



MULTIFAMILY REPORT

# DC's Healthy Start

February 2025

**Investment Volume Expands**

**Construction Remains Strong**

**YoY Rent Growth Surpasses Nation**

# WASHINGTON, D.C. MULTIFAMILY



## Rents on Par With Nation, Supply Strong

Washington, D.C., ended 2024 on a positive note, with most fundamentals at relatively healthy levels compared to the rest of the nation. Average advertised asking rents were down 0.1%, on a trailing three-month basis through December, to \$2,215. The rate was 10 basis points above the national figure. Year-over-year, rents were up 2.8%, well ahead of the nation's 0.6%. The metro ranked sixth among the top 30 metros tracked by Yardi Matrix. Meanwhile, occupancy remained healthy, up 20 basis points year-over-year, to 95.4% as of November, also above the 94.7% U.S. figure.

Unemployment stood at 3.2% in November last year, 100 basis points below the national rate, according to preliminary data from the Bureau of Labor Statistics. Year-over-year job growth was 0.7% in the same month, having decelerated in the second half of the year. The metro added 36,800 jobs over the 12-month period ending in November, with professional and business services (11,600 jobs) and education and health services (11,300 jobs) leading gains.

Bucking nationwide trends, development remained strong across the metro, with 12,372 units completed last year. Developers had 31,168 units under construction as of December, 11,155 of which broke ground last year alone. Transaction volume grew \$700 million year-over-year, to nearly \$3 billion in 2024.

## Market Analysis | February 2025

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### Recent Washington, D.C. Transactions

#### Dulles Greene



City: Herndon, Va.  
Buyer: Bridge Investment Group  
Purchase Price: \$250 MM  
Price per Unit: \$310,164

#### The Residences at Springfield Station



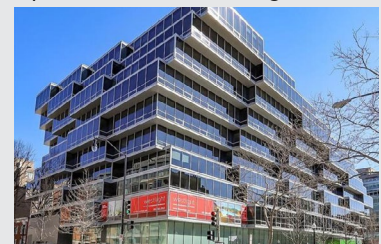
City: Springfield, Va.  
Buyer: Abacus Capital Group  
Purchase Price: \$207 MM  
Price per Unit: \$328,051

#### Avana Bellemeade



City: Leesburg, Va.  
Buyer: Greystar  
Purchase Price: \$84 MM  
Price per Unit: \$265,506

#### Apartments at Westlight

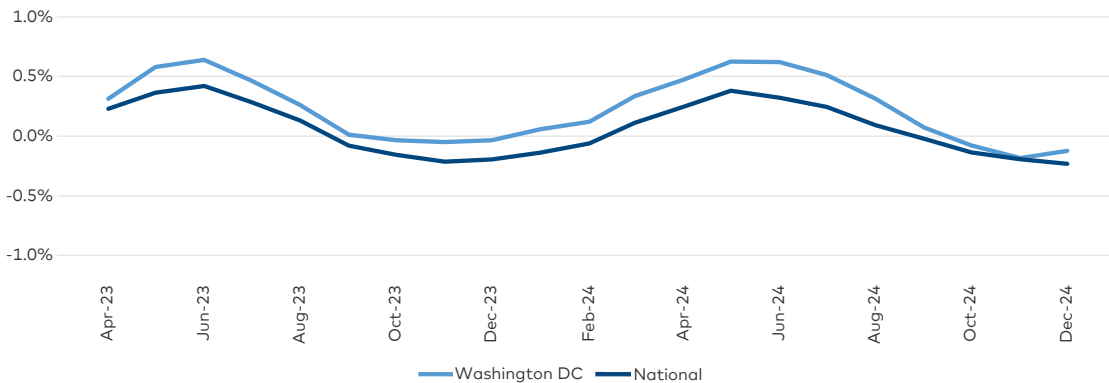


City: Washington, D.C.  
Buyer: Munich Re  
Purchase Price: \$79 MM  
Price per Unit: \$851,613

