tysons

ECONOMIC REPORT 2021

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The Tysons Economic Report summarizes and highlights key data findings and takeaways from a detailed Market Study commissioned by the Tysons Partnership. Headers appearing at the top of each chapter in the Report guide the reader to the corresponding section in the full Market Study which follows.

Financial support for the Partnership's economic data initiatives was provided through a Fairfax County Economic Opportunity grant, matched by investment by our private sector stakeholders.

On behalf of Tysons Partnership, we are pleased to share this market and economic assessment of Tysons. The report reflects how public and private investment in Tysons is benefitting shared interests in regional growth, economic prosperity and community development. It tells a story of remarkable transformation.

The data and analysis contained in this report, along with input from the community, will help Fairfax County government and business stakeholders identify Tysons' areas of strength and to focus on areas needing improvement.This, in turn, will drive public-private collaboration on strategies designed to strengthen Tysons' role in powering the region toward recovery from the economic dislocation caused by the global pandemic.

This report documents the real progress made toward building an urban community consistent with Fairfax County's vision as expressed a decade ago in the Comprehensive Plan for Tysons. Growth in the employment base, residential population, retail sector and the amenities associated with living, working and playing—are generating an outsize positive yield for citizens of the County that is our home.

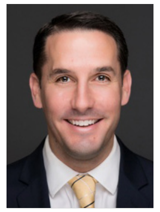
Tysons Partnership was established as part of a cooperative effort between Fairfax County government and Tysons business leaders to help carry out the 40-year plan for transit-oriented urbanization in Tysons, Virginia.

Over the coming year, Tysons Partnership and Fairfax County will work together to develop an enhanced organizational structure for the Partnership, enabling implementation of a robust, sustained agenda focused on place activation, mobility, economic growth, marketing of the Tysons brand, and community engagement.

Tysons Partnership serves the community as a catalyst for urbanization, and facilitates coordination and integration among private and public organizations.

On behalf of the board and membership of Tysons Partnership, thank you to our Fairfax County partners, to Tysons residents, and to the larger business community as we move forward to meet the future.

SOL GLASNER
President & CEO
Tysons Partnership



JOSH WHITE
Chair, Tysons Partnership Board of Directors

Senior VP of Development, LCOR

The picture that emerges in the Tysons Market Study is of a dynamic and multidimensional place well on its way to achieving the 40-year vision of the Comprehensive Plan. Further, Tysons is well-positioned to lead regional recovery following a year when business and personal endeavors were upended by a global pandemic.

Behind the story of progress reflected in square feet, foot traffic, revenue, and population data is a story of human progress—innovations that improve health, civic institutions, technology systems, and more. Collaborations among individuals and organizations reflect a growing sense of community and strengthening of relationships between friends, families, and colleagues that make a place feel like somewhere you belong.

2020 started as a year of celebrating the first decade of the Tysons Comprehensive Plan enactment, and, as we all know too well, became an historically adverse year for individuals and organizations throughout the world. The impacts of the COVID-19 pandemic certainly did not skip Tysons, but as 2021 begins, Tysons is well-positioned to regain lost footing, resume its positive trajectory, and lead Fairfax County and the region towards recovery.

Three key themes emerge from the Tysons Market Study that you will see in each topical overview:

- Tysons has continually outperformed comparative markets both regionally and nationally.
- Tysons' multidimensional economy and workforce position it to help lead economic recovery in the region and Fairfax County.
- Tysons is well-situated to continue its unprecedented transformation from a car-oriented suburban commercial center to a walkable, transit-oriented, inclusive, and livable mixed-use urban community.

We invite you to review our Market Study as it provides an in-depth exploration of these and other aspects of our evolving city. Let us know where you are interested in joining the collaborative effort to create the future of Tysons.

Fiscal Impacts

In parallel with the Tysons Market Study, Tysons Partnership commissioned a fiscal impact review to understand the full picture of Tysons' economic productivity and impact for Fairfax County.

The review, conducted by Jeanette Chapman, director of George Mason University's Stephen S. Fuller Institute, found Tysons to be a net generator of County tax revenues. It characterized Tysons as an "economic engine" for the County, not least by housing 17.7% of Fairfax's private sector jobs.

GENERAL TAX IMPACT 2019

7.2%

Tysons' contribution to all the General Fund tax revenues for Fairfax County

NET FISCAL IMPACT 2019

$141.8M

equals nearly the combined total of annual County expenditures on Public Works, Parks, & Libraries

EMPLOYMENT

Tysons outpaces regional & national employment growth

While not a specific segment in the full Market Study, valuable employment insight is provided throughout, highlighting Tysons' many advantages as a force for post-pandemic economic recovery and a core growth center for the D.C. metro region over the longer term.

2nd Tysons is the 2nd largest regional employment market outside downtown D.C.

107,000

86,000 of total Tysons jobs are concentrated in office-based businesses

In general, the Tysons workforce is highly-skilled and educated, technologically sophisticated, and management-oriented. Tysons is a dominant regional hub for workers in professional services, including tech, finance, insurance, administration, and management. The ten largest occupations account for more than 34,400 employees (34% of the total), led by software developers, accountants and auditors, management analysts, computer analysts, and customer service representatives.

The Tysons workforce numbers 107,000, close to that of downtown Baltimore (118,000). 86,000 of those jobs are concentrated in the office-based sector, which grew by 9% over the last five years, and are projected to grow by 5% over the next five years.

There are also 9,000 retail positions ranging from supervisors to sales, and 1,500 hotel workers. This workforce is crucial to maintaining Tysons as the go-to market for high-quality retailers looking to start or grow a presence in the D.C. metro region. Retail positions provide opportunities for a range of employment skills, education, and stages of life that enhance the sense of inclusivity and opportunity in an urban district.

Office-based job growth in Tysons between 2015-2020 was 9%, outpacing D.C., Fairfax County and the D.C. MSA. With a robust pool of talent and diverse industries, an increasingly multi-modal transit environment, and ample entertainment and recreational choices as competitive advantages, growth is projected to continue by 5% from 2020-2025. These numbers may adjust as recovery efforts from COVID-19 get underway and current forecasting models evolve.

