City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 16, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

SUBJECT: BUDGET MEMO #1: CALENDAR YEAR 2001 REAL PROPERTY ASSESSMENT REPORT

ISSUE: The Calendar Year 2001 Real Property Assessment Report for the City of Alexandria, Virginia.

RECOMMENDATION: That City Council receive this report showing the results of the annual assessment of real property[1] made pursuant to Section 4.08 of the City Charter.

BACKGROUND: The legislation enabling and requiring the City to annually assess real property for local taxation is found in the Virginia Constitution, Code of Virginia, Charter of the City of Alexandria, and Alexandria City Code.

The Department of Real Estate Assessments (the "Department") annually assesses all parcels of real estate in the City at 100% of estimated fair market value. The fair market value of real property is defined by the Supreme Court of Virginia as "the price which it will bring when it is offered for sale by one who desires, but is not obligated, to sell it, and bought by one who is under no necessity of having it." This definition reflects the concept of an "arm's length transaction."

In establishing annual real property assessments, the Department uses generally accepted mass appraisal methods to estimate the fair market value of real property. In order to employ these mass appraisal methods, Real Estate Assessments staff gather large amounts of current and historical market data. The calendar year (CY) 2001 real property assessments are the result of measuring market indicators in the form of arm's length transactions, property income and expense data,[2] and comparable construction cost data. Not only do Real Estate Assessments staff utilize typical

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[1] Real property is defined as the interests, benefits, and rights in the ownership of real estate. The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (Washington, D.C.: The Appraisal Foundation, 2000), p. 12.

[2] Each year, the Department (pursuant to Title 58.1-3294 of the Code of Virginia and Alexandria City Code Section 3-2-186) asks owners of income-producing property to furnish the Department, no later than May 1, with income and expense information related to the previous calendar year.

appraisal methodologies, they also employ numerous data services and software packages to assist in the assimilation of these data in order to ultimately make accurate estimates of value.

For CY 2001, 38,792 local parcels of real property were assessed. Assessment notices were mailed to the owners of those properties on February 16, 2001. Assessment notices were mailed about a month earlier this year in order to give property owners additional time to review their assessments and to discuss them with Real Estate Assessments staff. A larger print format was used for the assessment notices this year so that more information could be included about the availability of real estate assessment information on the City's web site (ci.alexandria.va.us/city/reasearch), how forms needed for the review and appeal process can be printed from the web site, information about when the real estate tax rate would be set by City Council, and when real estate taxes are due.

The 2001 assessment notices include information about requesting a review of the assessment with the Department by April 16 and information about filing an appeal of the assessment with the Alexandria Board of Equalization (the "Board") by July 16. A property owner does not have to first request a staff review of the assessment in order to file with the Board. However, the Board prefers that property owners try to resolve differences with the Department. A property owner is required to appeal to the Board before filing suit in the Alexandria Circuit Court. A property owner whose assessment appeal has been acted upon by the Board has approximately three years to file suit in the Alexandria Circuit Court. Typically, less than 2% of the owners of real property challenge the assessed value of their property through the annual assessment review and appeal process. The number of requests for assessment review filed with the Department and appeals to the Board represented 1.12% (443) and 0.38% (146), respectively, of the 38,532 locally assessed properties in the City for CY 2000.

DISCUSSION: Included in this report are the annual accounting of changes in real property assessments from 2000 to 2001 and historical statistics related to assessment appreciation, residential sales activities, and new construction. Annual assessments have an effective date for valuation purposes of January 1 each year. Assessment reports typically represent data on a calendar year (CY) basis. Key changes in the assessed valuation of real property from CY 2000 to CY 2001 are summarized below.

OVERALL CHANGE IN REAL PROPERTY TAX BASE

- This year, the City's overall real property tax base (including both locally assessed real property and state-assessed public service corporation properties) increased 10.06%, or \$1,337,041,500, from \$13,295,307,700 in 2000 to \$14,632,349,200[3] in 2001 (Attachment 1, page 4, line 68, column 4). As part of the FY 2001 budget process a year ago, it was estimated that the real property tax base for CY 2001 would increase by 5%.

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[3] The 2001 valuation estimates the 2001 value of state-assessed public service corporations property, based upon the values for 2000 that were certified by the State Corporation Commission and Virginia Department of Taxation in September 2000. The final 2001 values for state-assessed public service corporations property will not be certified until September 2001.

- This 10.06% increase represents the largest increase in the City's real property tax base since 1990, and reflects a real estate market that is valuing quality urban properties. Last year, for the CY 2000 assessments, the City's real property tax base increased 9.09%. However, during the period from 1991 to 2001, if it had increased each year at the same percent, the City's real property tax base increased about 2% annually, from $12.1 billion in 1991 to $14.6 billion this year.

- $441.3 million, or 33%, of the increase in the total real property tax base is the result of new value added, that is primarily the result of new construction or physical changes to property. Excluding changes in classification of property, $421.4 million in new construction was added for CY 2001 ($169.8 million [40%] in residential construction and $251.6 million [60%] in commercial construction). $19.9 million in assessed value was added for CY 2001 to reflect expected new value at state-assessed public service corporation properties. Last year, for the CY 2000 assessments, $506.9 million was added to the City's real property tax base as a result of total new construction (the largest dollar total of new construction since the Department began recording these changes in 1942). Total new construction in 2000 and 2001 ($928.3 million) represents 48% of the new construction value that has been added to the City's tax base since 1991.

- Leading the changes in assessed value from 2000 to 2001 were new construction, partially complete structures[4], and site improvements at the following locations:

    - ☐ The real property assessments for the 76 acre site known as the **Carlyle** development increased $118.9 million, from $290.9 million in 2000 to $409.8 million in 2001. Major changes include value added for the Carlyle Towers condominiums, Meridian apartments, Cousins office building, and the second Society for Human Resource Management office building. The real estate assessments for approximately 15 acres of land at the Carlyle site slated for the U.S. Patent and Trademark Office (PTO) increased $23.7 million, from $55.9 million to $79.6 million.

    - ☐ The real property assessments for the 100 acre site known as **Cameron Station** increased $96.5 million, from $211.9 million in 2000 to $308.4 million in 2001. Major changes include value added for newly completed and partially competed single family homes at Cameron Station (in phases 1, 2, 3 and 4) and residential condominiums at Carlton Place, Cameron Station Boulevard, Main Street, and Oakland Hall.

    - ☐ The assessed value for the **Winkler Tract** at the southeast corner of Beauregard Street and Seminary Road increased $32.3 million, initiated by the completion of the Center for Naval Analysis Corporation (CNAC) office building and the partially completed Mark Center Plaza A-1-4 office building (30% complete for 2001) and

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[4] Structures that were partially complete as of January 1, 2001, were assigned increased assessments that reflected new construction at varying stages of partial completion, typically between 10% and 90% complete.

Millbrook II apartments (75% complete). The CNAC office building was 50% complete for last year's 2000 assessed value.

- The assessed value for the **Saul Center** development on North Washington Street increased $26.5 million, from $24.7 million in 2000, for the partially complete structure (35% partially complete for the 2000 assessment), to $51.2 million in 2001 as completed.

- The real property assessments for property at the 291 acre **Potomac Yard/Potomac Greens** development increased $17.3 million, from $285.9 million in 2000 to $303.2 million in 2001, as a result of value appreciation at the Potomac Yard Retail Center, increased land value for the undeveloped portions of the site, and the completion of new and partially constructed single family homes and residential condominiums at Old Town Greens.

- $895.7 million, or 67% of the increase in the total real property tax base is the result of value appreciation ($627.1 million [70%] in residential value appreciation and $268.6 million [30%] in commercial value appreciation). Last year, for the CY 2000 assessments, $608 million was added to the City's real property tax base as a result of value appreciation.

- Locally assessed real property assessments (including new construction and appreciation of existing property) increased by $1,312,679,900, or 10.37%, from $12,654,631,800 in 2000 to $13,967,311,700 in 2001 (Attachment 1, page 3, line 44, column 4).

- State-assessed public service corporation property assessments are expected to increase approximately $24.4 million, or 3.8%, from $640.7 million in 2000, to $665 million in 2001 (Attachment 1, page 4, line 66, column 4). Real Estate Assessments staff estimate the assessments for state-assessed property each year at this time after considering final value changes for the last several years. Final CY 2001 assessments for state-assessed properties will not be certified by the agencies who perform these assessments until September 2001. The sale of the Potomac Electric Power Company (Pepco) plant on December 19 is not expected to affect the estimated assessed value of the plant for 2001 of $240.6 million. Director of Real Estate Assessments Richard Sanderson has discussed the assessed value with the principle appraiser for the Virginia State Corporation Commission, who annually assesses the plant, and will be meeting with him and representatives of the new owner as soon as a convenient time and place can be scheduled.

- Real property classified as residential property for assessment purposes for CY 2001 represents 51.8% of the real property tax base; property classified as commercial, vacant land and public service corporations, represents 48.2% of the tax base. Distribution of the City's

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real property tax base allocated between classifications[5] of real property for assessment purposes is shown in Table 1 below:

Table 1 - Distribution of CY 2001 Real Property Assessments by Property Classification

Property Classification	Percent	2001 Assessments
Residential Single Family	39.84%	$5,830,209,100
Residential Condominium	11.92	1,743,687,500
Commercial Multi-family Rental	11.85	1,734,225,000
Commercial Office, Retail, and Service	27.75	4,061,051,300
Vacant Residential Land	0.96	139,833,300
Vacant Commercial & Industrial Land	3.13	458,305,500
Public Service Corporation	4.55	665,037,500
Total	**100.00%**	**$14,632,349,200**

RESIDENTIAL PROPERTY

General

- The average assessed value for an existing residential property (including single family homes[6], residential condominiums[7], and cooperatives[8], but excluding multi-family rental apartments and vacant residential land) in the City increased 9.35%, from $194,300 in 2000 to $212,467 in 2001 (Attachment 2, page 1, line 16, column 7).

[5] Real property classified as residential property for assessment purposes includes single family homes, residential condominiums, and cooperatives, but does not include multi-family rental apartments or vacant residential land. Real property classified as commercial property for assessment purposes includes multi-family rental apartments; office, retail, and service properties; public service corporation properties assessed by the state; and vacant residential, commercial and industrial land. Classifications assigned to real property for assessment purposes by the Department of Real Estate Assessments concentrate on how a property is viewed from the perspective of informed buyers and sellers.

[6] Single family homes include detached homes, semi-detached homes (duplexes and end town home units), and row houses (town homes that are generally interior units).

[7] Residential condominiums include garden condominium units (typically less than four story buildings), high-rise units (four story buildings and higher), and town home units located in condominium communities which have legally declared the condominium form of ownership.

[8] Cooperative is defined as a form of ownership in which each owner of stock in a cooperative community or housing corporation receives a proprietary lease on a specific apartment or unit and is obligated to pay a rental rate that represents the proportionate share of operating expenses and debt service on the underlying mortgage. The Arlandria/Chirilagua 282-unit cooperative is located on 15 of the 18 properties in the City that are classified as cooperatives. The remaining three parcels are cooperative units at the Bank of Alexandria cooperative. For most statistical reporting, cooperatives are included with residential condominiums.

- New residential construction added $169.8 million to the CY 2001 tax assessment base. Last year, for the 2000 assessments, new residential construction added $212.5 million to the tax base. Attachment 6 shows the new construction history for the City for assessment years 1991 through 2001.

- The average increase for existing residential property from 2000 to 2001 of 9.35% for the City is consistent with assessment changes for existing residential properties in other areas of Northern Virginia. Table 2 shows the change in the average assessed value of residential property for the City and for counties in the Northen Virginia area.

Table 2 - Change in the Average Assessed Value of a Residential Property from 2000 to 2001

Location	Average Percent of Change
City of Alexandria	**9.35%**
Arlington County	10.66%
Fairfax County	11.26%
Loudoun County	14.40%
Prince William County	8.00%

- The average increase for existing residential property for the City is slightly less than that for the counties of Arlington, Fairfax, and Loudoun because residential condominiums make up a larger portion of the total number of residential properties in Alexandria. For CY 2000 (the latest year available for comparison), residential condominium values made up the following percentages of the total locally assessed property tax base (excluding state-assessed public service corporation properties) for these close-in jurisdictions:

City of Alexandria	12%
Arlington County	10%
Fairfax County	4%

- Excluding residential condominiums, the single family portion of the residential real property tax base appreciated 10.61%, from 2000 to 2001. The change in the average assessed value for a residential property in Loudoun County from 2000 to 2001 of 14.4% was significantly influenced by the amount of new residential construction that has occurred in the County in the last several years, causing newer home sales (with prices that tend to be above the average of existing home values) to be a much greater portion of their total residential sales market. According to a recent Washington Post news article, Loudoun County led Northern Virginia's population growth over the last decade, with a 96.9% increase from 1990 to 2000.

Residential Sales Generally

High consumer demand coupled with near-record tight supply caused residential property values to appreciate at a faster rate than at another time since the period from 1988 to 1989, when the City's residential real estate assessments increased 20.9%. According to the Greater Capital Area Association of Realtors, approximately 29% fewer homes and 51% fewer condominiums were actively listed for sale in the City at the end of December 2000 than at the end of December 1999.

High demand for residential property speaks well for the City's quality of life and vibrant economy. The City's employment base grew to over 90,000 by the end of 1999, and the unemployment rate dropped to an all time low of 1.3% as of December 2000.

But if supply is limited, as the following sales statistics will show, sale prices will naturally go up in response to such scarcity.

A comparison of sales statistics for the City of Alexandria and the Northern Virginia area[9] served by the Northern Virginia Association of Realtors indicate that the City's market share of residential sales (new and resales) in Northern Virginia declined from 14.08% in CY 1999 to 12.58% in CY 2000. A decline in the City's market share reflects the scarcity of homes listed and marketed for sale during this time period. Also, it is important to note that the City's market share of Northern Virginia residential sales first topped 10% in CY 1997. The Department has tracked the City's market share since CY 1991 sales, when the City's market share was 7.72% of the total residential dollar volume of sales for the Northern Virginia area. The City's market share of residential sales for the last five years is shown on Table 3.

Table 3 - City of Alexandria's Market Share of Residential Sales in Northern Virginia Area

Calendar Year Sales	Northern Virginia Sales Volume	Alexandria Dollar Volume of Sales	City's Market Share
2000	$6,291,547,023	$791,284,674	12.58%
1999	5,721,044,024	$805,326,844	14.08%
1998	5,069,648,502	651,986,020	12.86%
1997	3,613,766,893	388,235,255	10.74%
1996	3,040,344,611	301,119,712	9.90%

Additionally, residential real estate sales (including single family homes and residential condominiums) for CY 2000 indicate that dollar volume of sales (new and resales) and average sales

[9] Northern Virginia Association of Realtors reports include data for the counties of Arlington and Fairfax, the cities of Alexandria, Fairfax, and Falls Church, and the towns of Clifton, Herndon, and Vienna.

price declined in the City compared to CY 1999 sales, while these same sales statistics increased in the Northern Virginia area (Table 4). As explained in more detail later in this memorandum, these declines occurred in large part because new residential units marketed and sold in Alexandria in 1999 were in higher price ranges than those sold in 2000.

