

WASHINGTON D.C.

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DOGE cuts destabilized DC condo markets

Layoffs — and fear of more coming — have buyers hesitating to offer



Elon Musk (Photo-illustration by Ilya Hourie/The Real Deal; Getty Images)

By Theresa Agovino

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Mark Meyerdirk expected multiple bids on a two-bedroom condo he was selling in the Cleveland Park neighborhood of Washington, DC, earlier this year.

But Meyerdirk, the owner of Urban Brokers, got exactly one offer, though at least it was at asking.

This made him happy, though it displeased the owner of a neighboring unit who told Meyerdirk the \$400,000 price tag was too low and would undermine the value of his apartment.

“I said, ‘do you know what’s going on with the market?’” Meyerdirk said.

The answer: The DC condo market is in a slump, because many of its would-be buyers are young, single, unable to afford a house in the region and, like many in

DC, at risk of losing their jobs due to real and threatened government cutbacks.

High interest rates and concerns about the overall economy, the same factors dragging down prices across the country, are present here too. Though it could be too early to read the work of the U.S. Department of Government Efficiency writ large, if it’s legible in any market, it’s here.

“People are cautious to commit to a mortgage right now, knowing that their jobs may not be secure,” Meyerdirk said.

Condos have had more challenges than the capital’s single-family housing market, which remains relatively strong. DC’s condo market is also weaker than the country’s overall.

The median sale price for a condo in DC fell 11 percent to \$450,000 for the year ending in April, while the number of units sold sank 11 percent to 239 and the number of new condo listings rose 15 percent to 515, according to Redfin data. Meanwhile, condo sales in DC have slipped for three years, falling to 3,484 in 2024, a 35 percent drop from 2022, Bright MLS tracking shows. In the years since Covid, brokers said buyers in DC preferred townhomes or free-standing houses if they could afford them.

Nationwide, the median price for a condo was flat \$326,000 for the year ended in April, while the number of units sold fell 9 percent to 47,584. The number of new listings rose 4 percent to 76,914.

Two markets

Washington has the highest proportion of workers employed by the federal government, according to the Economic Policy Institute, a think tank based there, with federal jobs amounting to 13 percent of total employment. That diminishes beyond the city, though it's still a significant buyer pool in Maryland, where the federal government employs 7.3 percent of workers, and in Virginia. Yet DC submarkets in those states aren't facing the same issues.

"The economies in Arlington and Alexandria, [Virginia,] and the other submarkets have a sizable federal workforce also," William Rich of Cavalry Real Estate Advisors in Falls Church, Virginia, said. "There may be some federal employees in those suburban jurisdictions that are being affected by layoffs, but it's not as acute of an issue there than it is in the District of Columbia." DC proper tends to be more transient than the overall region, and the abundance of condo inventory is a relatively new phenomenon.



"The days of just sticking things online and it selling are over. It's a lot of hard work that goes into these."

JENNIFER MAC, EXP

When Marin Hagin of Coldwell Banker puts a house up for sale in places like Vienna or Arlington, both in Virginia, she typically receives multiple offers within a couple of days, she said.

Meanwhile, no one has requested to see either of her two condos for sale in the Kalorama neighborhood of DC. One has been on the market for 20 days, and Ms. Hagin plans to discuss lowering the one-bedroom's \$549,000 price tag with the owner.

“We have two markets going on,” Harin said. “One is robust and the other is funky and scary.”

Brokers said the market is soft across DC, with all neighborhoods, price points and building sizes and styles experiencing challenges selling, largely because the typical buyer, who is on the younger side, doesn’t yet have a family and seeks affordability. Now, many buyers fear job loss. In February, Washington, DC’s chief financial officer, Glen Lee, estimated that the city could lose 40,000 federal jobs in the next few years, a figure that doesn’t include positions at organizations whose business is largely dependent on the federal government.

Meyerdirk said that two of the potential buyers who toured the Cleveland Park apartment worked for the federal government. They opted not to make offers because they feared losing their jobs, they told him.

“I think the combination of high mortgage rates and the uncertainty of people’s futures is causing that hesitation and kind of paralysis,” he said.

Renter dynamics

Meyerdirk’s missed connections had a solid alternative. DC’s supply of residential rentals has surged over the past two decades, creating good alternative housing with monthly payments cheaper than an equivalent mortgage. DC added 73,250 units of rental housing in the last 13 years, according to the Washington DC Economic Partnership.

Meyerdirk, marketing a rental apartment for a client, saw the dynamic firsthand. Within an hour of listing what he called a “basic” two-bedroom condo in the city’s popular Logan Circle neighborhood, he had 10 applications from people who agreed to pay more than the \$3,600 monthly rent. It was leased for \$3,850 a month.

“The rental market is hot now,” Meyerdirk said.

Earning their keep

Perhaps the most direct effect of DOGE on the DC housing market is that brokers need to work harder to get their jobs done, much like the pared-down staff at many government agencies.

Mac now visits units similar to her listings — something she hasn’t done in years—to ensure she sets a researched price. She’s also staging even one-bedroom apartments, not just larger units, to make them more attractive, as well as hosting more open houses and increasing advertising.

She avoids bumps in the road by delivering a condo’s “resale package,” which includes information such as the association’s rules, regulations and budget, in advance to interested buyers before they sign a contract. Mac said she even connects with her clients’ lenders to provide them with the necessary information, which helps determine whether they will approve the loan.

“A lot of my job lately has been just doing everything I can on the front end for that buyer to know that they’re making a good decision, so that they’re not then changing their mind after being under contract,” Mac said. “The days of just sticking things online and it selling are over. It’s a lot of hard work that goes into these.”

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