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Is the District of Columbia still competitive?

Waning interest after COVID-19 and how D.C. can reverse the trend.

Is the District of Columbia still a place where residents, employers and workers, businesses, and investors would choose to live, work, and conduct business? Researchers from the Alice M. Rivlin Initiative for Economic Policy and Competitiveness focus on revealed preferences—the choices people make about where to live, work, start businesses and invest–to answer this question. This summary presents key findings from the report.

Read the complete report at dcpolicycenter.org.

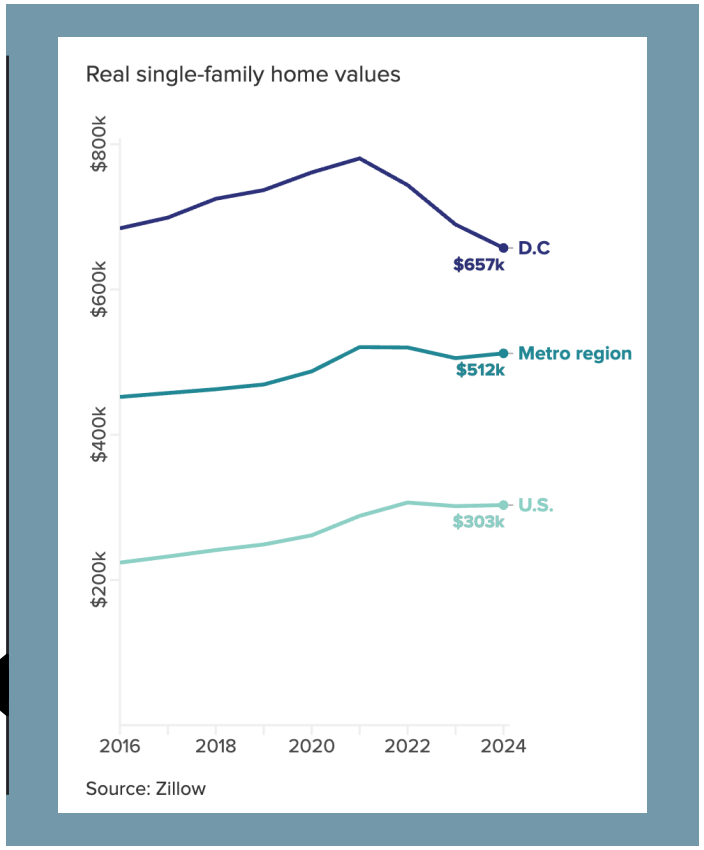
D.C. POLICY CENTER
The Alice M. Rivlin Initiative

Finding #1

Resident demand for D.C. is fragile.

- Driven by international migration, the District's resident population has nearly recovered from its decline during the COVID-19 pandemic. However, the source of recent population growth is fragile: tighter immigration policies could slow or even reverse the recent growth.
- Household formation in the District shows promise. It is fueled by renters who live alone—many of whom are aged 25 to 34 and have household incomes over $100,000. These single renters could anchor future population growth if they choose to stay and start families.

Despite declines in inflation-adjusted rents and single-family home prices since 2020, housing in the District remains comparatively expensive.



Finding #2

Employer and worker demand for D.C. is weak.

- Since the pandemic, the District's nonfarm employment growth has lagged the nation, and the District's nonfarm employment level remains below its pre-pandemic level over four years later.
- Average real wages in the District have also fallen since the pandemic.
- Federal government employment has been an unstable anchor for the District.

Finding #3

Business demand for D.C. is mixed.

- Recent data show faster growth in the number of private establishments in D.C. since the pandemic, with the business landscape shifting toward smaller businesses.
- Entrepreneurial interest in the District—as measured by total business applications—has declined since 2020.
- At the end of 2024, demand for office space in the District remained weak. Annual office vacancy rates were near or over 18% and availability rates were even higher. The District's office market is not alone in its struggles since the pandemic.

Finding #4

Investor demand for D.C. is uneven.

- Investor surveys present a mixed picture of demand. According to CBRE's 2025 U.S. Investor Intentions Survey, the Washington, D.C. metro area reentered CBRE's list of the top 10 "most attractive markets for investment" after falling off in 2024.
- The return on investment in D.C.-based real estate appears to be falling. While office-based REITs nationally declined by 25% between 2015 and 2024, office-based REITs with heavy D.C. exposure declined by 43%.

Policy recommendations

Derived from thirteen recommendations outlined in the full report

Build more housing as core economic infrastructure.	Prioritize private sector job growth.	Adopt competitiveness as a policy lens	Leverage the District's assets.
Expand the housing supply to make it more affordable for residents and families of all income levels, which in turn enhances the city's overall attractiveness.	Focus on private-sector employment growth through targeted tax incentives, stronger talent pipelines, and place-based incentives to attract remote workers.	Assess all economic, regulatory, and fiscal policies for their impact on cost, complexity, and time-to-market.	Work to attract and support research spin-off firms that can drive growth and innovation.