

REQUEST FOR INTEREST

DIAMOND DISTRICT RICHMOND, VA

This is a prime mixed-use redevelopment opportunity in the center of the nation's eastern seaboard.

Issuance Date: December 28, 2021

Submission Due: February 15, 2022 at 3 P.M. ET

Neither Chapter 21 of the Code of the City of Richmond nor the Virginia Public Procurement Act apply to this RFI.

CONTACT

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Department of Planning and Development Review

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Richmond, Virginia Overview

The City of Richmond, Virginia is pleased to issue this Request for Interest (RFI) to solicit creative development responses from financially capable and experienced development teams interested in redeveloping 67.57 acres of under-developed, publicly-owned property along the I-95 east coast corridor into a mixed-use, mixed-income urban destination anchored by a regional baseball stadium. The City rebranded the redevelopment site as the "Diamond District".

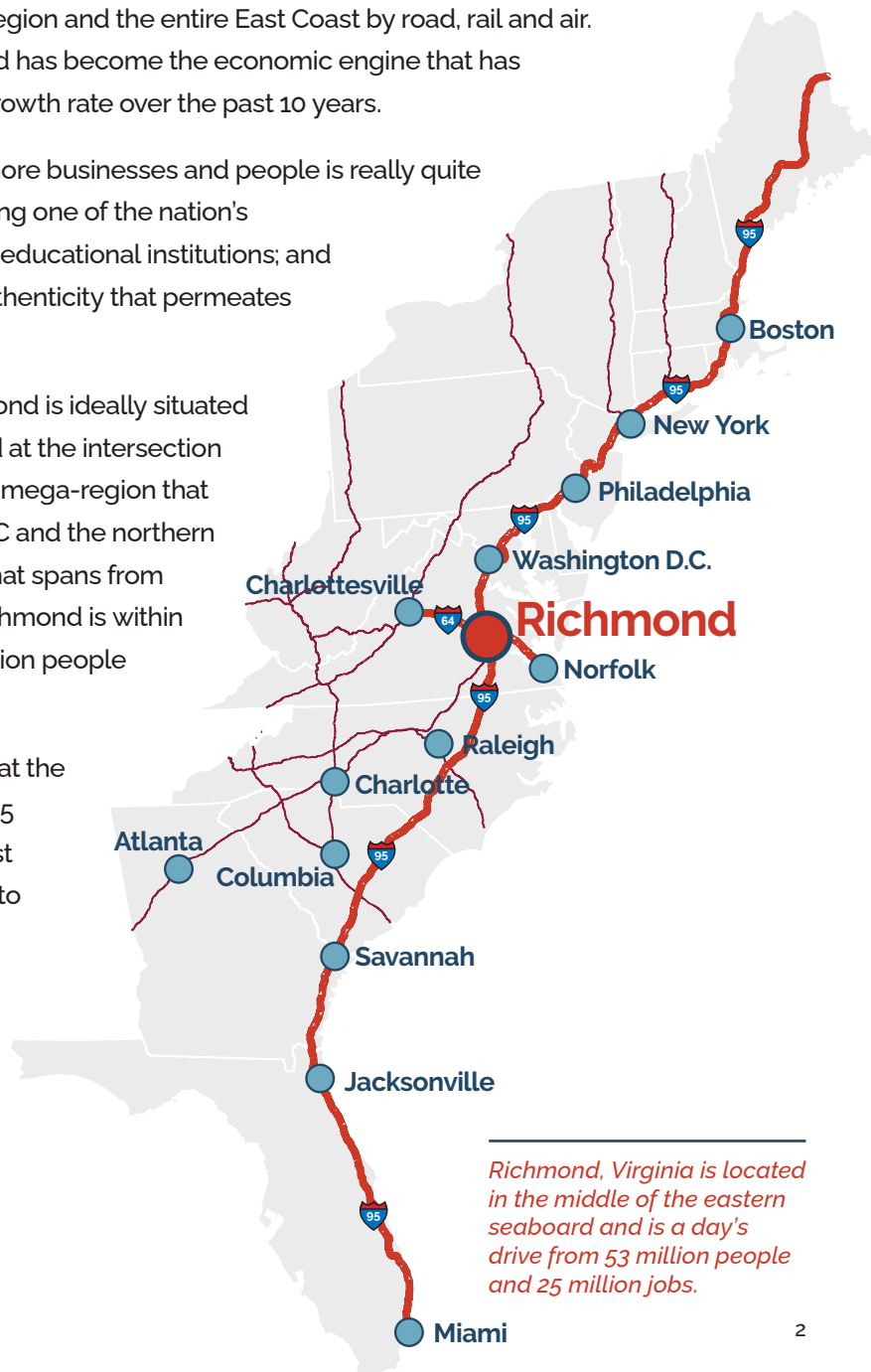
The Diamond District is located at the crossroads of I-64/I-95 and North Arthur Ashe Boulevard — offering unparalleled access to the region and the entire East Coast by road, rail and air.

This is just one reason why Richmond has become the economic engine that has helped generate an 11.7% regional growth rate over the past 10 years.

The reason Richmond is attracting more businesses and people is really quite simple: It's a great place to live: offering one of the nation's best and most diverse collections of educational institutions; and a feeling of cultural and historical authenticity that permeates every nook and cranny.

And then there's the location. Richmond is ideally situated in the center of the eastern seaboard at the intersection of the southern end of the northeast mega-region that spans from Boston to Washington DC and the northern end of the southeast mega-region that spans from Atlanta, to the Research Triangle. Richmond is within a day's drive of approximately 53 million people and 25 million jobs.

The Diamond District is also located at the crossroads of interstate highways I-95 and I-64 that connect Richmond west to Charlottesville (1.25-hr drive), east to the Hampton Roads region and the largest naval base in the world (2-hr drive), north to Washington DC (1.5-hr drive) and south to the Raleigh-Durham and Chapel Hill area (2-hrs).



Richmond, Virginia is located in the middle of the eastern seaboard and is a day's drive from 53 million people and 25 million jobs.



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Home to Fortune 500 companies and world-renowned colleges and universities

- The region is home to seven Fortune 500 companies and 12 Fortune 1,000 companies. Thirty-eight of the top 50 regional employers are within 10 miles of the Diamond District.
- The Diamond District is located near two institutions of higher learning. Virginia Union University (VUU), a Historically Black College and University (HBCU), is located a quarter mile from the site and the Virginia Commonwealth University (VCU) Monroe Park Campus, one of the nation's top public institutions of fine arts, is located one mile from the site. VCU is currently developing plans to create a 40-acre athletic village immediately east of the site across Hermitage Road.
- The University of Richmond, Reynolds Community College, and VCU medical school campuses are located only a few miles from the Diamond District.
- Together, all institutions of higher-education graduate 11,000 students annually, creating a robust pipeline of qualified employees to grow Richmond's businesses.



Just 3 miles from the historic James River and 4 miles to downtown, the Diamond District is a prime redevelopment site, ideally located at the crossroads of I-64/I-95 and North Arthur Ashe Boulevard—offering unparalleled access to the region and the entire East Coast by road, rail and air.



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Richmond continues to attract investment and jobs

A highlight of recent announcements includes:

- [CoStar Group](#) announced a \$460 million campus expansion that will feature a 26-story LEED Platinum office tower in Downtown Richmond. CoStar will add 2,000 jobs on top of its current 1,000 Richmond-based employees.
- [Aditx Therapeutics](#), a bio-tech company, announced plans to build a state-of-the-art facility and create over 300 new jobs in the Virginia Bio+Tech Park.
- [Vytal Studios](#), a technology-based education and training content developer and producer, will invest \$6.8 million to relocate its corporate headquarters from Austin, Texas to Richmond.

Recent accolades

- Top 10 metro for corporate headquarters – Business Facilities Magazine
- #1 State for Business – CNBC
- #3 in the top-10 Cities that People are Moving to During the Pandemic – LinkedIn
- #3 Best City for Street Art – USA Today
- One of the 50 Best Places to Travel in 2021 – Travel + Leisure
- #27 of the 100 Best Cities to Live in 2021 – Livability
- #50 of 150 Best Places to Live in 2021-22 – U.S. News and World Report
- [Richmond 300: A Guide for Growth](#) recognized as the [best comprehensive plan](#) in the nation in 2021 by American Planning Association



The James River is a major destination for its hiking and biking trails, parks, and water sports on class II to III+ rapids (left photo). USA Today recognized the robust street art scene in Richmond by ranking it #3 in the Nation for street art (right photo).



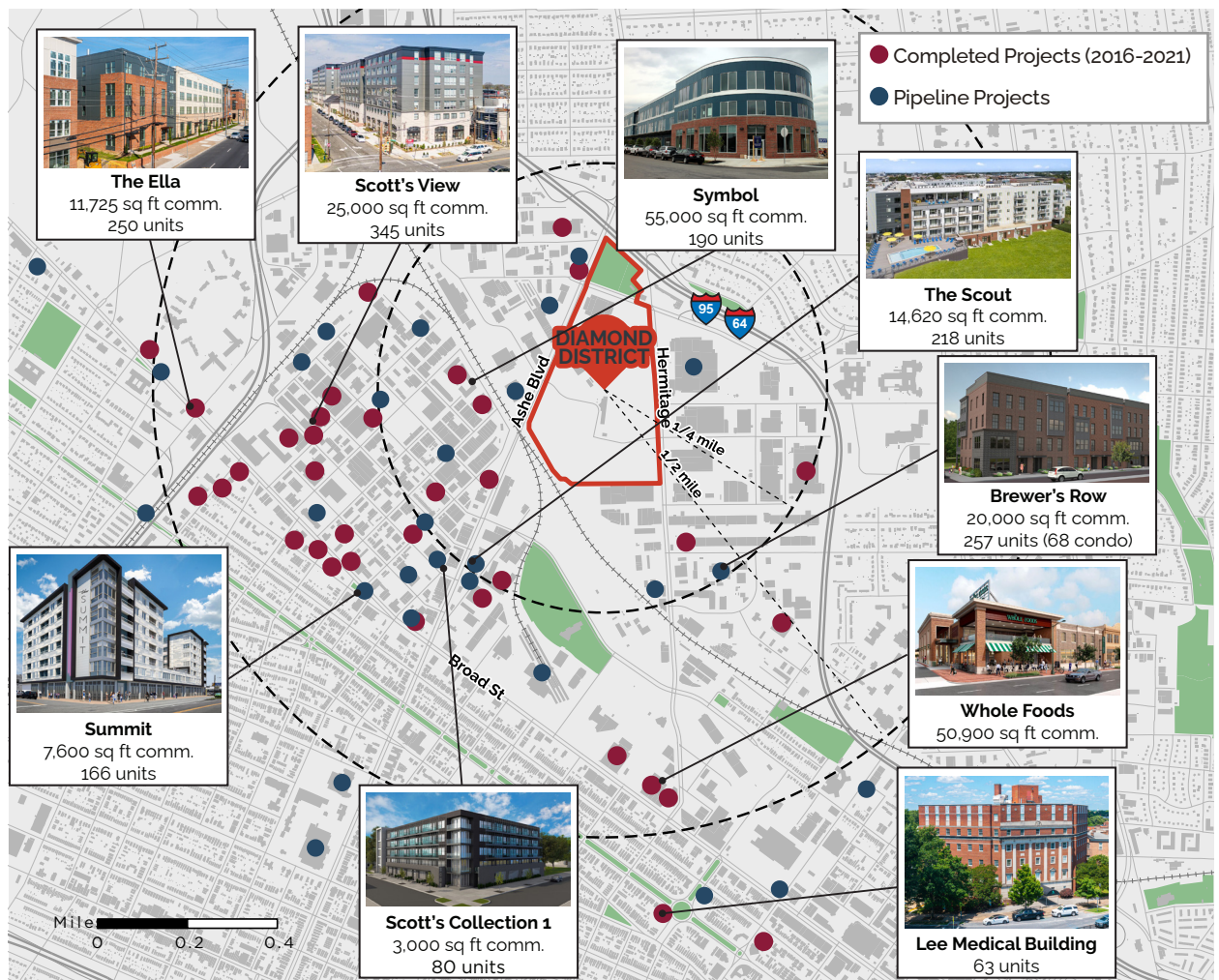
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Diamond District Overview

Key investments have been made...and will continue

The area surrounding the Diamond District has seen a substantial increase in investment over the past several years—with more investment in the pipeline.

- Nearby investments from 2016 to 2021 include 35 projects that resulted in 2,260 residential units and 500,000-sf of commercial space. An additional 28 projects currently under construction or planned will add 2,690 units and 100,000-sf of commercial space. See the Appendix A for the Market Analysis.
- Local museums are engaged in significant capital projects. The Science Museum of Virginia is developing a \$7 million park along Broad Street; the Virginia Museum of Fine Arts is planning a \$190 million expansion; and the Virginia Museum of History and Culture is investing \$30 million in renovation and expansion projects.



From 2016 to 2021, 35 projects near the Diamond District produced 2,260 residential units and 500,000-sf of commercial space. Another 28 planned or under construction projects will add 2,690 units and 100,000-sf of commercial space.

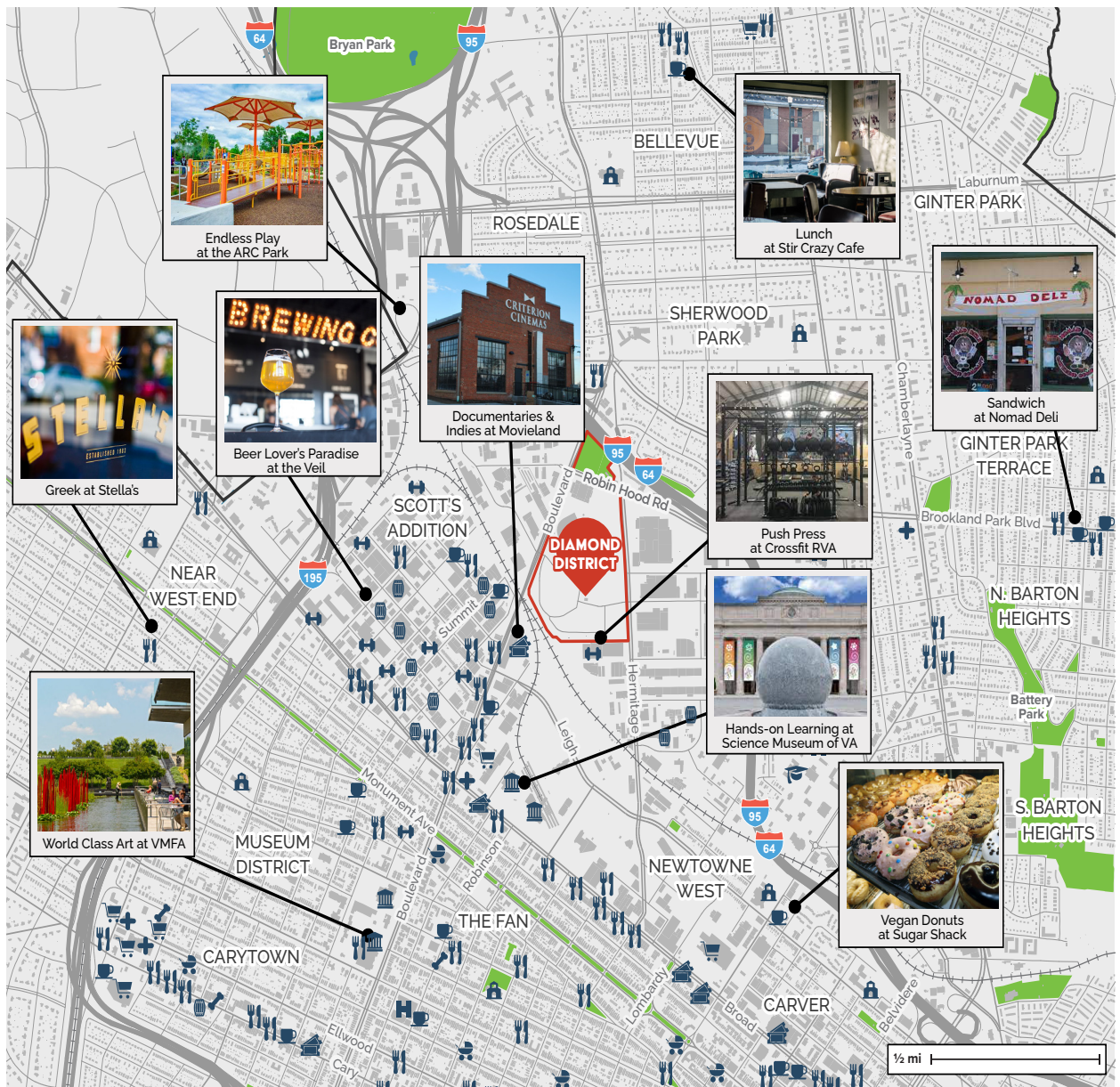


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A closer look at the surrounding area

The Diamond District is located near several strong residential markets, such as Sherwood Park, Laburnum Park, Ginter Park, the Fan, the Museum District, and Carver, and three rapidly growing mixed-use areas, Scott's Addition, Sauer Center, and the Ownby District.

- The Diamond District area is north of established and growing mixed-use neighborhoods (Scott's Addition, the Sauer Center, the Fan, and the Museum District) and south and east of strong residential communities (Sherwood Park, Laburnum Park, Rosewood, Edgewood, Ginter Park, and other Northside neighborhoods).



The Diamond District is surrounded by strong residential and mixed-use neighborhoods with beloved and popular food, beverage, and entertainment destinations.



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- Northside neighborhoods nearby include Bellevue, Ginter Park, Rosedale, Sherwood, Edgewood, Barton Heights, and others featuring a wide range of home styles from small bungalows to large four square homes on tree-lined streets with sidewalks that connect to small parks and quaint commercial corridors like MacArthur Avenue and Brookland Park Boulevard.
- Scott's Addition is a mixed-use industrial neighborhood that features new apartment complexes, businesses, maker spaces, breweries, cideries, distilleries, fitness studios, barcades, and every day seems to add more exciting uses in renovated industrial buildings along with new construction.
- The Carver neighborhood is also listed in the National Register of Historic Places with a period of significance between 1840 and 1920. The neighborhood developed into a community of primarily working class residents and by 1930 had become a strong African American community. The architectural styles represented are from the nineteenth century, most frequently Italianate and Greek Revival.
- The Near West End features pre-war homes under an impressive canopy of trees on streets with sidewalks that connect to small commercial districts. The Near West End is home to Windsor Farms, one of Richmond's first "suburbs" which has very large homes (over 3000 sf each) that range from \$600k to over \$2 million.



Northside neighborhoods feature tree-lined streets with sidewalks that connect to small parks and quaint commercial corridors like MacArthur Avenue and Brookland Park Boulevard.



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- The Museum District is home to the Virginia Museum of Fine Arts and the Virginia Museum of History and Culture and is a neighborhood that features mostly single-family homes with a sprinkling of commercial destinations within the neighborhood, like Boho Cycle Studio, Northside Juice Co. and Black Hand Coffee.
- Carytown is defined by the commercial retail strip on Cary Street that is home to quirky clothing stores, a wide range of restaurants, and a historic movie theater that shows recent blockbusters for discounted tickets and features music from an organ on a hydraulic lift on Saturday nights. Every spring Carytown hosts the French Film Festival, which is the largest French Film festival outside of France and draws Francophiles from all over North America.
- The Fan is listed in the National Register of Historic Places and features beautifully renovated Victorian-era homes nestled in a very walkable, urban neighborhood with excellent access to pocket parks and retail within walking distance. The Fan is on the western edge of VCU's Monroe Park Campus.



Carytown is home to quirky clothing stores, a wide range of restaurants, and a historic movie theater that shows recent blockbusters for discounted tickets and features music from an organ on a hydraulic lift on Saturday nights.



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All the pieces are in place

- **Site Preparation:** The City has been preparing for the redevelopment of the Diamond District for a number of years and in the process has relocated city functions, demolished buildings, and remediated the site with the exception of the existing baseball stadium and the Arthur Ashe Jr. Athletic Center (AAJAC).
- **America's pastime:** The Richmond Flying Squirrels are the Double-A affiliate of the San Francisco Giants. The Diamond baseball stadium was built in 1985 and is the second oldest baseball stadium in Double-A baseball. The team has a total annual attendance of 400,000 ranking third highest attendance of Double-A baseball teams and 23rd among all minor league teams in 2019.
- **Favorable zoning:** The Diamond District was recently rezoned by the City to a Transit-Oriented Development (TOD-1) zoning district from a manufacturing zoning district to reposition the site in accordance with the City's national award-winning comprehensive plan, Richmond 300: A Guide for Growth. The areas immediately surrounding the Diamond District were also included in the rezoning to transform the entire area into a regional mixed-use, mixed-income destination.
- **Access to public transportation:** The Diamond District Site is within a $\frac{1}{4}$ mile walk of the City's east-west Pulse Bus Rapid Transit line, which opened in 2018 and has outperformed ridership goals. The public sector invested over \$40 million in the Pulse Bus Rapid Transit line on Broad Street. The area is also directly served by bus route #20, which connects Northside neighborhoods to Scott's Addition, Carytown, and the City's Southside.

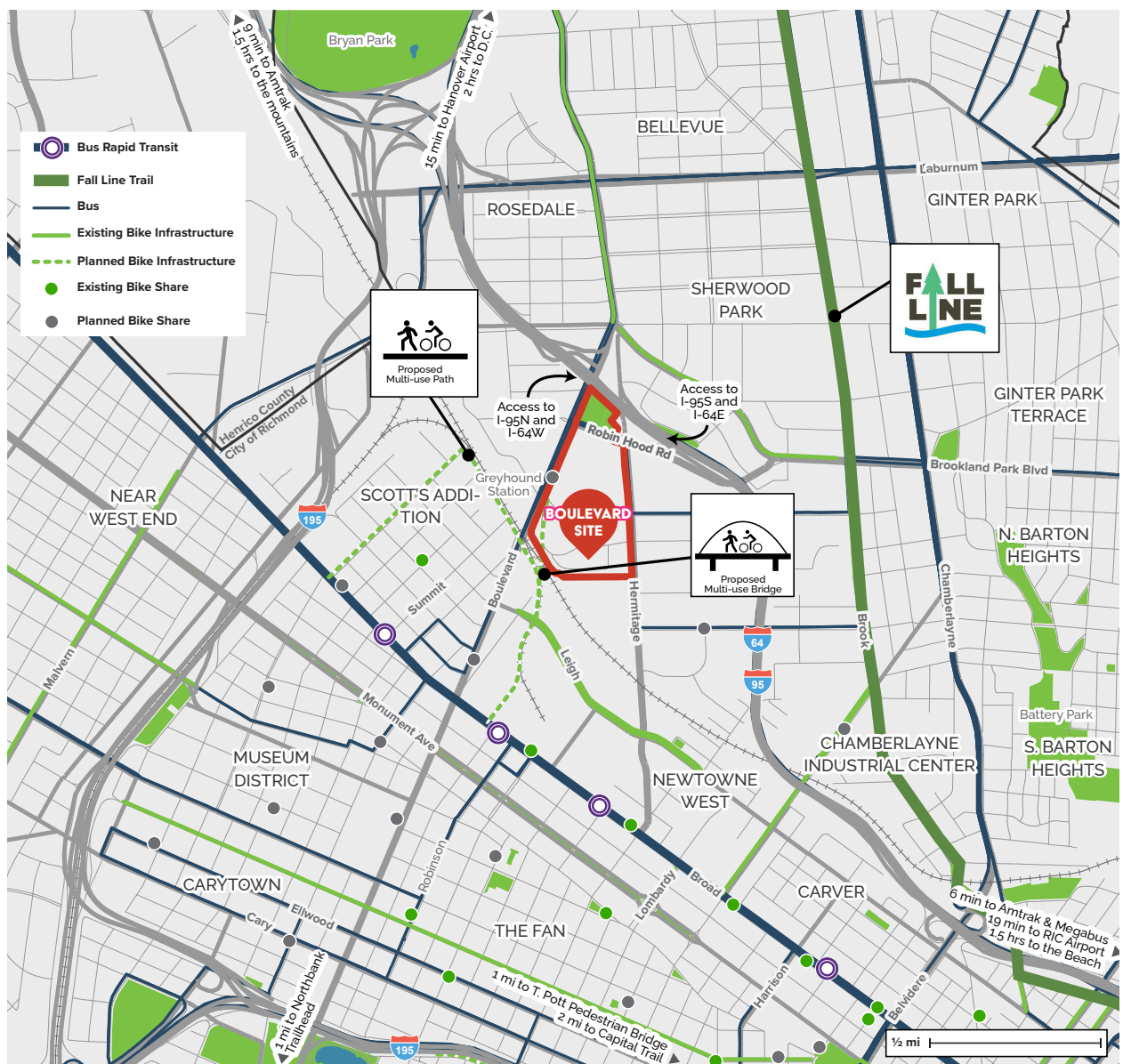


The Flying Squirrels have the third highest attendance of Double-A baseball teams and play in the second oldest baseball stadium in Double-A baseball (top). The Squirrels host fireworks displays on many game nights (middle). The Pulse Bus Rapid Transit line is a $\frac{1}{4}$ mile from the Diamond District (bottom).



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- **Bike access:** The City, the region, and the state are planning a 43-mile multiuse trail, known as the Fall Line, which will travel through Richmond to connect the historic town of Ashland and the cities of Richmond and Petersburg. The Fall Line trail alignment will travel along Brook Road, located one half a mile from the Diamond District. The Fall Line trail is fully funded. The Commonwealth of Virginia and the City have also an funding for a greenway trail connecting the Science Museum to Scott's Addition.



Richmond is committed to multi-modal transportation—with new bike lanes opening every year; investments like the \$40m+ Pulse Bus Rapid Transit (opened in 2018) and the \$10m T. Pott Bridge; and recent funding announcements for multi-use paths in Scott's Addition and the 43-mile Fall Line Trail.



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The Opportunity

The Diamond District has unparalleled access to the region and the entire east coast via highways and is a 20-minute drive to the Richmond International Airport. The City of Richmond owns 60 acres and Virginia Commonwealth University owns 6.6 acres of the property in the Diamond District. The City desires to have the Diamond District redeveloped into a mixed-use, mixed-income urban live-work-play destination with a new baseball stadium as a major entertainment anchor.

More about the site

The Diamond District is currently home to a baseball stadium, surface parking, the Arthur Ashe Jr. Athletic Center, Sports Backers Stadium, a recreational baseball field, vacant land, and streets, as shown in the aerial map. See Appendix B for more information about the parcels.

	Address	Owner	Acreage
A	3101 N. Arthur Ashe Blvd	City of Richmond	5.481
B	3017 N. Arthur Ashe Blvd	City of Richmond	4.015
C	3001 N. Arthur Ashe Blvd	City of Richmond	9.32
D	2909 N. Arthur Ashe Blvd	City of Richmond	12.15
E	2907 N. Arthur Ashe Blvd	City of Richmond	19.1
F	2911 N. Arthur Ashe Blvd	VCU	6.604
G	2728 Hermitage Rd	City of Richmond	10.9
Total Acreage			67.57



The Diamond District property is 67.57 acres.



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Diamond District Vision

Richmond 300: A Guide for Growth, the citywide Master Plan, includes a small area plan for the Greater Scott's Addition area (see Appendix C for the master plan excerpt). The vision and accompanying imagery from the Richmond 300 plan provides an illustration of how the Diamond District could be transformed. The plan provides a general vision for future development; however, exact locations of buildings and features need not be replicated.

This City sees this general area as a series of neighborhoods that provides new employment and housing developments connected by a series of open spaces and a transportation network that support families and aging-in-place. The variety of housing options and employment should provide housing opportunities for low-income, moderate-income, and high-income households.

The City anticipates the development project or projects will include demolishing the existing baseball stadium and constructing a new baseball stadium just south of the existing baseball stadium along North Arthur Ashe Boulevard that could integrate other retail, residential or commercial uses wrapped around all or a portion of the stadium. Uses along the remaining section of North Arthur Ashe Boulevard as well as along Hermitage Road should include a new signature park that complements the new stadium development and connects people to smaller parks and greenways that in turn connect all of the various mixed-use elements of the Diamond District. Visitors to the larger Greater Scott's Addition area should have the option to safely arrive by foot, bike, bus, or car. Vehicular parking should be located within structured parking (within mixed-use buildings) located around the edges of the Diamond District to encourage drivers to park once and visit multiple destinations within the District and the Greater Scott's Addition area.



This conceptual aerial from the Richmond 300 master plan shows a signature park, which anchors a series of green spaces that connect a new baseball stadium, residential areas, and employment.



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Project Goals

The City anticipates that **an ideal project** would include the following:

Development Components

- **Infrastructure:** Upgrade water, sewer, road and other infrastructure to support development plans. Development should incorporate substantial water quality and stormwater management improvements and an increase in pervious surfaces and greenspaces.
- **Baseball Stadium:** Deliver a new baseball stadium built to the new MLB standards for minor league baseball stadiums. The new baseball stadium will be used by the Flying Squirrels (70 games annually) and the VCU baseball team (30 games annually), as well as host events at least another 100 days each year. The City desires to have a new baseball stadium within the Diamond District site, provided that the development of said baseball stadium does not require City financing or, in the alternative, minimizes any City financing to the greatest extent possible. The current Diamond baseball stadium does not meet MLB standards for minor league baseball stadiums. Renovating the current Diamond baseball stadium to meet MLB standards is not feasible. The Flying Squirrels will need a new baseball stadium for the 2025 season. See Appendix D for the Ballpark Feasibility Analysis.
- **Sports Backers:** Enable the City, VUU, VCU and the Sports Backers to relocate the Sports Backers Stadium functions and redevelop the current Sports Backers site as part of the larger Diamond District redevelopment.
- **Arthur Ashe Jr. Athletic Center:** Assist the City in relocating the functions at AAJAC, demolishing the current building, and redeveloping the current AAJAC site as part of the larger Diamond District redevelopment.
- **Office:** Develop signature Class-A office space, or spaces, addressing needs of employers and employees in our new pandemic-influenced world.
- **Residential:** Create a significant number of new housing units with a mix of rental and for-sale products in varying housing types (e.g. multifamily, two-over-two condos and townhomes). Include rental units affordable to households with incomes as low as 30% of the Area Median Income (AMI) to households earning 110% of the AMI. Include for-sale units affordable to households with incomes as low as 70% of the AMI.
- **Hotel:** Develop a signature hotel with meeting spaces to support the business, tourism, and entertainment activities. The hotel should be easily accessible and visible from I-95/I-64.
- **Retail:** Integrate retail uses at ground level where appropriate to support the daytime and nighttime needs and activities of the new community.
- **Parking:** Utilize a shared parking strategy with on-street parking, underground parking decks, wrapped parking decks, and ideally no surface parking (except on-street parking).



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The Richmond 300 master plan includes a rendering of what the signature park could look like in the future.

- **Transit:** Design the site to take advantage of existing bus service on North Arthur Ashe Boulevard and Hermitage Road and incent demand for expand bus service.
- **Bicycle & Pedestrian:** Prioritize walking and biking on all streets and provide bike racks and bike lanes or shared-used paths.
- **Public Open Space:** Develop a series of open public spaces that are connected to one another.
- **Phasing:** Follow a phasing strategy that includes in the first phase the delivery of a new baseball stadium by opening day in 2025 and include a phased approach for developing the rest of property.
- **Quality Design:** Utilize high-quality, distinctive architecture that establishes a visible landmark location from the highway and creates a sense of place at street level. Maximize the by-right zoning and/or consider special use permits to increase height or density.
- **Sustainable Development:** Incorporate state-of-the-art technology for new construction or rehabilitation of existing spaces that promotes innovative and sustainable building methods that create a healthier, more vibrant, economically competitive and resilient community.



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The Richmond 300 master plan includes this complete street illustration showing a street designed and operated to enable safe access for all users, including pedestrians, bicyclists, motorists, and transit riders while also incorporating stormwater infrastructure

Community

- **New Neighborhood:** Develop a new city neighborhood with a unique brand and place identity including a grid street network that prioritizes walking, biking, and taking bus transit.
- **Families and Children:** Incorporate features, destinations, and amenities that welcome families and children, which may include, but are not limited to parks, playgrounds, daycare facilities, and recreation.
- **Connectivity:** Connect the redeveloped area to the surrounding neighborhoods.
- **Sustainable District:** Utilize a systems approach to create a resilient and sustainable district featuring items such as high-performance building systems, renewable energy production, storm water management, and multimodal, mixed-use, mixed-income compact living.
- **Legacy:** Continue to honor Arthur Ashe Jr.'s legacy.
- **Employment:** Create meaningful employment opportunities for local residents paying, at a minimum the higher of the prevailing wage rate for the City of Richmond or \$15/hour during both the construction and operations of the development. Use union employees for a portion of the construction activities.



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- **Diversity:** Implement the development program with a diverse, inclusive development team and with diverse equity and ownership participation.
- **Minority Business Enterprises and Emerging Small Businesses:** Include minority business enterprises and emerging small businesses in the development, design, financing, construction management, ownership, equity, and construction of project. Also include minority business enterprises and emerging small businesses as contractors/vendors in the operations of buildings, and as tenants in office and retail spaces.

Fiscal

- **Revenue:** Generate significant new revenues for the City—potential sources include revenues from direct contractual payments to the City (e.g., a one-time upfront payment for purchase of the real estate) as well as increased annual tax revenues (e.g., real estate, BPOL, sales, lodging, meals, and admissions).
- **Financing:** Utilize financing approaches that minimize public investment and risk and maximize private investment.
- **Community Fund:** Create a fund to support technical assistance and training for minority business enterprises; offset costs for minority business enterprises to lease commercial space in the project; and fund post-secondary scholarships for Richmond Public School students eligible for free or reduced lunch.



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Selection Process

This RFI is the first stage of a two-part selection process.

Part 1—Request for Interest (RFI)

- **Submissions due:** February 15, 2022 at 3 P.M. ET
- **Evaluation:** Submissions will be evaluated by an Evaluation Panel in February/March 2022. The Evaluation Panel will be comprised of City professional staff, Council members, and VCU staff.
- **Shortlist:** In March 2022, the Evaluation Panel anticipates announcing a short-list of RFI respondents who will be invited to respond to the RFO

Part 2—Request for Offers (RFO)

- **RFO Release & Submission:** The Evaluation Panel will invite the shortlisted RFI respondents to respond to a Request for Offers that will require additional information – which may include items such as conceptual site plans, detailed development program including financial modeling, parking plan, renderings, as well as detailed proposed business terms for the development.
- **Selection:** The City Administration anticipates negotiating a development agreement (and other contractual documents, as applicable) with one or more selected respondents in Summer 2022. Ultimately, at its discretion, the Evaluation Panel may choose to recommend one development team or multiple development teams for different portions of the redevelopment project, different phases of the project, either or both. Any and all transactions will be subject to approval by the Richmond City Council. Approval by other public bodies may be required for some aspects of the project, depending on the final development program.

The City of Richmond reserves the right, at its sole discretion to:

- Request clarifications
- Terminate consideration of any respondent for any reason and at any time
- Modify, suspend, discontinue, or terminate the process described herein at any time for any reason
- Change or deviate from the dates identified in this RFI
- Conduct investigations with regard to the qualifications and experience of any development team or partner thereof; and
- Take any other action in regards to the property that it deems is in the best interest of the City.

The preparation of a response shall be at the expense of the respondent. The City will not reimburse respondents for any costs associated with the preparation or submittal of a response.



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Important Dates

The following is a tentative schedule the City plans to follow. The City reserves the right to alter this schedule at any time, with or without prior notice, and will post any changes on its website.

December 28, 2021: RFI released.

January 12, 2022: Pre-submission virtual meeting at 1 P.M. ET held via MS Teams. [Complete this form to register for the meeting.](#) The meeting will be recorded. Respondents are not required to attend the virtual meeting.

January 19, 2022: Pre-submission tour in Richmond from 10 A.M. ET. [Complete this form to register for the tour.](#) Respondents are not required to attend the tour.

January 21, 2022: Written questions due by 11:59 P.M. ET to Maritza Mercado Pechin via email at maritza.pechin@rva.gov

January 26, 2022: Responses to written questions posted by 5 P.M. ET.

February 15, 2022: RFI Submissions due by 3 P.M. ET

March 2022: RFI evaluation complete / short-listed respondents invited to respond to RFO.

April/May 2022: RFO submissions due.

Spring/Summer 2022: Development team(s) selection announcement and City Council approvals.



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RFI Evaluation Criteria

The City of Richmond will review each submission based on this general list of criteria:

Development Team

- Years and breadth of the development team's experience
- Scope of services provided including real estate management and development; marketing and public relations; architecture and design; landscape architecture; engineering and construction; and baseball stadium development (if included in response)
- Financial capability to complete the project
- Strength of professional, financial and project references
- Diversity of team and ownership structure

Urban Mixed-use Experience

- Experience with urban redevelopment
- Experience with similar sports entertainment redevelopment projects
- Capability to fulfill office component and attract new-to-market office tenants
- Capability to fulfill mixed-income residential component
- Capability to fulfill a hotel component
- Capability to fulfill retail component and attract retail tenants
- Capability to fulfill a minor league baseball stadium
- Experience successfully overcoming barriers to site redevelopment
- Experience incorporating public spaces into redevelopment
- Successful reconciliation of private sector site needs with municipal/community desires
- Proven capacity to deliver the project requirements on time and on budget
- Extensive experience with private only and public/private project financing mechanisms

Equitable Development Benefits

See Appendix E for Anticipated Minimum Community Benefits Requirements

- Inclusion of affordable for-sale and rental housing units
- Implementation of a development program that includes a diverse, inclusive development team and diverse equity participation, and that creates diverse and inclusive opportunities for the business community, including Minority Business Enterprises and Emerging Small Businesses, in development, design, construction, and ongoing operation.
- Potential to create new employment at a mix of skills and abilities
- Potential to act as a catalyst for economic development in the area
- Impact to increase tourism and the Richmond sports and entertainment community
- New open green space connected throughout the site and to adjacent communities
- Site-wide and building-specific sustainability and resiliency features



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- Potential to enhance the meaningful employment opportunities available to local residents through workforce training programs and the creation of sustainable and well-paying jobs with benefits and upward economic mobility

Project Understanding and Financing Approach

- Understanding of and approach for accomplishing the city's goals and desires for the project
- Approach to evaluating the market and determining the appropriate mix of uses
- Approach to incorporating/activating public spaces on site
- Approach to project financing demonstrated by explanation of potential public and private sources
- Utilization of financing approaches that minimize public investment/risk and maximize private investment
- City cost avoidance (e.g. infrastructure and public amenities constructed by the development team)



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Submission Requirements

The City of Richmond is currently interested in selecting a development team (or teams) that can redevelop the Diamond District. Each development team should outline its unique vision that creates a sense of community by offering many ways for people to interact and by creating a variety of uses connected by public spaces that are supportive of each other and that not only serve the residents and workers, but Richmonders and the larger region as well. **Development teams may submit interest in redeveloping all or only portions of the property.** Ultimately, in its discretion, the City may choose to move forward with one development team or multiple development teams for different portions of the project.

Submission teams shall include, at a minimum, a developer and architectural and engineering firm(s). Additional team members that are needed to meet the City's goals may be identified within the submission. Each identified entity's capabilities must be included. If not identified in the RFI submission, development teams must demonstrate how they will include partners in the future and specifically how they will attract top local, regional, or national partners to fulfill future roles. All development teams must demonstrate their financial wherewithal to develop the property as outlined in the project goals.

All submittals must include the information in the order listed below in a manner that demonstrates the Development Team's ability and envisioned approach to address the City's Project Goals:

Cover Letter (2 pages max)—Include an executive summary that clearly outlines the overall capability of the development team and any developer partnerships for the project, and briefly summarizes its ability to design, construct and operate (a) the new baseball stadium within a mixed-use development, or (b) the baseball stadium only, or (c) the mixed-use development only. The Cover Letter shall be signed by the principal of the lead firm for the project indicating their authority to submit the response on behalf of the development team.

Submission Table of Contents (1 page max)

Team Organization and Background (3 pages max)—Overview of the development team organization including the names or categories of firms proposed to complete the project requirements. Where applicable, indicate the lead firm and lead individual for each component of the work. Please list an approximate percentage of that person's time that will be devoted to the project. For development team firms, provide background regarding organization structure (e.g., corporation, partnership, joint venture, etc.), year organized and year of incorporation, and information relating to corporate officers, partners, headquarters location, etc.

Firm Descriptions (2 pages max/firm)—Description of each partner firm such as history, services offered/general experiences, number of employees, location of offices, and whether the firm is a Minority Business Enterprise or Emerging Small Business as defined by section 21-4 of the Code of the City of Richmond. For respondents not yet proposing a full team of specific partners, detail the type of firm that will be recruited and its role.



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Resumes (2 pages max/person)—Resumes for the key project personnel listed under “Team Organization and Background,” including the location of the primary office to which they are assigned.

Project Understanding and Financing (7 pages max)—Statement of project understanding that illustrates the development team's understanding of the project, unique opportunities, and potential challenges. Provide a summary of a potential mix of uses (including SF) for the site and approach to performing the work and meeting the City's goals. Outline the properties within the Diamond District the development team is interested in redeveloping. Describe the development team's quality control and project management philosophy to ensure the completion of a quality project on schedule and on budget. Describe the potential phasing approach and financing approach for the development, including infrastructure and the baseball stadium (if your submission includes the baseball stadium). In the financing approach, outline the financing mechanisms that the development team may propose, such as, but not limited to, opportunity zones, tax increment financing, community development authorities, and other tools as allowed by the Code of Virginia.

Relevant Experience (6 pages max)—Provide evidence of experience with projects of similar size and scope, profiling no more than 5 projects. For each description include:

- Name, location and description of the type of project including project size.
- The member(s) of the proposed Diamond District development team that were involved and the services they performed.
- Project specifics:
 - Contact information for a project reference not associated with this development team
 - Project construction budget and sources of financing
 - Number of permanent jobs created
 - Increase in taxable value as a result of the project
 - Project start and end dates
 - Any website link or links to relevant articles regarding the project
- Development Ownership: Whether the developer or another member of the current team has or had an ownership interest in the project. If so, specify if is/was it a controlling or non-controlling interest.
- Development Operation: Whether the developer or another member of the current team has or had an operating role in the development since its completion.
- Experience providing opportunities for minority business enterprises, emerging small businesses, and other underrepresented groups to participate in the development (including equity, ownership, employment, contacting, etc).

Financial Capabilities (5 pages max)—Demonstrate the ability to self-finance or secure funding for large mixed-use projects such as this by providing a list and contact information for the following:

- Experience with private only and public/private project financing mechanisms
 - Private sources of financing used for recent projects
 - Public sources of financing, incentives, either or both, used for recent projects
- Past bankruptcies or pending financial litigation involving any development team firm or principal.
- Identify the overall financial impact your proposed project will have with regard to private investment, jobs created and new commercial square footage developed.



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One (1) electronic copy on a USB drive and fourteen (14) printed copies must be received at the address below by 3 P.M. ET on February 15, 2022.

Address:

**Maritza Mercado Pechin
Richmond City Hall
900 E. Broad Street, Room 511
Richmond, VA 23219**

Hand delivery: If hand delivering the submission, enter City Hall at the 9th Street entrance and allow time to go through security. Submissions must be received by the deadline.

Mail delivery: Submissions must be received (not postmarked) by the deadline.

All responses and related materials are the property of the City and will not be returned. At the conclusion of the process, the City may retain or may dispose of any and all materials received consistent with the City's obligations under the Virginia Public Records Act, Va. Code §§ 42.1-76 et. seq. In no event will the City assume liability for any loss, damage or injury that may result from any disclosure or use of proprietary information.

Respondents should be aware that records of the City including records submitted in response to this RFI are subject to the provisions of the Virginia Freedom of Information Act regarding access to public records. (See Va. Code §§ 2.2-3700 et. seq.) To the extent the City determines the exemption to VFOIA set forth in Va. Code Section 2.2-3705.6(3) applies to information provided by a respondent (and marked as confidential or proprietary), the City will endeavor to keep such information confidential.

If any respondent provides information it believes is exempt from mandatory disclosure under Virginia law, the response shall include the following language on the title page of the response: "THIS RESPONSE CONTAINS INFORMATION THAT IS EXEMPT FROM MANDATORY DISCLOSURE." In addition, on each page that contains information that any respondent believes is exempt from mandatory disclosure under Virginia law, the respondent shall include the following separate language: "THIS PAGE CONTAINS INFORMATION THAT IS EXEMPT FROM MANDATORY DISCLOSURE." On each such page, the respondent shall also clearly specify the exempt information and shall state the specific Code of Virginia section and exemption within which it is believed the information falls.

Notwithstanding anything to the contrary in this RFI, although the City will generally endeavor not to disclose information designated as confidential, proprietary or otherwise exempt from disclosure, the City will independently determine whether the information designated by respondents is exempt from mandatory disclosure. Moreover, unless release of such information is otherwise prohibited by law, the City shall have no liability for releasing any information regardless of whether it was exempt from disclosure.

Please refer to www.rvadiamond.com for more information.



REQUEST FOR INTEREST

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Direct all questions or inquiries regarding this RFI to the individual listed above.

Appendices

- Appendix A: Market Analysis Executive Summary and Report
- Appendix B: List of City-owned and VCU-owned parcels
- Appendix C: Greater Scott's Addition Small Area Plan (excerpt from Richmond 300: A Guide for Growth, the citywide master plan)
- Appendix D: Ballpark Feasibility Analysis Executive Summary and Report
- Appendix E: Anticipated Minimum Community Benefits Requirements

REQUEST FOR INTEREST

DIAMOND DISTRICT RICHMOND, VA

Appendix A

Market Analysis Executive Summary and Report





Richmond Diamond District Market Analysis

City of Richmond

December 27, 2021

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Executive Summary

Introduction

The Richmond Diamond Property, a 66-acre site located less than a quarter mile from the I-95/I-64 interchanges in Greater Scott's Addition (GSA), is one of the largest underdeveloped contiguous properties in Richmond. Currently, the site is home to a baseball stadium, built in 1985 and nearing that end of its usable life, that hosts the popular AA minor league Richmond Flying Squirrels, the Arthur Ashe Athletic Center, which will be relocated off the site within the next five years, and the Virginia Commonwealth University (VCU) Sports Backers Stadium, a multiuse stadium that serves VCU's and Virginia Union University's (VUU's) track and field teams, as well as VCU's men's and women's soccer teams. Greater Richmond Transit Corporation (GRTC) has proposed making more frequent bus service to the site more of a priority. The site is zoned TOD-1, which encourages mid-to-high density transit-oriented mixed-use development.

