

Washington, D.C. Metro

# Retail Market Trends

## VIEWPOINT

Retailers and restaurants remain active in prime mixed-use neighborhoods amidst economic headwinds and uncertainty.

CBRE RESEARCH  
FALL 2025



# Retail Market Trends

## Washington, D.C. Metro

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## State of the Market

Despite economic headwinds and uncertainty, the retail market remains one of the strongest asset classes in the Mid-Atlantic region. With more than 466 new retail and restaurant openings through October, 2025 is on pace to match the 466 openings from 2024. Perhaps more impressive, CBRE has tracked only 266 retail closures in the market, year-to-date, a 16% decrease from 2024.

As a whole, the Mid-Atlantic retail market is proving its resilience amidst the contraction of the federal government's workforce and real estate portfolio. However, differences can be distinguished between the Washington D.C. urban neighborhoods and its suburban submarkets, creating a truly bifurcated market. Of the 466 tracked openings, Northern Virginia and Suburban Maryland out-paced Washington D.C. proper in retail by openings by a slim margin of two. However, of the 266 closures throughout the market so far this year, 163 were in the Nation's Capitol. In turn, the availability rate in Washington D.C. resides at 7.3%, relatively low overall but well above the 4.0% and 4.8% rates in Northern Virginia and Suburban Maryland, respectively.

Washington D.C. has faced tougher challenges this year than its neighboring suburbs, as 2025 began with cuts to the federal workforce. Washington, D.C. holds a higher proportion of the federal workforce, with many agencies located in and around core downtown submarkets. Some micromarkets had never fully recovered from the pandemic, as retailers would traditionally rely on the daytime foot traffic to be their target patrons:

At the same time, public investment commitments point towards future opportunity and revitalization. The district will contribute \$401 million over the next five years as part of the Downtown Action plan which will go towards multiple initiatives including public safety, business incentive programs, maintenance and improvement of public parks and open spaces, streetscape improvements for events and art activations to attract more visitors and more. The federal government has also listed several federally owned assets for disposition, unlocking the potential redevelopment of underused sites.

Changes to Initiative 82 have also impacted businesses. This is a voter-approved law enacted in 2022 to phase out the tipped minimum wage by 2027. Many restaurants had to adjust menu prices or even close completely to incorporate the rise in operating expenses on top of increases in rent and the cost of goods that have inflated recently. An amendment passed this summer by the D.C. Council states that the new plan will keep the tipped minimum wage at \$10 through July 2026, followed by increases every two years until it reaches 75% of the standard minimum wage by 2034.

2025-YTD Retail Openings

466

2025-YTD Retail Closings

266

Residential Population,  
Washington, D.C. Metro

6,483,459

Median Household Income:  
Washington, D.C. Metro

\$129,227

Median Age,  
Washington, D.C. Metro

38.1

4.5%

Mid-Atlantic Retail  
Availability Rate

\$30.93

Average Asking  
Rate (NNN)