Table 4 - City of Alexandria Residential Sales Statistics Compared to Northern Virginia Area

	Change from CY 1999 to CY 2000	
Sales Statistic	**Alexandria**	**Northern Virginia Area**
Dollar Volume of Sales	(1.7%)	10.0%
Dwelling Units Sold	0.6%	3.7%
Average Sales Price	(2.3%)	6.1%

The CY 2000 dollar volume of sales for the City decreased 1.7%, from $805.3 million in CY 1999 to $791.3 million in CY 2000. The City's dollar sales volume decrease of 1.7% for CY 2000 compares to a 10.0% increase, from $5.72 billion to $6.29 billion, for the same period for the Northern Virginia Area.

The number of residential dwelling units sold in the City increased 0.6%, from 3,430 units sold in CY 1999, to 3,449 units sold in CY 2000. The 0.6% increase in the number of dwelling units sold in the City compares to a 3.7% increase, from 24,037 units to 24,915 units, for the same period for the Northern Virginia Area. Included in the statistics above are 757 newly constructed single family homes and residential condominiums that sold during CY 1999 at Cameron Station, Carlyle Towers II, Ford's Landing, the Metropolitan, Old Town Greens, Old Town Village, Portner's Landing, and Summers Grove, and 670 newly constructed single family homes and condominiums that sold during CY 2000 at Cameron Station, Commonwealth Crossing, Kensington Courts, Mt. Vernon Court, Old Town Greens, and Townes at Cameron Parke.

The average sales price for residential property sold in the City during CY 2000 decreased 2.3%, from $234,789 for CY 1999 to $229,424 for CY 2000. This 2.3% decrease for the City compares to a 6.1% increase in the average sales price of residential property in the Northern Virginia Area.

While a greater number of new homes and condominiums were sold during CY 2000, new homes and condominium sales in CY 1999 had higher average sales prices because several developments were marketed at higher prices (i.e., Carlyle Towers II, Ford's Landing, the Metropolitan, Old Town Village, and Portner's Landing).

Because residential property values were essentially flat during the eight year period from 1992 through 1998, the sales activity during CY 1999 was unusually high, as shown in Table 5.

Table 5 - City of Alexandria Residential Sales Statistics Comparing Changes from 1998 to 1999 and 1999 to 2000

	% Change from:	
Sales Statistic	**1998 to 1999**	**1999 to 2000**
Dollar Volume of Sales	23.5%	(1.7%)
Dwelling Units Sold	22.0%	0.6%
Average Sales Price	1.26%	(2.3%)

Statistics that show how single family sales activity differed from residential condominium sales activity are included later in this report under the heading for each type of residential property.

Assessment/Sales Ratio Study Conducted for Residential Properties

Attachment 5 is the assessment/sales ratio summary for residential property (including single family homes, residential condominium units, and cooperatives) related to CY 2000 assessed values and how they compare with CY 2000 sales that took place in the City. The overall ratio comparing 2000 assessed values for single family homes to sales prices for the same homes that were sold during the period from January 1, 2000, through December 31, 2000, is 83.11%. This means that, on average, the CY 2000 assessments for properties sold during 2000 were 83.11% of the actual prices for which the properties were sold. The overall ratio comparing residential condominium unit assessments to sales prices for units sold during the same period is 87.02%. No residential cooperatives sales are shown because transfers of owner stock in a cooperative community or housing corporation are not recorded. Real Estate Assessments staff contact representatives of cooperative communities each year to discuss the indicated value of owner stock for cooperative units.

The assessment/sales ratios stated above for each class of residential property indicate the average level of CY 2000 assessments to CY 2000 sale prices citywide. In practice, Real Estate Assessments staff also determine an assessment/sales ratio for each single family neighborhood and residential condominium community throughout the City, considering the CY 2000 assessments for homes and condominiums that were sold in CY 2000 for these same areas.

Only arm's length transactions are used for assessment/sales ratio study purposes. Real Estate staff verify transactions that do not appear to be arm's length sales, excluding sales that are not indicative of fair market value. Some property assessments cannot be compared to an otherwise arm's length transaction to determine an assessment/sales ratio because physical changes have taken place. For example, comparing the assessment for a vacant lot as of January 1, 2000, to a sale taking place on October 1, 2000 that represents the same lot with a newly constructed home would not be a true indication of the average ratio of assessed values to sales. The sale used in this example would not be included in an assessment/sales ratio study to indicate general assessment changes for the neighborhood or geographical study area of the City where it is located, but the sale would be considered as a factor in the value of the subject property as well as for similar new construction.

Residential Single Family Homes - - Assessments

The average assessed value of existing residential single family homes increased 10.61%, from $260,907 in 2000 to $288,589 in 2001 (Attachment 2, page 1, line 6, column 7). Last year (2000), the assessed value for the average existing single family home increased 5.68%. The average assessed value for a single family home increased 22.21% during the period from 1991 to 2001, with 47.8% of this increase occurring from 2000 to 2001, and 73.3% occurring since 1999. The average assessed value for a single family home was $236,138 in 1991 and $245,059 in 1999.

New construction of single family homes in CY 2000 added $128.6 million to the CY 2001 real property tax base, including newly completed and partially competed homes at Cameron Station (phases 1, 2, 3 and 4), Commonwealth Crossing, Dartmouth Place, Fox Haven, Highpointe at Stonegate (Pulte), Kensington Courts, King's Cloister, Lloyd's Estates, Mt. Vernon Court, Old Town Greens, St. Stephen's Road Residences, Spring Street Residences, Sunnyside (six new townhouses), and Townes at Cameron Parke.

Although the following developments had necessary approvals, new value associated with these properties is included as site improvements in the residential land value class, as no structures had been completed for the 2001 assessments: Ashton Manor, Backyard Boats, Battery Heights, Braddock Lofts, Cameron Station phase 5, the Carlyle Development site (Carlyle City Residences), Metzger site (3750 Duke Street), Old Town Mews, Potomac Yard/Potomac Greens site, and Wilkes Corner.

Attachment 3, page 1-2, column 6 shows the new construction amount for each class of locally assessed property for the CY 2001 assessments. The amount of residential single family new construction included in last year's 2000 assessment report was $154.4 million. The timing of a development's completion is key to the amount of new construction added, since real estate assessments are generally determined each January 1.

Residential Single Family Home - - Sales

Attachment 4 shows residential single family home sales statistics for the City of Alexandria for CY 1998, 1999 and 2000. The following statistics highlight changes in single family homes sales for CY 1999 and CY 2000.

Single family home sales:

declined by 2.5% in dollar volume of sales, from $606 million in CY 1999 to $591.1 million in 2000;

declined by 7.6% in the number of dwelling units sold, from 2,097 units sold in 1999 to 1,937 units sold in 2000; and

increased by 5.6% in the average sale price, from $288,978 in 1999 to $305,167 in 2000.

Included in the statistics above are 505 newly constructed single family homes that sold during CY 1999 at Cameron Station, Ford's Landing, Old Town Greens, Portner's Landing, and Summers Grove and 530 newly constructed single family homes that sold during CY 2000 at Cameron Station, Commonwealth Crossing, Kensington Courts, Mt. Vernon Court, Old Town Greens, and Townes at Cameron Parke. Fewer new homes were sold during CY 2000, as well as new homes sales in CY 1999 had higher average sales prices because the homes at several developments were marketed at higher prices (i.e., Ford's Landing and Portner's Landing).

Because the 1,937 single family homes sold during CY 2000 do not represent the same mix of the total 20,074 homes assessed for 2001 in the City, changes in the average sales price and changes in the average assessed value of existing residential homes will differ.

It is important to note that the above-mentioned sales statistics include all residential single family home sales that took place in the City regardless of whether or not the sale was an arm's length transaction. By including all sales in this section of the report, the market trends for residential property in the City can be compared to similar published trends for other local communities or the region as a whole. For example, the residential sales statistics compiled and reported monthly by the Northern Virginia Association of Realtors include all sales that took place during the reported time period. However, only arm's length transactions are used for the assessment/sales ratio study for the City.

Residential condominiums - - Assessments

The average assessed value of the existing residential condominium (including cooperatives) increased 5.32%, from $106,875 in 2000 to $112,561 in 2001 (Attachment 2, page 1, line 14, column 7). Average assessed values for existing residential condominiums had declined eight consecutive years, from 1992 through 1999. Last year (2000), the assessed value for the average existing residential condominium increased 1.21%. During the period from 1991 to 2001, the average assessed value for a residential condominium declined 0.31%. The average assessed value for a residential condominium was $112,906 in 1991.

New construction of residential condominiums added $41.2 million to the 2001 real property tax base, including newly completed and partially completed condominium units at the Cameron Station site (Carlton Place, Condominiums at Cameron Station Boulevard, Main Street Condominiums, and Oakland Hall Condominiums), the Carlyle development site (Carlyle Towers Phase III), and Potomac Yard /Potomac Green site (Old Town Greens). The amount of residential condominium new construction included in last year's CY 2000 assessment report was $58.1 million.

Although the Old Town Mews condominium development had necessary approvals, new value associated with this property is included as site improvements in the residential vacant land class as no structures had been completed for the 2001 assessments.

Increases in the value of existing residential condominium units are partly a function of dramatic increases in rental rates for apartments in the region during CY 2000, coupled with attractive mortgage interest rates available to purchasers, motivating buyers, especially first time buyers.

Residential Condominium - - Sales

Attachment 4 shows residential condominium sales statistics for the City of Alexandria for CY 1998, 1999 and 2000. The following statistics highlight changes in residential condominium sales for CY 1999 and CY 2000.

Residential condominium unit sales:

increased by 0.4% in dollar volume of sales, from $199.3 million in 1999 to $200.1 million in 2000;

increased by 13.4% in the number of condominium units sold, from 1,333 units sold in 1999 to 1,512 units sold in 2000; and

declined by 11.5% in the average sale price, from $149,542 in 1999 to $132,392 in 2000.

Included in the statistics above are 252 newly constructed residential condominium units that sold during CY 1999 at Cameron Station, Carlyle Towers II, the Metropolitan, Old Town Greens, and Old Town Village and 140 newly constructed residential condominium units that sold during CY 2000 at Cameron Station and Old Town Greens. Although a greater number of new condominium units sold during CY 2000, new unit sales in CY 1999 had higher average sales prices because the condominium units at several developments were marketed at higher prices (i.e., Carlyle Towers II, the Metropolitan, and Old Town Village).

Because the 1,512 residential condominiums sold during CY 2000 do not precisely represent the same mix of the total 15,068 condominium units assessed for 2001 in the City, changes in the average sales price and changes in the average assessed value of existing units will differ.

The above-mentioned sales statistics include all residential condominium sales that took place in the City regardless of whether or not the sale was an arm's length transaction. By including all sales in this section of the report, the market trends for residential condominium properties in the City can be compared to similar published trends for other local communities or the region as a whole.

COMMERCIAL PROPERTY

General

- The overall value of the City's commercial real estate tax base (which includes multi-family rental apartments, vacant land, and state-assessed public service corporation properties) increased 7.3%, or $480.1 million, from $6,578,366,100 in 2000 to $7,058,452,600 in 2001. State-assessed commercial property consists of public service corporation property (i.e., gas, electrical, water, and telecommunication companies) assessed by the Virginia State Corporation Commission and interstate pipelines and operating railroad property assessed by the Virginia Department of Taxation.

- The value of locally assessed commercial property increased $455.7 million, or 7.68%, from 2000 to 2001 (Attachment 1, page 3, line 42, column 6). New commercial construction (including site improvements and infrastructure construction of $40.1 million) accounted for $251.6 million, or 55.2% of this increase.

- The average assessed value of existing commercial property increased 4.64%, from an assessed value of $1,498,660 in 2000 to $1,568,198 in 2001 (Attachment 2, page 3, line 47, column 7). Table 6 shows how the average existing commercial property assessment increase for the City compares with increases in the counties of Arlington, Fairfax and Loudoun. This marks the sixth consecutive year that existing commercial assessments in the City have appreciated. However, during the period from 1991 to 2001, the average assessed value for a commercial property in the City declined 5.27%. The average assessed value for a commercial property was $1,655,394 in 1991.

- New construction of commercial property added $251.6 million to the 2001 real property tax base, which includes newly completed and partially completed commercial properties at Alexandria Toyota, the Carlyle development site (Cousins office building phase 2, Meridian apartments at 85% complete, and Society for Human Relations Management office phase 2 at 50% complete), CVS Pharmacy at 3120 Duke Street, Eisenhower Self Storage, Hampton Inn (50% complete), the Hoffman development site (Hoffman Town Center Theaters at 30% complete), King Street Metro Place phase 3 (Hilton hotel), Park Center apartments phase 3 (50% complete), B. F. Saul Office Center, Shops on the Avenue, Tavern Square complex

(50% complete renovation), Regent University (95% complete), the Reserve at Potomac Yard apartments (formerly Lincoln Properties apartment site) and the Winkler development site (CNAC office building, Mark Center Plaza 1-A-4 office building at 30% complete and Millbrook II apartments at 75% complete).

- $40.1 million of the $251.6 million added for commercial construction is the result of new value at several sites under development that are classified as vacant commercial land for the 2001 assessments. The real estate assessments for approximately 15 acres of land at the Carlyle site slated for the U. S. Patent and Trademark Office (PTO) increased $23.7 million, from $55.9 million in CY 2000 to $79.6 million in CY 2001. Site improvements and infrastructure development at the Carlyle development site, Marriott Residence Inn, and the Potomac Yard /Potomac Greens site added another $16.4 million in assessed value for 2001.

- Although the following developments had necessary approvals, no structures had been completed for the 2001 assessments: Alexan at Eisenhower apartments, Alexandria Marketplace, Bush Hill apartments, the Carlyle development site (Post Properties apartments and PTO), Jefferson at Mill Road apartments, Park Center hotel (Courtyard by Marriott), Potomac Club II apartments, Hoffman development site (Hoffman Town Center retail), Small Mall, and Winkler development site (Plaza 1-A-3 and Plaza 1-A-5 office buildings).

- The CY 2001 increase of $251.6 million for new commercial construction is the second largest increase in assessed value related to commercial construction since 1990. Last year, for the 2000 assessments, $294.4 million in new commercial construction was added. Attachment 6 shows the new construction history for the City for assessment years 1991 through 2001.

