WASHINGTON, D.C.

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

SELECT MARKET

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Jobs Added / Lost

LAST 12 MONTHS
18,200

0.5% YOY

Unemployment

JUNE 2025
3.6%

60 BPS YOY

BERKADIA

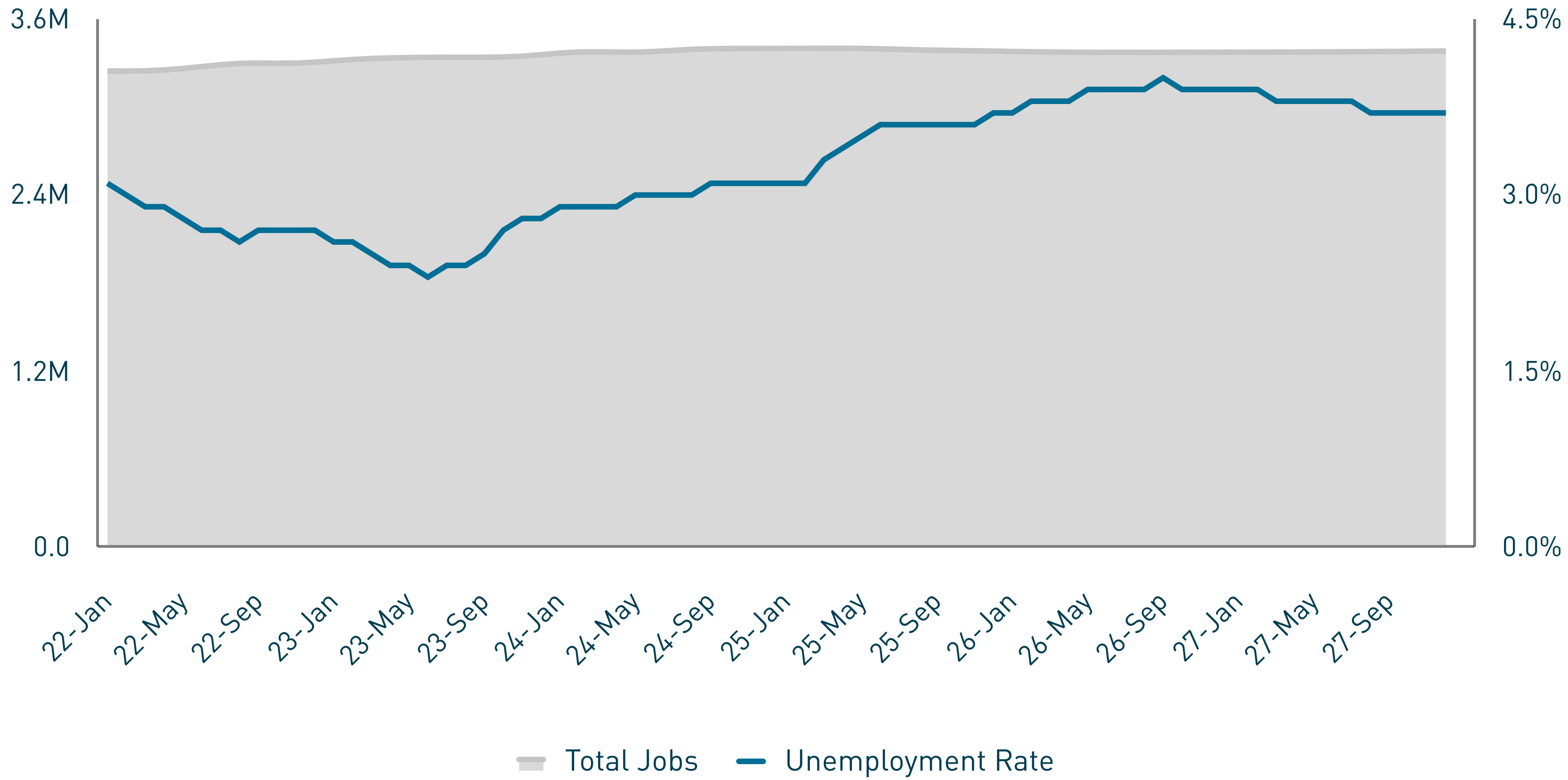
Source: Moody's Analytics

Employment

Investment in D.C. is surging with $10.2 billion in development, boosting construction employment by 13,500 jobs compared to last year. The Purple Line light rail project is 75% complete, employing around 700 workers. At The Yards, construction work on phase two is underway on 3.4 million square feet of development across 10 buildings. The RFK stadium redevelopment, a $3.8 billion project, recently passed its first D.C. City Council vote, paving the way for future sector growth. It aims to bring the NFL back to D.C. and transform 190 acres into six districts. Construction for the 65,000-seat stadium is expected to begin next year, with completion by 2030. Beyond the construction industry, the private education and healthcare sector was also a major job creator, leading the metro with 14,700 new employees.