Vision

The City of Richmond's updated Master Plan, Richmond 300, lays out a vision for the GSA neighborhood that includes directing a significant portion of the City's residential growth to the area over the coming decades. The underutilized Richmond Diamond site presents a significant opportunity for the City to realize its vision of creating a **thriving, diverse, transit-oriented, mid-to-high density mixed-use neighborhood in GSA**. Therefore, it is critical that any development on the site not only serve Richmond's growing population over the next five years, but over the next several decades or more. Any development vision for the site must consider the City's long-term goals for growth, as well as its short-term needs for a mix of housing types, retail/commercial, office, and entertainment uses.

Population

The City's population has grown by approximately **1.1%** annually over the last decade, while the GSA neighborhood has seen a **12.3%** annual increase in population over the same time period. More recently, the Richmond region attracted an influx of new residents (approximately **6.1%** net growth, according to a recent LinkedIn study) during the pandemic.¹ Richmond's central growth areas, which include Manchester, Downtown, and GSA, have seen an

Table 1: Net New Projected Residents & Households, City of Richmond, 2021 - 2037

Scenario	New Residents, 2021-2037		CAGR, 2021-2037	New Households, 2021 - 2037		CAGR, 2021-2037
	Total			Total		
Moderate	29,138	260,000	0.7%	14,744	113,321	0.9%
Strong	69,138	300,000	1.7%	35,485	134,062	1.9%
Dynamic	109,138	340,000	2.4%	51,421	149,998	2.7%

Source: CURA Land Use, Housing, and Demographic Analysis Background Report, 2016; ESRI, AECOM 2021

conducted a study in 2016 to support the City's master planning process that estimates that the number of new households added between 2021 and 2037 could be over 51,000, a **2.7%** annual growth rate between 2021 and

Figure 1: Richmond Diamond Site, City of Richmond, VA



Source: ESRI, AECOM 2021

increasing share of new residents from outside the state, as well as residents born overseas (increasing at a **3.5%** annual growth rate since 2010), suggesting that Richmond is attracting residents from further afield, and becoming a more cosmopolitan "destination city." VCU's Center for Urban and Regional Analysis (CURA)

¹ <https://www.linkedin.com/news/story/top-destinations-for-pandemic-movers-5413106/>

2037, as shown in Table 1. Richmond's recent "growth spurt" indicates that, if recent trends continue, the City may even exceed that number. Additionally, if Amtrak's plans for high-speed rail between Richmond and Washington, D.C. are implemented, this would result in a significant influx of population and jobs into the greater Richmond over the coming decades. Although not yet "officially" considered part of the Northeast Corridor, the extension of high-speed rail to Richmond would certainly make it the unofficial terminus of a corridor that connects approximately 33.9 million people and 16.7 million jobs. The City is already considered part of the Northeast "Megaregion," putting it within a day's drive of approximately 53 million people and 25 million jobs.

Employment

Based on AECOM's analysis of employment in the City, it appears that Richmond's economy is shifting away from manufacturing jobs and toward employment in healthcare, particularly home healthcare and medical and surgical practices, and professional services such as finance, insurance, real estate. Further declines in manufacturing, service jobs, and entry-level administration jobs are predicted over the next decade.

The City has seen significant growth in administrative services, finance and insurance, and accommodation and food services over the last decade. Employment overall in the City has grown by approximately 2% annually since 2010. PlanRVA predicts that the Greater Richmond region will add **136,000 more jobs between 2021 and 2045**.² According to EMSI, these will include service jobs, which include food service, in-home assistance, freight/stock labor, and construction jobs; hospital/medical jobs, including physicians; and office jobs, which include real estate credit/finance and multiple types of medical insurance occupations.

Market Trends Overview

Housing

Despite an increase in new construction of multifamily homes over the last five years in GSA and the City, demand appears to continue to exceed supply, especially for "missing middle" and affordable housing. As Table 2 shows, multifamily in Richmond currently commands the highest per SF premium compared with office, commercial, and industrial space. Growth in housing units in the City overall has been at **only 0.9% annually, compared with a 1.1% annual increase in household growth**.

Both for-rent and for-sale housing appears to be undersupplied in the Richmond market, particularly larger (two and three-bedroom) units. Condominium sales are also increasing in number and average sale price in the City of Richmond; since 2012, condo sales have grown at an annual rate of 12% per year.

The City also has a significant college and graduate student population (upwards of **40,000** undergraduate and graduate students in a given year), the majority of whom live **off-campus**. The Diamond property is located less than a mile from VUU, less than three miles from VCU, and less than six miles from the University of Richmond (U of R). All three schools have returned to mostly in-person classes. Due to cost, the preference among college students is usually for larger units that allow them to split rent and utility costs, another reason that the demand for larger units in the area is strong.

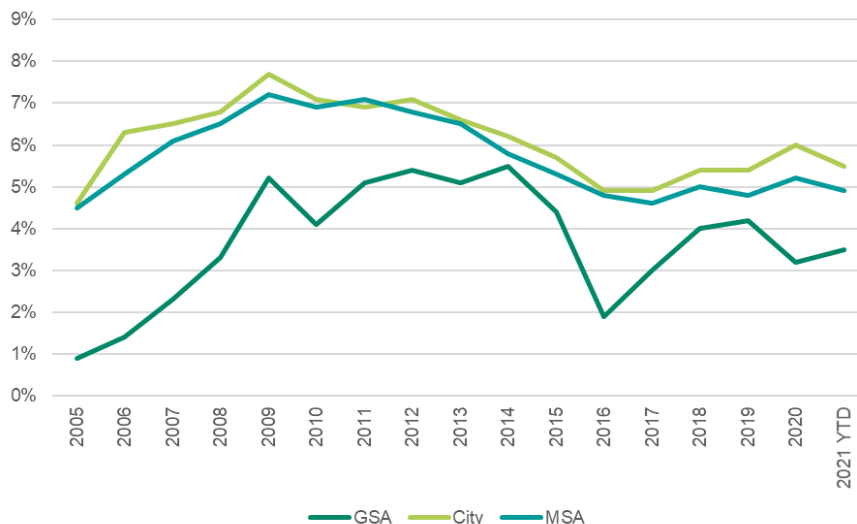
² https://planrva.org/wp-content/uploads/2045_LongRangeGrowthForecast_Draft_5-21-2020-2.pdf

Retail & Commercial

Despite slow growth of retail square footage in GSA and the City overall over the last decade, retail rents have risen at a faster clip in GSA than the City overall since 2017, at 6% annually, compared with City's 2% annual growth in per SF rents. As of the second quarter of 2021 the City, GSA, and the MSA also have very low retail vacancy (4%, 6%, and 5% respectively), despite the pandemic, as Figure 2 shows.

According to ESRI, there are significant retail spending leakages outside of GSA, particularly in the General Merchandise and Department Store categories; on the other hand, the neighborhood's dining and craft beverage offerings are attracting substantial spending from outside the area. ESRI predicts retail spending in all categories to **increase by 3.6% annually** for GSA households, and **9% annually for the City overall**, between now and 2026.

Figure 2: Retail Vacancies, GSA, City of Richmond, and Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

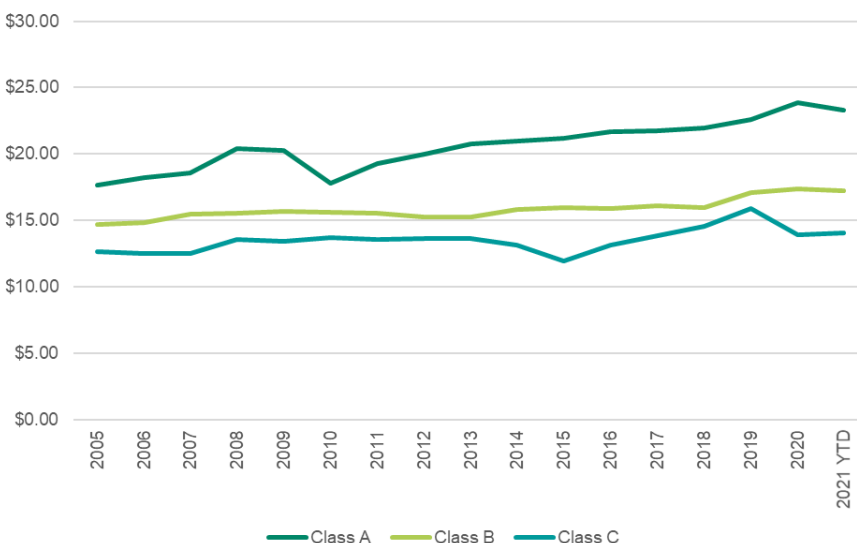
Office

The City overall has lost 679,000 net SF of office space due to conversion and demolition, while GSA has added 7,700 net SF since 2010. Class A office space has seen the highest annual rent growth out of all types of office in both the City and Greater MSA, as shown in Figure 3, averaging 2% per year since 2005; overall growth for Class A office in the City between 2010 and 2021 was **31%**, compared with 11% for Class B, and 3% for Class C.

Since 2010, the City of Richmond has added approximately **2,750 "office" jobs** (jobs in the Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific, and Technical Services; Administration & Support, Waste Management and Remediation; Management of Companies and Enterprises, Public Administration, and Other Services industries), and over **4,000 healthcare jobs**; the MSA overall has added over **37,000 office jobs**, and nearly **14,600 healthcare jobs**.

Additionally, Corporate, Subsidiary, and Regional Managing Offices have a location quotient (LQ) of **3.8** in the City, meaning they are 3.8 times more concentrated in Richmond than the U.S. average, and employed nearly 9,000 workers in 2020. Richmond also has a population-to-jobs ratio of **2.2** in its central area, which includes Manchester, Downtown, and GSA, similar to other growing cities like Chicago (2.5),

Figure 3: Class A, B, and C Office Rent per SF Comparison, City of Richmond, 2005 - 2021



Source: CoStar, AECOM 2021

Tampa (2.4), Boston (2.4), LA (2.3), Seattle (2.3); along with strengthening employment growth, the City is well-positioned to attract more office tenants, despite the uncertain national market.

Industrial & Flex Space

The City of Richmond has experienced a net loss approximately 4.5 million net SF in industrial space since 2010, and has demolished over eight million SF since 2005; GSA has lost approximately 1.2 million net SF. The City has seen significant conversion from more traditional “heavy” industry to “light” industrial uses, such as craft beverage operations, artists’ and artisans’ “makerspaces,” and certain entertainment uses.

Meanwhile, rents for industrial space have been climbing, particularly in GSA, growing at **8%** annually in GSA and 3% Citywide since 2005. Rents for “flex” space, which, as defined by CoStar, can include quasi-industrial space that has been converted to other uses and is typically paired with office space, grew by **11%** in GSA between 2015 and 2021. Again, this most likely reflects growing demand for more “light” industrial uses, such as craft breweries, entertainment, and artisan/makerspace, versus significant growth in demand for heavy industry within City boundaries. Despite this growth, industrial and flex uses typically require large, horizontal development footprints, and command the lowest average annual rents per square foot out of the other uses compared, as Table 2 indicates, and are therefore not recommended as part of the development program for the Diamond site.

Table 2: Average Per Square Foot Rents by Use Type, City of Richmond & Peer Cities, 2021

City	Office	Commercial	Industrial	Multifamily
Richmond	\$20.29	\$15.00	\$9.78	\$22.56
Baltimore	\$20.35	\$17.88	\$4.78	\$21.48
Nashville	\$32.30	\$34.62	\$6.04	\$30.36
Durham	\$34.24	\$19.21	\$5.50	\$19.92
Pittsburgh	\$26.80	\$22.95	\$8.77	\$23.04

Source: CoStar, AECOM 2021

Food, Beverage, & Entertainment

The City, home to **40-some craft beverage establishments** and **approximately 900 restaurants**, is a regional destination for dining and craft beverages. The GSA neighborhood alone is home to 10 breweries, three cideries, one meadery, four distilleries, and one winery, and more than 20 restaurants/eating establishments, and is also considered a destination for entertainment. It is important to note that the **average household in the greater MSA significantly outspends the average GSA and City of Richmond household** on food, beverages, and entertainment (by 17%), and therefore, attracting spending from outside the City will be critical for the success of any new entertainment, food, and beverage operations.

Hospitality & Tourism

According to Richmond Region Tourism, in 2019, the region had **7.7 million visitors**, a 134% total increase since 2010. Visitor spending has continued to increase as well, reaching \$2.6 billion in 2019 for the region; visitors spent upwards of \$836 million in the City of Richmond alone, around one-third of total visitor spending in the region. Richmond continues to attract both new and repeat visitors, providing supporting evidence that visitors enjoy their experiences enough to keep returning. Although the COVID-19 pandemic has shaken the industry, there are multiple indications that a full recovery is under way. Sports tourism continues to be a major tourism driver in the Richmond Region,

including during early stages of the pandemic recovery – in 2019, it was reported by Richmond Region Tourism that eight of the top ten recent peak days in hotel occupancy were connected to sporting events.

Table 3: Key Hotel Indicators, Richmond/Petersburg and GSA Hotel Markets, 2011 – 2021

Metric	10-Year Average (2011-2021)		1-Year Average (2020-2021)	
	Richmond/Petersburg	GSA	Richmond/Petersburg	GSA
Occupancy Rate	60%	62%	50%	38%
ADR	\$83	\$111	\$76	\$102
RevPAR	\$50	\$69	\$38	\$39

Source: CoStar, AECOM 2021

Hotels within a 3-mile radius of the Diamond have historically outperformed the Richmond/Petersburg hotel market in terms of revenue per room (\$19 more) and average daily rates (\$28 more), as shown in Table 3. The City also saw a **43% increase in the number of short-term rentals** being offered between 2018 and 2021. Metrics indicate that demand for boutique hotels and short-term rentals with unique, local character will most likely continue to grow.

Parking

Due to the City's status as a smaller, medium-density city, Richmonders have historically been averse to paying for parking; this seems to be shifting in the GSA and Manchester neighborhoods. Stakeholder interviews with local developers and brokers indicated that structured parking is becoming more of an accepted norm in Richmond's denser neighborhoods. According to the developers and real estate brokers AECOM interviewed, **lack of adequate parking** for competing uses in GSA was the number one overall concern cited during by office and commercial tenants and residents.

Figure 4: GRTC Pulse Bus Service



Source: <https://commons.wikimedia.org>

Extending GRTC Pulse BRT service to the Diamond property as proposed by the Richmond 300 Master Plan will alleviate some parking pressure; however, structured, shared parking will also be required to service the ballpark and any ancillary development around it, including any office, retail, hotel, and entertainment uses. GRTC has proposed to eventually connect to the larger region, but the timing for those regional extensions will most likely not align exactly with the development timeline for the site, and may not be fully implemented for another decade or more.

Richmond's Competitive Advantage

It is important to be aware that, within the broader MSA, multiple large-scale mixed-use developments will be delivering thousands of new residential units and millions of SF of commercial, retail and office uses in the region coming years. However, the Richmond Diamond property's competitive advantage lies in its **strong sense of place, anchored by the Flying Squirrels and the unique character and amenities of the GSA neighborhood, and its future access to rapid public transit (GRTC Pulse BRT)**. Although many potential tenants and residents will want to live, work, and do business within the City of Richmond, there is a segment of the market that may be drawn to other mixed-use communities in the greater region, potentially based on affordability, convenience, or other amenities. Building a new ballpark as a community anchor on the site will significantly strengthen the Diamond's competitive advantage over the other new communities in the surrounding region.

Case Studies

AECOM reviewed historical development trends within a quarter-mile radius of the following minor-league baseball stadiums that were built in cities with some similar characteristics to Richmond, starting two years prior to the stadium's opening, up to present day:

- Regions Field, Birmingham, Alabama
- CHS Field, Saint Paul, Minnesota
- Truist Field, Charlotte, North Carolina
- Fifth Third Field, Toledo, Ohio
- Polar Park, Worcester, Massachusetts
- Durham Bulls Athletic Park, Durham, North Carolina

The following were key takeaways from these case studies:

- Strong public, private, and in many cases, philanthropic **partnerships** were a crucial element of success
- Securing **major anchor tenants** for office uses help bolster early returns on investment
- Many of these stadiums and their ancillary developments capitalized on **revitalization momentum** that was happening prior to the new stadium
- Most of the successful case studies included a significant **public space/park element**, along with investment in pedestrian and bicycle infrastructure
- Being near **public transit** bolstered success
- Most of these developments were **purposefully integrated** with the ballpark; many offered restaurants with rooftop views into the stadium, and/or balconies for residential or hotel uses overlooking the field
- Nearly all of the case study developments included a **strong residential component**

Figure 5: CHS Field, St. Paul, MN



Source: https://commons.wikimedia.org/wiki/File:CHS_Field_-_St_Paul,_MN.jpeg

Conclusion

Increasing development pressures in the City of Richmond, brought on by an influx of new residents and shifting development patterns and trends, make the Diamond property ripe for redevelopment. It is assumed that a new mixed-use development on the Diamond Property would perform well, and attract significant investment from the private sector, especially for residential uses. However, without the ballpark to anchor the development, the site may not be able to attract the same level of retail/commercial and office development that it would with a new ballpark serving as an anchor, and therefore generate less overall fiscal and economic impact to the City and greater region.

Although the zoning allows building heights up to 12 stories, the site's eventual development team may propose a rezoning to allow for additional density on the site, and would need to work closely with the City to determine how additional density on the site would align with the City's plans and vision. The ultimate scale of the development will depend on what the future developer estimates the market will likely be able to absorb, and the City's vision for the site. Although the zoning allows for considerably higher densities than the existing surrounding neighborhoods, the current program would still provide opportunities for a pedestrian-friendly scale and integration with existing neighborhood character. Developing the site at a significantly higher density would change the scale and feel of the development; how it interfaces with the surrounding areas would need to be considered carefully during the design phase.

Constructing a new ballpark for the highly popular Flying Squirrels minor league baseball team on the site would provide an anchor with the capability of attracting regional visitation and spending, corporate offices interested in leveraging the synergies afforded by the team's popularity, and regional as well as local-serving retail tenants. Richmond currently has a dearth of regional-serving retail destinations. Having a regional destination anchoring the site would give any new mixed-use development on the Diamond Property a competitive edge over new development in the surrounding counties. A new minor league ballpark is also a natural companion for Richmond's burgeoning restaurant, craft beverage, and niche entertainment scenes, encouraging fans to linger before and after games for meals and interactive, all-ages-friendly activities.

Context

Richmond Diamond Site

This analysis focuses on estimated supportable development for the Richmond Diamond property, a 66-acre parcel (shown in Figure 6) owned by the City of Richmond and bounded by Arthur Ashe Boulevard on the west, Robin Hood Road on the north, Hermitage Road on the east, and a CSX railroad right-of-way on the south. The site is zoned TOD-1.³³ The current uses on the site include a 9,500-plus-seat baseball diamond, built in 1985, which is currently home to an AA minor league baseball team, the Richmond Flying Squirrels and the Arthur Ashe, Junior Athletic Center, which is scheduled for demolition. VCU owns Sports Backers Stadium and the underlying property on the southeastern corner of the overall site. Sports Backers Stadium is a 3,250-seat stadium where VCU's and VUU's track and field teams, as well as VCU's men's and women's soccer teams, practice. The Diamond ballpark is also utilized by VCU for their baseball team's games and practices.

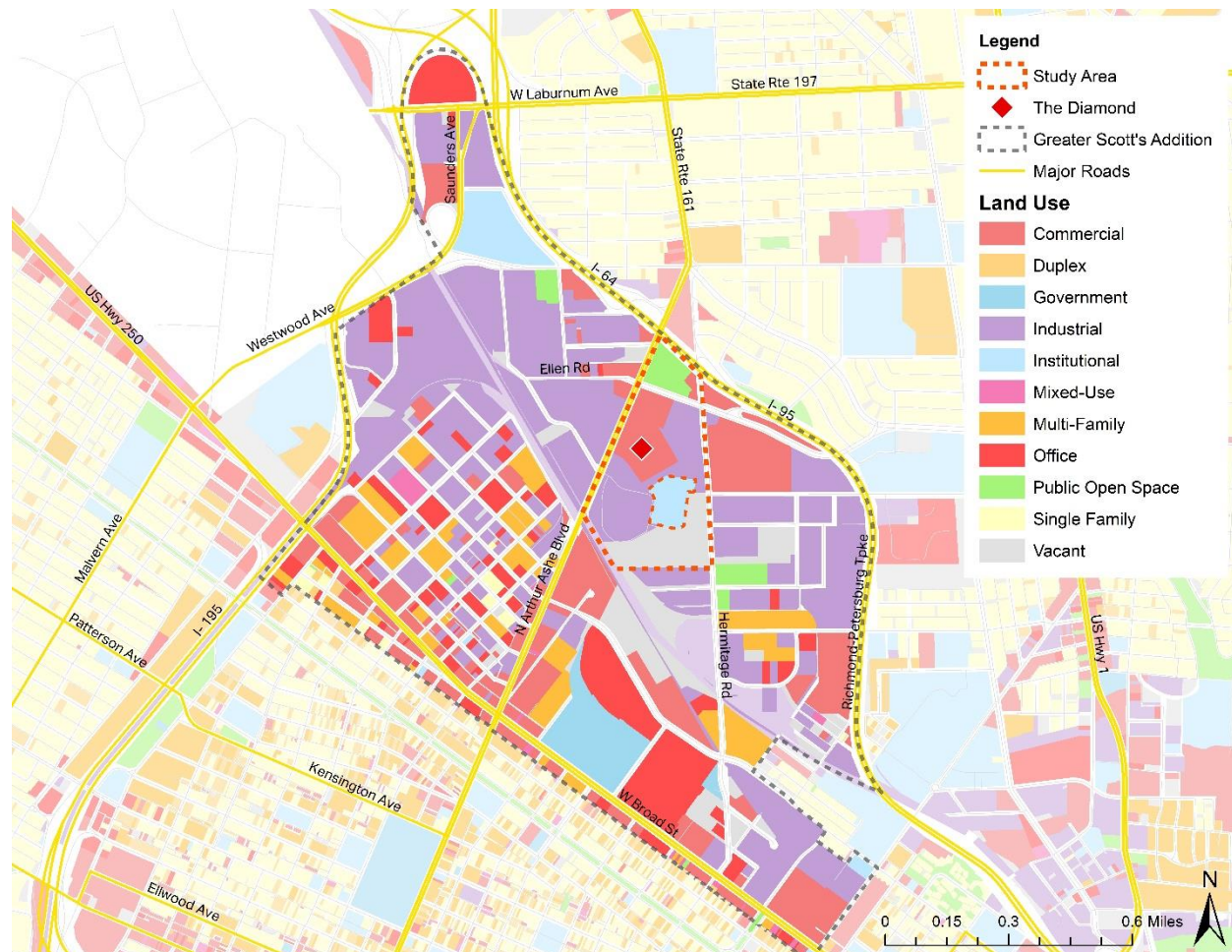
Figure 6: Richmond Diamond Site, City of Richmond, VA



³³ https://library.municode.com/va/richmond/codes/code_of_ordinances?nodeId=CH30ZO_ARTIVDIRE_DIV31TTRIENODI

The site is across the street from the Richmond Greyhound Station, which offers bus trips to multiple regional destinations, including Washington, D.C., Philadelphia, PA, and New York City, NY to the north, and Charlotte, NC and Atlanta, GA to the south. There is also a Greater Richmond Transit Company (GRTC) bus route that runs every 30 minutes during weekdays along Arthur Ashe Boulevard immediately west of the site, with a stop on the southwestern corner of the property. Additionally, the site is within less than a quarter mile of the I-64/I-95/I-95 interchanges. Figure 7 shows the land uses surrounding the site.

Figure 7: Land Use, GSA, 2021



Source: ESRI, City of Richmond, AECOM 2021

Greater Scott's Addition

The bustling Scott's Addition neighborhood is located immediately to the west and south of the Richmond Diamond property, across Arthur Ashe Boulevard. Greater Scott's Addition (GSA) is one of Richmond's fastest growing neighborhoods; according to ESRI estimates, at least 1,800 units of new housing have been constructed there since 2010, an annual growth rate in housing units of 14 %. By comparison, the City overall has added new dwelling units at a rate of less than one % annually over the same time period.

Previously, the area was a commercial and industrial center for the city. Although originally platted for residential dwellings, the location of rail lines along the north and west of the neighborhood, and the construction of Broad Street Station in 1919, made the area ideal for manufacturing and warehouse development. Despite this, the neighborhood did not start to develop quickly, largely due to the residential nature of the original plats, until the City's 1927 Zoning Ordinance designated the area for industrial use. The core neighborhood was designated an historic district in 2005. Greater Scott's Addition has since been re-zoned by the City to allow for a more diverse mix of uses, and is now home to a thriving mix of breweries, restaurants, office space, and mid-density multifamily rental apartments, with some remaining industrial and auto-related uses interspersed.

Figure 8: New Development in GSA



Source: <https://www.flickr.com/photos/gammaman/51259055755>

Pandemic Impacts

The COVID-19 pandemic-induced recession of 2020 was unique, with initial ripple effects which brought large segments of the world economy to a nearly simultaneous standstill. While the recovery into 2021 has been impressive, the ripple effects of the pandemic will continue to be felt by markets for some time. Despite those impacts, however, the significance of pre-pandemic structural trends, related to generational transitions across Boomers and Millennials, growing concern about climate change, and other factors, cannot be overstated. The following is a high-level summary of continuing impacts of the pandemic that are applicable to future development of the City of Richmond Diamond site:

- While remote work has been a growing trend since at least 2010, the pandemic instantly expanded the share of employees across a host of sectors who could work remotely.
- While topline unemployment is approaching pre-recession levels (5.3% in August 2021 compared to 3.8% in February 2020) the economy is struggling with worker shortages across restaurants, bus & truck drivers, manufacturing, and teachers, which increasingly look structural in nature.
- Despite dramatic growth in federal support to the US Economy during 2020, inflation remained in check. By the spring of 2021 however, inflation pressures expanded at the fastest pace going back to 1989, linked to recovery in demand, worker shortages, and supply chain constraints. While some markets have adjusted (lumber), costs in other markets (used cars) continue to grow, adding to concern that higher rates of inflation will remain in place.
- Tourism remains a challenge, linked to a sharp downturn in air travel. While domestic air travel is recovering (76% of 2019 levels), international air travel remains depressed. However, Richmond's tourist market is already showing nascent signs of recovery, aided by its strength as a regional tourist destination, rather than one that relies heavily on visitors arriving by air, and by the time the Diamond Property is developed, most of the ripple effects of the pandemic will likely have dissipated.

Additionally, ripple effects from the pandemic are anticipated to impact urban development for the next several years in the following ways:

- Although the pandemic initially reduced demand for urban/downtown apartments, by the summer of 2021, urban apartment markets were showing **strong signs of recovery**. Multiple housing options serving both the Boomer and Millennial generations, will need to be carefully considered, including options for “starter homes” and low-maintenance, “empty-nester” living.
- Expanded working from home will likely dictate **changes in housing design** (more connectivity and home office space), and higher construction costs.
- Concerns about **climate change** will increase pressure on energy efficiency on sustainable building and site design.
- Access to **workforce and affordable housing** will continue to be a pressing concern in urbanized areas
- Retail and restaurants have been hit especially hard by the pandemic, with employees becoming significantly less willing to work in related occupations where significant interpersonal contact is required; however, it is assumed that many of those concerns will lessen as the pandemic wanes.
- Many experts predict that **older office buildings with older ventilation systems will see reduced occupancy** in the coming years, but real estate markets do not yet appear to be fully pricing in structural vacancy concerns.
- Industry experts are predicting that approximately **20% of workdays will be spent at home** post-pandemic, with most workers opting for 2-3 days a week in the office; however, this will continue to depend on the specific industry/sector and type of work performed, with some major corporations still insisting that employees have an in-office presence at least part of the workweek.
- Prior to the pandemic, stark differences in mobility, population density, housing prices, and cost of living were playing out across US metropolitan areas which will continue to have direct bearing on capacity for residents working from home. For example, higher cost-of-living metros (i.e., NYC, Boston, and Chicago) had leveraged robust legacy transit infrastructure to support job growth and high-density housing, with increased transit use and reductions in car mode share, and a slower rate of growth in working from home. At the same time, metros with significantly **less legacy transit infrastructure** (places like Richmond, as well as Atlanta, Dallas/Fort Worth, and Houston) have seen both sustained growth in jobs and car mode share, with **faster growth in working from home**. Households in these metros spend a larger share of discretionary spending on transportation services, linked largely with car ownership. Differences in transit infrastructure will continue to influence access to job centers and capacity for working from home.

Previous Plans & Studies

Part of understanding the context for redevelopment of the Richmond Diamond Property is having a thorough understanding of previous plans and studies of the property itself, the surrounding area, and the City as a whole, as well as ongoing City-led initiatives.

Tripp-Umbach Market Study, 2016

In 2016, the City of Richmond engaged consulting firm Tripp-Umbach to conduct a market study for the Diamond property. Key findings/recommendations of the study were as follows:

- The site under current/2016 conditions, with the existing baseball stadium being used by the Flying Squirrels, VCU Sportsbackers Stadium, and the Arthur Ashe Athletic Center, has limited economic impact on the City of Richmond. Tripp-Umbach estimated that, in 2016, the site supported approximately 250 jobs and generated no more than \$400,000 in total tax revenue to the City.
- Tripp Umbach recommended that the City and key stakeholders pursue a joint sports and entertainment district on a property, funded by a private developer/financier or some combination of public and private financing.
- Estimated costs to raze the current baseball stadium were calculated at a minimum of \$2,750,000 by the study
- According to the study, the most viable option to maximize the potential of the site is an urban scale mixed-use development with housing, retail, flex space, innovation-oriented office space, and lodging, constructed on a high-density scale
- The site has “tremendous economic potential,” which the study estimated could be up to 20 times higher than the \$14.4 million in 2016 estimated impact.
- The study also recommended that the city undertake a transparent, clearly structured development process, and involve as many stakeholders and members of the public as possible.

Richmond 300 Master Plan: A Guide for Growth, 2020

The Richmond 300 Master Plan, adopted by City Council on December 14, 2020, seeks to guide Richmond’s growth in a more equitable and sustainable manner, with the overarching goal of improving quality of life for all residents, as well

as continuing to attract talent, business, and industry. The Richmond 300 Master Plan included small area plans for each one of the City's targeted growth nodes, including Greater Scott's Addition. The plan's overarching goals relevant to redeveloping the Diamond property include:

- Re-writing Richmond's Zoning Ordinance to growth to appropriate areas, while maintaining existing neighborhoods, and creating new, "authentic," transit-oriented neighborhoods
- Targeting growth in jobs and population to key areas of the City, including Downtown, Greater Scott's Addition, Route 1 Corridor, Southside Plaza, and Stony Point Fashion Park
- Expanding housing opportunities for all residents by offering a wide range of housing options at varying price point throughout the city to expand the geography of opportunity.

As part of expanding opportunities for all residents, the City makes special emphasis of the importance of offering more affordable and workforce/missing-middle housing throughout the City. One of the City's specific goals is to create 10,000 new affordable housing units for low- and very low-income households over the next 10 years. The City also wants to prioritize projects that provide housing to very low-income individuals and families, including supportive housing, within a half mile of high-frequency transit stops. The City also plans to amend the rehabilitation tax abatement program to provide incentives for developers to create mixed-income residential housing where at least 20 % of the units are affordable to households earning less than 50 % of the area median income (AMI).

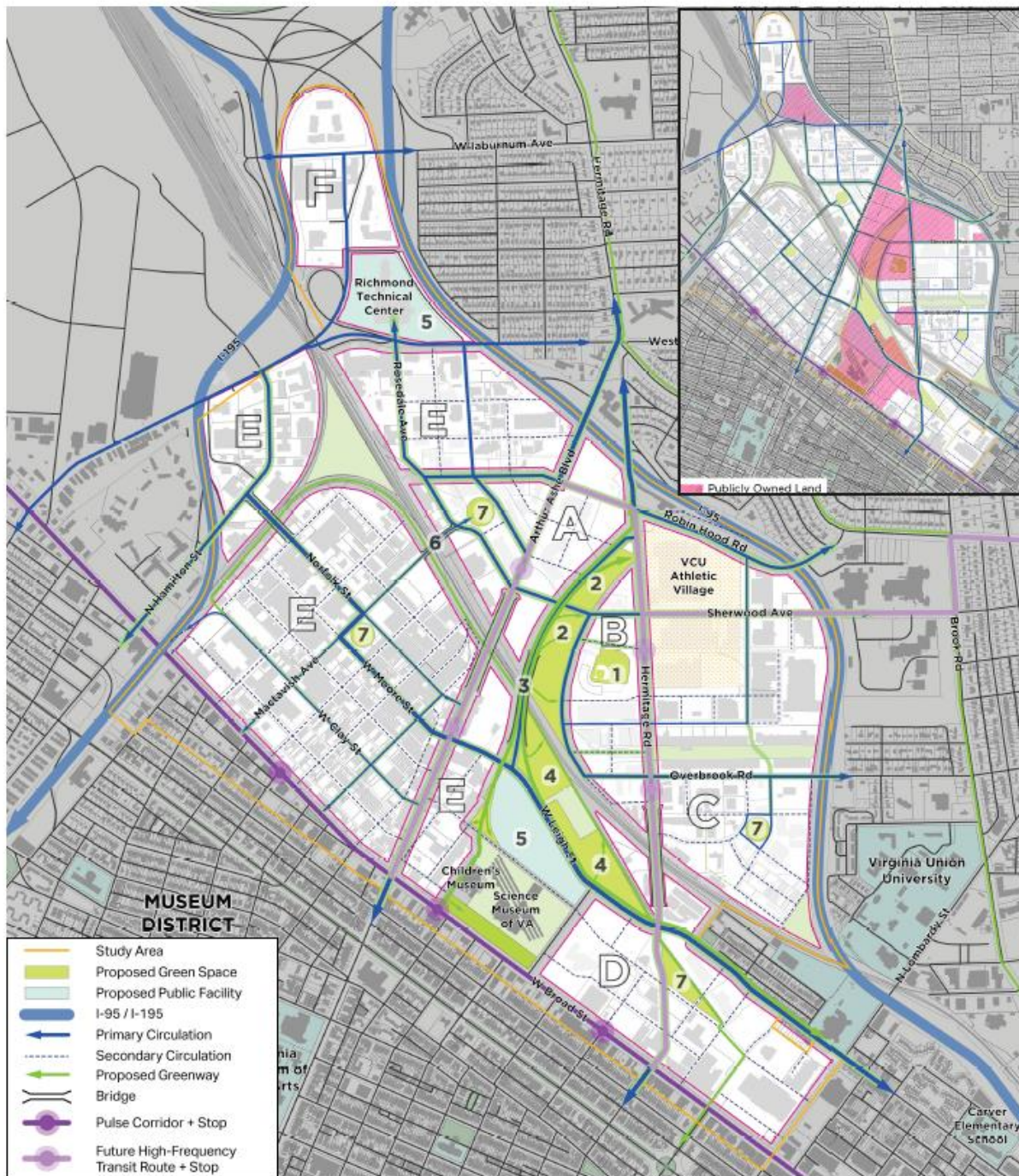
Greater Scott's Addition Small Area Plan (part of the Richmond 300 Master Plan), 2020

The Greater Scott's Addition Small Area plan, part of the Richmond 300 Master Plan, contains multiple goals and targets for the Diamond property and the GSA area, including:

- To rezone Greater Scott's Addition in alignment with the Future Land Use Plan
- Redevelop the City-owned land (the Diamond Property) between N. Ashe Boulevard and Hermitage Road using the GSA Framework Plan, and including a public park and low-income housing, along with a walkable, bikeable, transit-accessible street grid
- To provide engaging architecture, public space, sidewalks, street trees, buildings built to the street, and street furniture throughout the area
- Transform N. Ashe Boulevard and Hermitage Road into "Great Streets," featuring buildings that interface with the streetscape, underground utilities, street trees, lighting, enhanced transit, and other amenities
- Increase connectivity and access in GSA by creating new bridges from Leigh Street to the Diamond property, Mactavish Street to Rosedale Avenue, and Norfolk to Hamilton Street
- Market GSA to grow, retain, and attract businesses in the target industries (Goal 11).
- As part of the redevelopment of the Diamond site, develop a district-wide green infrastructure system to reduce flow of stormwater into the City's combined sewage system; reduce the heat-island effect, and increase the tree canopy
- As part of the redevelopment of the Diamond site, create more housing, including rental and ownership opportunities, at various price points, including units for low-income households
- As part of the redevelopment of the Diamond site, develop a series of parks, including the signature crescent park (see Figure 9), investigate a funding source for park creation and maintenance (such as a bond or a special park district assessment)

Part of the vision of the GSA Small Area Plan is to extend GRTC Bus Rapid Transit "Pulse" service to the Diamond Property, which would support the growth and redevelopment of the site, and allow residents, commuters, visitors, and Flying Squirrels fans an alternative to driving or using ride-hailing services.

Figure 9: Greater Scott's Addition Framework Plan



Source: Richmond 300: A Guide for Growth Greater Scott's Addition Small Area Plan, 2020

City of Richmond Affordable Housing Strategy, 2014

The City of Richmond Affordable Housing Strategy, adopted in 2014, was commissioned to assess the affordable housing needs of the City, and guide the use of the City's Affordable Housing Trust Fund. The study analyzed market conditions to understand affordable housing needs in the City, and reviewed potential revenue sources for the Richmond Affordable Housing Trust Fund (AHTF). Some of the key takeaways from the study were:

- Households that earn less than 30% of AMI (\$21,900 per year for a family of four in 2014) represent the group with the most severe housing need. These households pay more than 50% of their gross income on housing

- Households that earn between 30% and 50% of AMI (\$36,500 for a family of four in 2014) tend to be severely cost burdened
- Ninety-six % of public housing units in the City of Richmond are at least 30 years old, and at least two-thirds of public housing units are at least 50 years old
- To preserve affordable housing units, the City can use strategies such as recorded rent and resale restrictions, loan agreements, and ground leases
- Additional density can be provided in exchange for the development of affordable housing units (as has been implemented through the City's Zoning Ordinance).
- Affordable housing development should be dispersed throughout the City, and not concentrated in one or several particular areas
- In many neighborhoods, construction costs exceed market demand and require the use of subsidies for financially feasible development

Stakeholder Engagement

Richmond 300 Master Plan

AECOM reviewed the information gathered during the Richmond 300 stakeholder engagement process relevant to the GSA neighborhood. Key takeaways are summarized below:

- The top five uses that stakeholders wanted to see more of in GSA were:
 - Restaurants (79 %)
 - Retail (77 %)
 - Residential Multifamily (75 %)
 - Parks (73 %)
 - Entertainment (67 %)
- Stakeholders also mentioned the importance of improving pedestrian infrastructure, improving public transportation connections, and better parking options, including structured parking
- The need for better parks and public spaces was a key theme mentioned repeatedly by stakeholders
- When asked what type of activities Scott's Addition was a great place for, the top responses were:
 - Higher-density, walkable living
 - Culture and entertainment
 - Recreation

Interviews with Local Developers & Real Estate Brokers

Additionally, AECOM interviewed representatives from six local Richmond real estate brokerage and development firms about greater Richmond market conditions and trends. The key takeaways from those discussions are as follows:

- All interviewees believed that, of all use types discussed, demand was strongest (and would continue to be strong for the foreseeable future) for multifamily residential rentals, followed by entry-level for-sale residential units (both attached and detached).
- Interviewees felt that, in the City, demand was particularly strong for multifamily residential in the Greater Scott's Addition and Manchester neighborhoods
- Almost universally, interviewees felt that the success of new development on the Richmond Diamond site hinged on a strong, well-thought-out plan that included a new ballpark, mid-to-high-density residential uses, and shared, structured parking
- Multiple interviewees expressed that view that Greater Scott's Addition, although already a destination for entertainment uses, was far from entertainment market saturation, and that additional entertainment options in the area would continue to drive trips and spending to the area
- Interviewees felt similarly about the restaurant/specialty beverage market; that, despite a record increase in offerings in the area, the demand for those uses would continue, particularly if connected with a new ballpark
- Despite uncertain national office market conditions, interviewees felt that demand for "destination office" that was part of a broader mixed-use complex within City of Richmond limits would continue to remain strong
- Interviewees did express concern that the multiple large-scale mixed-use developments planned for the greater Richmond Region, including the proposed Green City development and redevelopments of Virginia Center Commons and Regency Square in Henrico, along with the construction of a new arena in Henrico, would pose stiff competition for a large-scale, ballpark-anchored mixed-use development within City limits, depending on when the developments are delivered

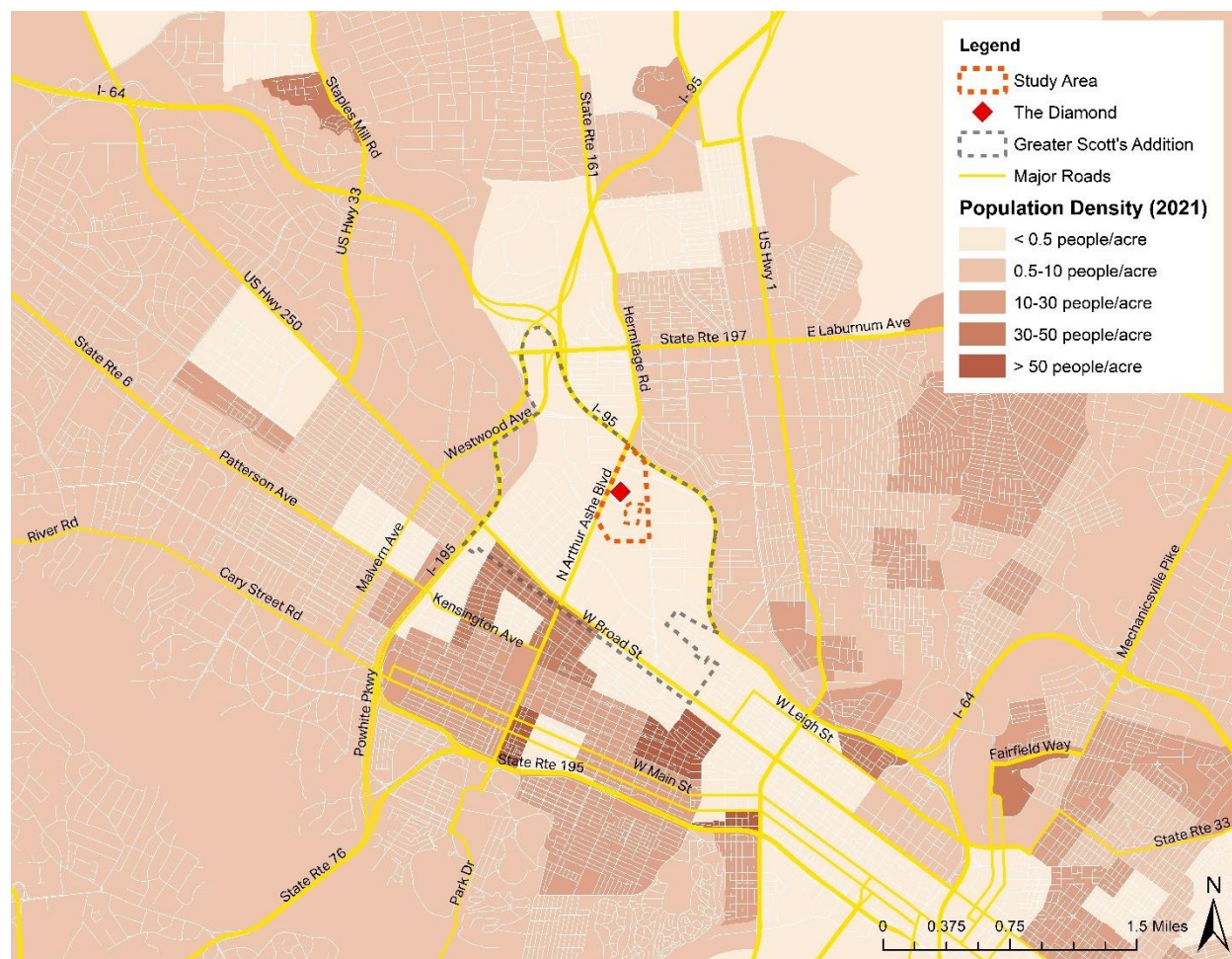
- Interviewees also expressed concern about public relations and mixed messaging related to City development endeavors, and felt that clear, transparent messaging about the proposed development and exactly how it would be funded was critical to the success of the redevelopment Richmond Diamond property

Population

Current Population Snapshot

Figure 10 shows estimated population density in Richmond's central area. ESRI estimates that, as of 2021, the GSA neighborhood was home to approximately 3,151 residents living in 1,719 households, an annual population growth of 12.3% since 2010. The City of Richmond's population is estimated at 230,862 living in 98,577 households, with an annual population growth since 2010 of 1.1%, and the metropolitan statistical area (MSA) is home to approximately 1,320,409 people living in 514,109 households, with an annual population growth of 1% since 2010, as Table 4 shows.

Figure 10: Population Density, Richmond's Central Area, 2021



Source: ESRI, City of Richmond, AECOM 2021

GSA's population is **younger and wealthier than the City as a whole**, although the median estimated household income of \$55,558 is still approximately \$13,000 lower than that of the MSA. The average household size in 2021 in the GSA neighborhood was approximately 1.8 persons, compared with 2.2 for the City overall and 2.5 for the MSA, suggesting that more people who live in the neighborhood live alone or with just one other person, as opposed to larger family units. However, out of the three geographies compared, GSA saw the greatest annual increase of families, 12.3% annually between 2010 and 2021. The City and MSA both saw just under 1% annual growth in the number of

family units living in the area. Although GSA has largely been characterized as a neighborhood for younger singles and couples, the true demographic picture of the area is more nuanced.