- The average increase for existing commercial property from 2000 to 2001 of 4.64% for the City was lower but close to assessment changes for existing commercial properties for other areas of Northern Virginia. Table 6 shows the change in the average assessed value of commercial property for the City and counties in the Northen Virginia area.

Table 6 - Change in the Average Assessed Value of a Commercial Property from 2000 to 2001

Location	Average Percent of Change
City of Alexandria, Virginia	**4.64%**
Arlington County, Virginia	7.30%
Fairfax County, Virginia	5.92%
Loudoun County, Virginia	13.60%

- The average increase for existing commercial property for Loudoun County of 13.6% reflects value appreciation for newer commercial office developments that have taken place in growth corridors of Loudoun County triggered in part by substantial technology and communications company growth and development, and subsequent demand.

Commercial Multi-Family Rental Property

Real estate assessments for existing multi-family rental apartments increased 4.0% from 2000 to 2001 (Attachment 2, page 2, line 25, column 7). The Department relies on income and expense statements provided by property owners to determine the January 1 assessment each year for the majority of commercial properties. For January 1, 2001, the Department relied on CY 1999 income and expense data that were reported by property owners to the Department by the May 1, 2000, deadline. While the Real Estate Assessments staff trended the CY 1999 income and expense information to indicate the fair market value as of January 1, 2001, actual income and expense levels that the property experienced and were achieved during CY 1999 were given considerable weight. The Department anticipates that the increased rental rates and lower vacancy rates reported by real estate reporting services during CY 2000 will mean value appreciation will continue in this market sector for the next several assessment years (i.e., actual income and expense experience for CY 2000 will be reflected in CY 2002 assessments and the CY 2001 actuals will carry over to 2003 assessments). This expected appreciation could be tempered if market capitalization rates increase in the next few years.

Commercial Office, Retail, and Service Property

Real estate assessments for existing office, retail, and service properties increased at an average rate of 4.26%, from 2000 to 2001 (Attachment 2, page 2, line 35, column 7). Income and expense statements filed by property owners for CY 1999 did not indicate significant increases in rental rates for these properties. CY 2000 income and expense data is expected to show stronger rental rate increases and be reflected in upcoming assessment years. Real estate industry experts and real estate reporting services indicate that during CY 2000 office rental rates were stronger than had been the case in earlier years. Last year, based largely on CY 1998 income and expense data, CY 2000 assessments for existing office, retail, and service properties increased at an average rate of 6.9%

The assessed value for the average existing office property increased 4.19% from 2000 to 2001 (Attachment 2, page 2, line 29, column 7). According to Cushman & Wakefield, an international real estate services firm, office vacancy for the City for the fourth-quarter of 2000 was 4.5%. According to the same source, the fourth-quarter 1998 and 1999 office vacancy rates for the City were 5.0% and 6.5%, respectively. Grubb & Ellis, also a real estate services firm, reported a 6.3% office vacancy rate as of the third quarter of 2000, with the data for the fourth quarter not yet analyzed. A sustained vacancy rate for the last nine years of less than 10% is in sharp contrast to vacancy rates that averaged nearly 20 % when the demand for commercial office space dropped during the period from 1990 to 1992.

The assessed value for the average existing shopping center in the City declined 0.43% from 2000 to 2001 (Attachment 2, page 2, line 31, column 7). This decline is primarily due to reductions in the original CY 2000 assessments for the former J. C. Penney anchor store at Landmark Mall and the former Hechinger Commons (now Alexandria Commons) shopping center. The Alexandria Commons shopping center had 51% of the physical space at the center vacant as of January 1, 2001, while space for the Giant grocery store and CVS pharmacy were under construction. Neighborhood shopping centers increased more that 2% primarily due to continued high occupancy levels and increased rental rates on newly negotiated leases.

The assessed value for the average hotel, motel, and extended stay facility increased 2.23% from 2000 to 2001 (Attachment 2, page 2, line 33, column 7). During the last three years, several facilities were completed or under construction in the City, including Extended Stay America, Fairfield Timeshare Hotel and Hilton Hotel at King Street Metro Place, Hampton Inn (50% complete for 2001), and Marriott Residence Inn (increased land value for 2001), and Homestead Village. Last year, for the 2000 assessments, the assessed value for the average hotel, motel, and extended stay facility increased 19.26%.

Vacant Land

Real estate assessments for vacant land (previously known as other commercial property) increased 9.47% from 2000 to 2001 (Attachment 2, page 3, line 45, column 7). This increase reflects recent sales of residential and commercial vacant land. Increased demand for land that can be developed coupled with a diminishing supply resulted in an average increase in the assessed value of vacant residential and commercial land of 12.33% and 8.63%, respectively, from 2000 to 2001. According to recent estimates by the City's Department of Planning and Zoning, less than 3% of land area in the City is available for development or redevelopment as under-utilized sites.

STAFF: Department of Real Estate Assessments

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Michael Slavin, Real Estate Appraiser I
Robert Linnenberg, Assessment Records Specialist
Linda Johnson, Secretary II

ATTACHMENTS:

1 - CY 2001 Real Property Assessment Summary
2 - Assessment Appreciation for Existing Properties (CY 1998 to CY 2001)
3 - Reconciliation of Valuation Changes from CY 2000 to CY 2001
4 - Residential Real Property Sales Statistics for CY 1998, 1999 and 2000
5 - Residential Assessment/Sales Ratio Study for CY 2000
6 - New Construction History for Locally Assessed Properties for CY 1991 to CY 2001 Assessments
7 - CY 2001 Median Assessments for Single Family Homes and Residential Condominiums by Value Ranges by Geographical Area (with General Location Map)
8 - CY 2001 Average Residential Property Assessments by Geographical Area
9 - D'Vera Cohn and Carol Morello "N. Va.'s Growth Outpaces State's," The Washington Post, 9 March 2001
10 - Kenneth R. Harney, "High Home Demand Has Values Sizzling In Cooling Economy," The Washington Post , 9 December 2000
11 - Sandra Fleishman, "Condos Reach New Heights," The Washington Post, 7 October 2000
12 - Daniela Deane, "Local Rents Go Through the Roof," The Washington Post, 24 November 2000
13 - Northern Virginia Association of Realtors, Alexandria City Housing Report, Residential Market Report for December 2000
14 - Cushman and Wakefield, Cushman and Wakefield, Washington D.C. Metropolitan Area Year-End 2000, except from Northern Virginia Market Overview section (New York: Cushman and Wakefield, Inc., 2001

City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 1

REAL PROPERTY ASSESSMENT SUMMARY

(includes changes in assessed values from CY 2000 to CY 2001 from all sources)

	Real Property Classification	Number of 2001 Parcels	2000 Assessments	2001 Assessments	Amount of Change	% Change
	(1)	(2)	(3)	(4)	(5)	(6)
	Locally Assessed Real Property					
	Residential Real Property					
1	Residential Single Family					
2	Detached (100)	9,078	$2,785,025,600	$3,117,785,700	$332,760,100	11.95
3	Semi-Detached (110)	5,134	1,088,268,500	1,249,206,500	160,938,000	14.79
4	Row House (120)	5,862	1,245,969,800	1,463,216,900	217,247,100	17.44 [1]
5		------------	--------------------	------------------	--------------------	
6	Total Single Family	20,074	$5,119,263,900	$5,830,209,100	$710,945,200	13.89
7						
8	Residential Condominium					
9	Garden (130)	7,152	$716,633,400	$807,350,000	$90,716,600	12.66 [2]
10	High-Rise (140)	6,990	710,421,300	753,560,000	43,138,700	6.07
11	Residential Cooperative (145)	18	8,234,400	9,230,800	996,400	12.10 [3]
12	Townhouse (150)	908	162,388,600	173,546,700	11,158,100	6.87
13		------------	--------------------	------------------	--------------------	
14	Total Residential Condominium	15,068	$1,597,677,700	$1,743,687,500	$146,009,800	9.14
15		------------	--------------------	------------------	--------------------	
16	**Total Residential Real Property**	35,142	$6,716,941,600	$7,573,896,600	$856,955,000	12.76

City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 1

REAL PROPERTY ASSESSMENT SUMMARY

(includes changes in assessed values from CY 2000 to CY 2001 from all sources)

Real Property Classification	Number of 2001 Parcels	2000 Assessments	2001 Assessments	Amount of Change	% Change
(1)	(2)	(3)	(4)	(5)	(6)
Commercial Real Property					
Commercial Multi-Family Rental					
Garden (310)	243	$775,255,600	$871,185,000	$95,929,400	12.37 [4]
Mid-Rise (320)	14	258,867,500	262,981,100	4,113,600	1.59
High-Rise (330)	29	550,373,300	600,058,900	49,685,600	9.03 [5]
Total Multi-Family Rental	286	$1,584,496,400	$1,734,225,000	$149,728,600	9.45
Commercial Office, Retail, and Service					
General Commercial (400)	716	$639,851,900	$690,742,600	$50,890,700	7.95
Office (487)	562	1,838,731,800	2,045,418,800	206,687,000	11.24 [6]
Office or Retail Condominium (160)	455	143,578,200	156,877,400	13,299,200	9.26
Shopping Center (488)	26	381,604,900	379,830,900	(1,774,000)	(0.46)
Warehouse (486)	194	371,424,100	404,402,700	32,978,600	8.88
Hotel/Motel and Extended Stay (470)	27	369,683,400	383,778,900	14,095,500	3.81
Total Commercial Office, Retail, and Service	1,980	$3,744,874,300	$4,061,051,300	$316,177,000	8.44
Other Commercial Property					
Vacant Residential Land (910)	916	$181,567,300	$139,833,300	($41,734,000)	(22.99) [7]
Vacant Commercial and Industrial Land (941)	468	426,752,200	458,305,500	31,553,300	7.39
Total Other Commercial Property	1,384	$608,319,500	$598,138,800	($10,180,700)	(1.67)
Total Commercial Real Property	3,650	$5,937,690,200	$6,393,415,100	$455,724,900	7.68
Total Locally Assessed Real Property	38,792	$12,654,631,800	$13,967,311,700	$1,312,679,900	10.37

City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

Schedule AV - 1

REAL PROPERTY ASSESSMENT SUMMARY
(includes changes in assessed values from CY 2000 to CY 2001 from all sources)

Real Property Classification	Number of 2001 Parcels	2000 Assessments	2001 Assessments	Amount of Change	% Change
(1)	(2)	(3)	(4)	(5)	(6)
Non-Locally Assessed Real Property					
Assessed by State Corporation Commission (SCC)					
Gas & Pipeline Distribution Corporation (612)		$29,033,800	$29,044,000	$10,200	0.04
Light & Power Corporation (610)		352,223,700	362,145,400	9,921,700	2.82
Telecommunication Company (614)		124,946,700	141,564,900	16,618,200	13.30
Water Corporation (616)		33,488,700	31,953,400	(1,535,300)	(4.58)
		--------------------	--------------------	--------------------	
Total SCC Assessed Property		**$539,692,900**	**$564,707,700**	**$25,014,800**	**4.64**
Assessed by Virginia Department of Taxation (VDT)					
Interstate Pipeline Transmission (602)		$496,600	$468,400	($28,200)	(5.68)
Operating Railroad (600)					
Richmond, Fredericksburg & Potomac Railway Co.		44,682,600	$44,422,900	($259,700)	(0.58)
Norfolk Southern Railway Co.		55,760,000	55,396,400	(363,600)	(0.65)
CSX Transportation, Inc.		43,800	42,100	(1,700)	(3.88)
		--------------------	--------------------	--------------------	
Total Operating Railroads		$100,486,400	$99,861,400	($625,000)	(0.62)
		--------------------	--------------------	--------------------	
Total VDT Assessed Property		**$100,983,000**	**$100,329,800**	**($653,200)**	**(0.65)**
		--------------------	--------------------	--------------------	
Total Non-Locally Assessed Real Property		**$640,675,900**	**$665,037,500**	**$24,361,600**	**3.80** [8]
		--------------------	--------------------	--------------------	
Grand Total Real Property Assessments		**$13,295,307,700**	**$14,632,349,200**	**$1,337,041,500**	**10.06**
		=============	=============	=============	====

Department of Real Estate Assessments, March 14, 2001
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City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

REAL PROPERTY ASSESSMENT SUMMARY

1 Increase of 17.44% includes $63.8 million in new row house construction and an additional $20.9 million in assessed value for properties that were reclassified from vacant land to row houses for CY 2001.

2 Increase of 12.66% includes $26.6 million in new construction and an additional $24.7 million in assessed value for vacant commercial land that was reclassified for the CY 2001 assessments.

3 The assessed value for the average existing residential cooperative increased 1.94%, from CY 2000 to CY 2001 for the 282-unit Arlandria/Chirilagua cooperative. The remaining portion of this 12.1% increase relates to the three residential cooperative units at the Bank of Alexandria building.

4 Increase of 12.37% includes $28.6 million in new construction and an additional $32 million in assessed value to account for vacant commercial land and the partially complete Park Center III apartment building being reclassified for the CY 2001 assessments.

5 Increase of 9.03% includes $28.8 million in new construction.

6 Increase of 11.24% includes $104.8 million in new construction and $28.5 million that resulted from the reclassification of vacant commercial land to the office building class for the CY 2001 assessments.

7 Decline of 22.99% reflects the reclassification of $64.8 million in assessed value to various improved residential property classes for the CY 2001 assessments. The average assessed value for vacant residential land increased 12.33%, from CY 2000 to CY 2001.

8 The 2000 assessments shown in column 3 for non-locally assessed property reflect the amounts estimated by the Department of Real Estate Assessments as of January 1, 2000, for the CY 2000 Real Property Assessment Report. The 2001 assessments estimated by the Department of Real Estate Assessments as of January 1, 2001, for the CY 2001 Real Property Assessment Report consider the final 2000 assessments. The final 2001 assessed values for public service corporation properties will not be issued by the State Corporation Commission (SCC) and Virginia Department of Taxation (VDT) and certified as such to the City until September 2001.