86%

Rate of Pre-Covid  
Metro Ridership

58.3%

Washington D.C.  
Return to Office Rate

-2%

Number of Restaurant  
Reservations Y-o-Y

## Economic Overview

Figure 1: D.C. Metro Total Retail Sales

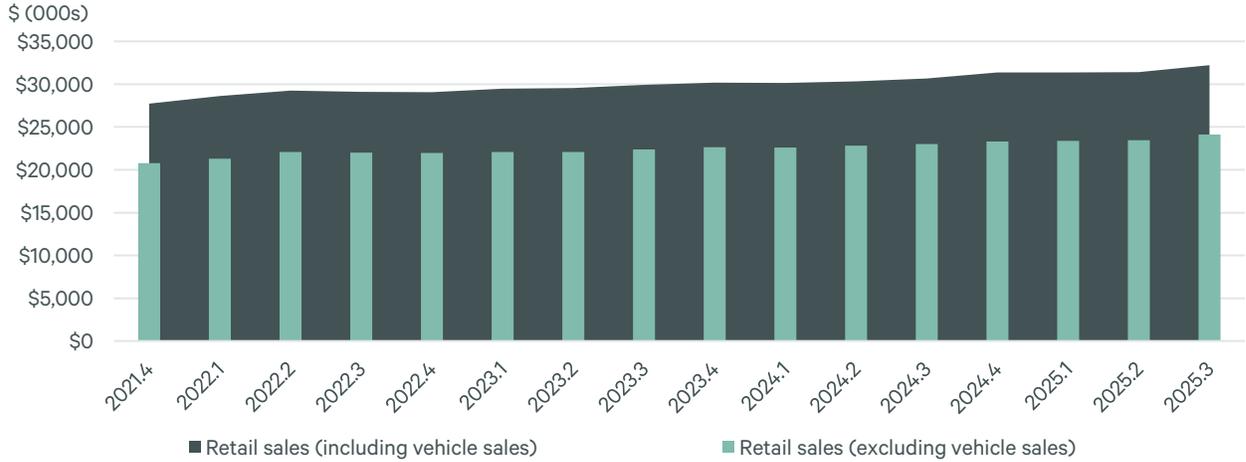


Figure 2: D.C. Metro GDP & Consumer Spending

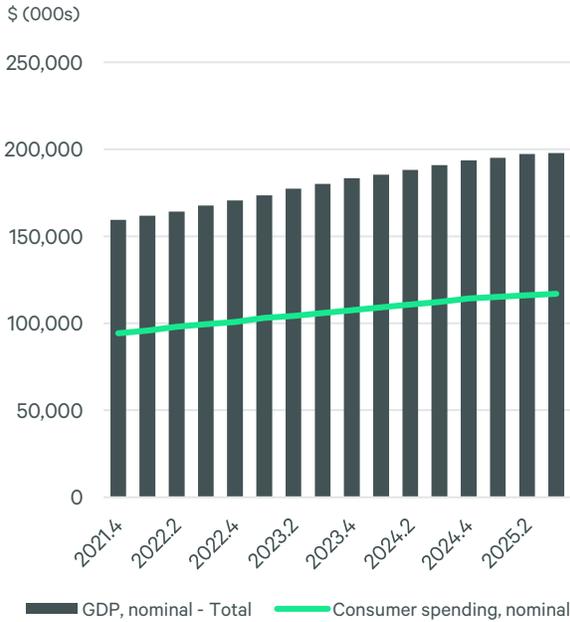


Figure 3: D.C. Metro Total Population & Net Migration

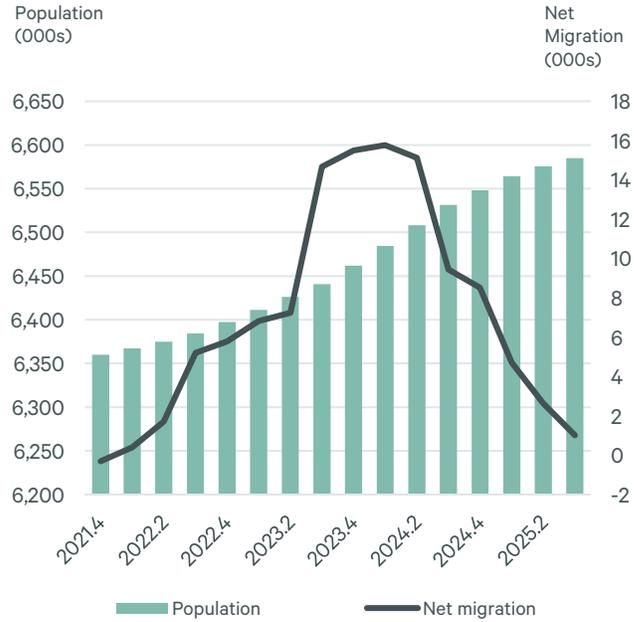
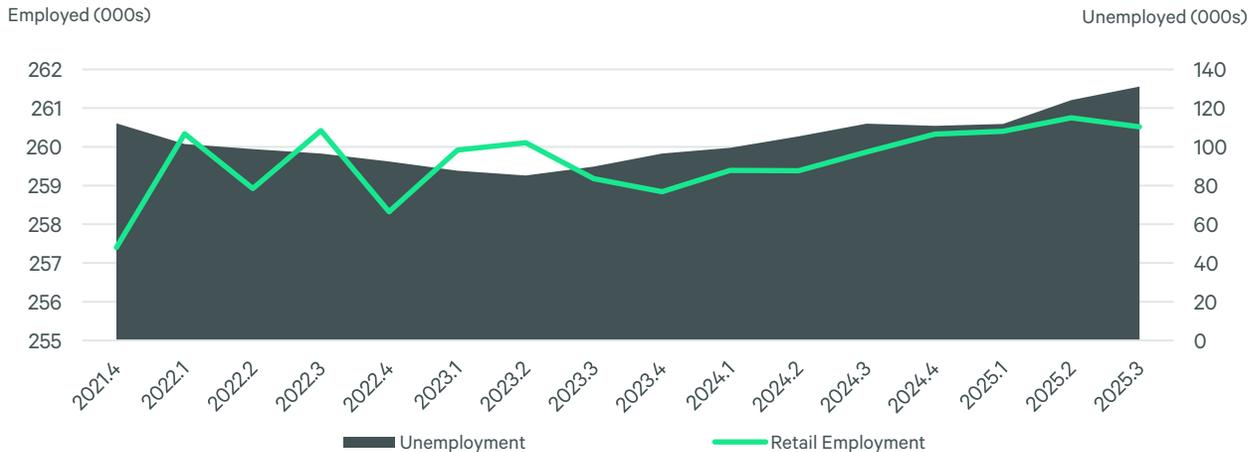


