000	292	$445,206	2003	Equity Residential (Public)	Clark Enterprises, Inc (Private)
View 14	District	28-Jun-11	$106,000,000	185	$572,973	2009	UDR, Inc. (Public)	Centrum Properties, Inc. (Private)
Alexan Carlyle	NoVA - Inner Beltway	30-Mar-11	$102,800,000	280	$367,143	2010	Prudential Real Estate Investors (Institutional)	Trammell Crow Company (Institutional)
Westchester at Contee Crossing	Prince Georges County	21-Jul-11	$98,300,000	451	$217,960	2008	GID Investment LLC (Private)	Archstone-Smith Operating Trust (Private)

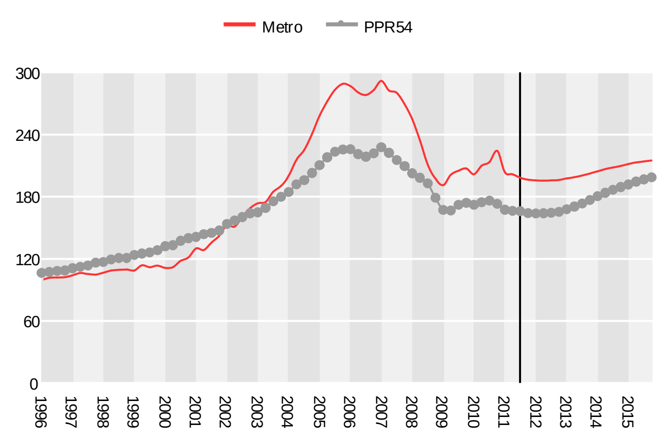
HOUSING TRENDS

Sources: PPR; Moody's Analytics

Single-Family Permits



Home Price Index (Base Year: 1993)



Single-Family Housing Statistics

	Metro				United States		
	Current (2011Q2)	Year-Ago	Growth	Rank of 54 (Current)	Current (2011Q2)	Year-Ago	Growth
Median S-F Home Price	$307,019	$319,449	-3.9 %	10	$166,560	$172,620	-3.5 %
Median Household Income	$89,722	$87,025	3.1 %	2	$51,854	$50,358	3.0 %
S-F Home Price / HH Income	3.4	3.7		24	3.2	3.4	
Home Ownership Rate					65.9 %	66.9 %	-1.5 %

Regional Apartment Markets

INVESTMENT CRITERIA FOR APARTMENT ASSETS VARY ACROSS GEOGRAPHY AND ARE SHOWN IN TABLE 27 FOR THE MID-ATLANTIC, PACIFIC, AND SOUTHEAST REGIONS. This quarter, the average initial-year market rent change rate, an indication of investors' rent growth forecasts, increased in each of the three Survey regions. The largest increase occurred in the Southeast region (+37 basis points), followed by the Pacific region (+25 basis points), and the Mid-Atlantic region (+9 basis points). "In markets like New York, Washington DC, and San Francisco, rents peaked in the third quarter of 2008, and we are back there now in many cases," remarks a participant.

The optimistic outlook for rent growth is attributed to healthy fundamentals in this sector. Table RAPT-1 outlines vacancy, absorption, and rental rate trends for select areas for the second quarters of 2011 and 2010 as well as the fourth quarter of 2010. A lack of new supply, positive demographic trends, and an unwillingness to purchase homes due to economic uncertainty resulted in increased demand and falling vacancy rates for many apartment areas. As of midyear 2011, the lowest vacancy rates were in San Diego (3.7%), Los Angeles (4.4%), and both Baltimore and Suburban Virginia (4.6%).

Solid market conditions are attracting both single-asset and portfolio buyers to this property sector. For instance, Harbor Group International acquired 1,984 units in six properties in the Mid-Atlantic region for $190.0 million. The new owner plans to spend an additional $7.75 million in improvements. In a multiproperty trade in the Pacific region, a joint venture between Angelo Gordon and the Prado Group procured an eight-property portfolio for $55.0 million. These assets are located in San Francisco and collectively total 291 units. In a single-asset deal in the Southeast region, Camden Property Trust acquired The Paces in Atlanta for $20.7 million. This 250-unit property was reportedly 54.0% occupied at the time of the sale, and the buyer is planning a renovation.

Like the national apartment market, vigorous sales activity in each Survey region has compressed overall capitalization (cap) rates, albeit at a lesser pace than the prior quarter. The average overall cap rate in both the Southeast and Pacific regions slipped 18 basis points this quarter while it declined 12 basis points in the Mid-Atlantic region (see Table 27). ✦

Table RAPT-1

VACANCY, ABSORPTION, AND EFFECTIVE RENT TRENDS

Select Metro Apartment Markets

	Vacancy			Net Absorption (Units)			Effective Rent Change (1)		
	2Q2011	4Q2010	2Q2010	2Q2011	4Q2010	2Q2010	2Q2011	4Q2010	2Q2010
Mid-Atlantic Region									
Suburban Virginia	4.6%	5.0%	5.9%	890	1,232	623	0.7%	0.9%	1.6%
Suburban Maryland	4.9%	4.9%	6.6%	638	749	887	0.7%	0.5%	0.7%
Baltimore	4.6%	5.0%	6.4%	218	1,010	693	0.6%	1.0%	(0.6%)
Raleigh Durham	5.8%	6.7%	8.2%	522	719	950	0.6%	0.5%	0.4%
Pacific Region									
Los Angeles	4.4%	4.9%	5.5%	1,308	1,498	1,162	0.2%	0.3%	(0.2%)
Orange County	4.7%	5.4%	6.4%	679	1,166	653	0.7%	0.4%	0.2%
Seattle	5.0%	5.8%	7.3%	707	1,267	1,434	0.6%	0.7%	1.7%
San Diego	3.7%	4.2%	4.9%	549	679	158	0.4%	0.7%	1.1%
Southeast Region									
Atlanta	8.7%	9.7%	11.5%	1,667	2,928	1,752	0.4%	0.2%	0.6%
Tampa	6.9%	7.8%	10.1%	683	1,274	843	0.2%	0.9%	0.3%
Orlando	7.8%	8.6%	11.5%	382	1,497	1,288	0.6%	0.3%	(1.0%)
Miami	5.4%	5.7%	6.3%	511	(74)	96	2.6%	1.9%	0.6%

(1) Annual
Source: Reis

Table 27

REGIONAL APARTMENT MARKETS

Third Quarter 2011

	MID-ATLANTIC REGION			PACIFIC REGION			SOUTHEAST REGION		
	CURRENT	PRIOR QUARTER	YEAR AGO	CURRENT	PRIOR QUARTER	YEAR AGO	CURRENT	PRIOR QUARTER	YEAR AGO
DISCOUNT RATE (IRR)[a]									
Range	5.60% – 14.00%	5.80% – 14.00%	7.50% – 14.00%	6.00% – 12.50%	6.00% – 12.50%	8.00% – 12.50%	6.50% – 11.00%	6.50% – 11.00%	7.50% – 14.00%
Average	9.32%	9.40%	10.33%	8.77%	8.81%	9.92%	7.90%	7.98%	9.73%
Change (Basis Points)		– 8	– 101		– 4	– 115		– 8	– 183
OVERALL CAP RATE (OAR)[a]									
Range	4.00% – 7.50%	4.00% – 8.00%	4.50% – 10.00%	4.00% – 7.00%	4.00% – 7.50%	5.00% – 9.00%	5.00% – 7.00%	5.00% – 7.50%	5.75% – 10.00%
Average	5.98%	6.10%	7.15%	5.42%	5.60%	6.90%	5.92%	6.10%	7.75%
Change (Basis Points)		– 12	– 117		– 18	– 148		– 18	– 183
RESIDUAL CAP RATE									
Range	4.50% – 9.75%	4.50% – 9.75%	5.00% – 9.75%	4.00% – 8.50%	4.00% – 8.50%	5.00% – 9.00%	5.50% – 9.75%	5.50% – 9.75%	5.50% – 9.75%
Average	6.65%	6.73%	7.52%	6.17%	6.19%	7.00%	6.73%	6.85%	7.69%
Change (Basis Points)		– 8	– 87		– 2	– 83		– 12	– 96
MARKET RENT CHANGE[b]									
Range	(5.00%) – 5.00%	(5.00%) – 6.00%	(5.00%) – 2.00%	0.00% – 6.00%	0.00% – 5.00%	(5.00%) – 2.50%	(10.00%) – 4.00%	(10.00%) – 3.00%	(10.00%) – 3.00%
Average	1.92%	1.83%	(0.25%)	2.83%	2.58%	(0.63%)	0.75%	0.38%	(1.63%)
Change (Basis Points)		+ 9	+ 217		+ 25	+ 346		+ 37	+ 238
EXPENSE CHANGE[b]									
Range	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%	2.00% – 3.00%	2.00% – 3.00%	2.00% – 3.00%	1.00% – 3.00%	0.00% – 3.00%	1.00% – 3.00%
Average	2.58%	2.58%	2.58%	2.79%	2.79%	2.71%	2.50%	2.25%	2.42%
Change (Basis Points)		0	0		0	+ 8		+ 25	+ 8
MARKETING TIME[c]									
Range	1.00 – 18.00	1.00 – 18.00	1.00 – 18.00	1.00 – 12.00	1.00 – 12.00	3.00 – 12.00	1.00 – 18.00	1.00 – 18.00	1.00 – 18.00
Average	6.17	6.17	7.08	5.83	5.83	7.00	6.75	6.75	7.58
Change (%)		0	– 12.85		0	– 16.71		0	– 10.95

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

MARKET SUMMARY

Contact: Walter Bialas (walter.bialas@pprglobal.com)

The Washington apartment market was among the first to turn positive and has outperformed most markets. The robust demand has been fueled by being one of the few markets in the U.S. to see solid employment gains. Those new jobs attracted workers to the region. Combine that with an existing employment base that is fairly transient due to the concentration of defense and government contractors that often shift jobs and work locations, and you have the ingredients for a market where well-located apartments are in high demand. Today's economic uncertainty has caused employment growth in the region to slow dramatically over the last few quarters. Because of this, vacancies declines have flattened, with the first and second quarters seeing a modest increase. Still, from their March 2009 peak, they remain down half a percentage point with still good in place fundamentals. Because of the strong fundamentals, asking rents barely fell during the downturn and have already been increasing modestly in some submarkets. What is more significant is that, except for brand new properties, the most popular submarkets are offering limited to no rent concessions. Rent and value growth during the recovery have ranked D.C. among the highest markets in the PPR54. Because of continued investor interest, this will continue as one of the most expensive apartment markets in the U.S. over the next five years. *Updated: 02-Aug-2011*

ECONOMIC OVERVIEW

Sources: PPR; Moody's Analytics

Demographic Trends

	Current Value Jun 2011			Annual Growth Rates: Current Jun 2011			Past Decade (2001 - 2010)			Forecast (2011 - 2015)		
	Metro	U.S.	PPR54	Metro	U.S.	PPR54	Metro	U.S.	PPR54	Metro	U.S.	PPR54
Population*	5,687	312,550	168,226	1.3 %	1.0 %	1.0 %	1.5 %	0.9 %	1.0 %	1.1 %	1.0 %	1.0 %
Households*	2,113	118,236	62,390	1.3 %	1.0 %	1.1 %	1.4 %	1.0 %	1.1 %	1.3 %	1.2 %	1.3 %
Median Household Income	$89,722	$51,854	$61,347	3.1 %	3.0 %	2.3 %	2.6 %	1.8 %	1.6 %	2.8 %	3.2 %	2.8 %
Labor Force*	3,080	153,421	84,141	0.5 %	-0.2 %	-0.1 %	1.3 %	0.7 %	0.8 %	1.3 %	1.0 %	1.3 %
Unemployment**	5.7 %	9.2 %	9.0 %	5.9 %	9.3 %	9.3 %	4.0 %	6.1 %	6.0 %	5.0 %	7.2 %	7.3 %

*In Thousands **The Unemployment Rate provided in the Annual Growth Rates section is the average unemployment rate during the specified period.

Population & Migration

The Washington region's expanding job base has helped fuel ongoing in-migration into the area. Although D.C. did see a couple of years of net out-migration at the peak of the boom, this was due to the availability of jobs in other regions. Current numbers have D.C. running around 23,000 net new residents from outside the region annually. While major corporate relocations are making the news, they sometimes result in few new residents. Northrup Grumman, for example, estimates that only half of their west coast staff will make the D.C. move, forcing them to recruit local talent.

The local job market is in better shape than many others in the U.S. and has continued to attract new residents to the region. With average annual population growth of 1.5% since 2000, this metro now boasts 5.6 million residents. Outlying counties with suburban bedroom communities (such as Western Fairfax, Loudoun, and Spotsylvania) had the strongest population growth in the middle of the decade, as inflated home prices forced many people to move away from the urban core to find affordable housing, especially for families requiring more space. But the metro's urban areas have also grown in population due to the high traffic congestion that has encouraged many households to locate at closer-in locations, even at premium prices.

Washington – NoVA – MD's growth will continue to outpace the national average over the forecast, due to continued strength in the area's primary employment drivers. With one of the largest population bases in the nation, the metro's forecast 1.1% annual population growth through 2015 will outperform other major metros on the East Coast, such as New York, Boston, and Philadelphia. Its growth, however, will trail such Southern fast-growth giants like Atlanta, Dallas-Fort Worth, and Houston. *Updated: 04-Aug-2011*

Employment Trends

NAICS Category	Current Value Jun 2011 Employment*	Current Value Jun 2011 Location Quotient**	Current Jun 2011 Metro	Current Jun 2011 U.S.	Current Jun 2011 PPR54	Past Decade (2001 - 2010) Metro	Past Decade (2001 - 2010) U.S.	Past Decade (2001 - 2010) PPR54	Forecast (2011 - 2015) Metro	Forecast (2011 - 2015) U.S.	Forecast (2011 - 2015) PPR54
Manufacturing	50	0.19	-5.6 %	1.4 %	0.9 %	-4.3 %	-3.9 %	-4.0 %	1.0 %	0.8 %	1.3 %
Trade, Transportation and Utilities	380	0.67	0.1 %	1.3 %	0.7 %	-0.4 %	-0.6 %	-0.7 %	1.0 %	1.2 %	1.3 %
Retail Trade	256	0.78	0.3 %	0.9 %	0.3 %	-0.1 %	-0.6 %	-0.6 %	1.0 %	1.1 %	1.3 %
Wholesale Trade	64	0.51	-0.5 %	1.7 %	1.4 %	-0.7 %	-0.8 %	-0.8 %	1.4 %	1.5 %	1.2 %
Transportation, Warehouse, Utilities	60	0.55	-0.5 %	1.9 %	1.0 %	-1.4 %	-0.5 %	-1.0 %	0.3 %	1.1 %	1.2 %
Financial Activities	149	0.86	1.0 %	-0.2 %	-0.5 %	0.0 %	-0.1 %	-0.5 %	0.8 %	1.9 %	1.9 %
Government	687	1.37	-1.0 %	-2.9 %	-2.7 %	1.8 %	0.7 %	0.7 %	1.2 %	1.3 %	1.4 %
Natural Resources, Mining and Construction	134	0.94	-4.8 %	1.4 %	-0.6 %	-1.2 %	-1.7 %	-2.2 %	3.9 %	3.1 %	3.2 %
Education and Health Services	360	0.80	0.4 %	2.0 %	2.0 %	2.6 %	2.6 %	2.6 %	2.4 %	3.0 %	3.0 %
Professional and Business Services	695	1.79	2.0 %	2.9 %	1.8 %	1.9 %	0.0 %	0.0 %	2.9 %	3.5 %	2.9 %
Information	78	1.28	-1.0 %	-0.6 %	-0.5 %	-5.2 %	-3.1 %	-3.1 %	-1.7 %	1.7 %	1.4 %
Leisure and Hospitality	261	0.87	0.5 %	1.5 %	2.3 %	1.9 %	0.9 %	1.2 %	2.9 %	3.2 %	3.1 %
Other Services	177	1.44	-2.6 %	2.0 %	-0.1 %	1.6 %	0.4 %	0.3 %	0.8 %	2.1 %	1.6 %
Total Employment	**2,971**	**1.00**	**-0.1 %**	**0.8 %**	**0.5 %**	**0.9 %**	**-0.2 %**	**-0.2 %**	**1.9 %**	**2.1 %**	**2.1 %**

*In Thousands **Location Quotient measures the concentration of an industry within a metro relative to that of the nation.

Economic Trends

The Washington region added 30,000 jobs during 2010. Monthly gains, however, were choppy. After accelerating in the spring, new jobs slowed in early summer and then bumped around for the remainder of the year.

Since that first rebound, D.C.'s job picture has shifted into a much lower gear. The recovery that was underway has lost steam. June's employment data shows three consecutive months of decline. For all of 2011, the region lost almost 7,000 jobs, and even the 12-month totals show a 4,000-jobs contraction. This change is in sharp contrast to other major markets, such as Boston, that have been adding to their job base in 2011.

The major change over the last six months was that the government began to consistently shed jobs in the region. In fact, since the beginning of 2011, the government sector contracted by more than 6,000 jobs. The private sector also remains sidelined, contributing little to the regional economic engine. Over the last six months, the private sector saw zero job growth.

The slowing job story impacted some stable past performers, with **education and health, information, leisure, and other services all contracting to some degree**. On a positive note, the dominant office using sectors of finance and professional business services were up modestly for the first half of 2011, adding 10,000 net new jobs. June's numbers essentially mirrored these trends. The unemployment rate in the region was roughly stable, inching up slightly to 5.7% (from 5.6%) and down from 6.5% at the start of 2010. In comparison, the U.S. moved up one-tenth percentage point to 9.2%.

We expect job growth to rebound in the coming months, especially in the high-value industries. The biggest issue that exists at this time is the outlook for the key drivers of the federal government, defense, national security, and the related support industries. Although, the influence of federal government spending insulated the D.C. region from the worst of the downturn, a spending slowdown is now happening, with deeper cuts on the horizon that will impact both the federal government and the private sector. We continue to expect to see D.C. returning to solid gains and be **a steady performer, with modest (due to government and defense cuts) risk going forward and job growth averaging just below 2% annually between 2011 and 2015**. This is slightly behind the forecast for both the U.S. and the composite PPR54 markets as other markets without deep federal ties gain traction. *Updated: 04-Aug-2011*

Major Employers

The federal government dominates the regional employment landscape. Currently, 330,000 residents work directly for the federal government, which translates into **14% of all metro area jobs**. **The federal government also accounted for 21% of the region's total job growth since 2000**.

The largest payrolls are at defense-related agencies, including the Department of Defense, the Washington Navy Yard, Fort Belvoir, and Bolling Air Force Base. Government contractors also employ many residents. SAIC and Northrop Grumman announced plans to move their headquarters from Southern California to Northern Virginia. Assuming job creation requirements are met, SAIC will receive $8.5 million in government incentives from the state of Virginia as part of its Tysons Corner relocation. Northrop Grumman also purchased a 14-story building in Falls Church to be close to the Pentagon and will take occupancy later this year. As was the case with SAIC, a significant incentive package, worth $16 million in grants and infrastructure improvements from the state and local governments, sweetened the Northrop deal.

Siemens also announced plans to move its U.S. headquarters to the District, after opening a 21,000 SF foothold in March 2011. Siemens rationale for coming to D.C. is straightforward, to be close to the federal decision makers given its book of business in health care, energy, and transportation. Siemens, which employs 62,000 in the U.S. and generated $25 billion in revenue, will be downsizing its NYC presence.

Even with this expansion of defense contractors in the region, the realities of the changing economy and reduction in military activity are prompting some to rethink staffing levels. Recently, Lockheed Martin offered buyouts to 6,500 employees corporate-wide in an effort to pare costs, which included 2,000 in the Washington region, or about 15% of its local workforce.

The education and healthcare sector also stabilizes the metro's economy. The National Institutes of Health (17,600 employees), Food and Drug Administration (7,700), and National Naval Medical Command (5,000) are all in Montgomery County, Maryland. Universities include the University of Maryland at College Park, George Washington University, George Mason University, and Georgetown University. Johns Hopkins University is nearby in Baltimore and also has a Montgomery County presence. A biotech corridor has formed in Montgomery County along I-270, and though the biotech sector took its lumps in recent years, it has the potential to be an economic driver in the long run. Biotech funding shriveled in 2008 and 2009, but venture capital investment in this field came back at the end of 2009 and stayed steady during 2010, albeit at lower levels than their peak, according to the PricewaterhouseCoopers MoneyTree Report.

Many other public and private sector employers put Washington – NoVA – MD's skilled labor force to work. The headquarters of 17 Fortune 500 companies are in the metro, including: lenders Freddie Mac, Fannie Mae, Capital One Financial, AES, and Sallie Mae; defense contracting firms Lockheed Martin, General Dynamics, Computer Sciences Corporation, SAIC, and Northrop Grumman; and hospitality companies Marriott International and Host Hotels & Resorts. Hilton also moved its headquarters from Beverly Hills to Northern Virginia to be closer to Europe. Other major public sector employers include the National Oceanic and Atmospheric Administration, the Nuclear Regulatory Commission, the National Geospatial Intelligence Agency, NASA, the FBI, and the Smithsonian Institution, all of which require highly skilled workers with specialized scientific knowledge.

Freddie Mac and Fannie Mae are presently undergoing a complete restructuring by the government. Some in the Federal government are seeking a complete disbanding. Freddie and Fannie employ 10,000 direct jobs, occupy 3.5 million SF, and support numerous other local jobs, as well as fund nonprofits. While the administration has proposed scrapping the organizations, it is not clear what would replace them. If closed, some of their functions and some employees would largely be assimilated into HUD or the Federal Housing Administration. Another option is that a new agency may be created to provide mortgage insurance for high-quality loans and have the power to step in during a crisis. This plan is still being worked on and will likely evolve over an extended period.

Information companies that do not have the federal government as their largest customer remain challenged. AOL and Sprint thrived in Northern Virginia in the late 1990s, and though they maintain presences here, they have significantly reduced staff and moved their headquarters out of the metro. The Gannett Company, publisher of *USA TODAY*, which is headquartered in McLean, has cut jobs several times. Washingtonpost.com cut positions due to its merger with *The Washington Post's* print newsroom, and the *Washington Times* cut about 40% of its staff in early 2010, as traditional newspapers have struggled to adapt to a structural shift in information delivery stemming from the widespread use of the Internet. **Our outlook is for the metro's information sector to lose another 5,000 jobs by the end of 2015, and to be almost 50% smaller than at its early 2001 peak**.

Law firms are another staple of the Washington economy due to lobbying efforts and related needs to be close to the federal government. Reportedly, D.C. law firms account for 28% of the Class A office market, with some estimating that they account for 50% of the trophy asset segment in the downtown. **While many firms are relocating and generating office space demand, the industry is still right-sizing**. In fact, the recent announcement of the Howrey closing underscores the challenges in the sector and impacts 400,000 SF of space in the D.C. region (mostly in the District central core submarket). *Updated: 04-Aug-2011*

Economic Strengths and Weaknesses

Federal spending will always play a huge role in D.C.'s economic future. While some federal estimates predicted significant growth in the federal workforce due to the stimulus dollars, those estimates were overly optimistic. The federal workforce expanded by only 52,000 since 2000, or 21% of all job growth.

According to government projections, outlays have increased over the last few years for many agencies. The sentiment for overall belt tightening, however, is now a reality. As such, we are already seeing a slowing in government growth and cutbacks in many areas.

Some areas may be safe from cutbacks, though. For instance, the Department of Health and Human Services received 23% of federal outlays in 2009 but is expected to receive 26% by 2014. In contrast, funding for the Department of Defense, which received 18% of federal outlays in 2009, is expected to see cuts over the next five years. The level of these cuts, however, is mixed. Reports at the end of 2010 talked of about $100 billion in spending declines. Recent discussion have upped this level by $100 billion in additional cuts, including $13 billion in overhead cuts. Some emphasize that the cuts will be limited to a flattening in growth to inflation adjustments. In any event, the open-wallet philosophy that characterized the last few years has ended and substantial scrutiny will be given to programs, especially in light of continued defense actions in the Middle East and aid to Japan's recovery efforts.

While we continue to warn of this risk, it is difficult to gage its significance and the potential D.C. impacts due to the slower-than-anticipated economic recovery and the continued involvement of the federal government across nontraditional government sectors (like capital markets finance). A shift, however, is afoot in the government. In the last several months, reports of significant defense cuts have become common as the feds begin to pare back the U.S. military. This could result in impacts to defense contractors directly, as well as indirect support jobs in the D.C. region over time. For example, **Lockheed Martin recently announced voluntary buyouts to 6,500 employees corporate-wide as a first step to paring its payrolls**. While Lockheed has not finalized the number of potential layoffs, 2,000 of the buyouts were offered to Washington area employees, including 1,500 at the headquarters office in Bethesda.

In addition to these potential defense reductions, the federal government is looking into the inflated tech budgets, citing waste and inefficiency as problems. According to a report from Bloomberg, $30 billion worth of information technology projects is under scrutiny in 26 major initiatives. As part of the government's cost cutting initiatives, the closure of almost 400 data centers across the U.S was announced in mid July. Reportedly, 123 are located within the D.C. region. These properties range across the entire region and are small spaces to large data complexes. The federal government has not yet released the actual SF impacts associated with these closures, although most will take place by the end of 2012.

Even though there is a broad shift in government spending priorities, little happens overnight in the nation's capital. **The biggest near term risk is the uncertainty it now brings and the resulting impacts as local employers wait out the changes**.

In response, real estate investors should focus on submarkets with concentrations in healthcare and cyber-security, rather than traditional defense, or on defense companies that have demonstrated the ability to adapt and cross-market their services (like Booz Allen, SAIC, and CACI).

Although the metro is very much tied to government, it also has high exposure to many knowledge-based industries and boasts one of the most educated workforces in the country. More than 20% of residents age 25 and older hold advanced degrees – the highest number in the PPR54. It is a destination for young professionals (tying for first place with Seattle in the *Wall Street Journal* article "The Next Hot Youth-Magnet Cities"), which will keep the labor force growing so that businesses can expand. Industries that are struggling, such as manufacturing, trade, transportation, and utilities, and financial activities, do not have a major presence here, making D.C.'s industry mix especially appealing.

While this government presence and stimulus was a strength during this downturn through its stabilizing influence, over the long-term, the federal government and the private sector never expanded in tandem in the D.C. region. Rather, it was one of the other driving the economy. If history is correct, then the expectation is that as the federal government slows, the private sector should begin to come on more strongly in Washington. The reality is, however, that the private sector remains uncertain about the economy, the budget crisis, and the impact a potential change in leadership may have at the upcoming presidential election.

Longer term, we believe that the Washington economy will continue to be resilient and adapt. A recent news article identified the risks of a major government pullback in spending and looked back to the mid-1990s when that had occurred. While a good news headline, our analysis of this timeframe showed that although federal spending retrenched over the period, the market continued to improve as other sectors began to grow. In fact, office vacancy in the region, which started the period at 14%, ultimately came down to under 6% by 1999. Although there may be a lag this time until private sector uncertainty clears, this will once again likely be the case. *Updated: 22-Jul-2011*

SUPPLY, DEMAND, AND VACANCY TRENDS

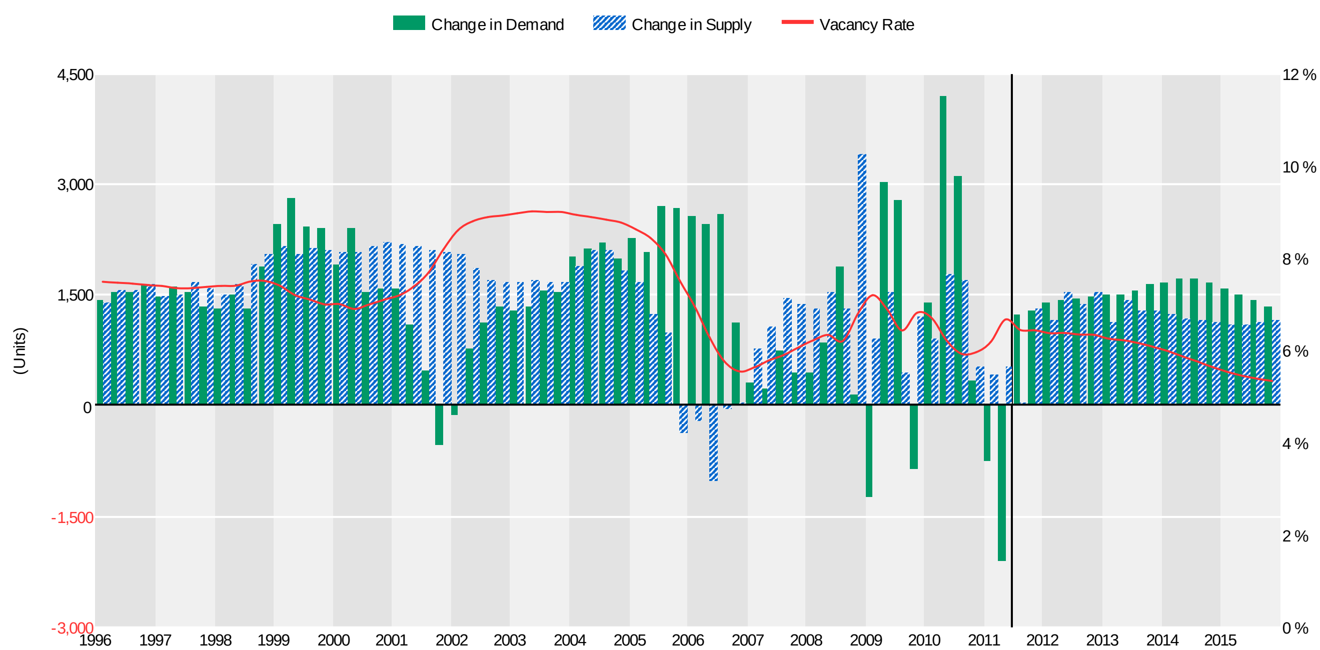
Source: PPR

Historical and Forecast Summary *As of 2011Q2*

Historical Peak and Trough					Historical Volatility		Average Annual Growth Rates				
								Historical		Forecast	
	Peak	Period	Trough	Period				Metro	PPR54	Metro	PPR54
Vacancy Rate	9.0 %	2003Q2	3.2 %	1983Q4	Supply Volatility Ratio	0.87	Supply	1.8 %	1.5 %	0.9 %	0.8 %
Demand (Annual)	14,239*	1988	-99*	1992	Demand Volatility Ratio	0.78	Demand	1.7 %	1.4 %	1.2 %	1.1 %
Supply (Annual)	15,525*	1988	-1,257*	2006	Correlation	0.47	Net Demand	-0.1 %	-0.1 %	0.3 %	0.3 %

*In Units

Quarterly Supply, Demand, and Vacancy *As of 2011Q2*



Supply, Demand, and Vacancy Statistics *As of 2011Q2*

Annual Trends	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in Supply*	4,667	7,588	4,091	4,897	2,322	5,599	5,149	4,711	4,506
Change in Demand*	1,737	3,351	3,703	9,059	-313	5,767	6,226	6,815	5,893
Vacancy Rate (Q4)	6.1 %	6.8 %	6.8 %	6.0 %	6.4 %	6.3 %	6.1 %	5.6 %	5.3 %

Quarterly Trends	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Change in Supply*	1,768	1,705	525	433	522	49	1,318	1,149	1,538
Change in Demand*	4,213	3,113	331	-741	-2,100	1,246	1,281	1,392	1,439
Vacancy Rate	6.2 %	5.9 %	6.0 %	6.2 %	6.7 %	6.4 %	6.4 %	6.4 %	6.4 %

*In Units

Vacancy Overview

In terms of vacancy, Washington is one of the healthiest of the major markets in the country. **Because of the region's solid employment gains and the transient nature of area households, vacancy stood at just 6.2% in the first quarter 2011**, essentially unchanged from late 2010. **Slower employment growth and some supply additions pushed vacancy up in the second quarter to 6.7%**. This rise was attributable to a variety of submarkets, with no single area standing out as having a poor supply-demand balance.

While D.C. has gotten slightly softer, it still is running tighter than the PPR54 average and not far from almost frictional levels. Our review of the detailed data and in-person surveys of some of the higher-end apartment completes in the region illustrate that most are essentially fully occupied. Given a growing development pipeline, our forecast is for overall market vacancy to continue to notch down slowly over the next several quarters. The market, however, needs ongoing employment gains to fuel this demand. If the private sector job gains remain on pause, D.C. will continue to soften. Our forecast for the region, suggests that vacancy will come in at around 6.4% at year-end 2011, about 30 basis points better than the PPR54. Ultimately, we see demand returning and vacancy continuing to improve and edging below 6% in 2013, comparable to the boom period of 2007 when vacancy stood at 6%. *Updated: 02-Aug-2011*

Demand Trends

Since the 1990s, apartment demand in the Washington region has been predictably positive. Even during the recession of the early 1990s, annual demand averaged 5,100 units per year over the decade. From 2000 to 2008, annual demand came in at 5,400 units. This new period of the housing boom, however, saw some annual demand spikes and slowdowns. For example, apartment demand shrank to 2,500 units annually as the condominium boom took place between 2006 and 2007.

Unlike most major markets across the U.S., apartment demand in D.C. continued to run positive in 2008 and 2009, fueled by the region's changing and expanding job base. The local housing market value downturn helped spur the region's apartment market to a degree. More significantly, however, has been the recent job growth, which has brought many new workers related to government, defense, and private industry to the region. The Washington housing market is also quite transient as residents often relocate within the region to take advantage of changing job opportunities, rather than deal with lengthy commutes.

Through year-end 2010, the market saw demand of 9,000 units, putting D.C. toward the top of the PPR54. In the last few months, employment growth has slowed in the region in response to the federal government reconciling the budget issues and the private sector waiting to see the potential repercussions. Because of this, we have moderated our near-term forecast to reflect better the current market. Importantly, while we are looking to slower demand at a time when several new apartment projects have either broken ground or been announced, we do not see an impending imbalance in supply and demand. Rather, the current tightness in the D.C. market should continue to support new project development, provided features and proforma rents remain in line with market realities. *Updated: 29-Aug-2011*

Supply Trends

Average apartment deliveries in the Washington region typically come in at around 4,500 units annually. Interestingly, over the last 20 years, annual peak construction periods have been in the range of 7,500–8,000 units. D.C. last saw this level of development coming out of the housing boom in 2008, when 7,600 units came on line. During the last two years, the region settled into a more normal pattern of apartment construction activity.

