

# WASHINGTON, D.C.

## INSTITUTIONAL MULTIFAMILY REPORT

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# WASHINGTON, D.C. EMPLOYMENT

## JOBS ADDED / LOST

### LAST 12 MONTHS

263,400

↑ 9.0%

### NEXT 12 MONTHS\*

136,500

↑ 4.3%

## UNEMPLOYMENT

### MID-YEAR 2021

5.4%

↓ 440 BPS YOY

### MID-YEAR 2022\*

3.6%

↓ 170 BPS YOY

\*PROJECTED

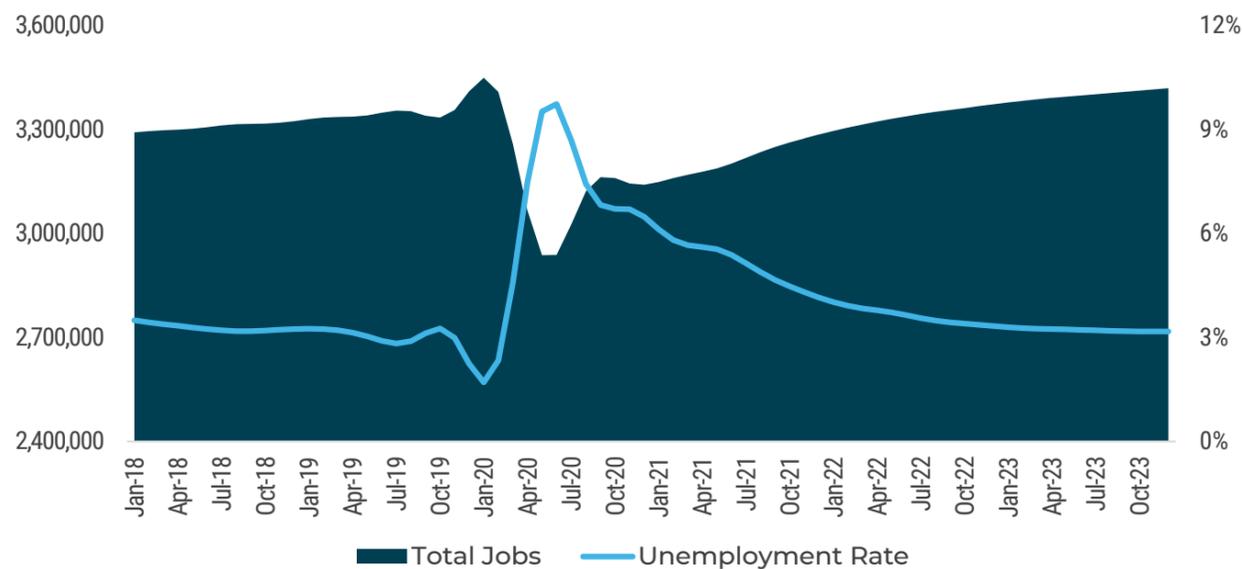
Washington, D.C., is home to one of the strongest economies in the world. The year leading up to June 2021 was an ideal demonstration of the metro's resiliency as local employers brought 263,400 net jobs to market. During this time, unemployment fell 440 basis points year over year to 5.4%.

Even the leisure and hospitality industry, the most severely impacted sector during the pandemic, experienced a robust 62.0% annual increase through mid-2021, equating to the addition of 95,100 net positions. Over the next 12 months, employers in this segment are forecast to fill an additional 25,700 positions across the metro area, bumping up the sector's market share 40 basis points to 8.2%.

Plans for future job growth are underway as Amazon.com Inc. and Microsoft Corp. continue to expand their presence throughout the metro. Also, United Airlines recently announced it would deliver 3,000 new jobs to the Washington, D.C., workforce by 2026.

These corporate additions, coupled with job growth in the construction and information technology industries, will underpin an additional 4.3% metrowide rise in payrolls by mid-2022. Unemployment is also projected to dip 170 basis points during this time to 3.6% by June 2022.

