

# WASHINGTON, DC MULTIFAMILY REPORT

2024 | MID-YEAR



**BERKADIA**<sup>®</sup>



## Jobs Added / Lost\*

### LAST 12 MONTHS

26,000

↑ 0.8%

## Unemployment\*

### JUNE 2024

3.0%

↑ 60 BPS YOY

\*Seasonally Adjusted

# WASHINGTON, DC EMPLOYMENT

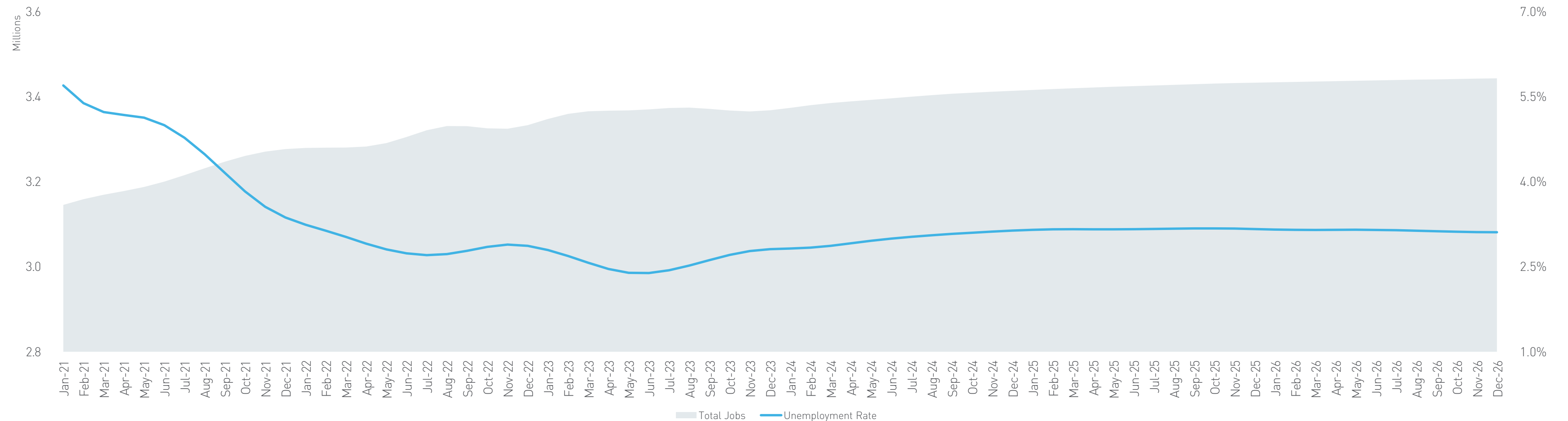
Metro D.C. continued to display one of the most stable economies among major coastal cities, with unemployment at a tight 3.0% as of June 2024. Anchored by the federal government, academic institutions, and associated businesses and organizations, unemployment has not surpassed the 4.0% threshold since September 2021. Washington, D.C., employers added a net 26,000 workers in the 12 months ending in June 2024, with all but four sectors recording gains. That accounted for a 0.8% rate of employment growth. As expected, the area's main economic pillars led jobs creation. Private education and health services and government gained 25,800 positions combined, with leisure and hospitality adding a net 5,500 jobs to round out the top three.

Boosting government jobs in D.C. was the IRS hiring 20,000 employees in the 2024 fiscal year, boosting its total workforce from its current level of 90,000. While new development initiatives lack the magnitude of earlier megaprojects such as Amazon's HQ2 or the Silver Line metro extension, the pipeline remains relatively strong, and many developments continue to break ground. Heading into 2024, more than 4 million square feet of office space were taking shape in the D.C. market across 21 properties. The largest project underway in D.C.'s office market is Fuse at Mason Square, a 345,000-square-foot hub for digital innovation in Arlington, Virginia. Tenant occupancy is scheduled to begin in August 2024.