Figure 4: D.C. Metro Retail Employment v. Unemployment



Source: Uxtora Economics

## Market Fundamentals

Although Washington D.C. proper is being outperformed in real estate fundamentals, in comparison to its neighboring suburbs, the overall Mid-Atlantic retail market has seen a slow but steady decline in availability rate since the end of 2021. Since that time, availability has dropped by 100 basis points (bps) and currently resides at 4.5%. In turn, overall asking rents have continued to grow as the market tightens. Asking rents in the Mid-Atlantic currently average \$30.93 per sq. ft. a 13% increase from the end of 2021. Rents have seen major jump in just a year by increasing 11% since Q3 2024 when they settled at \$27.85 per sq. ft.

## Development Outlook

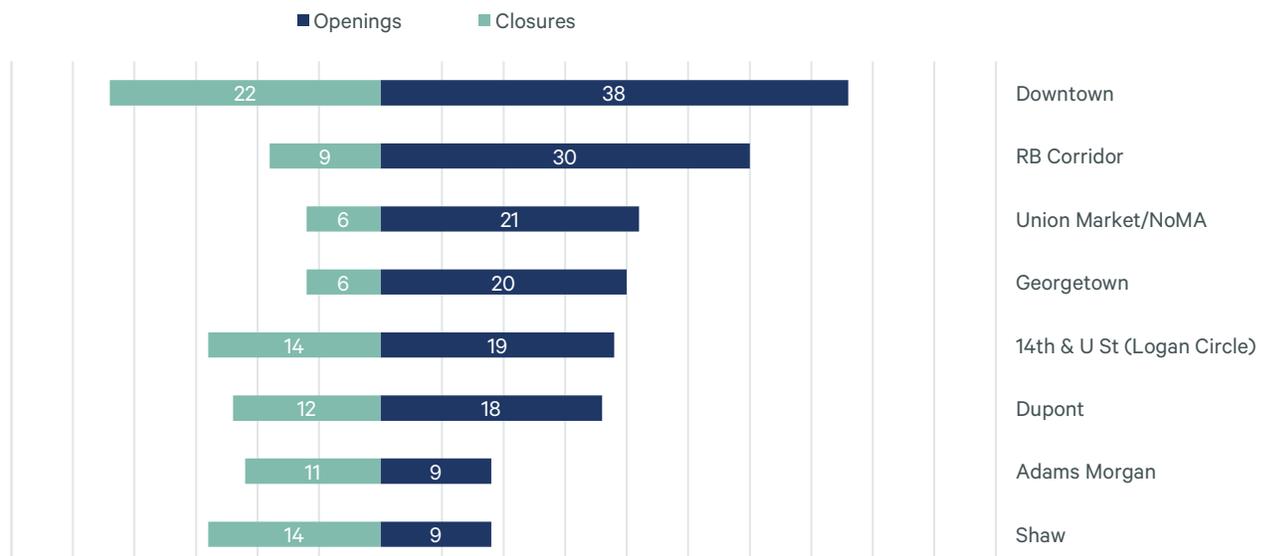
Despite relatively low availability rates throughout the region, retail developments continue to slow, a trend that is also being felt on the national scale. According to CBRE Econometric Advisors, only 108,000 sq. ft. of new retail product has delivered this year in the Mid-Atlantic through October. This pace matches last year's output of just 123,000 sq. ft. of new deliveries.

The slow down in developments isn't just limited to retail product, as multifamily developments are delivering at its slowest pace since 2018 according to CoStar. Throughout the Mid-Atlantic, only 15,000 multifamily units have delivered through October of this year, a steep decline from the 25,500 that delivered in 2024. Washington D.C. has delivered 6,000 new units during this same time frame, on pace with previous years, however there is now a significant drop off in units currently under construction, with just 4,000 awaiting delivery. In contrast, there were more than 12,000 multifamily units under construction in 2023.

## Retail Sales

In 2024, Mid-Atlantic retail sales hit a record high with more than \$99 billion spent by consumers. CBRE Econometric Advisors are forecasting that by the end of 2025, that record will be surpassed by more than \$3 billion and will account for 3.4% of the nation's total retail sales. Sales per capita continues to grow at a record pace landing at \$15,635, despite the continued increase in population in the Mid-Atlantic region. Grocery sales continue to be the main driver of the general population's spend making up 23% of the entire market's retail sales. Over the last five years, retail sales in Washington D.C. have grown at an annual rate of 3.7%.