GW Health was among the companies expanding, with their new $434 million Cedar Hill Regional Medical Center that opened in April. It has already hired more than 550 employees within its first 45 days. Meanwhile in the public sector, government spending cuts and agency restructuring shrank the federal workforce by 1.8% annually. In some areas of government, contractors are taking over functions previously handled in-house. This shift toward outsourcing would typically attract younger, higher-earning private-sector employees to the region compared to their federal government peers. Despite job losses among civil servants, the D.C. MSA added 18,200 jobs over the year ending June 2025.

Employment Trends



Source: Moody's Analytics

In the News

Purple Line extension set to begin service in 2027
[Read More]

Phase 2 of Reston Station to complete in 2025
[Read More]

Capital One Arena undergoing $800M renovation
[Read More]

Deliveries & Absorption

2025 Year to Date

DELIVERIES
6,377 UNITS

ABSORPTION
8,555 UNITS

2025 Total*

DELIVERIES
13,890 UNITS

ABSORPTION
9,194 UNITS

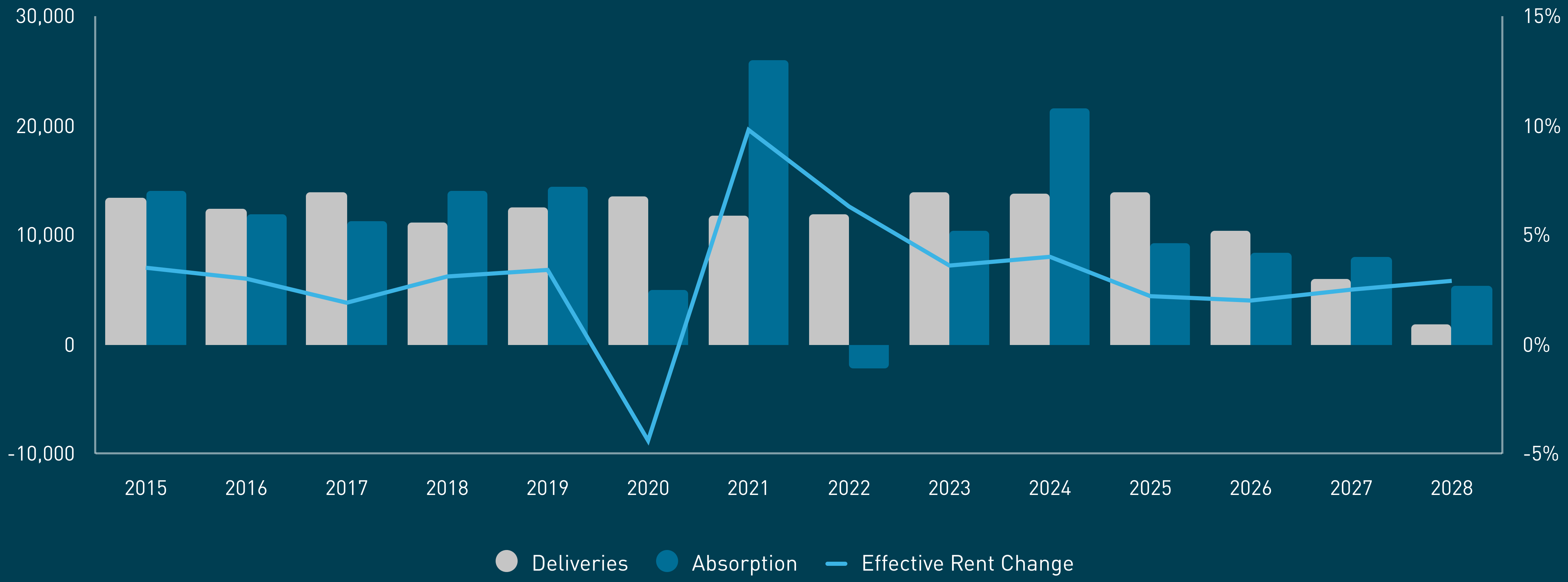
**Projected*

Source: RealPage

Urbanization and the desire for vibrant live-work-play environments in metro-accessible areas like D.C. have increased in popularity among developers and renters. Builders are meeting the moment with 14,893 units delivered from mid-2024 