Yardi® Matrix

DC Retains Its Appeal

July 2024

Construction Pipeline Robust

Occupancy Above US Average

Investments Double YoY

Yardi® Matrix

IM Yardi Matrix

Solid Fundamentals Drive Washington DC

Washington, D.C.'s multifamily market saw healthy fundamentals in the middle of the second quarter. Advertised asking rents were up 0.6% on a trailing three-month basis through May, to $2,179, 30 basis points ahead of the national rate. The working-class Renter-by-Necessity segment was also up 0.6%, while the upscale segment rose 0.7%. The occupancy rate in stabilized properties across the metro settled at 95.0%, 50 basis points above the national average.

The metro added 24,200 jobs in the 12 months ending in March, representing a 1.1% expansion of the labor pool. As of March, D.C.'s unemployment rate was 2.8%, well below the national average, according to Bureau of Labor Statistics data. A recent report commissioned by The Office of the Deputy Mayor for Planning and Economic Development looked at the benefit of a new stadium built for the Washington Commanders football team. The proposed 65,000-seat stadium would generate $1.3 billion in annual economic revenue and thousands of jobs.

Developers completed 4,157 units year-to-date through May. The pipeline comprised 31,189 units under construction and an additional 215,000 units in the planning and permitting stages. Investment volume improved from last year, to a total of $938 million through May. This was more than double the $422 million recorded in the same period in 2023, with D.C. bucking nationwide trends.

Market Analysis | July 2024

Contacts

Jeff Adler
Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.
Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Agota Felhazi
Senior Associate Editor

Recent Washington, D.C. Transactions

Mason at Van Dorn

City: Alexandria, Va.
Buyers: Shoreham Capital, Bridge Investment Group
Purchase Price: $225 MM
Price per Unit: $190,678

Flats 8300

City: Bethesda, Md.
Buyer: AIR Communities
Purchase Price: $130 MM
Price per Unit: $361,624

Rock Creek Terrace

City: Rockville, Md.
Buyers: Hudson Valley Property Group, AHI
Purchase Price: $109 MM
Price per Unit: $206,464

The Point at Falls Church


City: Arlington, Va.
Buyer: Pantzer Properties
Purchase Price: $100 MM
Price per Unit: $467,290

RENT TRENDS

➤ Metro D.C. advertised asking rents were up 0.6% on a trailing three-month (T3) basis through May, double the national 0.3% rate. Year-over-year, advertised asking rents were up 3.0%, to an average of $2,179. Meanwhile, the U.S. figure was up 0.6%, to $1,733.

➤ Advertised asking rents for the working-class Renter-by-Necessity segment were up 0.6% on a T3 basis through May, to an average of $1,874. The upscale Lifestyle segment performed slightly better, up 0.7%, to an average of $2,527. On a year-over-year basis, the RBN figure increased 3.4%, while the Lifestyle rate was up 2.7%.

➤ The metro's average occupancy rate for stabilized assets was down 20 basis points year-over-year, to 95.0% in April, above the 94.5% national average. Occupancy in the Lifestyle segment remained unchanged, at 95.4%, while the RBN rate dropped 60 basis points, to 94.5%.

➤ All but nine submarkets had year-over-year gains in advertised asking rents as of May. The West Cleveland Park/Wisconsin Avenue submarket led gains, with advertised asking rates up 17.9%, to $2,560. Fredericksburg (up 11.5%, to $1,859) and Fort Dupont Park/Marshall Heights (10.7%, to $1,490) rounded out the top three.

➤ Advertised asking rents for the single-family rental sector dropped 1.1% year-over-year through May. However, occupancy climbed 4.3% year-over-year through April.

