

# District of Columbia

Industrial Market | Q1 2026

## Vacancy Tightens Modestly

### Market Observations

- The industrial market remained muted during the first quarter of 2026, with positive 12,244 SF of net absorption. Year-over-year, net absorption totaled negative 37,919 SF.
- Despite limited leasing activity, the vacancy rate decreased to 8.5% from 8.6% last quarter. Still, market conditions remained tight enough to support rent growth, with asking rents rising 130 basis points to \$19.36 PSF in March 2026. Compared to a year ago, rents are up 5.6%.
- 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.
- Industrial demolitions have historically reduced inventory, but activity has largely halted over the past three years. While over 1.3 million SF has been removed over the last decade, recent quarters show little to no demolition activity, pausing further inventory contraction for now.
- Given the limited available inventory and dormant pipeline, we expect the vacancy rate to remain relatively stable throughout 2026, with net absorption likely to stay constrained.



**7.6 MSF**  
Inventory



**12,244 SF**  
Net Absorption



**8.5%**  
Direct Vacancy



**12.8%**  
Total Availability



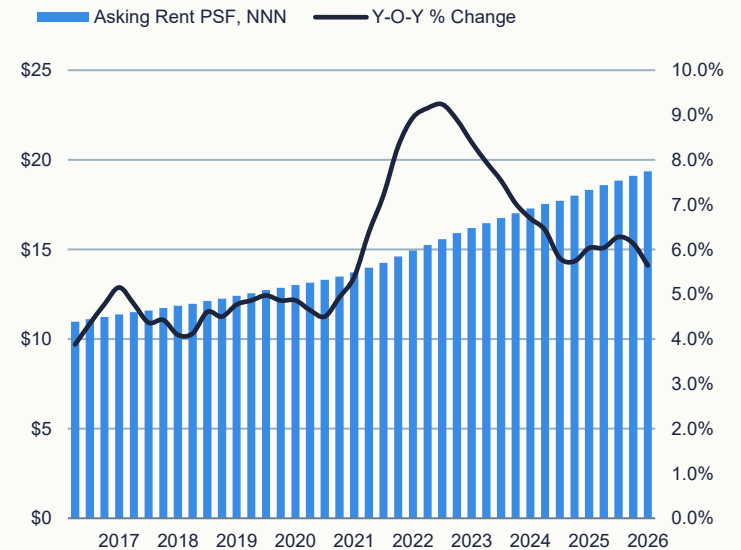
**0 SF**  
Under Construction



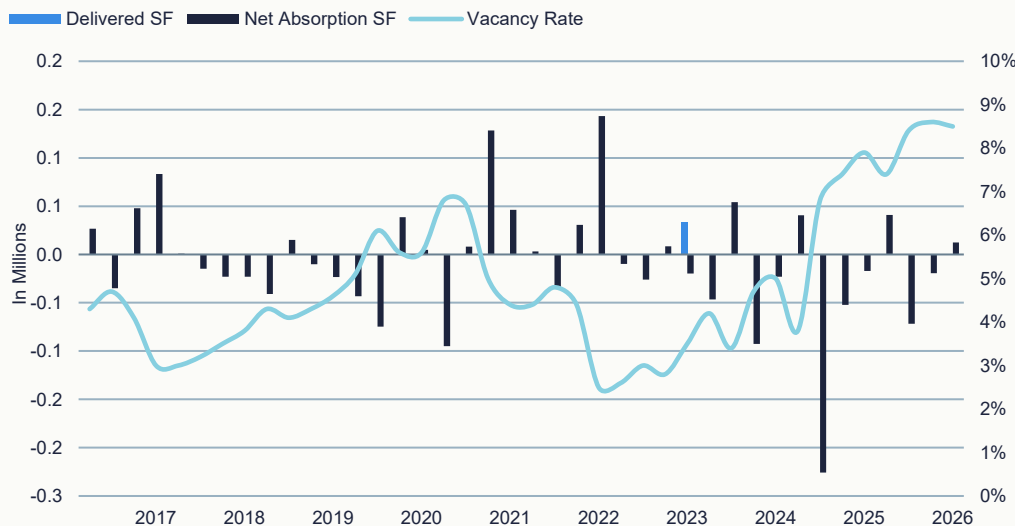
**\$19.36 PSF**  
Asking Rent

- **Net absorption** totaled positive 12,244 SF during the first quarter of 2026, with year-over-year totaling approximately negative 38,000 SF.
- The **direct vacancy** rate slightly decreased over the quarter to 8.5% yet remained elevated above 7.9% one year ago. Limited leasing activity and move-outs across the market this quarter caused the direct vacancy rate to remain elevated.
- **Asking rents** increased during the quarter to \$19.36 PSF in March 2026. Year-over-year, rents are up 560-basis points. Flex rents increased 140-basis points during the quarter to \$23.93 PSF, while warehouse rates increased 130-basis points, resting at \$18.26 PSF.
- There are zero projects **under construction** as of March 2026. 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 2026.

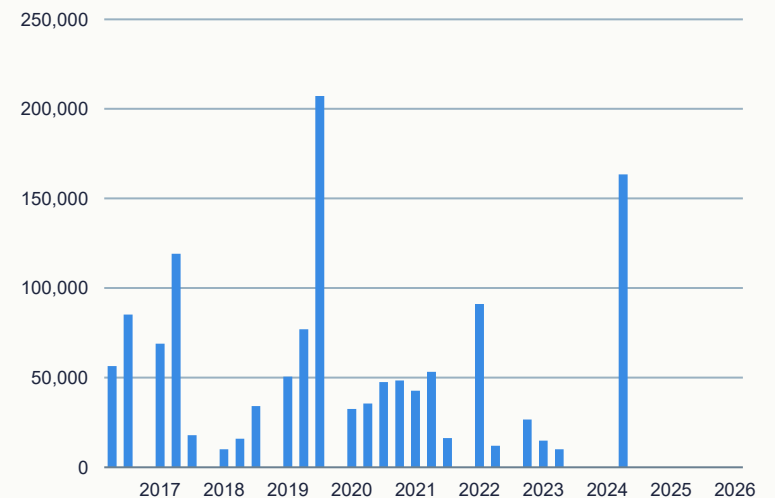
## Asking Rent



## Delivery Impact On Key Indicators



## Demolitions / Conversions



**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, NNN
District of Columbia	7,606,466	642,884	8.5%	12.8%	0	12,244	(37,919)	\$19.36
<b>Total</b>	<b>7,606,466</b>	<b>642,884</b>	<b>8.5%</b>	<b>12.8%</b>	<b>0</b>	<b>12,244</b>	<b>(37,919)</b>	<b>\$19.36</b>

Source: CoStar, Transwestern

## 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 and properties owned by a government agency.

## 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<sup>1</sup> 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](https://transwestern.com).

<sup>1</sup> Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026.

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