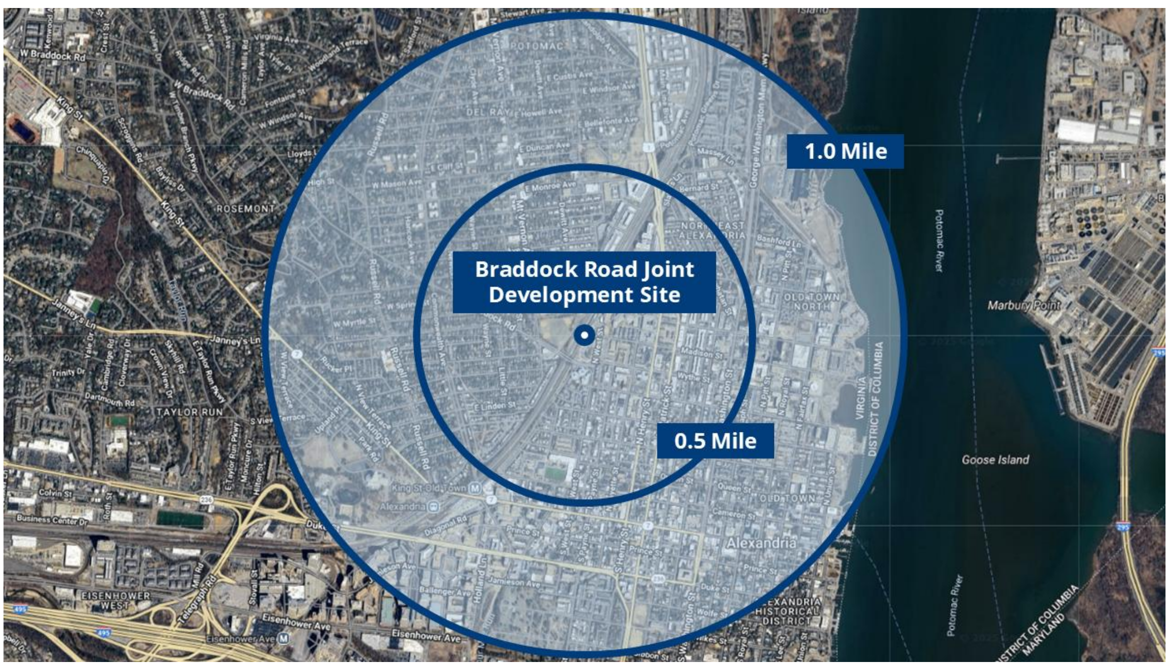
Memorandum

To:	**Yasmine Doumi, WMATA Real Estate and Station Area Planning**
From:	HR&A Advisors, Inc.
Date:	**June 13, 2025**
Re:	Braddock Road Joint Development Market Analysis Scan

This memo provides context for multifamily and retail potential at WMATA's Braddock Road Joint Development Site ("JD Site") by evaluating local trends within a one-mile radius of the Braddock Road Metro Station (See: Figure 1.) and broader trends in Alexandria.

Figure 1 | Braddock Road Station Area



The Braddock Road Metro Station area ("Station Area") has experienced sustained population growth in recent years accompanied by significant residential development. Based on current market conditions and plans for further buildout of mixed-use development, the Station Area has high market potential for multifamily development and moderate market potential for supporting ground floor retail uses that meet the needs of residents, transit users, and the broader neighborhood.

Key Findings:

- Station Area demand is expected to outpace planned development by approximately 1,400 units over the next 10 years. Given this demand and its proximity to transit, the JD Site is well-positioned to support approximately 350 residential units between now and 2035 with rents of approximately $4 per square foot ($2025).

- Alexandria has high demand for affordable housing and several mechanisms in place to facilitate mixed-income development. For example, the City's inclusionary zoning policy permits density and height bonuses for multifamily projects in exchange for onsite affordable units, contributions to an affordable housing fund that supports affordable development offsite, or some combination of both. These bonuses further unlock development potential at the JD Site.
- Given the expected demand for multifamily product at the JD Site, anticipated foot traffic to and from the station, and future population growth in the Station Area, there is an opportunity to develop 12,000 to 18,000 square feet (SF) of ground floor retail as part of mixed-use development. Retail space should be designed to meet the needs of transit users as well as new building residents and nearby residents and workers. This could range from as small as 2,500 SF (e.g., coffee shop) to larger footprints of 7,000 to 10,000 SF for convenience retailers such as pharmacies or small grocer.

Real Estate Market Conditions Summary

Current market conditions and expected future growth indicate that market potential of the JD Site is strong for multifamily rental uses and moderate for ground-floor retail uses. Figure 2 provides a summary of market conditions and assessment of overall feasibility for incorporating each use as part of joint development. Additional information on each use, including rental pricing by unit type, Station Area demographic information, and expected future market demand is provided in the Appendix of this memo.

