

# GLOBAL SPOTLIGHT

## Washington, District of Columbia



## Washington, D.C., is the U.S. capital and a leading city for global real estate investment.

- Washington, D.C., remains among the best markets in the country for job growth. A low unemployment environment has led to an upward trend in the office market. Office rents have continued to rise, due partly to a shift in ownership from publicly traded REITs to private equity ownership. Private funds such as Beacon, Tishman Speyer and Normandy Real Estate Partners have been some of the biggest players in this transfer.
- Minor vacancy increases are expected due to new buildings being delivered throughout the market. Rental rates continue to increase as the result of strong investor demand increasing pricing. Annualized absorption remains below average, as light leasing activity and tenant move-outs have impacted absorption. Despite these softening conditions, the metro area remains one of the top-performing markets in the nation.
- The Washington flex/industrial market is gaining traction. Annualized, net absorption is running above the long-term average due to both pre-leased deliveries and healthy leasing activity. Rent growth is progressing at a decent pace. Given these conditions, investors continue to flow capital to the area. As jobs continue to expand in the metro area, retail employment has kept pace. The above-average income of Washington metro area residents supports a vibrant retail market.
- The Washington metro area has over 112 million SF of retail space, inclusive of all types of retail, in just over 1,000 shopping centers. Northern Virginia is home to 52% of the total metro retail inventory. The metro area has 24.4 SF of retail space per capita, compared to the national average of 20.3 SF, and ranks fourth among major metro areas.
- Although over 10.9 million SF of retail inventory has been added to the metro area since 2000, the area remains underserved as the growing population continues to demand retail services, particularly in the District of Columbia where there is 8.1 SF of retail space per capita.

## Washington D.C. At A Glance

<b>Population</b>	<b>5.30 million (Metro Area)</b>
<b>Location</b>	<b>Capital of the United States</b>
<b>Interest</b>	<b>3.48% (US 10yr Treasury Note)</b>
<b>Unemployment</b>	<b>6.1%</b>

Property	Rent/SF/Year Low	High	Effective Avg.	Vacancy Rate
Downtown Office Class A	\$35	\$63	\$48	9%
Suburban Office Class A	N/A	N/A	N/A	N/A
Industrial Bulk Warehouse	\$5	\$15	\$11	6%
Retail Downtown	\$25	\$80	\$55	1%

NAI KLNB, LLC provides local market expertise in Annapolis, Baltimore and Washington D.C.

## About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

### At A Glance

375	Offices
55	Countries
8,000	Professionals
\$45 billion	Annual Transaction Volume
250	MSF of Property Management

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