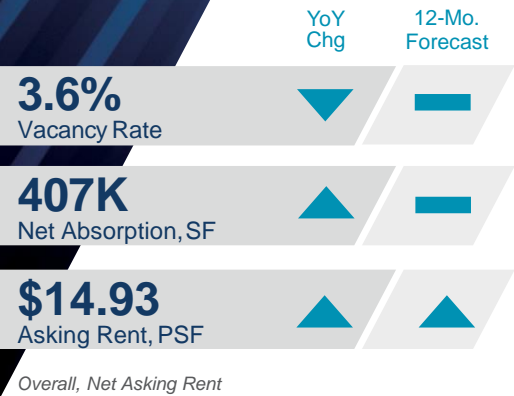
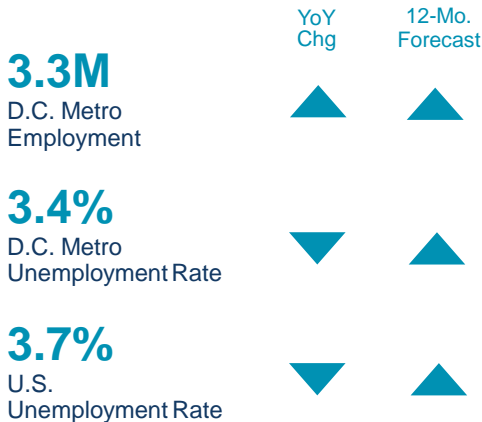


Northern Virginia

Industrial Q4 2022



ECONOMIC INDICATORS Q4 2022



Source: BLS

Supply: 1 MSF Delivered YTD

There were fifteen buildings delivered 1,003,865 sf across Northern Virginia in 2022- 85% of which has been leased. Loudoun County accounted for the bulk of deliveries with 670,000 sf across 11 buildings. Three buildings delivered, totaling 223,024 sf in Rt 28 Corridor North this quarter including 87,397 sf at 22615 Ladbrook Dr, 76,275 sf at 22900 Indian Creek Dr, which is fully leased by ePlus, and 59,352 sf at 22469 Ladbrook Dr, which is fully leased by Bigeye Direct. Prince William County has 504,411 sf in five buildings under construction while Rt 28 Corridor North has 232,500 sf in one building under construction. Much of the Manassas development comes from the Freedom I-66 Business Center where 352,000 sf is under construction with an additional 437,000 sf proposed. No leases have been signed for this building park, an uncharacteristic display in the tight market and could be a sign of softening demand entering 2023.

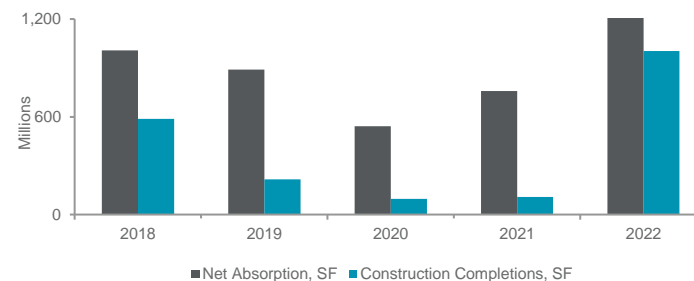
Demand: New Leasing Activity Hits 2.1 MSF YTD

The NoVA market recorded 229,881 sf of new leasing activity in Q4 2022, bringing YTD leasing to 2,141,729 sf. The OS sector registered 46,482 sf while the W/D sector saw 183,399 sf of new leasing activity, bringing YTD new leasing to 861,701 sf and 1,280,028 sf, respectively. Both new leasing and renewal activity decreased slightly from Q3 but showed a steady increase YOY. Data center supply warehousing and last mile distribution tenants continue to drive leasing activity in the region. The largest lease of the quarter was a new lease signed by JT Logistics at 44211 Mercure Cir for 76,020 sf in the Rt 28 Corridor North submarket. Ferguson Enterprises inked the largest renewal of the quarter in Springfield/I-95 at 6636-6672 Fleet Dr for 11,835 sf. Rt 28 Corridor South led both the OS and W/D sectors in new leasing with 27,597 sf and 89,379 sf recorded, respectively.

