

# DC Stays On Track

July 2025

**Asking Rent Gains Above US Average**

**Pipeline Slows, but Still Significant**

**Deal Volume Decelerates**

# WASHINGTON, D.C., MULTIFAMILY



## Steady Rent Gains, Pipeline Slowdown

As we approach the third quarter, the metro D.C. multifamily market is poised to rely on its strong fundamentals. Average advertised asking rents were up 0.4%, on a trailing three-month basis through May, to \$2,245, 10 basis points above the national figure. Year-over-year, the metro's average clocked in at 2.2%, more than double the 1% national figure. The occupancy rate contracted 20 basis points over the 12 months ending in March, settling at 95.1% as of April. However, it remained above the 94.4% U.S. average.

Metro D.C. added 2,200 net jobs in the 12 months ending in March. The government sector (1,600 jobs) led gains. As of April, D.C.'s unemployment rate was 4.3%, which was just below the national average, according to preliminary Bureau of Labor Statistics data. Several large-scale developments are moving forward in the area. As of May, the Purple Line rail project reached 78% completion, with all stations under construction. With more than 6,500 future apartments, D.C. ranks second only to New York City when it comes to office-to-residential conversions. In one such project, Post Brothers is converting 1.1 million square feet of office into 525 units.

Year-to-date through May, developers added 5,759 units to metro D.C.'s stock. Development remained significant, with 24,733 units under construction and an additional 230,000 units in the planning and permitting stages. Investment deals slowed to a total of \$800 million in 2025 as of May, down some 40% from last year.

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## Market Analysis | July 2025

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### Recent Washington, D.C., Transactions

#### Fenwick



City: Silver Spring, Md.  
Buyers: 29th Street Capital,  
Wilton Investment Group  
Purchase Price: \$95 MM  
Price per Unit: \$306,774

#### Central

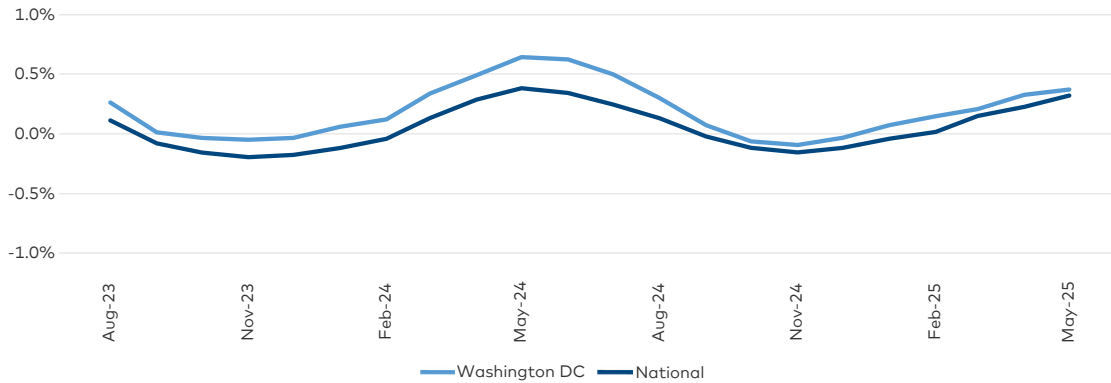


City: Silver Spring, Md.  
Buyer: Galium Capital  
Purchase Price: \$71 MM  
Price per Unit: \$293,621

