

# BUILDING THE FUTURE: DC's Economic Landscape

October 31, 2024

GEORGETOWN  
UNIVERSITY



DMPED  
OFFICE OF THE DEPUTY MAYOR FOR  
PLANNING & ECONOMIC DEVELOPMENT

WE ARE WASHINGTON  
DC GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
MURIEL BOWSER, MAYOR

# Analysis of Downtown DC Real Estate



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# Driving Washington, D.C. *Forward.*

**CBRE**

BUILDING THE FUTURE: DC'S ECONOMIC LANDSCAPE | OCTOBER 2024

# Agenda

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01

Washington D.C. Market Dynamics

02

Downtown D.C. Housing Capacity



# Washington, D.C. Market Dynamics

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# 3 Key Trends Shaping Washington, D.C.

01

Leasing activity is on the rise

02

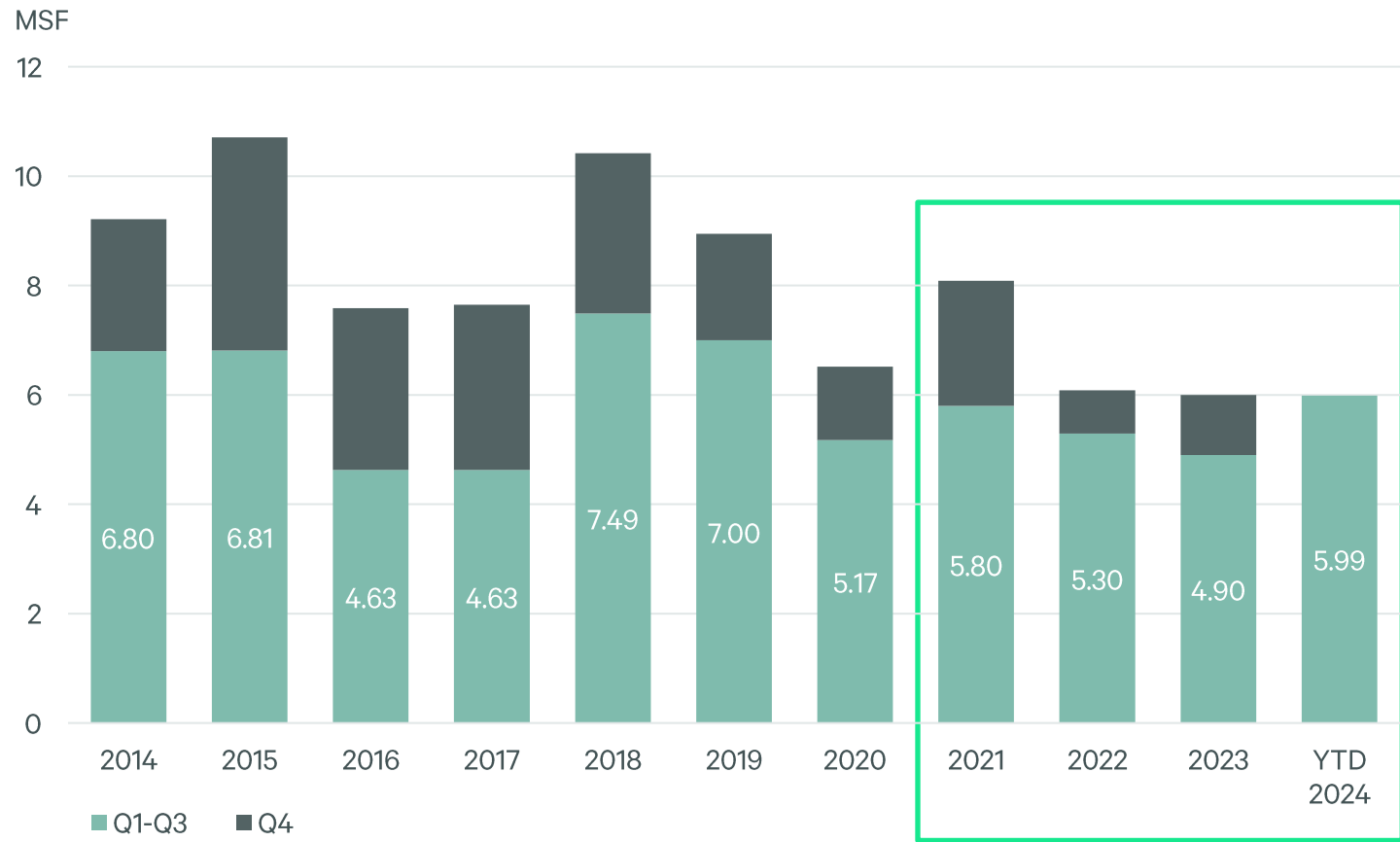
Flight to quality drives D.C. demand

03

Obsolete inventory paves way for opportunity



