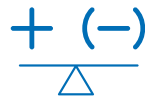


DISTRICT OF COLUMBIA

OFFICE MARKET | Q1 2025



148.3 MSF
Inventory



(295,101) SF
Net Absorption



15.3%
Direct Vacancy



24.0%
Total Availability



400,000 SF
Under Construction

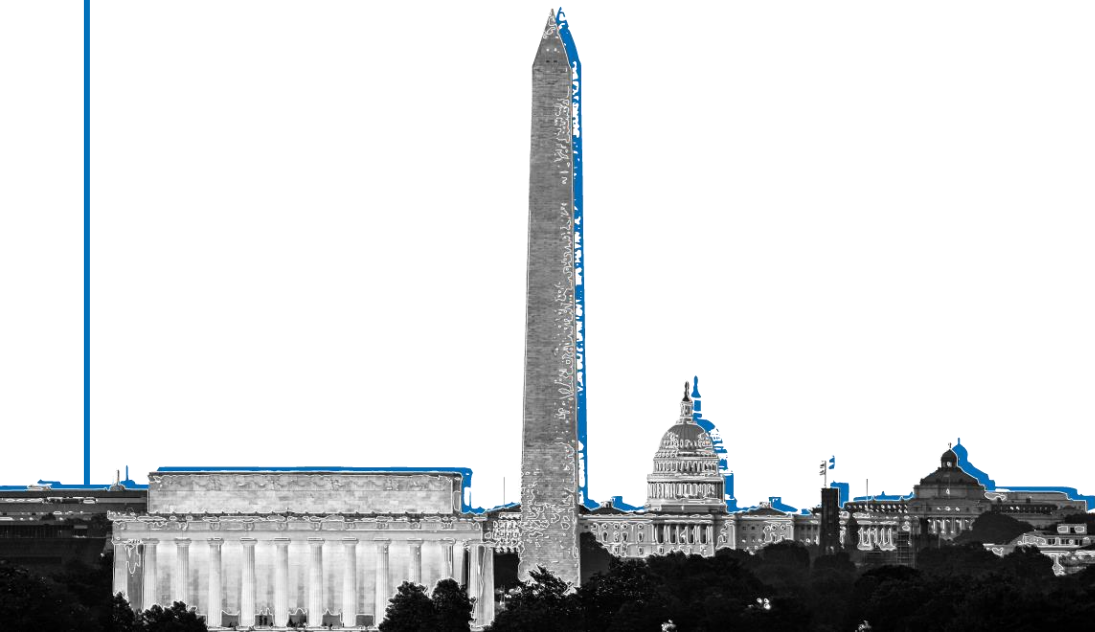


\$53.14 PSF
Asking Rent

Impact of DOGE to Office Market Looms

Market Observations

- The office market retracted during the first quarter of 2025, with negative 295,101 SF in net absorption, bringing the year-over-year net absorption to negative 51,646 SF.
- The direct vacant available rate reached 15.3% at March 2025, up from 14.9% last quarter and 15.1% one year ago.
- A handful of notable move-outs impacted net absorption this quarter. Gibson Dunn's 235,000 SF lease at 1050 Connecticut Avenue, NW in the CBD expired following the law firm's relocation to 1700 M Street NW during late 2024. Pew Research vacated 74,000 SF at 1615 L Street, NW – also in the CBD.
- Notable deals include Freshfields nearly doubling its footprint, inking 117,000 SF at Midtown Center, backfilling a portion of Fannie Mae space. Brennan Center and Forbes Tate Partners both leased close to 19,000 SF each at 777 6th Street, NW. Also, BNY Mellon signed 23,988 SF at 607 14th Street, NW.
- Although hybrid is likely here to stay, return to office mandates, particularly for the Federal Government, should move the average days in office higher in 2025.
- Uncertainty surrounding the impact of DOGE on the greater metro area is apparent and will resonate throughout 2025, as layoffs and lease terminations occur. The uncertainty will likely penetrate the private sector due to the impact to federal contractors in our region.