Even though the Washington apartment market is relatively tight in terms of vacancy, the development pipeline has been modest. In 2010, less than 5,000 units were completed. This level of new supply will keep vacancies from dropping rapidly. Select projects added included 425 Mass (370 units) and West End 25 (283 units) in the District and the Reserve at Tysons Corner (240 units). Also added were the Alexan 24 (197 units in Arlington), Flats 130 at Constitution Square (440 units in NoMa), 1200 East West Highway, the Courts at Huntington Station (202 units), Crescent at Falls Church (205 units), and the Residences at Moorefield Villas in Loudoun County (414 units).

In addition, JBG completed both phases of **North Bethesda Market** (397 units) at the end of 2010 and during the first quarter 2011. **B.F. Saul also opened their new apartment project, Lyon Place, in Clarendon** at the Metrorail station at the end of 2010. This project, which has been underway for 2½ years, sets a new standard for luxury in the submarket. Asking rents **started at better than $3.00/SF**, although concessions have brought that number down into the $2.75/SF range. Lyon Place looks to have reached stabilization rapidly, now having only a handful of two-bedroom units available.

With vacancy coming down to such low levels, many better-quality projects (even the recently developed condos that are now rentals) are operating at frictional levels, with concessions being nonexistent in all, but the newest properties. Mostly attributable to the unavailability of credit for to-be-built projects, not much was started in the past few quarters. As such, we anticipate completions to come in well below the long-term average for the market. These projects are quite mixed, ranging across the region in the District, Montgomery and Fairfax Counties, and the Northern Virginia Inner Beltway submarket. Given their base of operations in the region, Archstone is a major player with 1,300 units under development, mostly in the District. AvalonBay is also underway with its 354 unit ParkCrest in Fairfax County, and Comstock has a variety of projects moving ahead in the Loudoun County and the Outer Northern Virginia submarkets.

Because of the low vacancy levels, **renewed development interest has taken off**. Our forecast is for supply to ramp up in 2012 and beyond, led by recently announced projects such as Camden South Capitol (276 units), WRIT's project in Ballston (150 units) that is now going for approval, USAA and ZOM's Rosslyn project (191 units), and the development of two buildings (685 units) in Tysons Corner that Cityline is now taking through rezoning to prep the existing older office asset for sale. *Updated: 29-Aug-2011*

Forecast Risks

D.C. is enjoying solid demand for the apartment sector due to the metro's economic stability, population growth, transient workforce, and high proportion of younger residents. Federal government spending and the related hiring in both the public and private sectors will not continue to grow as it has over the past few years, especially with a record-high deficit. While federally related hiring has been attracting residents to the region, cutbacks in spending is already causing an employment slowdown.

Supply risk from new construction needs to be monitored closely in this market, perhaps more than in other regions. The strong demand is widely recognized, as evidenced by the robust investment volumes, high values for apartments, and solid occupancies and rental rates. Over the last few quarters, apartment projects are being announced regularly, all anticipating a fast lease-up and high market rents. The question here is how high are supportable proforma rents? There is a risk that this market may be close to topping out. Even though occupancy is tight and concessions are low in top-tier projects, there may be not much room to leapfrog rents at the top end of the range given the less robust demand picture, except in only the best projects at the best locations. The risk here is that these high rents may be necessary to make some new developments economically feasible. **The crucial issue for these new developments is that proforma rents (excluding lease-up inducements) do not outpace what renters can afford**.

Shadow supply and competition from the for-sale housing market will remain risks to apartment demand in select suburban submarkets for some time to come. Home prices took a major hit in the downturn, making ownership more affordable. If more renters take advantage of lower home prices and enter the for-sale market, it will slow apartment demand. Many homeowners who cannot sell at a high enough price point are renting properties. In addition, investors are purchasing foreclosed homes and condos to draw tenants who might have rented apartments. Home prices in desirable urban areas, such as the better neighborhoods of D.C., Arlington, and Alexandria are still too high for many first-time homebuyers. Because of this, apartment owners in the outlying suburbs (such as Loudoun

County, Prince William County, Prince George's County, and parts of upper Montgomery County) should be more concerned about for-sale competition than owners with assets at closer-in locations. *Updated: 02-Aug-2011*

RENT AND NOI TRENDS

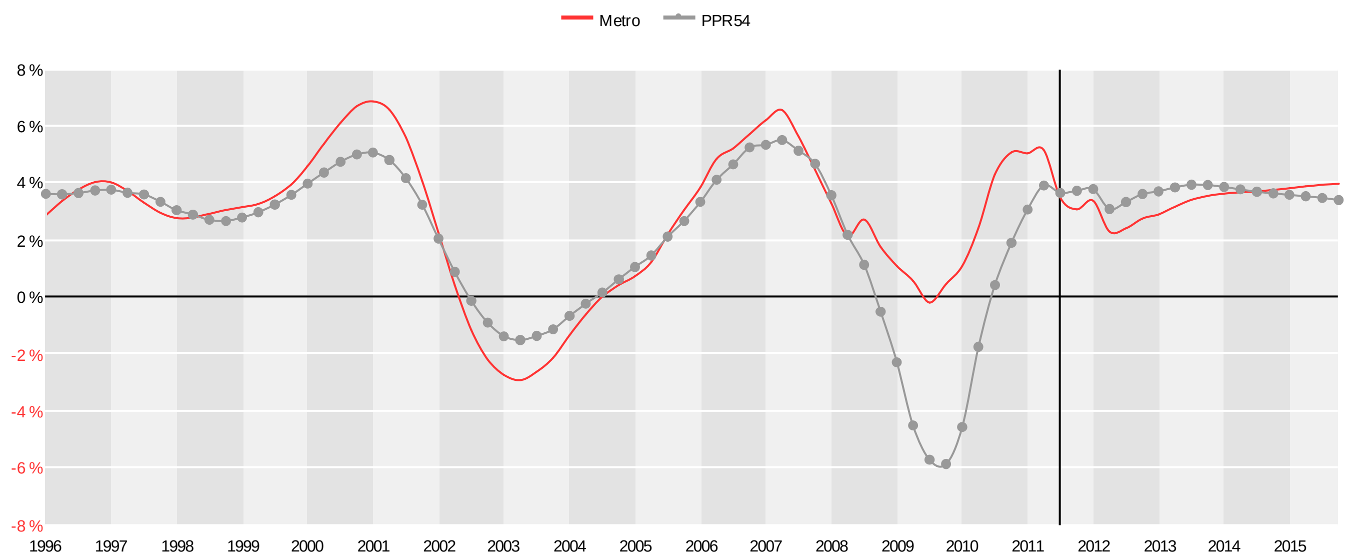
Source: PPR

Rent and NOI Statistics *As of 2011Q2*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rent Level	$1,220	$1,225	$1,262	$1,334	$1,394	$1,418	$1,424	$1,497	$1,542	$1,585	$1,641	$1,702	$1,770
Rent Growth	-2.1 %	0.4 %	3.0 %	5.7 %	4.5 %	1.7 %	0.5 %	5.1 %	3.1 %	2.7 %	3.5 %	3.8 %	4.0 %
NOI Growth	-7.7 %	-1.2 %	3.5 %	10.2 %	7.7 %	-1.9 %	0.1 %	3.4 %	4.3 %	2.7 %	3.3 %	3.7 %	3.9 %

	Metro	PPR54		Metro	PPR54
Average Annual Forecast Rent Growth	3.3 %	3.5 %	Average Annual Forecast NOI Growth	3.5 %	4.0 %

Average Rent Growth Year-Over-Year *As of 2011Q2*



Rent Trends

Washington apartment owners saw little rent slippage in the downturn. Stable demand served to keep asking rent growth positive, which was not the case in many of the major markets.

According to Axiometrics, toward the end of 2008 just 29% of units surveyed were offering concessions. This ramped up rapidly as the downturn hit, with succeeding quarters all showing deterioration. For all of 2009, roughly 44% of units tracked were offering some form of specials. This share began to drop slightly at the start of 2010. By second quarter, the share was 31%. By the end of the year, that level improved even further to 30%. As of the second quarter 2011, concessions have declined for all units to just 23%. This level is nearing the rate before the housing bubble in the first half of 2006.

In terms of effective rents, the discounts topped out at 5.8% of asking rent at year-end 2009. In comparison, that discount dropped to just 3% by mid-2010 and is unchanged as of the first quarter 2011. Reflecting the lower level of units offering concessions, that rate has now declined to just 2.5%. Although this is elevated above the level seen in the first half of 2006, this improvement over a short time period reflects a market that is coming into balance.

Despite slightly higher vacancy, we see Washington continuing to see good rent growth due to the solid in-place demand fundamentals. Recognizing the strong rental growth already seen in 2010, we forecast cumulative rent growth through 2015 of 16% for D.C., versus 17% for the PPR54.

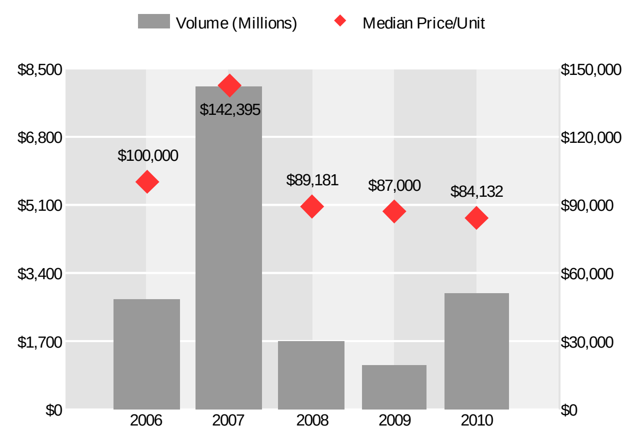
As more luxury product comes on line, the spread between Class A and B asking rents often tends to increase. According to data from Axiometrics, the average Class B asking rent was 20% below the Class A average as of the second quarter. This level has been holding steady, underscoring that there has been little recent rent creep from Class B to A over the last few years, despite the tight vacancy. This is probably related to the fact that the minimal Class A rent declines in D.C. have kept the product expensive through the downturn.

At the top of the market, that gap may be beginning to widen because luxury complexes such as West End 25, Zosa Flats, The Palatine, Senate Square, Flats 130, and Lyon Place (all with average asking rents near $3,000/month) have hit the market. Pricing for these units appears to have topped out at effective rates of around $2.75-$3.00/SF, with most of the established properties offering no concessions. **The question that owners and investors are now asking, especially in light of the slowdown in job growth, is "where is the top end of the market" given lower vacancies and the minimal concessions in the established, better-quality product.** *Updated: 29-Aug-2011*

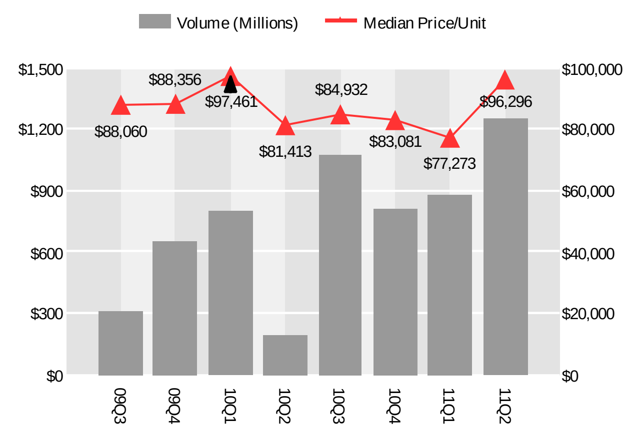
INVESTMENT TRENDS

Sources: PPR; CoStar Group, Inc.

Historical Annual Volume and Price/Unit



Recent Quarterly Volume and Price/Unit



Sales Transactions Statistics

	Annual					
	Volume*		Median Price/Unit		Median Cap Rate	
Year	All	Inv. Grade	All	Inv. Grade	All	Inv. Grade
2010	$2,881	$2,607	$84,132	$136,503	6.5 %	5.9 %
2009	$1,119	$1,004	$87,000	$114,062	6.8 %	6.7 %
2008	$1,706	$1,536	$89,181	$157,248	6.1 %	6.0 %
2007	$8,063	$7,232	$142,395	$328,000	6.0 %	6.0 %
2006	$2,760	$2,400	$100,000	$97,179	6.0 %	6.1 %

*In Millions

	Quarterly					
	Volume*		Median Price/Unit		Median Cap Rate	
Quarter	All	Inv. Grade	All	Inv. Grade	All	Inv. Grade
2011Q2	$1,252	$1,175	$96,296	$163,445	6.0 %	6.6 %
2011Q1	$878	$824	$77,273	$137,815	5.8 %	5.8 %
2010Q4	$815	$748	$83,081	$133,097	6.9 %	5.8 %
2010Q3	$1,077	$1,024	$84,932	$135,549	6.2 %	6.1 %
2010Q2	$190	$87	$81,413	$117,273	5.9 %	5.0 %

*In Millions

Recent Transactions

Title	Submarket	Date	Price	Size (Units)	Price/Unit	Year Built	Buyer Name (Type)	Seller Name (Type)
Barton's Crossing	NoVA - Inner Beltway	01-Mar-11	$161,213,800	532	$303,034	1989	Dune Real Estate Partners, LP (Institutional)	RREEF (Institutional)
The Palatine	NoVA - Inner Beltway	16-May-11	$141,750,000	262	$541,031	2008	TIAA-CREF (Institutional)	Crescent Heights (Private)
The Clarendon	NoVA - Inner Beltway	20-May-11	$130,000,000	292	$445,206	2003	Equity Residential (Public)	Clark Enterprises, Inc (Private)
View 14	District	28-Jun-11	$106,000,000	185	$572,973	2009	UDR, Inc. (Public)	Centrum Properties, Inc. (Private)
The Enclave	Montgomery County	03-Mar-11	$103,000,000	1,119	$92,046	1965	Berkshire Property Advisors LLC (Public)	Stellar Management (Private)

Investment Trends

Investors continue to favor **Washington apartments given the consistent and strong demand fundamentals driven by the region's economic engine.** After a very quiet first half, total investment grade transaction volume accelerated in the last part of the year, coming in at just over $1 billion in 2009, covering 7,100 units.

The consistent economic stability of the region got the full attention of investors in 2010. During 2010, $2.3 billion worth of investment grade assets were sold, almost matching the pace of deal flow in 2004 through 2006. A total of 14,000 units changed hands in 2010, which puts the activity level on par with the best years in the region (excluding the unsustainable 2006 and 2007 housing bubble years). In fact, **Washington, D.C. came in second to the NYC-NJ metro area in terms of investment grade transaction volume**, and well ahead of almost all other major markets in the U.S. In terms of overall numbers, D.C. accounted for 10% of investment-grade apartment deals in the PPR54.

Class A apartments in desirable locations continue to command a hefty premium. In 2010, 21 apartment deals in excess of $50 million changed hands in the region, which included almost half of the investment grade units. This pace of large-value transactions continued into 2011. As of the end of the second quarter 13 properties over $50 million dollars changed hands, accounting for 47% of the units. Like 2010, for deals where cap rates were available, these largest assets generally traded at below 6% cap rates. In fact, several changed hands at cap rates of 5% or lower.

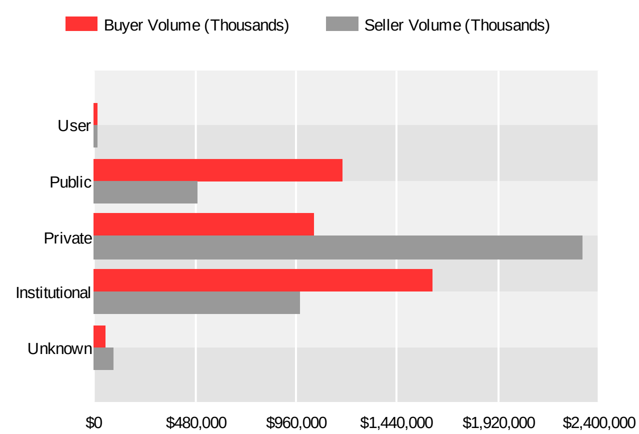
Notable active buyers included Dune Real Estate in their multi-property portfolio deal, Equity Residential, Avalon Bay, Starwood Capital, and Foulger-Pratt.

In terms of pricing for investment grade deals, the median pricing came in at around $160,000/unit for the second quarter. This, however, masks some of the high-priced trades. Some of these top price assets included Barton's Crossing ($303,000/unit), Alexan at Carlyle ($367,000/unit), The Clarendon ($445,000/unit), The Palatine re-sale ($541,000/unit), and View 14 ($562,000/unit).

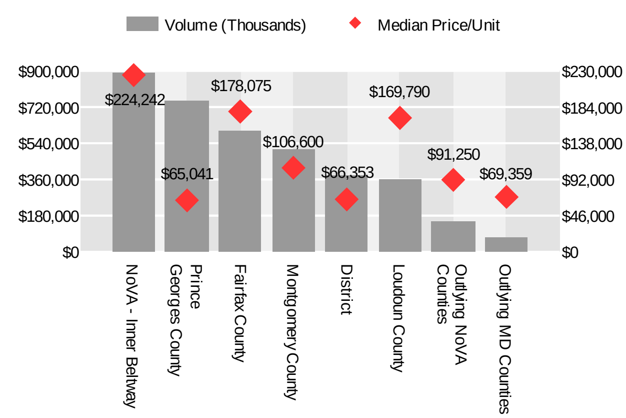
The Palatine is a particularly interesting deal because it is a success story coming out of distress. It was auctioned in March for $118 million at a 4.4% cap rate. Indicative of the investor appetite in the area, The Palatine was put back on the market for almost $100,000/unit more after the owner increased occupancy to 96% (up from 88% at time of the original sale), boosted rents by 6%, and NOI by $1 million.

The other significant deal in the market that demonstrates current investor appetite is the **Alexan at Carlyle**. This new 280-unit property sold to Prudential Realty Advisors at a 4.5% cap rate. Mostly one- and two-bedroom units, the project was 95% occupied at time of sale, with average rents in the $2.90/SF range for the one- and two-bedroom models. This asset is also around the corner from Post Properties phase II of its anticipated Carlyle apartment development. *Updated: 29-Aug-2011*

Volume Bought and Sold by Type Past 12 Months



Submarket Volume and Price/Unit Past 12 Months



PERFORMANCE TRENDS

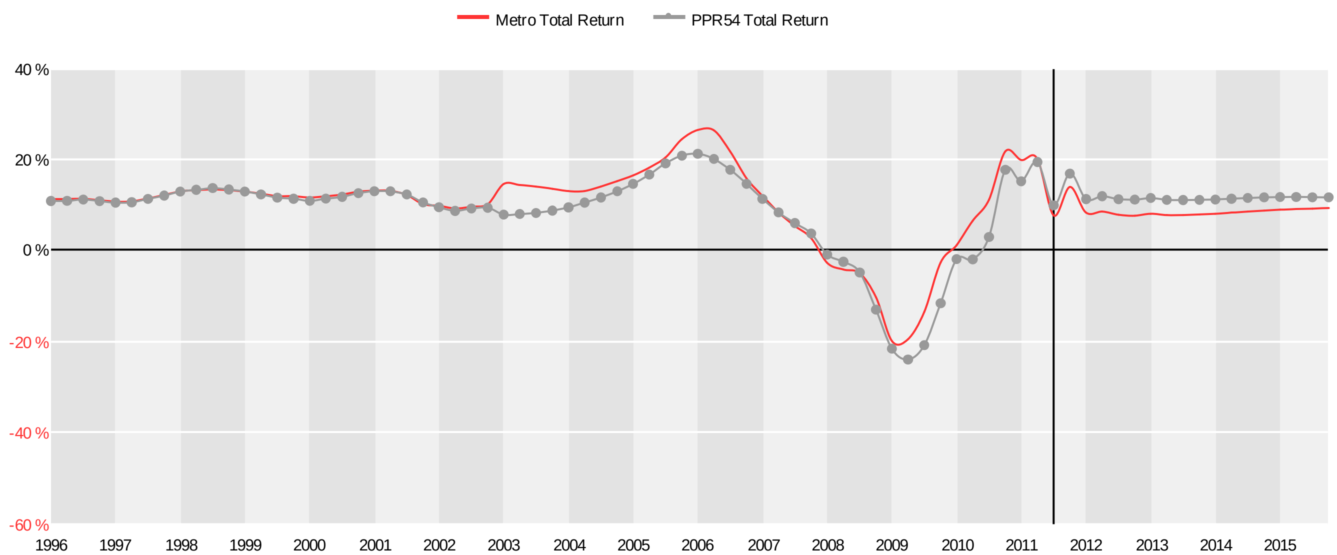
Source: PPR

Derived Market Return Statistics *As of 2011Q2*

	Metro	PPR54		Metro	PPR54		Metro	PPR54
Average Annual Forecast Return	8.9 %	11.9 %	Historical Volatility	7.6 %	7.7 %	Risk-Adjusted Return	1.2	1.6
Forecast Capital Value Growth	3.0 %	5.6 %	Forecast Income Return Change	-0.4	-0.8			

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Return	13.5 %	15.2 %	24.4 %	15.8 %	2.7 %	-10.3 %	-2.7 %	21.7 %	13.9 %	7.6 %	7.9 %	8.7 %	9.3 %
Value Growth	7.2 %	9.3 %	18.9 %	10.7 %	-2.3 %	-15.3 %	-8.6 %	15.0 %	7.8 %	1.8 %	2.0 %	2.8 %	3.2 %
Income Return	6.4 %	5.9 %	5.5 %	5.1 %	5.0 %	5.0 %	5.9 %	6.7 %	6.1 %	5.8 %	5.9 %	6.0 %	6.1 %

Derived Market Return *As of 2011Q2*



Performance Trends

Rich pricing will limit total returns for Washington apartment assets, despite the ongoing strong fundamentals. Apartment values took a substantial hit, falling 24% from their peak at the end of 2006 through the end of 2009. In comparison, the PPR54 declined 34% over the same period. NOI losses in D.C. were mild. Vacancy increases and effective rent slippage were much less serious in D.C. than in other major PPR markets.

Looking back, average NOIs fell by about 2% from their peak during 2008 due to rising vacancy. These NOI declines plateaued in 2009 and began to reverse in 2010. As of first quarter 2010, NOIs saw a total increase of 4.5% from these lows, setting a new watermark. This is not the case with the overall PPR54 markets, where the declines have just ceased and the rebuilding /recovery period will emerge in 2011. Our analysis suggests that NOIs in Washington will increase an overall 4.3% for this year, putting D.C. toward the top of the PPR54.

Attracted by the growing job base and tight vacancy conditions, an influx of capital looking for safety and stability has resulted in a very strong value recovery in D.C. From their low point at the end of 2009, apartment values have consistently increased quarter to quarter, hitting 19% as of mid-year 2011. This increase is one of the highest in the PPR54.

The average cap rate peaked at 6.7% in late 2009, but several of the metro's best assets have traded at near peak pricing in recent months. Average cap rates ended 2010 at 6.1%, reflecting a combination of high-priced assets at close-in locations and more average properties in the suburbs without Metrorail transit access. This level also remains aggressive because of high investor demand in the Washington region. **Although the market will soften slightly over the near term, we believe investors will continue to pay premiums in D.C.** We forecast cap rates to trend down slowly to 5.8% by the end of 2011 and then remain around 6% through the end of the forecast. Because D.C. has already seen most of its value rebound early in the cycle, we forecast values to increase 14% through 2015, lagging the PPR54. *Updated: 02-Aug-2011*

Strategic Implications

Demand for core assets in this market is high, which translate into ongoing high prices. Investor interest picked up markedly in 2010, which pushed pricing further than in most markets. In fact, the Washington region came in second in the volume of investment-grade transaction in 2010, behind the New York-Northern New Jersey metro area.

We expect D.C. strong fundamentals to continue to attract core investors. The dramatic slow down in employment growth will take some of the upside out of the deals unless D.C.'s private sector economic engine kicks in. As it stands, this may not take place until after the election in 2012, which could impact the pro forma expectations of some of the recent properties that have or are about to break ground.

Even given these changing market dynamics, there are any real opportunistic deals in the region. There may be a value-add play lurking around for the astute investor, like the 747-unit Jefferson at Orchard Pond in Gaithersburg that is on the market and is zoned for another 410 units. The market has reached the point where new development is feasible at select locations, although unit-pricing must be balanced with demand.

Because urban sprawl is a serious issue locally, buyers should focus on areas with good transit linkages. In fact, the new Metrorail in Fairfax will likely open up future opportunities, as will the trolley system being proposed to connect established locations, such as the Columbia Pike street car project that will link close-in Arlington, Alexandria, and Fairfax via the Pentagon Metrorail. Proximity to employment hubs is also critical and part of an overall smart growth strategy that will pay off over time in terms of consistent high occupancy.

Because values have increased so rapidly in this market, values are expected to expand by only another 14% by the end of 2015. This will place them slightly above their prior peak and continue to position D.C. as one of the highest value markets in the PPR54. Because of this, long-term investors will probably want to hold their assets over the next five years. But the future remains uncertain due to a slowdown in government spending that will have repercussions in the private sector. With some buyers willing to pay sub-5% cap rates for high-quality D.C. apartments in anticipation of significant rental rate growth, owners who are wary of the federal government's massive deficit crimping economic growth may want to watch the next several years carefully. *Updated: 02-Aug-2011*

DMR Relative to Other Apartment Markets *As of 2011Q2*

Portal

Building Insights

5531 Nicholson Ln, MD 20852 Apartment

Prepared November 02, 2011

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Overview

Summary Data

	PPR 54	Market	Montgomery County
Asking Rent	$1,321.38	$1,527.28	$1,623.82
Vacancy	6.9%	6.7%	5.7%
Inventory	13,162,813	527,356	84,680
Completions	5,775(0.0%)	522(0.1%)	0(0.0%)
Net Absorption	44,712(0.4%)	-2,100(-0.4%)	-85(-0.1%)
Median Sales Price/Unit	$106,452	$149,272	$166,071
Median Cap Rate	6.1%	5.8%	5.5%
Sales Volume (000s)	$31,717,319	$3,735,695	$473,665

Market Summary

Updated: 02-Aug-2011

The Washington apartment market was among the first to turn positive and has outperformed most markets. The robust demand has been fueled by being one of the few markets in the U.S. to see solid employment gains. Those new jobs attracted workers to the region. Combine that with an existing employment base that is fairly transient due to the concentration of defense and government contractors that often shift jobs and work locations, and you have the ingredients for a market where well-located apartments are in high demand. Today's economic uncertainty has caused employment growth in the region to slow dramatically over the last few quarters. Because of this, vacancies declines have flattened, with the first and second quarters seeing a modest increase. Still, from their March 2009 peak, they remain down half a percentage point with still good in place fundamentals. Because of the strong fundamentals, asking rents barely fell during the downturn and have already been increasing modestly in some submarkets. What is more significant is that, except for brand new properties, the most popular submarkets are offering limited to no rent concessions. Rent and value growth during the recovery have ranked D.C. among the highest markets in the PPR54. Because of continued investor interest, this will continue as one of the most expensive apartment markets in the U.S. over the next five years.

Economic Trends

Updated: 04-Oct-2011

Since the release of its Base Case forecast in early August, PPR has released a new forecast scenario that calls for sluggish job and GDP growth through 2013. The rationale for this Sluggish Recovery scenario is that the U.S. economy suffered some heavy blows in the first half of the year. Notably, the Japanese earthquake, which disrupted supply chains (particularly in the automotive sector), and a sharp increase in gas prices (from $3 to $4 a gallon) spurred by geopolitical unrest in the Middle East and North Africa, which drained consumers' spending power. Economic growth was expected to pick up in the second half of 2011 as these pressures unwind. However, recent financial stress stemming from the U.S. debt ceiling fiasco, S&P's downgrade of U.S. Treasuries, and the looming threat of European debt defaults has increased the probability of a more sluggish recovery. In particular, by reducing household wealth, lifting the cost of capital, and undermining confidence, lower stock prices and higher corporate bond yields may discourage business and consumer spending and therefore the broader economy. Accordingly, we have assigned a 40% probability to the Sluggish Recovery scenario, and reduced the corresponding probabilities assigned to the Base Case, Slow Growth, and Severe Recession scenarios. Scenario forecasts and descriptions are available in the Data Genie on our website.

Washington has hit a rough patch. After outperforming the rest of the nation in recent years, the metro's economy has lost steam. Not only has global economic growth slowed in recent months, but Uncle Sam's hiring binge appears to have ended. The federal government sector added more than 30,000 jobs in the metro from the end of 2007 through the end of 2010 (expanding by more than 10%), but federal employment has flattened out and actually declined slightly this year. State and local payrolls have also been contracting, construction and information employment continue to sink,and some of last year's gains in the leisure and hospitality sector have slipped away. The unemployment rate remains among the lowest in the country, but year-over-year job growth is now below the national trend.

There are a few bright spots. Two sectors that got hit the hardest in the downturn – retail trade and financial activities – have actually contributed to growth this year, as households' balance sheets and conditions in the residential market have improved. Education and health services continues to grow, adding the most new workers of all employment sectors year-to-date, and professional and business services continues to expand as well Unlike last year, gains in professional and business services have been concentrated in heavy office-using sectors, including legal, computer systems design, and administrative services, rather than in temporary employment. However, since many defense contracting jobs fall into this category, this sector will likely see at least a slowdown in growth in the near term and possibly a decline.

D.C.'s day in the sun is over for now, and below-average growth is anticipated over the next five years. The political winds seem to be blowing in the direction of continued cutbacks in federal spending — the metro's lifeblood. And with the federal deficit at its highest level as a percent of GDP in history (excluding WWII), this seems appropriate. Even if cuts are minimal, government spending certainly won't be as strong a driver as it was during the past decade, when soaring defense spending to support wars overseas was followed by a spate of bailout programs to buffer the impact of the financial crisis on the national economy. Given that federal spending accounted for over 40% of Washington – NoVA – MD's gross metro product (GMP) in 2009, it would be difficult for the other sectors of the economy to drive above-average growth even if government growth remained status quo.

Vacancy Overview

Updated: 02-Aug-2011

In terms of vacancy, Washington is one of the healthiest of the major markets in the country. Because of the region's solid employment gains and the transient nature of area households, vacancy stood at just 6.2% in the first quarter 2011, essentially unchanged from late 2010. Slower employment growth and some supply additions pushed vacancy up in the second quarter to 6.7%. This rise was attributable to a variety of submarkets, with no single area standing out as having a poor supply-demand balance.

While D.C. has gotten slightly softer, it still is running tighter than the PPR54 average and not far from almost frictional levels. Our review of the detailed data and in-person surveys of some of the higher-end apartment completes in the region illustrate that most are essentially fully occupied. Given a growing development pipeline, our forecast is for overall market vacancy to continue to notch down slowly over the next several quarters. The market, however, needs ongoing employment gains to fuel this demand. If the private sector job gains remain on pause, D.C. will continue to soften. Our forecast for the region, suggests that vacancy will come in at around 6.4% at year-end 2011, about 30 basis points better than the PPR54. Ultimately, we see demand returning and vacancy continuing to improve and edging below 6% in 2013, comparable to the boom period of 2007 when vacancy stood at 6%.

Sources: PPR; CoStar Group, Inc.; Reed Construction Data

Economy / Demographics

Demographics Data

Updated: 30-Mar-2010

Radius (mi)	3	5	10	20	Metro
Population	152,909	349,069	1,213,214	3,676,062	N/A
Population Density	5,585.11	4,295.07	3,845.03	2,903.68	N/A
Median Housing Value	$417,396	$452,741	$451,386	$383,250	N/A
Average Household Income	$126,656	$137,084	$132,609	$114,729	N/A
Median Household Income	$105,397	$112,058	$104,629	$94,026	N/A
Educational Attainment (4 Year College+)	46 %	47 %	46 %	42 %	N/A
Average Age	40	41	40	38	N/A
Households	59,541	136,518	468,389	1,435,671	N/A
Buying Power	$6,275.5	$15,298.0	$49,007.2	$134,989.7	N/A

Economic Trends

Updated: 04-Oct-2011

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National Economic Trends

Updated: 11-Oct-2011

The U.S. economy has slowed to a crawl. The pace of GDP growth decelerated from around 4% coming out of the recession to less than 1% in the first half of 2011. Job creation, which was reasonably healthy at the beginning of the year, lost momentum in May and stalled altogether in August. Other variables, including retail sales, ISM surveys of manufacturers and service providers, and the Conference Board's leading indicators — although not yet consistent with recession — point to a substantial slowdown over the summer.

What happened? Some of the challenges have been known for some time. House prices have double dipped following the expiration of homebuyer tax credits last summer, denting construction activity (and employment) and consumer confidence. Meanwhile, budget pressures have forced states and local governments to lay off thousands (259,000 year-to-date through August) of employees. And while Americans are spending again (retail sales have passed prerecession levels), they have also been paying down debt, holding back the consumer rebound relative to previous cycles. While these headwinds were broadly anticipated, the economy was hit by two further blows earlier this year: First, the Japanese earthquake in March disrupted global supply chains and plunged the world's third-largest economy into recession. Second, a sharp spike in gas prices (from $3 to $4 per gallon), stemming from turmoil in the Middle East and North Africa, cut deeply into disposable incomes.

The good news is that these negative forces are running their course. Japanese rebuilding and improving auto production will lift economic growth in the third quarter. Easing Middle East tensions and the resulting decline in gas prices will deliver a de facto tax cut to consumers. More fundamentally, rising tax collections (up nearly 10% from prerecession peaks) and hefty spending cuts are stabilizing state and local budgets. Americans have also made considerable progress in getting their finances in order: Wealth levels, savings rates, and debt-service burdens are in line with historical norms. And while housing remains distressed (foreclosures reportedly account for about a fifth of all sales nationally), affordable prices, low mortgage rates, and modest levels of new construction (to levels that are only half of those necessary to keep pace with the nation's growing population) are creating the conditions for a recovery.