## RENT TRENDS

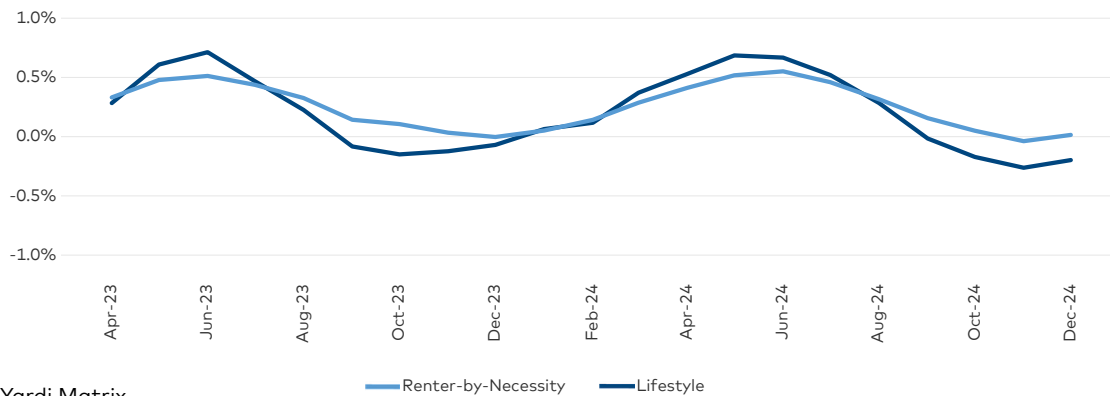
- ▶ Washington, D.C., advertised asking rents were down 0.1% on a trailing three-month (T3) basis through December—10 basis points above the national figure—to \$2,215. This was the third month in a row of slight seasonal contractions for the metro, in line with nationwide trends. Rents were up 2.8% year-over-year through December, significantly ahead of the U.S. average and sixth among the top 30 metros tracked by Yardi Matrix.
- ▶ Advertised asking rents for the upscale Lifestyle segment ticked down 0.2%, on a T3 basis through December, to \$2,250, for the third consecutive month of contractions. Meanwhile, the working-class Renter-by-Necessity figure remained flat at \$1,891, after a few months of deceleration.
- ▶ The overall average occupancy rate in stabilized assets in the metro ticked up 20 basis points year-over-year, to 95.4% as of November, 70 basis points higher than the 94.7% U.S. average. Occupancy in Lifestyle assets remained unchanged, at 95.8%, while the RBN figure rose 20 basis points, to 95.0%.
- ▶ Of the 88 submarkets tracked by Yardi Matrix across both Suburban Maryland and Northern Virginia, a few stood out with significant year-over-year advertised asking rent growth. Gains were led by Anacosta/Garfield Heights (up 8.7% to \$1,472), Bladensburg/Riverdale Park (up 7.8% to \$1,608), Manassas (up 7.6% to \$2,042), North Reston (up 7.7% to \$2,255) and Annandale/Lincolnia/Springfield (up 7.4% to \$2,258).

### Washington, D.C. vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### Washington, D.C. Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ Washington, D.C.'s, unemployment rate was 3.2% in November last year, 100 basis points lower than the national figure, according to preliminary data from the BLS. The metro's rate ticked up 40 basis points year-over-year, faring significantly better than other major cities.
- ▶ Metro D.C.'s rate of employment growth stood at 0.7% year-over-year through November, 60 basis points below the national figure. Growth slowed down in the second part of the year, as the figure slid 60 basis points since January, decelerating at a faster pace than the U.S.
- ▶ Washington, D.C., added 36,800 jobs over the 12-month period ending in November. Professional and business services, along with education and health services were the top-performing sectors, gaining 11,600 and 11,300 jobs, respectively. Three sectors lost jobs—leisure and hospitality (-6,600), financial activities (-1,500) and information (-1,200).
- ▶ A few megaprojects were underway in the metro in December. On the infrastructure side, Union Station—one of the largest train hubs in the country—is getting closer to its \$8.8 billion overhaul, as Amtrak and Union Station Redevelopment Corp. have begun the design and engineering phases for the project, which could take multiple years. Plans call for a new train hall and passenger concourse, encompassing 53 acres.

