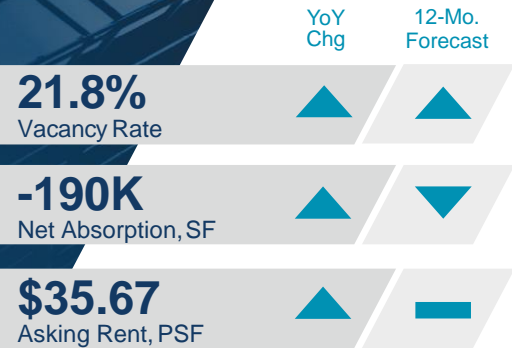


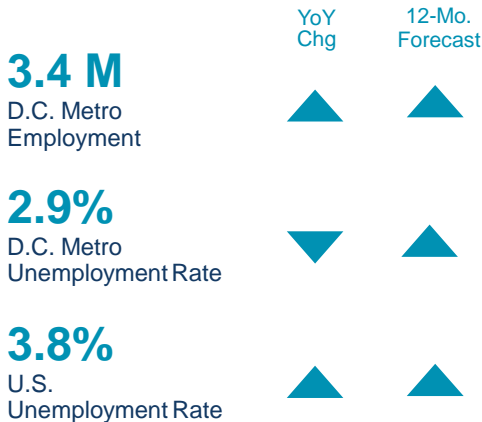
Northern Virginia

Office Q1 2024



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024



Source: BLS

Gross Leasing & Demand

In Q1 2024, Northern Virginia recorded 629,809 square feet (sf) of new leasing and 464,882 sf of renewal activity. New leasing decreased 25% from the fourth quarter of 2023 and renewal activity dropped 20%; total leasing activity is down 26% from this point last year. Reston/Herndon led the Northern Virginia submarkets in new leasing with 171,040 sf recorded, 27% of new leasing activity, while Springfield led in renewal activity with 114,867 sf inked, 25% of renewal activity. Fairfax County recorded 780,172 sf of total leasing activity, 71.3% of Northern Virginia's total, followed by Arlington County with 283,190 sf and Alexandria with 31,329 sf. Class A product accounted for 89% of new leasing and 79% of renewals while Class B product accounted for 11% of new leasing and 21% of renewals. Cybersecurity and computer related companies took just over 220,000 sf of gross leasing in Q1, consulting firms and federal contractors logged close to 167,000 sf while association inked nearly 130,000 sf.

The first quarter recorded 17 deals over 20,000 sf- nine new deals were completed while eight renewals were recorded. Subleases made up four out of the nine new deals over 20,000 sf. The largest lease of the quarter came from Springfield where General Dynamics IT renewed 114,867 sf at 7770 Backlick Rd. The largest new deal was signed by Palo Alto Networks for 58,004 sf at 1950 Opportunity Way in Reston and the cybersecurity company will be relocating from 12110 Sunset Hills Road to RTC Next in November. In Ballston, Lockheed Martin expanded at 4301 N Fairfax Drive for 56,261 sf.

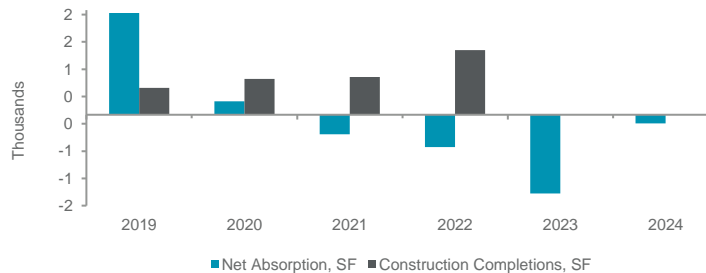
Sublet leasing activity picked up in the first quarter with six deals over 10,000 sf. In Tysons Corner, Credence Management Solutions signed for 30,339 sf at 1775 Tysons Blvd and Air Line Pilots Association International expanded next door to its headquarters by 27,427 sf at 7940 Jones Branch Dr. In Reston/Herndon, Kratos Defense & Security Systems sublet 27,500 sf at 13530 Dulles Technology Dr and Navitas Business Consulting took 11,720 sf at 13755 Sunrise Valley Dr.

