

# Current Data About Washington D.C. Private Office Tenant Movement

January 2015

## Summary:

It is business as usual for private office tenants to move into and out of D.C. and the surrounding suburbs (suburban Maryland and northern Virginia). A number of factors cause this: Some office tenants find the high-cost of D.C. office space prohibitive. Other office tenants find superior value in D.C. because tenants can take advantage of D.C.'s transportation network, location and amenities. The D.C. suburbs offer lower rents than most office submarkets in D.C., and are becoming more attractive office locations due to continued investment in place-making amenities. Some downtown D.C. building owners have addressed the rent differential with deals to attract new tenants and to retain existing ones. In addition, some employers are choosing to move to D.C. to be closer to the Millennial workforce that accounts for much of D.C.'s recent population growth.

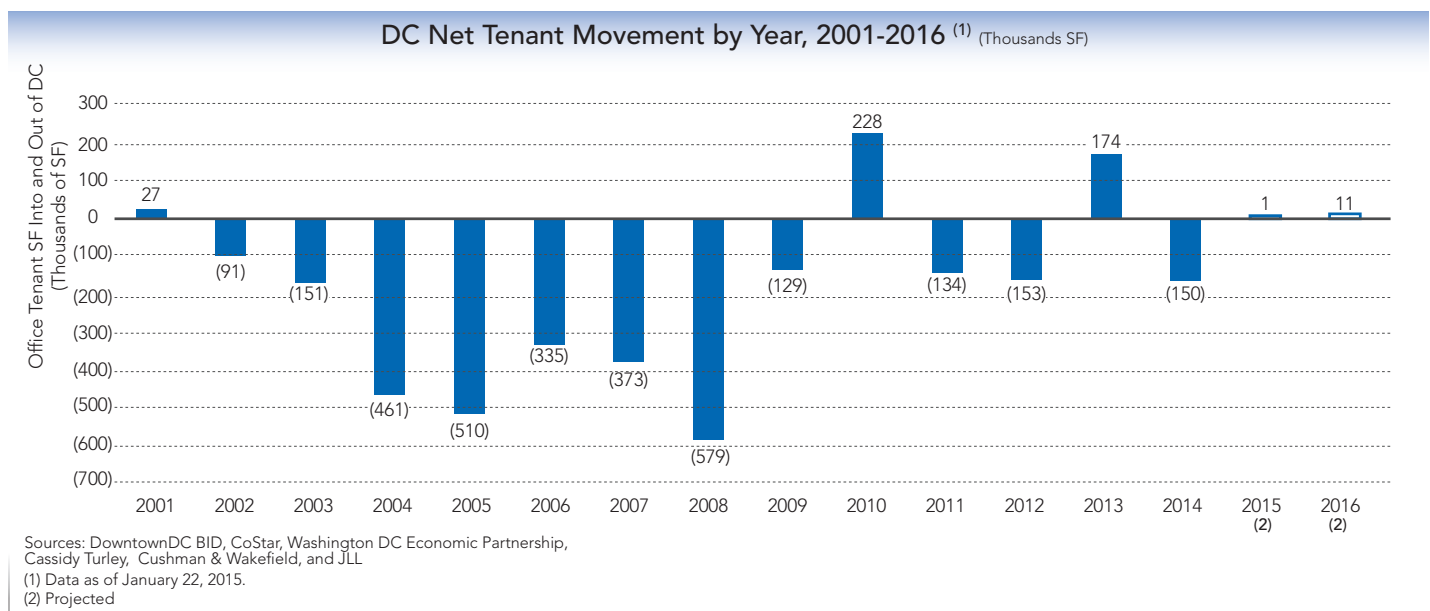
All three regional office markets have had both gains and losses with private tenants moving in and out. Though tenants continue to leave D.C. for the suburbs, D.C. is currently attracting more firms to move in from the surrounding area than it did in the early 2000's. The land value and rent differentials among Virginia, Maryland, and D.C. will continue to affect tenant movement between the three jurisdictions. **For 2009 through 2014 the net loss of tenants from D.C. to the suburbs has been much lower than previous years.**

## About the Data:

The DowntownDC BID's Economic Development Department has collected data on tenants moving into and out of Washington, D.C. from suburban Maryland and Virginia starting in 2001. Our database includes a company's address before they moved, the address they moved to, the type of business, the move date, and square footage (SF) before and after the move. The SF in our analysis is based on the SF of the new location, not the SF their previous location.

## Total Private Tenant Movement:

Over the past eight years (2009 through December 2016), a total of 874,000 SF of office tenants have moved into D.C., while 1,027,000 SF have moved out, for a net movement of 153,000 SF out of D.C. This is much lower than the previous eight years (2001 – 2008), where a total of 591,000 SF of office tenants moved into D.C., while 3 million SF of office tenants moved out, for a net total movement of 2.5 million SF out of D.C.



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## Total Private Tenant Movement:

- For 2009 through 2016, the total net movement is projected to be 153,000 SF out of D.C. (average 19,000 SF/Year).
- For 2009 through 2014, the total net movement is 165,000 SF out of D.C. (average 28,000 SF/Year).
- For 2001 through 2008, the total net movement was 3 million SF out of D.C. (average 309,000 SF/Year).
- For 2001 through 2014, the total net movement is 2.6 million SF out of D.C. (average 188,000 SF/Year).
- For 2001 through 2016, the total net movement is projected to be 2.6 million SF out of D.C. (average 160,000 SF/Year).
- For 2001 through 2016, 79% of the D.C. tenant movement is to and from Northern Virginia.

