



The
STEPHEN S. FULLER INSTITUTE
for Research on the Washington Region's Economic Future



Washington Economy Watch

Secondary Data Signals Continued Economic Contraction

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The Stephen S. Fuller Institute
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The Washington Economy Watch is a monthly report issued by The Stephen S. Fuller Institute that is intended to inform its readers regarding the current and near-term performance of the Washington area's economy. The Leading and Coincident Indices were first reported in February 1991. Given changes brought from the switch to hybrid and remote work in the wake of the pandemic, the Coincident Index has been temporarily modified, and the Leading Index has been replaced with an econometric jobs forecast.

Washington Economy Watch

Continued Economic Contraction

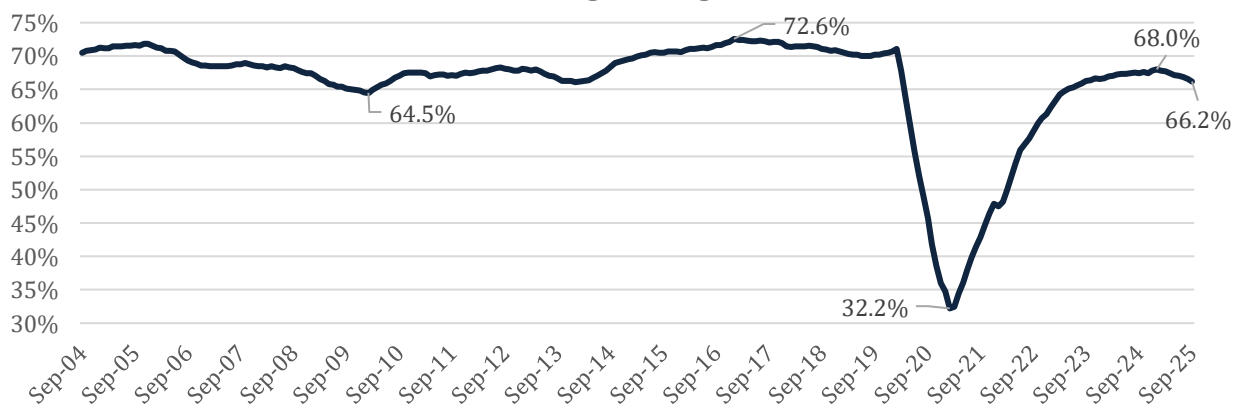
October 2025

Washington Area Economy: Secondary Data Signals Continued Economic Contraction

Due to the federal shutdown, the Coincident Index has been suspended through the end of the year. A revised Coincident Index will be released in January alongside the resumption of the Employment Forecast. This edition of Economy Watch examines secondary data sources to determine the status of the Washington Region's economy. Secondary data examined include hotel occupancy, mid-week metro ridership, for-sale detached home inventory, price growth of sold detached homes, multi-family vacancy rates, and multi-family asking rent growth. All data examined signal that the region's economy continues to contract.

Without federal data, the 12-month average hotel occupancy rate is used as a proxy for the region's leisure and hospitality sector. After rebounding steadily from the pandemic low, Washington Region hotel occupancy has declined since January 2025. Before the pandemic, occupancy typically ranged between 64.5% to 72.6%, with lows in February 2010 (64.5%) and January 2014 (66.1%), and highs in December 2005 (71.9%) and January 2017. Occupancy stood at 71.1% in February 2020 before dropping to 32.2% a year later. Occupancy recovered to 68.0% by January 2025, coinciding with a change in administration, but has since fallen steadily to 66.2% as of September 2025.

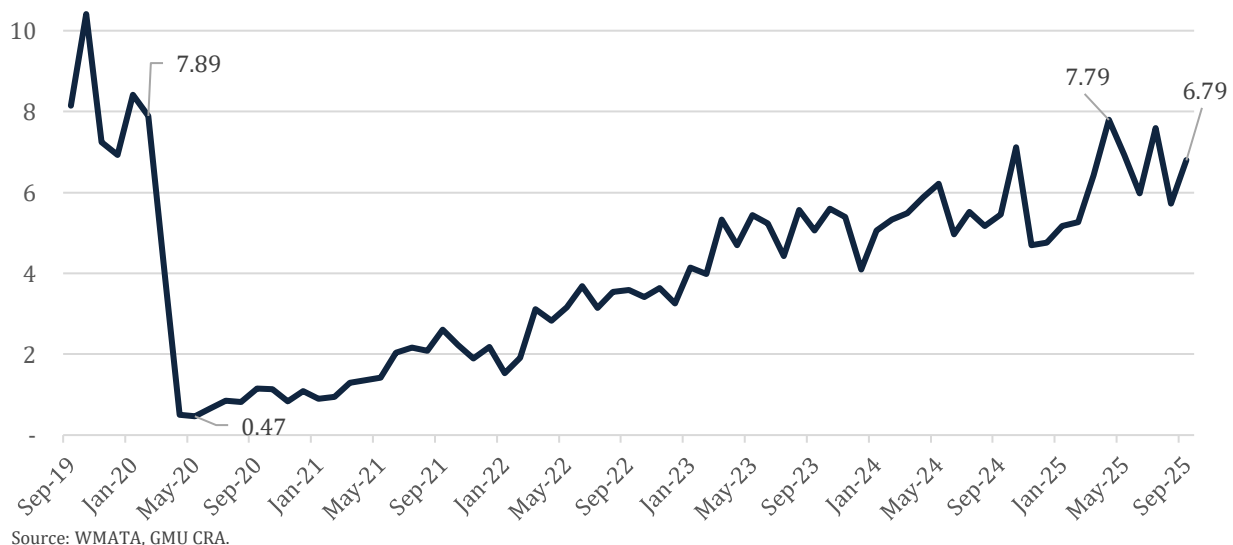
**Hotel Occupancy 12-Month Average
Washington Region**



