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IREM DC LEGISLATIVE NEWSLETTER

Advocacy Impact Day 2025 - Capital One Arena & Gallery Place Revitalization - 2024 Year In Review: DC Real Estate and Political Trends

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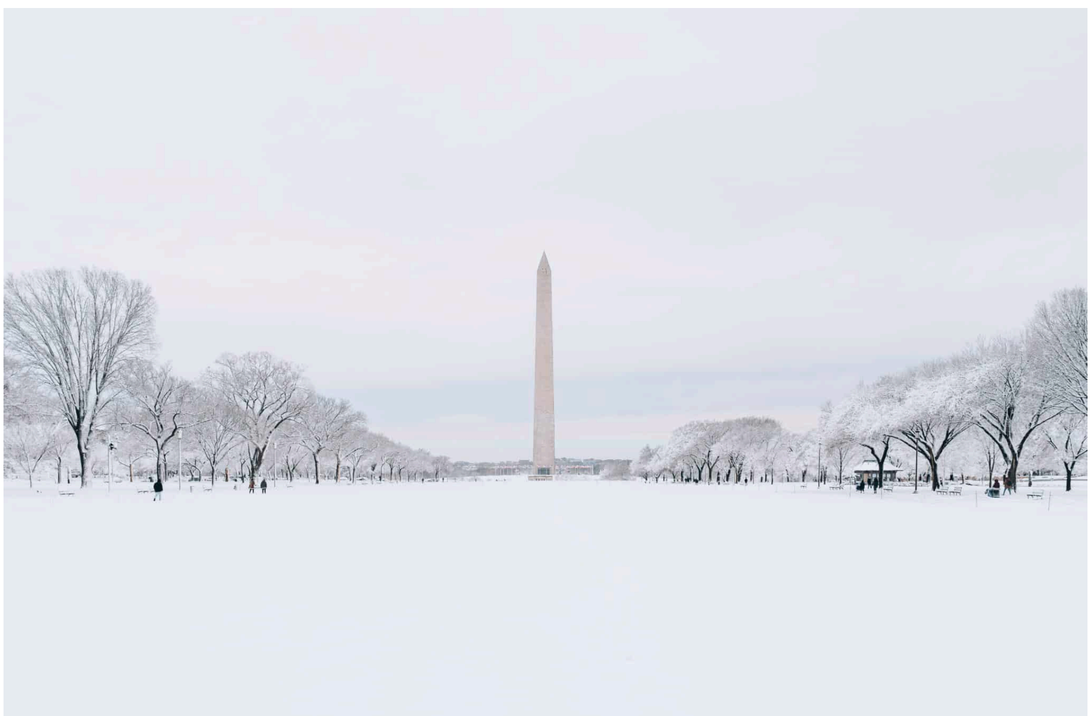
Advocacy Impact Day 2025



Important 2025 Advocacy Impact Day update

IREM® has canceled the 2025 Advocacy Impact Day event due to the low number of registrations. All current registrants will be refunded the full ticket price.

We apologize for any inconvenience this may have caused and appreciate your understanding.

Despite having to cancel this event, we're busy preparing other opportunities to amplify your voice and create meaningful change. Keep an eye out for more information coming soon.

Thank you for advocating for the property management profession.

Capital One Arena Renovations

After months of public negotiation and jockeying, late December Monumental Sports & Entertainment (MSE) Founder and CEO Ted Leonsis, D.C. Mayor Muriel Bowser, Ward 2 Councilmember Brooke Pinto, and NBA Commissioner Adam Silver today unveiled images of the new exterior design and additional interior renderings for the brand-new Capital One Arena. The group joined with guests in the Grand Pavilion to celebrate the formal start of construction with a ceremonial hammer swing, having received unanimous approval on the development and finance agreements from the D.C. Council and signed by Mayor Bowser earlier this week. The six phases of construction will span three years and will be delivered in time for the 2027-28 NBA and NHL seasons.

“The arena will be a marvel of modern design and technology, the intersection of style and comfort and a futuristic and first-class fan experience from street to seat,” shared Ted Leonsis. “In this greatest city in the world with its extraordinary and historic monuments, we believe this building will be a monument but built on momentum – something bold and bright for now and the future.”

“We know what our sports teams mean to DC, and we’re proud to be partnering with Ted Leonsis and Monumental Sports to deliver a once-in-a-generation investment in the future of our city,” said Mayor Bowser. “It’s a catalytic investment that’s good for our Downtown, our city, as well as the teams, fans, and entire region. Thank you to the neighbors, business owners, advocates, and everyone else who stayed in the fight with us.”

MSE has partnered with CAA ICON to serve as the overall project manager, Gensler on the design, and Clark Construction on the building construction.