34%

of total Tysons employment are in professional services, tech, management, and similar fields

TYSONS OFFICE-BASED WORKFORCE

2015-2020

▲ 9% leads D.C., Fairfax County, and Metro region

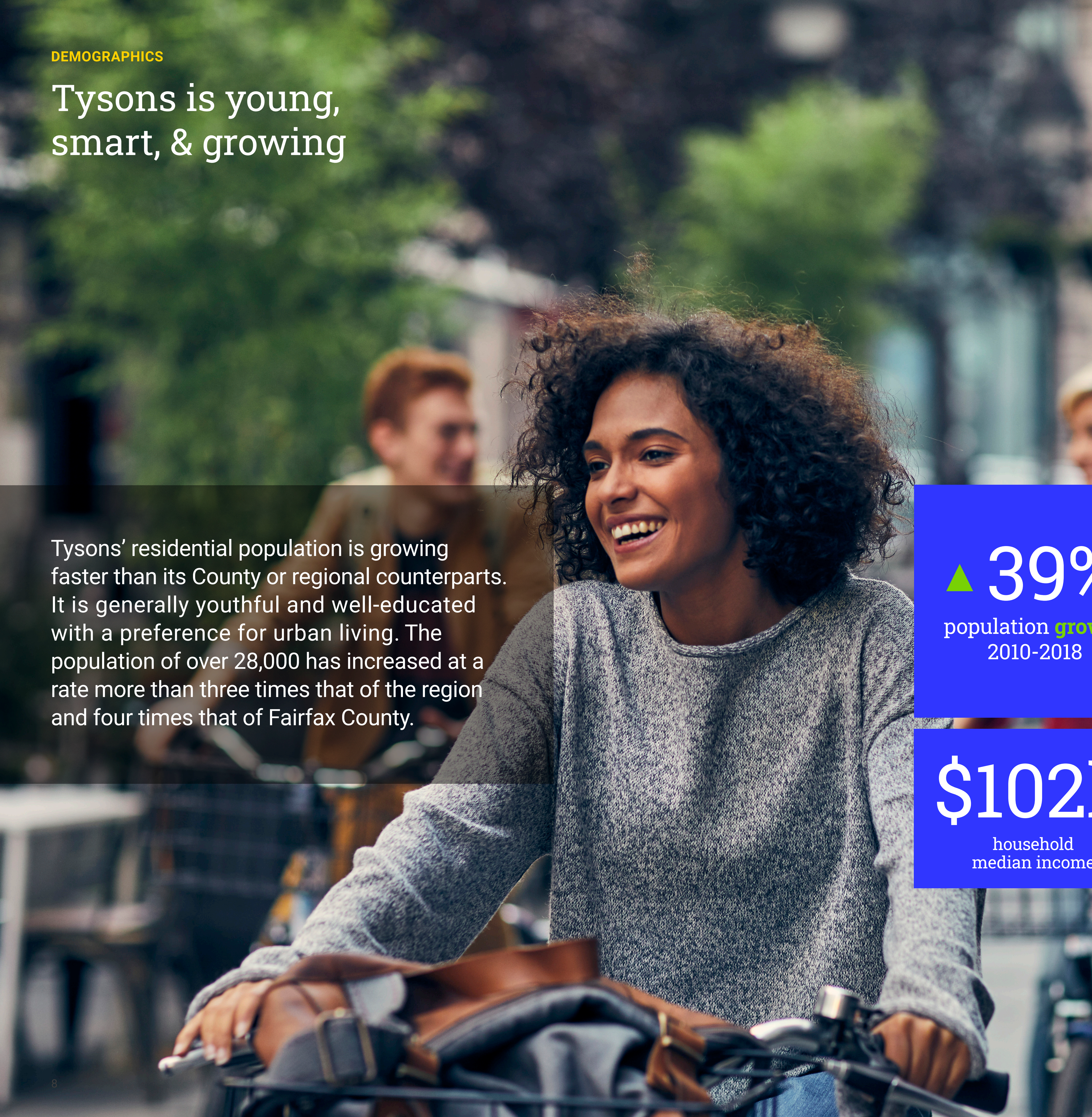
TYSONS GROWTH

TYSONS PROJECTED OFFICE-BASED GROWTH RATE

2020-2025

▲ 5%

ESTIMATED TYSONS GROWTH



DEMOGRAPHICS

Tysons is young, smart, & growing

Tysons' residential population is growing faster than its County or regional counterparts. It is generally youthful and well-educated with a preference for urban living. The population of over 28,000 has increased at a rate more than three times that of the region and four times that of Fairfax County.

For detailed information see the section on Tysons demographics that starts on page 19.

In a region with the third largest pool of tech talent in North America, Tysons is drawing entrepreneurs and technology firms whose employees crave urban centers offering an enjoyable lifestyle of affordable mobility and activated places. Tysons offers transit accessibility and family growth opportunities in a place where people are empowered to create communites that transform as the city does.

Tysons is twice (2x) as densely populated as Fairfax County and half as dense as D.C. with total households projected to reach 36,000-57,000 by 2050. This would make the Tysons residential population greater than today's Bethesda (25,507) or Silver Spring (32,105).

Almost 60% of the Tysons population is between 18-54 years old, with a median age of 36, three years younger than the rest of the County. Tysons residents are well-educated, with 78% having a bachelor's degree or higher. At $102,000, the median income is more than the average for the region ($101,000) and less than the County average ($121,000).

▲ **39%**
population growth
2010-2018

3x
regional rate

28,000
Tysons population today

58%
of Tysons population is 18-54

$102k
household median income

2x
population density of Fairfax County

78%
Bachelor's degree or higher

The area is predominantly White, with a higher percentage of Asian residents and lower percentage of Black residents than the D.C. MSA, a clear call to continue to elevate our commitment to diversity and inclusivity through community-building efforts.