### Washington, D.C. Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
60	Professional and Business Services	820.9	23.8%
65	Education and Health Services	476.1	13.8%
80	Other Services	202.3	5.9%
15	Mining, Logging and Construction	169.5	4.9%
90	Government	755.7	21.9%
40	Trade, Transportation and Utilities	420	12.2%
30	Manufacturing	60.5	1.8%
50	Information	78.4	2.3%
55	Financial Activities	151.6	4.4%
70	Leisure and Hospitality	314.5	9.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Metro D.C.'s population has been steadily increasing, gaining 14,014 residents from 2021 to 2022. This was a 0.2% increase year-over-year and 20 basis points behind the 0.4% national figure.

### Washington, D.C. vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Metro D.C.	6,196,585	6,250,309	6,332,069	6,346,083

Source: U.S. Census

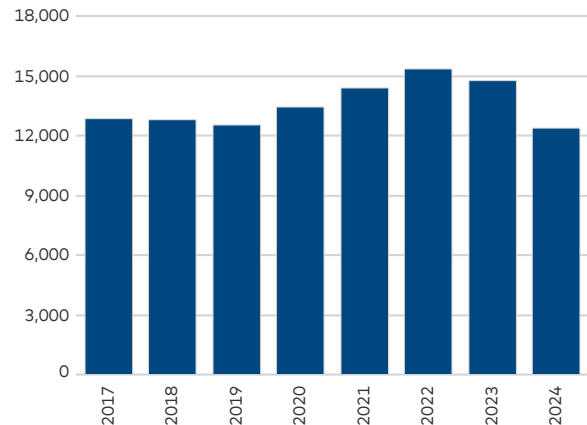
## SUPPLY

- ▶ Developers completed 12,372 units across the metro in 2024, which was 2.1% of existing stock and 90 basis points below the national figure. In the eight-year period ending in 2024, annual completions averaged 13,576 units. Suburban Maryland was the most active last year, with 8,630 units delivered, while Northern Virginia added 3,742 units. Slightly more than 90% of all units completed were in Lifestyle properties.
- ▶ Metro D.C. had 31,168 units under construction at the end of last year, along with an additional 215,000 units in the planning and permitting stages. More than 80% of all units underway were in Lifestyle assets, while just under 18% were in fully affordable projects, with the remaining being RBN.
- ▶ New construction remained steady across the metro, as developers broke ground on 11,155 units across 44 projects last year. This was on par with the 12,301 units and 47 properties that started construction in 2023.
- ▶ Suburban Maryland remained on top with 17,852 units under construction at the end of last year, while Northern Virginia had 13,316 units. The submarkets with the most units underway were Barry Farms/Saint Elizabeths (1,877 units), Crystal City (1,771), Dale City/

Lorton/Woodbridge (1,731), Brentwood/Trinidad/Woodbridge (1,647) and Downtown Bethesda (1,407).

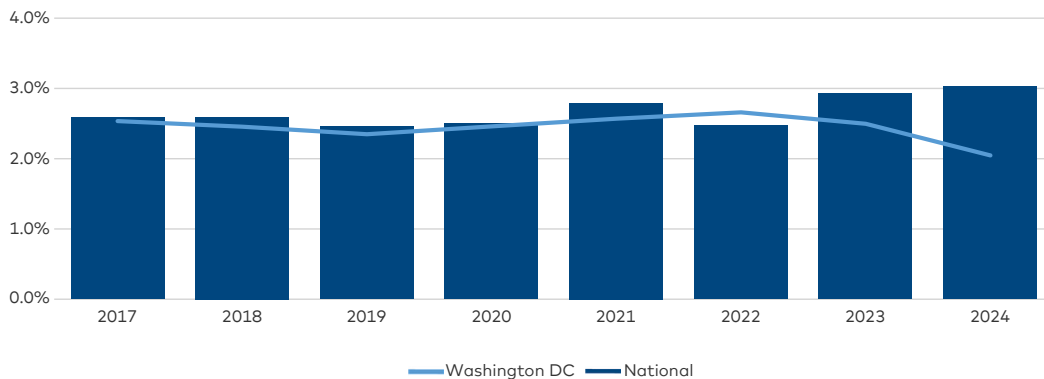
- ▶ Carmel Partners is working on the largest project in the metro. The 868-unit asset at 2600 Woodley Road NW is a redevelopment of a former Marriott hotel. Wells Fargo Bank provided a \$360 million loan for the development, which is expected to be completed in 2026.

