



MARKET AT A GLANCE



OCCUPANCY RATE 95.2%

Up **20 bps** since 1Q16



ASKING RENT \$1,717

Up **2.4%** since 1Q16



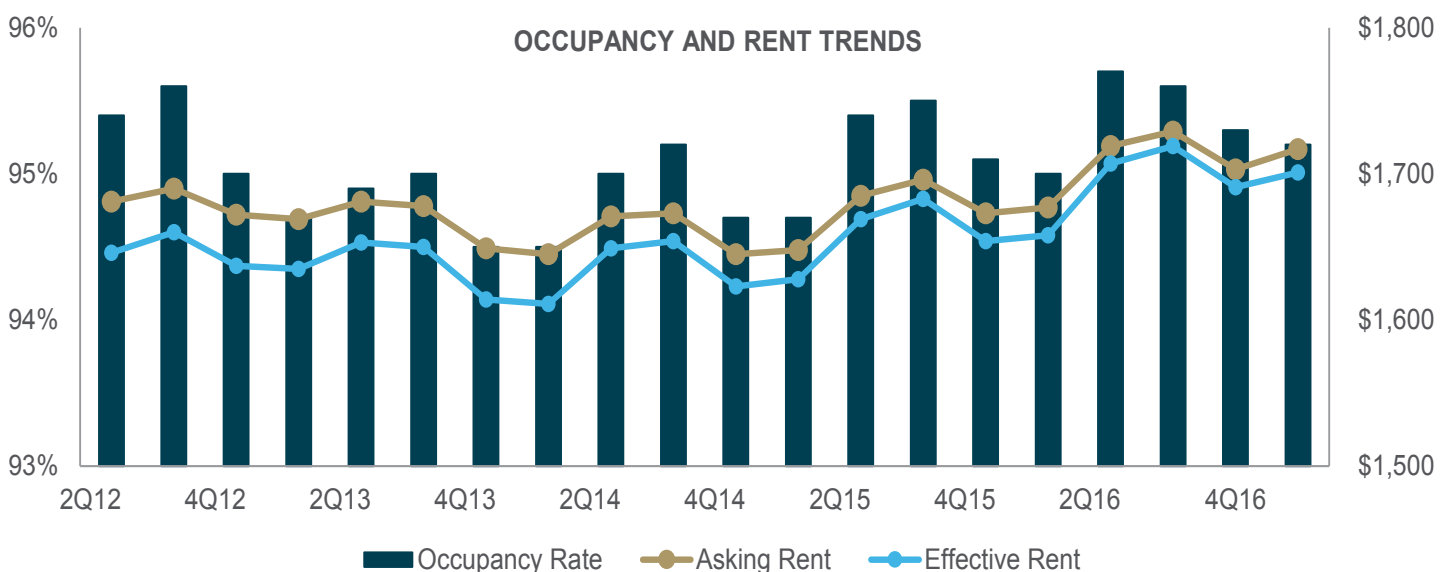
CONCESSIONS 0.9%

Down **20 bps** since 1Q16

OCCUPANCY AND RENT TRENDS

DEVELOPERS WORK TO MEET RISING APARTMENT DEMAND

Washington, D.C., apartment inventory expanded by 2,106 units in the first quarter. In total, builders completed construction on 9,913 apartments since March 2016, a 5.3% increase from the preceding four quarters. The largest community with units to come online in the last year was a 699-unit property in the Pentagon City/Crystal City submarket. The rise in multifamily development followed several years of elevated leasing activity across the metropolitan area, capped by 1,449 newly occupied units in the first quarter. Overall, 10,062 units were absorbed metrowide in the last 12 months. With demand exceeding deliveries, occupancy was 95.2% in March 2017, up 20 basis points from one year prior. Elevated apartment demand in the Capitol Hill/Southwest submarket helped hold occupancy at 95.6% year over year, even with a metro-high 1,119 units added in that time. With elevated leasing activity, Capitol Hill/Southwest operators advanced average asking rent 1.4% annually to \$2,212 per month in March 2017. Metrowide, asking rent increased 0.8% in the first quarter to \$1,717 per month. Overall, rent was up 2.4% year over year. At the same time, operators trimmed concessions 20 basis points annually to 0.9% of asking rent in March 2017.



WASHINGTON, D.C.

MULTIFAMILY REPORT

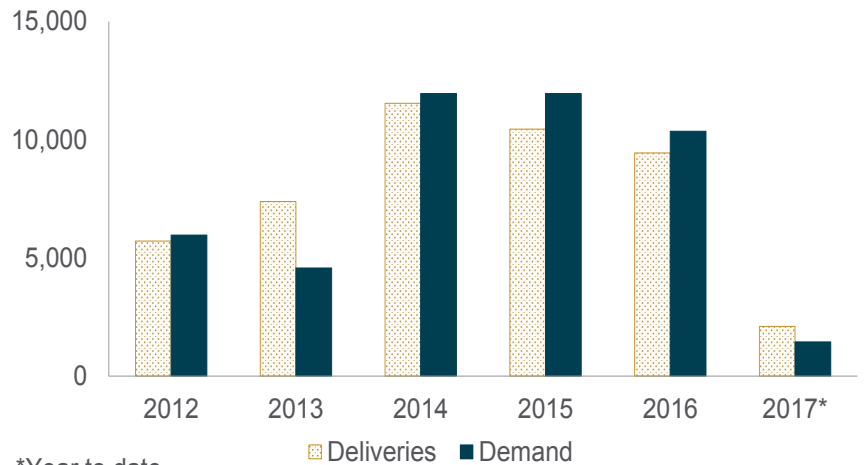
DELIVERIES AND DEMAND



DELIVERIES 2,106
Units YTD



NET ABSORPTION 1,449
Units YTD



*Year to date

ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
4.1% **-30 BPS CHANGE** 3.8%