RETAIL

Still plenty of room for retail growth in Tysons

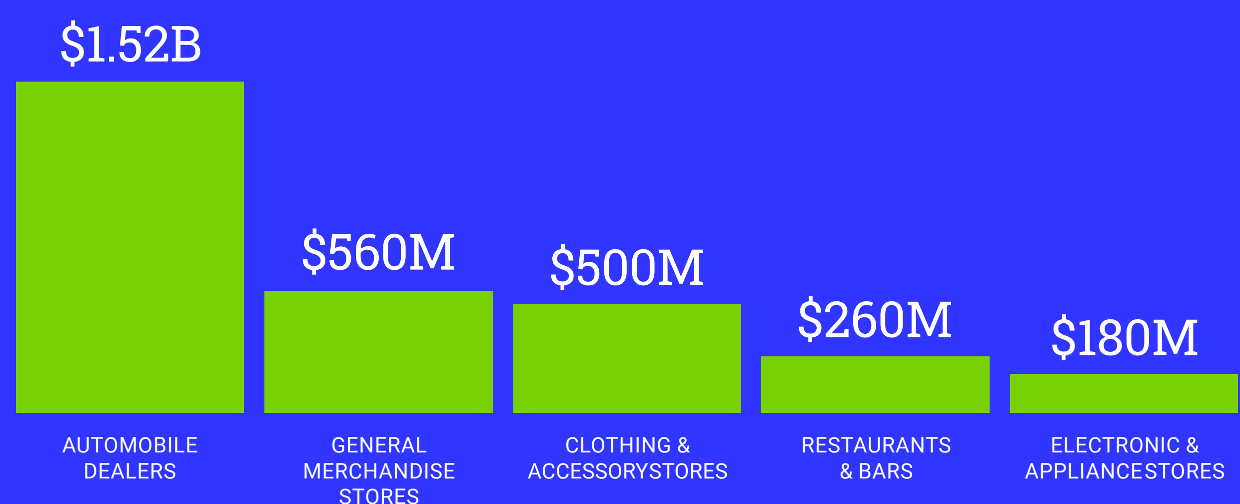
Tysons has long been a famous retail destination—our study expands on that understanding with a look at its growth, impact, and future potential.

TYSONS ANNUAL RETAIL SPEND

$3.5B
annual retail spend

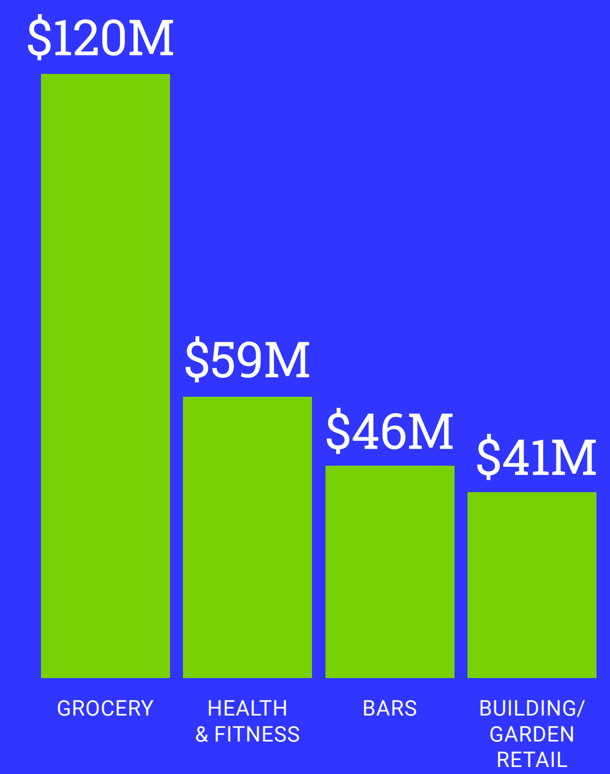
17%
of total Fairfax County retail spend

TOP 5 RETAIL INDUSTRIES IN TYSONS

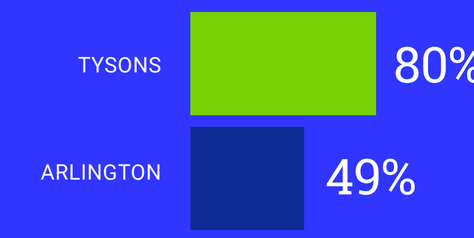


For detailed information see the section on retail in Tysons that starts on page 34

RETAIL OPPORTUNITY SECTORS
current underserved Tysons retail sectors estimated annual revenue:



AVERAGE RETAIL RENT APPRECIATION
2010-2020



AVERAGE RETAIL RENT
2020

Retail spending in Tysons totals $3.5B annually, dominated by high-quality merchandise and products, which is led by automobile dealers ($1.52B), general merchandise stores ($560M), electronics/appliances ($180M), and clothing and accessory stores ($500M). Additionally, restaurants and bars generate over $260M.

Tysons is a regional retail destination, attracting 65% of its visitors from outside the Tysons boundary. The average rent of $40 per square foot outpaces Fairfax County's $31 per square foot average. Tysons' 10-year retail rent growth of 80% significantly exceeds the 49% increase of its closest competitor, Arlington.

The arrival of Metro in Tysons plays a critical role in retail expansion potential, with nearly 70% of all retail space concentrated within a quarter mile of a Metro station. Easy access to retail between residential and office space is a key planning principle of the Comprehensive Plan. Until 2020, Tysons had been underserved in critical livability retail offerings such as grocery; the 2019 delivery of Whole Foods and 2020 delivery of Wegmans are welcome additions to the Tysons market.

LOW VACANCY + HIGH OPPORTUNITIES

The strength of the retail market has created a low average vacancy rate of 1.5% over the last decade. Additionally, there is opportunity to expand the retail sector by almost $270M to better serve the growing Tysons residential community, including additional grocery, health + fitness, bars, and ground-floor retail.

