VIEWPOINT

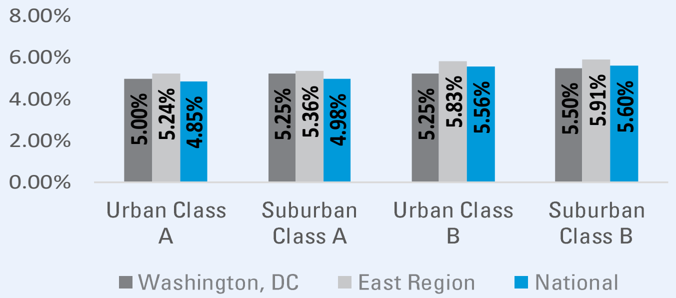
2023 WASHINGTON, DC MULTIFAMILY ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

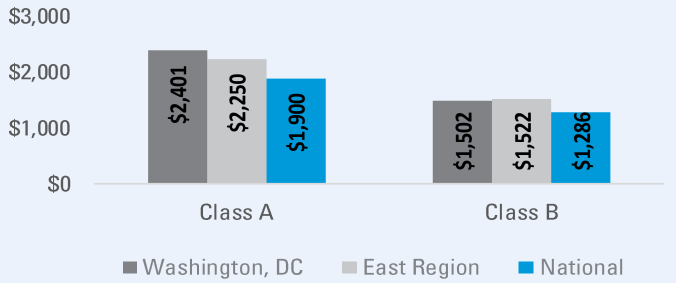
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent ($/Unit)	▲	▲
Vacancy Rate (%)	▼	▲

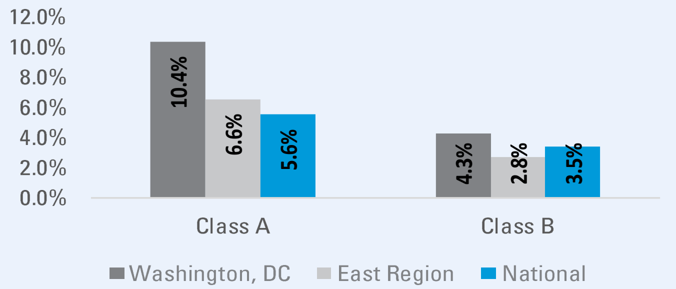
Going In Cap Rate Comparisons (%)



Asking Rents ($/Unit)



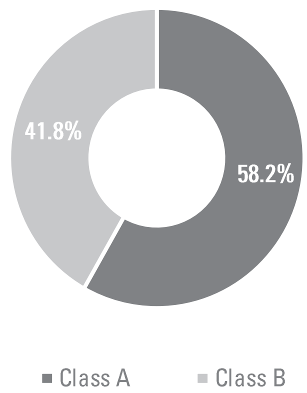
Vacancy Rates (%)



Washington, DC Multifamily Market Overview

The Washington D.C. multifamily market is driven by the presence of several Fortune 500 companies including Google, Microsoft, Northrup Grumman, and Amazon's new HQ2. A stable and notable employment base within the urban district and surrounding counties allows college graduates and local professionals to remain in the D.C. area. The Washington, D.C. apartment market appears to have stabilized after experiencing a mild hiccup in 2020, with vacancy rates down 200 basis points from their peak and rental rates resuming their steady, pre-pandemic upward trajectory. Construction starts have likewise rebounded - particularly in the District's eastern submarkets of NoMa and Navy Yard, which each have more than 3,000 units currently being built. The development pipeline is also strong in Northern Virginia, where the pending extension of WMATA's Silver Line is among the factors driving projects like Renaissance Centro's Arbor Row apartment towers in Tysons. Average sale prices for properties in and around Washington, D.C. have tended to move in-line with rental rates: stagnating in 2020 before picking back up the following year. Major transactions include Cortland's $305.2 million purchase of a 534-unit building in Arlington, Virginia, and the sale of a 237-unit tower in Bethesda for $95.3 million. Investors are purchasing sites within emerging city submarkets, such as the southeast Navy Yard, as well as neighborhoods outside the city along mass-transit corridors and near high paying employment centers. Average market rents are approaching $2,000 and wage growth has been a favorable characteristic in support of the multifamily market in the greater Washington, DC metro area.

Distribution of Total Inventory



128,126 Units
Multifamily Inventory

1.72% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months

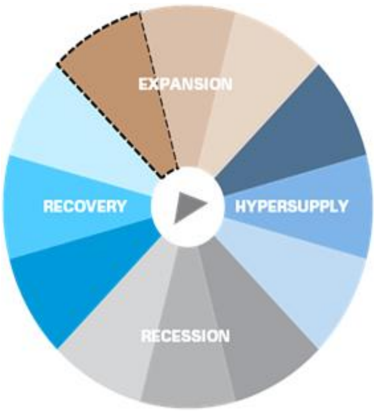
▲2%-2.9%
Urban Class A

▲2%-2.9%
Suburban Class A

▲2%-2.9%
Urban Class B

▲2%-2.9%
Suburban Class B

Market Cycle: Expansion Stage 1



- Decreasing Vacancy Rates
- Moderate/High New Construction
- High Absorption
- Med/High Rental Rate Growth
- Moderate/High Employment Growth

Forecasts

Washington, DC 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	2,198			
Market Rent Change	+2.00%	+2.00%	+2.00%	+2.00%
Expense Rate Change	+2.00%	+2.00%	+2.00%	+2.00%
Years to Balance	5			

Washington, DC 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+17.48%			
Change in Value	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%

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