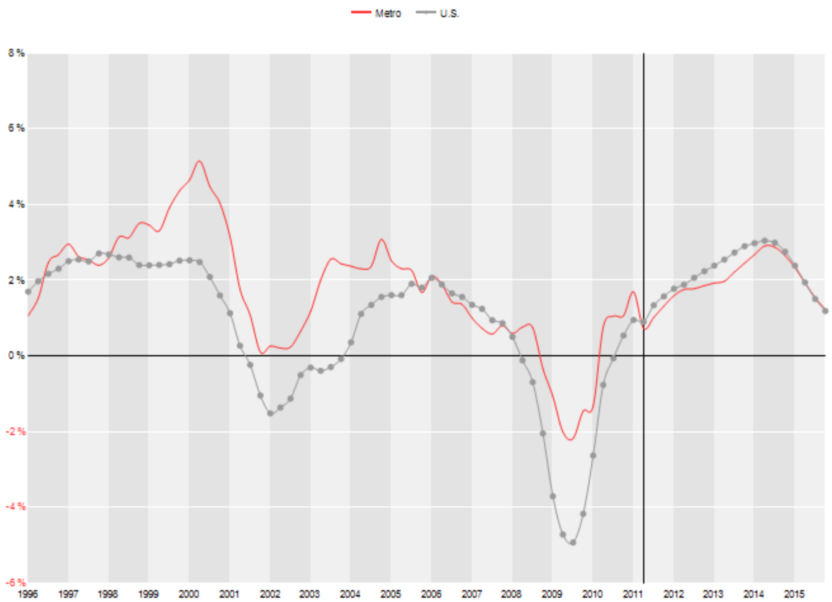
But there is bad news as well. While these past pressures are fading or reversing, two more have boiled to the surface. The first and more immediate threat is the spiraling debt crisis in Europe. Although American banks' direct exposure to troubled European debt is relatively modest, a crisis in Europe would spill over to the U.S. economy through several channels: the stock market (as falling prices inhibit business and consumer spending), trade (Europe accounts for a quarter of U.S. exports), and reduced bank lending (even a moderate exposure would erode bank capital and lending capacity). The damage already incurred will substantially weaken economic growth over the next 12 months. If the situation continues to deteriorate, culminating in a full-blown European banking crisis, a U.S. recession is inevitable.

The second significant challenge is the country's own federal debt dynamics. Global investors are content to finance U.S. borrowing at very low interest rates, but there is no question that current deficit levels (around 9% of GDP) are unsustainable. PPR had expected that serious action on the deficit would wait until after the next election and would not actually impact the economy until 2014. However, the debt ceiling agreement to curb deficits by up to $2.5 trillion over 10 years, and the evolving tenor of the political debate, raise the possibility that austerity will kick in sooner, rather than later. Current forecasts assume that payroll tax cuts introduced this year will be extended into 2012 and that the Bush tax cuts scheduled to expire next year will be extended into 2013 for most taxpayers. However, if they are not, or if other tightening measures are introduced, growth will be weaker than anticipated (although the country's longer-term prospects would improve).

America's economic conditions have worsened considerably and could morph into recession if the European crisis intensifies or fiscal policy tightens very rapidly. The fact that states, consumers, and housing are on a stronger footing than they have been in years should help to mitigate the severity of any recession. Moreover, emerging-market economies remain generally strong, offering some support to U.S. exporters. Still, with the unemployment rate perched above 9% and vacancy rates elevated across most property types and markets, any downturn, no matter how short or shallow, will only add insult to injury.

Year-over-Year Job Growth

Updated: 01-Jul-2011



Economic Strengths and Weaknesses

Updated: 02-Sep-2011

Federal spending will always play a huge role in D.C.'s economic future. While some federal estimates predicted significant growth in the federal workforce due to the stimulus dollars, those estimates were overly optimistic. The federal workforce expanded by only 52,000 since 2000, or 21% of all job growth.

According to government projections, outlays have increased over the last few years for many agencies. The sentiment for overall belt tightening, however, is now a reality. As such, we are already seeing a slowing in government growth and cutbacks in many areas.

Some areas may be safe from cutbacks, though. For instance, the Department of Health and Human Services received 23% of federal outlays in 2009 but is expected to receive 26% by 2014. In contrast, funding for the Department of Defense, which received 18% of federal outlays in 2009, is expected to see cuts over the next five years. The level of these cuts, however, is mixed. Reports at the end of 2010 talked of about $100 billion in spending declines. Recent discussion have upped this level by $100 billion in additional cuts, including $13 billion in overhead cuts. Some emphasize that the cuts will be limited to a flattening in growth to inflation adjustments. In any event, the open-wallet philosophy that characterized the last few years has ended and substantial scrutiny will be given to programs, especially in light of defense reductions in the Middle East.

While we continue to warn of this risk, it is difficult to gage its significance and the potential D.C. impacts due to the slower-than-anticipated economic recovery and the continued involvement of the federal government across nontraditional government sectors (like capital markets finance). A shift that we have been waring about, however, is here. In the last several months, reports of significant defense cuts have become common as the feds begin to pare back the U.S. military. This could result in impacts to defense contractors directly, as well as indirect support jobs in the D.C. region over time. For example, Lockheed Martin recently announced voluntary buyouts to 6,500 employees corporate-wide as a first step to paring its payrolls. While Lockheed has not finalized the number of potential layoffs, 2,000 of the buyouts were offered to Washington area employees, including 1,500 at the headquarters office in Bethesda.

In addition to these potential defense reductions, the federal government is looking into the inflated tech budgets, citing waste and inefficiency as problems. According to a report from Bloomberg, $30 billion worth of information technology projects is under scrutiny in 26 major initiatives. As part of the government's cost cutting initiatives, the closure of almost 400 data centers across the U.S was announced in mid July. Reportedly, 123 are located within the D.C. region. These properties range across the entire region and are small spaces to large data complexes. The federal government has not yet released the actual SF impacts associated with these closures, although most will take place by the end of 2012.

Even though there is a broad shift in government spending priorities, little happens overnight in the nation's capital. The biggest near term risk is the uncertainty it now brings and the resulting impacts as local employers wait out the changes.

In response, real estate investors should focus on submarkets with concentrations in healthcare and cyber-security, rather than traditional defense, or on defense companies that have demonstrated the ability to adapt and cross-market their services (like Booz Allen, SAIC, and CACI).

Although the metro is very much tied to government, it also has high exposure to many knowledge-based industries and boasts one of the most educated workforces in the country. More than 20% of residents age 25 and older hold advanced degrees – the highest number in the PPR54. It is a destination for young professionals (tying for first place with Seattle in the Wall Street Journal article "The Next Hot Youth-Magnet Cities"), which will keep the labor force growing so that businesses can expand. Industries that are struggling, such as manufacturing, trade, transportation, and utilities, and financial activities, do not have a major presence here, making D.C.'s industry mix especially appealing.

While this government presence and stimulus was a strength during this downturn through its stabilizing influence, over the long-term, the federal government and the private sector never expanded in tandem in the D.C. region. Rather, it was one of the other driving the economy. If history is correct, then the expectation is that as the federal government slows, the private sector should begin to come on more strongly in Washington. The reality is, however, that the private sector remains uncertain about the economy, the budget crisis, and the impact a potential change in leadership may have at the upcoming presidential election.

Longer term, we believe that the Washington economy will continue to be resilient and adapt. A recent news article identified the risks of a major government pullback in spending and looked back to the mid-1990s when that had occurred. While a good news headline, our analysis of this timeframe showed that although federal spending retrenched over the period, the market continued to improve as other sectors began to grow. In fact, office vacancy in the region, which started the period at 14%, ultimately came down to under 6% by 1999. Although there may be a lag this time until private sector uncertainty clears, this will once again likely be the case.

Major Employers

Updated: 02-Sep-2011

The federal government dominates the regional employment landscape. Currently, 330,000 residents work directly for the federal government, which translates into 14% of all metro area jobs. The federal government also accounted for 21% of the region's total job growth since 2000.

The largest payrolls are at defense-related agencies, including the Department of Defense, the Washington Navy Yard, Fort Belvoir, and Bolling Air Force Base. Government contractors also employ many residents. SAIC and Northrop Grumman moved their headquarters from Southern California to Northern Virginia. Assuming job creation requirements are met, SAIC will receive $8.5 million in government incentives from the state of Virginia as part of its Tysons Corner relocation. Northrop Grumman also purchased a 14-story building in Falls Church to be close to the Pentagon and will take occupancy later this year. As was the case with SAIC, a significant incentive package, worth $16 million in grants and infrastructure improvements from the state and local governments, sweetened the Northrop deal.

Siemens also announced plans to move its U.S. headquarters to the District, after opening a 21,000 SF foothold in March 2011. Siemens rationale for coming to D.C. is straightforward, to be close to the federal decision makers given its book of business in health care, energy, and transportation. Siemens, which employs 62,000 in the U.S. and generated $25 billion in revenue, will be downsizing its NYC presence.

Even with this expansion of defense contractors in the region, the realities of the changing economy and reduction in military activity are prompting some to rethink staffing levels. Recently, Lockheed Martin offered buyouts to 6,500 employees corporate-wide in an effort to pare costs, which included 2,000 in the Washington region, or about 15% of its local workforce.

The education and healthcare sector also stabilizes the metro’s economy. The National Institutes of Health (17,600 employees), Food and Drug Administration (7,700), and National Naval Medical Command (5,000) are all in Montgomery County, Maryland. Universities include the University of Maryland at College Park, George Washington University, George Mason University, and Georgetown University. Johns Hopkins University is nearby in Baltimore and also has a Montgomery County presence. A biotech corridor has formed in Montgomery County along I-270, and though the biotech sector took its lumps in recent years, it has the potential to be an economic driver in the long run. Biotech funding shriveled in 2008 and 2009, but venture capital investment in this field came back at the end of 2009 and stayed steady during 2010, albeit at lower levels than their peak, according to the PricewaterhouseCoopers MoneyTree Report.

Many other public and private sector employers put Washington – NoVA – MD’s skilled labor force to work. The headquarters of 17 Fortune 500 companies are in the metro, including: lenders Freddie Mac, Fannie Mae, Capital One Financial, AES, and Sallie Mae; defense contracting firms Lockheed Martin, General Dynamics, Computer Sciences Corporation, SAIC, and Northrop Grumman; and hospitality companies Marriott International and Host Hotels & Resorts. Hilton also moved its headquarters from Beverly Hills to Northern Virginia to be closer to Europe. Other major public sector employers include the National Oceanic and Atmospheric Administration, the Nuclear Regulatory Commission, the National Geospatial Intelligence Agency, NASA, the FBI, and the Smithsonian Institution, all of which require highly skilled workers with specialized scientific knowledge.

Freddie Mac and Fannie Mae are presently undergoing a complete restructuring by the government. In fact, to try to recoup losses from the mortgage problems, the feds have just announced law suit on behalf of these agencies of several of the largest banks in the U.S, like Bank of America and Citi. The future of the GSAs is murky. Some in the Federal government are seeking a complete disbanding. Freddie and Fannie employ 10,000 direct jobs, occupy 3.5 million SF, and support numerous other local jobs, as well as fund nonprofits. While the administration has proposed scrapping the organizations, it is not clear what would replace them. If closed, some of their functions and some employees would largely be assimilated into HUD or the Federal Housing Administration. Another option is that a new agency may be created to provide mortgage insurance for high-quality loans and have the power to step in during a crisis. This plan is still being worked on and will likely evolve over an extended period.

Law firms are another staple of the Washington economy due to lobbying efforts and related needs to be close to the federal government. Reportedly, D.C. law firms account for 28% of the Class A office market, with some estimating that they account for 50% of the trophy asset segment in the downtown. While many firms are relocating and generating office space demand, the industry is still right-sizing. In fact, the announcement of the Howrey closing underscores the challenges in the sector and impacts 400,000 SF of space in the D.C. region (mostly in the District central core submarket).

Costs

Updated: 02-Sep-2011

The high cost of this metro is one of its disadvantages. Living expenses are 21% above the national average, making it one of the top 10 most expensive metros in the U.S. Only Long Island and North – Central New Jersey (which include much of the executive housing for New York workers) are pricier places to live in on the East Coast. Business costs are also almost 20% above the U.S. average but are not as high as those in New York (50%) and Boston (32%).

The relocation of companies to less pricey metros nearby, such as Norfolk or Raleigh, is a minor risk. While these metros have below-average business costs, those that choose Washington are here for specific reasons related to federal government access or a world-class city location. The Washington region is the home of all major policy decisions in the U.S. and, to a great degree, has become a key global financial center since the recession.

Population and Migration

Updated: 02-Sep-2011

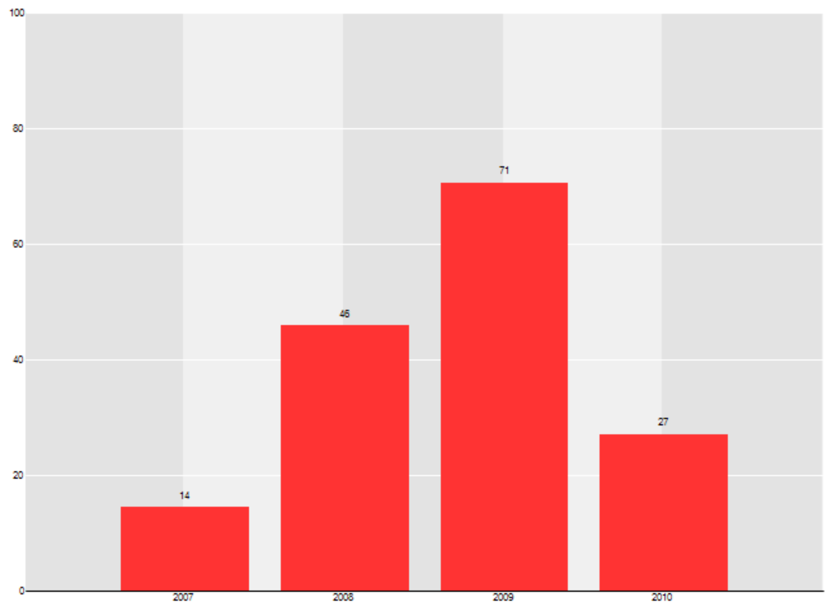
The Washington region's expanding job base has helped fuel ongoing in-migration into the area. Although D.C. did see a couple of years of net out-migration at the peak of the boom, this was due to the availability of jobs in other regions. Current numbers have D.C. running around 23,000 net new residents from outside the region annually. While major corporate relocations are making the news, they sometimes result in few new residents. Northrup Grumman, for example, estimates that only half of their west coast staff will make the D.C. move, forcing them to recruit local talent.

The local job market is in better shape than many others in the U.S. and has continued to attract new residents to the region. With average annual population growth of 1.5% since 2000, this metro now boasts 5.6 million residents. Outlying counties with suburban bedroom communities (such as Western Fairfax, Loudoun, and Spotsylvania) had the strongest population growth in the middle of the decade, as inflated home prices forced many people to move away from the urban core to find affordable housing, especially for families requiring more space. But the metro's urban areas have also grown in population due to the high traffic congestion that has encouraged many households to locate at closer-in locations, even at premium prices.

Washington – NoVA – MD's growth will continue to outpace the national average over the forecast, due to continued strength in the area's primary employment drivers. With one of the largest population bases in the nation, the metro's forecast 1.1% annual population growth through 2015 will outperform other major metros on the East Coast, such as New York, Boston, and Philadelphia. Its growth, however, will trail such Southern fast-growth giants like Atlanta, Dallas-Fort Worth, and Houston.

Net Migration (000)

Updated: 01-Jul-2011



Demographics

Updated: 02-Sep-2011

The Washington – NoVA – MD metro’s young demographic makeup is favorable for most commercial real estate property types. The median age is slightly below that of the U.S. and the percentage of the population of retirement age is low. The metro has a very high concentration of population in the prime spending cohort (35–54 years old), ranking it in the top 10. Although this bodes well for retail sales, this age group will shrink slightly over the next five years as the next wave of Baby Boomers enter retirement. In real terms, however, this segment will still account for almost 1.6 million area residents.

The metro’s wealth is the key to this region’s stability and to understanding its future. With a median household personal income of $89,000/year, the D.C. region has one of the the highest incomes in the country, 50% above the average for the PPR54. This level should continue to be a catalyst to attract retailers to the region. Likewise, the apartment-renting cohort (ages 20–34 years old) will continue to be fueled by the area’s transient nature and future job opportunities. We expect the market to grow by 8% over the forecast, ranking in the top 20 of the PPR54. Top that off with one of the most educated workforces in the nation, and this market has the recipe for consistent, strong demand that will ultimately translate into growth across the major property types.

Sources: PPR; Moody's Analytics; PopStats

Market Fundamentals

Vacancy Overview

Updated: 03-Aug-2011

In terms of vacancy, Washington is one of the healthiest of the major markets in the country. Because of the region's solid employment gains and the transient nature of area households, vacancy stood at just 6.2% in the first quarter 2011, essentially unchanged from late 2010. Slower employment growth and some supply additions pushed vacancy up in the second quarter to 6.7%. This rise was attributable to a variety of submarkets, with no single area standing out as having a poor supply-demand balance.

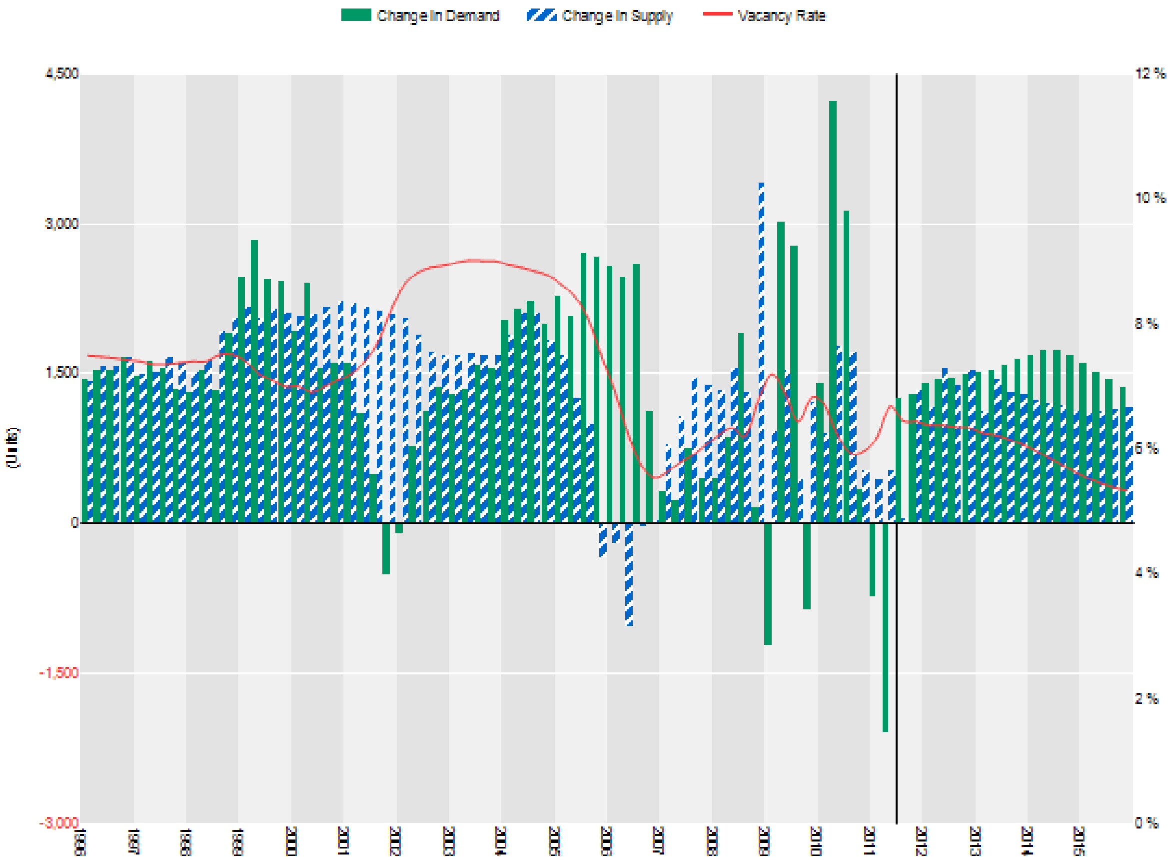
While D.C. has gotten slightly softer, it still is running tighter than the PPR54 average and not far from almost frictional levels. Our review of the detailed data and in-person surveys of some of the higher-end apartment completes in the region illustrate that most are essentially fully occupied. Given a growing development pipeline, our forecast is for overall market vacancy to continue to notch down slowly over the next several quarters. The market, however, needs ongoing employment gains to fuel this demand. If the private sector job gains remain on pause, D.C. will continue to soften. Our forecast for the region, suggests that vacancy will come in at around 6.4% at year-end 2011, about 30 basis points better than the PPR54. Ultimately, we see demand returning and vacancy continuing to improve and edging below 6% in 2013, comparable to the boom period of 2007 when vacancy stood at 6%.

Occupancy levels continued their ascent across the PPR54 as the apartment market continued to outperform expectations. While in the fourth and first quarters absorption slowed and the vacancy recovery stagnated, renters returned to the apartment market with a vengeance in the second quarter, driving vacancies down 30 basis points. As the national recovery sputtered in the second quarter, the apartment market was buoyed by reasonably strong job growth through the first four months of 2011 and an unprecedented shutdown in supply. After six quarters of declining vacancies, apartment markets around the country are starting to look quite different from one another. In the Northeast, the vacancy recovery has slowed, as supply-constrained metros such as Boston and Washington, D.C., focus on pushing rents, with occupancies already approaching prerecession lows. In the Southeast and Southwest, landlords continue to bask in the sun, enjoying a rare window of limited completions that has led to an unprecedentedly swift correction in vacancies, a trend that should continue in the near term. While things will slow a bit in the second half of the year across the U.S., vacancies will decline by another 20 basis points through the end of the year and will continue to fall through 2015, ending the forecast in the 6% range. In many metros, much of the vacancy recovery has already occurred. But in others, such as Seattle, continued construction has kept vacancies from falling much as yet. Markets that typically receive plenty of supply, such as Phoenix, Austin, and Orlando, have had a recent dearth of construction, paving the way for a fantastic fundamentals recovery. But keep in mind that these same metros are most at risk for another vacancy climb as the next supply wave kicks in.

Thanks to new construction in lease-up, Class A vacancies have often been higher than Class B or C vacancies over history. However, Class A vacancies dipped significantly in the first three quarters of 2010, reversing this trend, according to data from Axiometrics. Since Class A product typically competes with new construction, in the absence of supply deliveries, Class A properties have been faring well. Going forward, with vacancy rates in many markets approaching prerecession lows for high-quality assets, look for owners to push rents aggressively. This will likely result in increased turnover, as tenants are forced to seek more affordable options, which should accelerate the recovery for lesser-quality assets.

Quarterly Supply, Demand, and Vacancy

Updated: 29-Jul-2011



Demand Trends

Updated: 29-Aug-2011

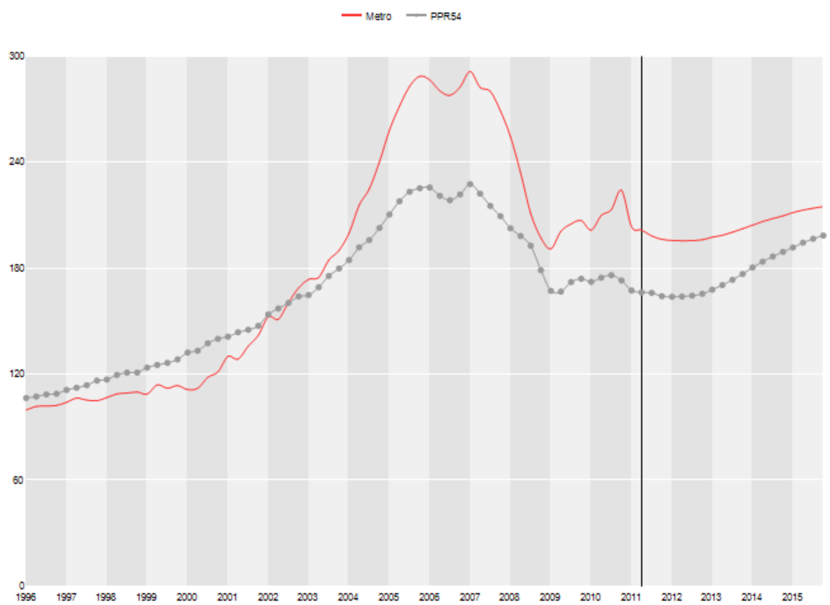
Since the 1990s, apartment demand in the Washington region has been predictably positive. Even during the recession of the early 1990s, annual demand averaged 5,100 units per year over the decade. From 2000 to 2008, annual demand came in at 5,400 units. This new period of the housing boom, however, saw some annual demand spikes and slowdowns. For example, apartment demand shrank to 2,500 units annually as the condominium boom took place between 2006 and 2007.

Unlike most major markets across the U.S., apartment demand in D.C. continued to run positive in 2008 and 2009, fueled by the region's changing and expanding job base. The local housing market value downturn helped spur the region's apartment market to a degree. More significantly, however, has been the recent job growth, which has brought many new workers related to government, defense, and private industry to the region. The Washington housing market is also quite transient as residents often relocate within the region to take advantage of changing job opportunities, rather than deal with lengthy commutes.

Through year-end 2010, the market saw demand of 9,000 units, putting D.C. toward the top of the PPR54. In the last few months, employment growth has slowed in the region in response to the federal government reconciling the budget issues and the private sector waiting to see the potential repercussions. Because of this, we have moderated our near-term forecast to reflect better the current market. Importantly, while we are looking to slower demand at a time when several new apartment projects have either broken ground or been announced, we do not see an impending imbalance in supply and demand. Rather, the current tightness in the D.C. market should continue to support new project development, provided features and proforma rents remain in line with market realities.

Home Price Index (Base Year 1993)

Updated: 01-Jul-2011



Forecast Strengths and Risks

Updated: 02-Aug-2011

D.C. is enjoying solid demand for the apartment sector due to the metro's economic stability, population growth, transient workforce, and high proportion of younger residents. Federal government spending and the related hiring in both the public and private sectors will not continue to grow as it has over the past few years, especially with a record-high deficit. While federally related hiring has been attracting residents to the region, cutbacks in spending is already causing an employment slowdown.

Supply risk from new construction needs to be monitored closely in this market, perhaps more than in other regions. The strong demand is widely recognized, as evidenced by the robust investment volumes, high values for apartments, and solid occupancies and rental rates. Over the last few quarters, apartment projects are being announced regularly, all anticipating a fast lease-up and high market rents. The question here is how high are supportable proforma rents? There is a risk that this market may be close to topping out. Even though occupancy is tight and concessions are low in top-tier projects, there may be not much room to leapfrog rents at the top end of the range given the less robust demand picture, except in only the best projects at the best locations. The risk here is that these high rents may be necessary to make some new developments economically feasible. The crucial issue for these new developments is that proforma rents (excluding lease-up inducements) do not outpace what renters can afford.

Shadow supply and competition from the for-sale housing market will remain risks to apartment demand in select suburban submarkets for some time to come. Home prices took a major hit in the downturn, making ownership more affordable. If more renters take advantage of lower home prices and enter the for-sale market, it will slow apartment demand. Many homeowners who cannot sell at a high enough price point are renting properties. In addition, investors are purchasing foreclosed homes and condos to draw tenants who might have rented apartments. Home prices in desirable urban areas, such as the better neighborhoods of D.C., Arlington, and Alexandria are still too high for many first-time homebuyers. Because of this, apartment owners in the outlying suburbs (such as Loudoun County, Prince William County, Prince George’s County, and parts of upper Montgomery County) should be more concerned about for-sale competition than owners with assets at closer-in locations.

Sources: PPR

Submarket Fundamentals

Submarket Data

Updated: 15-Feb-2011

	2006Q2	2007Q2	2008Q2	2009Q2	2010Q2	2011Q2	2012Q2	2013Q2	2014Q2	2015Q2
Net Absorption	2,175	441	656	645	1,899	739	955	584	1,495	1,276
Supply	67	(397)	525	1,658	604	961	906	501	1,144	790
Vacancy Rate	7.2%	6.2%	6.0%	7.1%	5.5%	5.7%	5.6%	5.5%	5.0%	4.4%
Metrowide	*6.3%*	*5.8%*	*6.3%*	*6.9%*	*6.2%*	*6.7%*	*6.4%*	*6.2%*	*5.9%*	*5.5%*
Rent	$1,389	$1,480	$1,517	$1,524	$1,580	$1,624	$1,671	$1,726	$1,790	$1,862
Metrowide	*$1,296*	*$1,381*	*$1,410*	*$1,418*	*$1,453*	*$1,527*	*$1,562*	*$1,612*	*$1,671*	*$1,735*
YOY Rent Growth	4.7%	6.6%	2.5%	0.5%	3.6%	2.8%	2.9%	3.3%	3.7%	4.0%
Metrowide	*4.8%*	*6.5%*	*2.1%*	*0.6%*	*2.4%*	*5.1%*	*2.3%*	*3.2%*	*3.7%*	*3.9%*

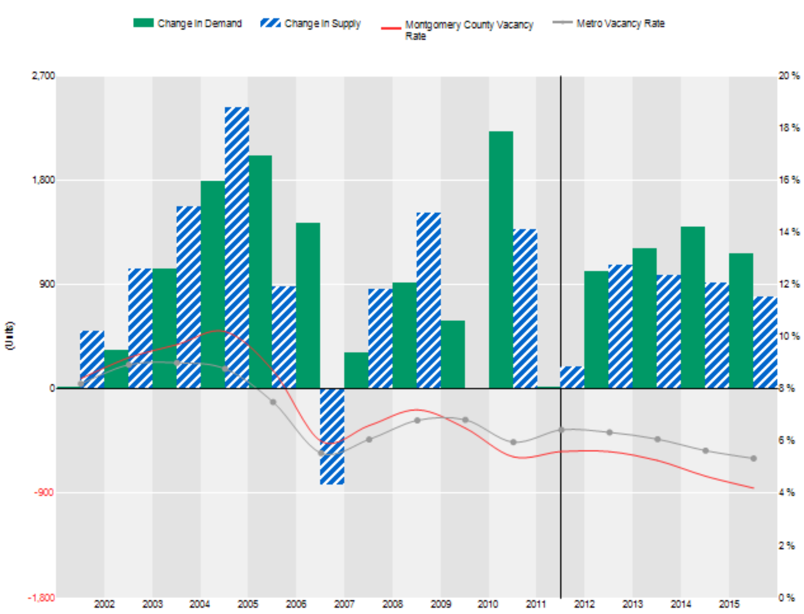
Submarket Overview

Updated: 08-Aug-2011

Montgomery County is the wealthiest county in Maryland, with a median household income of $106,000. About 31% of the housing units are renter-occupied. Rental units are concentrated near the close-in urban areas around the Capitol Beltway (in Bethesda, Silver Spring, and Wheaton) and along I-270 and the northern spur of Metrorail's red line (in Rockville, Gaithersburg, Montgomery Village, and Germantown). Because traffic congestion continues to get worse along I-270, multifamily development near Metrorail has become a competitive advantage.

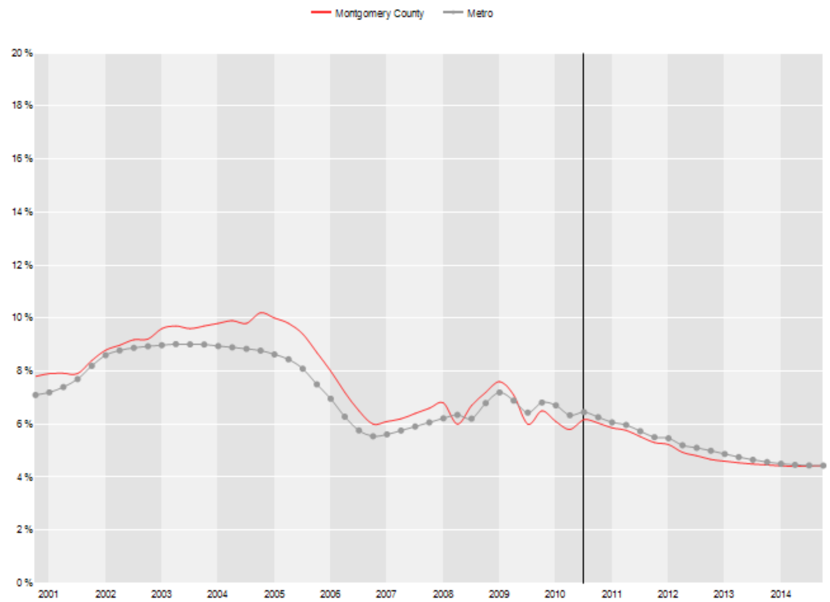
Quarterly Supply, Demand, and Vacancy

Updated: 17-Aug-2011



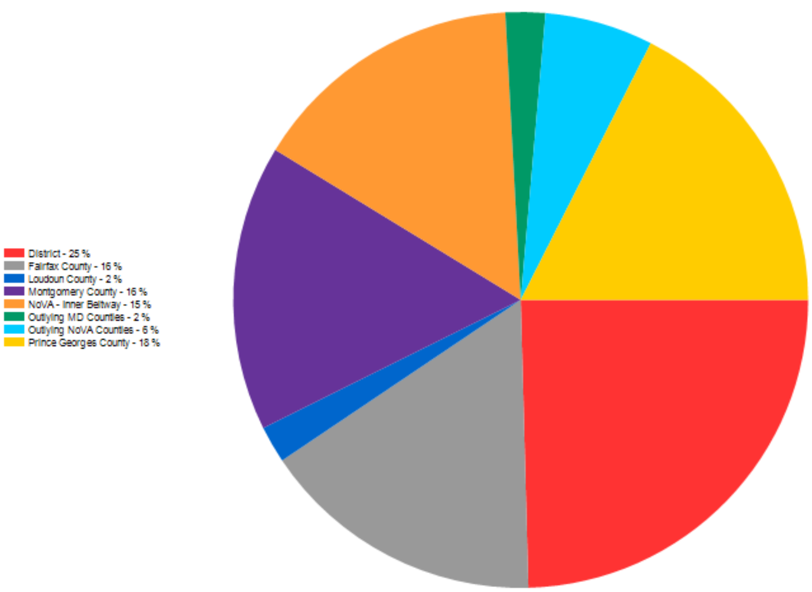
Submarket Versus Metrowide Vacancy

Updated: 16-Aug-2010



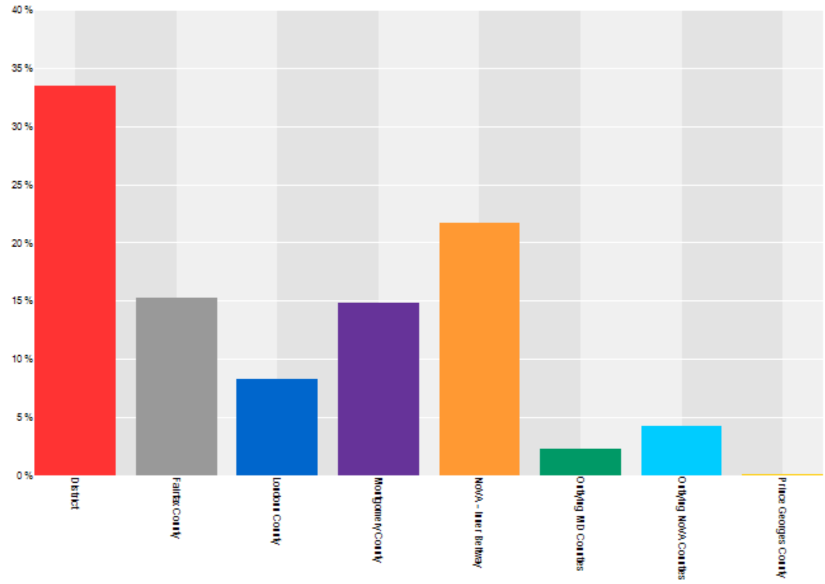
Submarket Size

Updated: 17-Aug-2011



Completions Over Next Two Years

Updated: 17-Aug-2011



Sources: PPR; Reed Construction Data

Construction

Supply Trends

Updated: 29-Aug-2011

Average apartment deliveries in the Washington region typically come in at around 4,500 units annually. Interestingly, over the last 20 years, annual peak construction periods have been in the range of 7,500–8,000 units. D.C. last saw this level of development coming out of the housing boom in 2008, when 7,600 units came on line. During the last two years, the region settled into a more normal pattern of apartment construction activity.

