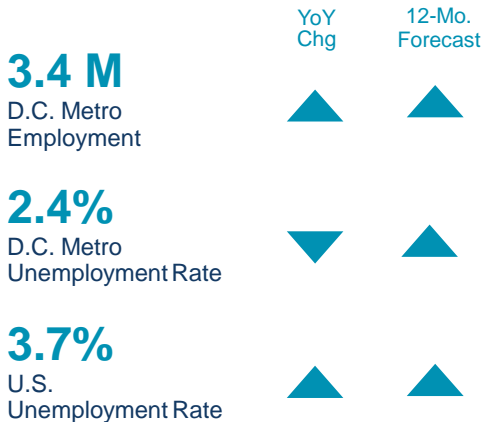


(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023



Source: BLS

Gross Leasing & Demand

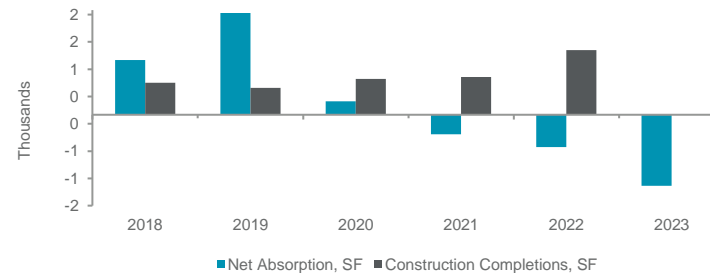
In Q4 2023, Northern Virginia recorded 523,024 square feet (sf) of new leasing and 218,525 sf of renewal activity. This brings year-to-date (YTD) new leasing to 2,922,860 sf and renewal activity to 2,999,492 sf. New leasing decreased 30% from the third quarter of 2023 and renewal activity dropped 76%; total leasing activity is down 39% from this point last year. Tysons Corner led the Northern Virginia submarkets in new leasing with 220,276 sf recorded, 42% of new leasing activity, while Route 28 South/Chantilly led in renewal activity with 55,583 sf inked, 25% of renewal activity. Fairfax County recorded 553,025 sf of total leasing activity, 74.6% of Northern Virginia's total, followed by Arlington County with 148,248 sf, and Alexandria with 40,286 sf. Class A product accounted for 63% of new leasing activity and 77% of renewals while Class B product accounted for 33% of new leasing and 21% of renewals.

The fourth quarter recorded 11 deals over 20,000 sf - seven new deals were completed while four renewals were recorded. The largest lease of the quarter came from Route 28 South/Chantilly where AT&T signed for 56,571 sf at 4807 Stonecroft Boulevard. AT&T will be moving from 444,000 sf at 3033 Chain Bridge Road in Oakton. AT&T will be downsizing to 111,000 sf after signing 56,571 sf in early November followed by an expansion of 24,307 sf in December and the balance of 30,286 sf finalized in January. In Herndon, SAP National Security Services signed the quarter's largest renewal for 52,720 sf at 2355 Dulles Corner Boulevard. Raytheon signed another large renewal for 40,523 sf at 13900 Lincoln Park Drive in Route 28 South/Chantilly. In Ballston, Cambridge Associates signed a 48,181-sf lease at 950 N Glebe Road. The global investment firm will downsize from 90,170 sf at 4100 N Fairfax Drive in 2025. In Tysons, Baker Tilly inked a 44,316-sf deal at 8270 Greensboro Drive taking the 4th and 5th floors. Baker Tilly will downsize from 94,827 sf at 8219 Leesburg Pike in Q4 2025. In Old Town Alexandria, Peraton renewed 35,335 sf on the first and fifth floors.

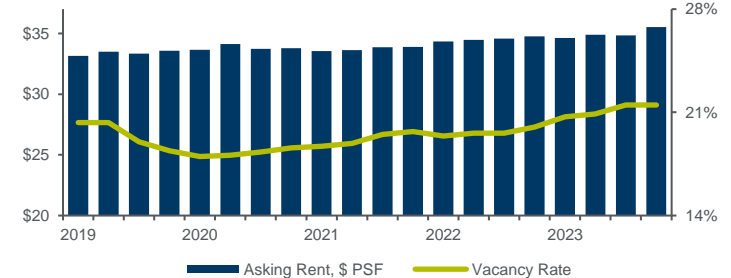
Market Segments

Northern Virginia recorded its first quarter of positive absorption this year after posting 32,200 sf, bringing overall net absorption to negative 1,562,388 sf YTD. The Ballston submarket recorded the highest overall absorption in Q4 with positive 242,044 sf and followed by Tysons Corner with positive 29,958 sf. Courthouse/Clarendon/Virginia Square had the lowest recorded absorption with negative 103,278 sf. Fairfax County is responsible for 1.2 million square feet (msf) of negative absorption YTD while Arlington County recorded negative 200,397 sf and Alexandria registered negative 184,109 sf YTD. Loudoun County remained the only county reporting positive absorption with 73,509 sf YTD. In the fourth quarter, Class A recorded positive 295,502 sf while Class B posted negative 259,396 sf. This brings the YTD total to negative 755,460 sf in Class A and negative 770,329 sf in Class B.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Northern Virginia

