

Adapting to Remote Work: Office Market, Transit, and Housing in Washington, D.C.

Yi Geng

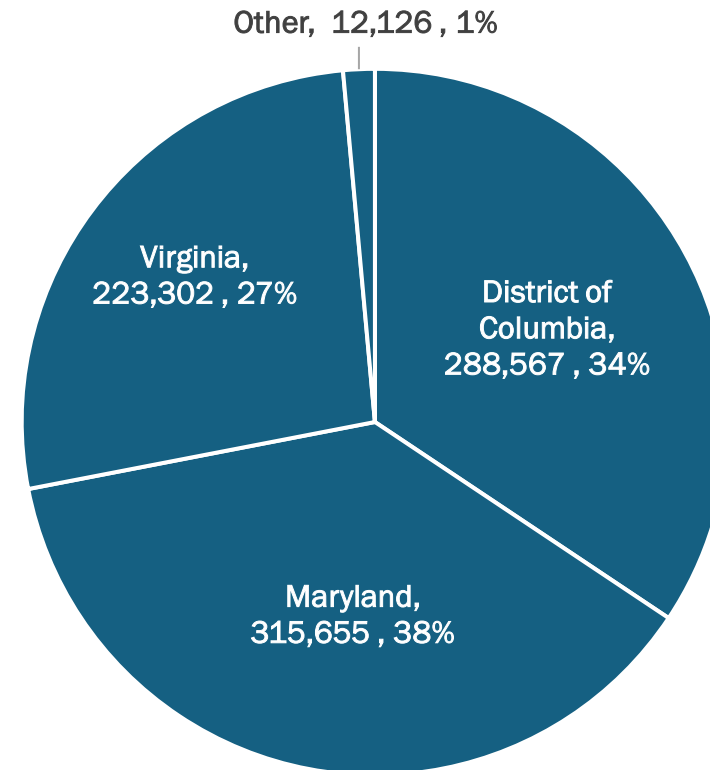
Office of Revenue Analysis,
Office of the Chief Financial Officer
District of Columbia Government

10/13/2025

D.C. Employment vs. Residency

- Historically, many people moved to D.C. for job opportunities.
- Remote work has weakened this **link between employment and residency**, reducing in-migration and daily commuter spending.
- **Local businesses**—especially restaurants, retail, and personal services—have **suffered** as foot traffic declined.

WHERE DC WORKERS RESIDE
(Total Workers Pre-pandemic 2019 =839,650)