to mid-2025, which still trailed demand to lift occupancy and rent. Four submarkets received over 1,000 units in the past year, with much of the new supply concentrated in highly walkable, amenity-rich neighborhoods within the District. The Navy Yard/Capitol South and Central D.C. submarkets led the metro for new supply, which recorded 1,574 units and 1,308 units, respectively. The Navy Yard/Capitol South neighborhood has been one of the busiest development neighborhoods in D.C., where 9,550 rentals were completed over the past five years, expanding inventory by 60% compared to 10% marketwide.

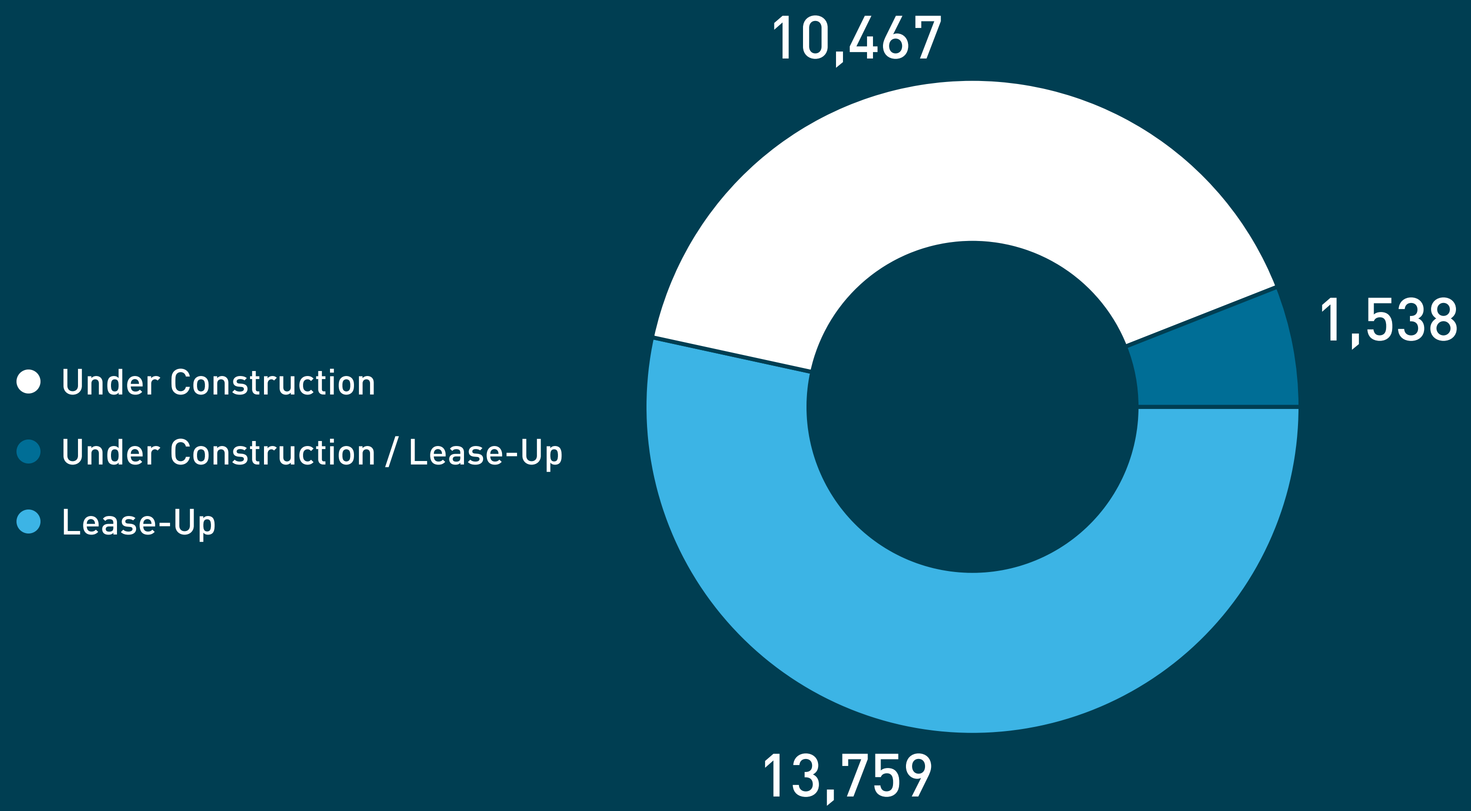
By mid-2025, the D.C. MSA was a leading U.S. rental market, with 24,363 net move-ins over the past year as demand exceeded new supply, partly due to federal agency headquartered workers and contractors returning to the office. Moreover, annualized demand was about double net absorption compared to one year prior. Renters occupied more units than they relinquished in all 36 submarkets, but an outsized portion of demand was concentrated among three submarkets, which combined to represent 23% of net absorption: Navy Yard/Capitol South (2,066 units), Northeast DC (1,816 units), and Central DC (1,669 units). Developments like The Yards are enticing renters to the area with award-winning restaurants, breweries, wine bars, and specialty retailers.