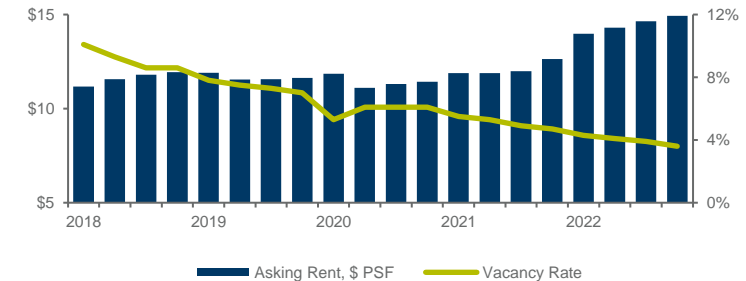
Vacancy: Rents Rise Further Amid Tightening Conditions

The Northern Virginia industrial market had another strong performance in Q4 2022. Highlighted in the Route 28 Corridor, excess demand for industrial space, due to competition for supply with data centers, has led to unprecedented rent growth over the last 12 months. The overall asking rate in the NoVA industrial market finished the year at \$14.93 per square foot (psf)- up \$2.29 psf YOY. Overall OS sector asking rates were \$15.51 psf, up 12.8% YOY, while asking rates for warehouse space were \$13.83 psf, up \$3.22 psf YOY, at the close of Q4 2022. The overall vacancy rate in the NoVA market for Q4 2022 was 3.6%- down 130 basis points (bps) year-over-year (YOY). The office service (OS) sector ended Q4 with a vacancy rate at 6.2%, down 250 bps YOY and the warehouse/distribution W/D sector posted a vacancy rate at 2.0%, down 50 bps YOY.

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	13,593,470	545,363	4.0%	26,549	94,178	0	138,460	\$13.98
Route 28 Corridor South	4,320,336	124,302	2.9%	131,460	169,930	0	104,136	\$13.86
Route 28 Corridor North	12,702,421	74,118	0.6%	272,344	581,252	232,500	584,049	\$12.98
Manassas	7,616,379	38,710	0.5%	-5,645	150,942	504,411	93,220	\$13.78
Warehouse/Distribution Totals	38,232,606	782,493	2.0%	424,708	996,302	736,911	919,865	\$13.83
Springfield/I-95	6,140,467	568,915	9.3%	-13,369	149,099	0	0	\$18.14
Route 28 Corridor South	7,013,260	513,404	7.3%	-6,728	200,205	0	0	\$14.06
Route 28 Corridor North	6,951,166	243,245	3.5%	8,858	130,513	0	84,000	\$13.67
Manassas	2,667,323	94,036	3.5%	-6,916	115,043	0	0	\$13.31
Office Service/Flex Totals	22,772,216	1,419,600	6.2%	-18,155	594,860	0	84,000	\$15.51
Northern Virginia Totals	61,004,822	2,202,093	3.6%	406,553	1,591,162	736,911	1,003,865	\$14.93

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

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
44211 Mercure Circle	Rt 28 North	JT Logistics	76,020	New Lease
3900 Stonecroft Blvd	Rt 28 South	Securis	67,437	New Lease
22451 Shaw Rd	Rt 28 North	Safety & Steel	13,090	New Lease
6636-6672 Fleet Dr	Springfield/I-95	Ferguson Enterprises	11,835	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
44860 Acacia Ln	Rt 28 North	Cove Capital Investments / Belmont WV Properties	10,695	\$8,150,000 / \$762.04
8395 Euclid Ave	Manassas	Ferguson Realty / N/A	60,450	\$6,800,000 / \$112.49

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
22900 Indian Creek Dr	Route 28 Corridor North	ePlus	76,275	Loudoun Gateway IV

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