Source: CoStar, GMU CRA.

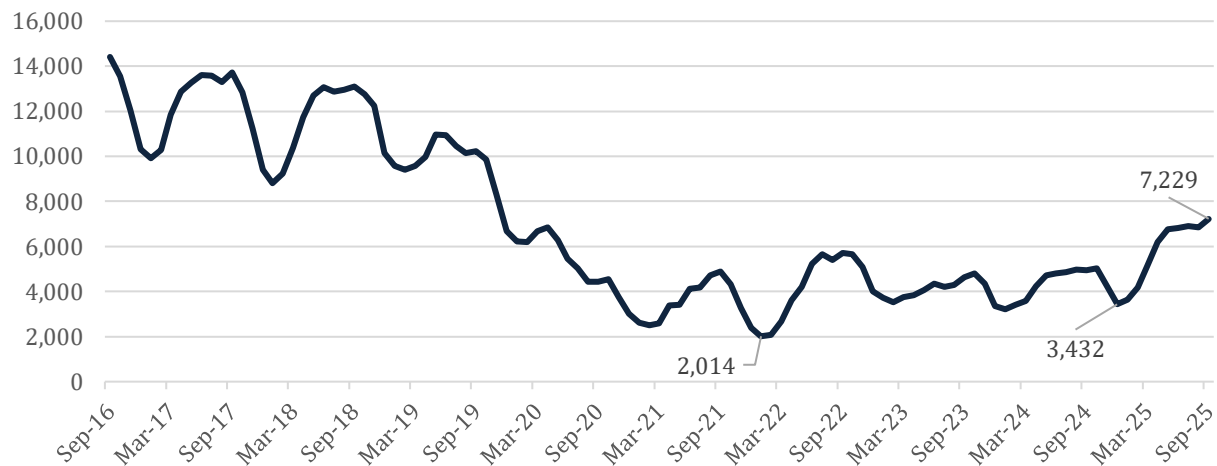
Enough time has passed from the pandemic that total monthly mid-week metro rail ridership works as a rough proxy for office activity of federal employees as well as professional, scientific, and technical employees (effectively federal contractors). In February 2020, total mid-week metro rail ridership stood at 7.89 million, before plummeting to 0.47 million in May 2020. Following the pandemic low, mid-week ridership increased steadily through December 2023, before becoming somewhat more volatile. While midweek ridership was effectively flat from December 2023 through February 2025, ridership increased markedly to 7.79 million in April 2025 before fluctuating notably month to month. In September 2025, monthly weekday ridership stood at 6.79 million, an increase of 24.6% from September 2024. Despite the large month-over-year increase in ridership since September, midweek ridership has been trending lower over the course of 2025, consistent with a decrease in federal as well as professional, scientific, and technical employment.

Mid-Week Metro Rail Ridership (Millions of Riders)



Turning to the real estate market, the single-family homes market in the Washington Region provides a clear indication of slowing economic activity. After reaching a seasonal low of 3,432 in December 2024, the number of active listing homes increased 110.6% from December 2024 to 7,229 in September 2025. The number of active listings was the most September active listings since 2019, when there were 10,217 active listings of single-family homes. The rising inventory is indicative of several shifts, including an increase of current residents trying to leave the Washington Region, reduced demand of in-migrants to buy a home, a lack of jobs that pay enough to support current asking prices, or a combination of all three. In any case, all three signal a slowing regional economy.