Washington, D.C. vs. National Rent Growth (Trailing 3 Months)
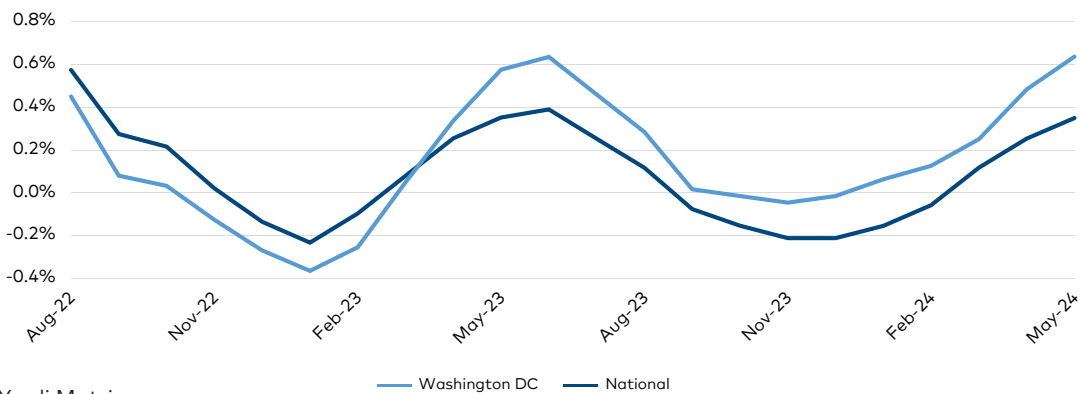
Source: Yardi Matrix

Washington, D.C. Rent Growth by Asset Class (Trailing 3 Months)
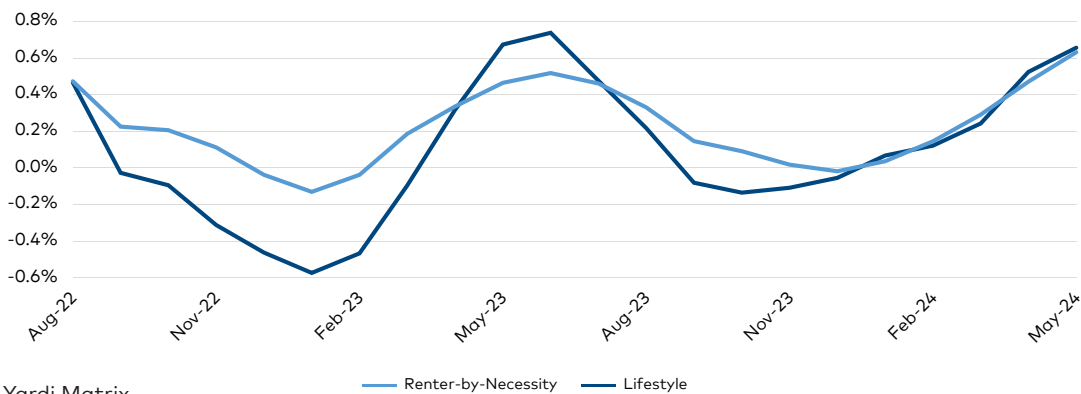
Source: Yardi Matrix

➤ Washington, D.C.'s, unemployment rate stood at 2.8% as of March, marking a 30-basis-point decline from February, according to BLS data. The metro's rate was also 70 basis points below the national figure.

➤ Metro D.C. added 24,200 net jobs in the 12 months ending in March. This accounted for a 1.1% rate of growth, trailing the national average by 30 basis points. The government sector led gains with 20,600 jobs, or a 22.3% expansion, followed by education and health services, which recorded 12,200 positions, or a 13.8% expansion.

➤ A report commissioned by The Office of the Deputy Mayor for Planning and Economic De-velopment looked at the economic benefits generated by Washington, D.C.'s, professional sports teams. In 2022, major sports contributed $5 billion to the district's economy, and the following year, it generated an influx of 7.4 million spectators. The report also examined the potential construction of a 65,000-seat stadium for the Washington Commanders football team. The 3.1 million-square-foot development would be located on the site of the old RFK Stadium. This new location would bring in nearly $1.3 billion annually, along with 2,095 jobs, among other economic boons such as 15,600 construction jobs and new tax revenues.