Deliveries, Absorption, & Effective Rent Change



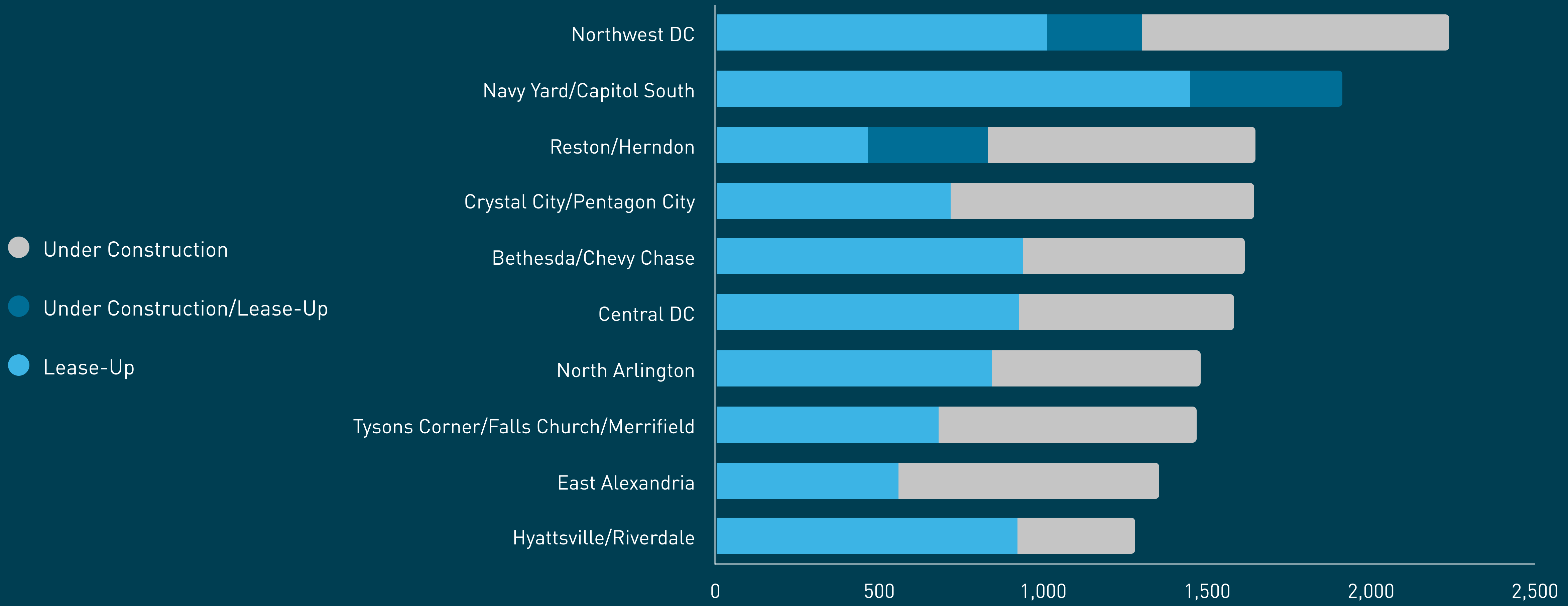
Source: RealPage

Washington, D.C., Pipeline



Source: RealPage

Largest Submarket Pipelines



Source: RealPage

Rent & Occupancy

Effective Rent

Q2 2025
$2,256

3.7% YOY

Occupancy

Q2 2025
96.2%

150 BPS YOY

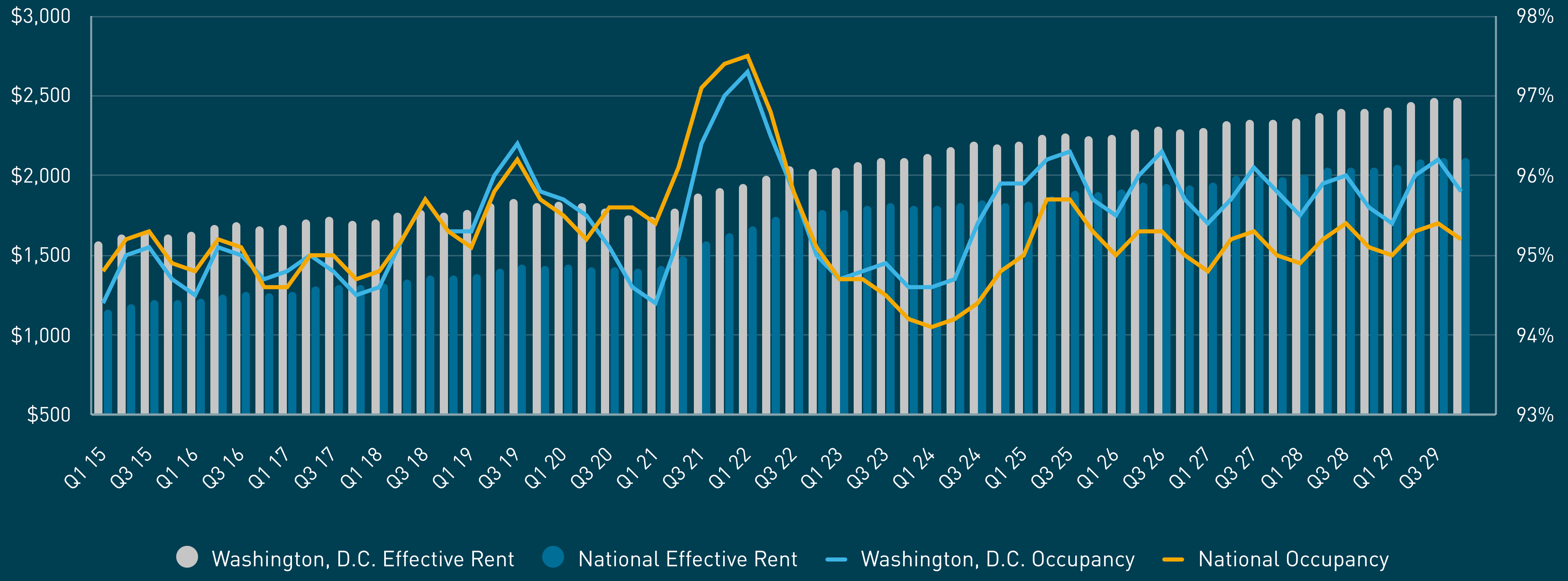
Source: RealPage

Demand for apartments in Greater Washington, D.C., is primarily driven by job growth, high homeownership costs, and a large population of young, educated professionals who prefer renting. Due to high demand and slower new supply, the occupancy rate rose 150 basis points to 96.2% by mid-2025, surpassing the national average of 95.7%. In the Navy Yard/Capitol South submarket where annualized supply and demand led the metro, occupancy surged 240 basis points to 94.8%, the highest rate since mid-2022. By year-end, the market occupancy rate is projected to remain above the metro's pre-pandemic average of 95.1%. A combination of stable demand and a manageable construction pipeline emboldened landlords to raise rents.