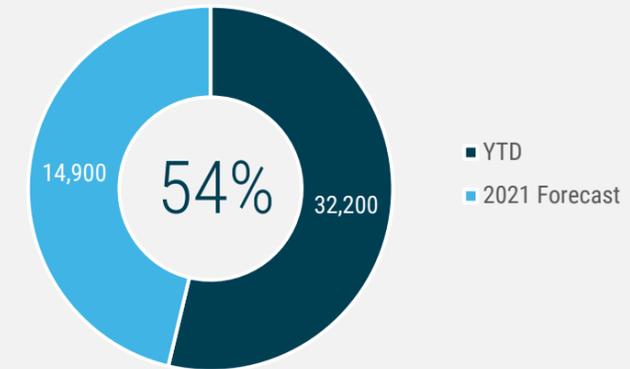
## EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

## WHO'S HIRING?

### LEISURE & HOSPITALITY INDUSTRY



8%  
OF ALL JOBS IN THE METRO

\$30,420  
AVERAGE ANNUAL SALARY

## TOP LEISURE & HOSPITALITY EMPLOYERS

	7,700 JOBS
	4,400 JOBS
	2,500 JOBS

## IN THE NEWS

- United Airlines expansion set to deliver 3,000 jobs
- Reston adds 150 tech positions backed by ScienceLogic
- More than 150 to be hired in D.C. area at UPS
- Fidelity to hire thousands in U.S., many at D.C. office
- Amazon Hiring for over 100 throughout metro region



## WASHINGTON, D.C.

# DELIVERIES & ABSORPTION

### 2021 UNITS\*

#### DELIVERED

13,419

#### ABSORBED

15,407

### 2022 UNITS\*

#### DELIVERED

16,151

#### ABSORBED

20,038

\*PROJECTED

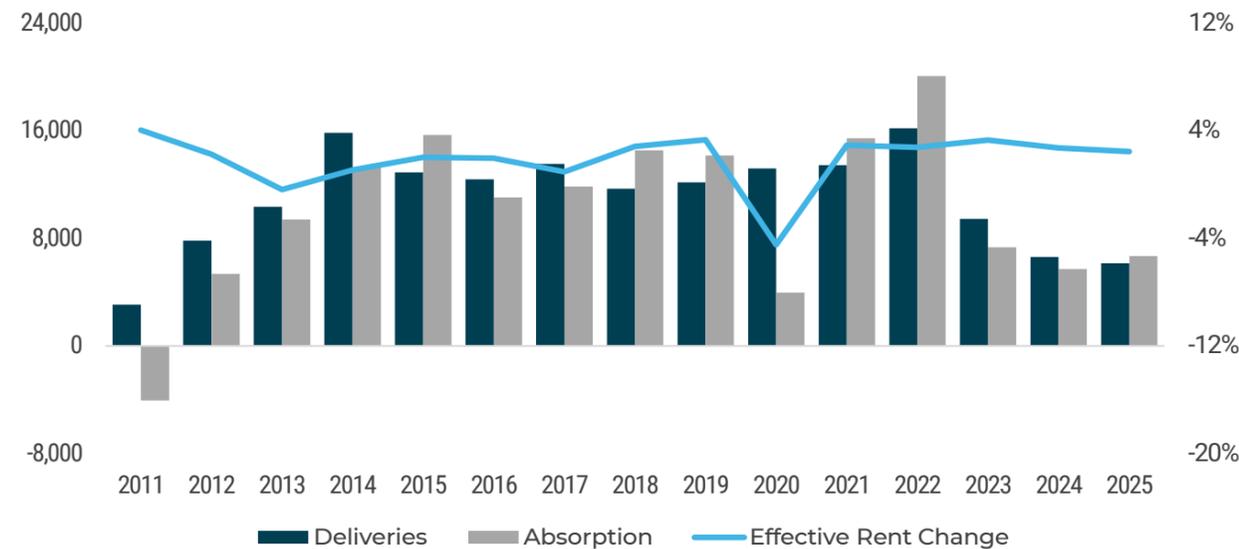
After more than a decade of robust multifamily development activity, Washington, D.C.'s pipeline shows no signs of slowing.

In the second quarter of 2021, the metro once again distinguished itself among the nation's most active construction markets. Approximately 12,600 new multifamily units were completed over the last four quarters, expanding the metro's total inventory 1.9%. This was not without its obstacles. Construction spending has been on the rise throughout the United States due to delayed permitting processes, supply-chain bottlenecks, and volatile commodities. However, developers in metro D.C. have reason to remain confident in the local apartment market with the uptick in hiring activity, a turnaround in

economic vitality, and a persistent pool of renters.

