

Northern Virginia

Industrial Q1 2024

4.4%
Vacancy Rate



-100K
Net Absorption, SF



\$15.78
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

3.4M
D.C. Metro Employment



2.9%
D.C. Metro Unemployment Rate



3.8%
U.S. Unemployment Rate



Source: BLS

Supply: Construction Slowing Down

After over 800,000 sf of new industrial product delivered in 2023, Northern Virginia is likely to see another 620,000 sf completed in 2024. Cabot Real Estate's 8233 Buckeye Dr delivered 91,172 sf vacant this quarter in Manassas. There are currently six projects under construction for a total of 529,720 sf scheduled to deliver over the next year. Loudon County makes up 88% of the pipeline with 468,520 sf under construction in Route 28 Corridor North. None of these projects have reported any preleasing activity.

Northern Virginia registered 99,825 sf of negative absorption in Q1, driven by the warehouse/distribution (W/D) sector which yielded negative 137,516 sf while the office service (OS) sector posted 37,694 sf of positive absorption. Fairfax County accounted for negative 200,440 sf after software company, TD Synnex put 79,000 sf on the sublease market, Goodwill left 30,000 sf at 6441 General Green Way and Fairfax County Schools added 27,000 sf to the sublease market at 619-623 S Pickett St. Manassas registered 109,069 sf of positive absorption after DHL eCommerce took 138,500 sf at 11501 University Blvd.

Demand: Leasing Activity Continues to Drop

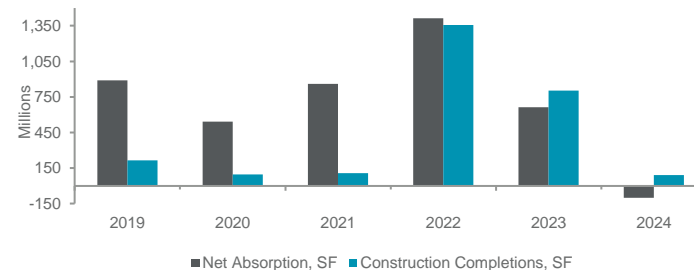
New leasing in Northern Virginia decreased 31% from the fourth quarter of 2023 with 299,061 sf inked in Q1, and was down 60% year-over-year (YOY). W/D facilities accounted for 183,483 sf of the total while OS product yielded 115,658 sf in Q1. Renewal activity was relatively light with only 89,183 sf signed, a 48% decrease YOY and down 86% from Q4 2023. The region's leasing activity continues to decline as demand softens. Since 2020, over 70% of new deals above 100,000 sf or greater have occurred within buildings built after 2017.

Vacancy: Rents Grow Steadily

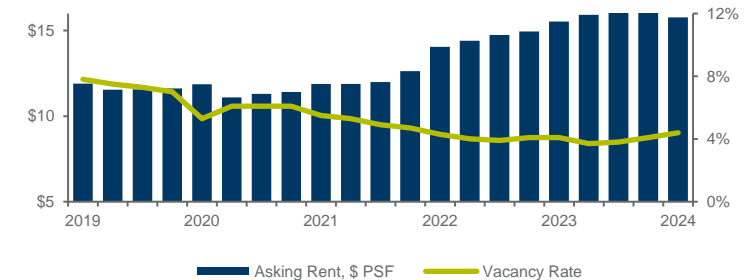
Overall asking rates in Northern Virginia continued to trend upward, finishing the first quarter of 2024 at \$15.78 per square foot (psf). Rates are down \$0.40 psf from the fourth quarter but up \$0.24 psf YOY. OS asking rates rose \$1.12 psf YOY to \$17.28 psf while W/D increased \$0.57 psf to \$13.64 psf YOY. Asking rates are skewed amongst the submarkets because newer, more expensive spaces are typically marketed without an asking rental rate but asking rates are continuing to trend upwards especially in Route 28 North.

The average vacancy rate rose 30 basis points (bps) YOY to 4.4%. The OS sector dropped 110 bps to 5.6% while the W/D vacancy rose 90 bps YOY to 3.8%. As mentioned above, a number of W/D tenants put space on the sublease market driving vacancy up.

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	13,429,904	552,627	4.1%	-114,118	-114,118	0	0	\$16.31
Route 28 Corridor South	4,320,336	126,639	2.9%	-92,157	-92,157	0	0	\$13.21
Route 28 Corridor North	12,665,109	271,939	2.1%	-51,660	-51,660	468,520	0	\$15.42
Manassas	8,791,008	520,143	5.9%	120,419	120,419	31,200	91,172	\$10.40
Warehouse/Distribution Totals	39,206,357	1,471,348	3.8%	-137,516	-137,516	499,720	91,172	\$14.21
Springfield/I-95	6,140,467	550,090	9.0%	30,607	30,607	0	0	\$19.83
Route 28 Corridor South	6,989,260	373,165	5.3%	-24,772	-24,772	30,000	0	\$14.81
Route 28 Corridor North	6,963,027	285,752	4.1%	43,206	43,206	0	0	\$14.74
Manassas	2,667,323	58,142	2.2%	-11,350	-11,350	0	0	\$15.51
Office Service/Flex Totals	22,760,077	1,267,149	5.6%	37,691	37,691	30,000	0	\$17.28
Northern Virginia Totals	61,966,434	2,738,497	4.4%	-99,825	-99,825	529,720	91,172	\$15.78

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

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11501 University Boulevard	Manassas	NJ Sullivan	81,304	New Lease
23700 Pebble Run Drive	Route 28 Corridor North	SCP Distributors	29,426	Renewal*
22815 Glenn Drive	Route 28 Corridor North	Cal Closets Retail	27,044	New Lease
6304 Gravel Avenue	Springfield/I-95	Northside Imports	26,229	New Lease

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
22900 Indian Creek Drive	Route 28 Corridor North	Foulger-Pratt Corp / JK Moving Services	76,275	\$20,000,000 / \$262.21
5720-5722 General Washington Drive	Springfield	General Washington LLC / Individual	24,587	\$6,015,000 / \$244.64

KEY UNDER CONSTRUCTION Q1 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
43035 John Mosby Highway	Route 28 Corridor North	-	232,500	Elion
25435 Pleasant Valley Road	Route 28 Corridor North	-	130,020	Pictor Dulles Logistics Center
44080 John Mosby Highway	Route 28 Corridor North	-	70,400	-

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