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Multifamily Summer Report 2015



DC Grapples with
Supply Growth

Rents Gaining Traction

Investors Seeking
Luxury Units

WASHINGTON DC MULTIFAMILY

YARDIMATRIX
Data provided by Pierce-Eislen

Market Analysis

Summer, 2015

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DC Grapples With Supply, Rent Growth

After almost two years of underperforming, the Washington DC metro seems to be perking up. The metro experienced growth in recent months, but the cuts in federal spending continue to weigh down the area's economy.

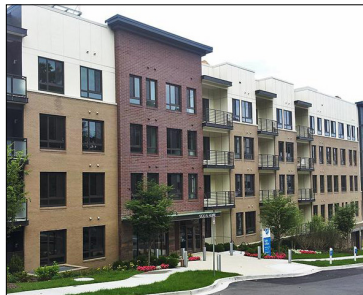
The metro has largely outperformed its peers over the past few decades, as it benefits from the presence of the federal government. Washington didn't suffer as much as other metros during the last recession, but the recovery was weak due to tepid wage growth, federal spending cuts and the lack of a dominant industry. The metro is trying to diversify its business base, improve transportation and solve housing affordability issues.

Even with its problems, Washington is teeming with multifamily development and is a primary market for investors. More than 18,000 units will come online this year and more than 30,000 units are under construction. Although occupancy has been strong to date, the bloated pipeline raises concerns about absorption and is likely to compress rent growth. Transactions are on track for the sixth straight year of \$2.5 billion or more, and prices are firm.

Rents in the Lifestyle segment have gotten over their two-year slump and managed to gain traction over the last three months. The Rent By Necessity segment is up as well, although it remains below the growth rates registered in previous years. We expect moderate overall rent growth of 3.0% in 2015.

Recent Washington DC Transactions

Avery Row



City: Arlington, VA
Buyer: Deutsche Asset Management
Purchase Price: \$29 MM
Price per Unit \$436,567

River Crossing



City: Riverdale, MD
Buyer: Geller Associates
Purchase Price: \$8 MM
Price per Unit: \$72,260

Leo at Waterfront Station



City: Washington, DC
Buyer: The Bernstein Companies
Purchase Price: \$91 MM
Price per Unit: \$171,698

Tilden Hall



City: Washington, DC
Buyer: Urban Investment Partners
Purchase Price: \$13 MM
Price per Unit: \$178,082