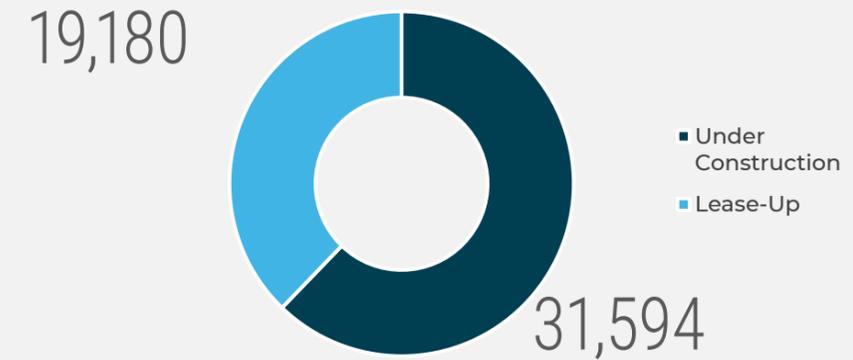
Through the second quarter of 2021, renters absorbed 9,100 net units, a 19.6% increase year over year. Demand was robust in the Navy Yard/Capitol South apartment submarket, which also topped the metro's list for number of units added to inventory. Navy Yard has been a point of interest for developers and renters alike for the past several years for its central location and proximity to major employment hubs. Its appeal will carry into the next year as workers return to their offices and the economy recovers. By mid-year 2022, metro renters are projected to absorb an additional 18,300 net units.

### DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE

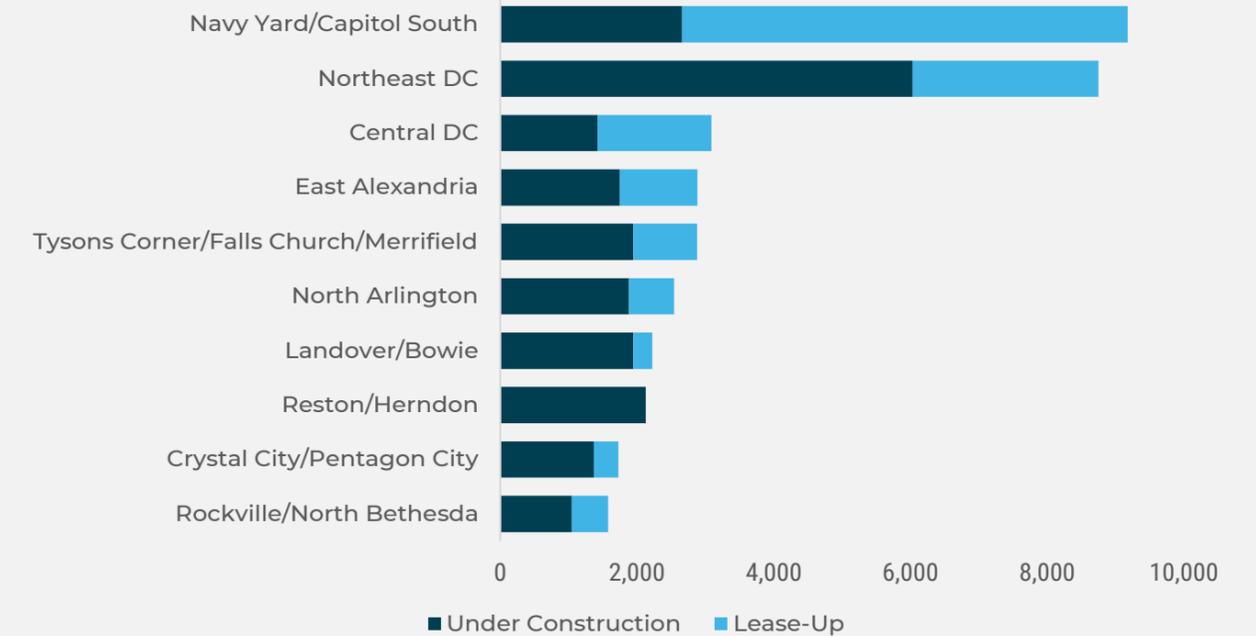


SOURCE: REALPAGE

### MARKET PIPELINE



### TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



## WASHINGTON, D.C.

# RENT & OCCUPANCY

### EFFECTIVE RENT

2Q 2021

\$1,803

↓ 1.9% YOY

### OCCUPANCY

2Q 2021

95.2%

↓ 40 BPS YOY

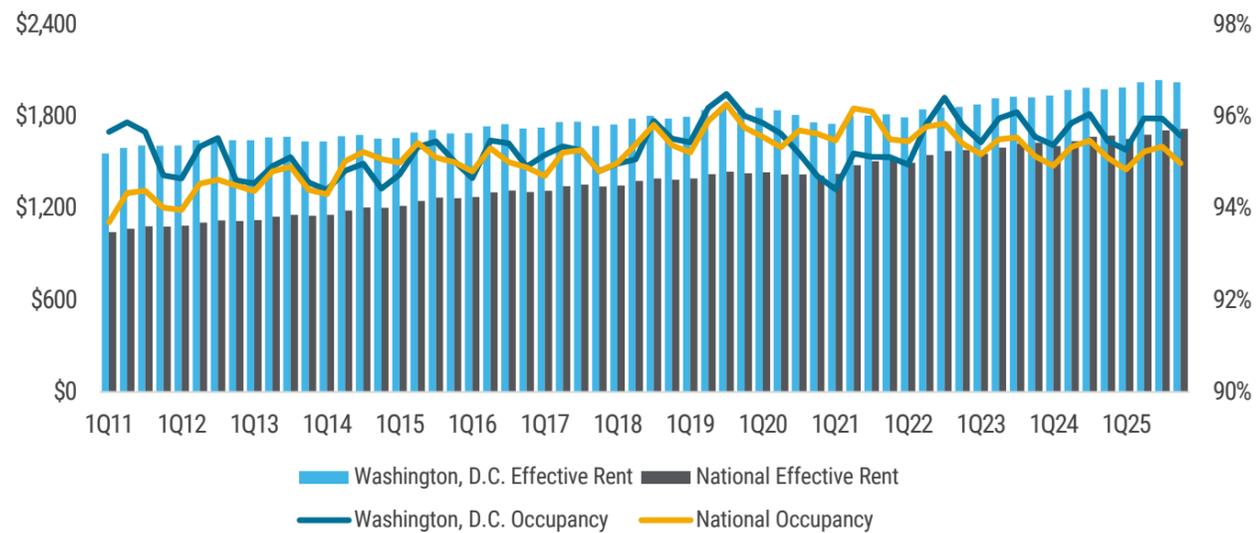
A resurgence in the Washington, D.C., economy slowed rent deceleration in the second quarter of 2021. At the end of June, the apartment market's average effective rent came in at \$1,803 per month, a 1.9% decrease from the previous year. By comparison, annual rents averaged a 3.7% decrease over the last four consecutive quarters. Despite this, metro rents still floated above the five-year historical average thanks to suburban renter activity stabilizing the balance of the apartment market. For example, average effective rent accelerated a robust 19.0% annually in the Fredericksburg/Stafford submarket and 14.3% in the Frederick submarket.

Occupancy trends throughout the metro followed rent trends closely. Suburban

submarkets commanded higher occupancy rates in the second quarter of 2021, bringing the metrowide average to 95.2%, down 40 basis points from one year prior.

With Washington, D.C.'s urban recovery still underway, apartment operators are optimistic that apartment fundamentals will more closely align with historical trends by year-end. A larger upswing is anticipated for mid-year 2022. The metro's effective rent is forecast to growth 2.3% over the next four quarters. At the same time, the average occupancy rate is anticipated to reach 95.8% by mid-year 2022, a 60-basis-point rise. The increase would place occupancy higher than the preceding five-year average of 95.4%