## RENT TRENDS

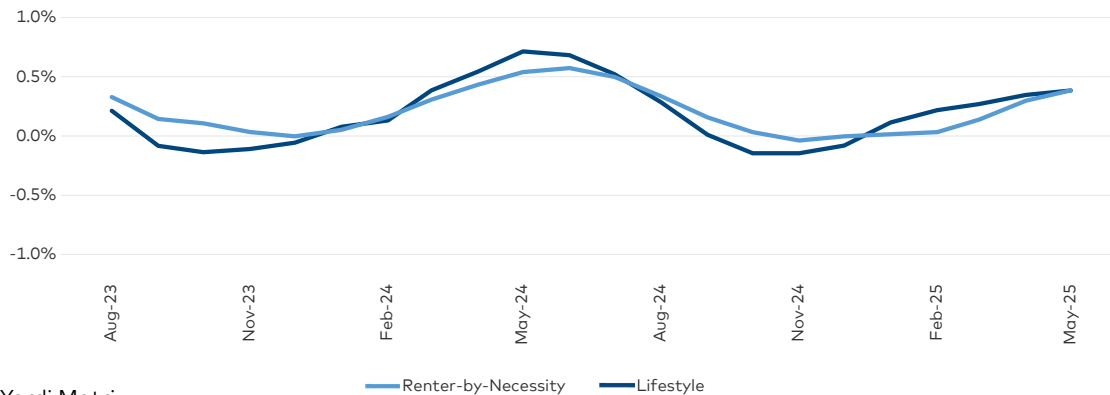
- ▶ Metro D.C.'s average advertised asking rents were up 0.4% on a trailing three-month (T3) basis through May, 10 basis points above the national rate. Year-over-year, the metro's average climbed 2.2%, to \$2,245, while the national figure was up 1.0%, to \$1,761.
- ▶ Average advertised asking rents for the working-class Renter-by-Necessity segment recorded a 0.4% increase on a T3 basis, to \$1,901. The upscale Lifestyle segment also mirrored the metro, with advertised asking rents up 0.4%, to \$2,600. Year-over-year, the RBN average expanded 2.2%, with the Lifestyle figure climbing 2.3%.
- ▶ Metro D.C.'s average occupancy rate in stabilized assets fell 20 basis points year-over-year, to 95.1% as of April. That was still above the 94.4% U.S. average. Both RBN and Lifestyle occupancy dropped 20 basis points over 12 months in metro D.C., to 94.7% and 95.4%, respectively.
- ▶ As of May, all but 11 submarkets had posted year-over-year rent growth. The Huntington/Beacon Hill submarket led gains, with advertised asking rents up 6.8%, to \$2,184. Adams Morgan/North Dupont Circle (6.5% to \$2,617), Pentagon City/Penrose (5.9% to \$2,766) and Brightwood/16th Street Heights (5.4% to \$2,151) followed. Penn Quarter was the most expensive submarket, with advertised asking rents rising 4.0%, to \$3,068. Overall, Northern Virginia outperformed Washington D.C.–Suburban Maryland, claiming 14 out of the 20 leading submarkets for rent growth. Meanwhile, in D.C. itself, nine submarkets saw asking rents contract year-over-year.

### 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 4.3% as of April, marking a 20-basis-point improvement month-over-month, according to preliminary BLS data. The figure was 10 basis points above the national figure.
- ▶ Metro D.C. added 2,200 net positions in the 12 months ending in March. The government sector led gains, with 1,600 jobs added, while six sectors combined lost just as many positions.
- ▶ Metro D.C. has a handful of projects targeting improvements and urban revitalization. As of May, the Purple Line rail project connecting New Carrollton, Md., with Bethesda, Md., was 78% complete. Recent milestones include active construction at all 21 stations along the 16-mile line.

The light-rail vehicles have already entered the testing phase and half of the tracks are in place.

- ▶ As the federal government accelerates efforts to trim real estate holdings, The National Capital Planning Commission sees potential in some becoming new Smithsonian museums. Meanwhile, with more than 6,500 units underway, metro D.C. is second only to New York City when it comes to office-to-residential conversions. Henderson Park and Lowe have secured a \$180 million loan to convert the 536,000-square-foot Portals I into a 428-unit building. Elsewhere, Post Brothers is turning 1.1 million square feet of office into 525 residential units.