# 2024 Leasing Improves



\*Analysis includes all leases 1/1/2014 – 9/30/2024

6 MSF  
YTD 2024

## Core Demand Drivers

- Government
- Law Firms
- Nonprofits

## Niche Growth Sectors

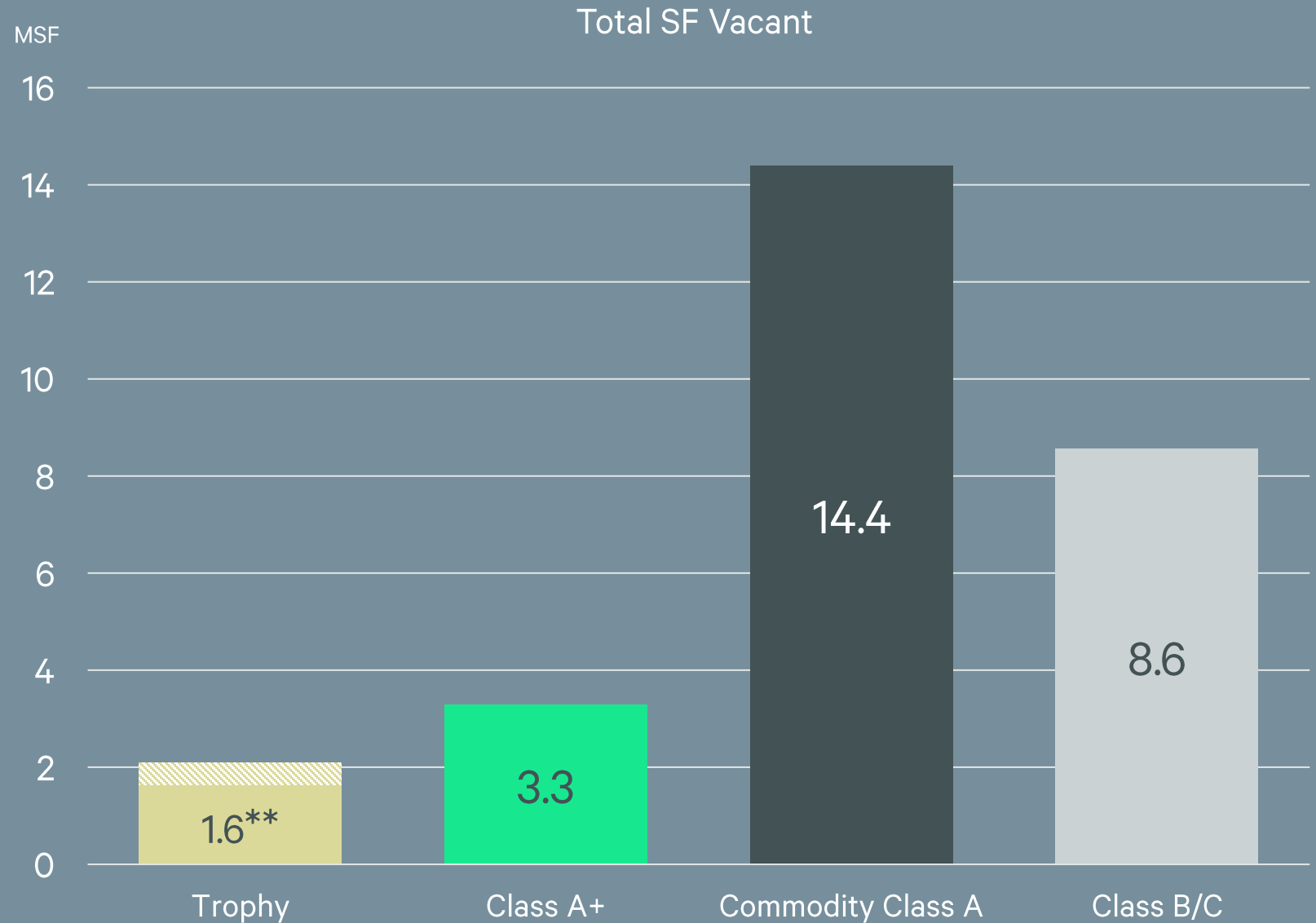
- Government Affairs
- Education



# Flight to Quality Continues

22.7%  
overall vacancy

20%  
of inventory  
captures 59% of  
relocations





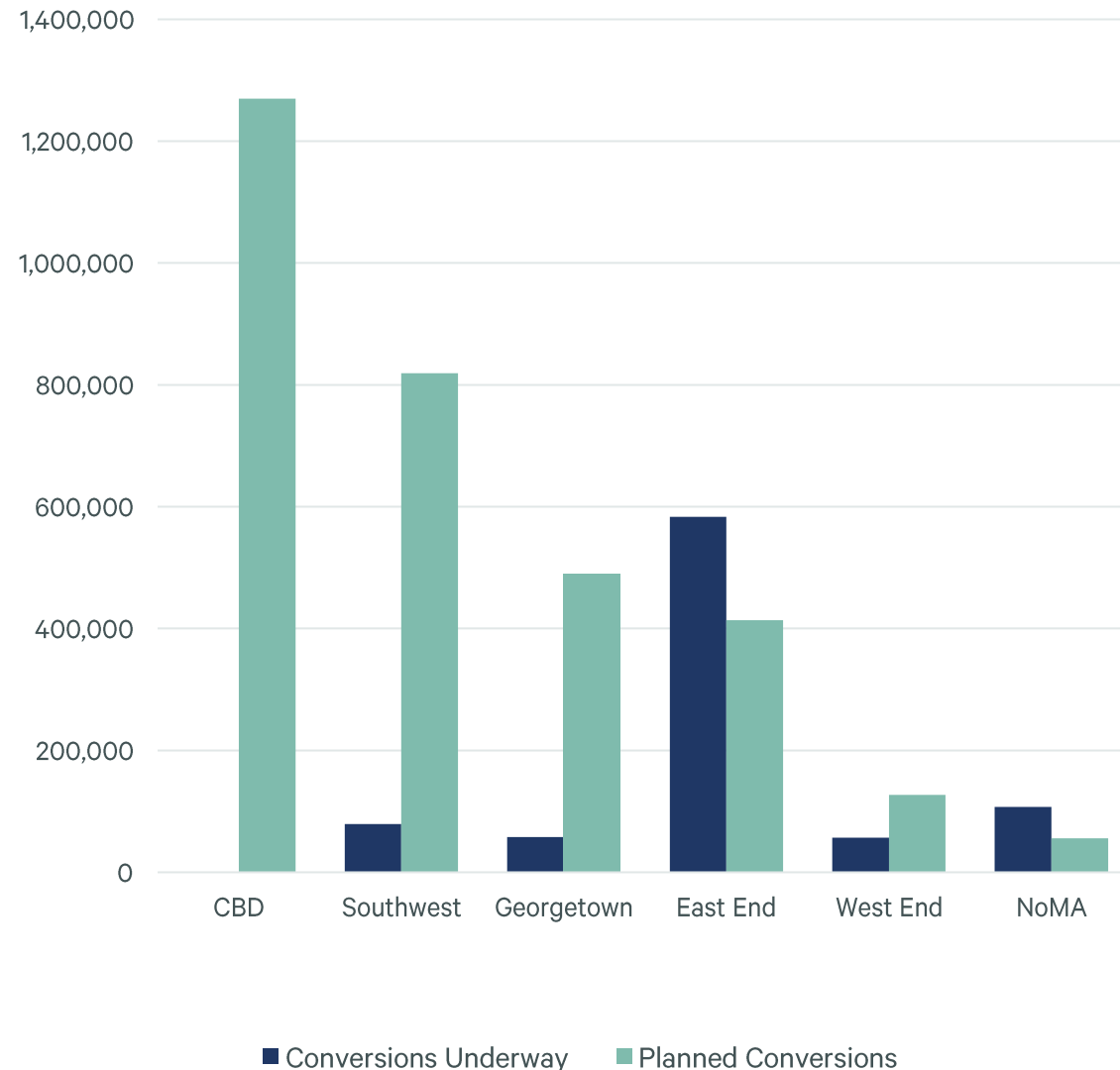
# Obsolete Inventory Paves Way for Opportunity

Conversions Will Eliminate +4 MSF of Obsolete Inventory

**1.1 MSF**

of conversion projects are already underway

Office Inventory Removal from Conversions (sq. ft.)



## Additional Distress Indicators

**25**

Foreclosures  
2023-2024

**4%**

of total inventory

**-66%**

Average drop in  
value among 2024  
foreclosures



# Downtown D.C. Housing Capacity

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# *Study:* Capacity for Housing in Downtown Washington, D.C.



