

Executive Summary



EXECUTIVE SUMMARY

Skanska is excited to present our response to the West Falls Church Economic Development Project Request for Conceptual Proposals. The vision set forth by the City of Falls Church to create a vibrant mixed-use, urban destination that incorporates a healthy mix of land uses, transit-oriented development, educational adjacencies, enjoyable public spaces, and a sustainable approach to design is critical to the success of the site. Understanding these parameters, Skanska, along with Antunovich Associates (Architect) has developed a master plan for the site that highlights these principles and seeks to generate long-term revenue for the City of Falls Church and its citizens. The project team has also focused considerable attention on the appropriate balance of land uses and on the market realities of the site and believes our response addresses these issues in a thoughtful and realistic manner, incorporating the highest and best uses for the site.

PROJECT VISION

Critical to any successful project is a strong "Vision". In concert with the vision of the City of Falls Church, the team has outlined key attributes for the project site below:

- We will create a truly unique place
- It will be one of the premier locations within the City of Falls Church and as such demands a plan that is compelling and inviting
- An inviting gateway into the City of Falls Church
- A link to the surrounding neighborhoods and a beacon to entice exploration from adjacent communities
- A sustainable, mixed-use development that expands the community's cultural and civic offerings
- The development will offer community enhancing open spaces and educational opportunities
- Noteworthy elements of our vision include views, porosity, connectivity, open space and a retail promenade within the property
- The retail promenade will feature a destination retail experience that includes dining and shopping with a public green space to host numerous public events and movies
- Hospitality with retail and entertainment opportunities
- A place/destination for families and individuals of the community and visitors to the area
- A long-term revenue generator for the City of Falls Church

Vision Statement:

"Our goal is to make one want to be there, to visit, recreate, live, work and dine. This property should be in the hearts and minds of the City of Falls Church and the neighboring communities as one of the great destinations, a place that is visually compelling from afar and exciting within. The program of uses and amenities are equally important to creating a truly connected, mixed-use, urban destination and critical to financially supporting the City of Falls Church and gaining the support of its citizens."

DEVELOPER EXPERIENCE & FINANCIAL CAPABILITY

Skanska is uniquely positioned to partner with The City of Falls Church on this project based upon our financial strength, our depth of in-house experience and local expertise. Our focus is on the development of mixed-use, transit-oriented developments in core urban markets. Skanska has the financial capability to self-finance our projects and partner with a variety of stakeholders in complex large developments. In addition to the commercial development business, Skanska operates a building construction business and a civil construction business that help execute on our development projects. Historically the Skanska development platform has been predicated on 100% equity (Skanska balance sheet) to fund ground-up development in key urban areas, typically without any pre-leasing. This platform provides our development teams the freedom (i.e. no oversight from traditional institutional investors or lenders) to be thoughtful and to experiment with innovative approaches and techniques to improve overall quality and marketability of our projects. This approach, however, requires a significant amount of Skanska capital, resulting in disposition of the projects at stabilization or at an opportune time in the market to maximize value for our shareholders (See Appendix B for Skanska 2017 Annual Report) and generate additional capital. More importantly, we also have the option to proceed with projects on an all equity basis if the market timing is attractive and construction financing is unavailable. We believe that the ability to fund projects on an all equity basis is key to successfully implementing a long term, phased development as the projects may occur over several real estate cycles and be subjected to variable conditions in the debt and equity markets. In other words, Skanska has the ability to perform and execute independently of the unpredictable cycles. The Skanska project team collectively has extensive experience in planning and entitling residential, mixed-use office and retail projects. They have delivered over 5,000 residential and condominium units and over 9 million square feet of mixed-use office and retail. Our experience in the Northern Virginia/Washington, DC region is extensive and our consultants amplify this experience as well. (See Appendix C for Skanska USA Commercial Development – Washington, DC Experience Workbook)

DESIGN TEAM AND PROJECT CONCEPT

Utilizing the principles outlined in our vision statement and to create a project concept for the site, Skanska enlisted the invaluable assistance of Antunovich Associates based in Arlington, VA. The Firm possesses a broad range of professional expertise that encompasses both private and public sector work. This experience includes the master planning of university campuses and large mixed-use commercial developments; programming and design of corporate campuses; higher education facilities; museums; historic preservation and adaptive re-use projects; residential and mixed-use complexes; speculative office buildings and retail stores; brand design; hospitality; and senior living. Locally, Antunovich Associates is extremely well known for their work designing The Market Common Clarendon, master planning Potomac Yards in Alexandria, VA, and re-envisioning the Uline Arena in Washington, DC. Their vast range of product and planning experience made them a perfect fit for this site and the necessary master planning exercise and design study.

Together Skanska and Antunovich Associates collaborated on a concept for the site. After significant study, the team agreed that to achieve the most successful project, the development of the site will require a balanced mix of uses to create the most compelling environment to serve and attract the tenants, visitors and community that will use the development. We believe that the highest and best use of this site comes from a mixed use plan that achieves higher density with the B-2 zoning and the comprehensive plan amendments approved by the City in January 2018. Critical to this discussion is the question of “density balance” and what is appropriate at the site. Density does not always add value but in this case the unique opportunities presented by this site demand increased density and a thoughtful program that provides for an 18-hour/7-day a week, mixed-use environment. We envision a location that highlights a mix of uses including retail, office, educational, residential (for-rent, senior living), and hospitality interspersed among inviting pedestrian and public gathering spaces.

As outlined in our Project Approach section of the RFP, Skanska's concept includes a phased approach to the project incorporating three phases of development with over 1.1 million square feet of development on the site. The mix of uses include 225,000 SF of Office/Education space, 117,000 SF of retail space strategically interspersed throughout the project, 170 room hotel –limited service, 140 units of senior living housing, 720 for-rent residential units in three distinct projects, and over 1,500 parking spaces to service the various uses.

Phase I: Includes an office/education building, 255 units of rental apartments, 40,000 SF of retail, pocket parks and retail alley, the village green, and an 860-space parking garage.

Phase II: Includes a 170-room hotel, 150 units of rental apartments, 52,000 SF of retail, and 140 units of senior living, and additional parking for the hotel, retail and apartment components.

Phase III: Includes 320 units of rental apartments, 25,000 SF of retail, and a pocket park and additional parking the residential and retail components.

The planned phasing will allow the project to develop in an incremental nature, creating a sense of place instantly, and building upon that place as the site continues to develop further. While this is our best estimate of product by phases, the timing and mix of the various phases will be driven by current market conditions and subject to adjustment as the project evolves.