## In the News

- 🔗 [445-room Arlo Washington D.C. in Capitol Hill opening fall 2024](#)
- 🔗 [Cedar Hill Medical Center to open early 2025, 500+ jobs](#)
- 🔗 [IRS to hire 20,000 new employees by end of FY 2024](#)

## Employment Trends



Source: Moody's Analytics



## WASHINGTON, DC

# DELIVERIES & ABSORPTION

### 2024 YEAR TO DATE

#### DELIVERIES

6,275 UNITS

#### ABSORPTION

6,641 UNITS

### 2024 TOTAL\*

#### DELIVERIES

15,894 UNITS

#### ABSORPTION

16,947 UNITS

\*Projected

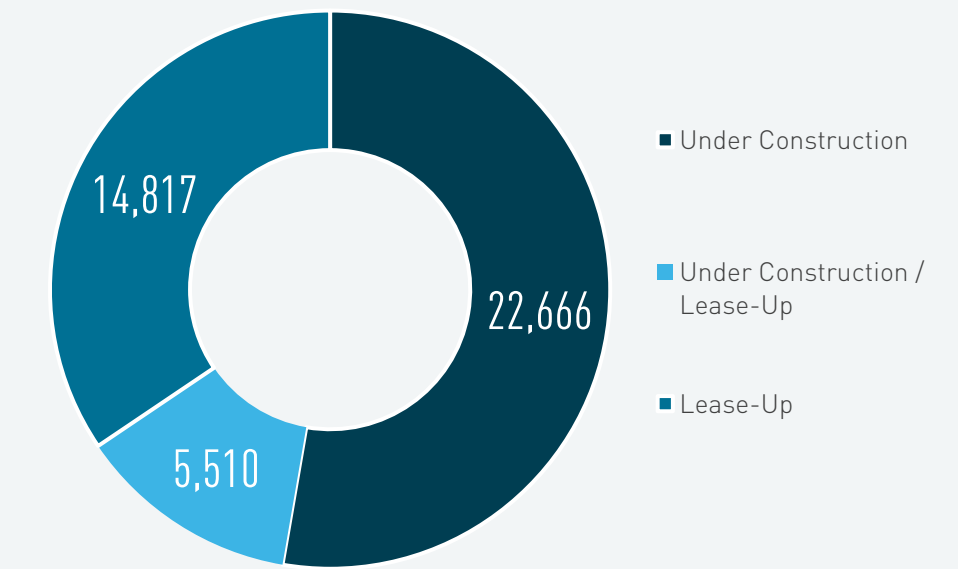
The Washington, D.C., metro area is experiencing one of its largest apartment inventory expansions on record, with 22,700 units under construction and another 5,500 units in the under construction/lease-up phase as of the second quarter of 2024. Despite the relatively large pipeline, the metro is 10th for development, where Dallas, Phoenix, and Austin topped the list. A total of 13,809 apartments came online in Metro D.C. last year, above the market's 12,370-unit average over the previous five years. Even as national completions are set to crest in 2024, Metro D.C. development will likely keep its upward trend. Deliveries in the metro are expected to reach 15,894 units in 2024. That would account for 2.3% of total stock,

similar to the 2.0% rate recorded last year. New housing options will be necessary to support Mayor Bowser's D.C. Comeback Plan to boost the city's population to add 15,000 new residents downtown by 2028. Renters absorbed approximately 10,400 units last year, a rebound over the 2022 underperformance, and a return to the pre-COVID average. The pace of leasing continued through the first half of 2024. Demand was 6,641 units, while 6,275 units were delivered. Residents are projected to lease an additional 10,300 units in the second half of the year, about 16,950 units by year-end, more than the record delivery volume.