The Station Area has seen strong multifamily development over the past decade, accompanied by high rates of absorption, a strong pipeline, and expectation of continued growth. Since 2015, 27 projects, including approximately 2,800 residential units, 94,000 SF of ground floor retail, and 17,000 SF of standalone retail, have been delivered within the Station Area. (See Figure 3.) The average annual net growth of the inventory over the past decade has been 224 units per year, while the average annual absorption has been 215 units, reflecting an absorption rate of 96% for recent deliveries. These trends reflect similarly strong growth and high absorption across Alexandria. While both the Station Area and the city maintain healthy levels of vacancy that reflect the ability to absorb additional units (5.2% and 5.5%, respectively), the Station Area has a particularly high level of demand. Over the last 10 years, the Station Area's multifamily stock has grown at more than twice the rate of the city (39% vs 17%). At the same time, rents have increased steadily in the Station Area, growing 4.0% annually (versus 3.2% for the city) and achieving an average rent of $3.82 PSF for Class A units, a $0.76 premium over the city's average of $3.06 PSF.

The Braddock Road Station Area has seen a significant amount of affordable rental housing development in the last decade. The Station Area contains 10 affordable housing buildings totaling 710 units. Among these buildings, there is a vacancy rate of 2.1%, less than half of that of the city's affordable housing stock (4.7%). Furthermore, the Station Area has seen a net increase of 150 units over the last decade, which has been fully absorbed. Finally, the Station Area currently has a large pipeline of about 600 affordable units, representing over a third of the city's proposed affordable housing development.

Figure 2 | Summary of Real Estate Conditions

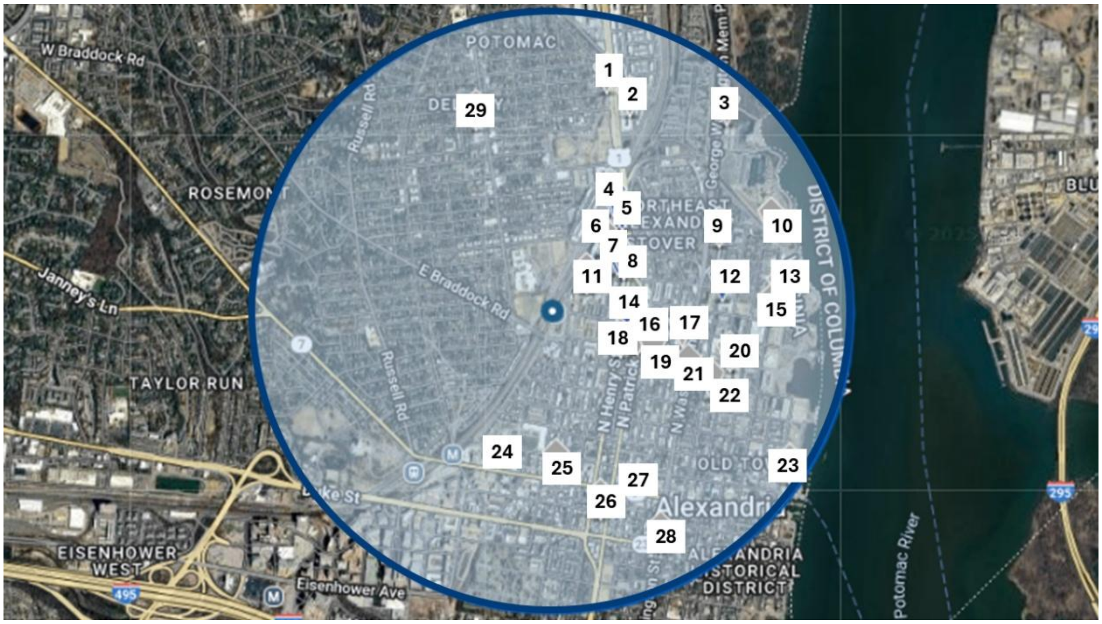
Indicator	All Multifamily		Affordable Multifamily[1]		Retail	
	Station Area	City of Alexandria	Station Area	City of Alexandria	Station Area	City of Alexandria[2]
Inventory	6,740 Units	61,660 Units	710 Units	5,940 Units	2.3M SF	14.5M SF
Vacancy	5.2%	5.5%	2.1%	4.7%	3.7%	2.0%
Avg Monthly Rent of Class A Space	$3.82	$3.06	-	-	$3.50	$3.15
Avg Annual Change in Class A Rent (2015-25)	4.00%	3.19%	-	-	Unavailable	Unavailable
Change in Inventory (2015-2025)	+2,240 Units	+10,000 Units	+150 Units	+1,480 Units	+110,700 SF	+591,000 SF
Avg Annual Absorption (2015-25)	215 Units	950 Units	15 Units	70 Units	4,850 SF	(45,200) SF
Space Under Construction	435 Units	2,050 Units	-	-	18,400 SF	12,700 SF
Space Planned to be Built[3]	4,600 Units	11,990 Units	600 Units	1,800 Units	47,800 SF	326,400 SF
JD Inclusion Market Opportunity	**High Market Potential**		**Moderate Market Potential**		**Moderate Market Potential**	

