

## U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

## RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

## TRENDS AND INSIGHTS

### Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

### COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

### Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

### 2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

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CUSHMAN & WAKEFIELD  
WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Rosslyn	9,009,982	80,755	1,462,320	17.1%	34,557	34,557	76,300	-	\$47.34	\$53.99
Courthouse/Clarendon/VA Square	5,692,747	12,030	872,272	15.5%	121,511	121,511	124,246	-	\$40.21	\$40.62
Ballston	7,282,673	92,110	1,592,620	23.1%	40,623	40,623	77,111	-	\$40.46	\$41.01
Crystal City/Pentagon City	10,779,266	68,632	1,722,985	16.6%	-353,885	-353,885	420,562	-	\$36.99	\$38.30
<b>Arlington</b>	<b>32,764,668</b>	<b>253,527</b>	<b>5,650,197</b>	<b>18.0%</b>	<b>-157,194</b>	<b>-157,194</b>	<b>698,219</b>	<b>-</b>	<b>\$41.37</b>	<b>\$43.23</b>
Old Town	7,991,666	196,373	694,811	11.2%	-84,868	-84,868	60,323	-	\$32.51	\$36.76
I-395	5,936,851	2,936	1,816,680	30.6%	165,855	165,855	15,362	-	\$30.67	\$30.31
Huntington/Eisenhower	2,861,709	20,145	1,065,837	37.9%	7,939	7,939	8,463	-	\$36.47	\$37.71
<b>City of Alexandria</b>	<b>16,790,226</b>	<b>219,454</b>	<b>3,577,328</b>	<b>22.6%</b>	<b>88,926</b>	<b>88,926</b>	<b>84,148</b>	<b>-</b>	<b>\$32.88</b>	<b>\$35.86</b>
<b>Inside the Beltway</b>	<b>49,554,894</b>	<b>472,981</b>	<b>9,227,525</b>	<b>24.1%</b>	<b>-68,268</b>	<b>-68,268</b>	<b>782,367</b>	<b>-</b>	<b>\$38.49</b>	<b>\$40.73</b>
Annandale/Baileys	1,204,881	2,205	248,171	20.8%	17,209	17,209	7,444	-	\$27.73	\$31.50
Merrifield/Route 50	6,852,558	37,336	1,107,156	16.7%	144,133	144,133	52,554	-	\$30.55	\$32.03
Fairfax/Oakton/Vienna	9,720,129	134,182	2,131,018	23.3%	307,781	307,781	62,551	-	\$27.75	\$30.10
Tysons Corner	23,174,321	211,219	3,635,573	16.6%	458,835	458,835	297,132	383,628	\$34.20	\$39.12
Reston/Herndon	25,273,031	222,137	3,973,543	16.6%	-202,432	-202,432	325,150	1,720,000	\$31.58	\$33.21
Route 28 South/Chantilly	9,124,234	17,843	977,761	10.9%	58,879	58,879	135,182	125,000	\$26.79	\$28.01
Springfield	3,188,528	0	881,996	27.7%	-62,895	-62,895	27,456	622,812	\$32.48	\$36.26
<b>Fairfax</b>	<b>78,537,682</b>	<b>624,922</b>	<b>12,955,218</b>	<b>17.3%</b>	<b>721,510</b>	<b>721,510</b>	<b>907,469</b>	<b>2,851,440</b>	<b>\$31.02</b>	<b>\$34.00</b>
<b>Loudoun County</b>	<b>5,844,167</b>	<b>39,903</b>	<b>725,441</b>	<b>13.1%</b>	<b>-15,223</b>	<b>-15,223</b>	<b>74,319</b>	<b>-</b>	<b>\$25.95</b>	<b>\$28.67</b>
<b>Outside the Beltway</b>	<b>84,381,849</b>	<b>664,825</b>	<b>13,680,659</b>	<b>17.0%</b>	<b>706,287</b>	<b>706,287</b>	<b>981,788</b>	<b>2,851,440</b>	<b>\$30.67</b>	<b>\$33.63</b>
<b>Northern Virginia Totals</b>	<b>133,936,743</b>	<b>1,137,806</b>	<b>22,908,184</b>	<b>18.0%</b>	<b>638,019</b>	<b>638,019</b>	<b>1,764,155</b>	<b>2,851,440</b>	<b>\$33.65</b>	<b>\$36.47</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2100 Crystal Drive	Crystal City/Pentagon City	Amazon	272,000	Direct
575 Herndon Parkway	Reston/Herndon	Booz Allen	125,556	Direct
3000 Wilson Boulevard	Courthouse/Clarendon/Virginia Square	Airlines Reporting Corporation	78,926	Renewal*

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
499 Grove Street	Reston/Herndon	Boston Properties / USSA Real Estate	493,000	\$256,000,000 / \$519
2941 Fairview Park Drive	Merrifield	Rick Adams Investment Group / Menlo Equities	367,349	\$97,590,405 / \$265
4114 Legato Drive	Fairfax/Oakton/Vienna	Beacon Capital / Tritower Financial Group, LLC	214,214	\$58,000,000 / \$271

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