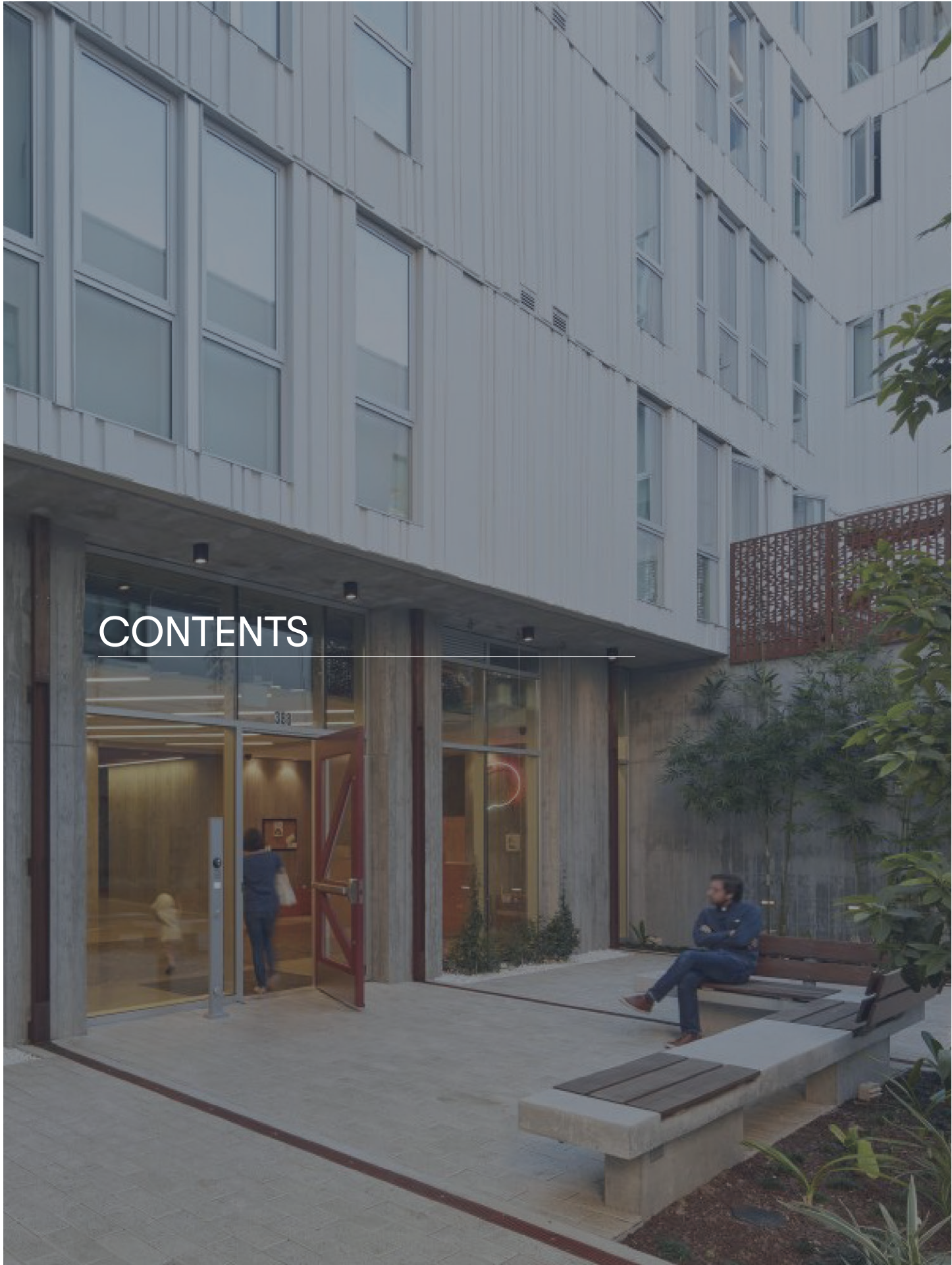
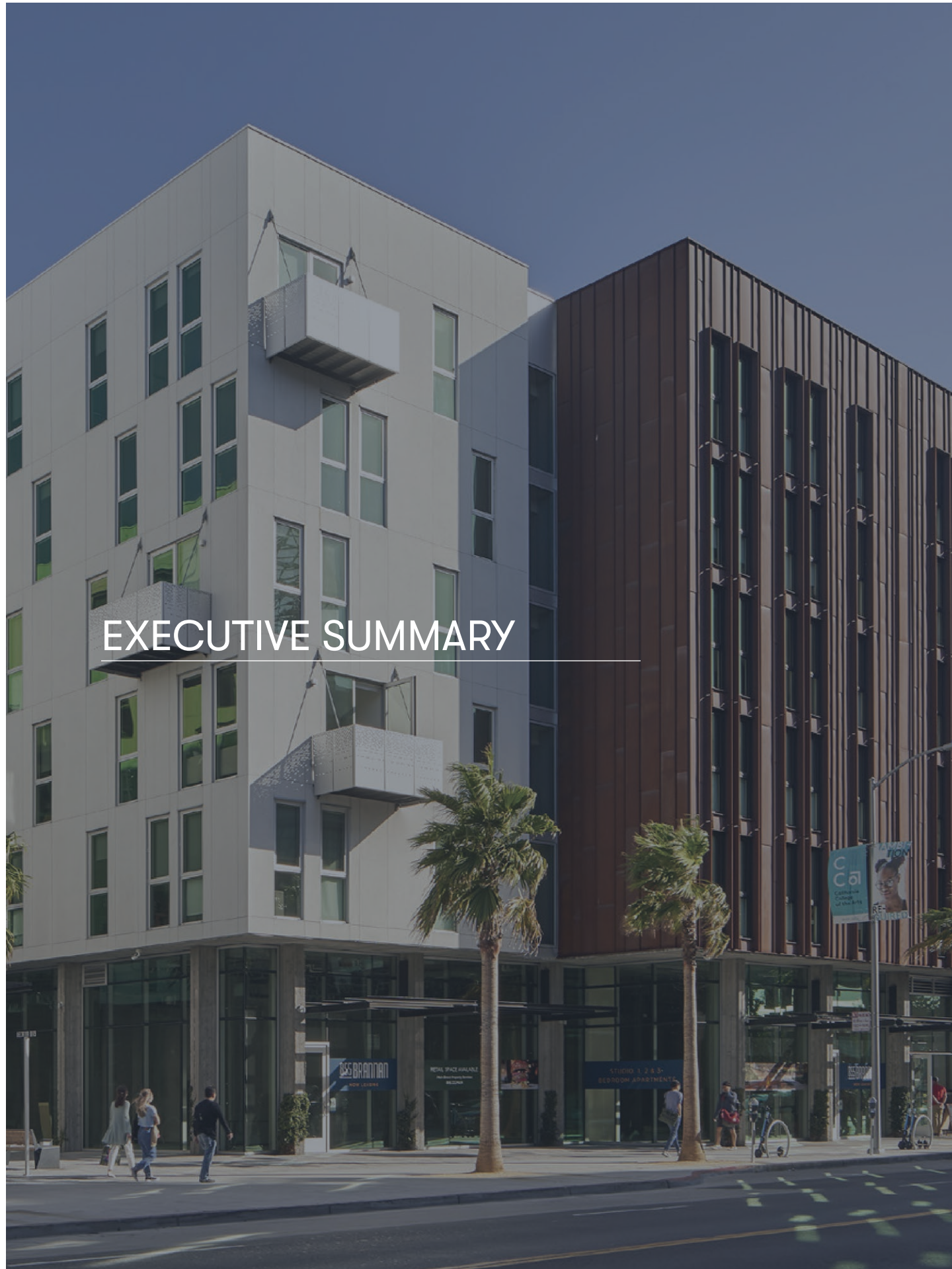