Table 4: Richmond Region Population Snapshot, 2021

Metric	GSA		CAGR, 2010-21	Richmond City		CAGR, 2010-21	MSA		CAGR, 2010-21
	2010	2021		2010	2021		2010	2021	
Population	883	3,151	12.3%	204,243	230,862	1.1%	1,186,501	1,320,409	1.0%
Households	491	1,719	12.1%	87,164	98,577	1.1%	460,950	514,109	1.0%
Families	97	346	12.3%	41,316	45,429	0.9%	304,364	334,508	0.9%
Housing Units	520	2,352	14.7%	98,362	108,530	0.9%	498,974	552,482	0.9%
Median Age		26.5			34.3			39.5	
Median HH Income		\$55,558			\$51,249			\$68,337	
Avg. HH Size		1.80			2.21			2.50	

Source: ESRI, AECOM 2021

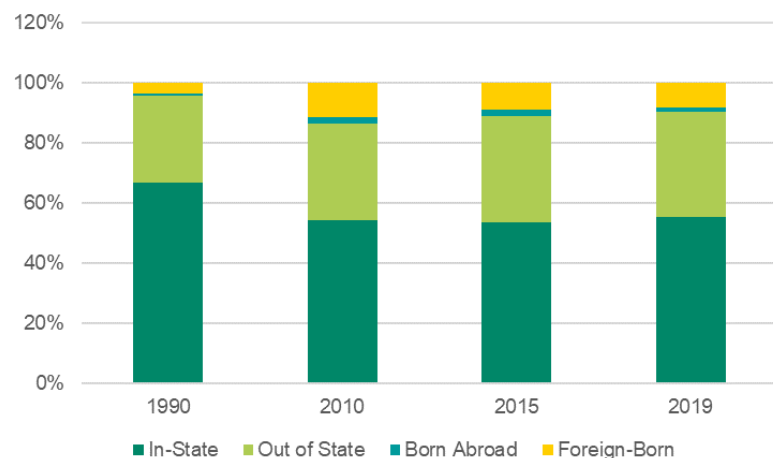
One important component of understanding demand drivers in the greater Richmond market is understanding where people are coming from. Currently, about 60% of the Richmond MSA population was born in the state of Virginia; over the past thirty years, the Richmond MSA has experienced an increase in the share of residents born out of state, as well as increases in the share of residents born outside of the U.S., including both U.S. citizens born abroad and citizens of other countries immigrating the Richmond area. As Figure 11 shows, an increasing percentage of Richmond's residents since 1990 have come from out-of-state, with a **3.5% annual growth rate in out-of-state and foreign-born residents between 2010 and 2019**.

Race & Ethnicity

The City and region have also seen changes in racial and ethnic composition in recent decades. Between 2010 and 2021, the City saw an annual increase of 0.9% of residents identifying as white alone, and an annual 1% decrease of residents identifying as Black alone. The City saw no change in the percentage of residents identifying as Asian, American Indian, or Pacific Islander. Conversely, the share of Richmond MSA residents identifying as white or Black alone has decreased at an annual rate between 2010 and 2021 of 0.3% and 0.2% respectively, and the share of residents identifying as Asian has increased 2.4% annually. However, there has been an annual increase in the share of Richmond residents identifying as some other race alone (1.8%), or two or more races (1.8%).

The share of residents identifying as some other race alone within the broader MSA has increased 2.6% annually; and the share of MSA residents identifying as two or more races has increased by 2.8% annually, as Table 5 shows.

Figure 11: City of Richmond Population by Birthplace, 1990 - 2019



Source: U.S. American Community Survey.

Table 5: Race & Ethnicity, GSA, City of Richmond, and Richmond MSA, 2010 - 2021

Category	GSA		GSA CAGR, 2010 - 21	City of Richmond		Richmond CAGR,	MSA		MSA CAGR,
	2021	2010		2021	2010		2021	2010	
White Alone	56.7%	61.3%	0.7%	40.8%	45.0%	0.9%	61.4%	59.1%	-0.3%
Black Alone	31.7%	26.2%	-1.7%	50.6%	45.1%	-1.0%	30.2%	29.6%	-0.2%
American Indian Alone	0.2%	0.3%	3.8%	0.3%	0.3%	0.0%	0.4%	0.4%	0.0%
Asian Alone	5.2%	5.0%	-0.4%	2.3%	2.3%	0.0%	3.3%	4.3%	2.4%
Pacific Islander Alone	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%
Some Other Race Alone	1.9%	2.3%	1.8%	3.6%	4.4%	1.8%	2.4%	3.2%	2.6%
Two or More Races	4.2%	5.0%	1.6%	2.3%	2.8%	1.8%	2.3%	3.1%	2.8%
Hispanic Origin	4.5%	5.6%	2.0%	6.3%	7.8%	2.0%	5.2%	7.2%	3.0%

Source: ESRI, AECOM 2021

The share of residents identifying as Hispanic in origin has increased 3% annually over the same time period. It appears that the greater Richmond population is becoming both **more diverse and more "cosmopolitan."**

Richmond's "Peer" Cities

AECOM recently conducted an analysis of the central growth areas/greater downtowns of 39 large and midsize cities across the U.S., including the City of Richmond. From this list, it is possible to ascertain which midsize cities have similar population and job density characteristics to Richmond. Depending on the metrics measured, several cities appeared to have similar central area⁴ characteristics to the City.

Overall central area growth in Richmond has exceeded the City's overall annual growth rate of 1.1% by more approximately three percentage points, growing at a rate of just **over 4%** between 2010 and 2019.

Similar "peer" cities to Richmond in terms of central area growth include Seattle (4.6%), Nashville (4.4%), Austin (4.2%), and St. Louis (4.0%).

When examining growth in share of out-of-state and foreign-born residents, the City of Richmond fell within the top 15 cities in terms of annual growth rate, with a compound annual growth of out-of-state plus foreign-born residents in the City's central growth area at 3%. Similar cities to Richmond in terms of annual growth in out-of-state and foreign-born residents included Durham, Indianapolis, Nashville, Seattle, and Philadelphia, all with approximately 3% annual growth of residents from elsewhere. As part of this analysis, AECOM also look at the relationships between population and job

Figure 12: Austin, TX City Skyline

According to an analysis by AECOM of central growth areas in cities across the U.S., Austin, TX is Richmond's peer when it comes to job-to-resident ratios in the central area.

Source: https://commons.wikimedia.org/wiki/File:Austin_Skyline.jpg

⁴ For the purposes of this analysis, Richmond's "central growth area" was defined as Census Tracts 205, 305, 302, 404, 402, 403, 610, and 602.

density in these cities' central growth areas, and found that Richmond's central growth area had a 2019 residents-to-jobs ratio of 2.2, similar to Seattle's (2.3), Los Angeles's (2.3), Boston's (2.4), Tampa's (2.4), and Chicago's (2.5).

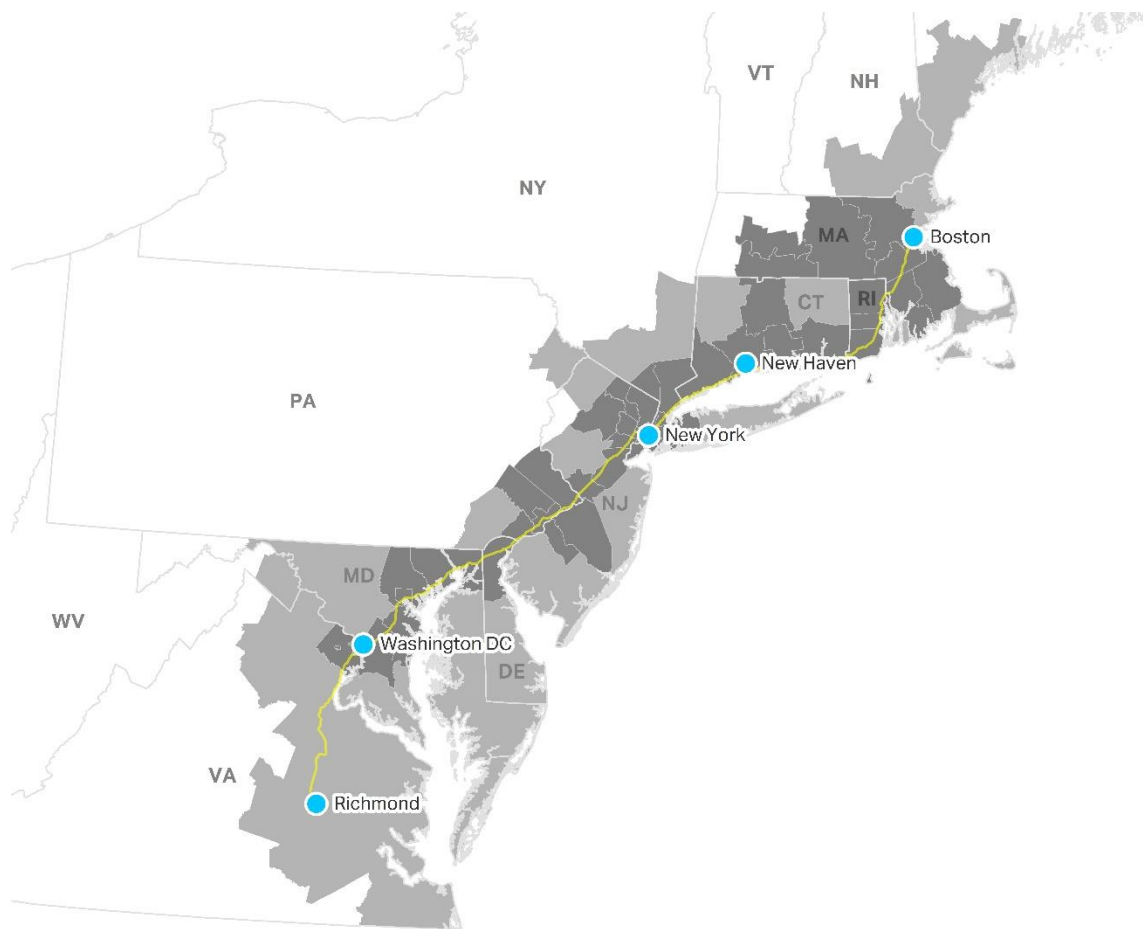
Additionally, an analysis by professional networking website LinkedIn in March of 2021 listed Richmond as third on a list of cities that received the largest net new arrivals during the pandemic, citing a 6.1% increase in population for the City of Richmond between early 2020, when the pandemic began, and when the article was published.⁵

An analysis by professional networking website LinkedIn in March of 2021 listed Richmond as third on a list of cities that received the largest net new arrivals during the pandemic, citing a 6.1 % increase in population since the onset of the pandemic in early 2020.

Richmond's al Context

If Amtrak's plans for high-speed rail between Richmond and Washington, D.C. are implemented, this would result in a significant influx of population and jobs into to greater Richmond over the coming decades. Although not yet "officially" considered part of the Northeast Corridor, the extension of high-speed rail to Richmond would certainly make it the unofficial terminus of a corridor that connects approximately 33.9 million people and 16.7 million jobs. The City is already considered part of the Northeast "Megaregion," putting it within a day's drive of approximately 53 million people and 25 million jobs, as the map in Figure 13 shows.

Figure 13: Richmond's Megaregional Context



Source: ESRI, AECOM 2021

⁵ <https://www.linkedin.com/pulse/migrations-new-map-florida-utah-win-favor-two-giant-metros-anders/?published=t>

Historical & Projected Growth

The GSA neighborhood has seen significant population growth since 2010. ESRI estimates that, as of 2021, just over 3,100 people lived in the neighborhood, up from approximately 880 in 2010, meaning that the neighborhood grew at an annual rate of just over 12% between 2010 and 2021. This rate of growth was significantly faster than the City of Richmond, which grew at just over one % annually between 2010 and 2021, and the MSA, which also grew at an annual rate of approximately 1%.

The University of Virginia's Weldon Cooper Center projects a modest annual growth rate between 2020 and 2040 for the City of Richmond, at around 0.5% annually. ESRI predicts that the GSA neighborhood will continue to grow at a much faster rate than both the City and MSA between 2021 and 2026, at an annual rate of 7.2%, compared with a 1% annual growth rate for the City and 0.9% annual growth rate for the MSA over the same time period.

In 2016, the VCU Center for Urban and Regional Analysis (CURA) released the *Land Use, Housing, and Demographic Analysis Background Report* to support demographic analysis for the Richmond 300 Master Plan. The report includes population and housing projections for the City through 2037 for

Table 6: Net New Projected Residents & Households, City of Richmond, 2021 - 2037

Scenario	New Residents, 2021-2037		Total	CAGR, 2021- 2037	New Households, 2021 - 2037		Total	CAGR, 2021- 2037
Moderate	29,138	260,000		0.7%	14,744	113,321		0.9%
Strong	69,138	300,000		1.7%	35,485	134,062		1.9%
Dynamic	109,138	340,000		2.4%	51,421	149,998		2.7%

Source: CURA Land Use, Housing, and Demographic Analysis Background Report, 2016; ESRI, AECOM 2021

moderate, strong, and dynamic (high) growth scenarios. The report projects the following for the City's population in 2037:

- Moderate Growth: 260, an increase of approximately 29,140 additional residents between 2021 and 2037 (an annual growth rate of 0.7% from 2021)
- Strong Growth: 300,000, an increase of approximately 69,000 additional residents (an annual growth rate of 1.6% from 2021)
- Dynamic Growth: 340,000, an increase of approximately 109,000 additional residents (an annual growth rate of 2.4% from 2021)

Based on the population projections, the report projects the number of housing units needed under each growth scenario by 2037 in the following amounts:

- Moderate Growth: 113,321, an increase of nearly 14,800 additional housing units between 2021 and 2037 (an annual growth rate of 0.9% from 2021)
- Strong Growth: 134,062, an increase of approximately 35,500 additional housing units (an annual growth rate of 1.9% from 2021)
- Dynamic Growth: 149,998, an increase of approximately 51,400 additional housing units (an annual growth rate of 2.7% from 2021)

Net new projected households and residents between 2021 and 2037 are shown in Table 6.

Population Key Takeaways

Based on AECOM's analysis of historical trends and forecasted population and household growth, the following key takeaways were evident:

- GSA's population has grown approximately **257%** since 2010 (a 12.3% annual rate), versus approximately 13% (a 1.1% annual rate) for the City overall, emphasizing the neighborhood's increasing popularity as a place to live, work, and play
- GSA's population is younger (26.5 average age), with smaller household sizes (1.8 average size) and a higher median income (approximately \$4,000 more) than the City overall

- Overall central area growth in Richmond has exceeded the City's overall annual growth rate of 1.1% by more approximately three percentage points, growing at a rate of just **over 4%**, between 2010 and 2019
- Thus far, according to preliminary data, including a recent LinkedIn Study, Richmond's recent uptick in population growth so far has been boosted, not hampered, by the pandemic, which documented a **6.1%** increase in net new arrivals since 2020⁶
- Richmond is becoming a more "cosmopolitan" place, attracting more residents from outside the state and overseas than in the past
- Richmond's recent "growth spurt" indicates that, if recent trends continue, the City may even exceed the population and household growth predicted by the CURA study. Additionally, if Amtrak's plans for high-speed rail between Richmond and Washington, D.C. are implemented, this would result in a **significant influx of population** and jobs into to greater Richmond over the coming decades.

⁶ <https://www.linkedin.com/pulse/migrations-new-map-florida-utah-win-favor-two-giant-metros-anders/?published=t>

Employment & Industry

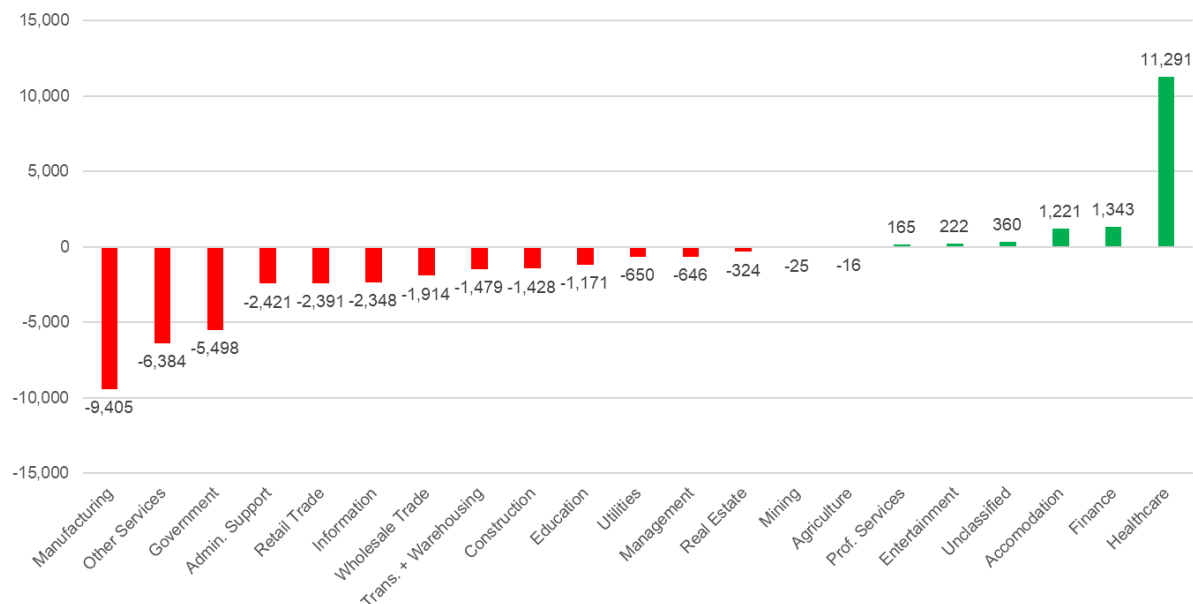
Industry

Richmond has seen substantial economic transformation over the last two decades. Figure 14 shows change in jobs by industry in the City between 2001 and 2020. The City has lost 61% of its manufacturing jobs between 2001 and 2019. Many of these losses came from tobacco manufacturing, which has shed roughly 3,000 jobs in the City since 2001.

Despite losses in these sectors, the City has experienced significant employment growth in **healthcare, accommodation and food services and finance and insurance**, particularly after the Great Recession. Between 2010 and 2019, accommodation and food services added over 4,300 jobs, while healthcare and social assistance added over 2,000. According to U.S. Census OnTheMap, between 2010 and 2018, the number of overall jobs in the City of Richmond grew steadily, at **an annual rate of 2%**. In 2020, according to EMSI, a labor market analytics firm, the City's top industry clusters, based on the total number of jobs, were State Government, Colleges, Universities, and Professional Schools; and General Medical and Surgical Hospitals, as Table 7 shows.

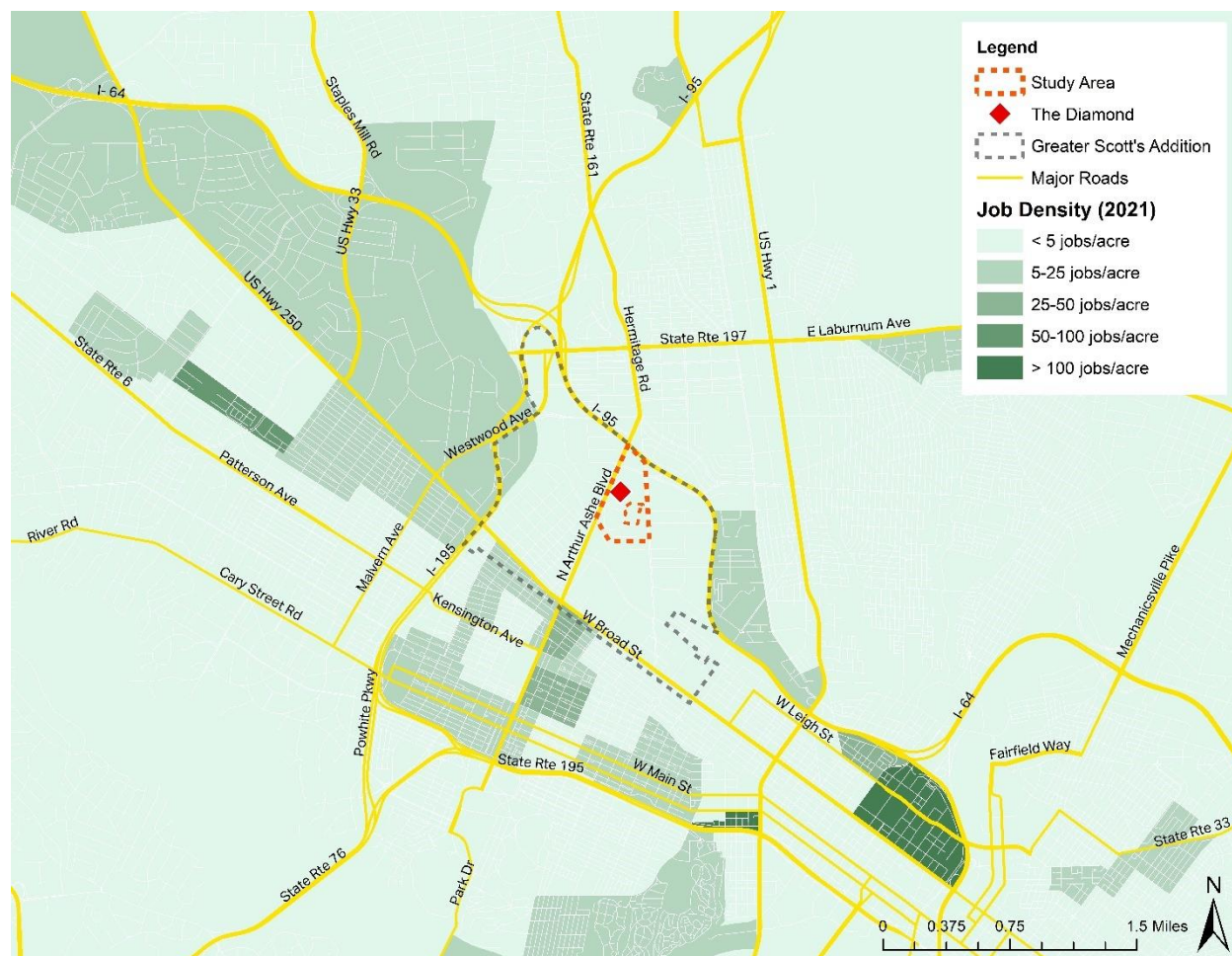
State government, colleges & universities, and medical hospitals employed the most people in Richmond in 2020

Figure 14: Change in Jobs by Industry in the City of Richmond, 2001 – 2020



Source: EMSI, AECOM 2021

Based on an analysis of location quotients (LQs), which indicate how over- or under-represented a particular industry cluster is in the local market compared with the U.S. as a whole. Richmond's specializations include tobacco manufacturing, central banking (driven by the presence of the Federal Reserve Bank of Richmond), paper and ink manufacturing, real estate lending, healthcare facilities, and state government. The city is also a destination for corporate headquarters and regional management offices, which employed **nearly 9,000 in the city as of 2020**. Figure 15 shows job density in Richmond's central area.

Figure 15: Job Density, Richmond's Central Area, 2021

In terms of economic output, the **manufacturing sector is still Richmond's largest**, accounting for 21% of the city's \$23.8 billion Gross Regional Product (GRP), although that has fallen 28% in 2010. The finance and insurance industry has nearly doubled its contribution to GRP over the last decade, adding \$2.6 billion to the city's total economic output in 2019. Out of those sectors employing at least 100 people within the city, **administrative services** (96% growth between 2010 and 2019), **finance and insurance** (93% growth), and **accommodation and food services** (90% growth)

have seen the fastest nominal growth in gross regional product.

Table 7: Top Industries in Richmond by Total Jobs, 2020

Industry	2020 Total
	Jobs
State Government, Excluding Education and Hospitals	14,954
Colleges, Universities, and Professional Schools	11,897
General Medical and Surgical Hospitals	9,415
Corporate, Subsidiary, and Regional Managing Offices	8,993
Federal Government, Civilian, Excluding Postal Service	5,706
Local Government, Excluding Education and Hospitals	5,382
Elementary and Secondary Schools (Local Government)	4,872
Full-Service Restaurants	4,450
Temporary Help Services	3,455
Offices of Physicians (except Mental Health Specialists)	3,298

Source: EMSI, AECOM 2021

The sector with the largest projected losses is "other services," which include equipment and machinery repair, promoting or administering religious activities, grantmaking, advocacy, dry cleaning and laundry services, and personal care services, among others. This industry cluster is projected to lose over 1,600 jobs by 2030.

Richmond's economy is expected to continue to shift towards professional services and finance, while employing fewer workers in the manufacturing, construction, wholesale, and retail trade jobs in the coming decade, according to

projections by EMSI. PlanRVA predicts that the Greater Richmond region will add **136,000 more jobs between 2021 and 2045.**⁷ According to EMSI, these will include service jobs, which include food service, in-home assistance, freight/stock labor, and construction jobs; hospital/medical jobs, including physicians; and office jobs, which include real estate credit/finance and multiple types of medical insurance occupations.

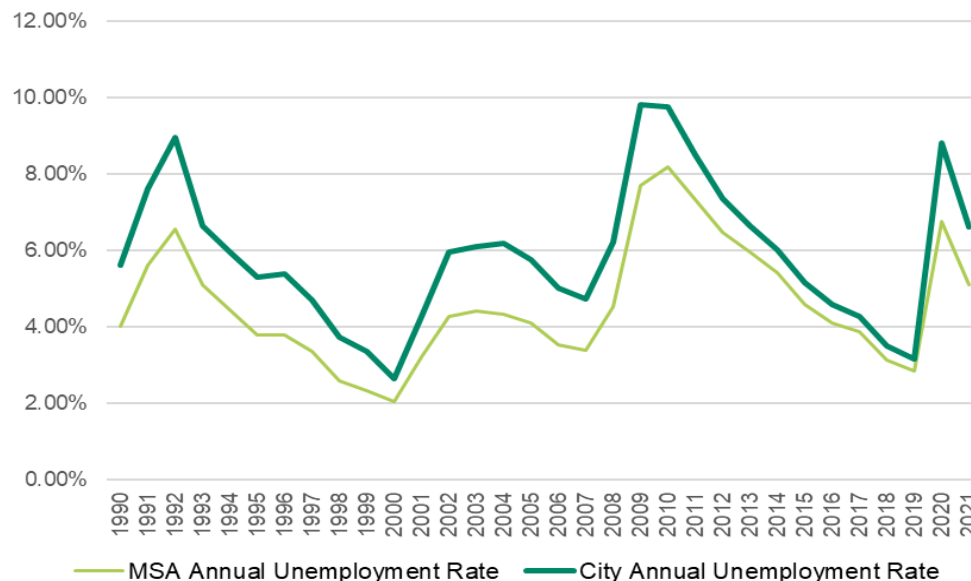
Employment

The City's unemployment rate has tracked closely with the Richmond MSA's overall rate in recent years, although has typically remained slightly higher, as Figure 16 shows. The unemployment rate reached its post-recession nadir for both the City and the MSA in December 2019, at a rate of **3.2% for the City and 2.8% for the MSA**, shortly before the onset of the COVID-19 pandemic – this is approaching the Bureau of Labor Statistics' (BLS's) definition of **full employment**, a rare historical occurrence.

The City of Richmond's labor market has expanded at a slower rate over the last two decades. Over the last thirty years, the city's unemployment rate was lowest in December 2000 (2.2%); however, the labor force was also shrinking during this time period, by an annual rate of 0.6% between 1990 and 2000, before slowly beginning to expand again. However, more stabilized labor force growth did not occur in the City until after 2010; between 2010 and 2019, both the City's and the MSA's overall labor force grew at an average annual rate of 1%.

The City's labor market has recovered much faster from the COVID-19 pandemic-induced recession than in prior downturns; after reaching a high of 14.6% in April 2020, the unemployment rate dropped to 6.2% by June. Between March and April of 2020, Richmond lost over 11,500 jobs; however, Richmond's economy has since **added back 3,400 jobs**. The more lingering impact has been the loss of approximately 7,350 participants from the City's labor force. It is not clear how many of those who left the labor force will ultimately return. It would be premature to assume these workers who remain on the sidelines of the labor market will be there permanently. For firms, they should be viewed as a potential **labor reserve**.

Figure 16: Unemployment Rates, City of Richmond and MSA, Yearly Averages 1990-2021



Source: Bureau of Labor Statistics Local Area Statistics, AECOM 2021

⁷ https://planrva.org/wp-content/uploads/2045_LongRangeGrowthForecast_Draft_5-21-2020-2.pdf

COVID-19 Pandemic Impacts on Employment

Industry-level data in the wake of the pandemic-induced recession remains imprecise, but it has become clear that the downturn affected some sectors disproportionately, far more so than in past recessions, as Table 8 indicates.

Accommodation and food services (3,300 jobs lost) account for the largest share, 40%, of these job losses. Administrative services shed 1,000 jobs, while 800 government jobs were lost in the City. Finance, insurance, and professional services hardly lost any, however, while the real estate/leasing and transportation and warehousing industry clusters continued to add jobs. More complete data in the coming months is expected to show steady recovery in the hardest-hit sectors to reflect a full re-opening of the local economy, but as new virus variants continue to emerge, it is difficult to predict the long-term impact.

Commuting Patterns & Labor Force Characteristics

According to the most recent data from the U.S. Census OnTheMap, as of 2018, approximately 150,000 people were employed in the City of Richmond, whereas only approximately 95,000 workers lived in the City – a jobs-to-residents ratio of 1.6. AECOM conducted a recent analysis that focused on the City's central growth areas, including GSA and downtown, which showed an even higher jobs-to-residents ratio of 2.2. Despite the City having more jobs than members of the labor force, fewer than half (37%) of Richmond's workforce also had their primary job in the City, and 63% lived in Richmond and commuted elsewhere to work. Top destinations for workers who live in Richmond and commute elsewhere include Innsbrook (3.4%), Mechanicsville (1.9%), and South Richmond (1.8%). Conversely, workers commuting into the City to work came from places like Tuckahoe (3.2%), in Richmond's far west end; Mechanicsville (2.2%), and Short Pump (1.6%).

Those who live in Richmond and either work within the city or outside of it also tend to be younger than those who commute in. Of those workers who live in Richmond and commute outside of the City, 31% are aged 29 or younger, as well as 28% of people who both live and work in Richmond, compared with just 18% of those who commute into Richmond for work.

In 2018, the industry sectors employing the largest shares of Richmond residents were **Health Care and Social Assistance** (15.5%), **Accommodation and Food Services** (10.6%), **Retail Trade** (9.6%), and **Educational Services** (8.8%), the same four sectors also employing the highest numbers of residents of the

As of 2018, approximately 150,000 people were employed in the City of Richmond, whereas only approximately 95,000 workers lived in the City – a jobs-to-residents ratio of 1.6, which rises to 2.2 in the City's central area.

Table 8: Pandemic-Era Job Losses, City of Richmond, 2019 - 2020

Description	2019-2020 Job Losses
Accommodation	-3,292
Admin. Support	-1,011
Government	-801
Healthcare	-713
Other Services	-523
Entertainment	-448
Construction	-386
Retail Trade	-326
Manufacturing	-324
Education	-233
Information	-119
Wholesale Trade	-92
Management	-55
Prof. Services	-42
Utilities	-14
Finance	-10
Agriculture	2
Mining	2
Unclassified	52
Real Estate	98
Transportation + Warehousing	135

Source: EMSI, AECOM 2021

greater Richmond MSA. According to OnTheMap, the workforce for the MSA overall has achieved somewhat higher levels of educational attainment than Richmond workers; 24% have at least some college or an Associate's Degree, and 23% have a Bachelor's degree or higher. In the City, 22% of workers have some college or an Associate's degree, and 20% hold a Bachelor's or advanced degree.

Employment & Industry: Key Takeaways

Based on the analysis of industry and employment growth and change in the City of Richmond, below are some key takeaways that inform the market analysis of the Diamond property:

- Richmond has seen slow labor market growth over the past two decades, though its recovery from recent pandemic-induced recession has been much faster than from prior downturns.
- Accommodation and food services bore the brunt of pandemic-related job losses, while some professional services, finance, insurance, and real estate industries experienced few or no job losses.
- Employment overall in the City has grown by approximately **2%** annually since 2010.

- Despite Richmond residents' relatively high levels of educational achievement and the City's 1.6 jobs-to-residents ratio, only 37% of Richmond residents both work and live in the City, suggesting a mismatch in jobs and resident skills, and/or a **lack of housing options** for Richmond workers.
- Richmond's economy is shifting away from manufacturing jobs and toward employment in **healthcare**, particularly home healthcare and medical and surgical practices, and **professional services** such as finance, insurance, real estate. Further declines in manufacturing, service jobs, and entry-level administration jobs are predicted over the next decade.
- The City has seen significant growth in administrative services, finance and insurance, and accommodation and food services over the last decade. Richmond is predicted to **add thousands of jobs** between 2021 and 2030, including service jobs, which include food service, in-home assistance, freight/stock labor, and construction jobs; hospital/medical jobs, including physicians; and office jobs, which include real estate credit/finance and multiple types of medical insurance occupations.

Real Estate Market Conditions

Housing

Most of the housing in the greater Richmond MSA was built between 1970 and 2000 (approximately 70%); however, homes in the City of Richmond dwellings are much older than those in the overall region – **68% of the City's homes were built prior to 1970**, and 32% were built before 1939, as Table 9 shows. Aging housing stock combined with soaring demand for “missing middle”/workforce housing has been one of the City's major challenges in recent years.

Approximately 66% of homes in the Richmond MSA are owner-occupied, compared to 43% of homes in the City of Richmond. Median gross home value for the MSA overall is \$206,000, just under \$10,000 higher than the City of Richmond median gross home value of \$196,900.

There is a significant premium for newer housing in the MSA – **over \$139,000 between properties built 2014 or later** – versus housing built prior to 1939. The premium is less steep for City of Richmond for homes built 2014 or later, versus housing built prior to 1939, at approximately \$491.

In the MSA overall, approximately 34% of homes are renter-occupied, compared to 57% in the City of Richmond. According to ESRI estimates, median gross rent for the MSA overall is \$1,025, compared to \$1,044 in the City of Richmond. Compared with other metro areas with larger central cities, rent premiums within City limits are not significant. However, there is a significant difference in median rent paid to rent older versus newer units; in the MSA overall, median rent for properties built in 2014 or later is \$1,436, whereas renters pay approximately \$945 per month to rent apartments in buildings built in 1939 or before. In the City of Richmond, the premium paid for newer (built 2014 or later) and older properties (built 1939 or earlier) is approximately \$266, with the median rent commanded for newer properties at \$1,396 versus the median rent for properties built in 1939 or before of \$1,130.

Table 9: Housing by Year Built, GSA, City of Richmond, and Richmond MSA, 2019

Year Built	GSA	City of Richmond	MSA
Built 2014 or later	8%	2%	3%
Built 2010 to 2013	3%	2%	3%
Built 2000 to 2009	17%	5%	15%
Built 1990 to 1999	3%	5%	15%
Built 1980 to 1989	4%	6%	16%
Built 1970 to 1979	6%	11%	15%
Built 1960 to 1969	13%	12%	10%
Built 1950 to 1959	5%	15%	9%
Built 1940 to 1949	6%	9%	4%
Built 1939 or earlier	34%	32%	9%

Source: 2015-2019 ACS Estimates, AECOM 2021

Homes built 2014 or later command a significant premium in the greater MSA – over \$139,000 between properties built 2014 or later – versus housing built prior to 1939.

Affordable Housing

According to the U.S. Department of Housing and Urban Development (HUD), there are 9,506 units of subsidized affordable housing in the City of Richmond, as shown in Table 10. These units have historically remained at high occupancies, and are currently approximately 93% occupied. The average household income of residents is just \$11,840, more than \$56,000 below the 2019 ACS median income reported for the MSA of \$68,324.

Table 10: Affordable Housing Summary, City of Richmond, MSA, and State of Virginia, 2021

Geography	Subsidized Housing Units	% Occupied	Total Residents	Avg. HH Income	% In Poverty	Household Rent Contribution	HUD Rent Contribution
Richmond (City)	9,506	93%	18,818	\$11,840	42%	\$281	\$845
Richmond MSA	18,842	92%	38,813	\$12,792	31%	\$312	\$809
Virginia	106,170	89%	204,950	\$13,927	23%	\$342	\$798

Source: U.S. HUD, AECOM, 2021

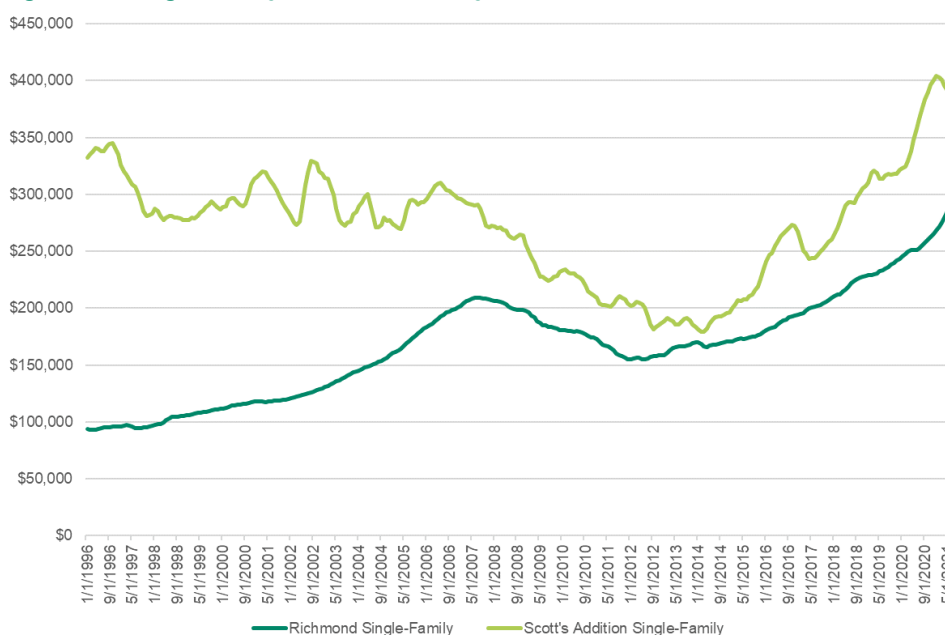
The need for more affordable housing in the City of Richmond is acute. The Richmond Redevelopment and Housing Authority (RRHA) maintains six waitlists for affordable housing in the area. This is one of many reasons that the City of Richmond has made building more affordable housing in the City a top priority. The City of Richmond offers the following incentives to construct affordable housing in the City, which are codified in the City's Zoning Ordinance⁸:

- Density bonuses
- Development fee reduction
- Expedited consideration

Richmond Housing Market Trends

Single-Family Housing

Despite steady growth in overall population, production of single-family homes in Richmond has remained relatively low since 2001. Between 2001 and 2010, Richmond averaged 283 annual permits for new single-family homes per year. In the decade since, the city has permitted on average only 228 new single-family dwellings per year, while adding over 1,000 households annually on average over the same timeframe. It is likely that slow growth in housing supply growth has contributed to the significant growth in home prices in Richmond, especially over the last five years, as Figure 17 shows. Home appreciation in GSA has been even more dramatic; according to Zillow, the average home price in Richmond was approximately \$208,000 in the summer of 2007, falling to \$156,000 in late 2010. Since then, the average home price in Richmond has risen to nearly \$300,000. In GSA, the average home price has nearly doubled over the last decade, to \$400,000 in the early months of 2021.

Figure 17: Single-Family Home Prices, City of Richmond and GSA, 1996 - 2021

Source: Zillow Home Price Index, AECOM 2021

⁸ https://library.municode.com/va/richmond/codes/code_of_ordinances?nodeId=16118

Condominiums

The condo market in Richmond is small but growing. There are only a handful of high-rise/larger-scale condo developments in the GSA/downtown areas of Richmond, including:

- Vistas on the James (downtown)
- Riverside on the James (downtown)
- The Prestwould (Monroe Park/VCU)
- Old Manchester Lofts (Manchester)
- Nolde Bakery (Church Hill)
- Rocketts Landing (east of downtown)

Condo living has become more attractive to people of all ages in recent years, from young singles and couples to empty nesters downsizing from larger single-family homes. The rising price and constrained supply of single-family homes has limited buying options for many first-time homebuyers, pushing some into the condo market who might otherwise have purchased smaller "starter" detached single-family homes. Additionally, most of Richmond's newer condo developments offer attractive on-site amenities, and are located in vibrant, urban, mixed-use environments, within walking distance of bars, restaurants, entertainment venues, parks, and cultural opportunities.

Based on data from the City of Richmond Real Estate Assessor's Office, the number of condo units sold per year in Richmond has increased substantially since 2012, increasing by an average annual rate of 12%, for a total increase of 188 % between 2012 and 2021 (see Table 11). Sale prices have also increased, by 3% annually over the nine-year period, for a total increase of 32%. Despite the increase in number of condo units sold and average sale price, the average condo size has decreased slightly, suggesting that some of the newer products that have come on the market tend to be smaller (but perhaps have more updated amenities and community features) than Richmond's older condo housing stock.

Table 11: Condo Sales, City of Richmond, 2012 - 2021

Year	Condo Units Sold	Avg. Size	Avg. Sale Price
2012	78	1,188	\$208,230
2013	201	1,245	\$231,446
2014	237	1,195	\$221,010
2015	248	1,162	\$210,812
2016	296	1,132	\$226,718
2017	372	1,106	\$264,117
2018	233	1,020	\$220,760
2019	279	1,059	\$247,499
2020	355	1,107	\$276,881
2021	225	1,106	\$274,333
CAGR	12%	-1%	3%
% Change, 2012-2021	188%	-7%	32%

Source: City of Richmond Assessor of Real Estate; AECOM 2021

Multifamily Housing

Growth in multifamily housing in Richmond has accelerated in recent years. In 2017 and 2019, more than 1,000 units were permitted in the City, twice the typical level seen leading up to the 2008 Great Recession. At the same time, multifamily structures make up an increasingly large share of new residential units, particularly in structures with at least five units, as indicated in Figure 18. In 2019 and 2020, properties with at least five units made up more than two-thirds of building permits issued in Richmond, compared to the one-third share typical before the Great Recession. According to CoStar, the booming multifamily market in GSA has helped to drive this trend, adding 13 buildings and 1,903 units in multifamily structures since 2011, accounting for about one-tenth of Richmond's overall multifamily growth over that span.

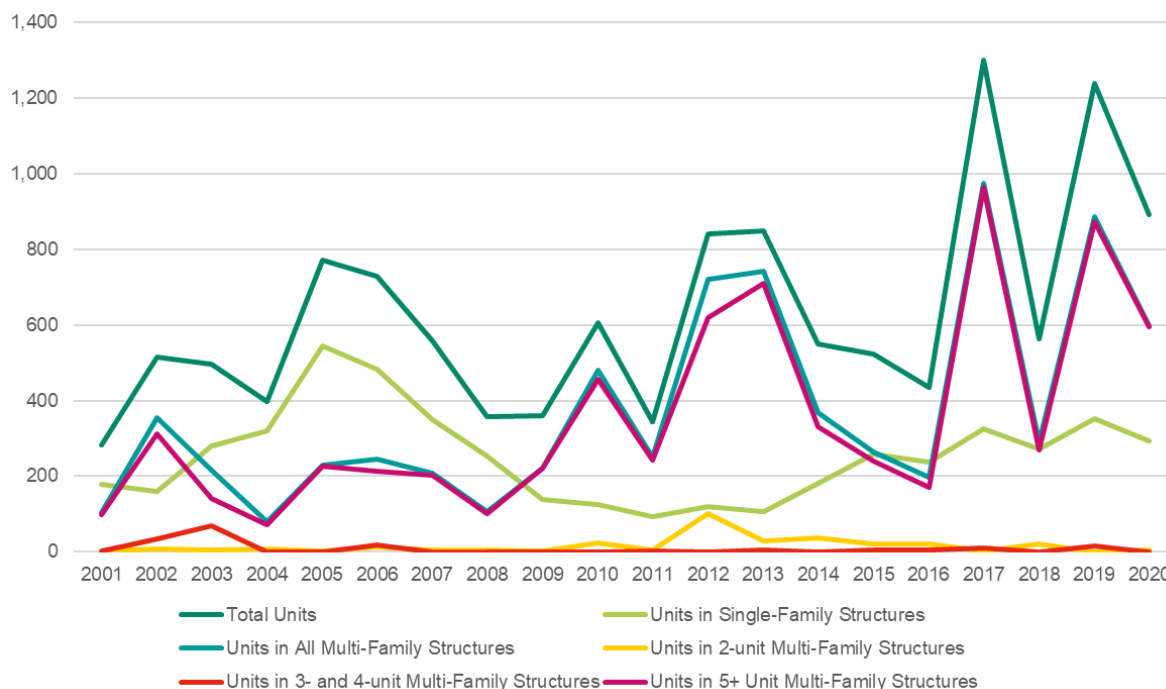
Since 2005, effective rent per unit for multifamily housing in the City and the overall MSA have tracked closely, as Table 12 shows, rising from an average of \$839 for the City and \$842 for the MSA in 2005, a 2% annual growth rate for the City and a 3% annual growth rate for the MSA. Multifamily rents in GSA have historically been higher on average than for both the City and MSA overall, and have continued to rise at a rate of 2% annually since 2005, rising from \$1,080 in 2005 to \$1,462 in 2021.

