

Northern Virginia

Office Q4 2021



	YoY Chg	12-Mo. Forecast
19.7% Vacancy Rate	▲	▲
-83K Net Absorption, SF	▼	▲
\$33.88 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

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: Delivery this Quarter, Nearly 2 MSF Under Construction

Comstock's 1902 Reston Metro Plaza, pre-leased by ICF, delivered 207,000 square feet (sf) in Q4 2021. There is an additional 1.9 million square feet (msf) under construction in Northern Virginia with one msf at RTC Next Towers A & B, to be occupied by Volkswagen and Fannie Mae respectively, scheduled to deliver in Q1 2022. Gainwell Technologies will be joining Volkswagen at 1950 Opportunity Way, signing on for 10,000 this quarter. Another 730,000 sf is set to deliver in Q2 2022, including Foulger-Pratt's 384,000 sf at 1750 Tysons Central, which has seen no pre-leasing. Skanska's spec development at 3901 Fairfax Dr broke ground Q3 2021 and is scheduled to deliver 201,000 sf at the end of 2023. Overall absorption in Northern Virginia registered negative 83,458 sf in Q4 2021 driven by 114,049 sf of negative absorption in Class A buildings. Reston/Herndon saw the largest move out with Accenture vacating at Two Reston Crescent. This brings year-to-date (YTD) absorption to negative 503,730 sf, with Class A registering 140,964 sf in and Class B registering 347,755 sf of negative absorption, respectively.

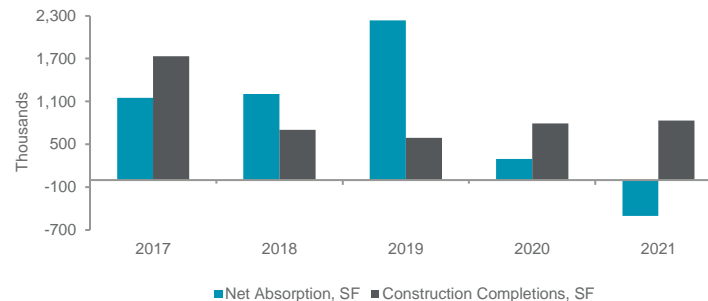
DEMAND: Renewals drop from Q3

Northern Virginia registered 1,040,605 sf of new leasing activity and 304,764 sf of renewals in Q4 2021, bringing new leasing to 5,336,267 sf and renewals to 4,562,144 sf YTD. Tysons Corner led the Northern Virginia submarkets with 366,415 sf of new leasing followed by Reston/Herndon with 247,855 sf of new leasing in Q4 2021. The largest new lease of the quarter was signed by Peraton at 1875 Explorer Street for 89,328 sf in the Reston/Herndon submarket. Fairfax County registered 90% of renewals in Q4 with 277,631 sf. This was driven by Kastle Systems renewing 59,484 sf at 6402 Arlington Boulevard in the Merrifield/Route 50 submarket and the Sierra Nevada Corporation renewing 53,819 sf at 3076 Centreville Road in the Reston/Herndon submarket.

PRICING: Rental Rates Up Slightly

Overall average vacancy rates in Northern Virginia rose 110 basis points (bps) year-over-year (YOY) to 19.7%, and up 20 bps from Q3 2021. Overall average rental rates rose \$0.11 YOY to \$33.88 per square foot (psf) on a full-service basis in Q4 2021 and increased \$0.02 from Q3 2021. Courthouse/Clarendon registered the highest overall average rental rate of all the Northern Virginia markets, closing the quarter at \$43.25 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	99,453	1,614,885	19.1%	64	84,889	628,233	0	\$40.09	\$40.69
Courthouse/Clarendon/VA Square	5,847,741	52,399	1,163,435	20.8%	18,970	-58,643	146,187	0	\$43.25	\$44.76
Ballston	7,300,036	67,200	1,918,954	27.2%	-21,220	-186,451	425,967	201,405	\$40.55	\$40.93
Crystal City/Pentagon City	11,162,668	31,728	2,460,415	22.3%	-21,921	-421,732	234,161	0	\$38.06	\$41.14
Arlington County	33,268,682	250,780	7,157,689	22.3%	-24,107	-581,937	1,434,548	201,405	\$40.36	\$41.76
Old Town	7,825,706	83,341	871,995	12.2%	7,507	16,473	184,625	0	\$36.07	\$39.80
I-395	5,125,700	28,544	1,613,806	32.0%	6,115	40,240	96,428	0	\$30.64	\$32.55
Huntington/Eisenhower	2,861,709	6,315	1,163,809	40.9%	-5,212	-30,181	31,873	0	\$35.66	\$37.45
City of Alexandria	15,813,115	118,200	3,649,610	23.8%	8,410	26,532	312,926	0	\$33.63	\$37.21
Inside the Beltway	49,081,797	368,980	10,807,299	22.8%	-15,697	-555,405	1,747,474	201,405	\$37.76	\$39.62
Annandale/Baileys	1,204,881	0	191,615	15.9%	-8,321	63,513	133,121	0	\$26.15	\$31.50
Merrifield/Route 50	6,852,558	56,674	1,112,568	17.1%	10,253	77,540	235,558	0	\$31.32	\$33.20
Fairfax/Oakton/Vienna	9,426,974	84,873	2,217,364	24.4%	4,703	197,491	202,674	0	\$28.10	\$30.18
Tysons Corner	22,632,019	194,483	3,962,737	18.4%	5,532	-223,294	1,138,611	383,628	\$36.30	\$41.00
Reston/Herndon	25,954,432	249,074	4,316,448	17.6%	-60,490	-516,498	1,181,460	1,062,000	\$32.92	\$34.87
Route 28 South/Chantilly	9,734,794	50,415	1,207,235	12.9%	-7,075	-131,025	344,973	348,000	\$27.05	\$28.03
Springfield	3,811,340	3,000	817,504	21.5%	-13,901	574,661	169,375	0	\$30.30	\$35.92
Fairfax County	79,616,998	638,519	13,825,471	18.2%	-69,299	42,388	3,405,772	1,793,628	\$32.27	\$35.20
Loudoun County	5,844,167	8,976	798,322	13.8%	1,538	9,287	183,021	0	\$27.86	\$30.42
Outside the Beltway	85,461,165	647,495	14,623,793	17.9%	-67,761	51,675	3,588,793	1,793,628	\$30.00	\$33.14
Northern Virginia Totals	134,542,962	1,016,475	25,431,092	19.7%	-83,458	-503,730	5,336,267	1,995,033	\$33.88	\$36.40

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1875 Explorer Street	Reston/Herndon	Peraton	89,328	New Lease
6402 Arlington Boulevard	Merrifield/Route 50	Kastle Systems International	59,484	Renewal*
7950 Jones Branch Drive	Tysons Corner	Appian Corporation	58,808	Expansion
3076 Centreville Road	Reston/Herndon	Sierra Nevada Corporation	53,819	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Quantum Park (22001 Loudoun County Pky & 44099 Waxpool Rd)	Loudoun County	AGC Equity Partners Ltd / Landmark Dividend LLC	328,150	\$330,000,000 / \$267.72
Willow Oaks Corporate Center (8260, 8270, & 8280 Willow Oaks Corporate Drive)	Merrifield / Route 50	KBS REIT II / Bridge Investment Group	584,147	\$106,000,000 / \$181.46

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