Market Segments

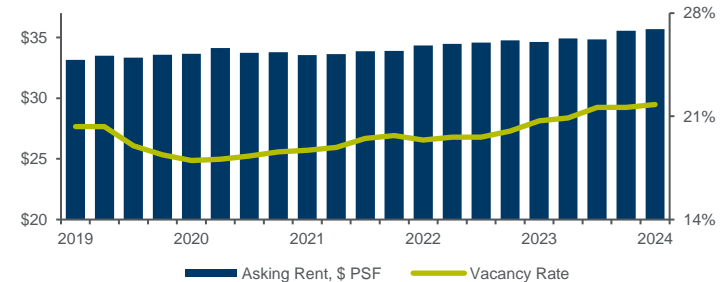
After a brief respite in Q4 2023, Northern Virginia started the year with negative 189,738 sf of absorption. Tysons Corner drove absorption down after recording negative 92,495 sf while Rosslyn netted negative 55,398 sf and Reston/Herndon logged negative 40,919 sf. Fairfax County totaled 100,413 sf of negative absorption while Arlington accounted for negative 75,716 sf. In the first quarter, Class A product recorded negative 142,276 sf and Class B posted negative 39,076 sf.

In Rosslyn, Deloitte consolidated into other offices leaving just under 90,000 sf at 1777 North Kent St. In Tysons Corner NetApp left

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





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just under 67,000 sf at 1921 Gallows Rd for the Boro, where the data company took 24,000 sf, and Intelstat gave back 14,000 sf in a downsize at 7900 Tyson One Pl. Reston/Herndon had several large move outs after Software AG left 73,000 sf while T-Mobile put 46,000 sf at 2340 Dulles Corner Blvd on the sublease market and IBM gave back a floor at 2300 Dulles Station Blvd.

Despite the sizeable move outs, Reston/Herndon recorded Ofinno, an R&D wireless technology company, moving into 29,000 sf at 1950 Opportunity Way and Applied Engineering Management (AEM) taking 23,323 sf at 11951 Freedom Dr. Tanium, a cybersecurity company, had gone remote during the pandemic but took a 13,000-sf office at 11800 Sunrise Valley Dr in Reston in Q1.

Vacancy Inches Up & Rental Rates Increase

Overall average vacancy rates rose 110 basis points (bps) year-over-year (YOY) to 21.8%, up 20 bps from Q4 2023. Class A vacancy rose 80 bps YOY to 20.7%, Class B jumped 210 bps YOY to 26.0% and Class C remained stable at 16.4%. Fairfax County increased 100 bps YOY to 21.3% as Tysons jumped 170 bps YOY to 23.2% and Reston/Herndon rose 160 bps YOY to 23.4%. Arlington County increased 130 bps YOY to 24.8% as Rosslyn rose 190 bps YOY to 20.7% and Crystal City/Pentagon City increased 260 bps YOY to 28.8% while Ballston decreased 320 bps YOY to 21.5%. Alexandria rose 130 bps YOY to 21.0%.

Overall average asking rates rose \$1.05 per square foot (psf) YOY to \$35.67 psf on a full-service basis in Q1 2024, a \$0.14 increase from the last quarter. Fairfax County saw the largest increase, up \$1.11 psf YOY to \$34.32 psf and up \$0.15 psf from Q4 2023 while Loudoun dropped \$0.62 psf YOY to \$27.65 psf, but up \$0.37 psf from Q4 2023. Alexandria finished the quarter at \$35.05 psf, up \$0.40 psf YOY and down \$0.02 psf from Q4 2023. Arlington closed the first quarter at \$41.38 psf, up \$0.38 psf YOY and up \$0.11 psf from Q4 2023. Courthouse/Clarendon/Virginia Square continues to hold the highest overall average asking rate of all the Northern Virginia submarkets, finishing the quarter at \$43.13 psf, up \$0.30 psf YOY. Tysons Corner registered the largest increase, up \$2.48 psf YOY to \$38.99 psf. Class A rate rose \$1.20 YOY to \$38.14 psf in Q1 while Class B rose \$0.61 YOY to \$32.95 psf.

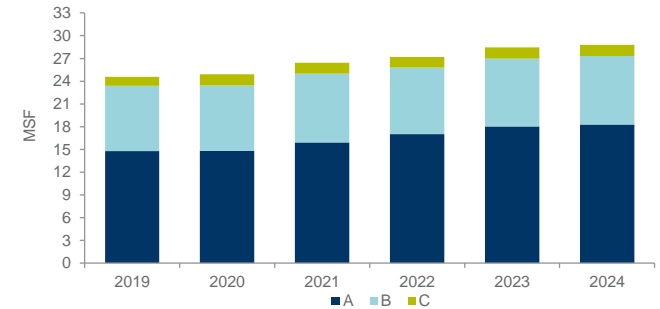
Development Pipeline

There were no new deliveries in the fourth quarter, but Northern Virginia currently has four buildings under construction for a total of 703,402 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 Q2 2024. Boston Properties' 12050 Inspiration Street – a 74,600 sf boutique office building in Reston Town Center- broke ground in Q2 2022 and is also expected to deliver in Q2 2024.