~20k units

Existing Stock

# *Study:* Capacity for Housing in Downtown Washington, D.C.



~20k units

Existing Stock



+20k units

Underbuilt Parcels

# *Study:* Capacity for Housing in Downtown Washington, D.C.

DOUBLES



~20k units

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+20k units

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# *Study:* Capacity for Housing in Downtown Washington, D.C.

## DOUBLES



~20k units

Existing Stock



+20k units

Underbuilt Parcels



+22k units

Office Parcels

# *Study:* Capacity for Housing in Downtown Washington, D.C.

## DOUBLES



~20k units

Existing Stock



+20k units

Underbuilt Parcels



+22k units

Office Parcels



+17k units

Strategic Parcels

# *Study:* Capacity for Housing in Downtown Washington, D.C.

DOUBLES



~20k units  
Existing Stock



+20k units  
Underbuilt Parcels

DOUBLES AGAIN



+22k units  
Office Parcels



+17k units  
Strategic Parcels



# Study: Capacity for Housing in Downtown Washington, D.C.

DOUBLES



~20k units  
Existing Stock

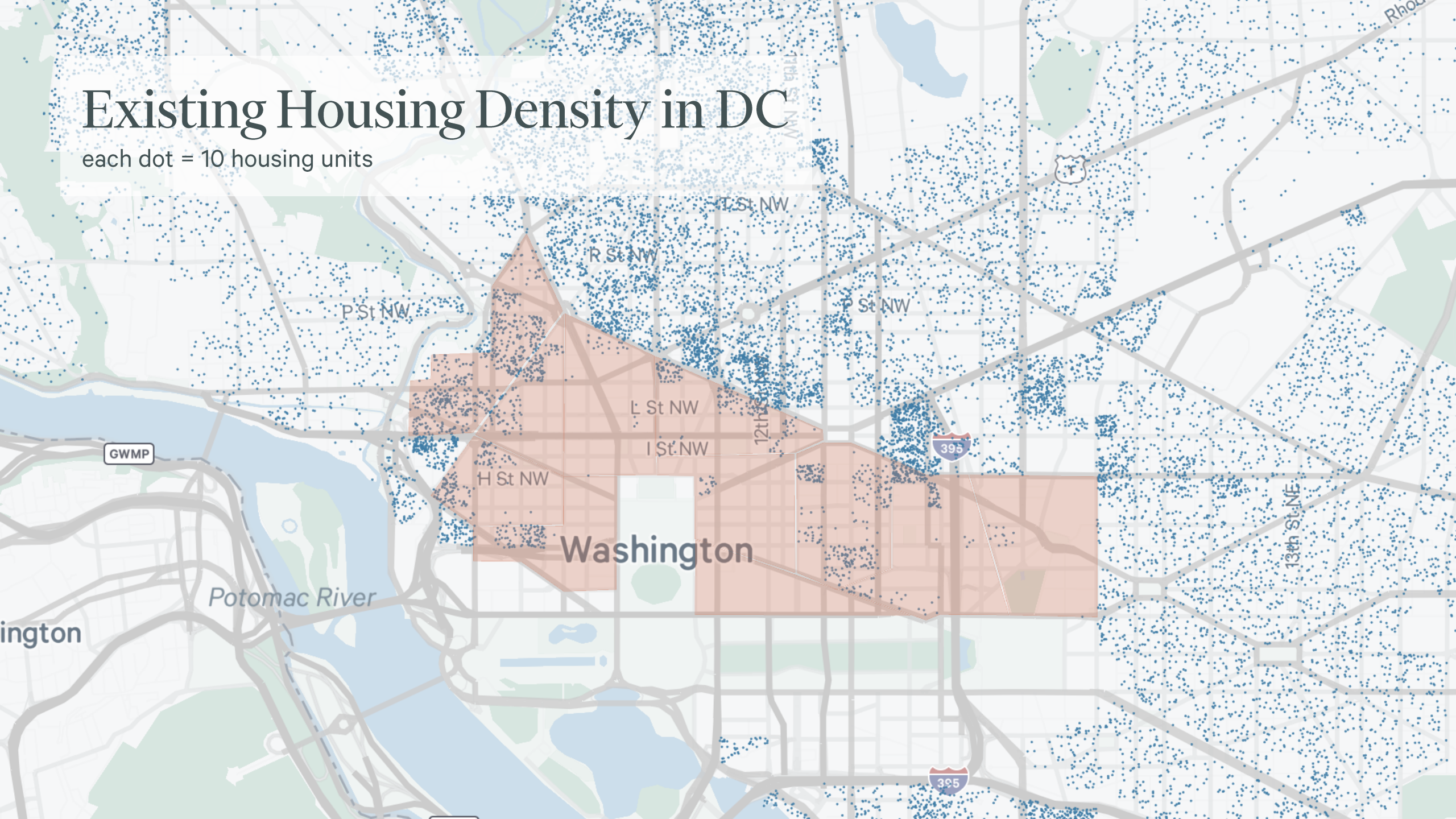
DOUBLES AGAIN



~60K  
ADDITIONAL CAPACITY