N29 WILLOWOOD

RETAIL VIABILITY STUDY



- Executive Summary 4
- Site Analysis
 - Market Supply and Demand 6
 - Physical Characteristics 10
 - Retail Gravity 12
 - Summary Table of Analysis and Conclusions 14
- Development Recommendations
 - Small Area Plan 16
 - Phasing 18
 - Ground Plane Activation 20
- About Of Place 22



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF RETAIL VIABILITY AT N29 WILLOWOOD 10300 EATON PLACE

Sustainable retail spaces depend on several key factors:

- The balance of consumer sales potential and the existing supply of retail near the location
- Physical traits of the location, including building condition, visibility, and traffic conditions
- The behavior/preferences of potential tenants (retailers) around retail gravity and co-tenancy

While Fairfax Virginia is a prosperous and affluent area that commands significant consumer demand, analysis of these factors in combination suggest that over the next 5 to 15 years it will be difficult to attract and sustain a significant footprint of retail at the N29 Willowood site. The main factors driving this assessment include:

1. The secondary nature of Eaton Place, which runs parallel to the loading area of Point50 (an adjacent strip center), severely reduces visibility and traffic counts compared to other retail sites along the Fairfax Boulevard corridor.
2. A lack of pedestrian connectivity to other retail and/or residential in combination with no planned surface parking will reduce demand for what retailers will likely consider a strip-center location until other development fills in.
3. The adjacent uses that are walkable to Eaton Place are low-traffic offices, which do not meet the co-tenancy preferences of potential tenants.
4. While there may be potential demand for retail apparel or restaurant uses, industry specific-features of these two retail types adds to the unlikelihood of retail leasing at N29.

To preserve value, we recommend that Capital City take the following action at N29 Willowood:

1. Design and demise the ground floor of the project with activated ground floor spaces for residential amenities that will animate the ground plane in a retail-like fashion (including recreational lounges, community co-working, bike facilities, and pet care) to improve the leasing absorption and stabilization of the residential product.

ANALYSIS: RETAIL SUPPLY AND DEMAND

The area surrounding N29 Willowood is both affluent and well-supplied with retailers. Major areas of retail density include several medium to large scale strip centers and a mall along Fairfax Boulevard, which comprise 3.6MM SF within a 3-mile radius.

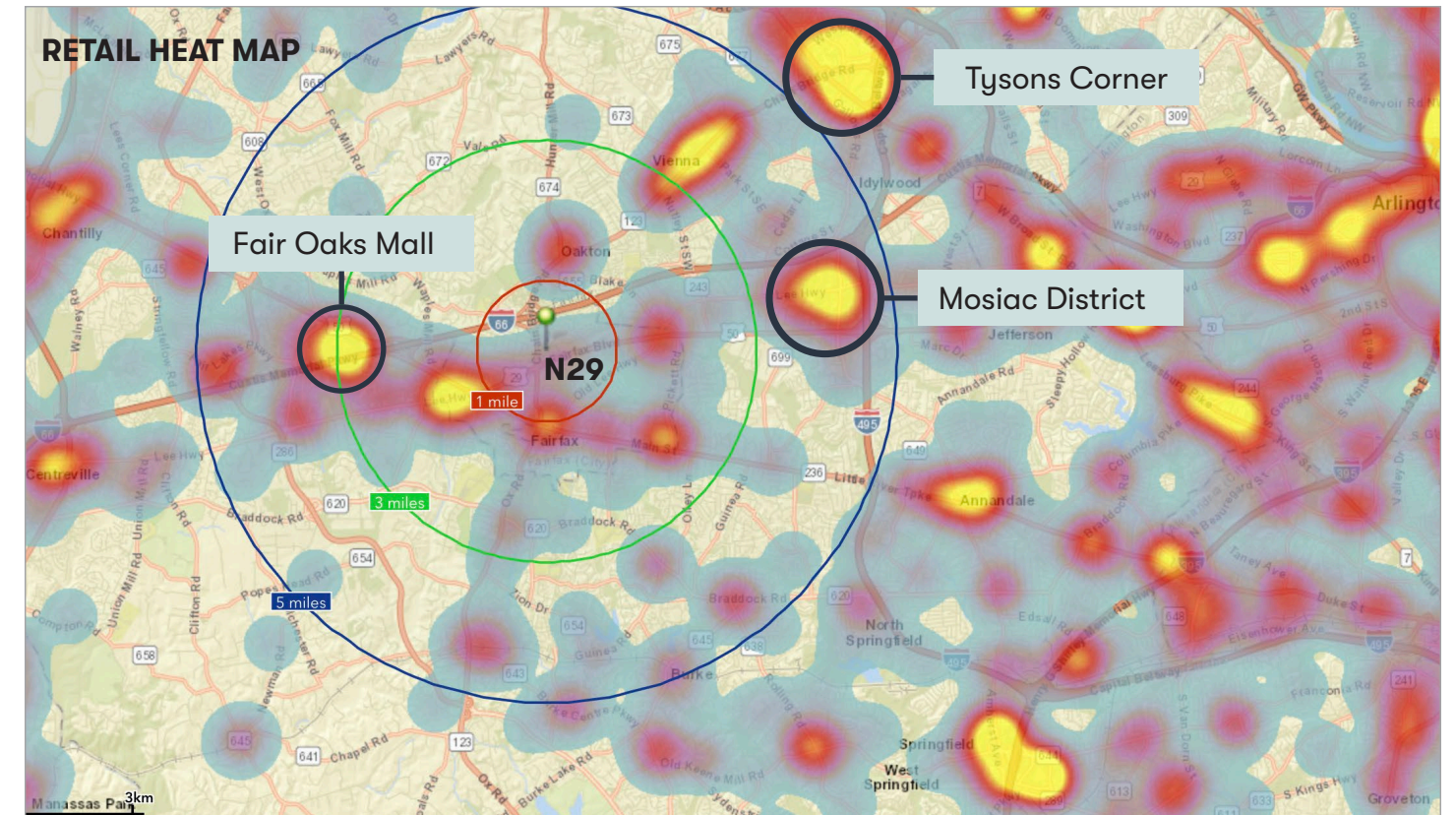
Within a 15-minute drive, there are three major mall complexes that contain strong collections of retail soft goods and apparel, as well as services and hospitality operations:

Fair Oaks Mall
Regional shopping mall
1.5MM+ SF, 3.0 miles from site, 7-12 minute drive

Mosaic District
Target and cinema anchored lifestyle center
500K+ SF, 4.0 miles from site, 7-12 minute drive

Tysons Corner
Super-regional mall
2MM+ SF, 5.5 miles from site , 12-15 minute drive

Center	Square Feet	Address
Boulevard Marketplace	14,300	10160 Fairfax Blvd, Fairfax, VA 22030
Courthouse Plaza	83,170	Willard Way, Fairfax, VA 22030
Fair Oaks Mall	1,600,000	11750 Fair Oaks Mall, Fairfax, VA 22033
Fairfax Boulevard Center	18,283	9607 - 9625 Fairfax Boulevard, Fairfax, VA 22021
Fairfax Center	150,855	11211 Lee Hwy, Fairfax, VA 22030
Fairfax Circle Shopping Center	106,991	9629 Fairfax Blvd, Fairfax, VA 22031
Fairfax Corner	524,694	4100 Monument Corner Dr, Fairfax, VA 22030
Fairfax Court	259,138	11282 James Swart Cir, Fairfax, VA 22030
Fairfax Junction Shopping Center	68,932	11001 Lee Highway, Fairfax, VA 22030
Fairfax Marketplace	18,800	10940 Lee Hwy, Fairfax, VA 22030
Hiltop Shopping Center	12,661	11102 Lee Hwy, Fairfax, VA 22030
Hunter Mill Plaza	62,570	2940 Chain Bridge Rd, Oakton, VA 22124
Kamp Washington Shopping Center	71,825	11054 Lee Hwy, Fairfax, VA 22030
Main Street Center	50,000	9956 Main St, Fairfax, VA 22031
Old Town Plaza	46,910	3950 University Dr, Fairfax, VA 22030
Pan Am Shopping Center	228,000	3089 Nutley St, Fairfax, VA 22031
Point 50	48,143	10334 Fairfax Blvd, Fairfax, VA 22030
Shops at Fairfax Boulevard	76,313	10782 Fairfax Blvd, Fairfax, VA 22030
Stryker Square	26,000	3230 Old Pickett Road Fairfax, VA 22031
Waples Mills Retail Center	18,500	11226 Waples Mill Rd, Fairfax, VA 22030
West Fairfax	109,692	4080 Jermantown Rd, Fairfax, VA 22030
Westfair Shopping Center	18,720	11053 Lee Hwy, Fairfax, VA 22030
Westmore Shopping Center	24,929	9940 Fairfax Boulevard, Fairfax, VA 22030
TOTAL 3-mi Radius	3,639,426	



Several retail concentrations exist in the Fairfax region. Major malls include Fair Oaks Mall, Tysons Corner, and the Mosaic District, which offer co-tenancy and retail gravity to retailers.

Highly visible strip centers line Fairfax Boulevard and Lee Highway, creating a retail corridor. Eaton Place is situated behind this corridor.



ANALYSIS: RETAIL SUPPLY AND DEMAND

Leakage in an area represents a condition where demand exceeds supply. In other words, retailers outside the market area are fulfilling the demand for retail products; therefore, demand is “leaking” out of the trade area. Such a condition may indicate an opportunity for new retailers to enter the trade area or for existing retailers to extend their marketing outreach to accommodate the excess demand.

Surplus in an area represents a condition where supply exceeds the area’s demand. Retailers are attracting shoppers that reside outside the trade area. The “surplus” is in market supply. Brand positioning and product mix are key differentiators in these types of markets.

The Leakage/Surplus Factor ranges in value from captures this balance of supply and demand.

- A factor below 1 represents a Leakage condition.
- A factor above 1 represents a Surplus condition.

Retail Leakage Estimates	N29 Willowood		
	1 mile	3 miles	5 miles
Resident Spending: Retail Goods	\$212,544,970	\$1,873,526,745	\$4,768,571,246
Local Sales: Retail Goods	\$304,231,000	\$1,630,541,000	\$3,966,209,000
Retail Goods: Demand - Supply	(\$91,686,030)	\$242,985,745	\$802,362,246
Retail Goods: Leakage/Surplus Factor	1.43	0.87	0.83
Resident Spending: Food Away from Home	\$35,899,394	\$313,618,620	\$791,521,347
Resident Spending: Alcohol Away from Home	\$2,616,825	\$23,242,130	\$58,892,061
Resident Spending: Total Dining	\$38,516,219	\$336,860,750	\$850,413,408
Local Sales: Food Srv & Drinking Places	\$36,973,000	\$265,824,000	\$576,675,000
Dining Out: Demand - Supply	\$1,543,219	\$71,036,750	\$273,738,408
Dining Out: Leakage/Surplus Factor	0.96	0.79	0.68

source: Spending and sales estimates from ESRI, Calculations by Of Place

Examples of how to interpret the Leakage/Surplus Factor:

- At the 1-mile radius, local retail goods sales exceed demand by 43%. The area is pulling in additional customers.
- At the 3-mile radius, resident demand exceeds local dining sales by 21%. Residents are going elsewhere to dine.

Market Analysis, by retail sub-category

N29 Willowood 1-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$19,985,735	\$4,688,000	\$ 15,297,735	0.23
Household Furnishings	\$17,275,749	\$8,035,000	\$ 9,240,749	0.47
Electronics and Appliance:	\$6,211,439	\$11,922,000	\$ (5,710,561)	1.92
Gasoline	\$21,252,528	\$28,225,000	\$ (6,972,472)	1.33
Auto Sales/Leases	\$26,747,773	\$197,498,000	\$ (170,750,227)	7.38
Personal Care Products	\$4,536,819	\$7,370,000	\$ (2,833,181)	1.62
Sports/Hobby/Books/Music	\$3,239,838	\$2,999,000	\$ 240,838	0.93
Hardware/Home Mnt	\$5,060,357	\$15,427,000	\$ (10,366,643)	3.05
Grocery	\$49,875,653	\$21,485,000	\$ 28,390,653	0.43
Restaurant	\$38,516,219	\$36,973,000	\$ 1,543,219	0.96