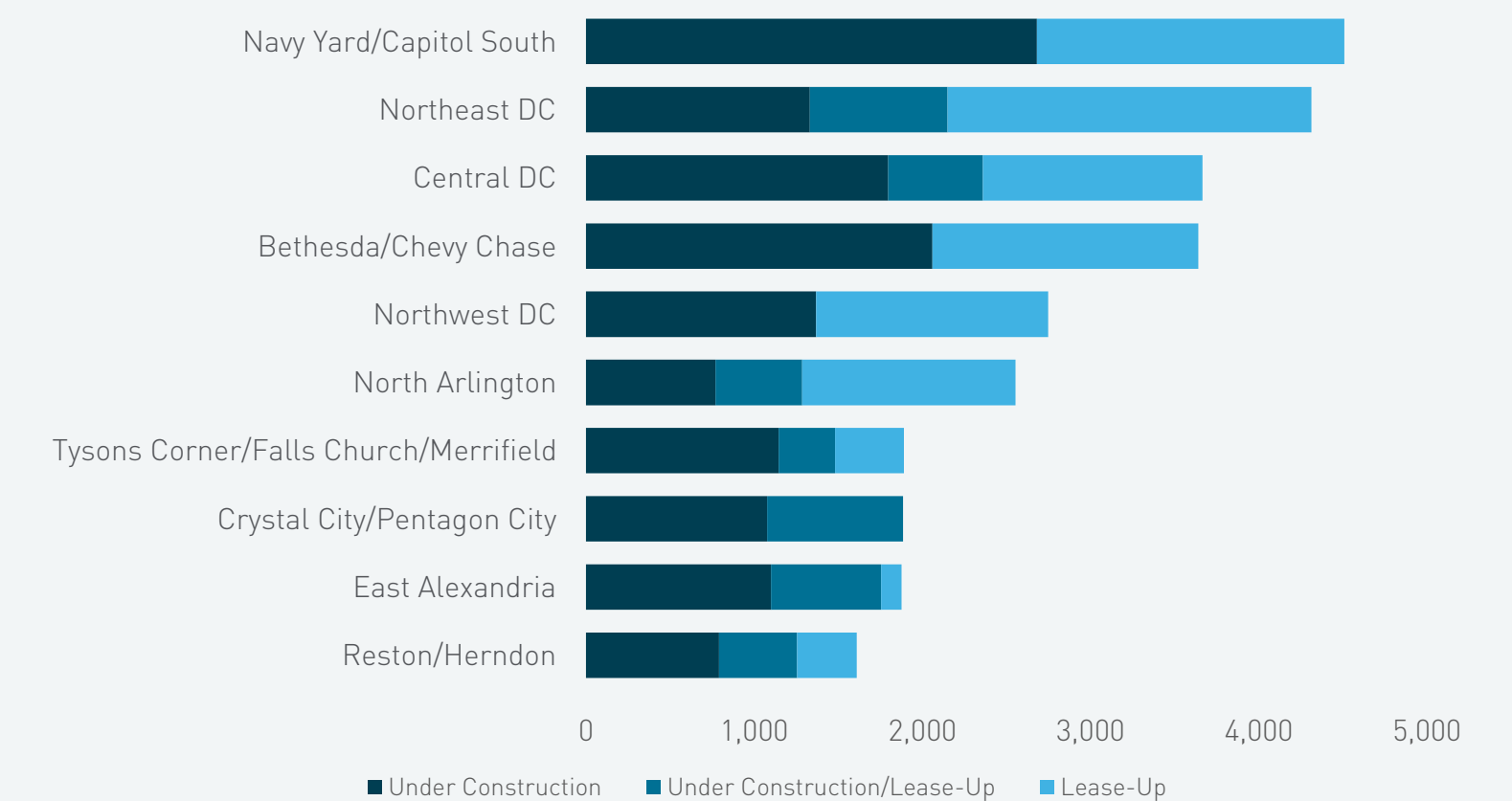
## Deliveries, Absorption, & Effective Rent Change



