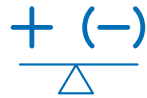


# DISTRICT OF COLUMBIA

## OFFICE MARKET | Q2 2025



**147.4 MSF**  
Inventory



**(654,614) SF**  
Net Absorption



**15.7%**  
Direct Vacancy



**23.6%**  
Total Availability



**400,000 SF**  
Under Construction

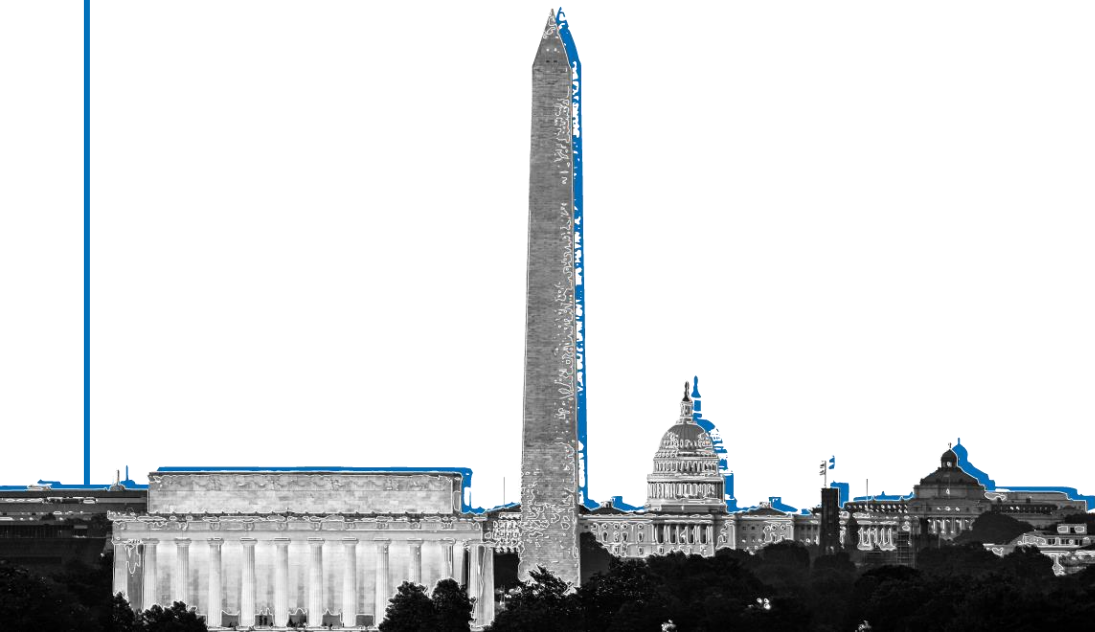


**\$53.04 PSF**  
Asking Rent

## Government Move-Outs Impact Market Dynamics in Q2

### Market Observations

- The office market struggled during the second quarter of 2025, with negative 654,614 SF in net absorption, bringing the year-over-year net absorption to negative 634,994 SF.
- Direct vacant available rate reached 15.7% at June 2025, up from 15.3% last quarter, and 15.2% on year ago.
- A handful of move-outs impacted net absorption this quarter, including the U.S. Agency for Global Media canceling their lease at 1875 Pennsylvania Ave NW in the CBD for a total of negative 281,585 SF, as part of the recent cuts performed by DOGE. Additionally, CoStar's lease at 1331 L St NW in the East End expired, adding 169,430 SF of negative absorption for the quarter. The company is moving their corporate headquarters to 1201 Wilson Blvd in Arlington.
- Countering these move-outs was the American Dental Education Association leasing 30,295 SF at 555 12<sup>th</sup> St NW, commencing in January 2026. Another notable deal was Tuckernuck expanding their footprint at 1250 24<sup>th</sup> St NW by 19,849 SF.
- The eventual impact of DOGE on federal hiring and office demand will continue to play out over the next several months. Cuts to the federal workforce typically favor contractors, as select services, particularly technology, is outsourced to private companies due to talent and resources.

