



MULTIFAMILY REPORT

DC Finds Its Footing

February 2022



Pipeline Remains Consistent

Transactions Keep Up the Pace

Rent Growth Feels Seasonal Pinch

WASHINGTON, D.C. MULTIFAMILY



DC Wraps Up Solid Year

Even with rent expansion decelerating in the fourth quarter, Washington, D.C., multifamily had a banner year in 2021, in line with nationwide trends. Metro D.C. rents, although up only 0.2% in the last quarter, clocked in at 9.7% for the year. That was below the 13.5% national rate of growth, but still well above the area's performance during the past decade. Meanwhile, occupancy was up a healthy 150 basis points in the 12 months ending in November 2021, to 95.3%.

The city's economy is making significant strides, with the metro adding 124,900 positions in the 12 months ending in October 2021, led by leisure and hospitality (46,000 jobs gained) and professional and business services (32,800). Meanwhile, unemployment dropped to a tight 3.5% as of November, according to preliminary Bureau of Labor Statistics data. However, the Washington, D.C., economy hasn't yet recovered all jobs lost since March 2020, with many workers dropping out of the workforce, either temporarily or by way of retirement.

Developers remained busy and 11,922 units came online last year, in line with the city's five-year average. Meanwhile, an additional 38,594 units were under construction at the beginning of 2022. Likewise, transaction activity remained on track, with \$5.7 billion in assets trading, most of which were in suburban submarkets.

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Recent Washington, D.C. Transactions

North Park



City: Chevy Chase, Md.
Buyer: AIR Communities
Purchase Price: \$110 MM
Price per Unit: \$354,839

The Shelby



City: Alexandria, Va.
Buyer: 29th Street Capital
Purchase Price: \$82 MM
Price per Unit: \$341,667

Magnolia Falls



City: Fredericksburg, Va.
Buyer: Bonaventure Realty Group
Purchase Price: \$52 MM
Price per Unit: \$260,500

Wakefield Terrace



City: Waldorf, Md.
Buyer: R4 Capital
Purchase Price: \$35 MM
Price per Unit: \$171,569