

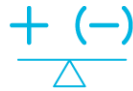
WASHINGTON METRO AREA

MULTIFAMILY MARKET | Q1 2025



573,172

Inventory (Units)



2,767

Net Absorption (Units)



5.7%

Stabilized Vacancy



7.5%

Overall Vacancy



46,512

Under Construction
+ Planned (Units)



\$2,253

Effective Rent (Unit)

Demand still strong at Q1 2025

Market Observations

- The gap between Class A and Class B rent has widened. There is a \$638 difference in effective rent between Class A and Class B mid-/high-rise. Five years ago, the gap between asset classes was \$588 for mid-/high-rise. The gap widened this quarter unlike the previous two quarters where it came closer together.
- In each of the substates, there is at least a 2.6% difference in the vacancy rates between Class A and B.
- Given projected absorption and the delivery schedule of projects currently under construction, we expect the region-wide vacancy rate for stabilized Class A apartment properties will increase by 60 basis points in three years compared to today – resulting in a metro-wide rate of 6.2%.
- We expect rent growth to be above the 10-year annual average in the near-term; however, we expect slower growth closer to the 10-year annual average starting in 2027. We project rent growth of 2.2% in 2026 and 2.9% in 2027, then edging up to 3.0% in 2028.

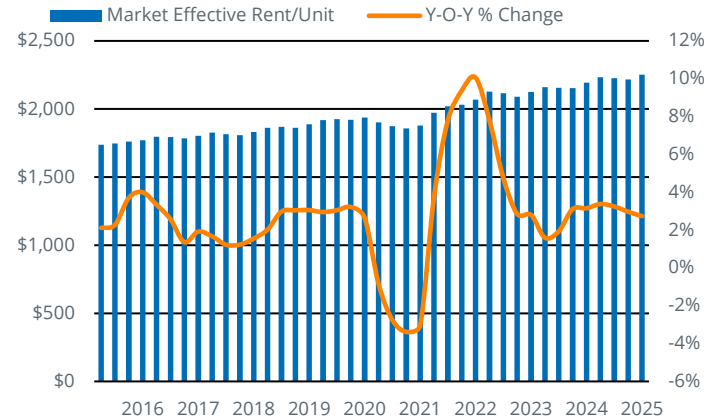




WASHINGTON METRO AREA MULTIFAMILY MARKET | Q1 2025

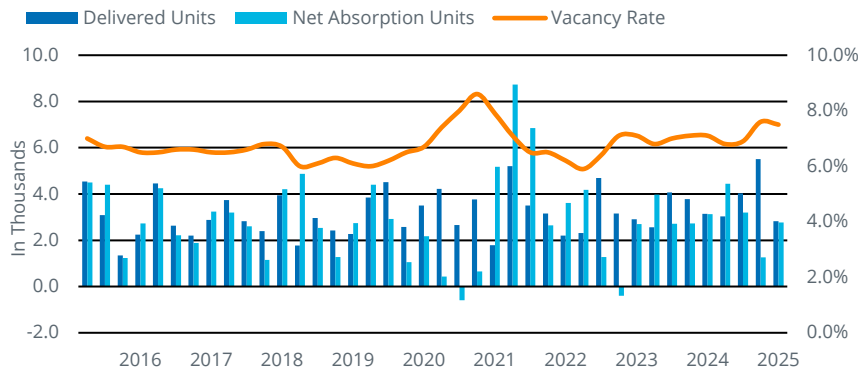
- Net absorption** totaled 2,767 units during the first quarter of 2024, with year-over-year totaling 11,663, which is above the 5-year average of 10,531 units.
- The **vacancy rate** was 7.5% at March 2025, up from 7.1% one year ago. The stabilized vacancy rate for all classes of investment grade apartments remained unchanged from the previous quarter and settled at 5.7%; Class A vacancy was also unchanged at 5.1%.
- Effective rents** increased 2.8% year-over-year, landing at \$2,253 per unit. Class A rents increased 2.9% during this period, ending at \$2,682 per unit at March 2025.
- There are 11,296 units **under construction**, with Northern Virginia and the District each making up 38% and 33% of the number, respectively, followed by Suburban Maryland being 28% of the pipeline. The **36-month development pipeline** totals 32,250 units, with Northern Virginia leading in planned units..

ASKING RENT



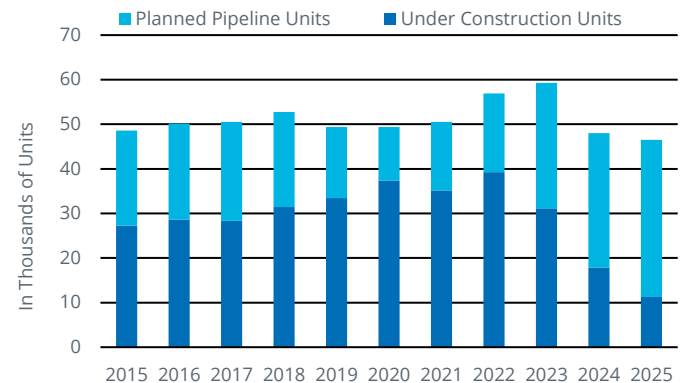
Source: CoStar, RealPage, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, RealPage, Transwestern

UNDER CONSTRUCTION + PLANNED



Source: CoStar, RealPage, Transwestern



WASHINGTON METRO AREA MULTIFAMILY MARKET | Q1 2025

MARKET INDICATORS TABLE

By Classes of Space | Q1 2025

CLASS	INVENTORY UNIT	STABILIZED VACANCY RATE	OVERALL VACANCY RATE	UNITS UNDER CONSTRUCTION + PLANNED	NET ABSORPTION UNIT	Y-O-Y NET ABSORPTION UNIT	EFFECTIVE RENT / UNIT
Class A	249,548	5.1%	9.2%	37,898	2,461	12,055	\$2,682
Class B	236,143	6.0%	6.2%	8,358	429	75	\$1,974
Class C	87,430	6.4%	6.5%	256	(123)	(468)	\$1,636
Total	573,172	5.7%	7.5%	46,512	2,767	11,663	\$2,253

Source: CoStar, Transwestern



Research Methodology

The information in this report is the result of a compilation of information on multifamily properties located in the Washington metro area.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern)

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