Table 12: Multifamily Market Trends Summary, GSA, City of Richmond, & Richmond MSA, 2005 - 2021

	GSA	City	MSA
Units			
2005	1,080	839	842
2021 YTD	3,172	85,496	122,544
CAGR	7.0%	33.5%	36.5%
Rents			
2005	\$1,080	\$839	\$842
2021 YTD	\$1,462	\$1,242	\$1,258
CAGR	1.9%	2.5%	2.5%
Vacancy			
2005	8.2%	7.7%	7.5%
2021 YTD	7.6%	4.6%	4.8%

Source: CoStar, AECOM 2021

Figure 18: Multifamily Rental Unit Growth, City of Richmond, 2001 - 2020



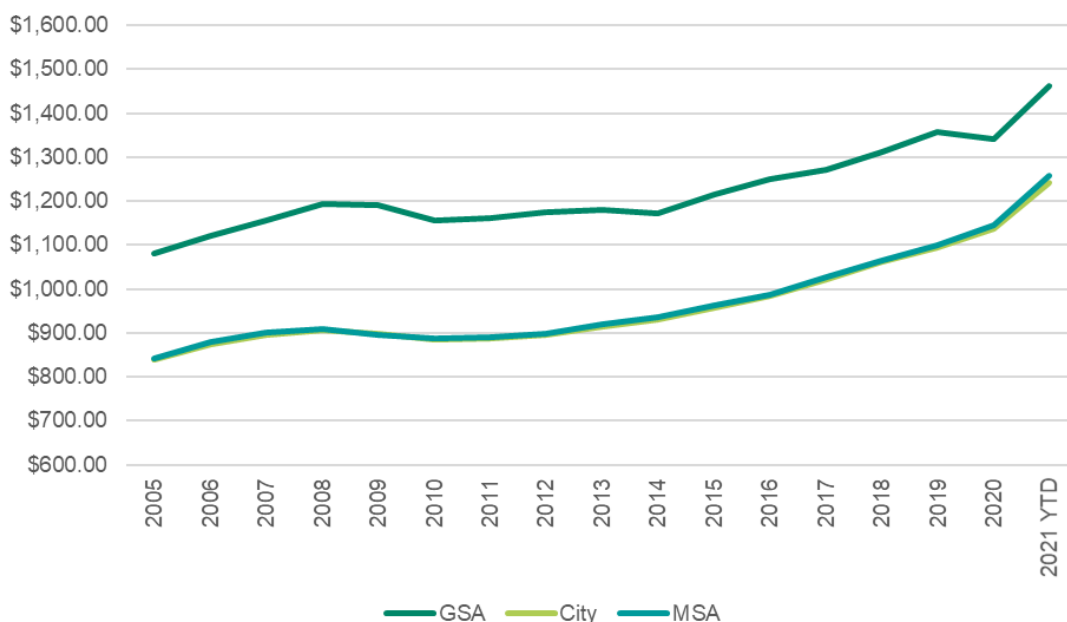
Source: U.S. Census Building Permits Survey, 2021

Richmond renters are paying nearly \$400 more per month for housing built in 2014 or later, relative to housing units built in the 1990s

Demand has remained strong since the 2008 recession, and rents in GSA have risen, along with rents across the rest of the city. Since the beginning of 2017, the average asking rent per unit in GSA rose from \$1,272 to \$1,462, a 15% increase in price per square foot over a four-year span. Comparatively, rents rose 22% for the City

of Richmond as a whole, from an average of \$1,021 to \$1,242 and 23% for the overall MSA, from \$1,027 to \$1,258, during the same time period. In the city and the metro area, most of this rent growth has occurred since the beginning of the COVID-19 pandemic. Rents in Scott's Addition, however, were already increasing substantially in the years leading up to the pandemic, and have continued to rise.

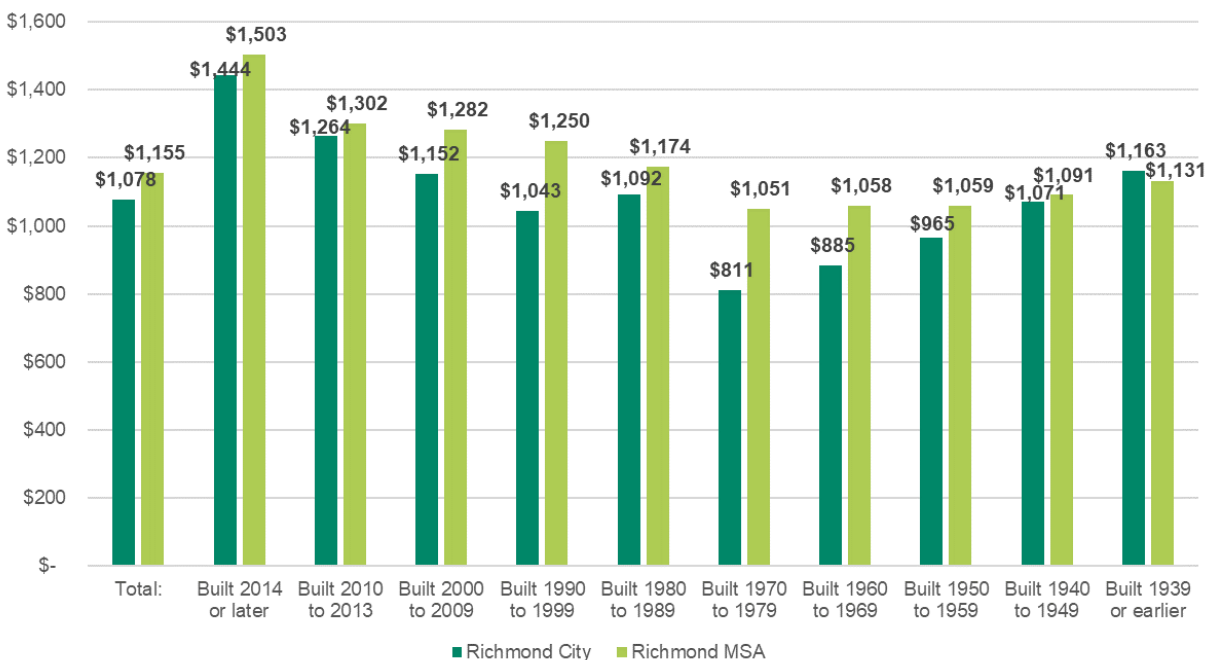
Figure 19: Multifamily Rental Growth, GSA, City of Richmond, and Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

Over 560 additional units across four buildings were under construction in Scott's Addition as of Q3 2021, representing an additional 18% increase in the neighborhood's stock of multifamily units. In comparison, units under construction across all of Richmond would add only about 5% of the City's current housing stock.

There appears to be a substantial premium for new construction both within the City of Richmond and for the broader MSA. Renters are paying nearly **\$400 more per month for housing built in 2014 or later**, relative to housing units built in the 1990s, according to the most recent five-year ACS (shown in Figure 20). It is possible this gap is understated, as this breakdown does not capture the last two years' surge in rents.

Figure 20: Median Rent by Age of Building, City of Richmond and Richmond MSA, 2019 ACS

Source: 2015-2019 American Community Survey, AECOM 2021

Compared to larger, high-density cities like New York or Boston, Richmond has developed at more moderate densities over the decades. According to CoStar, the City has seen very little high-rise residential development over the years. The tallest residential building in the City is 20 stories; the majority of multifamily residential buildings are five stories or fewer, with the largest share (45% of multifamily residential buildings) being only two stories in height. Only 6% of multifamily buildings in Richmond are greater than five stories.

Unit Mix

AECOM also analyzed the differences in supply, rents, and vacancy rates for one, two, and three-bedroom multifamily units, and found that two and three-bedroom apartments are undersupplied in GSA and the City, especially three-bedroom units. Two-bedroom units make up approximately 47% of apartments in Richmond, compared with 48% of multifamily units available in the overall MSA, and three-bedroom units make up only 10% of Richmond's overall multifamily units, compared with 11% of units in the MSA. However, in GSA, two-bedroom apartments make up just 28% of apartments, and three-bedrooms are only 1% of total GSA apartment supply.

Vacancy rates for multi-bedroom units are lower on average in the City of Richmond, and have been historically. As of the second

quarter of 2021, multifamily vacancy rates for one-bedroom apartments in Richmond stood at 5%, with two- and three-bedroom units only 4% vacant, on average. On an annual basis, rents for one-bedroom apartments in the City of Richmond have risen by approximately 2% annually since 2005, compared with a 3% annual increase for two- and

Figure 21: Average Rents for One-, Two-, and Three-Bedroom Apartments, City of Richmond, 2005 - 2021

Source: CoStar. AECOM 2021

three-bedroom units, as Figure 21 shows. Between 2015, when rents really began to take off in the City, and 2021, the City has seen a 25% increase in effective rents per unit for one-bedroom apartments, and a 33% increase in effective rents for three-bedroom apartments.

Student Housing

Richmond is home to multiple public and private institutions of higher learning, including VCU, VUU, and U of R. VCU is by far the largest, with an enrollment of nearly 30,000 students split across two campuses, and is a public university. The main campus is located adjacent to the Fan District, west of Belvidere Street, and the medical campus (formerly the Medical College of Virginia) is located in downtown Richmond. Virginia Union University is the closest college to GSA, less than a mile to the east. It is a private, historically Black university (HBCU) with an enrollment that hovers around 1,500. The University of Richmond is also private, with an enrollment of just over 4,000. Neither VCU, VUU, nor University of Richmond require students to live on-campus; however, undergraduates are encouraged to live on campus if that is their preference, and if housing is available.

Approximately 6,000 VCU students live in on-campus housing (only 19% of total enrollment), compared to an estimated 600 VUU students (40% of students) and 2,800 U of R students (68% of students). As Table 13 shows, VCU charges between approximately \$7,103 and \$9,177 per year, which averages out to approximately \$592 - \$765 per month per year over a 12-month period. VUU had the highest on-campus housing costs, charging between \$7,952 and \$10,660 for a single room per year, (between \$663 and \$888 per month) for on-campus housing. U of R has the most affordable single on-campus housing rates of the three, between \$6,850 and \$7,500 per year, or \$571 and \$625 per month. To put this in context, **it would save three VCU students nearly \$100 each** to rent an off-campus three-bedroom apartment for \$1,500 per month, based on the low end of on-campus student housing costs.

Based on the lower end of what VCU students pay to live on campus per month, three students sharing a 3-bedroom off-campus apartment and paying \$1,500 per month would save nearly \$100 each over on-campus housing costs

Table 13: Student Housing Cost Ranges for Single Rooms, VCU, VUU, and U of R

School	Low		High	
	Per Year	Per Month	Per Year	Per Month
VCU	\$7,103	\$592	\$9,177	\$765
VUU	\$7,952	\$663	\$10,660	\$888
U of R	\$6,850	\$571	\$7,500	\$625

Source: VCU, VUU, U of R, AECOM 2021

There are many multi-bedroom units available in the surrounding area which might be more affordable to students than on-campus housing, if shared with roommates. The majority of VCU students live off-campus, many in the Fan District, Museum District, or downtown Richmond. GSA and the Diamond property are located less than a mile from VUU, less than three miles from VCU, and less than six miles from the U of R campus.

Richmond Housing Market Key Takeaways

Based on analysis of housing in GSA, the City of Richmond, and the MSA, below are some key takeaways that inform the market analysis of the Diamond property:

- Richmond's housing stock is **significantly older** on average than the overall MSA's, despite the market conferring a significant premium on newer homes (built after 2014).
- Average home prices, relatively stagnant during the housing boom of the early 2000s, have accelerated rapidly over the last five years. The average home price in Richmond was over \$370,000 as of June 2021.⁹
- Despite an increase in new construction of multifamily homes over the last five years in GSA and the City, demand appears to continue to exceed supply, especially for **"missing middle" and affordable housing**.
- Richmond's multifamily housing vacancy rate has fallen from above 8% a decade ago to roughly 5% today.
- Three-bedroom units make up only 10% of Richmond's overall multifamily portfolio; there appears to be unmet demand in the market for **larger units**.
- Condominium sales are increasing in number and average sale price in the City of Richmond.

⁹ Zillow Home Price Index

- The City has a **significant college and graduate student population**, the majority of whom live off-campus. The Diamond property is located less than a mile from VUU, less than three miles from VCU, and less than six miles from U of R.

Retail/Commercial

Total retail space has expanded slowly across the Richmond area over the last decade, according to an analysis of CoStar data. Retail square footage in the City of Richmond has remained between 41 million and 42 million square feet (SF) since the 2008 Great Recession; overall, since 2005, retail square footage has grown at a rate of less than 1% per year in GSA, and 1% per year in the City of Richmond and the greater MSA. In GSA, the stock of retail square feet has only increased slightly since at least 2005, as Table 14 indicates.

Despite a relatively steady inventory of retail square footage in the City, vacancy rates have fluctuated considerably, particularly in the GSA retail market, as Figure 22 shows. Retail vacancy rates in the City and overall MSA tracked closely between 2005 and 2021, with the City of Richmond's retail vacancy rate trending slightly higher. In keeping with national trends, retail vacancies in the City overall rose during the 2008 Great Recession, before falling as the economy recovered; prior to the recession, they were hovering around 6%, but increased to nearly 8% in the wake of the recession. GSA experienced greater fluctuations in retail vacancy, peaking at 6% in 2014 before dropping below 2% in 2016., despite an increase in overall retail square footage in the neighborhood. Retail vacancy in the overall MSA has mostly remained between 5% and 7% over the last 15 years, and was approximately 5% in the second quarter of 2021.

After the onset of the pandemic in 2020, vacancies rose again in both the City overall and in the GSA area, though not as dramatically as in prior downturns. GSA saw only a 1% increase in vacancy on average, as did the City as a whole, going from 5% to 6%. The MSA remained largely unchanged. Overall, thus far, the pandemic has not significantly impacted retail space occupancy in GSA, the City, or the MSA overall.

Since 2005, NNN retail rents across GSA, the City, and the MSA have risen at approximately the same annual rate of 2%; however, yearly fluctuations have been greater in GSA, and recent trends indicate that retail rents in the neighborhood are outpacing the City and MSA. NNN

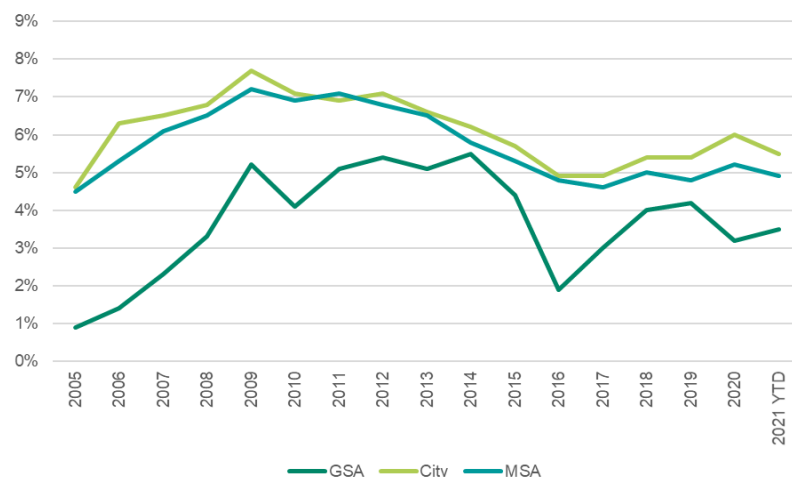
Since 2017, retail rents in GSA have risen at an annual rate of 6%, compared to 2% for the City and 1% for the overall MSA

Table 14: Retail Market Trends Summary, GSA, City of Richmond, & Richmond MSA, 2005 - 2021

	GSA	City	MSA
Square Footage			
2005	1,347,574	39,558,830	72,130,218
2021 YTD	1,382,092	43,050,492	82,550,941
CAGR	0.2%	0.5%	0.8%
Rents			
2005	\$14.00	\$10.36	\$11.61
2021 YTD	\$17.95	\$16.26	\$16.28
CAGR	1.6%	2.9%	2.1%
Vacancy			
2005	0.9%	4.6%	4.5%
2021 YTD	3.5%	5.5%	4.9%

Source: CoStar, AECOM 2021

Figure 22: Retail Vacancies, GSA, City of Richmond, & Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

(commonly referred to as “triple net”) rent is the most common type of rent paid for retail space, and signifies that the tenant or lessee pays all property expenses, including real estate taxes, building insurance, and maintenance. Since 2017, retail rents in GSA have risen at an annual rate of 6%, compared to 2% for the City and for the overall MSA. As of the second quarter of 2021, GSA retail tenants paid an average of \$17.95 per square foot of space, compared with \$16.26 for the City overall, and an average of \$16.28 for retail space in the greater MSA.

Retail Spending and Leakages

According to estimates from ESRI, in 2017, approximately \$2.5 billion was spent in the Richmond market at retail businesses, excluding food and beverage retail. Of this, \$18,149,674 was spent in the GSA neighborhood, only about 1% of the City’s retail sales. Based on the previous analysis of retail rents and vacancies in GSA, retail space appears to be at a premium in the neighborhood, and is being undersupplied relative to market demand.

An analysis of retail leakages (retail spending done outside the trade area, due to demand outstripping retail supply in that area) and retail surpluses (retail types that are drawing in customers from outside the trade area) based on ESRI data was conducted for GSA and the City of Richmond. Restaurant spending will be addressed in more detail in the Flex & Entertainment space section.

Table 15: Top 10 Retail Spending Surpluses/Leakages by Type, GSA, 2021

Surplus	Amount	Leakage	Amount
Motor Vehicle & Parts Dealers	-\$38,126,852	Department Stores Excluding Leased Depts.	\$2,297,221
Bldg Material & Supplies Dealers	-\$37,890,851	General Merchandise Stores	\$740,735
Bldg Materials, Garden Equip. & Supply Stores	-\$37,824,958	Shoe Stores	\$132,561
Food & Beverage Stores	-\$37,108,222	Specialty Food Stores	\$97,768
Grocery Stores	-\$29,308,773	Direct Selling Establishments	\$93,528
Automobile Dealers	-\$22,957,769	Book, Periodical & Music Stores	\$93,205
Gasoline Stations	-\$19,606,115	Lawn & Garden Equip & Supply Stores	\$65,892
Food Services & Drinking Places	-\$15,935,155		
Miscellaneous Store Retailers	-\$14,788,026		
Nonstore Retailers	-\$14,643,231		

Source: ESRI, AECOM 2021

According to the analysis (see Table 15), the largest surplus market in GSA that draws spending from outside the trade area is motor vehicle & parts dealers; although GSA has been transitioning away from industrial uses, there are still a number of motor vehicle & parts dealers left in the area. The area is also known as a destination for restaurants and craft breweries, which draw a significant amount of spending from outside the neighborhood. There is an Aldi grocery store that falls within the neighborhood’s boundaries, and attracts significant outside spending, along with several other small, neighborhood-focused grocery uses. However, the neighborhood has no department stores, shoe stores, or plant nurseries.

Table 16: Top 10 Retail Spending Surpluses/Leakages by Type, City of Richmond, 2021

Surplus	Amount	Leakage	Amount
Food Services & Drinking Places	-\$173,445,128	General Merchandise Stores	\$225,947,422
Restaurants/Other Eating Places	-\$148,557,092	Automobile Dealers	\$194,023,102
Sporting Goods, Hobby, Book & Music Stores	-\$31,463,618	Motor Vehicle & Parts Dealers	\$183,297,500
Nonstore Retailers	-\$29,410,626	Grocery Stores	\$181,704,074
Used Merchandise Stores	-\$22,881,098	Food & Beverage Stores	\$166,154,322
Clothing & Clothing Accessories Stores	-\$19,517,413	Department Stores Excluding Leased Depts.	\$113,557,361
Clothing Stores	-\$18,096,080	Other General Merchandise Stores	\$112,390,061
Book, Periodical & Music Stores	-\$16,956,815	Gasoline Stations	\$49,924,495
Drinking Places - Alcoholic Beverages	-\$15,988,413	Electronics & Appliance Stores	\$37,601,185
Auto Parts, Accessories & Tire Stores	-\$14,837,348	Health & Personal Care Stores	\$35,357,290

Source: ESRI, AECOM 2021

For the City overall, the largest retail categories that draw outside spending into the City are food services & drinking places, and restaurants/other eating places, as Table 16 shows. Much of this spending is driven by Richmond's central areas: Greater Scott's Addition, Downtown Richmond, Manchester, and The Fan/Museum District/Carytown areas. The City's sporting goods, hobby, book, and music stores, mobile/non-store retailers, and used merchandise stores are also drawing in outside spending. Conversely, the City experiences significant leakage of demand for general merchandise, automobiles and auto parts, and grocery stores to outside areas, primarily in Henrico and Chesterfield Counties. Per ESRI estimates, retail spending is expected to grow an average of 3.6% annually in GSA, and approximately 9% annually for the City overall for all spending categories, between 2021 and 2026.

*Per ESRI estimates, retail spending is expected to grow an average of **3.6% annually** in GSA, and approximately **9% annually** for the City overall for all spending categories, between 2021 and 2026.*

It is important to note that ESRI has its own methodology of classifying businesses, and much of it is based on self-reported data. It is recommended that a full, in-depth analysis of retail uses and spending in the area be undertaken by the development team(s) involved in redeveloping the Diamond property, to better understand the nuances of retail demand in the area.

Retail/Commercial: Key Takeaways

The following are key takeaways from AECOM's analysis of the City of Richmond's retail and commercial markets:

- Despite slow growth of retail square footage in GSA and the City overall over the last decade, retail rents have risen at a faster clip in GSA than the City overall since 2017, at **6% annually**, compared with City's 2% annual growth in per SF rents.

- The pandemic does not appear to have had a strong negative impact on retail occupancies in GSA or in the City overall; as of the second quarter of 2021, **retail space vacancy was very low** for GSA (4% on average) and for the City overall (6% on average), as well as for the MSA (5% on average), compared to industry standards.
- According to ESRI, there are significant retail spending leakages outside of GSA, particularly in the General Merchandise and Department Store categories; on the other hand, the neighborhood's dining and craft beverage offerings are attracting substantial spending from outside the area.
- ESRI predicts retail spending in all categories to increase by 3.6% annually for GSA households, and **9% annually for the City** overall, between now and 2026.

Office

Since 2005, growth in office square footage has remained relatively flat across GSA, the City of Richmond, and for the MSA overall, growing at an annual rate of less than 1% for all three geographies (see Table 17). Since 2010, the City of Richmond actually lost office space at a rate of approximately 62,000 SF per year, a total loss of 679,000 SF between 2010 and 2021. According to CoStar, just over four million SF of office space has been demolished in the City of Richmond since 2005; the rest has most likely been converted to other uses, primarily residential (there are several recent examples of this conversion in Richmond's downtown). Growth in space was positive for GSA, which added an average of 700 SF per year (approximately 7,729 total SF), and the MSA, which added an average of 41,740 SF per year (approximately 459,000 SF total), over the same time period. Despite paltry growth in the City since 2010, GSA has seen a pickup in office growth since 2015, growing at an average annual rate of 3.4% per year.

GSA has seen significant increases in demand for office in the neighborhood, reflected by falling vacancy rates. The yearly average office vacancy rate in GSA was high in the years after the Great Recession, reaching nearly 30% vacancy in 2011. However, as demand for space in the neighborhood has increased, the vacancy rate has fallen, and was at just above 6% in the second quarter of 2021. The City and MSA experienced a leveling off of office vacancy rates in 2014, and they have hovered between 6 and 8% since. Post-pandemic, GSA's, the City's, and the MSA's occupancy rates are very strong compared with the U.S. overall; nationally, the office vacancy rate was above 17% in the second quarter of 2021, according to Statista Research.¹⁰

The City and overall MSA have seen slow but steady growth in office rents since 2005, at an average annual rate of 1% for the City and 2% for the MSA, as Figure 24 shows. As demand for office space in GSA has increased, office base rents in the neighborhood have converged with the rest of the City of Richmond and the MSA, exceeding them for the first time in 2018. Office rents in the GSA neighborhood averaged around \$13 per SF, compared with closer to \$15 for both the City of Richmond and overall MSA in 2005, and remained between \$10 and \$15 per SF until 2017; between 2017 and 2021, GSA office rents grew at 13% annually, and in the second quarter of 2021, reached an average of \$21 per square foot, compared with approximately \$19 per square foot for both the City and overall MSA.

*Post-pandemic, GSA's, the City's, and the MSA's office occupancy rates are **very strong** compared with the U.S. overall; nationally, the office vacancy rate was above 17% in the second quarter of 2021, whereas regional office vacancy rates were closer to 7%.*

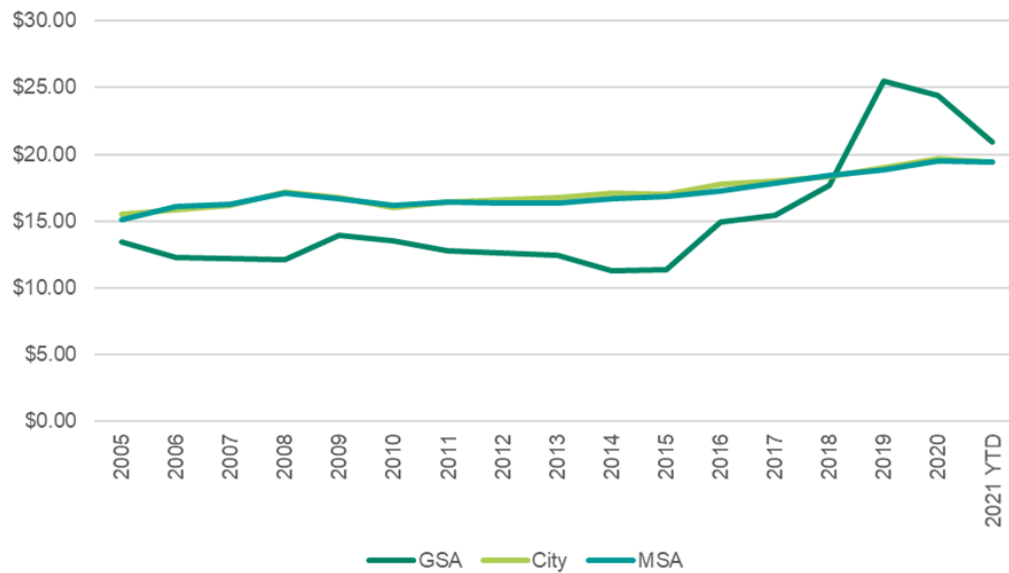
Table 17: Office Market Trends Summary, GSA, City of Richmond, & Richmond MSA, 2005 - 2021

	GSA	City	MSA
Square Footage			
2005	1,080	839	842
2021 YTD	3,172	85,496	122,544
CAGR	7.0%	33.5%	36.5%
Rents			
2005	\$13.42	\$15.48	\$15.09
2021 YTD	\$20.94	\$19.46	\$19.41
CAGR	2.8%	1.4%	1.6%
Vacancy			
2005	6.0%	10.0%	9.6%
2021 YTD	6.1%	7.1%	7.3%

Source: CoStar, AECOM 2021

¹⁰ <https://www.statista.com/statistics/194054/us-office-vacancy-rate-forecasts-from-2010/#:~:text=Office%20vacancy%20rates%20in%20the%20U.S.%202019%2D2021&text=In%20the%20United%20States%2C%20vacancy,the%20impact%20of%20the%20coronavirus.>

Figure 24: Office Rent per SF, GSA, Richmond, and Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

AECOM also undertook an analysis of office demand by class. Class B space is by far the dominant type of office space in the City (45% of all office space) and MSA (48% of all office space). Thirty-six percent of Richmond's office space is Class A, compared with 33% of the MSA's. GSA's first Class A office space was delivered in 2017, and makes up only 5% of its total office portfolio – the remainder is Class B (54%) and Class C (42%). Vacancies across GSA, the City, and MSA have typically been lowest for Class C space, due to its affordability, but Class A and B vacancies have remained roughly on par with one another since 2005 for all three geographies. Class A space has seen a steady increase in the rent it commands across the City since 2010, growing at 2% annually on average since then, as Figure 23. Overall growth for Class A office in the City between 2010 and 2021 was 31%, compared with 11% for Class B and 3% for Class A.

Figure 23: Class A, B, and C Office Rent per SF Comparison, City of Richmond, 2005 - 2021



Source: CoStar, AECOM 2021

Using U.S. Census OnTheMap data, AECOM conducted an analysis of change in office jobs in the City of Richmond between 2010 and 2018, the most recent year data was available for. The City of Richmond added nearly 3,000 "office jobs" between 2010 and 2018, as Table 18 shows, approximately 344 per year on average. "Office jobs" include the following industry categories: Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific, and Technical Services; Administration & Support, Waste Management and Remediation; Management of Companies and Enterprises, Public Administration, and Other Services. The overall MSA added over **37,000 office** positions during the same time period, about 4,630 per year on average. Additionally, the City added 4,055 Healthcare jobs, about 507 per year on average between 2010 and 2018, some of which include office-based positions; the MSA added approximately 14,600, or about 1,820 per year on average, over the same time period (MSA numbers include City of Richmond jobs).

Office: Key Takeaways

AECOM's analysis of office space trends in the Richmond region yielded the following key findings:

- The City overall has lost 679,000 net SF of office space (mostly Class C) due to **conversion and demolition**, while GSA has added 7,700 SF net SF since 2010
- Class A office space has seen the **highest annual rent growth** out of all types of office in both the City and Greater MSA, averaging 2% per year since 2005; overall growth for Class A office in the City between 2010 and 2021 was 31%, compared with 11% for Class B and 3% for Class A.
- Since 2010, the City of Richmond has added approximately 2,750 "office" jobs, and over 4,000 healthcare jobs; the MSA overall has added over 37,000 office jobs, and nearly 14,600 healthcare jobs.
- Corporate, Subsidiary, and Regional Managing Offices have an **LQ of 3.8** in the City, meaning they are 3.8 times more concentrated in Richmond than the U.S. average, and employed nearly 9,000 workers in 2020.
- Richmond has a population-to-jobs ratio of **2.2** in its central area, similar to other growing cities like Chicago (2.5), Tampa (2.4), Boston (2.4), LA (2.3), Seattle (2.3).

Table 18: Office & Healthcare Jobs, City of Richmond and Richmond MSA, 2010 - 2018

Year	City of Richmond		MSA	
	Office*	Healthcare	Office*	Healthcare
2010-2011	-235	-7,408	4,497	-4,471
2011-2012	2,970	8,673	7,525	11,414
2012-2013	-1,870	377	1,205	-406
2013-2014	-1,577	586	629	1,413
2014-2015	1,397	739	9,262	1,076
2015-2016	395	-42	7,947	2,378
2016-2017	307	973	1,421	2,129
2017-2018	1,365	157	4,551	1,025
Total	2,752	4,055	37,037	14,558
Average	344	507	4,630	1,820

Source: U.S. Census OnTheMap, 2018; AECOM 2021

*Includes employees for the following industry categories: Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific, and Technical Services; Administration & Support, Waste Management and Remediation; Management of Companies and Enterprises, Public Administration, and Other Services

Industrial & Flex Space

Industrial

Over the past 15 years, over eight million SF of industrial space have been demolished in the City of Richmond; less than 900,000 square feet of new industrial square footage was added during the same time period. The GSA neighborhood and City of Richmond have seen negative growth in industrial space over the last 15 years, a decline of 1.3% per year for GSA and 0.5% per year for the City overall, as Table 19 shows. The MSA has seen positive but low annual growth in square footages, at approximately 0.4% per year. GSA has lost an average of nearly 113,000 SF per year; the City has lost approximately 413,000 SF per year, and the MSA overall has added approximately 508,000 SF per year.

As supply of industrial space has dwindled in the GSA neighborhood and for the City overall, occupancy rates have risen. Industrial vacancy rates have largely been declining for all three geographies since 2016. In GSA, between 2012 and 2013, industrial vacancy rates dropped from 10% to 5%; vacancy rates began to decrease for the City and MSA the following year. Over the last five years, industrial vacancy rates have averaged only 2% in GSA, compared to 6% for the City overall, and 5% for the MSA.

Out of the three geographies analyzed, GSA has seen the greatest increase in NNN industrial rents per square foot since 2005, increasing at an annual average rate of 8%, compared with a 3% annual rate increase for the City, and a 2% annual increase for the MSA overall, as Figure 25 shows. Between 2018 and 2020, GSA saw a jump in rents for industrial space, going from an average of \$4.50 per SF in 2018 to just over \$11 in 2020. Rents took a small dip during the pandemic, and were hovering around \$10 in GSA by the second quarter of 2021, compared with approximately \$6 per SF in the City and \$5 per SF for the MSA overall.

The spike in industrial rents in GSA is most likely due to growth of non-industrial uses in former industrial

space, such as breweries and other craft-beverage operations. This analysis is based on CoStar data, which doesn't differentiate between "heavy" industry (more traditional manufacturing, certain automotive uses, etc.) and "light" industry (craft beverage operations, artists' and artisans' "makerspaces," certain entertainment uses, etc.).

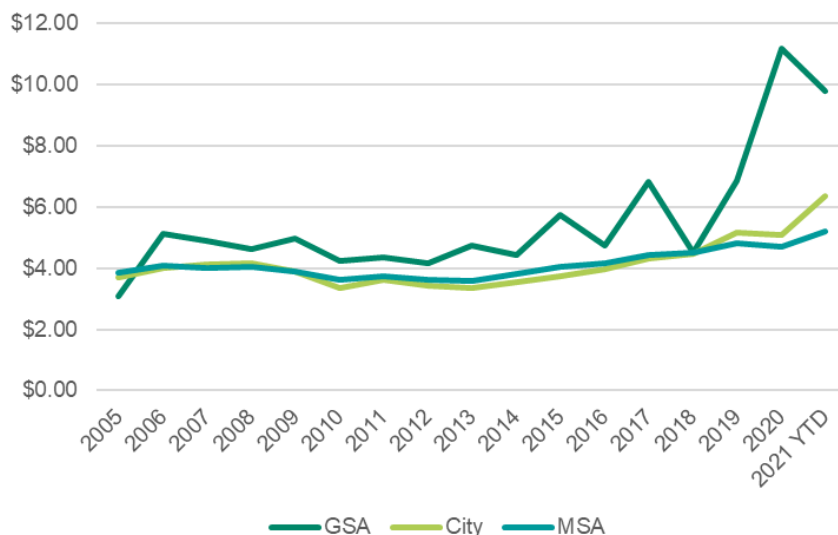
Table 19: Industrial Market Trends Summary, GSA, City of Richmond, & Richmond MSA, 2005 - 2021

	GSA	City	MSA
Square Footage			
2005	6,796,896	63,190,543	111,405,515
2021 YTD	5,553,654	58,330,177	119,380,777
CAGR	-1.3%	-0.5%	0.4%
Rents			
2005	\$3.07	\$3.69	\$3.84
2021 YTD	\$9.78	\$6.37	\$5.19
CAGR	7.5%	3.5%	1.9%
Vacancy			
2005	4.2%	8.4%	7.8%
2021 YTD	6.1%	7.1%	7.3%

Source: CoStar, AECOM 2021

The spike in industrial rents in GSA is most likely due to growth of non-industrial uses in former industrial space, such as breweries and other craft-beverage operations.

Figure 25: Industrial Rents per SF, GSA, City of Richmond, and Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

Flex Space

Unlike industrial space, flex space, which describes open-concept space that can be used for warehousing, light industrial uses, food and beverage operations, office, or entertainment uses, has been growing, albeit very slowly, in GSA, the City of Richmond, and the MSA since 2005. SF of flex space increased by 0.1% in GSA, 0.3% in the City, and 1.4% annually in the overall MSA since 2005, as shown in Table 20. GSA added, on average, approximately 900 SF of flex space per year since 2010; the City added 6,770 SF on average, and the MSA added 154,340 SF on average. It is important to note that the type of “flex” space seen in the City of Richmond (often converted former industrial uses) is quite different from recently built flex space that might be more typical in the Counties surrounding Richmond, such as a car dealership or large-scale warehouse facility.

GSA has seen a significant drop in vacancies in its flex spaces, down from a peak of 38% in 2010 to just 3% in the second quarter of 2021. The City and MSA overall have also seen a decrease in flex space vacancies, albeit more gradual, over the last decade; in the City, vacancy has declined steadily since 2015, from 1% down to 5% in the second quarter of 2021. In the MSA overall, flex space vacancy rates went from 12% in 2015 down to just 4% on average in the second quarter of 2021.

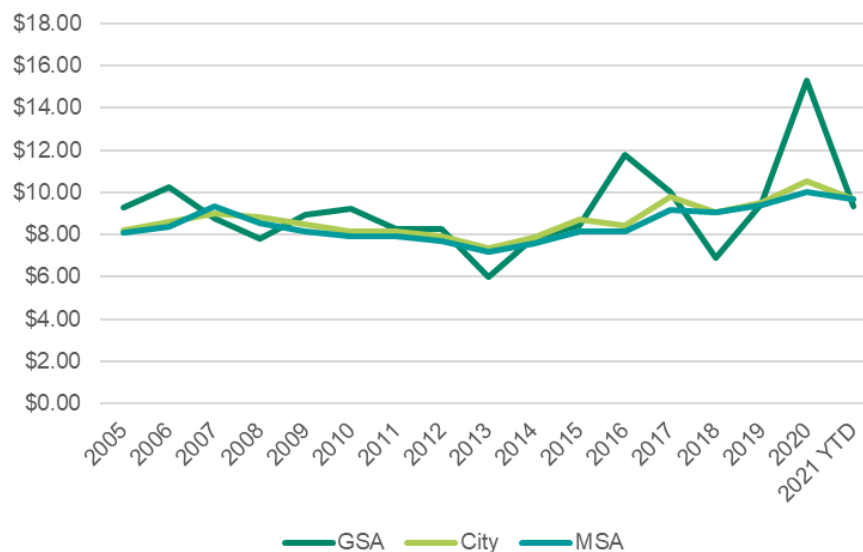
Rents for flex space have grown slowly in GSA, the City, and the MSA overall since 2005, remaining about on par with what they were in 2005 in GSA, and growing at just 1% per year for the City and overall MSA. However, their growth has picked up in recent years; between 2015 and the second quarter of 2021, they grew by 2% annually in GSA and the City, and 3% annually in the MSA overall. As Figure 26 shows, they have been uneven in GSA, but in recent years have commanded significantly higher per SF rents than they had previously.

Table 20: Flex Market Trends Summary, GSA, City of Richmond, & Richmond MSA, 2005 - 2021

	GSA	City	MSA
Square Footage			
2005	741,501	7,121,912	10,930,632
2021 YTD	755,787	7,506,874	13,743,194
CAGR	0.1%	0.3%	1.4%
Rents			
2005	\$9.29	\$8.23	\$8.10
2021 YTD	\$9.34	\$9.69	\$9.68
CAGR	0.0%	1.0%	1.1%
Vacancy			
2005	5.1%	10.4%	8.6%
2021 YTD	2.6%	4.5%	4.4%

Source: CoStar, AECOM 2021

Figure 26: Flex Space Rents per SF, GSA, City of Richmond, and Richmond MSA, 2005 - 2021



Source: CoStar, AECOM 2021

Industrial & Flex Space: Key Takeaways

Despite increases in rents and occupancies for industrial space, average rents per SF of industrial space tend to be the lowest across primary space types, in Richmond and its peer cities. A comparison of rents per SF for

Table 21: Per Square Foot Rents by Use Type, City of Richmond & Peer Cities, 2021

City	Office	Commercial	Industrial	Multifamily
Richmond	\$20.29	\$15.00	\$9.78	\$22.56
Baltimore	\$20.35	\$17.88	\$4.78	\$21.48
Nashville	\$32.30	\$34.62	\$6.04	\$30.36
Durham	\$34.24	\$19.21	\$5.50	\$19.92
Pittsburgh	\$26.80	\$22.95	\$8.77	\$23.04

Source: CoStar, AECOM 2021

retail/commercial, office, multifamily, and industrial uses across Richmond and several of its peer cities shows that, in all cases, industrial rents are the lowest per square foot of any use (see Table 21). However, it is notable that Richmond's industrial space commands the highest per SF rent of any of the "peer cities" compared here.

An analysis of the market for industrial and flex space in the greater Richmond market yielded the following other key takeaways:

- The City of Richmond has **lost approximately 4.5 million net SF in industrial space** since 2010, and has demolished over eight million SF since 2005; GSA has lost approximately 1.2 million net SF.
- Not all of the loss of industrial space is due to demolition, however; the City has seen significant conversion from more traditional "heavy" industry to "light" industrial uses, such as **craft beverage operations, artists' and artisans' "makerspaces," and certain entertainment uses.**
- Rents for industrial space have been **climbing**, particularly in GSA, growing at 8% annually in GSA and 3% Citywide since 2005.
- Rents for "flex" space, which includes quasi-industrial space that has been converted to other uses, grew by 11% in GSA between 2015 and 2021. It is important to note that the type of converted former industrial-to-flex space seen in the City of Richmond is a different type of real estate product than recently built flex space that might be more typical in Richmond's surrounding counties.

Food, Beverage, & Entertainment

As the retail leakage/surplus analysis for the area showed, the GSA neighborhood and City of Richmond overall attract significant spending on food and beverages. The City is well-known in the region for its restaurant and craft beverage scene, boasting 40-some craft brewing establishments, and the GSA neighborhood is home to 10 breweries, three cideries, one meadery, four distilleries, and one winery. The City overall has approximately 900 restaurants, an impressive number for a City of its size.¹¹

The average GSA household spends \$468 per year on entertainment and recreation overall, according to an ESRI analysis of household spending. Households in the City overall spend more, around \$611 per household, and households in the MSA spend the most, approximately \$778 per year on average, Table 22 shows. Of that, GSA households spend approximately \$38 on

*Households in the overall MSA spend approximately **17 % more than Richmond households, and 44 % more than households in GSA, on food, beverages, and entertainment.***

admissions to sport events, compared with \$51 for the average Richmond household, and \$69 for the MSA. Food Outside the home (food purchased at restaurants, including fast food) is a significant spending category for most households; again, it appears that households in the surrounding counties have the most spending power, with an average spent of \$3,925 per year for those households, versus \$3,421 for Richmond households and \$2,817 for GSA households. MSA households also have the most spending power on alcoholic beverages, spending over \$100 more on average per year than Richmond households, which in turn spend nearly \$120 more than GSA households. Overall,

¹¹ <https://www.visitrichmondva.com/restaurants/>

Households in the overall MSA spend approximately 17% more than Richmond households, and 44% more than households in GSA, on food, beverages, and entertainment.

However, as the retail spending analysis conducted in the Retail Trends section indicates, retail spending is expected to grow an average of 3.6% annually in GSA, and approximately 9% annually for the City overall for all spending categories, including food, beverage, and entertainment, between 2021 and 2026. Despite continued growth, however, capturing spending at the Diamond from households coming from beyond Richmond's borders will be a critical piece of its success.

Table 22: Estimated Household Spending, Select Categories, GSA, City of Richmond, & Richmond MSA, 2021

Spending Category	GSA	City of Richmond	MSA
Entertainment/Recreation Fees and Admissions	\$468	\$611	\$778
Admission to Sporting Events, excl. Trips	\$38	\$51	\$69
Food Outside the Home	\$2,817	\$3,421	\$3,925
Alcoholic Beverages	\$429	\$550	\$652

Source: ESRI, AECOM 2021

GSA is also home to multiple interactive entertainment destinations, including:

- Topgolf – a sports entertainment complex with high-tech golf and full-service dining
- The Circuit – an arcade bar with food & beverages
- Bingo Beer Co – an arcade bar with other types of interactive games that also offers full-service dining
- River City Roll – a bowling alley with full-service dining
- Movieland at Boulevard Square – a movie theater with expanded food & alcoholic beverage options that also offers private parties
- Richmond Triangle Players – a nonprofit theatre company specializing in LGBTQ+ theater and entertainment

Additionally, many of the eating and drinking establishments in the neighborhood offer indoor and outdoor stages for local bands and small-scale live performances.

Food, Beverage, & Entertainment Market Key Takeaways

AECOM's analysis of the food, beverage, and entertainment markets in GSA and the City overall resulted in the following key takeaways:

- The City of Richmond is a **regional destination for dining and craft beverages**. The City is home to 40-some craft beverage establishments and approximately 900 restaurants; the GSA neighborhood alone is home to 10 breweries, three cideries, one meadery, four distilleries, and one winery, and more than 20 restaurants/eating establishments.
- GSA is also considered a **destination for entertainment**, and is home to two arcade bars, a bowling alley, a movie theater serving alcoholic beverages, and an independent theater company. Additionally, many of the eating & drinking establishments in the neighborhood regularly host local bands and other types of entertainment.
- The average **household in the greater MSA significantly outspends the average GSA and City of Richmond household** on food, beverages, and entertainment – attracting spending from outside the City will be critical for the success of any new entertainment, food, and beverage operations.

Hospitality & Tourism Overview

The greater Richmond region has a strong track record as a thriving tourist destination, attracting families, experience enthusiasts, sophisticated explorers, and active adventurers alike. The region has strong cultural, heritage, and culinary tourism sectors, and has seen growth in adventure and sports tourism over the years. Richmond has been consistently ranked by numerous tourism and travel publications (American Express Travel, New York Times, Travel + Leisure, etc.) as a top tourism destination. The Greater Scott's Addition neighborhood, adjacent to the Diamond Property, has become an increasingly popular destination for visitors and residents alike. According to Richmond

Region Tourism's *Richmond Regions 2030: A Strategic Direction for the Richmond Region's Visitor Economy*, despite Richmond's success as a regional tourism destination, it has "room to grow," and potentially capture more market share.

Regional Tourism Trends

According to Richmond Region Tourism, in 2019, the region had 7.7 million visitors, an increase of approximately 700,000 visitors since 2015 (an annual growth rate of 2.4%), and a 134% total increase since 2010. Visitor spending has continued to increase as well, reaching \$2.6 billion in 2019 for the region, an increase of \$400 million over 2015 and \$1 billion over 2010. **In 2019, visitors spent upwards of \$836 million in the City of Richmond alone**, around one-third of total visitor spending in the region. According to Virginia is for Lovers, tourism generated roughly \$27 billion in visitor spending for the State of Virginia in 2019; the Richmond Region captured approximately 10%, while the City of Richmond represented about 3% of total state visitor spending. Tourism in the Richmond region supported approximately 24,700 jobs prior to the pandemic.