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

Code	Employment Sector	Current Employment	
		(000)	% Share
90	Government	39.8	20.1%
40	Trade, Transportation and Utilities	60.9	30.8%
65	Education and Health Services	27.9	14.1%
15	Mining, Logging and Construction	7.6	3.8%
60	Professional and Business Services	16.8	8.5%
80	Other Services	4.9	2.5%
50	Information	1.6	0.8%
55	Financial Activities	4.2	2.1%
30	Manufacturing	19.4	9.8%
70	Leisure and Hospitality	14.5	7.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Metro D.C. gained 14,014 residents between 2021 and 2022. This marked a 0.2% increase and was below the national growth rate of 0.4%. Based on U.S. Census Bureau estimates for 2024, D.C.'s population grew by 2.2%, more than double the national average.

### 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

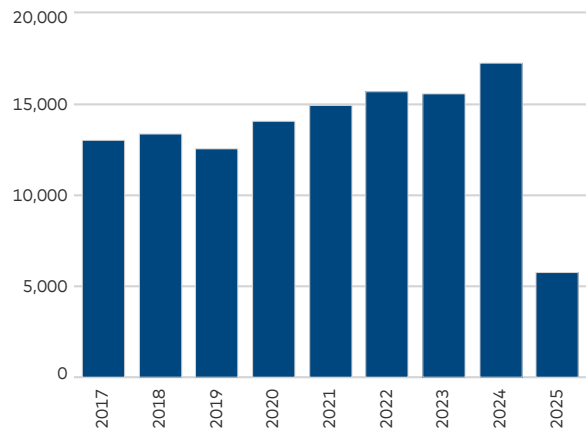
## SUPPLY

- ▶ During the first five months of the year, developers completed 5,759 units, or 0.9% of existing stock, across Metro D.C. This was just 10 basis points below the national rate. Approximately 88% of deliveries were Lifestyle assets.
- ▶ Washington, D.C., had 24,733 units under construction as of May. The pipeline also included 230,000 units in the planning and permitting stages. Nearly four out of every five units underway are in Lifestyle assets. An additional 20% of the pipeline is in fully affordable projects, with just 1% in RBN developments.
- ▶ In the first five months of 2025, developers broke ground on 1,621 units across the metro. This marked a sharp drop from the previous year, when starts amounted to 5,300 apartments during the same period. Yardi Matrix expects metro D.C. to gain a total of 13,950 units in 2025. This would mark the lowest level since 2019 and fall below the metro's 15,500-unit five-year average.
- ▶ Of the 88 submarkets tracked by Yardi Matrix, 53 had at least one multifamily project of more than 50 units underway. The Barry Farms/Saint Elizabeths submarket led construction activity, with 3,177 units under construction. Other active submarkets included Bowie/Lake Arbor/

Largo (1,039 units), Winchester (985 units), Downtown Bethesda (964 units) and Dale City/Lorton/Woodbridge (903 units).

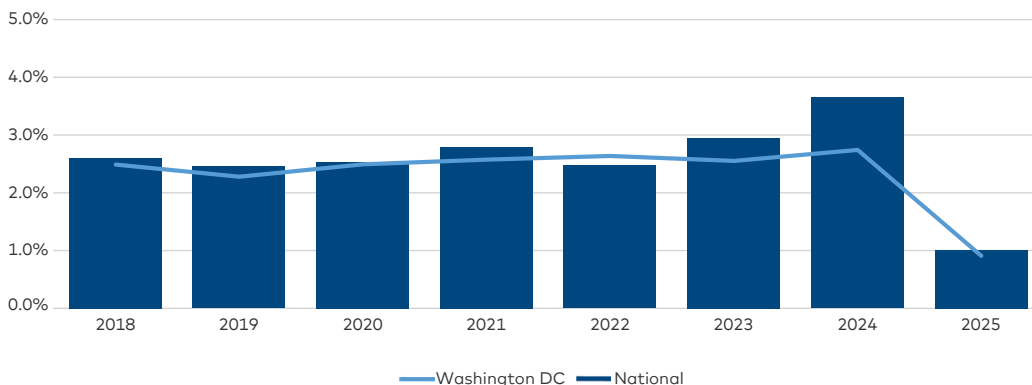
- ▶ The 757-unit Bridge District is the largest project underway in Barry Farms/Saint Elizabeths. Developed by Redbrick, it's expected to be completed in the second half of 2025. Redbrick funded the partially affordable project with help from a \$142.5 million construction loan from Citizens Financial Group.