Office Q4 2023

In Ballston, the Charles Koch Institute moved into 184,540 sf at 4201 Wilson Boulevard after leaving around 220,000 sf at 1320 N Courthouse Road in Courthouse. Also at Ballston Exchange, Apogee Research moved into 46,328 sf, the entire 11th floor, from 3075 Wilson Boulevard. In Tysons, Mars took 36,296 sf on the 10th floor at 1676 International Drive while their Mclean headquarters undergoes renovations. In Reston/Herndon, Volkswagen moved into 196,000 sf at their new regional headquarters at 1950 Opportunity Way. The German automobile manufacturer relocated from 184,747 sf at 2260 Woodland Pointe Avenue in Herndon.

Old Town Alexandria saw the effects of another large downsize this quarter as Motley Fool gave back two floors at 2000 Duke Street. In Reston, the General Services Administration vacated 25,057 sf, the entire 4th floor of 1768 Business Center Drive. In Tysons, SMS Data left 16,267 sf on the 12th floor of 1751 Pinnacle Dr; the group downsized into 10,881 sf at 8484 Westpark Drive. In Crystal City, Allied Telecom gave back 10,000 sf but will remain in 15,000 sf at 1400 Crystal Drive.

Vacancy Inches Up & Rental Rates Increase

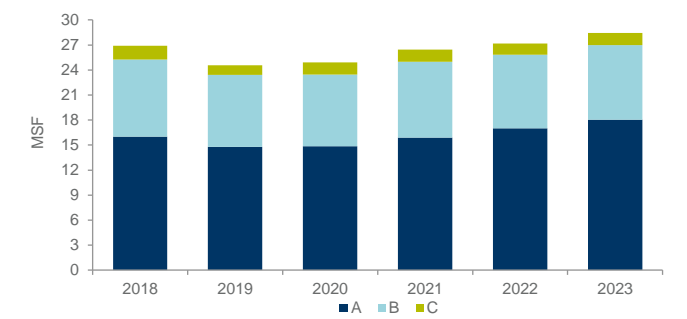
Overall average vacancy rates rose 140 basis points (bps) year-over-year (YOY) to 21.5%, stable from Q3 2023. Class A vacancy rose 100 bps YOY to 20.4%, Class B rose 300 bps YOY to 25.6%, and Class C rose 40 bps YOY to 16.4%. Overall average asking rates rose \$0.89 YOY to \$35.52 per square foot (psf) on a full-service basis in Q4 2023, a \$0.69 increase from last quarter. The Courthouse/Clarendon/Virginia Square submarket had the highest overall average asking rate of all the Northern Virginia submarkets, finishing the quarter at \$43.14 psf, down \$0.61 psf YOY. Arlington County averaged \$41.26 psf, a \$0.07 decrease YOY, while Fairfax County increased \$1.36 psf YOY to \$34.17 psf and Alexandria increased \$0.13 psf YOY to \$35.06 psf. Class A rates rose \$1.20 YOY to \$37.86 psf in Q4 while Class B rose \$0.53 YOY to \$33.06 psf.

Development Pipeline & Outlook

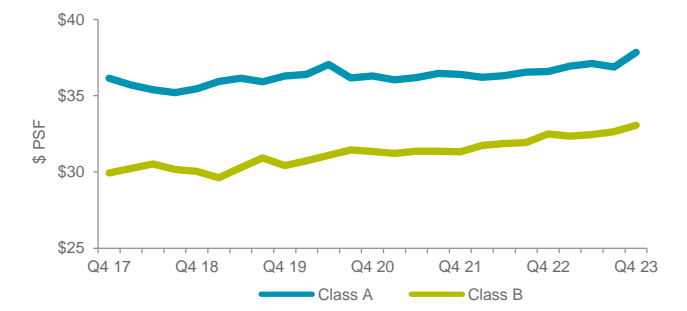
There were no new deliveries in the fourth quarter, but Northern Virginia currently has four buildings under construction for a total of 700,771 sf that have not recorded any pre-leasing activity. In Reston, Comstock's Reston Row development has two buildings in the works, 1845 and 1880 Reston Row Plaza (OB4 and OB5) which will deliver 271,806 sf and 166,331 sf, respectively, in 2024 and 2025. In Ballston, Skanska has 191,034 sf under construction at 3901 Fairfax Drive – set to deliver in Q1 2024. Boston Properties' 12050 Inspiration Street – a 74,600 sf boutique office building in Reston Town Center- broke ground in Q2 2022 and will deliver in early 2024.