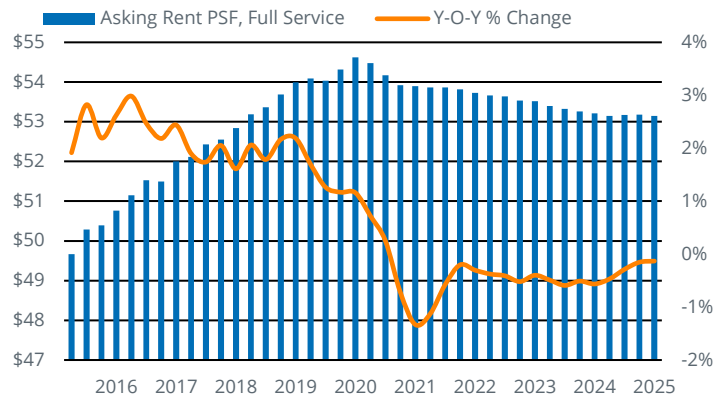




DISTRICT OF COLUMBIA OFFICE MARKET | Q1 2025

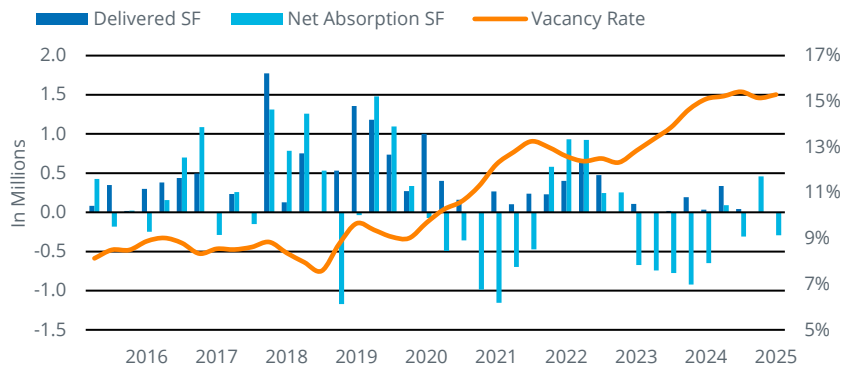
- Direct vacant available rate** was 15.3% at March 2025, up from 15.1% one year ago. Total availability, which is space being marketed, stands at 24%.
- Net absorption** totaled negative 295,101 SF during the first quarter of 2025. This was led by the CBD submarket with negative 321,846 SF. Class A totaled negative 336,709 SF, which was offset slightly by mild positive activity in Class B and C space.
- Full-service rents** averaged \$53.14 PSF at March 2025, down 10 basis points year-over-year. The Uptown submarket led growth at \$40.67 PSF, up 30-basis points year-over-year, while the West End submarket decreased 70-basis points year-over-year, resting at \$49.52 PSF.
- Construction pipeline** totals 400,000 SF at March 2025 at 51% pre-leased. Stonebridge/Rockefeller Group has the sole project underway at 600 5th Street, NW in the East End with Crowell & Moring as the anchor tenant. The asset is set to deliver by March 2026. BXP will add another project to the pipeline when they break ground later this year on trophy office space at 725 12th Street, NW with McDermott Will & Emery as the anchor tenant.