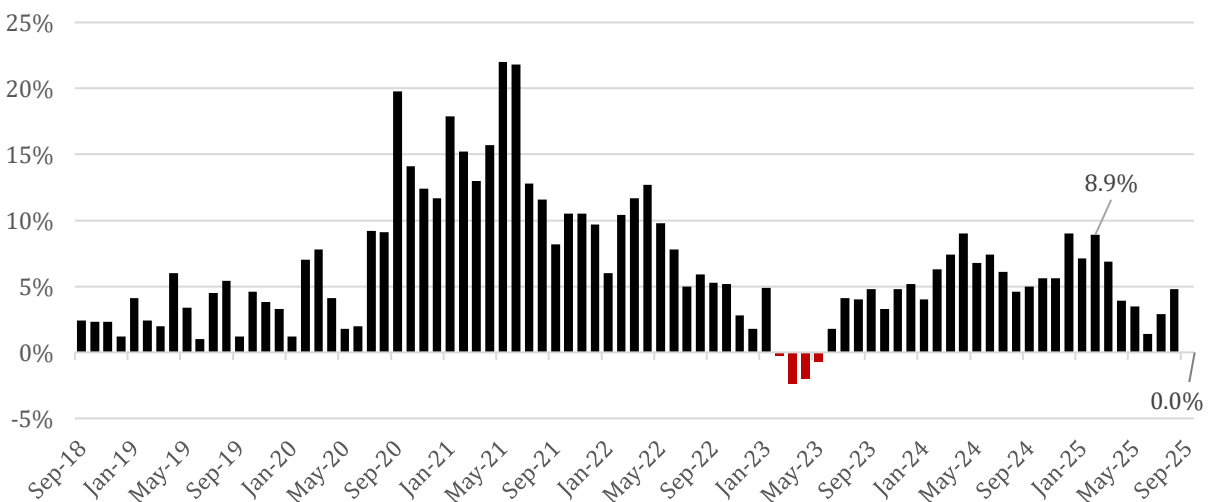
Active Inventory of Single-Family Homes Washington Region



Source: BrightMLS via GetSmartCharts, GMU CRA.

The rapid increase in active listings of single-family homes has coincided with a decline in price growth of homes sold. In January 2025, the median price of single-family homes sold in the Washington region was \$642,500, up 8.9% from January 2024. However, by September 2025, price growth stalled and remained in line with the price of detached homes sold in September 2024 (\$660,000). While certain sub-regions continue to record price growth, price increases in the overall Washington Region have ground to a halt. Given the rise in active listings, a reacceleration appears unlikely until at least spring 2026.

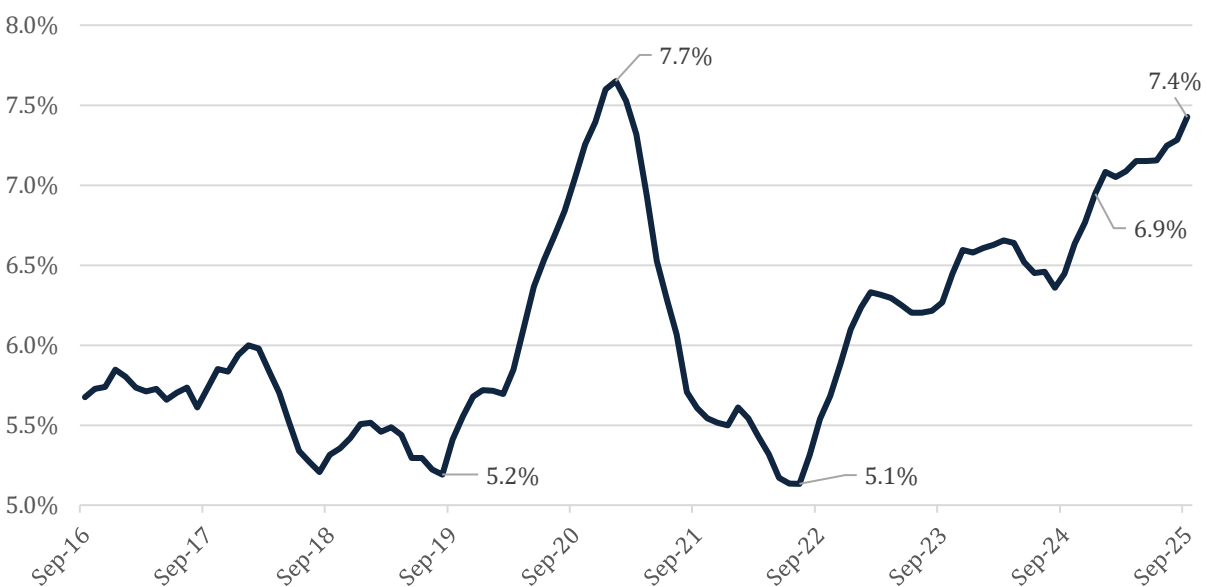
Month-Over-Year Price Change of Single-Family Homes Washington Region



Source: BrightMLS via GetSmartCharts, GMU CRA.