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City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 2

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

		CY 1998 to 1999		CY 1999 to 2000		CY 2000 to 2001	
	Real Property Classification	**Appreciation Amount**	**% Change**	**Appreciation Amount**	**% Change**	**Appreciation Amount**	**% Change**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Locally Assessed Real Property						
	Residential Real Property						
1	Residential Single Family						
2	Detached	$51,301,900	2.02	$161,456,600	6.23	$294,110,300	10.57
3	Semi-Detached	14,268,000	1.60	48,771,300	4.98	115,614,000	10.66
4	Row House	4,329,500	0.45	54,177,000	4.99	132,574,200	10.65
5		--------------		--------------		--------------	
6	Total Single Family	$69,899,400	1.59	$264,404,900	5.68	$542,298,500	10.61
7							
8	Residential Condominium						
9	Garden	($18,634,400)	(2.87)	$8,989,300	1.36	$43,646,800	6.13
10	High-Rise	(9,498,800)	(1.40)	5,171,800	0.76	28,882,000	4.07
11	Residential Cooperative	759,700	9.10	(874,200)	(9.60)	1,105,400	13.60 [1]
12	Townhouse	(1,476,100)	(0.91)	4,944,900	3.14	11,158,100	6.87
13		--------------		--------------		--------------	
14	Total Residential Condominium	($28,849,600)	(1.93)	$18,231,800	1.21	$84,792,300	5.32
15		--------------		--------------		--------------	
16	**Total Residential Real Property**	**$41,049,800**	**0.70**	**$282,636,700**	**4.59**	**$627,090,800**	**9.35**

City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 2

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

Real Property Classification	CY 1998 to 1999 Appreciation Amount	CY 1998 to 1999 % Change	CY 1999 to 2000 Appreciation Amount	CY 1999 to 2000 % Change	CY 2000 to 2001 Appreciation Amount	CY 2000 to 2001 % Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commercial Real Property						
Commercial Multi-Family Rental						
Garden	$44,337,700	6.35	$31,174,300	4.20	$35,317,800	4.56
Mid-Rise	10,594,100	5.98	23,836,200	10.94	6,399,600	2.68
High-Rise	33,123,800	7.23	19,285,300	3.93	20,871,100	3.79
Group Quarters	4,924,900	11.52	($1,438,400)	(3.02)	na	na [2]
	--------------		--------------		--------------	
Total Multi-Family Rental	$92,980,500	6.75	$72,857,400	5.01	$62,588,500	4.00
Commercial Office, Retail, and Service						
General Commercial	$28,880,100	2.54	$22,476,000	3.77	$45,941,200	7.23
Office	92,191,100	6.28	136,914,400	8.51	76,934,800	4.19
Office or Retail Condominium	(348,500)	(0.25)	1,922,100	1.36	(508,200)	(0.35)[3]
Shopping Center	(5,557,500)	(1.60)	6,166,300	1.71	(1,623,800)	(0.43)[4]
Warehouse	not reported	na	12,399,400	3.60	30,121,200	8.18
Hotel, Motel and Extended Stay	not reported	na	47,521,600	19.26	8,234,700	2.23
	--------------		--------------		--------------	
Total Commercial Office, Retail, and Service	$115,165,200	3.72	$227,399,800	6.90	$159,099,900	4.26

City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 2

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

		CY 1998 to 1999		CY 1999 to 2000		CY 2000 to 2001	
	Real Property Classification	Appreciation Amount	% Change	Appreciation Amount	% Change	Appreciation Amount	% Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
37	Other Commercial Property						
38	Non-Operating Railroad	($14,398,900)	(20.44)	na	na	na	na [5]
39	Vacant Land						
40	Vacant Residential Land	31,228,900	na	8,770,400	8.34	13,915,800	12.33
41	Vacant Commercial & Industrial Land	(16,416,500)	na	16,348,900	4.83	33,028,600	8.63
42		---------------		---------------		---------------	
43	Total Vacant Land	$14,812,400	2.64	$25,119,300	5.66	$46,944,400	9.47
44		---------------		---------------		---------------	
45	Total Other Commercial Property	$413,500	0.07	$25,119,300	5.66	$46,944,400	9.47
46		---------------		---------------		---------------	
47	**Total Commercial Real Property**	**$208,559,200**	**4.09**	**$325,376,500**	**6.26**	**$268,632,800**	**4.64**
48		---------------		---------------		---------------	
49	**Total Locally Assessed Real Property**	**$249,609,000**	**2.27**	**$608,013,200**	**5.35**	**$895,723,600**	**7.17**

Department of Real Estate Assessments, March 14, 2001
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City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

ASSESSMENT APPRECIATION FOR EXISTING PROPERTIES

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1 The assessed value for the average existing residential cooperative increased 1.94%, from CY 2000 to CY 2001 for the 282-unit Arlandria/Chirilagua cooperative. The remaining portion of this 13.6% increase relates to the three residential cooperative units at the Bank of Alexandria building.

2 No figures are shown for CY 2001 because properties previously classified as group quarters were reclassified as multi-family rental and extended stay facilities for the CY 2000 assessments.

3 This decline of 0.35% for the average assessed value of an office or retail condominium from CY 2000 to CY 2001 considers 17 sales of such properties during CY 2000.

4 This decline of 0.43% is primarily due to reductions in the original CY 2000 assessments for the former J. C. Penney anchor store at Landmark Mall and the former Hechinger Commons (now Alexandria Commons) shopping center. Neighborhood shopping center assessments increased more than 2% from 2000 to 2001, primarily due to continued high occupancy levels and increased rental rates on newly negotiated leases.

5 Not applicable after CY 1998 to 1999 appreciation because properties previously classified as non-operating railroad property were reclassified to residential and commercial property classifications at the Potomac Yard site. The Virginia Department of Taxation no longer classifies any real property in the City as non-operating railroad property.

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City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 3

RECONCILIATION OF VALUATION CHANGES FROM CY 2000 TO CY 2001

			Reductions	Additions			
Real Property Classification	Original CY 2000 AV	Administrative Change [1]	Taxable Status [2]	Taxable Status [2]	New Construction [3]	Adjustments [4]	Original CY 2001 AV
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Locally Assessed Real Property							
Residential Real Property							
Residential Single Family							
Detached	$2,785,025,600	$7,925,800		$1,643,900	$29,080,100	$294,110,300	$3,117,785,700
Semi-Detached	1,088,268,500	9,626,600	(207,100)	150,500	35,754,000	115,614,000	1,249,206,500
Row House	1,245,969,800	20,877,900			63,795,000	132,574,200	1,463,216,900
Total Single Family	$5,119,263,900	$38,430,300	($207,100)	$1,794,400	$128,629,100	$542,298,500	$5,830,209,100
Residential Condominium							
Garden	$716,633,400	$20,697,300	($276,400)		$26,648,900	$43,646,800	$807,350,000
High-Rise	710,421,300		(244,800)		14,501,500	28,882,000	753,560,000
Residential Cooperative	8,234,400		(109,000)			1,105,400	9,230,800
Townhouse	162,388,600					11,158,100	173,546,700
Total Residential Condominium	$1,597,677,700	$20,697,300	($630,200)		$41,150,400	$84,792,300	$1,743,687,500
Total Residential Real Property	**$6,716,941,600**	**$59,127,600**	**($837,300)**	**$1,794,400**	**$169,779,500**	**$627,090,800**	**$7,573,896,600**
Commercial Real Property							
Commercial Multi-Family Rental							
Garden	$775,255,600	$31,998,400			$28,613,200	35,317,800	$871,185,000
Mid-Rise	258,867,500	(20,126,000)			17,840,000	6,399,600	262,981,100
High-Rise	550,373,300				28,814,500	20,871,100	600,058,900
Total Multi-Family Rental	$1,584,496,400	$11,872,400			$75,267,700	$62,588,500	$1,734,225,000

ATTACHMENT 3
PAGE 1 of 3

City of Alexandria, Virginia

CY 2001 Real Property Assessment Report

Schedule AV - 3

RECONCILIATION OF VALUATION CHANGES FROM CY 2000 TO CY 2001

			Reductions	Additions			
Real Property Classification	Original CY 2000 AV	Administrative Change [1]	Taxable Status [2]	Taxable Status [2]	New Construction [3]	Adjustments [4]	Original CY 2001 AV
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Commercial Office, Retail, and Service							
General Commercial	639,851,900	($4,528,400)			$9,477,900	$45,941,200	$690,742,600
Office	1,838,731,800	24,953,900			104,798,300	76,934,800	2,045,418,800
Office or Retail Condominium	143,578,200	2,666,700			11,140,700	(508,200)	156,877,400
Shopping Center	381,604,900	(1,213,800)			1,063,600	(1,623,800)	379,830,900
Warehouse	371,424,100	(1,046,600)			3,904,000	30,121,200	404,402,700
Hotel, Motel and Extended Stay	369,683,400				5,860,800	8,234,700	383,778,900
Total Commercial Office, Retail, and Service	$3,744,874,300	$20,831,800			$136,245,300	$159,099,900	$4,061,051,300
Other Commercial Property							
Vacant Residential Land	$181,567,300	($64,804,800)	($41,500)	$594,200	$8,602,300	$13,915,800	$139,833,300
Vacant Commercial & Industrial Land	426,752,200	(32,770,400)	(185,000)		31,480,100	33,028,600	458,305,500
Total Other Commercial Property	$608,319,500	($97,575,200)	($226,500)	$594,200	$40,082,400	$46,944,400	$598,138,800
Total Commercial Real Property	**$5,937,690,200**	**($64,871,000)**	**($226,500)**	**$594,200**	**$251,595,400**	**$268,632,800**	**$6,393,415,100**
Total Locally Assessed Real Property	**$12,654,631,800**	**($5,743,400)**	**($1,063,800)**	**$2,388,600**	**$421,374,900**	**$895,723,600**	**$13,967,311,700**

Department of Real Estate Assessments, March 14, 2001

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City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

RECONCILIATION OF VALUE CHANGES FROM CY 2000 TO CY 2001

1 Administrative changes reflect the reclassification of property for assessment purposes, the subdivision and consolidation of land, damage to property that is beyond the control of the owner, and similar changes in the physical characteristics of property, except for new construction, which is reported separately (column 6).

2 Column 4 shows reductions in assessed value as a result of properties qualifying for tax exempt status. Column 5 shows additions to assessed values that are a result of formerly tax exempt properties changing to a taxable status. The tax exempt status of real property is governed by the provisions in the Constitution of Virginia and the Code of Virginia. The tax exempt status of real property is determined annually by the Director of the Department of Real Estate Assessments, who typically seeks the opinion and advise of the City Attorney in these matters.

3 New construction includes buildings completed during CY 2000 (known as supplemental assessments), buildings that were 100% complete and buildings that were partially complete (typically between 10% and 90% complete) as of January 1, 2001, for the CY 2001 assessments. New construction values shown for vacant land categories reflect site improvements and infrastructure where development was approved and commenced (i.e., site excavation, water, sewer and other utility service installations, streets, costs associated with development planning, engineering, etc.)

4 Adjustments reflect changes to prior year assessments (CY 2000) that are a result of assessment reviews and appeals and revisions to assessments to reflect 100% of estimated fair market value as of January 1, 2001, for the CY 2001 assessments, as required by State tax law.

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Schedule AV - 4

RESIDENTIAL REAL PROPERTY SALES STATISTICS FOR CY 1998, 1999 AND 2000

Sales Statistic	CY 1998	CY 1999	% Change (1998 to 1999)	CY 2000	% Change (1999 to 2000)
(1)	(2)	(3)	(4)	(5)	(6)
Dollar Volume of Sales					
Residential Single Family					
Detached	$186,467,280	$206,080,582	10.52	$197,410,519	(4.21)
Semi-Detached	140,879,043	162,910,438	15.64	158,290,327	(2.84)
Row House	191,199,675	236,996,539	23.95	235,407,272	(0.67)
Total Single Family	$518,545,998	$605,987,559	16.86	$591,108,118	(2.46)
Residential Condominium					
Garden	$65,065,188	$116,933,273	79.72	$114,977,782	(1.67)
High-Rise	56,209,934	63,703,895	13.33	66,310,169	4.09
Residential Cooperative Townhouse	12,164,900	18,702,117	53.74	18,888,605	1.00
Total Residential Condominium	$133,440,022	$199,339,285	49.38	$200,176,556	0.42
Total Dollar Volume of Sales	**$651,986,020**	**$805,326,844**	**23.52**	**$791,284,674**	**(1.74)**

City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

Schedule AV - 4

RESIDENTIAL REAL PROPERTY SALES STATISTICS FOR CY 1998, 1999 AND 2000

Sales Statistic	CY 1998	CY 1999	% Change (1998 to 1999)	CY 2000	% Change (1999 to 2000)
(1)	(2)	(3)	(4)	(5)	(6)
Number of Units Sold					
Residential Single Family					
Detached	619	634	2.42	547	(13.72)
Semi-Detached	501	609	21.56	566	(7.06)
Row House	689	854	23.95	824	(3.51)
	------	------		--------	
Total Single Family	1,809	2,097	15.92	1,937	(7.63)
Residential Condominium					
Garden	471	731	55.20	819	12.04
High-Rise	467	504	7.92	597	18.45
Residential Cooperative					
Townhouse	65	98	50.77	96	(2.04)
	------	------		------	
Total Residential Condominium	1,003	1,333	32.90	1,512	13.43
	----------	----------		----------	
Total Number of Units Sold	**2,812**	**3,430**	**21.98**	**3,449**	**0.55**

City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

Schedule AV - 4

RESIDENTIAL REAL PROPERTY SALES STATISTICS FOR CY 1998, 1999 AND 2000

Sales Statistic	CY 1998	CY 1999	% Change (1998 to 1999)	CY 2000	% Change (1999 to 2000)
(1)	(2)	(3)	(4)	(5)	(6)
Average Sale Price					
Residential Single Family					
Detached	$301,240 [1]	$325,048	7.90	$360,897	11.03
Semi-Detached	281,196	267,505	(4.87)	279,665	4.55
Row House	277,503	277,514	0.00	285,688	2.95
Total Single Family	$286,648	$288,978	0.81	$305,167	5.60
Residential Condominium					
Garden	$138,143	$159,963	15.80	$140,388	(12.24)
High-Rise	120,364	126,397	5.01	111,072	(12.12)
Residential Cooperative Townhouse	187,152	190,838	1.97	196,756	3.10
Total Residential Condominium	$133,041	$149,542	12.40	$132,392	(11.47)
Average Sale Price for Residence	**$231,858**	**$234,789**	**1.26**	**$229,424**	**(2.28)**

Note:

1 Average sale price for each class of residential property and the average residence is calculated by dividing the dollar volume of sales (page 1) by the number of units sold (page 2).

Department of Real Estate Assessments, February 23, 2001
File: J:\123\richard\CM01211a.wk4 Tab 4

ATTACHMENT 5

City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

Schedule AV - 5

RESIDENTIAL ASSESSMENT/SALES RATIO REPORT FOR CY 2000

Real Property Classification	No. Sales	Total CY 2000 Assessed Value	Total CY 2000 Sales Price	Ratio [1]
(1)	(2)	(3)	(4)	(5)
Locally Assessed Real Property				
Residential Real Property				
Residential Single Family				
Detached	506	$146,991,700	$178,605,712	82.30
Semi-Detached	417	96,809,000	114,517,286	84.54
Row House	488	119,114,900	143,540,937	82.98
	------	------------------	------------------	
Total Single Family	1,411	$362,915,600	$436,663,935	83.11
Residential Condominium				
Garden	681	$75,084,900	$87,596,623	85.72
High-Rise	580	58,118,700	65,162,700	89.19
Residential Cooperative	0			
Townhouse	97	16,857,900	19,688,605	85.62
	------	------------------	------------------	
Total Residential Condominium	1,358	$150,061,500	$172,447,928	87.02
	--------	------------------	------------------	
Total Residential Real Property	**2,769**	**$512,977,100**	**$609,111,863**	**84.22**

Note:

1 The assessment/sales ratio is determined by dividing the total CY 2000 assessed value (column 3) by the total CY 2000 sales price (column 4).

