

Government Affairs Tenants Remain Source of Growth in the District

720,000 SF

+269,000 SF

Space Leased since Jan. 2022

Net Absorption since Jan. 2022

Note: 2023 data as of November

Washington, D.C. is the epicenter of lobbying activity, with its high concentration of law firms, trade associations, government affairs offices and public relations firms. Federal lobbying is a \$4 billion industry in the U.S., as businesses and interest groups work to influence policymakers on budgetary and regulatory priorities. Lobbying spending has steadily increased in recent years, up 28% since 2016. Through September 2023, lobbying spending is \$3.13 billion, which is on pace to exceed 2022 levels based on historic fourth quarter activity.

Aside from traditional lobbying powerhouses such as health care, energy and finance, the technology sector has emerged in recent years as a key player due to the increasing pressure from regulation and legislation. Several top tech firms spent a combined \$54 million on lobbying activity in 2022, up 26% over a five-year span. During the same period, the collective office footprint of those firms increased by 450,000 sq. ft. in Washington, D.C.

Despite record-high vacancy rates and occupancy loss across the D.C. office market, government affairs tenants from all different industries have been a source of net growth in recent years.

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FIGURE 1: Total U.S. Lobbying Spending (\$, Billions)



Source: CBRE Research, Center for Responsive Politics, www.opensecrets.org

Fortune 150 Activity

Given its status as the nation’s capital, Washington, D.C. has always been a popular office destination for Fortune 500 companies. Currently, 110 of the top 150 Fortune companies have an office presence in the District, with a median size of 8,600 sq. ft. In Washington, D.C., Fortune 150 companies are representative of government affairs tenants, as many of these offices are government affairs practices. These tenants are concentrated in Trophy and A+ buildings and 83% are in office properties east of the White House, nearby the U.S. Capitol and federal agency buildings.

Since 2022, 31 Fortune 150 companies have signed leases totaling 720,000 sq. ft. in the District. More than half (52%) of these leases were an increase in office footprint, resulting in 269,000 sq. ft. of positive net absorption for the market. On average, these leases were for a term of seven years, with just four transactions carrying term less than three years.

Looking Ahead

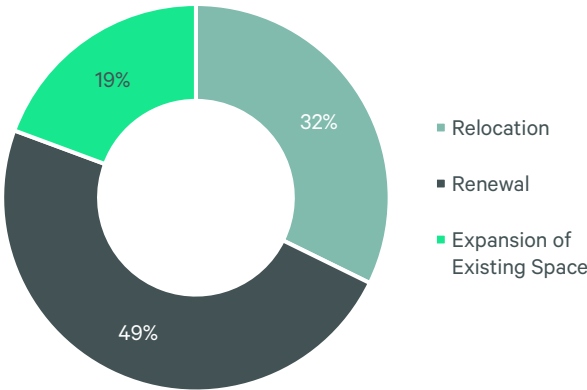
The Washington, D.C. economy will continue to benefit from lobbying spending as companies and individuals look to influence federal policy. D.C.’s office market will also benefit, as more lobbyists and corporate government affairs tenants establish a home base nearby the Capitol or expand their existing office. Currently, government affairs tenants are searching for more than 100,000 sq. ft. of office space in the District, with nearly half looking for a larger footprint than they currently occupy. Further, there is often an uptick in activity from corporate government affairs users moving into an election year, signaling a continued increase into 2024.

FIGURE 2: Select Notable Lease Transactions

Tenant	Address	Submarket	Lease Type	SF	Market Effect
Chevron	600 13 th St NW	East End	Renewal	34,146	Growth
Dow Jones	1025 Connecticut Ave NW	CBD	Renewal	29,561	Flat
Apple	700 K St NW	East End	Expansion	23,012	Growth
Walmart	80 M St SE	Capitol Riverfront	New Lease	23,000	Growth
General Electric	600 14 th St NW	East End	New Lease	22,800	Contraction
Gilead Sciences	101 Constitution Ave NW	Capitol Hill	New Lease	16,808	Growth
TIAA	1300 I St NW	East End	New Lease	16,084	Growth
AmeriGroup	609 H St NE	NoMA	Renewal	14,276	Growth
Conoco Phillips Co.	325 7 th St NW	East End	Renewal	13,375	Flat
International Business Machines	600 14 th St NW	East End	Expansion	11,203	Growth

Source: CBRE

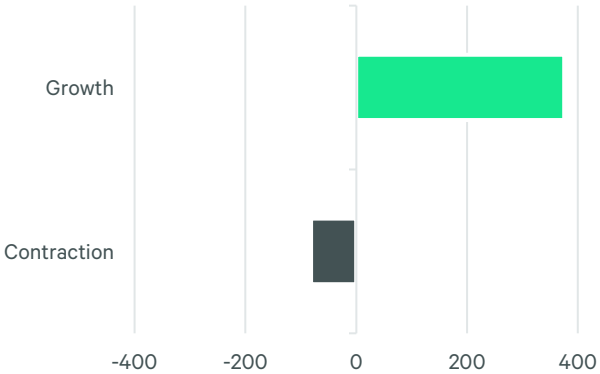
FIGURE 3: Fortune 150 Leasing by Transaction Type



*Analysis based on Fortune 150 transactions signed 1/1/2022 – 9/15/2023, based on number of deals signed.

Source: CBRE

FIGURE 4: Market Effect of Fortune 150 Leases (SF, 000s)



*Analysis based on Fortune 150 transactions signed 1/1/2022 – 9/15/2023

Source: CBRE

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