

Northern Virginia

Industrial Q4 2021

YoY Chg 12-Mo. Forecast

4.9%

Vacancy Rate



91K

Net Absorption, SF



\$12.64

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

3.2M

D.C. Metro Employment



4.4%

D.C. Metro Unemployment Rate



4.2%

U.S. Unemployment Rate



Source: BLS

Supply: Positive Absorption YTD and New Construction Underway

While the office service (OS) sector registered 42,428 square feet (sf) of negative absorption in Q4 2021, the warehouse/distribution (W/D) sector registered 133,374 sf of positive absorption, bringing the overall absorption to 90,946 sf of positive absorption at the end of Q4 2021 and year-to-date (YTD) overall absorption to 757,446 sf of positive absorption. Springfield/I-95 led the W/D submarkets with 52,671 sf of positive absorption in Q4 2021, bringing YTD W/D absorption to positive 137,079 in the submarket. Route 28 Corridor South led the OS submarkets with 23,534 sf of positive absorption, bringing YTD OS absorption to positive 136,493 sf in the submarket. Fairfax County has 240,000 sf of W/D in two buildings under construction with delivery expected in early 2023 while Loudoun County has 500,000 sf across eight buildings expected to deliver throughout 2022 and Prince William County has 445,000 sf in four buildings expected to deliver in 2022 and one building in 2024.

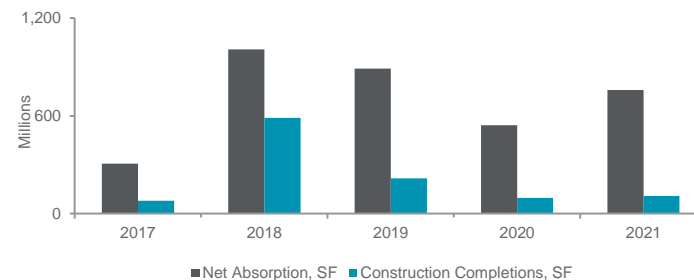
Demand: Leasing Activity Increasing

The NoVA industrial market registered 347,210 sf of new leasing activity in Q4 2021- with 87,936 sf of leasing activity in the OS sector and 259,274 sf of new leasing activity in the W/D sector. The largest lease of the quarter was a new lease signed by an undisclosed tenant at 22469 Ladbrook Drive for 59,352 sf in the Route 28 Corridor North submarket. The largest renewal of the quarter was signed by Avaya Federal Solutions for 14,338 sf in the Springfield/I-95 submarket. YTD OS leasing activity totaled 706,686 sf and W/D YTD leasing activity totaled 1,286,996 sf, bringing YTD overall leasing to 1,993,682 sf. YTD renewals totaled 538,814 sf with OS registering 220,805 sf and W/D registering 318,009 sf with 79% of renewals coming from Fairfax County.

Vacancy: Vacancy Decreasing and Rents Rising

Overall vacancy rate in the NoVA market for Q4 2021 was 4.9%- down 120 basis points (bps) year-over-year (YOY). The OS sector registered vacancy rates at 8.7%, down 50 bps YOY and the W/D sector registered vacancy rates at 2.5%, down 170 bps YOY. The overall asking rate in the NoVA industrial market was \$12.64 per square foot (psf)- up \$1.22 psf YOY. Overall OS sector asking rates were \$13.75 psf, up \$0.97 psf YOY, while the W/D sector asking rates were \$10.61 psf, up \$0.83 psf YOY, at the close of Q4 2021.

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
Springfield/I-95	13,514,010	513,281	3.8%	52,671	137,079	138,460	0	\$10.76
Route 28 Corridor South	4,364,160	190,096	4.4%	42,971	-4,360	104,136	0	\$9.87
Route 28 Corridor North	11,999,176	141,545	1.2%	52,170	342,656	507,774	0	\$11.19
Manassas	7,494,395	96,432	1.3%	-14,438	226,483	444,540	108,000	\$11.37
Warehouse/Distribution Totals	37,371,741	941,354	2.5%	133,374	701,858	1,194,910	108,000	\$10.61
Springfield/I-95	6,140,467	718,014	11.7%	-48,372	-57,655	0	0	\$16.72
Route 28 Corridor South	7,013,260	747,599	10.7%	23,534	136,493	0	0	\$11.48
Route 28 Corridor North	6,867,166	301,758	4.4%	-12,245	48,158	0	0	\$13.74
Manassas	2,667,323	209,079	7.8%	-5,345	-71,408	0	0	\$11.63
Office Service/Flex Totals	22,688,216	1,976,450	8.7%	-42,428	55,588	0	0	\$13.75
Northern Virginia Totals	60,059,957	2,917,804	4.9%	90,946	757,446	1,194,910	108,000	\$12.64

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
22633 Davis Drive	Rt 28 Corridor North	GDIT	24,050	New Lease
8209 Terminal Road	Springfield/I-95	Modern Technology Solutions	14,442	New Lease
7401-7435 Boston Boulevard	Springfield/I-95	Avaya Federal Solutions	14,338	Renewal*
21251 Ridgetop Circle	Rt 28 Corridor North	Centene Management Company	13,385	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Eisenhower Industrial Center	Springfield/I-95	Velsor Properties/Terreno Realty Corporation	199,000	\$25,331,926 / \$307.67
22480 Randolph Drive	Rt 28 Corridor North	Winthrop Investment Group/Fundrise	76,500	\$20,856,100 / \$272.63
2770-2782 Towerview Road	Rt 28 Corridor South	Mitco Asset Management/Starwood Capital Group	61,140	\$12,500,000 / \$204.45

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
8511 Virginia Meadows Drive	Manassas	Fidelitone	108,000	Becknell Industrial

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