N29 Willowood 3-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$174,399,256	\$98,357,000	\$ 76,042,256	0.56
Household Furnishings	\$152,947,231	\$57,732,000	\$ 95,215,231	0.38
Electronics and Appliance:	\$55,134,679	\$81,447,000	\$ (26,312,321)	1.48
Gasoline	\$183,092,528	\$142,967,000	\$ 40,125,528	0.78
Auto Sales/Leases	\$233,700,776	\$361,371,000	\$ (127,670,224)	1.55
Personal Care Products	\$39,427,774	\$103,988,000	\$ (64,560,226)	2.64
Sports/Hobby/Books/Music	\$28,807,226	\$56,941,000	\$ (28,133,774)	1.98
Hardware/Home Mnt	\$46,173,215	\$130,757,000	\$ (84,583,785)	2.83
Grocery	\$431,093,258	\$459,044,000	\$ (27,950,742)	1.06
Restaurant	\$336,860,750	\$265,824,000	\$ 71,036,750	0.79

N29 Willowood 5-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$442,514,036	\$265,612,000	\$ 176,902,036	0.60
Household Furnishings	\$390,508,046	\$142,965,000	\$ 247,543,046	0.37
Electronics and Appliance:	\$141,075,865	\$179,962,000	\$ (38,886,135)	1.28
Gasoline	\$460,836,228	\$315,210,000	\$ 145,626,228	0.68
Auto Sales/Leases	\$596,081,314	\$445,396,000	\$ 150,685,314	0.75
Personal Care Products	\$99,725,551	\$283,297,000	\$ (183,571,449)	2.84
Sports/Hobby/Books/Music	\$73,060,925	\$229,541,000	\$ (156,480,075)	3.14
Hardware/Home Mnt	\$118,299,070	\$516,293,000	\$ (397,993,930)	4.36
Grocery	\$1,087,743,900	\$1,026,364,000	\$ 61,379,900	0.94
Restaurant	\$850,413,408	\$576,675,000	\$ 273,738,408	0.68

source: Spending and sales estimates from ESRI, Calculations by Of Place

Retail leakage at various radius and retail sub-categories around N29 are highlighted in green. **While these indicate that there may be some market demand, FURTHER SITE ANALYSIS is also required to determine the retail viability of the N29 location.**

ANALYSIS: PHYSICAL CHARACTERISTICS

Vehicular Traffic and Pedestrian Impact:

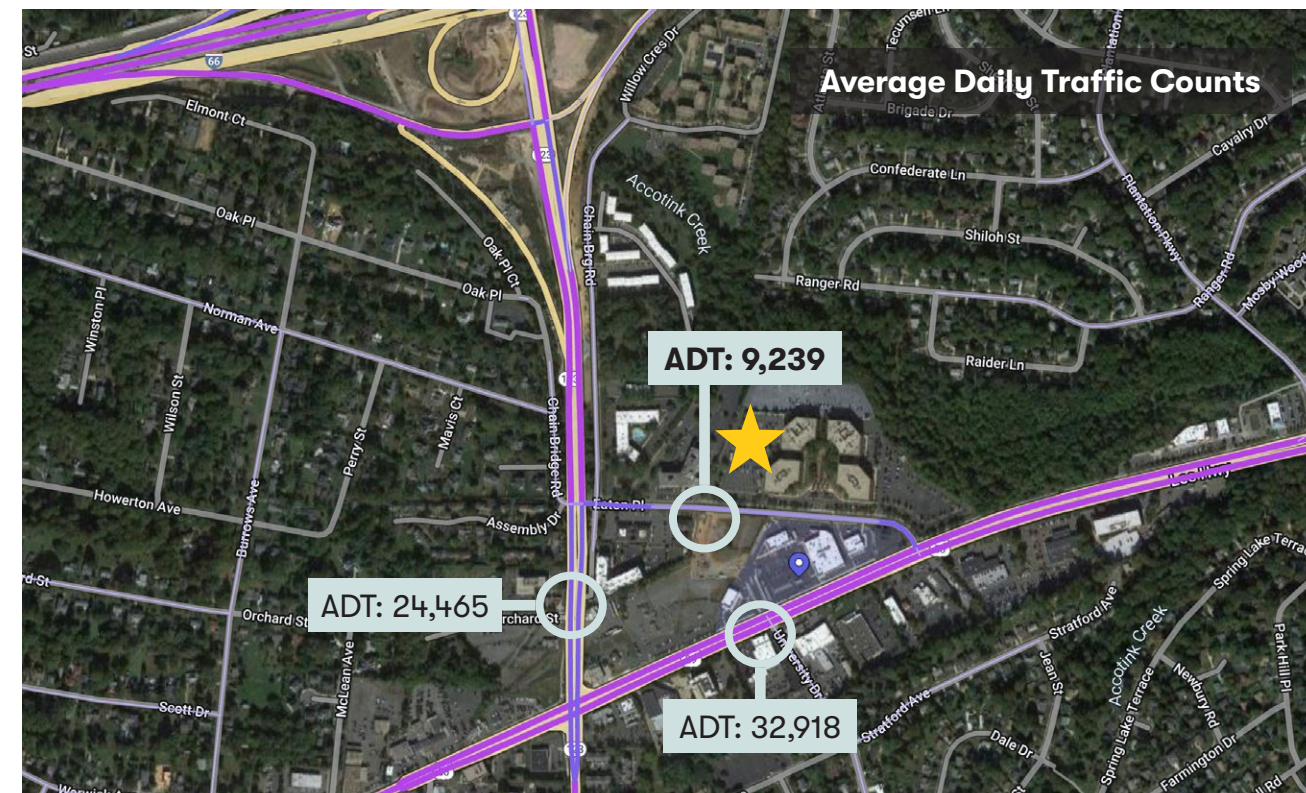
N29 is located on Eaton Place, a secondary “cut through” between VA 123 Chain Bridge and Fairfax Boulevard, two major arterials. As expected, the ADT on Eaton Place is dramatically lower than the two arterials, making the site much less appealing to a potential retailer.

Additionally, Eaton Place is currently 4-lanes with no parking, which makes it a challenging place for potential customers to walk to.

Retail Sight Lines:

The turnoffs from VA 123 and Fairfax Boulevard on to Eaton Place do not appear to lead to retail amenities. They are tree-lined and do not visually indicate any obvious retail massing. This condition makes it difficult for consumers to “stumble upon” the N29 site if they are not specifically navigating to it (from a map application, e.g.). This condition reduces how leasable the site is.

Further compromising the site is the back-of-house loading facilities for Point50, a grocery anchored strip mall that is accessed from Fairfax Boulevard. Consumers are unlikely to see N29 from Point50...and it is unappealing to see this back-of-house from the Capital City parcel.