In the second quarter of 2025, the metro continued to outperform the nation in annual rent growth. The effective rent climbed 3.7% year over year to $2,256 per month, above the 2.1% increase nationally to $1,869 per month. All but four of the 36 submarkets had posted year-over-year rent growth. Rent growth was highest in North Central DC and North Arlington. North Central DC saw a 6.9% increase to $2,082 per month, while North Arlington experienced a 6.2% rise to $2,952 per month. Arlington's higher rents are driven by its proximity to the Pentagon and a robust tech economy. In North Central DC, landlords can increase rents due to its closeness to the capital, with rates still one-third lower than the urban core.

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.

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



Source: RealPage

Rent & Occupancy (1/2)

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Bethesda/Chevy Chase	95%	-60	$2,905	2%
Central Alexandria	97%	180	$1,971	3%
Central DC	96%	130	$2,763	3%
College Park/Greenbelt	94%	170	$1,979	2%
Columbia Pike	97%	10	$2,258	5%
Crystal City/Pentagon City	96%	180	$2,770	5%
Downtown Silver Spring	96%	40	$2,061	1%
East Alexandria	96%	130	$2,523	5%
East Silver Spring/Takoma Park/Adelphi	97%	110	$1,593	-6%
Frederick	97%	100	$1,921	1%
Fredericksburg/Stafford	96%	50	$1,910	1%
Gaithersburg	97%	20	$2,108	3%
Germantown	97%	130	$2,002	-2%
Hyattsville/Riverdale	97%	220	$1,675	0%
Landover/Bowie	96%	330	$1,923	2%
Laurel/Beltsville	96%	120	$1,760	-1%
Loudoun County	98%	140	$2,372	5%
Manassas/Far Southwest Suburbs	98%	180	$2,067	3%

Source: RealPage

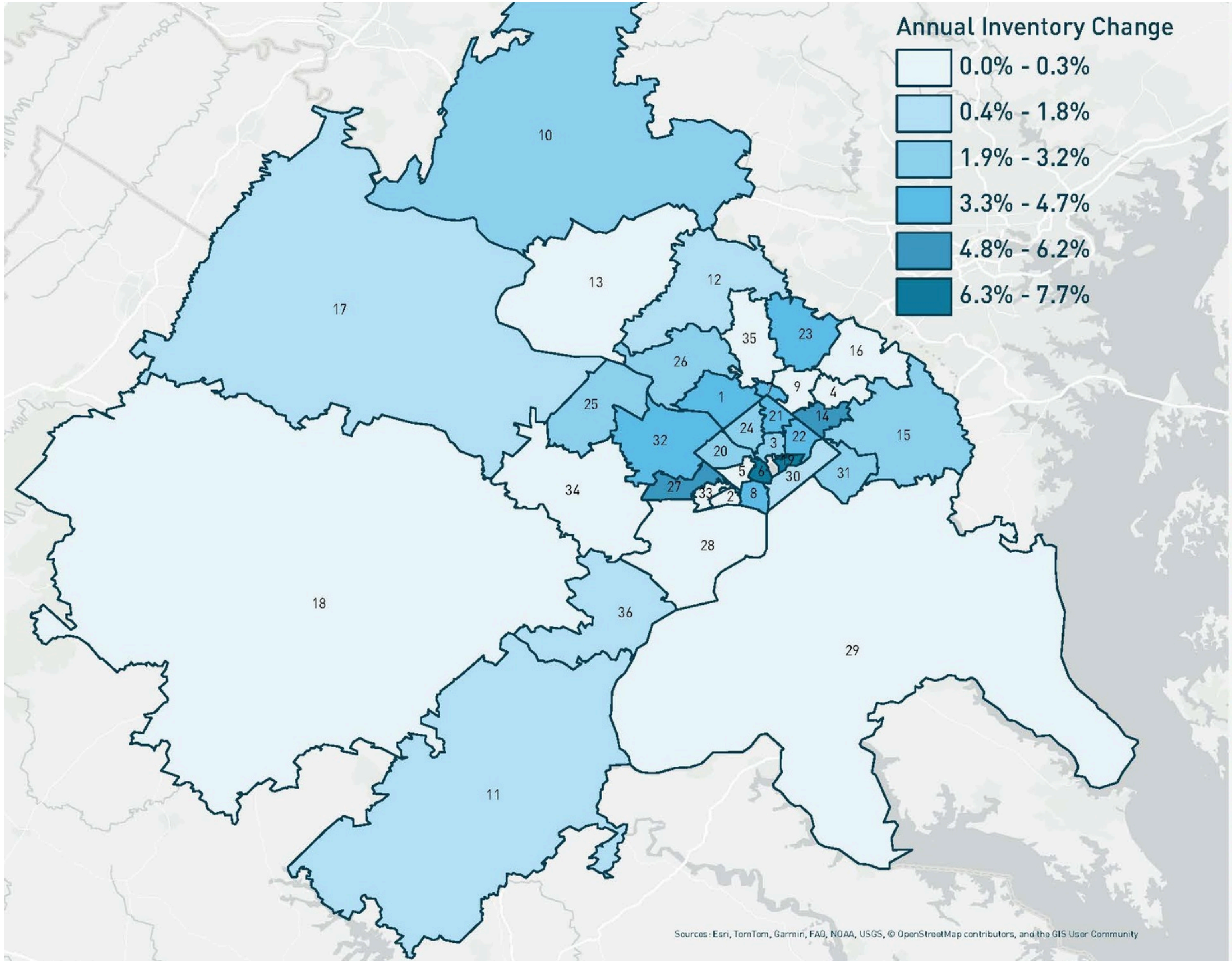
Rent & Occupancy (2/2)

