

# Northern Virginia

Office Q2 2020

**18.1%**  
Vacancy Rate

YoY Chg: ▼ 12-Mo. Forecast: ▲

**-100K**  
Net Absorption, SF

YoY Chg: ▼ 12-Mo. Forecast: ▲

**\$34.11**  
Asking Rent, PSF

YoY Chg: ▲ 12-Mo. Forecast: —

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2020

**3.0M**  
D.C. Metro Employment

YoY Chg: ▼ 12-Mo. Forecast: ▲

**9.7%**  
D.C. Metro Unemployment Rate

YoY Chg: ▲ 12-Mo. Forecast: ▼

**13.0%**  
U.S. Unemployment Rate

YoY Chg: ▲ 12-Mo. Forecast: ▼

Source: BLS

## SUPPLY: 1906 Reston Metro Plaza Delivered in Q2

Comstock Properties second building at Reston Station (1906 Reston Metro Plaza) delivered 180,000 square feet (sf) at the tail-end of the second quarter. Neustar, Inc. will occupy 100,000 sf in the first quarter of 2021 as their main headquarters- moving from 21575 Ridgetop Circle in Loudoun. The overall vacancy rate in the Northern Virginia (NoVA) submarket is 18.1%- down 220 basis points (bps) year-over-year (YOY). The Route 28 South/Chantilly submarket continues to have the lowest vacancy rate in NoVA with an overall vacancy rate of 10.9% while the Huntington/Eisenhower submarket continues to have the highest vacancy rate YOY in the submarket at 38.3%. The NoVA submarket has about 2.3 million sf (msf) of Class A product under construction, primarily in the Reston/Herndon submarket which has approximately 1.3 msf under construction driven by Boston Properties' 1 MSF office building, Reston Gateway.

## DEMAND: Leasing Activity

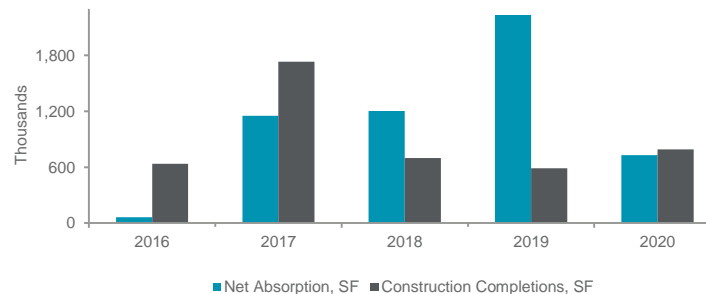
The NoVA submarket registered nearly 1.1 msf of new leasing activity in the second quarter of 2020. The largest lease of the quarter was signed by Microsoft at 11955 Freedom Drive in Reston for 400,000 sf. The largest renewal of the quarter was signed by SAIC-recommitting to 158,919 sf at 14672 Lee Road in the Route 28 South/Chantilly submarket. The NoVA submarket registered 99,927 sf of negative absorption in the second quarter of 2020. This figure was driven primarily by sublease space being vacated and added to the market. Two of the largest sublease spaces added to the market this quarter were at 7950 Jones Branch Drive- 92,985 sf was put on sublease by Gannett and at 2300 Wilson Boulevard where 30,825 sf was put on sublease by Koch.

## PRICING: Rental Rates Continue to Climb

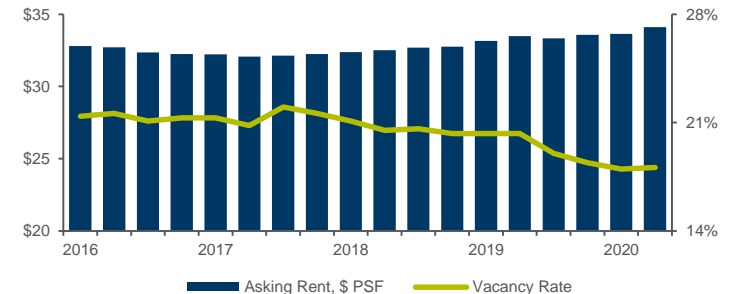
Overall asking rates rose \$0.63 YOY to \$34.11 per square foot (psf) in the second quarter of 2020. The Rosslyn submarket recorded the highest overall asking rates- up \$4.63 YOY to \$47.03 psf. Class A asking rates rose \$0.91 YOY to \$37.06 psf. The Rosslyn submarket continued to have the highest Class A asking rates at \$52.87 psf- up \$7.03 YOY