Source: placier.ai



VIEW OPPOSITE OF N29 PARCEL ON EATON PLACE (Looking to Point50)



VIEW FROM FAIRFAX BLVD



VIEW FROM VA 123

Clockwise, from top: 1. The south side of Eaton Place grades down into the back-of-house facilities of Point50. 2. Eaton Place from VA 123 does not appear to be a retail-lined street 3. Eaton Place from Fairfax Boulevard does not appear to be a retail-lined street.

ANALYSIS: RETAIL GRAVITY & INDUSTRY SPECIFIC PREFERENCES

Retail Gravity for Soft Goods Retailers:

In addition to deal economics, market potential, and space requirements, soft goods retailers, including apparel retailers, scrutinize two site attributes related to “retail gravity” when considering a location:

- Retail anchors, like large-format grocers, entertainment destinations, or department store category-killers (Target, e.g.)
- Other soft-good co-tenants, often with specific requirements to related brands that relate to similar customers

Retail gravity draws customers, with retailers acutely aware that people will be more inclined to visit a site that can satisfy multiple needs in one trip. We are concerned with the N29 site because the extant adjacent office parks do not offer anchors nor retail co-tenants that would attract soft goods or hospitality operators.

Threats to N29’s retail viability with respect to retail gravity include:

- Floor plates that are not compatible with a large retail anchor, which typically require more than 30,000 SF.
- Difficult cross-shopping/shadow anchoring with Point50. While Point50 is directly adjacent, there is a significant grade change and lack of pedestrian facilities; cross-shopping would require getting into a car to link the trips.
- Inability to attract enough co-tenants to create a sustainable retail place. Soft-goods retailers pursuing a location to draw Fairfax customers will seek locations near Fair Oaks Mall, Mosaic District, and Tysons Corner, which offer extraordinary levels of co-tenancy and retail gravity within a 15 minute drive.

A note on Hospitality:

We are currently seeing economic headwinds, severe labor market distortions, and construction costs impacting restaurant users. These conditions are resulting in slowed restaurant expansions, especially for new construction (operators are seeking 2nd generation spaces as opportunities).



Clockwise, from top: 1. Mosaic District is anchored by a 163,000 SF Target and a cinema. 2. Tysons Corner offers over 2MM SF of retail co-tenancy 3. Fair Oaks Mall

ANALYSIS SUMMARY:

Market Analysis

N29 Willowood 1-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$19,985,735	\$4,688,000	\$ 15,297,735	0.23
Household Furnishings	\$17,275,749	\$8,035,000	\$ 9,240,749	0.47
Electronics and Appliance:	\$6,211,439	\$11,922,000	\$ (5,710,561)	1.92
Gasoline	\$21,252,528	\$28,225,000	\$ (6,972,472)	1.33
Auto Sales/Leases	\$26,747,773	\$197,498,000	\$ (170,750,227)	7.38
Personal Care Products	\$4,536,819	\$7,370,000	\$ (2,833,181)	1.62
Sports/Hobby/Books/Musi	\$3,239,838	\$2,999,000	\$ 240,838	0.93
Hardware/Home Mnt	\$5,060,357	\$15,427,000	\$ (10,366,643)	3.05
Grocery	\$49,875,653	\$21,485,000	\$ 28,390,653	0.43
Restaurant	\$38,516,219	\$36,973,000	\$ 1,543,219	0.96

Physical and Retail Gravity Analysis

Retail use compatible with proposed design	Sales potential (from Leakage Factor) adequate for space?	Adjacent uses & cotenancy adequate for retail?	Visibility (Vehicular and Pedestrian)	Traffic and Surface Parking Available	Potentially Viable at Market Rent
Yes	Yes	No*	Poor	Low/No	No
Yes	Yes	No*	Poor	Low/No	No
					No
					No
					No
					No
Yes	No				No
					No
No	No				No
Yes	No				No

N29 Willowood 3-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$174,399,256	\$98,357,000	\$ 76,042,256	0.56
Household Furnishings	\$152,947,231	\$57,732,000	\$ 95,215,231	0.38
Electronics and Appliance:	\$55,134,679	\$81,447,000	\$ (26,312,321)	1.48
Gasoline	\$183,092,528	\$142,967,000	\$ 40,125,528	0.78
Auto Sales/Leases	\$233,700,776	\$361,371,000	\$ (127,670,224)	1.55
Personal Care Products	\$39,427,774	\$103,988,000	\$ (64,560,226)	2.64
Sports/Hobby/Books/Musi	\$28,807,226	\$56,941,000	\$ (28,133,774)	1.98
Hardware/Home Mnt	\$46,173,215	\$130,757,000	\$ (84,583,785)	2.83
Grocery	\$431,093,258	\$459,044,000	\$ (27,950,742)	1.06
Restaurant	\$336,860,750	\$265,824,000	\$ 71,036,750	0.79

Use compatible with proposed design	Sales potential adequate for space?	Adjacent uses & cotenancy adequate for retail?	Visibility (Vehicular and Pedestrian)	Traffic and Surface Parking Available	Potentially Viable at Market Rent
Yes	Yes	No*	Poor	Low/No	No
Yes	Yes	No*	Poor	Low/No	No
					No
No	..				No
					No
					No
					No
					No
					No
Yes	Yes	None adjacent	Poor	Low/No	No

N29 Willowood 5-mile	Res. Spend	Local Sales	Demand - Supply	Leakage/Surplus Factor
Apparel	\$442,514,036	\$265,612,000	\$ 176,902,036	0.60
Household Furnishings	\$390,508,046	\$142,965,000	\$ 247,543,046	0.37
Electronics and Appliance:	\$141,075,865	\$179,962,000	\$ (38,886,135)	1.28
Gasoline	\$460,836,228	\$315,210,000	\$ 145,626,228	0.68
Auto Sales/Leases	\$596,081,314	\$445,396,000	\$ 150,685,314	0.75
Personal Care Products	\$99,725,551	\$283,297,000	\$ (183,571,449)	2.84
Sports/Hobby/Books/Musi	\$73,060,925	\$229,541,000	\$ (156,480,075)	3.14
Hardware/Home Mnt	\$118,299,070	\$516,293,000	\$ (397,993,930)	4.36
Grocery	\$1,087,743,900	\$1,026,364,000	\$ 61,379,900	0.94
Restaurant	\$850,413,408	\$576,675,000	\$ 273,738,408	0.68

Use compatible with proposed design	Sales potential adequate for space?	Adjacent uses & cotenancy adequate for retail?	Visibility (Vehicular and Pedestrian)	Traffic and Surface Parking Available	Potentially Viable at Market Rent
Yes	Yes	No*	Poor	Low/No	No
Yes	Yes	No*	Poor	Low/No	No
					No
No	..				No
No	..				No
					No
					No
					No
No	No				No
Yes	Yes	None adjacent	Poor	Low/No	No