Department of Real Estate Assessments, February 22, 2001
File: j:\123\richard\CM01211a.wk4 Tab 5

City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

Schedule AV - 6

NEW CONSTRUCTION HISTORY FOR LOCALLY ASSESSED PROPERTIES FOR CY 1991 - 2001

	Year	Locally Assessed New Construction			Total New as % of Local Assessed Tax Base [2]
		Residential	Commercial [1]	Total	
	(1)	(2)	(3)	(4)	(5)
1	2001	$169,779,500	$251,595,400	$421,374,900	3.02
2	2000	212,525,600	294,411,200	506,936,800	3.81
3	1999	187,855,100	130,892,500	318,747,600	2.62
4	1998	92,622,700	206,356,200	298,978,900	2.58
5	1997	52,443,300	49,187,000	101,630,300	0.91
6	1996	70,730,600	7,715,900	78,446,500	0.72
7	1995	53,728,300	1,545,700	55,274,000	0.51
8	1994	25,845,900	6,751,900	32,597,800	0.30
9	1993	35,351,500	15,779,900	51,131,400	0.46
10	1992	27,522,600	24,642,100	52,164,700	0.46
11	1991	82,275,500	263,604,400	345,879,900	2.85

Notes:

[1] Does not include new value added as a result of improvements to state-assessed public service corporation properties.

[2] Total locally assessed new construction (column 4) expressed as a percentage of the total locally assessed y real property tax base for the City for the current assessment year. CY assessment reports before 2001 compared total new construction to the total locally assessed real real property tax base for the previous CY.

Department of Real Estate Assessments, March 14, 2001
File: j:\123\richard/CM01211a.123 Tab 6

ATTACHMENT 6

2001MEDIAN ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS

Small Area Plan 1

Alexandria West		
Assessed Value Range	No. of Units	Median Value
Less than $100,000	1,710	$59,300
$100,000 - $149,999	150	126,800
$150,000 - $199,999	602	182,800
$200,000 - $249,999	579	225,300
$250,000 and over	385	289,300

Small Area Plan 2

Braddock Road Metro Station		
Assessed Value Range	No. of Units	Median Value
Less than $100,000	57	$94,500
$100,000 - $149,999	515	128,400
$150,000 - $199,999	282	171,000
$200,000 - $249,999	366	220,100
$250,000 and over	332	315,100

Small Area Plan 3

Fairlington/Bradlee		
Assessed Value Range	No. of Units	Median Value
Less than $100,000	0	0
$100,000 - $149,999	2	$146,500
$150,000 - $199,999	122	166,800
$200,000 - $249,999	8	228,600
$250,000 and over	5	256,400

(for map showing locations, see page 6)

2001MEDIAN ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS

Small Area Plan 4

King St./Eisenhower Ave. Metro Station

Assessed Value Range	No. of Units	Median Value
Less than $100,000	0	$0
$100,000 - $149,999	93	116,600
$150,000 - $199,999	166	177,900
$200,000 - $249,999	145	215,300
$250,000 and over	114	315,300

Small Area Plan 5

Landmark/Van Dorn

Assessed Value Range	No. of Units	Median Value
Less than $100,000	3,164	$74,100
$100,000 - $149,999	1,451	114,900
$150,000 - $199,999	272	186,000
$200,000 - $249,999	447	220,000
$250,000 and over	598	290,200

Small Area Plan 6

Northeast

Assessed Value Range	No. of Units	Median Value
Less than $100,000	219	$76,200
$100,000 - $149,999	146	118,800
$150,000 - $199,999	180	178,800
$200,000 - $249,999	228	222,700
$250,000 and over	147	261,500

2001MEDIAN ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS

Small Area Plan 7

Northridge/Rosemont

Assessed Value Range	No. of Units	Median Value
Less than \$100,000	1,087	\$69,300
\$100,000 - \$149,999	1,040	109,900
\$150,000 - \$199,999	121	168,900
\$200,000 - \$249,999	168	227,800
\$250,000 and over	2,596	348,400

Small Area Plan 8

OldTown

Assessed Value Range	No. of Units	Median Value
Less than \$100,000	13	\$84,900
\$100,000 - \$149,999	128	141,300
\$150,000 - \$199,999	163	181,000
\$200,000 - \$249,999	206	225,700
\$250,000 and over	2,309	435,000

Small Area Plan 9

OldTown North

Assessed Value Range	No. of Units	Median Value
Less than \$100,000	345	\$71,800
\$100,000 - \$149,999	338	114,900
\$150,000 - \$199,999	183	166,900
\$200,000 - \$249,999	242	222,300
\$250,000 and over	338	343,200

2001MEDIAN ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS

Small Area Plan 10

Potomac West

Assessed Value Range	No. of Units	Median Value
Less than $100,000	1,050	$77,800
$100,000 - $149,999	1,086	129,700
$150,000 - $199,999	1,302	174,600
$200,000 - $249,999	1,052	223,300
$250,000 and over	1,283	300,600

Small Area Plan 11

Potomac Yard/Potomac Greens

Assessed Value Range	No. of Units	Median Value
Less than $100,000	0	0
$100,000 - $149,999	0	0
$150,000 - $199,999	0	0
$200,000 - $249,999	105	$216,100
$250,000 and over	168	407,000

Small Area Plan 12

Seminary Hill/Strawberry Hill

Assessed Value Range	No. of Units	Median Value
Less than $100,000	887	$59,700
$100,000 - $149,999	1,152	133,600
$150,000 - $199,999	747	180,600
$200,000 - $249,999	807	220,500
$250,000 and over	989	413,900

2001MEDIAN ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS

Small Area Plan 13

Southwest Quadrant

Assessed Value Range	No. of Units	Median Value
Less than $100,000	99	$80,900
$100,000 - $149,999	153	128,100
$150,000 - $199,999	159	179,500
$200,000 - $249,999	174	227,000
$250,000 and over	319	350,100

Small Area Plan 14

Taylor Run/Duke Street

Assessed Value Range	No. of Units	Median Value
Less than $100,000	270	$94,400
$100,000 - $149,999	337	117,800
$150,000 - $199,999	57	193,100
$200,000 - $249,999	230	219,800
$250,000 and over	954	357,500

The median assessed value is the point within the stated range at which half of the assessments are higher and half are lower.

Source: Department of Real Estate Assessments, February 1, 2001
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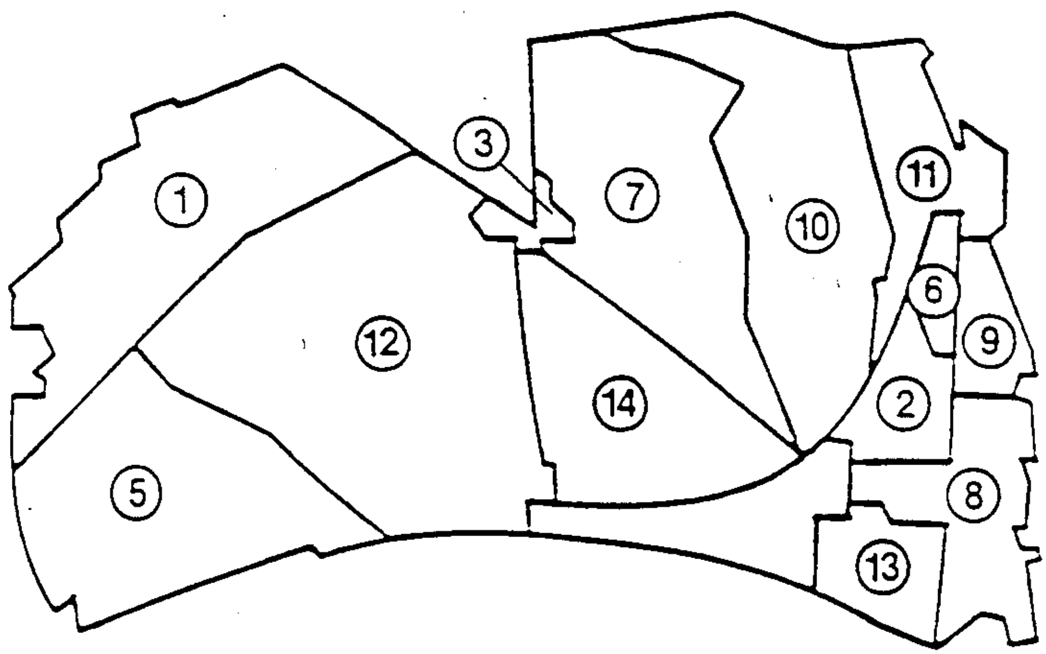
CITY OF ALEXANDRIA, VIRGINIA

Prefix Numbers for Residential Neighborhood Study Groups Identifying the Geographical Areas of the City that Approximate the Small Area Plans

(arranged in alphabetical order by name of small area plan)



01	Alexandria West
02	Braddock Road Metro Station
03	Fairlington/Bradlee
04	King St./Eisenhower Ave. Metro Station
05	Landmark/Van Dorn
06	Northeast
07	Northridge/Rosemont
08	Old Town
09	Old Town North
10	Potomac West
11	Potomac Yard/Potomac Greens
12	Seminary Hill/Strawberry Hill
13	Southwest Quandrant
14	Taylor Run/Duke Street

Source: Department of Real Estate Assessments

Last revised: March 12, 1999

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City of Alexandria, Virginia
CY 2001 Real Property Assessment Report

AVERAGE 2001 REAL PROPERTY ASSESSMENTS FOR SINGLE FAMILY HOMES AND RESIDENTIAL CONDOMINIUMS BY GEOGRAPHICAL AREA

	Small Area Plan Name	Single Family Homes 2001 Average Assessed Value	Single Family Homes %Change 2000 to 2001 [1]	Residential Condominiums 2001 Average Assessed Value	Residential Condominiums %Change 2000 to 2001 [1]
	(1)	(2)	(3)	(4)	(5)
1	Alexandria West	$235,981	6.43	$85,697	4.49
2	Braddock Road Metro Station	217,962	13.64	124,386	4.97
3	Fairlington/Bradlee	243,603	9.68	165,900	6.89
4	King St/Eisenhower Ave Metro Station	255,353	23.53 [2]	184,337	18.76 [6]
5	Landmark/Van Dorn	237,394	19.10 [3]	98,024	9.12 [7]
6	Northeast	221,558	12.19	83,638	0.35
7	Northridge/Rosemont	360,804	12.36	93,784	13.22
8	Old Town	493,125	11.75	309,247	6.17
9	Old Town North	415,173	9.27	148,680	8.27
10	Potomac West	194,138	10.91	46,537	6.08
11	Potomac Yard/Potomac Greens	404,150	35.87 [4]	227,254	9.83 [4]
12	Seminary Hill/Strawberry Hill	265,117	10.68 [5]	87,583	4.84
13	Southwest Quadrant	254,805	12.96	183,931	12.60
14	Taylor Run/Duke St	343,983	13.45	101,085	7.43

Notes:

[1] Percent of change from 2000 to 2001 includes assessment appreciation, depreciation, new construction, classification changes, and change in the tax exempt status of single family homes and residential condominiums.

[2] More than 10% of the homes in this study group sold during calendar year 2000 indicating an average assessment/sales ratio of 80%.

[3] Increase includes new construction activity at Cameron Station and Kensington Court.

[4] Increase includes new construction at Old Town Greens.

[5] Increase includes new construction activity at Townes of Cameron Parke.

[6] Increase includes new construction at Carlyle Towers III.

[7] Increase includes new construction activity at Cameron Station.

Department of Real Estate Assessments, March 1, 2001
File name: j:\123\richard\01SapChg.123 Tab C

The Washington Post

MARCH 9, 2001

Virginia Growth

Loudoun County leads in Northern Virginia's growth over the past decade, according to Census 2000 data.

	1990	2000	Percent change
Alexandria	111,183	128,283	15.4%
Arlington	170,936	189,453	10.8%
Fairfax	815,584	969,749	18.5%
Fauquier	48,741	55,139	13.2%
Loudoun	86,129	169,599	96.9%
Prince William	215,686	280,813	30.2%
Stafford	61,236	92,442	51%
Statewide:	6.19 million	7.08 million	14.4%

THE WASHINGTON POST

N.Va.'s Growth Outpaces State's

Census Shows Huge Jump in Minorities

By D'Vera Cohn
and Carol Morello
Washington Post Staff Writers

Population growth in Northern Virginia far outpaced the rest of the state over the 1990s, fueled mostly by a soaring number of Asians, Hispanics and other minorities, the Census Bureau reported yesterday. Loudoun County, one of the nation's fastest-growing communities, nearly doubled its population in 10 years.

The figures for Virginia were among those released yesterday for four states, the first local data available from the once-a-decade head count. For Virginia, they paint a demographic profile of an increasingly suburban state and a Northern Virginia region in the midst of rapid growth and a stunning racial and ethnic transformation.

The fast growth of the region's Asian American and Hispanic communities outpaced the increase in the black population. And in Fairfax County, where more than one in eight state residents live, the Hispanic population surpassed blacks over the decade. The county's Asian American population overtook the black population in 1990.

In 2000, nearly 70,000 Northern Virginians described themselves as belonging to more than one race on the census form, the first time that option was available. Half the state's multiracial population lives in Northern Virginia, the figures show.

Minority groups accounted for at least 70 percent of Northern Virginia's population increase, growing faster than the Census Bureau had forecast. In Fairfax County, for example, the Hispanic population more than doubled

See CENSUS, *A14, Col. 1*

New Census Shows N.Va. Transforming Racially

CENSUS, *From A1*

and the Asian population showed a similar increase.

Those figures reflect a burgeoning population of low-wage immigrants drawn to local communities, where they can find jobs and, because of their increasing numbers, often can get by without speaking English. But Northern Virginia also is home to a growing middle-class minority population, including a substantial Korean community in Annandale.

"The numbers are still growing because the job market is much better here than in other places," said Thyet Nguyen, a social worker with the Vietnamese Resettlement Association, which is based in Falls Church. She estimated that 50,000 Vietnamese immigrants live in Northern Virginia.

Meanwhile, the number of non-Hispanic whites barely changed or fell slightly in Arlington County and Alexandria. In those communities, the white population tends to be older and made up of households far less likely to include children.

