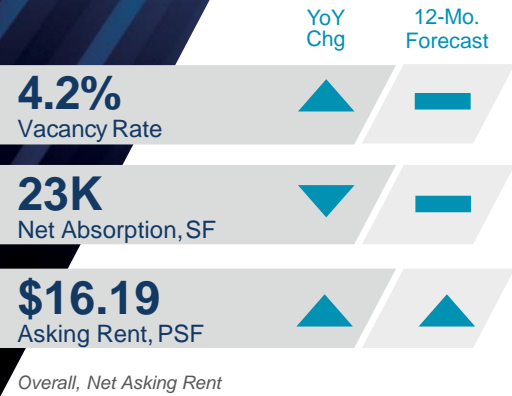


# Northern Virginia

Industrial Q4 2023



## Supply: Construction Down YOY

Two new industrial properties delivered in Northern Virginia in the fourth quarter for a combined 242,000 square feet (sf). This brings the total completions to 803,408 sf year-to-date (YTD) across eight buildings, down 41% year-over-year (YOY). Matan's 11501 University Boulevard (Buildings A&B) delivered vacant this quarter in Manassas. The Manassas submarket was responsible for 91%, or 731,686 sf, of Northern Virginia's new construction this year, while 71,722 sf delivered in the Route 28 Corridor North submarket. There are currently seven projects under construction across Route 28 North, Route 28 South, and Manassas for a total of 620,892 sf scheduled to deliver over the next 13 months. None of these projects have reported any preleasing.

Northern Virginia registered 22,986 sf of positive absorption in Q4, bringing the YTD total to 641,407 sf. In the fourth quarter, the warehouse/distribution (W/D) sector yielded negative 4,148 sf while the office service (OS) sector posted positive 27,134 sf. Since 2020, properties built in or after 2010 have recorded 1.5 msf of positive absorption while those built before 2010 registered negative 627,000 sf. The largest move-ins of the quarter came from the Springfield/I-95 Submarket where Veho occupied 56,578 sf at 5775 General Washington Drive and Ferguson moved into 39,052 sf at 6621 Electronic Drive.

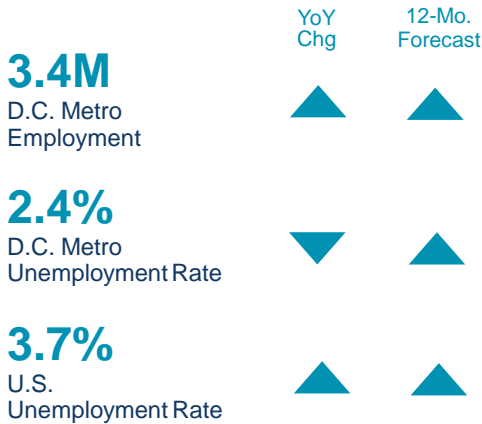
## Demand: Leasing Activity Continues to Drop

New leasing in Northern Virginia decreased 58% from Q3 2023 with 284,946 sf, recorded in Q4 bringing total new leasing to 1.8 million square feet (msf) YTD. W/D facilities accounted for 78,040 sf in Q4 and OS registered 206,906 sf in the fourth quarter. Renewal activity climbed 29% from Q3, recording 263,590 sf and bringing YTD renewal activity to 731,585 sf. The region's leasing activity continues to decline as construction has not been keeping pace with high demand for new industrial product. Since 2020, 70% of new deals over 100,000 sf have been in buildings constructed after 2017.