In the immediate term, new inventory growth and COVID-19 impacts are beginning to adversely impact occupancy rates: by mid-year 2020 the vacancy rate had increased to 2.5%, but this is still less than the D.C. MSA average of 5%.

Tysons' retail economy employs over 9,000 people, providing a wide range of job opportunities. As recovery efforts continue, we anticipate an increase in job opportunities as the region returns to shopping, dining, and spending time on entertainment activities in person.

OFFICE

Tysons office market headlines regional growth

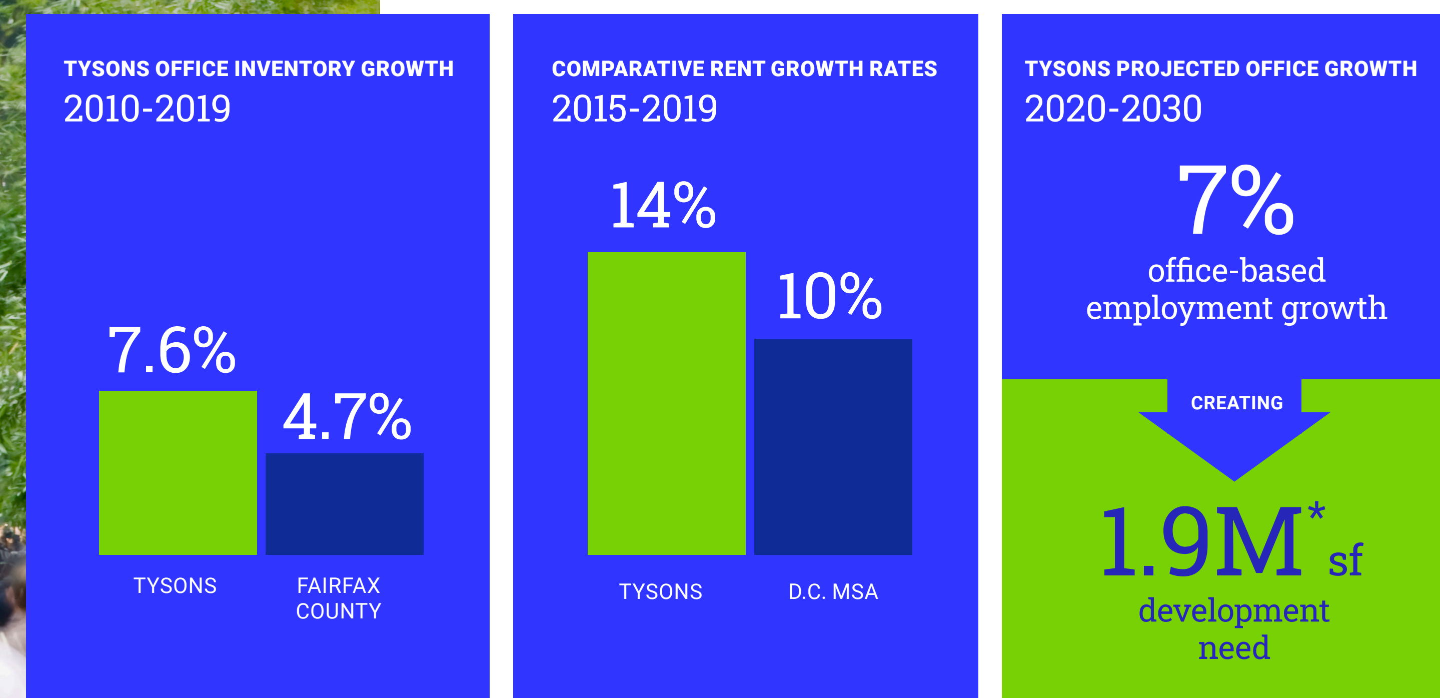
Tysons experienced the highest growth rate of office product among comparable submarkets and regional benchmarks, with inventory increasing 7.6% between 2010 and 2019. Continued job growth over the next ten years is projected to drive a need for new office space development, even taking into account the pandemic's long-term effects on work patterns.

For detailed information see the section on Tysons office development that starts on page 49

A vast majority of current and planned commercial properties are located within a quarter mile of one of Tysons' four Metro stops. This agglomeration of development near transit is solidifying new community centers where residential and retail are being seeded and growing alongside a robust office core populated by businesses with a diverse set of innovation-driven, high-caliber talent.