2016 **EMPLOYMENT*** 2017
3.21m **1.7% CHANGE** 3.26m

2016 **EXISTING SFH SALES**** 2017
83.1k **-12.2% CHANGE** 73.0k

2016 **MEDIAN SFH PRICE**** 2017
\$386.4k **4.1% CHANGE** \$402.3k

2016 **10-YEAR TREASURY**** 2017
1.89% **60 BPS CHANGE** 2.48%

Continued employment growth supported the robust leasing activity during the last year. Washington, D.C., total nonfarm employment expanded 1.7% annually with 53,200 additions through January of 2017. Local growth outpaced the 1.6% national average at the same time. The latest Washington, D.C., employment expansion decelerated 20 basis points from the prior year's increase of 1.9%. Even with the slowdown, growth was up 40 basis points from the five-year average of 1.3%. The leisure and hospitality industry led job growth in the metro with a 5.5% annual rise, as employers added 17,300 net workers. Part of the additions came with the fourth quarter opening of the \$1.3 billion MGM National Harbor resort in Oxon Hill, which recruited 3,600 employees. The professional and business services sector led overall additions, with 17,900 new jobs for a 2.5% year-over-year increase. While the labor force expanded, the unemployment rate lowered 30 basis points annually to 3.8% in January of 2017.

*January; **March



WASHINGTON, D.C.

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q17	ANNUAL	1Q17	ANNUAL
Anacostia/Northeast DC	96.6%	94.5%	0.9%	0.4%	\$1,654	\$1,660	322	-18	340	820
Brookland/Ft. Totten	94.9%	94.3%	1.9%	-2.1%	\$1,778	\$1,741	-37	-31	0	0
Capitol Hill/Southwest	95.6%	95.6%	3.6%	1.4%	\$2,182	\$2,212	512	1,118	366	1,119
Charles County	92.1%	92.5%	1.2%	-1.5%	\$1,481	\$1,459	59	55	42	42
College Park/Greenbelt	94.3%	94.3%	3.1%	2.7%	\$1,393	\$1,431	-116	490	90	507
Columbia Pike/Shirlington	94.9%	96.2%	1.4%	1.9%	\$1,762	\$1,796	79	265	0	0
District Heights	93.8%	95.5%	3.2%	4.3%	\$1,212	\$1,264	25	200	0	0
Downtown/Logan Circle	95.4%	95.5%	2.4%	0.9%	\$2,499	\$2,521	95	145	0	133
Dupont Circle/Adams Morgan	95.3%	96.0%	2.2%	0.6%	\$2,112	\$2,125	-178	298	0	176
Falls Church/Annandale	94.2%	95.5%	0.4%	3.2%	\$1,651	\$1,704	-70	678	56	365
Foggy Bottom	95.8%	96.2%	1.8%	-1.1%	\$2,520	\$2,493	7	26	0	0
Forest Heights/Oxon Hill	92.8%	94.9%	3.1%	4.7%	\$1,243	\$1,302	100	495	0	160
Fredericksburg City	96.6%	96.7%	6.2%	2.8%	\$1,157	\$1,189	14	5	0	0
Howard U./Mt. Pleasant/Brightwood	95.8%	94.8%	-0.6%	5.0%	\$2,029	\$2,131	-369	-80	0	254
Hyattsville	96.8%	97.1%	4.5%	2.7%	\$1,281	\$1,316	18	55	0	0
Landover	95.4%	94.9%	1.1%	2.0%	\$1,418	\$1,446	109	260	212	354
Laurel	95.5%	94.9%	3.0%	2.1%	\$1,354	\$1,382	21	675	34	778
Loudoun County	95.4%	95.2%	2.9%	6.0%	\$1,512	\$1,602	90	201	0	248
NE Alexandria/Glebe Road	96.4%	96.6%	1.6%	5.4%	\$1,541	\$1,624	-26	11	0	0
Northwest D.C./Georgetown	93.5%	92.7%	3.1%	1.9%	\$1,972	\$2,010	-115	-107	0	0
Old Town	93.5%	95.2%	-0.3%	0.9%	\$2,057	\$2,076	54	652	0	505
Pentagon City/Crystal City	95.3%	96.1%	0.7%	3.5%	\$2,065	\$2,137	273	912	228	834
Prince George's County	94.6%	94.8%	1.6%	0.8%	\$1,695	\$1,709	41	12	0	0
Prince William County	95.2%	95.2%	3.0%	2.5%	\$1,375	\$1,409	-13	542	101	567
Rosslyn/Ballston	95.1%	95.3%	0.9%	0.9%	\$2,285	\$2,305	201	608	283	539
SE Fairfax County	95.6%	94.8%	1.3%	2.3%	\$1,592	\$1,628	97	-207	0	0
Seminary Road/Landmark	95.4%	95.6%	3.3%	3.9%	\$1,519	\$1,579	-28	54	0	0
Spotsylvania County	94.8%	96.0%	5.3%	2.8%	\$1,188	\$1,221	208	429	195	410
Stafford County	94.7%	95.8%	1.1%	5.2%	\$1,218	\$1,281	29	42	0	0
Tysons Corner/Fairfax City	94.9%	94.9%	-1.5%	0.8%	\$1,885	\$1,901	44	836	159	893
Western Fairfax County	94.8%	95.6%	0.5%	3.0%	\$1,689	\$1,740	172	1,002	0	679
Woodley Pk./Cleveland Pk./Van Ness	95.3%	94.9%	0.8%	2.8%	\$2,147	\$2,207	-166	442	0	530
TOTALS	95.0%	95.2%	1.8%	2.4%	\$1,677	\$1,717	1,449	10,062	2,106	9,913



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