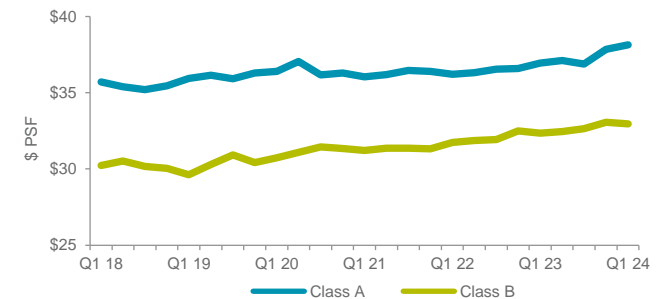
Capital Markets

Northern Virginia booked the largest transaction in Q1 after CoStar Group purchased 1201 Wilson Blvd- Central Place Tower- for \$325,000,000 from a joint venture between JBG Smith and PGIM. The 552,279-sf building is currently occupied by Gartner, which has nearly 300,000 sf on the sublease market, along with WeWork and Accenture. CoStar will move out of it's longtime HQ in downtown D.C. and into 150,000 sf at Central Place Tower.

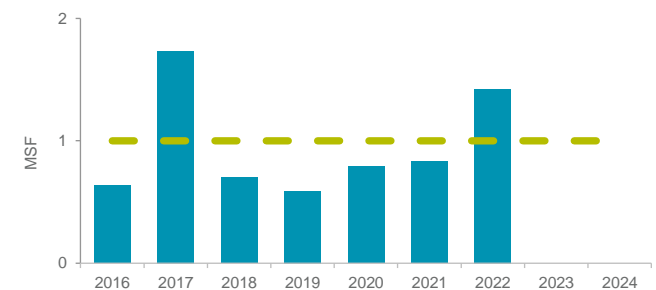
VACANT SPACE BY CLASS



ASKING RENT COMPARISON



NEW SUPPLY



Northern Virginia

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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	25,242	1,792,197	20.7%	-55,398	-55,398	66,551	0	\$40.42	\$43.67
Courthouse/Clarendon/VA Square	5,792,811	86,346	1,499,184	27.4%	-2,652	-2,652	10,021	0	\$43.13	\$43.49
Ballston	7,255,036	30,134	1,532,603	21.5%	-12,460	-12,460	117,284	191,034	\$41.16	\$42.36
Crystal City/Pentagon City	10,814,574	0	3,113,995	28.8%	-5,206	-5,206	0	0	\$40.29	\$41.31
Arlington County	32,634,976	141,722	7,937,979	24.8%	-75,716	-75,716	193,856	191,034	\$41.38	\$42.65
Old Town	7,656,529	35,504	963,700	13.1%	18,478	18,478	2,676	0	\$37.42	\$39.81
I-395	3,753,879	0	758,100	20.2%	-2,904	-2,904	0	0	\$30.23	\$34.00
Huntington/Eisenhower	2,861,709	56,325	1,189,383	43.5%	-15,405	-15,405	18,133	0	\$35.26	\$36.91
City of Alexandria	14,272,117	91,829	2,911,183	21.0%	169	169	20,809	0	\$35.05	\$37.63
Inside the Beltway	46,907,093	233,551	10,849,162	23.6%	-75,547	-75,547	214,665	191,034	\$38.27	\$40.22
Annandale/Baileys	1,204,881	0	196,945	16.3%	24,761	24,761	2,492	0	\$26.31	\$31.50
Merrifield/Route 50	6,821,558	12,766	1,044,696	15.5%	2,536	2,536	35,813	0	\$31.31	\$33.86
Fairfax/Oakton/Vienna	9,299,891	37,040	2,306,471	25.2%	2,902	2,902	64,289	0	\$28.28	\$30.61
Tysons Corner	22,063,032	85,617	5,037,873	23.2%	-92,495	-92,495	121,710	0	\$38.99	\$43.92
Reston/Herndon	26,484,286	307,421	5,902,076	23.4%	-40,919	-40,919	171,040	512,368	\$34.75	\$36.37
Route 28 South/Chantilly	9,984,794	24,171	1,349,849	13.8%	8,097	8,097	19,800	0	\$29.47	\$30.98
Springfield	3,568,868	0	607,262	17.0%	-5,294	-5,294	0	0	\$30.06	\$37.66
Fairfax County	79,427,310	467,015	16,445,172	21.3%	-100,412	-100,412	415,144	512,368	\$34.32	\$37.43
Loudoun County	5,755,735	11,431	792,272	14.0%	-13,779	-13,779	0	0	\$27.65	\$30.40
Outside the Beltway	85,183,045	478,446	17,237,444	20.8%	-114,191	-114,191	415,144	512,368	\$30.85	\$34.41
Northern Virginia Totals	132,090,138	711,997	28,086,606	21.8%	-189,738	-189,738	629,809	703,402	\$35.67	\$38.14