Office to residential conversions are on the rise and has accounted for over 1.9 msf of competitive office product being removed from Northern Virginia's total inventory. On top of the projects that have broken ground, conversions of more than 2.6 msf across 18 office properties have been proposed by developers. Alexandria has seen several conversions in the past few years and has added another to the pipeline with 901 N Pitt Street set to break ground soon. The 69,000 sf, three-story office building owned by the Carr Companies will be developed into a 250-unit multifamily project. In Crystal City, JBG plans to redevelop 1800 S Bell Street as Amazon vacates a majority of the 215,000-sf office building in their move to HQ2. In Rosslyn, the county has approved two towers totaling 740 units to replace the Ames Center Building at 1820 N Fort Myer Drive.

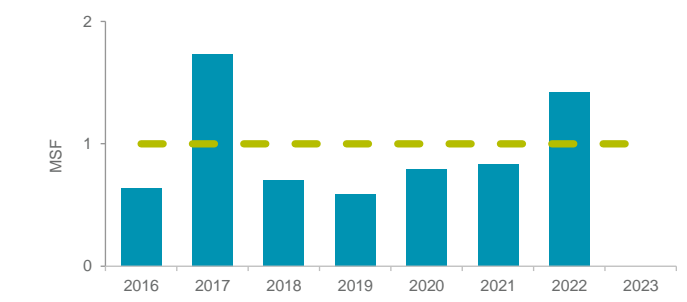
VACANT SPACE BY CLASS



ASKING RENT COMPARISON



NEW SUPPLY



Northern Virginia

Office Q4 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Rosslyn	8,772,555	18,991	1,743,050	20.1%	-17,766	-79,711	96,477	0	\$40.02	\$43.22
Courthouse/Clarendon/VA Square	5,792,811	86,346	1,496,532	27.3%	-103,278	-222,596	67,910	0	\$43.14	\$43.53
Ballston	7,255,036	30,134	1,578,720	22.2%	242,044	173,971	311,239	191,034	\$41.29	\$42.54
Crystal City/Pentagon City	10,814,574	17,759	2,971,552	27.6%	-3,418	-72,061	160,877	0	\$39.97	\$40.68
Arlington County	32,634,976	153,230	7,789,854	24.3%	117,582	-200,397	636,503	191,034	\$41.26	\$42.45
Old Town	7,656,529	46,744	970,938	13.3%	-67,807	-83,796	67,994	0	\$37.30	\$39.70
I-395	3,885,879	0	755,196	19.4%	-12,010	-88,975	48,520	0	\$30.59	\$34.00
Huntington/Eisenhower	2,861,709	56,325	1,173,978	43.0%	-2,035	-11,338	72,617	0	\$35.34	\$36.96
City of Alexandria	14,404,117	103,069	2,900,112	20.8%	-81,852	-184,109	189,131	0	\$35.06	\$37.54
Inside the Beltway	47,039,093	256,299	10,689,966	23.3%	35,730	-384,506	825,634	191,034	\$38.24	\$40.09
Annandale/Baileys	1,204,881	0	221,706	18.4%	180	-5,940	18,323	0	\$26.43	\$31.50
Merrifield/Route 50	6,821,558	12,766	1,047,232	15.5%	8,639	14,847	179,325	0	\$31.29	\$33.85
Fairfax/Oakton/Vienna	9,299,891	44,345	2,225,697	24.4%	6,318	-326,879	152,120	0	\$28.17	\$30.53
Tysons Corner	22,063,032	108,150	4,910,736	22.7%	29,958	-299,555	524,855	0	\$39.20	\$44.05
Reston/Herndon	26,484,286	252,317	5,901,206	23.2%	-14,192	-542,558	504,192	512,368	\$34.51	\$36.04
Route 28 South/Chantilly	9,984,794	24,171	1,357,946	13.8%	-19,649	-58,690	573,846	0	\$28.09	\$28.84
Springfield	3,568,868	0	601,968	16.9%	-21,334	-32,616	23,230	0	\$30.10	\$37.68
Fairfax County	79,427,310	441,749	16,266,491	21.0%	-10,080	-1,251,391	1,975,891	512,368	\$34.17	\$37.14
Loudoun County	5,755,735	11,431	778,493	13.7%	6,550	73,509	121,335	0	\$27.28	\$30.11
Outside the Beltway	85,183,045	453,180	17,044,984	20.5%	-3,530	-1,177,882	2,097,226	512,368	\$30.63	\$34.08
Northern Virginia Totals	132,222,138	709,479	27,734,950	21.5%	32,200	-1,562,388	2,922,860	703,402	\$35.52	\$37.86

