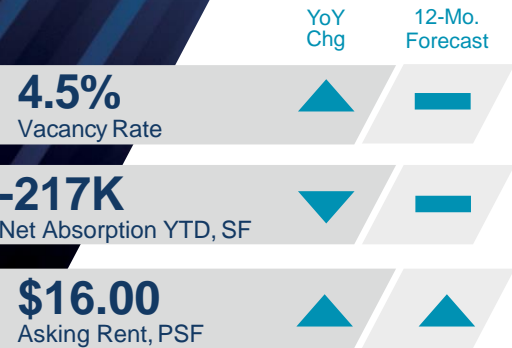


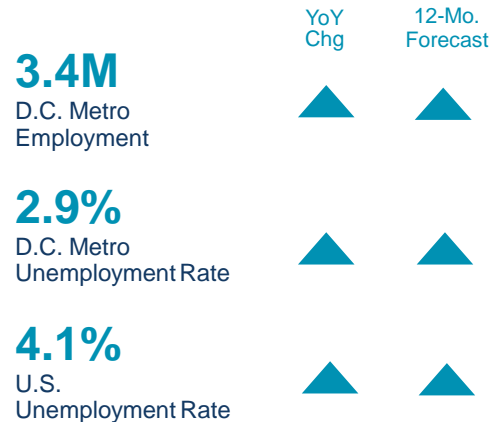
# Northern Virginia

Industrial Q2 2024



Overall, Net Asking Rent

## ECONOMIC INDICATORS Q2 2024



Source: BLS

## Supply: Deliveries Coming in the Second Half of the Year

Although there were no deliveries in Q2, Northern Virginia is set to add 462,920 square feet (sf) across four buildings in the second half of 2024. Of the six projects currently under construction, 75.8%, or 498,520 sf, is in the Route 28 Corridor North submarket. None of these projects have reported any preleasing activity. Route 28 Corridor North has an additional 325,423 sf proposed. Prologis Dulles Logistics Park contains 282,880 sf of proposed warehouse space within Route 28 Corridor North.

## Demand: Leasing Activity Continues to Slow

Northern Virginia recorded 219,616 sf of new leases inked in Q2, a 47% decrease from the 412,000 signed in Q1. Warehouse/distribution (W/D) facilities accounted for 150,310 sf while office services (OS) yielded 69,306 sf. Northern Virginia recorded nine leases over 10,000 sf, totaling 184,113 sf. Renewal activity remains relatively light at 73,617 sf leased, a 47% drop from Q1. Year-to-date (YTD) gross leasing totaled 844,045 sf with W/D accounting for 504,892 sf inked YTD and OS accounting for 339,153 sf.

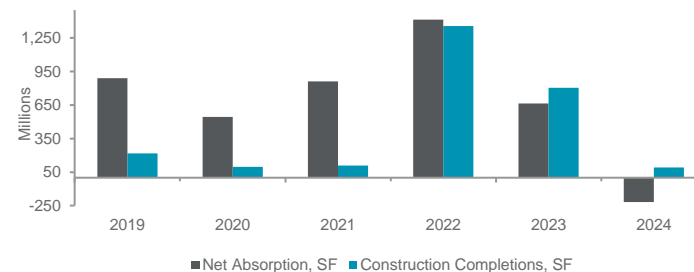
Northern Virginia registered 113,179 sf of negative absorption in Q2, split between W/D recording 54,618 sf and OS yielding 58,561 sf of negative absorption. This brings YTD absorption to negative 217,240 sf. Loudoun County recorded negative 96,602 sf and Fairfax County yielded negative 89,776 sf while Prince William County accounted for positive 73,199 sf. Major move outs included Bowman's Plumbing vacating a 32,400-sf warehouse, Summit Ropes putting 22,600 sf on the sublease market, and Flying Food Group giving back 22,600-sf. In Manassas, ProLift Rigging took 49,396-sf at 10245 Golf Academy Drive.