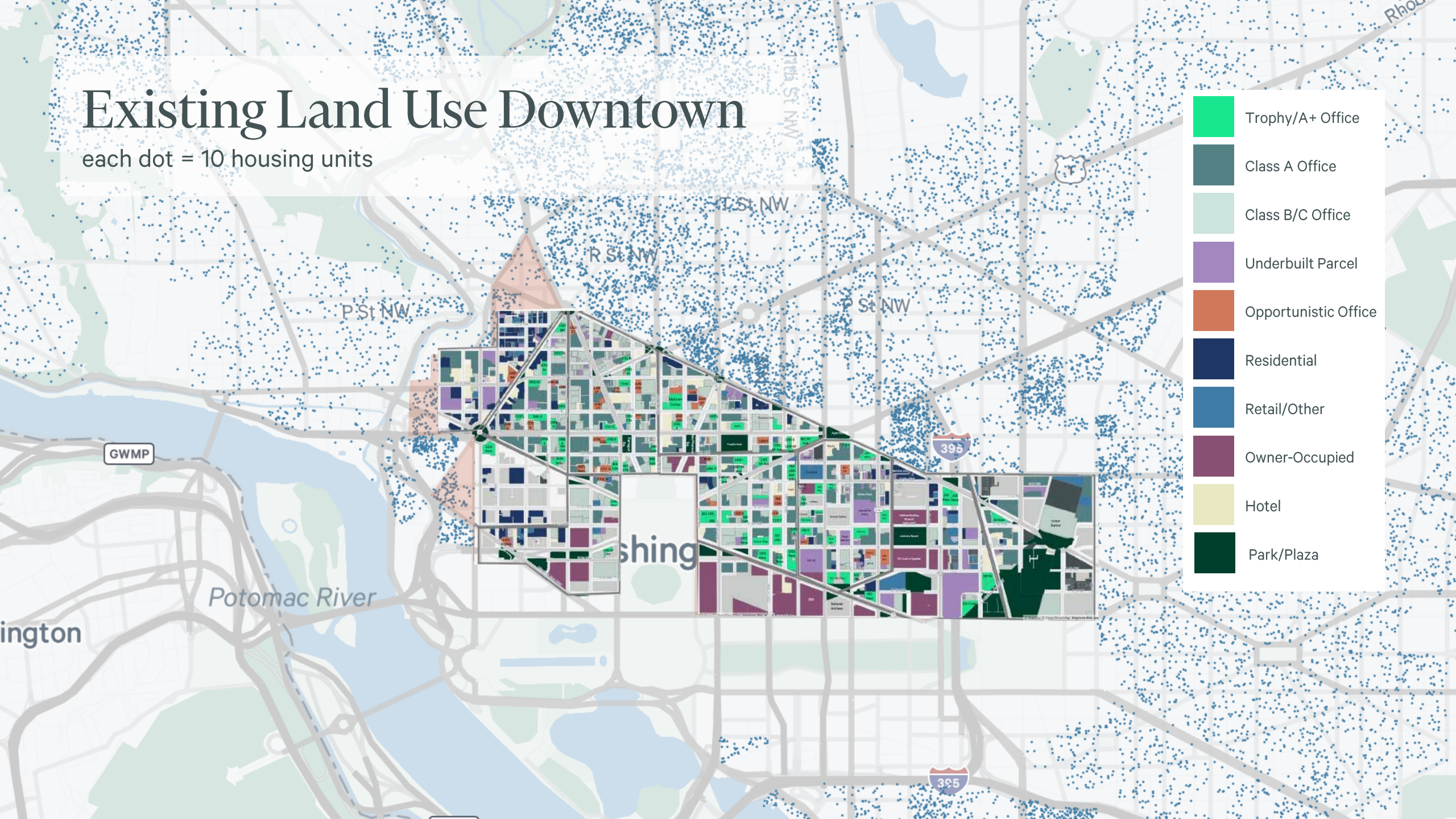
# Existing Housing Density in DC

each dot = 10 housing units



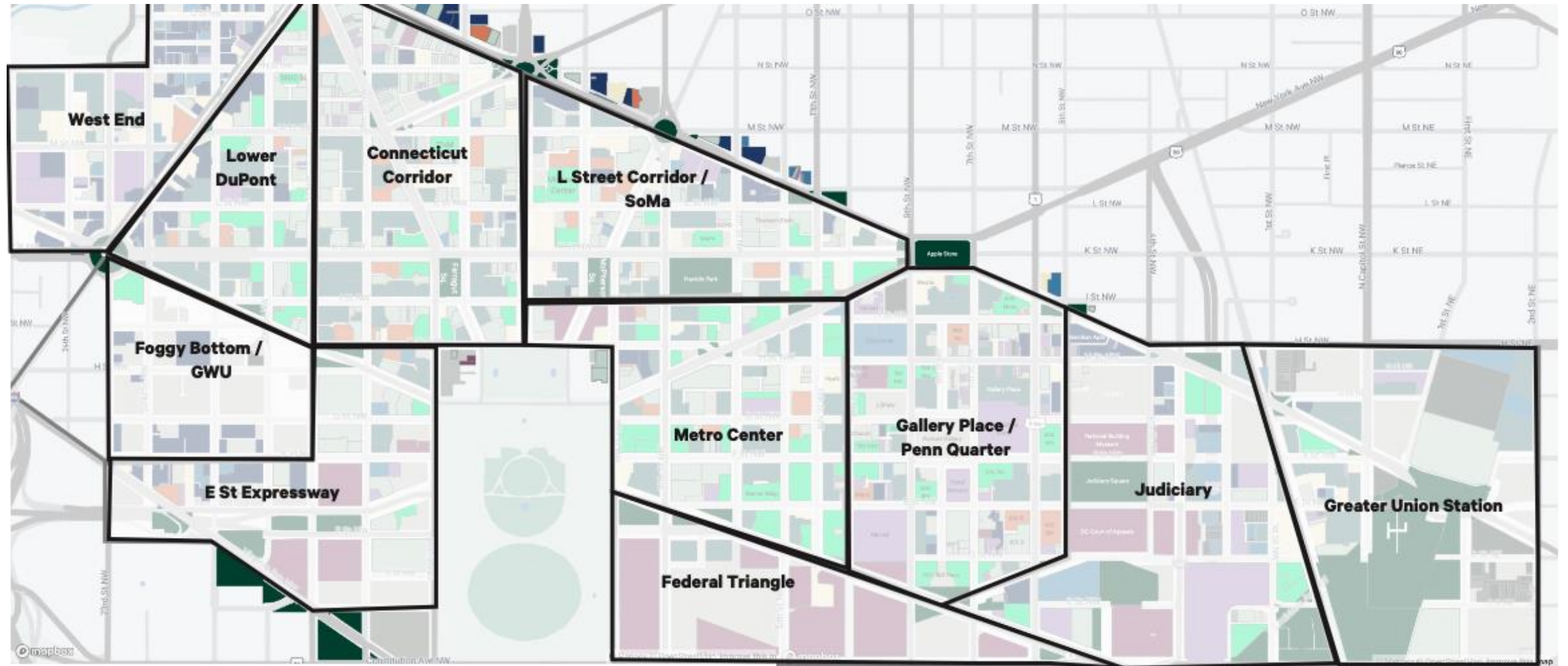
# Existing Land Use Downtown

each dot = 10 housing units

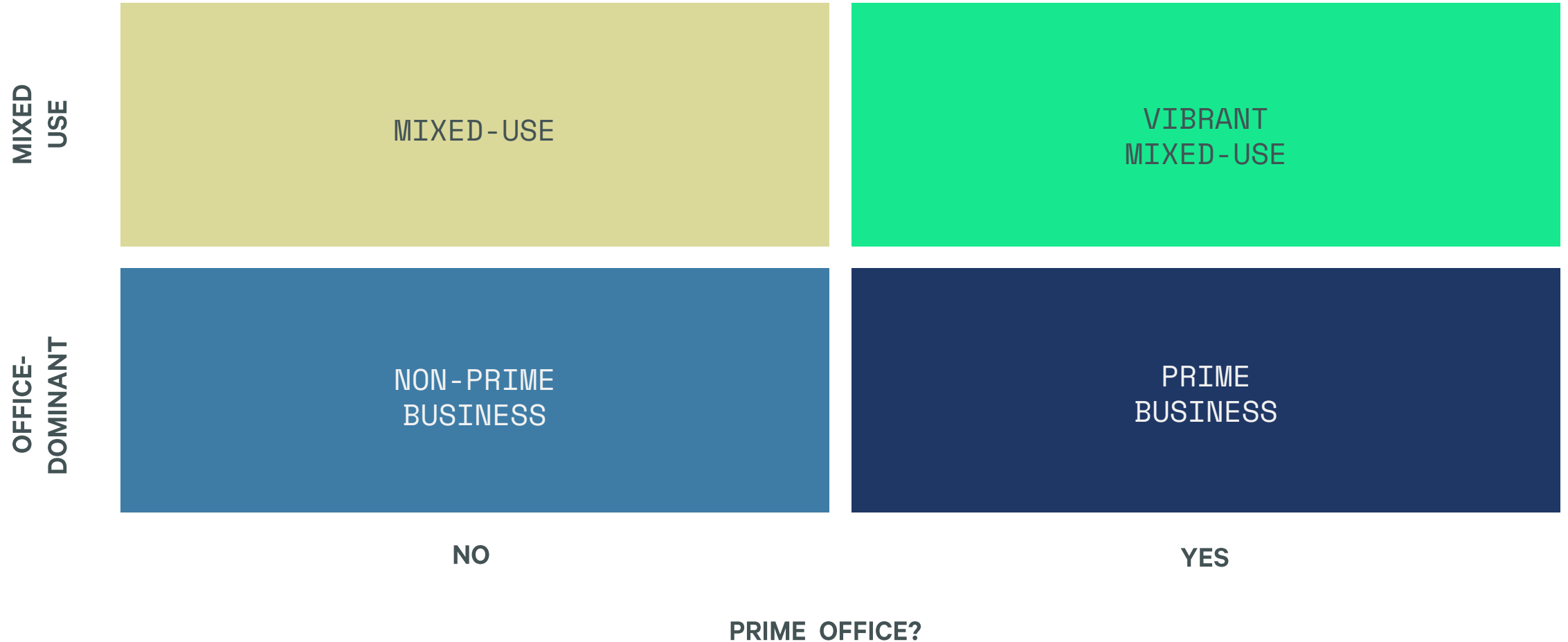


- Trophy/A+ Office
- Class A Office
- Class B/C Office
- Underbuilt Parcel
- Opportunistic Office
- Residential
- Retail/Other
- Owner-Occupied
- Hotel
- Park/Plaza

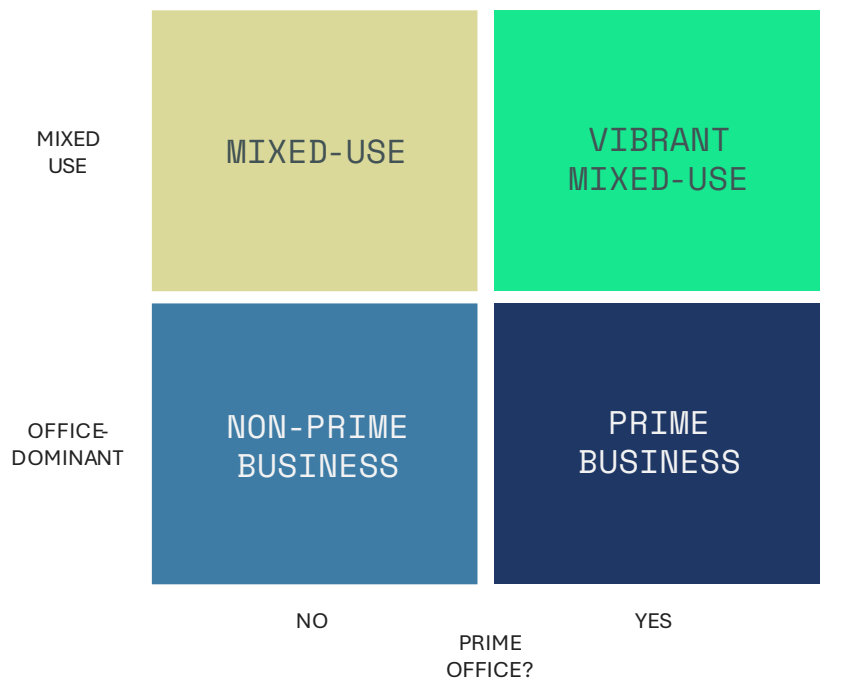
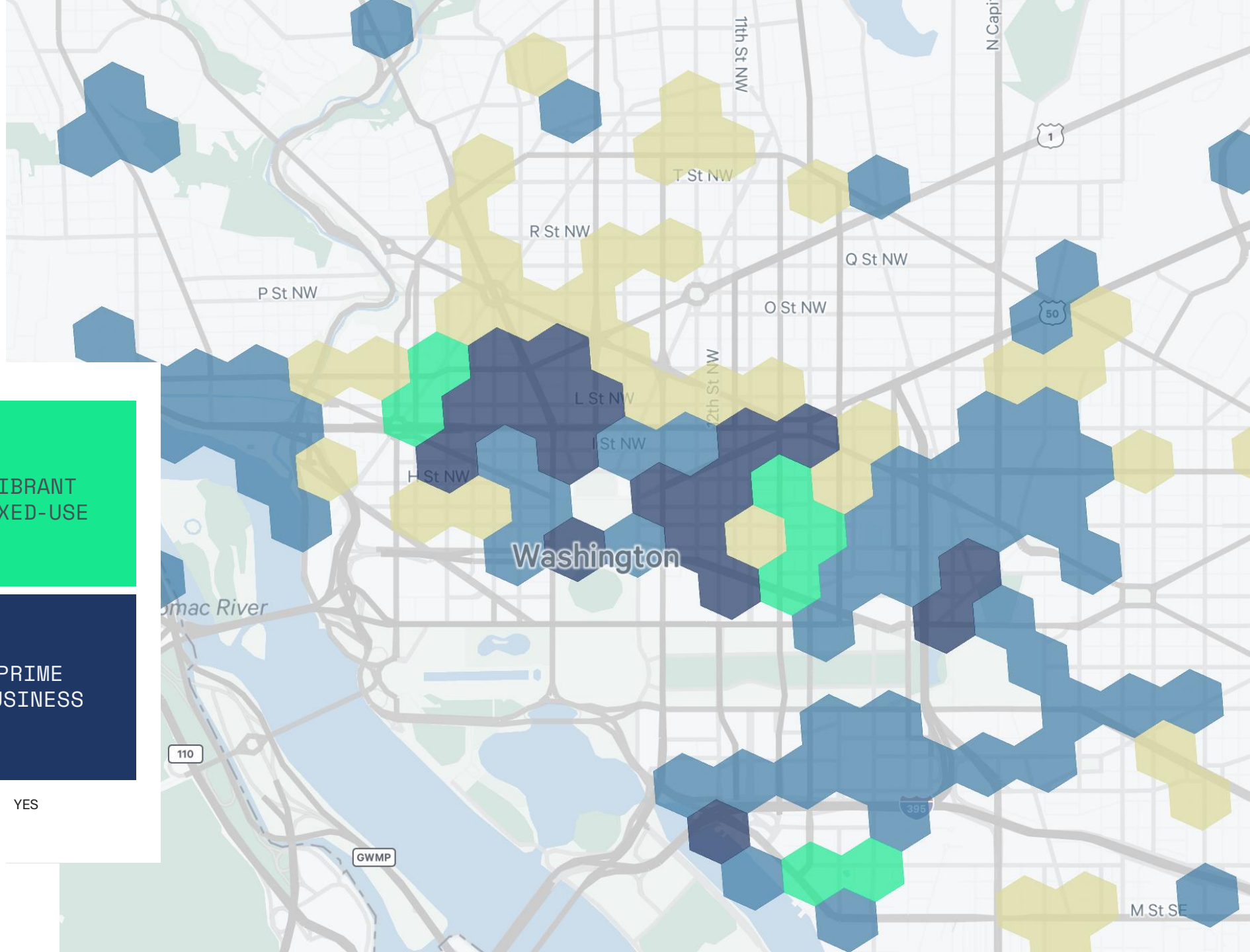
# Hybrid Fundamentals and Parcel-level Data Inform 11 Micromarkets