## Market Pipeline



## Top Submarket Pipelines

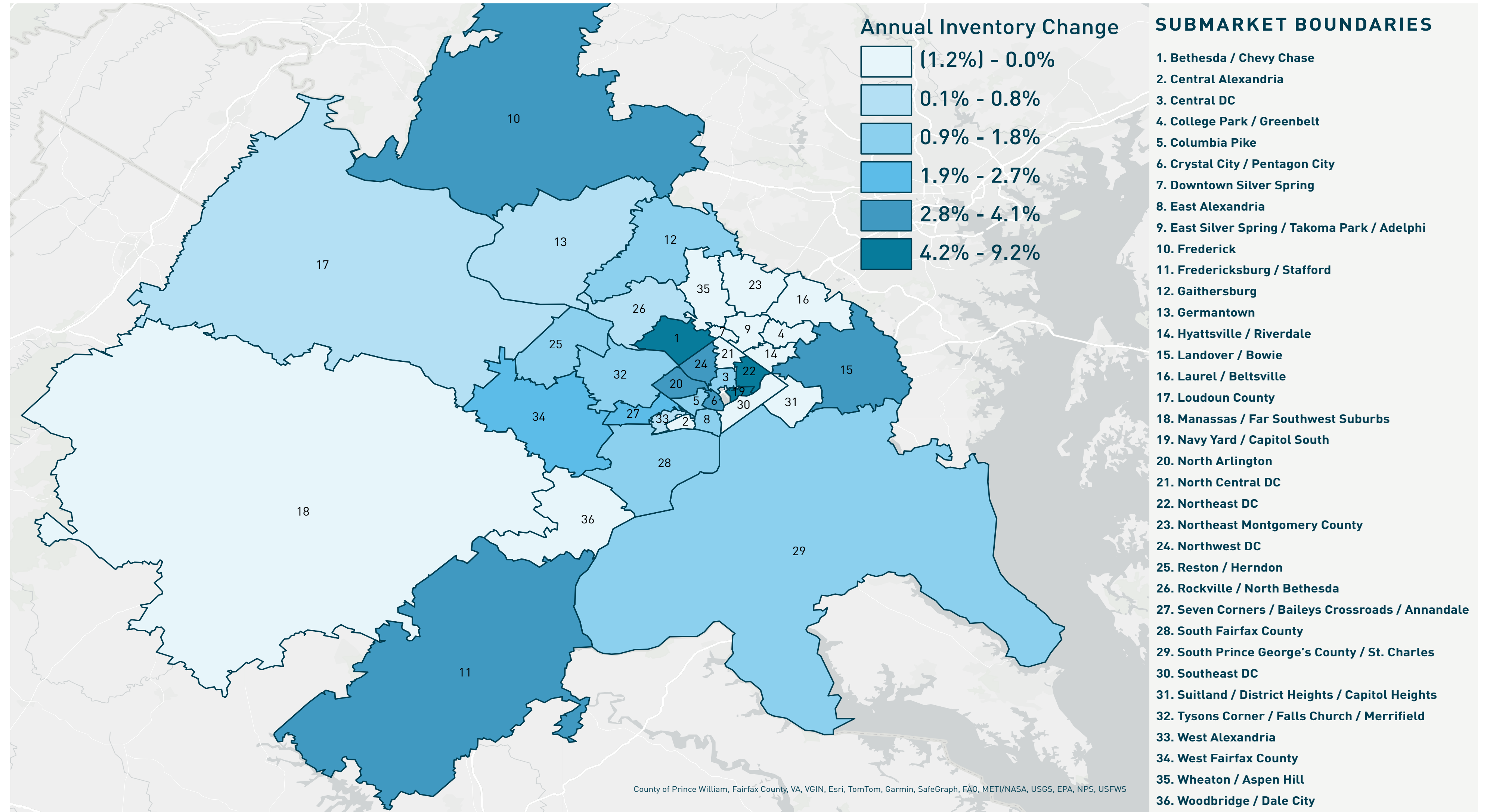




## WASHINGTON, DC

# SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

Approximately one in six apartment deliveries in 2023 were in the Northeast DC submarket, many in the vicinity of New York Avenue, a convenient transportation feeder to numerous federal government offices to the west and south. Thousands of high-end units have been delivered in CBD submarkets such as Central DC, Northeast DC, and Navy Yard/Capitol South. These submarkets have a combined 7,191 units under construction, following 14,300 units since 2019. High-end Northern Virginia submarkets have also seen significant supply expansions recently, though not as intense as in the District. Approximately 3,010 units are currently underway in Northern Virginia. Suburban submarkets such as East Alexandria and the Reston/Herndon Corridor have recorded 20% and 14%, respectively, inventory expansions over the past five years. Maryland's most active apartment market remains Bethesda, where more than 2,060 units are underway.