## Vacancy: Rents Grow Steadily

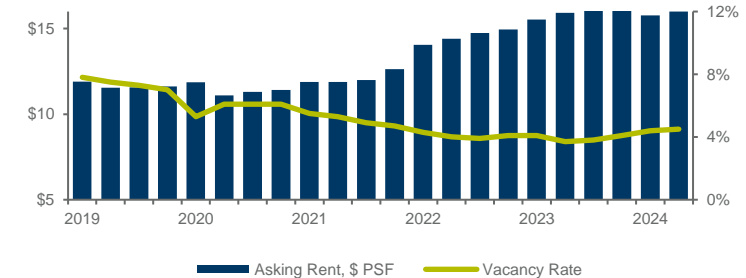
Overall asking rates continue to trend upward, finishing the second quarter at \$16.00 per square foot (psf). Rates rose \$0.22 psf from the previous quarter and increased \$0.11 year-over-year (YOY). OS asking rates increased \$0.30 psf from Q1 to \$17.58 psf while W/D asking rates rose \$0.27 psf to \$14.48 psf in Q2. Route 28 Corridor North registered the highest W/D asking rates at \$17.91 psf and Springfield/I-95 recorded the highest OS asking rates at \$19.76 psf. Asking rates are skewed amongst the submarkets because newer, more expensive spaces are typically marketed without an asking rental rate.

The average vacancy rate rose 20 basis points (bps) from Q1 to 4.5%, up 80 bps YOY. The OS sector rose 30 bsp to 5.6% while W/D vacancy increased 10 bps to 3.8% in the second quarter. The OS sector fell 30 bps YOY to 5.6% while the W/D sector rose 150 bps YOY.

## 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	13,244,991	550,849	4.2%	8,607	-117,702	88,322	0	\$16.13
Route 28 Corridor South	4,320,336	153,987	3.6%	-37,417	-129,562	0	0	\$13.90
Route 28 Corridor North	12,665,109	348,469	2.8%	-94,378	-145,370	468,520	0	\$17.91
Manassas	8,791,008	444,673	5.1%	68,570	195,889	31,200	0	\$10.48
<b>Warehouse/Distribution Totals</b>	<b>39,021,444</b>	<b>1,497,978</b>	<b>3.8%</b>	<b>-54,618</b>	<b>-196,745</b>	<b>588,042</b>	<b>0</b>	<b>\$14.48</b>
Springfield/I-95	6,140,467	543,837	8.9%	-9,688	20,919	0	0	\$19.76
Route 28 Corridor South	6,989,260	387,333	5.5%	-51,278	-74,722	30,000	0	\$14.64
Route 28 Corridor North	6,963,027	283,254	4.1%	-2,224	40,029	0	0	\$16.10
Manassas	2,667,323	53,513	2.0%	4,629	-6,721	0	0	\$15.47
<b>Office Service/Flex Totals</b>	<b>22,760,077</b>	<b>1,267,937</b>	<b>5.6%</b>	<b>-58,561</b>	<b>-20,495</b>	<b>30,000</b>	<b>0</b>	<b>\$17.58</b>
<b>Northern Virginia Totals</b>	<b>61,781,521</b>	<b>2,765,915</b>	<b>4.5%</b>	<b>-113,179</b>	<b>-217,240</b>	<b>618,042</b>	<b>0</b>	<b>\$16.00</b>

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

**KEY LEASE TRANSACTIONS Q2 2024**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7315 Groveton Road	Manassas	Beanstalks	33,030	New Lease
6441 General Green Way	Springfield/I-95	Idemia	30,000	New Lease
44601 Guilford Drive	Route 28 Corridor N	The New IEM, LLC	28,060	New Lease
475 Spring Park Place	Route 28 Corridor S	Wartsila Energy Storage, Inc.	21,284	Renewal*

\*Renewals not included in leasing statistics

**KEY SALES TRANSACTIONS Q2 2024**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6584-6698 Fleet Drive (4 Building Portfolio)	Springfield	STRS Ohio / Terreno Realty	357,064	\$84,250,000 / \$235.95
4500 Southgate Place	Route 28 Corridor S	BECO Management / Longpoint Realty Partners	78,669	\$17,000,000 / \$216.10

**KEY UNDER CONSTRUCTION Q2 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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