Phases of Construction

The construction schedule for Capital One Arena will occur in stages beginning now through the start of the 2027-28 NBA and NHL seasons to ensure minimal disruption to fans and the league’s schedules. The arena will remain dark in the summers between the Wizards and Capitals seasons, when the bulk of the work will be completed.

- Phase 1 (now – the conclusion of the 2024-25 season): Preparatory work begins with structural enabling tasks such as escalator pit installations and hydrotherapy slab construction. Fans will notice minimal disruptions as foundational work is largely behind the scenes.
- Phase 2 (summer 2025): Focus shifts to enhancing athlete spaces, including new locker rooms, a family lounge, and new media facilities. Additional upgrades include new escalators and initial modifications to fan seating areas. Premium fan experiences including the United Globe Club and Lounge and the Vault Suites will also be completed in this phase and available to fans in the 2025-26 season.
- Phase 3 (during the 2025-26 season): Work will begin on preparing for extensive exterior upgrades to include the new entrance on F street, adding new restrooms, and improving concession spaces.

- Phase 4 (summer 2026): Major exterior updates will begin, including a new façade and enhancements to the Grand Pavilion. Interior renovations expand with revamped concession stands and upgraded suites.
- Phase 5 (during the 2026-27 season): Club-level upgrades and further interior remodeling will be completed, including enhanced corridors and additional seating modifications. Fans can expect more premium amenities and improved navigation throughout the arena.
- Phase 6 (summer 2027): With most major elements in place, construction addresses final interior improvements, including concessions, loge boxes, and bathrooms. The Grand Pavilion will also be completed.


THE NEW CAPITAL ONE ARENA
6TH AND 7TH STREET EXTERIORS
6TH AT F STREET NW
6TH ST NW ENTRANCE
7TH AT F STREET NW
F ST NW ENTRANCE
wizards
capitals
MONUMENTAL


THE GRAND PAVILION
THE GRAND PAVILION ALLEYWAY
MONUMENTAL

Trump Presidency 2.0 - Impacts on the Washington Region

We're less than two weeks out from the 60th Presidential Inauguration - the second for Donald J. Trump. What are the implications for the District and region more generally?

Trump is back in office Jan. 20 having defeated Vice President Kamala Harris, winning nearly 50% of the popular vote on Nov. 5 — recapturing all the states he had won in 2016 and adding some.

Harris, a Howard University alum, was perhaps the District's best bet at securing more independence from the Federal Government— even a possible statehood bid. Trump in the past has called D.C. a "horrible killing field" and has repeatedly threatened to assume power over the nation's capital.

The federal presence is the dominant economic force in Greater Washington, and it's squarely in Trump's crosshairs. Beyond the clear threat to 50 years of Home Rule, let's break down the potential short-term regional impacts of Trump's imminent return to the White House.

- The FBI headquarters: It's a virtual certainty the FBI's home will not be relocated from Pennsylvania Avenue to Greenbelt, dealing a staggering blow to Prince George's County's long-held economic dreams. But will there be an FBI headquarters at all? Trump's nominee to lead the FBI, Kash Patel, has previously called for shuttering the crumbling J. Edgar Hoover Building and dispatching its 3,000 employees into the field.
- The federal presence: Trump is putting people in place to slash the size of the federal government in a big way, with unprecedented cuts suggested by his fledgling Department of Government Efficiency. And while the local congressional delegations will surely fight them, we can expect efforts to relocate federal employees, even full agencies, out of this region.
- But the work goes on: If DOGE targets federal employees but, less so, the work those employees do, then that may mean more work for Greater Washington's many government contractors.
- Return to the office: DOGE's leaders, Elon Musk and Vivek Ramaswamy, have already made it clear they expect federal employees to work in office — or quit. During the pandemic, many employees bought homes in the exurbs to escape the D.C. area's high cost of living, given they need to show up to the office only a couple times a month. Their lives are about to be upended.
- The office buildings: If the Trump administration can't fill federal office buildings, then it'll probably want to clear them from the rolls. We've seen that effort start already — the General Services Administration announced in December plans to dispose of the Regional Office Building near L'Enfant Plaza. Expect that effort to accelerate. It's a tempting opportunity to return these properties to productive, tax-generating use.

Federal Workers

We know, anecdotally, that thousands of federal employees left Greater Washington amid the pandemic, but didn't leave their D.C. jobs. They moved to the exurbs for a less pricey cost-of-living, because in the new age of hybrid work, they rarely needed to visit the office. That's likely to change, as President Donald Trump is expected to quickly ratchet up back-to-office requirements. A 60-mile, one-way commute seemed a lot more reasonable when it was only once or twice a month. It's good for VRE and MARC, but not so great for the workers themselves — if they want to keep their jobs.