### WASHINGTON, D.C. VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE

### SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Bethesda/Chevy Chase	93.6%	-160	\$2,263	-6.4%
Central Alexandria	94.7%	-180	\$1,549	-4.2%
Central DC	92.7%	-180	\$2,274	-9.4%
College Park/Greenbelt	95.1%	-70	\$1,674	-0.4%
Columbia Pike	95.2%	-110	\$1,696	-7.3%
Crystal City/Pentagon City	93.9%	-80	\$1,983	-13.1%
Downtown Silver Spring	94.6%	-30	\$1,816	-2.6%
East Alexandria	95.0%	-60	\$1,920	-3.9%
East Silver Spring/Takoma Park/Adelphi	96.7%	-20	\$1,413	1.0%
Frederick	97.7%	250	\$1,554	14.3%
Fredericksburg/Stafford	97.7%	150	\$1,619	19.0%
Gaithersburg	96.2%	60	\$1,660	1.0%
Germantown	96.0%	-10	\$1,693	8.0%
Hyattsville/Riverdale	95.8%	-80	\$1,456	0.1%
Landover/Bowie	95.6%	60	\$1,697	3.8%
Laurel/Beltsville	96.3%	0	\$1,605	6.1%
Loudoun County	96.9%	40	\$1,776	3.3%
Manassas/Far Southwest Suburbs	97.9%	60	\$1,587	6.7%
Navy Yard/Capitol South	92.0%	-180	\$2,345	-8.6%
North Arlington	94.5%	-120	\$2,235	-6.6%
North Central DC	93.7%	-150	\$1,725	-6.2%
Northeast DC	93.7%	-140	\$2,091	-8.5%
Northeast Montgomery County	96.4%	20	\$1,586	1.3%
Northwest DC	92.8%	-200	\$2,022	-9.7%
Reston/Herndon	94.6%	-10	\$1,890	0.7%
Rockville/North Bethesda	95.1%	-50	\$1,938	-1.8%
Seven Corners/Baileys Crossroads/Annandale	95.9%	-50	\$1,636	-0.6%
South Fairfax County	95.3%	-40	\$1,709	-0.4%
South Prince George's County/St. Charles	97.0%	60	\$1,496	4.9%
Southeast DC	97.2%	100	\$1,262	0.1%
Suitland/District Heights/Capitol Heights	95.9%	10	\$1,476	3.7%
Tysons Corner/Falls Church/Merrifield	95.4%	10	\$1,920	-3.3%
West Alexandria	94.2%	-150	\$1,568	-3.5%
West Fairfax County	96.7%	70	\$1,877	4.5%
Wheaton/Aspen Hill	95.0%	-10	\$1,690	1.9%
Woodbridge/Dale City	97.0%	60	\$1,618	8.6%



## WASHINGTON, D.C.

# POPULATION & MIGRATION

### 2021 RESIDENTS\*

6,392,700

↑ 0.8% YOY

### 2022 RESIDENTS\*

6,438,500

↑ 0.7% YOY

\*PROJECTED

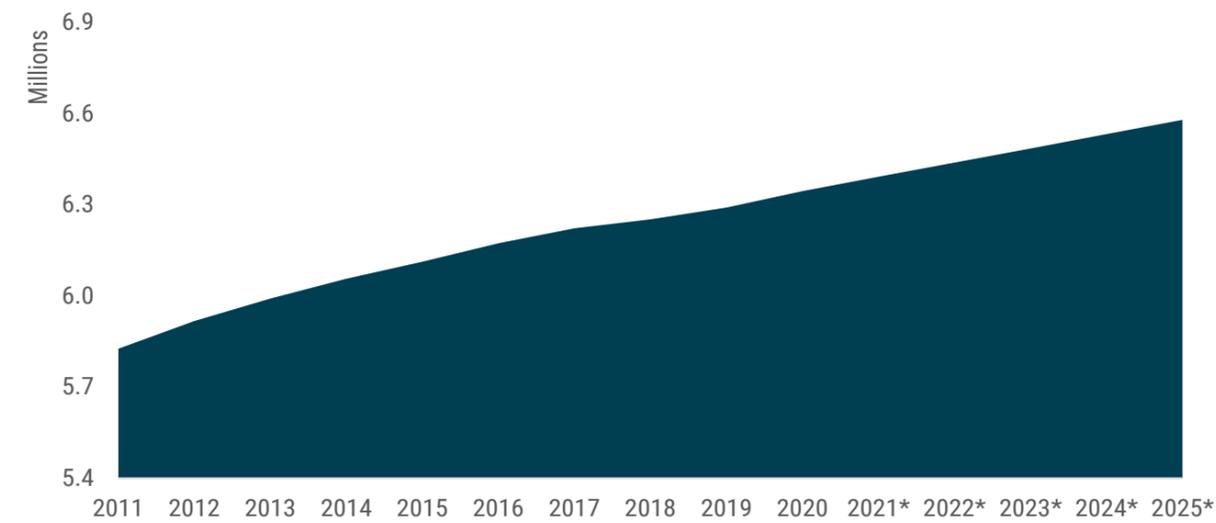
While the outflow of people from dense, high-cost urban metropolitan areas accelerated in 2020, the trends were milder in most cases. Washington, D.C. persevered and had an impressive run since the onset of the pandemic.