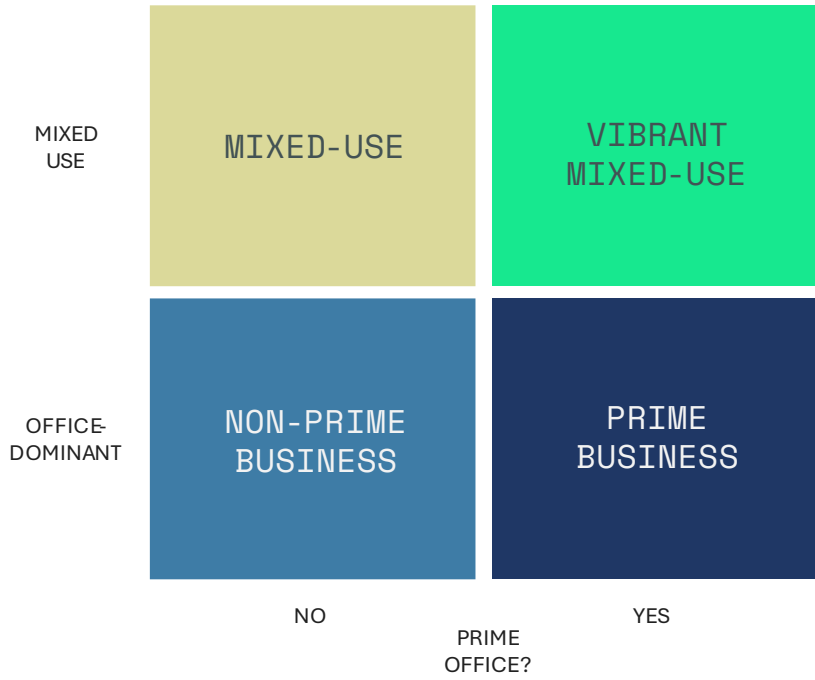
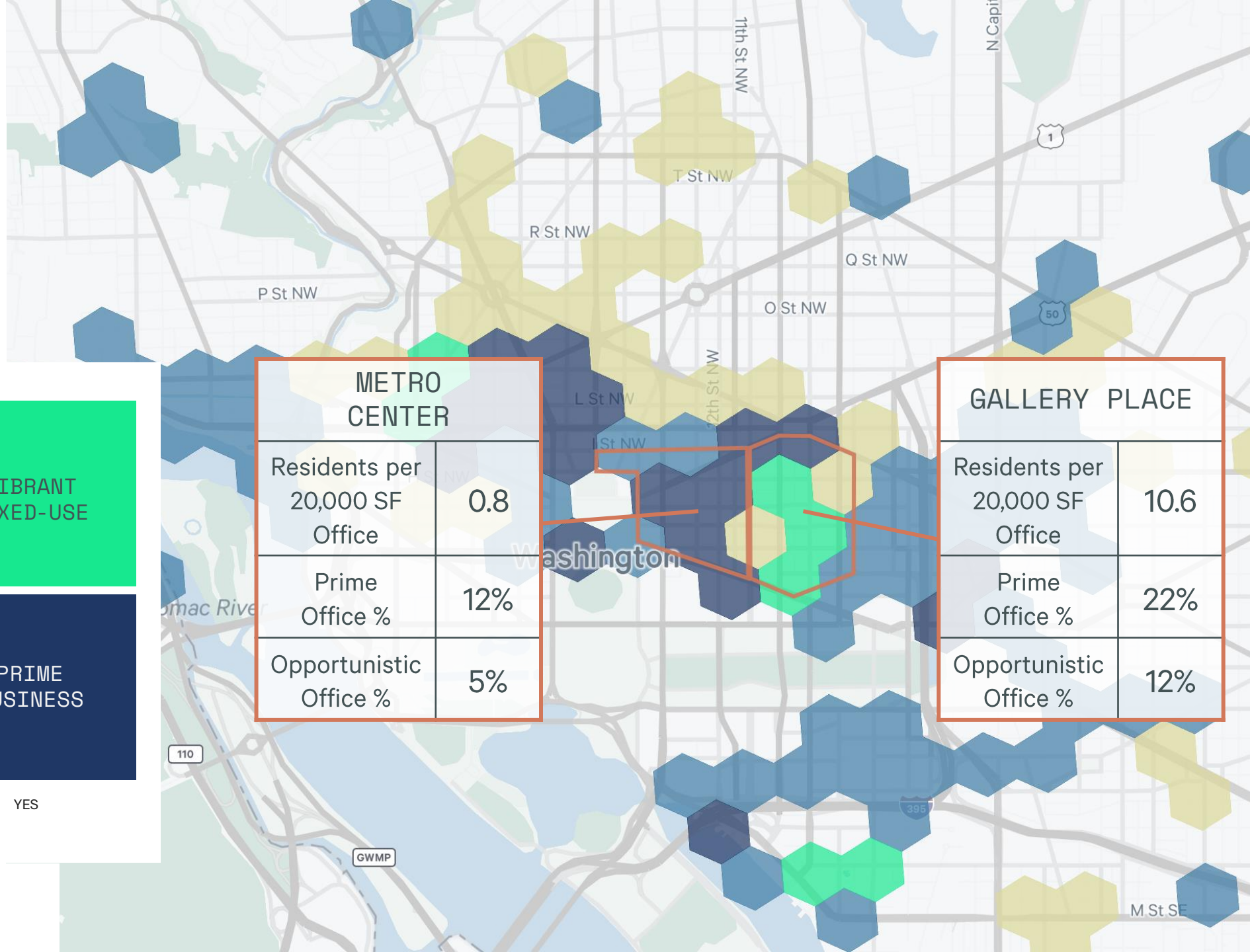
# A Way to Think About Neighborhoods