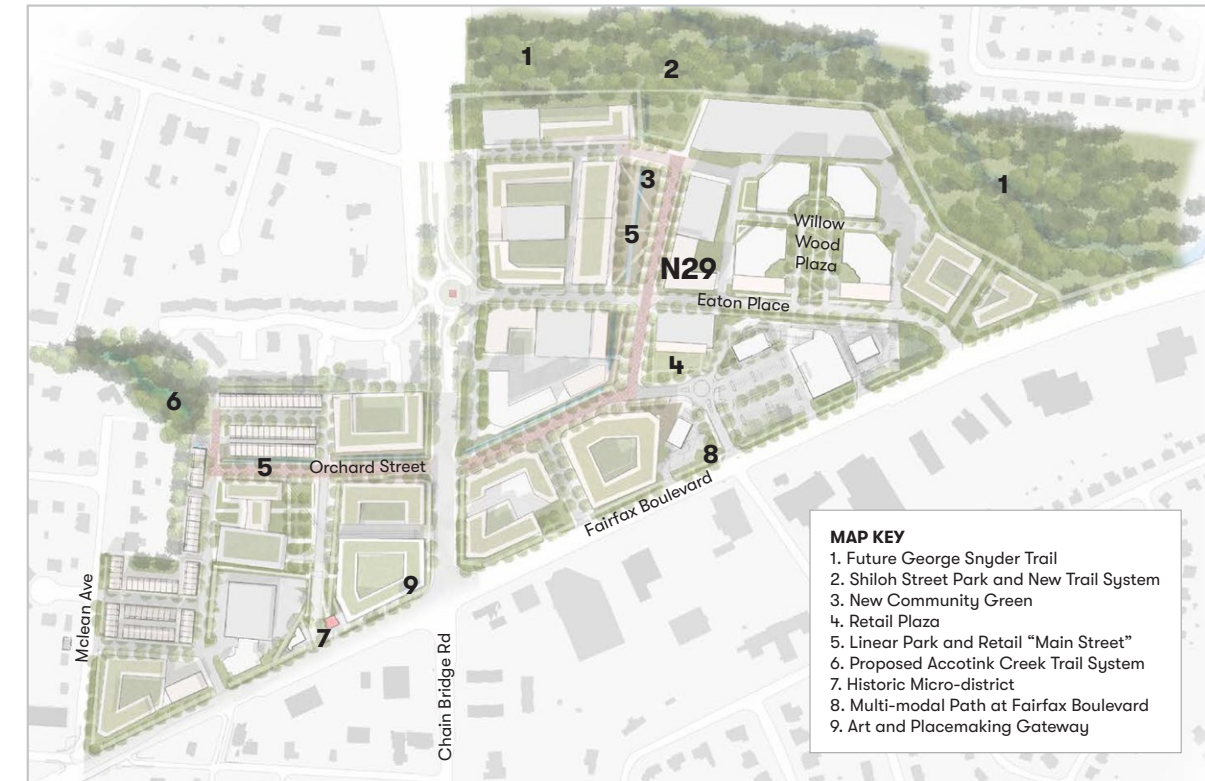
source: Spending and sales estimates from ESRI, Calculations by Of Place

*regional cotenancy at Tysons, Mosaic, Fair Oaks



DEVELOPMENT RECOMMENDATIONS

2020 SMALL AREA PLAN

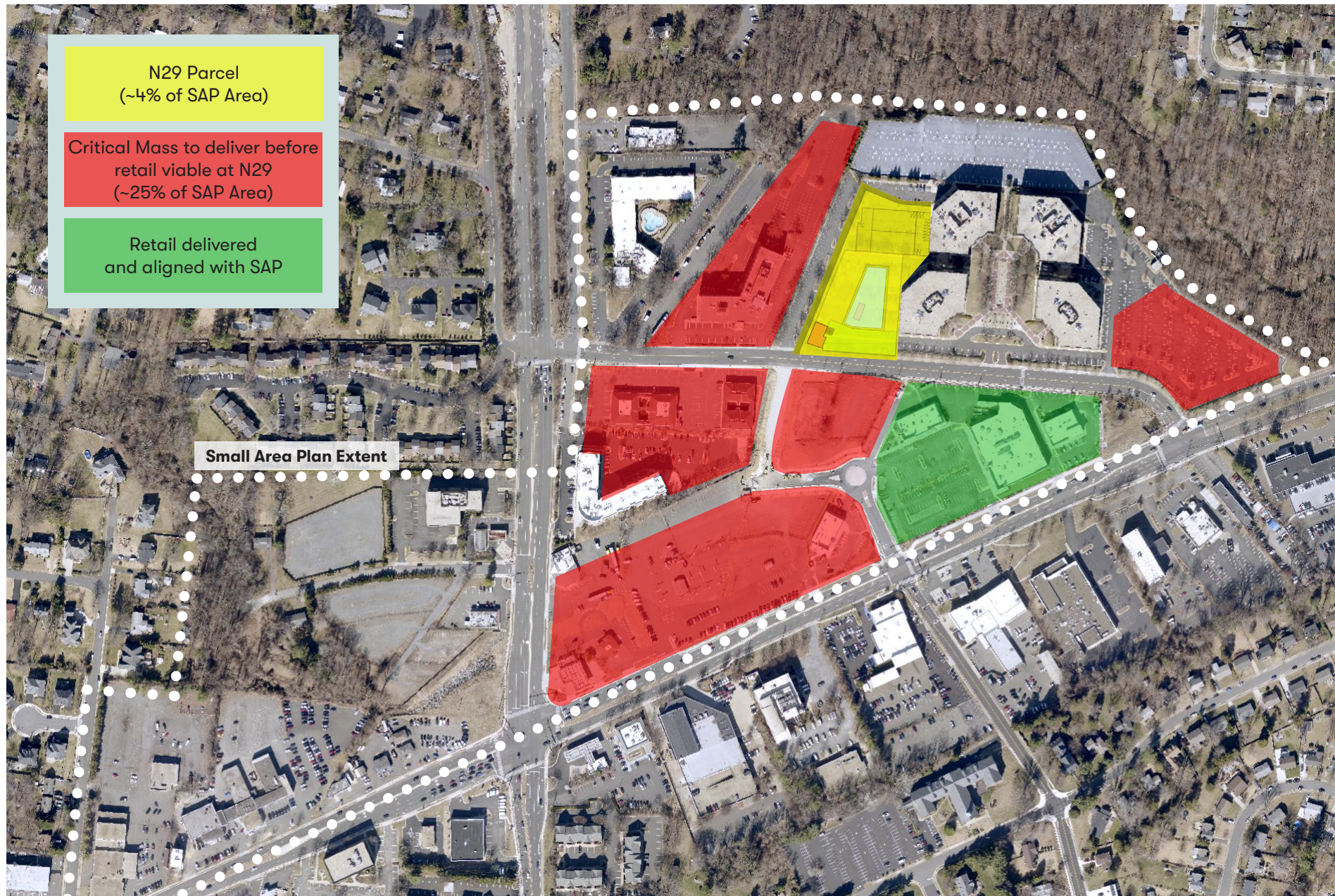


The City of Fairfax's 2020 Northfax Small Area Plan sets a compelling vision for a 67-acre, community-centric retail node with a walkable block-grid, activated linear park, and retail lined streets.