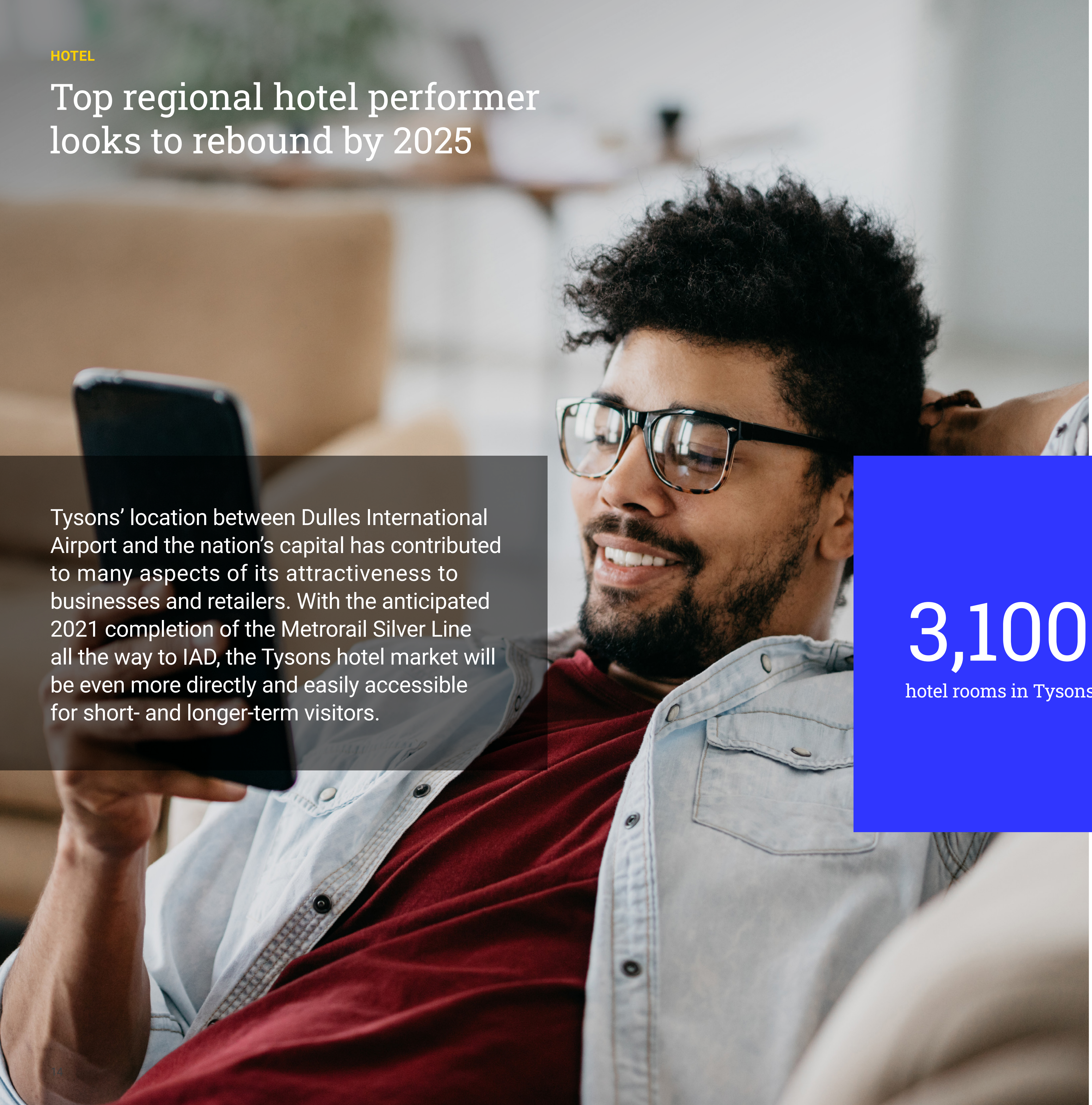
OFFICES DRIVING POST-PANDEMIC RECOVERY

Of existing and projected office space, 75% is Class A. Since 2010, development growth has been matched by rent growth with rent increases in Tysons reaching 14% compared to 10% growth in the D.C. MSA. Due to COVID-19 impacts during 2020, office space use dropped an estimated 40-70%, mirroring other regional and national markets. Prior to COVID-19, Tysons vacancy rates were trending downward.



In spite of pandemic-driven conditions, conservative models indicate strong job growth projections (7% annual growth over the next ten years) are expected to drive a need for 1.9M sf of new office development in Tysons. (*It is worth noting that alternate models project a need for 4.5M sf of new space in that same timeframe.)

In early 2021, we remain in the midst of the global COVID-19 pandemic, with fallout still being measured; however, office investments to date are seeing a strong performance return and will certainly play a key role in County and regional pandemic economic recovery efforts.



HOTEL

Top regional hotel performer looks to rebound by 2025

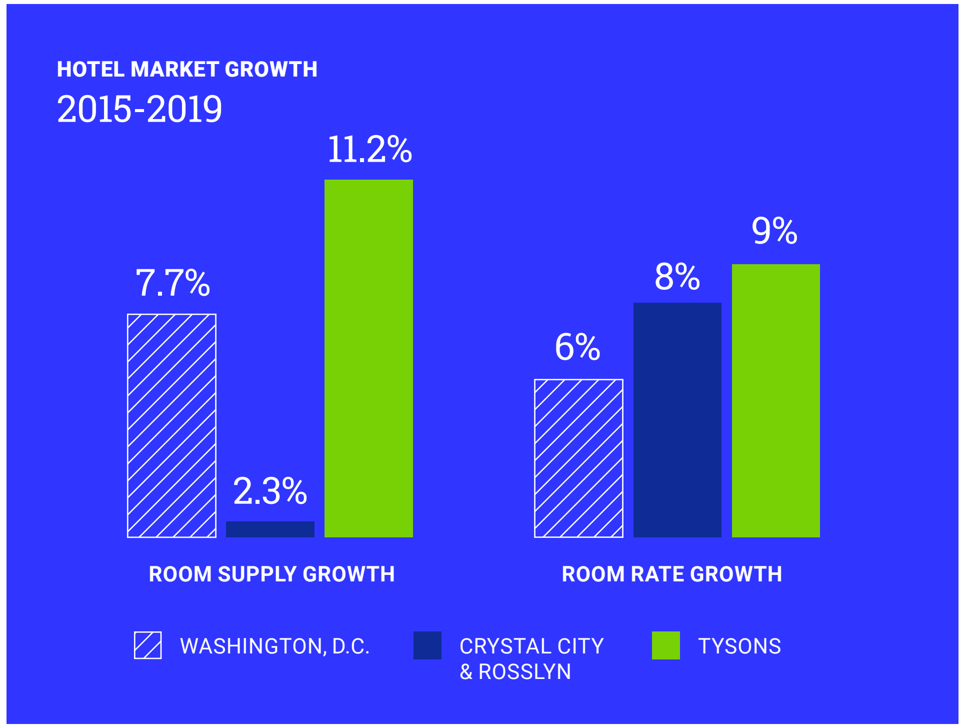
Tysons’ location between Dulles International Airport and the nation’s capital has contributed to many aspects of its attractiveness to businesses and retailers. With the anticipated 2021 completion of the Metrorail Silver Line all the way to IAD, the Tysons hotel market will be even more directly and easily accessible for short- and longer-term visitors.