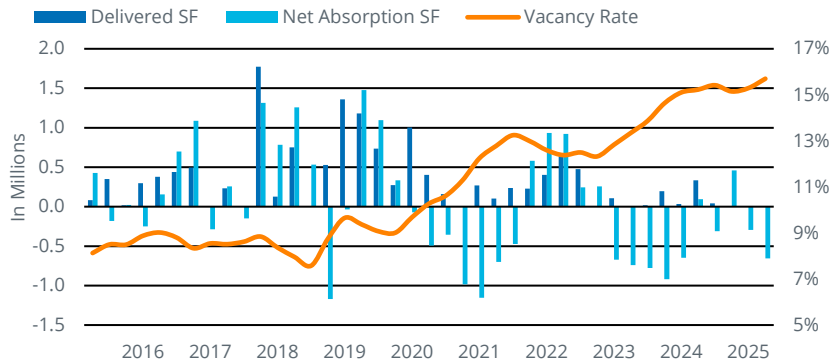




# DISTRICT OF COLUMBIA OFFICE MARKET | Q2 2025

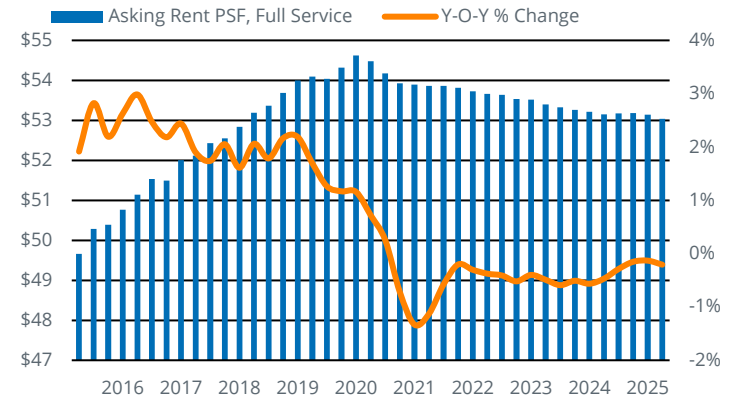
- Direct vacant available rate** was 15.7% at June 2025, up from 15.2% one year ago. Total availability, which is space being marketed, stands at 23.6%.
- Net absorption** totaled negative 654,614 SF during the second quarter of 2025. This was led by the CBD submarket with negative 364,892 SF. Class A totaled negative 576,388 SF and Class B totaled negative 103,037 SF. Offsetting this, slightly, was Class C finishing the quarter with positive 24,811 SF.
- Full-service rents** averaged \$53.04 PSF at June 2025, down 20-basis points year-over-year. The Uptown submarket led growth at \$40.77 PSF, up 50-basis points year-over-year, while the Capitol Riverfront submarket decreased 90-basis points year-over-year, resting at \$54.12 PSF.
- Construction pipeline** totals 400,000 SF at June 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 12<sup>th</sup> Street, NW with McDermott Will & Emery and Cooley as the anchor tenants.

## DELIVERY IMPACT ON KEY INDICATORS



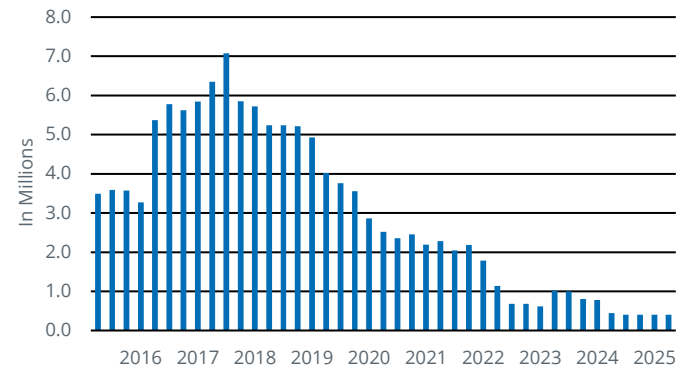
Source: CoStar, Transwestern

## ASKING RENT



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# DISTRICT OF COLUMBIA OFFICE MARKET | Q2 2025

## MARKET INDICATORS TABLE

All Classes of Space | Q2 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
<b>CBD</b>	42,048,851	7,826,730	18.6%	26.0%	0	(364,892)	(629,433)	\$53.53
<b>East End</b>	53,148,061	8,758,141	16.5%	25.8%	400,000	(269,132)	(128,833)	\$57.05
<b>Capitol Hill</b>	6,623,271	1,108,488	16.7%	25.8%	0	(19,862)	134,471	\$55.88
<b>NoMa</b>	12,046,662	1,282,097	10.6%	17.8%	0	23,992	(107,795)	\$50.30
<b>Capitol Riverfront</b>	3,559,204	620,257	17.4%	30.9%	0	(23,299)	95,541	\$54.12
<b>Southwest</b>	12,454,635	1,704,297	13.7%	15.7%	0	(79,698)	(94,209)	\$50.78
<b>Georgetown</b>	3,484,602	623,530	17.9%	25.4%	0	64,036	75,894	\$44.82
<b>West End</b>	3,947,877	456,316	11.6%	20.8%	0	18,497	4,807	\$49.35
<b>Uptown</b>	10,089,811	742,132	7.4%	14.1%	0	(4,256)	14,563	\$40.77
<b>Total</b>	<b>147,402,974</b>	<b>23,121,988</b>	<b>15.7%</b>	<b>23.6%</b>	<b>400,000</b>	<b>(654,614)</b>	<b>(634,994)</b>	<b>\$53.04</b>

Source: CoStar, Transwestern



# DISTRICT OF COLUMBIA OFFICE MARKET | Q2 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

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](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern)

## For more information

### Elizabeth Norton

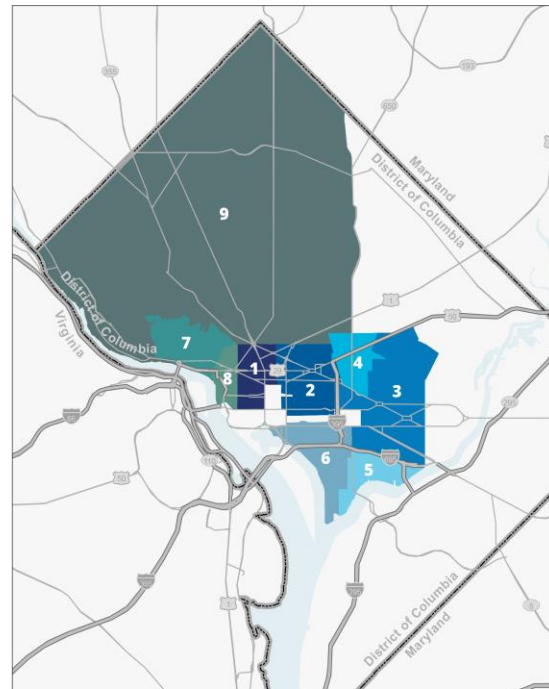
Senior Managing Research Director  
Research Services  
[Elizabeth.Norton@transwestern.com](mailto:Elizabeth.Norton@transwestern.com)  
202.775.7026

### Michael McGraw

Research Analyst | Research Services  
[Michael.McGraw@transwestern.com](mailto:Michael.McGraw@transwestern.com)  
202.617.2339

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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