Many retail-friendly conditions might emerge if the full-build out of the Small Area Plan is achieved:

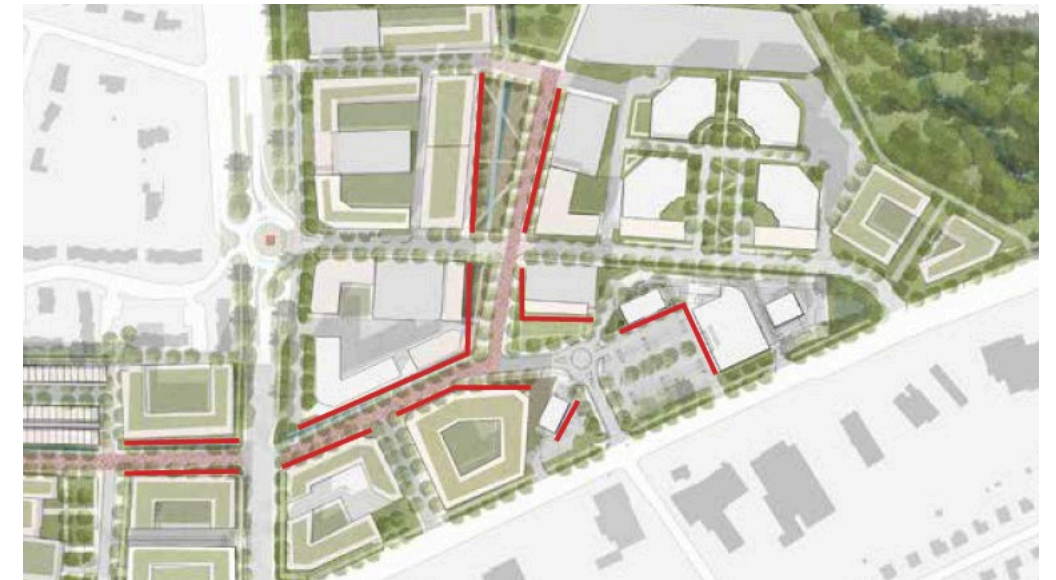
- A double-sided retail "main street"
- Pedestrian connections between retail nodes like Point50
- Better traffic and pedestrian conditions along Eaton Place, including on-street parking and slower travel lanes
- New building massings at each end of Eaton Place that can establish "gateways" to the internal retail area

DEVELOPMENT RECOMMENDATIONS: PHASING



Capital City will be an early mover in the “Northfax Small Area Plan.” However, N29 only represents about 4% of the SAP area. At the moment, too many parcels remain unaligned with the small area plan to consider retail viable and sustainable at the N29 site. As outlined in our retail analysis above, leasing market-rate retail at N29 will be extremely difficult in this condition and would not deliver the quality retail amenities the city desires. **A prolonged period (multiple years) of leasing vinyls on empty spaces will also not help residential absorption, as this is a condition that feels incomplete to potential residents.**

When the areas highlighted in red are delivered with retail frontage as described in the Small Area Plan, we do believe that a mixed-use retail “main street” will begin to attract the attention of restaurants and retailers. Until adjacent properties develop, we are concerned that retail at the base of the isolated asset will remain vacant and un-leasable. An alternative strategy is to activate the street frontage through residential amenity space. The amenity space will be flexible and can convert to retail space when the market dictates.



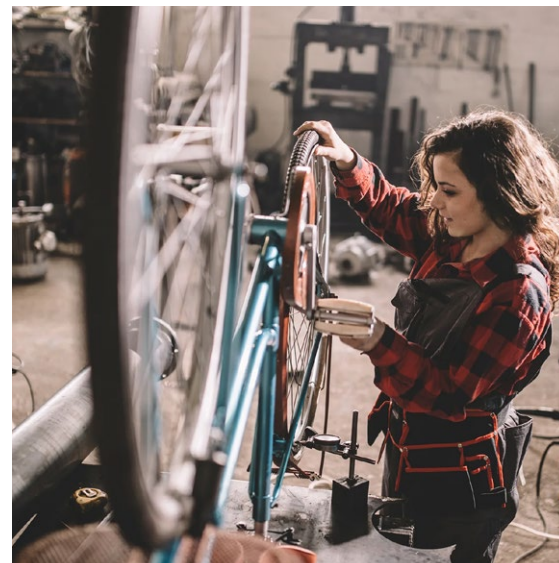
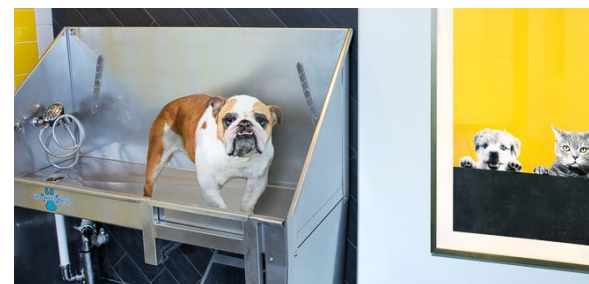
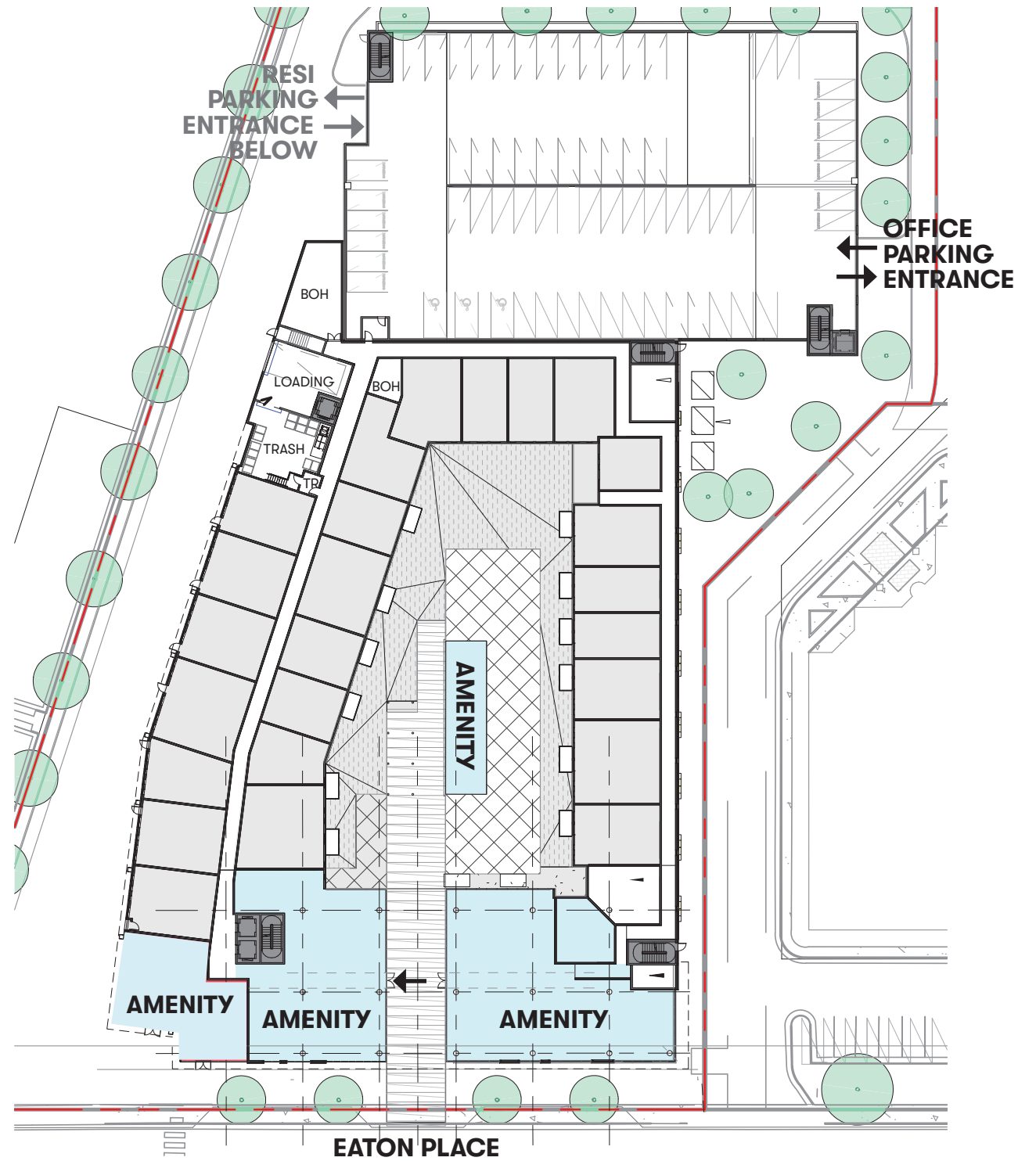
Retail Frontage recommended by the Small Area Plan.

