

Yardi® Matrix

# Washington's Solid Footing

Multifamily Report Spring 2018



**Suburbs Lead Rent Growth**

**Employment, Population Gains Outpace Nation**

**Property Values Climb to Post-Recession High**



# WASHINGTON, D.C. MULTIFAMILY

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## Market Analysis

Spring 2018

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## Supply Surge Tempers Rent Growth

The metro's renowned universities and steady influx of high-wage jobs continue to lure residents to Washington, D.C., supporting household formation and—in the context of a high barrier to homeownership—pushing up multifamily demand. The market's strong fundamentals have generated a supply surge, which began in 2014 and continued through 2017. Consequently, rents have remained relatively flat in recent months, while occupancy in stabilized properties declined to 94.8% as of February.

Employment growth was highest in education and health services, which added 17,100 jobs. This expansion will likely continue, with the opening of large new developments, including the Inova Center for Personalized Health, which is slated to rise at the former ExxonMobil headquarters campus in Merrifield, Va. Professional and business services gained 12,700 positions, followed by leisure and hospitality, which expanded by 7,700 jobs.

Facing rising capital costs, many buyers targeted suburban assets with lower entry expenses and higher first-year returns, while institutional investors remained focused on Class A properties in urban locations. Strong development activity is set to continue this year, with more than 11,200 units scheduled for delivery in 2018. Yardi Matrix expects demand to keep up, supporting rent growth of 1.3% in 2018.

## Recent Washington, D.C. Transactions

### North Bethesda Market



City: North Bethesda, Md.  
Buyer: CBRE Global Investors  
Purchase Price: \$195 MM  
Price per Unit: \$473,236

### Terrapin Row



City: College Park, Md.  
Buyer: Heitman  
Purchase Price: \$186 MM  
Price per Unit: \$446,077

### Bent Tree



City: Centreville, Va.  
Buyer: Aimco  
Purchase Price: \$160 MM  
Price per Unit: \$213,904

### The Citizen at Shirlington Village



City: Arlington, Va.  
Buyer: Waterton  
Purchase Price: \$144 MM  
Price per Unit: \$355,555