Transwestern

District of Columbia

Office Market | Q1 2026

Soft Market Fundamentals to Start 2026

Market Observations

- The office market weakened during the first quarter of 2026, with negative 196,504 SF in net absorption, bringing the year-over-year net absorption to negative 804,071 SF.
- The direct vacant available rate paused at 16.3% over the quarter and is up 60 basis points from March 2025.
- Washington Commanders took 60,000 SF at 2200 Pennsylvania Ave, NW in the West End. In the CBD, Analysis Group leased 36,933 SF at 1701 Rhode Island Ave, NW. Brystol Myers Squibb inked a deal for 21,647 SF at 250 Massachusetts Ave, NW in Capitol Hill.
- These positive absorption events were offset by a handful of move-outs. In the Southwest, Department of Housing and Urban Development vacated nearly 80,000 SF at 425 3rd St, SW. Rally Health vacated over 45,000 SF at 3000 K St NW in Georgetown.
- The office outlook remains bifurcated, with demand concentrated in trophy and best-in-class assets. Two BXP redevelopments anchored by law firms highlight continued appetite for top-tier space, supported by an empty pipeline and a wave of upcoming tenant expirations. Broader market recovery is expected to be gradual and slow throughout 2026 as tenants continue to optimize space under the current economic climate.

143.6 MSF
Inventory

(196,504) SF
Net Absorption

16.3%
Direct Vacancy

24.7%
Total Availability

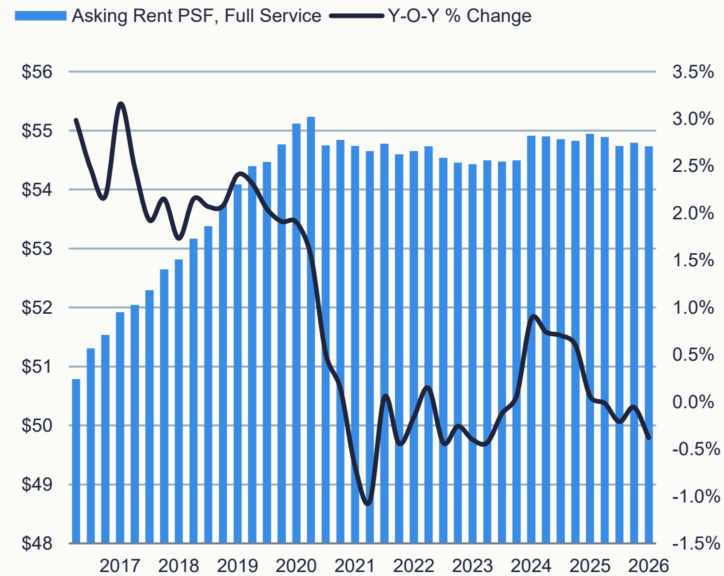
0 SF
Under Construction

$54.74 PSF
Asking Rent

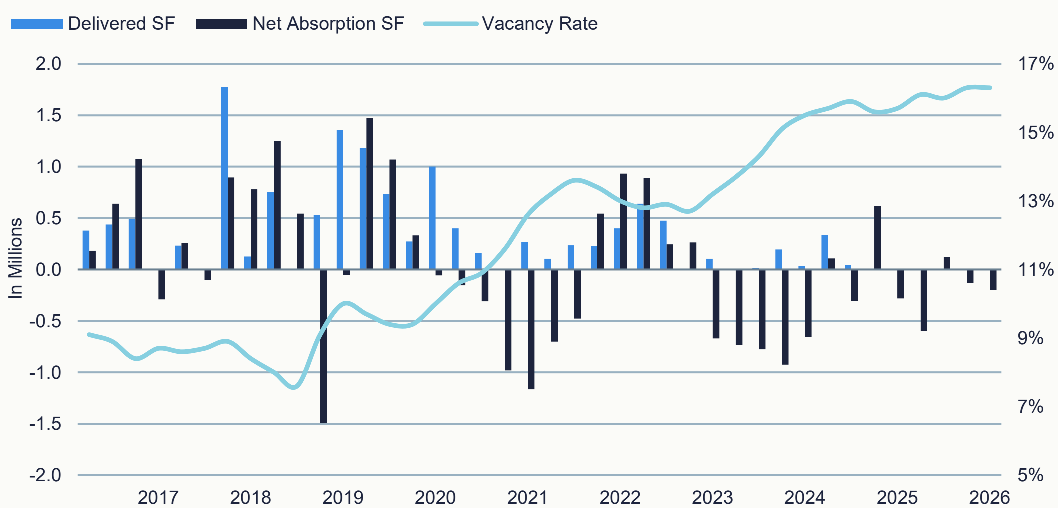
District of Columbia

- **Direct vacant** available rate remained elevated at 16.3% during the first quarter of 2026. Total availability, space being marketed for lease, was 24.7%, increasing the year-over-year value 30 basis points. The CBD submarket posted the highest direct vacant available rate at 18.7% with Uptown recording the lowest at 9.3%.