# Hybrid Fundamentals Downtown DC



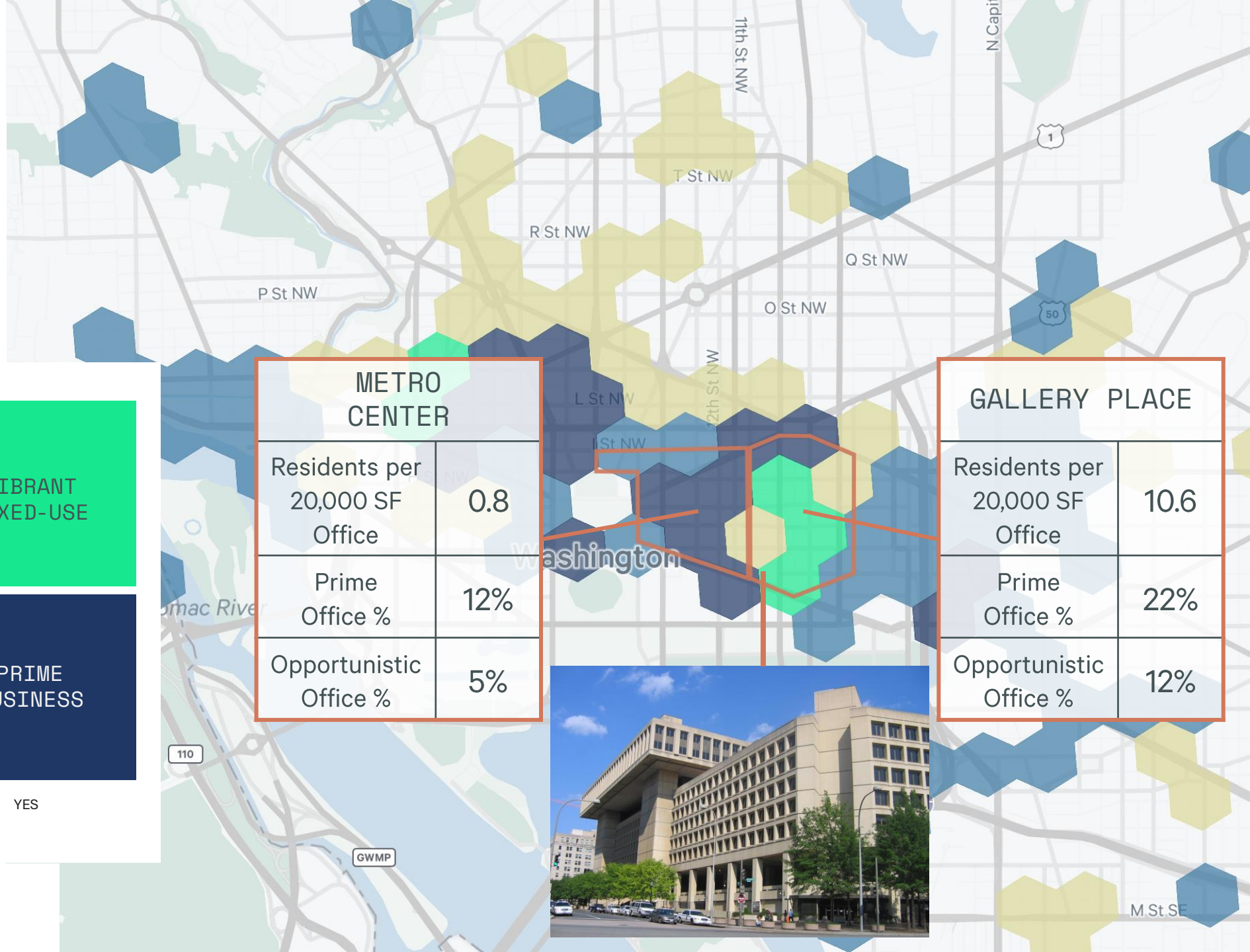
# Hybrid Fundamentals Downtown DC



| METRO CENTER                   |     |
|--------------------------------|-----|
| Residents per 20,000 SF Office | 0.8 |
| Prime Office %                 | 12% |
| Opportunistic Office %         | 5%  |

| GALLERY PLACE                  |      |
|--------------------------------|------|
| Residents per 20,000 SF Office | 10.6 |
| Prime Office %                 | 22%  |
| Opportunistic Office %         | 12%  |

# Hybrid Fundamentals Downtown DC



|                 |                    |                   |
|-----------------|--------------------|-------------------|
| MIXED USE       | MIXED-USE          | VIBRANT MIXED-USE |
|                 | NON-PRIME BUSINESS | PRIME BUSINESS    |
| OFFICE-DOMINANT | NO                 | YES               |
|                 |                    | PRIME OFFICE?     |