Figure 5: 2025 YTD Retail Openings & Closures by Submarket



Source: CBRE Research

## Asking Rents & Availability

Figure 6: D.C. Metro Net Asking Rent & Availability Rate

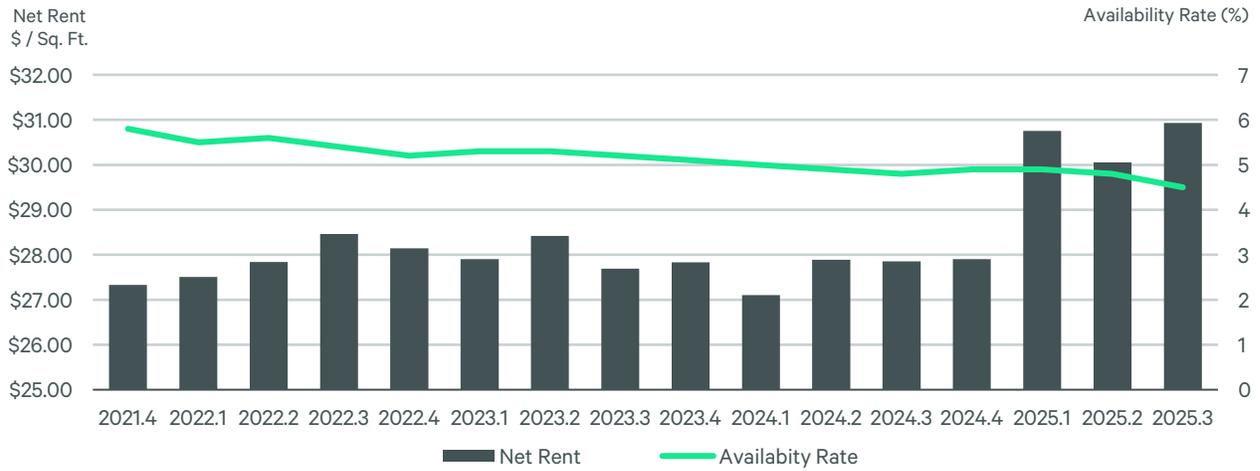


Figure 7: D.C. Metro Net Rent & Percent Change

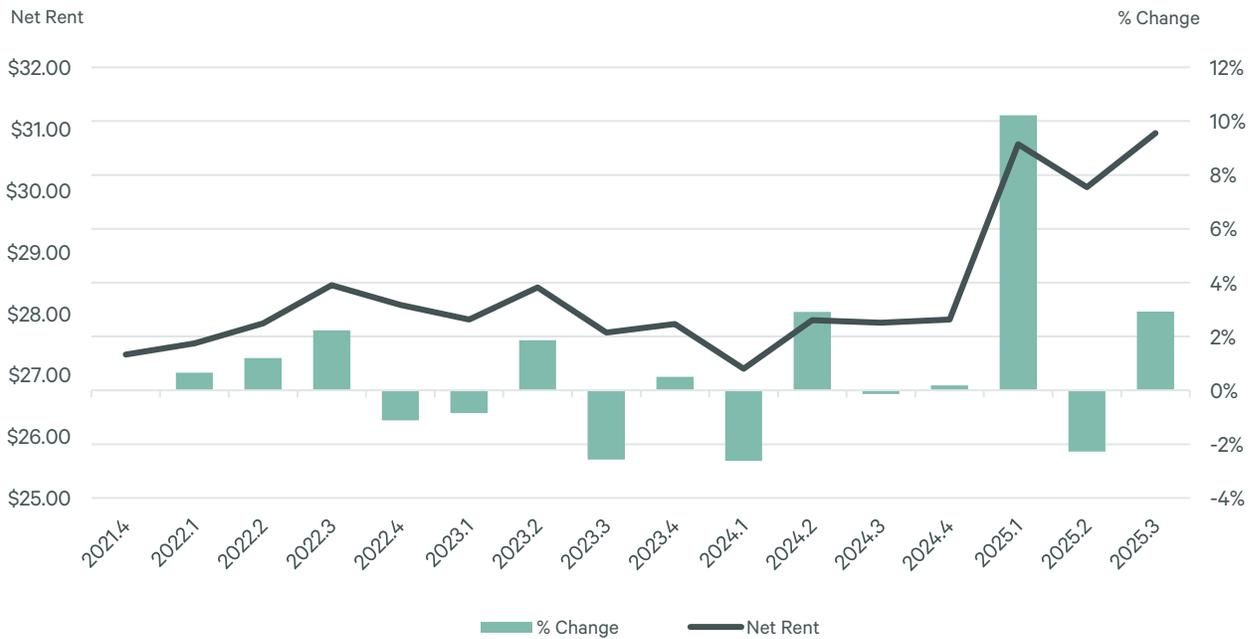
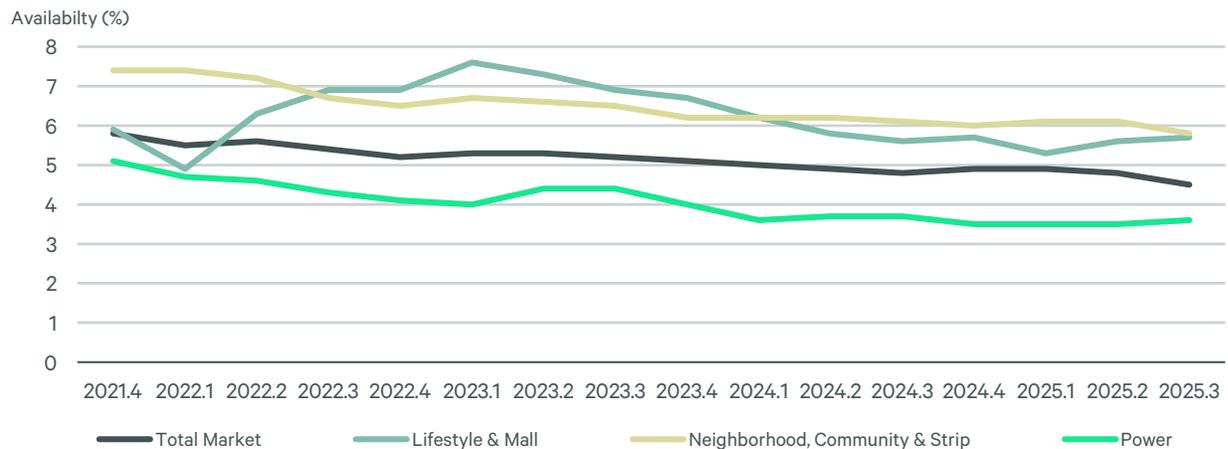