The D.C. region is home to 370,000 or so federal workers. Overall, the District is home to roughly 160,600 federal employees, while across Virginia there are roughly 140,400 federal workers about 138,900 in Maryland, according to 2024 numbers from the Congressional Research Service.

Bringing federal workers back to offices has been a key priority of D.C. Mayor Muriel Bowser's economic plans, bringing more life and activity to downtown. However, moving agencies away from the District and eliminating federal positions would likely have a decidedly detrimental impact on the region's economy. The real estate community has been frustrated by the Biden administration's reluctance to pressure federal agencies into bringing federal workers back into the office full-time. They also see a potential trickle-down effect: If federal agencies limit remote or hybrid work, nonprofits, nongovernmental organizations and government contractors that support them could move to bring more workers back to downtown offices as well, the thinking goes.

In an opinion piece published in The Wall Street Journal, Elon Musk and Vivek Ramaswamy called remote work for federal workers a "privilege" left over from the Covid-19 pandemic. The pair suggested eliminating remote work would go a long way in shrinking the federal workforce, which Trump and his administration have long railed as being bloated and an impediment to action.

"Requiring federal employees to come to the office five days a week would result in a wave of voluntary terminations that we welcome: If federal employees don't want to show up, American taxpayers shouldn't pay them for the Covid-era privilege of staying home," the pair wrote.

In their opinion piece, the two suggested other ways to cut federal jobs, including "large-scale firings" and the "relocation of federal agencies out of the Washington area." During Trump's first term, the Bureau of Land Management was moved to Colorado and two agencies within the

Department of Agriculture — National Institute of Food and Agriculture and the Economic Research Service — to Missouri. The potential for fewer agencies could dampen demand for commercial real estate even further at a time when D.C. is already facing record high vacancy rates.

Federal Construction & Portfolio

The General Services Administration is offloading another large office building in Greater Washington as part of its ongoing effort to shrink the federal government's real estate footprint and cut costs for taxpayers. The GSA, the federal government's civilian landlord, announced plans Wednesday to dispose of a 337,000-square-foot office property at 4700 River Road in Riverdale that was built in 1994. The move would save the federal government about $26 million in "reinvestment costs," the GSA said in a news release. The River Road property sits on 12 acres inside the UMD Discovery District, about a mile from the University of Maryland, College Park's main campus. Its tenants include the Animal and Plant Inspection Service, an arm of the U.S. Department of Agriculture. The sale will fit within a larger trend of the GSA that may only be expedited by cost-cutting measures enacted by DOGE once the new administration gets its sea-legs.

Other properties slated to leave the Federal portfolio include the GSA's nearly 1 million-square-foot Regional Office Building in Southwest D.C., the Liberty Loan Building at 401 14th St S.W., the Webster School at 940 H St. NW, and the Nebraska Avenue Complex at 3801 Nebraska Ave. NW in AU Park, formerly the headquarters of the Department of Homeland Security, are among 23 properties totaling 3.5 million square feet slated for disposal.

The architecture of new federal development could also be reshaped. The Republican Party's 2024 platform calls for making Washington "SAFE, CLEAN, AND BEAUTIFUL AGAIN."

Justin Shubow, former chairman of the U.S. Commission of Fine Arts and president of the National Civic Art Society nonprofit that works to advance classical architecture, said he would be "shocked" if Trump did not reissue his 2020 executive order that made classical architecture the preferred style of federal buildings. The executive order, which Shubow's nonprofit helped draft, was rescinded by Biden early into his term.

It’s also likely the federal government’s decision to put the FBI’s new headquarters in Greenbelt, a huge economic development win for Prince George’s County, will be reversed. Trump never supported moving the agency to the suburbs. LeBlanc said Trump’s victory, paired with a likely GOP majority in Congress, has rendered the FBI’s planned move out of the District “dead on arrival.”

Relationship with District Leadership

Then there’s Trump’s relationship with the local D.C. government. Trump and his allies have mused a federal takeover of the District, which could result in a presidentially appointed control board that would take away a great deal of power from the mayor and council.

D.C. Mayor Muriel Boswer in a statement Tuesday indicated her administration plans to oppose weakening the local government.

“As your mayor, I have worked with three presidents, including President-elect Trump, and congressional leaders of both parties to advance the priorities of the District — infrastructure, housing affordability, downtown revitalization and our self-determination,” Boswer said. Between 2023 and 2024 the District saw its population rise to 702,250 according to U.S. Census Bureau data, inching closer to the Mayor’s goal of adding 725,000 residents to D.C. by 2028.