1. Includes only units in buildings marked entirely as "Affordable" by CoStar, excluding mixed-income buildings.
2. Station Area retail data includes retail in mixed-use properties. City of Alexandria retail data is standalone retail properties only.
3. Includes all units or space announced or planned for future development, as reflected by CoStar. Some of these properties may not be built, which is accounted for in HR&A's demand analysis below.

Source: CoStar; HR&A

Over the past decade, total retail space has increased slightly in the Station Area driven by ground floor retail programs as part of mixed-use development. Ongoing dense multifamily development and projected population growth in the Station Area indicate sustained interest in the area and moderate potential for ground floor retail development. Both the city and the Station Area have seen relatively steady retail demand, with some new development but an overall loss of retail stock and negative absorption in the last decade. Retail vacancy in the Station Area is low—3.2%—meaning there are few spaces available for future demand to lease. Given the high demand for residential development in the area, there is likely moderate market potential for ground floor retail catering to new building occupants. Additionally, the location of the site adjacent to the station provides a base of foot traffic that would support retail development, and a current lack of certain types of retail spaces – coffee shops, neighborhood-based personal care services, or selected convenience retail types such as pharmacies or small grocers – suggest a variety of retailer types may find the JD Site particularly attractive.

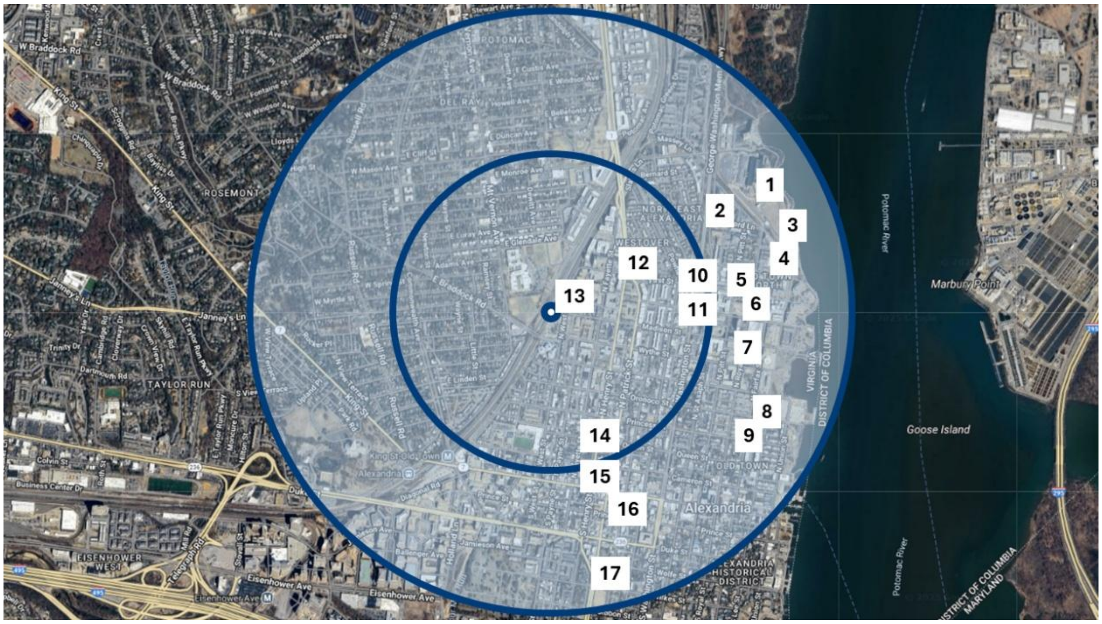
Figure 3 | Map of Recently Completed Development in Braddock Road Station Area (2015-Present)