- **Net absorption** totaled negative 196,504 SF this quarter. Southwest recorded the largest submarket loss of negative 106,557 SF. Conversely, the West End experienced a positive 55,042 SF quarterly absorption change, followed closely by Capitol Hill with positive 49,244 SF.
- **Full-service rents** averaged $54.74 PSF this quarter, down nearly 40 basis points year-over-year. Uptown was the only submarket to record positive yearly growth, increasing nearly 50 basis points to $43.52 PSF.
- **The construction pipeline** is empty entering 2026 following the 400,000 SF delivery at 600 5th St, NW, anchored by Crowell & Moring. However, BXP expects 725 12th St, NW, anchored by McDermott Will & Emery and Cooley, to begin construction this April, while 2100 M St, NW, anchored by Sidley, remains proposed with a projected 2028 start.

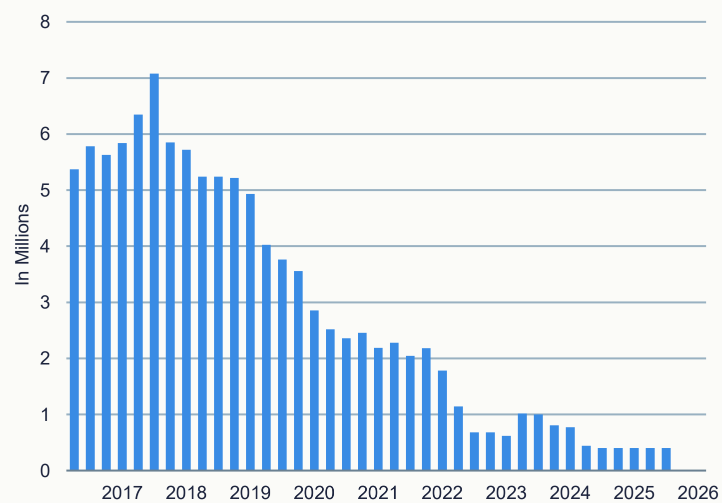
Asking Rent



Delivery Impact On Key Indicators



Under Construction



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Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy 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	7,667,204	18.7%	27.1%	0	(37,484)	(292,395)	$55.45
East End	51,850,272	9,067,835	17.5%	26.9%	0	(69,012)	(209,825)	$59.25
Capitol Hill	6,788,404	999,111	14.7%	23.4%	0	49,244	89,515	$54.98
NoMa	12,089,715	1,318,639	10.9%	20.7%	0	(19,647)	(12,550)	$51.01
Capitol Riverfront	3,458,996	594,429	17.2%	32.6%	0	20,516	17,235	$53.08
Southwest	12,489,355	1,885,450	15.1%	16.5%	0	(106,557)	(252,603)	$50.45
Georgetown	3,126,628	706,367	22.6%	28.1%	0	(34,100)	(36,743)	$48.67
West End	3,946,250	400,011	10.1%	21.9%	0	55,042	18,455	$53.38
Uptown	8,915,815	826,172	9.3%	15.7%	0	(54,506)	(125,160)	$43.52
Total	**143,621,129**	**23,465,218**	**16.3%**	**24.7%**	**0**	**(196,504)**	**(804,071)**	**$54.74**

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

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate $64 billion[1] in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

[1] Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026.

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