Figure 8: D.C. Metro Availability by Center Type



Source: CBRE Econometric Advisors

## Tourism

Tourism is expected to remain strong but fall somewhat from the record-high set in 2024 when over 27 million people visited Washington, D.C. and contributed to \$11.4 billion in visitor spending. Figures are not yet available for this year, nonetheless, all three major airports are behind pace in total number of passengers flying in and out of the region through the summer months of 2025. This pace should pick up as traditionally November and December see the highest numbers in air travelers. However, these totals could be hindered somewhat by the FAA's announcement in November when a 10% reduction in flights in all three major Washington-area airports took a short-term effect. Additionally, through the first three quarters of 2025, CBRE Hotels Research has reported a drop in occupancy levels by 1.9% from 2024, the first decline since 2021, although more than 200 new hotel rooms were added to the supply in Washington D.C.

## Capital Markets

After a sluggish start to the year, transaction volume for retail assets picked up by early summer in the Mid-Atlantic. According to Real Capital Analytics, more than 90 sales, for a combined value of over \$1.2 billion, have been executed through the end of September this year, already surpassing the 2024 mark of \$1 billion. Although this uptick in activity is notable, it remains below the post-covid record high set in 2022, when \$2.1 billion of sales were achieved. While portfolio sales made up a good portion of the activity through the early part of the year, suburban grocery anchored neighborhood centers were the most sought-after retail subtype by mostly private investors, a trend that began in the early days of pandemic and has since carried over. Average retail cap rates in the region currently sit at 7.1%, holding steady from the end of 2024. Because of the amount of activity during the summer months of 2025, capital markets experts are anticipating a slow down through the end of 2025 due to lack of inventory, however the expectation is that 2026 will continue to ride positive momentum.

Figure 9: Regional Transportation Figures (# of Passengers/Riders)

Airport	2019	2020	2021	2022	2023	2024	YTD 2025
DCA	23.9M	7.6M	14M	23.9M	25.4M	26.3M	14.4M*
IAD	24.8M	8.3M	15M	21.2M	24.9M	27M	16.9M*
BWI	26.9M	11.2M	18.9M	22.8M	26.2M	27.1M	16.9M**
Rail	2019	2020	2021	2022	2023	2024	YTD 2025
WMATA	181M	52.0M	43.8M	72.5M	114M	167M	138.6M***
VRE	4.5M	1.1M	500K	1.2M	1.5M	1.6M	2M****
MARC	8.9M	2.4M	1.4M	2.8M	3.7M	5.4M	2.2M*****

Source: MWAA, BWI, WMATA, APTA \* = through July; \*\* = through August; \*\*\* = through September; \*\*\*\* = through October, \*\*\*\*\* = through May