Even though the Washington apartment market is relatively tight in terms of vacancy, the development pipeline has been modest. In 2010, less than 5,000 units were completed. This level of new supply will keep vacancies from dropping rapidly. Select projects added included 425 Mass (370 units) and West End 25 (283 units) in the District and the Reserve at Tysons Corner (240 units). Also added were the Alexan 24 (197 units in Arlington), Flats 130 at Constitution Square (440 units in NoMa), 1200 East West Highway, the Courts at Huntington Station (202 units), Crescent at Falls Church (205 units), and the Residences at Moorefield Villas in Loudoun County (414 units).

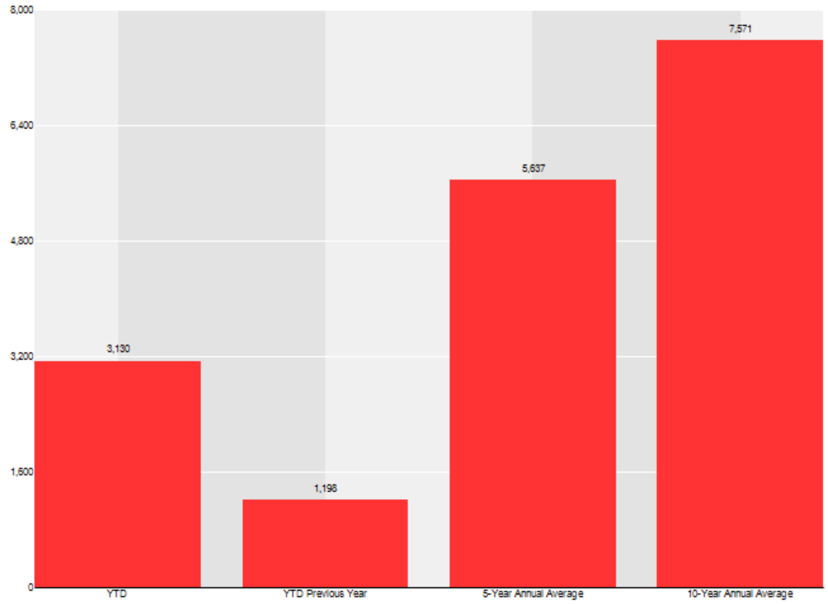
In addition, JBG completed both phases of North Bethesda Market (397 units) at the end of 2010 and during the first quarter 2011. B.F. Saul also opened their new apartment project, Lyon Place, in Clarendon at the Metrorail station at the end of 2010. This project, which has been underway for 2½ years, sets a new standard for luxury in the submarket. Asking rents started at better than $3.00/SF, although concessions have brought that number down into the $2.75/SF range. Lyon Place looks to have reached stabilization rapidly, now having only a handful of two-bedroom units available.

With vacancy coming down to such low levels, many better-quality projects (even the recently developed condos that are now rentals) are operating at frictional levels, with concessions being nonexistent in all, but the newest properties. Mostly attributable to the unavailability of credit for to-be-built projects, not much was started in the past few quarters. As such, we anticipate completions to come in well below the long-term average for the market. These projects are quite mixed, ranging across the region in the District, Montgomery and Fairfax Counties, and the Northern Virginia Inner Beltway submarket. Given their base of operations in the region, Archstone is a major player with 1,300 units under development, mostly in the District. AvalonBay is also underway with its 354 unit ParkCrest in Fairfax County, and Comstock has a variety of projects moving ahead in the Loudoun County and the Outer Northern Virginia submarkets.

Because of the low vacancy levels, renewed development interest has taken off. Our forecast is for supply to ramp up in 2012 and beyond, led by recently announced projects such as Camden South Capitol (276 units), WRIT's project in Ballston (150 units) that is now going for approval, USAA and ZOM's Rosslyn project (191 units), and the development of two buildings (685 units) in Tysons Corner that Cityline is now taking through rezoning to prep the existing older office asset for sale.

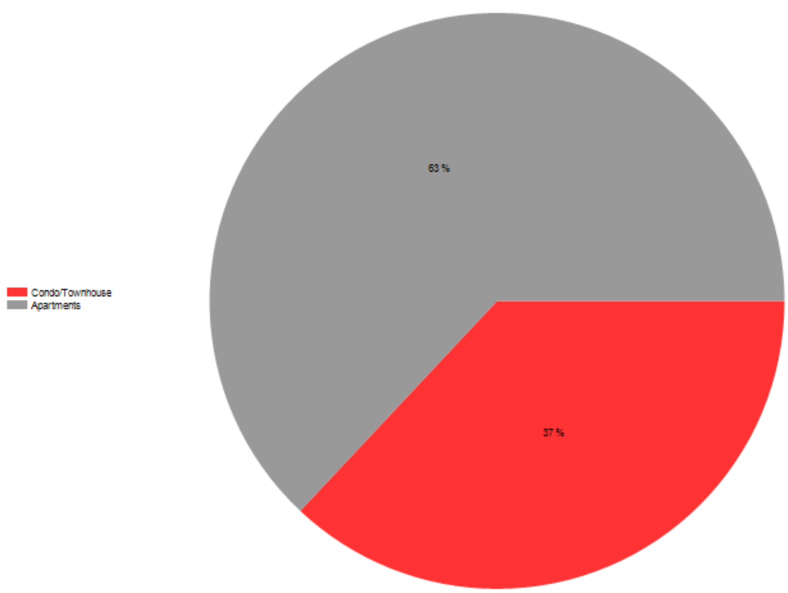
Multifamily Permits

Updated: 01-Jul-2011



Underway by Subclass

Updated: 01-Jul-2011



Nearby Construction

Updated: 28-Oct-2011

Project	Construction Cost	Units	Date Last Updated	Phase	Distance (mi)
WHITE FLINT CONDOMINIUMS NICHOLSON LN, KENSINGTON, MD 20895	$30,000,000	150	09-Aug-11	Pre-Planning	0.01
WHITE FLINT VIEW MIXED USE DEVELOPMENT 5511 Nicholson Ln, Rockville, MD 20852-3133	$15,000,000	183	26-Sep-11	Pre-Planning	0.04
MONTROSE DEVELOPMENT E Jefferson St, Rockville, MD 20852	$119,735,500	750	31-Aug-11	Planning	1.15
AVALON BAY AT TWINBROOK 12720 Twinbrook Pkwy, Rockville, MD 20852-1759	$35,000,000	240	12-Sep-11	Planning	1.43
WHITE FLINT TOWN CENTER ROCKVILLE PIKE, ROCKVILLE, MD 20852	$900,000,000	9,800	12-Oct-11	Pre-Planning	1.58
ROCK SPRINGS CENTRE PH 2 Rockledge Dr & Rock Spring Dr, Bethesda, MD 20817	$95,000,000	780	15-Mar-11	Planning	1.77
OURISMAN FORD WESTFIELD MALL MIXED USE DEVELOPMENT Motor City Dr & Westlake Terr, Bethesda, MD 20817	$45,000,000	340	16-Sep-11	Planning	2.28
CONDOMINIUMS AT PARK POTOMAC Montrose Rd, Potomac, MD 20854	$40,000,000	328	25-Oct-11	Planning	2.57
KENSINGTON HEIGHTS TOWNHOMES 2938 University Blvd W, Kensington, MD 20895-1917	$10,000,000	26	27-Apr-11	Planning	2.70
AVALON AT WHEATON Georgia Ave & Blueridge Ave, Wheaton, MD 20902	$45,000,000	320	12-Sep-11	Pre-Planning	3.05

Sources: PPR; Reed Construction Data

Sales

Metro Investment Trends

Updated: 06-Oct-2011

D.C. apartments remain a hot commodity, with strong volume and pricing through the third quarter of this year. After a drop in sales during the downturn, the metro's improving fundamentals and relative economic stability got the full attention of investors in 2010. Last year's volume was on a par with that in 2005, and the average price per unit climbed by more than 20% from 2009's trough. The party was still raging through most of 2011, and with a full quarter left in the year, annual volume is already the second highest in the metro's history, with over $3 billion in transactions having closed. The average price per unit has continued to climb, although it remains below 2007's peak. Cap rates have been compressing since late 2009 and averaged 5.7% in the third quarter, down 30 basis points from a year earlier.

Pricing for high-end complexes has gotten frothy. The metro's median home price is about $315,000, yet 19 deals have closed with a price per unit greater than that since the second half of 2009. These assets share many characteristics: most are Metro-accessible, in the urban core (the District and NoVA – Inner Beltway submarkets), and were constructed in the past five years. The average cap rate for these deals (10 were reported) was a skimpy 4.7%. Five of these trades were in the third quarter of 2011, the most recent being the sale of Ellington Plaza (a new asset next to the U Street Metro station in the District) for $100 million ($526,000/unit). The repeat sale of the Palatine clearly shows how fast the market moved. The 262-unit asset originally intended as condos was auctioned in March 2010 for $118 million ($450,000/unit) and flipped to TIAA–CREF in May 2011 for 20% more ($541,000/unit). The first buyer increased the occupancy from 88% to 96% and boosted rents by 6% before selling. Before 2010, only one asset with at least 50 units had traded for more than $500,000/unit (Virginia Square in the Rosslyn-Ballston Corridor), but four have breached that mark in the past two years. The average price per unit in the NoVA – Inner Beltway Submarket so far in 2011 has actually surpassed the 2007 peak by a small margin, but this is not the case in any other submarkets.

While investors homed in on top-quality urban assets first, suburban properties have changed hands too. The highest-priced trades have been for new properties in premiere locations, but there are a limited number of assets that fit that bill, so buyers have moved outside the Beltway in search of opportunities. Dune Real Estate and Pantzer Properties acquired eight suburban assets (in both Maryland and Virginia) from RREEF in March for $460 million ($178,000/unit), at a 5.75% cap rate. Several weeks later, Equity Residential sold a seven-property portfolio (six of them in the Northern Virginia suburbs) to Starwood Capital and Bainbridge for $300 million ($185,000/unit). Volume is up from 2009's lows in all submarkets, even those farthest from the District (Outlying MD Counties, Outlying NoVA Counties, and Loudoun County), and pricing has increased from the trough in most submarkets, with the exception of Prince Georges County and Outlying MD Counties.

With vacancies ticking up, construction increasing, and defense spending on the chopping block, D.C. may not remain the belle of the ball for much longer. Given the aggressive pricing and steep competition here, investors will likely start to put their capital to work in markets with better growth prospects, especially if federal spending cuts slow the metro's job growth. However, core buyers with long holding periods may continue to purchase Washington apartments at 5% cap rates as bond substitutes, given the low Treasury rates.

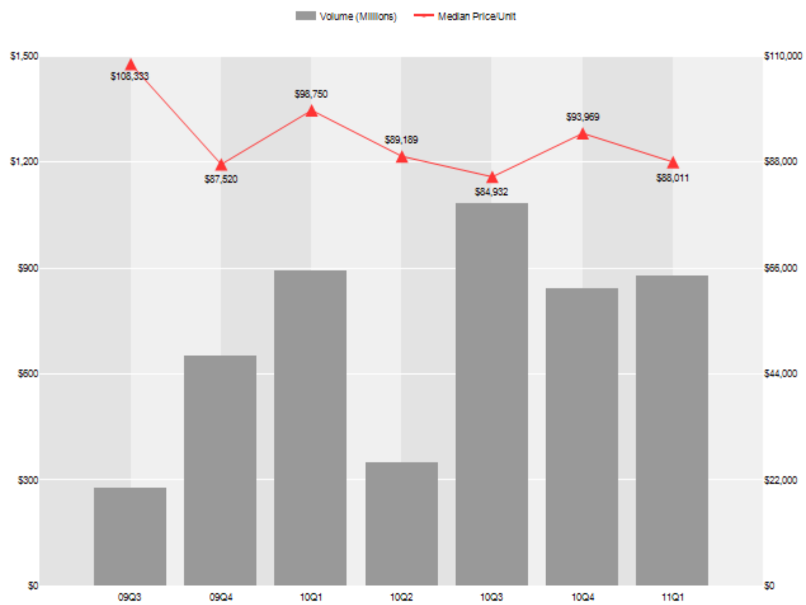
Submarket Investment Trends

Updated: 06-Oct-2011

- After a brief lull in 2009, sales volume and pricing started to increase last year. The average price per unit peaked at over $200,000 in 2007 but dropped to below $90,000 in 2009, with only a few large, older complexes trading. Similarly, the average cap rate soared from 4.4% in 2006 to 7.5% in 2009. But investors came back in 2010, with the largest deal being Bernstein Management's acquisition of both the debt and equity of three newer properties (two in this submarket) at a 6.5% cap rate in early 2010. Other assets were sold in Gaithersburg ($148,000/unit, 6.9% cap rate), Rockville ($168,000/unit, 5.5% cap rate in a distress sale), a new asset next to the Silver Spring Metro ($285,000/unit, 5.4% cap rate), and a garden-style complex in Silver Spring ($124,000/unit, 7.3% cap rate).
- If investment activity remains strong in the fourth quarter, 2011 could be a banner year for sales volume in Montgomery County. Volume reached $463 million by the end of the third quarter, much of it driven by the $200 million recapitalization of the recently constructed North Bethesda Market. Other major sales this year included the Point at Germantown and the Point at Watkins Mill ($176,000/unit) as part of the Dune portfolio, the Enclave in Silver Spring ($92,000/unit in a foreclosure auction), the Warwick in Silver Spring ($166,000/unit), and the Park at Kingsview in Germantown ($240,000/unit at a 5.5% cap rate). The latter had sold in 2008 for nearly 20% less, showing that pricing has come back, even for assets in the outer suburbs. The average cap rate so far this year is coming in at 5.5%, below the metrowide average, displaying the strong investor interest in the submarket. However, the average price per unit is slightly below the metrowide average, as properties in the Northern Virginia suburbs are trading at a premium.

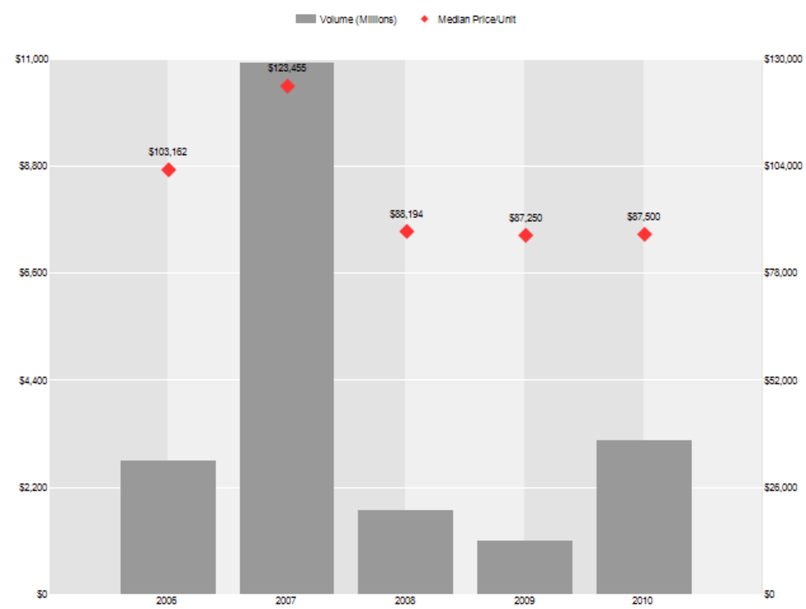
Recent Quarterly Volume and Price

Updated: 01-Jul-2011



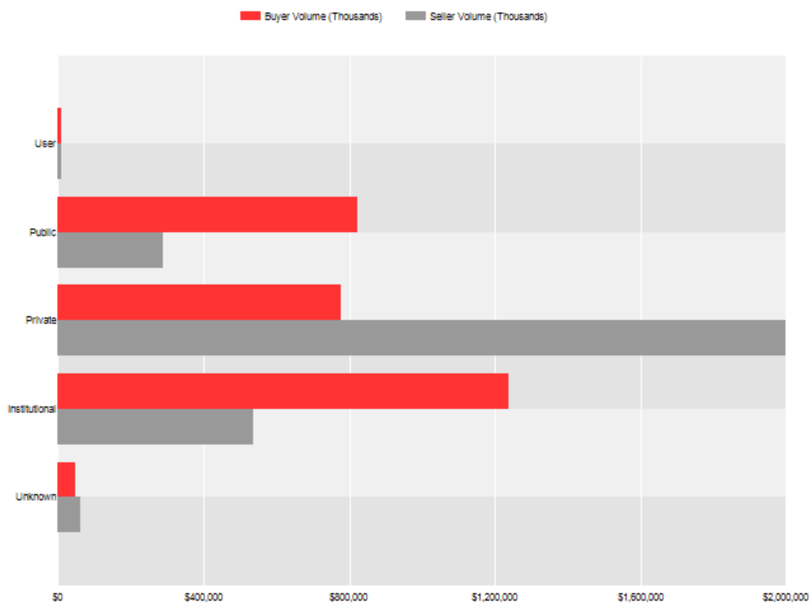
Historical Annual Volume and Price

Updated: 01-Jul-2011



Volume Bought and Sold by Type Past 12 Months

Updated: 01-Jul-2011



Submarket Volume and Price Past 12 Months

Updated: 03-Oct-2011

Nearby Sales Transactions

Updated: 10-Oct-2011

Name	Price ($)	Cap Rate	Units	Price/unit	Price Qualifier	Status Date	Distance (mi)
Residences at Congressional Village 198 Halpine Rd, Rockville, MD 20852-1661	68,000,000	5.5%	404	168,317	confirmed	07-Oct-10	1.43
Woodberry Park Townhomes 12207 Georgia Ave, Silver Spring, MD 20902-5523	10,723,600	7.2%	97	110,553	allocated	15-Oct-09	3.25
Westerly Park Apartments 2301 Shorefield Rd, Silver Spring, MD 20902-1892	11,276,400	7.2%	102	110,553	allocated	15-Oct-09	3.28
Leesborough 20902	7,421,000		363	20,444	estimated	01-Dec-09	3.70
The Warwick 1131 University Blvd W, Silver Spring, MD 20902-3357	65,100,000		392	166,071	estimated	28-Jul-11	4.45
Yale Village Apartments 1699 Yale Pl, Rockville, MD 20850-1115	49,500,000	5.0%	210	235,714	confirmed	29-Jun-11	4.89
Portico at Silver Spring Metro 1203 Fidler Ln, Silver Spring, MD 20910-3490	43,000,000	5.4%	151	284,768	confirmed	26-Apr-10	5.43
Croydon Manor Apartments 100 Croydon Ct, Silver Spring, MD 20901-4101	6,650,000	7.0%	96	69,271	confirmed	26-Jan-11	5.92
The Enclave 11200 Oak Leaf Dr, Silver Spring, MD 20901-1301	103,000,000		1,119	92,046	estimated	03-Mar-11	6.11
Rittenhouse Apartments 6101 16th St NW, Washington, DC 20011-1769	30,750,000	5.8%	206	149,272	confirmed	28-Jul-11	6.76

Sources: PPR; CoStar Group, Inc.

Rents

Property Statistics Summary

Updated: 18-Oct-2011

Class	Quarter	Properties	Units	Asking Rent/Unit	Effective Rent/Unit	Vacancy	Offering Concessions
A	2011Q3	3	951	$2,487	$2,403	19.9%	33.3%
A	2011Q2	3	951	$2,451	$2,431	20.9%	0.0%
A	2011Q1	2	573	$2,336	$2,296	3.5%	50.0%
A	2010Q4	2	573	$2,322	$2,302	3.0%	50.0%
A	2010Q3	1	437	$2,434	$2,434	1.7%	0.0%
A	2010Q2	1	437	$2,435	$2,368	2.7%	0.0%
A	2010Q1	1	437	$2,425	$2,119	4.3%	100.0%
A	2009Q4	1	437	$2,430	$2,225	4.2%	100.0%
A	2009Q3	1	437	$2,472	$2,028	7.4%	100.0%
A	2009Q2	1	437	$2,537	$2,019	10.0%	100.0%
A	2009Q1	1	437	$2,650	$2,379	10.3%	100.0%
A	2008Q4	1	437	$2,650	$2,266	5.7%	100.0%
B	2011Q3	12	3,565	$2,024	$1,887	4.8%	33.3%
B	2011Q2	12	3,565	$2,009	$1,880	4.8%	41.7%
B	2011Q1	12	3,565	$1,950	$1,780	5.5%	58.3%
B	2010Q4	11	3,466	$1,959	$1,796	5.4%	54.5%
B	2010Q3	10	3,034	$1,942	$1,830	4.9%	50.0%
B	2010Q2	9	2,732	$1,865	$1,735	4.1%	55.6%
B	2010Q1	9	2,732	$1,837	$1,678	6.5%	55.6%
B	2009Q4	9	2,732	$1,850	$1,664	8.2%	66.7%
B	2009Q3	9	2,732	$1,870	$1,669	9.5%	77.8%
B	2009Q2	9	2,732	$1,883	$1,699	12.0%	55.6%
B	2009Q1	9	2,732	$1,893	$1,714	14.9%	55.6%
B	2008Q4	9	2,732	$1,898	$1,723	17.4%	66.7%
C	2011Q3	2	579	$1,667	$1,540	1.7%	50.0%
C	2011Q2	2	579	$1,655	$1,505	7.7%	50.0%
C	2011Q1	2	579	$1,643	$1,494	10.0%	50.0%
C	2010Q4	2	579	$1,611	$1,464	17.0%	50.0%
C	2010Q3	2	579	$1,625	$1,477	18.0%	50.0%
C	2010Q2	1	300	$1,419	$1,419	2.3%	0.0%
C	2010Q1	1	300	$1,415	$1,412	2.2%	0.0%
C	2009Q4	1	300	$1,406	$1,406	2.7%	0.0%
C	2009Q3	1	300	$1,421	$1,421	2.4%	0.0%
C	2009Q2	1	300	$1,391	$1,391	4.3%	0.0%
C	2009Q1	1	300	$1,391	$1,391	2.1%	0.0%
C	2008Q4	1	300	$1,411	$1,411	1.7%	0.0%
All	2011Q3	17	5,095	$2,070	$1,944	7.3%	35.3%
All	2011Q2	17	5,095	$2,051	$1,940	8.1%	35.3%
All	2011Q1	16	4,717	$1,959	$1,808	5.8%	56.2%
All	2010Q4	15	4,618	$1,960	$1,817	6.5%	53.3%
All	2010Q3	13	4,050	$1,949	$1,844	6.4%	46.2%
All	2010Q2	11	3,469	$1,898	$1,787	3.8%	45.5%
All	2010Q1	11	3,469	$1,874	$1,710	5.8%	54.5%
All	2009Q4	11	3,469	$1,885	$1,713	7.2%	63.6%
All	2009Q3	11	3,469	$1,907	$1,693	8.6%	72.7%
All	2009Q2	11	3,469	$1,923	$1,713	11.1%	54.5%
All	2009Q1	11	3,469	$1,945	$1,770	13.2%	54.5%
All	2008Q4	11	3,469	$1,951	$1,765	14.6%	63.6%

Property Summary

Updated: 18-Oct-2011

Property Detail

Strathmore Court at White Flint
5440 Marinelli Rd, North Bethesda, MD 20852

Distance	0.19 mi	Asking Rent/Unit	$1,714	Status	Stabilized
Built	1996	Effective Rent/Unit	$1,714	Vacancy	1.2%
Subclass	MidRise	Floors	4	Concessions	None
Units	202	Effective Rent/Sqft	$1.84		

North Bethesda Market
11351 Woodglen Dr, North Bethesda, MD 20852

Distance	0.29 mi	Asking Rent/Unit	$2,379	Status	Lease-up
Built	2010	Effective Rent/Unit	$2,166	Vacancy	47.0%
Subclass	HighRise	Floors	25	Concessions	Upfront Discount
Units	378	Effective Rent/Sqft	$2.49		

The Grand
5801 Nicholson Ln, North Bethesda, MD 20852

Distance	0.36 mi	Asking Rent/Unit	$2,701	Status	Stabilized
Built	2000	Effective Rent/Unit	$2,701	Vacancy	2.0%
Subclass	HighRise	Floors	19	Concessions	None
Units	437	Effective Rent/Sqft	$2.33		

Monterey
5901 Montrose Rd, Rockville, MD 20852

Distance	0.78 mi	Asking Rent/Unit	$2,224	Status	Stabilized
Built	1967	Effective Rent/Unit	$1,867	Vacancy	13.0%
Subclass	HighRise	Floors	15	Concessions	Prorated Free Month
Units	432	Effective Rent/Sqft	$1.84		

The Morgan
12000 Chase Crossing Cir, North Bethesda, MD 20852

Distance	0.89 mi	Asking Rent/Unit	$2,101	Status	Stabilized
Built	1996	Effective Rent/Unit	$2,101	Vacancy	2.0%
Subclass	MidRise	Floors	4	Concessions	None
Units	136	Effective Rent/Sqft	$1.87		

Timberlawn Crescent
5707 Luxemburg St, North Bethesda, MD 20852

Distance	1.08 mi	Asking Rent/Unit	$1,916	Status	Stabilized
Built	1988	Effective Rent/Unit	$1,916	Vacancy	3.4%
Subclass	Garden	Floors	3	Concessions	None
Units	107	Effective Rent/Sqft	$1.79		

Wentworth House
20852

Distance	1.10 mi	Asking Rent/Unit	$2,219	Status	Stabilized
Built	2008	Effective Rent/Unit	$1,849	Vacancy	4.5%
Subclass	HighRise	Floors	8	Concessions	Prorated Free Month
Units	312	Effective Rent/Sqft	$2.16		

Residences at Rollins Ridge
130 Rollins Ave, Rockville, MD 20852

Distance	1.23 mi	Asking Rent/Unit	$1,747	Status	Stabilized
Built	2007	Effective Rent/Unit	$1,747	Vacancy	0.0%
Subclass	MidRise	Floors	5	Concessions	None
Units	99	Effective Rent/Sqft	$2.05		

Jefferson at Inigo`s Crossing
5405 Tuckerman Ln, Rockville, MD 20852

Distance	1.23 mi	Asking Rent/Unit	$2,195	Status	Stabilized
Built	2007	Effective Rent/Unit	$2,103	Vacancy	5.1%
Subclass	HighRise	Floors	10	Concessions	None
Units	441	Effective Rent/Sqft	$2.13		

Grosvenor Tower
10301 Grosvenor Pl, Rockville, MD 20852

Distance	1.30 mi	Asking Rent/Unit	$1,999	Status	Stabilized
Built	1987	Effective Rent/Unit	$1,999	Vacancy	5.4%
Subclass	HighRise	Floors	20	Concessions	None
Units	237	Effective Rent/Sqft	$2.06		

Comparable Building History

Updated: 18-Oct-2011

Quarter	Properties	Units	Asking Rent/Unit	Effective Rent/Unit	Effective Rent/SqFt	Vacancy	Offering Concessions
2011Q3	10	2,781	$2,224	$2,083	$2.11	10.8%	30.0%
2011Q2	10	2,781	$2,199	$2,097	$2.12	10.5%	30.0%
2011Q1	9	2,403	$2,094	$1,938	$1.93	5.0%	55.6%
2010Q4	8	2,304	$2,084	$1,945	$1.92	5.0%	50.0%
2010Q3	6	1,736	$2,093	$1,987	$1.98	4.3%	33.3%
2010Q2	6	1,736	$2,079	$1,928	$1.92	4.6%	50.0%
2010Q1	6	1,736	$2,072	$1,838	$1.83	6.0%	66.7%
2009Q4	6	1,736	$2,060	$1,822	$1.81	8.8%	83.3%
2009Q3	6	1,736	$2,133	$1,794	$1.79	11.1%	100.0%
2009Q2	6	1,736	$2,161	$1,807	$1.80	18.4%	83.3%
2009Q1	6	1,736	$2,190	$1,884	$1.88	23.7%	83.3%
2008Q4	6	1,736	$2,195	$1,885	$1.88	26.4%	100.0%

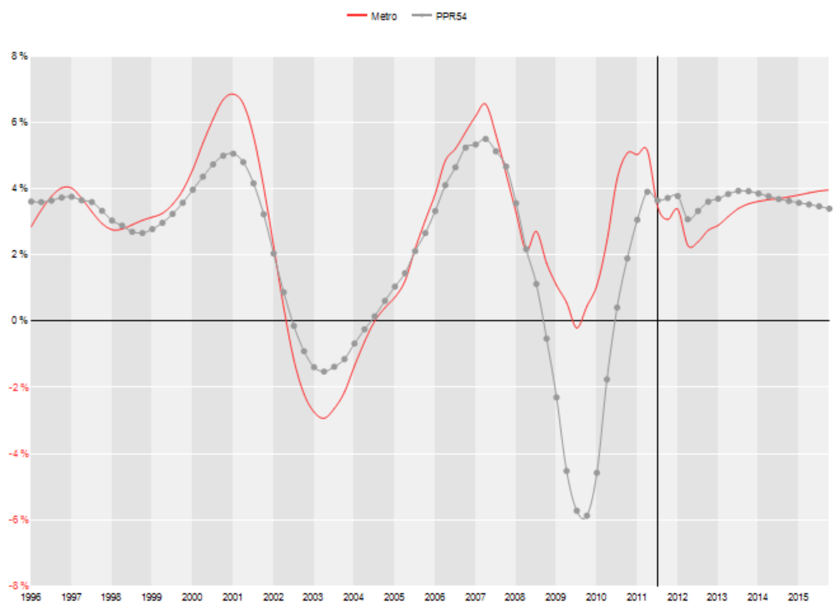
Comparable Unit Type History

Updated: 18-Oct-2011

Unit Type	Quarter	Units	Asking Rent/Unit	Effective Rent/Unit	Effective Rent/SqFt	Sqft/Unit	Offering Concessions
1-BR	2011Q3	1,210	$1,918	$1,779	$2.23	799	44.6%
1-BR	2011Q2	1,210	$1,893	$1,802	$2.26	799	43.6%
1-BR	2011Q1	986	$1,772	$1,631	$2.02	808	60.8%
1-BR	2010Q4	915	$1,785	$1,640	$2.03	808	57.7%
1-BR	2010Q3	771	$1,759	$1,663	$2.06	806	49.8%
1-BR	2010Q2	771	$1,771	$1,628	$2.02	806	62.8%
1-BR	2010Q1	771	$1,762	$1,543	$1.91	806	88.6%
1-BR	2009Q4	771	$1,750	$1,530	$1.90	806	89.6%
1-BR	2009Q3	771	$1,767	$1,555	$1.93	806	87.0%
1-BR	2009Q2	771	$1,780	$1,534	$1.90	806	99.0%
1-BR	2009Q1	771	$1,798	$1,586	$1.97	806	99.0%
1-BR	2008Q4	771	$1,809	$1,574	$1.95	806	87.0%
2-BR	2011Q3	1,300	$2,425	$2,299	$2.04	1,126	31.6%
2-BR	2011Q2	1,300	$2,404	$2,299	$2.04	1,126	38.1%
2-BR	2011Q1	1,187	$2,242	$2,088	$1.86	1,120	55.5%
2-BR	2010Q4	1,159	$2,201	$2,067	$1.84	1,123	54.4%
2-BR	2010Q3	814	$2,255	$2,127	$1.88	1,134	35.1%
2-BR	2010Q2	814	$2,251	$2,104	$1.85	1,134	47.7%
2-BR	2010Q1	814	$2,242	$2,020	$1.78	1,134	70.6%
2-BR	2009Q4	814	$2,219	$1,986	$1.75	1,134	80.7%
2-BR	2009Q3	814	$2,354	$1,930	$1.70	1,134	100.0%
2-BR	2009Q2	814	$2,396	$1,949	$1.72	1,134	89.9%
2-BR	2009Q1	814	$2,422	$2,013	$1.78	1,134	89.9%
2-BR	2008Q4	814	$2,422	$2,060	$1.82	1,134	100.0%
3+ BR	2011Q3	149	$3,350	$3,166	$1.93	1,644	31.5%
3+ BR	2011Q2	149	$3,300	$3,142	$1.91	1,644	53.0%
3+ BR	2011Q1	147	$3,324	$3,097	$1.88	1,644	53.7%
3+ BR	2010Q4	147	$3,295	$3,192	$1.94	1,644	53.7%
3+ BR	2010Q3	100	$3,637	$3,637	$2.15	1,692	0.0%
3+ BR	2010Q2	100	$3,550	$3,347	$1.98	1,692	32.0%
3+ BR	2010Q1	100	$3,532	$3,086	$1.82	1,692	83.0%
3+ BR	2009Q4	100	$3,544	$3,124	$1.85	1,692	100.0%
3+ BR	2009Q3	100	$3,607	$2,975	$1.76	1,692	100.0%
3+ BR	2009Q2	100	$3,702	$3,122	$1.85	1,692	83.0%
3+ BR	2009Q1	100	$3,798	$3,413	$2.02	1,692	32.0%
3+ BR	2008Q4	100	$3,798	$3,343	$1.98	1,692	100.0%
Studio	2011Q3	122	$1,734	$1,484	$2.54	583	100.0%
Studio	2011Q2	122	$1,710	$1,584	$2.72	583	68.0%
Studio	2011Q1	83	$1,594	$1,361	$2.25	605	100.0%
Studio	2010Q4	83	$1,590	$1,378	$2.28	605	100.0%
Studio	2010Q3	51	$1,522	$1,374	$2.44	563	100.0%
Studio	2010Q2	51	$1,538	$1,303	$2.31	563	100.0%
Studio	2010Q1	51	$1,510	$1,258	$2.23	563	100.0%
Studio	2009Q4	51	$1,507	$1,255	$2.23	563	100.0%
Studio	2009Q3	51	$1,515	$1,283	$2.28	563	100.0%
Studio	2009Q2	51	$1,541	$1,370	$2.43	563	100.0%
Studio	2009Q1	51	$1,559	$1,280	$2.27	563	100.0%
Studio	2008Q4	51	$1,585	$1,321	$2.35	563	100.0%

Metro Rent Vs. PPR54 Average Rent Growth

Updated: 29-Jul-2011



Metro Rent Trends

Updated: 29-Aug-2011

Washington apartment owners saw little rent slippage in the downturn. Stable demand served to keep asking rent growth positive, which was not the case in many of the major markets.

