MARKETBEAT

Northern Virginia

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
4.7% Vacancy Rate	▼	▼
363K Net Absorption, SF	▲	▬
$13.94 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
3.3M D.C. Metro Employment	▲	▲
4.3% D.C. Metro Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

Supply: Positive Absorption YTD and New Construction Underway

Both the office service (OS) sector and the warehouse/distribution (W/D) sector registered positive absorption of 156,271 square feet (sf) and 206,873 sf respectively, bringing the overall absorption to 363,144 sf of positive absorption at the end of Q1 2022. Route 28 Corridor North led the W/D submarkets with 212,129 sf of positive absorption in Q1 2022 while Route 28 Corridor South led the OS submarkets with 72,763 sf of positive absorption. The Northern Virginia market expects to see 900,000 sf of new construction all in W/D buildings over the next two years. Prince William County has 444,540 sf in five buildings under construction with delivery for four buildings by year end of 2022 and one building in early 2024. Freedom 1-66 Business Center in Manassas has started construction with 350,000 sf underway with an additional 365,000 sf proposed. Loudoun County has 222,769 sf across three buildings expected to deliver from mid 2022 to early 2023 and Fairfax County has 242,596 sf in two buildings expected to deliver in the beginning of 2023.

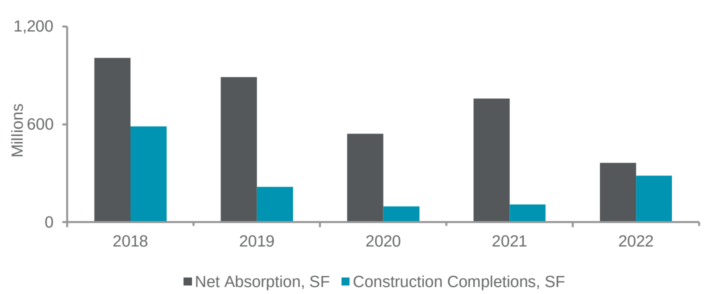
Demand: Leasing Activity Increasing

The NoVA industrial market registered 480,812 sf of new leasing activity in Q1 2022- with 234,937 sf of leasing activity in the OS sector and 245,875 sf of new leasing activity in the W/D sector. The largest lease of the quarter was a new lease signed by Vomela Specialty Company at 8000-8080 Grainger Court for 71,875 sf in the Springfield / I-95 submarket. The largest renewal of the quarter was signed by the FBI for 33,044 sf at 8540 Terminal Road in the Springfield / I-95 submarket. Springfield/I-95 led the W/D sector with 106,257 sf signed as well as in the OS sector with 93,602 sf in new leasing activity.

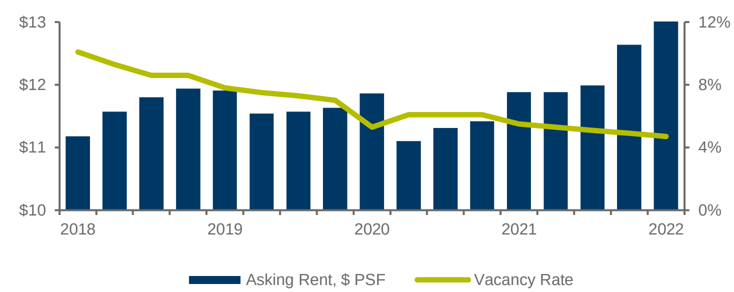
Vacancy: Vacancy Decreasing and Rents Rising

The overall vacancy rate in the NoVA market for Q1 2022 was 4.7%- down basis points 80 (bps) year-over-year (YOY). The OS sector registered vacancy rates at 8.0%, down 90 bps YOY and the W/D sector registered vacancy rates at 2.7%, down 60 bps YOY. The overall asking rate in the NoVA industrial market was $13.94 per square foot (psf)- up $2.04 psf YOY. Overall OS sector asking rates were $15.24 psf, up $2.16 psf YOY, while the W/D sector asking rates were $12.00 psf, up $2.10 psf YOY, at the close of Q1 2022.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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	524,779	3.9%	-11,498	-11,498	138,460	0	$12.05
Route 28 Corridor South	4,216,200	178,109	4.2%	11,987	11,987	104,136	0	$12.19
Route 28 Corridor North	12,403,377	214,421	1.7%	212,129	212,129	222,769	285,005	$11.57
Manassas	7,523,159	102,177	1.4%	-5,745	-5,745	444,540	0	$11.68
Warehouse/Distribution Totals	**37,656,746**	**1,019,486**	**2.7%**	**206,873**	**206,873**	**909,905**	**285,005**	**$12.00**
Springfield/I-95	6,140,467	712,550	11.6%	5,464	5,464	0	0	$17.08
Route 28 Corridor South	7,013,260	674,836	9.6%	72,763	72,763	0	0	$13.73
Route 28 Corridor North	6,867,166	255,499	3.7%	46,259	46,259	0	0	$14.62
Manassas	2,667,323	177,294	6.6%	31,785	31,785	0	0	$13.11
Office Service/Flex Totals	**22,688,216**	**1,820,178**	**8.0%**	**156,271**	**156,271**	**0**	**0**	**$15.24**
Northern Virginia Totals	**60,344,962**	**2,839,665**	**4.7%**	**363,144**	**363,144**	**909,905**	**285,005**	**$13.94**

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
8000-8080 Grainger Court	Springfield / I-95	Vomela Specialty Company	71,875	New Lease
22625 Ladbrook Drive	Route 28 Corridor North	Raytheon	58,530	New Lease
8540 Terminal Road	Springfield / I-95	GSA-FBI	33,044	Renewal*
14111 Park Meadow Drive	Route 28 Corridor South	Compu Dynamics	24,532	Sublease

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
8501 Buckeye Timber Dr	Manassas	3DF Associates LLC / Cabot Properties Inc.	49,900	$12,800,000 / $256.51
5731 General Washington Dr	Springfield/I-95	Stephenson Printing Inc. / USA Cabinet Store	58,412	$11,500,000 / $196.88
5741 General Washington Dr	Springfield/I-95	Lakewood Managment / ARES Real Estate Income Trust Inc.	44,400	$10,750,000 / $242.12

KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
22491 Ladbrook Dr/Northwoods - Building 17	Route 28 Corridor North	A&A Transfer	85,321	Northwestern Mutual Life Insurance Company

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