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7770 Backlick Road	Springfield	General Dynamics Information Technology	114,867	Renewal*
14660 Lee Road	Route 28 South/Chantilly	Boeing	80,339	Renewal*
1950 Opportunity Way	Reston/Herndon	Palo Alto Networks	58,004	New Lease
4301 North Fairfax Drive	Ballston	Lockheed Martin	56,261	Expansion

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2024

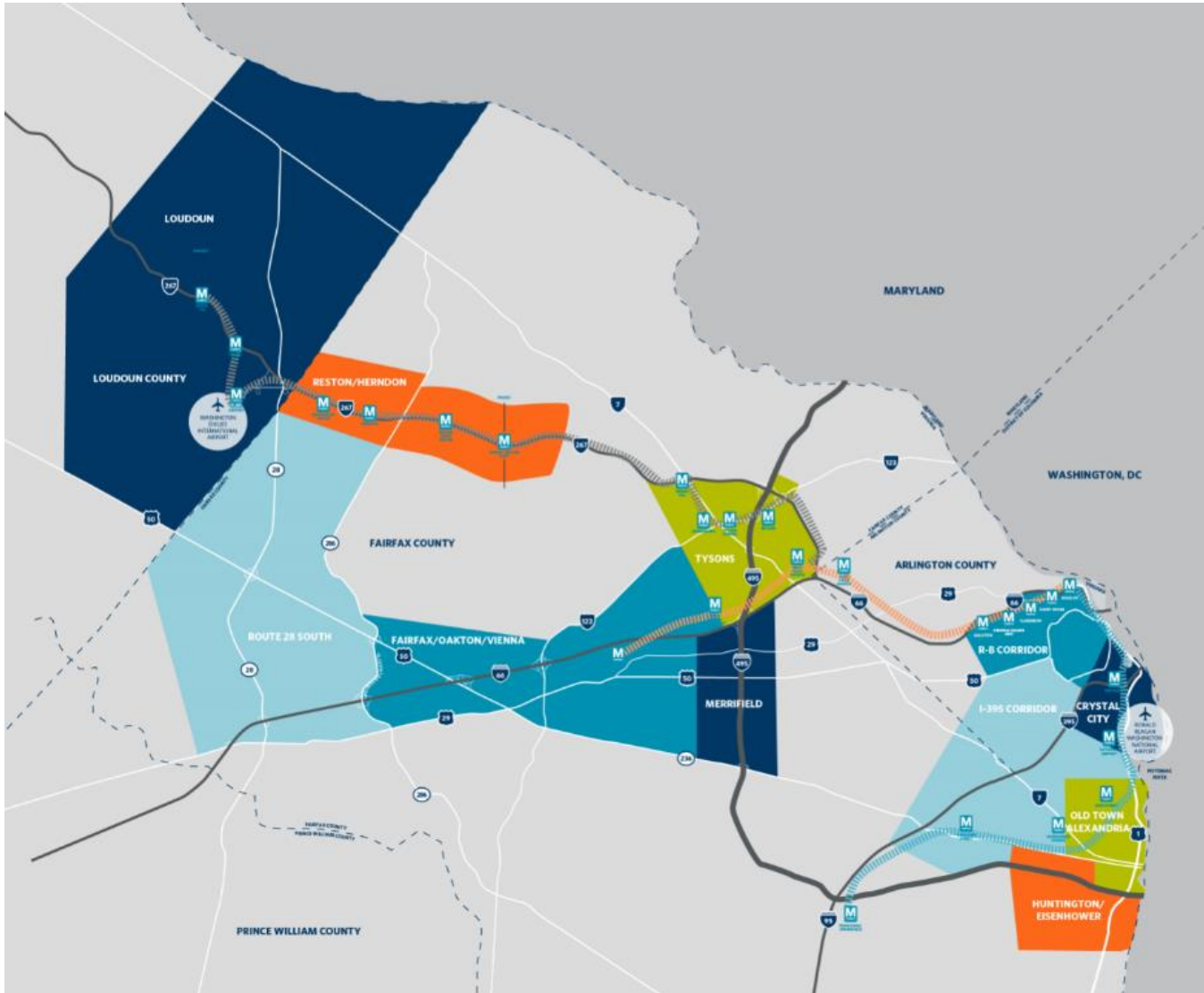
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1201 Wilson Boulevard	Rosslyn	JBG Smith JV PGIM / CoStar Group	552,279	\$325,000,000 / \$588.47
1616 N Fort Myer Drive	Rosslyn	Nuveen / Dreyfuss Management	302,816	\$25,000,000 / \$82.56

Northern Virginia

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