While 2 percent of state residents described themselves as multiracial, in Northern Virginia, the figure was 4 percent. Most were listed as white and Asian, white and black or white and "other," which is a common choice among Hispanics.

"It's an amazingly positive number," said Edwin Darden, a Springfield resident and board member of AMEA, the Association of Multiethnic Americans, speaking of the 3.6 percent figure for Fairfax County.

"It says people in the Washington area perceive themselves as more than the sum of their race," he said. "Now that people can check all that apply, we're able to see what this diversity looks like."

Some civil rights groups and academic researchers have criticized the multiracial option, saying it will make it difficult to track economic progress and living circumstances of different minority groups because the 2000 Census figures cannot be directly compared with past counts.

Experts also say that some of the growth in minority populations could be because of better counting than in the past. During the 2000 Census, the government reached out to minority communities with aggressive "be counted" campaigns that emphasized the benefits of the census for political power and federal funding. Nevertheless, nationally the Census Bureau estimated it missed 3 million people.

The census figures showed that Virginia expanded along its interstate corridors in the 1990s, according to Julia Martin, director of demographics at the Weldon Cooper Center in Charlottesville. Population losses were mainly in cities and poorer communities in Southwest Virginia.

The number of Norfolk residents, for example, declined by 10 percent, while population in Richmond and Roanoke fell by 2 percent. By contrast, Alexandria grew by 15 percent.

Northern Virginia held its place as the state's growth engine: The region accounts for 28 percent of the state's population but yielded more than 40 percent of its population increase. As in previous decades, communities grew faster farther out from the District.

The region's outer suburbs led the way, acquiring population more rapidly than even the Census Bureau had estimated. Prince William, the state's third-largest county in 1990, now is No. 2 among counties, jumping over Henrico County, in suburban Richmond. Stafford, 11th ranked in 1990, now ranks seventh, according to census figures.

But even Fairfax County's robust 18 percent increase was somewhat surprising, because demographers had expected the county's population growth to moderate. Instead, the county grew at a faster rate than the state.

And Loudoun, which the Census Bureau estimated had grown 80 percent since 1990, nearly doubled. Unlike the pattern in most of Northern Virginia, whites accounted for the majority of growth in Fauquier, Loudoun and Stafford counties.

Loudoun, a once-rural community now crowded with high-tech businesses, shopping malls and high-end planned communities, regularly makes the Census Bureau's top 10 list of fast-growing counties and is imposing controls to slow things down.

"Loudoun is just beyond belief," Martin said.

"In suburban Loudoun, people hate to look out the window," said Peggy Maio, Loudoun County field officer for the Piedmont Environmental Council. "At any moment, there could be another bulldozer taking down their trees. People are feeling crowded as open spaces they knew when they moved here are disappearing."

Growth in Prince William, which increased its population by 30 percent over the last decade, seems to be continuing unabated, said Laurie Gill, the county's demographer.

"The economy is so good," she said. "We've issued a lot of building permits this year. It isn't slowing down yet."

The General Assembly plans to use the numbers as the basis for redrawing legislative lines at a special session in early April. Virginia is among the earliest states to receive its census counts—which also were released yesterday for Mississippi, New Jersey and Wisconsin—because it must redistrict this year.

The new census figures could give Northern Virginia increased political clout, potentially giving the region several new seats in the House of Delegates, where all 100 seats are open in elections this fall. State Senate seats will be up in 2003.

Any additional seats for Northern Virginia would not automatically carry additional power. The local delegation, which is already politically divided, must increasingly bring together disparate interests. That could be difficult to achieve, given the new racial and ethnic mix and the tensions between fast- and

"Northern Virginia will have a bigger voice in what happens in ate politics, but it isn't necessarily one voice," said Scott Keeter, a professor of government and politics at George Mason University.

"I personally see wonderful things about the diversity of living in the area, but from the point of view of trying to get agreement on roads and schools and putting together a united front in dealing with issues in Richmond, it's obviously a very big challenge."

Database editor Sarah Cohen and director of computer-assisted reporting Ira Chinoy contributed to this report.

The Census

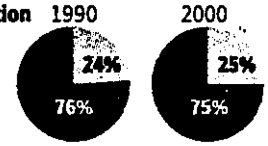
Virginia

Northern Virginia counties grew faster than the rest of the state, fueled mostly by population increases among Hispanics, Asians and other minorities.

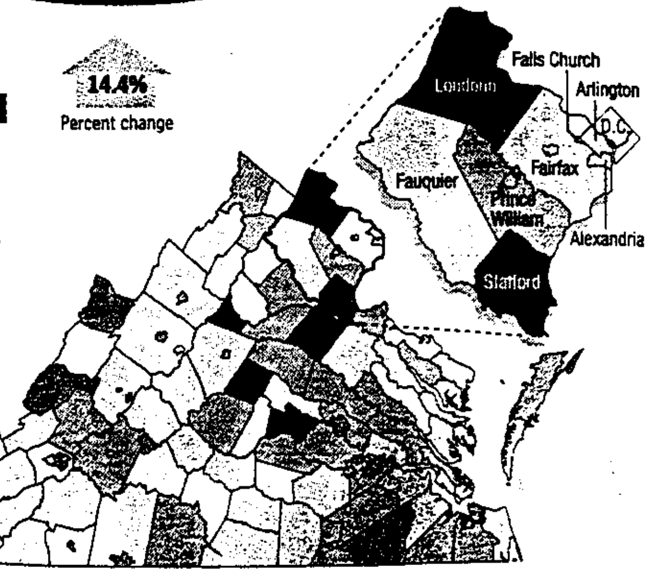
POPULATION

Total population

Age of population



Population change
By county



RACE

Statewide

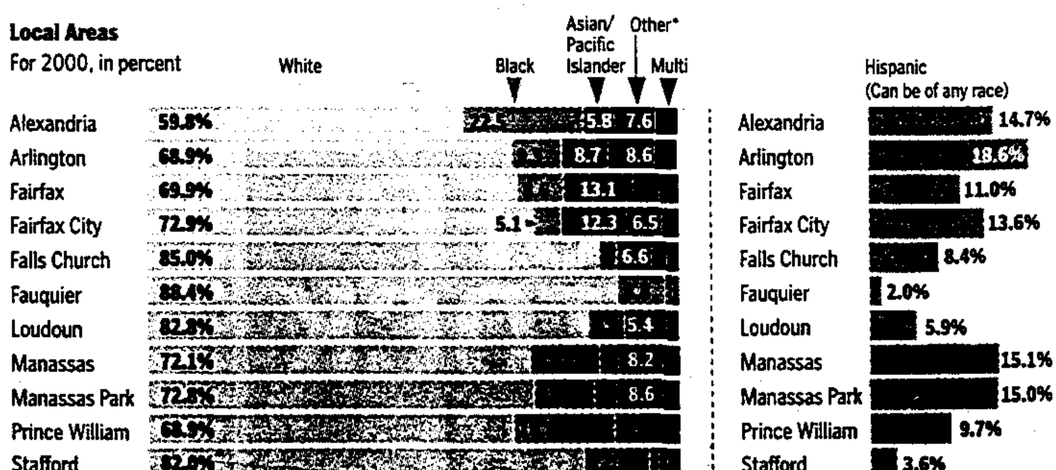
	1990 Census Number	1990 Percent of total	2000 Census Number	2000 Percent of total
White	4,791,739	77%	5,120,110	72%
Black	1,162,954	19%	1,390,293	20%
Asian/Pacific Islander	159,053	3%	266,754	4%
Native American	15,282	Under 1%	21,172	Under 1%
Some other race	58,290	2%	138,900	3%
Multiracial	Not available as an option		143,069	2%

Hispanic (can be any race):	1990 Census Number	1990 Percent	2000 Census Number	2000 Percent
Hispanic white	90,089	56%	154,473	47%
Hispanic black	9,861	6%	13,915	4%
Hispanic Asian/Pacific Islander	4,870	3%	2,375	1%
Hispanic Native American	935	1%	2,576	1%
Hispanic and some other race	54,433	34%	127,215	39%
Hispanic multiracial	Not an option		29,047	9%

1990: Hispanic 160,288, 2.6%; Non-Hispanic 97.4%

2000: Hispanic 329,540, 4.7%; Non-Hispanic 95.3%

Local Areas
For 2000, in percent



SOURCE: U.S. Census Bureau, Census 2000

*Other includes Native Americans

THE WASHINGTON P

High Home Demand Has Values Sizzling In Cooling Economy

By Kenneth R. Harney
Saturday, December 9, 2000; Page G01
The Washington Post

Federal Reserve economists may be detecting signs of the long-expected "soft landing" national economic slowdown. And last week's economic growth report from the federal government suggested that a cooling may indeed be underway.

But don't look for even a hint of that chill in the latest federal home-price appreciation data. On the contrary, housing values across the country are defying the trend, rising faster now than at any time in the past 12 years.

According to the nationwide House Price Index released Dec. 1, the typical house increased in value by 7.3 percent from the third quarter of 1999 through the third quarter of this year. The report from the Office of Federal Housing Enterprise Oversight documents stunning gains: Nearly 30 major metropolitan markets racked up housing appreciation rates of close to 1 percent per month--that's right, per month--in the 12 months ended Sept. 30.

Ranked sixth on the national list was the District of Columbia, where the typical house was worth 10.6 percent more. At No. 13, Virginia trailed slightly, with an 8 percent gain, and Maryland, No. 18 in the nation, experienced a 6.5 percent rise. Several California markets saw gains of 24 percent or more during the year, a 2 percent increase in value per house per month.

That is hot, hot, hot--especially at a time when so many other economic indicators are trending cooler. What's up with home values? Are houses tapped into some vital force that runs counter to the normal tidal shifts in the national economy? How can real estate be at its inflationary high point for the decade while the rest of the economy clearly is ebbing?

The answers add up to real money for anyone who owns a house or is contemplating buying one. Here's what's happening:

Housing values are tied into consumer demand for houses. Demand, in turn, is part consumer appetite, part consumer ability to perform. Families or individuals not only have to seriously want a new house, they must also be able to afford one. They need to have jobs, income and savings.

But demand is only part of the story of home values. There must be enough supply, enough houses ready for sale in the market to satisfy demand. There must be enough town houses and condos for sale to accommodate first-time buyers. There must be enough midrange move-up houses available to handle demand. There must be enough luxury units to satisfy buyers at the upper end. Without a sufficient supply of salable properties, you get price pressure on the houses that are available.

Combine high demand with near-record tight supply, and what happens? You get record-setting home appreciation numbers, despite the fact that the rest of the economy is softening. That's been happening this year in most parts of the country.

Senior Fannie Mae economist Orawin Velz points out that the supply of existing homes for sale nationwide is the lowest in a decade, currently about a four-month inventory. Typical supplies during much of the 1990s for resale houses ranged from six to nine months, by contrast. Earlier this year, the supply dropped well below four months, triggering the sort of multiple-contract, bidding-war home sales that drew headlines.

Tight supply and high demand are also squeezing the new-home construction market: Currently, builders nationwide have just over a four-month supply of units to sell, well below the past decade's average.

There are other factors keeping the pressure on values: Michael Carliner, an economist with the National Association of Home Builders, notes that while the cost of mortgage money today is higher than it was earlier in the economic cycle, "it is still at a very moderate level" in historical terms.

Not only is 8 percent money affordable, but it comes in an unprecedented variety of packages designed to empower would-be purchasers, such as zero down-payment loans, 3 percent down-payment loans and mortgages that cover your closing costs. All of that helps whip up effective demand.

Carliner also believes that there is another, subtler trend that has been stoking appetites: In many parts of the country, municipalities are lowering their property tax levies on houses, or at least cutting their dependence on homeowners for revenue to fund municipal budgets. That, in turn, cuts the monthly cost of owning a house and stimulates demand for bigger and costlier houses.

How long can this counter-cyclical home-appreciation fiesta keep going? Velz, the Fannie Mae economist, guesses that appreciation rates will begin cooling sometime in the first half of next year. But even then, she says, gains in housing value should be strong compared to the rest of the economy.

The bottom line for new buyers and owners: Take good care of that house of yours. It's the best all-weather investment account you've got.

(To view the entire article, go to http://www.washingtonpost.com/wp-dyn/articles/A46734-2000Dec9.html)

The Washington Post

October 7, 2000

Condos Reach New Heights

Development, Demand May Be Hottest Ever For D.C. and Suburbs

Pete Nazelrod, left, and Lamont "Monty" Hoffman, who have more than 500 condo units in development, at the Tenley Hill Condominiums on Wisconsin Avenue NW.

By SANDRA FLEISHMAN
Washington Post Staff Writer

The condo market in the District and close-in suburbs is at a fever pitch for resales, new construction and conversions of rental properties—and Tray Mitchell Jr. is one of the hundreds of reasons why.

The senior counsel at the Nasdaq-Amex Market Group had been renting for nine years at 16th and R streets NW when the building's owners decided last August that demand had risen sufficiently to convert some units to condominiums. The owners had filed the paperwork required by the District to convert 15 years ago, Mitchell said, but they held off as the condo market faltered and then went into a nose dive that was to last about a dozen years.

Though the soft-spoken North Carolina native had the first shot at buying his 700-square-foot rental, he chose to venture out into the market in search of a bigger property.

But he hit the same demand "frenzy," as real estate agents refer to it, that drove his former building owners to cash in.

"The market was so tight," said Mitchell, 36, that he found slim pickings around Dupont Circle or farther east and north. "There was no inventory. If anything stayed on the market for more than two weeks, it was overpriced. Most of them went in

See CONDOS, G7, Col. 1

Record Demand Brings Record Prices for Condos

a day."

That near-instant turnover—for luxury units and for units of any kind in certain neighborhoods in the District, Northern Virginia and Montgomery County—contrasts with the market just a few years back, when real estate agents and owners would say you couldn't give most condos away. Though condos and co-ops have taken off before—in the 1970s, as developers looked for a way around rent control, and then briefly in the 1980s—this surge seems to be reaching new heights in price and demand. The District is the most sought-after location, according to agents, but the suburbs also are seeing faster resales and lower inventories in condos at all prices, as well as a steady pace of luxury condo construction.

Mitchell ended up buying a top-floor, two-bedroom condo at the Hampshire House just off Dupont Circle, but he had to pay a record price—$275,000. And he's spending another six figures to gut it and build the condo of his dreams.

Meanwhile, he has been sleeping on a friend's couch.

But, he added, it's worth the wait: Rather than trying to find a property that fit his ultimate shopping list and facing mountains of competing bidders, he's building his own luxury space. And he believes the building is ripe for high-end redevelopment. Before it was converted, at the height of the last condo wave, it was a grand apartment building with a spacious lobby, high ceilings and bigger units.

Transforming what was available into what he really wanted was one way to overcome the District's tight inventory, which fell to an 11-year low in August, according to Pardoe Real Estate ERA's Fred Kendrick and Peter Clute.

