

More Nonprofit Tenants Grow than Contract in the Washington Region

1.1 MSF

YTD Leasing Activity

8.5%

YTD Leasing Market Share

Note: 2023 data as of November

With more than 55,000 registered organizations across Greater Washington, the nonprofit sector is a crucial part of the regional economy. Nonprofit employment accounts for 25% of total private employment in the District, more than any other state, per the most recent data available. This presence is reflected in the Mid-Atlantic office market, where nearly 1.1 million sq. ft. of office space was leased by nonprofit tenants in 2023, accounting for 8.5% of total leasing activity across the D.C. metro. Despite its strong foothold in the region, nonprofit leasing continues to record decreased demand for office space, largely because of remote work.

Trade associations and charitable organizations showed greater signs of growth in 2023 than other types of nonprofits, such as social welfare and international organizations. Despite overall occupancy loss by nonprofits across the region, trade associations and charitable organizations posted positive absorption. Together, these two subsectors accounted for 92% of gross nonprofit leasing this year.

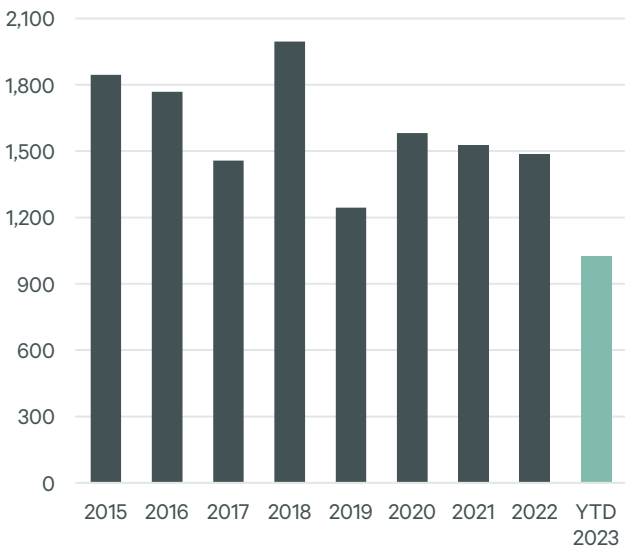
Despite muted year-to-date leasing volume for the sector across Greater Washington, nonprofits in the District posted positive absorption for the first time since 2019, one of few industries to display signs of growth this year. Absorption numbers also improved in Suburban Maryland.

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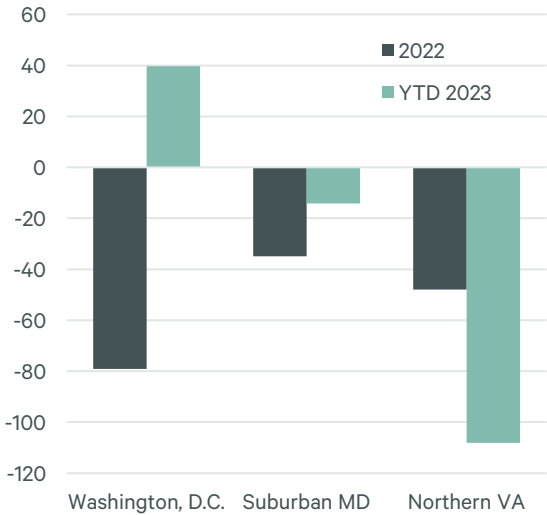
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FIGURE 1: Nonprofit Gross Leasing Volume (SF, 000s)



Source: CBRE

FIGURE 2: Nonprofit Absorption by Market (SF, 000s)



Source: CBRE

Historical Leasing Trends Persist

In keeping with historical trends, the majority (70%) of nonprofit leasing activity for the region occurred in Washington, D.C., where nonprofit tenants are advantaged by proximity to policy makers. Suburban Maryland and Northern Virginia accounted for only 16% and 14% of nonprofit area leased, respectively. However, major nonprofit leases were signed in all three markets.