| METRO CENTER                   |     |
|--------------------------------|-----|
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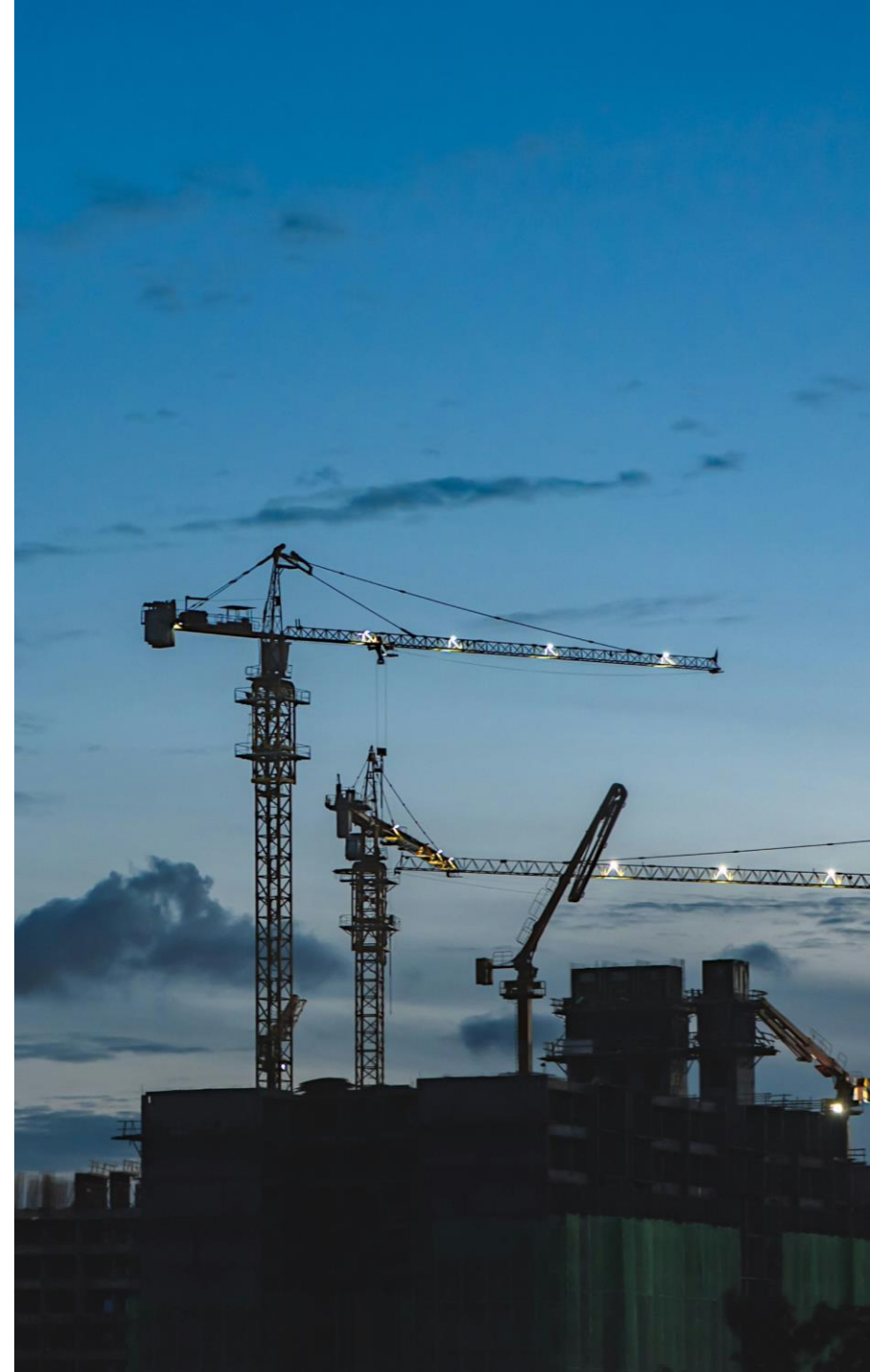
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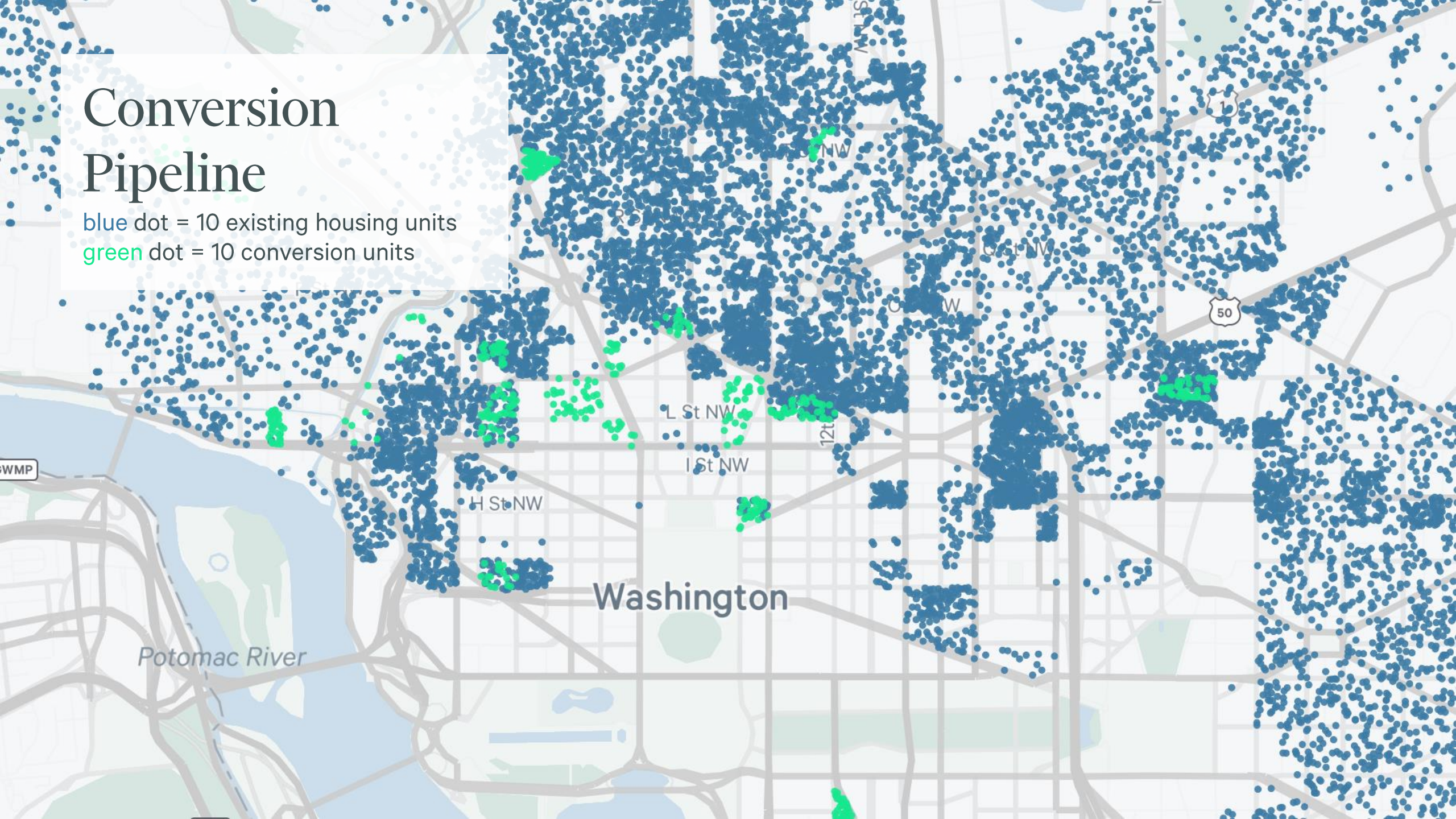
# Paving Way for Progress

- 01 | Determining vision for each micromarket
- 02 | Public-private partnership and incentives
- 03 | Federal government opportunity creation
- 04 | Macro and capital markets factors



# Conversion Pipeline

blue dot = 10 existing housing units  
green dot = 10 conversion units



# Building the Future of Washington, D.C.

For more information, please contact:

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Senior Client Strategy  
Director

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