For detailed information see the section on Tysons hotels that starts on page 71

With 3,100 rooms, the Tysons area hotel market ranks as one of the largest in the region. Hotels in Tysons provide a high-quality product, with 88% of rooms luxury or upper-tier, catering mostly to business travelers and corporate meetings, with a segment of use for community and private celebrations.

From 2015 to 2019, Tysons hotels saw increases in both the supply of rooms and rates, with 11.2% and 9% growth, respectively, outpacing the regional competition. However, the rapid growth in supply has had a small adverse impact of -2.6% on occupancy.

3,100
hotel rooms in Tysons



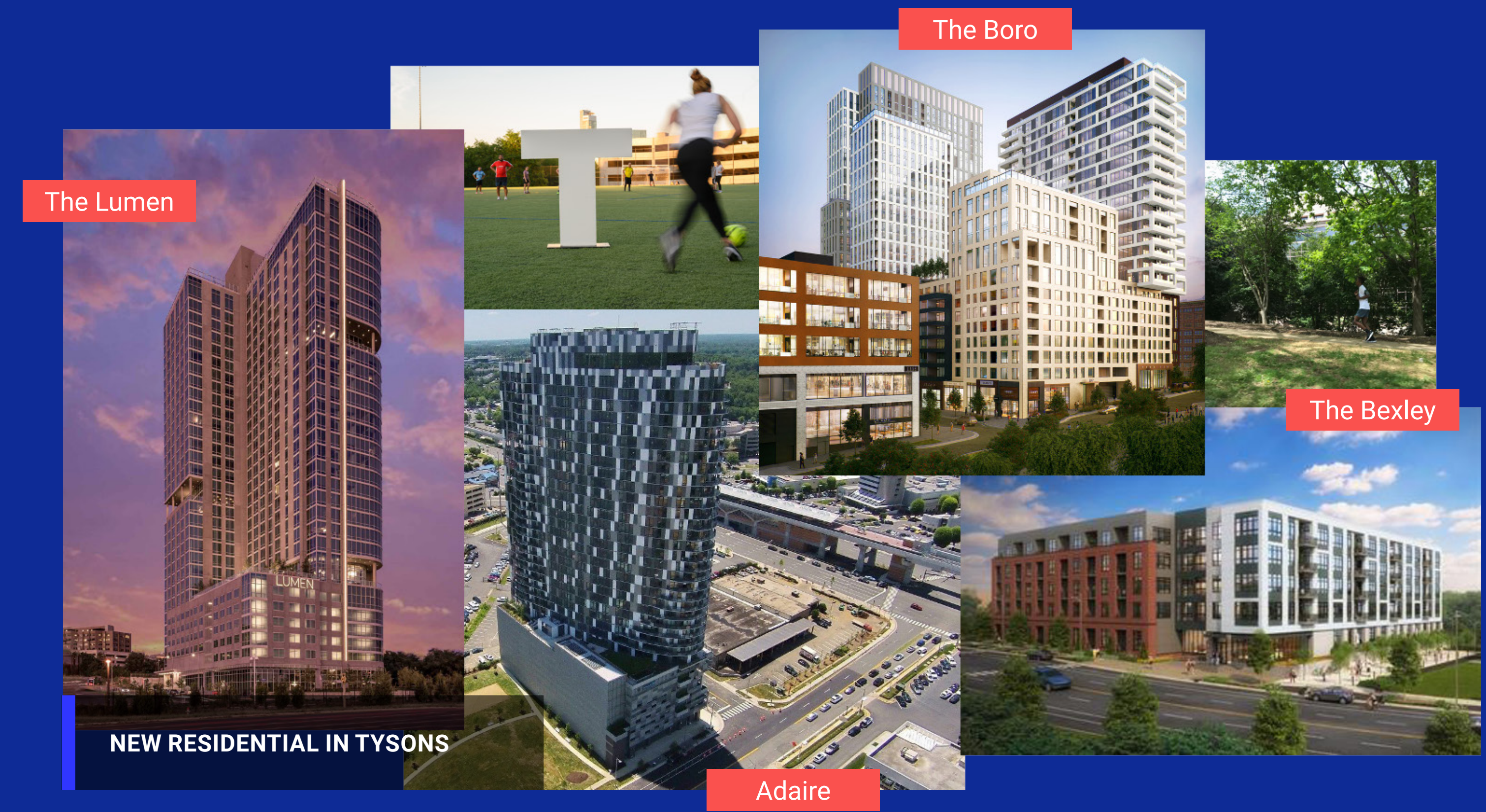
The COVID-19 pandemic that has devastated the hospitality sector has not spared Tysons hotels, which have seen revenues drop by 64%. Still, this is a modest decline relative to major regional competitors and plans remain in place to build two new hotels in Tysons East that will add 478 rooms: The Archer and Watermark. The study forecasts the D.C. hotel market to rebound to 2019 levels by 2025.