# WASHINGTON, DC RENT & OCCUPANCY

## Effective Rent

**Q2 2024**  
\$2,173  
↑ 4.4% YOY

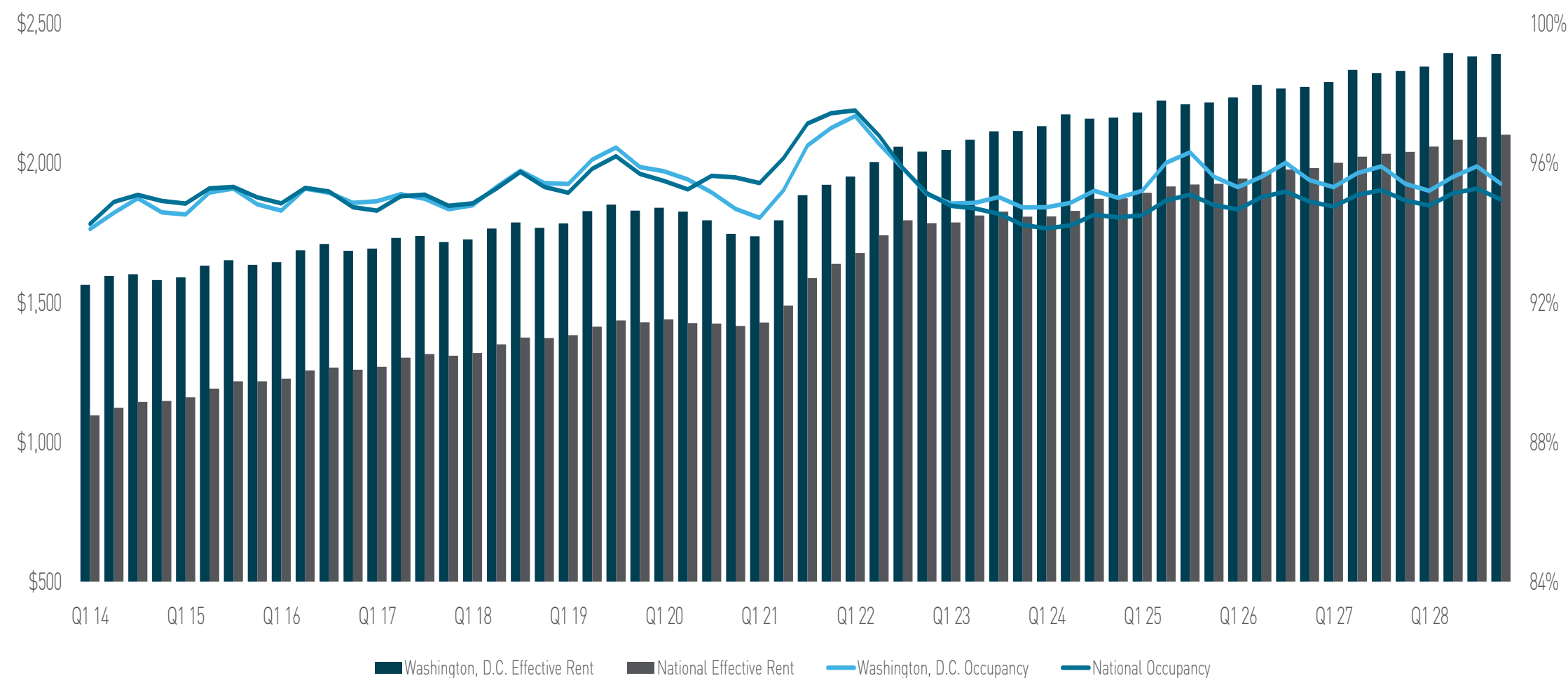
## Occupancy

**Q2 2024**  
94.9%  
⊙ 0 BPS YOY

Anticipated net in-migration, employment expansion, wage growth, and a wide assortment of new, amenity-rich apartments helped to drive elevated apartment leasing activity so far this year. Metrowide occupancy settled at 94.9% in the second quarter, on par with the year-ago rate amid elevated completions. Occupancy tightened in the Crystal City/Pentagon City submarket, where mass hiring at Amazon’s HQ2 is taking place. Similarly, apartment communities in the Navy Yard/Capitol South submarket will benefit from ongoing development at The Stacks in Buzzard Point and The Yards at the center of the Capitol Riverfront Business Improvement District. Lately, there has been a push by the federal government to require in-