Other would-be buyers are putting their names on waiting lists with developers who have projects in the works. Some are buying units being converted from town houses and single-family dwellings—often just outside the choicest markets, where land prices haven't yet gone through the roof.

Another source of supply is conversions of apartment buildings by developers working with tenants. Because insiders usually get hearty discounts on these units, those who can afford to buy are seriously considering that option when longtime landlords decide to sell in this brisk market. Half of the tenants must vote to convert before the process can go forward, under the District's complicated laws. At least two sizable apartment buildings in Northwest recently have been converted, and tenants in a 68-unit building on Connecticut Avenue are deciding whether to go that route.

What's driving the demand and building activity in the District and its most city-like suburbs? The same combination of factors pumping up other urban areas, say the experts: a strong economy, high job growth, subsequently wealthier potential buyers, and renewed interest from both empty-nesters sick of commutes and homeowner chores and from young professionals wooed by city lights and declining crime rates.

Washington has gotten a big leg up as well from the $5,000 federal tax credit for first-time home buyers and from continuing enthusiasm for Mayor Anthony A. Williams (D).

Combine that with the area's low rental vacancy rates, record-high rents and record prices for single-family houses in some neighborhoods, and the condo—and in particular, the luxury condo—sounds like an idea whose time has more than come.

This comes as no surprise to those at Northwest's luxury condo leader, PN Hoffman Inc.

When Lamont "Monty" Hoffman and Pete Nazelrod undertook their first luxury conversion of a row house on the fringes of Dupont Circle in 1993, they knew they were taking a big gamble. But it paid off. "We had 150 people waiting in line" at the first opening, Hoffman said.

"There were so many negative things happening" in the national housing market and "in the press about the city then," said Hoffman, "that we looked at it as a stock hitting bottom." What could make more sense than to jump in and pick up properties cheap?

"We're seeing the effects of a national trend," said Hoffman. "It used to be the condo was more of a utilitarian investment, something convenient, close to work. Now it's clearly a lifestyle choice."

The company's success proves his point.

From 1993 until late last year, the company had built 111 units. Since then, the firm—either solely or in joint ventures—has finished 44 units, is building 306 more and has another 220 in development in Northwest.

And the units are selling out months ahead of schedule, at prices that range from $239,000 to $1.5 million—about 5 percent more than just six months ago. (And, yes, that's $1.5 million for a condo—albeit a penthouse.) Because of advance sales, the company has a $125 million backlog, Hoffman said.

To accommodate the crush of would-be buyers, the firm in January set up a model showroom at 4700 Wisconsin Ave. NW, just down the street from a 41-unit condo project that recently sold out four months early. Since the company offers high-end kitchens, bathrooms, cabinets and other options in all its properties, it made sense to have a centralized design center such as major house builders have, Hoffman said.

Of course, you can spend a lot more than $1.5 million on a condo if you try. At the Residences at the Ritz-Carlton, at 22nd and M streets NW, prices run from $500,000 for a one-bedroom unit to $5 million for a three-level, five-bedroom penthouse with roof garden.

More than half of the 162 units have been sold, with the first owners expected to move in around November. (Of the 25 penthouses, 10 have been sold.)

But the Ritz is still considered an aberration locally because of its extraordinary prices and hotel-like facilities, such as maid service, a health club and catering.

It's not just the luxury market that's booming: Demand is strong in all price ranges. But high land prices make new development tough for all but the most clever developers. Those include Manna Inc., the District's leading nonprofit builder, and other coopera-

Area Condo Market Soars to Lofty Level

tive ventures financed with the help of foundations and the D.C. Department of Housing and Community Development.

The DHCD, for example, provided $350,000 to the East of the River Community Development Corp. to help turn the Washington View Apartments into the Washington View Condominiums, a 70-unit project on Douglas Road SE.

Manna is building condos all around the District, including the Parkmont Condominiums, which recently opened at 529 Lamont St. NW. The well-restored, sunny building stretches down a long corner in Petworth and was created from a worn, 21-unit apartment property. It now features 14 two- and three-bedroom units costing from $55,000 to $73,000. Buyers at projects from Manna and other community housing groups must have incomes below certain ceilings.

Robert Pohlman, who tracks nonprofit building in the District, predicts that "if the housing market continues to be tight and prices remain high or even increase . . . more nonprofits will take the risk of producing more condo units."

But the biggest supply problem may be units in the price range just above the nonprofits' target.

"I don't know anyone going after the $100,000 to $200,000 market" because of the high land costs in the District, said Logan Circle luxury condo developer Jim Abdo. "You'd be losing money."

Instead, the for-profit players are either building ever-more-expensive units in lot in prime neighborhoods that have been skipped over, or are building luxury units in fringe areas around pricey Dupont Circle, Logan Circle, Connecticut Avenue and Capitol Hill.

Abdo is embarking on a conversion at 1220 N St. NW that he says he wouldn't have dreamed of two years ago. The developer, who's made his reputation over the past four years by converting long-neglected properties in Logan Circle, is tackling a 1920s apartment building a block off the circle that's been closed for about 20 years.

Abdo is creating 12 luxury units, selling from the $200,000s to the $900,000s, with two penthouse apartments. For the penthouses, he is raising the roof to accommodate 20-foot-high ceilings and opening the spaces into New York-style lofts.

Though the street is still considered a gamble by many, Abdo is confident his high-end renovation—with a central elevator that opens to each unit, rooftop terraces and other upscale options—will fly.

"The market's fueled by demand and a shift in the mind-set to a belief that the city is a viable place to live," Abdo said. "I don't see it stopping. How deep is the demand? Nobody has a crystal ball, but there will always be high demand if they're located in the right place and done the right way."

Jonathan Taylor and Michael Rankin, of Tutt, Taylor and Rankin Real Estate, agree. They predict development will follow the commercial and restaurant build-up eastward along K Street and track the Metro in Columbia Heights, as well as out New York Avenue, where another Metro station is proposed.

It's not really possible to count just how many condos are being built or converted from rental properties in the District, though it sometimes seems like they're going up everywhere. While the District has an office of condo and co-op sales and registrations, its two-person staff hasn't been able to both process the wave of applications and do a yearly unit total.

But Linda Harried, head of the office, said she couldn't deny the pace might be setting records. Registration applications from lawyers for developers and tenants, she said, "are coming in like water."

One big tenant conversion is well on its way at 3901 Connecticut Ave. NW, a stately 66-unit building that opened in 1928. The tenants voted in 1998 to hook up with PN Hoffman and partner Keener & Squire when the Chevy Chase Land Co. decided to sell its last property in the District. The tenants paid $1 and the developers $3.3 million, according to the residents association.

Though the District's tenant-friendly conversion process is considered unbearably cumbersome by many developers—it involves not only getting agreement from half the tenants, but also ensuring accommodations for seniors—the residents had a big incentive for buying: insider discounts.

"We were all happy with the building as a rental property," said Tony Trujillo, president of the tenants association at 3901 Connecticut and now head of the residents association, "but obviously for the younger residents the possibility to buy at below-market prices was very appealing."

According to the developers, the "insider" price for a one-bedroom unit, averaging 750 square feet, was $80,000, compared with a market price of $175,000. A two-bedroom, averaging 1,450 square feet, sold for $157,000, compared with a market price of $325,000 to $350,000. Three-bedroom units went to insiders for $190,000.

Thirty-two residents bought, 17 eligible seniors got to stay on as renters forever, and 17 tenants took buyouts, freeing up units that were sold to outsiders in record time, Squire said.

They still worry about paying too much, however. Michael DiRienzo put a contract on a unit at a new PN Hoffman building at 4025 Connecticut Ave. NW and then canceled "because I thought it might be too expensive."

But then he changed his mind again. "I was up night and day and all I could think about was that someone else would be living in my unit," he said. "Fortunately, it was still available."

It was "a good decision," the 46-year-old said of the $203,000 he paid for the unit at Park Hill, which has one bedroom and a den. Not only did he get the new construction he wanted (a choice he acknowledges might seem ironic for a person who works at the National Trust for Historic Preservation) but, for the first time in his life, he got to select every option. "Now when I come home, it's mine," he said.

There's another benefit, he said.

"We know it's already appreciated, because another one-bedroom recently sold for $50,000 more than the sales price," DiRienzo said.

In some older condo properties, buyers are combining the smaller units created during the last wave of conversions, say real estate agents. Major upgrades in older condo buildings often occur, said Sue Strehlow of Long and Foster's New Mexico Avenue NW office, because the older conversions were "not always the highest quality."

"Now people want what they want and they're willing to pay for it," said Strehlow, who specializes in selling condos.

The Washington Post

November 24, 2000

Local Rents Go Through the Roof

Biggest Increases in Years Force Difficult Decisions

By DANIELA DEANE
Washington Post Staff Writer

For the past three years, Mark Nensel paid $650 a month for his one-bedroom apartment in a small building in Arlington—not a bad deal. This month, his rent jumped 27 percent, to $825.

He was angry about it, but figured he would stay put.

"What else can I do? I love the area and I don't want to deal with the hassle of moving," said Nensel, 39, an editor. "Plus, there's no place to move to anyway. The market is just all clogged up."

Renters in many of the region's suburban and city neighborhoods are being hit with some of the stiffest rent increases in the nation. Not only do they have to come up with extra cash each month, but also face the reality that there aren't many alternatives.

Although there are no definitive regional figures, statistics gathered by research firms and local governments show that renters in the region's in-demand neighborhoods are facing increases of 10 percent to 30 percent—the largest in at least a decade.

BY JUANA ARIAS—THE WASHINGTON POST

Kristen Holtz decided to buy a Dupont Circle condo rather than pay 69 percent more in rent.

Several factors have combined to push rents to levels previously unheard of here: a strong housing ... the building industry is still working to address, and vibrant job growth that has brought thousands of new renters into the area.

"There have been unbelievable, truly astounding, rent increases throughout the Washington metropolitan area this past year," said Greg Leisch, chief executive of Delta Associates, a local research firm that tracks vacancies and rents at higher-end apartment complexes. "It's terrible news for renters, but it's also the best of times in the apartment industry that anyone can remember."

Landlords haven't seen conditions here this favorable in a decade—if ever.

"There has been so much job growth in the Washington market, and that growth has put tremendous pressure on housing," said Julie Smith, president of Bozzuto Management Co., which manages 7,000 luxury apartments throughout the metropolitan area.

Smith said rents had gone up 10 percent to 15 percent in the Washington market over the past two years. Washington had experienced higher rent growth than Baltimore or Philadelphia, the two other metropolitan markets where the firm manages units, she said.

"Our experience over the past 10 years in the Washington market was that rents increased from a low of 2 percent a year to a high of 5 percent," Smith said. "Over the past three years, we've seen rents increasing at a much faster pace."

For some, especially the elderly, steep, surprising increases can be devastating.

"You can't play all these funny games with people's lives," said Marilyn Rubin, president of the Columbia Plaza Tenants Association in Washington's Foggy Bottom neighborhood. "There are elderly people here who have no idea how much their rent will go up and how they'll pay it when it does."

Landlords Benefit From Tight Rental Market

The District has by far the largest concentration of renters in the region. There's a broad range of buildings—from luxury high-rises to smaller buildings that cater to poor families. There are no precise data on rent levels in the smaller buildings. Delta's latest rent report for the metropolitan area shows the highest rent increases throughout the area were in older D.C. high-rise buildings with more than 100 units.

In those buildings, which include many of the apartments along Massachusetts, Connecticut and Wisconsin avenues in Northwest Washington, rents went up an average of 23 percent between last October and this October.

Rents in the city's newer buildings with more than 100 units, built after 1988, rose an average of 19.5 percent over the same period, the Delta figures show.

Although Delta only covers about a third of all apartments in the area—excluding many smaller l complexes and row house is from small-time landlords—the firm says its sample shows a definite trend. "Our figures are very, very representative of what's happening in the other two-thirds of the market as well," Leisch said. "We know this."

Many real estate and local government officials agree that the rent increases are widespread. But Shaun Pharr, vice president of the Apartment and Office Building Association of Metropolitan Washington, a landlord group, said Delta's statistics should not be extrapolated to the District's smaller apartment buildings.

"You're only hearing about a few people," Pharr said. "Eighty-five percent of the District's housing stock is 50 units or smaller. All landlords aren't raising rents that significantly. It's bad business for a landlord to raise a rent so much that they would drive off the tenant."

Rent increases are concentrated in the wealthiest D.C. neighborhoods where demand is strong, he said. "You're hearing the loudest ıms from tenants in parts of the , that are now becoming popular again," he said. "The market wouldn't allow them to raise rates for a long time. Now it does."

Some tenants in small buildings, though, also have seen increases. For example, Kristen Holtz has lived in a one-bedroom apartment overlooking a busy commercial corner in Mount Pleasant for two years. Empty beer bottles often litter the front stairs of the row house, which long ago was converted to apartments. Drunks pass out in full view of her front windows.

But it was a reasonable $710 a month. The house was sold recently, though, and Holtz's new landlords quickly moved to raise her rent. They now want $1,200 a month for the apartment, a 69 percent increase.

Reis Inc., a New York-based real estate market research firm, ranks the District and Northern Virginia fourth in the country in terms of rent increases in 1999, after San Francisco, Boston and New York, using data based in part on Delta's research. Washington and Northern Virginia had average rent increases of 10 percent last year, the firm found.

But what about the District's rent control law, one of the only such city laws in the country? Most of the increases are perfectly legal.

Rent control, first enacted in 1975, covers an estimated 101,500 of the District's 160,900 rental housing units, or about 65 percent. Rent ceilings allowed under the law escalated faster than market rates for apartments throughout the 1990s. In other words, landlords were charging less than they were legally allowed. A recent study commissioned by the D.C. financial control board found that 17 percent of rent-controlled units are at their rent ceilings, leaving further room for growth.

Landlords who own fewer than five units, such as Holtz's in Mount Pleasant, are exempt from rent control.

Sulaiman Wasty, a consultant at the World Bank who has been renting a two-bedroom apartment for the past six years at Columbia Plaza, a rent-controlled complex in Foggy Bottom, was notified in September that his rent was increasing to $2,000 a month from $1,520. Wasty sued and is negotiating with Columbia Plaza management. The landlords indicated they will come down some, but much of the increase could be legal. Several of Wasty's neighbors have had a similar experience.

"One of the big problems is that landlords are taking old, unimplemented rent increases now," said attorney David Conn of the Tenant Action Network, a D.C. tenant support group. "They didn't take all the increases they could have in the '90s under the rent control law, because the housing market was soft. Now, landlords see an opportunity to sock people with these increases because they have less of a choice."