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## 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	8,958,237	112,036	1,636,967	19.5%	-205,928	-104,798	121,635	0	\$47.03	\$52.87
Courthouse/Clarendon/VA Square	5,692,747	16,595	929,519	16.6%	-61,812	59,699	152,540	0	\$39.83	\$40.32
Ballston	7,300,036	81,910	1,620,169	23.3%	-17,349	23,274	151,496	0	\$41.21	\$41.55
Crystal City/Pentagon City	10,779,266	54,894	1,642,072	15.7%	94,651	-207,745	469,694	0	\$37.03	\$38.54
<b>Arlington</b>	<b>32,730,286</b>	<b>265,435</b>	<b>5,828,727</b>	<b>18.6%</b>	<b>-190,438</b>	<b>-229,570</b>	<b>895,365</b>	<b>0</b>	<b>\$41.63</b>	<b>\$43.70</b>
Old Town	7,991,666	181,926	716,579	11.2%	-7,321	-30,933	127,785	0	\$33.10	\$38.70
I-395	5,841,751	2,708	1,843,423	31.6%	-26,515	139,340	21,610	0	\$30.58	\$30.33
Huntington/Eisenhower	2,861,709	20,145	1,076,900	38.3%	-11,063	-3,124	8,463	0	\$36.41	\$37.67
<b>City of Alexandria</b>	<b>16,695,126</b>	<b>204,779</b>	<b>3,636,902</b>	<b>23.0%</b>	<b>-44,899</b>	<b>105,283</b>	<b>157,858</b>	<b>0</b>	<b>\$32.89</b>	<b>\$36.16</b>
<b>Inside the Beltway</b>	<b>49,425,412</b>	<b>470,214</b>	<b>9,465,629</b>	<b>20.1%</b>	<b>-235,337</b>	<b>-124,287</b>	<b>1,053,223</b>	<b>0</b>	<b>\$38.68</b>	<b>\$41.51</b>
Annandale/Baileys	1,204,881	2,205	254,943	21.3%	-6,772	10,437	9,846	0	\$27.76	\$31.50
Merrifield/Route 50	6,852,558	35,819	1,184,620	17.8%	-75,947	68,186	152,367	0	\$31.13	\$32.65
Fairfax/Oakton/Vienna	9,720,129	136,237	2,296,943	25.0%	-167,980	141,921	83,523	0	\$28.21	\$30.11
Tysons Corner	22,919,321	190,339	3,689,199	16.9%	-32,746	409,506	404,429	383,628	\$36.80	\$41.44
Reston/Herndon	25,737,176	201,745	3,797,040	15.5%	376,895	201,858	1,098,546	1,260,000	\$30.41	\$32.23
Route 28 South/Chantilly	9,249,234	24,964	980,509	10.9%	-9,869	49,010	159,224	0	\$26.54	\$28.03
Springfield	3,188,528	0	869,267	27.3%	12,729	-50,166	53,933	622,812	\$32.32	\$36.71
<b>Fairfax</b>	<b>78,871,827</b>	<b>591,309</b>	<b>13,072,521</b>	<b>17.3%</b>	<b>96,310</b>	<b>830,752</b>	<b>1,961,868</b>	<b>2,266,440</b>	<b>\$31.66</b>	<b>\$34.68</b>
<b>Loudoun County</b>	<b>5,844,167</b>	<b>20,441</b>	<b>705,803</b>	<b>12.4%</b>	<b>39,100</b>	<b>23,877</b>	<b>109,019</b>	<b>0</b>	<b>\$26.10</b>	<b>\$29.30</b>
<b>Outside the Beltway</b>	<b>84,715,994</b>	<b>611,750</b>	<b>13,778,324</b>	<b>16.9%</b>	<b>135,410</b>	<b>854,629</b>	<b>2,070,887</b>	<b>2,266,440</b>	<b>\$31.28</b>	<b>\$34.24</b>
<b>Northern Virginia Totals</b>	<b>134,141,406</b>	<b>1,081,964</b>	<b>23,243,953</b>	<b>18.1%</b>	<b>-99,927</b>	<b>730,342</b>	<b>3,124,110</b>	<b>2,266,440</b>	<b>\$34.11</b>	<b>\$37.06</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11955 Freedom Dr	Reston/Herndon	Microsoft	400,000	New Lease
14672 Lee Rd	Route 28 South/Chantilly	SAIC	158,919	Renewal*
10777 Main St	Fairfax/Oakton/Vienna	Fairfax County of Supervisors	61,563	Renewal*

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1530 Wilson Blvd	Rosslyn	Gateway Montrey Inc / Velocis	179,622	\$71.4M / \$398
2214 Rock Hill Rd	Reston/Herndon	State of Virginia / Origami Capital Partners, Timberline Real Estate Ventures	147,384	\$47.3M / \$321
8283 Greensboro Dr	Tysons Corner	WashREIT / The Meridian Group	236,200	\$57M / \$241

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