person work for most federal employees, which is likely to trigger a boost in the overall occupancy rate as employees reconsider closer-in housing. The D.C. region had one of the highest annual rent growth rates among the nation’s largest markets. A combination of returning demand and a relatively moderate supply pipeline has helped rents grow by 4.4% annually, up from 3.9% annual growth a year ago, and far above the national average of 0.9%. Average effective rent in the D.C. metro area reached \$2,173 per month in the second quarter of 2024. Rents among high-end Class A units were \$2,751 monthly, middle-of-the road Class B units were \$2,196 monthly, and workforce-oriented Class C units were \$1,758 monthly.

## Washington, D.C. vs. National Effective Rent & Occupancy



Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

## Submarket Performance

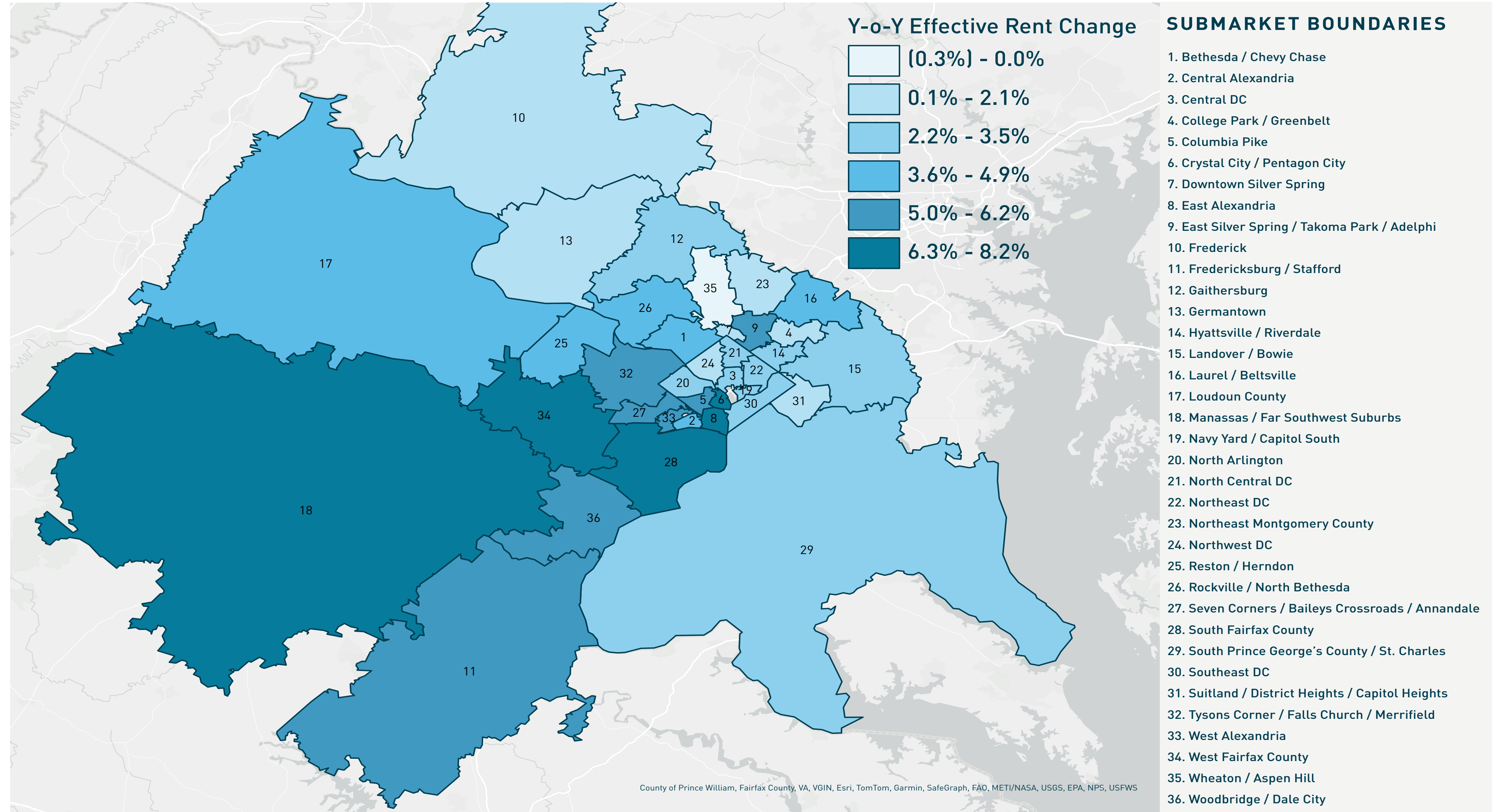
SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Bethesda/Chevy Chase	95.9%	40	\$2,842	4.8%
Central Alexandria	95.5%	20	\$1,922	3.9%
Central DC	95.0%	10	\$2,655	2.7%
College Park/Greenbelt	92.5%	60	\$1,934	2.0%
Columbia Pike	96.8%	30	\$2,146	5.1%
Crystal City/Pentagon City	94.4%	20	\$2,624	6.7%
Downtown Silver Spring	95.2%	-30	\$2,054	0.3%
East Alexandria	95.2%	-40	\$2,400	8.2%