**Washington, D.C. Completions**  
(as of December 2024)



Source: Yardi Matrix

**Washington, D.C. vs. National Completions as a Percentage of Total Stock** (as of December 2024)

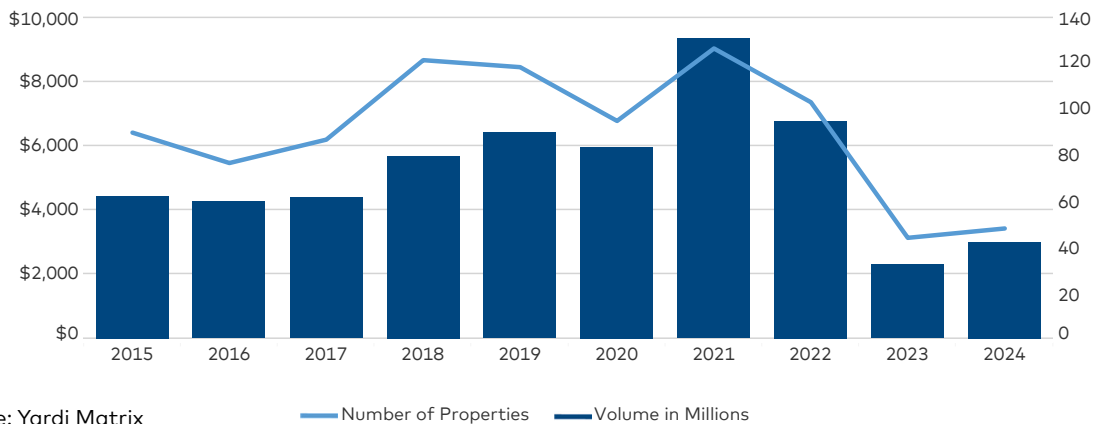


Source: Yardi Matrix

## TRANSACTIONS

- ▶ Investors traded nearly \$3 billion in multifamily assets, which was \$700 million more than 2023's volume. Despite a significant year-over-year improvement, the volume was below the \$5.5 billion annual average recorded since 2015 due to the high cost of capital. The average price per unit fell 2.9%, to \$263,900, year-over-year.
- ▶ Forty-nine single-asset transactions closed last year, totaling \$3 billion. The Lifestyle segment led with 25 properties, which traded for \$1.9 billion, followed by RBN assets with 24 deals totaling \$1.1 billion.
- ▶ Both quality segments recorded a slight downturn in per-unit prices year-over-year, with Lifestyle at \$322,934 and RBN at \$199,588 in 2024.
- ▶ The largest transaction closed in October in Herndon, Va. Bridge Investment Group paid \$250 million for the 806-unit Dulles Greene, or roughly \$310,164 per unit. Harbor Group International sold the asset, which is encumbered by a \$128 million CMBS loan.