According to Axiometrics, toward the end of 2008 just 29% of units surveyed were offering concessions. This ramped up rapidly as the downturn hit, with succeeding quarters all showing deterioration. For all of 2009, roughly 44% of units tracked were offering some form of specials. This share began to drop slightly at the start of 2010. By second quarter, the share was 31%. By the end of the year, that level improved even further to 30%. As of the second quarter 2011, concessions have declined for all units to just 23%. This level is nearing the rate before the housing bubble in the first half of 2006.

In terms of effective rents, the discounts topped out at 5.8% of asking rent at year-end 2009. In comparison, that discount dropped to just 3% by mid-2010 and is unchanged as of the first quarter 2011. Reflecting the lower level of units offering concessions, that rate has now declined to just 2.5%. Although this is elevated above the level seen in the first half of 2006, this improvement over a short time period reflects a market that is coming into balance.

Despite slightly higher vacancy, we see Washington continuing to see good rent growth due to the solid in-place demand fundamentals. Recognizing the strong rental growth already seen in 2010, we forecast cumulative rent growth through 2015 of 16% for D.C., versus 17% for the PPR54.

As more luxury product comes on line, the spread between Class A and B asking rents often tends to increase. According to data from Axiometrics, the average Class B asking rent was 20% below the Class A average as of the second quarter. This level has been holding steady, underscoring that there has been little recent rent creep from Class B to A over the last few years, despite the tight vacancy. This is probably related to the fact that the minimal Class A rent declines in D.C. have kept the product expensive through the downturn.

At the top of the market, that gap may be beginning to widen because luxury complexes such as West End 25, Zosa Flats, The Palatine, Senate Square, Flats 130, and Lyon Place (all with average asking rents near $3,000/month) have hit the market. Pricing for these units appears to have topped out at effective rates of around $2.75-$3.00/SF, with most of the established properties offering no concessions. The question that owners and investors are now asking, especially in light of the slowdown in job growth, is “where is the top end of the market” given lower vacancies and the minimal concessions in the established, better-quality product.

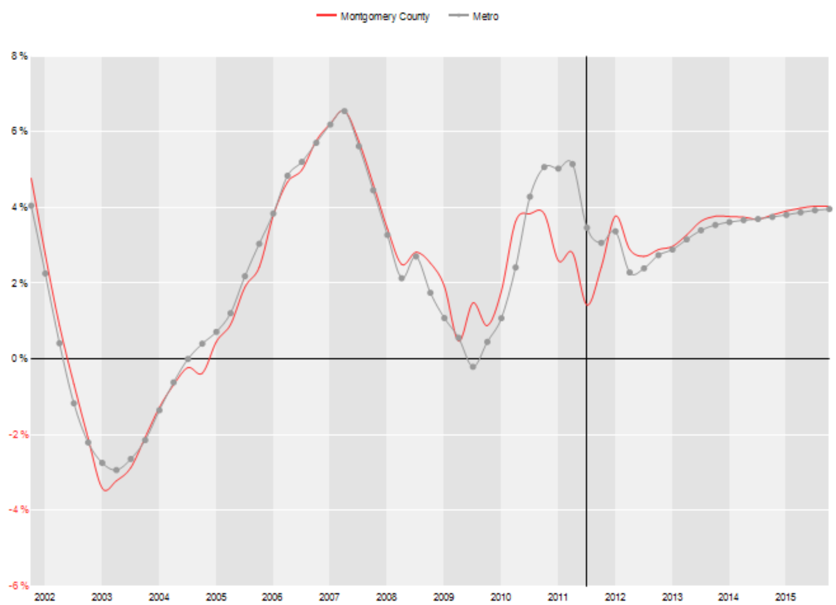
Submarket Rent Trends

Updated: 18-Aug-2011

- With the market's supply-demand balance improving, asking rents in Montgomery County have been increasing. According to Axiometrics, effective rents are still under pressure. Even though this is true, rents in some of the newer, close-in properties are solid, fetching $1,700 to $1,800 per month for a typical one-bedroom unit. New offerings such as North Bethesda Market that are trying to gain leasing velocity are offering some free rent, which brings their effective rents for one-bedrooms down to $1,900/month, or almost $2.90/SF. This story is similar in some of the other recent additions (Cameron House and the Alaire at Twinbrook Station), which are offering one or two months free rent, depending on the unit.
- In broader terms, average concessions have risen from just 1.2% of asking rent (with 20% of units offering them) in mid-2006 to 5.6% of asking rent in the second quarter 2010, with 35% of units offering discounts. Apartment data through the second quarter 2011 illustrate that the submarket has improved, with 25% of units offering concessions, albeit at a slightly higher average of 6.4% of asking rent. As vacancies decline, rent growth will edge slightly ahead of the metrowide average.

Rent Growth in Submarket vs. Metro

Updated: 17-Aug-2011



Sources: PPR; CoStar Group, Inc.

Performance

Performance Trends

Updated: 02-Aug-2011

Rich pricing will limit total returns for Washington apartment assets, despite the ongoing strong fundamentals. Apartment values took a substantial hit, falling 24% from their peak at the end of 2006 through the end of 2009. In comparison, the PPR54 declined 34% over the same period. NOI losses in D.C. were mild. Vacancy increases and effective rent slippage were much less serious in D.C. than in other major PPR markets.

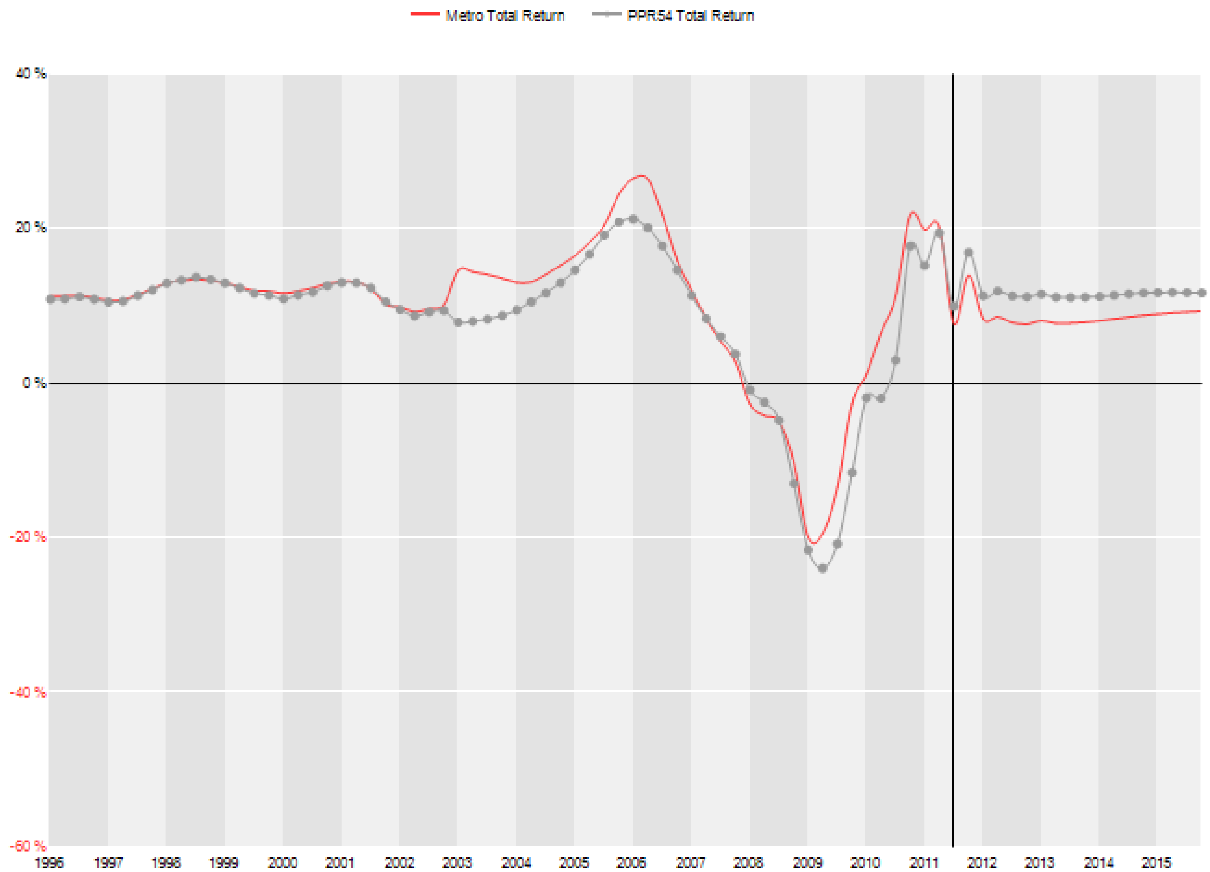
Looking back, average NOIs fell by about 2% from their peak during 2008 due to rising vacancy. These NOI declines plateaued in 2009 and began to reverse in 2010. As of first quarter 2010, NOIs saw a total increase of 4.5% from these lows, setting a new watermark. This is not the case with the overall PPR54 markets, where the declines have just ceased and the rebuilding /recovery period will emerge in 2011. Our analysis suggests that NOIs in Washington will increase an overall 4.3% for this year, putting D.C. toward the top of the PPR54.

Attracted by the growing job base and tight vacancy conditions, an influx of capital looking for safety and stability has resulted in a very strong value recovery in D.C. From their low point at the end of 2009, apartment values have consistently increased quarter to quarter, hitting 19% as of mid-year 2011. This increase is one of the highest in the PPR54.

The average cap rate peaked at 6.7% in late 2009, but several of the metro's best assets have traded at near peak pricing in recent months. Average cap rates ended 2010 at 6.1%, reflecting a combination of high-priced assets at close-in locations and more average properties in the suburbs without Metrorail transit access. This level also remains aggressive because of high investor demand in the Washington region. Although the market will soften slightly over the near term, we believe investors will continue to pay premiums in D.C. We forecast cap rates to trend down slowly to 5.8% by the end of 2011 and then remain around 6% through the end of the forecast. Because D.C. has already seen most of its value rebound early in the cycle, we forecast values to increase 14% through 2015, lagging the PPR54.

Metro Vs. PPR54 Derived Market Return

Updated: 29-Jul-2011



Strategic Implications

Updated: 02-Aug-2011

Demand for core assets in this market is high, which translate into ongoing high prices. Investor interest picked up markedly in 2010, which pushed pricing further than in most markets. In fact, the Washington region came in second in the volume of investment-grade transaction in 2010, behind the New York-Northern New Jersey metro area.

We expect D.C. strong fundamentals to continue to attract core investors. The dramatic slow down in employment growth will take some of the upside out of the deals unless D.C.'s private sector economic engine kicks in. As it stands, this may not take place until after the election in 2012, which could impact the pro forma expectations of some of the recent properties that have or are about to break ground.

Even given these changing market dynamics, there are any real opportunistic deals in the region. There may be a value-add play lurking around for the astute investor, like the 747-unit Jefferson at Orchard Pond in Gaithersburg that is on the market and is zoned for another 410 units. The market has reached the point where new development is feasible at select locations, although unit-pricing must be balanced with demand.

Because urban sprawl is a serious issue locally, buyers should focus on areas with good transit linkages. In fact, the new Metrorail in Fairfax will likely open up future opportunities, as will the trolley system being proposed to connect established locations, such as the Columbia Pike street car project that will link close-in Arlington, Alexandria, and Fairfax via the Pentagon Metrorail. Proximity to employment hubs is also critical and part of an overall smart growth strategy that will pay off over time in terms of consistent high occupancy.

Because values have increased so rapidly in this market, values are expected to expand by only another 14% by the end of 2015. This will place them slightly above their prior peak and continue to position D.C. as one of the highest value markets in the PPR54. Because of this, long-term investors will probably want to hold their assets over the next five years. But the future remains uncertain due to a slowdown in government spending that will have repercussions in the private sector. With some buyers willing to pay sub-5% cap rates for high-quality D.C. apartments in anticipation of significant rental rate growth, owners who are wary of the federal government’s massive deficit crimping economic growth may want to watch the next several years carefully.

Sources: PPR; Trepp, LLC

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Contents

Retail

Metro Analysis

Retail - 3rd Quarter 2011
Metro: Suburban Maryland

Neighborhood Shopping Centers

Section 1 - Current Metro Rent Details

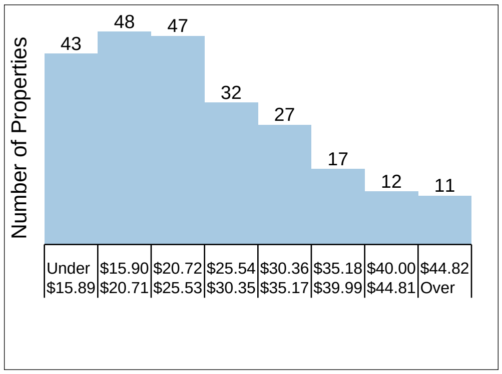
Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	$28.25
1970-1979	$25.55
1980-1989	$25.38
1990-1999	$26.14
2000-2009	$29.07
After 2009	$29.60
All	$25.71

As of 09/30/11

Nonanchor Asking Rent Distribution

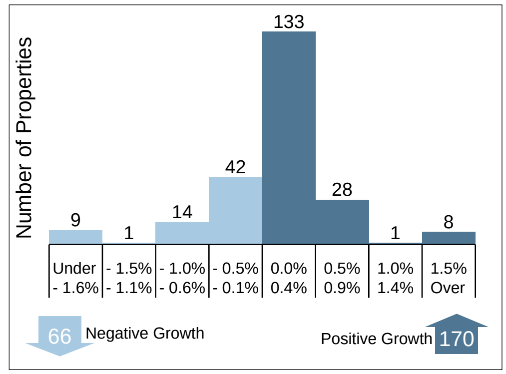
Low	25%	Mean	Median	75%	High
$10.87	$18.49	$25.71	$24.75	$32.95	$51.44



As of 09/30/11

Nonanchor Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 3.5%	- 0.1%	0.0%	0.0%	0.0%	2.6%



Qtr Ending 09/30/11

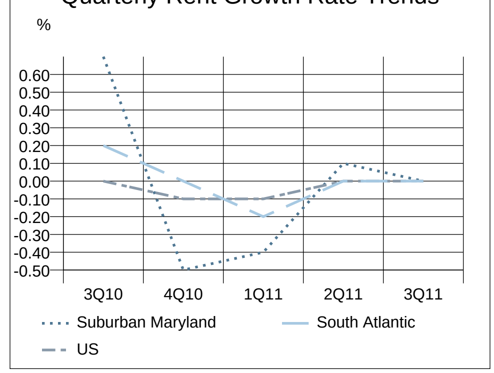
Anchor Asking Rent Distribution	Low	25%	Mean	Median	75%	High
	$ 7.50	$13.37	$16.98	$15.61	$20.21	$40.57

Section 2 - Nonanchor Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	0.0%	0.1%	- 0.1%	- 1.8%	- 0.8%	0.9%
South Atlantic	0.0%	0.0%	- 0.1%	- 0.5%	- 0.9%	0.9%
United States	0.0%	0.0%	0.0%	- 0.7%	- 0.9%	0.9%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

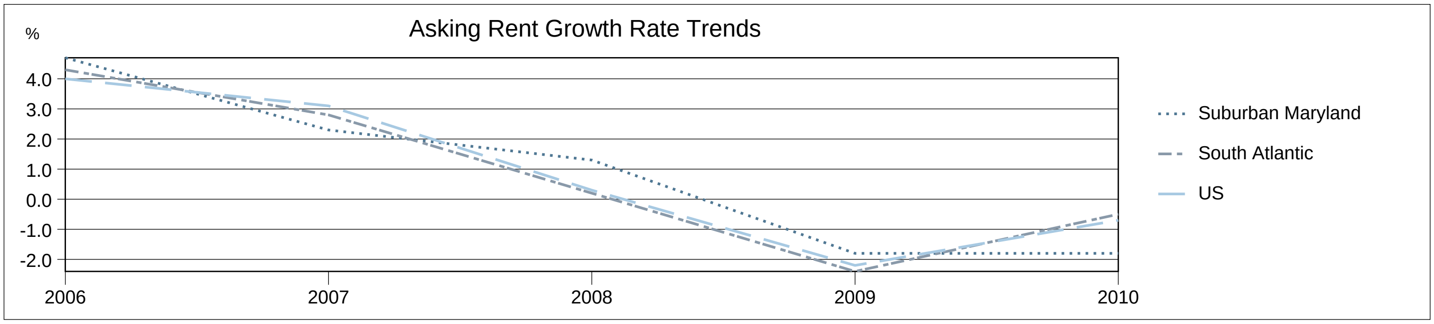
Metro Rank Compared to:	Total Metros	Metro Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	25	13	9	17	24	16	11
United States	80	39	30	55	75	52	34

Quarterly Rent Growth Rate Trends



Period ending 09/30/11

Asking Rent Growth Rate Trends



Period ending 12/31/10

Community Shopping Centers

Section 3 - Current Metro Rent Details

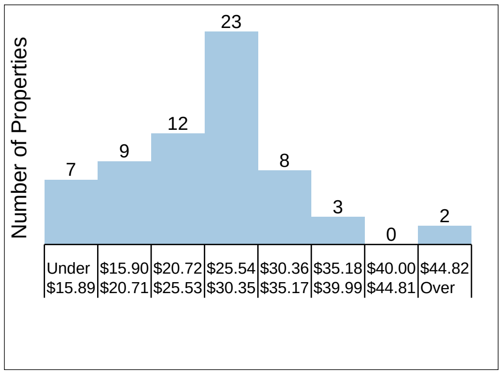
Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	$23.80
1970-1979	$22.70
1980-1989	$24.02
1990-1999	$34.35
2000-2009	$28.33
After 2009	n/a
All	$24.51

As of 09/30/11

Nonanchor Asking Rent Distribution

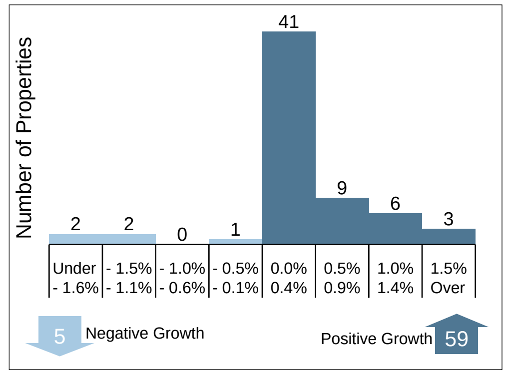
Low	25%	Mean	Median	75%	High
$13.37	$20.51	$24.51	$26.96	$29.62	$46.25



As of 09/30/11

Nonanchor Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 1.9%	0.0%	- 0.1%	0.0%	0.9%	1.8%



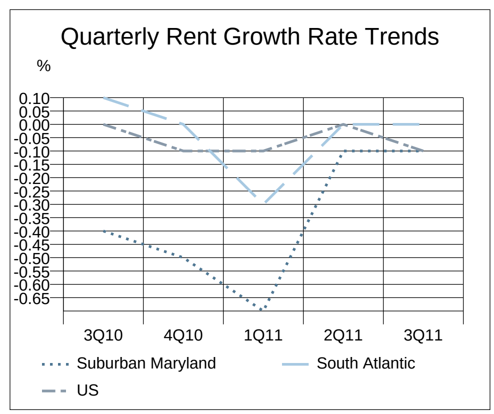
Qtr Ending 09/30/11

	Low	25%	Mean	Median	75%	High
Anchor Asking Rent Distribution	$ 6.91	$11.80	$17.08	$17.75	$20.84	$33.78

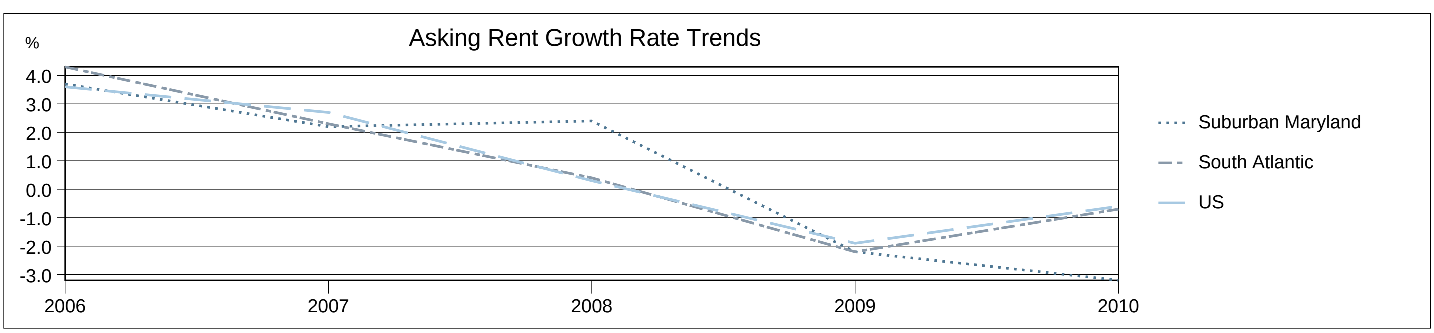
Section 4 - Nonanchor Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	- 0.1%	- 0.1%	- 0.3%	- 3.2%	- 1.0%	0.5%
South Atlantic	0.0%	0.0%	- 0.1%	- 0.7%	- 0.9%	0.8%
United States	- 0.1%	0.0%	- 0.1%	- 0.6%	- 0.7%	0.8%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	25	16	15	24	25	18	19
United States	80	54	53	75	80	62	52



Period ending 09/30/11



Period ending 12/31/10

Neighborhood Shopping Centers

Section 5 - Current Metro Vacancy Details

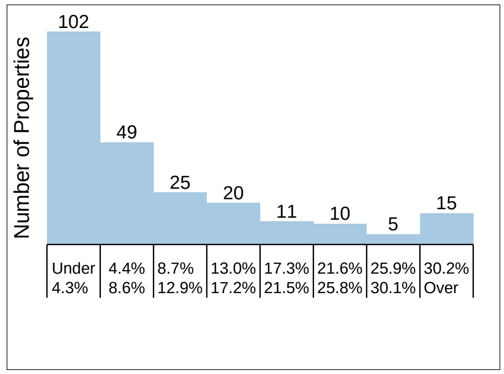
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	8.1%
1970-1979	6.1%
1980-1989	10.1%
1990-1999	9.1%
2000-2009	9.7%
After 2009	17.6%
All	8.9%

As of 09/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.0%	0.0%	8.9%	5.6%	14.0%	36.3%

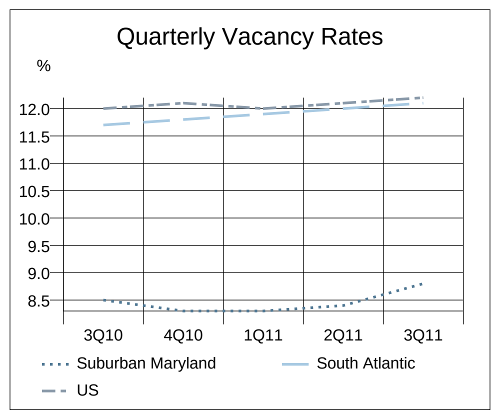


As of 09/30/11

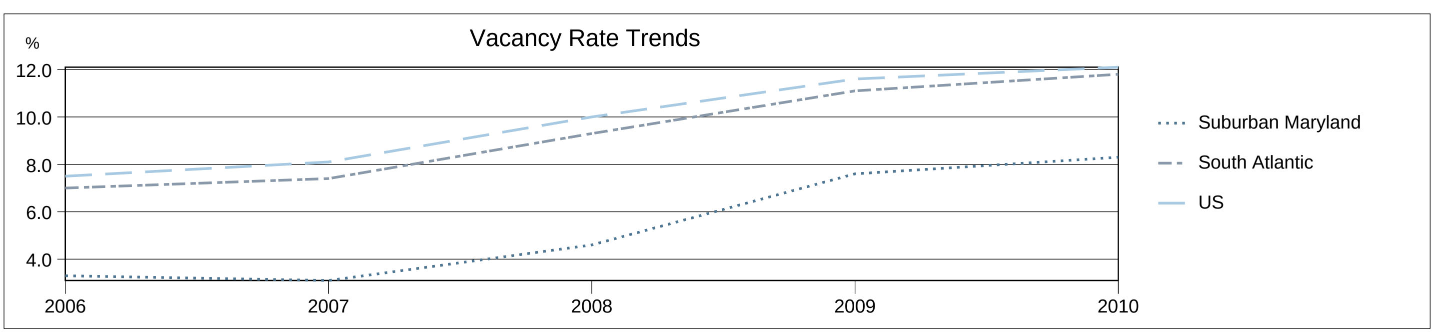
Section 6 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	8.8%	8.4%	8.5%	7.9%	5.9%	5.0%
South Atlantic	12.1%	12.0%	12.0%	11.5%	9.9%	8.9%
United States	12.2%	12.1%	12.1%	11.8%	10.5%	9.4%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	25	3	3	3	3	3	3
United States	80	18	17	17	15	7	8



Period ending 09/30/11



Period ending 12/31/10

Community Shopping Centers

Section 7 - Current Metro Vacancy Details

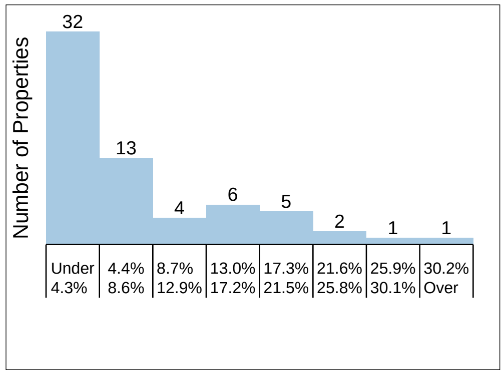
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	5.4%
1970-1979	9.6%
1980-1989	8.1%
1990-1999	6.6%
2000-2009	12.8%
After 2009	n/a
All	9.0%

As of 09/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.0%	0.0%	9.0%	3.5%	13.0%	25.7%

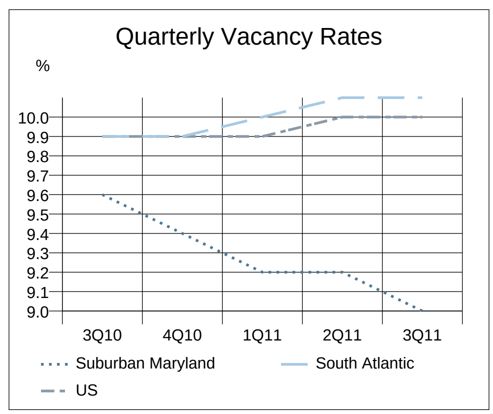


As of 09/30/11

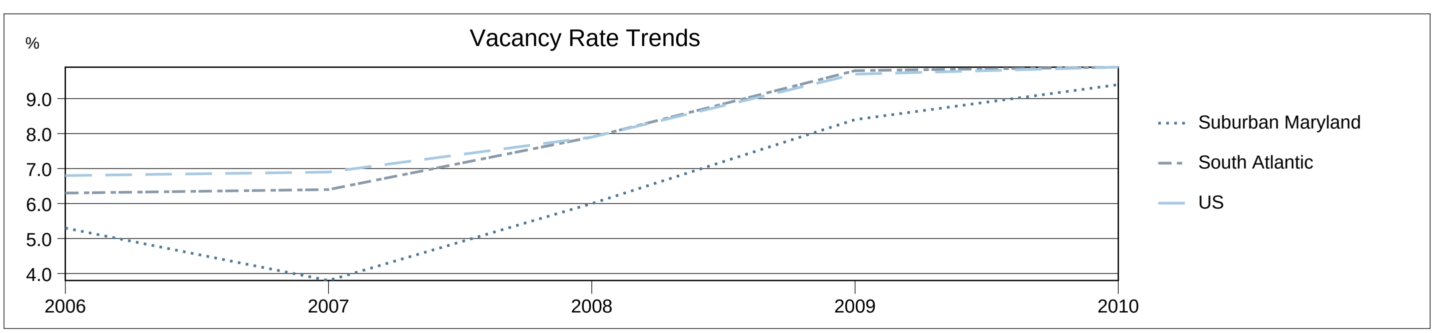
Section 8 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	9.0%	9.2%	9.1%	8.9%	6.9%	6.3%
South Atlantic	10.1%	10.1%	10.0%	9.9%	8.5%	7.9%
United States	10.0%	10.0%	9.9%	9.8%	8.6%	8.0%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	25	9	9	9	8	5	5
United States	80	29	30	30	28	18	19



Period ending 09/30/11



Period ending 12/31/10

Section 9 - Metro Inventory Detail

Inventory By Center Age

Year Built	Percent
Before 1970	34.0%
1970-1979	20.0%
1980-1989	20.0%
1990-1999	17.0%
2000-2009	9.0%
After 2009	1.0%
All	100.0%

As of 09/30/11

Shopping Center Stock Traits

	Metro			
	Low	Mean	Median	High
Year Built	1950	1979	1978	2007
Size (sq. ft.)	13,000	93,006	77,845	325,000
Distance to Highway (miles)	0	1.8	0.8	11.5
Distance to CBD (miles)	1.6	12.5	11.4	37.1
Distance to Landmark (miles)	1.4	7.9	7.4	14.3

As of 09/30/11 Landmark =Potomac River

Average Metro Lease Terms

Anchor/ Nonanchor	CRD %	Free Rent (mos)	Expenses $ (Commercial)	Lease Term (yrs)	Leasing Commission %	Tenant Improvements $
A	- 5.8%	5.2	$ 5.10	9.7	4.4%	$10.90
N	- 6.5%	4.1	$ 5.20	5.0	4.8%	$10.30

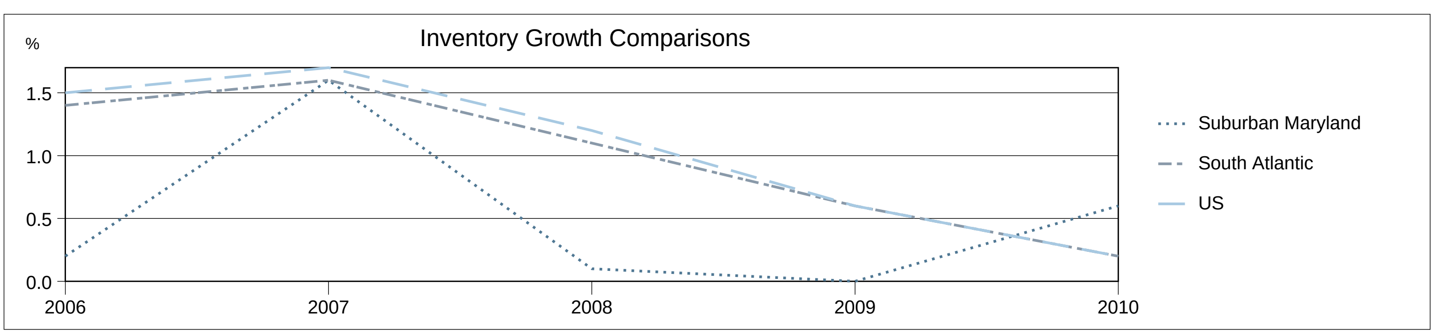
As of 09/30/11

Neighborhood and Community Shopping Centers

Section 10 - Inventory Growth Comparison

	Inventory Growth Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Suburban Maryland	0.1%	0.0%	0.0%	0.6%	0.2%	0.5%
South Atlantic	0.0%	0.0%	0.0%	0.2%	0.6%	1.0%
United States	0.0%	0.1%	0.0%	0.2%	0.7%	1.1%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Metro Rank Compared to:	Total Metros	Metro Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
South Atlantic	25	3	11	7	2	20	21
United States	80	12	29	21	7	67	68