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Navy Yard/Capitol South	94.8%	240	$2,776	1.1%
North Arlington	97.3%	110	$2,952	6.2%
North Central DC	95.6%	280	$2,082	6.9%
Northeast DC	94.8%	280	$2,463	3.4%
Northeast Montgomery County	96.3%	190	$1,846	0.2%
Northwest DC	95.9%	150	$2,545	4.0%
Reston/Herndon	97.1%	160	$2,410	4.1%
Rockville/North Bethesda	96.8%	140	$2,382	0.8%
Seven Corners/Baileys Crossroads/Annandale	97.6%	330	$2,134	4.1%
South Fairfax County	96.3%	20	$2,191	4.0%
South Prince George's County/St. Charles	95.5%	220	$1,710	1.5%
Southeast DC	95.9%	240	$1,485	6.1%
Suitland/District Heights/Capitol Heights	94.9%	330	$1,646	1.9%
Tysons Corner/Falls Church/Merrifield	96.7%	140	$2,501	6.2%
West Alexandria	96.0%	50	$1,944	0.7%
West Fairfax County	97.5%	100	$2,370	2.0%
Wheaton/Aspen Hill	94.7%	60	$1,939	-2.3%
Woodbridge/Dale City	96.6%	170	$2,011	4.5%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change

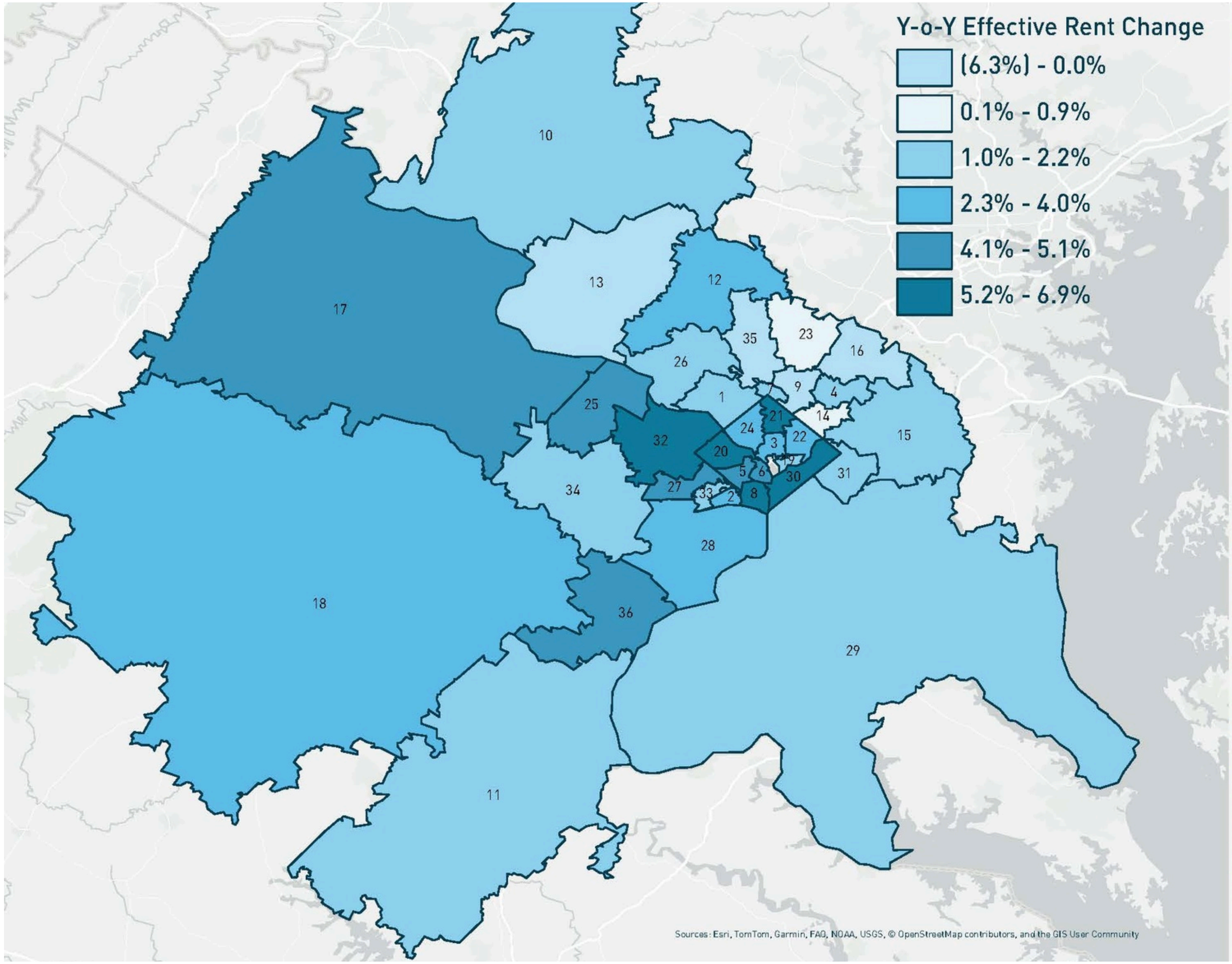


SUBMARKET BOUNDARIES

1. Bethesda / Chevy Chase
2. Central Alexandria
3. Central DC
4. College Park / Greenbelt
5. Columbia Pike
6. Crystal City / Pentagon City
7. Downtown Silver Spring
8. East Alexandria
9. East Silver Spring / Takoma Park / Adelphi
10. Frederick
11. Fredericksburg / Stafford
12. Gaithersburg
13. Germantown
14. Hyattsville / Riverdale
15. Landover / Bowie
16. Laurel / Beltsville
17. Loudoun County
18. Manassas / Far Southwest Suburbs
19. Navy Yard / Capitol South
20. North Arlington
21. North Central DC
22. Northeast DC