ASKING RENT



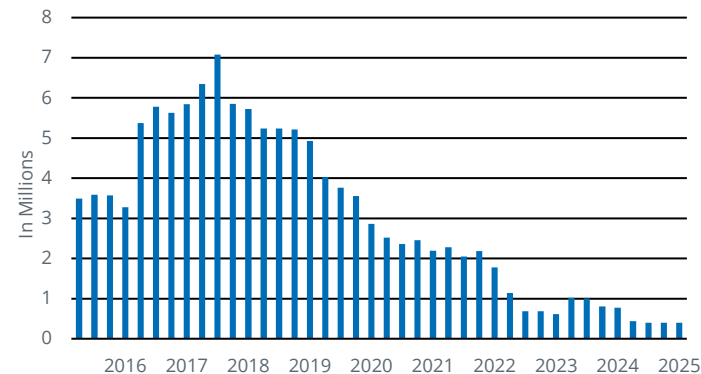
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



DISTRICT OF COLUMBIA OFFICE MARKET | Q1 2025

MARKET INDICATORS TABLE

All Classes of Space | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT AVAILABLE SF	DIRECT VACANT AVAILABLE RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
CBD	42,076,630	7,461,838	17.7%	26.4%	0	(321,846)	(36,617)	\$53.67
East End	53,421,072	8,489,101	15.9%	26.5%	400,000	96,233	23,345	\$57.22
Capitol Hill	6,670,741	1,088,626	16.3%	26.4%	0	(13,033)	127,940	\$55.86
NoMa	12,046,662	1,306,089	10.8%	17.0%	0	(40,592)	(216,644)	\$50.35
Capitol Riverfront	3,559,204	596,958	16.8%	30.9%	0	30,441	91,712	\$54.18
Southwest	12,985,217	1,837,385	14.1%	17.0%	0	(31,539)	(78,040)	\$50.84
Georgetown	3,499,802	687,566	19.6%	26.8%	0	12,377	26,957	\$44.84
West End	3,947,877	474,813	12.0%	21.5%	0	(37,769)	(8,741)	\$49.52
Uptown	10,089,811	737,876	7.3%	13.7%	0	10,627	18,442	\$40.67
Total	148,297,016	22,680,252	15.3%	24.0%	400,000	(295,101)	(51,646)	\$53.14

Source: CoStar, Transwestern

To continually improve the content provided to our clients, starting at Q1 2025, Transwestern Research has revised its office methodology which may shift current and historical data in our market reporting. Please reach out to the research contact(s) noted in this report with any questions.



DISTRICT OF COLUMBIA OFFICE MARKET | Q1 2025

Research Methodology

The information in this report is the result of a compilation of information on office properties located in the District of Columbia. This report includes single tenant, multi-tenant and owner-user properties 15,000 SF and larger, excluding properties owned by a government agency and medical outpatient buildings.

About Transwestern

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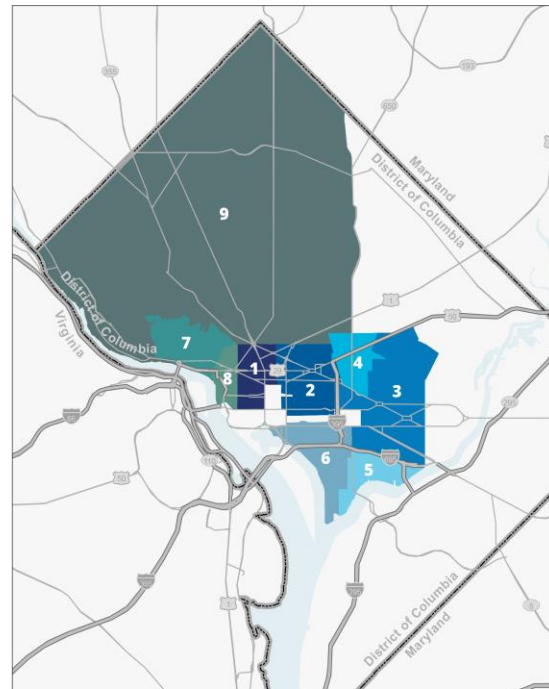
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District of Columbia Office Submarkets

- 1 CBD
- 2 East End
- 3 Capitol Hill
- 4 NoMa
- 5 Capitol Riverfront
- 6 Southwest
- 7 Georgetown
- 8 West End
- 9 Uptown