### Washington, D.C. Sales Volume and Number of Properties Sold (as of December 2024)



Source: Yardi Matrix

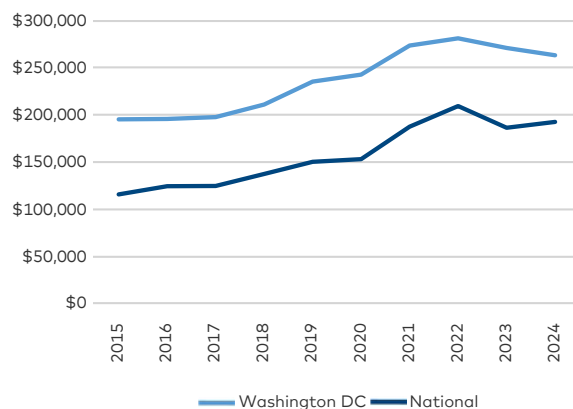
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Pentagon City/Penrose	266
Herndon/Reston	250
Van Dorn	225
Gainesville/Leesburg	209
Annandale/Lincolnia/Springfield	207
Downtown Bethesda	193
Dale City/Lorton/Woodbridge	168

Source: Yardi Matrix

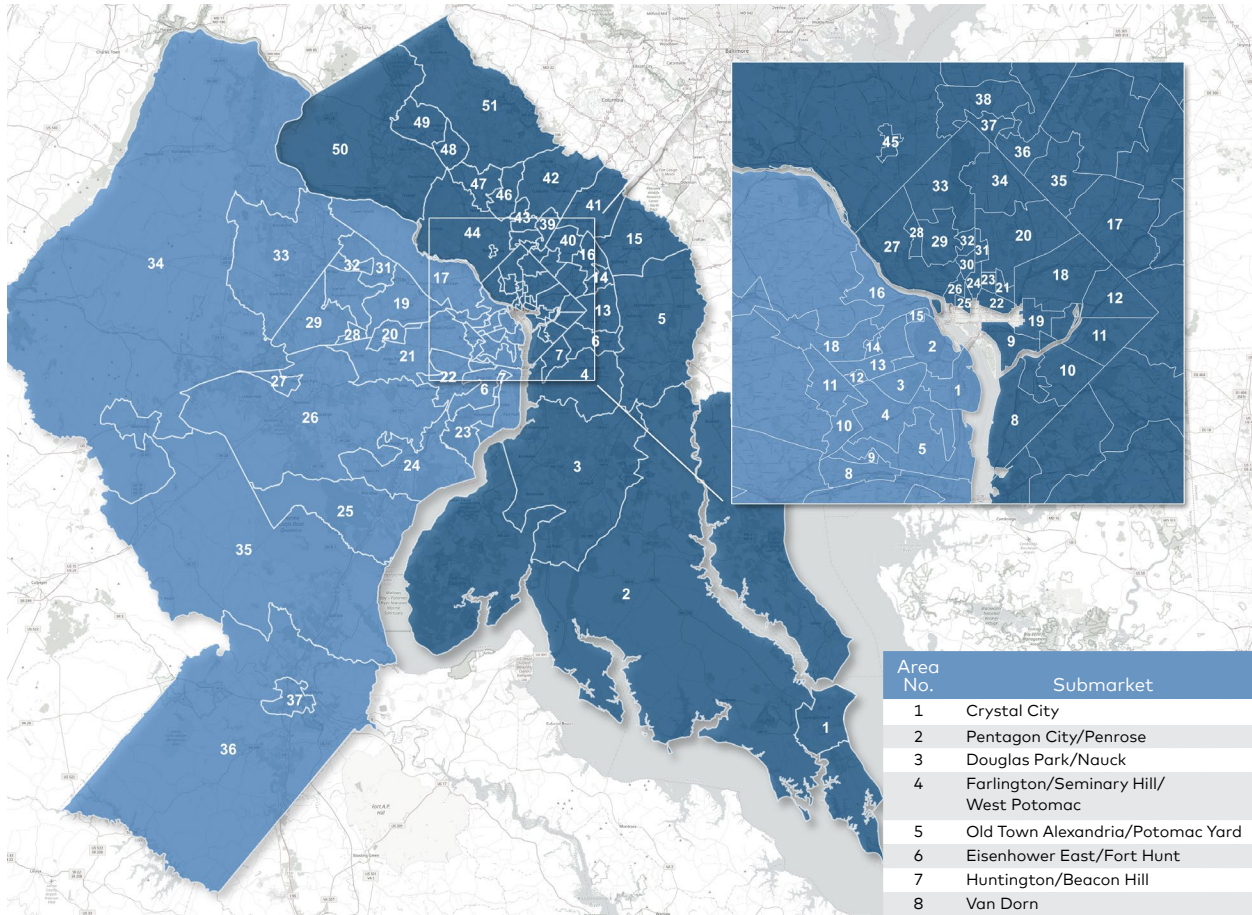
<sup>1</sup> From January 2024 to December 2024