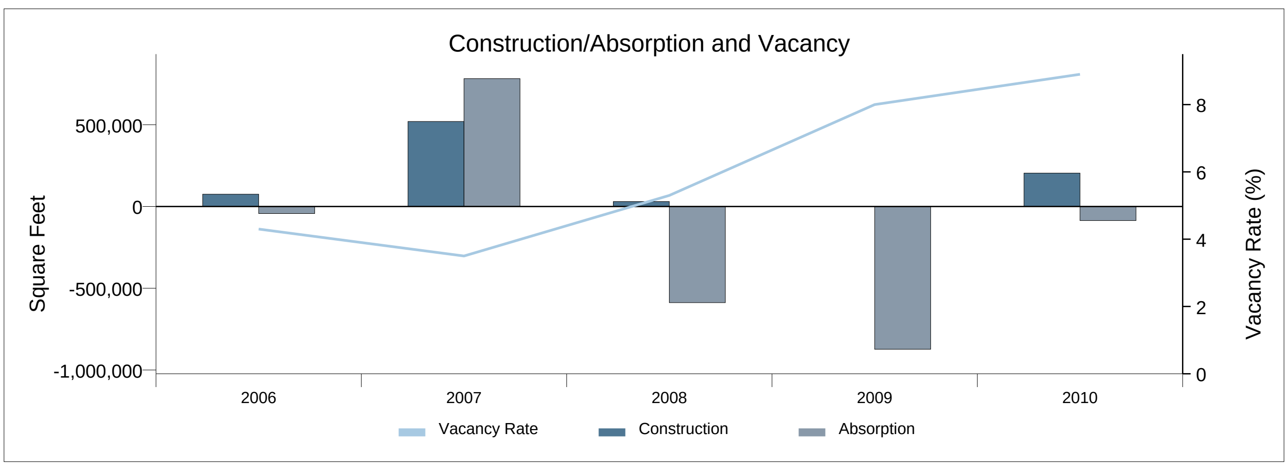
Period ending 12/31/10

Section 11 - Construction/Absorption Change

Construction and Absorption

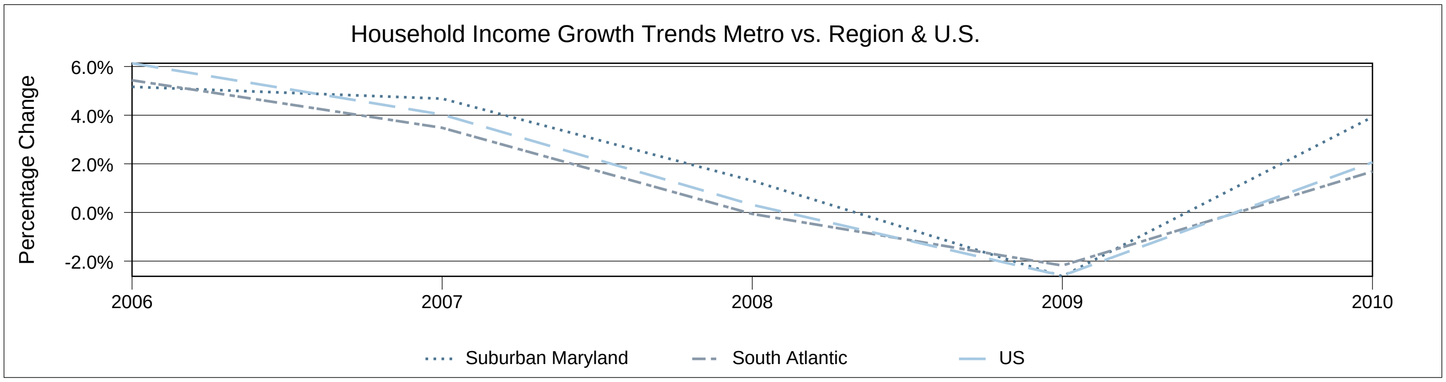
	Quarterly								
	3Q11			2Q11			YTD Avg		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
Suburban Maryland	28,000	-30,000	-0.9	0	2,000	0.0	9,300	-700	-13.3
South Atlantic	148,000	-241,000	-0.6	239,000	-449,000	-0.5	178,000	-277,700	-0.6
Average over period ending:	09/30/11	09/30/11	09/30/11	06/30/11	06/30/11	06/30/11	09/30/11	09/30/11	09/30/11

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
Suburban Maryland	204,000	-86,000	-2.4	78,000	-516,000	-0.2	166,000	-162,000	-1.0
South Atlantic	1,226,000	-1,187,000	-1.0	3,776,000	-4,340,000	-0.9	5,704,000	447,000	12.8
Average over period ending:	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10

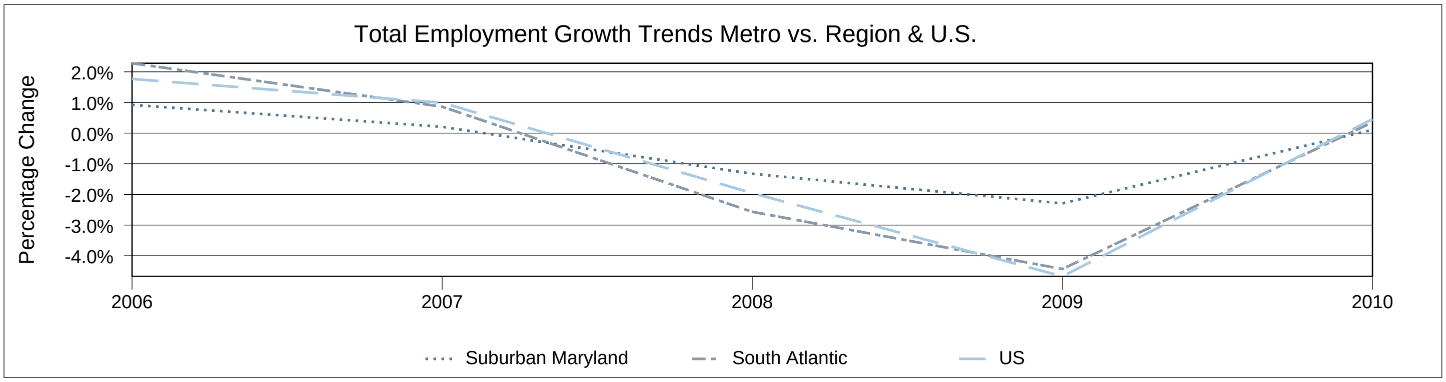


Period ending 12/31/10

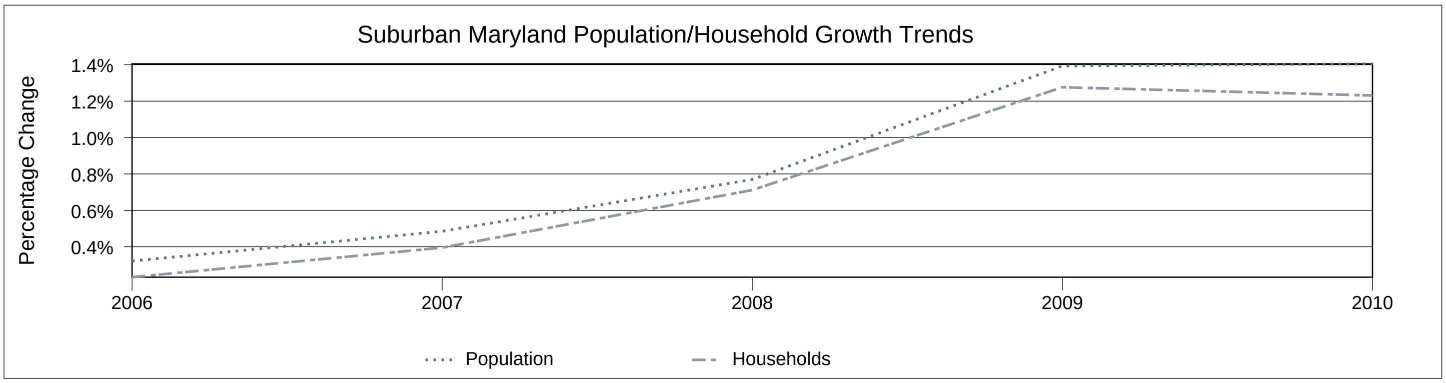
Section 12 - Economic and Demographic Trends



Provided by Moody's Economy.com, Period ending 12/31/10

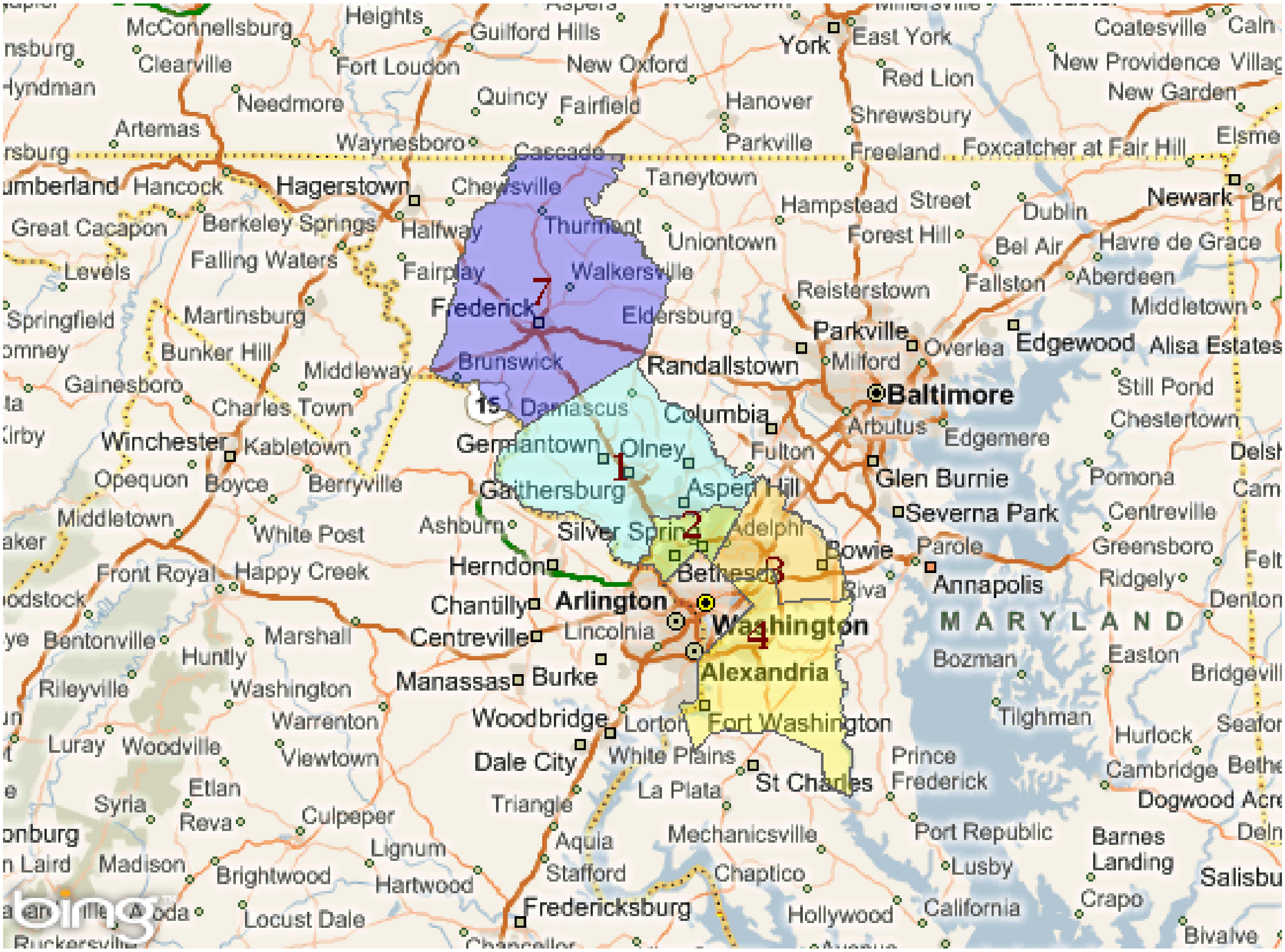


Provided by Moody's Economy.com, Period ending 12/31/10



Provided by Moody's Economy.com, Period ending 12/31/10

Section 13 - Metro Area - Suburban Maryland



Suburban Maryland Submarkets

1	Gaithersburg/Rockville/Germantown	2	Bethesda/Silver Spring/NW Beltway	3	Northern Prince George's County
4	Southern Prince George's County	7	Frederick County		

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Submarket Analysis

Retail

Powered by Reis, inc.

Submarket Analysis

Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Neighborhood Shopping Centers

Section 1 - Current Submarket Rent Details

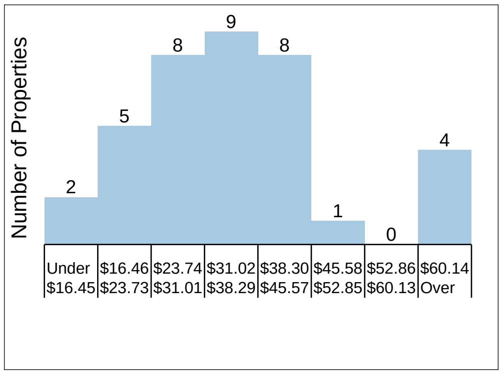
Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	$34.98
1970-1979	$25.08
1980-1989	$29.85
1990-1999	$51.13
2000-2009	$33.78
After 2009	n/a
All	$34.20

As of 09/30/11

Nonanchor Asking Rent Distribution

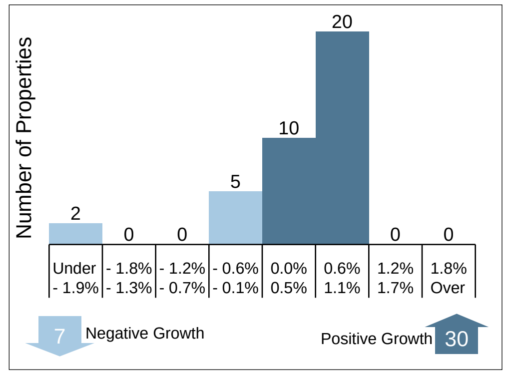
Low	25%	Mean	Median	75%	High
$ 9.17	$24.18	$34.20	$31.80	$40.51	$67.41



As of 09/30/11

Nonanchor Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 7.7%	0.0%	0.1%	0.0%	0.8%	0.9%



Qtr Ending 09/30/11

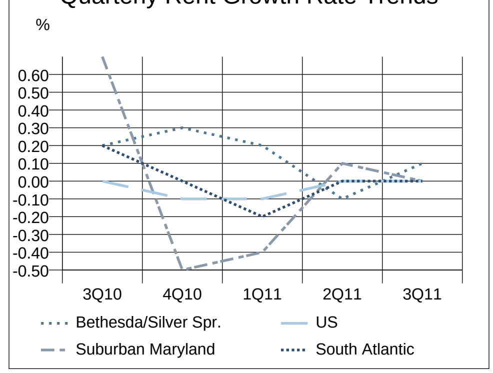
Anchor Asking Rent Distribution	Low	25%	Mean	Median	75%	High
	$ 9.00	$15.46	$21.75	$24.54	$34.79	$48.94

Section 2 - Nonanchor Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Bethesda/Silver Spr.	0.1%	- 0.1%	0.1%	- 1.3%	- 1.4%	0.8%
Suburban Maryland	0.0%	0.1%	- 0.1%	- 1.8%	- 0.8%	0.9%
South Atlantic	0.0%	0.0%	- 0.1%	- 0.5%	- 0.9%	0.9%
United States	0.0%	0.0%	0.0%	- 0.7%	- 0.9%	0.9%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

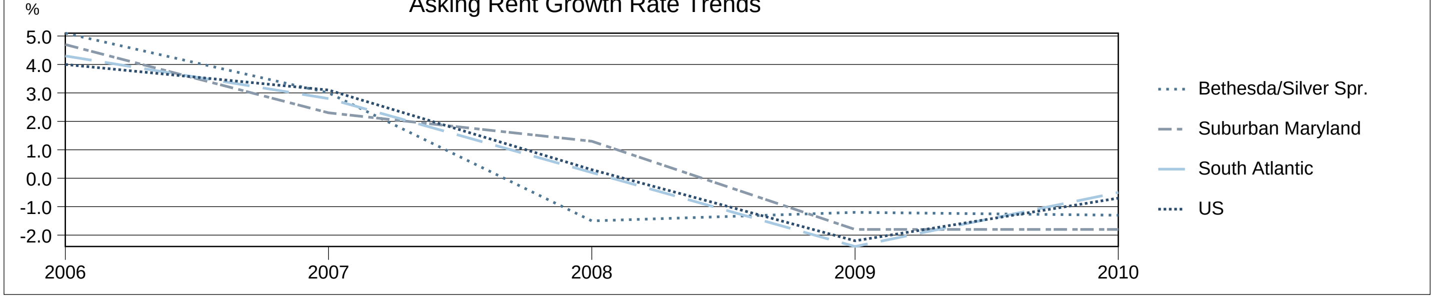
Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	5	1	4	1	1	3	2
South Atlantic	110	45	75	36	74	74	59
United States	386	151	253	147	266	282	199

Quarterly Rent Growth Rate Trends



Period ending 09/30/11

Asking Rent Growth Rate Trends



Period ending 12/31/10

Submarket Analysis

Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Community Shopping Centers

Section 3 - Current Submarket Rent Details

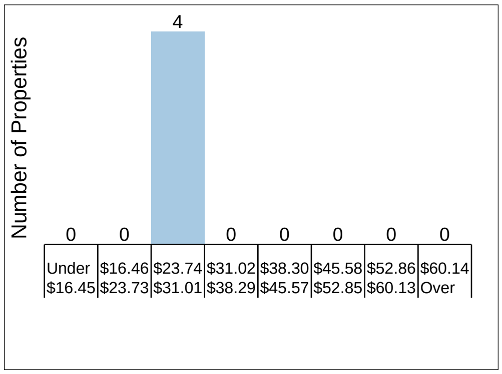
Nonanchor Asking Rent by Age

Year Built	Rent
Before 1970	$27.88
1970-1979	$27.03
1980-1989	n/a
1990-1999	n/a
2000-2009	n/a
After 2009	n/a
All	$27.57

As of 09/30/11

Nonanchor Asking Rent Distribution

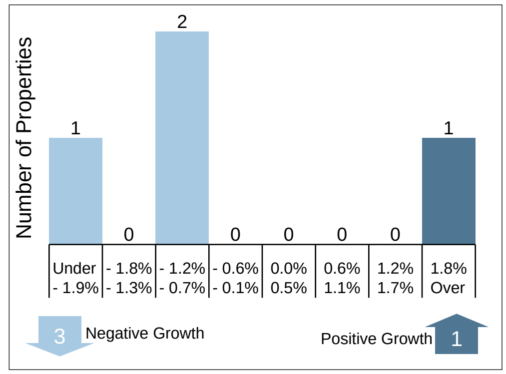
Low	25%	Mean	Median	75%	High
$27.03	$27.03	$27.57	$27.03	$27.97	$29.07



As of 09/30/11

Nonanchor Asking Rent Growth Rate Distribution

Low	25%	Mean	Median	75%	High
- 1.9%	- 1.1%	0.2%	- 1.1%	3.2%	3.2%



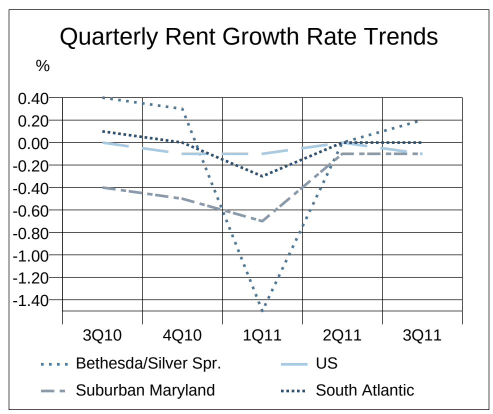
Qtr Ending 09/30/11

Anchor Asking Rent Distribution	Low	25%	Mean	Median	75%	High
	$18.50	$19.85	$21.15	$19.85	$24.28	$25.79

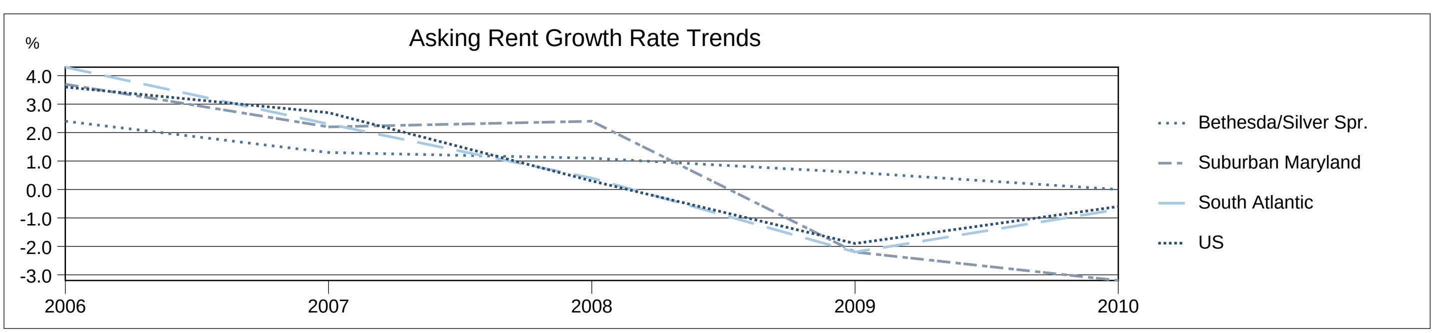
Section 4 - Nonanchor Rent Growth Comparisons

	Asking Rent Growth					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Bethesda/Silver Spr.	0.2%	0.0%	- 0.4%	0.0%	0.6%	1.1%
Suburban Maryland	- 0.1%	- 0.1%	- 0.3%	- 3.2%	- 1.0%	0.5%
South Atlantic	0.0%	0.0%	- 0.1%	- 0.7%	- 0.9%	0.8%
United States	- 0.1%	0.0%	- 0.1%	- 0.6%	- 0.7%	0.8%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	5	1	3	4	1	1	2
South Atlantic	110	34	54	98	46	25	41
United States	386	125	204	339	163	85	132



Period ending 09/30/11



Period ending 12/31/10

Submarket Analysis

Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Neighborhood Shopping Centers

Section 5 - Current Submarket Vacancy Details

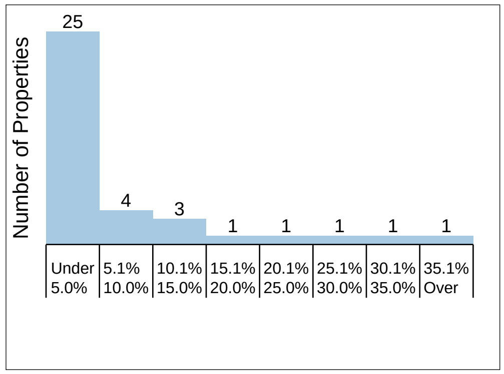
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	4.6%
1970-1979	3.7%
1980-1989	15.3%
1990-1999	10.0%
2000-2009	3.7%
After 2009	n/a
All	3.9%

As of 09/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.0%	0.0%	3.9%	3.4%	8.2%	53.7%

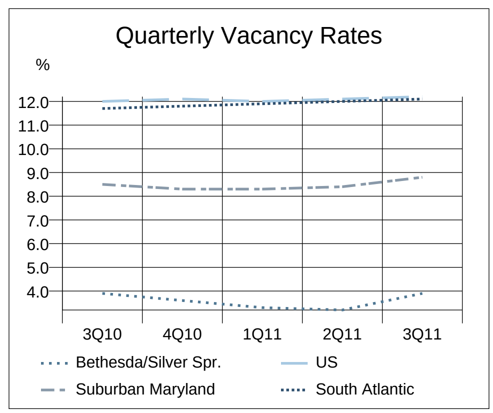


As of 09/30/11

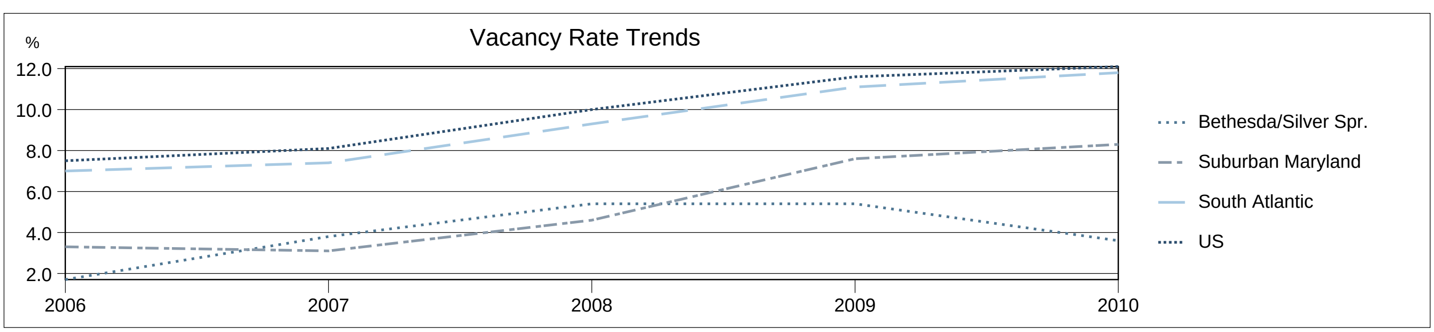
Section 6 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Bethesda/Silver Spr.	3.9%	3.2%	3.5%	4.5%	4.5%	3.7%
Suburban Maryland	8.8%	8.4%	8.5%	7.9%	5.9%	5.0%
South Atlantic	12.1%	12.0%	12.0%	11.5%	9.9%	8.9%
United States	12.2%	12.1%	12.1%	11.8%	10.5%	9.4%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	5	1	1	1	1	1	1
South Atlantic	110	1	1	1	1	4	3
United States	386	8	8	9	14	18	13



Period ending 09/30/11



Period ending 12/31/10

Community Shopping Centers

Section 7 - Current Submarket Vacancy Details

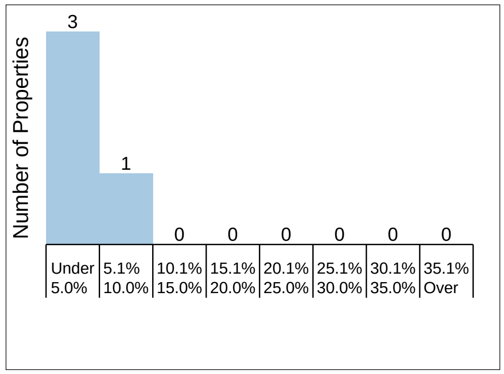
Vacancy Rate By Age

Year Built	Vac. Rate
Before 1970	0.9%
1970-1979	5.1%
1980-1989	n/a
1990-1999	n/a
2000-2009	n/a
After 2009	n/a
All	8.0%

As of 09/30/11

Vacancy Rate Distribution

Low	25%	Mean	Median	75%	High
0.0%	0.0%	8.0%	1.5%	5.1%	5.1%

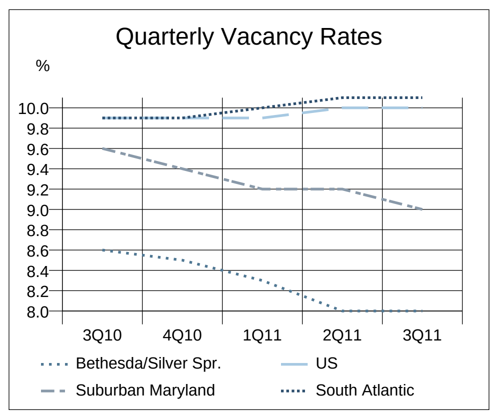


As of 09/30/11

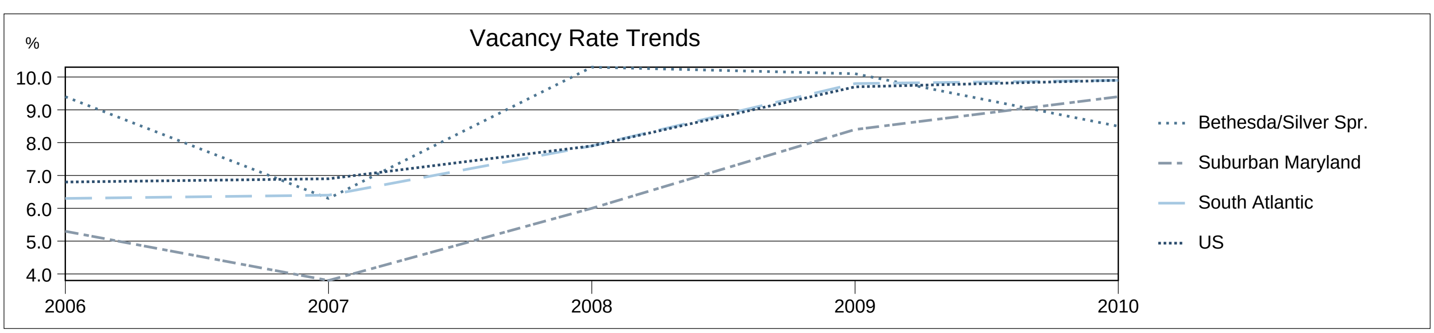
Section 8 - Vacancy Rate Comparisons

	Vacancy Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Bethesda/Silver Spr.	8.0%	8.0%	8.1%	9.3%	8.8%	8.5%
Suburban Maryland	9.0%	9.2%	9.1%	8.9%	6.9%	6.3%
South Atlantic	10.1%	10.1%	10.0%	9.9%	8.5%	7.9%
United States	10.0%	10.0%	9.9%	9.8%	8.6%	8.0%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	5	3	3	3	4	4	4
South Atlantic	110	37	38	39	54	68	65
United States	386	149	150	152	196	227	234



Period ending 09/30/11



Period ending 12/31/10

Submarket Analysis

Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Section 9 - Submarket Inventory Detail

Inventory By Center Age

Year Built	Percent
Before 1970	58.0%
1970-1979	17.0%
1980-1989	9.0%
1990-1999	5.0%
2000-2009	11.0%
After 2009	0.0%
All	100.0%

As of 09/30/11

Shopping Center Stock Traits

	Submarket			
	Low	Mean	Median	High
Year Built	1949	1972	1970	2005
Size (sq. ft.)	20,149	71,635	61,820	222,001
Distance to Highway (miles)	0	0.7	0.4	2.7
Distance to CBD (miles)	0.7	4.5	4.4	17.8
Distance to Landmark (miles)	0.5	5.4	5.8	10.7

As of 09/30/11 Landmark =Potomac River

Average Submarket Lease Terms

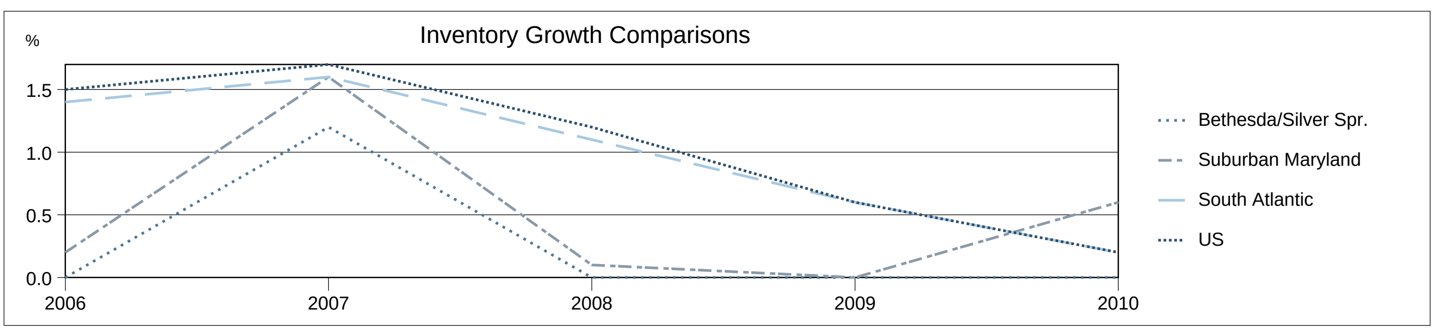
Anchor/ Nonanchor	CRD %	Free Rent (mos)	Expenses $ (Commercial)	Lease Term (yrs)	Leasing Commission %	Tenant Improvements $
A	- 5.0%	5.0	$ 5.78	8.9	3.6%	$15.59
N	- 5.3%	6.0	$ 5.78	5.4	4.0%	$13.49

As of 09/30/11

Section 10 - Inventory Growth Comparison

	Inventory Growth Rates					
	Quarterly			Annualized		
	3Q11	2Q11	YTD Avg	1 Year	3 Year	5 Year
Bethesda/Silver Spr.	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Suburban Maryland	0.1%	0.0%	0.0%	0.6%	0.2%	0.5%
South Atlantic	0.0%	0.0%	0.0%	0.2%	0.6%	1.0%
United States	0.0%	0.1%	0.0%	0.2%	0.7%	1.1%
Period Ending:	09/30/11	06/30/11	09/30/11	12/31/10	12/31/10	12/31/10

Submarket Rank Compared to:	Total Subs	Submarket Ranks					
		3Q11	2Q11	YTD	1 Year	3 Year	5 Year
Suburban Maryland	5	4	4	4	5	5	4
South Atlantic	110	76	76	76	84	95	85
United States	386	258	259	261	281	329	296



Period ending 12/31/10

Submarket Analysis

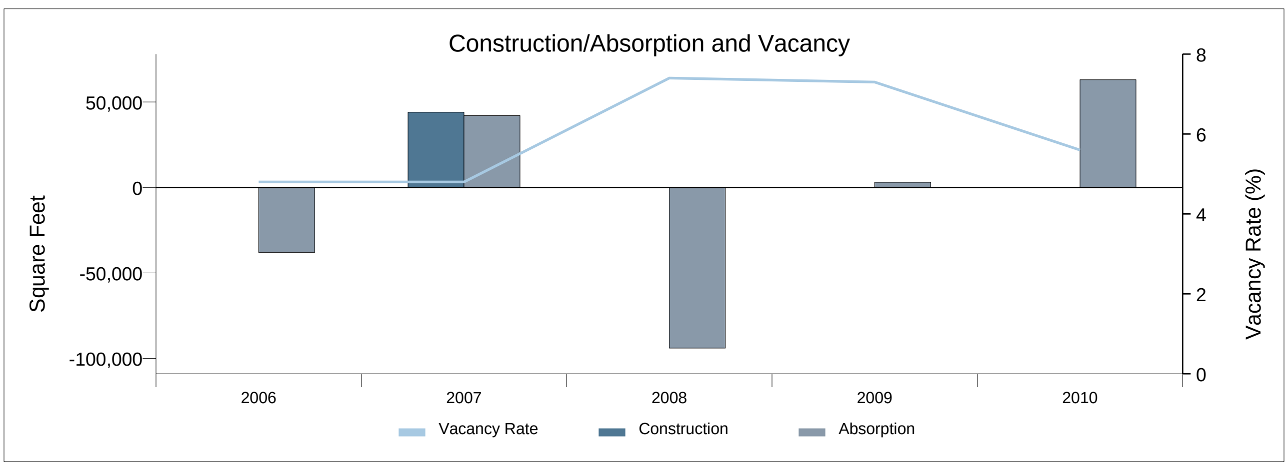
Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Section 11 - Construction/Absorption Change

