

YARDI[®] Matrix

Washington, DC's Widespread Growth

Multifamily Spring Report 2016

Housing Demand Drives Up Rents

New Supply Favors High End

Transaction Volume Reaches New Heights

WASHINGTON, DC, MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2016

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Market Diversification Drives Growth

Fueled by a healthy employment landscape and an increasing population, Washington, D.C. offers its multifamily sector plenty of positive attributes. The metro's strong university system produces a large number of educated young adults, and the growing number of restaurants and entertainment options is helping to keep them local. The federal government forms the core of the metro's employment, but in the wake of cuts forced by the last recession, the area is slowly pivoting to a more diverse workforce, with job gains in professional services, education and healthcare, and trade and transportation.

As a primary market and the nation's capital, Washington, D.C., continues to attract international investors. Last year's transaction activity of \$3.5 billion was a record volume in the current cycle. Strong population growth and healthy job gains point toward filling the 15,000 units completed last year, especially since the metro's occupancy rate is a strong 96.2%. However, development might become an issue in the long run, as 160,000 units are in some stage of construction, and absorption of the bloated pipeline is likely to decline in the coming years.

The metro saw rent growth of 2.3% year-over-year as of April, while rents increased 0.8% per month on a trailing three-month basis. We expect that fundamentals will remain strong but supply will keep rent growth to a tepid 1.2% in 2016.

Recent Washington, DC, Transactions

The Gale



City: Washington, D.C.
Buyer: JBG Cos.
Purchase Price: \$213 MM
Price per Unit: \$353,234

The Wellington



City: Arlington
Buyer: Washington REIT
Purchase Price: \$167 MM
Price per Unit: \$234,880

The Crossings at Washingtonian Center



City: Gaithersburg, Md.
Buyer: Grosvenor
Purchase Price: \$146 MM
Price per Unit: \$225,309

Landmark College Park



City: College Park, Md.
Buyer: Principal Global Investors
Purchase Price: \$142 MM
Price per Unit: \$531,835