Washington, D.C. Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
90	Government	753	22.3%
65	Education and Health Services	465	13.8%
80	Other Services	194	5.7%
40	Trade, Transportation and Utilities	401	11.9%
30	Manufacturing	58	1.7%
70	Leisure and Hospitality	311	9.2%
50	Information	80	2.4%
15	Mining, Logging and Construction	160	4.7%
55	Financial Activities	151	4.5%
60	Professional and Business Services	805	23.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

➤ Metro D.C. gained 14,014 residents in 2022, amounting to a 0.2% increase from the previous year. During the same period the nation's population grew 0.4%.

➤ Overall, the metro has gained nearly 930,000 residents since 2010.

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

➤ Developers completed 4,157 units during the first five months of 2024, which was a 0.7% expansion of existing stock and 20 basis points below the 0.9% national rate. The majority of completed units were in Lifestyle properties, while roughly 20% were RBN.

➤ Yardi Matrix expects 12,000 units to come on-line in 2024, should economic conditions hold. This would still be slightly below the 13,952-unit annual average recorded since 2016.

➤ The metro had 31,189 units under construction as of May and an additional 215,000 units in the planning and permitting stages. As with completions, developers continued to focus on the upscale segment—more than 80% of units were in Lifestyle assets, while fully affordable communities made up almost 15% of the under-construction pipeline. The remaining were in RBN projects.

➤ Of the 88 submarkets tracked by Yardi Matrix, 55 had units under construction and three had more than 2,000 units underway. The Barry Farms/Saint Elizabeths submarket led activity with 3,918 units. Brentwood/Trinidad/Woodridge (2,364 units), Crystal City (2,071), Downtown Bethesda (1,304) and

Brightwood/16th Street Heights (1,142) rounded out the top five.

➤ The Barry Farms/Saint Elizabeths submarket is home to the metro's largest development. The Stacks, set to encompass 1,100 units, is being developed by a joint venture of Akridge Real Estate Services, Bridge Investment Group and National Real Estate Advisors. The partnership secured a $367 million construction loan financed by Bank OZK.

Washington, D.C. Completions (as of May 2024)
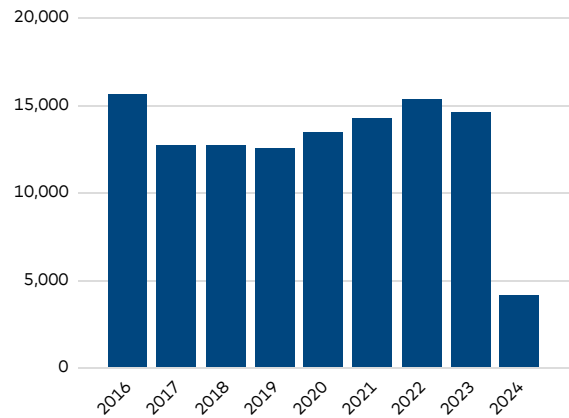
Source: Yardi Matrix