### Washington, D.C. vs. National Sales Price per Unit



Source: Yardi Matrix

# WASHINGTON, D.C. SUBMARKETS



Area No.	Submarket
1	Crystal City
2	Pentagon City/Penrose
3	Douglas Park/Nauck
4	Farlington/Seminary Hill/ West Potomac
5	Old Town Alexandria/Potomac Yard
6	Eisenhower East/Fort Hunt
7	Huntington/Beacon Hill
8	Van Dorn
9	Landmark/Foxchase
10	Alexandria West
11	Bailey's Crossing
12	Columbia Heights West
13	Arlington Heights/Clarendon
14	Ashton Heights/Buckingham
15	Fort Myers Heights/Radnor
16	Colonial Village/ North Highlands/Roslyn
17	Lee Highway/McLean
18	Ballston/East Falls Church
19	Merrifield/Tyson's Corner/Vienna
20	Fairfax
21	Burke/Falls Church/Jefferson
22	Annandale/Franconia/Springfield
23	Mount Vernon
24	Dale City/Lorton/Woodbridge
25	Dumfries/Triangle
26	Prince George/Manassas
27	Manassas
28	Fair Oaks
29	Bull Run/Centreville/Chantilly
30	South Herndon
31	North Reston
32	Herrdon/Reston
33	Ashburn/Dulles/Sterling
34	Gainesville/Leesburg
35	Stafford/Warrenton
36	Falmouth/Spotsylvania
37	Fredericksburg

Area No.	Submarket
1	Lexington Park
2	California/Leondartown/ Prince Frederick
3	St. Charles/Waldorf
4	Camp Springs/Fort Washington
5	Bowie/Lake Arbor/Largo
6	Forestville/Suitland
7	Hillcrest Heights/Marlow Heights
8	Congress Heights/Congress Park
9	Barry Farms/St. Elizabeths
10	Anacostia/Garfield Heights
11	Fort Dupont Park/Marshall Heights
12	Deanwood
13	Seat Pleasant/Walker Mill
14	Cheverly/Glenarden/Landover Hills
15	Goddard/Glenn Dale
16	West Greenbelt/East Riverdale
17	Bladensburg/Riverdale Park
18	Brentwood/Trinidad/Woodridge
19	Capitol Hill
20	Brookland/South Petworth
21	North Capitol
22	Penn Quarter
23	Logan Circle/West Mount Vernon
24	South 16th Street/Scott Circle Corridor
25	East Foggy Bottom
26	West Foggy Bottom

Area No.	Submarket
27	Georgetown/Wesley Heights/ South Glover Park
28	West Cleveland Park/Wisconsin Avenue
29	East Cleveland Park/Woodley Park
30	Adams Morgan/North Dupont Circle
31	Columbia Heights
32	Mount Pleasant
33	North Connecticut Ave. Corridor
34	Brightwood/16th Street Heights
35	Chillum/Queens Chapel
36	Takoma Park
37	Downtown Silver Spring
38	West Silver Spring
39	East Silver Oak/White Oak
40	College Park
41	Beltsville/Laurel/South Laurel
42	Fairland
43	Wheaton
44	Chevy Chase/Potomac
45	Downtown Bethesda
46	Aspen Hill/Rossmoor
47	East Rockville
48	East Gaithersburg/Redland
49	Germantown/Montgomery Village
50	West Gaithersburg
51	Olney

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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