Construction and Absorption

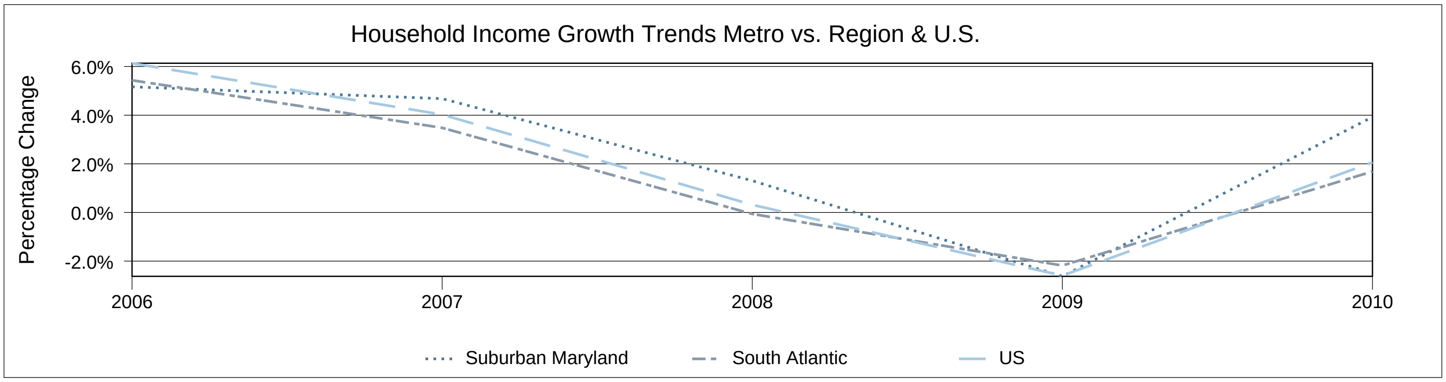
	Quarterly								
	3Q11			2Q11			YTD Avg		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
Bethesda/Silver Spr.	0	-15,000	0.0	0	6,000	0.0	0	300	0.0
Suburban Maryland	28,000	-30,000	-0.9	0	2,000	0.0	9,300	-700	-13.3
Average over period ending:	09/30/11	09/30/11	09/30/11	06/30/11	06/30/11	06/30/11	09/30/11	09/30/11	09/30/11

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
Bethesda/Silver Spr.	0	63,000	0.0	0	-9,000	0.0	9,000	-5,000	-1.8
Suburban Maryland	204,000	-86,000	-2.4	78,000	-516,000	-0.2	166,000	-162,000	-1.0
Average over period ending:	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10	12/31/10

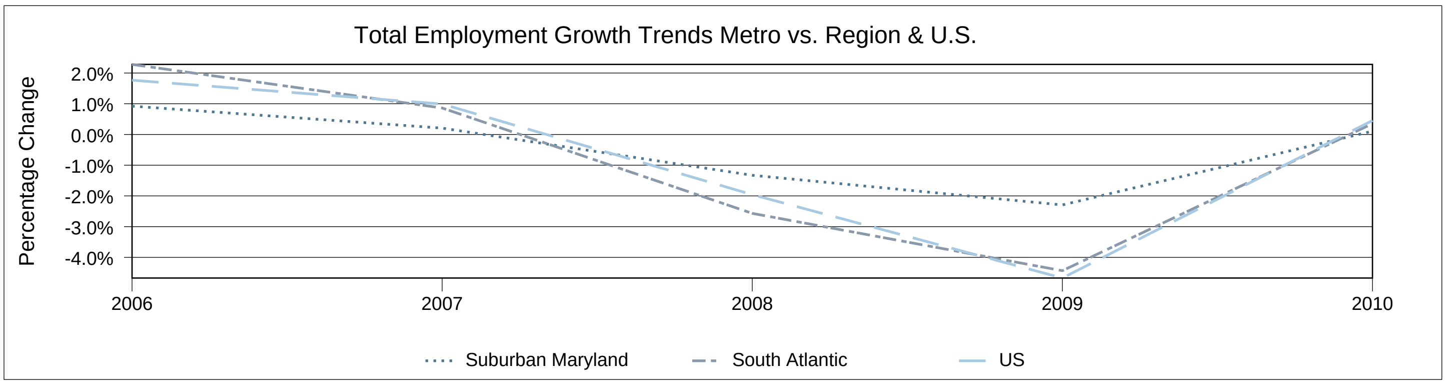


Period ending 12/31/10

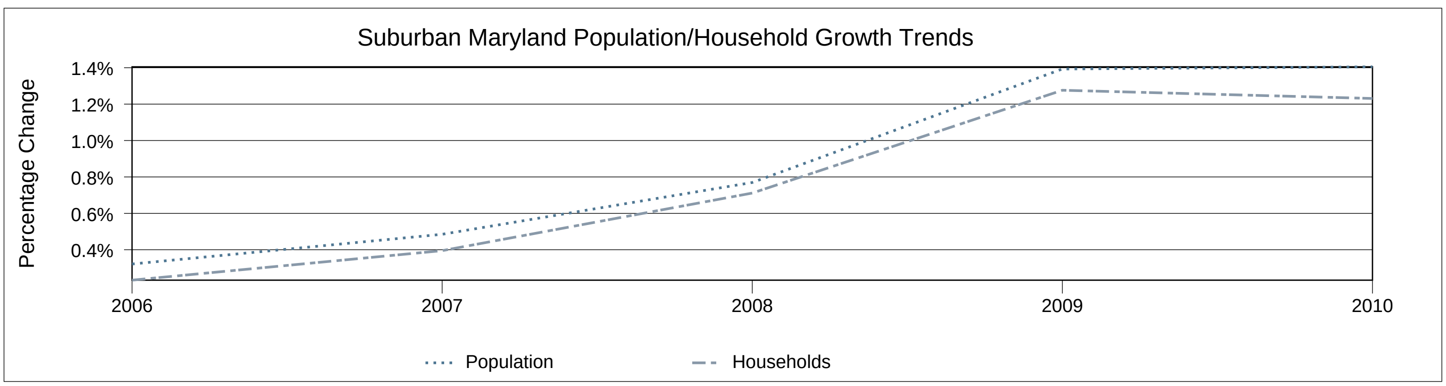
Section 12 - Economic and Demographic Trends



Provided by Moody's Economy.com, Period ending 12/31/10



Provided by Moody's Economy.com, Period ending 12/31/10

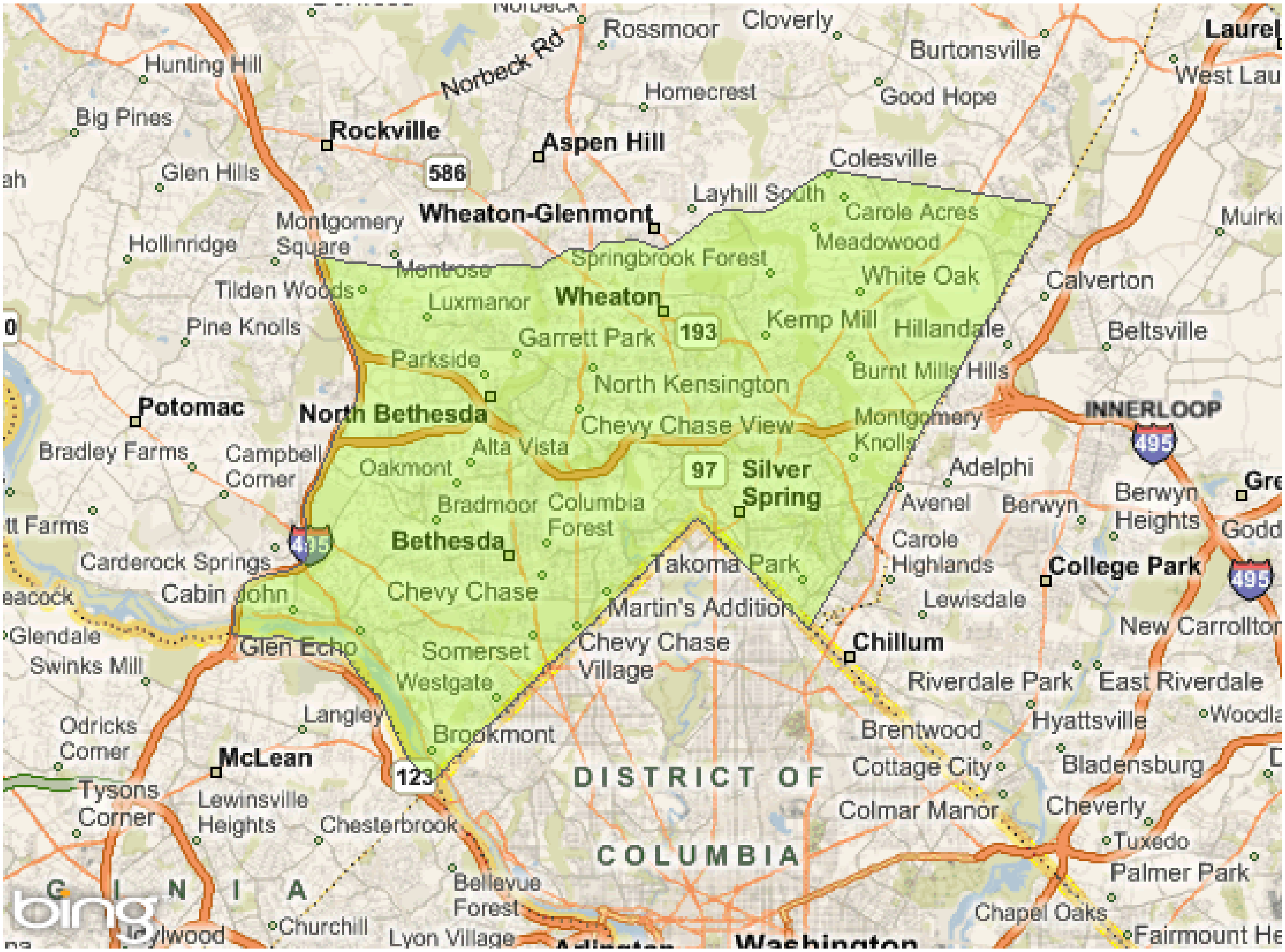


Provided by Moody's Economy.com, Period ending 12/31/10

Submarket Analysis

Retail - 3rd Quarter 2011
Submarket: Bethesda/Silver Spr.

Section 13 - Metro Area - Suburban Maryland



Metro:Suburban Maryland Submarket:Bethesda/Silver Spring/NW Beltway

Montgomery County Boundary	I-495	Randolph Rd

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Rent Comparables

Retail

Powered by Reis, inc.

Rent Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

SUBJECT PROPERTY

Subject Property Location and Key Tenants

Address	5531 Nicholson Lane
City	Rockville
State	MD
ZIP	20852
Metro	Suburban Maryland
Submarket	Bethesda/Silver Spr.
Latitude	39.04497
Longitude	-77.10950
Key Tenants	

Subject Property Statistics

Property Type	Retail
Property Sub-Type	
Enclosed	
Year Built	
Latest Renovation	
Total Size (SF)	

COMPARABLE GROUP MARKET SUMMARY

	Low	Mean	Median	High
Current Asking Rent/SF (Nonanchor)	$14.11	$29.20	$30.59	$37.85
Current Asking Rent/SF (Anchor)	$11.05	$17.43	$16.49	$25.21
Current Vacancy Rate	0.0%	9.3%	6.6%	27.1%
Total Operating Expenses PSF	$2.35	$4.98	$5.69	$10.01
Real Estate Taxes PSF	N/A	N/A	N/A	N/A
Property Size (SF)	20,149	84,434	74,815	222,001
Year Built	1965	1977	1974	1990

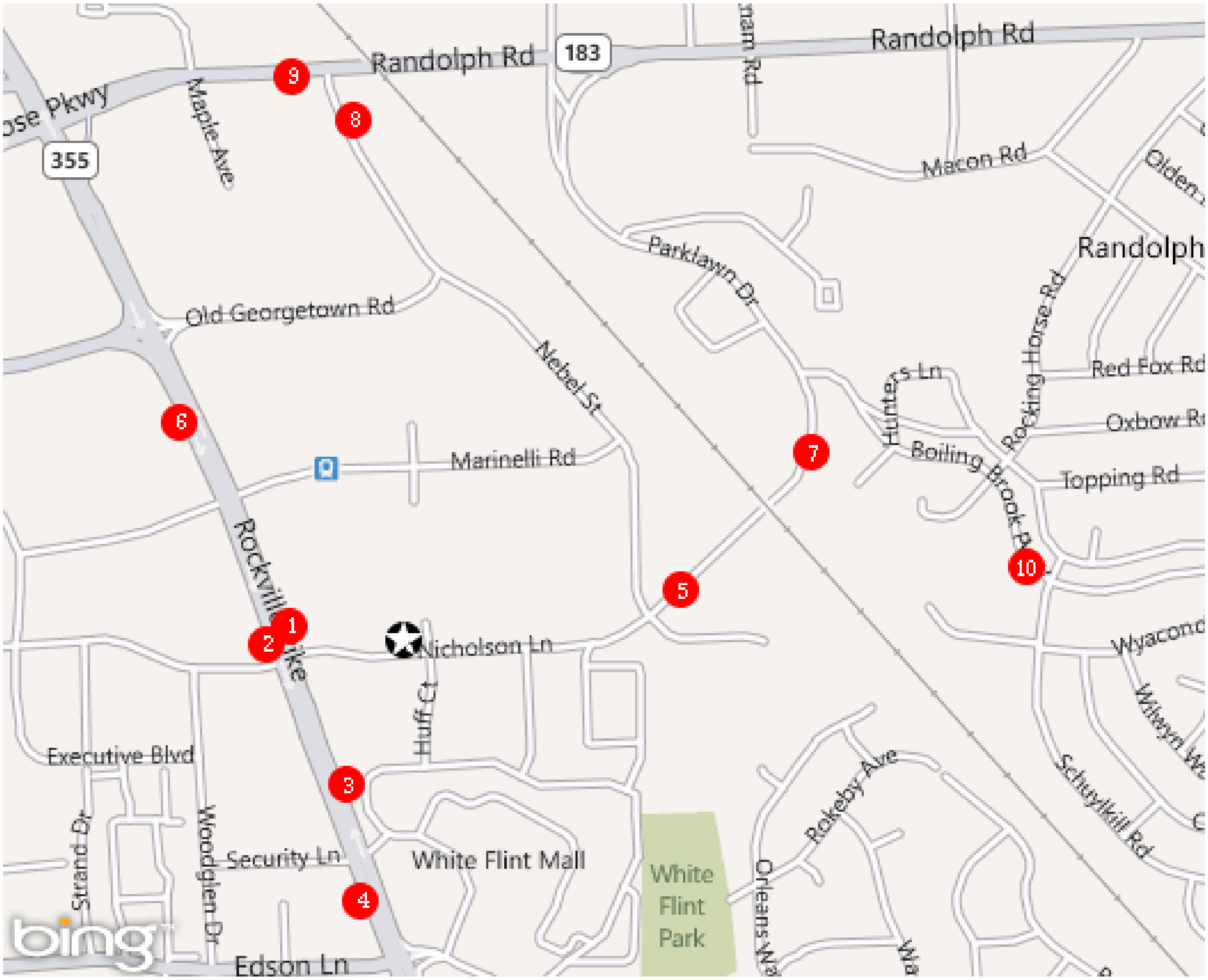
Avg. Submarket Lease Terms

Contract Rent Discount	-5.3%
Free Rent (months/lease)	6.0
Anchor Lease Length (years)	8.9
Nonanchor Lease Length (years)	5.4
Tenant Improvements/SF	$13.49
Commissions	4.0%

Rent Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LOCATION



Rent Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LISTING

1				
Name	Shoppes on the Pike	Current Asking Rent (Nonanchor)	$36.21	
Address	11503 Rockville Pike	Current Asking Rent (Anchor)	$25.21	
City	Rockville	Current Vacancy Rate	0.0%	
State	MD	Distance from Subject (miles)	0.12	
ZIP	20852	Property Size (SF)	20,149	
County	Montgomery	Year Built	1975	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Neighborhood Center	Anchor/Major Tenants	Casual Male	3,631 SF
Enclosed	N/A		Staples	16,518 SF
Data As Of	9/30/11			

2				
Name	Metropike Plaza	Current Asking Rent (Nonanchor)	$37.85	
Address	11510 Rockville Pike	Current Asking Rent (Anchor)	N/A	
City	Rockville	Current Vacancy Rate	22.7%	
State	MD	Distance from Subject (miles)	0.14	
ZIP	20852	Property Size (SF)	64,409	
County	Montgomery	Year Built	1990	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Neighborhood Center	Anchor/Major Tenants	Hiro Sushi	
Enclosed	N/A		Long & Foster Re	5,000 SF
Data As Of	9/30/11		Mcdonald's O	5,000 SF
			Optician	700 SF
			Suburban Travel	

3				
Name	Nicholson Lane	Current Asking Rent (Nonanchor)	$35.98	
Address	11431 Rockville Pike	Current Asking Rent (Anchor)	N/A	
City	Rockville	Current Vacancy Rate	27.1%	
State	MD	Distance from Subject (miles)	0.16	
ZIP	20852	Property Size (SF)	25,000	
County	Montgomery	Year Built	1969	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion	1999	
Center Type	Neighborhood Center	Anchor/Major Tenants	Hockey Stop	4,000 SF
Enclosed	N/A		Jerry's Subs	
Data As Of	9/30/11		Russian Gourmet	
			Spa East	3,600 SF
			Theater Vision	3,700 SF

Rent Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LISTING

4				
Name	White Flint Plaza	Current Asking Rent (Nonanchor)	$30.00	
Address	11311 Rockville Pike	Current Asking Rent (Anchor)	$18.50	
City	Rockville	Current Vacancy Rate	5.1%	
State	MD	Distance from Subject (miles)	0.27	
ZIP	20895	Property Size (SF)	222,001	
County	Montgomery	Year Built	1976	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Community Center	Anchor/Major Tenants	Eye See	
Enclosed	N/A		Gamestop	
Data As Of	9/30/11		Homegoods	28,441 SF
			Mandarin Wok	
			Petsmart	27,900 SF
			Retro Fitness	16,500 SF
			Shoppers Food S	26,000 SF
			Ups Store	

5				
Name	Nicholson Plaza	Current Asking Rent (Nonanchor)	$20.50	
Address	5000 Nicholson Ln	Current Asking Rent (Anchor)	$16.49	
City	Rockville	Current Vacancy Rate	4.4%	
State	MD	Distance from Subject (miles)	0.28	
ZIP	20852	Property Size (SF)	112,000	
County	Montgomery	Year Built	1989	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Neighborhood Center	Anchor/Major Tenants	Consignment Shop	
Enclosed	N/A		La Z Boy	20,000 SF
Data As Of	9/30/11		Novell Hair Design	
			Unknown Anchor	22,000 SF
			Unknown Anchor	15,000 SF
			White Flint Cleaners	

6				
Name	White Flint Station	Current Asking Rent (Nonanchor)	$30.90	
Address	11610 Rockville Pike	Current Asking Rent (Anchor)	N/A	
City	Rockville	Current Vacancy Rate	8.2%	
State	MD	Distance from Subject (miles)	0.31	
ZIP	20852	Property Size (SF)	25,000	
County	Montgomery	Year Built	1973	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Neighborhood Center	Anchor/Major Tenants	Blinds to Go	
Enclosed	N/A		Design Furniture & I	
Data As Of	9/30/11		Manhattan Bagel	

COMPARABLE GROUP LISTING

7					
Name	Bethesda Home Furnishings Center	Current Asking Rent (Nonanchor)	$14.11		
Address	11711 Parklawn Dr	Current Asking Rent (Anchor)	$11.05		
City	Rockville	Current Vacancy Rate	0.0%		
State	MD	Distance from Subject (miles)	0.45		
ZIP	20852	Property Size (SF)	85,000		
County	Montgomery	Year Built	1971		
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion	2001		
Center Type	Neighborhood Center	Anchor/Major Tenants	Bell Atlantic		8,000 SF
Enclosed	N/A		Contemporary Concept		20,000 SF
Data As Of	9/30/11		Court Furniture		17,000 SF
			My Organic Market	S	11,000 SF

8				
Name	Randolph Shopping Center	Current Asking Rent (Nonanchor)	$31.72	
Address	12205 Nebel St	Current Asking Rent (Anchor)	$15.46	
City	Rockville	Current Vacancy Rate	5.1%	
State	MD	Distance from Subject (miles)	0.53	
ZIP	20852	Property Size (SF)	82,125	
County	-1	Year Built	1972	
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion		
Center Type	Neighborhood Center	Anchor/Major Tenants	Aubuchan Hardware	5,400 SF
Enclosed	N/A		Bank	2,400 SF
Data As Of	9/30/11		Custom Kitchens	
			Gil's Auto	
			Learning Center	
			Maria's Bakery	
			Progressions Salon	
			Unknown Anchor	34,500 SF
			Unknown Anchor	11,000 SF

9				
Name	Montrose Center	Current Asking Rent (Nonanchor)	$29.32	
Address	5556 Randolph Rd	Current Asking Rent (Anchor)	$23.85	
City	Rockville	Current Vacancy Rate	17.7%	
State	MD	Distance from Subject (miles)	0.58	
ZIP	20852	Property Size (SF)	141,151	
County	Montgomery	Year Built	1986	
Submarket	Gaithersburg/Rockville/Germantown	Most Recent Renov/Expansion		
Center Type	Community Center	Anchor/Major Tenants	Staples	17,000 SF
Enclosed	N/A		Unknown Anchor	23,000 SF
Data As Of	9/30/11			

Rent Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LISTING

10					
Name	Randolph Hills Shopping Center	Current Asking Rent (Nonanchor)	$30.28		
Address	4816 Boiling Brook Pkwy	Current Asking Rent (Anchor)	$16.09		
City	Rockville	Current Vacancy Rate	14.0%		
State	MD	Distance from Subject (miles)	0.63		
ZIP	20852	Property Size (SF)	67,505		
County	Montgomery	Year Built	1965		
Submarket	Bethesda/Silver Spring/NW Beltway	Most Recent Renov/Expansion			
Center Type	Neighborhood Center	Anchor/Major Tenants	Best Kept Secrets		5,000 SF
Enclosed	N/A		Katz Grocery	S	22,000 SF
Data As Of	9/30/11		Play It Again Sports		3,500 SF
			Vac Fmr Amazing Sav		10,125 SF

GLOSSARY

Subject Property Location

Address: Street address of the property as defined by the user.
City: The city in which the property is located as defined by the user.
State: The state in which the property is located as defined by the user.
ZIP Code: Zip code in which the property is located as defined by the user.
Metro: The Reis market in which the property is located as defined by its address.
Submarket: The submarket in which the property is located as defined by its address. Submarkets with insufficient inventory for reporting purposes are excluded.

Subject Property Stats

Property Type: Primary property use as defined by the user.
Property Sub-Type: Shopping center type as generally defined by ICSC and NAREIM, PREA, NCREIF Real Estate Information Standards, and indicated by the user.
Enclosed: Indication of whether the property has an enclosed common area.
Year Built: Year of construction as defined by the user.
Latest Renovation: The latest year in which the property underwent a major renovation as defined by the user.
Total Size: Property's total area in square feet as defined by the user.
Anchor/Major Tenants: Property's anchor stores and other significant tenants as defined by the user.

Comp Group Summary Stats

Current Asking Rent/SF (Nonanchor): The weighted average net annual rent per square foot for nonanchor tenants.
Current Asking Rent/SF (Anchor): The weighted average net annual rent per square foot for anchor tenants.
Current Vacancy Rate: Amount of available space expressed as a percentage of total square footage.
Total Operating Expenses/SF: Annual cost, per square foot, of operating commercial buildings. Includes property taxes, energy, janitorial service, insurance, general maintenance and management.
Real Estate Taxes/SF: Annual expense, per square foot, for the real estate property tax.
Property Size: Property's total square feet of retail area (including non center-owned anchor apace).
Year Built: Year of construction.
Low: Minimum value for the selected peer group.
Mean: Arithmetic weighted average value for the selected peer group.
Median: The 50th percentile value for the selected peer group.
High: Maximum value for the selected peer group.

Average Market Lease Terms

Contract Rent Discount: The average percentage discount offered by shopping center owners/managers in this submarket from the asking rent to final negotiated base rent for new leases.
Free Rent (months/lease): The average free rent concession expressed as the number of months over the lease term.
Nonanchor Lease Length (years): The average term (in years) currently being quoted for new nonanchor leases in this submarket.
Anchor Lease Length (years): The average term (in years) currently being quoted for new anchor leases in this submarket.
Tenant Improvements/SF: The average value granted to a new tenant by an owner for work done on previously occupied space in this submarket, expressed as dollars per square foot per lease term for new leases.
Commissions: The average commission paid to leasing agents in this submarket, expressed as a percentage of market rent for new leases.

Comp Group Listing

Name: Name of peer property.
Address: Street address of peer.
City: City in which the peer is located.
State: The state in which the peer is located.
ZIP Code: Zip code in which the peer is located.
County: County in which the peer is located.
Submarket: Reis defined submarket in which the peer is located.
Sub ID: Reis code for the applicable submarket.
Center Type: Shopping center type as generally defined by ICSC and NAREIM, PREA, NCREIF Real Estate Information Standards.
Enclosed: Indication of whether the peer property has an enclosed common area.
Date as of: Reis' most recent quarterly update to this peer's record of information.
Current Asking Rent (Nonanchor): Average asking net rent for nonanchor tenant spaces at the peer property as of the most recent

GLOSSARY

Current Asking Rent (Anchor): Average asking net rent for anchor tenant spaces at the peer property as of the most recent quarterly update to this peer's record of information.
Current Vacancy Rate: Amount of space available for lease expressed as a percentage of total leasable area as of the most recent quarterly update to this peer's record of information.
Distance from Subject (miles): Distance, in miles, from the peer property to the subject property.
Property Size: Total retail area of the peer in square feet (including anchor area not owned by the center).
Year Built: Year in which the peer was built.
Most Recent Renovation: Last year during which the peer property underwent a major renovation.
Most Recent Expansion: Last year during which the peer property underwent an expansion.
Anchor/Major Tenants: Retailers which generally occupy the largest spaces at a shopping center and serve as the primary draw of customers (anchors); and retailers, usually affiliated with a national or regional chain, which achieve higher levels of sales and customer traffic compared to other tenants in the center (majors).
D: Indicates that tenant is a drug store.
G: Indicates that tenant is on a ground lease at the peer property.
O: Indicates that tenant is located on an outparcel at the peer property.
S: Indicates that tenant is a supermarket or grocery store.

Property Report

5531 Nicholson Lane
Rockville, MD 20852

Sales Comparables

Retail

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Subject Property Location

Name	(None Entered)
Address/Area Searched	5531 Nicholson Lane, Rockville, MD, 20852
Metro	Suburban Maryland

Summary Statistics

	Low	Average	High
*** Total Size (SF)**	912	52,871	199,006
*** Total Anchor Area (SF)**	0	37,998	131,309
Number of Floors	1	1	2
Year Built	1961	1982	1997
Time Since Sale (Months)	4	6	10
Sale Price	$275,000	$13,866,218	$58,000,000
Sale Price PSF (Area Purchased)	$138	$302	$1,541

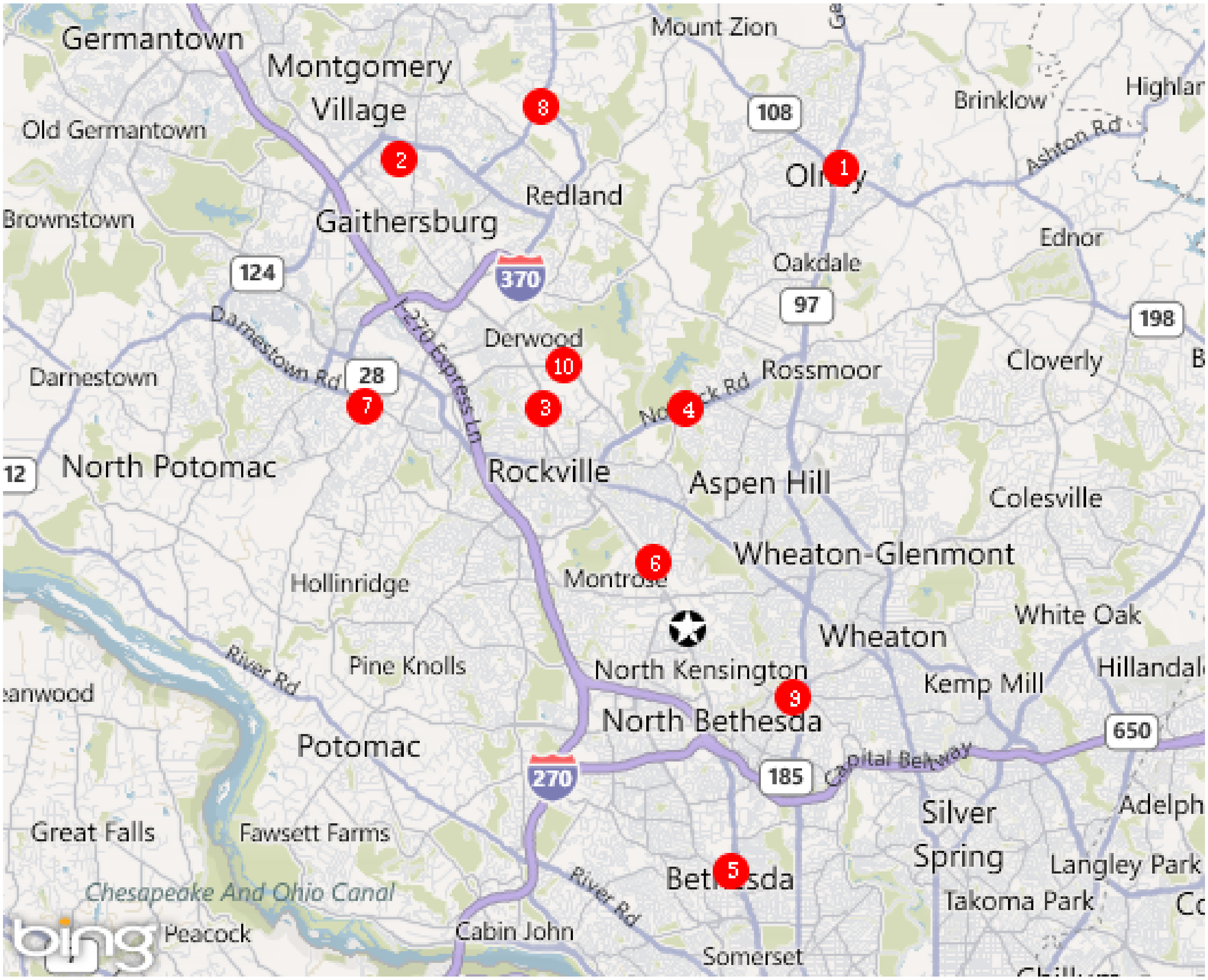
* In the case of a partial sale, the figures shown here include only the area purchased.

Total Number of Properties 10

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

COMPARABLE GROUP LOCATION



Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

	Address	Submarket	Year Built	Total Size (SF)	Anch Size (SF)	Sale Price	Price PSF	Sale Date
1.	18140 Village Mart Dr Olney, MD 20832	Gthsbg./Rkvle./Germ.	1979	199,006	131,309	$58,000,000	$291	18 Jul 2011
2.	18314 Contour Rd Gaithersburg, MD 20877	Gthsbg./Rkvle./Germ.	1984	116,134	64,906	N/A	N/A	15 Jul 2011
3.	875 Hungerford Dr Rockville, MD 20850	Gthsbg./Rkvle./Germ.	1986	1,760	1,760	$500,000	$284	15 Jul 2011
4.	5510 Norbeck Rd Rockville, MD 20853	Gthsbg./Rkvle./Germ.	1971	103,000	61,386	$34,215,558	$332	20 Jun 2011
5.	4900 Fairmont Ave Bethesda, MD 20814	Bethesda/Silver Spr.	1986	24,186	N/A	$12,000,000	$496	17 Jun 2011
6.	1900 Chapman Ave Rockville, MD 20852	Gthsbg./Rkvle./Germ.	1997	70,884	70,884	$15,000,000	$212	May 2011
7.	10010 Darnestown Rd Rockville, MD 20850	Gthsbg./Rkvle./Germ.	1987	912	912	$1,405,400	$1,541	26 Apr 2011
8.	7620 Lindbergh Dr Gaithersburg, MD 20879	Gthsbg./Rkvle./Germ.	1989	2,716	2,716	$1,525,000	$561	08 Feb 2011
9.	10518 Detrick Ave Kensington, MD 20895	Bethesda/Silver Spr.	1961	2,000	0	$275,000	$138	03 Feb 2011
10.	501 E Gude Dr Rockville, MD 20850	Gthsbg./Rkvle./Germ.	1982	8,109	8,109	$1,875,000	$231	29 Dec 2010

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Olney Village Center	**Property Type**	Community Ctr.
Address	18140 Village Mart Dr	**Bldg. Area/Area Purchased (SF)**	199,006 GLA / 199,006 GLA
City	Olney	**Anchor/Nonanchor Space (SF)**	131,309 / 67,697
State/ZIP/County	MD / 20832 / Montgomery	**No. of Bldgs./Floors**	6 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1979 / 2003
Distance from subject	7.80 miles		

Comments

Sale Details and Analysis

Sale Date	18 Jul 2011
Sale Price	$58,000,000
Sale Price PSF	$291
Vacancy at Sale	1.3% (excludes sublease)
Seller	1. Carl M. Freeman Companies / (240) 779-8000 / 18330 Olney Village Center Dr, Olney, MD 20832
Buyer	1. Washington Real Estate Investment Trust / (202) 628-0580 / 1776 G St, NW, Ste 109, Washington, DC 20001
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	199,006 SF	
Potential Rent Revenue	**$4,120,292**	
Vacancy Loss/Rate *($41.38 Shop Rent x 9,075 SF + $20.08 Anch Rent x 0 SF)*	($375,503)	[4.6%]
Effective Rent Revenue *$19.72 In Place Rent x 189,931 SF*	**$3,744,789**	
Expense Reimbursements *($5.59 PSF Exp. x 0.78 Reimb. Ratio x 189,931 SF)*	$828,136	[$4.16 PSF]
Free Rent Concessions	($57,000)	[$0.29 PSF]
Credit Loss	($41,203)	[1.0%]
Additional Income	$0	[$0.00 PSF]
Effective Gross Revenue	$4,474,721	
Operating Expenses	($1,112,439)	[$5.59 PSF]
Capital Reserve	($16,940)	[$0.09 PSF]
Net Operating Income	**$3,345,342**	
Est Going-in Cap Rate/EGIM *Based on Sale Price of $58,000,000*	5.8% / --	
12-Month Rolling Metro Cap Rate	6.3%	[Q3 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	Melissa L Welch, KLNB Retail, 100 West Rd, Ste 505, Baltimore, MD 21204, (703) 722-2704
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	
Parcel Number	
Deed Reference	
Time on Market	

Parking Spaces

Key Tenants

Shoppers Food Wareho	55,320 SF	
TJ Maxx	26,539 SF	
HomeGoods	24,450 SF	
Fitness First	12,500 SF	
Carl M Freeman Compa	12,500 SF	
Mamma Luchia	5,193 SF	
Sakura	4,827 SF	
Suntrust Bank	2,589 SF	
Dunkin Donuts	1,224 SF	Outpcl
Cold Stone Creamery	1,170 SF	

Financing Details WRIT assumed a $22.6 million mortgage with interest at 6.37% per annum that will mature in 2023. WRIT funded the remaining $35.4 million using available cash and its line of credit. WRIT expects to achieve a first year unleveraged yield of 6.7% on a cash basis.