### Washington, D.C., Completions (as of May 2025)



Source: Yardi Matrix

### Washington, D.C. vs. National Completions as a Percentage of Total Stock (as of May 2025)

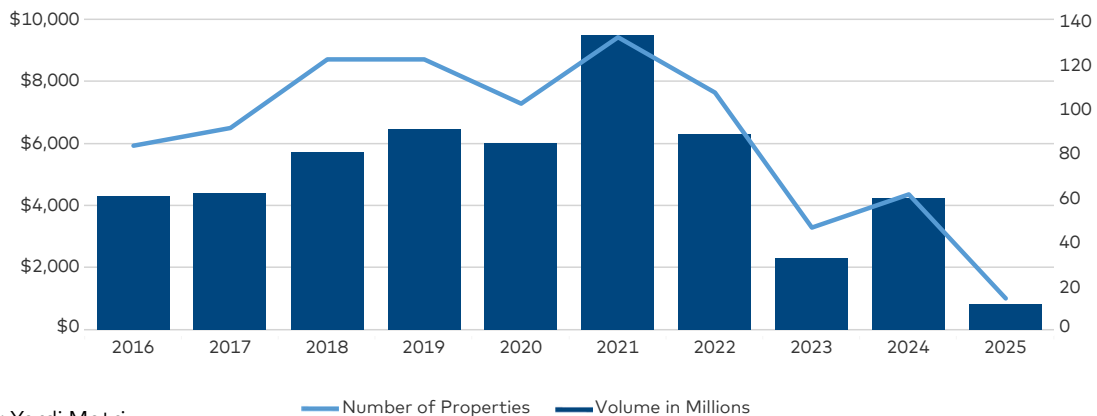


Source: Yardi Matrix

## TRANSACTIONS

- ▶ In the first five months of the year, investors closed \$800 million in D.C.-area multifamily sales. This marked a 40% drop from the same period in 2024, when sales totaled almost \$1.4 billion. Last year's overall total of more than \$4.2 billion was an increase but still below the \$5.4 billion average of the last 10 years.
- ▶ The average per-unit price for the decade ending in 2024 clocked in at \$234,965. In 2025 as of May, the metro's average settled at \$266,070, slightly down compared to 2024 but above the \$213,979 U.S. average. RBN properties traded for an average of \$112,086 per unit, while Lifestyle assets brought in \$386,536 per unit.
- ▶ Notable recent deals include Peterson Cos.' \$194 million acquisition of 8001 Woodmont in Bethesda, Md. JBG Smith sold the LEED Gold-certified asset for \$602,484 per unit. The 18-story tower was completed in 2022; it includes 21,600 square feet of retail and is partially affordable, with 15% of units rent-restricted.

### Washington, D.C., Sales Volume and Number of Properties Sold (as of May 2025)



Source: Yardi Matrix

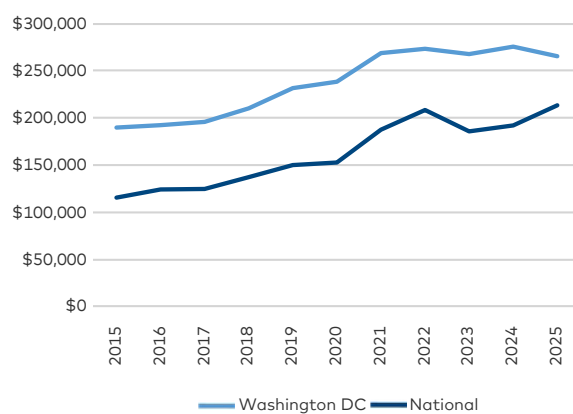
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Lee Highway/McLean	466
Downtown Bethesda	309
Herndon/Reston	250
Alexandria West	237
Gainesville/Leesburg	209
Annandale/Franconia/Springfield	207
Colonial Village/North Highlands/Rosslyn	158