23. Northeast Montgomery County
24. Northwest DC
25. Reston / Herndon
26. Rockville / North Bethesda
27. Seven Corners / Baileys Crossroads / Annandale
28. South Fairfax County
29. South Prince George's County / St. Charles
30. Southeast DC
31. Suitland / District Heights / Capitol Heights
32. Tysons Corner / Falls Church / Merrifield
33. West Alexandria
34. West Fairfax County
35. Wheaton / Aspen Hill
36. Woodbridge / Dale City

Source: RealPage

Submarket Mid-Year 2025 Annual Effective Rent Change



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21. North Central DC
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23. Northeast Montgomery County
24. Northwest DC
25. Reston / Herndon
26. Rockville / North Bethesda
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Source: RealPage

Sales

2025 Year to Date*

Volume $1.2B	**Price Per Unit (Avg)** $472,152	**Units (Avg)** 300	**Unit SF (Avg)** 905
Transactions 8	**Cap Rate (Avg)** 5.1%	**Buildings (Avg)** 5	**Year Built (Avg)** 2010s

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
Carmel Partners	San Francisco, CA
Peterson Companies	Fairfax, VA
JRK Property Holdings	Los Angeles, CA
Willton Investment Group	New York, NY
29th Street Capital	San Francisco, CA

Top Sellers*

Seller	Location
JBG Smith	Bethesda, MD
Greystar	Charleston, SC
CDPQ	Quebec, CAN
GIC	Singapore, SGP
Pensioenfonds ABP	Heerlen, NLD

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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National