## Regional Private Tenant Movement Data for D.C. Office Market, 2001-2016<sup>(1)</sup>

(Thousands of SF)

Private Tenants Moving to/from Private Space	Tenants Moving Into D.C.	Tenants Moving Out of D.C.	D.C. Net Tenant Movement
2016	39	-28	11
2015	36	-35	1
2014	152	-302	-150
2013	207	-34	174
2012	33	-187	-153
2011	48	-181	-134
2010	302	-74	228
2009	57	-186	-129
2008	34	-614	-579
2007	52	-425	-373
2006	82	-417	-335
2005	101	-611	-510
2004	17	-478	-461
2003	155	-306	-151
2002	15	-106	-91
2001	134	-107	27
<b>Total (2001-2016)</b>	<b>1,465</b>	<b>-4,090</b>	<b>-2,626</b>

Sources: DowntownDC BID, CoStar, Washington DC Economic Partnership, Cassidy Turley, Cushman & Wakefield, and JLL

(1) Data as of January 22, 2015.

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## Top 10 Office Regional Tenant Moves:

The difference between the top 10 tenants to move into D.C. and the top 10 tenants to move out of D.C. was 151,987 SF for 2009 through 2016, down from 932,760 SF for 2001 through 2008. This year, Intelsat's move from 350,000 SF in D.C. to 188,000 SF in Virginia, contributes to an annual net total loss of 150,000 SF from D.C. Intelsat ranks as the largest tenant move out of D.C. for 2009 through 2016, while Corporate Executive Board's 2008 move of 625,000 SF out of D.C. ranks as the highest move out of D.C. for 2001 through 2008. The CoStar move of 151,000 SF from Maryland to D.C. in 2010 ranks as the top move into D.C. for 2009 through 2016. The Anteon/Alion Corporation move of 123,000 SF from Virginia to D.C. in 2003 ranks as the top move into D.C. for 2001 through 2008.

## Top Ten Private Office Tenant Moves Between DC, MD & VA, 2001-2016 <sup>(1)</sup>

### 2009-2016

INTO DC				OUT OF DC			
Company	New SF Occupied	Year	Company	New SF Occupied	Year		
1. CoStar	151,351	2010	1. Intelsat	188,000	2014		
2. Georgetown Continuing Studies Program	91,000	2013	2. Microsoft	133,725	2009		
3. Palantir Technologies	61,736	2014	3. KPMG	117,424	2011		
4. United Negro College Fund	50,000	2013	4. Carlyle Group	70,000	2012		
5. Municipal Securities Rulemaking Board	38,869	2016	5. Management System International	50,000	2014		
6. CBS Radio	36,042	2014	6. Graham Holdings	34,000	2014		
7. The Endocrine Society	33,380	2013	7. National Catholic Educational Association	29,646	2011		
8. Vanda Pharmaceuticals, Inc.	21,400	2012	8. Patton Boggs back-office	19,000	2013		
9. Associated Builders and Contractors	19,830	2013	9. Calibre CPA Group, PLLC	18,000	2012		
10. Vorys, Sater, Seymour and Pease LLP	19,200	2010	10. National Medical Association and Aux.	15,000	2010		
<b>Total</b>	<b>522,808</b>		<b>Total</b>	<b>674,795</b>			

### 2001-2008

INTO DC				OUT OF DC			
Company	New SF Occupied	Year	Company	New SF Occupied	Year		
1. Anteon/Alion Corporation	123,000	2003	1. Corporate Executive Board	625,044	2003		
2. Northrop Grumman	91,772	2001	2. PriceWaterHouse Coopers	182,000	2001		
3. American College of Cardiology	84,911	2005	3. Towers Watson & Co.	122,086	2005		
4. Independent Community Bankers of America	50,810	2006	4. DFI International	102,500	2006		
5. LECCG	32,549	2001	5. National Cooperative Bank	75,870	2001		
6. Global Management Systems, Inc.	28,000	2003	6. Howery Simon Arnold & White	74,917	2003		
7. InDyne	18,955	2006	7. WJLA-TV ABC	57,000	2006		
8. America's Promise	14,621	2007	8. Envision Corporation	56,884	2007		
9. American Meat Institute	11,803	2004	9. Smithsonian	55,000	2004		
10. Document Technologies, Inc	11,500	2007	10. American Psychiatric Association	49,380	2007		
<b>Total</b>	<b>467,921</b>		<b>Total</b>	<b>1,400,681</b>			

Sources: DowntownDC BID, CoStar, Washington DC Economic Partnership, Cassidy Turley, Cushman & Wakefield, and JLL

(1) Data as of January 22, 2015.

## Data Assistance Request:

We are constantly updating and refining our data, so please let us know if you have any data corrections or additions. If you are a company considering moving into or out of the DowntownDC BID, we would be happy to provide information on the DowntownDC BID.

Source(s): DowntownDC BID, CoStar, Washington DC Economic Partnership, Cassidy and Pinkard (now Cassidy Turley), Cushman & Wakefield, and JLL

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**About the BID:** The DowntownDC Business Improvement District is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. This special district, where property owners have agreed to tax themselves to fund services, encompasses a 138-block area of approximately 520 properties from Massachusetts Avenue on the north to Constitution Avenue on the south, and from Louisiana Avenue on the east to 16th Street on the west.