#	Property Address	Property Name	Year Built	Residential Units	Retail SF
1	529 E Howell Ave		2015		2,900 SF
2	650 Potomac Ave	Station 650	2015	183	2,500 SF
3	625-635 Slaters Ln	Towngate North	2023	81	
4	1100 N Fayette St	Platform	2021	628	9,300 SF
5	1215 N Fayette St	The Grayson	2023	119	7,500 SF
6	1225 First St	The Dalton	2018	270	1,500 SF
7	1112 First St	Alate Old Town	2024	133	5,900 SF
8	930 N Henry St	The Bloom	2020	97	
9	1101 N Washington St	Abingdon Place	2021	19	
10	1201 N Royal St	Muse Old Town	2022	73	
11	1260 Braddock Pl	The Bradley	2015	165	
12	525 Montgomery St	Gables Old Town North	2019	232	36,800 SF
13	925 N Fairfax St	Venue Alexandria	2022	148	
14	701 N Henry St	The Aidan	2024	94	
15	801 N Fairfax St		2022	54	
16	625 N Patrick St	Lineage at North Patrick	2021	52	
17	700-708 N Washington St	706 North	2018	29	3,200 SF
18	601 N Henry St	The Slade Townhomes Park Residences	2017	18	
19	601 N Alfred St		2023	5	
20	400 Wythe St	Alexan Florence	2021	286	
21	515 N Washington St	Mansory Lofts	2015	31	
22	513-529 N Saint Asaph St	Brightleaf & Cooper	2016	16	
23	5 Cameron St	Topedo Factory Food Pavilion	2015		13,800 SF
24	1625 King St	Hyatt Centric Old Town Alexandria	2020		13,600 SF
25	1300-1310 King St	Braystone	2023	31	
26	207 S Patrick St		2017	23	
27	805 King St	The Grace	2021		11,200 SF
28	312 S Washington St		2022	10	
29	1800 Mount Vernon Ave	Del Ray Place	2019	49	2,700 SF
TOTAL				**2,846 Units**	**110,900 SF**

Source: CoStar

Figure 4 | Map of Under Construction and Pipeline Development in Braddock Road Station Area



#	Property Address	Property Name	Status	Expected Delivery	Residential Units	Retail SF[1]
1	501 Slaters Ln		Proposed	[2]	2,000[2]	[2]
2	1201 E Abingdon Dr		Proposed		136	-
3	1055 N Fairfax St		Under Construction	2026	234	
4	1045 N Fairfax St		Under Construction	2026	-	12,700 SF
5	425 Montgomery St	Clarendon	Proposed	2026	237	6,000 SF
6	807 N Royal St	Montgomery Center	Proposed	2027	327	25,000 SF
7	300 Wythe St	Ladrey Redevelopment	Proposed		270	-
8	333 N Fairfax St		Proposed		34	-
9	301 N Fairfax St		Proposed	2027	48	-
10	828 N Washington St		Proposed	2026	15	-
11	802-804 N Washington St	The Whitley	Proposed	2025	48	-
12	899-999 N Henry St	Samuel Madden Homes	Proposed	2027	532	13,300 SF
13	727 N West St	Braddock West	Proposed	2028	180	3,500 SF
14	1101 King St	CityHouse Old Town	Under Construction	2025	199	5,700 SF
15	116 S Henry St		Proposed	2026	19	[3]
16	221 S Alfred St	The Alexandria	Proposed	2026	6	-
17	431 S Columbus St	Heritage Old Town Apartments	Proposed	2027	750	-
				TOTAL	**5,035 Units**	**66,200 SF**

Note: Some properties may be mixed-use and include ground floor retail that has not yet been defined.

1. Retail SF for multifamily properties include ground floor retail space identified in various news stories and City planning documents.

2. 501 Slaters Lane project refers to Potomac River Generating Station redevelopment. Project has approvals for up to 2,000 residential units and requires 20% of space for non-residential uses including retail. CoStar shows project plan for delivery in 2028; however, given the complexity of this project, it is unlikely even an initial phase of up to 2,000 units will likely be delivered by 2028.

