

Northern Virginia

Industrial Q4 2019

	YoY Chg	12-Mo. Forecast
7.0% Vacancy Rate	▼	▼
204K Net Absorption, SF	▼	▲
\$11.63 Asking Rent, PSF	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
3.3 M D.C. Metro Employment	▲	▲
3.0% D.C. Metro Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▲

Source: BLS

Supply: Positive Absorption

The Northern Virginia industrial market had a quiet end to 2019. In the fourth quarter of 2019, Northern Virginia registered 204,194 square feet (sf) of positive absorption. The year end absorption in Northern Virginia was 889,007 sf. The office service sector in Northern Virginia registered 18,420 sf of positive absorption in the fourth quarter of 2019 to close the year with 206,870 sf of positive absorption. The warehouse/distribution sector in Northern Virginia registered 185,774 sf of positive absorption to close the year with 682,137 sf of positive absorption.

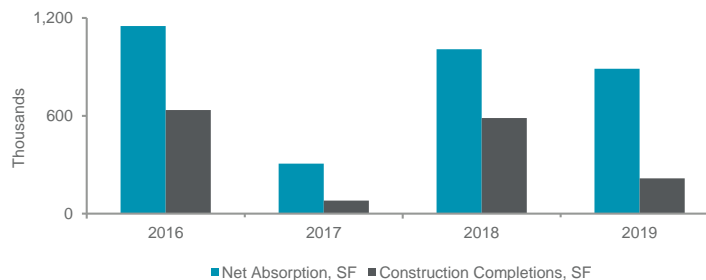
DEMAND: Leasing

The largest lease of the quarter was signed by Covance Inc. to reinstate their 38,870 sf footprint in Avion Tech Center (3635 Concorde Parkway). The largest new lease of the quarter was signed by Two Marines Moving at Fleet Distribution Center 2 (6308 Gravel Avenue) for 26,229 sf. Leasing in the Northern Virginia market has remained active in the fourth quarter totaling 181,232 sf of new leases signed. Warehouse/Distribution accounted for 118,855 sf (65.6%) of the new leases signed while the office service sector accounted for 62,377 sf (34.4%) of new leases. Year-to-date (YTD) leasing activity was 1,275,039 sf. Springfield/I-95 made up 47% of the leasing activity in Northern Virginia with 599,465 sf leased.

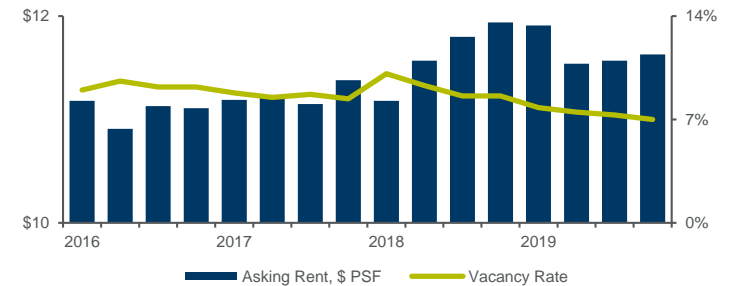
PRICING: Asking Rents Increase

The overall asking rental rate for office service and warehouse/distribution increased to \$11.63 per square foot (psf) in the fourth quarter of 2019. Asking rates for office services decreased \$0.82 year-over-year (YOY) to end the year at \$13.77 psf NNN. However, the overall warehouse/distribution asking rental rates slightly increased to \$9.37 psf NNN. The Springfield/I-95 submarket continues to have the highest rent in the office service vector at \$14.86 psf NNN. Northern Virginia's industrial sector had 7.0% vacancy in the fourth quarter of 2019- up 160 basis points (bps) YOY. The overall office service vacancy rate decreased 100 bps YOY in the fourth quarter of 2019 to 9.9%. Similarly, the warehouse/distribution vacancy dropped 200 bps YOY to 5.0%.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	**YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Fairfax County	31,929,832	2,841,395	8.9%	126,828	225,888	0	0	\$14.72	\$9.28
Springfield/I-95	20,553,246	1,760,268	8.6%	82,294	81,954	0	0	\$14.86	\$9.70
Route 28 Corridor South	11,376,586	1,081,127	9.5%	44,534	143,934	0	0	\$14.39	\$8.29
Loudoun County	20,550,156	988,492	4.8%	38,062	430,460	0	216,835	\$10.86	\$10.12
Route 28 North	20,550,156	988,492	4.8%	38,062	430,460	0	216,835	\$10.86	\$10.12
Prince William County	9,962,451	549,780	5.5%	39,304	232,659	139,000	0	\$10.82	\$8.92
Manassas	9,962,451	549,780	5.5%	39,304	232,659	139,000	0	\$10.82	\$8.92
Northern Virginia Totals	62,442,439	4,379,667	7.0%	204,194	889,007	139,000	216,835	\$13.77	\$9.37

*Rental rates reflect weighted net asking \$psf/year

OS = Office Service/Flex W/D = Warehouse/Distribution

**Statistics are not reflective of the U.S. MarketBeat Tables

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	36,817,412	1,846,601	5.0%	185,774	682,137	139,000	187,795	\$9.37
Office Service / Flex	25,625,027	2,533,066	9.9%	18,420	206,870	0	29,040	\$13.77

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3635 Concorde Parkway	Route 28 Corridor South	Covance Inc.	38,870	*Renewal
6308 Gravel Avenue	Springfield/I-95	Two Marines Moving	26,229	New Lease
6013 Farrington Avenue	Springfield/I-95	Landmark Honda	19,000	*Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
21745 Sir Timothy Drive	Loudoun County	Digital Realty / Mapletree Investments, Mapletree Industrial	327,847	\$473,000,000 / \$1,443
14280 Sulleyfield Circle	Route 28 Corridor South	Pactia, Buchannan Partners, Elion Partners	83,361	\$10,650,000 / \$128
13022 Balls Ford Road	Prince William County	PL Balls Ford RD LLC / Gainseville Ferguson LLC	50,500	\$8,800,000 / \$174

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