Richmond Region Tourism's *Fiscal Year 2018 – 2019 Annual Report* noted the following key points about tourism in the Richmond region:

- The largest proportion of overnight trips were made for the primary purpose of visiting friends any family, followed by leisure (touring, events, etc.), then by other business trips.
- The Richmond Region is a year-round destination, with the distribution of visitors almost equal between all four calendar quarters.
- The top main purposes of trip are shopping, fine dining, visiting a landmark or historic site, going to a museum, and visiting a national or state park.

In a recent survey conducted by Resonance, younger visitors appear to be more motivated by Richmond's culinary, outdoor, and nightlife experiences, while older visitors are more motivated by the region's history and role as the state capital. Visitors to the Richmond region have a more positive perception of the City after visiting the region than they did prior to visiting, which highlights the City's strengths, but also points to a potential public relations concern.

Top Tourist Attractions

The Richmond Region is home to several well-established attractions and the visitor experiences offered vary widely. Many attractions are unique to the Richmond Region and offer historical, cultural, and educational benefit to visitors.

Table 23: Top 10 Attractions, Richmond Region, 2019

Attraction	Attendance (2019)
James River Park	1,992,000
Virginia State Capital Trail	1,075,000
Maymont	936,000
Henricus Historical Park	576,000
Science Museum of Virginia	394,000
Virginia Museum of Fine Arts	373,000
Lewis Ginter Botanical Garden	331,000
Three Lakes Park & Nature Center	294,000
Meadow Farm	279,000
Children's Museum of Richmond	238,000

Source: Richmond Region Tourism, AECOM; Aug. 2021

As reported by Richmond Region Tourism, the top 10 attractions in the area receive between approximately 240,000 and 2 million annual visits, with the James River Park at the top of the list, as Table 20Table 22 shows.

As previously noted, the Scott's Addition neighborhood has become a tourist destination in its own right, offering an expansive collection of things to do, eat, drink, and see outside of downtown, Richmond's main tourism hub. Scott's Addition is home to a world-class collection of breweries, cideries, meaderies, distilleries, and coffee shops, as well as nationally recognized restaurants and small-scale entertainment venues. The neighborhood is also conveniently located to other area attractions, including a TopGolf, the Children's Museum of Richmond, the Science Museum of Virginia, and the Virginia Museum of Fine Arts.

Sports Tourism

Prior to the pandemic, an increasing share of Richmond-area tourism was being driven by the sports industry. In 2019, it was reported by Richmond Region Tourism that eight of the top ten recent peak days in hotel occupancy were connected to sporting events. Based on interviews with industry professionals, news articles, and official publications from tourism authorities, it appears that sports-

related tourism has proven to be a vital part of early economic recovery from the COVID-19 pandemic in the Richmond region. Sports tourism returned at the start of Phase 2 under the Forward Virginia Guidelines set forth by the Office of the Governor and the Department of Health, and will likely continue to be a strong sector for visitor spending in the region.

The Future of Tourism in Richmond

According to Richmond Region Tourism's *Richmond Regions 2030: A Strategic Direction for the Richmond Region's Visitor Economy* report, the Richmond Region is expected to see 9.2 million visits annually by 2030, an annual growth rate of 1.6% between 2019 to 2030, equating to an increase of 1.5 million visitors over 2019 volumes. Key focus areas for tourism growth in greater Richmond region are experience development, investment in tourism-supportive infrastructure, and industry advancement and advocacy. Other goals put forward by Richmond Region Tourism include:

- Enhancing and delivering a better visitor experience that reflects the region's unique environment, culture, and character
- Enhancing and delivering a higher quality of life through destination products and services for residents
- Encouraging more employment for residents in the tourism industry
- Maximizing the value of the visitor economy through continued growth and development in the industry
- Fostering expansion of private sector investment and coordinate public infrastructure investment to benefit the tourism industry

In 2019, it was reported by Richmond Region Tourism that eight of the top ten recent peak days in hotel occupancy were connected to sporting events

Richmond 300: A Guide for Growth, the City of Richmond's recent comprehensive plan, notes that the four main tourism objectives Richmond has in the future area:

- Maintain, grow, and market Richmond's tourism attractions.
- Host regional, national, and international events.
- Increase the availability and options for lodging in the city.
- Improve hospitality and visitor facilities and services.

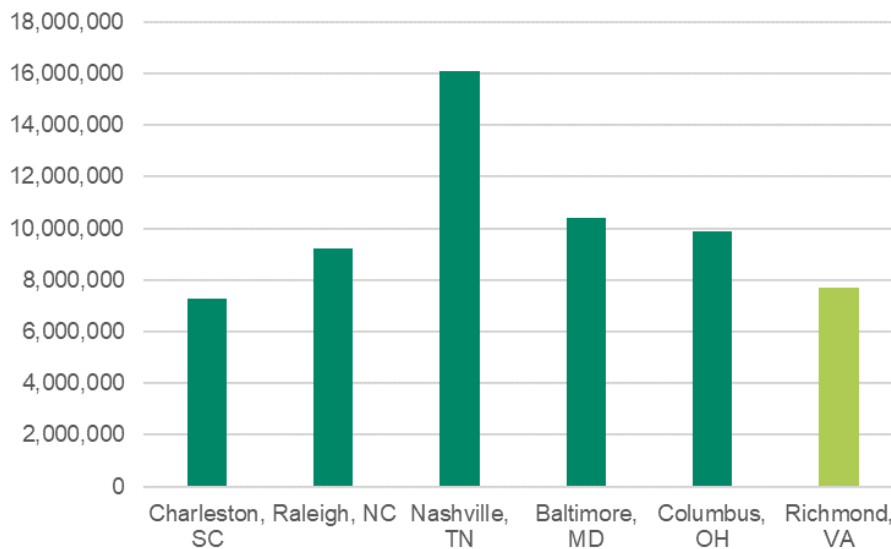
The plan also notes the importance of supporting of heritage tourism, promoting the development of varying size performance venues, promoting the region for sporting events, and encouraging the development of hotel rooms in tourism "clusters" or hubs.

Competitive Tourist Markets

Based on conversations with industry professionals, Richmond's top competitors for tourists are cities like Charleston, SC; Raleigh, NC; Nashville, TN; Columbus, OH; and Baltimore, MD. Each of these cities is known for its unique character and sense of place: Charleston's cobblestone streets and horse-drawn carriages, Raleigh's cosmopolitan yet uniquely Southern charm; Nashville's rich music culture, and Baltimore's historic landmarks and lively waterfront all draw tourists who are interested in cultural offerings and heritage tourism. Columbus, with its active parks and urban spaces, is also growing as a tourist destination.

Based on available data, Richmond is one of the smaller tourism markets in this comparable set. As seen in Figure 27, the range in estimated overnight visitors is from approximately seven million in Charleston to over 16 million in Nashville, with Richmond seeing around ten million overnight visitors per year.

Figure 27: Competitive Tourist Markets, Overnight Visitors, 2019

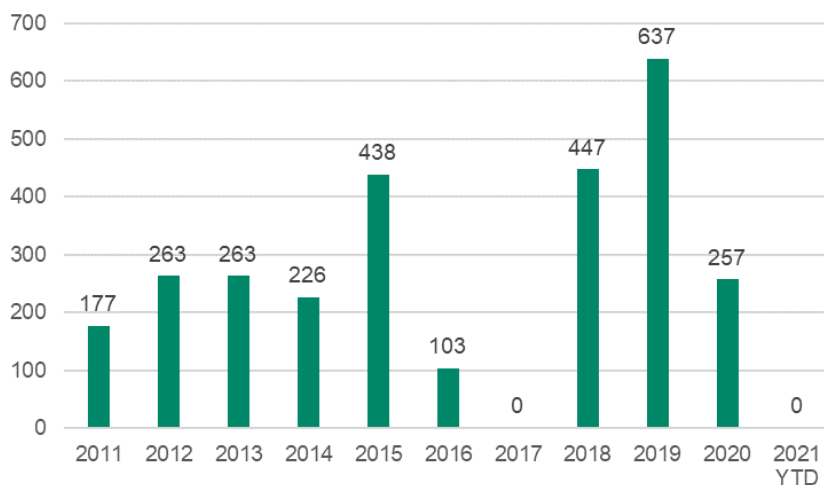


Source: Multiple web sources, AECOM 2021

Regional Hospitality Market

According to CoStar, in August 2021 there were 242 existing hotels in the Richmond/Petersburg, VA hotel market, with approximately 23,000 rooms. Since 2011, approximately 2,800 hotel rooms have been added to the market, as Figure 28 indicates.

Figure 28: Hotel Rooms Under Construction, Richmond/Petersburg Market, 2011-2021



Source: CoStar, AECOM 2021

Prior to the pandemic, occupancy rates in the Richmond/Petersburg market remained relatively steady. Occupancy rates typically ranged from 55% to 65% from 2011 to 2021, with an average of 60%, as shown in Table 24. The average occupancy rate from 2016 to 2021 was slightly higher, at 61%, then dipped between 2018 to 59%. Between 2020 to 2021, due largely to pandemic impacts, occupancy rates fell to between 48 and 53%, with an average of 50%.

From 2010 to 2021, average daily rates (ADRs) typically ranged between a low of \$76 and high of \$93, with 10-year, 5-year, and 3-

year averages between \$83 and \$88. From 2020 to 2021, the typical range in ADR dropped to \$73 to \$79, with an average of \$76.¹² Revenue per available room (RevPAR) typically ranged between a low of \$42 and a high of \$61 from

¹² Not adjusted for inflation

2010 to 2021, with 10-year, 5-year, and 3-year averages between \$50 and \$54. From 2020 to 2021, RevPAR in the Richmond/Petersburg hotel market dropped to \$35 to \$42, with an average of \$38.¹³

Table 24: Key Hotel Indicators, Richmond/Petersburg Market, 2011 – 2021

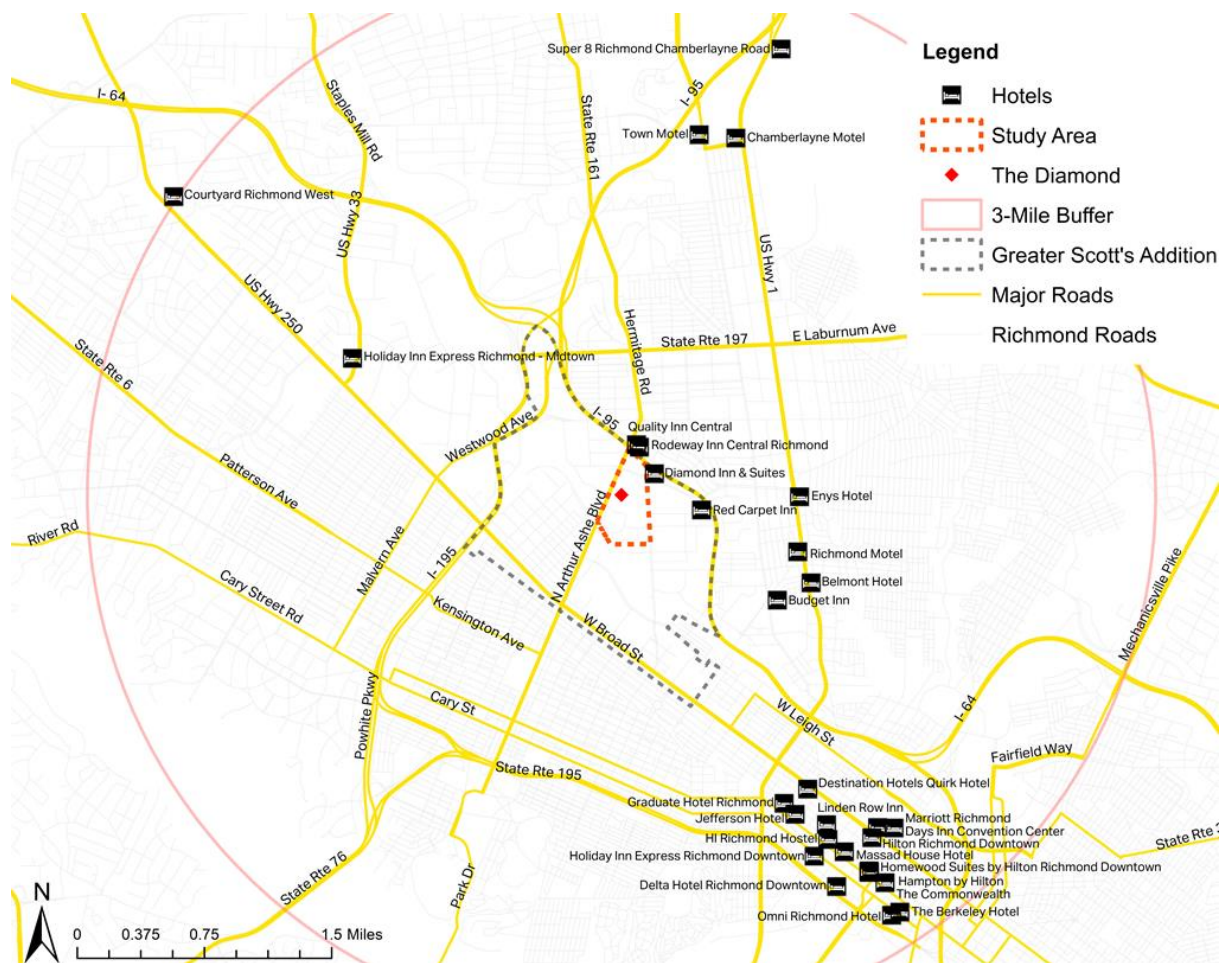
Metric	10-Year Avg. (2011 - 2021)	5-Year Avg. (2016 - 2021)	3-Year Avg. (2018 - 2021)	1-Year Avg. (2020 - 2021)
Occupancy Rate	60%	61%	59%	50%
ADR	\$83	\$88	\$87	\$76
RevPAR	\$50	\$54	\$52	\$38

Source: CoStar, AECOM 2021

Greater Scott's Addition Hotel Market

According to CoStar, there are 21 existing hotels within a three-mile radius of the Greater Scott's Addition neighborhood, as Figure 29 shows. No hotel properties are currently under construction in that geography. The existing hotels in the Greater Scott's Addition market have a combined 2,550 hotel rooms, with most rooms falling in the "Economy" (29%) and "Upper Upscale" (24%) classes. Since 2015, only three hotels have been opened in this area, while another four have been renovated.

Figure 29: Hotel Market, 3-Mile Radius of GSA, 2021



Source: ESRI, AECOM 2021

¹³ Not adjusted for inflation

The lodging properties in this area tend to be older; only about half are branded hotels. Amenities vary widely, from no listed amenities to properties offering business centers, fitness centers, pools, restaurants, on-site retail, on-site bars, and meeting areas. There are four hotels within a 1-mile radius of the ballpark – Quality Inn Central (Midscale), Rodeway Inn Central Richmond (Economy), Diamond Inn & Suites (Economy), and Red Carpet Inn (Economy, which is now permanently closed). The Rodeway Inn

ADRs and RevPARs have historically been higher in the GSA Market than in the Richmond/Petersburg Hotel Market as a whole.

opened most recently, in November 2019.

Occupancy rates in the GSA market decreased slightly overall in recent years, as Table 25 indicates. The average occupancy rate from 2011 to 2021 was 62%; between 2016 and 2021 this rate decreased to an average of approximately 60%; between 2018 and 2021 this rate again decreased, to an average of 56%; then from 2020 to 2021, greatly impacted further by the COVID-19 pandemic, the average occupancy rate reached 38%. Occupancy rates in this market have historically been similar to those for the Richmond/Petersburg, VA market.

From 2010 to 2021, average daily rates (ADRs) in the GSA market typically ranged between a low of \$99 and high of \$123, with 10-year, 5-year, and 3-year averages between \$111 and \$120. From 2020 to 2021, the typical range in ADR dropped to \$95 to \$108, with an average of \$102. ADRs in this market have historically been higher than those for the Richmond/Petersburg, VA market.

Revenue per available room (RevPAR) typically ranged between a low of \$47 and a high of \$88 from 2010 to 2021, with 10-year, 5-year, and 3-year averages between \$68 and \$73. From 2020 to 2021, the typical range in RevPAR dropped to \$32 to \$46, with an average of \$39. Similar to ADRs, RevPARs in this market have also been higher than those for the Richmond/Petersburg, VA market.

Table 25: Key Hotel Indicators, GSA Market, 2011 – 2021

Metric	10-Year Avg. (2011 - 2021)	5-Year Avg. (2016 - 2021)	3-Year Avg. (2018 - 2021)	1-Year Avg. (2020 - 2021)
Occupancy Rate	62%	60%	56%	38%
ADR	\$111	\$120	\$118	\$102
RevPAR	\$69	\$73	\$68	\$39

Source: CoStar, AECOM 2021

Richmond's Short-Term Rental Market

According to AirDNA Market Minder, a short-term rental analytics program, there are approximately 800 active rentals between Airbnb and Vrbo, two of the leading vacation home booking platforms, in the Richmond market. Airbnb rentals account for 86% of the market, while Vrbo captures only 5%; 9% of rentals are listed on both channels. Eighty-four percent of all rentals (668 homes) in the area are entire home rentals, versus 128 (16%) private rooms, and three (less than 1%) shared rooms. The average rental size is 1.7 bedrooms, with four guests on average. One-bedroom rentals account for the largest proportion of rentals, at 48%, followed by 24% two-bedroom rentals, and 14% 3-bedroom rentals.

The City saw a 43 % increase in short-term rentals between 2018 and 2021.

In Q2 2018, there were a reported 727 active rentals in the Richmond area. In Q2 2021, 1,041 active rentals were reported, an increase of more than 300 rentals (43%). The median occupancy rate over the last twelve months was 72%, which is much higher than seen in the two hotel

markets previously reviewed. In the past year, occupancy rates in Richmond were lowest in February, at 60%, and highest in July, at 84%; again, much higher than experienced at the hotels in the region. ADRs over the past year ranged from \$136 to \$179, with an average of \$150, significantly higher than the hotel markets previously reviewed.

Pandemic Impacts on the Richmond Tourist Market

The 2020 COVID-19 pandemic set off a nationwide economic recession, disproportionately impacting the hospitality and tourism industries. According to Tourism Economics, a global travel research firm, travel restrictions, economic uncertainty, and weakened consumer confidence led to a decrease in travel and visitor spending.¹⁴ Full recovery will most likely take years; however, as of August 2021, growth has already resumed in the leisure and daytrip travel segments and in small- and medium-size group travel. Regional and domestic travel are also seeing signs of recovery. With the uptick of COVID-19 Delta variant cases in summer 2021, the industry saw some regression; however, it is anticipated that return to “normal” levels of travel will resume, once the variant is under control. Long-haul international travel and large events will most likely be the last industry supports to improve. Several significant pandemic-era trends that may impact Richmond regional tourism were identified:

- Tourism Economics found that rural and outdoor destinations outperformed urban destinations in terms of travel spending
- Data from *Google’s Community Mobility Report* shows that visits to retail and recreation venues remain well below their pre-pandemic levels for both VA and the US
- Hotel room revenue has fallen drastically, but Virginia’s recovery for this metric is outpacing the greater U.S.
- Hotel room revenue is not expected to fully recover until 2023 or 2024, which is much slower than experienced during the global financial crisis of 2008

The Virginia Tourism Corporation’s (VTC) Recovery Marketing Leverage Program was constructed to encourage re-entry into the tourism marketplace, the. This program will impact over 380 tourism entities across the Commonwealth, with the aim of fueling recovery from the impacts of the pandemic. Although the pandemic has temporarily decreased visitor travel and spending in the region, industry professionals believe that the rebound back to 2019 levels is on the horizon, and significant investment has been made to encourage growth in the industry.

Hospitality & Tourism: Key Takeaways

The Richmond Region continues to have a healthy tourist market, and offers a number of well-established attractions and experiences, however, there are opportunities for growth and increased market capture. Both visitation and visitor spending have significantly increased over recent years. The data collected on tourism activity in the region also firmly establishes Richmond as a year-round destination, allowing for 365 days of great visitor spending opportunities. Other key takeaways from the analysis of the regional hospitality and tourism markets are as follows:

- The area continues to attract both new and repeat visitors, providing supporting evidence that visitors enjoy their experiences. The focus moving forward is on attracting more first-time visitors (who will hopefully become repeat visitors) to the region.
- Although the COVID-19 pandemic has shaken the industry, there are multiple indications that a full recovery is under way. **Sportstourism** continues to be a major tourism driver in the Richmond Region, including during early stages of the pandemic recovery.
- In the Scott’s Addition area, hotel metrics are generally **above** those in the greater region, indicating a strong lodging market, particularly given the strong attraction of the neighborhood as a destination. The strong hotel market and popularity of short-term rentals in the area indicate opportunity for additional hotel development.

Additionally, there are opportunities for creative hospitality options in the Greater Scott’s Addition area beyond traditional hotels. One business model that is gaining traction are “pop-up” hotels, where newly built apartments are offered for short-term stays during the initial lease-up period. Hostels with co-living area are also on the rise; these properties are typically easily transformable into apartments/longer-term rentals, depending on market demand. Recently the industry has seen a general uptick in demand for unique, boutique options catering to a more diverse audience; places like the Quirk Hotel in downtown Richmond, that offer fewer rooms and more intimate communal space, that incorporate the local area’s character in the hotel’s décor and food and beverage offerings.

GSA, and the Richmond region more broadly, appear well-positioned for continued investment in the tourism industry; there are opportunities to leverage Richmond’s more traditional, heritage-driven tourism destinations, as well as its up-and-coming sports and culinary/craft beverage scenes, to encourage more visitors to come to the City, stay longer, and spend more of their tourism dollars at local venues.

¹⁴ <https://www.vatc.org/wp-content/uploads/2020/10/COVID-19-Tourism-Impact-Summary-Report-09.10.2020.pdf>

Parking

Due to the City's status as a smaller, medium-density city, Richmonders have historically been averse to paying for parking; this seems to be shifting in the GSA and Manchester neighborhoods. Stakeholder interviews with local developers and brokers indicated that structured parking is becoming more of an accepted norm in Richmond's denser neighborhoods. According to the developers and real estate brokers AECOM interviewed, **lack of adequate parking for competing uses in GSA was the number one overall concern** cited during by office and commercial tenants and residents.

Extending GRTC Pulse service to the Diamond property as proposed by the Richmond 300 Plan will alleviate some parking pressure; however, structured, shared parking will also be required to service the ballpark and any ancillary development around it, including any office, retail, hotel, and entertainment uses. GRTC has proposed to extend service to the larger region, but the timing that GRTC has proposed for those regional extensions will most likely not align exactly with the development timeline for the site, and may not be fully implemented for another decade or more.

AECOM conducted a high-level parking survey of structured parking in the City of Richmond, to try and understand what parking rates currently are for structured parking in the area. AECOM also surveyed newer multifamily developments in GSA to get a sense of what residents were paying for surface and covered parking spots in the neighborhood. Table 26 shows the ranges of rates that users typically pay for structured parking throughout the City, based on the length of time they park for, and whether or not the space is reserved.

As part of the Richmond 300 Master planning process, the City retained DESMAN to study existing parking conditions, policies, and operations across seven different neighborhoods across the City, which included Downtown and GSA. The City shared the study with AECOM, which examined parking occupancy during weekdays versus weekends, for both on- and off-street spaces, as Figure 30 and Figure 31 show. As the City grows, and demand for mid-day on-street parking increases, especially on the weekends, Richmond will likely see increased occupancy in its structured garages and public parking lots.

Table 26: Garage Parking Rates, City of Richmond, 2021

Type	Price Range
Hourly	\$1.50 - \$5
Daily Maximum	\$5 - \$25
Monthly Rate (Unreserved)	\$40 - \$135
Monthly Rate (Reserved)	\$95 - \$165

Source: City of Richmond, AECOM 2021

Figure 30: Weekday Parking Space Occupancy, City of Richmond, 2019



Source: City of Richmond, 2019, AECOM 2021

Figure 31: Weekend Parking Space Occupancy, City of Richmond, 2019



Source: City of Richmond, 2019, AECOM 2021

Regional Mixed-Use Development Pipeline

The Richmond region's growing population and strong demand for housing of all types has not gone unnoticed by the localities that make up the greater MSA and by the private development community. As of September 2021, there

were seven mixed-use developments under construction in the greater Richmond market that featured more than 300 units of residential, and 16 that were proposed, as Table 27 shows.

Table 27: Greater Richmond Mixed-Use Development Pipeline (300 Units of Residential or Greater), 2021

Property Address	Retail/Commercial/ Office SF	Locality	Housing Units	Construction Begins
Under Construction				
1549 Wilkes Ridge Pky	2,000,000	Goochland	1,400	Jan 2021
6401 Scots Pine Run	515,000	Chesterfield	500	Oct 2020
4359 Sadler Rd	500,000	Henrico	402	Jun 2021
1601 Roseneath Rd	275,000	Richmond City	350	Apr 2021
5000 Libbie Mill East Blvd	350,000	Henrico	349	Jan 2020
14000 Center Pointe Pky	475,000	Chesterfield	342	Aug 2021
1400 N Parham Rd	150,000	Henrico	320	Jan 2021
Proposed				
1400 Best Plaza Drive	2,280,000	Henrico	2,400	Dec 2021
13400 Genito Rd	830,000	Chesterfield	1,190	Dec 2021
Genito Rd	200,000	Chesterfield	750	Dec 2021
8701 Iron Bridge Rd	550,000	Chesterfield	600	Sep 2021
3500 Cox Rd	220,000	Henrico	407	Sep 2021
2314 Hungary Rd	375,000	Henrico	350	Sep 2021
2924 W Marshall St	100,000	Richmond City	350	Jan 2022
310 W 6th St	100,000	Richmond City	344	Sep 2021
12608 Patterson Ave	300,000	Goochland	335	Sep 2021
4121 Cox Rd	320,000	Henrico	320	Oct 2021
4510 Cox Rd	310,000	Henrico	310	Oct 2021
12231-12427 Old	310,000	Chesterfield	310	Sep 2021
5000 Dominion Blvd	360,000	Henrico	305	Dec 2021
4000 Mechanicsville Tpke	600,000	Henrico	300	Dec 2021
1203 N Arthur Ashe Blvd	200,000	Richmond City	300	Aug 2022
2499 Ownby Ln	100,000	Richmond City	300	Sep 2021

Source: CoStar, web research, AECOM 2021

The largest, Avery Point Retirement Community in Goochland, will deliver two million square feet of non-residential space, and 1,400 units of housing for assisted and independent living targeted for seniors.¹⁵ Lakefront Surf Park, at 6401 Scots Pine Run in Chesterfield, is the second-largest regional mixed-use development currently under construction, and is slated to include 830 apartments, 360 townhomes, 143,000 SF of retail, 50,000 SF of restaurant space, a 170-room hotel, 225,000 SF of office space, and 40 acres for the outdoor recreational space.¹⁶ The largest proposed development in the greater Richmond pipeline is a development called Green City Henrico, a 200-acre mixed-use “eco-district” anchored by a new 17,000-seat arena that would include parks, trails, approximately two million square feet of office space, 280,000 square feet of retail space, 2,400 housing units, and two hotels.¹⁷

¹⁵ <https://richmondbizsense.com/2019/11/18/300-million-retirement-development-underway-in-west-creek/>

¹⁶ <https://richmondbizsense.com/2021/05/19/surf-pool-anchored-development-the-lake-to-grow-by-400-residential-units/>

¹⁷ <https://henrico.us/greencity-info/>

Figure 32: New Development in Greater Scott's Addition



Source: Chris Brewer, AECOM 2021

The Richmond Diamond property's **competitive advantage** lies in its strong sense of place, anchored by the Flying Squirrels and the unique character and amenities of the GSA neighborhood, and its future access to public transit (GRTC Pulse Bus Rapid Transit). Although many potential tenants and residents will want to live, work, and do business within the City of Richmond, there is a segment of the market that may be drawn to other mixed-use communities in the greater region, potentially based on affordability, convenience, or other amenities. Building a new ballpark as a community anchor on the site will significantly the Diamond's competitive advantage over the other new communities in the surrounding region.

Case Studies in Stadium-Oriented Mixed-Use Development

AECOM has conducted case studies of stadium-oriented mixed-use developments in similar cities across the country, to obtain a better understanding of best practices, successes, and pitfalls to avoid in the funding/financing and development processes.

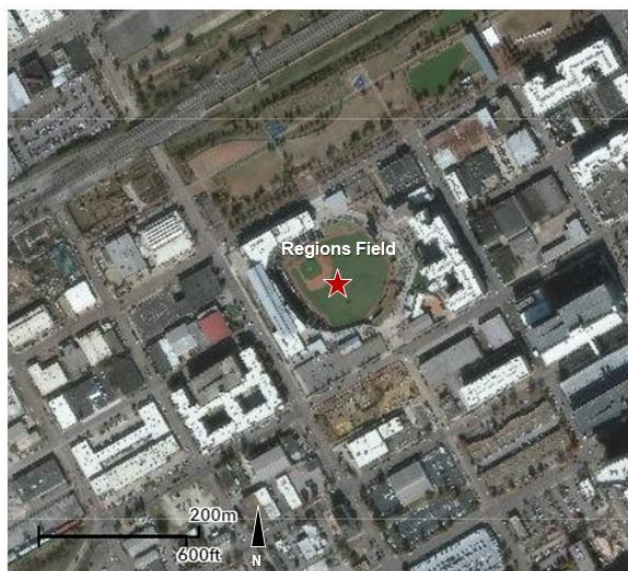
Regions Field, Home of the Birmingham Barons: Birmingham, Alabama Stadium opened April 2013

The development of Regions Field has spurred additional development in the surrounding area, branded as the "Parkside District," in the form of office, commercial, restaurant, and museum space, as well as multi-family residential uses. The new development also includes a hotel, local brewery, and an entertainment venue in the form of a converted steam plant. The City of Birmingham partnered with the Community Foundation of Greater Birmingham and other public and non-profit organizations to construct a \$23 million, 19-acre public park, Railroad Park, in 2010, prior to the new stadium, which has encouraged additional development of pedestrian-friendly uses in the area. The park includes nine acres of open lawn, and an outdoor gym, playground, walking trails and skate areas. According to WHBM.org, the surrounding area saw an increase in property values of 140% between 2016 to 2017.¹⁸

Between 2010 and 2020, an estimated \$600 million was invested in new and redevelopment in the surrounding neighborhood by the private sector. The ballpark, railroad park, and the renovation of an historic steam plant into an entertainment destination were publicly financed.

After the ballpark was built, the area around the new Parkside District saw a significant increase in multifamily units and retail, and office space. Open-air entertainment uses have been a boon during the COVID-19 pandemic.

Figure 33: Regions Field, Birmingham, AL



Source: ESRI. AECOM 2021

¹⁸ <https://wbhm.org/feature/2017/property-values-jump-in-birmingham-parkside-district/>

Table 28: Retail/Commercial, Office, & Multifamily Trends, 1/4 Mile from Region's Field, 2011 - 2021

	Retail/Commercial	Office	Multifamily
Square Footage/Units			
2011	30,373	186,429	0
2021	51,373	207,429	543
% Change	69%	11%	N/A
Rents			
2011	N/A	\$10.31	\$1,400
2021	N/A	\$19.40	\$1,632
% Change	N/A	88%	17%
Vacancy			
2011	N/A	5.9%	N/A
2021	N/A	6.0%	39.5%

Source: CoStar, AECOM 2021

Within a quarter mile of Regions Field, office occupancies have dipped dramatically since 2013, down from 13 % to just 6 % in the second quarter of 2021; prior to the pandemic, they were even lower, at just 0.5 % in 2019, according to CoStar (see Table 28). Between 2011 and 2021, office rents increased by 88 %. CoStar multifamily occupancy data for units within a quarter-mile radius of the ballpark was incomplete, but CoStar data shows that multifamily rents increased by 17 % between 2011 and 2021. CoStar data was not available for retail rents.

Investments in pedestrian infrastructure, parks and open space, and the construction of the Negro League Baseball Museum in 2014 also helped to support the development and overall success of the Parkside District. It is also convenient to downtown Birmingham, making it example of "right place, right time" development. The next phase of the development proposes converting former warehouse space into a fitness/wellness complex.¹⁹

Regions Field Key Takeaways

- Investments in pedestrian infrastructure, parks and open space, and the construction of the new museum were key elements for catalyzing additional development in the surrounding area
- Public/private/philanthropic partnerships were critical for the success of the surrounding development
- The fitness/wellness focus of much of the surrounding development created synergies with the ballpark, public park, and walking trails

¹⁹ <https://www.al.com/business/2020/08/parkside-project-looks-to-transform-connect-downtown-birmingham.html>

CHS Field, Home of the Saint Paul Saints: Saint Paul, Minnesota

Stadium opened May 2015

Although CHS field was constructed in a dense part of Saint Paul, much of which was already built out in 2015, the stadium has helped spur additional private investment in new development in the surround area. The neighborhood around the publicly financed stadium has seen private sector investment in new residential, hotel, and office space, and there is a new \$800 million development, Riversedge, planned just two blocks south along the Mississippi River, which is slated to include Class A office and residential space, street-level retail, entertainment and hospitality uses, a nine-acre urban park, and a public amphitheater.²⁰

According to CoStar, no additional office or retail square footage was added between 2013 and 2021, as shown in Table 29. Existing office saw a drop in vacancy rates between 2015 and 2017, from an average of 5% down to 2%; rates stayed relatively low until 2020 and the onset of the pandemic, when they increased from approximately 2% in 2019 to 8% in 2020, dropping down to 7% in the second quarter of 2021. Despite a recent increase in vacancies, however, office rents have remained strong, increasing 21% between 2013 and 2021, from approximately \$15 per SF to \$18. CoStar data for retail was incomplete.

The area within a quarter mile of the new ballpark saw a 33 % increase in the number of multifamily units between 2013 and 2021, along with a 14 % increase in rent per unit, according to CoStar. Multifamily vacancies stayed between 6 and 7% between 2015 and 2020, spiking to 16% in 2020 before dropping down to 6.2% in the second quarter of 2021.

Table 29: Retail/Commercial, Office, & Multifamily Trends, 1/4 Mile from CHS Field, 2011 - 2021

	Retail/Commercial	Office	Multifamily
Square Footage/Units			
2013	801,532	673,796	1,008
2021	801,532	673,796	1,337
% Change	0%	0%	33%
Rents			
2013	N/A	\$14.57	\$1,223
2021	N/A	\$17.58	\$1,407
% Change	N/A	21%	15%
Vacancy			
2013	2.3%	4.9%	4.0%
2021	3.9%	7.3%	6.2%

Source: CoStar, AECOM 2021

Figure 34: CHS Field, St. Paul, MN



Source: ESRI, AECOM 2021

A mix of public and private investment in the area has also helped support new development; for example, nearby Union Depot, an historic train station renovated in 2012, now serves as a multimodal hub serving the Twin Cities region and hosting bus, light-rail, and heavy-rail passenger services, helps connect the area with the surrounding City and greater region.

CHS Field Key Takeaways

- A mix of public and private investment in the area around the ballpark helped spur new development
- Public investment in a regional transit hub, Union Depot, has also helped support private development
- Public and private investment in this area is driving new development in adjacent neighborhoods

²⁰ <https://www.ramseycounty.us/your-government/projects-initiatives/economic-development-initiatives/riversedge>

Truist Field, Home of the Charlotte Knights: Charlotte, North Carolina Stadium opened March 2014

The completion of Truist Field, financed by the City, Mecklenburg County, and the team in 2014 has spurred significant private investment in the surrounding area. First National Bank (FNB) tower, a 29-story building with 196 luxury residential apartments, office, and retail space, opened in July 2021 to much fanfare. The building is 420,000 square feet, and includes 156,000 square feet of Class A office space, in addition to ground floor retail. The \$92 million tower features high-speed elevators and 10-foot ceilings. The residential units were 31% pre-leased prior to the tower's opening.²¹ A key element to the construction and financing of the tower was FNB's commitment as the anchor tenant; the tower will house the bank's regional leadership, along with several other departments.

Circa Uptown Apartments, a multifamily residential building of 243 units, opened in 2016 directly across Graham Street from Truist Field, representing another \$32.5 million of private investment near the new ballpark.²² The surrounding area also already has a significant amount of existing office space.

According to CoStar, office space within a quarter mile of the ballpark increased by 34%, retail space increased by 31%, and the number of multifamily units increased by 351% between 2012 and 2021, as Table 30 indicates. Office vacancies dropped from nearly 18% in 2012 to 6% in 2016,

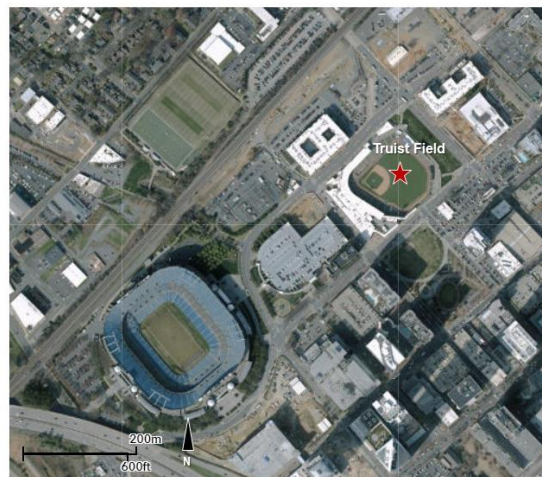
Table 30: Retail/Commercial, Office, & Multifamily Trends, 1/4 Mile from Truist Field, 2011 - 2021

	Retail/Commercial	Office	Multifamily
Square Footage/Units			
2012	83,551	2,961,299	462
2021	109,751	3,954,173	2,084
% Change	31%	34%	351%
Rents			
2012	\$27.02	\$22.33	\$1,780
2021	\$34.28	\$33.97	\$1,927
% Change	27%	52%	8%
Vacancy			
2012	5.5%	16.2%	1.2%
2021	5.6%	17.2%	20.4%

Source: CoStar, AECOM 2021

pressures

Figure 35: Truist Field, Charlotte, NC



Source: ESRI, AECOM 2021

rising again to 15% in 2021. CoStar data for retail vacancies was incomplete. Office rents within a ¼ mile radius of the ballpark increased by 52% between 2012 and 2021; retail rents increased by 27%, and multifamily rent per unit increased by 8%.

Six blocks north of the ballpark, along Graham Street, the North Carolina Department of Transportation and City of Charlotte are implementing Phase 1 of a multimodal transportation hub, called Charlotte Gateway Station, which is scheduled to open to the public in 2025. This new transit hub will bring bus, streetcar, taxi and ridesharing, bicycle and pedestrian, and passenger rail services within an easy walk or bike ride of Truist Field.²³

Truist Field Key Takeaways

- Having a **strong anchor tenant** was critical to the success of the high-rise, mixed-use FNB tower
- The area around the ballpark has seen significant **private investment** in office, retail, and multifamily residential development, and rents have increased for all use types
- The development of **transit** near the ballpark will help drive attendance and alleviate parking

²¹ <https://rebusinonline.com/dominion-realty-new-york-life-open-29-story-fnb-tower-in-uptown-charlotte/>

²² <https://www.bizjournals.com/charlotte/news/2016/10/28/circa-uptown-becomes-a-hit.html>

²³ <https://spectrumlocalnews.com/nc/charlotte/traffic/2021/04/30/work-continues-on-charlotte-s-new-gateway-station>

Fifth Third Field, Home of the Toledo Mud Hens: Toledo, Ohio

Stadium opened April 2002

The home of the Toledo Mud Hens is located in downtown Toledo, Ohio's Warehouse District. The ballpark, mostly funded by public sources, has helped spur over \$1 billion in private investment in the surrounding downtown. In 2002, most of the space around the ballpark was vacant or underutilized; by 2017, there were approximately 75 businesses, including bars, restaurants, retail uses, law firms, and art galleries within a four-block radius of the stadium.²⁴ Shortly after the stadium opened, the City embarked on a public-private partnership to build Hensville, a pedestrian-oriented entertainment district, and Hensville Park, a 480,000 SF public park on a former surface parking lot, adjacent to the stadium.²⁵ The development in Hensville includes a rooftop bar with panoramic views of Fifth Third Field. Both Hensville and its adjacent park have been highly successful in attracting residents and visitors since opening in 2016.²⁶ The Huntington center, an 8,000-seat concert venue, opened in 2009, and has been able to capitalize on the success of the area spurred by the ballpark.²⁷ The ballpark also hosted its first live concert in 2020.²⁸

Figure 36: Fifth Third Field



Source: ESRI, AECOM 2021

Because the stadium was finished in 2002, and CoStar data for all use types only goes back to 2006, it is difficult to determine the stadium's impact on the supply of commercial and office square footage and multifamily units. However, since 2006, although vacancies for office space actually increased slightly, from 13% to 16% in the second quarter of 2021, office rents within a quarter mile of the stadium have increased by 15% (see Table 31). Retail/commercial vacancies dropped dramatically between 2006 and 2020, from 14% to two %, but then increased between 2020 and the second quarter of 2021 to 11 %; however, retail rents increased significantly between 2006 and 2021, by 50%. Multifamily vacancies dropped significantly between 2006 and 2021, going from an average vacancy rate of 30% to just 6% in 2021. Multifamily rents also increased substantially over the same time period, by 30%.

²⁴ <https://www.detroitnews.com/story/sports/mlb/2017/06/12/holy-toledo-mud-hens-park-stands-test-time/102793986/>

²⁵ <https://www.turnerconstruction.com/experience/project/808F/hensville-park>

²⁶ <https://www.toledoblade.com/business/2016/04/07/New-Hensville-restaurant-entertainment-area-adjacent-to-ballpark-looks-to-be-a-big-hit.html>

²⁷ <https://www.wtol.com/article/money/business/downtown-toledo-renaissance-mud-hens-walleye-promedica/512-09f24d2b-cd3e-45a2-afe6-ca09b597f014>

²⁸ <https://www.13abc.com/2020/09/23/53-field-hosts-first-live-concert-at-the-ballpark/>

Demand for residential units in downtown Toledo as a whole has increased substantially in recent years, and a significant amount of the redevelopment that the Mud Hens stadium helped to catalyze was in the form of multi-family residential, along with breweries, restaurants, and small-scale retail. An estimated \$1 billion in new investment is slated to come into downtown Toledo, including a brand-new convention center, over the coming years.²⁹

Fifth Third Field Key Takeaways

- The construction of a **public park and pedestrian-centric open area**, now called "Hensville," created synergies with the ballpark use and helped draw more people downtown
- Ancillary development around the stadium was constructed to be **integrated with the stadium experience**, encouraging fans to linger before and after games
- Strong **public-private partnerships** and communication/coordination around the construction of "Hensville" were critical to its success
- The new development strengthened the "**sense of place**" in a formerly industrial/warehouse-heavy neighborhood in Toledo, while honoring the area's industrial roots

Table 31: Retail/Commercial, Office, & Multifamily Trends, 1/4 Mile from Fifth Third Field, 2011 - 2021

	Retail/Commercial	Office	Multifamily
Square Footage/Units			
2006	624,496	1,746,376	606
2021	629,591	1,753,302	606
% Change	1%	0%	0%
Rents			
2006	\$10.08	\$12.29	\$837
2021	\$15.14	\$14.18	\$1,080
% Change	50%	15%	29%
Vacancy			
2006	15.0%	14.2%	29.8%
2021	11.1%	15.8%	5.6%

Source: CoStar, AECOM 2021

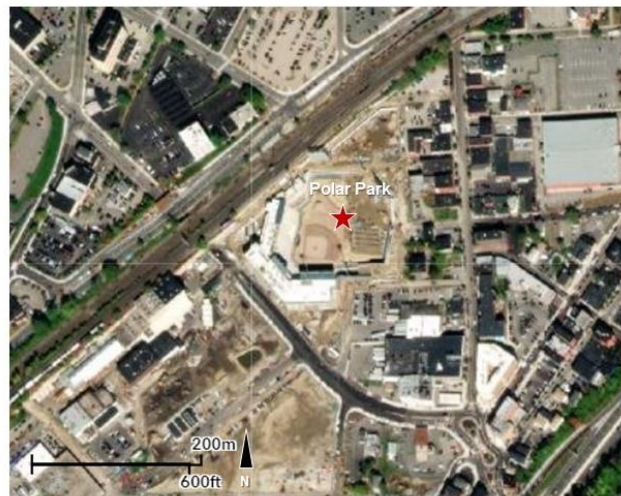
²⁹ <https://www.wtol.com/article/money/business/downtown-toledo-renaissance-mud-hens-walleye-promedica/512-09f24d2b-cd3e-45a2-afe6-ca09b597f014>

Polar Park, Home of the Worcester Red Sox: Worcester, Massachusetts Stadium opened May 2021

Although brand new, Polar Park has already spurred significant speculative development in the surrounding area, with several adjacent properties under construction. Polar Park was constructed on a former brownfield site in a formerly industrial neighborhood in Worcester, Mass. The ballpark, funded 62% by public and 38% by private sources, was the impetus for a seven-building mixed-use development being built by Madison Properties adjacent to the ballpark totaling over one million square feet. The developer plans to construct two residential buildings; two hotels; and a six-story, 200,000 square foot laboratory and office building. The City is currently building a 340-space municipal parking garage to support the surrounding development.³⁰

Although it is too soon to measure the impacts of Polar Park on the surrounding office, retail/commercial, and residential markets, the coordinated public-private effort to redevelop the area around the ballpark is off to a strong start. The City was recently awarded a \$1.5 million MassWorks infrastructure grant to help pay for a new “complete street” through the Polar Park development, to be called “Green Island Boulevard.” The new \$3.35 million street will run directly adjacent to the new Polar Park stadium, and feature one lane of traffic in each direction, bike lanes and on-street parking.³¹ Although the stadium has not been in place long enough to determine the extent of the investment it will catalyze, it is safe to say that it off to a strong start.