Class A+ Space Draws Tenants

Relocations accounted for 59% of nonprofit leasing activity in 2023, compared to 46% for all other sectors. As tenants look to entice more employees back into the office, A+ buildings (those recently renovated and highly amenitized) have proven to be particularly attractive to nonprofit users for their top-tier amenities and relative affordability when compared to trophy buildings.

Despite limited supply (Class A+ buildings account for only 11% and 12% of the office inventory in D.C. and Northern Virginia, respectively) 29% of relocating nonprofit users chose a Class A+ building, including the American Clean Power Association in D.C. and Media Research Center in Herndon, VA.

Looking Ahead

Nonprofit employment grew 2.4% between March 2022 and February 2023, second only behind the self-employed sector. However, the industry continues navigating a post-pandemic world in which hybrid and remote work is common. CBRE's Occupier Sentiment Survey found that nonprofit users favor remote work when compared to other sectors, though not dramatically. Though the path to recovery is not straightforward, overall job growth and improving leasing fundamentals offer a positive outlook for the future of nonprofit office leasing.

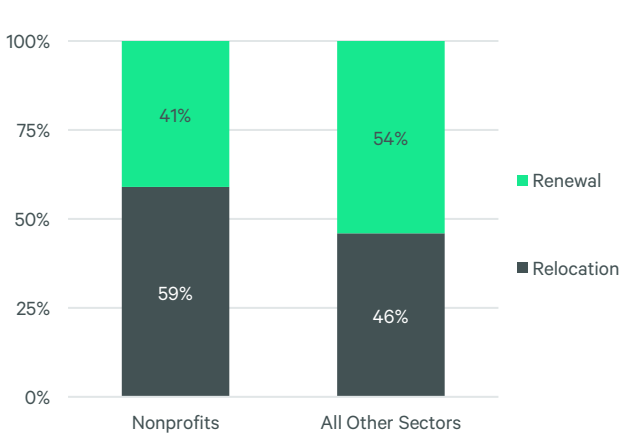
Sources: BLS, National Council of Nonprofits

FIGURE 3: Select Notable YTD Lease Transactions

Tenant	Address	Submarket	Market	Lease Type	SF	Market Effect
American Chemistry Council	655 New York Ave NW	East End	DC	New Lease	93,000	Flat
American Clean Power Association	1299 Pennsylvania Ave NW	East End	DC	New Lease	42,405	Growth
Legal Services Corporation	1825 I St NW	CBD	DC	New Lease	37,702	Growth
Save the Children Action Network	899 N St NW	NOMA	DC	Renewal	35,819	Flat
Environmental Defense Fund	555 12th St NW	East End	DC	New Lease	34,800	Growth
A2LA	5202 Presidents Ct	Frederick	MD	Renewal	32,616	Growth
Institute of International Finance	1333 H St NW	East End	DC	Renewal	32,249	Contraction
Air & Space Forces Association	1201 S Joyce St	Crystal City	VA	New Lease	31,909	Growth
American Enterprise Institute	11 Dupont Cir NW	CBD	DC	New Lease	27,581	Growth
Media Research Center	2340 Dulles Corner Blvd	Herndon	DC	New Lease	22,000	Growth

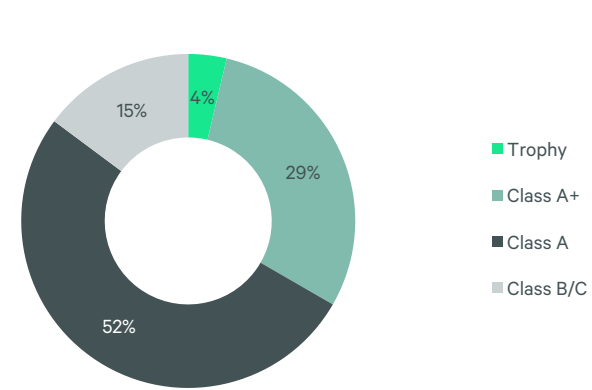
Source: CBRE

FIGURE 4: YTD Relocation vs. Renewal Activity (by # of transactions)



Source: CBRE

FIGURE 5: YTD Relocations by Class (by # of transactions)



Source: CBRE

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