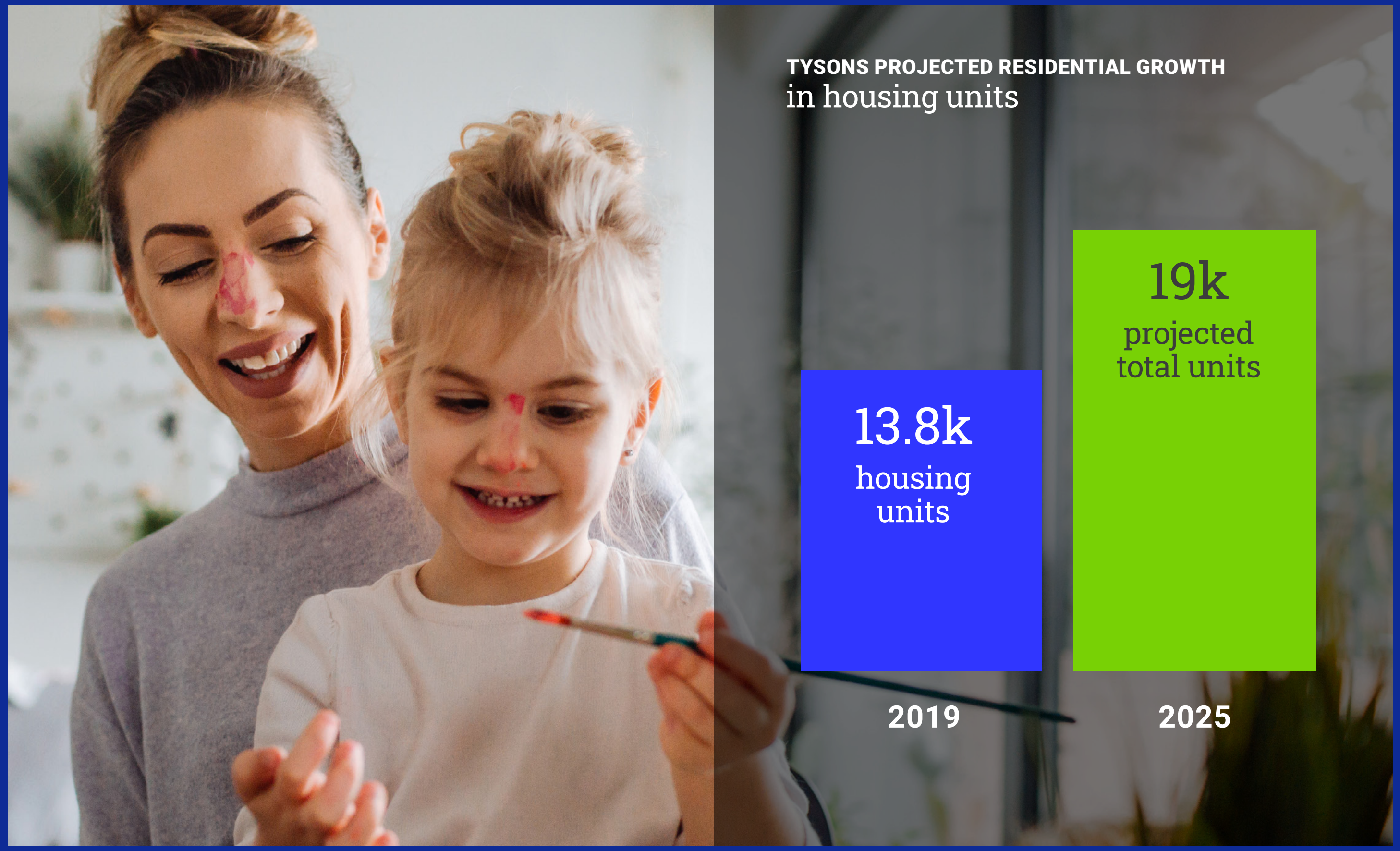
For detailed information see the section on Tysons residential that starts on page 86

RESIDENTIAL

More and more people beginning to call Tysons "home"

Expanding transportation and rich employment opportunities, along with a unique sense of urbanism have propelled strong demand and increased inventory for residential real estate in Tysons. Over the last decade, Tysons has experienced a robust and dynamic residential market that now contains 13,800 units, up by 34% since 2010. An upward look at the ever-growing Tysons skyline is evidence of the 143% increase in mid- and high-rise development during this same time period.





STRONG GROWTH IN HOUSING

Tysons has seen 34% growth in housing stock since 2010, with forecasted growth expected to continue increasing another 36% to nearly 19,000 units by 2025. Condo sale prices per square foot have grown 4% per year since 2016, reflecting a strong market in for-sale residential units in Tysons.

DEMAND & RENTS STAY STRONG

Equally important, throughout the last 20 years, Tysons multi-family rental units have consistently commanded higher rents per square foot than the rest of the region, now averaging about $2.30/sf.

Alongside past and anticipated future growth, business and County government leaders are working together to determine ways to bolster affordable housing initiatives and increase housing affordability and inclusiveness in order to welcome a diverse residential population to Tysons.

TOTAL HOUSING UNITS IN TYSONS

▲ 34%
growth in housing stock since 2010

▲ 36%
projected added growth by 2025

For detailed information on transportation & mobility in Tysons, see the section that starts on page 101

TRANSPORTATION

Tysons accelerates its multi-modal access advantages

Ideally located at the center of a regional highway system and a major new Metrorail line, Tysons is now ramping up efforts related to internal mobility and walkability systems.

With the completion of four Silver Line Metro stations in 2014, Tysons realized a major step in the Comprehensive Plan that has catalyzed new office and residential development and galvanized the movement toward a multi-modal, pedestrian-friendly urban environment.