The weakness in the for-sale single-family detached market extends to the multi-family market. After multi-family vacancy rates reached a post-pandemic low of 5.1% in July 2022, vacancy rates increased to 7.4% in September 2025, up from 6.9% in December 2024. Vacancy rates in the Washington Region appear likely to surpass the post-pandemic high of 7.7% set in January 2021. The current increase is of particular alarm as it indicates a weakening regional economy as opposed to a shift away from apartments driven by the pandemic era shifts (e.g. distrust of proximity and the mass adoption of virtual work).

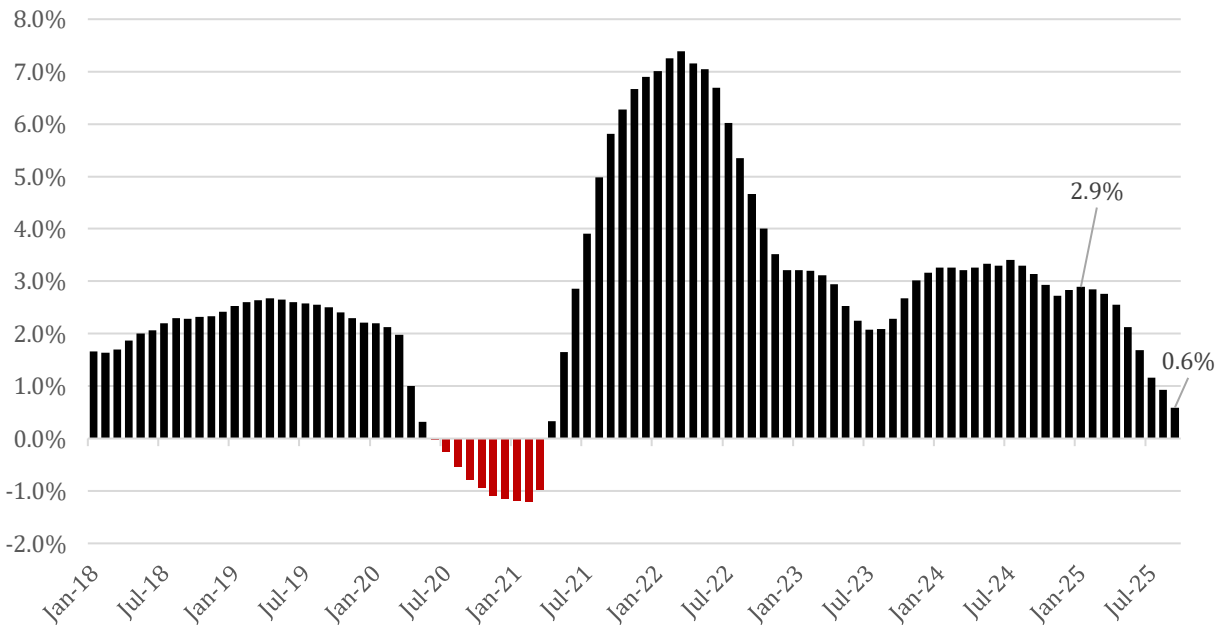
Multi-Family Daily Vacancy Rates Washington Region



Source: BrightMLS via GetSmartCharts, GMU CRA.

Finally, with stalling single-family price growth, asking rents per square foot for multi-family rentals have declined throughout 2025. Following the pandemic induced asking rent decline and subsequent rise back toward pre-pandemic levels, month-over-year percent change in asking rent growth stabilized slightly above pre-pandemic levels in 2023 and 2024. In January 2025, asking rent per square foot for multi-family units was \$2.49, an increase of 2.9% from January 2024. However, asking rents in September were \$2.50, just 0.6% above September 2024. The sharp slowdown in rent growth is in line with for-sale housing price growth and adds additional evidence that the region's economy has broadly stalled.

Multi-Family Asking Rent Per Square Foot Month-Over-Year Percent Change – Washington Region



Source: BrightMLS via GetSmartCharts, GMU CRA.

Conclusion

Given the federal government shutdown, employment and unemployment data are neither being released nor collected. In lieu of the federal data, six indicators have been examined: hotel occupancy, mid-week metro rail ridership, for-sale detached home inventory, price growth of sold detached homes, multi-family vacancy rates, and multi-family asking rent growth. All six of the indicators examined indicate that the Washington Region's economy is contracting, consistent with the view revealed by the last reported employment data. Unfortunately, the contraction is likely to continue into the foreseeable future.

As November is historically the final edition of Economy Watch for the year, next month's release will be issued but will follow the format presented here. While September employment data may become available, October employment estimates may be delayed or of lower quality due to the federal shutdown, which prevented data collection during that period. Consequently, the next edition will not include an updated Coincident Index but will instead focus on available indicators and provide appropriate context for interpreting the results.

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