Other:

32 total tenants.

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Montgomery Village Plaza	**Property Type**	Community Ctr.
Address	18314 Contour Rd	**Bldg. Area/Area Purchased (SF)**	116,134 GLA / 116,134 GLA
City	Gaithersburg	**Anchor/Nonanchor Space (SF)**	64,906 / 51,228
State/ZIP/County	MD / 20877 / Montgomery	**No. of Bldgs./Floors**	4 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1984 / --
Distance from subject	8.86 miles		

Comments

Sale Details and Analysis

Sale Date	15 Jul 2011
Sale Price	N/A
Sale Price PSF	N/A
Vacancy at Sale	5.5% (excludes sublease)
Seller	1. JBG Rosenfeld Retail / (301) 657-0700 / 4445 Willard Ave, Ste 700, Chevy Chase, MD 20815
Buyer	1. Crow Holdings / (214) 661-8000 / 3819 Maple Ave, Dallas, TX 75219
Comments	Sales price was not disclosed. Property was assessed as of 07/01/2011 for $20,598,700.

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Expense Reimbursements	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses	--	
Capital Reserve	--	
Net Operating Income	--	
Est Going-in Cap Rate/EGIM	-- / --	
12-Month Rolling Metro Cap Rate	6.3%	[Q3 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	411,641 SF / 9.45 Acres
Parcel Number	09 02353002
Deed Reference	
Time on Market	

Parking Spaces

Key Tenants

Marshalls	25,000 SF	
Furniture & Rug Depo	18,000 SF	
Dollar Tree	9,708 SF	
Trader Joe's	9,400 SF	
Wendy's	2,798 SF	Outpcl
Rent-A-Center	3,600 SF	
Mayhan House of Cabo	2,500 SF	
The Carribean Market	2,472 SF	
Crisp & Juicy	2,197 SF	
Pho & Grill	2,060 SF	

Financing Details

Other:

28 Total Storefronts.Previously sold in 09/2004; see Reis Sales Comparables ID 89350.

ReisReports Prepared by Comstock

Clearly Objective.

Sales Comparables

Retail - 3rd Quarter 2011

5531 Nicholson Lane
Rockville, MD 20852

Property Name	Cameron Seafood Market	**Property Type**	Freestanding Retail Bldg.
Address	875 Hungerford Dr	**Bldg. Area/Area Purchased (SF)**	1,760 / 1,760
City	Rockville	**Anchor/Nonanchor Space (SF)**	1,760 / 0
State/ZIP/County	MD / 20850 / Montgomery	**No. of Bldgs./Floors**	1 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1986 / --
Distance from subject	4.23 miles		

Comments

Sale Details and Analysis

Sale Date	15 Jul 2011
Sale Price	$500,000 (Verified: Pub Rcrd)
Sale Price PSF	$284
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Camerons of Rockville LLC / 875 Hungerford Dr, Rockville, MD 20850
Buyer	1. 875 Hungerford Drive LLC / 14932 Kelley Farm Dr, Germantown, MD 20874
Comments	

Reis Cap Rate Analysis Proforma

All per square foot figures are on an annual basis

Total Rentable Area Assumption	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Expense Reimbursements	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses	--	
Capital Reserve	--	
Net Operating Income	--	
Est Going-in Cap Rate/EGIM	-- / --	
12-Month Rolling Metro Cap Rate	6.3%	[Q3 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	8,997 SF / .21 Acres
Parcel Number	402548158
Deed Reference	4197/0261
Time on Market	

Parking Spaces

Key Tenants

Cameron Seafood Mark	1,760 SF

Financing Details Cameron Property Inv LLC provided a $500,000 loan.

Other:

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Rock Creek Village Shopping Center	**Property Type**	Neighborhood Ctr.
Address	5510 Norbeck Rd	**Bldg. Area/Area Purchased (SF)**	103,000 GLA / 103,000 GLA
City	Rockville	**Anchor/Nonanchor Space (SF)**	61,386 / 41,614
State/ZIP/County	MD / 20853 / Montgomery	**No. of Bldgs./Floors**	6 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1971 / --
Distance from subject	3.52 miles		

Comments

Sale Details and Analysis

Sale Date	20 Jun 2011
Sale Price	$34,215,558 (Verified: Pub Rcrd)
Sale Price PSF	$332
Vacancy at Sale	
Seller	1. C/O Carl M. Freeman Companies 2. Second American Aspen LP / (240) 779-8034 / 18330 Village Mart Dr, 2nd Fl, Olney, MD 20832
Buyer	1. Rock Creek Village LLC / (410) 225-2995 / 1135 University Blvd W, Silver Spring, MD 20902
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	103,000 SF	
Potential Rent Revenue	**$2,248,758**	
Vacancy Loss/Rate *($36.98 Shop Rent x 5,153 SF + $25.01 Anch Rent x 0 SF)*	($190,583)	[5.0%]
Effective Rent Revenue *$21.03 In Place Rent x 97,847 SF*	**$2,058,175**	
Expense Reimbursements *($6.44 PSF Exp. x 0.78 Reimb. Ratio x 97,847 SF)*	$491,154	[$4.77 PSF]
Free Rent Concessions	($23,993)	[$0.23 PSF]
Credit Loss	($22,488)	[1.0%]
Additional Income	$0	[$0.00 PSF]
Effective Gross Revenue	$2,502,848	
Operating Expenses	($662,849)	[$6.44 PSF]
Capital Reserve	($10,300)	[$0.10 PSF]
Net Operating Income	**$1,829,700**	
Est Going-in Cap Rate/EGIM *Based on Sale Price of $34,215,558*	5.4% / --	
12-Month Rolling Metro Cap Rate	6.1%	[Q2 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	Matt Locraft, KLNB, (703) 722-2702
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	408,948 SF / 9.39 Acres
Parcel Number	1301420618
Deed Reference	42034/361
Time on Market	

Parking Spaces

Key Tenants

Safeway	48,303 SF
CVS	13,083 SF
Rock Creek Dental Ce	2,879 SF
Pizza Hut	1,701 SF
Subway	1,600 SF
Village Exxon	
Capital One Bank	
Caribou Coffee	
Norbeck Cleaners	

Financing Details Bank of America 2008-Top29 (ce provided a $22,300,000 loan.

Other:

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	LT Nails	**Property Type**	Mixed-Use/Downtown/Other
Address	4900 Fairmont Ave	**Bldg. Area/Area Purchased (SF)**	24,186 / 24,186
City	Bethesda	**Anchor/Nonanchor Space (SF)**	N/A / N/A
State/ZIP/County	MD / 20814 / Montgomery	**No. of Bldgs./Floors**	1 / 1
Metro (Submarket)	Suburban Maryland (Bethesda/Silver Spr.)	**Year Built/Renovated**	1986 / --
Distance from subject	3.97 miles		

Comments

Sale Details and Analysis

Sale Date	17 Jun 2011
Sale Price	$12,000,000 (Verified: Pub Rcrd)
Sale Price PSF	$496
Vacancy at Sale	
Seller	1. Fairmont Development LLC / (301) 657-8899 / 7910 Woodmont Ave, Ste 350, Bethesda, MD 20814
Buyer	1. 4900 Fairmont Residential LLC / (302) 636-5440 / 2711 Centerville Rd, Ste 400, Wilmington, DE 19808
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	--
Potential Rent Revenue	--
Vacancy Loss/Rate	--
Effective Rent Revenue	--
Expense Reimbursements	--
Free Rent Concessions	--
Credit Loss	--
Additional Income	--
Effective Gross Revenue	--
Operating Expenses	--
Capital Reserve	--
Net Operating Income	--
Est Going-in Cap Rate/EGIM	-- / --
12-Month Rolling Metro Cap Rate	6.1% [Q2 2011]
Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	30,473 SF / .70 Acres
Parcel Number	07-03372615
Deed Reference	41795/334
Time on Market	
Financing Details	

Parking Spaces

Key Tenants
LT Nails
Haandi Indian Cuisin
Costa Del Restaurant
Comics
Sweet Basil

Other:

Previously sold in 02/2005; see Reis Sales Comparables ID 114547.

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Syms	**Property Type**	Freestanding Retail Bldg.
Address	1900 Chapman Ave	**Bldg. Area/Area Purchased (SF)**	70,884 / 70,884
City	Rockville	**Anchor/Nonanchor Space (SF)**	70,884 / 0
State/ZIP/County	MD / 20852 / Montgomery	**No. of Bldgs./Floors**	1 / 2
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1997 / --
Distance from subject	1.20 miles		

Comments

Sale Details and Analysis

Sale Date	May 2011
Sale Price	$15,000,000
Sale Price PSF	$212
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Syms Corporation / (201) 902-0300 / 1 Syms Way, Secaucus, NJ 07094
Buyer	1. Hines REIT / (713) 621-8000 / 2800 Post Oak Blvd, Ste 5000, Houston, TX 77056
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	70,884 SF	
Potential Rent Revenue	**$1,113,588**	
Vacancy Loss/Rate *($33.13 Shop Rent x 0 SF + $20.93 Anch Rent x 0 SF)*	($0)	[0.0%]
Effective Rent Revenue *$15.71 In Place Rent x 70,884 SF*	**$1,113,588**	
Expense Reimbursements *($5.27 PSF Exp. x 1.00 Reimb. Ratio x 70,884 SF)*	$373,761	[$5.27 PSF]
Free Rent Concessions	($0)	[$0.00 PSF]
Credit Loss	($11,136)	[1.0%]
Additional Income	$0	[$0.00 PSF]
Effective Gross Revenue	$1,476,213	
Operating Expenses	($373,761)	[$5.27 PSF]
Capital Reserve	($7,088)	[$0.10 PSF]
Net Operating Income	**$1,095,363**	
Est Going-in Cap Rate/EGIM *Based on Sale Price of $15,000,000*	7.3% / --	
12-Month Rolling Metro Cap Rate	6.1%	[Q2 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	Washington Retail Brokers Inc, 5715 16th St, NW, Washington, D.C. 20011, (202) 882-8100
Interest Purchased	
Lot Size	230,432 SF / 5.29 Acres
Parcel Number	03187110
Deed Reference	
Time on Market	

Parking Spaces

Key Tenants

Syms	70,884 SF

Financing Details

Other:

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Potomac Mobil	**Property Type**	Gas Station/Repair Garage
Address	10010 Darnestown Rd	**Bldg. Area/Area Purchased (SF)**	912 / 912
City	Rockville	**Anchor/Nonanchor Space (SF)**	912 / 0
State/ZIP/County	MD / 20850 / Montgomery	**No. of Bldgs./Floors**	1 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1987 / --
Distance from subject	6.32 miles		

Comments

Sale Details and Analysis

Sale Date	26 Apr 2011
Sale Price	$1,405,400 (Verified: Pub Rcrd)
Sale Price PSF	$1,541
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Carlos & Ana Horcasitas / PO Box 52085, Phoenix, AZ 85072
Buyer	1. 10010 Station LLC / 12311 Middlebrook Rd, Germantown, MD 20874
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Expense Reimbursements	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses	--	
Capital Reserve	--	
Net Operating Income	--	
Est Going-in Cap Rate/EGIM	-- / --	
12-Month Rolling Metro Cap Rate	6.1%	[Q2 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	24,891 SF / .57 Acres
Parcel Number	400052220
Deed Reference	41544/0463
Time on Market	

Parking Spaces

Key Tenants

Potomac Mobil	912 SF

Financing Details Revere Bk provided a $1,300,000 loan.

Other:

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Shell	**Property Type**	Gas Station/Repair Garage
Address	7620 Lindbergh Dr	**Bldg. Area/Area Purchased (SF)**	2,716 / 2,716
City	Gaithersburg	**Anchor/Nonanchor Space (SF)**	2,716 / 0
State/ZIP/County	MD / 20879 / Montgomery	**No. of Bldgs./Floors**	1 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1989 / --
Distance from subject	8.71 miles		

Comments

Sale Details and Analysis

Sale Date	08 Feb 2011
Sale Price	$1,525,000 (Verified: Pub Rcrd)
Sale Price PSF	$561
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Glf Partners & Paul May LLC
Buyer	1. Jai Durga Ent LLC / 15 Summit Ave, Gaithersburg, MD 20877
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Expense Reimbursements	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses	--	
Capital Reserve	--	
Net Operating Income	--	
Est Going-in Cap Rate/EGIM	-- / --	
12-Month Rolling Metro Cap Rate	5.4%	[Q1 2011]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	53,579 SF / 1.23 Acres
Parcel Number	102653836
Deed Reference	41127000052
Time on Market	

Parking Spaces

Key Tenants

Shell	2,716 SF

Financing Details Revere Bank provided a $600,000 loan.

Other:

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	Randolph Antiques-Restoration	**Property Type**	Neighborhood Ctr.
Address	10518 Detrick Ave	**Bldg. Area/Area Purchased (SF)**	2,000 / 2,000
City	Kensington	**Anchor/Nonanchor Space (SF)**	0 / 2,000
State/ZIP/County	MD / 20895 / Montgomery	**No. of Bldgs./Floors**	-- / 1
Metro (Submarket)	Suburban Maryland (Bethesda/Silver Spr.)	**Year Built/Renovated**	1961 / --
Distance from subject	2.04 miles		

Comments

Sale Details and Analysis

Sale Date	03 Feb 2011
Sale Price	$275,000 (Verified: Pub Rcrd)
Sale Price PSF	$138
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Beatty R E Living Trust
Buyer	1. Nicholas E & Norma J Bouyiouclis / 10518 Detrick Ave, Kensington, MD 20895
Comments	

Reis Cap Rate Analysis Proforma
All per square foot figures are on an annual basis

Total Rentable Area Assumption	--
Potential Rent Revenue	--
Vacancy Loss/Rate	--
Effective Rent Revenue	--
Expense Reimbursements	--
Free Rent Concessions	--
Credit Loss	--
Additional Income	--
Effective Gross Revenue	--
Operating Expenses	--
Capital Reserve	--
Net Operating Income	--
Est Going-in Cap Rate/EGIM	-- / --
12-Month Rolling Metro Cap Rate	5.4% [Q1 2011]
Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	
Parcel Number	1301018465
Deed Reference	41291000301
Time on Market	

Parking Spaces

Key Tenants

Randolph Antiques-Re	2,000 SF

Financing Details Beatty R E Living Trust (rt) provided a 10 - year $225,000 loan.

Other:

ReisReports Prepared by Comstock

Clearly Objective.

Sales Comparables

Retail - 3rd Quarter 2011
5531 Nicholson Lane
Rockville, MD 20852

Property Name	BCC Transmissions	**Property Type**	Gas Station/Repair Garage
Address	501 E Gude Dr	**Bldg. Area/Area Purchased (SF)**	8,109 / 8,109
City	Rockville	**Anchor/Nonanchor Space (SF)**	8,109 / 0
State/ZIP/County	MD / 20850 / Montgomery	**No. of Bldgs./Floors**	1 / 1
Metro (Submarket)	Suburban Maryland (Gthsbg./Rkvle./Germ.)	**Year Built/Renovated**	1982 / --
Distance from subject	4.67 miles		

Comments

Sale Details and Analysis

Sale Date	29 Dec 2010
Sale Price	$1,875,000 (Verified: Pub Rcrd)
Sale Price PSF	$231
Vacancy at Sale	0.0% (excludes sublease)
Seller	1. Dwight E Walker Trust
Buyer	1. Zamora Brothers LLC / 501 Gude Dr, Rockville, MD 20850
Comments	

Reis Cap Rate Analysis Proforma

All per square foot figures are on an annual basis

Total Rentable Area Assumption	--	
Potential Rent Revenue	--	
Vacancy Loss/Rate	--	
Effective Rent Revenue	--	
Expense Reimbursements	--	
Free Rent Concessions	--	
Credit Loss	--	
Additional Income	--	
Effective Gross Revenue	--	
Operating Expenses	--	
Capital Reserve	--	
Net Operating Income	--	
Est Going-in Cap Rate/EGIM	-- / --	
12-Month Rolling Metro Cap Rate	5.4%	[Q4 2010]
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker	
Buyer's Broker	
Other Broker	
Interest Purchased	
Lot Size	43,562 SF / 1.00 Acre
Parcel Number	402018222
Deed Reference	41020000346
Time on Market	

Parking Spaces

Key Tenants

BCC Transmissions	8,109 SF

Financing Details Walker Dwight E Trust provided a 10 - year $1,700,000 loan.

Other:

1031 Exchange: The exchange, under Section 1031 of the Internal Revenue Code, of a real property held for investment or used in a trade or business, for a similar property; it allows the property holders to defer capital gains.

1031 Replacement Property: A property purchased with the proceeds from the sale of another property recently sold by the buyer, so as to qualify the sale and subsequent purchase as a *1031 exchange*.

Additional Income: Property revenue resulting from sources other than retail store rents. Examples include rent revenue from ATM machines, payphones, and parcel drop boxes, and income from parking garages, billboards/signage, vending machines, and roof antennas. Ground lease rents and specialty leasing revenues (kiosk/cart and temporary space rents) are also included in this category.

Address: Street location of the property.

Affiliated Parties: A *buyer* and *seller* who are related by blood, marriage, or corporate structure, such as a parent and sibling or a corporation and its subsidiary.

Anch. Rent: The weighted average rent at which a new lease would be signed for *anchor* space, expressed per square foot per year.

Anch. Size: See *Total Anchor Area*.

Anchor Attached to Existing Center: A property sub-type indicating an *anchor space* that is part of shopping center, but which is separately owned in fee, usually by a retailer.

Anchor Space: Space configured to be occupied by a tenant of 10,000 SF or greater; tenants occupying anchor space generally serve as the primary draw of customers to the shopping center and pay reduced rents compared to tenants occupying smaller spaces.

Anchored: Denotes a shopping center containing *anchor space*.

APD: Indicates that the sale price has been apportioned based on the amount of square feet in each building included in a multiple property transaction.

APX: Indicates that the sale price is approximate.

Area Purchased: The total area of retail buildings or shopping centers included in the transaction; excludes tenant-owned spaces that may be part of a center, but which were not part of the transaction. Expressed in square feet; may represent *GLA* or *GBA*.

Arms Length Transaction: A transaction between unrelated parties under no duress.

ATM Access: Indicates that the source of *additional income* is access fees paid by the owners of ATM machines installed on the property.

Bank: A property sub-type indicating a building, or a separately owned retail space within a shopping center, that is configured for operation as a retail bank branch. Distinguishing features often include the presence of canopied drive-through teller and ATM lanes and the presence of a permanently installed high-security vault within the structure.

Bankruptcy: Indicates that the *seller* was operating under Chapter 7 or 11 bankruptcy protection at the time of sale.

Billboard/Signage: Indicates that the source of *additional income* is from outside billboards or other advertising signs or display kiosks installed on the property.

Building Area: The total area of the building(s) involved in the transaction, including center-owned and tenant-owned area; expressed in square feet. May represent *GLA* or *GBA*. (See also: *Area Purchased*.)

Buyer: The person or entity to whom property rights were transferred; the grantee.

Buyer's Broker: An intermediary in the transaction who represented the interests of the *buyer*.

Cap Rate: See *estimated going in cap rate*.

Capital Reserve: An allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life.

Community Center: A larger strip center that serves a wider trade area than a *neighborhood center* because it offers a wider selection of apparel and other merchandise beyond convenience/necessity goods. Like *neighborhood centers*, community centers are often anchored by supermarkets and drug stores; however, they are distinguished by additional general merchandise anchors, such as discount department stores and home improvement warehouse stores, that cater to consumers' general merchandise shopping needs. Typical size range: 100,000-350,000 SF.

Credit Loss: The total amount of rent due that the landlord is unable to collect due to tenant default.

Deed Reference: A filing number that provides a means of retrieving the deed in the public record. Usually in the form of the book number and page number under which the deed has been filed by the recorder.

Effective Gross Income Multiplier: An income multiplier calculated by dividing the sale price by *effective gross revenue*.

Effective Gross Revenue: The sum of *effective rent revenue*, *expense reimbursements* and *additional income*, less *free rent concessions* and *credit loss*.

Effective Rent Revenue: *Potential rent revenue* less *vacancy loss*.

EGIM: See *Effective Gross Income Multiplier*.

EST: Indicates that the sale price is estimated.

Estimated Going-in Cap Rate: An overall capitalization rate obtained by dividing the projected *net operating income* for the first full year of ownership by the purchase price.

Exp.: See *Operating expenses*.

Expense Reimbursements: Income to the landlord resulting from tenant's payment of its pro-rata share of *operating expenses* pursuant to the expense reimbursement arrangement stipulated in the lease.

Factory Outlet Center: A shopping center consisting of more than 50% manufacturers outlet tenants (e.g., Coach Factory Store, Reebok Factory Direct), and/or retailer-run outlet stores for clearing excess merchandise that did not sell in their regular stores (e.g., Gap Outlet, Off Saks Fifth Avenue). These centers are usually not anchored and are often located in areas at the outer edges of a *metro*. Typical size range: 50,000-400,000 SF.

Financing Details: Information regarding how the purchase was financed. May include lender, loan amount, interest rate and term.

Foreclosure Sale: A sale resulting from the exercise of the optional right of the mortgagee or lending institution to sell mortgaged property if the mortgagor fails to make payment, applying proceeds from the sale toward the outstanding debt.

Free Rent Concessions: The total dollar amount of free rent granted by the landlord.

Freestanding Retail Building: A stand-alone retail building configured to contain a single retail establishment. Includes retail buildings on shopping center outparcels as well as downtown multistory buildings, such as department stores. Note: Certain types of freestanding retail buildings are placed into separate categories due to their unique configurations; see *Restaurant*, *Movie Theater*, *Gas Station/Repair Garage*, *Bank*, and *Warehouse Club/Whse Showroom*. Typical size range: 500 SF to 200,000 SF.

Gas Station/Repair Garage: A building dedicated primarily to the provision of gasoline and/or mechanical service to automobiles. Drive-in garage bays and/or installed gasoline pumps and in-ground storage tanks are the most common distinguishing features.

GBA: Gross Building Area of the building(s) included in the transaction, expressed in square feet.

GLA: *Gross Leasable Area* of the building(s) included in the transaction, expressed in square feet.

Grnd Lse: Indicates that tenant is on a ground lease at the property.

Gross Leasable Area: The total floor area designed for retail tenants' exclusive use and occupancy, including area which is part of the center and occupied by retail tenants, but is separately owned; expressed in square feet.

Ground Rent: *Additional income* to the landlord resulting from payments by a tenant for the long-term rental of land. Typically the tenant owns in fee a structure built upon the leased land.

In Place Rent: Weighted average rent of all existing leases in a retail property during the indicated year, expressed per square foot of *area purchased*; calculated as a blend of *anchor space* rented at *anchor rents* that were in effect at time of lease signing and *nonanchor space* rented at *shop rents* that were in effect at time of signing.

Interest Purchased: The share of the property that was purchased in the transaction. A figure of less than 100% indicates purchase of a fractional interest. Should not be confused with *area purchased*, which denotes the actual physical portion of the property, expressed in square feet, that was subject to the transfer of property rights in the transaction.

Key Tenants: Retailers which generally occupy the largest spaces at a shopping center and serve as the primary draw of customers (anchors); and retailers, usually affiliated with a national or regional chain, which achieve higher levels of sales and customer traffic compared to other tenants in the center.

Lifestyle Center: Centers with an upscale orientation that are most often located near affluent residential neighborhoods. They have an open-air configuration and contain at least 50,000 SF of space occupied by upscale national chain specialty stores. Retail composition includes apparel, home goods, and book/music stores, as well as table-service *restaurants*, and may include a *movie theater*. Often these centers are anchored by a conventional or fashion specialty department store operating in a reduced size format, compared with their typical stores. Typical center size range: 150,000 to 500,000 SF.

Lot Size: The total area of all land included in the purchase, expressed in square feet and acres.

Lstg: Indicates that the broker was the listing broker in the sale.

Metro: An area defined by concentrations of retail properties and usually consisting of a county, or group of counties, around a central urbanized area.

Mixed/Use/Downtown/Other: A property subtype indicating a multi-tenant downtown retail property, that is not a *theme/festival center* or a *retail condominium* and is often further distinguished from other retail property types by the lack of on-site parking and by its reliance on pedestrian traffic. Examples include a strip of stores on a downtown street, multi-tenant retail venues that are part of transit facilities, and the retail component of apartment, office, or industrial developments.

Movie Theater: A building, or separately owned space within a shopping center, configured for the display of motion pictures to public audiences. Distinguishing features include sloped or tiered floors, installed seats and high windowed rooms that are adjacent to the main rooms and which accommodate sound and projection equipment.

N/A: Not available.

Neighborhood Center: A strip center, either unanchored, or anchored only by a supermarket and/or drug store, that caters to the convenience and necessity needs of a limited area. Typical size range: 30,000-150,000 SF.

Net Operating Income: *Effective gross revenue*, less *operating expenses* and *capital reserve*.

Nonanchor Space: Space configured to be occupied by a tenant of less than 10,000 SF; tenants occupying nonanchor space generally benefit from customer traffic generated by *key tenants* and pay rents that are generally higher than those paid by tenants occupying *anchor space*.

Number of Bldgs./Floors: See *Number of Bldgs.* and *Number of Floors*.

Number of Bldgs.: The total number of buildings included in the particular property at a single location. Does not include buildings at other locations, which might have been purchased simultaneously as part of a portfolio.

Number of Floors: The total number of floors, or stories, comprising a building. For sales involving multiple buildings, the total number of floors of the tallest structure included in the sale.

Operating Expenses: Expenditures for ongoing costs of operating a building, including maintenance and repairs, insurance, administrative fees and real estate taxes; expressed as a total annual dollar amount and as an annual dollar amount per square foot of *gross leasable area* (*GLA*).

Other Broker: An intermediary in the transaction, where it is unclear whether they represented the interests of the *buyer*, *seller*, or both.

Outpcl: Indicates that tenant is located on an outparcel at the property.

Parcel Number: A code number that serves as an abbreviation of, or replacement for, a parcel's legal description.

Parking: Indicates that the source of *additional income* is parking garage rental or user fees.

Potential Rent Revenue: The sum of *in place rent* multiplied by currently occupied space, plus *shop rent* multiplied by vacant *nonanchor space* plus *anchor rent* multiplied by vacant *anchor space*.

Power Center: A center dominated by at least three, and often several, anchor stores (typically big-box stores of 20,000 SF or greater). *Anchor space* accounts for 75% or more of total center *GLA*. Typical size range: 250,000 to 600,000 SF.

Price PSF: See *sale price PSF*.

Property Name: When applicable, the name by which the property was known at the time of sale.

Property Type: See *Anchor Attached to Existing Center*, *Bank*, *Community Center*, *Factory Outlet Center*, *Freestanding Retail Building*, *Gas Station/Repair Garage*, *Mixed/Use/Downtown/Other*, *Movie Theater*, *Neighborhood Center*, *Power Center*, *Regional/Super Regional Mall*, *Restaurant*, *Retail Condominium*, *Theme/Festival Center*, and/or *Warehouse Club/Warehouse Showroom*.

PSF: Per square foot. For proforma items such as rents, *operating expenses*, and *capital reserve*, the implied time period is one year (PSF per year).

Rec: Indicates that the *"sale date"* is actually a recording date.

Refereed: Indicates that the sale occurred pursuant to a declaration by a judge or arbitrator.

Regional/Super Regional Mall: Centers that typically have multiple department store anchors connected by an enclosed common walkway that is flanked by inward-oriented nonanchor stores. Regional malls have at least two anchors, typically contain 400,000 to 800,000 SF of *GLA*, and serve primary trade areas of up to 15 miles. Super regional malls have at least three anchors, more than 800,000 SF of *GLA*, and serve primary trade areas of up to 25 miles.

Reimb. Ratio: A ratio denoting the amount of *operating expenses* that are reimbursed to the landlord by the tenants (Reimb. Ratio = *expense reimbursements* divided by total *operating expenses*.

Reis Cap Rate Analysis Proforma: An analysis which projects income and expenses for the first full calendar year of ownership of the property after the indicated sale date, and which results in a projected *net operating income* that is then divided by the sale price to obtain an *estimated going in cap rate*. Note that projection of revenue relies largely on a rent roll that Reis estimates based on rents, vacancies and expenses observed during several years of surveys at the property or at nearby properties.

12-Month Rolling Metro Cap Rate: 12-Month Rolling Cap Rates are calculated from the average of the metro's mean cap rate from the previous four quarters.

Reported Cap Rate, This Sale: A capitalization rate reported by the *buyer*, *seller* or other party to the transaction, or calculated by dividing reported *net operating income* by the purchase price.

Restaurant: A building, or separately owned space within a shopping center, that is configured for operation as a fast-food/take-out, limited service or full service restaurant or cafeteria. Distinguishing features may include drive-thorough pick-up windows, installed food preparation equipment and associated ventilation and fire suppression systems, walk-in freezers and installed bars and seats/tables. Includes food service establishments on shopping center outparcels as well as downtown multistory buildings where 100% of the structure is in restaurant use.

Retail Condominium: A portion of a multi-tenant office, apartment or other structure or property that accommodates one or more retail stores, is separately owned in fee, and which ownership includes joint ownership of commonly used portions of the property, such as hallways, elevators and stairs.

Sale Date: The specific date on which the transaction closed; and, only when indicated by the superscript "Rec" to the right of the date, the date on which the transaction was recorded by the county recorder.

Sale Price PSF: The purchase price of the property per square foot of *gross leasable area* (indicated by *GLA*), and/or gross building area (indicated by *GBA*).

Sale-Leaseback Transaction: A financing arrangement in which real property is sold by its owner-user, who simultaneously leases the property from the *buyer* for continued use by the *seller*.

Seller: The person or entity which transferred property rights; the grantor.

Seller's Broker: An intermediary in the transaction who represented the interests of the *seller*. May, or may not, be the broker who obtained the listing contract.

Shop Rent: The weighted average rent at which a new lease would be signed for *nonanchor space*, expressed per square foot per year.

Size: See *total size*.

State/Zip/County: The state, zip code and county in which the property is located.

Submarket: A Reis-defined geographic division of a *metro* comprising a neighborhood, or business concentration/corridor.

Telephone: Indicates that the source of *additional income* is access fees paid by the owners of pay telephones installed on the property.

Ten Ownd: Indicates that the tenant occupies a space that it, rather than the center, owns in fee.

Theme/Festival Center: A center primarily oriented toward tourists. These centers are often located in downtown areas within renovated older (often historic) factory and other buildings, and are often proximal to entertainment facilities such as recreational waterfront piers, aquariums and museums. Typical anchors include restaurants and entertainment facilities.

Time on Market: Time elapsed from when the property was first offered for sale and when the sale resulting from that offering closed.

Time Since Sale: Time elapsed between when the property sold and the date the report was generated.

Total Anchor Area: Denotes the total size of *anchor space* at the center, whether or not it is owned by the center.

Total Rentable Area Assumption: The amount of rentable area utilized in the *Reis Cap Rate Analysis Proforma* calculation. It equals *GLA*, if available, and otherwise is estimated by multiplying *GBA* by 97%, or by 90% in centers that contain enclosed common area.

Total Size: Denotes the *GLA* or *GBA* of the entire center, including *anchor space* and *nonanchor space* whether or not it is owned by the center.

Unanchored: Denotes a shopping center with no *anchor space*.

Vacancy Loss/Rate: Loss of *potential rent revenue* attributable to space which is not leased, expressed as a total dollar amount and as a percentage of total rentable space.

Vending: Indicates that the source of *additional income* is vending machine revenue or access fees.

Verified: Buy Attny: Indicates that the sale price and other details have been verified with the buyer's attorney.

Verified: Buy Brkr: Indicates that the sale price and other details have been verified with the buyer's broker.

Verified: Buyer: Indicates that the sale price and other details have been verified with the *buyer*.

Verified: Lstng Brkr: Indicates that the sale price and other details have been verified with the listing broker.

Verified: Other Pty: Indicates that the sale price and other details have been verified with a reliable party to the transaction other than a buyer or seller, or their brokers or attornies. Such parties include lenders and property managers.

Verified: Pub Rcrd: Indicates that the sale price and other details have been verified in an assessor and/or deed recorder record, or in an official public document such as a filing with the Securities and Exchange Commission.

Verified: Sel Attny: Indicates that the sale price and other details have been verified with the seller's attorney.

Verified: Sel Brkr: Indicates that the sale price and other details have been verified with the seller's broker.

Verified: Seller: Indicates that the sale price and other details have been verified with the *seller*.

Warehouse Club/Warehouse Showroom: Warehouse clubs, primarily operated by Sam's, Costco, and BJ's Wholesale, are warehouses that serve as no frills retail stores; characterized by minimal interior finishes, few permanently installed shelves, items offered on pallets, minimal interior climate control, extra-high ceilings to support vertical stacking/storage, and locations which usually lack the kind of visibility that most retail stores require. Warehouse showrooms, primarily operated by furniture retailers like Levitz and some appliance retailers, often have lower visibility locations, and typically consist of about two thirds warehouse (off limits to customers and complete with multiple truck bays, forklifts, high ceilings and high storage racks, minimal interior climate control and finishes), and one-third retail showroom where customers walk through an air conditioned, tiled/carpeted area with displays of furniture and furnishings, appliances, etc.

Year Built/Renovated: The year in which the property was built, and the year(s) during which it underwent renovation.