Below, a precedent image provided in the Small Area Plan recognizes that two-sided streets with retail density supports a vibrant main street.



DEVELOPMENT RECOMMENDATIONS: TIMING AND ACTIVATION

Align with the Northfax SAP with activations driven by residential amenities
Until better retail conditions exist, we recommend using ground floor spaces for residential amenities that will animate the ground plane in a retail-like fashion (including lobbies, recreational lounges, community co-working, and bike facilities) to improve the leasing absorption and stabilization of the residential product.



Residential Amenities with Ground Activation

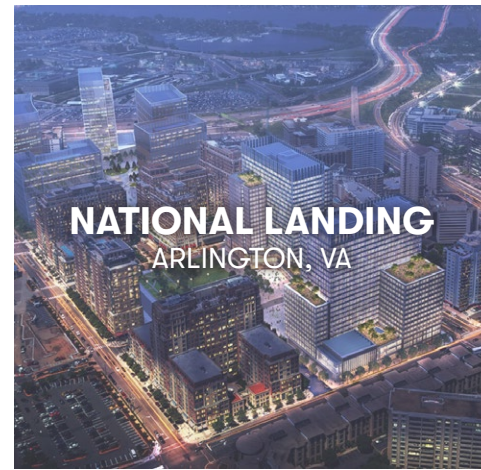
- Co-working space
- Audio lounge / rec room
- Fitness studio
- Operable doors with outdoor seating
- Residents bar and keg storage
- Radio/pod-cast studio
- Pet grooming studio
- Cooking/BBQ facilities
- Bike storage and maintenance area
- Outdoor movie projector
- Leasing office
- Community organization office space



WATER STREET TAMPA
TAMPA, FL



RICE VILLAGE
HOUSTON, TX



NATIONAL LANDING
ARLINGTON, VA



LYRIK
BOSTON, MA



BRIDGE DISTRICT
WASHINGTON, DC



BALTIMORE PENINSULA
BALTIMORE, MD



HELIX PARK
HOUSTON, TX



SPARKMAN WHARF
TAMPA, FL



GLEN LENNOX
RALEIGH, NC



GAS WORX
TAMPA, FL



LANDMARK
ARLINGTON, VA



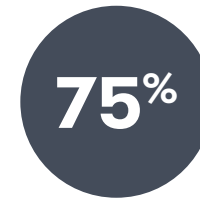
POTOMAC YARD
ALEXANDRIA, VA



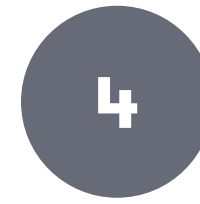
Placemaking & Retail Strategy Bethesda, MD



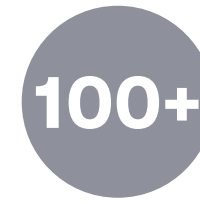
employees



woman-owned



offices



combined years
in real estate



urban mixed-use
materplans

Firm Background

WE ARE STRATEGISTS & STORYTELLERS

Of Place maximizes the value of real estate investments by defining and ensuring the success of the groundplane – where the public realm and retail spaces interact to establish the premium of place.

We believe the execution of a thoughtful strategy for the integration of public realm and merchandising is the critical contribution to place value.

Our unconventional combination of creativity, financial acumen, and disciplined expertise in master plan strategy, public space design, development and leasing enables us to realize vibrant, thriving places that define communities.

We put neighborhoods on the map and champion their success.

Of Place was founded to address a recurring challenge the partners encountered over their 50 combined years in real estate and development: a cohesive vision and strategy to connect office, hotel and residential projects to a successful retail groundplane and public realm in order to maximize investment value.

When Of Place began, retail was already undergoing dramatic innovation in areas such as distribution channels, lease structures, and experiential expansion; changes that have accelerated through the pandemic. As trends continue to change and morph in an increasingly complex retail environment, the Of Place team's experience and agility ensures our clients stay on the frontier of retail development.

Since the firm's inception we have:

- Master planned twenty-two urban mixed-use developments, each comprising between two and ten million square feet.
- Set merchandising strategies in those districts and executed retail leasing totaling over 1M square feet.
- Public realm design oversight, including streetscape, parks, amenities and art to deliver on the promise of place.
- Underwriting to ensure the groundplane's accretive contribution to Owner's financial goals.



CAPITAL CITY

OF PLACE