

Yardi® Matrix

DC Finds Its Footing

Multifamily Report Summer 2019

Rent Growth Rebounds

Upscale Demand Takes Center Stage

Transactions, Development Remain Strong

WASHINGTON, D.C. MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Development Steady, Absorption Endures

Although the metro had the second-largest multifamily pipeline in the country after Dallas as of June, D.C. fundamentals are improving. After lagging the U.S. average throughout the cycle, rent growth in the metro steadily rebounded, reaching 3.5% year-over-year through June. Meanwhile, occupancy in stabilized assets was flat over 12 months, at 95.4% as of May.

Employment growth decelerated in the context of a tight labor market. Nonetheless, metro D.C. gained 25,000 positions in the 12 months ending in May, mainly boosted by tourism and strong appreciation in office-using industries. Large infrastructure projects and multibillion-dollar mixed-use developments are advancing, infusing further capital into the economy. Amazon's National Landing campus, slowly taking shape, is expected to generate 25,000 direct jobs over the next decade. Meanwhile, PN Hoffman and Madison Marquette kicked off Phase 2 of The Wharf, a \$2.5 billion mixed-use project along the Potomac River.

D.C. remains a main target for institutional investors, as roughly \$2.4 billion in assets traded in the first half of the year. With 32,147 units underway as of June, development remains elevated. Nevertheless, positive demographic trends and gains in high-paying sectors are slated to keep demand healthy. We expect the average metro D.C. rent to advance 2.6% in 2019.

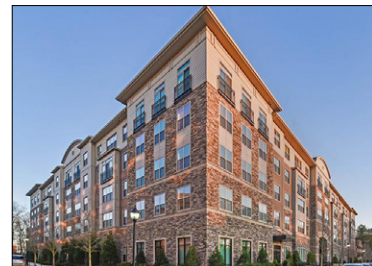
Recent Washington, D.C. Transactions

Aura Pentagon City



City: Arlington, Va.
Buyer: Polinger Co.
Purchase Price: \$228 MM
Price per Unit: \$426,966

Hanover Shady Grove



City: Rockville, Md.
Buyer: Equity Residential
Purchase Price: \$104 MM
Price per Unit: \$282,787

Bell Arlington Ridge



City: Arlington, Va.
Buyer: Bell Partners
Purchase Price: \$75 MM
Price per Unit: \$344,378

Wynfield Park



City: College Park, Md.
Buyer: Sage Ventures
Purchase Price: \$62 MM
Price per Unit: \$205,667