Figure 10: Regional 2025 Notable Investment Sales

Project	Address	City	SF	Sale Price	Cap Rate	Notable Tenants	Buyer
Annapolis Town Center	1906 Towne Center Blvd	Annapolis	478,648	\$187M	7.30%	Whole Foods, Target, Life Time, RH, Williams Sonoma	Federal Realty Investment Trust
Burke Centre	5815 Burke Centre Pkwy	Burke	254,763	\$127.5M	6.20%	Safeway, CVS, Kohl's, PNC, Cava, Verizon	US Property Trust
Fairfax Court	11284 James Swart Cir	Fairfax	249,488	%52M	8.05%	Burlington, Great Wall Supermarket	Edens

Source: RCA, CoStar, CBRE

## GEORGETOWN

### Market Trends

- One of the hottest retail submarkets in the region, this mixed-use, high-density neighborhood includes more than 20,000 university students, high-income residents, local visitors, and tourists.
- Demand for retail space is tight, and strong consumer demand has driven rental rates up.
- The submarket has become attractive to direct-to-consumer brands seeking brick-and-mortar locations.

### Notable Retailers and Restaurateurs

ALO  
 Barnes & Noble  
 Brandy Melville  
 Braserio Atlantico  
 Osteria Mozza  
 rag n bone  
 SKIMS

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	481	Foot Traffic (avg. monthly visits) (Along Wisconsin & M Streets NW)	970,600
Avg. Spending on Apparel and Services	\$5,728	Median Household Income	\$164,001
Avg. Spending on Food and Beverage	\$25,914	Residential Population	4,832
Total Business, Including Office	1,152	Median Age of Residents	32.3

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Ikea	3307-3311 M St NW	10/14/25	New Lease	7,200
Ten Five Hospitality	1218 Wisconsin Ave NW	6/23/25	New Lease	6,500
PopUp Bagels	1078 Wisconsin Ave NW	7/18/25	New Lease	2,898

## EAST END/CITY CENTER

### Market Trends

- The East End is the eastern part of downtown Washington D.C., dominated by commercial office space, and proximate to the National Mall.
- Within the East End, CityCenter is a luxury retail hub and destination for high-end restaurants and cocktail bars.
- The Capital One Arena hosts over 3,900 events, and 47 million people annually. This includes sporting events and major concerts.

### Notable Retailers and Restaurateurs

barmini by José Andrés  
 Chanel  
 Giorgio Armani  
 Hermes  
 Moon Rabbit by Kevin Tien  
 Rasika  
 Zaytinya

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	476	Foot Traffic (avg. monthly visits) (CityCenter)	16,094
Avg. Spending on Apparel and Services	\$4,023	Median Household Income	\$137,043
Avg. Spending on Food and Beverage	\$18,090	Residential Population	31,199
Total Business, Including Office	6,531	Median Age of Residents	33.6

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Nordstrom Rack	555 12 <sup>th</sup> St NW	10/17/25	Renewal	35,860
Le Midi	1100 New York Ave NW	8/1/25	New Lease	11,000
Oceanaire	1201 F St NW	4/1/25	Renewal	10,000

## WASHINGTON DC CBD

### Market Trends

- The CBD is the heart of one of the nation’s largest business districts, housing some of the world’s biggest law and consulting firms.
- Storefront businesses primarily serve a daytime work population. Restaurateurs include quick-service restaurants, steakhouses, and coffee shops.
- Proximity to historic monuments and museums also draws tourists.

### Notable Retailers and Restaurateurs

Balos Estiatorio  
 Colada Shop  
 La Grande Boucherie DC  
 Morton’s The Steakhouse  
 Nordstrom Rack  
 The Occidental  
 The Square

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	472	Foot Traffic (avg. monthly visits) (Farragut North Metro Station)	76,935
Avg. Spending on Apparel and Services	\$3,488	Median Household Income	\$104,153
Avg. Spending on Food and Beverage	\$15,742	Residential Population	13,002
Total Business, Including Office	7,883	Median Age of Residents	26.7

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Jean Michel Restaurant	1813-1815 M St NW	8/8/25	New Lease	7,800
The Best Sandwich Place	2100 L St NW	4/8/25	New Lease	2,764
Wells Fargo	2001 K St NW	5/1/25	Renewal	2,349

## 14TH STREET/SHAW

### Market Trends

- One of D.C.'s premier nightlife districts, this area is a go-to for trendy restaurants and bars.
- These neighborhoods are primarily residential, and predominantly young adults.
- Businesses primarily cater to that population, including barber shops, dry cleaners, and pet daycare and grooming shops.