Figure 37: Polar Park



Source: ESRI, AECOM 2021

Polar Park Key Takeaways

- **Coordination and communication** between public and private entities to build the ballpark and redevelop the surrounding area has allowed development for supporting/complementary uses in the surrounding area to move forward more quickly
- The new ballpark was built in an area undergoing a transformation, and was able to benefit from the **revitalization momentum** already underway
- Structured parking, along with **investments in bicycle and pedestrian infrastructure**, helps ensure that the ballpark and surrounding development is accessible via multiple modes of travel
- A former brownfield site and the surrounding transitioning industrial neighborhood provided a unique opportunity for redevelopment

³⁰ <https://www.worcesterchamber.org/madison-properties-breaks-ground-first-residential-development-near-polar-park/>

³¹ <https://patch.com/massachusetts/worcester/new-street-worcester-gets-massworks-grant-funding>

Durham Bulls Athletic Park, Home of the Durham Bulls: Durham, North Carolina

Stadium opened April 1995

One of the key ingredients of the success of the Durham Bulls Athletic Park has been its location within the historic American Tobacco Historic District, a former industrial area dedicated to storing and processing tobacco which has since been converted to a mix of successful uses.

The nearby American Tobacco Campus (ATC), a 14.6 acre adaptive-reuse project that opened in the early 2000s, has become an iconic Durham attraction. The mixed-use development features offices, shops, and restaurants, as well as a 2,500-seat outdoor amphitheater.³²

The mostly publicly funded (62% of its funding was public, and 38% was from other sources) ballpark and adjacent American Tobacco Campus redevelopment helped to spur over \$127 million in private investment in downtown Durham between 2003 and 2006, which was incentivized by 18 New Market Tax Credit investments. Between 2005-2009, 16 major projects were completed, and property sales downtown increased by 62% from 2005 to 2007; compared to sales between 2002 and 2004; the average sales price increased by 115%.³³

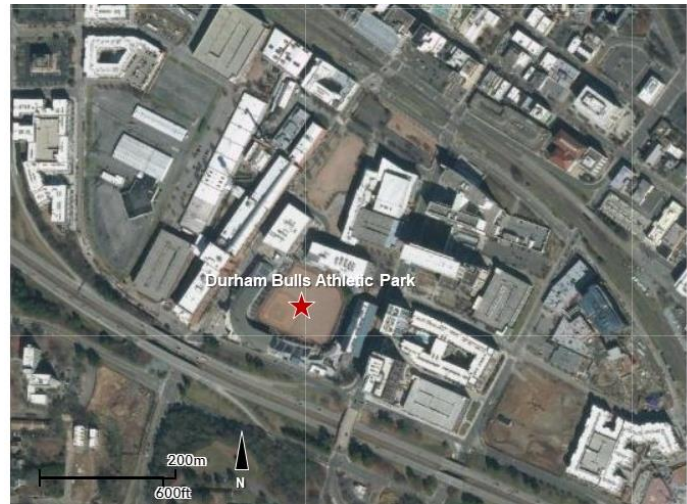
Although CoStar data is not available for the uses surrounding the Durham Bulls Athletic Park prior to 2006, since then, development within a quarter-mile radius of the ballpark has taken off. Office square footage in the area increased by 44% between 2006 and 2021, and the number

Table 32: Retail/Commercial, Office, & Multifamily Trends, 1/4 Mile from Durham Bulls' Athletic Park, 2011 - 2021

	Retail/Commercial	Office	Multifamily
Square Footage/Units			
2006	60,464	1,260,399	133
2021	60,908	1,820,304	551
% Change	1%	44%	314%
Rents			
2006	N/A	\$20.63	\$1,666
2021	N/A	\$39.11	\$2,122
% Change	N/A	90%	27%
Vacancy			
2006	6.9%	8.7%	3.2%
2021	N/A	11.4%	2.4%

Source: CoStar, AECOM 2021

Figure 38: Durham Bulls Athletic Park



Source: ESRI, AECOM 2021

of multifamily units increased by 314 %; retail square footage only increased slightly, by about one % (see Table 32). Office space vacancies have been for a bumpy ride in the area surrounding the stadium since 2006, starting at 9%, then dipping to their lowest point, 1% in 2018, before rising again to 11% in the second quarter of 2021. There was not enough data from CoStar to calculate retail vacancies in the surrounding area. Multifamily vacancies were already relatively low in 2006, around 3%, and were approximately 2% in the second quarter of 2021. Rent for office space grew by a 90% between 2006 and 2021, and multifamily rents per unit increased by 27% over the same time period. There was not enough information for retail rents within a quarter mile of the ballpark to determine a trend.

Development continues to boom near the Durham Bulls Athletic Park; the latest phase of redevelopment of the ATC includes a proposed 14-story residential building, to include 350 multifamily units, and 90,000 square feet of "experiential retail," which may include a theater/draft house, grocery store, shops, and restaurants.³⁴

³² <https://tclf.org/american-tobacco-district>

³³ <https://www.self-help.org/docs/default-source/PDFs/nmtc-case-study--downtown-durham--march-2010.pdf>

³⁴ <https://indyweek.com/news/durham/major-american-tobacco-campus-expansion/>

Durham Bulls Athletic Park Key Takeaways

- A combination of **public and private effort**, along with the creative use of New Market Tax Credits, helped jump-start revitalization in downtown Durham near the Durham Bulls Athletic Park
- Once again, the new ballpark both benefited from and helped fuel **ongoing revitalization momentum**
- A unique, formerly industrial area provided an **ideal framework** for the City and private developers to adapt for new recreation, dining, and entertainment uses

Conclusion

Increasing development pressures in the City of Richmond, brought on by an influx of new residents and shifting development patterns and trends, make the Diamond property ripe for redevelopment. It is assumed that a new mixed-use development on the Diamond Property would perform well, and attract significant investment from the private sector, especially for residential uses. However, without the ballpark to anchor the development, the site may not be able to attract the same level of retail/commercial and office development that it would with a new ballpark serving as an anchor, and therefore generate less overall fiscal and economic impact to the City and greater region.

Although the zoning allows building heights up to 12 stories, the site's eventual development team may propose a rezoning to allow for additional density on the site, and would need to work closely with the City to determine how additional density on the site would align with the City's plans and vision. The ultimate scale of the development will depend on what the future developer estimates the market will likely be able to absorb, and the City's vision for the site. Although the zoning allows for considerably higher densities than the existing surrounding neighborhoods, the current program would still provide opportunities for a pedestrian-friendly scale and integration with existing neighborhood character. Developing the site at a significantly higher density would change the scale and feel of the development; how it interfaces with the surrounding areas would need to be considered carefully during the design phase.

Constructing a new ballpark for the highly popular Flying Squirrels minor league baseball team on the site would provide an anchor with the capability of attracting regional visitation and spending, corporate offices interested in leveraging the synergies afforded by the team's popularity, and regional as well as local-serving retail tenants. Richmond currently has a dearth of regional-serving retail destinations. Having a regional destination anchoring the site would give any new mixed-use development on the Diamond Property a competitive edge over new development in the surrounding counties. A new minor league ballpark is also a natural companion for Richmond's burgeoning restaurant, craft beverage, and niche entertainment scenes, encouraging fans to linger before and after games for meals and interactive, all-ages-friendly activities.

General Limiting Conditions

Deliverables and portions thereof shall be subject to the following General Limiting Conditions:

AECOM devoted the level of effort consistent with (i) the level of diligence ordinarily exercised by competent professionals practicing in the area under the same or similar circumstances, and (ii) consistent with the time and budget available for the Services to develop the Deliverables. The Deliverables are based on estimates, assumptions, information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with Client and Client's representatives. No responsibility is assumed for inaccuracies in data provided by the Client, the Client's representatives, or any third-party data source used in preparing or presenting the Deliverables. AECOM assumes no duty to update the information contained in the Deliverables unless such additional services are separately retained pursuant to a written agreement signed by AECOM and Client.

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The Deliverables were prepared solely for the use by the Client. No third party may rely on the Deliverables unless expressly authorized by AECOM in writing (including, without limitation, in the form of a formal reliance letter. Any third party expressly authorized by AECOM in writing to rely on the Deliverables may do so only on the Deliverable in its entirety and not on any abstract, excerpt or summary. Entitlement to rely upon the Deliverables is conditioned upon the entitled party accepting full responsibility for such use, strict compliance with this Agreement and not holding AECOM liable in any way for any impacts on the forecasts or the earnings resulting from changes in "external" factors such as changes in government policy, in the pricing of commodities and materials, changes in market conditions, price levels generally, competitive alternatives to the project, the behavior of consumers or competitors and changes in the Client's policies affecting the operation of their projects.

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DIAMOND DISTRICT RICHMOND, VA

Appendix B

List of City-owned and VCU-owned parcels



CITY OF RICHMOND PARCELS								
Property Address	Tax ID	Acreage	2022 Assessed Land Value	2022 Assessed Improvement Value	2022 Total Assessed Value	Zoning	Enterprise Zone	Comments
3017 N Arthur Ashe Boulevard	N0001510009	4.015	\$4,889,000	\$6,505,000	\$11,394,000	TOD-1	Yes (III)	Arthur Ashe Jr. Athletic Center
3001 N Arthur Ashe Boulevard	N0001510020	9.32	\$5,927,000	\$9,141,000	\$14,968,000	TOD-1	Yes (III)	The Diamond (Operated by Navigators Baseball LP pursuant to Stadium Use Agreement approved via Ord. No. 2019-185)
2909 N Arthur Ashe Boulevard	N0001510011	12.15	\$5,895,000	\$506,000	\$6,401,000	TOD-1	Yes (III)	Surface parking lot - supports Arthur Ashe Center, the Diamond, and Sports Backers Stadium
2907 N Arthur Ashe Boulevard	N0001510012	19.1	\$11,931,000	\$34,000	\$11,965,000	TOD-1	Yes (III)	Southwestern most parcel
2728 Hermitage Road	N0001510013	10.9	\$5,461,000	\$0	\$5,461,000	TOD-1	Yes (III)	Southeastern most parcel
3101 N Arthur Ashe Boulevard	N0001512001	5.481	\$6,337,000	\$98,000	\$6,435,000	TOD-1	Yes (III)	Recreation softball/baseball field

VCU PARCEL								
Property Address	Tax ID	Acreage	2022 Assessed Land Value	2022 Assessed Improvement Value	2022 Total Assessed Value	Zoning	Enterprise Zone	Comments
2911 N Arthur Ashe Boulevard	N000151001	6.604	\$3,775,000	\$1,634,000	\$5,409,000	TOD-1	Yes (III)	Sports Backers Stadium

REQUEST FOR INTEREST

DIAMOND DISTRICT RICHMOND, VA

Appendix C

Greater Scott's Addition Small Area Plan

(excerpt from Richmond 300: A Guide for Growth, the citywide master plan)



Priority Growth Node

Greater Scott's Addition

Vision

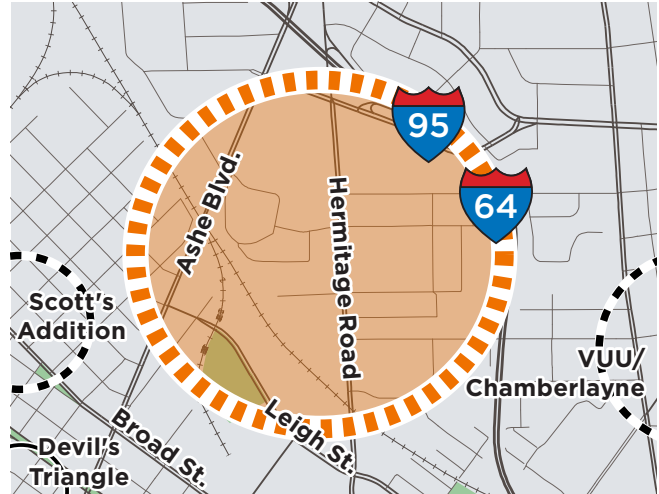
Greater Scott's Addition is home to a series of neighborhoods that provide new employment and housing developments connected by a series of open spaces and a transportation network that support families and aging-in-place. The variety of housing options and employment in Greater Scott's Addition provide opportunities for low-income, moderate-income, and high-income households. The Diamond is demolished and a new multi-purpose stadium is constructed along Hermitage. Uses along Hermitage, a public plaza, and the crescent park complement the new stadium development. Visitors to Greater Scott's Addition have the option to safely arrive by foot, bike, transit, or car. Parking is centralized in a few parking garages to encourage users to park once and visit multiple destinations. The signature public park, a crescent park, between Ashe and Hermitage serves as a central convening space and is connected with greenways to multiple smaller public parks.

Growth Potential

In 2019, there were approximately 458 acres of vacant/underdeveloped land in Greater Scott's Addition, representing 60% of Greater Scott's Addition's total land area.

Primary Next Steps

- **Rezoning:** Rezone Greater Scott's Addition in alignment with the Future Land Use Plan (Goal 1).
- **Request for Proposals:** Issue a Request for Proposals to redevelop the City-owned land between N. Ashe Boulevard and Hermitage Road using the Greater Scott's Addition Framework Plan and including elements such as crescent park, low-income housing, breaking up super blocks to create a street grid incorporating features that support walking, biking, and transit such as engaging architecture, public space, sidewalks, street trees, buildings built to the street, and street furniture (Goals 2, 4, 8, 9, 14, 17)
- **Great Streets:** Transform N. Ashe Boulevard and Hermitage Road into Great Streets, featuring buildings addressing the street, underground



Greater Scott's Addition — Regional/National Node

This area has excellent access to I-95/I-64 and features the Baseball Diamond and primarily industrial areas that are transitioning to mixed-use.

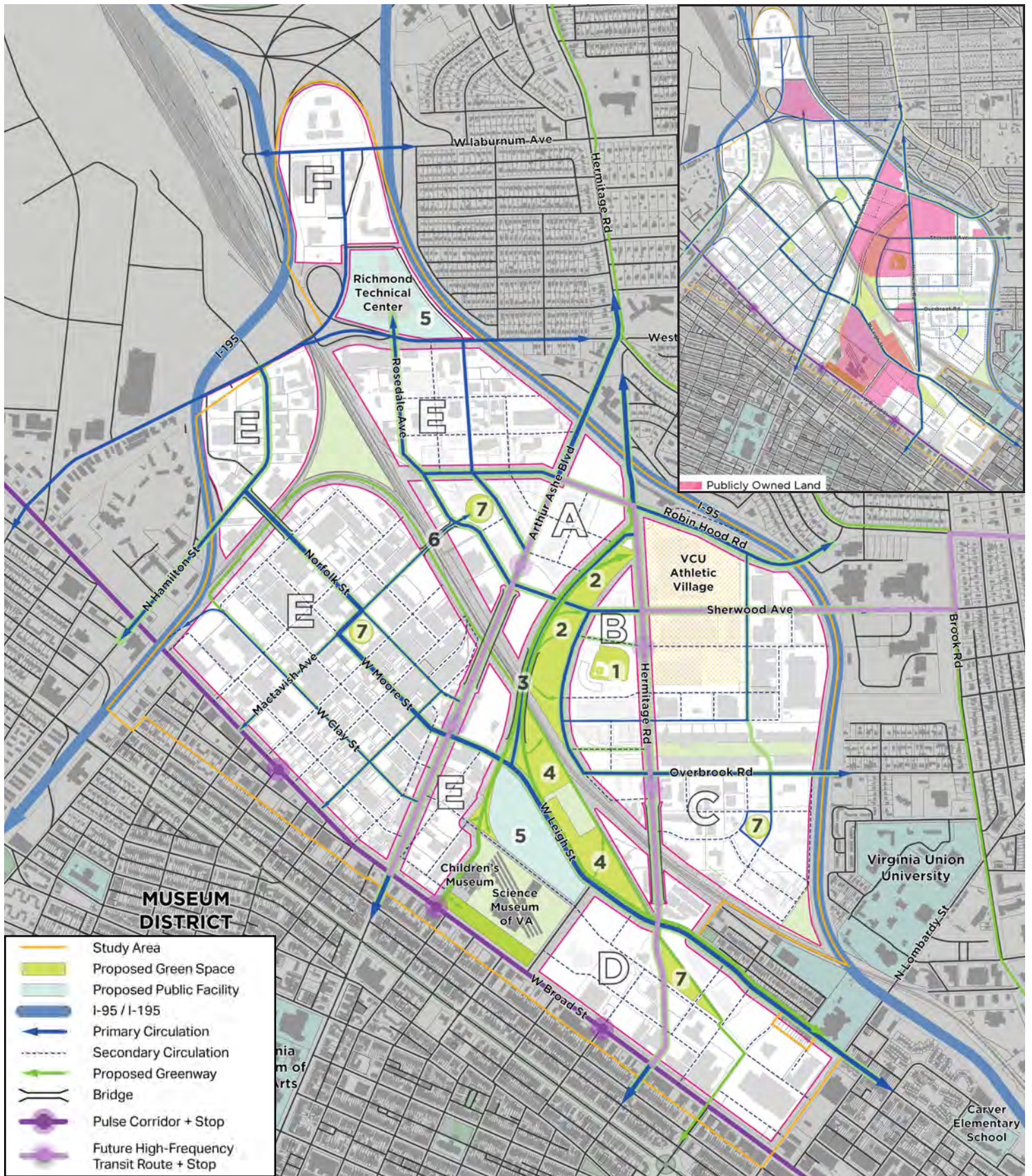
- utilities, street trees, lighting, enhanced transit, and other amenities (Goal 9, Goal 17).
- **Bridge Feasibility:** Increase connectivity and access among neighborhoods in Greater Scott's Addition by creating new bridges from Leigh Street to the Diamond, Mactavish Street to Rosedale Avenue, and Norfolk to Hamilton Street (Goal 9).
- **Marketing:** Market Greater Scott's addition to grow, retain, and attract businesses in the target industries (Goal 11).
- **Green Infrastructure:** As part of the redevelopment of the Diamond site, develop a district-wide green infrastructure system to reduce flow of stormwater into the Combined Sewage System, reduce the heat-island effect, and increase the tree canopy, among other benefits (Goal 17).
- **Housing:** As part of the redevelopment of the Diamond site, create more housing, rental and ownership, at various price points, including units for low-income households (Goal 14).
- **Park Creation:** As part of the redevelopment of the Diamond site, develop a series of parks, including the signature crescent park, and



Greater Scott's Addition Complete Street Illustration

Streets for everyone designed and operated to enable safe access for all users, including pedestrians, bicyclists, motorists, and transit riders while also incorporating stormwater infrastructure

investigate a funding source for park creation and maintenance, such as a bond or a special park district assessment to fund more parks in the area (Goal 17).



Greater Scott's Addition Framework Plan

This Framework Plan is the result of a planning process in 2019-2020 that included public meetings and three surveys with over 1,300 responses. The Framework Plan envisions several districts connected by a series of open spaces and Complete Streets (described on the next two pages).

Districts

A | GATEWAY DISTRICT

Regional destination for offices, shopping, and entertainment with landmark architecture



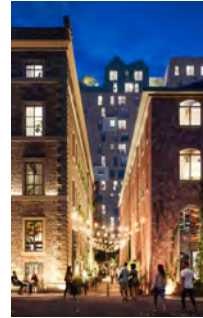
B | BALLPARK AND ENTERTAINMENT DISTRICT

Lively community integrated with entertainment and a new sports venue



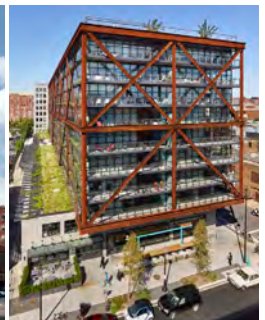
C | OWNBY DISTRICT

A core of dense mixed-use development employing the latest in sustainable practices relating to energy and water on a district scale



D | ALLISON DISTRICT

Dense, compact, transit-oriented mixed-use development anchored by a reconnected street grid



E | INDUSTRIAL MIXED-USE

Continued evolution of Scott's Addition combining entertainment, residential, office, and light industrial uses



F | OFFICE PARK

Office park development

Open Space Network

1 | BALLPARK AND PLAZA

Vibrant outdoor space activated by the baseball stadium

Example Open Spaces and Features from Other Cities



2 | CRESCENT PARK

Signature urban public space with passive lawns and a relaxing atmosphere with integrated green infrastructure to support water quality (site for large-scale community events)



3 | LANDMARK BRIDGE

Bridge over the CSX tracks connecting the crescent park and development on the north side to the Pulse Corridor



4 | SOUTHERN PARK

Public space with sports fields and active-use areas for youth with integrated green infrastructure that supports water quality

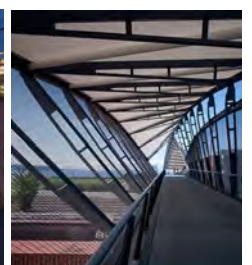


5 | PUBLIC FLEX SITE

Space to meet future community needs such as a school, library, rec center, or public space

6 | PEDESTRIAN & BICYCLE BRIDGE

Safe and comfortable urban bridges over the train tracks



7 | NEIGHBORHOOD PARKS

Small Nodes of public space in which neighborhood activities are centered





Diamond Site Potential Transformation

The urban neighborhood created along N. Arthur Ashe Boulevard [top] is possible because the grand Crescent park [bottom] tucked in the middle of the site establishes a strong design edge, providing an oasis to enjoy nature, gather, and relax.



Greater Scott's Addition Conceptual Aerial

Crescent park, a signature element, anchors a series of green spaces that connect a new baseball stadium, residential areas, and employment.



REQUEST FOR INTEREST

DIAMOND DISTRICT RICHMOND, VA

Appendix D

Ballpark Feasibility Analysis Executive Summary and Report



Richmond Diamond District Ballpark Analysis

City of Richmond

December 27, 2021

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Executive Summary

Introduction

The City of Richmond retained AECOM to provide an analysis related to the potential demand and viability of a new ballpark to replace the Diamond. The study is part of a larger effort to evaluate the potential demand for and impact of a mixed-use development in the area surrounding the current site of The Diamond, with the proposed new ballpark potentially incorporated as a catalytic component of the development.

The Diamond, which opened in 1985, has been the home of the Richmond Flying Squirrels, a Class AA affiliate of the San Francisco Giants of Major League Baseball since 2010. In addition to Flying Squirrels games, the Diamond also host home games for Virginia Commonwealth University's baseball team. Prior to the Flying Squirrels, the Diamond served as the home of the Class AAA Richmond Braves from 1985 through the 2008 season, when the Braves relocated to a newly built stadium in Gwinnett County, Georgia.

In 2020, Major League Baseball (MLB) and Minor League Baseball (MiLB) struck a new Professional Baseball Agreement (PBA) that dramatically changed the power structure and landscape of professional baseball. The new PBA reduced the total number of affiliated MiLB teams from 160 to 120, while also ceding significant control of MiLB franchise operations to MLB affiliates, including stricter facility standards.

While the Flying Squirrels have been relatively successful in Richmond, drawing over 6,000 patrons per home game (well above Class AA average), The Diamond is now considered out of compliance with the new facility standards. Without a significant renovation or a new stadium that meets these standards, MLB could rescind the team's affiliation and require it to be sold or relocated to a new market with a compliant stadium.

The following analysis explores the history of The Diamond and the Flying Squirrels, the relative strength of the Richmond market relative to other markets hosting minor league baseball franchises, current trends in minor league baseball stadium development, and the potential financial, economic and fiscal impacts a new ballpark could generate for the City and beyond.

Why a New Ballpark?

The Diamond was built in 1985 and is the 2nd oldest AA ballpark in the country; the 3rd oldest among all AA and AAA ballparks. Despite the ballpark's age, the Flying Squirrels consistently achieved total annual attendance of 400,000, ranking third of any Double-A ballclub and 23rd among all MiLB teams (AA and AAA) in 2019.

In addition, the ballpark's age has rendered the facility functionally obsolete. MLB's new facility standards put in place in 2020 mean the Diamond is now out of compliance. Without a significant renovation or new stadium, the Flying Squirrels will not be able to continue in Richmond without a new ballpark.

In addition, replacing The Diamond with a new, modern, compliant ballpark in the same area would potentially serve as a catalytic component for additional re-development in the area, providing benefits to the City as a whole.

Figure 1: The Diamond



As noted previously, MLB issued new stadium standards that would require a complete renovation of The Diamond, or the construction of a new ballpark, to bring the facility into compliance. The new PBA outlines specific criteria that must be met, with a points system and checklist. Facilities that exceed a certain point total will be deemed non-compliant and subject to MLB affiliation being rescinded. Key non-compliance issues at The Diamond include:

- Lack of dressing facilities for female staff
- Lack of home and visiting team commissaries and dining areas
- Insufficient square footage for home and visiting clubhouses
- Inadequate training room and weight room size
- Lack of enclosed pitching and hitting tunnels

In addition to these compliance issues, the Diamond lacks many of the seating options and other features of modern ballparks, impacting the Flying Squirrels' ability to generate operating revenues.

The City has conducted structural integrity reviews of the facility at various times over the past several years. These reviews have identified numerous areas of concern throughout the stadium, mainly related to cracked, chipped or spalling concrete that present potentially dangerous situations to patrons and employees.

Demographic Comparison

There are approximately 1,000,000 people and 400,000 households within a 30-minutes' drive and approximately 1,630,000 people and 630,000 households within a 60-minutes' drive of the Diamond. The median household income for those living within 30-minutes of the Diamond is \$68,000 and is \$70,900 for those living within 60-minutes of the Diamond indicating that there is modestly more spending power from households outside of Richmond proper. In addition, approximately 63% of households within 30-minutes of the Diamond are family households and approximately 17% of those over the age of 18 and living within the study area have attended a professional sporting event within the last 12 months.

Table 1: Demographic Summary

Key Ballpark Metrics by Size of Market	Market Count	Average Capacity	Average Total Attendance 2019	Average Game Attendance 2019	% of Stadium Filled per Game	Annual Market Penetration
Average Triple-A Market Metrics within 30-minute Drive	30	10,700	458,300	6,900	64%	42%
more than 2 million people	3	8,300	450,200	7,300	88%	21%
between 1 & 2 million people	11	11,400	487,300	7,100	62%	37%
between 1 million & 500,000 people	13	10,900	458,400	6,900	63%	56%
fewer than 500,000 people	3	9,900	359,500	5,400	55%	82%
Average Double-A Market Metrics within 30-minute Drive	30	7,800	306,900	4,600	59%	46%
more than 2 million people	1	10,200	455,800	6,800	67%	15%
between 1 & 2 million people*	5	9,300	344,400	5,200	56%	26%
between 1 million & 500,000 people	6	7,900	332,900	4,900	62%	49%
fewer than 500,000 people	18	7,100	279,500	4,200	59%	81%
Richmond Flying Squirrels	1	12,130	400,300	6,300	52%	40%

*the Diamond's market area includes more than 1 million people within a 30-minutes drive

**Annual Market Penetration takes annual attendance for each ballteam and divides by the total population within a 30-minute drive

Richmond's market demographics are similar to that of other markets that hold a AAA ballclub which bodes well for the development of a new venue.

Comparable MiLB Stadium Development and Funding Trends

Since 2010, eight new AAA ballparks and eight new AA ballparks have opened in markets across the country. In general, these new ballparks typically feature:

- A reduced stadium capacity with an increased focus on premium seating and gathering options, like:
 - loge boxes
 - club seats
 - 4-Tops
 - berm seating
 - quality concessions
- A refocused effort to bring new ballparks into urban downtowns and away from the suburbs with the new ballpark often anchoring a larger entertainment districts where the property tax increment generated from surrounding development is used to service the ballpark's debt.
- A larger share of stadium funding is being supported by the private sector, primarily through revenue sharing agreements or direct equity investment.
- Historically, the PBA required minimum capacities of 6,000 for Class AA and 10,000 for Class AAA ballparks, typically resulting in lower construction cost for Class A. The new PBA does not differentiate between Class and Capacity.

The following table summarizes key metrics from new ballpark developments since 2010.

Table 2: MiLB Development Trends

League	Year Opened	MiLB Team	Stadium	Cost to Construct	Public%	Private%	Seats	Cost per Fixed Seat
Triple-A	2021	Worcester Red Sox	Polar Park	\$118,200,000	62%	38%	9,500	\$16,800
Triple-A	2019	Las Vegas Aviators	Las Vegas Ballpark	\$150,000,000	53%	47%	10,000	\$15,000
Triple-A	2015	St. Paul Saints	CHS Field	\$63,000,000	83%	17%	7,210	\$10,400
Triple-A	2015	Nashville Sounds	First Horizon Park	\$91,000,000	77%	23%	10,000	\$10,700
Triple-A	2014	Charlotte Knights	Truist Field	\$54,000,000	30%	70%	10,200	\$5,900
Triple-A	2014	El Paso Chihuahuas	Southwest University Park	\$72,000,000	59%	41%	9,500	\$9,600
Triple-A	2012	Sugar Land Skeeters	Constellation Field	\$37,000,000	84%	16%	7,700	\$4,800
Triple-A	2011	Omaha Storm Chasers	Werner Park	\$36,000,000	0%	100%	9,023	\$4,000
Double-A	2021	Wichita Wind Surge	Riverfront Stadium	\$75,000,000	100%	0%	10,025	\$7,500
Double-A	2020	Rocket City Trash Pandas	Toyota Field	\$46,000,000	35%	65%	7,000	\$6,600
Double-A	2019	Amarillo Sod Poodles	Hodgetown	\$45,500,000	74%	26%	6,630	\$6,900
Double-A	2017	Hartford Yard Goats	Dunkin Donuts Park	\$71,700,000	19%	81%	6,850	\$9,200
Double-A	2015	Biloxi Shuckers	MGM Park	\$36,000,000	—	—	6,070	\$5,900
Double-A	2013	Birmingham Barons	Regions Field	\$64,000,000	84%	16%	8,500	\$7,500
Double-A	2012	Pensacola Blue Wahoos	Admiral Fetterman Field	\$23,850,000	—	—	5,040	\$4,700
Double-A	2010	Tulsa Drillers	ONEOK Field	\$39,200,000	—	—	7,830	\$5,000
Average Triple-A				\$72,000,000	56%	44%	9,100	\$9,650
Max Triple-A				\$150,000,000	53%	47%	10,000	\$15,000
Min Triple-A				\$36,000,000	0%	100%	9,023	\$4,000
Average Double-A				\$52,000,000	62%	38%	0	\$0
Max Double-A				\$75,000,000	59%	41%	10,025	\$9,200
Min Double-A				\$23,850,000	19%	81%	5,040	\$4,700

On average, approximately 60% of funding for recent ballparks is derived from public funding sources, while 40% is derived from private sources and the average cost of recent MiLB ballparks has totaled approximately \$72 million. In several most recent ballpark developments, the surrounding area has experienced significant development, including multi-family housing, hotels and commercial/office space.

Relevant insights from recent ballpark development efforts include:

- A strong public, private, and in many cases, philanthropic partnership, was a crucial element to successful development and the opening of a new ballpark.
- Securing major anchor commercial tenants for adjacent offices and other ancillary development components helps bolster early returns on investment for private developers.
- Surrounding development may be included in a Tax Increment Financing (TIF) District to capture incremental property tax revenues to support the construction cost of the proposed ballpark.

- Many recent ballparks and surrounding ancillary development capitalized on revitalization momentum that was occurring prior to the development of the new stadium, as is the case in the greater Scott's Addition renaissance.
- Most recent ballpark efforts include significant public space or park elements, along with investment in pedestrian and bicycle friendly infrastructure.
- Most of these developments were purposefully integrated with the ballpark, with adjacent residential, office and restaurant developments offering roof top or balcony views into the stadium
- Residential development comprises a significant portion of ancillary development surrounding nearly all of these recent ballpark developments.

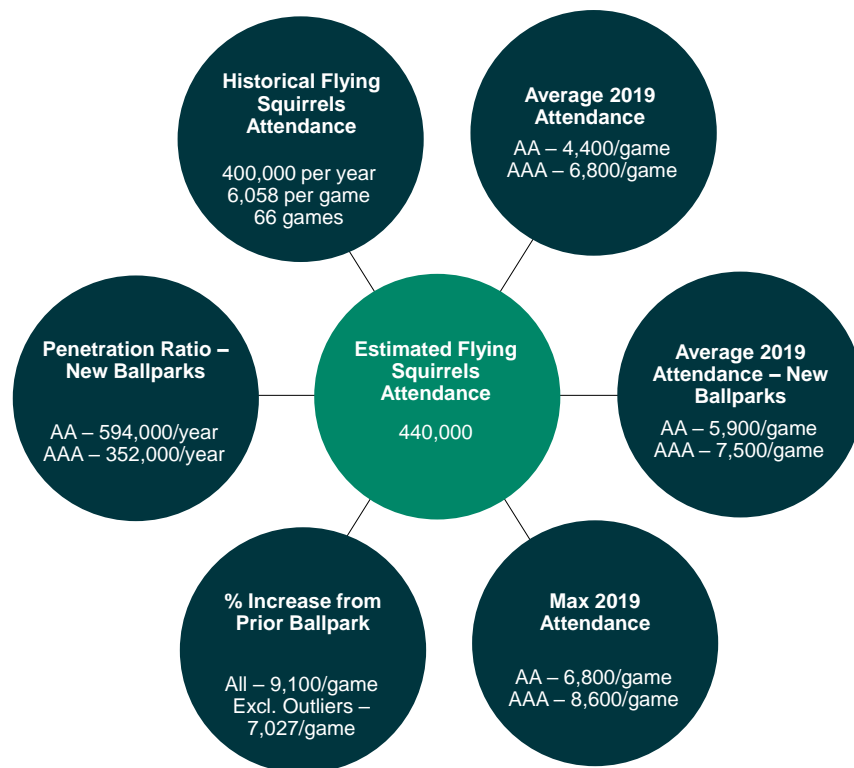
Estimated Attendance

For purposes of this analysis, it is assumed that the Flying Squirrels will continue to play in either Class AA or Class AAA of Minor League Baseball. While in general Class AAA teams attract higher attendance than Class AA teams, it is assumed that attendance for the Flying Squirrels will effectively be the same regardless of what level the team is playing in.

In developing attendance estimates for the Flying Squirrels in a new ballpark, a variety of factors were considered, including:

- Historic attendance of the Flying Squirrels
- Average attendance for all Class AA and Class AAA teams from 2015-2019
- Average attendance for Class AA and Class AAA teams playing in new ballparks
- Minimum and maximum attendance in Class AA and Class AAA
- Attendance growth for teams moving from an older ballpark to a new ballpark within the same market
- Comparable market penetration ratio

Figure 2: Estimated Attendance



The Flying Squirrels have historically achieved one of the highest attendance levels in Class AA baseball, penetrating the market at a higher rate than peer markets despite being one of the largest markets in Class AA. Based on the team's historic success and the criteria discussed above, it is estimated that the team's attendance will increase by approximately 10% in a new ballpark, from approximately 400,000 per year to 440,000 per year, which would rank near the top of Class AA and will above average for Class AAA franchises.

Sponsorship & Naming Rights

Sponsorship and naming rights opportunities are plentiful with the inclusion of a minor league baseball diamond within a mixed-use, urban context. Examples of possible opportunities are provided below:

- Nearly every new ballpark built has secured some form of naming rights partner (usually a 10- to 20-year agreement). The most expensive is the Las Vegas Aviators where Visit Las Vegas paid \$80 million over 20 years to name Las Vegas Ballpark. Trash Rocket City Trash Pandas secured a \$46 million deal with Toyota over an undisclosed amount of time. Dunkin Donuts brands pay \$500,000 per year for naming rights of Dunkin Donuts Park. For purposes of this analysis, it is assumed that the proposed stadium could secure a similar agreement for \$500,000 per year for a 10- to 20-year partnership. Some ballpark agreements allocate a portion of the naming rights agreement to the public entity as a form of capital contribution to the ballpark's construction, while others allocated the entire payment to the tenant team. Each ballpark development is unique and must be negotiated based on the specific needs of the public and private parties involved.
- A ballpark also generates sponsorship revenues through the sale of naming for club lounges, premium seating areas along with the sale of traditional sponsorships for fixed signage, banners, rotating signage on electronic boards, scoreboard and other areas within the stadium. As with stadium naming rights, the allocation of these revenues typically goes entirely to the tenant franchise, however in some instances a share of sponsorship revenues over a certain threshold may be allocated to the public partner as a form of rent.
- In addition to stadium naming and sponsorship revenues, mixed-use, stadium-anchored developments like the proposed Scott's Addition development, present unique opportunities for branding and signage that might accompany an anchor commercial tenant in a Class A tower. In most cases, the naming partner utilizes a significant portion of the tenant space within a building.

Sports-anchored mixed-use developments offer a variety of naming and sponsorship opportunities that may not be available with more traditional developments. The proposed stadium itself can attract a naming partner, and adjacent properties may also attract unique sponsorship opportunities that may not be considered elsewhere.

Potential Program

For purposes of this analysis, based on recent ballpark developments and discussions with the Flying Squirrels, it is assumed that the proposed ballpark would meet the following general program requirements:

- Total capacity of 10,000 seats, with approximately 8,000 fixed seats and room for approximately 2,000 standing room patrons
- While it is assumed that the Flying Squirrels and VCU will pay rent as the stadium's primary tenants, the actual amount of rent to be paid has yet to be negotiated. Therefore no rental assumptions for the teams have been included in this analysis.
- 20 private suites and 500 club seats, with adjacent private club space that would be designed to be able to accommodate non-spectator events such as meetings, receptions, parties and other events.
- All clubhouse and support spaces will meet or exceed the current MLB facility standards.
- With the exception of limited on-site parking for team staff, players and premium seat holders, the team will not control any parking within the area, with all parking distributed throughout the development and controlled by other parties.
- It is estimated that the ballpark will require approximately seven to 10 acres of land, including the footprint of the stadium as well as limited on-site parking.

It is further assumed that the team will play an average of 65 games per year, while the stadium will also host 20 VCU baseball games, 10 high school baseball games, five other amateur sports events, 10 other spectator events, two concerts and approximately 100 non-spectator events (meetings, receptions, etc.) per year.

Fiscal Impacts

The presence of the Flying Squirrels and new stadium will generate significant tax revenues for the City of Richmond. However, it is important to note that there will be limited incremental revenue due to the relatively small increase in attendance and the strength of the team's historical performance. While the incremental revenue will be limited, if the team were to leave Richmond for another market, the majority of those revenues would also likely shift outside of the City as approximately 80% of the Flying Squirrels' patrons are derived from outside of the City's limits. If the team were to leave Richmond, those patrons would likely shift their spending closer to home.

Based on the estimated operations of the team and ballpark outlined above, it is estimated that the City would realize the following tax revenues:

- Sales Tax (1.0% local allocation) - \$339,000 per year
- Meals Tax (5.0% City allocation) - \$641,000 per year
- Lodging Tax (8.0%) - \$270,000 per year
- Admissions Tax (10.0%) - \$869,000 per year

Funding Analysis

As shown previously, recent ballpark developments have averaged approximately \$72 million in construction costs, with approximately 60% of the costs supported with public funds, while private funds comprise approximately 40% of project costs. Based on recently built ballparks, it is estimated that a new ballpark in Richmond could potentially cost approximately \$80 million or more. A more detailed building program and project financing agreement will be required to determine the ultimate cost of the project. For purposes of discussion, it is assumed that a new ballpark in Richmond could be built for approximately \$80 million, including hard and soft costs, debt issuance costs (typically approximately 2% to 4% of total amount issued), capitalized interest, and other costs. It is important to note that the actual cost of the stadium will likely vary significantly from this estimate, depending on the features agreed to by the development partners, teams, and the City; materials and labor costs at the time of construction; site preparation and any remediation costs necessary, financing structure and sources, and the cost of financing at the time bonds are issued, among many other variables.

Public funding is typically supported by revenues from property taxes (via tax increment financing), sales taxes (within the ballpark as well as the surrounding area), lodging taxes, admissions taxes, sharing of naming rights or other revenues, general obligation funds, grants or other sources. Private funding is generally provided via direct equity contribution, team lease payments, sharing of naming rights, capital reserve funding payment, philanthropic donations and similar sources.

Richmond Diamond District

Minor League Ballpark Feasibility Analysis

December 15, 2021

Prepared by: AECOM Sports Economics

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Introduction

Introduction

The City of Richmond retained AECOM to provide an analysis related to the potential demand and viability of a new ballpark to replace the Diamond. The study is part of a larger effort to evaluate the potential demand for and impact of a mixed-use development in the area surrounding the current site of The Diamond, with the proposed new ballpark potentially incorporated as a catalytic component of the development.

The Diamond, which opened in 1985, has been the home of the Richmond Flying Squirrels, a Class AA affiliate of the San Francisco Giants of Major League Baseball since 2010. In addition to Flying Squirrels games, the Diamond also host home games for Virginia Commonwealth University's baseball team. Prior to the Flying Squirrels, the Diamond served as the home of the Class AAA Richmond Braves from 1985 through the 2008 season, when the Braves relocated to a newly built stadium in Gwinnett County, Georgia.

In 2020, Major League Baseball (MLB) and Minor League Baseball (MiLB) struck a new Professional Baseball Agreement (PBA) that dramatically changed the power structure and landscape of professional baseball. The new PBA reduced the total number of affiliated MiLB teams from 160 to 120, while also ceding significant control of MiLB franchise operations to MLB affiliates, including stricter facility standards.

While the Flying Squirrels have been relatively successful in Richmond, drawing over 6,000 patrons per home game, well above Class AA average, The Diamond is now considered out of compliance with the new facility standards. This means that without a significant renovation or a new stadium that meets these standards, MLB could rescind the team's affiliation and require it to be sold or relocated to a new market with a compliant stadium.

The following analysis will explore the history of The Diamond and the Flying Squirrels, the relative strength of the Richmond market relative to other markets hosting minor league baseball franchises, current trends in minor league baseball stadium development, and the potential financial, economic and fiscal impacts a new ballpark could generate for the City and beyond.

Why a New Ballpark?

Why a new Ballpark?

- The Diamond was built in **1985** and is the 2nd oldest AA ballpark in the county and the 3rd oldest among all AA and AAA ballparks. As such, it has become functionally obsolete.
- **MLB issued new facility standards in 2020 that mean the Diamond is now out of compliance. Without a significant renovation or new stadium, the Flying Squirrels will not be able to continue in Richmond without a new ballpark**
- Replacing The Diamond with a new, modern, compliant ballpark in the same area would potentially serve as a catalytic component for additional re-development in the area, providing benefits to the City as a whole.



As seen in several comparable markets, a new ballpark has the ability to catalyze surrounding development, often through creative public-private partnerships. The development of a new ballpark has the ability to do the same in Richmond.

Why a new Ballpark?

- As noted previously, MLB issued new stadium standards that would require significant renovations to The Diamond or a new ballpark to bring the facility into compliance.
- The new PBA outlines specific criteria that must be met, with a points system and checklist. Facilities that exceed a certain point total will be deemed non-compliant and subject to MLB affiliation being rescinded.
- Key non-compliance issues at The Diamond include:
 - Lack of dressing facilities for female staff
 - Lack of home and visiting team commissaries and dining areas
 - Insufficient square footage for home and visiting clubhouses
 - Inadequate training room and weight room size
 - Lack of enclosed pitching and hitting tunnels
- In addition to these compliance issues, the Diamond lacks many of the seating options and other features of modern ballparks, impacting the Flying Squirrels' ability to generate operating revenues. The following pages provide examples of such amenities.



Without significant renovations to The Diamond or a new ballpark to replace The Diamond, Richmond is at risk of losing the Flying Squirrels to another market that can provide a ballpark that meets MLB facility standards.

