

Northern Virginia

Industrial Q3 2023



	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▲	▬
154K Net Absorption, SF	▼	▬
\$16.22 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
3.4 M D.C. Metro Employment	▲	▲
2.3% D.C. Metro Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

Supply: Construction Continues in Q3

Four new industrial properties delivered in Northern Virginia in the third quarter for a combined 230,575 square feet (sf), bringing the total completions to 561,408 sf year-to-date (YTD). In Route 28 Corridor North, Keane Enterprises completed construction on one warehouse and one office service project, both 35,861 sf delivering fully vacant. In Manassas, 12001 Wilton Meadows Ct, leased fully by Benfield Electric, delivered for 31,000 sf and 10245 Golf Academy Drive delivered 127,853 sf of warehouse space. Route 28 North and Manassas currently have a combined 564,792 sf of warehouse space under construction, set to deliver over the next three quarters.

Northern Virginia registered 154,105 sf of positive absorption in Q3, bringing the YTD total to 595,155 sf of positive absorption. The Warehouse/Distribution (W/D) sector yielded positive 154,105 sf while the Office Service (OS) sector posted positive 37,092 sf. Manassas led the NoVA submarkets with 129,832 sf of positive absorption, the largest factor being Lowe's Home Centers moving into 78,547 sf of warehouse space at the newly delivered 10245 Golf Academy Drive.

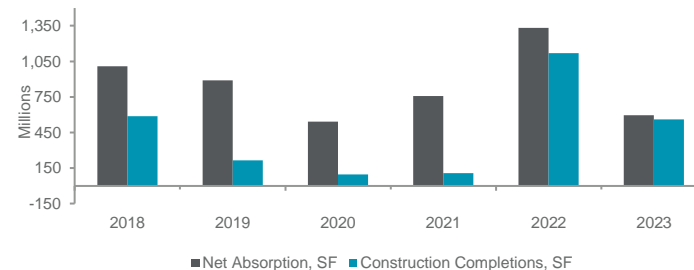
Demand: Leasing Activity Drops

New leasing in Northern Virginia increased 56% from Q2 2023 with 357,997 sf, bringing total leasing to 1.2 msf YTD. W/D accounted for 201,962 sf in Q3 and OS registered 156,035 sf. Renewal activity climbed 83% from Q2 recording 130,267 sf, bringing YTD renewals to 339,551 sf. Numerous economic factors have played a role in the sluggish leasing activity. However, a consistent and prevailing trend in the area remains the scarcity of available inventory. In the region, only two properties currently exhibit vacancies exceeding 100,000 sf, both of which were delivered within the past year. Considering the prevailing trends in new construction, it is anticipated that these vacancies will be fully leased within the coming year.

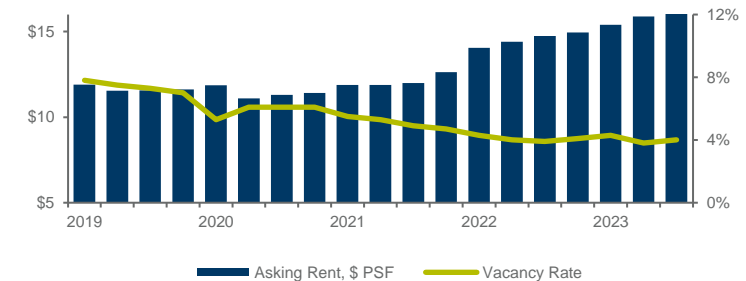
Rental Rates: Rents Continue to Rise

Overall asking rates in Northern Virginia continue to rise, finishing the third quarter at \$16.22 per square foot (psf). Rates are up \$0.33 psf from the second quarter and \$1.39 psf YOY. OS asking rates rose \$1.59 psf YOY to \$16.91 psf and W/D increased \$0.58 psf to \$14.32 psf. The Springfield/I-95 submarket recorded the highest OS asking rate at \$19.97 psf while Route 28 Corridor South recorded the highest W/D rate at \$15.23 psf. The average vacancy rate rose 20 basis points (bps) YOY to 4.0%. The OS sector dropped 10 bps to 6.1% while the W/D vacancy rose 30 bps YOY to 2.7%.

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	13,572,065	430,433	3.2%	12,991	103,588	-	-	\$13.96
Route 28 Corridor South	4,320,336	53,794	1.2%	7,471	10,175	-	-	\$15.23
Route 28 Corridor North	12,789,482	123,139	1.0%	-12,906	-13,160	200,420	35,861	\$15.10
Manassas	8,457,836	442,130	2.6%	109,457	438,037	364,372	489,686	\$14.55
Warehouse/Distribution Totals	39,139,719	1,049,496	2.7%	117,013	538,640	564,792	525,547	\$14.32
Springfield/I-95	6,140,467	625,442	10.2%	9,237	-75,876	-	-	\$19.97
Route 28 Corridor South	6,989,260	372,418	5.3%	59,410	166,404	-	-	\$13.76
Route 28 Corridor North	6,963,027	328,960	4.7%	-51,930	-57,864	-	-	\$13.69
Manassas	2,667,323	70,185	2.6%	20,375	23,851	-	35,861	\$14.60
Office Service/Flex Totals	22,760,077	1,397,005	6.1%	37,092	56,515	-	35,861	\$16.91
Northern Virginia Totals	61,899,796	2,446,501	4.0%	154,105	595,155	564,792	561,408	\$16.22

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

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7305 Groveton Road	Manassas	Amazon	108,730	New Lease
100 Powers Court	Rt. 28 North	Amazon	56,916	Renewal
7400 Fullerton Road	Springfield/I-95	MVLE	50,000	Consolidation
4500 Southgate Place	Rt. 28 South	HUB Group	40,245	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7741 Southern Drive	Springfield/I-95	Capital Investment Advisors / WTG Properties	61,700	\$13,965,000 / \$226.34
14310 Sullyfield Circle	Rt. 28 South	Lakemoor Limited Partnership / JK Moving Services	55,989	\$13,500,000 / \$241.12

KEY UNDER CONSTRUCTION Q3 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
11501 University Blvd (A&B)	Manassas	-	242,000	Matan
44080 John Mosby Highway	Route 28 North	-	70,400	Commercial Group Realty
11982 Wilton Meadows Court	Manassas	-	31,200	N to N Fiber, Inc.

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