### Notable Retailers and Restaurateurs

Aslin Beer Company  
 Death & Co.  
 Le Diplomate  
 Room & Board  
 SoulCycle 14TH  
 Unconventional Diner  
 Whole Foods Market

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	143	Foot Traffic (avg. monthly visits) (14 <sup>th</sup> Street Corridor)	640,340
Avg. Spending on Apparel and Services	\$5,010	Median Household Income	\$169,911
Avg. Spending on Food and Beverage	\$22,546	Residential Population	38,559
Total Business, Including Office	1,574	Median Age of Residents	33.0

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
GameOn Bar + Arcade	1330 U St NW	8/1/25	New Lease	3,370
Echo Box	1924 8 <sup>th</sup> St NW	10/2/25	New Lease	3,294
CookiesDC	1115 U St NW	7/18/25	New Lease	2,500

## NOMA/UNION MARKET

### Market Trends

- NOMA has one of the highest rates of development in the region.
- There are more than 16,000 multifamily units with nearly 1,500 that delivered in 2024. An additional 343 units are currently under construction.
- The Union Market District has attracted celebrity chef restaurants to its vicinity, like Pastis and Minetta Tavern.

### Notable Retailers and Restaurateurs

Chai Pani DC  
 El Presidente  
 F1 Arcade  
 Minetta Tavern  
 Pastis  
 REI  
 St. Anslem

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	330	Foot Traffic (avg. monthly visits) (Union Market District)	412,590
Avg. Spending on Apparel and Services	\$3,393	Median Household Income	\$104,645
Avg. Spending on Food and Beverage	\$15,388	Residential Population	73,982
Total Business, Including Office	2,549	Median Age of Residents	34.1

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Panera Bread	1150 1 <sup>st</sup> St NE	8/26/25	New Lease	3,517
Unwind Wellness	300 M St NE	9/8/25	New Lease	2,979
Tommy's Tacos	227 Harry Thomas Way NE	7/18/25	New Lease	480

## TYSON'S CORNER

### Market Trends

- Tyson's Corner is one of Northern Virginia's premier commercial business districts, with significant retail and multifamily housing. It is surrounded by high-income suburban neighborhoods.
- The submarket includes major malls: Tysons Corner Center, and upscale Tysons Galleria.
- Upscale and other retailers also span Route 7 and side streets.

### Notable Retailers and Restaurateurs

Bloomingdale's  
 Neiman Marcus  
 Nordstrom  
 Patsy's American  
 The Palm  
 Tiffany's  
 Whole Foods Market

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	699	Foot Traffic (avg. monthly visits) (Tysons Corner Center)	1,063,314
Avg. Spending on Apparel and Services	\$4,645	Median Household Income	\$154,879
Avg. Spending on Food and Beverage	\$21,389	Residential Population	64,157
Total Business, Including Office	5,606	Median Age of Residents	37.9

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Aldi	2051 Chain Bridge Rd	9/5/25	New Lease	56,430
The Tower Club	8000 Towers Crescent Dr	6/24/25	Renewal	22,026
Nova Paws	7500 Leesburg Pike	6/26/25	New Lease	1,518

## ARLINGTON (R-B Corridor)

### Market Trends

- Arlington is known for its amenity-rich environment and excellent walkability, with five metro stations and easy access to highways.
- Despite its location within a suburban market, the presence of 99 office buildings totaling 22.1 million sq. ft. creates an urban atmosphere.
- Clarendon, which serves as the mid-point on the R-B Corridor, is a hybrid of food and beverage locations along with grocers and other service-based retailers.

### Notable Retailers and Restaurateurs

Apple  
 Crate & Barrel  
 LifeTime Fitness  
 Punch Bowl Social  
 Target  
 Trader Joe's  
 Whole Foods Market

### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	426	Foot Traffic (avg. monthly visits) (The Crossing Clarendon)	220,282
Avg. Spending on Clothing and Accessories	\$4,275	Median Household Income	\$141,858
Avg. Spending on Food and Beverage	\$19,251	Residential Population	68,435
Total Business, Including Office	3,917	Median Age of Residents	32.8

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Sprouts Farmers Market	3115-3133 Lee Hwy	2/1/25	New Lease	26,206
Warby Parker	2800 Clarendon Blvd	3/14/25	New Lease	4,533
Barre3	818 N Quincy St	6/25/25	New Lease	2,123

## BETHESDA/CHEVY CHASE

### Market Trends

- Bethesda is a vibrant mixed-use, walkable urban enclave surrounded by Montgomery County’s suburban neighborhoods.
- Chevy Chase submarket is anchored by three premier retail districts.
- Both Bethesda and Chevy Chase are home to an affluent community.
- The Mazza Gallerie redevelopment will replace a once renowned upscale shopping mall with 321 new multifamily units and 20,000 sq. ft. of retail space.

