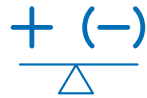


DISTRICT OF COLUMBIA

OFFICE MARKET | Q3 2025



144.7 MSF
Inventory



16,680 SF
Net Absorption



15.8%
Direct Vacancy



23.8%
Total Availability



400,000 SF
Under Construction

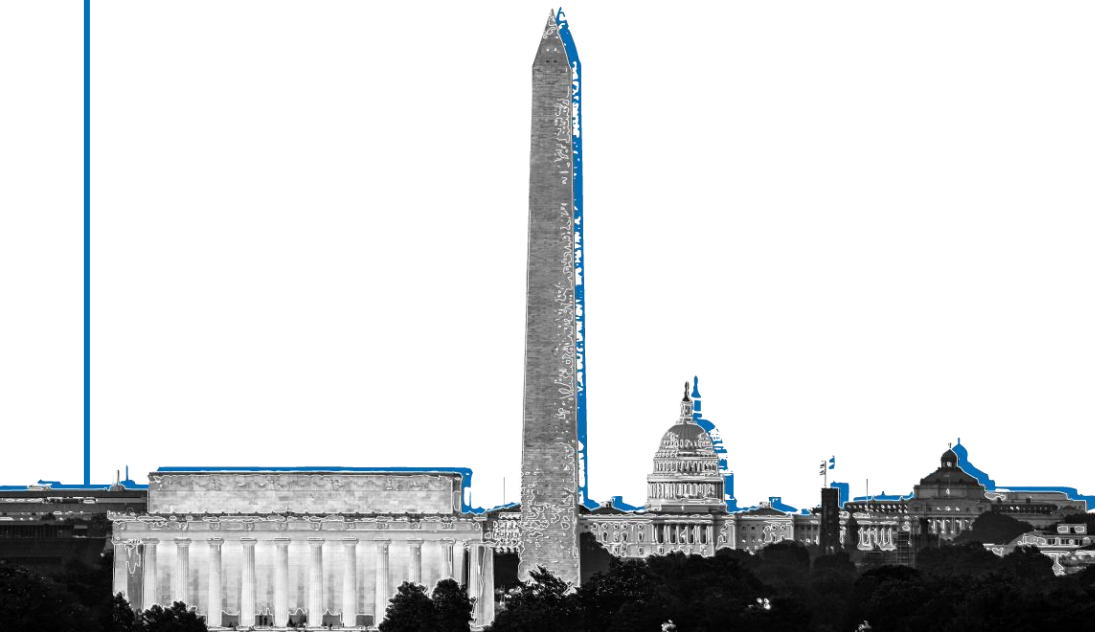


\$53.28 PSF
Asking Rent

Vacancy Holds Amid Select Activity

Market Observations

- The office market stabilized during the third quarter of 2025, with positive 16,680 SF in net absorption, bringing the year-over-year net absorption to negative 295,462 SF.
- The direct vacant available rate was unchanged at 15.8% in September 2025 but is up from 15.6% one year ago.
- Major law firm leasing activity occurred during the past three months. In the CBD, Manatt secured a 68,000 SF lease at 1700 M Street, NW and will be relocating from 1050 Connecticut Avenue, NW. In the East End, Keller & Heckman signed for 57,000 SF at 1100 New York Avenue, NW and will be relocating in the spring of 2027 from 1001 G Street, NW.
- These positive absorption events were offset by a handful of move-outs. Notably, the Department of Treasury vacated 120,500 SF at 1750 Pennsylvania Avenue, NW in the CBD.
- The office market will remain under pressure driven by uncertainty surrounding federal policy decisions, coupled with continued space consolidations and slower employment growth. Less construction, coupled with demolitions/conversions is welcome news for the office market. However, given the near-term demand outlook, the correction in supply is not a silver bullet and unlikely to reverse the upward trajectory of the vacancy rate in the near-term. With the limited amount of supply coming online, tenants will be challenged to find high-quality, new space.