Premium Seating Options in New Ballparks



4-Top Tables



Club Seats

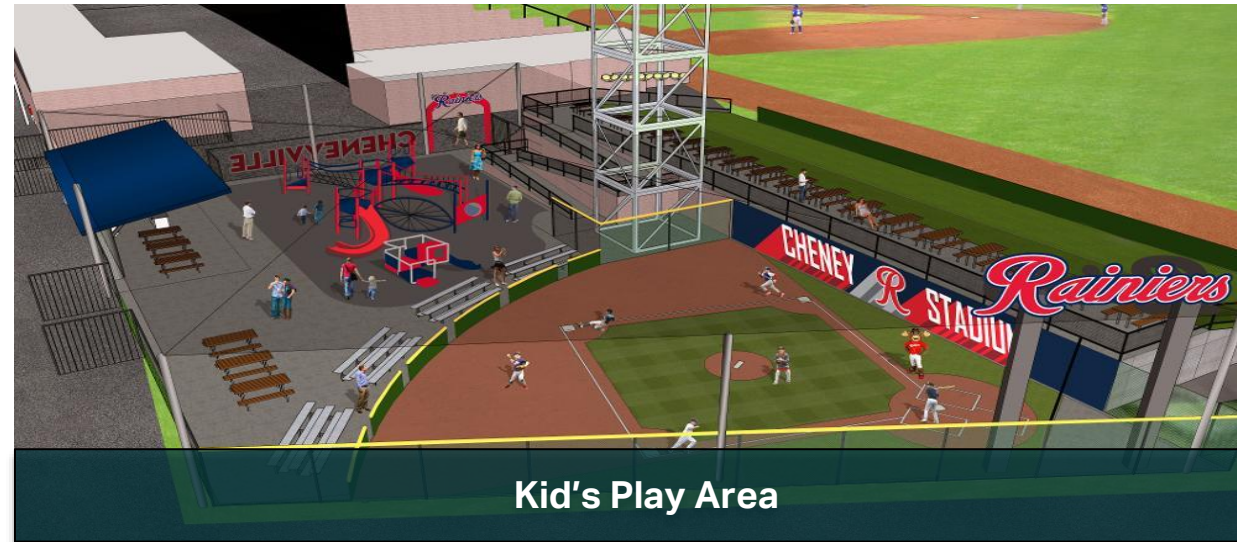
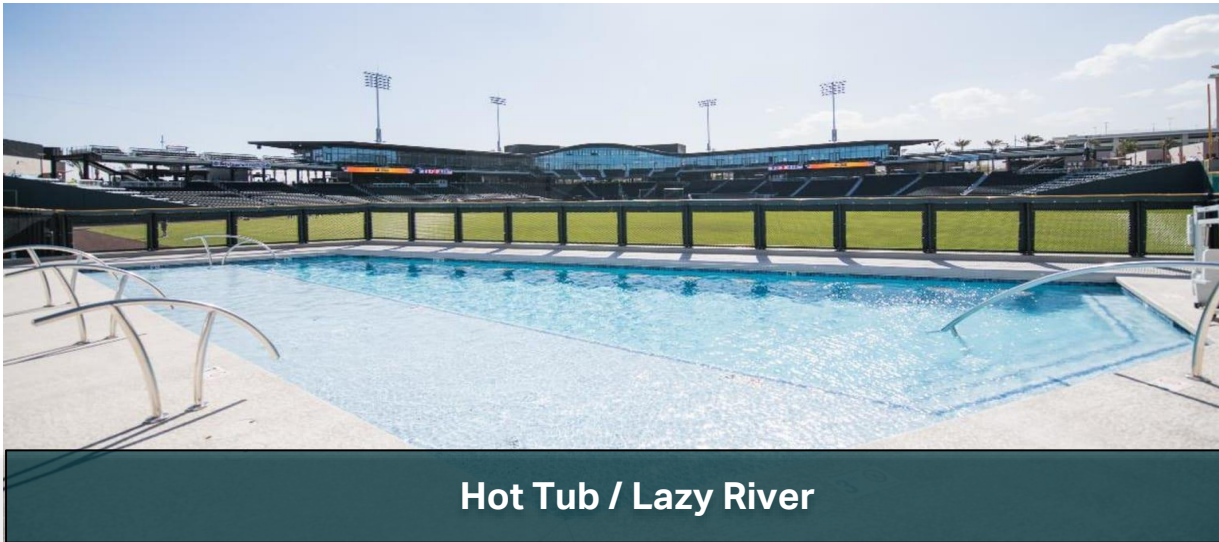
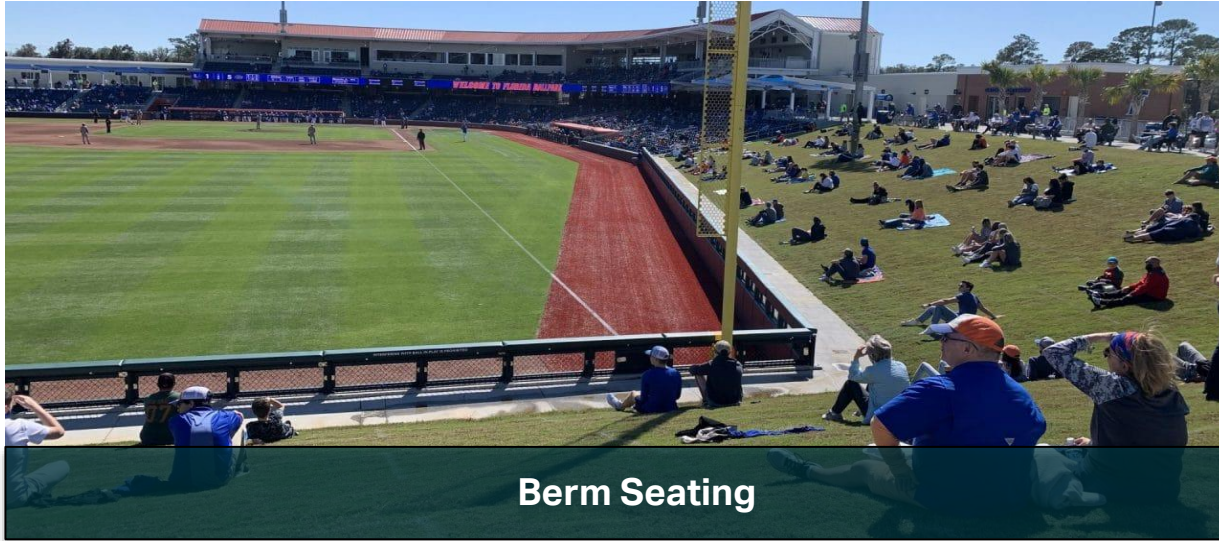


Loge Boxes



Suites

Social Seating Options in New Ballparks



History of The Flying Squirrels

The Richmond Flying Squirrels...

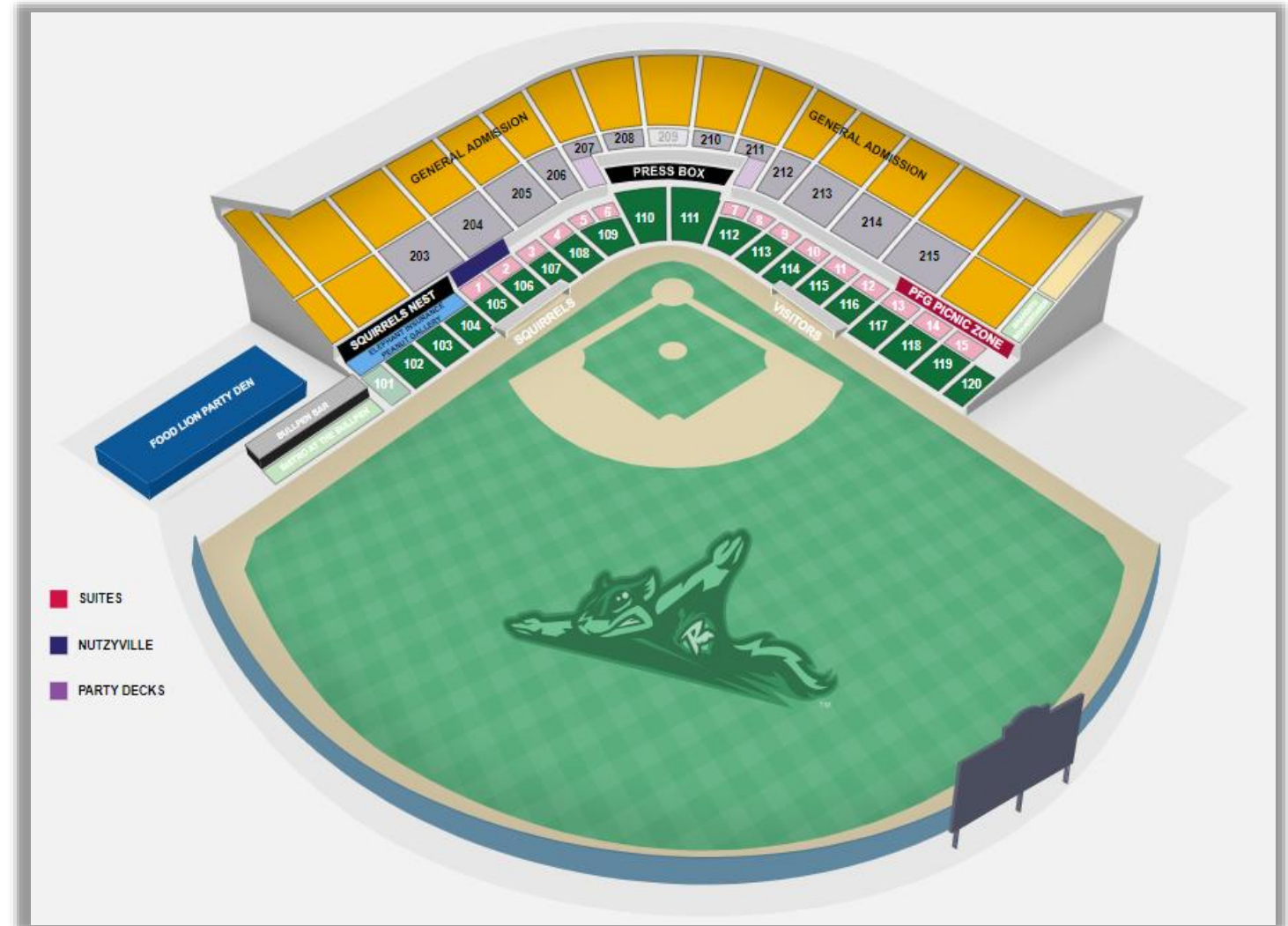
- Play within MiLB's **Double-A Northeast League**, which was created prior to the 2021 season as part of MLB's reorganization of minor league baseball.
- Are the Double-A affiliate of the **San Francisco Giants** of Major League Baseball and have been since 2010 when the then **Richmond Braves** relocated to **Gwinnett, GA**.
- Play in a **ballpark (the Diamond)** that was built in **1985** which is the **second oldest** ballpark in Double-A baseball.
- Despite playing in one of the oldest ballparks in MiLB, the team consistently achieves **total annual attendance of 400,000** ranking **third highest** of any Double-A ballclub and **23rd** among all MiLB teams (AA and AAA) in 2019.



The Flying Squirrels achieved a 52% average stadium occupancy for their 64 home games in 2019, or ~6,250 fans per game.

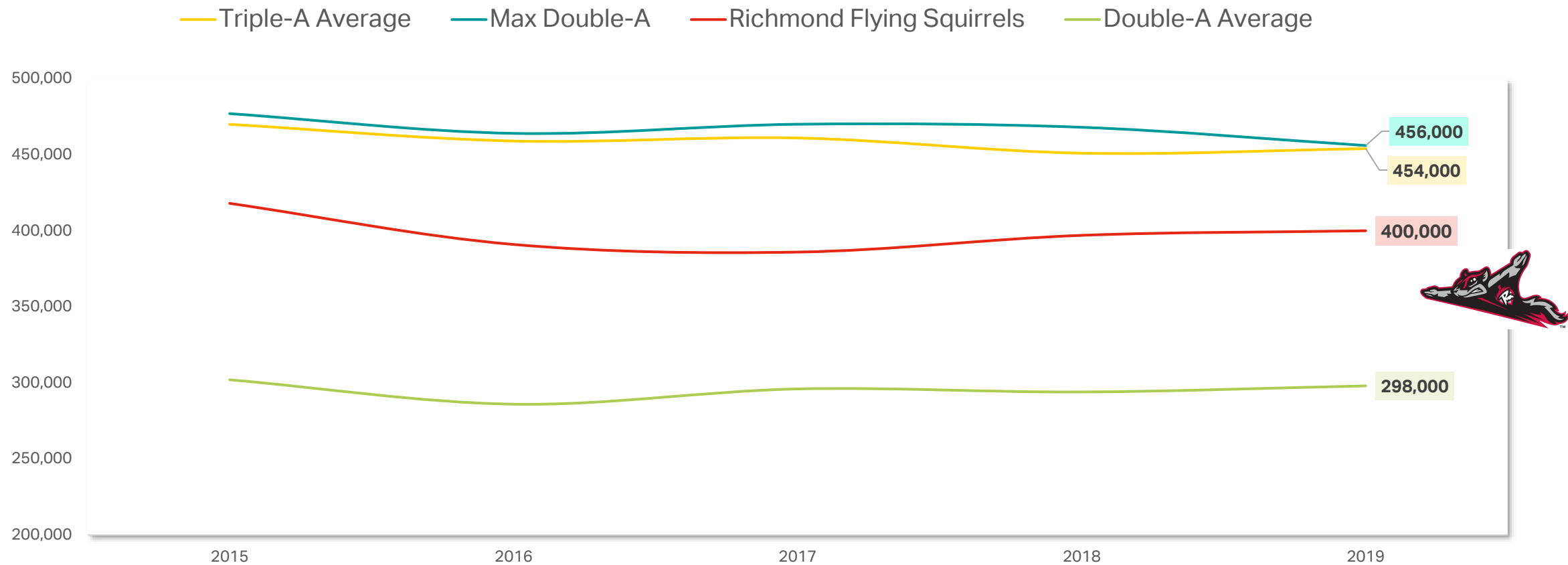
The Diamond

- **12,000** total capacity
- **1985** year built
- **17** upper deck sections (general admission)
- **20** lower bowl sections
- **4** social gathering areas
 - Segra Picnic Zone
 - Hoga Group Party Deck
 - Squirrels Nest
 - Food Lion Party Deck



Unlike newer ballparks, the Diamond does not offer much premium or social seating like berm seating, 4-Top tables or loge boxes.

Squirrels Attendance History

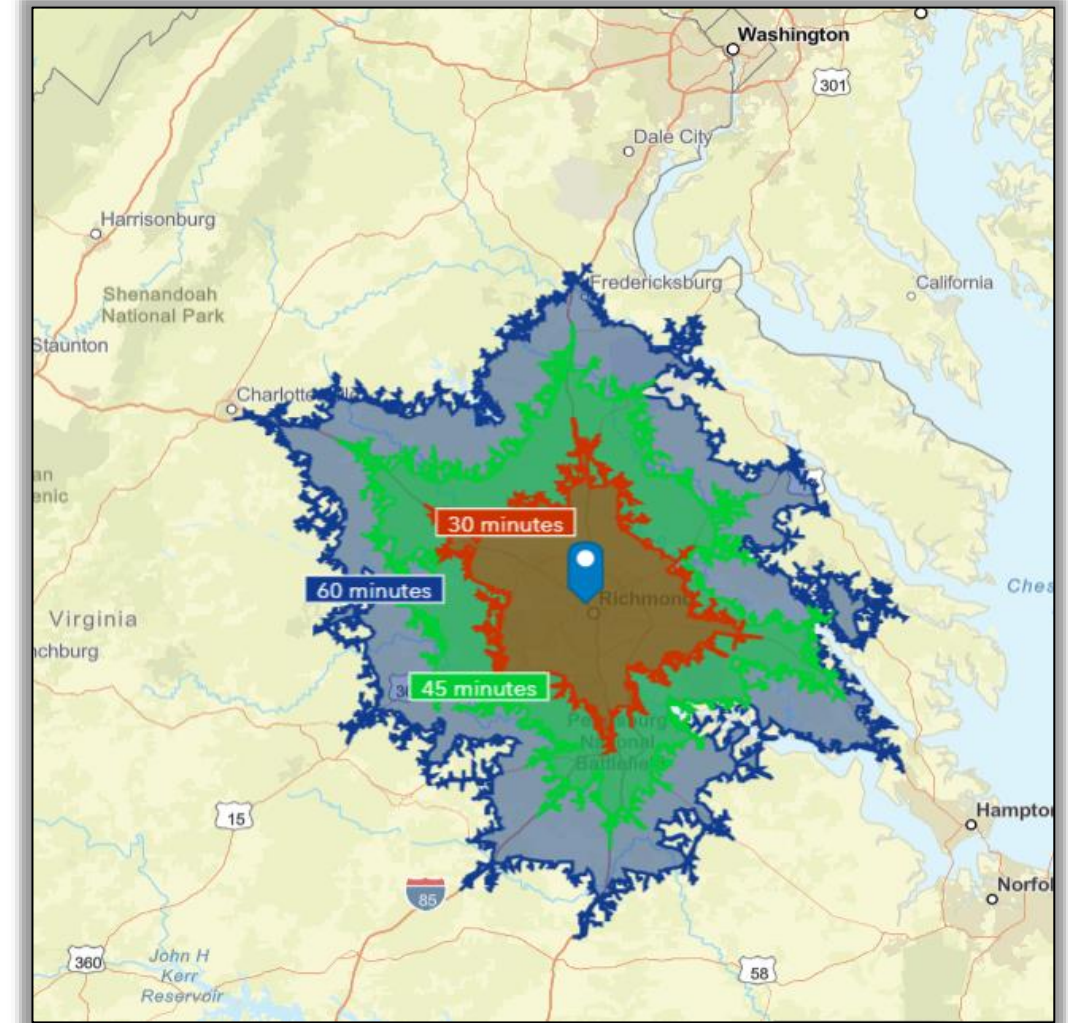


Since 2015, the Squirrels have outperformed their AA counterparts by attracting 35% more fans per year than the average Double-A ballclub.

Demographic Overview

Richmond Market Overview

- There are approximately **1,000,000 people and 400,000 households** within a 30-minutes drive and approximately **1,630,000 people and 630,000 households** within a 60-minutes drive of the Diamond.
- The **median household income** for those living within 60-minutes of the Diamond is \$70,900.
- Approximately **63% of households** within 30-minutes of the Diamond are **family households**.
- Approximately **17% of those over the age of 18** and living within the study area have attended a professional sporting event within the last 12-months.



As other peer cities throughout the country struggle to attract new residents, the population of those living within a 60-minute drive of the stadium has grown by 1.3% annually since 2000.

Richmond's Market Compared to its Peers – All AA/AAA Markets

Key Ballpark Metrics by Size of Market	Market Count	Average Capacity	Average Total Attendance 2019	Average Game Attendance 2019	% of Stadium Filled per Game	Annual Market Penetration
Average Triple-A Market Metrics within 30-minute Drive	30	10,700	458,300	6,900	64%	42%
more than 2 million people	3	8,300	450,200	7,300	88%	21%
between 1 & 2 million people	11	11,400	487,300	7,100	62%	37%
between 1 million & 500,000 people	13	10,900	458,400	6,900	63%	56%
fewer than 500,000 people	3	9,900	359,500	5,400	55%	82%
Average Double-A Market Metrics within 30-minute Drive	30	7,800	306,900	4,600	59%	46%
more than 2 million people	1	10,200	455,800	6,800	67%	15%
between 1 & 2 million people*	5	9,300	344,400	5,200	56%	26%
between 1 million & 500,000 people	6	7,900	332,900	4,900	62%	49%
fewer than 500,000 people	18	7,100	279,500	4,200	59%	81%
Richmond Flying Squirrels	1	12,130	400,300	6,300	52%	40%

*the Diamond's market area includes more than 1 million people within a 30-minutes drive

**Annual Market Penetration takes annual attendance for each ballteam and divides by the total population within a 30-minute drive

The Richmond Flying Squirrels have the second oldest AA ballpark in the MiLB, yet achieved the 3rd highest AA attendance in 2019. In addition, the Squirrels hosted almost 56,000 more fans than rival teams in peer markets by penetrating 40% of the immediate marketplace.

Richmond's Market Compared to its Peers – Ballparks Built Since 2010

Key Ballpark Metrics by Size of Market Ballparks Built Since 2010	Market Count	Average Capacity	Average Total Attendance 2019	Average Game Attendance 2019	% of Stadium Filled per Game	Annual Market Penetration
Average <u>Triple-A</u> Market Metrics within 30-minute Drive	8	9,100	480,200	7,400	81%	35%
more than 2 million people	3	8,300	450,200	7,300	88%	21%
between 1 & 2 million people	1	10,200	581,000	8,500	83%	40%
between 1 million & 500,000 people	4	9,500	476,500	7,100	75%	58%
fewer than 500,000 people	0	--	--	--	--	0%
Average <u>Double-A</u> Market Metrics within 30-minute Drive	8	7,200	340,000	5,000	69%	59%
more than 2 million people	0	--	--	--	--	0%
between 1 & 2 million people*	1	6,900	414,900	6,200	90%	36%
between 1 million & 500,000 people	3	8,800	377,100	5,500	63%	53%
fewer than 500,000 people	4	6,200	290,200	4,300	69%	88%
Richmond Flying Squirrels	1	12,130	400,300	6,300	52%	40%

*the Diamond's market area includes more than 1 million people within a 30-minutes drive

**Annual Market Penetration takes annual attendance for each ballteam and divides by the total population within a 30-minute drive

Despite playing in the second oldest AA ballpark, the Flying Squirrels have significantly exceeded the new AA ballpark average in attendance; however, the team's current attendance ranks well below recently AAA teams playing in recently built ballparks, indicating the potential for increased attendance in Richmond

Richmond's Market Compared to its Peers (30-minute drive time)

*markets with more than 1 million people

League	Ballclub	Stadium	Year Opened	Capacity	Total Attendance 2019	Avg Attendance 2019	% of Stadium Sold per Game	Annual Market Penetration	Population	Households	Avg HH Size	Family HHs	Median HH Income	% 18+ to Attend Sporting Event
Triple-A	Sacramento River Cats	Sutter Health Park	2000	10,625	549,000	7,800	74%	31%	1,754,000	632,000	2.8	65%	\$71,000	16%
Triple-A	Columbus Clippers	Huntington Park	2009	10,100	591,000	8,700	86%	37%	1,605,000	640,000	2.5	60%	\$69,000	16%
Triple-A	Charlotte Knights	Truist Field	2014	10,200	581,000	8,500	84%	40%	1,457,000	569,000	2.6	63%	\$70,000	17%
Triple-A	Salt Lake Bees	Smith's Ballpark	1994	14,500	434,000	6,700	46%	30%	1,426,000	471,000	3.0	71%	\$82,000	18%
Triple-A	Indianapolis Indians	Victory Field	1996	14,230	587,000	8,600	61%	44%	1,343,000	530,000	2.5	62%	\$57,000	15%
Triple-A	Round Rock Express	Dell Diamond	2000	11,630	598,000	8,500	73%	46%	1,306,000	497,000	2.6	62%	\$83,000	17%
Triple-A	Gwinnette Stripers	Coolray Field	2009	10,430	212,000	3,200	30%	17%	1,247,000	414,000	3.0	75%	\$76,000	18%
Triple-A	Oklahoma City Dodgers	Chicksaw Bricktown Ballpark	1998	9,000	444,000	6,600	74%	38%	1,156,000	452,000	2.6	64%	\$61,000	16%
Triple-A	Norfolk Tides	Harbor Park	1993	11,856	350,000	5,300	45%	31%	1,134,000	421,000	2.7	66%	\$67,000	17%
Triple-A	Louisville Bats	Lousville Slugger Field	2000	13,130	485,000	6,900	53%	46%	1,048,000	427,000	2.5	62%	\$59,000	15%
Triple-A	Durham Bulls	Durham Bulls Athletic Park	1995	10,000	529,000	7,700	77%	52%	1,024,000	410,000	2.5	59%	\$80,000	18%
Double-A	San Antonio Missions	Nelson W. Wolff Municipal Stadium	1994	9,200	337,000	4,900	53%	19%	1,798,000	640,000	2.8	67%	\$55,000	15%
Double-A	Bowie Baysox	Prince George's Stadium	1994	10,000	225,000	3,300	33%	16%	1,420,000	516,000	2.7	64%	\$89,000	17%
Double-A	Somerset Patriots	TD Bank Ballpark	1999	8,500	345,000	5,400	63%	25%	1,373,000	483,000	2.8	72%	\$103,000	19%
Double-A	Hartford Yard Goats	Dunkin Donuts Park	2017	6,850	415,000	6,200	90%	36%	1,142,000	455,000	2.5	63%	\$74,000	16%
Double-A	Richmond Flying Squirrels	The Diamond	1985	12,130	400,000	6,300	52%	40%	1,007,000	400,000	2.5	63%	\$68,000	17%

*peer markets are considered to be those that have between 1 and 2 million people living within 30-minutes of the ballpark

Despite playing in the oldest ballpark in the smallest market with over 1 million population:

- Flying Squirrels attendance penetrates the market at 40%
- Higher than all Class AA markets
- Equivalent to Charlotte (AAA) and higher than all but four other Class AAA markets

Richmond's Market Compared to its Peers (30-minute drive time)

*markets with a ballpark delivered since 2010

League	Ballclub	Stadium	Year Opened	Capacity	Total Attendance 2019	Avg Attendance 2019	% of Stadium Sold per Game	Annual Market Penetration	Population	Households	Avg HH Size	Family HHs	Median HH Income	% 18+ to Attend Sporting Event
Triple-A	Worcester Red Sox	Polar Park	2021	9,500					678,114	259,808	2.6	65%	\$79,632	17%
Triple-A	Las Vegas Aviators	Las Vegas Ballpark	2019	10,000	650,934	9,300	93%	32%	2,023,855	736,882	2.7	64%	\$60,930	15%
Triple-A	St. Paul Saints	CHS Field	2015	7,200	394,970	8,100	112%	19%	2,053,357	824,704	2.5	58%	\$78,153	17%
Triple-A	Nashville Sounds	First Horizon Park	2015	10,000	578,291	8,600	86%	58%	989,514	400,685	2.5	59%	\$71,547	17%
Triple-A	Charlotte Knights	Truist Field	2014	10,200	581,006	8,500	84%	40%	1,456,791	569,092	2.6	63%	\$70,211	17%
Triple-A	El Paso Chihuahuas	Southwest University Park	2014	9,500	522,894	7,600	80%	65%	805,573	264,171	3.0	75%	\$48,305	14%
Triple-A	Sugar Land Skeeters	Constellation Field	2012	7,700	304,753	4,400	57%	13%	2,277,936	824,999	2.8	67%	\$72,066	17%
Triple-A	Omaha Storm Chasers	Werner Park	2011	9,000	328,307	5,000	55%	39%	838,698	324,557	2.6	64%	\$69,957	16%
Double-A	Wichita Wind Surge	Riverfront Stadium	2021	10,000					575,380	221,900	2.6	65%	\$59,186	16%
Double-A	Rocket City Trash Pandas	Toyota Field	2020	7,000					447,230	179,370	2.5	65%	\$68,057	17%
Double-A	Amarillo Sod Poodles	Hodgetown	2019	6,600	427,791	6,300	95%	161%	265,741	99,920	2.7	67%	\$53,343	15%
Double-A	Hartford Yard Goats	Dunkin Donuts Park	2017	6,900	414,946	6,200	90%	36%	1,142,014	454,562	2.5	63%	\$74,057	16%
Double-A	Biloxi Shuckers	MGM Park	2015	6,100	146,845	2,300	38%	61%	241,833	93,283	2.6	65%	\$51,053	15%
Double-A	Birmingham Barons	Regions Field	2013	8,500	379,707	5,400	64%	51%	743,339	299,662	2.5	63%	\$56,502	16%
Double-A	Pensacola Blue Wahoos	Admiral Fetterman Field	2012	5,000	296,095	4,400	86%	83%	356,344	140,833	2.5	63%	\$53,761	14%
Double-A	Tulsa Drillers	ONEOK Field	2010	7,800	374,501	5,500	70%	47%	803,784	315,245	2.5	65%	\$58,803	16%
Double-A	Richmond Flying Squirrels	The Diamond	1985	12,130	400,000	6,300	52%	40%	1,007,000	400,000	2.5	63%	\$68,000	17%

Compared to markets with ballparks built since 2010, Flying Squirrels attendance:

- Only out-penetrates Hartford among Class AA markets
- Penetrates the Richmond market at a level similar to Charlotte and Omaha, but well below El Paso and Nashville (both under 1 million population)

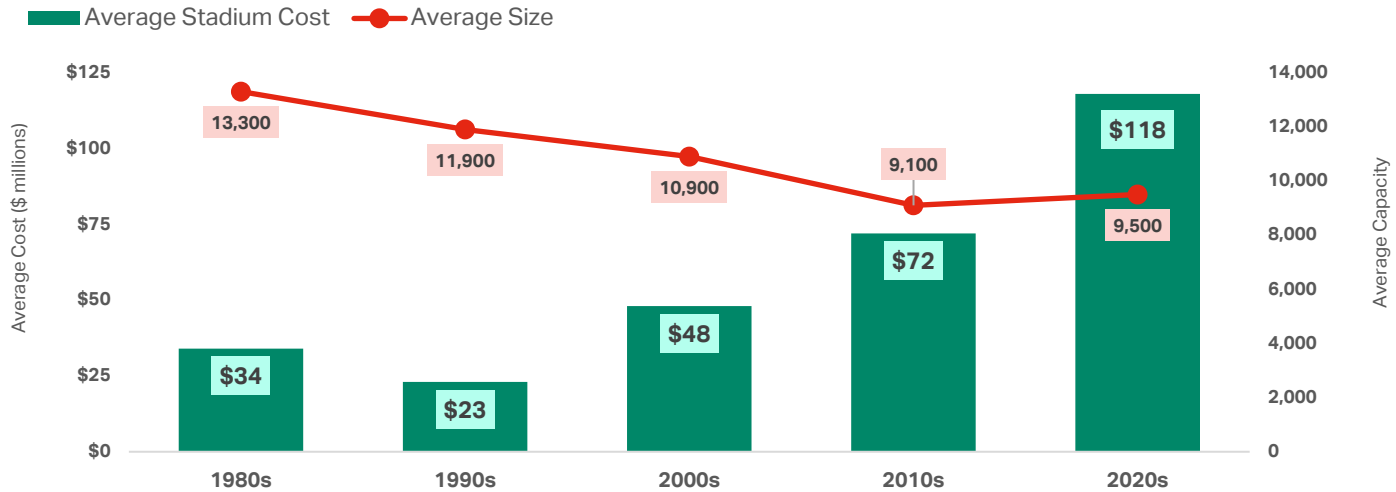
Economic & Demographic Takeaways

- Richmond's market is sized similar to other markets that hold AAA ballclubs and has a current attendance penetration rate that is more similar to AAA ballclubs than AA ballclubs.
- The median household income of those living within a 30- and 60-minute drive of the ballpark (\$71,000 to \$68,000) is above the average for AA ballclubs, but below that of AAA ballclubs. However, there is significant spending power among area households, especially those located outside of the city limits that have historically come to the ballpark for entertainment.
- 17% of individuals that are 18 or older had attended a sporting event in the last 12 months, a figure that is consistent among markets to build a new ballpark.
- Approximately 63% of households within 30-minutes of the Diamond are family households, a figure that is toward the bottom of comparable markets. However, minor league baseball attendance has broadened in the last decade, attracting more than just the family to include young individuals and couples, or empty nesters.

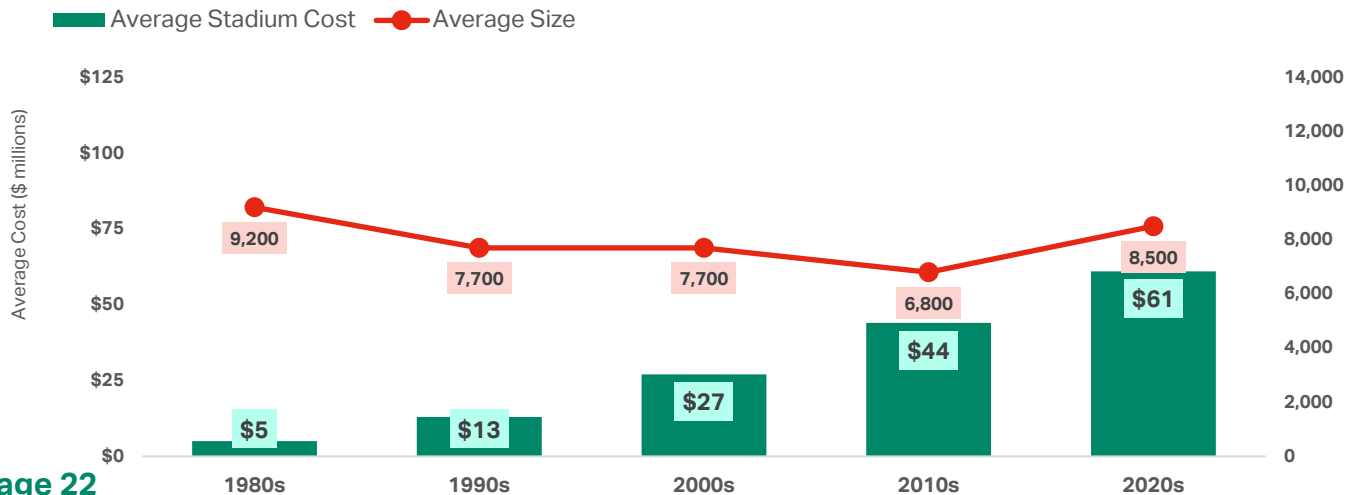
MiLB Stadium Funding Overview

General AAA & AA Stadium Development Trends

Average Triple-A Stadium Metrics by Decade of Construction



Average Double-A Stadium Metrics by Decade of Construction



- **Reduced stadium capacity** with an increased focus on premium seating and gathering options, like:
 - loge boxes
 - club seats
 - 4-Tops
 - berm seating
 - quality concessions
- A refocused effort to bring new ballparks into **urban downtowns**, often anchoring a larger **entertainment districts**.
- A larger share of stadium funding is being supported by the **private sector**, primarily through revenue sharing agreements or direct equity investment.
- Historically, the PBA required minimum capacities of 6,000 for Class AA and 10,000 for Class AAA ballparks, typically resulting in lower construction cost for Class A. The new PBA does not differentiate between Class and Capacity.

General AAA & AA Stadium Public Financing Trends

Tax Obligations

- Hotel Tax / Seat Tax / Visitor Tax
- Sales Tax
- Other City / State Revenues (Gambling, Ballpark Tax, etc.)
- TIF (broader redevelopment area) / Tax Abatements

Direct Contributions

- Land Costs & Entitlements
- Horizontal Infrastructure / Site Prep / Transit
- Adjacent Development Rights

Other

- Tax Mitigation – Tax-exempt Stadium ownership, Tax Exempt Bonding (Private activity bonds)
- Licenses
- Land Transfers/ Land Lease



Note*** The public contribution may be reciprocal with Public receiving revenue from non-baseball events, naming rights, etc. That concept could be extended to affordable housing or community benefits.

General AAA & AA Stadium Public Financing Trends

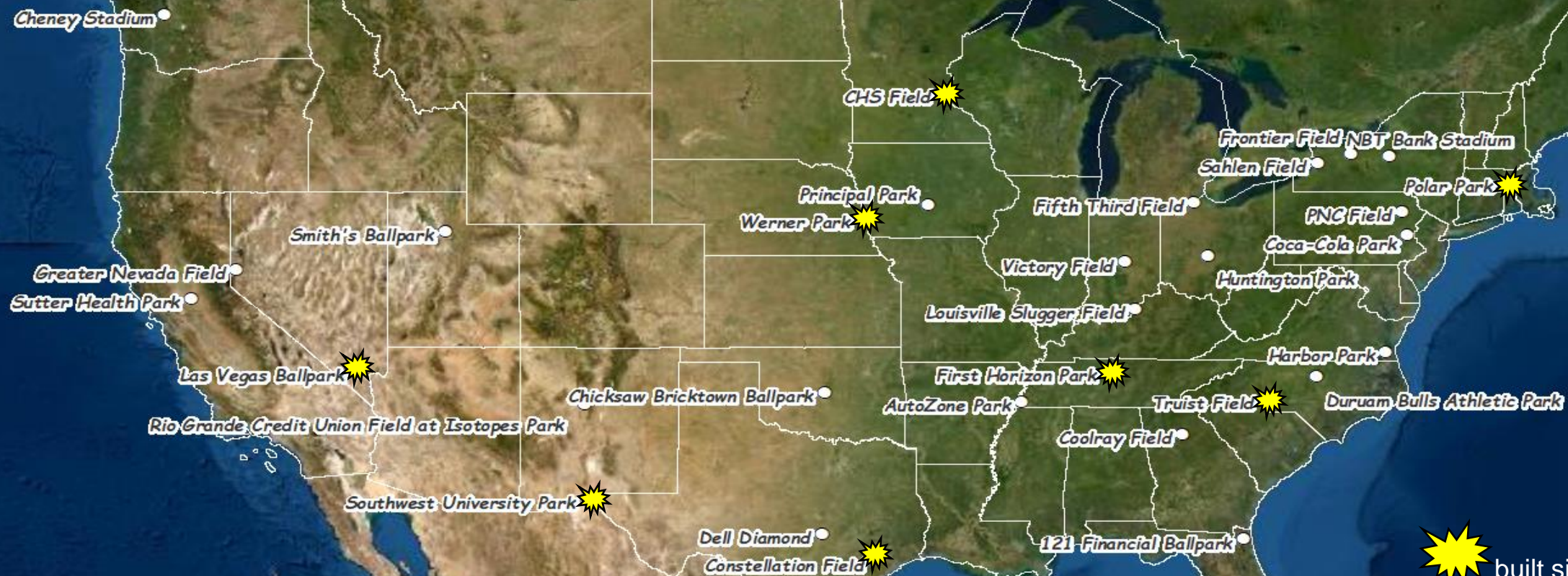
League	Year Opened	MiLB Team	Stadium	Cost to Construct	Public%	Private%	Seats	Cost per Fixed Seat
Triple-A	2021	Worcester Red Sox	Polar Park	\$118,200,000	62%	38%	9,500	\$16,800
Triple-A	2019	Las Vegas Aviators	Las Vegas Ballpark	\$150,000,000	53%	47%	10,000	\$15,000
Triple-A	2015	St. Paul Saints	CHS Field	\$63,000,000	83%	17%	7,210	\$10,400
Triple-A	2015	Nashville Sounds	First Horizon Park	\$91,000,000	77%	23%	10,000	\$10,700
Triple-A	2014	Charlotte Knights	Truist Field	\$54,000,000	30%	70%	10,200	\$5,900
Triple-A	2014	El Paso Chihuahuas	Southwest University Park	\$72,000,000	59%	41%	9,500	\$9,600
Triple-A	2012	Sugar Land Skeeters	Constellation Field	\$37,000,000	84%	16%	7,700	\$4,800
Triple-A	2011	Omaha Storm Chasers	Werner Park	\$36,000,000	0%	100%	9,023	\$4,000
Double-A	2021	Wichita Wind Surge	Riverfront Stadium	\$75,000,000	100%	0%	10,025	\$7,500
Double-A	2020	Rocket City Trash Pandas	Toyota Field	\$46,000,000	35%	65%	7,000	\$6,600
Double-A	2019	Amarillo Sod Poodles	Hodgetown	\$45,500,000	74%	26%	6,630	\$6,900
Double-A	2017	Hartford Yard Goats	Dunkin Donuts Park	\$71,700,000	19%	81%	6,850	\$9,200
Double-A	2015	Biloxi Shuckers	MGM Park	\$36,000,000	--	--	6,070	\$5,900
Double-A	2013	Birmingham Barons	Regions Field	\$64,000,000	84%	16%	8,500	\$7,500
Double-A	2012	Pensacola Blue Wahoos	Admiral Fetterman Field	\$23,850,000	--	--	5,040	\$4,700
Double-A	2010	Tulsa Drillers	ONEOK Field	\$39,200,000	--	--	7,830	\$5,000
Average Triple-A				\$72,000,000	56%	44%	9,100	\$9,650
Max Triple-A				\$150,000,000	53%	47%	10,000	\$15,000
Min Triple-A				\$36,000,000	0%	100%	9,023	\$4,000
Average Double-A				\$52,000,000	62%	38%	0	\$0
Max Double-A				\$75,000,000	100%	41%	10,025	\$9,200
Min Double-A				\$23,850,000	19%	81%	5,040	\$4,700

On average, approximately 60 percent of funding for recent ballparks is derived from public funding sources, while 40 percent is derived from private sources.

The average cost of recent MiLB ballparks has totaled approximately \$72 million.

New MiLB Stadium Developments of the 2010s

AAA Ballparks Built in the 2010s



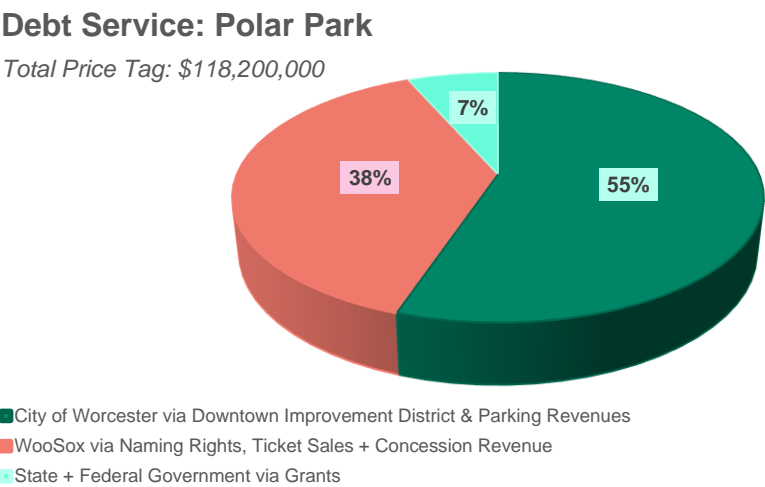
POLAR PARK

Location: **Worcester, MA**
Anchor Tenant: **Worcester Red Sox (AAA)**
Stadium Type: **Urban Downtown**



Year Opened:	2021
Total Cost:	\$118,200,000 for stadium & \$41,300,000 for land
Owner:	City of Worcester
Operator:	Worcester WooSox
Seating Capacity:	9,500
Funding – Public:	\$98,500,000 (62%)
Funding – Private:	\$61,000,000 (38%)

- Notes:**
- Polar Park anchors the \$240 million redevelopment of Worcester’s Canal District.
 - Primary city development responsibilities included: site acquisition, \$15 million in infrastructure improvements, demolition and subsequent relocation of area businesses.
 - The City of Worcester sourced 70% of stadium funding through General Obligation Bonds – or GO Bonds – which are to be serviced with revenue generated from the newly established Downtown Improvement District. The balance was funded through additional bonds serviced by the WooSox lease payments to the city which are estimated to be more than \$1 million annually over a 35-year lease.



LAS VEGAS BALLPARK

Location: *Las Vegas, NV*

Anchor Tenant: *Las Vegas Aviators (AAA)*

Stadium Type: *Quasi Suburban*



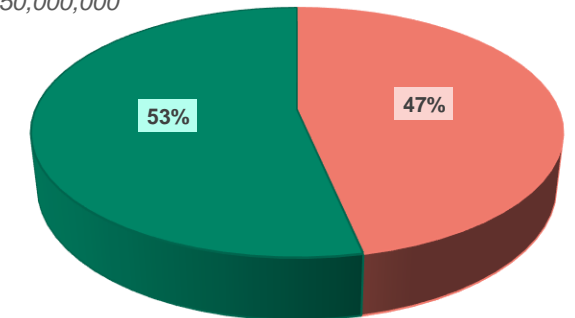
Year Opened:	2019
Total Cost:	\$120,000,000 for stadium & \$30,000,000 for land
Owner:	Howard Hughes Corporation
Operator:	Las Vegas Aviators
Seating Capacity:	10,000
Funding – Public:	\$80,000,000 (53%)
Funding – Private:	\$70,000,000 (47%)

Notes: ▪ The Las Vegas Convention & Visitors Bureau purchased naming rights for the ballpark after the teams relocation from Las Vegas proper to Sommerset, NV – a suburb of Las Vegas. The deal was the most lucrative naming rights deal in minor league sports worth \$80 million over 20 years.



Debt Service: Las Vegas Ballpark

Total Price Tag: \$150,000,000



Howard Hughes Corporation
Las Vegas Convention & Visitors Bureau

CHS FIELD

Location: **St. Paul, MN**
Anchor Tenant: **St. Paul Saints (AAA)**
Stadium Type: **Urban Downtown**



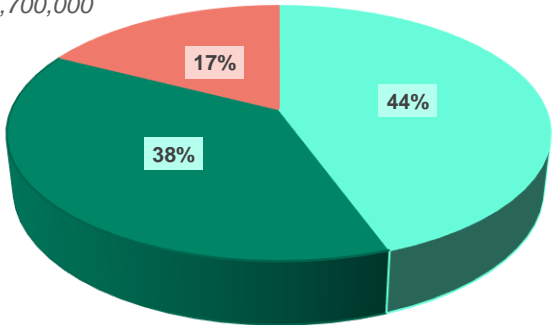
Year Opened:	2015
Total Cost:	\$64,700,000 (50% for land, infrastructure and remediation)
Owner:	City of St. Paul
Operator:	St. Paul Saints
Seating Capacity:	7,200
Funding – Public:	\$52,000,000 (83%)
Funding – Private:	\$11,000,000 (17%)

- Notes:**
- The largest funding source, the Minnesota Department of Employment and Economic Development contributed \$25 million to the project via one of its grant programs. It is reported that ~50% of public funding was used to purchase the site, develop the infrastructure and remediate what used to be “one of Minnesota’s 10 most polluted sites.”
 - Annual rent payments made by the Saints to the City of St. Paul are \$565,000.



Debt Service: CHS Field

Total Price Tag: \$64,700,000



■ State of Minnesota via Grant from Department of Employment and Economic Development
■ City of St. Paul (source of revenue is n/a)
■ St. Paul Saints via Naming Rights, Ticket Sales + Concession Revenue

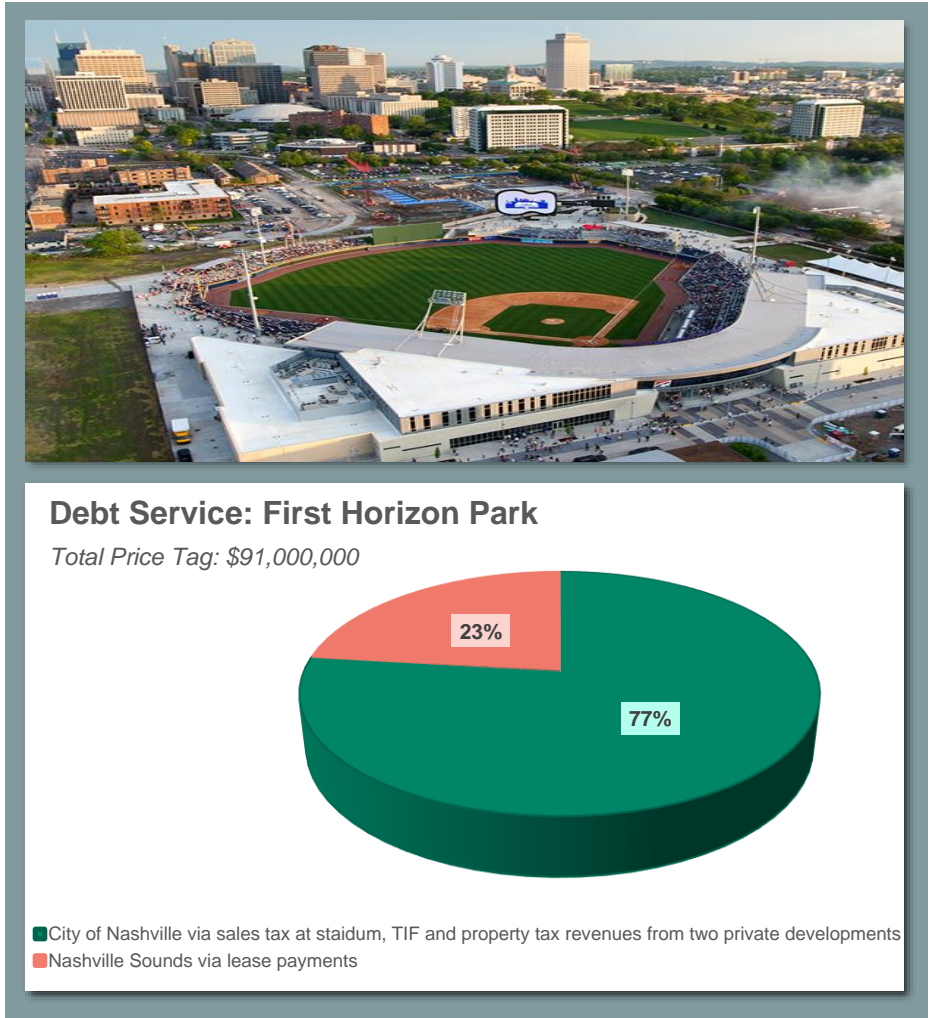
FIRST HORIZON PARK

Location: *Nashville, TN*
Anchor Tenant: *Nashville Sounds (AAA)*
Stadium Type: *Urban Downtown*



Year Opened:	2015
Total Cost:	\$91,000,000
Owner:	Metro Government of Nashville & Davidson County
Operator:	Nashville Sounds Baseball Club
Seating Capacity:	10,000
Funding – Public:	\$91,000,000 (100%)
Funding – Private:	\$0 (0%)

- Notes:**
- The financing plan indicates that sales tax from the stadium, tax-increment financing and property tax revenues from two private developments in proximity of the stadium will service the bonds that paid for the stadium.
 - The project’s development cost overran the budget by more than \$20 million due to unforeseen infrastructure needs/improvements.
 - The Sounds annual lease payment to the city is \$700,000.