3. News stories indicate there is a ground floor program, but no discussion of the size of this program.

Source: CoStar; ARLnow; ALXnow; Fairstead; CRC Companies

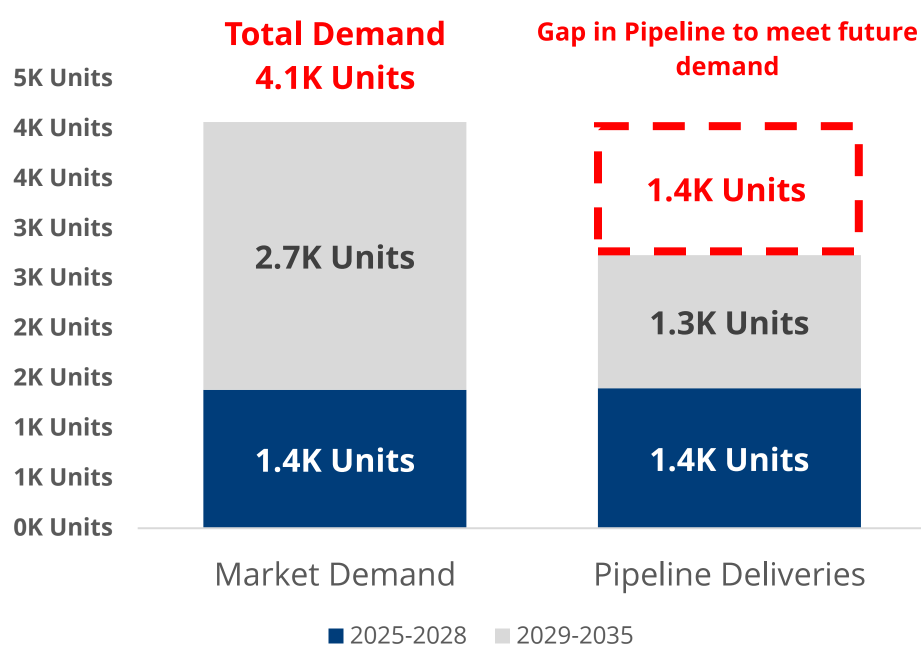
The Station Area anticipates continued multifamily development over the next 3 to 10 years. Currently, two properties with more than 400 units are under construction, and approximately 4,600 additional units are proposed. While a significant share of this development is expected to occur beyond the half-mile radius of the station– including 2,000 units proposed at 501 Slaters Lane as part of the Potomac River Generating Station (PRGS) Redevelopment – five properties are within the half-mile radius, including the approximately 180-unit Braddock West development immediately adjacent to the JD Site. (See Figure 4.) All planned development is expected to be east of the station.

Capturable Demand

Station Area Demand by Use

Estimated near-term demand for multifamily housing within the Station Area aligns with the current pipeline of projects that are under construction or proposed, but longer-term demand is expected to outpace supply by 1,400 units. HR&A estimated future residential rental demand in the Station Area based on projected growth in the number of households, turnover, income, and preference for the type of product expected for the JD Site over the 2025 to 2035 period. This includes demand for approximately 1,400 units between 2025 and 2028 and 2,700 units from 2029 to 2035, for a total of 4,100 units between now and 2035. (See Figure 5.)

Figure 5 | Multifamily Residential Demand Analysis in Braddock Road Station Area



Note: Residential demand analysis assumes full build out of under construction projects and 50% attrition of pipeline projects through 2035. Pipeline supply includes all announced development projects, regardless of permitting status.

Source: CoStar; U.S. Census; HR&A

According to CoStar, approximately 2,700 rental units will be added to the Station Area by 2035, including approximately 1,400 units between 2025 and 2028 and 1,300 units from 2029 to 2035. Between 2025 and 2028, supply is approximately equal to demand, suggesting a more competitive environment for new multifamily deliveries. However, from 2029 to 2035 the 1,300 planned and proposed units will fall short of the expected demand by about 1,400 units.

The JD Site's proximity to transit positions it well to capture an outsized share of this unmet multifamily rental demand. While some of the long-term market demand may be filled by future development that has yet to be announced, the size of this demand surplus suggests a market that is deep enough to support additional multifamily developments over that period.

There is significant demand for affordable housing in the Station Area and Alexandria more broadly. The City's 2024 Housing Needs Assessment estimated that 12,500 households earning less than 40% AMI are cost-burdened, meaning they pay over 30% of pre-tax income on housing costs. An additional 7,500 cost-burdened households earn between 40% and 80% AMI. These totals reflect significant demand for housing affordable to households below the median income level. The Station Area in particular has high demand for affordable housing. There, all deliveries within the last decade have been absorbed, and one-third of Alexandria's affordable housing pipeline is currently planned for the Station Area.

In 2020, Alexandria joined the Metropolitan Washington Council of Governments in establishing housing production targets. Alexandria committed to producing 3,000 units by 2030, with a goal that 75%, or 2,250, of these units be affordable to low- and moderate-income households. As an incentive for including affordable units in new market-rate multifamily development, the City of Alexandria offers increased height limits, density, and floor area ratio as well as reduced off-street parking requirements in exchange for at least one-third of units achieved by the bonus being affordable to households with low or moderate income levels, in addition to some other stipulations concerning unit size and distribution. In recent years, several projects have used the City's ordinance to include affordable units along with higher density, and several have also made monetary contributions to the City's Housing Trust Fund.

New mixed-use development with ground floor non-residential uses has driven retail inventory growth in the Station Area in recent years, suggesting mixed-use development of similar scale can also support some supporting ground floor retail uses. Other factors including the JD Site's foot traffic from transit users, Station Area population growth, and current lack of selected retailer types such as smaller-scale food and beverage and convenience retailers suggest accessory retail uses can generate value on their own in addition to enhancing the value of the multifamily use. To effectively capture demand, retail must be strategically located and tailored to local needs. Given proximity to transit, new retail space should be accessible to and responsive to the needs of transit users, in addition to new building occupants and nearby workers.

