

YoY Chg 12-Mo. Forecast

18.4%

Vacancy Rate



295K

Net Absorption, SF



\$56.11

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

3.3 M

D.C. Metro Employment



4.3%

D.C. Metro Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS

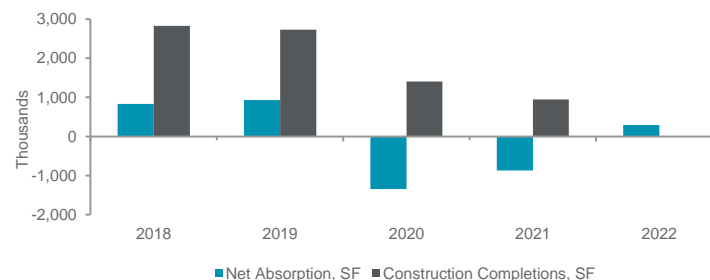
Gross Leasing & Demand

After hitting 2.5 million square feet (msf) of new leasing at the end of the fourth quarter 2021, DC saw 665,000 square feet (sf) of new leasing in the first quarter of 2022. New leasing also accounted for more of the total square feet leased this quarter than renewals, which registered just under 300,000 sf in Q1 2022. Two years after the start of the pandemic has shown that while there has been, at times, a lag in leasing activity, it is more likely due to protracted negotiations and users making long term post-COVID-19 workplace decisions rather than a tapering off of leasing activity in the market.

Large footprint new leases executed over 30,000 sf were relatively light in the first quarter of 2022 with four new relocations or new-to-market deals signed. For reference, 2021 saw 31 new leases over 30,000 sf signed with 19 completed in the fourth quarter of 2021. Barnes & Thornburg will relocate to 555 12th Street NW after signing for 35,073 sf while Venture X signed a new lease at 777 6th Street for 36,217 sf. The market also saw several large renewals take place this quarter with Investment Committee Institute renewing 62,580 sf at 1401 H Street, NW, Milbank renewing 53,860 sf at 1850 K Street, NW and Certified Financial Planner Board renewing and expanding 31,606 sf at 1425 K Street, NW. The first quarter of 2022 also saw Booz Allen Hamilton ink 60,219 sf at 20 M Street, SE as part of an expansion in the Capitol Riverfront while Buchanan Ingersoll & Rooney renewed 43,003 sf at 1700 K Street, NW. The East End submarket registered nearly half of all new leasing in the first quarter with over 300,000 sf signed- along with Venture X and Barnes and Thornburg signings, General Electric took 22,819 sf at 600 14th Street, NW. The CBD registered just under 190,000 sf- PVA signed at 1875 Eye Street, NW for 25,000 sf and Thornton Tomasetti took 12,391 sf at 1330 Connecticut Avenue, NW. Walmart and BP took a combined 36,000 sf at 80 M Street, SE in Capitol Riverfront.

Spec suite offerings continue to increase in popularity and capture most of the small tenant demand as users with compressed timelines look to get back into quality, built-out space. Spec suite listings in the downtown core submarkets have grown since the end of 2019 as the market has been more competitive, with many owners looking to

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Washington, D.C.

Office Q1 2022



set their spaces apart of way of amenities, size, tenant experience and price in order to break up large blocks and tackle more readily available smaller user demand.

Market Segments

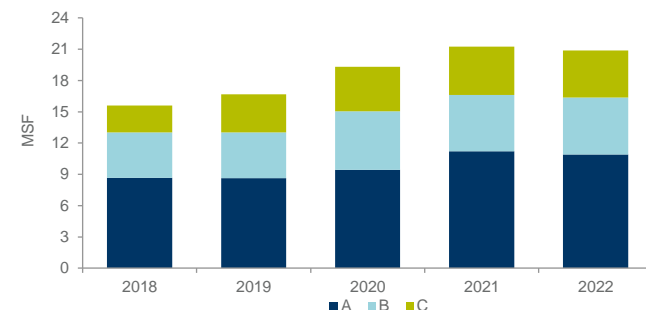
After nearly two years of negative absorption, DC registered positive absorption for the second quarter in a row in the first quarter of 2022 with 295,000 sf of positive absorption. This was driven by the CBD and East End submarkets registering a combined 360,000 sf of positive absorption. East End saw large tenant move-in's which included PwC at 655 New York Avenue, NW along with sub 20,000 sf users such as Department of Justice expanding, Environmental Working Group, LG Electric and Fincantieri Marine Group taking space. CBD saw Wiley Rein take 166,250 sf at 2050 M Street, NW and Trammel Crow move into 10,000 sf at 888 16th Street, NW. Class A product drove the absorption registering 250,000 sf of positive absorption.