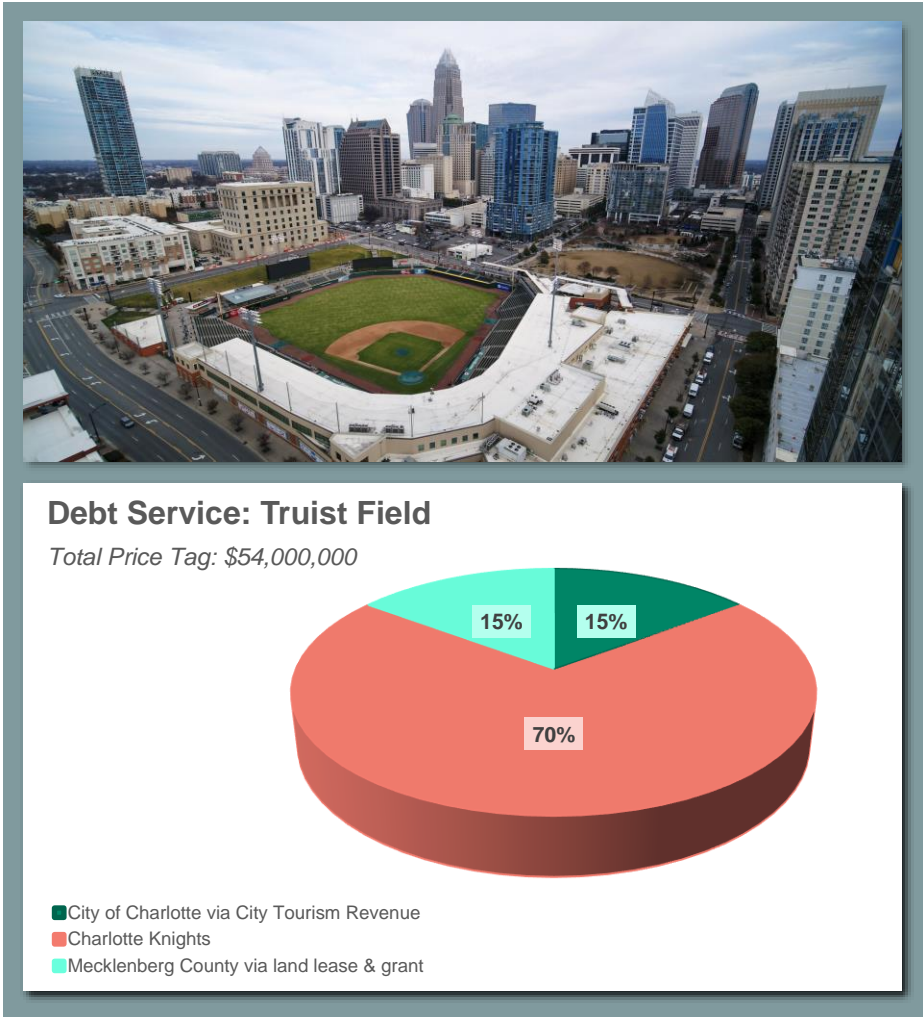
TRUIST FIELD

Location: **Charlotte, NC**
Anchor Tenant: **Charlotte Knights (AAA)**
Stadium Type: **Urban Downtown**



Year Opened:	2014
Total Cost:	\$54,000,000
Owner:	Mecklenberg County
Operator:	Knights Baseball, LLC
Seating Capacity:	10,200
Funding – Public:	\$16,000,000 (30%)
Funding – Private:	\$38,000,000 (70%)

- Notes:**
- 70% of the funding of Truist Field came from Knights Baseball, LLC with the balance funded through Mecklenburg County and the City of Charlotte. Charlotte's portion of funding is being serviced by tourism revenue generated within the city.
 - The Knight's move to uptown has invigorated the Knights' finances, with revenues tripled to \$12 million this year over the final season in Fort Mill.
 - The county owns the land under the ballpark and leases it to the Knights for \$1 a year for 49 years, with two 25-year extension options



SW UNIVERSITY PARK



Location: *El Paso, TX*

Anchor Tenant: *El Paso Chihuahuas (AAA)*

Stadium Type: *Urban Downtown*



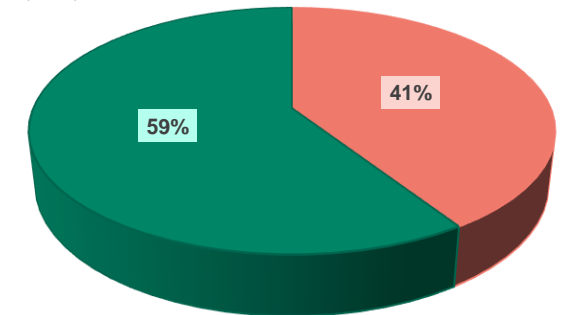
Year Opened:	2014
Total Cost:	\$72,000,000
Owner:	City of El Paso
Operator:	MountainStar Sports Group
Seating Capacity:	9,500
Funding – Public:	\$42,600,000 (59%)
Funding – Private:	\$29,400,000 (41%)

- Notes:**
- From the approved bonds, \$10 million will pay for the ballpark design and pre-construction costs and \$40 million will go toward construction as originally planned. Another \$1.8 million will pay the cost for the sale of the bonds and \$1 million will go toward public art as is required by city ordinance for capital projects
 - The team's lease started at \$400,000 a year and escalates 10 percent every five years. The term of the lease and non-relocation agreement is for 30 years .



Debt Service: Southwest University Park

Total Price Tag: \$72,000,000



■ El Paso Chihuahuas
■ City of El Paso via Hotel Occupancy Tax

CONSTELLATION FIELD

Location: **Sugar Land, TX**
Anchor Tenant: **Sugar Land Skeeters (AAA)**
Stadium Type: **Suburban**



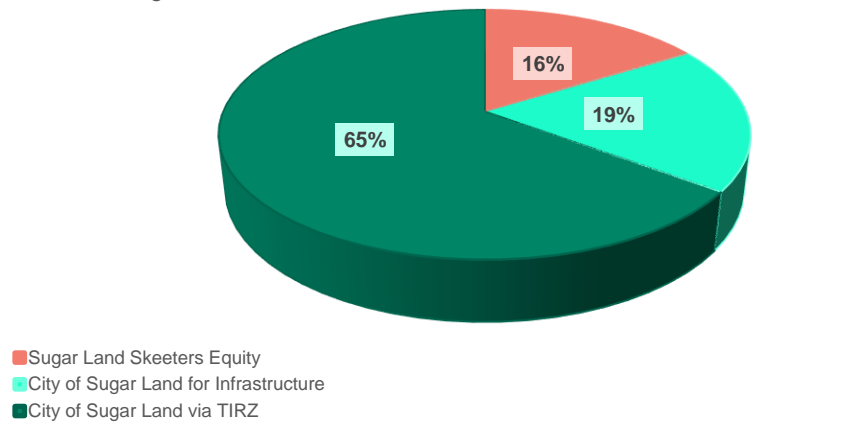
Year Opened:	2012
Total Cost:	\$37,000,000
Owner:	City of Sugar Land
Operator:	SL Baseball Managemnt, LLC
Seating Capacity:	7,500
Funding – Public:	\$31,000,000 (84%)
Funding – Private:	\$6,000,000 (16%)

- Notes:**
- The ballpark is being built with sales-tax revenues dedicated for economic development purpose.
 - Unlike other MiLB teams, the Houston Astros are majority owners of the Skeeters.

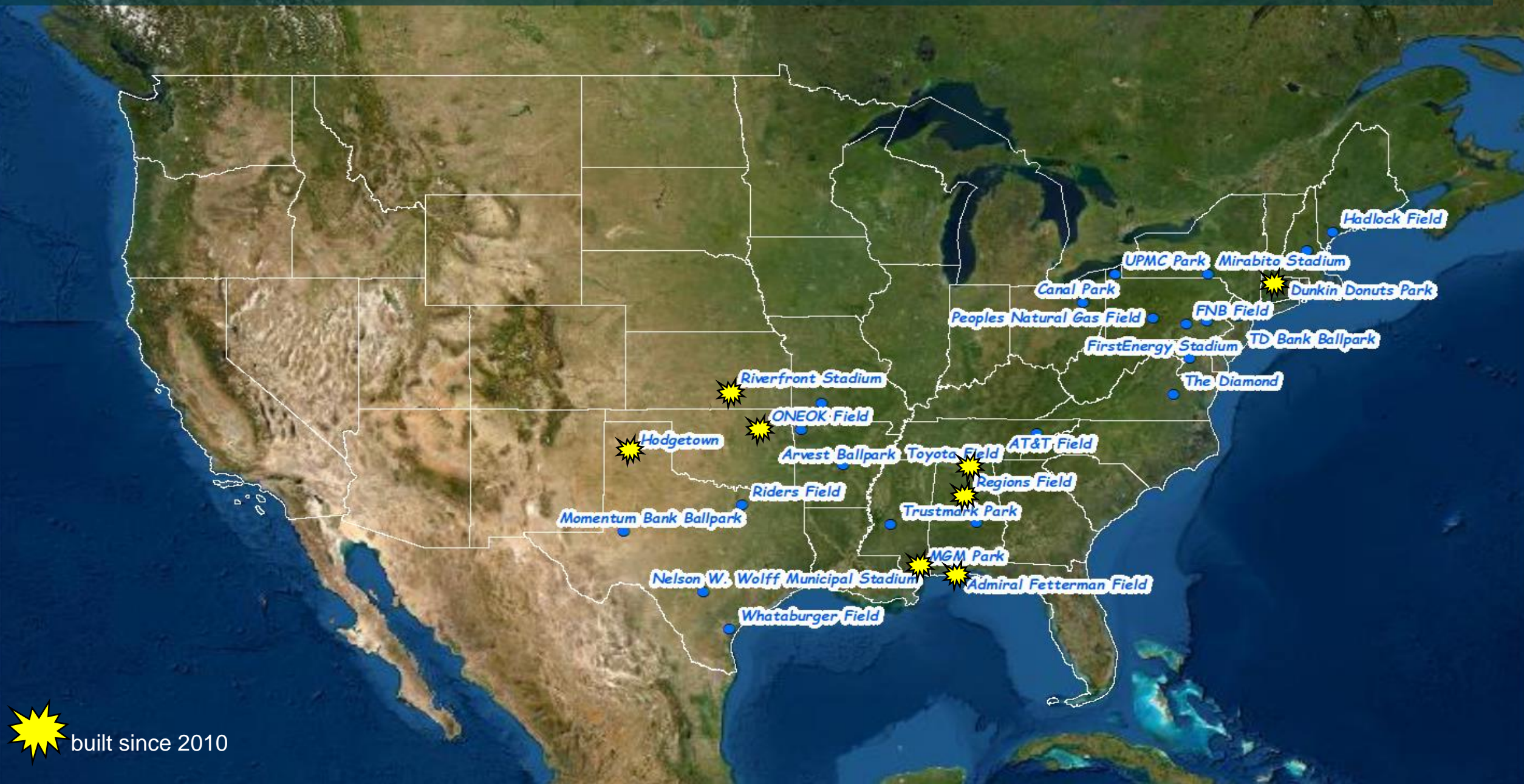


Debt Service: Constellation Field

Total Price Tag: \$37,000,000



AA Ballparks Built in the 2010s



RIVERFRONT STADIUM



Location: **Wichita, KS**
Anchor Tenant: **Wichita Wind Surge (AA)**
Stadium Type: **Urban Downtown / Riverfront**



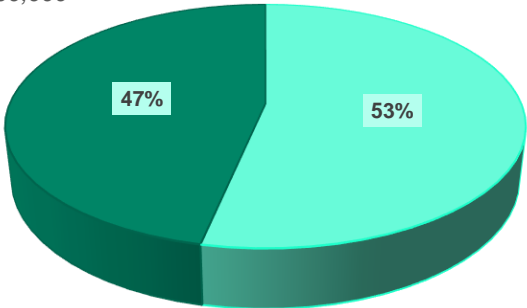
Year Opened:	2021
Total Cost:	\$75,000,000
Owner:	City of Wichita
Operator:	Wichita Wind Surge
Seating Capacity:	10,000 total capacity (6,000 fixed-seats)
Funding – Public:	\$75,000,000 (100%)
Funding – Private:	\$0

- Notes:**
- While the Riverfront Stadium is publicly funded, the cost was split between State of Kansas (53%) and City of Wichita (47%).
 - State bonds are serviced by sales tax revenue (STAR Bonds) and city bonds are serviced by revenue generated within a new Community Improvement District (CID) which includes the stadium and proximate development.
 - City sold 24-acre site for \$1 per acre to Wichita Riverfront LP, owner of ballclub and operator of stadium.



Debt Service: Riverfront Stadium

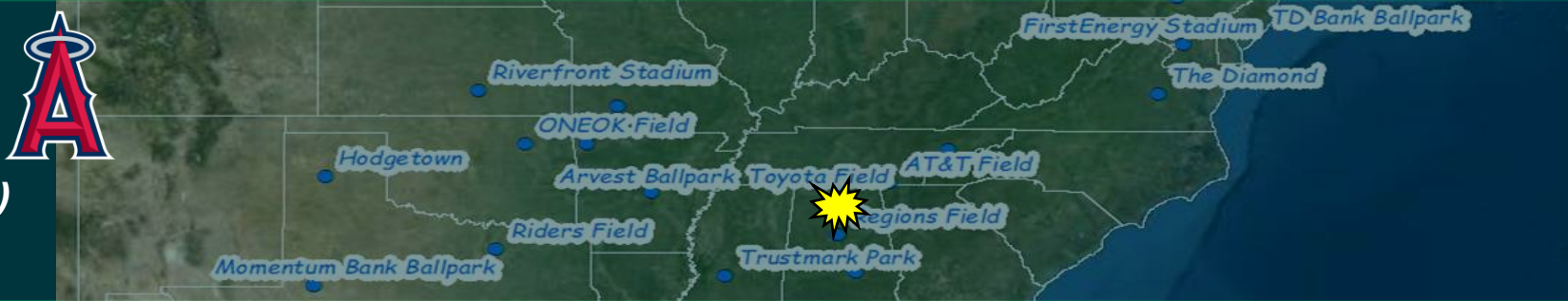
Total Price Tag: \$75,000,000



■ State of Kansas via STAR Bonds or Sales Tax Revenue
■ City of Wichita via Community Improvement District Revenue

TOYOTA FIELD

Location: *Madison, AL*
Anchor Tenant: *Rocket City Trash Pandas (AA)*
Stadium Type: *Suburban*



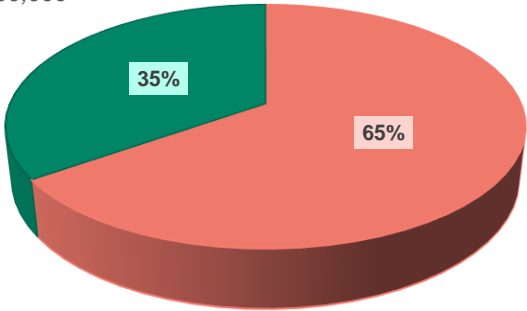
Year Opened:	2020
Total Cost:	\$46,000,000
Owner:	City of Madison
Operator:	BallCorps, LLC
Seating Capacity:	7,000
Funding – Public:	\$16,000,000 (35%)
Funding – Private:	\$30,000,000 (65%)

- Notes:**
- Toyota Field is viewed as part of the community, is open 365-days per year and doubles as a walking track and private event space, among other community uses.
 - The Trash Pandas sold more than \$4,000,000 in merchandise before the team played their first game and speaks to premier marketing and the organization’s presence within the community.
 - BallCorps, LLC is to pay the City of Madison AT LEAST \$1,000,000 per year according to their lease. Revenues include 50% of annual naming rights revenue, parking revenue, annual license fee of \$250,000 and \$1 per ticket over 250,000 annual ticket sales.



Debt Service: Toyota Field

Total Price Tag: \$46,000,000



Ballcorps LLC via Naming Rights, Ticket Sales + Concession Revenue
City of Madison via Hotel Occupancy Tax

*Funding for Toyota Field was estimated based on available information

HODGETOWN STADIUM

Location: **Amarillo, TX**
Anchor Tenant: **Amarillo Sod Poodles (AA)**
Stadium Type: **Urban Downtown**



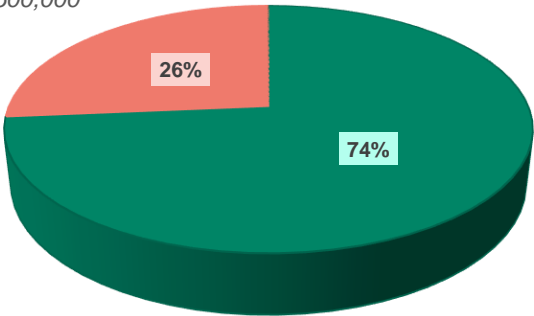
Year Opened:	2019
Total Cost:	\$45,500,000
Owner:	City of Amarillo
Operator:	Elmore Sports Group
Seating Capacity:	6,600
Funding – Public:	\$33,500,000 (74%)
Funding – Private:	\$12,000,000 (26%)

- Notes:**
- City of Amarillo secured stadium construction financing and debt is serviced through a combination of hotel occupancy tax revenue and the Elmore Sports Group’s lease with City.
 - Elmore Sports Group’s 30-year lease requires the team to pay \$400,000 annually, with \$175,000 going to service debt and the balance goes into the City’s capital expenditure fund.
 - On game days/nights, the City manages parking with 85% of revenue passed through to the Elmore Sports Group.



Debt Service: Hodgetown

Total Price Tag: \$45,500,000



■ City of Amarillo via Hotel Occupancy Tax Revenue
■ Elmore Sports Group via Naming Rights, Ticket Sales + Concession Revenue

DUNKIN DONUTS PARK



Location: **Hartford, CT**
Anchor Tenant: **Hartford Yard Goats (AA)**
Stadium Type: **Urban Downtown**



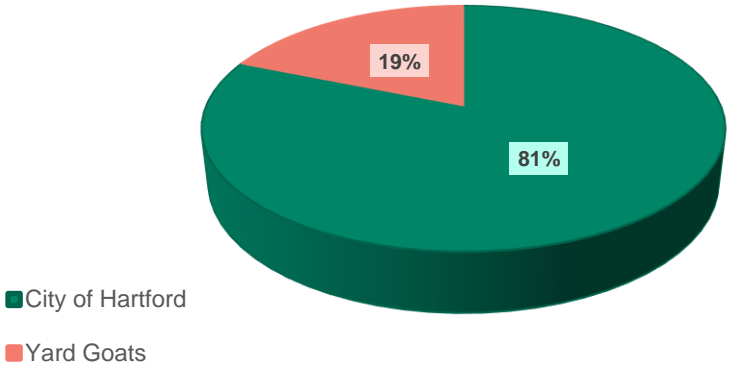
Year Opened:	2017
Total Cost:	\$71,700,000
Owner:	City of Hartford
Operator:	Hartford Stadium Authority
Seating Capacity:	6,850
Funding – Public:	\$58,200,000 (81%)
Funding – Private:	\$13,500,000 (19%)

- Notes:**
- Hartford is making annual debt payments of \$4.6 million on Dunkin' Donuts Park.
 - The Yard Goat’s base rent is \$500,000 per year for years 1-15, then goes to \$600,000 per year for years 16-25.
 - \$150,000 per year of the rent goes directly to the capital reserve fund, with the City's share of revenue from naming rights (split 50/50 with the team) and other events held at the stadium adding another \$100,000 to the Capital Reserve fund each year.
 - While the stadium itself cost \$71.7 million, the total project cost was \$102.5 million and included infrastructure and unforeseen site acquisition costs.



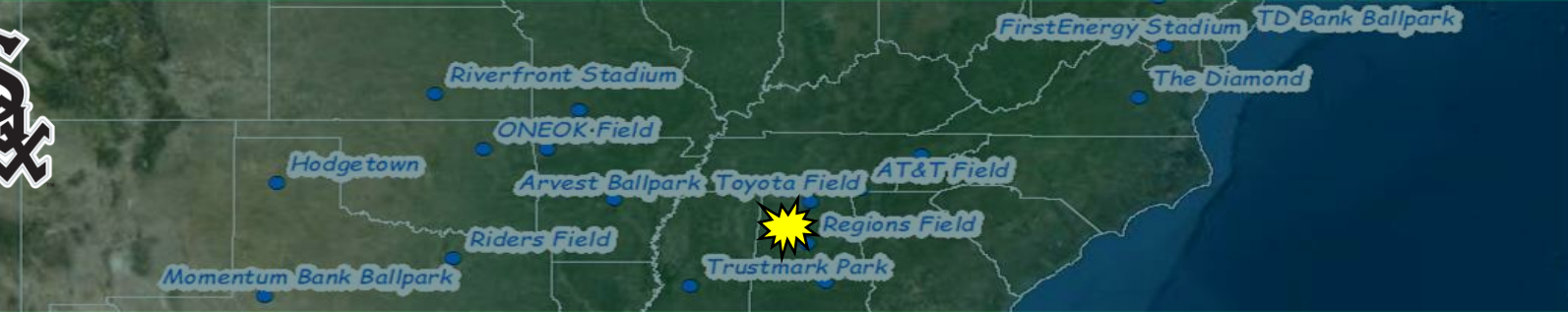
Debt Service: Dunkin Donuts Park

Total Price Tag: \$71,700,000



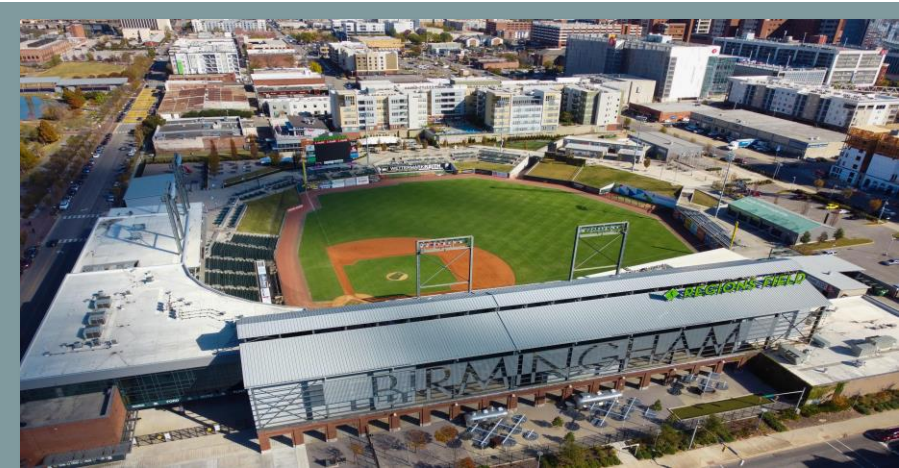
REGIONS FIELD

Location: *Birmingham, AL*
Anchor Tenant: *Birmingham Barons (AA)*
Stadium Type: *Urban Downtown*

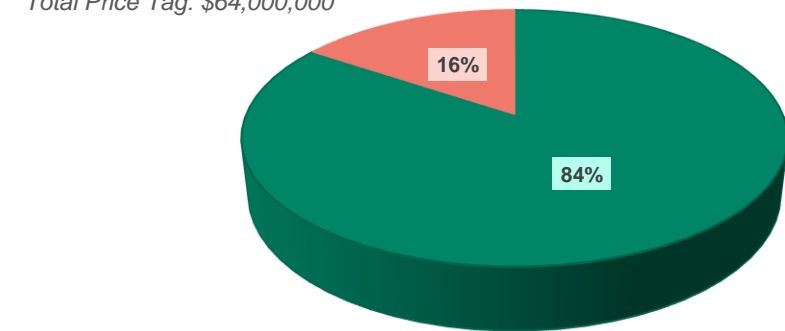


Year Opened:	2013
Total Cost:	\$64,000,000
Owner:	City of Birmingham
Operator:	Birmingham Baseball Club, Inc
Seating Capacity:	8,500
Funding – Public:	\$54,000,000 (84%)
Funding – Private:	\$10,000,000 (16%)

- Notes:**
- The stadium was financed through municipal bonds that are to be serviced by a 3.5% increase in Birmingham’s hotel/occupancy tax.
 - Naming rights were valued at \$500,000 per year over 20-years with 50% of naming rights revenue going to the City of Birmingham.



Debt Service: Region's Field
Total Price Tag: \$64,000,000



■ City of Birmingham via Hotel/Occupancy Tax
■ Barons via Naming Rights

Comparable Ballpark Development – Lessons Learned

- A strong public, private, and in many cases, **philanthropic partnership**, was a crucial element to successful development and the opening of a new ballpark.
- Securing major **anchor commercial tenants** for office uses helps to bolster early returns on investment for private developers. Successful proximate development may also be included in a **Tax Increment Financing (TIF) District** so that the property tax increment may service debt service on the ballpark or supporting infrastructure.
- Many new MiLB stadiums and their ancillary developments capitalized on **revitalization momentum** that was happening prior to the new stadium.
- Most of the successful case studies included a significant **public space/park element**, along with investment in pedestrian and bicycle infrastructure.
- Most of these developments were purposefully **integrated with the ballpark**; many offered restaurants with rooftop views into the stadium, and/or balconies for residential or hotel uses overlooking the field.
- Nearly all of the case study developments included a **strong residential** component

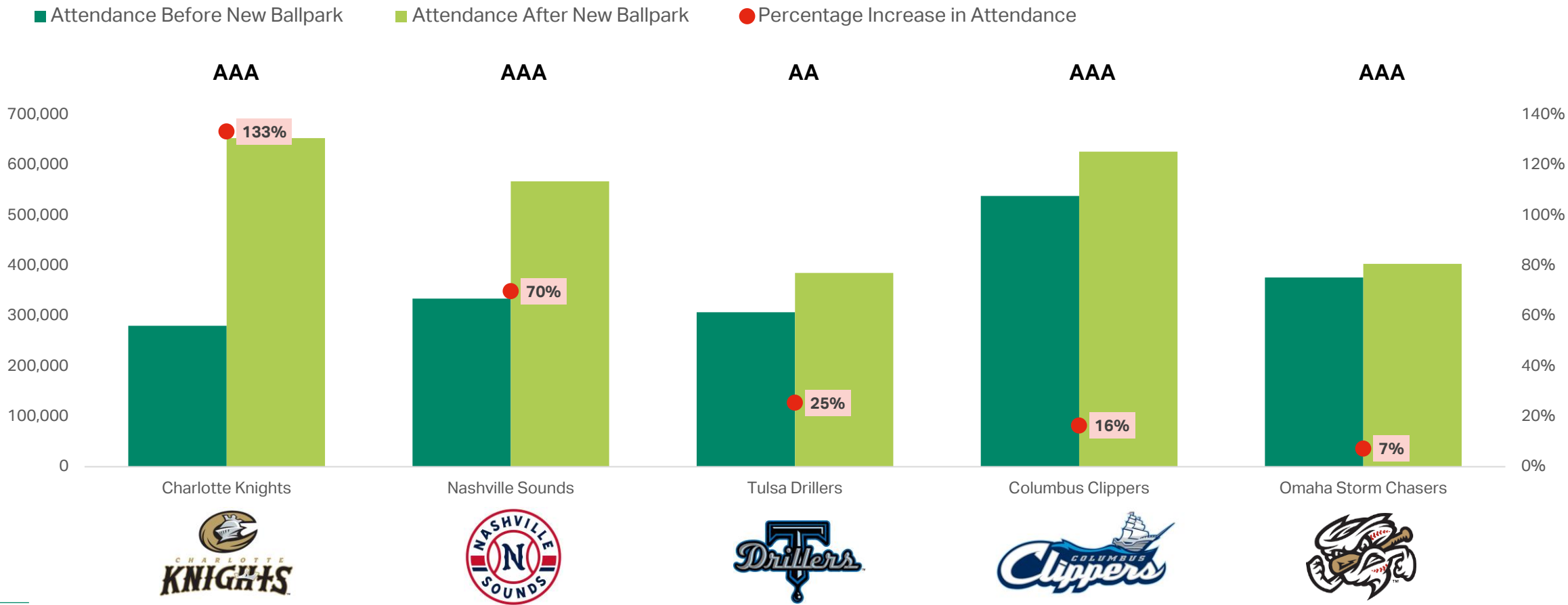
Estimated Attendance and Financial Assumptions

Estimated Attendance – New Ballpark

- For purposes of this analysis, it is assumed that the Flying Squirrels will continue to play in either Class AA or Class AAA of Minor League Baseball
- It is further assumed that the attendance for the franchise would be effectively the same, regardless of which level the team is playing
- In developing estimates of attendance for the Flying Squirrels at a new ballpark, it is important to consider a number of factors, including:
 - Historic attendance of the Flying Squirrels
 - 2015-19 Average: 400,000 per year/6,058 per game, avg. 66 games per year
 - Average attendance for all of Class AA and AAA (2015-2019)
 - Class AA – 299,000 per year/4,400 per game/average 67 games per year
 - Class AAA – 459,000 per year/6,800 per game/average 68 games per year
 - Average attendance for teams playing in new ballparks (2019)
 - Class AA – 404,000 per year/5,400 per game/69 games
 - Class AAA – 497,000 per year/7,500 per game/66 games
 - Maximum attendance by division (2019)
 - Class AA – 456,000 per year/6,800 per game/67 games
 - Class AAA – 629,000 per year/8,600 per game/68 games
 - Attendance growth from old ballpark to new ballpark (within same market – see chart on next page)
 - 50.2 percent (Charlotte, Nashville, Tulsa, Columbus, Omaha)
 - 16.0 percent (excluding Charlotte and Nashville as outliers)
 - Comparable market penetration ratio
 - Class AA – 59%
 - Class AAA – 35%

How does a New Stadium Impact Attendance?

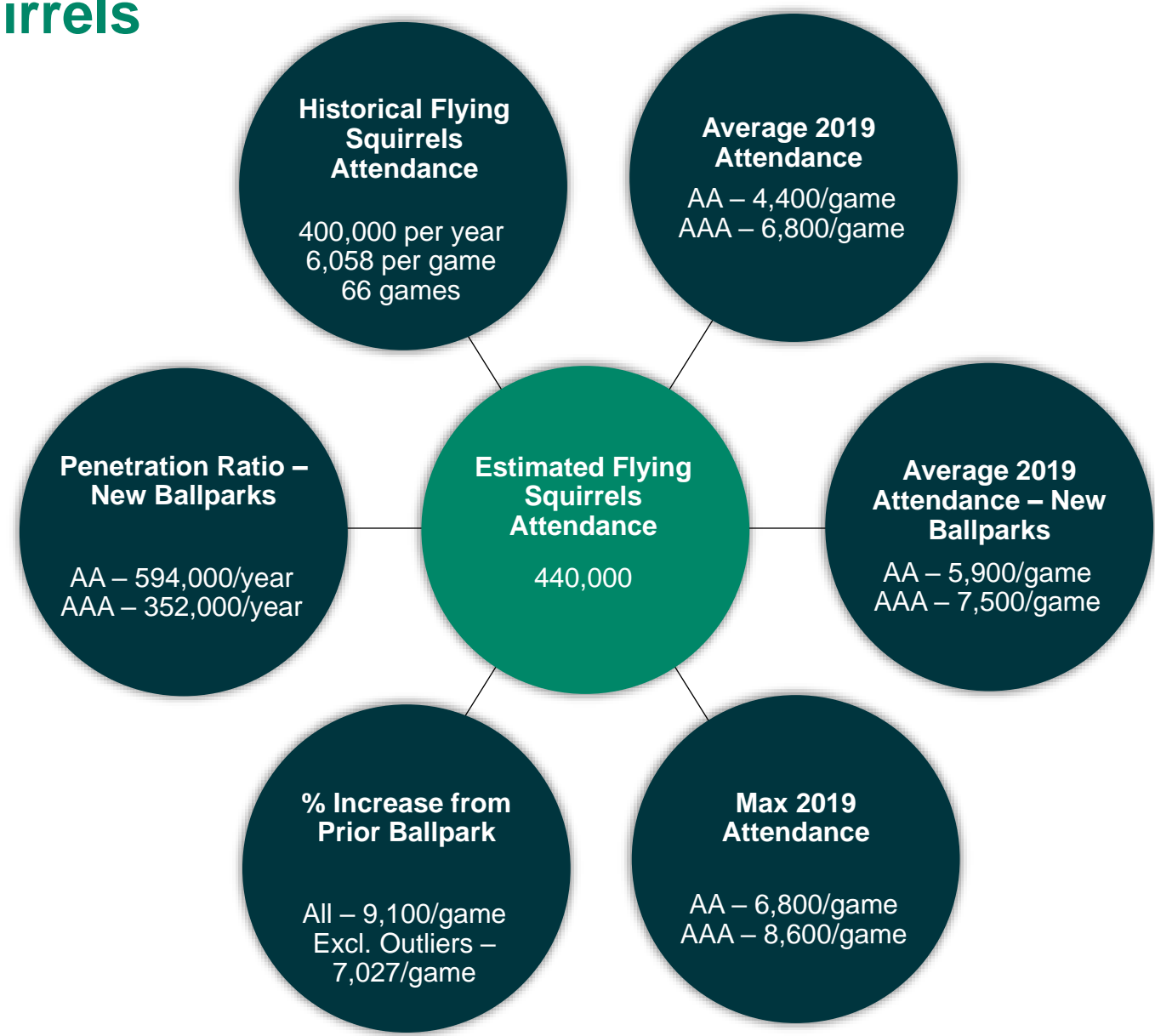
Average Annual Attendance Before & After New Ballpark for Ballclubs that Built a New Stadium in Same City



The attendance “bump” after delivery of a new ballpark varies but will likely fall in range with the Drillers and Clippers as the Flying Squirrels already outperform their peers.

Estimated Attendance - Flying Squirrels

- As noted previously, the Flying Squirrels have exceeded the average attendance for both Class AA and Class AAA since their inception in 2010
- The Flying Squirrels currently achieve a penetration ratio (40%) that is higher than the Class AAA average among teams in new ballparks (35%), due to Richmond's relatively small market size compared to other Class AAA markets
- On average, it is estimated that the Flying Squirrels will host approximately 65 games per year going forward, to account for cancellations due to weather or other reasons
- Based on the metrics noted herein, it is estimated that the Flying Squirrels could attract approximately 6,800 per game, or approximately 440,000 attendees per year
- While this increase would be on the lower end of the increase seen by other franchises that have moved to new ballparks in the same market, it reflects the historic success of the franchise in Richmond and the relative size of the Richmond market compared to other Class AA and AAA markets



Key Assumptions Summary

▪ Building Program Recommendations

- Total Capacity: 10,000
 - Fixed Seats: 8,000
 - Standing Room/Berm: 2,000
- Private Suites: 20
- Club Seats: 500 (club space to be designed to maximize potential for hosting non-spectator events, such as meetings, receptions, etc.)
- All clubhouse and other support spaces will meet or exceed current MLB facility standards
- Stadium footprint: estimated seven to 10 acres, including limited staff/player/premium seating parking on-site

▪ Event Assumptions

- Based on discussions with Flying Squirrels, VCU, concert/event promoters and other stakeholders
- Represents normalized year of operations
- **Flying Squirrels** – assumes **65 games** per year, **6,750 average attendance**
- **Concerts** – limited potential due to cost of set-up/break-down, competition in the market
- **High school sports** – assumes ballpark will host local high school rivalry games, regional playoffs, showcase events, etc.
- **VCU baseball** – assumes VCU will continue to play home baseball games at the new ballpark
- **Amateur Sports** – includes other collegiate baseball or other sports games, showcase events, etc.
- **Other spectator events** – includes festivals, speakers, graduations, etc.
- **Other events** – includes meetings, receptions and similar non-spectator events held in club/lounge space or private suites

Fiscal Impacts – Sales and Meals Tax

	30 Year NPV	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sales Tax Revenues - City of Richmond											
Taxable Sales - In-Stadium		\$18,516,000	\$19,072,000	\$19,644,000	\$20,233,000	\$20,840,000	\$21,465,000	\$22,109,000	\$22,772,000	\$23,456,000	\$24,159,000
Taxable Sales - Outside of Stadium		15,388,000	16,281,000	16,729,000	17,191,000	17,667,000	18,157,000	18,662,000	19,182,000	19,718,000	20,270,000
Sales Tax - City of Richmond		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sales Tax Revenue - In-Stadium		\$185,000	\$191,000	\$196,000	\$202,000	\$208,000	\$215,000	\$221,000	\$228,000	\$235,000	\$242,000
Sales Tax Revenue - Outside of Stadium		154,000	163,000	167,000	172,000	177,000	182,000	187,000	192,000	197,000	203,000
Total Sales Tax Revenue	\$6,562,000	\$339,000	\$354,000	\$363,000	\$374,000	\$385,000	\$397,000	\$408,000	\$420,000	\$432,000	\$445,000
	30 Year NPV	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Meals Tax Revenue											
Taxable Sales - In-Stadium		\$7,448,000	\$7,671,000	\$7,902,000	\$8,139,000	\$8,383,000	\$8,634,000	\$8,893,000	\$9,160,000	\$9,435,000	\$9,718,000
Taxable Sales - Outside of Stadium		5,386,000	5,719,000	5,890,000	6,067,000	6,249,000	6,437,000	6,630,000	6,829,000	7,034,000	7,245,000
Meals Tax - City of Richmond		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Meals Tax - Richmond Public Schools		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Meals Tax Revenue - In-Stadium - City		\$372,000	\$384,000	\$395,000	\$407,000	\$419,000	\$432,000	\$445,000	\$458,000	\$472,000	\$486,000
Meals Tax Revenue - Outside Stadium - City		269,000	286,000	295,000	303,000	312,000	322,000	332,000	341,000	352,000	362,000
Total Meals Tax Revenue - City	\$12,503,000	\$641,000	\$670,000	\$690,000	\$710,000	\$731,000	\$754,000	\$777,000	\$799,000	\$824,000	\$848,000
Meals Tax Revenue - In-Stadium - Schools		\$186,000	\$192,000	\$198,000	\$203,000	\$210,000	\$216,000	\$222,000	\$229,000	\$236,000	\$243,000
Meals Tax Revenue - Outside Stadium - Schools		135,000	143,000	147,000	152,000	156,000	161,000	166,000	171,000	176,000	181,000
Total Meals Tax Revenue - Schools	\$6,251,000	\$321,000	\$335,000	\$345,000	\$355,000	\$366,000	\$377,000	\$388,000	\$400,000	\$412,000	\$424,000

Notes

- Both sales and meals taxes include both in-stadium and out-of-stadium taxable sales
- **NPV assumptions:** 30 years, 6% discount rate, 3% inflation rate

Fiscal Impacts – Lodging and Admissions Taxes

	30 Year NPV	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Lodging Tax Revenue											
Taxable Sales		\$3,369,000	\$3,555,000	\$3,662,000	\$3,772,000	\$3,885,000	\$4,002,000	\$4,122,000	\$4,245,000	\$4,373,000	\$4,504,000
Lodging Tax Rate		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Total Lodging Tax Revenue	\$5,309,000	\$270,000	\$284,000	\$293,000	\$302,000	\$311,000	\$320,000	\$330,000	\$340,000	\$350,000	\$360,000
	30 Year NPV	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Admissions Tax Revenue											
Taxable Sales		\$8,694,000	\$8,955,000	\$9,223,000	\$9,500,000	\$9,785,000	\$10,078,000	\$10,381,000	\$10,692,000	\$11,013,000	\$11,343,000
Admissions Tax Rate		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Admissions Tax Revenue	\$16,732,000	\$869,000	\$895,000	\$922,000	\$950,000	\$978,000	\$1,008,000	\$1,038,000	\$1,069,000	\$1,101,000	\$1,134,000

Notes

- It is important to note that the majority of the tax revenues represented herein are already being generated by the presence of the Flying Squirrels and The Diamond.
- Historically, approximately 80 percent of Flying Squirrels patrons are derived from outside the City of Richmond. Therefore, if the team were to leave Richmond, it is reasonable to assume that a significant portion of these revenues would also be generated elsewhere as those patrons would likely spend their money in their home locations.
- Any incremental revenues generated by the team and the new ballpark are derived from the increased attendance as well as increased prices for tickets, concessions and other items available for sale within the stadium.
- These estimates only reflect direct spending generated by the ballpark, franchise and events taking place at the new stadium. They do NOT include additional spending taking place in the proposed mixed-use development throughout the remainder of the year.

General Limiting Conditions

General Limiting Conditions

AECOM devoted effort consistent with (i) the level of diligence ordinarily exercised by competent professionals practicing in the area under the same or similar circumstances, and (ii) the time and budget available for its work, to ensure that the data contained in this report is accurate as of the date of its preparation. This study is based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agents and representatives, or any third-party data source used in preparing or presenting this study. AECOM assumes no duty to update the information contained herein unless it is separately retained to do so pursuant to a written agreement signed by AECOM and the Client.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

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better world

REQUEST FOR INTEREST

DIAMOND DISTRICT RICHMOND, VA

Appendix E

Anticipated Minimum Community Benefits Requirements



Appendix to City of Richmond Diamond District Request for Interest
Anticipated Minimum Community Benefits Requirements

(1) As it relates to community outreach and engagement:

- (i) Intentional and meaningful engagement of the residents living closest to the project and other community members likely to be most impacted by the project;
- (ii) Involvement of community members in the planning process in an effort to ensure the community's goals, objectives, priorities, and criteria for growth and reinvestment are considered in project planning;
- (iii) Inclusion of community members in the decision-making process for the project, such as by providing for community representation on a project advisory team or task force; and
- (iv) Ensuring that any significant change to the project's scope of work includes additional community engagement and discussion.

(2) As it relates to job creation and workforce development:

- (i) Placement of all advertisements for job opportunities through multiple media, including local print publications and social media outlets;
- (ii) Conduct job fairs and information sessions in each City Council district;
- (iii) Create ongoing hiring opportunities for students operated by the School Board of the City of Richmond through recruitment, training, and internship programs;
- (iv) Conduct outreach programs that target neighborhoods in the city with high poverty rates;
- (v) Give employment preference to qualified honorably discharged veterans of the armed forces of the United States;
- (vi) Participate in and provide apprenticeship programs certified by the Virginia Department of Labor and Industry or the U.S. Department of Labor;
- (vii) Emphasize hiring of full-time employees over part-time employees;
- (viii) Provide health and retirement benefits plans to employees;
- (ix) Require all contractors and subcontractors to pay the greater of \$15 per hour and the prevailing wage for the City of Richmond as determined by Virginia Commissioner of Labor and Industry based upon the prevailing wage rates under the Davis-Bacon Act (the latest reference for prevailing wage rates in Virginia is

available at <https://www.doli.virginia.gov/prevaling-wage-law/> under the “Virginia Prevailing Wage Rates” reference tab) and

(x) Require all contractors and sub-contractors participating in project construction to set a goal to achieve certain hiring targets.

(3) As it relates to supporting minority business enterprises and emerging small businesses as defined in City Code section 21-4:

(i) Submit and follow a MBE/ESB Utilization Plan in consultation with the City’s Office of Minority Business Development, which plan includes good faith efforts to achieve meaningful goals for minority business enterprise and emerging small business participation in both project construction and ongoing operation; and

(ii) Submit and follow a plan to aid:

-The startup and growth of micro and small businesses;

-Micro and small Richmond-based businesses, as defined by the Virginia Department of Small Business and Supplier Diversity, in need of financial assistance in order to lease office or retail space;

-Graduates of schools operated by the School Board of the City of Richmond that reside in census tracts with a poverty rate of 15% or higher, in need of scholarships or other assistance to attend trade, technical, and two- or four-year colleges or universities.

(4) As it relates to sustainability and site development:

(i) Develop the project at a minimum to LEED Silver standards;

(ii) Utilize district-wide sustainability practices, such as district-wide stormwater management and reuse, on-site renewable energy generation, and other innovative district-wide sustainability initiatives;

(iii) Develop the district in a way that supports transit-oriented development and supports multimodal transportation and increases walkability;

(iv) Provide and follow a plan for diverting from landfills the project-related demolition, construction, and land-clearing debris;

(x) Recycle or reuse at least 50% of the demolition and construction waste;

(xi) Provide services for the collection, storage, compaction, removal, recycling and composting of materials from the project;

(xii) Provide bicycle parking and storage facilities on the project site and provide electric vehicle charging stations and infrastructure for a minimum of 10% of all required parking spaces within the project;

(xiii) Provide shade trees on all existing and new streets within and surrounding the project and any surface parking lot within the project; and

(xiv) Develop and follow a plan to salvage and recycle building elements and materials from any existing historic buildings within the project footprint, to the extent applicable.

(5) As it relates to affordable for-sale and rental housing:

(i) The affordable housing units shall be similar in size, quality, and amenities to the project's market rate units;

(ii) The affordable housing units shall be dispersed throughout the project; and

(iii) The affordable housing units shall vary in size to accomplish a mix of one, two, and three bedroom affordable housing units.