Capturable Demand

Given current market conditions and the JD Site's competitive positioning relative to other planned developments, the Station Area could support approximately 350 rental units. (See Figure 6.) The current development pipeline is not sufficient to meet anticipated demand, resulting in a demand surplus through 2035. Multifamily Class A rents in the Station Area are significantly higher than elsewhere in the city at $3.82 PSF, with many recent deliveries charging rents exceeding $4.00 PSF including Alate Old Town ($4.72 PSF), Gables Old Town North ($4.37 PSF), and Alexan Florence ($4.70 PSF).

According to HR&A analysis the JD Site may also be able to support a moderate amount of traditional retail ranging from 12,000 to 18,000 SF. Some of this demand may be supported by the multifamily component of the JD project. For example, among selected mixed-use deliveries in the Station Area over the past 10 years with retail programs (8 of 19 developments with more than 25 units) the median SF of retail delivered per unit was 50 SF, or 17,500 SF for a 350-unit building. Although current demand is modest, existing foot traffic around the station and new residential development are likely to generate sufficient support for retail space. HR&A notes that while there are two grocery stores within a 15-minute walk of the station, there are limited smaller-scale food and beverage options and convenience retailers like pharmacies within that distance which could serve both transit users and new residents.

Figure 6 | Capturable Demand and Supportable Rent at Joint Development Site, 2025-2035

	Capturable Market Demand	Projected Supportable Rent ($2025)
Multifamily Rental	350 units	$4.07/SF/Month
Retail	12,000 to 18,000 SF	$3.50/SF/Month or $42/SF/Year

Note: HR&A estimated a monthly multifamily housing price per square foot based on recent class A deliveries in Alexandria. Given the more limited demand for retail property in the Station Area and across the city, HR&A estimated the retail price based on the average Class A retail property in the Station Area.

Development Incentives and Programs

The City of Alexandria offers development incentives and programs that could assist in joint development at the JD Site. As redevelopment scenarios are developed, HR&A will evaluate the applicability of these development tools and the potential to target incentives or programs that will close financing gaps (if any) as part of future work on transaction support for the station site. Tools and programs include:

- **Tax Increment Financing (TIF).** The City of Alexandria has not frequently used TIF, in large part due to the availability of tax-exempt financing for capital improvements. Tax abatements and tax-exempt industrial revenue bonds are the City's preferred means for supporting development projects.
- **Tax abatements and tax-exempt industrial revenue bonds**. These programs are handled by the Alexandria Economic Development Partnership (AEDP), a 501(c)(6) funded to maximize flexibility as a business advocacy organization. These programs are the most frequent form of economic development incentives the City offers to realize development projects. These tax incentives are granted on a case-by-case basis, and businesses seeking an incentive need to demonstrate the long-term benefits of the proposed project. The City views tax abatements as their most effective tool, and they **prefer to restrict the use of abatements to support true catalyst projects that help create new markets around existing transit infrastructure.** For example, the City granted abatements for projects around the Eisenhower Ave and Potomac Yards station areas. Now that the surrounding markets in these areas have strengthened, AEDP does not anticipate needing to grant abatements for future projects in these station areas.
    - **Real Estate Tax Abatements:** Partial real estate tax exemptions have been provided for projects that are the catalysts for significant new development or redevelopment.
    - **Tax-Exempt Industrial Revenue Bonds:** In the past, AEDP has used this tool to help non-profits finance land acquisition and construction costs for owner-occupied buildings and would be open to continuing this in the future. Below market rate bond financing for capital projects may also be available for qualified businesses and organizations seeking to invest in Alexandria.
- **Grants/Loans.** AEDP offers a variety of grants and loans that are designed to recruit and retain businesses to Alexandria by providing cash grants for business relocations and/or infrastructure investments that support business activity. Due to their limited support for new development and construction, these programs are less relevant to WMATA in terms of realizing Joint Development projects when compared to tax incentives. Existing grants and loan programs include the **Alexandria Investment Fund** and the **Infrastructure Investment** program, which leverages money from the City's capital improvement budget.
- **Affordable Housing Programs.** The City's Office of Housing partners with non-profit and private developers to structure and finance affordable housing projects and works closely with other departments to review development proposals and affordable housing contributions, including

affordable set-aside units and/or voluntary monetary contributions to the Housing Trust Fund. Relevant programs and funds include:

- **The City's Housing Trust Fund.** Also called the Housing Opportunity Fund, this is a locally sourced program that **provides gap financing (loans and grants) to affordable housing projects** to preserve and create more affordable units in the City. Most previous projects combined Housing Trust Fund loans and grants with Low-Income Housing Tax Credit equity.
- **Predevelopment Loan**. This program provides funding for costs associated with the predevelopment of affordable housing projects. In the past, these loans have been utilized to complete transportation and infrastructure studies and design work identified by city staff.
- **Affordable Set-Aside Program.** This program expands housing options in the city by working with developers to include affordable rental or ownership units in their projects. Set-aside units are pledged during the development approval process, and in return, developers may be granted **increases in allowable floor area ratio, density, and height as well as off-street parking.** In exchange, a minimum of one-third of the units generated through the bonus must be affordable.