### Notable Retailers and Restaurateurs

Apple  
 Aventino  
 Bloomingdale’s  
 Bonobos  
 Lululemon  
 Nike Well Collective  
 Saks Fifth Avenue

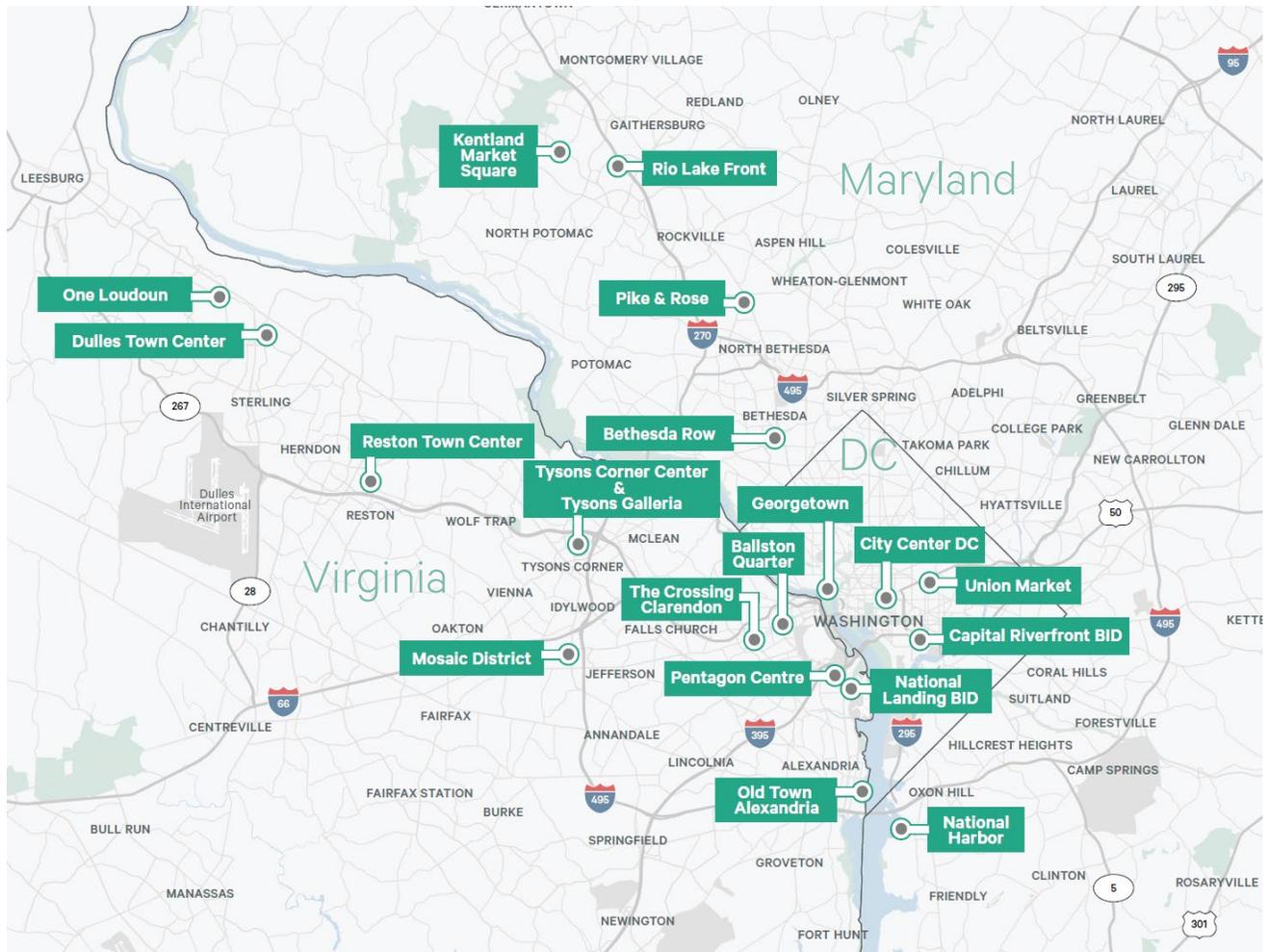
### DEMOGRAPHIC AND CONSUMER SPENDING

Total Retail Units	508	Foot Traffic (avg. monthly visits) (Bethesda Row)	250,741
Avg. Spending on Apparel and Services	\$6,254	Median Household Income	\$203,288
Avg. Spending on Food and Beverage	\$28,918	Residential Population	100,776
Total Business, Including Office	6,174	Median Age of Residents	44.5

### RECENT SIGNIFICANT DEALS

Tenant	Address	Signed	Type	Square Feet
Agora	7400 Wisconsin Ave	5/16/25	New Lease	6,456
Burn Boot Camp	5425 Wisconsin Ave	6/13/25	New Lease	4,276
PopUp Bagels	7607 Old Georgetown Rd	11/24/25	New Lease	1,550

## NOTABLE RETAIL DISTRICTS



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