



MULTIFAMILY REPORT

DC Looks To The Horizon

Summer 2021

Deliveries Slow, Construction Presses On

Investment Decreases as Prices Rise

Lifestyle Rates Endure Volatility

WASHINGTON, D.C. MULTIFAMILY



The Cautious Path Forward

The Washington, D.C., multifamily market has faced a number of challenges over the past year, and, despite signs of a broader economic recovery, the metro will likely take some time to fully recoup. At the end of May, rents averaged \$1,796, up 0.6% on a trailing three-month (T3) basis, more than 25% higher than the national average. While Lifestyle and working-class Renter-by-Necessity figures grew 0.7% and 0.5%, respectively, the market's primarily upscale development pipeline of nearly 43,000 units could compress rent expansion as new inventory comes online.

The metro's economy began to show signs of recovery, though job losses totaled 188,300, or a 5.6% drop, for the year ending in March. The metro's beleaguered leisure and hospitality sector could face a long recovery period while more resilient sectors with government and office-using jobs have already begun to signal a return to normal. Washington, D.C.'s unemployment rate fell to 4.9% in April, continuing its downward path from the nearly 10% reported a year earlier at the onset of the health crisis.

Multifamily transactions through May totaled \$1.6 billion, a slight decrease compared to the same period in 2020. Investors focused on RBN assets, which accounted for more than three-fifths of total volume. Rents should grow at a moderate 1.5% rate this year.

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Recent Washington, D.C. Transactions

Crystal House



City: Arlington, Va.
Buyer: Washington Housing
Conservancy
Purchase Price: \$377 MM
Price per Unit: \$456,485

The Ashborough



City: Ashburn, Va.
Buyer: Heitman
Purchase Price: \$159 MM
Price per Unit: \$314,484

Wheelhouse of Fair Oaks



City: Fairfax, Va.
Buyer: DSF Group
Purchase Price: \$134 MM
Price per Unit: \$273,117

Ravens Crest



City: Manassas, Va.
Buyer: Clarion Partners
Purchase Price: \$113 MM
Price per Unit: \$254,505