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4807 Stonecroft Boulevard	Route 28 South/Chantilly	AT&T Services	56,571	New Lease
2355 Dulles Corner Boulevard	Reston/Herndon	SAP National Security Services	52,720	Renewal*
950 North Glebe Road	Ballston	Cambridge Associates	48,181	New Lease
8270 Greensboro Drive	Tysons Corner	Baker Tilley	44,316	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

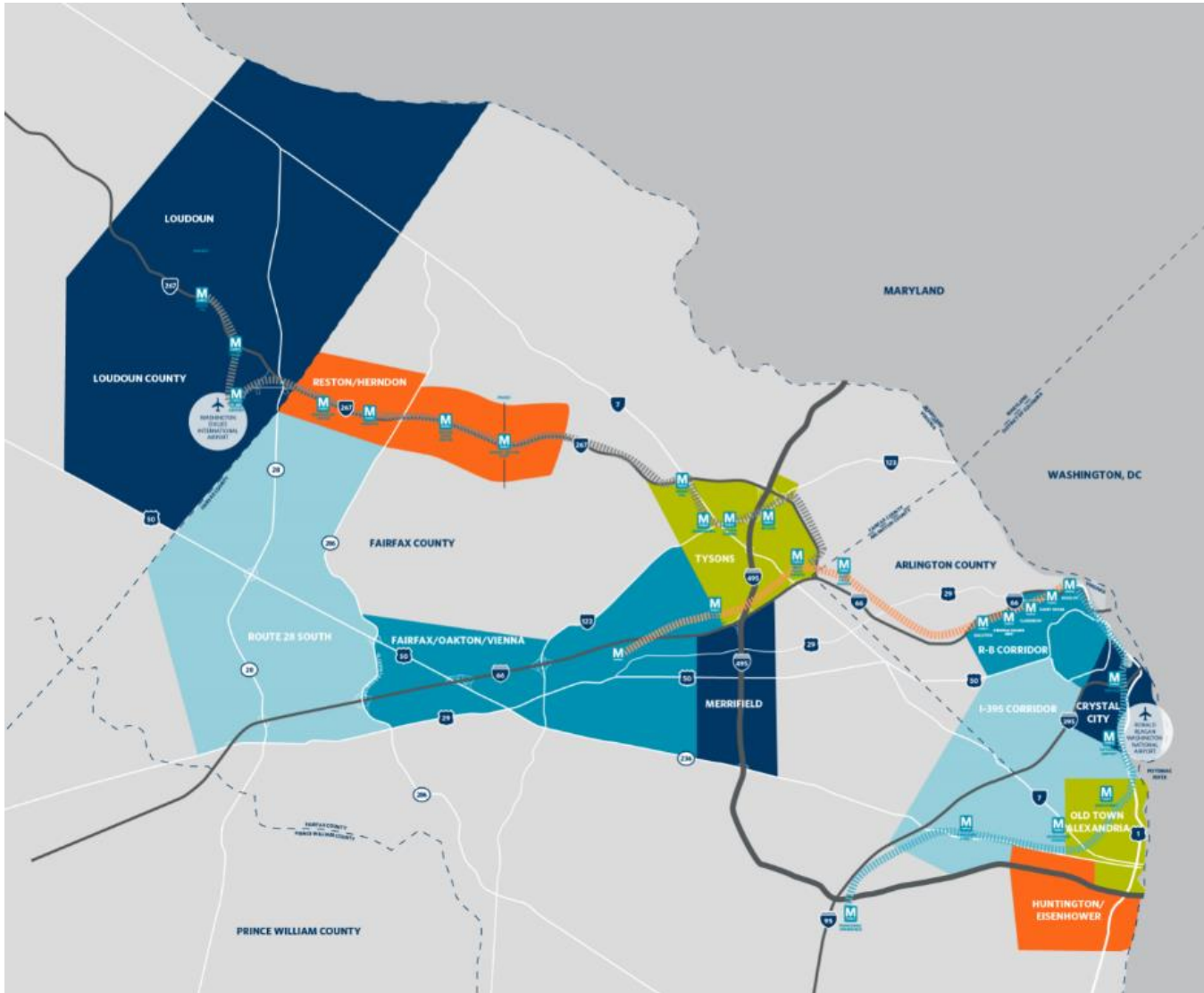
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1901 & 1911 N Fort Myer Drive (Rosslyn Gateway)	Rosslyn	JBG Smith / Penzance	255,000	\$52,000,000 / \$203.92
13921 Park Center Road	Reston/Herndon	Peter Lawrence Commercial Real Estate / Starwood Capital Group	157,327	\$40,850,000 / \$259.65

Northern Virginia

Office Q4 2023



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