MARKETBEAT

Northern Virginia

Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▼	▼
383K Net Absorption, SF	▲	—
$14.64 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
3.3M D.C. Metro Employment	▲	▲
3.3% D.C. Metro Unemployment Rate	▼	▼
3.7% 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 185,788 square feet (sf) and 197,654 sf respectively, bringing the overall absorption to 383,442 sf at the end of Q3 2022. This brings year-to-date (YTD) overall absorption to 1,184,609 sf with the OS sector recording 613,015 sf and W/D sector yielding 571,594 sf YTD. Manassas led the W/D submarkets with 120,859 sf of positive absorption in Q3 2022 while Springfield/I-95 led the OS submarkets with 131,622 sf of positive absorption. The Northern Virginia market has seen 780,841 sf deliver so far in 2022- five projects delivered 320,776 sf in the third quarter. Loudoun County has seen 445,025 sf across eight buildings deliver in 2022 including 76,020 sf at 44211 Mercure Cir where JK Moving has leased 43,260 sf and 47,400 sf at 20122 Ashbrook Pl in the third quarter. There is an additional 529,520 sf of W/D product under construction and slated to deliver at the end of 2022. Prince William County has 504,411 sf in five buildings under construction while Route 28 Corridor North has 455,525 sf in four buildings under construction. Freedom I-66 Business Center in Manassas has 350,000 sf under construction with an additional 435,000 sf proposed.

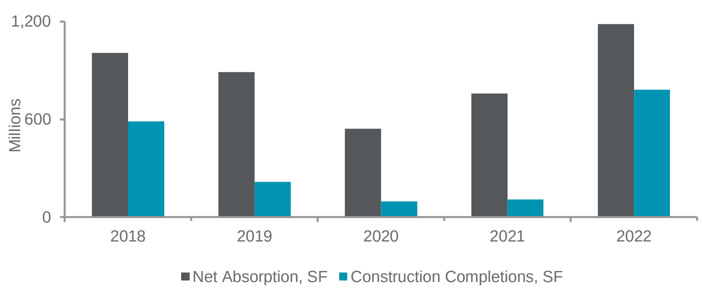
Demand: New Leasing Activity Hits 1.7 msf YTD

The NoVA market recorded 302,380 sf of new leasing activity in Q3 2022, bringing YTD leasing to 1,730,240 sf. The OS sector registered 134,130 sf while the W/D sector saw 168,250 sf of new leasing activity, bringing YTD new leasing to 741,721 sf and 988,519 sf, respectively. The largest lease of the quarter was a new lease signed by ePlus at 22900 Indian Creek Dr for 76,275 sf in the Route 28 Corridor North submarket. Lansing Building Products inked the largest renewal of the quarter at 22820 Indian Creek Dr, also in Route 28 Corridor North, for 42,023 sf. Springfield/I-95 led the W/D sector with 120,743 sf signed and Route 28 Corridor South led the OS sector with 50,587 sf in new leasing activity.

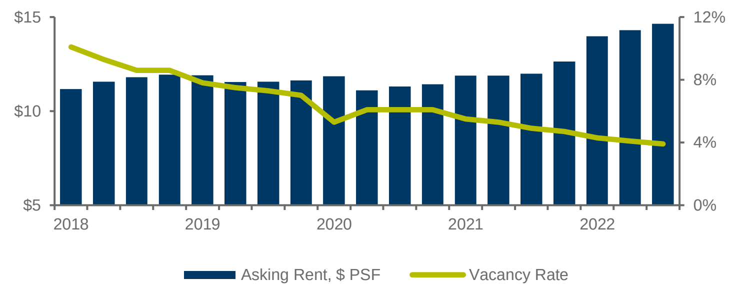
Vacancy: Vacancy Decreasing and Rents Rising

The overall vacancy rate in the NoVA market for Q3 2022 was 3.9%- down 100 basis points (bps) year-over-year (YOY). The OS sector ended Q3 with a vacancy rate at 6.2%, down 260 bps YOY and the W/D sector posted a vacancy rate at 2.6%, down 30 bps YOY. The overall asking rate in the NoVA industrial market was $14.64 per square foot (psf)- up $2.69 psf YOY. Overall OS sector asking rates were $15.22, up $2.18 psf YOY, while the W/D sector asking rates were $13.59 psf, up $3.65 psf YOY, at the close of Q3 2022.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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CUSHMAN & WAKEFIELD

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	13,593,470	571,912	4.2%	77,708	67,629	-	138,460	$13.66
Route 28 Corridor South	4,320,336	255,762	5.9%	7,280	38,470	-	104,136	$13.64
Route 28 Corridor North	12,479,397	136,442	1.1%	-8,193	308,908	455,524	361,025	$12.64
Manassas	7,616,379	33,065	0.4%	120,859	156,587	504,411	93,220	$14.15
Warehouse/Distribution Totals	**38,009,582**	**997,181**	**2.6%**	**197,654**	**571,594**	**959,935**	**696,841**	**$13.59**
Springfield/I-95	6,140,467	555,546	9.0%	131,622	162,468	-	-	$17.33
Route 28 Corridor South	7,013,260	506,676	7.2%	23,296	206,933	-	-	$14.03
Route 28 Corridor North	6,951,166	252,103	3.6%	-31,862	121,655	-	84,000	$13.60
Manassas	2,667,323	87,120	3.3%	62,732	121,959	-	-	$13.22
Office Service/Flex Totals	**22,772,216**	**1,401,445**	**6.2%**	**185,788**	**613,015**	**-**	**84,000**	**$15.22**
Northern Virginia Totals	**60,781,798**	**2,398,626**	**3.9%**	**383,442**	**1,184,609**	**959,935**	**780,841**	**$14.64**

Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
22900 Indian Creek Drive	Rt 28 Corridor North	ePlus	76,275	New Lease
22820 Indian Creek Drive	Rt 28 Corridor North	Lansing Building Products	42.023	Renewal*
8211 Terminal Road	Springfield/I-95	System High Corporation	25.301	New Lease
450 Spring Park Place	Rt 28 Corridor South	Fairfax Radiology	18.879	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
7001 Newington Road	Springfield/I-95	PS Business Parks / Blackstone	149,230	$24,481,972 ($164.06)
841-881 S Pickett Street	Springfield/I-95	PS Business Parks / Blackstone	121,769	$20,210,471($165.97)
2711 Prosperity Ave	Springfield/I-95	PS Business Parks / Blackstone	34,214	$19,928,216 ($582.46)

KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
14850 Thompson Rd	Route 28 Corridor South	Lasership	104,136	Matan, Inc.
22491 Ladbrook Dr- Building 17	Route 28 Corridor North	A&A Transfer	85,531	Northwestern Mutual Life Insurance Company

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