TYSONS WALK SCORE

54

somewhat walkable

with "very walkable" pockets near Metro

TYSONS TRANSIT SCORE

66% of Tysons

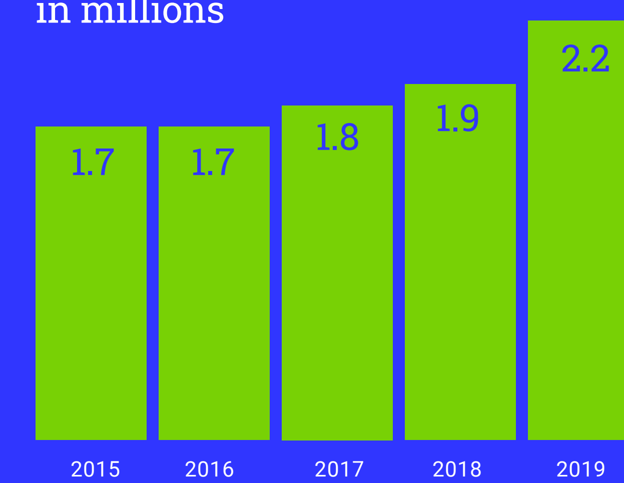
good transit rating

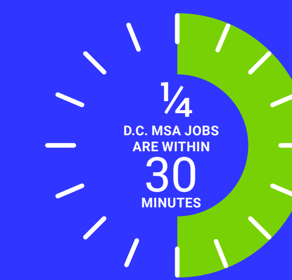
TYSONS BIKE SCORE

98%

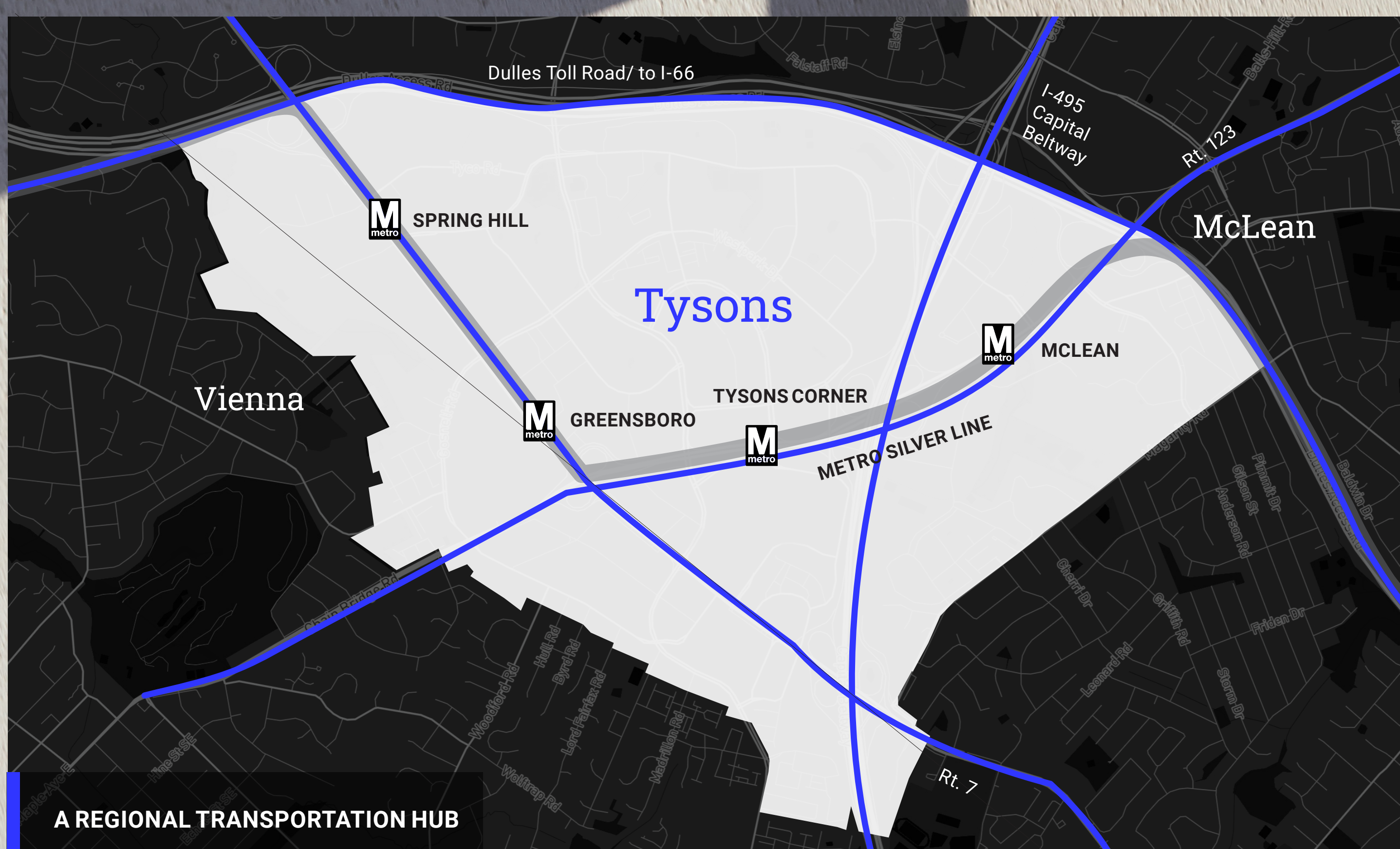
rated between "somewhat bikeable" and "bikeable."

METRO RIDERSHIP GROWTH AT TYSONS METRO STATIONS
in millions





Tysons offers 30 minute or less transit access to approximately a quarter of D.C. MSA jobs



A REGIONAL TRANSPORTATION HUB

At the backbone of the Tysons Comprehensive Plan is the layering of multi-modal transportation systems, e.g., transit, bike, and walking trails that serve to connect the Tysons community. These interlocking mobility networks are creating a transportation system designed to move residents, employees and visitors to their homes, jobs and other destinations.

SHIFTING COMMUTER PATTERNS

The Tysons Market Study data shows that the percentage of people living or working in Tysons who drive alone to work has decreased almost every year since 2010, and the rate of decrease in driving alone by residents is more than double that of employees over that same period.

Since the Silver Line opened service to Tysons in 2014, overall ridership has grown every year through 2019. Ridership for the first 2.5 months of 2020 was on track to continue growing, but dropped significantly due to the COVID-19 pandemic.

WALKING & BIKING: MUCH IMPROVED, ROOM TO GROW MORE

In 2020, Tysons overall walk score was 54—"somewhat walkable"—compared to Bethesda's 42, with pockets such as the Greensboro Metro station that are "very walkable" (70-85).

While its average bike score of 49 is "somewhat bikeable" (behind Bethesda at 56), 98% of Tysons is rated between "somewhat bikeable" and "bikeable."

Capital Bikeshare came to Tysons in 2016 with nine stations and has grown to a network of 14 stations. Ridership grew steadily year over year, nearly doubling between 2018 and 2019.

Tysons is continuing to evolve, and along with the assessment that 66% of Tysons benefits from good transit of all kinds, these emerging positive indicators strongly validate continued and escalated investment in mobility infrastructure that supports the vision of connected, walkable communities in Tysons.

Thank you to these public and private sector Investors and Supporters for enabling Tysons Partnership's 2020-21 economic data initiatives:

Investors

Supporters

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