

Yardi® Matrix

Washington's Solid Footing

Multifamily Report Spring 2018



Suburbs Lead Rent Growth

Employment, Population Gains Outpace Nation

Property Values Climb to Post-Recession High

WASHINGTON, D.C. MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2018

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Supply Surge Tempers Rent Growth

The metro's renowned universities and steady influx of high-wage jobs continue to lure residents to Washington, D.C., supporting household formation and—in the context of a high barrier to homeownership—pushing up multifamily demand. The market's strong fundamentals have generated a supply surge, which began in 2014 and continued through 2017. Consequently, rents have remained relatively flat in recent months, while occupancy in stabilized properties declined to 94.8% as of February.

Employment growth was highest in education and health services, which added 17,100 jobs. This expansion will likely continue, with the opening of large new developments, including the Inova Center for Personalized Health, which is slated to rise at the former ExxonMobil headquarters campus in Merrifield, Va. Professional and business services gained 12,700 positions, followed by leisure and hospitality, which expanded by 7,700 jobs.

Facing rising capital costs, many buyers targeted suburban assets with lower entry expenses and higher first-year returns, while institutional investors remained focused on Class A properties in urban locations. Strong development activity is set to continue this year, with more than 11,200 units scheduled for delivery in 2018. Yardi Matrix expects demand to keep up, supporting rent growth of 1.3% in 2018.

Recent Washington, D.C. Transactions

North Bethesda Market

City: North Bethesda, Md.
 Buyer: CBRE Global Investors
 Purchase Price: \$195 MM
 Price per Unit: \$473,236

Terrapin Row

City: College Park, Md.
 Buyer: Heitman
 Purchase Price: \$186 MM
 Price per Unit: \$446,077

Bent Tree

City: Centreville, Va.
 Buyer: Aimco
 Purchase Price: \$160 MM
 Price per Unit: \$213,904

The Citizen at Shirlington Village

City: Arlington, Va.
 Buyer: Waterton
 Purchase Price: \$144 MM
 Price per Unit: \$355,555