

Northern Virginia

Office Q1 2021



YoY Chg 12-Mo. Forecast

18.7%

Vacancy Rate



-58K

Net Absorption, SF



\$33.54

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

3.1 M

D.C. Metro Employment



6.0%

D.C. Metro Unemployment Rate



6.0%

U.S. Unemployment Rate



Source: BLS

SUPPLY: No Deliveries this Quarter, but Space Under Construction

For the third consecutive quarter, no new office space delivered in Northern Virginia submarkets. Two buildings are scheduled to deliver in 2021 with 6595 Springfield Center Drive, the TSA HQ, delivering 622,812 square feet (sf) in Q2 and 1902 Reston Metro Plaza, pre-leased by ICF, delivering 260,000 sf in Q3. Overall absorption in Northern Virginia registered negative 57,829 sf in Q1 2021 driven by negative 98,374 sf of absorption in Class A buildings.

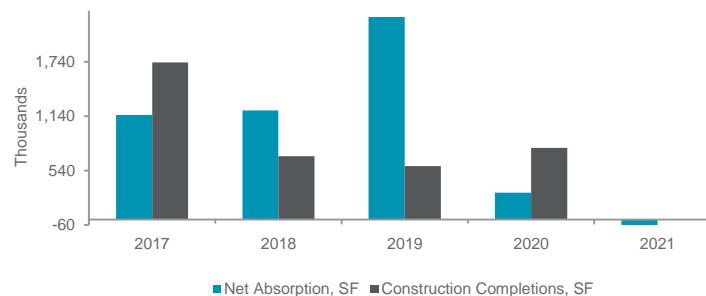
DEMAND: Improvement in New Leasing Activity

Northern Virginia saw 1,371,016 sf of new leasing activity and 480,976 sf of renewals in Q1 2021. This is a small uptick of new leasing from Q4 2020. The largest new lease of the quarter was signed by Microsoft at 1300 Wilson Blvd for 180,000 sf in the Rosslyn submarket. The second largest new lease of the quarter was the GSA taking 104,000 sf at 4755 Meadow Wood Ln in the Rt 28 South/Chantilly submarket. Metropolitan Washington Airports Authority signed the largest renewal of the quarter for 58,763 sf at 198 Van Buren St in the Reston/Herndon submarket.

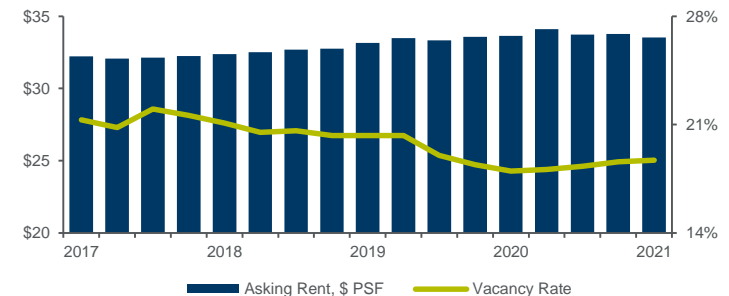
PRICING: Rental Rates Drop Slightly

Overall average vacancy rates in Northern Virginia rose 50 basis points (bps) year-over-year (YOY) to 18.7%, up 10 bps from Q4 2020. Overall average rental rates dropped \$0.06 YOY in Q1 2021 to \$33.54 per square foot (psf) on a full-service basis. Rosslyn continues to have the highest overall average rental rate of all the Northern Virginia markets, closing the quarter at \$42.48 psf.

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	102,989	1,569,494	18.7%	126,744	126,744	251,542	0	\$42.48	\$44.25
Courthouse/Clarendon/VA Square	5,847,741	63,224	1,121,494	20.3%	-27,527	-27,527	12,005	0	\$41.12	\$42.41
Ballston	7,300,036	147,569	1,677,187	25.0%	-25,053	-25,053	41,388	0	\$40.02	\$40.01
Crystal City/Pentagon City	11,047,599	82,095	1,776,323	16.8%	158,862	158,862	80,508	0	\$38.08	\$40.19
Arlington	33,153,613	395,877	6,144,498	19.7%	233,026	233,026	385,443	0	\$40.31	\$41.30
Old Town	7,991,666	211,954	758,750	12.1%	12,337	12,337	44,732	0	\$35.21	\$33.97
I-395	5,841,751	21,590	1,840,524	31.9%	13,066	13,066	58,199	0	\$30.33	\$30.40
Huntington/Eisenhower	2,861,709	36,715	1,120,810	40.4%	-17,582	-17,582	1,860	0	\$35.46	\$37.45
City of Alexandria	16,695,126	270,259	3,720,084	23.9%	7,821	7,821	104,791	0	\$33.06	\$36.68
Inside the Beltway	49,848,739	666,136	9,864,582	21.1%	240,847	240,847	490,234	0	\$37.53	\$39.24
Annandale/Baileys	1,204,881	0	214,481	17.8%	40,647	40,647	74,407	0	\$26.16	\$31.50
Merrifield/Route 50	6,852,558	60,696	1,201,445	18.4%	-15,359	-15,359	45,317	0	\$30.86	\$32.29
Fairfax/Oakton/Vienna	9,720,129	162,195	2,347,516	25.8%	-9,983	-9,983	61,990	0	\$28.00	\$30.07
Tysons Corner	22,919,321	259,509	3,843,517	17.9%	-166,040	-166,040	220,017	383,628	\$36.51	\$41.26
Reston/Herndon	25,737,176	317,409	3,588,372	15.2%	-56,527	-56,527	170,010	1,260,000	\$30.91	\$32.60
Route 28 South/Chantilly	9,734,794	50,491	1,101,305	11.8%	-25,171	-25,171	181,887	348,000	\$26.60	\$27.82
Springfield	3,188,528	3,000	782,334	24.6%	-12,981	-12,981	77,681	622,812	\$30.29	\$35.98
Fairfax	79,357,387	853,300	13,078,970	17.6%	-245,414	-245,414	831,309	2,614,440	\$31.65	\$34.49
Loudoun County	5,844,167	17,234	760,858	13.3%	-53,262	-53,262	49,473	0	\$26.51	\$29.55
Outside the Beltway	85,201,554	870,534	13,839,828	17.3%	-298,676	-298,676	880,782	2,614,440	\$29.48	\$32.63
Northern Virginia Totals	135,050,293	1,536,670	23,704,410	18.7%	-57,829	-57,829	1,371,016	2,614,440	\$33.54	\$36.05

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1300 Wilson Blvd	Rosslyn	Microsoft	180,000	New Lease
4755 Meadow Wood Ln	Route 28 S/Chantilly	GSA	104,000	New Lease
6350 Walker Ln	Springfield	GSA	76,581	New Lease
7619 Little River Tpke	Annandale/Baileys	GSA	70,297	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2001 N Beauregard St	I-395 Corridor	G8 Capital/Grupo Haddard US	239,945	\$71,690,000/\$298.78

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