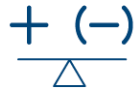


# DISTRICT OF COLUMBIA

## INDUSTRIAL MARKET | Q3 2025



**7.8 MSF**  
Inventory



**(26,000) SF**  
Net Absorption



**6.2%**  
Direct Vacancy



**6.2%**  
Overall Vacancy



**0 SF**  
Under Construction



**\$19.31 PSF**  
Asking Rent

### Asking Rents Rise Amid Q3 Market Softness

#### Market Observations

- The industrial market remained soft during the third quarter of 2025, with negative 26,000 SF of net absorption. Year-over-year, net absorption totaled negative 84,000 SF.
- Despite limited leasing activity, the vacancy rate edged up to 6.2% from 5.9% last quarter. Still, market conditions remained tight enough to support rent growth, with asking rents rising 25 basis points to \$19.31 PSF in September 2025. Compared to a year ago, rents are up 4.5%
- There are currently no industrial properties under construction in the District of Columbia. We expect the pipeline to remain empty as developers focus on Northern Virginia and Suburban Maryland.
- We expect demolitions of obsolete industrial product to persist and overall industrial inventory to decrease over time. Over the past 10 years, a total of 1.8 million SF has been demolished and therefore removed from the inventory. In most cases, multifamily has been built in its place.
- Given the limited available inventory and anticipated demolitions, we expect the vacancy rate to remain relatively stable through the remainder of 2025, with net absorption likely to stay constrained.

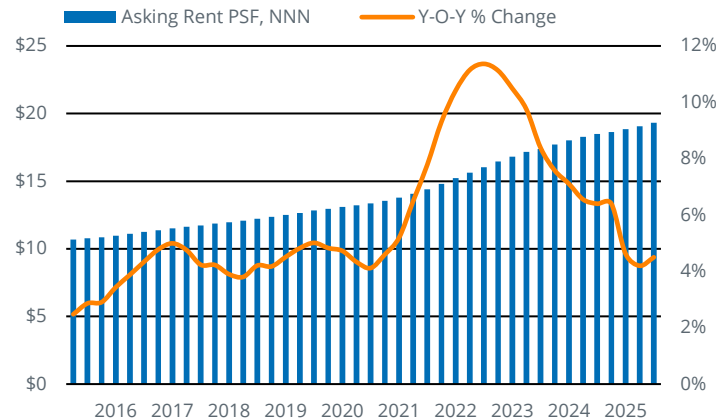




# DISTRICT OF COLUMBIA INDUSTRIAL MARKET | Q3 2025

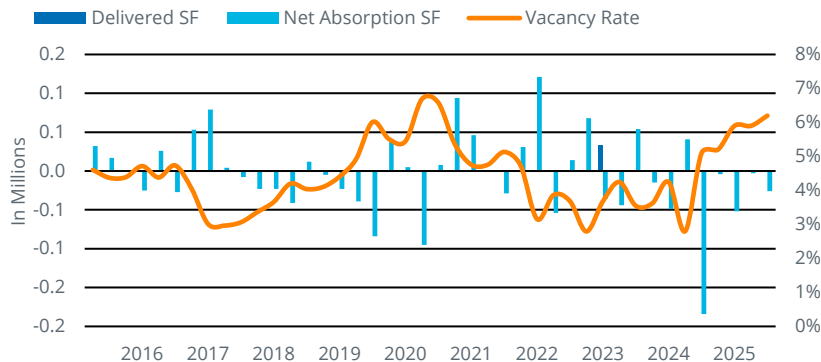
- Net absorption** totaled negative 26,000 SF during the third quarter of 2025, with year-over-year totaling negative 84,000 SF.
- The **direct vacancy** rate slightly increased over the quarter to 6.2% and is elevated from 5.1% one year ago. Limited leasing activity, coupled with select move-outs in the market this quarter caused the direct vacancy rate to remain muted.
- Asking rents** increased 25-basis points during the quarter to \$19.31 PSF in September 2025. Year-over-year, rents are up 450-basis points. Flex rents increased 120-basis points during the quarter to \$22.71 PSF, while warehouse rates increased 140-basis points, resting at \$18.49 PSF.
- There are zero projects **under construction** as of September 2025. We do not expect any new construction over the next 12 months, rather demolitions. Future demolitions will tighten the inventory, which will keep the market stabilized with steady gains in rent throughout 2025.

## ASKING RENT



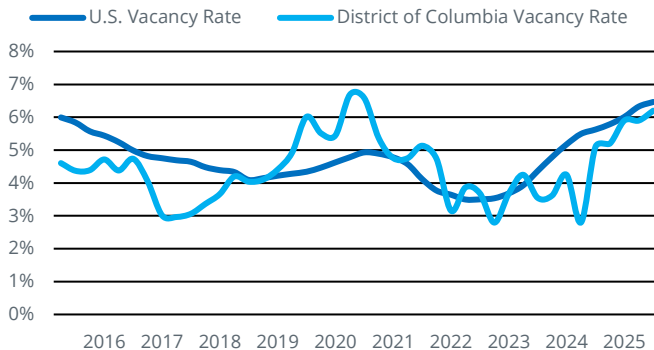
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## DIRECT VACANCY RATE



Source: CoStar, Transwestern



# DISTRICT OF COLUMBIA INDUSTRIAL MARKET | Q3 2025

## MARKET INDICATORS TABLE

All Product Types | Q3 2025

PRODUCT TYPE	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
FLEX	1,203,363	56,010	4.7%	4.7%	0	0	(7,000)	\$22.71
INDUSTRIAL	6,550,494	427,288	6.5%	6.5%	0	(26,000)	(77,000)	\$18.49
<b>TOTAL</b>	<b>7,753,857</b>	<b>483,298</b>	<b>6.2%</b>	<b>6.2%</b>	<b>0</b>	<b>(26,000)</b>	<b>(84,000)</b>	<b>\$19.31</b>

Source: CoStar, Transwestern



# DISTRICT OF COLUMBIA INDUSTRIAL MARKET | Q3 2025

## Research Methodology

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

## 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

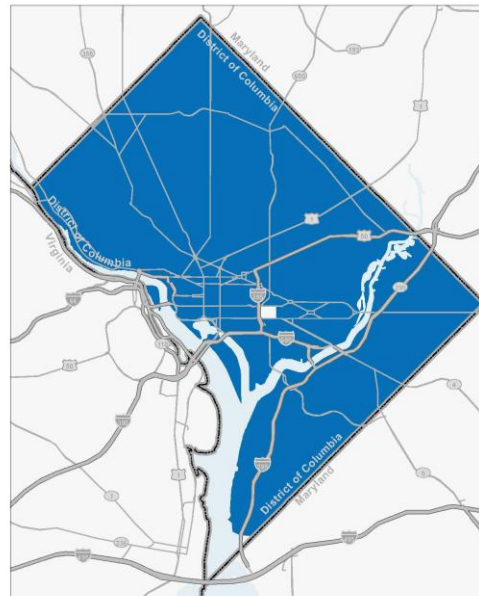
Senior Managing Research Director  
Research Services  
[Elizabeth.Norton@transwestern.com](mailto:Elizabeth.Norton@transwestern.com)  
202.775.7026

### Kyle O'Connor

Senior Research Analyst | Research Services  
[Kyle.OConnor@transwestern.com](mailto:Kyle.OConnor@transwestern.com)  
202.617.2321

Copyright © 2025 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.

[transwestern.com](https://transwestern.com)



### District of Columbia Industrial Submarkets

■ District of Columbia