Source: Yardi Matrix

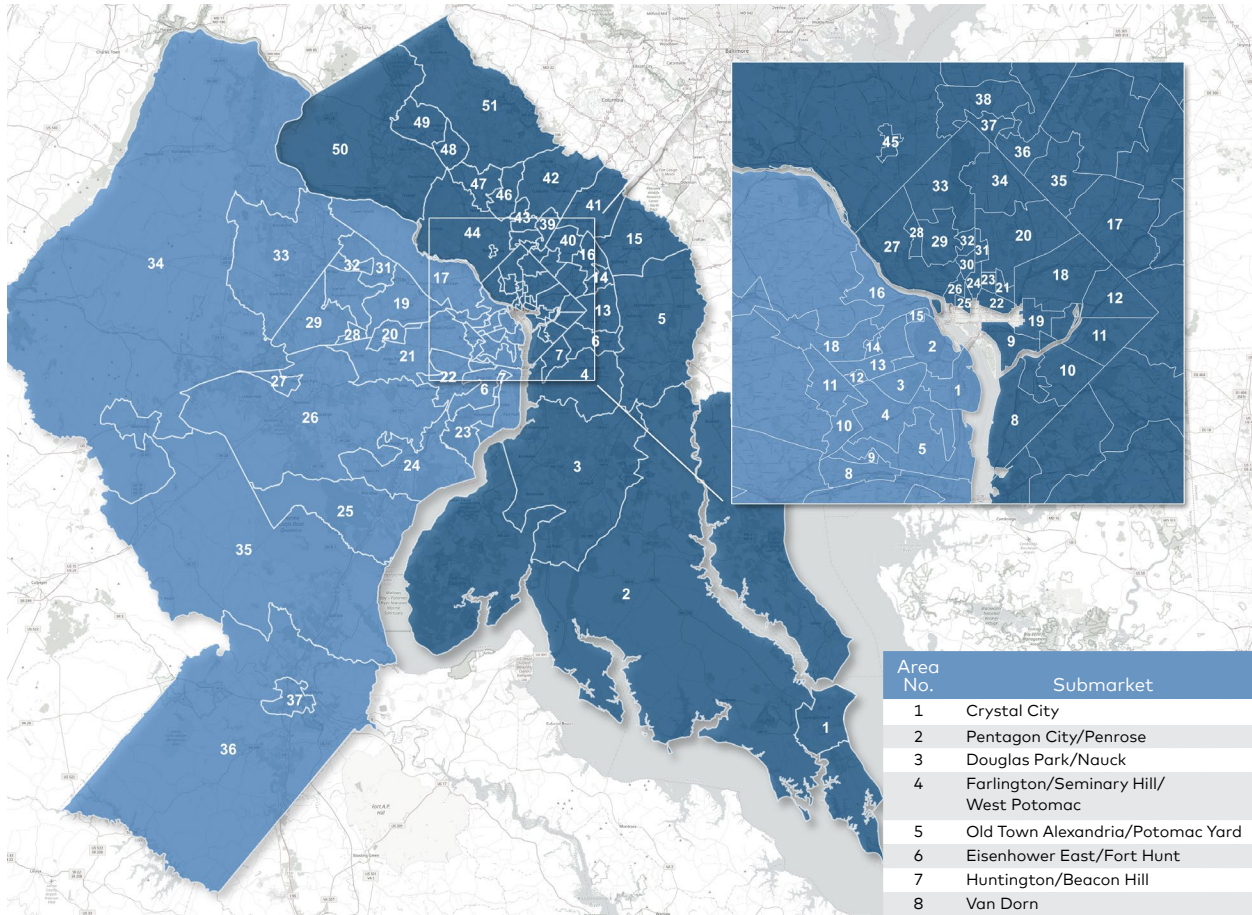
<sup>1</sup> From June 2024 to May 2025

### 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	Herndon/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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