



MULTIFAMILY REPORT

DC Braves The Storm

Summer 2020



Investment Volume Drops

Rents Contract Across the Metro

Employment Takes Smaller Hit

WASHINGTON, D.C., MULTIFAMILY



Demand Softens, Development Hums Along

Anchored by the presence of the federal government and related industries, multifamily fundamentals in Washington, D.C., remained relatively healthy—at least when compared to other large coastal gateways. Even so, the pandemic-induced economic crisis has taken a toll on rent expansion. As of August, rents were down 0.3% to \$1,819 on a trailing three-month basis, but remained above the \$1,463 national average. Meanwhile, the metro's occupancy in stabilized assets dropped to 94.8% as of July, down 80 basis points in 12 months, but still 30 basis points above the U.S. figure.

The metro's employment pool shrank by more than 270,000 positions in the 12 months ending in June, equal to an 8.0% decrease. In D.C. alone, more than 73,500 people filed for unemployment benefits, with the number of new claims declining in August and early September as some businesses resumed activities.

More than 4,500 units came online across metro D.C. in the first eight months of the year, with an additional 39,731 apartments underway as of August. We expect a total of 9,136 units to be completed in 2020, taking into consideration the fact that many projects are facing significant delays due to the health crisis. Considering current volatility and softening demand brought by the unfolding downturn, we expect the average rent to drop 2.4% in 2020.

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Recent Washington, D.C., Transactions

Potomac Vista



City: Woodbridge, Va.
Buyer: Jair Lynch Real Estate
Partners
Purchase Price: \$82 MM
Price per Unit: \$199,755

The Point at Palisades



City: Manassas Park, Va.
Buyer: Pantzer Properties
Purchase Price: \$71 MM
Price per Unit: \$233,553

The Shawmut



City: Washington, D.C.
Buyer: Capital Security Advisors
Purchase Price: \$49 MM
Price per Unit: \$680,556

1840



City: Silver Spring, Md.
Buyer: Quest Management Group
Purchase Price: \$23 MM
Price per Unit: \$144,778