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Sturdy DC

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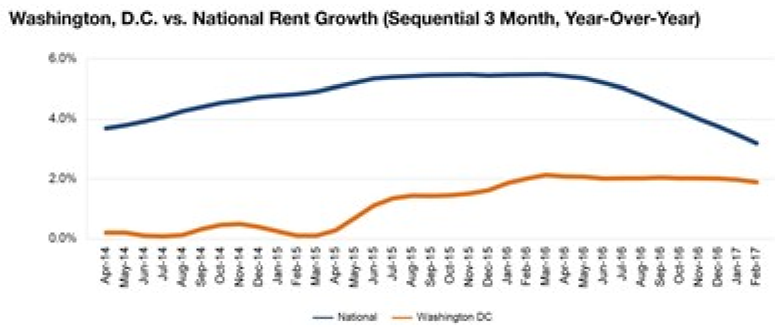

Washington, D.C. rent evolution, click to enlarge

Washington, D.C.'s multifamily market is experiencing strong fundamentals, including robust employment, healthy population gains and record-breaking rental rates, per-unit prices and median home values. The nation's capital remains a magnet for young professionals and recent graduates, as job availability in sectors like business services, health care and education diversifies the local economy.

Uncertainty about the election didn't scare investors from targeting Washington's stabilized properties. In 2016, the total transaction volume reached $4 billion, a new record for the current cycle. Per-unit prices and median home prices also topped historical averages, surpassing the $200,000 and $400,000 marks, respectively. Investments such as the $3 billion Purple Line infrastructure project, a light-rail public transit system that will extend from Bethesda in Montgomery County to New Carrollton in Prince George's County, will help connect workers commuting to the city and will drive prices up in inexpensive areas. The easy accessibility to Washington will help residents that have been priced out of the nation's capital.

Although the metro's occupancy rate was high at 95.6 percent as of February, the heavy amount of new supply (12,000 units) has kept rent growth moderate, at 1.9 percent year-over-year. We expect market fundamentals to stay strong, but as new construction comes online, the rent increase will remain steady at 1.9 percent in 2017.