

Northern Virginia

Industrial Q2 2022

4.2%
Vacancy Rate

YoY Chg: ▼ 12-Mo. Forecast: ▼

303K
Net Absorption, SF

YoY Chg: ▲ 12-Mo. Forecast: —

\$14.31
Asking Rent, PSF

YoY Chg: ▲ 12-Mo. Forecast: ▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

3.3M
D.C. Metro Employment

YoY Chg: ▲ 12-Mo. Forecast: ▲

3.5%
D.C. Metro Unemployment Rate

YoY Chg: ▼ 12-Mo. Forecast: ▼

3.6%
U.S. Unemployment Rate

YoY Chg: ▼ 12-Mo. Forecast: ▼

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 151,294 square feet (sf) and 152,134 sf respectively, bringing the overall absorption to 303,428 sf at the end of Q2 2022. This brings year-to-date (YTD) overall absorption to 762,778 sf with the OS sector registering 388,838 sf and W/D sector registering 373,940 sf YTD. Route 28 Corridor North led the W/D submarkets with 103,172 sf of positive absorption in Q2 2022 while Route 28 Corridor South led the OS submarkets with 68,871 sf of positive absorption. The Northern Virginia market has seen 460,065 sf delivered so far in 2022- the Northwoods project in Route 28 Corridor North accounted for 223,805 sf delivered. There is an additional 621,540 sf of W/D product under construction and slated to deliver in the second half of 2022. Prince William County has 597,631 sf in seven buildings under construction with delivery for five buildings slated through 2024. Freedom I-66 Business Center in Manassas has 350,000 sf under construction with an additional 365,000 sf proposed. Loudoun County has 578,944 sf across six buildings expected to deliver through early 2024 and Fairfax County has 104,136 sf under construction at Stonecroft Industrial Center scheduled to deliver in early 2023.

Demand: Leasing Activity Increasing

The NoVA market registered 499,708 sf of new leasing activity in Q2 2022, bringing YTD leasing to 1,215,541 sf. The OS sector registered 77,576 sf while the W/D sector saw 422,132 sf of new leasing activity, bringing YTD new leasing to 466,725 sf and 748,816 sf, respectively. The largest lease of the quarter was a new lease signed by Lasership, a last-mile delivery company, at 14850 Thompson Road for 104,136 sf in the Route 28 Corridor South. Raytheon signed renewals in three buildings- 23030, 23010 and 22750 Ladbrook Drive in the Route 28 Corridor North submarket- for a combined total of 186,276 sf. Springfield/I-95 led the W/D sector with 131,806 sf signed and Route 28 Corridor South led the OS sector with 33,220 sf in new leasing activity.

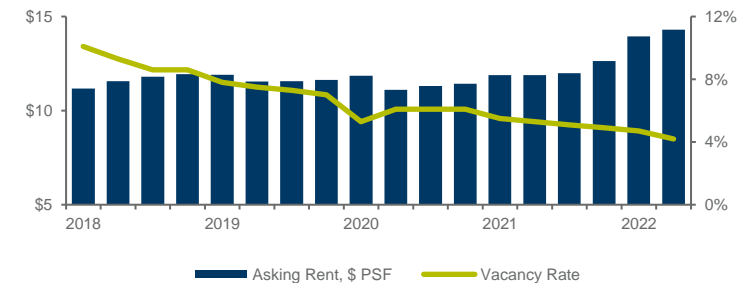
Vacancy: Vacancy Decreasing and Rents Rising

The overall vacancy rate in the NoVA market for Q2 2022 was 4.2%- down 90 basis points (bps) year-over-year (YOY). The OS sector registered a vacancy rate at 7.0%, down 160 bps YOY and the W/D sector registered a vacancy rate at 2.5%, down 90 bps YOY. The overall asking rate in the NoVA industrial market was \$14.31 per square foot (psf)- up \$2.48 psf YOY. Overall OS sector asking rates were \$15.23, up \$2.10 psf YOY, while the W/D sector asking rates were \$13.02 psf, up \$3.08 psf YOY, at the close of Q2 2022.

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	13,652,470	652,820	4.8%	-4,773	-10,079	0	138,460	\$12.91
Route 28 Corridor South	4,216,200	158,906	3.8%	12,262	31,190	104,136	0	\$13.41
Route 28 Corridor North	12,403,377	84,249	0.7%	103,172	317,101	531,544	285,005	\$12.61
Manassas	7,523,159	60,704	0.8%	41,473	35,728	597,631	0	\$12.85
Warehouse/Distribution Totals	37,795,206	956,679	2.5%	152,134	373,940	1,233,311	423,465	\$13.02
Springfield/I-95	6,140,467	687,168	11.2%	-2,686	30,846	0	0	\$17.49
Route 28 Corridor South	7,013,260	587,454	8.4%	68,871	145,248	0	0	\$13.29
Route 28 Corridor North	6,903,766	172,841	2.5%	67,058	153,517	47,400	36,600	\$14.43
Manassas	2,667,323	149,852	5.6%	18,051	59,227	0	0	\$12.72
Office Service/Flex Totals	22,724,816	1,597,315	7.0%	151,294	388,838	47,400	36,600	\$15.23
Northern Virginia Totals	60,520,022	2,553,994	4.2%	303,428	762,778	1,280,711	460,065	\$14.31

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

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
23010, 22750 & 23030 Ladbrook Drive	Route 28 North	Raytheon	186,276	Renewal*
14850 Thompson Road	Route 28 South	Lasership	104,136	New Lease
44211 Mercure Circle	Route 28 North	JK Moving & Storage	43,260	New Lease
901-929 South Pickett Street	Springfield/I-95	Milkman Technologies	26,341	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4001 Westfax Drive	Route 28 South	Steuart Investment / N/A	134,561	\$44,940,000 / \$333.97
9126-9166 Euclid Avenue	Manassas	Sills Family Partnership / 9126 Euclid Owner LLC	119,000	\$12,500,000 / \$105.04
4115 Westfax Drive	Route 28 South	Steuart Investment / N/A	29,396	\$9,440,000 / \$321.13

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
22685 Relocation Drive/Dulles Down III	Route 28 Corridor North	EmilAmerica	61,200	Prologis

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