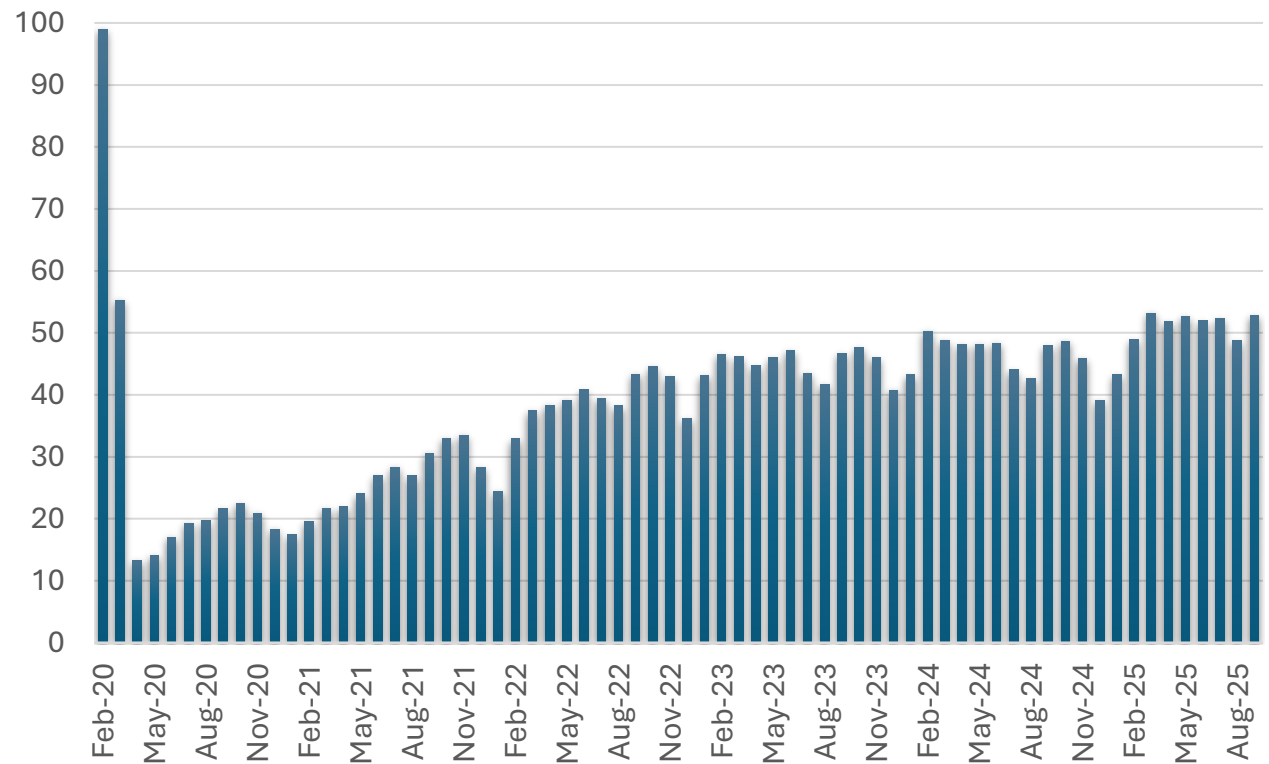


Source: American Community Survey

Back to Work Barometer

- Office occupancy in Washington, D.C. stands at **53% of pre-pandemic levels** as of Sep. 2025, according to Kastle Systems keycard data.
- Mid-week attendance peaks at 59% on Tuesdays, while Fridays drop to just 32%, underscoring the prevalence of **hybrid work**.
- Federal **return-to-office mandates** have had only a modest impact, as most employees continue to follow flexible schedules.

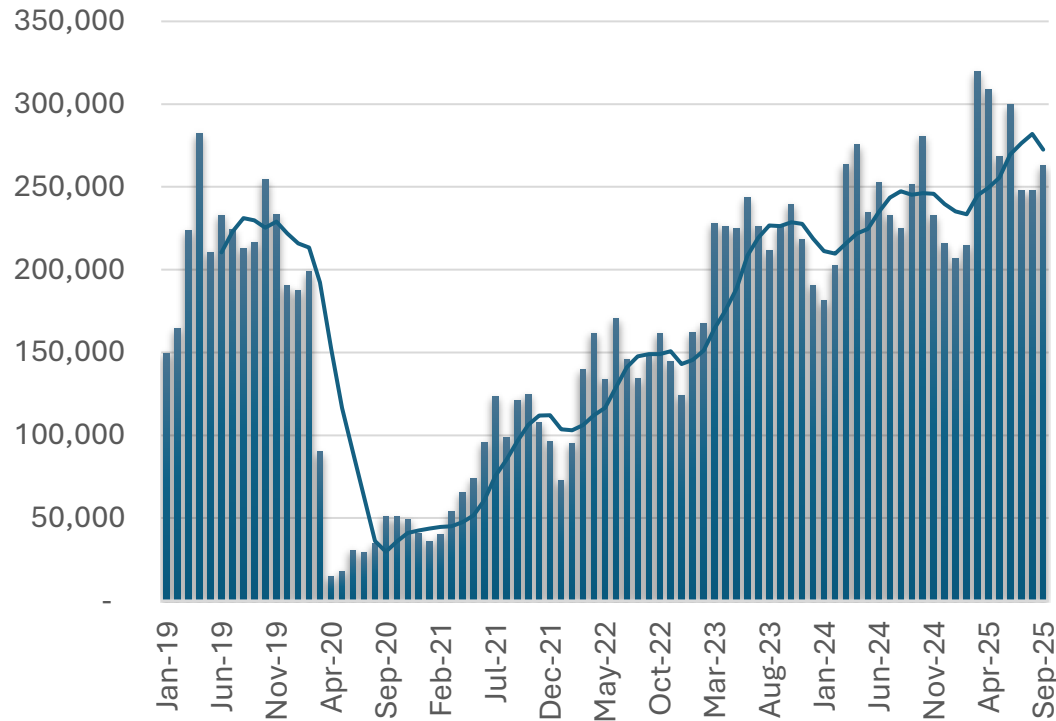
Back to Work Barometer: Occupancy - % of Cardholders who swiped into an office, (% , NSA) Washington MSA