In-migration trends during the first six months of 2021 brought more than 25,200 people to the D.C. metro area, contributing to the 52,600 net residents that moved in over the last year. When compared to its coastal counterparts, like Seattle and New York, the outflow of D.C. residents was considerably modest. Metro D.C.'s diverse economic landscape and ease of access to a growing tech center had most residents opting to stay in the region and pursue more spacious suburban settings.

On the corporate side, firm announcements continue to attract waves of new residents and streamline a reliable pool of renters. Job announcements from multinational companies like Amazon and United Airlines will bring more white-collar workers and increase demand for amenity-rich, Class A multifamily properties. Developers are already anticipating this trend as they continue work on nearly 31,600 units, 7,900 of which are scheduled to come online the end of the fourth quarter.

The uptick of domestic in-migration leaves an optimistic outlook for the metro, projected to surpass 6.3 million residents by year-end.

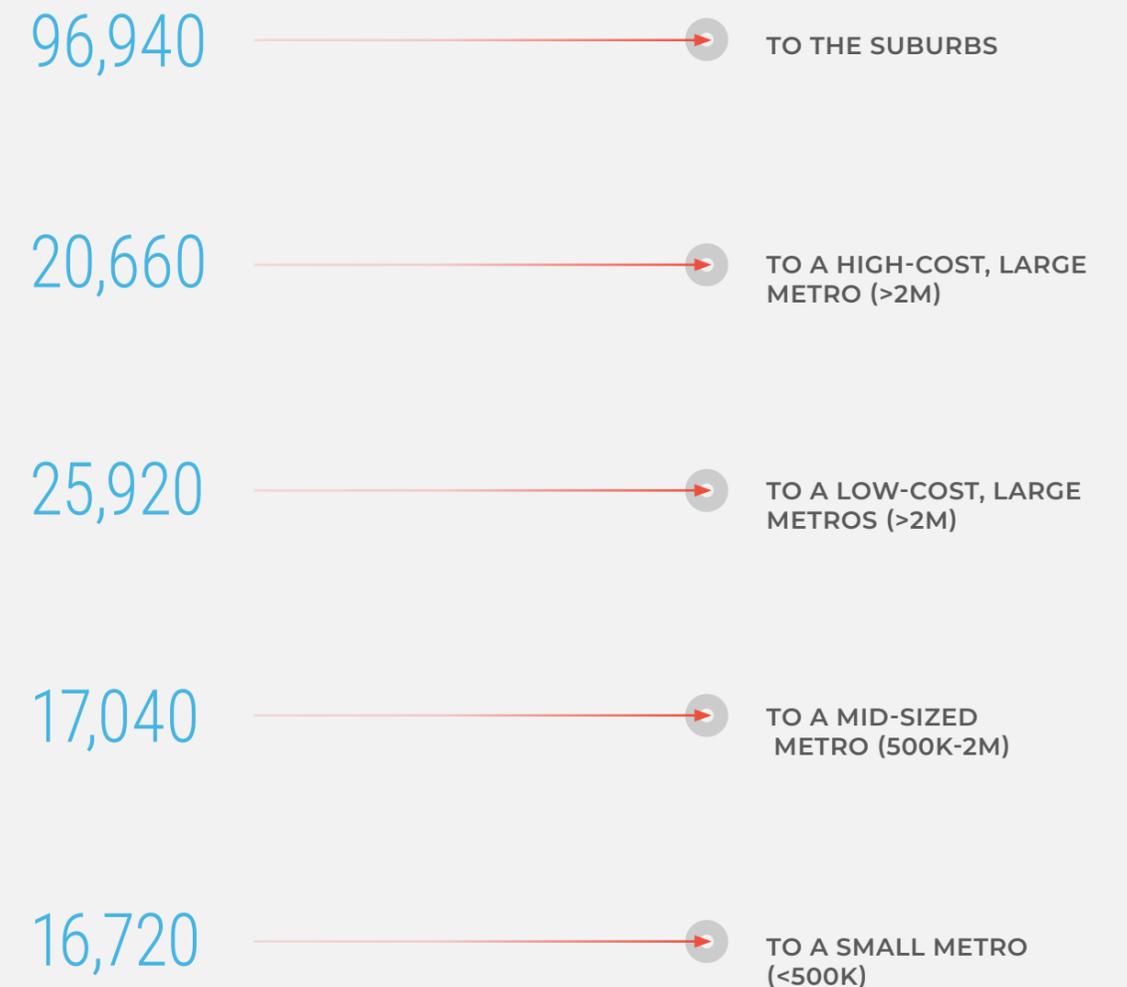
### WASHINGTON, D.C. POPULATION



SOURCE: MOODY'S ANALYTICS

### URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



## WASHINGTON, D.C.

# SALES

2021 YEAR TO DATE\*



VOLUME

\$939.3M



PRICE PER AVERAGE (AVG)

\$250,679



TRANSACTIONS

9



CAP RATE (AVG)

4.8%

WHAT'S TRADING?\*



UNITS (AVG)

413



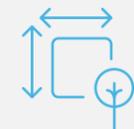
YEAR BUILT (AVG)

1990's



BUILDINGS (AVG)

6