Washington, D.C. vs. National Completions as a Percentage of Total Stock (as of May 2024)
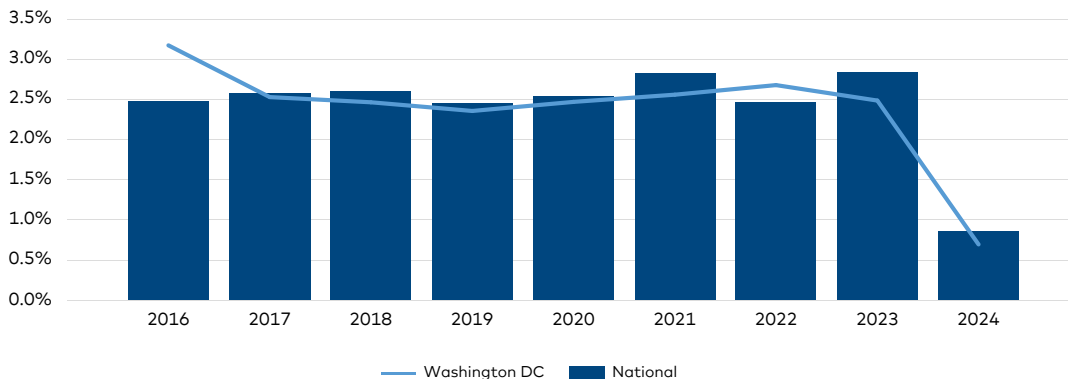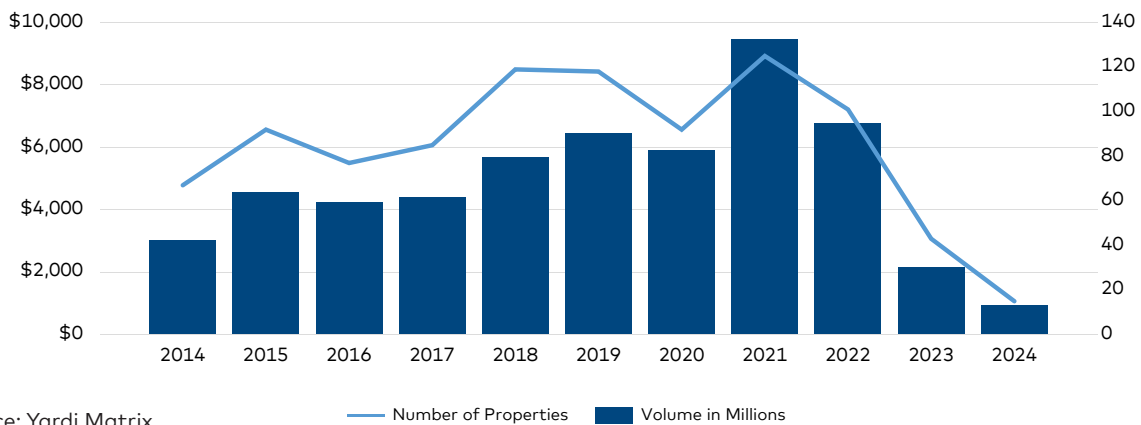

Source: Yardi Matrix

TRANSACTIONS

➤ In the first five months of the year, Washington, D.C., investors traded $938 million in rental assets. This marked a 122% increase compared to the same period in 2023, as D.C. bucked nationwide trends of diminishing activity. Last year's $2.2 billion volume was a decade low for the metro, with activity on a downward trend since 2021.

➤ The metro's per-unit price settled at $226,229, well above the $176,968 national average. However, the figure marked a 15% decline compared

to the $266,215 average of 2023. Overall, investors preferred RBN assets, which traded for an average of $192,567 per unit. Meanwhile, Lifestyle assets changed hands for an average of $390,529 per unit.

➤ The Point at Falls Church changed hands for the highest per-unit price recorded year-to-date through May, $467,290. Pantzer Properties purchased the 214-unit, LEED certified asset for $100 million.

Washington, D.C. Sales Volume and Number of Properties Sold (as of May 2024)


Source: Yardi Matrix — Number of Properties ▪ Volume in Millions

Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Downtown Bethesda	413
Aspen Hill/Rossmoor	243
Van Dorn	225
Ashburn/Dulles/Sterling	205
East Gaithersburg/Redland	173
Douglas Park/Nauck	105
Ballston/East Falls Church/Seven Corners	100

Source: Yardi Matrix
[1] From June 2023 to May 2024

Washington, D.C. vs. National Sales Price per Unit

Washington DC — National

Source: Yardi Matrix
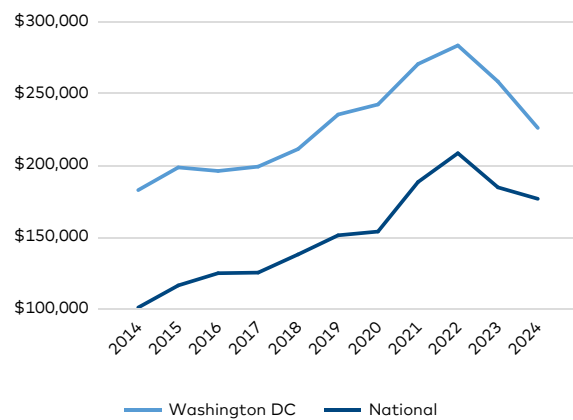
data by
Yardi Matrix