Development Pipeline & Outlook

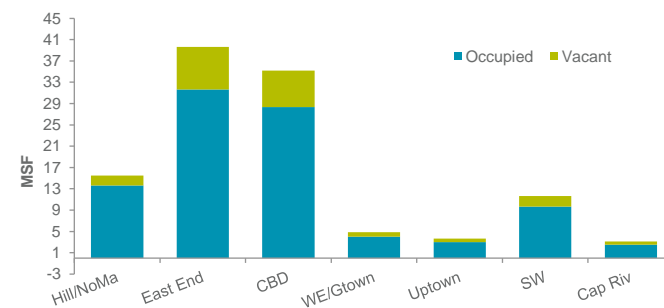
The first quarter of 2022 did not see any deliveries but there is currently 1.6 msf of space under construction in the District- 2100 Pennsylvania Avenue, NW and the Wharf's second phase, consisting of 670 & 680 Maine Avenue, SW and 610 Water Street, SW, along with City Ridge, are still slated to come online in 2022. All these buildings have been pre-leased in previous quarters- most recently 3900 Wisconsin Avenue, NW (Building D) saw Industrious and Cava ink deals for a combined 60,000 sf while PhRMA took 76,000 sf at 670 Maine Avenue, SW in Q4 2021. In 2023, 20 Massachusetts Avenue's top stack Trophy renovation is scheduled to deliver followed by Skanska's 1700 M Street, NW in 2024 where Gibson Dunn has signed for 164,000 sf. There are several proposed speculative projects in the wings totaling 3.5 msf- 1251 Yards Parcel F, SE and 25 M Street, SE in the Capitol Riverfront along with 900 New York Avenue, NW and 1001 6th Street, NW in the East End. Douglas Development is looking to kick off the SEC's 1.2 msf build to suit at 60 New York Avenue, NE while 200 F Street, NW at Capitol Crossing is also in the works in Capitol Hill/NoMa.

DC continues to hold a significant stock of empty, older buildings and a number of those buildings are under consideration for conversion to residential. Currently under conversion is Lincoln Property Company's 222-unit apartment building at 1313 L Street, NW. Lincoln Property also has proposed 264-units at 1125 15th Street, NW with ground break scheduled for late 2022 while Foulger Pratt is gearing up to start the conversion at 1425 New York Avenue, NW into a 255-unit apartment mid 2022. With the DC government looking for new ideas on how to incentivize these conversions older stock and empty buildings- like 950 3rd Street NW, 600 E Street NW, 2029 K Street NW, 2121 Virginia Avenue NW, 300 K Street NW, etc- could be given new life and drive down vacancies in the coming years as well.

VACANT SPACE BY CLASS



SUBMARKET COMPARISON



SUBMARKET ASKING RENT





Washington, D.C.

Office Q1 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Capitol Hill/NoMa	15,509,307	12,232	1,885,250	12.2%	-5,885	-5,885	32,696	0	\$55.86	\$61.57
East End	39,656,957	277,452	7,706,941	20.1%	193,835	193,835	312,268	0	\$57.14	\$63.74
CBD	35,208,186	235,353	6,643,596	19.5%	167,866	167,866	187,153	781,987	\$57.42	\$68.16
West End/Georgetown	4,837,555	43,228	808,203	17.6%	-5,231	-5,231	22,369	0	\$50.90	\$58.14
Uptown	3,667,899	17,140	684,671	19.1%	-37,018	-37,018	14,426	174,000	\$47.82	\$50.13
Southwest	11,644,799	10,586	1,989,731	17.2%	-332	-332	0	639,703	\$51.16	\$52.92
Capitol Riverfront	3,099,932	20,126	553,622	18.5%	-17,901	-17,901	96,311	0	\$59.12	\$59.12
DOWNTOWN TOTALS	113,624,635	616,118	20,272,014	18.4%	295,334	295,334	665,223	1,595,690	\$56.11	\$62.83

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1401 H Street NW	East End	Investment Committee Institute	62,580	Renewal*
20 M Street SE	Capitol Riverfront	Booz Allen Hamilton	60,219	Expansion, Renewal*
1850 K Street NW	CBD	Milbank LLP	53,860	Renewal*
1700 K Street NW	CBD	Buchanan Ingersoll & Rooney PC	43,003	Renewal*
777 6 th Street NW	East End	Venture X	36,217	New Lease
555 12 th Street NW	East End	Barnes and Thornburg	35,073	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
601 D Street NW	East End	Tishman Speyer / Nuveen	513,652	\$375,431,522 / \$730.91
2121 Wisconsin Avenue NW	Uptown	JBG Companies / Marx Realty	110,000	\$27,700,000 / \$251.82