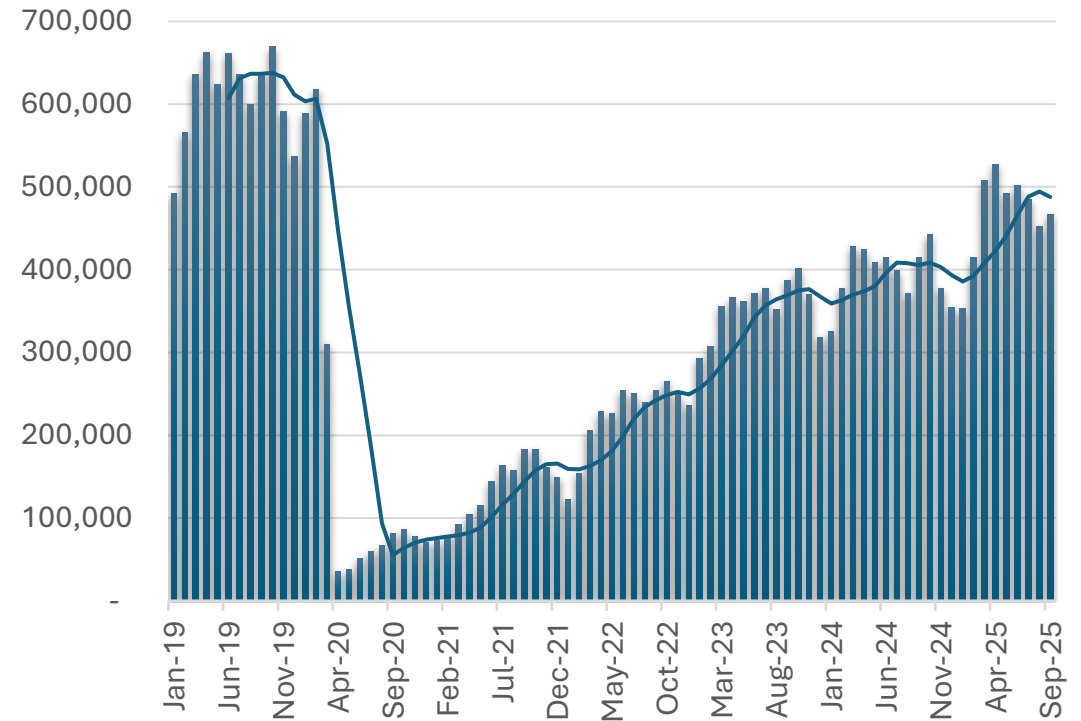
Data source: Kastle Systems

Impact on WMATA

Average daily metro ridership - weekend



Average daily metro ridership - weekday

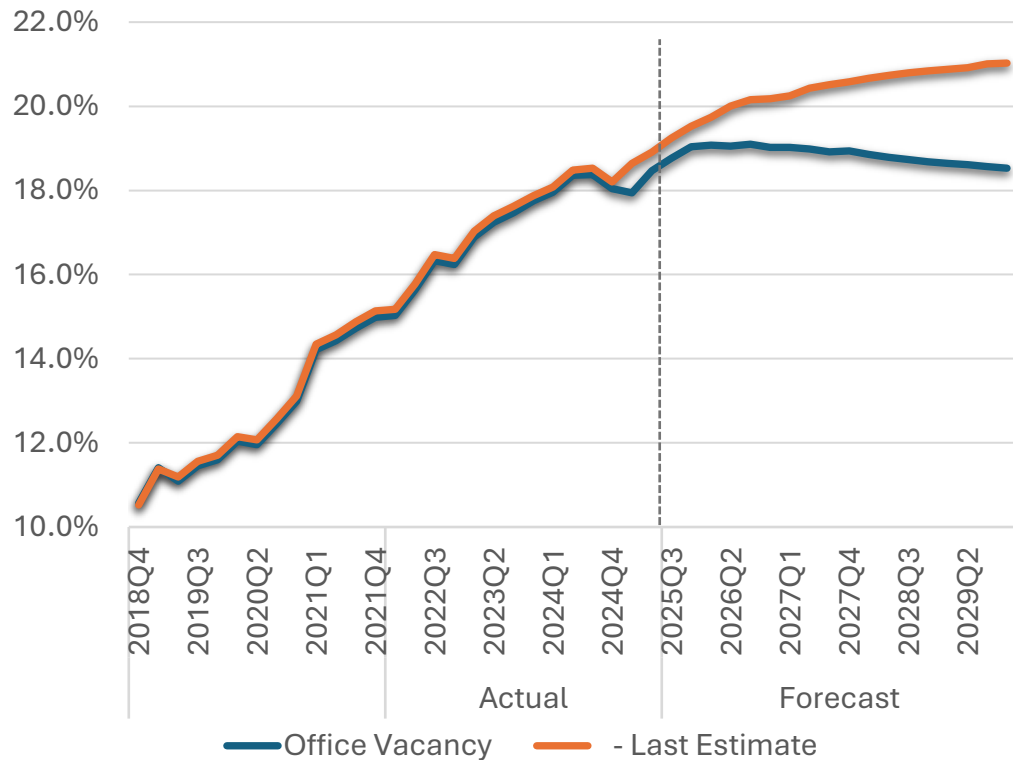


Data source: The Washington Metropolitan Area Transit Authority (WMATA)

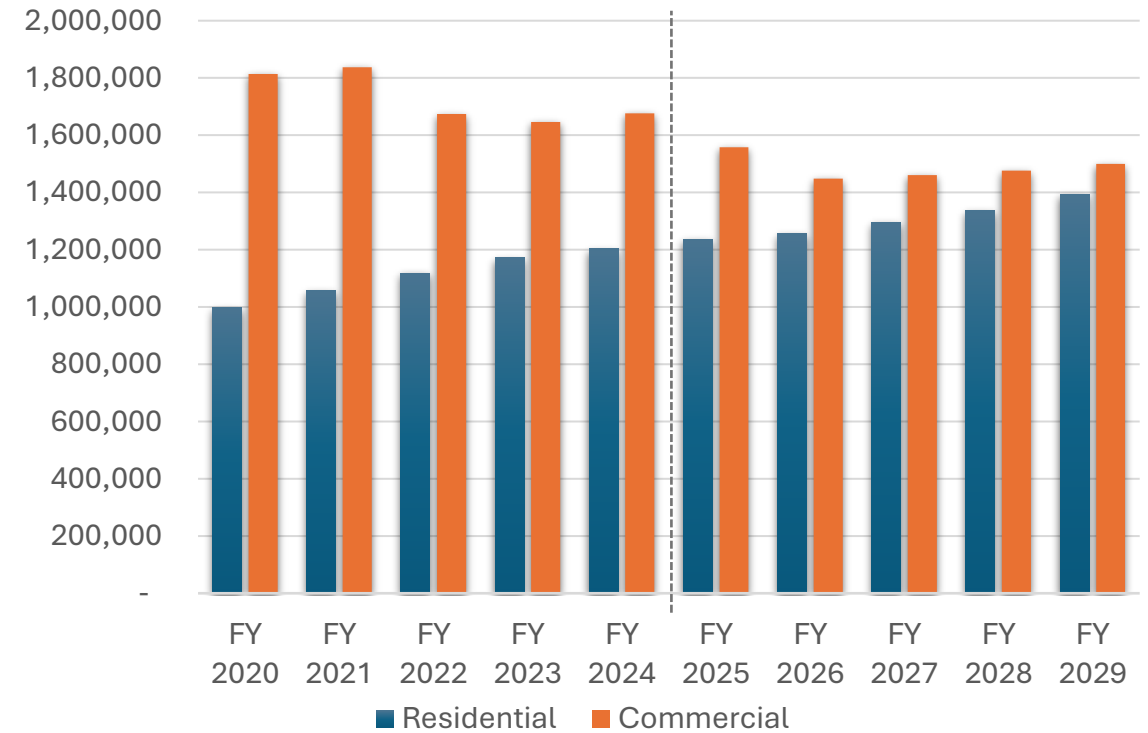
- **Weekend** ridership has now exceeded pre-pandemic levels, while **weekday** ridership continues to recover more slowly due to the persistence of hybrid work schedules.
- WMATA is seeking increased **funding** from local and regional governments to close a budget gap. Without additional support, the agency warns of severe **service cuts** that could trigger further declines in ridership and deepen financial instability.