Top Markets for Multifamily Investment in 2023

By Tudor Scolca

Multifamily investment dropped sharply in 2023, after two years of outstanding performance. The high cost of capital led to a pause in activity across the U.S., seriously denting sales volumes. In this context, we're looking at the top markets for multifamily investment last year, leveraging Yardi Matrix data. At the national level, investors acquired a total of $69.4 billion in multifamily assets last year, which was a drop to less than half of the $206.9 billion recorded in 2022.

Metro	Price Per Unit	Properties Traded	Units Traded	Sales Volume
National	$187,744.92	2,451	439	$69,388,075,254
Dallas	$151,108.78	183	40	$4,174,529,639
Atlanta	$196,139.81	100	20	$3,731,255,605
Phoenix	$289,302.52	51	11	$3,217,333,332
Chicago	$207,465.22	73	14	$2,646,076,052
Denver	$320,997.13	45	7	$2,532,618,716
Boston	$429,169.79	28	5	$2,513,541,750
Miami Metro	$266,828.36	48	10	$2,477,684,737
Washington, D.C.	$261,684.55	44	10	$2,236,427,318
Charlotte	$223,421.00	50	10	$1,981,747,182
Tampa	$197,224.27	50	11	$1,963,452,980

Washington, D.C.

The nation's capital clocked in at No. 8 among the top metros for multifamily investment, with a total of $2.2 billion, which was 66.5% less than the $6.6 billion recorded in 2022. A total of 44 transactions closed, comprising 9,785 units that traded at $261,684 per unit. The number