Appendix

Demographics

Figure A - 1 | Population

	Station Area	City of Alexandria
Total Population 2023	39,670	6,263,796
CAGR 2013-2023	1.86%	0.84%
Total Population 2028	43,490	6,532,365
CAGR 2023-2028	1.86%	0.84%

Source: U.S. Census

Figure A - 2 | Educational Attainment

Education Level	Station Area	City of Alexandria
Less than High School Diploma	1%	3%
High School Diploma or Higher	30%	36%
Some College or Higher	28%	29%
Bachelor's Degree or Higher	25%	21%
Graduate Degree or Higher	15%	11%

Source: U.S. Census

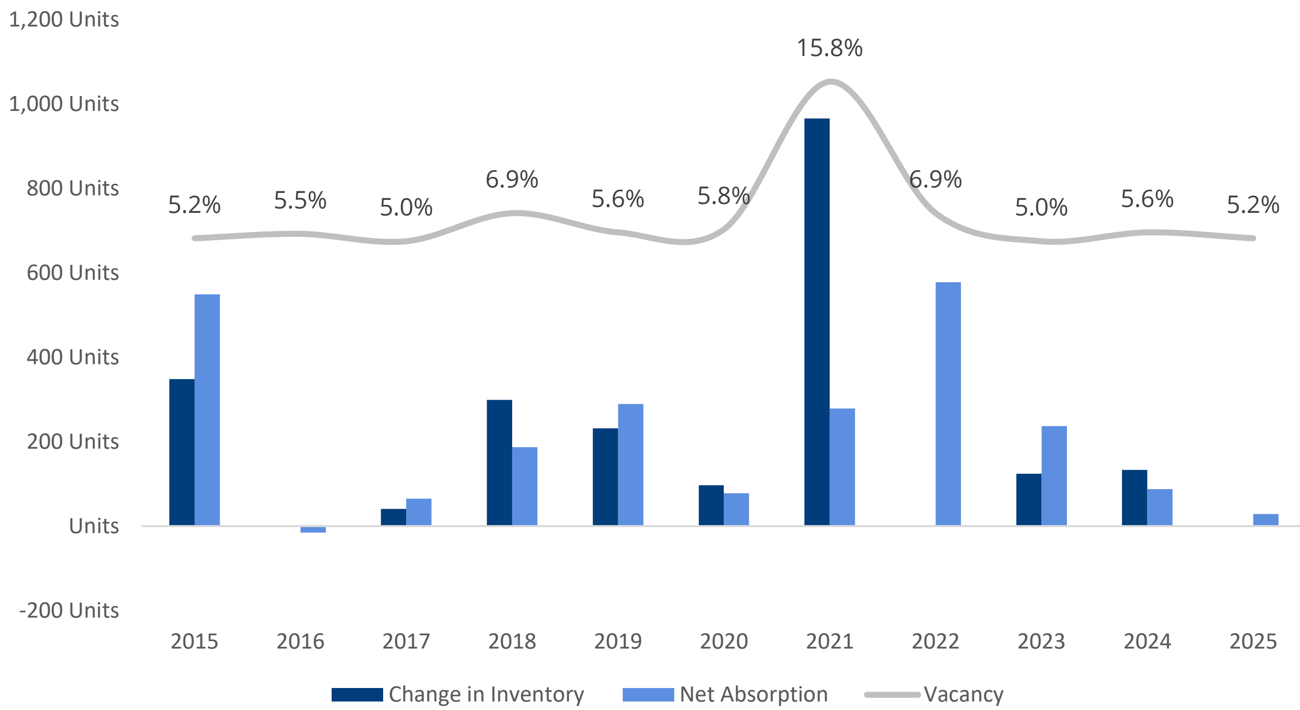
Figure A - 3 | Station Area Projected Household Growth by Household Income

Income Levels	2018	2023	2033
<$20K	1,139	1,013	1,217
$20K-$34K	663	573	689
$35K-$49K	776	888	1,067
$50K-$74K	1,718	1,282	1,541
$75K-$99K	1,897	1,804	2,168
$100K-$150K	4,011	3,340	4,014
$150K+	8,412	11,007	13,229

Source: U.S. Census

Multifamily Residential

Figure A - 4 | Braddock Road Station Area MF Absorption, Deliveries, and Vacancy (2015-2025)