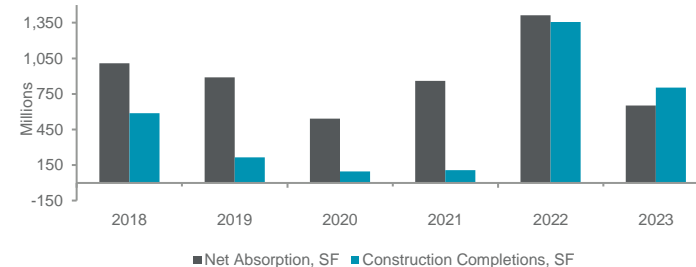
## Vacancy: Rents Grow Steadily

Overall asking rates in Northern Virginia continued to trend upward, finishing the fourth quarter at \$16.19 per square foot (psf). Rates are down \$0.06 psf from the third quarter but up \$1.14 psf YOY. OS asking rates rose \$1.70 psf YOY to \$17.27 psf and W/D increased \$0.85 psf to \$14.75 psf. The Springfield/I-95 submarket recorded the highest OS asking rate at \$19.52 psf and the highest W/D rate at \$16.87 psf. The average vacancy rate rose 20 basis points (bps) YOY to 4.2%. The OS sector dropped 30 bps to 5.9% while the W/D vacancy rose 50 bps YOY to 3.2%.

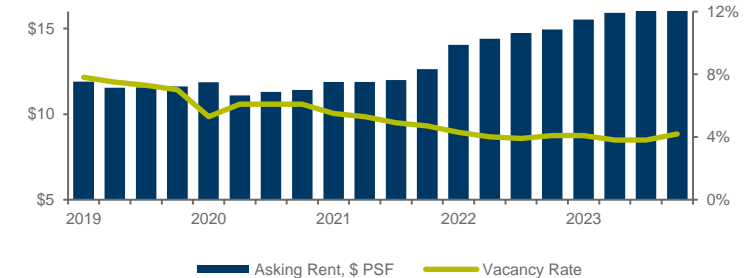
## ECONOMIC INDICATORS Q4 2023



## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



Source: BLS

## 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	13,506,065	438,509	3.2%	-21,144	92,512	-	-	\$16.87
Route 28 Corridor South	4,320,336	50,494	1.2%	3,300	13,475	-	-	\$15.49
Route 28 Corridor North	12,695,909	228,183	1.8%	-105,044	-118,204	468,520	35,861	\$15.97
Manassas	8,699,836	549,390	6.3%	118,740	556,777	122,372	731,686	\$10.24
<b>Warehouse/Distribution Totals</b>	<b>39,222,146</b>	<b>1,266,576</b>	<b>3.2%</b>	<b>-4,148</b>	<b>544,560</b>	<b>590,892</b>	<b>767,547</b>	<b>\$14.75</b>
Springfield/I-95	6,140,467	603,432	9.8%	17,009	-58,867	-	-	\$19.52
Route 28 Corridor South	6,989,260	348,393	5.0%	827	190,429	30,000	-	\$13.81
Route 28 Corridor North	6,963,027	328,958	4.7%	2	-57,862	-	35,861	\$14.79
Manassas	2,667,323	50,837	1.9%	9,296	33,147	-	-	\$15.38
<b>Office Service/Flex Totals</b>	<b>22,760,077</b>	<b>1,331,620</b>	<b>5.9%</b>	<b>27,134</b>	<b>106,847</b>	<b>30,000</b>	<b>35,861</b>	<b>\$17.27</b>
<b>Northern Virginia Totals</b>	<b>61,982,223</b>	<b>2,598,196</b>	<b>4.2%</b>	<b>22,986</b>	<b>651,407</b>	<b>620,892</b>	<b>803,408</b>	<b>\$16.19</b>

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

## KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
9061-9073 Euclid Avenue	Manassas	McCarthy Tire Service of VA	85,848	Renewal
14280 Sullyfield Circle	Rt. 28 South	LabCorp	44,689	New Lease
44931 Falcon Place	Rt. 28 North	Commercial HVAC Express	36,654	New Lease
22695 Commerce Center Court	Rt. 28 North	Star International	32,402	Renewal

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7760 & 7780 Doane Drive	Manassas	Link Logistics / Amazon	200,560	\$61,490,000 / \$306.59
12875 Randolph Ridge Lane	Manassas	Principal / Caliber Partners	121,672	\$37,350,000 / \$306.97

## KEY UNDER CONSTRUCTION Q4 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
43035 John Mosby Hwy	Route 28 North	-	232,500	Elion Partners
25435 Pleasant Valley Road	Route 28 North	-	130,020	Pictor Dulles Logistics Center
8233 Buckeye Timber Drive	Manassas	-	91,172	Cabot Properties

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