of units that traded was evenly split between quality segments. Twenty-nine RBN properties traded, encompassing 4,866 units, for a total of $858 million, while 14 Lifestyle assets, or 4,919 units, changed hands for $1.3 billion.
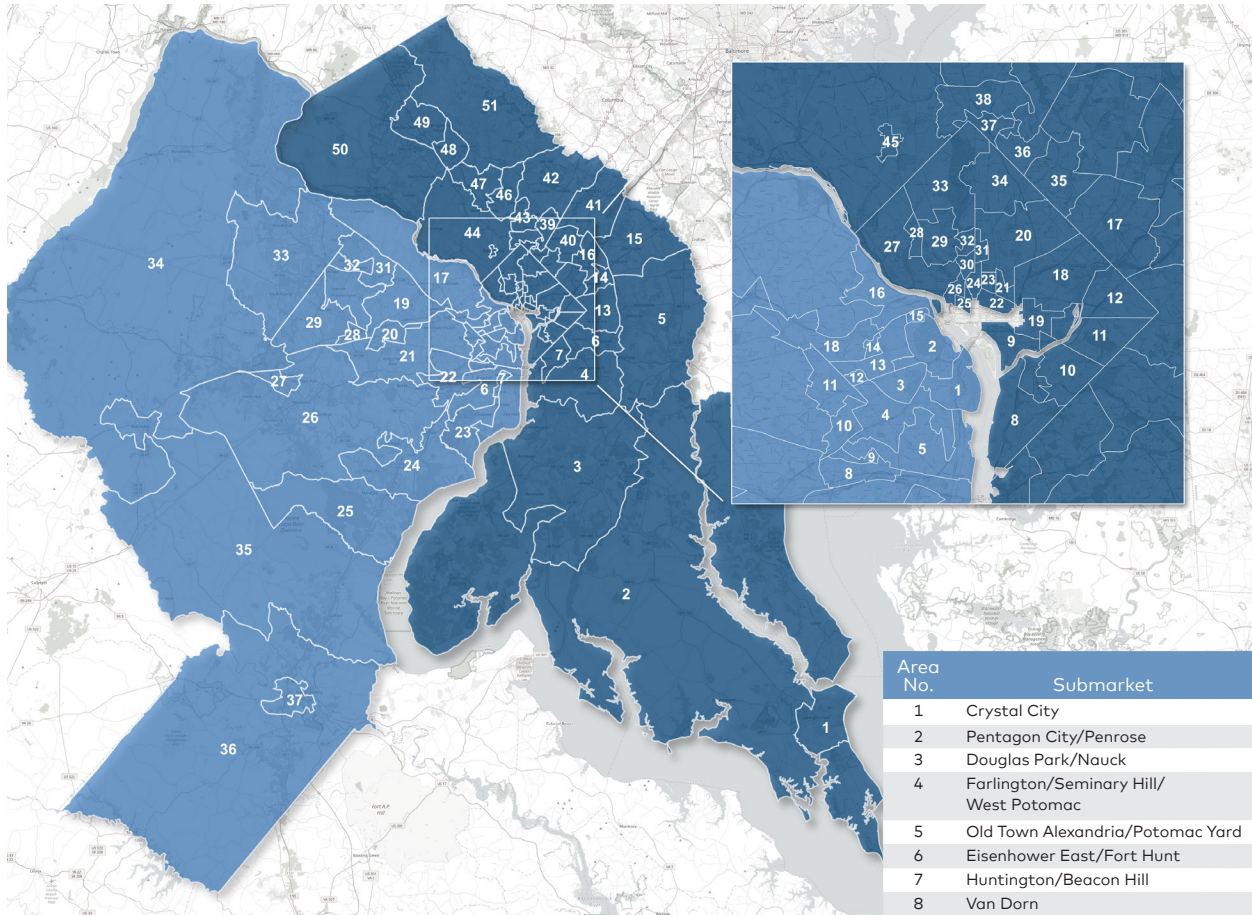
Area No.	Submarket
1	Crystal City
2	Pentagon City/Penrose
3	Douglas Park/Nauck
4	Farlington/Seminary Hill/West Potomac
5	Old Town Alexandria/Potomac Yard
6	Eisenhower East/Fort Hunt
7	Huntington/Beacon Hill
8	Van Dorn
9	Landmark/Foxchase
10	Alexandria West
11	Bailey's Crossing
12	Columbia Heights West
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/Leonardtown/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

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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.
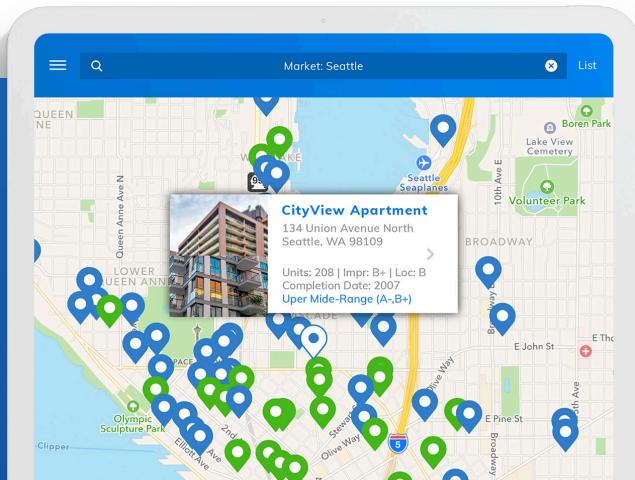
![Yardi Matrix logo]

Power your business with the industry's leading data provider

MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info

- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps

CityView Apartment
134 Union Avenue North
Seattle, WA 98109

Units: 208 | Impr: B+ | Loc: B
Completion Date: 2007
Upper Mide-Range (A-,B+)

Yardi Matrix Multifamily provides accurate data on **22.3+ million units**, covering over **92% of the U.S. population.**

YARDI

Contact us

(800) 866-1144
Learn more at yardimatrix.com/**multifamily**