Source: CoStar

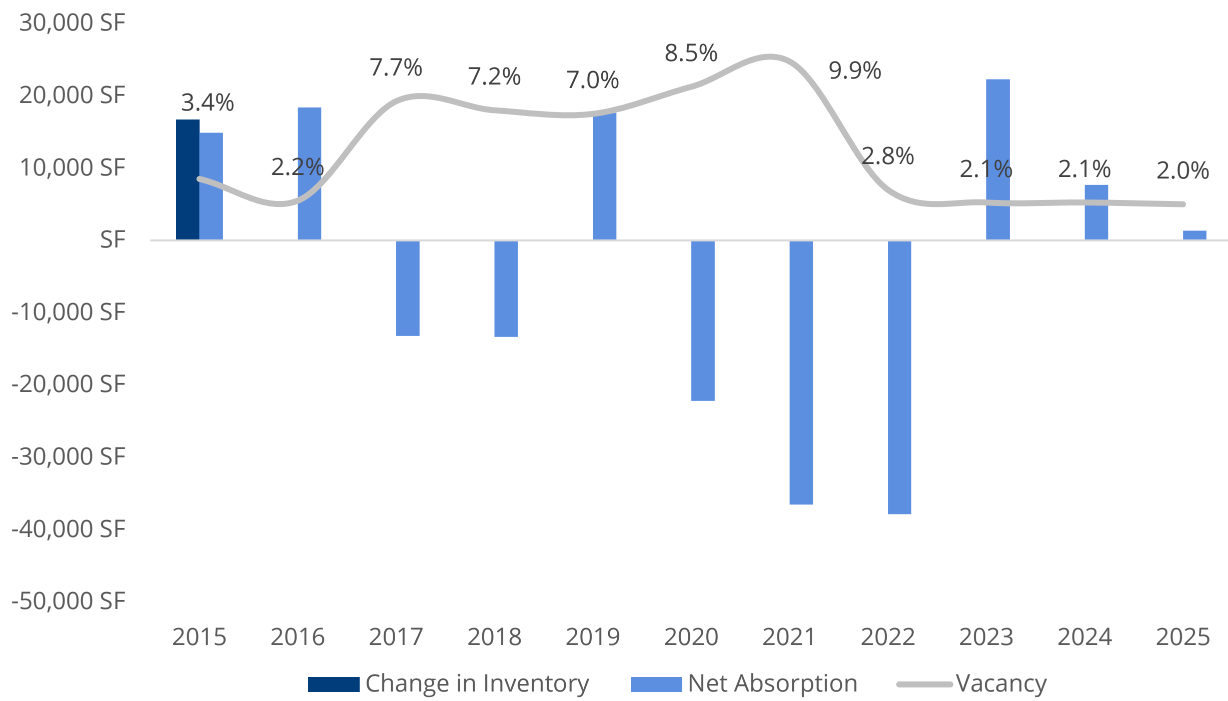
Figure A - 5 | Unit Size and Pricing by Type, Class A Properties in Station Area and City of Alexandria

	Station Area			***City of Alexandria***		
Type	**Rent**	**Avg SF**	**Rent PSF**	**Rent**	**Avg SF**	**Rent PSF**
Studio	$2,374	562 SF	$4.23	$2,193	550 SF	$3.99
One-Bedroom	$2,760	724 SF	$3.81	$2,428	734 SF	$3.31
Two-Bedroom	$3,893	1049 SF	$3.71	$3,195	1087 SF	$2.94
Three-Bedroom	$4,680	1432 SF	$3.27	$3,663	1388 SF	$2.64
Total	**$3,231**	**844 SF**	**$3.83**	**$2,750**	**898 SF**	**$3.06**

Source: CoStar

Standalone Retail

Figure A - 6 | Station Area Standalone Retail Absorption, Deliveries, and Vacancy (2015-2025)



Source: CoStar

Figure A - 7 | Average Rents of Station Area Class A Retail Properties

Property Address	Property Name	Building Class	Year Built	RBA	Est. Rent PSF
810 King St		A	1954	43,500 SF	-
1700 Duke St	Whole Foods Market	A	2005	42,650 SF	$3.12
1126-1130 N Fairfax St	Printers Row Retail Portion	A	2013	1,946 SF	$3.58
500-540 N Henry St	The Henry, Bldg 2	A	2006	15,323 SF	$3.67
500-540 John Carlyle St		A	2006	17,383 SF	$3.06
212 King St		A	1880	3,212 SF	$4.11
600 King St		A	1900	6,560 SF	$2.98
610-612 King St	Anthropologie	A	1900	10,400 SF	$3.12
614-618 King St		A	1954	21,303 SF	$3.24
704 King St		A	1900	4,270 SF	$3.48
815 1/2 King St	Old Town Theater	A	1900	8,514 SF	$4.39
903 King St		A	1930	5,456 SF	$4.07
1700 Prince St	Crate & Barrel Outlet	A	1968	23,300 SF	$3.13
				AVERAGE	**$3.50**

Source: CoStar