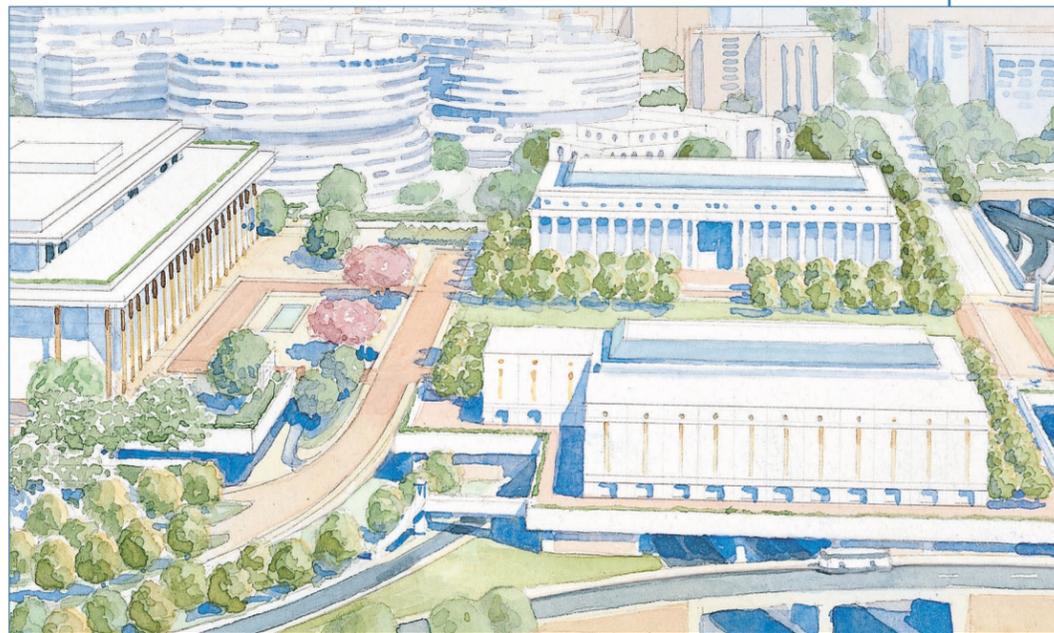


Development Economics

Development of the plaza provides the opportunity to create nearly eleven acres of new space in the District's Monumental Core. Enhancing the Center's setting with a lively and attractive plaza would create a legacy that transcends the more fundamental access improvements underlying its development. Considering the plaza's proximity to the Kennedy Center, it would be possible to develop two small buildings, while preserving sight lines to and from the main building and maintaining the Center's predominance in the landscape. Preliminary massing and configuration studies suggest that the two buildings could produce approximately 400,000 square feet of gross building area.



A development economic analysis was carried out to examine the maximum economic gain that could be derived from leasing the air rights associated with the plaza. It showed that an aggressive mix of office, retail, and hotel uses have the potential to generate between \$19 and \$25 million in land value. This value could be recaptured through a long-term lease. Over its entire term, the lease of air rights could recoup seven to nine percent of the plaza's construction cost.

The analysis did not evaluate the appropriateness of such uses, considering the plaza's proximity to a presidential memorial. Rather, it was intended to establish a baseline upon which to compare the economics of potential uses. Various proposals arose during the course of study, such as a National Music Conservatory and administrative, rehearsal, and related programming space for the Kennedy Center. While these uses would not generate revenues equal to a commercially-intensive mix, the potential clearly exists for either public or private development within the plaza.

Decisions about building uses or architectural designs were beyond the scope of this study. Agreements on uses would have to be reached during project planning and environmental reviews, which are discussed in the next section. Competitions would also be held to determine the design of the plaza and buildings.