ACRES (AVG)

14.87

TOP BUYERS\*\*

BUYER	LOCATION
Dweck Properties Ltd	Washington, D.C.
Bell Partners	Greensboro, NC
Pantzer Properties	New York, NY
TIAA	New York, NY
JRK Property Holdings	Los Angeles, CA

TOP SELLERS\*\*

SELLER	LOCATION
Equity Residential	Chicago, IL
CRC Partners	Arlington, VA
Woodfield Investments	Arlington, VA
Pantzer Properties	New York, NY
MRP Realty	Washington, D.C.

\*\*Past 24 Months

\*\$50M+  
SOURCE: REAL CAPITAL ANALYTICS



## WASHINGTON, D.C.

# SALES

\$50+ MILLION TRANSACTIONS



### ARRIVE SILVER SPRING

Silver Spring, MD

UNITS	YEAR BUILT
891	1969
PRICE / UNIT	SALES PRICE
\$245,791	\$219,000,000



### THE ASHBOROUGH APTS

Ashburn, VA

UNITS	YEAR BUILT
504	2004
PRICE / UNIT	SALES PRICE
\$314,484	\$158,500,000



### CENTURY SUMMERFIELD

Hyattsville, MD

UNITS	YEAR BUILT
478	2008
PRICE / UNIT	SALES PRICE
\$241,632	\$115,500,000



### MALLORY SQUARE

Rockville, MD

UNITS	YEAR BUILT
365	2015
PRICE / UNIT	SALES PRICE
\$301,370	\$110,000,000



### FAIRWAY I & II

Reston, VA

UNITS	YEAR BUILT
346	1968
PRICE / UNIT	SALES PRICE
\$268,786	\$93,000,000



### ADMIRAL PLACE

District Heights, MD

UNITS	YEAR BUILT
410	1966
PRICE / UNIT	SALES PRICE
\$185,366	\$76,000,000



### MOSAIC AT LARGO STATION

Upper Marlboro, MD

UNITS	YEAR BUILT
242	2008
PRICE / UNIT	SALES PRICE
\$263,223	\$63,700,000



### STONEY RIDGE

Woodbridge, VA

UNITS	YEAR BUILT
264	1985
PRICE / UNIT	SALES PRICE
\$197,727	\$52,200,000



Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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