Impact on office properties

D.C. CBD Office Vacancy Rate



Revenue from Real Property Taxes (\$000s)



Source: CoStar and Office of revenue analysis, OCFO D.C.

Office-to-Residential Conversions

- Rising **office vacancy** rates and a persistent **shortage of rental housing** are making office-to-residential conversions increasingly viable in Washington, D.C.
- The city **ranks second** nationally for future apartment units planned through such conversions.
- In Downtown D.C., 13 conversion projects are currently under construction, and 21 projects are in the pipeline, according to Washington DC Economic Partnership.
- Conversions can help reduce surplus office inventory and contribute to **stabilizing** office rents and occupancy rates.

	No. of Projects	Residential Units	Hotel Rooms	Other Uses (SF)
Completed (2023 - 2024)	4	947	271	1,300
Under Construction	13	953	542	330,223
- est. 2025 delivery	8	412	264	326,723
- est. 2026 delivery	5	541	278	3,500
Pipeline	21	3,461	137	9,700

Data source: Washington, DC DEVELOPMENT REPORT 2024/2025 Edition, page 26.

Fiscal Impact of Office-to-Residential Conversions

- To further promote conversion projects, The City is offering **financial incentives** and streamlining the conversion process.
- The **Office to Anything program** is a direct complement to the District’s Housing in Downtown program, which is designed to catalyze new residential through a **20-year** tax abatement incentive.
- However, commercial properties are **taxed at significantly higher rates** than residential ones. To offset lost commercial tax revenue, conversions should be **high-density and high-value** (e.g., luxury or mixed-use developments).
- Be paired with **zoning reforms**.

Class	Tax rate per \$100	Description
1	\$0.85	Residential, including multifamily
2	\$1.65	Commercial, including hotels and motels
3	\$5.00	Vacant
4	\$10.00	Blighted

Data source: DC Tax Facts

Conclusions

- Remote work has fundamentally **reshaped** D.C.'s office market, transit systems, and urban economy.
- Weekend transit ridership has rebounded, but weekday recovery is slow, **straining WMATA's finances** and prompting calls for increased funding.
- Office occupancy remains well below pre-pandemic levels, driving **higher vacancy rates** and accelerating office-to-residential conversions.
- **Conversions** help to stabilize office market and offer new housing opportunities but may not fully offset lost commercial tax revenue.
- **A balanced approach**—combining flexible work policies, strategic urban planning, and targeted incentives—is essential for D.C.'s long-term resilience.