East Silver Spring/Takoma Park/Adelphi	95.5%	-120	\$1,698	5.4%
Frederick	95.8%	-40	\$1,891	1.9%
Fredericksburg/Stafford	95.8%	100	\$1,885	5.1%
Gaithersburg	96.5%	60	\$2,047	2.8%
Germantown	95.3%	-10	\$2,046	1.4%
Hyattsville/Riverdale	94.4%	-50	\$1,668	2.3%
Landover/Bowie	93.1%	30	\$1,884	2.7%
Laurel/Beltsville	94.7%	10	\$1,769	3.9%
Loudoun County	96.1%	30	\$2,276	4.6%
Manassas/Far Southwest Suburbs	96.2%	10	\$2,003	7.5%
Navy Yard/Capitol South	92.4%	-80	\$2,751	2.2%
North Arlington	96.3%	30	\$2,788	2.8%
North Central DC	93.0%	-250	\$1,936	2.7%
Northeast DC	92.6%	-50	\$2,385	3.1%
Northeast Montgomery County	94.4%	-90	\$1,837	1.2%
Northwest DC	95.2%	-80	\$2,388	1.4%
Reston/Herndon	95.6%	10	\$2,326	3.9%
Rockville/North Bethesda	95.4%	-30	\$2,369	4.4%
Seven Corners/Baileys Crossroads/Annandale	94.6%	-140	\$2,047	5.4%
South Fairfax County	96.3%	160	\$2,090	6.5%
South Prince George's County/St. Charles	93.5%	50	\$1,685	3.3%
Southeast DC	93.6%	-200	\$1,415	2.3%
Suitland/District Heights/Capitol Heights	91.4%	140	\$1,616	1.3%
Tysons Corner/Falls Church/Merrifield	95.6%	40	\$2,353	5.4%
West Alexandria	95.6%	110	\$1,938	5.8%
West Fairfax County	96.5%	10	\$2,323	7.0%
Wheaton/Aspen Hill	93.9%	-150	\$1,965	-0.3%
Woodbridge/Dale City	95.1%	80	\$1,905	6.2%



