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Flurry of apartment development leaves NoMa with high vacancy rate

**By Maeve Gallagher, Published:
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NoMa, a moniker for the D.C. neighborhood north of Massachusetts Avenue and east of Union Station, has come a long way since the 2004 opening of the New York Avenue Metro station.

Once the Metro station (now called NoMa-Gallaudet University station) opened, crumbling old industrial buildings and parking lots were soon replaced by new buildings containing a mix of office, apartment and retail space concentrated around the station.

Government agencies were among the first “pioneers” to venture into the NoMa area. The lower cost basis of the land allowed developers to offer newly built space at lower rental rates than available in other more well-established areas. The neighborhood is home to many government agencies, including the Justice Department, the Department of Veterans Affairs and the Securities and Exchange Commission. It has also attracted the headquarters of National Public Radio, Mathematica Policy Research and Kaiser Permanente.

Although it may be hard to believe, NoMa is already approximately 50 percent built out or under construction, according to the NoMa Business Improvement District. The area already holds 16 million square feet of office space, two hotels, almost 5,000 residential units and 200,000 square feet of retail space. In fact, NoMa was the fastest-growing neighborhood in the Washington area last year for new multifamily development. More than 1,500 apartment units were constructed, increasing the number of apartment units in the area by more than 60 percent. Five new apartment projects — 77H, Camden NoMa, Aria on L, 360 H Street, and Trilogy NoMa — were completed over the past year. Even more projects are on the way, with almost 1,500 units expected this year.

Vacancies for apartment buildings in the area were already high in 2013, at around 30 percent, and will likely remain elevated because of the glut of new supply. Developers are adding many bells and whistles to new apartment units and common space in order to compete for tenants.

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For example, at 77H, the new 303-unit apartment complex that includes retail shops above two levels of underground parking and a 76,000-square-foot Wal-Mart, residents have access to a game room that features billiards, shuffleboard, foosball and Xbox. Camden NoMa is attempting to appeal to residents with pets, offering a “paw spa” and an outdoor pet area. Trilogy NoMa has a movie room with a 110-inch screen and theater seating.

With all the new development in NoMa, prospective tenants should have leverage in negotiating for an apartment in this newly emerging part of the District, at least until the heavy supply wave breaks.

Note: CoStar Group’s boundaries for NoMa differ slightly from the NoMa Business Improvement District’s boundaries.

Maeve Gallagher is a real estate economist with CoStar Group in the District .

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