Conn said the District's vacancy rate is about 1 percent to 2 percent, allowing landlords to raise rents without worrying about losing tenants. The D.C. vacancy rate is hotly disputed, however. The study commissioned by the D.C. financial control board put it at 12 percent, a figure contested by tenant activists, who see a crisis developing in affordable housing.

Katherine Borosky's building, the Dorchester on 16th Street NW, is also under rent control, but that didn't stop her landlord from recently raising the rent on her one-bedroom by $75, a 10 percent increase.

Other Dorchester tenants have had their rents raised as well.

"I'm going to have to get a roommate," said Borosky, a 45-year-old nurse. "I shouldn't have to at my age, but I don't have a choice. My salary hasn't gone up 10 percent."

In the Washington suburbs, it's much the same story, but renters there have no legal protection at all from rent increases. Among Washington suburbs, Takoma Park is the only one with rent control.

"We don't have any official numbers, but people are routinely calling us with increases of 10, 12, 15 percent," said JoAnn Cubbage, chief of the housing service for Arlington County. Arlington's vacancy rate is at a historically low 1 percent, she said.

"When there are no vacancies, there's no place to go," she said. "People can either accept it and pay it, or move. They're not going to find anywhere cheaper, though."

The Delta quarterly report found, for example, that in newer garden apartment complexes in the Tysons Corner area, rents rose an average of 18.5 percent over the year. In complexes in the Rockville area, rents rose 21.1 percent. In Prince George's County, the increase was 7.2 percent.

In Alexandria, city figures show that rents for efficiencies and one-bedroom apartments rose 13 percent from January 1999 to this past June, while two-bedroom units rose 10 percent and three-bedrooms rose a whopping 19.5 percent in the same period.

Even a 10 percent increase, after years of hardly any rent increases, can be tough on a tenant.

Pat Harvey, a criminal defense lawyer who lives in an apartment complex in Silver Spring, has rented a two-bedroom apartment there since 1987. She was in another apartment in the complex for seven years before that. During the 1990s, her rent went up minimally some years; other years it didn't go up at all.

This fall she got a letter saying her rent would increase 9 percent in 30 days if she signed a lease, but 12 percent if she decided to go month-to-month.

"It came as a total surprise after living here for so long," Harvey said. "And it's a lot of money, I don't care who you are."

She said, "They wrote me a letter saying it used to be a soft market, but it wasn't anymore, and that was that."

As for Holtz, she decided not to accept the 69 percent increase in her rent at the Mount Pleasant apartment. Instead, she scraped together all her money to buy a one-bedroom condominium in the Dupont Circle neighborhood. She won't have much cash left, but at least she knows there won't be another rent increase next year.

ALEXANDRIA CITY HOUSING REPORT

Residential Market Report
Single Family Homes
December 2000

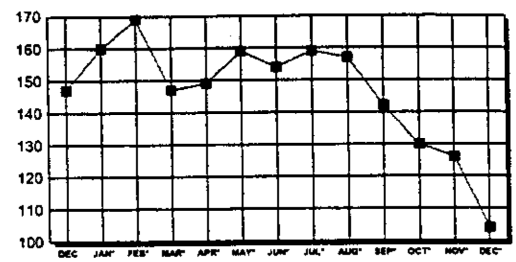
LISTINGS

Single Family Homes

Price Range	New This Month 2000	New This Month 1999	New This Month % Change	Total Active 2000	Total Active 1999	Total Active % Change
0-149999	13	16	-18.8	10	21	-52.4
150000-299999	28	38	-26.3	31	66	-53.0
300000-449999	30	22	36.4	33	28	17.9
450000-599999	9	2	350.0	15	11	36.4
600000-749999	2	3	-33.3	3	8	-62.5
750000-999999	8	2	300.0	8	10	-20.0
1000000 & Over	1	1	0.0	4	3	33.3
Grand Total:	**91**	**84**	**8.3**	**104**	**147**	**-29.3**

INVENTORY TREND

Listings Active At End Of Month



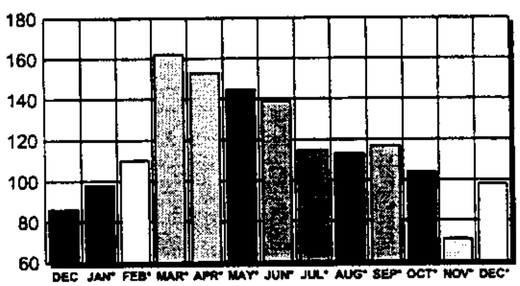
CONTRACTS

Single Family Homes

Price Range	New This Month 2000	New This Month 1999	New This Month % Change	Year-To-Date 2000	Year-To-Date 1999	Year-To-Date % Change
0-149999	11	12	-8.3	136	214	-36.4
150000-299999	33	35	-5.7	706	723	-2.4
300000-449999	32	27	18.5	366	299	22.4
450000-599999	12	4	200.0	126	88	43.2
600000-749999	3	5	-40.0	35	37	-5.4
750000-999999	6	0	600.0	41	32	28.1
1000000 & Over	1	1	0.0	15	8	87.5
Grand Total:	**98**	**84**	**16.7**	**1,425**	**1,401**	**1.7**

SALES TREND

Contracts Ratified Per Month



SETTLEMENTS

Single Family Homes

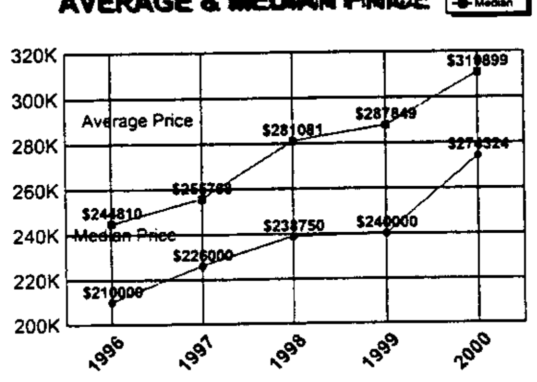
Price Range	New This Month 2000	New This Month 1999	New This Month % Change	Year-To-Date 2000	Year-To-Date 1999	Year-To-Date % Change
0-149999	15	15	0.0	139	210	-33.8
150000-299999	36	58	-37.9	708	744	-4.8
300000-449999	43	24	79.2	383	303	26.4
450000-599999	11	9	22.2	115	100	15.0
600000-749999	1	4	-75.0	36	42	-14.3
750000-999999	4	2	100.0	37	28	32.1
1000000 & Over	2	0	200.0	12	10	20.0
Grand Total:	**112**	**112**	**0.0**	**1,430**	**1,437**	**-0.5**

DATA SOURCE

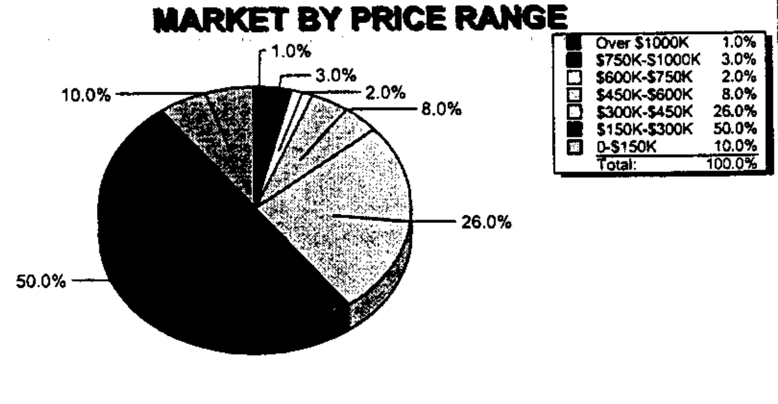
Metropolitan Regional Information System (MRIS)

NOTES: Properties not listed through this Multiple Listing Service are not reflected. The term "sales" represents ratified purchase contracts. Current year information is preliminary and subject to revision. Current year- to- date contract information may not equal the sum of the monthlycontract totals reported in previous issues. Prices are not adjusted for inflation.

AVERAGE & MEDIAN PRICE



MARKET BY PRICE RANGE



ALEXANDRIA CITY HOUSING REPORT

Residential Market Report

Condo/Co-ops

December 2000

LISTINGS

Condo/Co-ops

Price Range	New This Month 2000	1999	% Change	Total Active 2000	1999	% Change
0-49999	3	6	-50.0	2	12	-83.3
50000-99999	22	31	-29.0	46	115	-60.0
100000-149999	24	12	100.0	24	46	-47.8
150000-199999	14	5	180.0	6	13	-53.8
200000-299999	16	12	33.3	13	7	85.7
300000-399999	0	2	-200.0	2	1	100.0
400000-499999	1	1	0.0	2	1	100.0
500000 & Over	0	2	-200.0	2	3	-33.3
Grand Total:	80	71	12.7	97	198	-51.0

CONTRACTS

Condo/Co-ops

Price Range	New This Month 2000	1999	% Change	Year-To-Date 2000	1999	% Change
0-49999	4	4	0.0	72	53	35.8
50000-99999	26	19	36.8	501	325	54.2
100000-149999	21	13	61.5	411	281	46.3
150000-199999	13	8	62.5	125	120	4.2
200000-299999	9	12	-25.0	109	126	-13.5
300000-399999	0	4	-400.0	16	27	-40.7
400000-499999	1	2	-50.0	8	7	14.3
500000 & Over	1	2	-50.0	12	12	0.0
Grand Total:	75	64	17.2	1,254	951	31.9

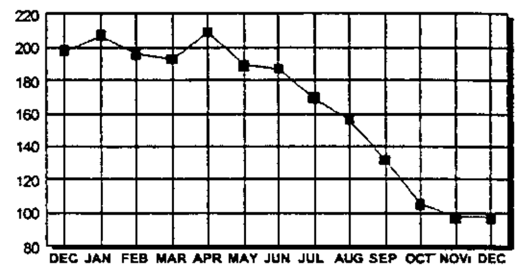
SETTLEMENTS

Condo/Co-ops

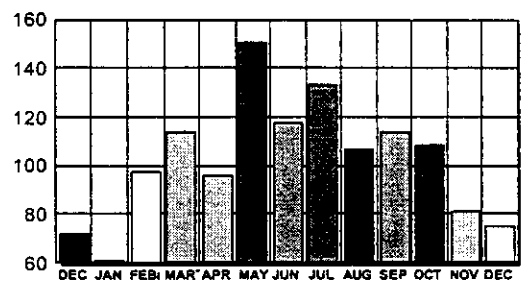
Price Range	New This Month 2000	1999	% Change	Year-To-Date 2000	1999	% Change
0-49999	3	7	-57.1	78	50	56.0
50000-99999	29	21	38.1	489	303	61.4
100000-149999	13	17	-23.5	391	273	43.2
150000-199999	9	2	350.0	128	113	13.3
200000-299999	12	14	-14.3	107	126	-15.1
300000-399999	1	2	-50.0	16	29	-44.8
400000-499999	1	4	-75.0	8	8	0.0
500000 & Over	2	3	-33.3	11	12	-8.3
Grand Total:	70	70	0.0	1,228	914	34.4

INVENTORY TREND

Listings Active At End Of Month



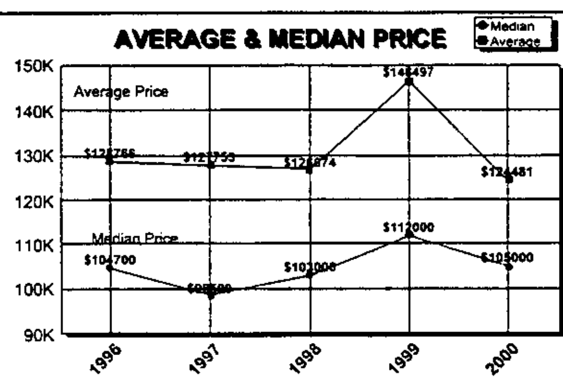
SALES TREND

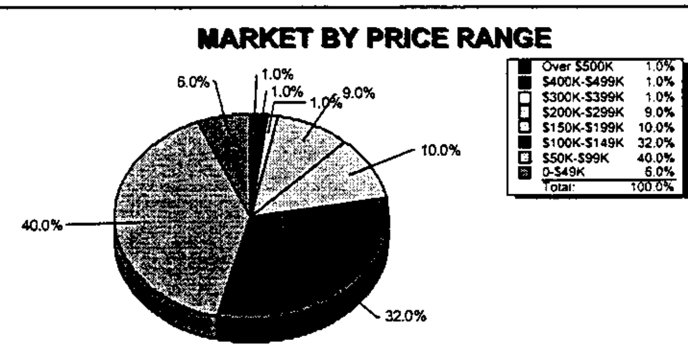


DATA SOURCE

Metropolitan Regional Information System (MRIS)

NOTES: Properties not listed through this Multiple Listing Service are not reflected. The term "sales" represents ratified purchase contracts. Current year information is preliminary and subject to revision. Current year- to- date contract information may not equal the sum of the monthly contract totals reported in previous issues. Prices are not adjusted for inflation.





Real Estate Trends - Northern VA - Fourth Quarter 2000

- The Northern Virginia office marketplace has emerged as one of the major technology centers in the nation and boasts more high-technology jobs than Silicon Valley. The unemployment level is well below the national average at 1.9 percent, as of December 2000. Northern Virginia has become one hosting, and software sectors. This area is considered by many the hottest of the top markets for companies looking for a high-technology presence on the East Coast particularly in the telecommunications, Internet, web office market in the nation as indicated by the furious pace at which tenants are leasing space.

- With such momentum fueling the Northern Virginia market, direct vacancy levels have decreased over the last 12 months from 5.4 percent to 3.6 percent, as of year-end 2000. Even though 5 million square feet (msf) of office product delivered in 2000, the class A direct vacancy rate decreased to a record low 2.9 percent, from 7 percent a year ago.

- With decreasing vacancy rates in Northern Virginia and in most submarkets, net absorption for the 2000 year topped that of 1999 by over 500,000 sf with 6.5 msf leased. The Tysons Corner and Reston/Herndon submarkets comprised the majority of net absorption occurring in Northern Virginia, with 1.1 and 2.2 msf, respectively.

- With vacancy rates falling and record net absorption, rental rates have soared to new highs. Direct rental rates for Northern Virginia have steadily increased by over 15 percent to $29.89 over the last 12 months. More impressive is the increase in the class A direct rental rate, which broke the elusive $30 barrier for the first time, at $30.91.

- Investment sales in Northern Virginia got off to a good start in the first 6 months of 2000. In the second half of 2000, buyers became more selective. A shift of interest to flex product has added to a weak third quarter with less than $275 million worth of office properties changing hands. However, late in the fourth quarter a few large building sales closed including Reston Executive Park, which sold for 109 million dollars and is one of the top building sales in Virginia in the last decade. Heading into 2001 buyers will continue to be cautious as they try to anticipate when rental rates will level off after their meteoric rise in 2000.