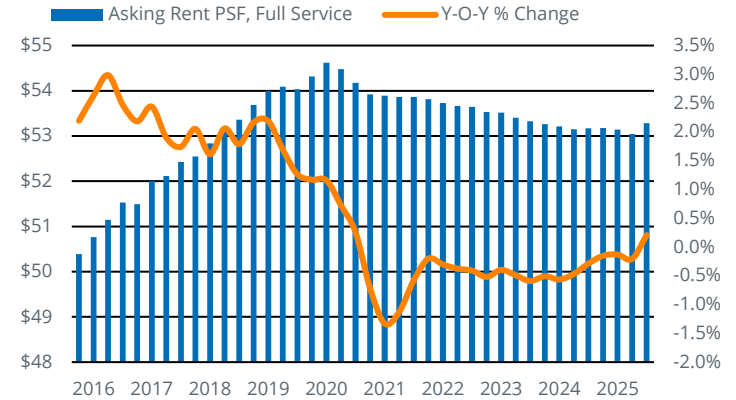




DISTRICT OF COLUMBIA OFFICE MARKET | Q3 2025

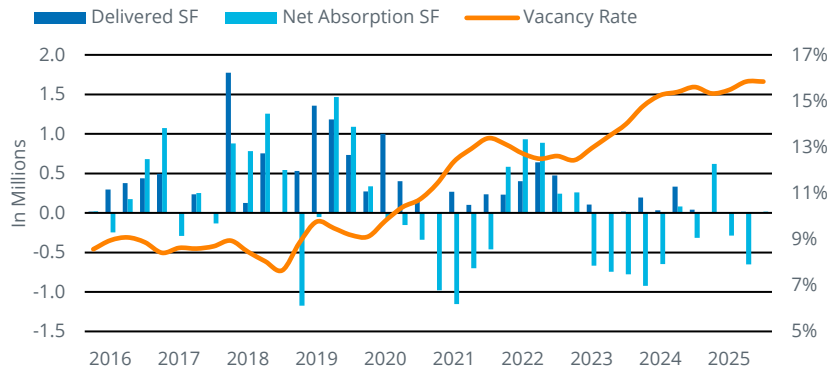
- Direct vacant available rate** stabilized at 15.8% during the third quarter of 2025. Total availability, space being marketed for lease, stands at 23.8%, with a 90-basis point decrease year-over-year. The CBD submarket posted the highest rate at 19.0% with Uptown at the lowest at 7.7%.
- Net absorption** totaled positive 16,680 SF this quarter. The East End submarket outperformed due in part to the Keller & Heckman deal.
- Full-service rents** averaged \$53.28 PSF this quarter, up only 0.2% year-over-year. The Uptown submarket with the tightest vacancy rate led rent growth at 1.4% year-over-year.
- Construction pipeline** totaled 400,000 SF, with 51% pre-leased with only one project in the pipeline. Stonebridge/Rockefeller Group is underway at 600 5th Street, NW in the East End, which is anchored by Crowell & Moring. BXP is expected to add to the pipeline later this year with a trophy office development at 725 12th Street, NW, where McDermott Will & Emery and Cooley will serve as anchor tenants.

ASKING RENT



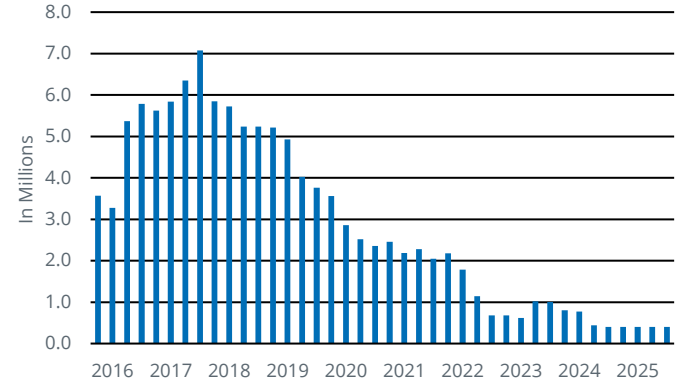
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



DISTRICT OF COLUMBIA OFFICE MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 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	40,955,694	7,771,107	19.0%	27.1%	0	(66,391)	(505,420)	\$53.77
East End	51,938,882	8,699,130	16.7%	25.7%	400,000	71,880	41,558	\$57.32
Capitol Hill	6,759,830	1,126,489	16.7%	25.6%	0	(18,001)	(29,354)	\$56.19
NoMa	12,089,715	1,260,462	10.4%	17.5%	0	21,635	149,534	\$50.43
Capitol Riverfront	3,458,996	609,201	17.6%	32.1%	0	25,762	79,718	\$54.19
Southwest	12,489,355	1,727,328	13.8%	16.4%	0	(4,485)	(102,193)	\$50.91
Georgetown	3,290,350	599,637	18.2%	25.2%	0	5,951	49,764	\$45.10
West End	3,980,174	380,707	9.6%	19.7%	0	19,262	39,692	\$49.57
Uptown	9,712,237	744,201	7.7%	14.4%	0	(38,933)	(18,761)	\$41.14
Total	144,675,233	22,918,262	15.8%	23.8%	400,000	16,680	(295,462)	\$53.28

Source: CoStar, Transwestern



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

For more information

Elizabeth Norton

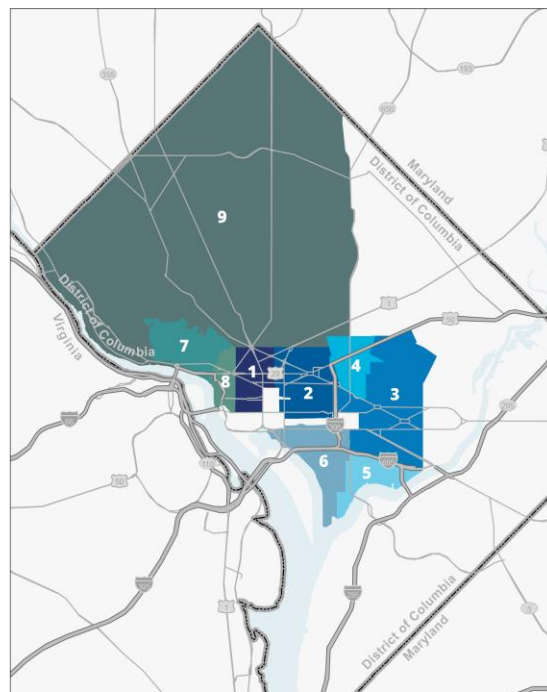
Senior Managing Research Director
Research Services
Elizabeth.Norton@transwestern.com
202.775.7026

Kyle O'Connor

Senior Research Analyst | Research Services
Kyle.OConnor@transwestern.com
202.617.2321

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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