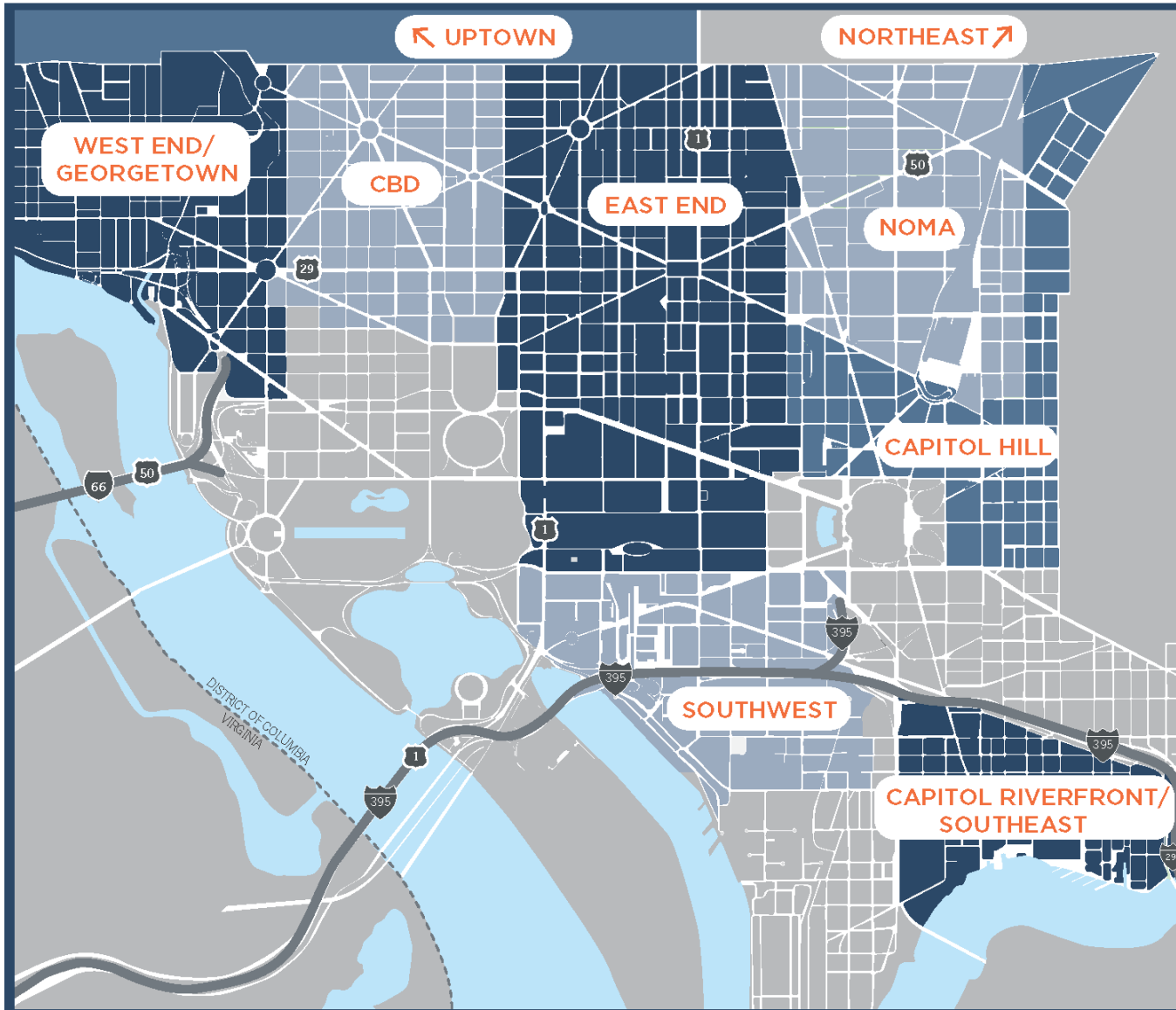
KEY UNDER CONSTRUCTION Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2100 Pennsylvania Avenue NW	CBD	WilmerHale	480,000	Boston Properties
1700 M Street NW	CBD	Gibson Dunn	299,987	Skanska
680 Maine Avenue SW	Southwest	Williams & Connolly	293,953	Madison Marquette

Washington, D.C.

Office Q1 2022

OFFICE SUBMARKETS



Lauren Kraemer
 Associate Director
 +1 202 266 1316 /lauren.kraemer@cushwake.com

Nathan Edwards
 Senior Director
 +1 202 266 1189 /nathan.edwards@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
 Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com