## WASHINGTON, DC

# SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE

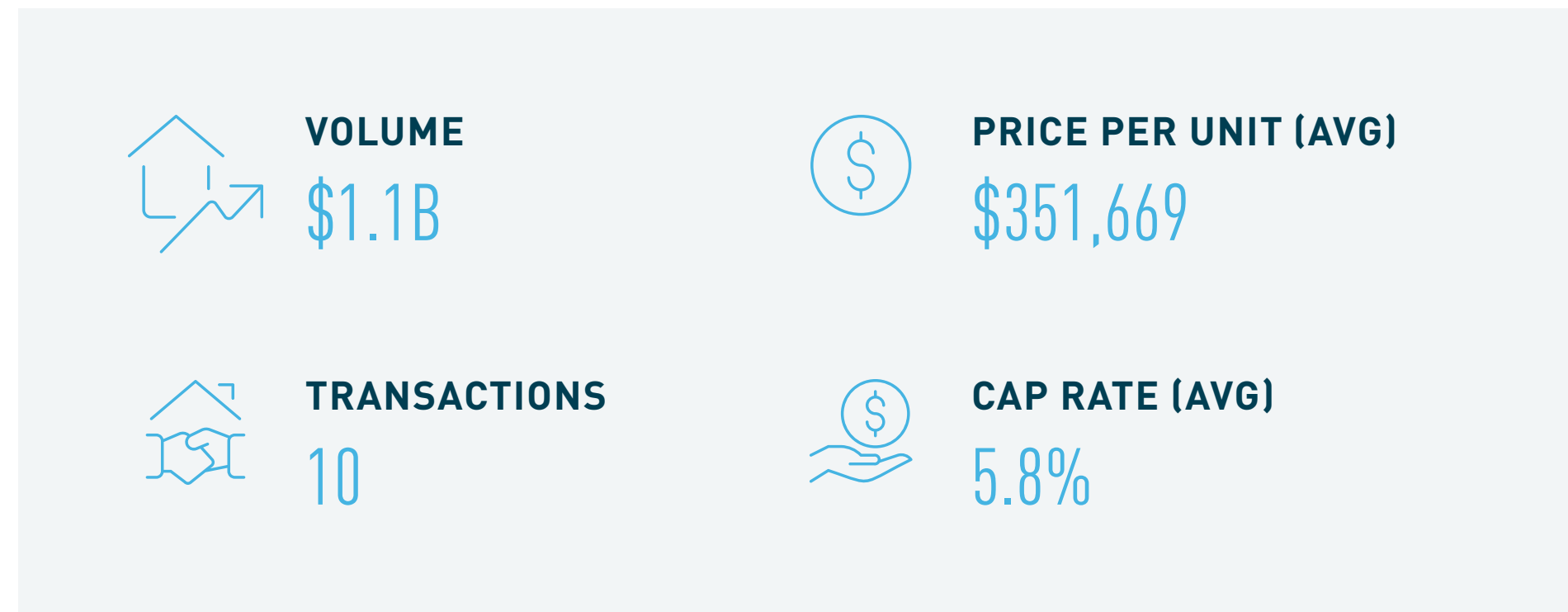
In the second quarter of 2024, lease concessions are still elevated in areas of heavy development like Northeast DC, Navy Yard/Capitol South, and Central DC submarkets, which averaged 30.7%, 30.2%, and 16.8%, respectively. Northern Virginia submarkets still stand out among D.C. submarkets in terms of above average rental pricing power. The other standouts are on the suburban Maryland side of the metro area, with relative affordability and access to life science nodes. Submarkets where year-over-year rent development was highest were: East Alexandria up 8.2% to \$2,400 monthly, Manassas/Far Southwest Suburbs up 7.5% to \$2,003 monthly, and West Fairfax County, up 7.0% to \$2,323 monthly. A disrupted office market in the heart of the central business district continues to hamper rental demand prospects. Though apartments still carry significant cache, which commands an effective rent 22.2% higher than the metro average.





# WASHINGTON, DC SALES

2024 Year to Date\*



What's Trading?\*



Source: MSCI Real Capital Analytics  
\*\$50m+

Top Buyers\*

BUYER	LOCATION
Bridge Investment Group	Sandy, UT
Shoreham Capital	West Palm Beach
Kushner Co.	New York
AIR	Denver
Goldfarb Properties	New Rochelle, NY

Top Sellers\*

SELLER	LOCATION
CIM Group	Los Angeles
JBG Cos.	Bethesda
Invesco Real Estate	Atlanta
Pantzer Properties	New York
Kettler	McLean, VA

# **BERKADIA**<sup>®</sup>

Sources: RealPage; Moody's Analytics; Real Capital Analytics

© 2024 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC

Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: [www.berkadia.com/legal/licensing.aspx](http://www.berkadia.com/legal/licensing.aspx)

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.